Allianz

Allianz Global Corporate & Specialty

ALLIANZ RISK TRANSFER AG

Solvency and Financial Condition Report 2022

This document is an unofficial English translation of the SFCR. Only the original German version of the SFCR is authoritative.

CONTENTS

SUMMARY

Basis of Report

With this document, Allianz Risk Transfer AG ("ART AG") presents its Solvency and Financial Condition Report ("SFCR").

This report is a key element of "Solvency II", the first harmonised Europe-wide system of financial supervision for primary insurance companies and reinsurance companies, which entered into force on 1 January 2016. Its legal basis is the Solvency II directive issued by the European Parliament and the European Council on 9 November 2009 (Directive 2009/138/EC of the European Parliament and of the Council) on the taking-up and pursuit of the business of insurance and reinsurance, and which was transposed into the law of Liechtenstein by a fully revised Insurance Supervision Act (VersAG), which came into force on 1 January 2016.

Further precision was provided by the European Commission in the form of a delegated regulation on 10 October 2014 (Delegated Regulation 2015 of the EU Commission, or the "Solvency II Regulation), which is directly applicable as a delegated act in the Member States of the European Union and the European Economic Area.

Further details are set out in the implementing technical standards, the guidelines of the European Insurance and Occupational Pensions Authority (EIOPA), and the notices issued by the Financial Market Authority of Liechtenstein (FMA).

Solvency II flanks risk-based solvency regulations for the equity base with quality-related requirements for the risk management aspect and enhanced reporting duties. In addition to the narrative report to the public presented here, there are obligations to report quarterly figures to the supervisory authority, including a number of electronic reporting forms, additional extensive quality and quantity-based reports to the national supervisory authority and, not least, ad-hoc reporting whose purpose is to notify the supervisory authority in a timely manner of significant events and decisions by management.

Alongside the reporting required under Solvency II, there are the requirements to which annual financial statements are subject under Liechtenstein Persons and Companies Act (Personen- and Gesellschaftsrecht – "PGR") and the associated reporting duties continue unchanged here.

According to the principles of this still relatively new supervisory system, this report is written from a risk-oriented viewpoint and identifies how the company addresses risks. To this end, the company uses a standardised procedure to evaluate and describe its main business processes. In addition, assets and liabilities valued in economic terms (at market value) are compared with one another in the so-called Solvency Overview. The excess of assets over liabilities is shown here as the equity base.

The Allianz Group has an approved, partial Internal Model for determining the Solvency Capital Requirements, which it refines on an ongoing basis. Allianz Risk Transfer AG (ART AG) uses the standard model.

Contents

The remarks in this report take into account the expert knowledge of the intended recipients. The report's structure follows the general recommendations of the European Insurance and Occupational Pensions Authority (EIOPA) and consists of five sections, all of which are for the reporting period from 1 January to 31 December 2022.

Section A (Business Activities and Performance) contains detailed information about the position of ART AG within the Allianz Group's legal structure, and a description of the company's main business segments. It also provides qualitative and quantitative information about underwriting performance during the reporting period, both at an aggregate level and broken down into the main business segments. Finally, the first section provides information on investment results, both overall and broken down into asset classes, as well as on their composition.

Section B provides a description of corporate governance (also referred to as the governance system) at ART AG. This includes information on the organisational structure and workflows, in particular on the design of key functions and how they are integrated into the supervisory system. Additional elements of reporting include requirements for the professional qualifications and personal dependability of management ("Fit and Proper Requirements"), as well as information on the risk management system and the Internal Control System.

Section C deals with the company's risk profile. Information is provided regarding business risks, which are broken down into the following risk categories: underwriting risk, market risk, credit risk, liquidity risk, operational risk and other major risks. Along with a description of these risks, an assessment of their materiality is provided, and risk concentrations and risk mitigation techniques discussed.

Section D focuses on the explanation of valuation principles used to prepare the Solvency Overview in accordance with supervisory law, including an analysis of the differences in value to those used for financial reporting in accordance with commercial law. The rules for economic assessment under the new supervisory system were implemented for valuing assets, technical provisions and other obligations.

The final section, Section E (Capital Management), presents a reconciliation of shareholders' equity under commercial law with regulatory capital ("own funds") and the amount of own funds eligible to meet the regulatory Solvency Capital Requirement.

ART AG uses the standard formula to calculate the Solvency Capital Requirement. The use of volatility adjustments was approved by the FMA in fiscal year 2017. As of 31 December 2022, Eligible Own Funds amounted to € 713.8 million (previous year € 551.4 million). With € 516.1 million of risk capital (€ 392.8 million), ART AG's solvency ratio stood at 138.3% (140.4%).

The Solvency and Financial Condition Report published here demonstrates ART AG's sound economic situation and enables the reader to reach their own conclusions in this regard. Due to rounding, there may be minor discrepancies in totals and the calculation of percentages.

This document is an unofficial English translation of the SFCR.
Only the original German version of the SFCR is authoritative.

BUSINESS ACTIVITIES AND PERFORMANCE

A

A.1 BUSINESS ACTIVITY

Introduction

Allianz Risk Transfer AG (ART AG) is a Liechtenstein-based stock corporation and indirectly a wholly owned subsidiary of Allianz Global Corporate & Specialty SE (AGCS SE), with registered domicile in Munich. 70% of the shares in ART AG are held by AGCS International Holding B.V. in Amsterdam, which is, in turn, a wholly owned subsidiary of AGCS SE. ART AG was founded in Switzerland in 1997 as a globally operating risk entity of Allianz in the field of Alternative Risk Transfer for special insurers and reinsurers. ART AG offers clients with international operations a broad range of insurance and reinsurance policies, predominantly in the fields of general liability, asset insurance, property and technical insurance as well as in the special fields of transport, marine and aviation insurance and energy supply. These services also include efficient claims processing, cross-border solutions within the context of international insurance programmes, captive and fronting services, risk consulting and structured risk transfer solutions. Together with the Group companies of AGCS SE and a network of Allianz affiliates in more than 70 countries as well as partner companies in other regions, it can provide support for clients in 200 countries. ART AG maintains branch offices in Zurich/Wallisellen (Switzerland) and Hamilton (Bermuda).

PriceWaterhouseCoopers AG, Zurich, was appointed as the auditor for fiscal year 2022.

ART AG is part of the Allianz Group, which is headed by Allianz SE, Munich. The latter is overseen by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin), Graurheindorfer Strasse 108, 53117 Bonn.

Allianz SE's Solvency II consolidated financial statements are published on its website in April. They can be viewed there or requested from our company. ART AG is included in Allianz SE’s Solvency II consolidated financial statements. You can find the Annual Report of ART AG and relevant other documents at:

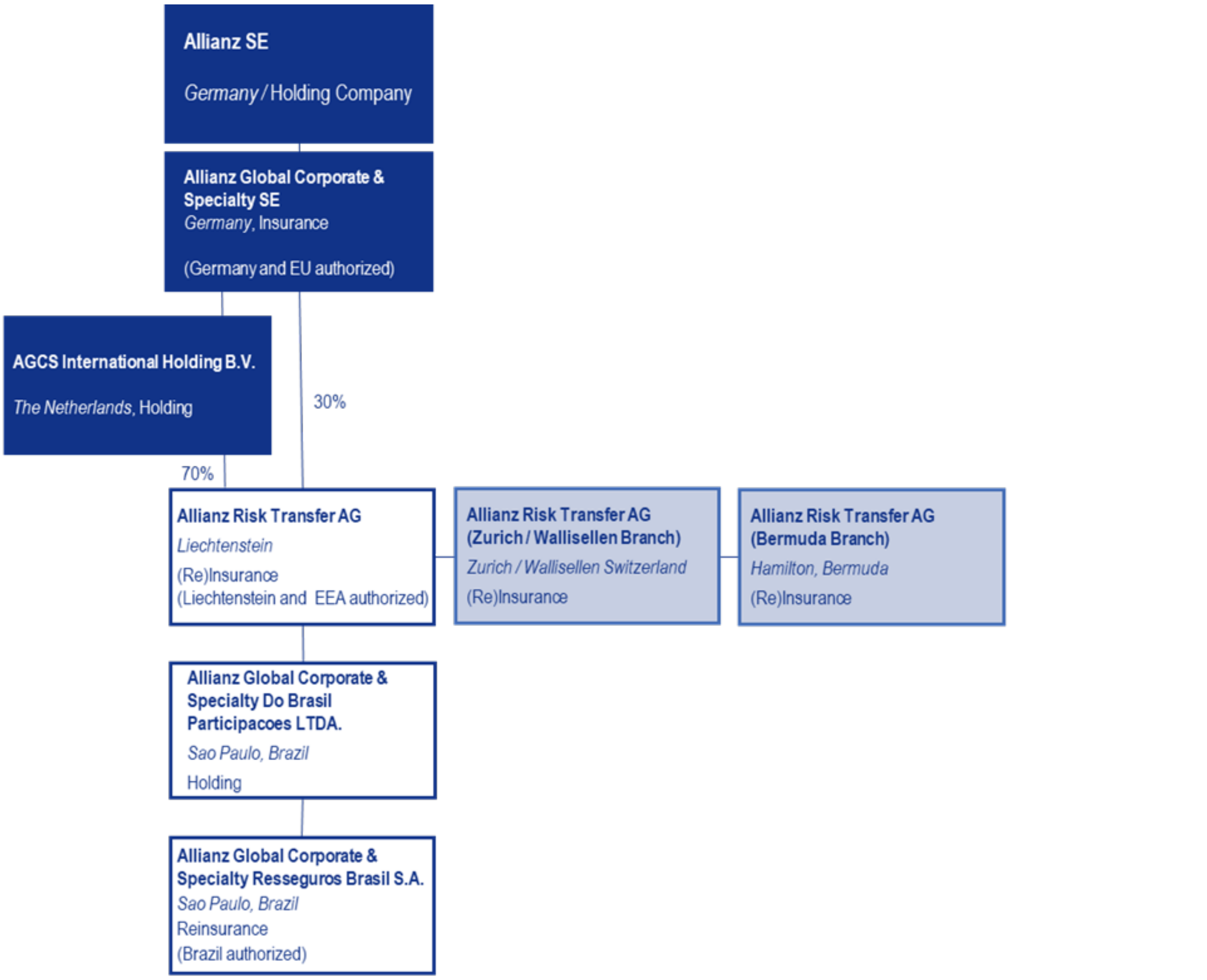
www.agcs.allianz.com/global-offices/allianz-risk-transfer.html

Affiliated Companies of ART AG

Company	Registered office	Share %
Allianz Global Corporate & Specialty do Brasil Participações Ltda.	Sao Paulo	99.9

Apart from the changes to the shareholding structure at AGCS International Holding B.V. (an increase from 60% to 70%) no changes were made to the company's corporate structure in fiscal year 2022. No shares were bought from or sold to affiliated companies.

Legal structure* as of 31.12.2022



* Save where specified otherwise, all participations are 100%, except that (a) Allianz Risk Transfer AG owns 99.99 % of AGCS Do Brazil Participacoes LTDA; and (b) Allianz Risk Transfer AG is owned by AGCS International Holding B.V. (70%) and Allianz Global Corporate & Specialty SE (30%)

A.2 UNDERWRITING PERFORMANCE

Underwriting performance according to key performance indicators

The market environment was clearly positive for insurers in fiscal year 2022. On the one hand, the restrictions imposed due to Covid-19 were ended for all practical purposes, while, on the other, the trend towards higher premiums became stronger.

From an operational perspective, the war in Ukraine presented a challenge because coverage and risks had to be reviewed within a very short time. It was also necessary to effectively apply and implement the dynamic sanctions against Russia in terms of amending contracts.

In many of our target markets, there was an unexpected steep increase in the rate of inflation, which triggered a series of interest rate hikes by the central banks. This, in turn, had a significant impact on our investments. Conversely, numerous currencies gained in strength compared to the euro, which had a positive effect on our international portfolios.

The increasing premium rates and uncertainties on the capital markets increased demand for non-traditional products, especially for cover not available as standard. Clients attempted to participate in their own risks by means of captive solutions. This increases our opportunities to foster long-term relationships with clients.

Following an portfolio optimisation with a corresponding new definition of the risk appetite, in 2022 there was a greater focus on the market presence.

Within our Swiss industrial business in particular, the number of new contracts and customer loyalty were very pleasing.

Gross premiums written increased by 8.8% year-on-year, rising by € 137.4 million to € 1,417.7 million. This was particularly due to the reduction of the ILM business of our Bermuda operation, with a volume downturn of € 100.9 million. The reduction of the commitment to intra-Group reinsurance also prompted gross premiums to fall by around € 74.3 million. On the other hand, there were slight increases in terms of the premium volume for Swiss industrial business and regarding structured insurance solutions. Net premiums earned decreased by 22.9%, falling € 60.6 million to € 204.1 million. This reduction was largely down to the reduced volume of intra-Group reinsurance. In the Swiss industrial business, the premium volume earned rose by 5% to € 56.8 million.

The effects on the claims expenditure caused by Covid-19 and the war in Ukraine were minimal.

Despite larger burdens in the natural catastrophe area, the net claims incurred for insured events fell massively. In fact, a net surplus of € 36.2 million was achieved here. However, this surplus is not solely attributable to the reduction of claims reserves, and must also be seen in the light of higher dividend reserves in the amount of € 129.3 million (€ 54.5 million). A re-evaluation of the various contracts led to a transfer from the claims provisions to the dividend provisions, therefore prompting a significant fall in the net charge for insurance benefits.

However, compared to the previous year the claims burden was better in all business segments.

The other operating expenses fell from € 6.6 million to € 4.8 million, primarily due to the greater stability in commission income from the fronting and ILM business. The expense ratio correspondingly decreased from 2.5% in the previous year to 2.3% in 2022.

The company achieved a net underwriting profit of € 106.2 million (€ 140.5 million)

Underwriting result
in € thousands

	2022	2021
Gross premiums written	**1,417,664**	**1,555,070**
Net premiums earned	204,116	264 714
Other net underwriting profit		
Net incurred claims	36 173	- 63,203
Change in other net underwriting provisions		
Net expenses for premium refunds	- 129,279	- 54,457
Net operating expenses [1]	- 4 784	- 6 589
Other net underwriting expenses	-	- 1
Net underwriting result before equalization reserve	**106,225**	**140 464**
Net loss ratio	- 17.7%	23.9%
Net expense ratio	2.3%	2.5%
Net combined ratio	- 15.4%	26.4%
Expenses for administering investments reclassified to the non-underwriting income statement in accordance with the PGR (Personen- und Gesellschaftsrecht – Liechtenstein's Law on Persons and Companies)		

1_In accordance with the guidelines in Annex I of Implementing Regulation 2015/2450, Annex II, S.05.01, the reporting template must show both loss adjustment expenses and expenses for administering investments as part of net operating expenses for insurance undertakings. In contrast, the PGR states that loss adjustment expenses must be reported as part of net expenditure for insurance claims and that expenses for administering investments must be reported within the non-technical account.

Underwriting Results for Own Account by Business Segment
in € thousands

	Gross premiums written		Net underwriting result before equalisation provision[1]	
PGR	2022	2021	2022	2021
Direct business and proportional reinsurance business assumed				
Fire and other property insurance	876,572	953,778	32,616	38,054
General liability insurance	356,493	325,973	56,410	18,573
Marine, aviation and transport insurance	33,649	36,000	1,172	3,130
Miscellaneous financial losses	36,492	44,372	7,110	3,135
Other insurances	3,432	12,378	6,802	- 11,644
Interim sum[1]	**1,306,638**	**1,372,501**	**104,110**	**51,248**
Non-proportional reinsurance business assumed				
Non-proportional property reinsurance	89,950	106,125	24,211	7,196
Non-proportional liability reinsurance	18,079	33,133	- 37,527	21,734
Non-proportional marine, aviation and transport reinsurance	2,998	43,311	16,014	59,403
Non-proportional health insurance		-	- 582	882
Interim sum[2]	**111,027**	**182,569**	**2,116**	**89,215**
Total	**1,417,665**	**1,555,070**	**106,226**	**140,463**

1_In accordance with the guidelines in Annex I of Implementing Regulation 2015/2450, Annex II, S.05.01, the reporting template must show both loss adjustment expenses and expenses for administering investments as part of net operating expenses. In contrast, the PGR states that loss adjustment expenses must be reported as part of net expenditure for insurance claims and that expenses for administering investments must be reported within the non-technical account.

Direct and Proportional Reinsurance Business

In 2022, the direct insurance business and proportional reinsurance business was focused on a cautious forward strategy. The premium rates recovered and market capacities were still reduced. This allowed us to continue to exercise some risk selection. Overall, the gross premiums in this segment fell by € 65.9 million, or 4.8%, to € 1,306.6 million. Net premiums earned decreased by 14.9%, falling € 18.8 million to € 107.3 million. The reduction in premiums was attributable firstly to a reduced volume of ILS business, and secondly, the reduction in the intra-Group reinsurance.

The net loss burden decreased significantly in this segment. On the one hand, there was a reduction in the prior-year reserves for traditional industrial business while, on the other hand, the re-evaluation of diverse contracts triggered a shifting of expenditure for insurance benefit and profit shares. In total, the claims expenditure was positive at € 28.9 million – at the same time the expenditure for profit shares amounted to € 24.5 million.

The results of the individual business segments are described in the following sections based on key performance indicators, especially the underwriting result.

Fire and other property insurance remains the largest business segment and is shaped to a large extent by ILS business. The gross premiums written for the ILS business fell by € 76.6 million to € 876.6 million. Viewed as a whole, the gross premiums written dropped by € 77.2 million to € 876.6 million. Net premiums earned decreased by € 13.1 million to € 12.6 million.

On the other hand, the run-off gains on claims from the previous year produced a positive claims result of € 31.8 million (€ 16.3 million). However, in this context the dividend provisions of € 17.2 million must be noted, which positively impacted the claims expenditure.

Commission income from ILS business fell slightly by € 4.4 million to € 18.8 million, while other costs also dropped slightly. All told, a net income of € 5.4 million (– € 0.6 million) was produced. This resulted in net underwriting income of € 32.6 million (€ 38.1 million)

In **general liability insurance**, net premiums earned stood at € 74.2 million, € 15.1 million up on the prior-year period. The gross premiums written were € 30.5 million more than the previous year's figure (€ 356.5 million vs. € 326.0 million). Net claims expenditure decreased by € 7.5 million to € 4.3 million. This resulted in an underwriting profit of € 56.4 million (€ 18.6 million).

The net premiums earned in **Marine, aviation and transport insurance** increased by € 4.1 million to € 14.9 million. Claims expenditure increased slightly by € 1.2 million to € 9.6 million. Costs increased by € 2.3 million to € 4.0 million, resulting in an underwriting profit of € 1.2 million. A profit of € 3.1 million resulted in the previous year.

In the **various financial losses** business segment, net premiums earned fell by € 22.6 million to € 2.7 million. At the same time, claims expenditure fell by € 28.9 million. Due to commission income of € 0.3 million, costs were slightly positive, in keeping with the previous year. Underwriting profit amounted to € 7.1 million (€ 3.1 million).

Net premiums in the **other segments** of direct business and proportional reinsurance business assumed rose marginally, by € 2.3 million to € 2.9 million. Claims expenditure fell by € 20.3 million, resulting in net income of € 3.8 million. Costs amounted to € 0.2 million (0.3 million). The underwriting profit amounted to € 6.8 million. A profit of € 11.6 million resulted in the previous year.

Non-Proportional Reinsurance Business

The non-proportional reinsurance segment was dominated by intra-Group reinsurance and the restructuring of ART AG. The realignment of this area meant that € 148.4 million of gross premiums were eliminated. This meant that a total of € 90.4 million in net premiums earned no longer existed. All told, gross premiums fell by € 71.6 million, with net premiums earned falling by € 41.8 million. Gross premiums amounted to € 111.0 million, with net premiums earned at € 96.8 million.

Taking profit shares into account, net claims expenditure increased by € 42.9 million to € 93.5 million. Costs amounted to € 1.1 million (€ 1.2 million). The underwriting profit amounted to € 2.1 million (€ 89.2 million).

Underwriting Performance by Country[1]
in € thousands

	Gross premiums written		Gross underwriting result	
	2022	2021	2022	2021
Liechtenstein	107,333	88,786	248,609	110,991
United States of America	614,930	833,862	- 486,358	138,335
Germany	290,939	303,867	152,371	148,645
Switzerland	164,397	164,801	- 165,116	- 162,671
Luxembourg	60,537	47,060	- 7,256	29,187
China	32,366	25,014	5,404	18,747
Country of origin and top 5 countries	**1,270,502**	**1,463,390**	**- 252,346**	**283,234**
Remaining countries	147,162	91,680	- 6,145	- 73,618
Total	**1,417,664**	**1,555,070**	**- 258,491**	**209,616**

1_The allocation to countries is performed here in accordance with the requirements of Implementing Regulation 2015/2450, Annex II, S.05.02. For items that cannot be allocated directly (e.g. internal costs), suitable keys have been used.

The following section presents the underwriting result based on key performance indicators. The focus is on the gross underwriting result.

ART AG operates insurance and reinsurance business in most countries in the world. One core area of business is global fronting business for institutional investors through hedge funds and for captives of international corporations. The volume remains very much driven by the ILS business, which focuses mainly on the core market of the United States. The business concluded there and assumed into the reinsurance cover largely contains cover for natural catastrophes. Despite a slight downturn in the volume of the ILS business, this area continue to contribute around half of the gross premiums. The gross claims burden was hugely inflated, especially by the storms experienced in the autumn of 2022, not least Hurricane Ian. For the market in the USA, this led to a considerable gross loss of € 486.4 million.

ART AG offers local industrial business in Switzerland for large clients. ART AG's core market is Switzerland, where the company offers local industrial business for large clients as well as reinsurance business. The industrial business written directly in Switzerland increased from € 108.8 million to € 126.7 million. The volume of structured solutions in the Swiss target market fell slightly compared to the previous year. Alongside the industrial business, other business was successfully acquired, which, all told, meant the premium volume in Switzerland was € 164.4 million, which is on a par with the previous year's level. The gross premiums earned rose slightly from € 162.8 million to € 165.5 million. The gross claims burden of € 303.1 million was at roughly the same level registered in the previous year. The gross underwriting loss of € 165.1 million was likewise similar to the previous year's figure.

Business originating in Germany declined somewhat due to reductions in internal reinsurance. The premium volume amounted to € 290.9 million compared to € 303.9 million in the previous year. The reduction in internal reinsurance was partially offset by new business in the area of structured solutions and fronting. The discontinuation of internal reinsurance saw the gross claims burden fall steeply from € 155.4 million to € 75.4 million. With the simultaneous increase in gross expenditure for insurance operations, the gross underwriting income was slightly more than the previous year, amounting to € 152.4 million.

Business with captive clients from Luxembourg slightly expanded from € 46.0 million to € 60.5 million. The high profit shares resulted in a gross loss of € 7.3 million. A profit of € 29.1 million resulted in the previous year.

ART AG is part of the Allianz Group's printing network and fronts a 20% share of the Chinese industrial business. The volume was slightly up on the previous year. As a result of the high claims burden, gross profit fell from € 18.7 million to € 5.4 million.

A.3 INVESTMENT RESULT

Market situation

Capital market developments in 2022 were dominated by high inflation and the central bank's response to it. In the previous year, ultra-loose monetary policy and supply chain disruptions caused by the Covid-19 pandemic had already led to sharp price increases, which investors initially believed to be temporary. In February, Russia started its war of aggression against Ukraine and thus exacerbated the strong inflationary tendencies, in particular in the energy and food sectors, through a counter-trading of economic sanctions with the western countries.

Central banks around the world responded with record interest rate rises and further restrictive monetary policy measures (quantitative tightening). Within the briefest time period, the markets were transformed from an environment of cheap money and negative interest rates to the "new normal" of steeply rising financing cost, impending recession, high levels of uncertainty and the volatility that all this entailed. The US Federal Reserve started its restrictive interest rate cycle in March and has since raised the key interest rate by 4.25 percentage points. The European Central Bank's key interest rate rose by 2.5 percentage points. Market interest rates, such as swap rates and current bond yields, also showed a correspondingly steep upward trend, although the rise in interest rates for long maturities was lower due to an expected slowdown in economic growth. Nevertheless, the yield on the 10-year German government bond has, for example, registered one of the most rapid increases in recent decades, rising +2.75 percentage points (from -0.18 percent at the end of 2021 to 2.57 percent on 30.12.2022). There was a corresponding sharp fall in the value of bonds, including those that had been regarding as fail-safe.

This rapid and sharp rise in interest rates increases the financing costs of companies and households and weakens economic growth, which is the intended consequence of restrictive monetary policy to control inflation, yet running the risk of pushing the economy into recession. This exerted added pressure on the price of risk investment classes, such as corporate bonds and shares. European corporate bonds with good credit ratings recorded a -15% negative performance trend from the beginning of the year. This resulted not just from the rise in general interest rates, such as low-risk government bonds, but also to an increase in risk premiums in view of the looming recession.

On the stock markets, rising economic uncertainty was reflected in large price fluctuations. Global stock markets staged several minor rallies, but lost around 18% (in USD) on balance at the end of the year.

One consequence of the rise in interest rates in the US and the emerging "risk-off" tendency among investors is the appreciation of the USD against other currencies. Compared to the euro, the currency rate increase since the start of the year has been 6 percent, with currency gains in the clear double-digit range during the year. In the summer of 2022, one US dollar cost more than a euro for the first time in twenty years. For European investors, this increase in the value of the dollar mitigated their losses from the fall in value in investments listed in USD.

Investment result

ART AG broadly maintained its strategic asset allocation (SAA) in 2022 with the aim of keeping the earnings position stable in a difficult market environment.

In 2022, the investment result amounted to € 3.9 million, which were therefore less than the previous year's result (€ 13.5 million). This is attributable to lower yields from investments and to the realisation of net losses from the disposal of investments in 2022. The decline in the returns from investments is largely due to an adjustment posting for Deposit Accounted business arising in previous years. The contribution to earnings made by bonds rose slightly compared to the previous year.

Investment result
in € thousands

	Current income		Profit		Loss		Write-backs/Write-downs		Investment result	
Investment type	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Investments in affiliated/associated companies	0	0	0	454	0	0	0	0	0	454
Equities	0	822	0	0	0	0	0	0	0	822
Bonds	10,141	9,041	1,058	5,473	- 3,005	- 1,366	0	0	8,194	13,148
Loans	0	0	0	0	0	0	0	0	0	0
Money	- 3,441	- 243	0	0	0	0	0	0	- 3,441	- 243
Costs	0	0	0	0	0	0	0	0	- 840	- 632
Total	**6,700**	**9,620**	**1,058**	**5,927**	**- 3,005**	**- 1,366**	**0**	**0**	**3,913**	**13,549**
				-	-					

A.4 OTHER ACTIVITIES

There were no noteworthy transactions under other business activities in the year under review.

ART AG did not enter into any significant lease agreements.

A.5 OTHER INFORMATION

A capital increase of 200 million was conducted during the year under review, and which resulted in own capital in the amount of € 463,058,540.

All relevant information regarding the business and performance of ART AG has been addressed in the previous sections.

GOVERNANCE SYSTEM

B

B.1 GENERAL INFORMATION ON THE GOVERNANCE SYSTEM

B.1.1 Board of Directors and Executive Board

B.1.1.1 Board of Directors – Principle and Function

The Board of Directors of ART AG consists of at least three members. Members of the Board of Directors hold office for a period of three years, unless a shorter term of office is stipulated in the resolution appointing them. The term of office of members of the Board of Directors concludes at the end of the next General Shareholders' Meeting.

The General Shareholders' Meeting is entitled to appoint members of the Board of Directors and may approve the actions of members of the Board of Directors. Without prejudice to the above, the Board of Directors may itself co-opt additional members. Additional members co-opted by the Board of Directors must be approved by the next General Shareholders' Meeting.

The Board of Directors currently has four members.

The Board of Directors is responsible for the overall management of ART AG and for supervising corporate governance. It is responsible for establishing the company's organizational structure and an appropriate governance system (including risk management, the actuarial function, compliance, internal control and internal audit). The Board of Directors is also responsible for setting up the accounting function, financial control and financial planning, as well as all duties and responsibilities assigned to the Board of Directors under the applicable regulatory provisions. The Board of Directors represents the company externally and issues the organisational bylaws governing the duties and powers of the Board of Directors and its Chairman, the committees of the Board of Directors and the Executive Board and also the Chief Executive Officer. In addition, the Board of Directors is responsible for appointing the members of the Executive Board and for preparing ART AG's annual report.

The Board of Directors shall meet as often as business requires. Any member of the Board of Directors is entitled to request that a meeting be called without delay, specifying the reason for the meeting. The Board of Directors shall have a quorum if at least half of its members are present. Resolutions by the Board of Directors shall be adopted by an absolute majority of those members of the Board of Directors present or represented at the meeting, with the Chairman casting the deciding vote in the event of a tie.

Directors are entitled to reimbursement of any expenses incurred on behalf of the company, as well as compensation commensurate with their services, to be determined by the Board of Directors itself. Compensation shall be paid only to external members of the Board of Directors who have no other full-time position within the Allianz Group.

The structure of the Board of Directors is specified in the Articles of Association and the organisational bylaws of ART AG. The Articles of Association were revised in September 2016 to reflect the relocation of ART AG's headquarters from Zurich, Switzerland to Schaan in Liechtenstein; the Articles were amended on 5 December 2022 following a capital increase. The organisational by-laws were most recently revised on 17 April 2019. No changes were made to the governance system at the level of the Board of Directors during the 2022 reporting period.

B.1.1.2 Board of Directors – Composition

During the 2022 year under review, the Board of Directors was composed as follows:

– **President:** Joachim Müller
– **Vice President:** William Scaldaferri
– **Members:** Carsten Scheffel; Aylin Somersan Coqui

B.1.1.3 Committees of the Board of Directors

The Board of Directors forms the committees from among its members.

Subject to certain reservations, as part of the defined responsibilities, the committees have final decision-making authority.

The Board Approval Committee is – subject to the duties of the Board of Directors that are non-transferable in accordance with the Articles of Association, such as ultimate oversight over the individuals entrusted with corporate governance – responsible for supervising the company's Executive Board and its corporate governance, to the extent that this is not the responsibility of the Audit Committee.

The Audit Committee provides support to the Board of Directors in its supervisory and financial control work. Among other things, the Audit Committee audits the annual financial statement. The Audit Committee is also responsible for assessing the effectiveness of the Internal Control System, including risk management.

The Audit Committee receives regular updates on the company's solvency and on compliance with applicable legal requirements and guidelines. Internal Audit reports to the Audit Committee at each meeting on all significant findings.

B.1.1.4 Executive Board – Principle and Function

The Executive Board must have at least two members. It consists of the Chief Executive Officer and other members as determined by the Board of Directors.

The Executive Board currently has four members.

The Executive Board is responsible for the direct management of ART AG's business, under the leadership of the Chief Executive Officer and on behalf of and following the guidance and instructions of the Board of Directors. The Executive Board issues

"Management Regulations", to be approved by the Board of Directors, concerning the functions, allocation of responsibilities and the powers of management and of the company's committees. The Chief Executive Officer makes periodic reports to the Board of Directors on the course of business, in consultation with the other members of the Executive Board. Extraordinary events with significant consequences and developments that could jeopardise the company's continued existence must be reported to the Board of Directors without delay.

The Executive Board meets as often as business requires and at least once every quarter. Any member of the Executive Board is entitled to request that a meeting be called without delay. The Executive Board shall be quorate if at least half of its members are present. Resolutions by the Executive Board shall be adopted by an absolute majority of those members of the Executive Board present or represented at the meeting, with the Chief Executive Officer casting the deciding vote in the event of a tie.

Any member of the Executive Board and any member of ART AG's management team shall be entitled to submit any matter associated with his/her area of responsibility to the Executive Board for a decision and/or to request the approval of the Chief Executive Officer. These persons are also entitled to submit matters that are of fundamental importance to the company and that relate to other areas of responsibility to the Executive Board and/or to the Chief Executive Officer for assessment.

B.1.1.5 Executive Board – Composition

ART AG's Executive Board is arranged according to divisions, which assume either functional responsibility or responsibility for a business division. As of 31 December 2022, ART AG's Executive Board consisted of four members. Notwithstanding the joint responsibility of all members of the Executive Board, the responsibilities of the individual Executive Board members are allocated as follows:

- Christoph Müller, Chief Executive Officer
  Responsible for: CEO Office, Operations, IT & Human Resources and the AGCS business segment (Industry business)
- Lara Martiner, General Counsel
  Responsible for: Legal and Compliance
- Robert Makelaar, Head of Alternative Risk Transfer
  Responsible for: "Alternative Risk Transfer LoB" business segment
- Thomas Schatzmann, Chief Financial Officer
  Responsible for: Finance and Accounting

B.1.1.6 Management Team

The members of the Management Team have functional responsibility for the relevant division or function. Subject to the areas of competence of the Executive Board, a member of the Management Team may issue internal guidelines in accordance with the Management Regulations (approval matrix), and within the limits of his/her divisional or functional responsibility and provided the dual-control principle is observed.

The members of the Management Team report to a member of the Executive Board.

Alongside the members of the Executive Board (see Section B.1.1.5 Executive Board – Composition), the following persons are members of the Management Team:

- Anna Hollinger, Head of Compliance
  Responsible for: Compliance
- Yvonne Pusch (until 31 March 2022), Donnino Anderhalden (from 1 April 2022) Head Risk Management
  Responsible for: Risk Management
- Henning Sohnemann, Head of Claims
  Responsible for: Claims function
- Anahid Terzian, Responsible Actuary
  Responsible for: Actuary

B.1.1.7 Committees

The Executive Board establishes committees to carry out certain responsibilities. The committee structure can be modified by the Executive Board at any time upon the recommendation of the Chief Executive Officer.

The Chief Executive Officer appoints and dismisses the members and chairpersons of the committees with the approval of the Executive Board. The rights and obligations of the individual committees are laid down in separate committee charters.

The Local Investment Management Committee provides support to the Executive Board with investments and monitoring of the investment portfolio. The Board of Directors has ultimate responsibility for the investment strategy.

The Risk Management Committee is responsible for establishing and maintaining independent oversight of ART AG's risk management activities. It is the main decision-making body for risk management issues at ART AG.

The Loss Reserve Committee makes decisions regarding the quarterly assessment of underwriting obligations pursuant to IFRS and, as part of this process, reviews associated activities, developments and information.

The Financial Disclosure & Reporting Committee helps the Chief Executive Officer and the Chief Financial Officer of ART AG to fulfil their responsibility to file IFRS financial statements and related information in full, accurately and on time.

The ART AG Bermuda Branch Committee was newly formed in the summer of 2022; it comprises two members of the Board of Directors and two representatives from the Bermuda branch office. It is primarily tasked with the strategic and operational management of the branch office, and with managing the business segment and the risk profile.

The Procurement & Outsourcing Committee manages and oversees ART AG's outsourcing and procurement activities.

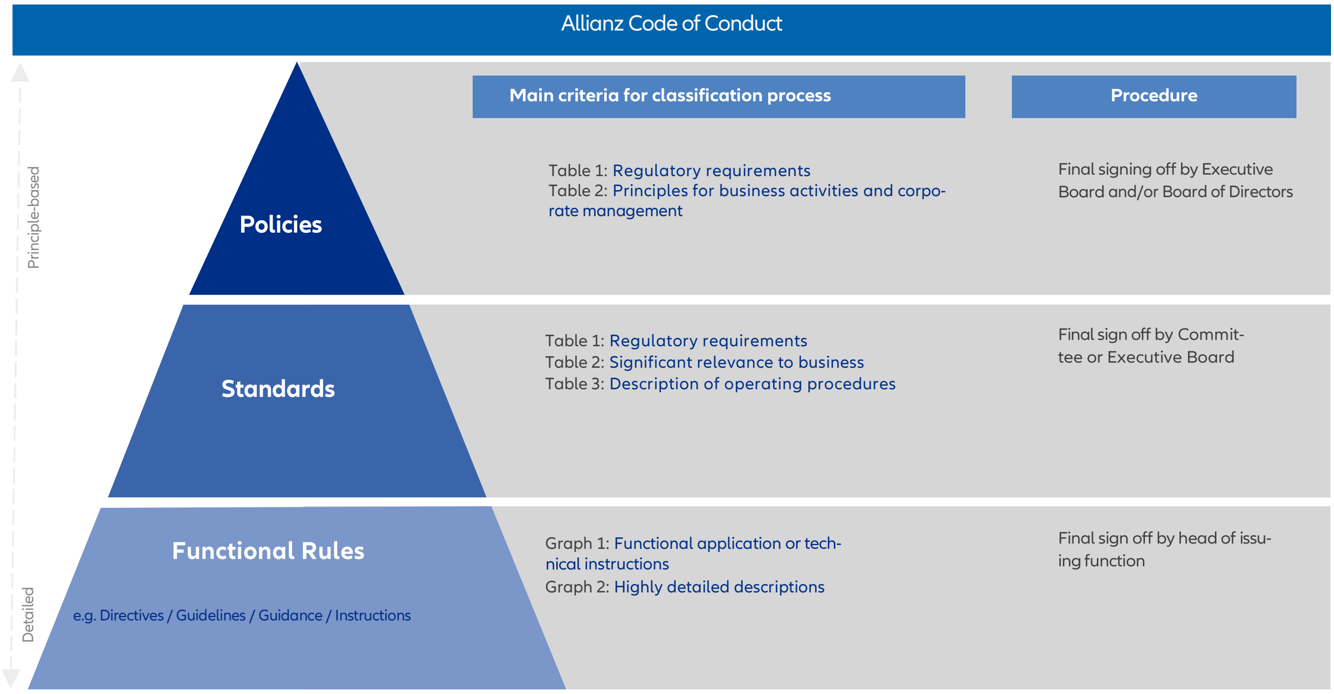
B.1.2 Rules and regulations

B.1.2.1 Company Rules

Company rules include all internal rules established by an authorised party with the intention of creating a company-wide binding standard or a binding guideline. Every company rule must be documented and approved by the relevant panel. There is a defined set of rules within the AGCS Group that describes the relevant criteria for drawing up and updating company rules (including the underlying rule-definition process).

ART AG follows the classification and approval concept contained in the set of rules for the AGCS Group. The set of rules encompasses four levels:

- Code of Conduct;
- Policies;
- Standards and
- Functional Rules.



B.1.2.2 Three Lines of Defence Model

A basic component of ART AG's control framework is the Three Lines of Defence Model described below.

The separation between various lines of defence is principle-based and defined by the following activities.

The first line of defence is represented by the operating business segments, for example through daily activities, risk management and controls in the respective business segment.

Key activities include, in particular:

- operational management of risks by assuming or directly influencing the organization, the evaluation and acceptance of risks;
- Drafting and implementation of methods, models, management reports or other control standards in order to help optimise risks and expected profits, and
- participating in business decisions.

The second line of defence provides independent supervision and scrutinises the daily assumption of risks and controls by the first line of defence. The key activities are:

- Defining an overarching control framework within which the operating business segments can act;
- Carrying out activities such as monitoring compliance with the control framework or scrutinizing business decisions, and
- Evaluating the design and effectiveness of the control environment, including an assessment of the control models and methods. Providing advice regarding risk mitigation strategies and control activities (including providing professional opinions) for the operating business segments and company management.

The second line of defence has the following main powers:

- Independence from the reporting channels, objectives, goal-setting and compensation of first line of defence responsibilities;
- A direct reporting channel and unlimited access to the Board of Directors;
- If necessary, escalation of relevant issues to the Chairman of the Board of Directors;
- All Key Function Holders (except for the Head of Internal Audit) have the right to veto business decisions that fall within the purview of the control function if they have sound reasons for doing so, and
- The right to be involved in major business decisions and to receive all relevant information.

The third line of defence provides independent monitoring of the first line of defence and the second line of defence. In particular, its activities include:

- An independent assessment of the effectiveness and efficiency of internal controls, including the activities of the first line of defence and the second line of defence, and
- A report to the Audit Committee of the Board of Directors.

The same powers for the functions of the second line of defence also apply to the third line of defence (with the exception of the veto right).

In order to ensure an effective Internal Control System, all control functions are required to cooperate and to share relevant information.

B.1.3 Functions

The following sections discuss the actuarial function, the compliance function and the risk management function. These are part of the second line of defence.

A description is also provided of Internal Audit, which acts as the third line of defence.

B.1.3.1 Actuarial function

The actuarial function is embedded in the Corporate Actuarial Department and is managed by the Head Actuary, who reports to the Chief Financial Officer of ART AG and to the Chief Actuary of the AGCS Group. In order to avoid any conflicts of interest, employees who carry out actuarial work for the underwriting segment ("business actuaries") are not part of Corporate Actuarial. Corporate Actuarial includes the following areas of responsibility: Reserving/Analysis, Actuarial Diagnostics, Actuarial Risk Modelling and Actuarial Pricing Governance.

Within Corporate Actuarial, the actuarial function carries out tasks based on regulatory and business requirements. The function heads up the Loss Reserve Committee, which makes decisions about the amount of technical provisions pursuant to IFRS, makes a recommendation to this body regarding the appropriate amount of such provisions and is itself represented and entitled to vote via the person holding the actuarial function. The actuarial function determines the provisions for the Market Value Balance Sheet (MVBS) and also expresses an opinion regarding the appropriateness of the reinsurance structure, the company's underwriting policy and the effective implementation of the risk management system.

The actuarial function interfaces and works closely with other functions, in particular the risk management function:

- In addition to the appropriate amount, the actuarial function also analyses the sensitivity and uncertainty of underwriting reserves;
- In addition, the actuarial function is responsible for assessing all underwriting risks in accordance with the standard formula, and
- The actuarial function plays an active role in the entire risk management process to the extent that underwriting risks are involved. The Head Actuary reviews whether the company has sufficient funds that are at least equal to the Solvency Capital Requirement.

B.1.3.2 Compliance function

The compliance function is headed up by the Head of Compliance, who reports to the General Counsel, a member of the Executive Board of ART AG.

As part of the Internal Control System and as the second line of defence, the compliance function supports and monitors compliance with the applicable legal and supervisory requirements and advises the Board of Directors and Executive Board on all matters relating to compliance.

In addition, the compliance function monitors the relevant legal environment and informs the Executive Board and/or the Audit Committee of the Board of Directors promptly of any significant changes.

In close consultation with risk management, the compliance function assesses the compliance risk for assigned risk areas on an annual basis and monitors the implementation of appropriate measures to minimise risk.

To fulfil its duties, the compliance function has established a global compliance framework in collaboration with the operating entities, which the Allianz Group compliance function regularly reviews as part of a maturity analysis to ensure that it is appropriate and effective.

B.1.3.3 Risk management function

Risk management is headed up by the Head of Risk Management, who reports to the Chief Financial Officer of ART AG and to the Chief Risk Officer of the AGCS Group. The Head of Risk Management chairs ART AG's Risk Management Committee and is a (non-voting) member of other ART AG committees.

ART AG's risk management function, which is embedded in the AGCS Group's risk management, includes the following duties, among others:

- Helping the Executive Board of ART AG and other functions to use the risk management system effectively;
- Monitoring the risk management system;
- Monitoring the overall risk profile of ART AG;
- Providing detailed reporting on ART AG's risk exposures and
- advising the Executive Board on risk management issues, including on strategic concerns relating to corporate strategy, mergers and acquisitions or larger projects and investments; and
- Identifying and assessing emerging risks.

B.1.3.4 Internal Audit

Audit forms the third line of defence. Internal Audit is headed up by AGCS's Global Head of Internal Audit, who reports to the Audit Committee of the Board of Directors. Internal Audit, which is outsourced to AGCS SE on behalf of ART AG, regularly carries out an independent review of the organizational structure and workflow of the risk management system. In addition, quality reviews of risk processes are conducted and adherence to business standards, as well as compliance with the internal control framework, are tested.

Internal Audit evaluates and provides recommendations on improving the effectiveness of the Internal Control System and the organizational structure and workflows by applying systematic audit approaches. The audit spectrum, which covers all risks, including those arising from outsourcing, is defined and reviewed on an annual basis using risk-based approaches. This audit spectrum is then used to control and prioritise internal audit activities. The entire audit scope must be adequately covered within a five-year period.

For every audit conducted, the internal audit function compiles an audit report, including recommendations based on facts and professional judgement, a summary of the most important results and an overall assessment. Follow-up plans for remedying deficiencies identified in the audit report are drawn up by the audited unit and provided to the internal audit unit. The internal audit function holds follow-up meetings to ensure that the deficiencies identified are remedied.

B.1.4 Compensation System

Selected key figures from the budgets form the basis for financial and operating targets, which reflect the strategy of the Group and of ART AG. As stipulated, this is intended to:

- Prevent excessive risk-taking;
- Help prevent conflicts of interest;
- Ensure that risk-taking does not exceed the operating unit's risk-tolerance limits; and
- Adequately reflect the main risks, including with respect to their time horizon and their effect on the company's overall success.

ART AG has implemented the Allianz Group's performance management system. The Allianz Group's global compensation system has been adjusted to support Allianz's strategic Renewal Agenda. In addition to Group or company key financial performance indicators (KPIs), the compensation system considers an employee's individual performance (including the Executive Board), which is measured on the basis of quantitative and, primarily, qualitative criteria. This approach promotes a stronger focus on the behavioural aspects of performance (including compliance) and sets a common standard which is intended to advance cultural change throughout the Group.

For the annual bonus (short-term) of the Executive Board and employees of ART AG, the AGCS Group's quantitative targets account for 50% of the performance evaluation. These quantitative targets are split equally (50/50) between operating profit and global net income. The other 50% of the performance evaluation comprises qualitative targets. An overall assessment of individual priorities (WHAT targets) is drawn up here, along with the HOW target, consisting of four personal attributes that relate to behavioural aspects:

- Excellence in the market and with customers;
- Team-oriented leadership behaviour;
- Entrepreneurial conduct; and
- Trust.

For members of the Executive Board and selected management employees, part of the bonus is paid in cash and the rest is allocated in the form of participating interests in Allianz SE's share ownership plan. Payout of the equity component is delayed for four years after the allocation date and the payout amount is equal to the respective market value of Allianz SE shares on the payout date.

The health indicators, which are consistent with the Renewal Agenda, include:

- True customer centricity;
- Digital by default;
- Technical excellence;
- Growth engines; and
- Inclusive meritocracy (including the gender-equality initiative/women in leadership positions).

There are no pension commitments for former members of the Board of Directors or the Executive Board.

B.1.5 Assessment of the adequacy of the governance system

The effectiveness and appropriateness of the governance system is reviewed by ART AG's IRCS Advisory Group once a year as a rule, and also if there are any special reasons for doing so.

The IRCS Advisory Group largely comprises representatives from the four key functions (Risk management, Actuarial, Compliance, Legal and Audit). The review is performed in consultation with the Global Governance function of AGCS SE (which is embedded within the Legal department). The results of the review and the measures derived therefrom in order to further strengthen the governance system are presented to the Risk Management Committee and to the Board of Directors for a final assessment. The Risk Management Committee adjudged the governance system to be appropriate overall. The Board of Directors will adopt a corresponding resolution at the meeting on 28 March 2023.

B.1.6 Information on Material Transactions

ART AG and AGCS SE are parties to Service Level Agreements for the provision of advisory and support services in various fields, such as risk analysis and risk assessment. Compensation for the services provided is invoiced at cost, plus a profit margin.

ART AG grants non-proportional reinsurance to AGCS SE. In turn, AGCS SE protects ART AG's own funds from losses arising from the overall insurance business through an internal group whole-account stop-loss contract. Reinsurance contracts between ART AG and AGCS SE are entered into as arm's-length transactions.

During the 2022 reporting period, there were no material transactions with members of the Board of Directors or the Executive Board.

B.2 REQUIREMENTS OF PROFESSIONAL QUALIFICATION AND PERSONAL RELIABILITY

The key functions include both Key Function Holders and key function members. Key Function Holders are the people who are responsible for carrying out the key functions. They are the heads of the respective segments and report directly to the responsible member of the Executive Board or (in the case of Internal Audit) to the Board of Directors of ART AG. Every key function has a Key Function Holder.

The key function members are other people working within the key function, including people who report directly to the Key Function Holder and experts with independent decision-making powers.

The key functions and the respective Key Function Holders of ART AG are:

- Actuarial function: Head Actuary – Anahid Terzian;
- Legal function:
  General Counsel – Lara Martiner;
- Compliance function:
  Head of Compliance – Anna Hollinger;
- Risk Management function: Head Risk Management – Yvonne Pusch (until 31 March 2022), Donnino Anderhalden (from 1 April 2022);
- Internal Audit function:
  AGCS Global Head of Internal Audit – Marcus Zappe;
- Accounting function:
  Chief Financial Officer – Thomas Schatzmann.

The evaluation of fit-and-proper requirements for all these people is relevant for Solvency II purposes and must be ensured. The requirements are listed in AGCS's Fit and Proper Policy. AGCS's Fit and Proper Policy has been implemented by ART AG and approved by the Executive Board. Any changes to AGCS's Fit and Proper Policy are in each case submitted to the relevant ART AG approval panel for ratification.

The AGCS Fit and Proper Policy describes principles, criteria and processes designed to ensure that the people who actually control the company and work in key functions do indeed meet the professional qualifications and demonstrate the personal dependability required. AGCS's Fit and Proper Policy includes a definition of the required professional qualifications and personal dependability for the various positions involved. It also describes the processes that must be followed to ensure that the relevant people have these necessary professional qualifications and personal dependability.

The professional qualification requirements for internal and external candidates must be defined in the application procedure. Every candidate must submit a curriculum vitae and various interviews must be conducted, including an interview with the Human Resources Department. A review must be carried out of the candidate's personal background, which includes – for all positions to be filled – sending copies of relevant credentials, criminal record (or similar document) and proof that the candidate is currently not, and has previously not, been involved in insolvency proceedings as a debtor. All documents must be provided when appointing members of the Executive Board and the Board of Directors as well as when appointing key function holders.

Human Resources must review references and carry out a search of the public media. This is optional for key function members, but mandatory for Key Function Holders.

Performance reviews (for all individuals who are the focus of AGCS's Fit and Proper Policy) and career-development conferences (for executives and Key Function Holders) are mandatory and must be held on a regular basis.

Spontaneous reviews of fit-and-proper requirements shall be carried out in certain exceptional situations if professional qualifications and/or personal dependability have been called into question.

Ongoing professional training programmes ensure that the professional qualification requirements are always met. Training courses in ethical business conduct, anti-corruption and combating fraud are offered to provide employees with clear rules regarding appropriate behaviour.

AGCS's Fit and Proper Policy sets benchmarks for evaluating professional qualifications and personal dependability regardless of which findings and information have been collected during the application process and regular or spontaneous reviews and as a result of negative evaluations.

B.3 RISK MANAGEMENT SYSTEM, INCLUDING RISK AND SOLVENCY ASSESSMENT

B.3.1 Risk Management System

The organisational structure and workflows of ART AG's risk management system make it possible to control local and global risks in an integrated manner. At the same time, it ensures that the risks taken on are compatible with the company's risk-bearing capacity. The specific risk appetite is defined in the risk strategy. The organisational structure and workflows of the risk management function follow a top-down approach. The uppermost control function is held by the Board of Directors, which, in conjunction with the Executive Board, assumes responsibility for the company's risk profile and the committees involved in the process.

Board of Directors of ART AG

The Board of Directors is responsible for the overall supervision of the company. The Board of Directors defines the organisation and an appropriate governance system (including risk management) and supervises and controls the management of ART AG. AGCS's global risk strategy, which also applies to ART AG, is submitted to the Executive Board of ART AG for approval and to the Board of Directors in the event of significant changes.

Executive Board of ART AG

The Executive Board is responsible for direct management of the business. The Executive Board issues Management Regulations concerning the function, allocation of responsibilities and powers of management. Among other things, the Executive Board is responsible for:

- Appropriate implementation of the AGCS Risk Policy within the organizational structure and work processes of ART AG;
- Implementation and approval of AGCS's overarching risk strategy, which also includes ART AG, the risk tolerance defined therein and the limits, as well as aligning the risk strategy with ART AG's business strategy and the Allianz Group's risk strategy;
- Setting up a risk management function, which is responsible for independent monitoring of risks; and
- Defining and implementing risk management processes, including processes for assessing the company's solvency.

The implemented guidelines and standards on organizational structure, risk strategy, and documentation and reporting requirements define an overarching risk governance system. These guidelines ensure, on the one hand, the timely and complete dissemination of information on risk-relevant developments in the company and decisions and, on the other hand, the implementation of a process for decision-making and implementation.

B.3.1.1 Risk Management Approach

One of the core competencies of ART AG – an international insurance company with industrial and corporate clients – is risk management, which is an essential component of its business processes.

The purpose of ART AG's risk management is to increase the company's value sustainably by achieving the best possible balance between risks and returns. Risk capital rules are applied with the aim of protecting ART AG's capital base, improving its financial strength and fulfilling the duties arising from insurance business. The risk management system is designed to help protect ART AG's financial strength in the interests of the shareholder, Allianz SE, while safeguarding policyholders' rights. The risk management includes the necessary strategies, processes and reports to identify, assess, monitor and manage actual and potential risks. The core task of risk management is also to translate risk drivers, dependencies and capital requirements for risks into decision-making templates for management. ART AG supports the company's risk culture with a comprehensive, systematically implemented organisational structure and workflows of the risk management function.

B.3.1.2 Basic principles of risk management

ART AG's risk management assesses the company's risk-bearing capacity and proposes risk tolerance in line with the risk-bearing capacity. The evaluation is based on a uniform understanding of the risks taken and risk management processes as well as the associated control mechanisms. Risk management follows the following principles:

Basic principle 1: Responsibility of the Board of Directors for the Risk Strategy

ART AG's Board of Directors establishes and follows the risk strategy and ensures compliance with it and the associated risk tolerance, which is regularly aligned with the business strategy. The risk strategy represents the general approach to managing all material risks that arise as part of the business activities and the pursuit of business objectives. Risk tolerance for all material quantifiable and non-quantifiable risks considers the expectations of shareholders, regulatory requirements and the requirements of rating agencies. Both the risk strategy and risk tolerance are reviewed at least once a year and, if necessary, adjusted and communicated to all affected functions.

Basic principle 2: Risk Capital as a Key Control Parameter

Risk capital is the main parameter used to define risk tolerance as part of the solvency assessment. It serves as a key indicator in decision-making and risk management processes relating to capital allocation and limit setting. Where significant business decisions are involved, the impact on risk capital is considered.

Calculation and aggregation is performed consistently across all business segments in order to set a standard for measurement and to be able to compare risks.

In addition, stress scenarios are run as part of the solvency assessment to ensure that sufficient capital is available to protect the company against unexpected and extreme economic scenarios.

Basic principle 3: Clear definition of the Organisational Structure and the Risk Management Processes

An organisational structure has been established at ART AG that is clearly defined and monitors all risk categories. The roles and responsibilities of all involved functions are defined in this structure and communicated to all relevant functions.

Basic principle 4: Consistent risk assessment

Relevant risks, both individual and accumulation risks, are assessed across all risk categories using consistent quantitative and qualitative methods. In the risk capital calculation, quantitative risks are considered using the standard formula. Risk assessments and calculations are clearly defined in AGCS's risk capital rules and ensure that a consistent procedure is followed within the Allianz Group. Results are analysed and assessed using statistical methods and qualitative expert assessments.

Individual risks that cannot be quantified with the standard formula, as well as complex risk structures that combine several individual risks or risk categories, are assessed using quantitative criteria, economic portfolio models or, in some cases, simplified quantitative methods (e.g. scenario analyses). If it is not possible to estimate the risk, an assessment is made based on qualitative criteria.

Basic principle 5: (Further-) Development and integration of the System of Limits

A consistent system of limits has been established that ensures compliance with risk tolerance and governs how concentration risks are dealt with and supports the allocation of capital. It includes relevant risk parameters and drivers of risk for risk capital and is supplemented by more extensive operating limits. The system of limits is regularly reviewed and approved by the Executive Board as part of the risk strategy and the associated internal guidelines.

Basic principle 6: Mitigation of risks that exceed risk tolerance

If individual risks exceed their limit or the sum of the risks exceeds the risk tolerance, the risk exposures are mitigated appropriately. Measures are defined to ensure that risks remain within the limits and can simultaneously cater for the planned risk tolerance, for example by adjusting reinsurance solutions, strengthening the control environment, or reducing or hedging the risk position.

This ensures that risk assumption only takes place within the economic and legal framework.

Basic principle 7: Consistent and effective risk monitoring

Risk tolerance and handling of risks have been integrated into a standardised process for defining limits, which includes all quantifiable risks of ART AG and takes into account risk diversification and concentration. Clearly defined and obligatory reporting requirements and escalation processes ensure that if limits are exceeded, risk tolerance compliance will be restored and, where necessary, required measures to limit risks will be instituted immediately. In addition, an early warning system for risk, a reporting system for material risks, the assessment of novel risks and a new product process have been established to identify and manage inherent risks.

Basic principle 8: Consistent risk reporting and risk communication

ART AG's risk management function regularly reports to the Risk Committee and the Executive Board and, if necessary, also on an ad hoc basis. The report is supplemented by risk assessments that are especially relevant to outside stakeholders (supervisory bodies, rating agencies, etc.). The results of the company's Own Risk and Solvency Assessment (ORSA) are documented in the annual ORSA Report. The data and assumptions underlying the information are embedded in a comprehensive control environment. This ensures adequate data quality for complete, consistent and timely reporting to management.

Ad-hoc reporting covers events that are unexpected in terms of their size or the amount of the loss or that can have an unexpectedly strong impact on the risk profile of ART AG. This impact relates to the income statement, the company's equity resources, its reputation, continuation of business operations and non-compliance with regulatory or legal requirements.

Ad-hoc and regular reporting must comply with the materiality limits. Reporting to the risk management function of the Allianz Group is carried out on a regular basis through rotational and ad hoc agreed dialogue.

Basic principle 9: Integration of risk management into the business processes

Where possible, risk management processes are directly integrated into business processes. This also includes strategic and tactical corporate decisions as well as decisions affecting day-to-day business insofar as these may influence the risk profile. Above all, the comprehensive integration is intended to ensure that the risk management function will help to determine the future risk exposure, while playing only a secondary role in reactively assessing and controlling existing risks.

The risk culture set by the Executive Board of ART AG is essential for the success of this integration. Leading by example in maintaining a strong risk culture, the Executive Board demonstrates that managing risk is essential to achieving business objectives.

Basic principle 10: Comprehensive and timely documentation

All business decisions that potentially could have a significant impact on ART AG's risk profile must be documented in a timely manner. The documentation must be such that the consideration of significant risk implications can be understood.

B.3.1.3 Requirements for personal reliability and professional qualification

Adequate staffing of key functions is essential to ensure that processes can be implemented in the best possible way. As a result, when appointing or dismissing the Head of Risk Management, the Chief Financial Officer consults with AGCS's Chief Risk Officer to ensure that the professional and personal qualifications of the Head of Risk Management fully satisfy the requirements specified in AGCS's Fit and Proper Policy.

The Head of Risk Management must have appropriate qualifications, experience and knowledge to fulfil his or her responsibilities. He/she must perform his/her duties with due regard to the complexity of the business and the type and size of the company. The person must also uphold high standards of honesty and integrity, be of excellent repute, possess appropriate skills and be financially sound.

The Head of Risk Management essentially requires the following knowledge:

- Knowledge of the regulatory framework and applicable requirements;
- Knowledge of financial and insurance markets;
- Knowledge of the business strategy as well as business model of ART AG; and
- Knowledge of the organizational and operational structure.

B.3.1.4 Resources

The risk management function at ART AG has adequate resources to fulfil its responsibilities properly and with a focus on risks. Once a year, the tasks of the risk management function for the coming year are discussed and stipulated. This also involves matching the priorities and tasks set with the qualification and number of staff to ensure that they can all can be met. This process takes into account not only ART AG's available resources, but also those of AGCS's global risk management functions.

In addition to that, reciprocal oversight also takes place between key functions, in line with regulatory requirements. This reciprocal oversight involves Internal Audit, the compliance function, the Legal Department, the actuarial function, the accounting function and the risk management function.

B.3.1.5 Risk strategy

The global strategy of AGCS, also applied at ART AG, is the second core element – the other being the Risk Policy – of the risk management set of rules and applies fully to ART AG.

It defines the general risk appetite on the basis of specifications for the minimum capitalisation of the company. Risk tolerance is defined taking into account all material, qualitative and quantitative risks of the company. The set of rules is designed to ensure the fulfilment of all obligations towards its customers while also creating sustainable added value for our shareholder.

The business strategy is determined by ART AG's Executive Board, discussed with the Supervisory Body and agreed with AGCS SE. As part of the Strategic Dialogue and the Planning Dialogue, business and risk strategies are aligned with each other.

B.3.2 Set of Rules Governing the Organisation and Workflow of Risk Management

ART AG has established an effective governance system to promote implementation of the business strategy, to ensure adequate monitoring and control of business risks and to guarantee compliance with legal requirements. This system includes guidelines on the methods of risk assessment, the risk management structures and risk governance processes.

Additional guidelines address market risks, credit risks, underwriting risks, business risks, operational risks, liquidity risks and reputational risks. They define the risks that are entered into and stipulate risk tolerance in these risk categories. This risk tolerance is the basis for the risk-based management of the business. In addition, the guidelines specify responsibilities and the scope of authority and define measures for minimising risk and for escalation if limits are exceeded. For each risk category, the guidelines supplement the requirements and provisions in the overarching AGCS Standard on ORSA and the AGCS Guideline on Top Risk Scoping and Assessment (TRSA).

B.3.3 Specific Material Risks to ART AG

B.3.3.1 Framework of the top risk identification process

The top risk identification process comprises a regular analysis of all material quantifiable and non-quantifiable risks in order to identify potential adverse threats to financial results and reputation and the continuation of and adherence to strategic objectives.

ART AG regularly performs a top risk assessment process in order to identify and assess all material risks emerging from its business model. The identification of top risks is performed by applying the results from ongoing risk monitoring processes, which are conducted with the involvement of all the key stakeholders, especially the top management and Key Function Holders. There are no specific rules laid down on how to define the risks; reliance is instead placed on expert knowledge and assessments. To evaluate each individual risk, the possible loss amount and frequency are estimated.

The selection of top risks is discussed and agreed in the ART AG Risk Committee. Measures are defined for the selected material risks. Executive Board members are responsible for ensuring the transparency of the risk profile and for defining measures to limit the risk if the risk-tolerance level defined by the Executive Board is exceeded. The results of this risk assessment are reviewed by the risk management function each quarter, or on an ad-hoc basis if necessary, and are reported to the ART AG Risk Committee and to the Board of Directors of ART AG. In addition to the quarterly review, all quantifiable risks are presented in the standard formula.

The Top Risk identification process for AGCS Global and ART AG is validated by supplementary risk and control assessments. This process actively manages quantitative and non-quantifiable risks relevant to AGCS on a global level as well as for the ART AG legal entity, making it a key instrument for the Executive Board to assume ultimate responsibility for these risks.

B.3.3.2 Significant Risks

For disclosures on significant risks to which ART AG is exposed during the term of its insurance and reinsurance obligations, as well as their inclusion in overall solvency needs, please see Section C, Risk Profile.

Disclosures on material risks that are not fully covered when calculating the Solvency Capital Requirement using the standard formula can also be found in Section C, Risk Profile.

B.3.3.3 Risk categories

ART AG categorises all risks into one of eight risk categories. These risk categories are constantly monitored by the risk management function as part of risk reporting. Concentration risks may arise for some of these risk categories – in conjunction with other disproportionately large risks – due to an unbalanced risk profile. Concentration risks and emerging risks are not separate risk categories.

For all quantifiable and non-quantifiable risks, there is a comprehensive risk management process that includes risk identification, risk assessment and risk management, as well as risk monitoring and risk reporting. This process is implemented as part of a clearly defined risk strategy and risk appetite, and its appropriateness/adequacy is regularly reviewed.

Category	Minimising Risk
Market risk	Unexpected losses due to changes in market prices or a change in parameters that affect market prices, as well as risks arising from options and guarantees embedded in contracts, or changes in the value of assets or liabilities of participating interests resulting from changes in the relevant parameters. In particular, this includes changes in equity prices, interest rates, property prices, exchange rates, credit spreads and implied volatilities. Market price risk therefore also includes market price changes due to a deterioration in market liquidity.
Credit risk	Unexpected losses in the portfolio's market value due to a deterioration in the creditworthiness of counterparties, including the non-fulfilment of payment obligations or non-performing instruments.
Underwriting risk	Losses due to unexpectedly high future claims, including those arising from natural or man-made disasters and run-off losses on existing claim provisions.
Business risk	Losses due to unexpectedly high lapse rates in the portfolio and the resulting loss of profits as well as losses due to higher absolute costs or higher cost ratios due to lower business volume.
Operational risk	Unexpected losses due to inadequate or faulty internal operating processes or systems, owing to human error or misconduct or to external events.
Reputational risk	Unexpected drop in the Allianz share price or the value of existing or future business caused by damage to the reputation of the Allianz Group or any of the specific business units from the shareholder's perspective.
Liquidity risk	Unexpected financial losses due to non-fulfilment of current short-term or future payment obligations or if fulfilment is based on adverse changes in terms and conditions, as well as the risk of refinancing at higher interest rates or through the sale of assets at a discount during a liquidity crisis.
Strategic risk	Unexpected negative change in the value of a business unit due to wrong management decisions relating to the business strategy and its implementation.

B.3.4 Own Risk and Solvency Assessment

The Own Risk and Solvency Assessment (ORSA) is a comprehensive evaluation of all risks of the business. This ORSA process is a key component of the risk management system and is normally carried out on an annual basis. The process covers a range of connected activities that take place over the course of the entire year, with which ART AG continuously ensures that it has adequate own funds that are appropriately in proportion to the risks into which it enters.

The following elements of the ORSA process are of particular importance:

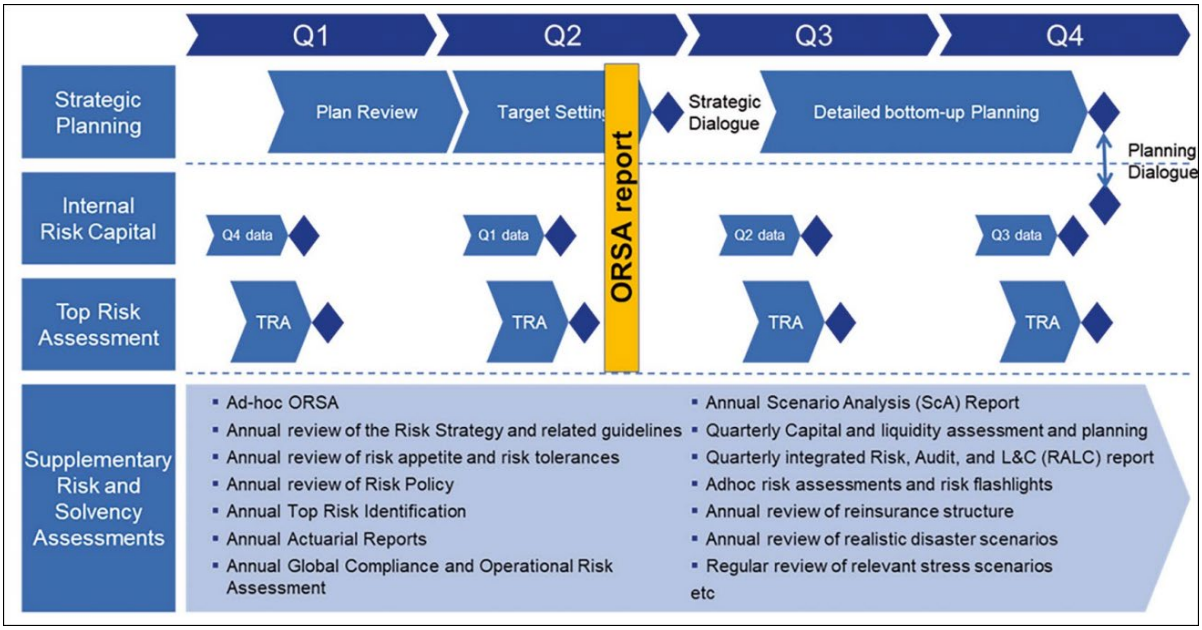
- Ensuring that the business strategy and risk strategy are consistent;
- Risk capital calculation: The risk capital is determined in relation to market, credit, underwriting, business and operational risks on the basis of the standard formula. Overall risk capital corresponds to the total for the individual categories, less diversification effects and deferred taxes;
- Overall solvency needs: The risk capital requirement resulting from the standard formula is critically reviewed at regular intervals in the context of the overall risk profile. In addition, risks that are impossible or difficult to quantify, such as strategic or reputational risk, are also included in the overall assessment. This is performed through the top risk identification process;
- Top Risk Assessment (TRA): ART AG regularly assesses the risk situation and identifies the main risks for further management or monitoring;
- Stress scenarios: The sensitivity of the solvency ratio is tested using various stress scenarios in order to identify and manage significant risk drivers at an early stage;
- Capital management: It is of vital importance to ART AG to ensure adequate capitalisation at all times with respect to regulatory requirements, rating capital requirements and market-specific requirements;
- Maintenance of limits system: Results of the planning process are analysed with regard to their impact on the capital base, and the limits for the next fiscal year are adjusted if necessary. Compliance with the limits is monitored continuously throughout the year. If necessary, steps are taken to ensure that risk exposure remains within the prescribed limit.
- Determination of effectiveness of Internal Control System: Determining the effectiveness of the Internal Control System takes into account the latest results of control tests, audit reports and reviews, as well as assessments by third-party providers. The ART AG Risk Committee is responsible for discussing and assessing the effectiveness of the internal controls and with that, the entire system of governance.
- Non-regular ORSA reports: The regular ORSA processes described above are supplemented by non-regular assessments of the risk profile as required. Such a requirement arises if ART AG's risk profile changes significantly or if such changes are expected. Causes for this kind of extraordinary reports are defined in the internal guidelines and include, for example, M&A activities or a significant reduction in the solvency ratio due to loss events that have occurred. Basically, the preparation of such a report can also be initiated at any time by the Executive Board, the Risk Committee or the supervisory bodies.

Overall responsibility for the ORSA process is assumed by the Executive Board. The Board is actively involved in the design, implementation and analysis of the results. Furthermore, stakeholders from all key management functions such as capital management, actuarial or asset liability management are involved in the ORSA process. The results from the ORSA processes are taken into account on an ongoing basis for business decisions.

The main findings and resolved measures derived on the basis of the ORSA processes are summarised in an ORSA report. The risk management function coordinates the preparation of the ORSA report, which contains all information relating to risk that is relevant to the result of the ORSA assessment. The report is normally finalized in the second quarter of the fiscal year. The final draft of the ORSA Report is submitted to the Head of Risk Management at ART AG for review. The ART AG Risk Committee discusses the result of the ORSA report and – if no changes are necessary – recommends the report for approval to the Executive Board. Furthermore, the ORSA report is presented to the Board of Directors for acknowledgement. The final ORSA report is also provided to everyone who holds a key role in decision-making processes relating to the corporate strategy, the risk strategy and risk and capital management (for example, ART AG's Key Function Holders). The annual reporting also takes into account feedback from the latest reviews of previous years' ORSA reports (for example, due adjusted to in external requirements).

The ORSA report for fiscal year 2022 contained no objections or significant recommendations to the Executive Board. Instead, the overall solvency requirement was adequately reflected in the Solvency II ratio and ART AG currently sees no need for an adjustment. Solvency is deemed to be satisfactory, both as of the reporting date of 31 December 2022 and across the planning period to 2025.

The "ORSA Process" graphic shows the time sequence for the most important process steps and how they are linked to each other. The appropriateness of the ORSA processes is reviewed annually.



B.4 INTERNAL CONTROL SYSTEM

B.4.1 Key elements of the Internal Control System

ART AG has implemented an Internal Control System, which is known as the Integrated Risk and Control System, which ensures that significant operational risks are identified and assessed and that effective controls or other measures are in place to mitigate significant operational risks. The concept of the integrated risk and control system is focused on guaranteeing the following objectives:

– Achievement of the strategic business targets is effectively supported; ART AG's legal capacity is assured;
– Governance aspects and business processes are effective;
– The applicable laws and regulatory provisions, together with internal guidelines, are complied with; and
– The processes provide complete and high-quality information for internal and external reporting, especially financial and regulatory reporting.

The integrated risk and control system concentrates on significant risks through consistent prioritization. Risks are considered significant if they might have a potentially longer-term negative impact on ART AG's reputation or a significant negative impact on the achievement of financial targets.

Risks are managed by instituting a range of effective risk mitigation measures (i.e. controls related to the respective risks). Controls are defined as "key controls" if the actual risk would be significantly higher without the key control in question. Accordingly, the integrated risk and control system is concentrated on the key controls that are necessary to mitigate the significant risks. As part of the regular risk and control assessment with the process and risk managers, operational risks are recorded, investigated and evaluated, and the associated controls are identified. This includes comprehensible documentation in order that the effectiveness of the internal control system can be regularly reviewed and demonstrated to external and internal stakeholders.

A prerequisite for an effective and efficient integrated risk and control system is a pronounced awareness of risks and controls among employees in their daily business. A sound awareness of risk and control does not prevent the company from taking risks and closing deals. In fact, it ensures that risks are controlled and handled with full awareness of the expected business potential, which ultimately underpins ART AG's business objectives. Business processes undertaken by internal or external service providers must be effectively integrated in the internal control system in order to guarantee appropriate monitoring.

As part of the regular review ("testing") of the controls, both the Test of Design (effective mitigation of risk through the control) and the Test of Operating Effectiveness (effective performance of the control) are carried out to confirm the effectiveness of the controls. Clear and up-to-date documentation of key controls, as well as the availability of evidence, is decisive for efficient control testing. Independent testing of controls is particularly important, in order to be able to show external stakeholders that internal controls are being implemented effectively and also in order to maintain the trust of these stakeholders in the reliability of the Internal Control System.

Lack of key controls or key controls that are not adequately established or effectively implemented is considered a control weakness that must be addressed. The materiality of control weak spots is assessed with the involvement of the risk management function and an improvement plan is drawn up, setting out responsibilities and deadlines. After completing the actions, the control is retested.

As part of the regular reporting, material insights and findings from the Internal Control System are reported to the Board of Management. In the quarterly ART AG Risk Committee, ineffective controls and operational losses that indicate control weaknesses are reported, along with the corresponding measures. The annual report on the Integrated Risk and Control System serves as the basis for the assessment of adequacy by the ART AG Risk Committee. This assessment does not provide absolute assurance that all conceivable financial losses or reporting errors will be avoided. However, it offers reasonable assurance that material financial losses and material reporting errors will be avoided or reduced.

B.4.2 Compliance function

The compliance function monitors ART AG's compliance with regulatory and legal requirements with a focus on risks, and regards itself as an active adviser to the organisation on all matters relating to compliance.

To enable it to fulfil its duties, the compliance function has the right to unrestricted access to information.

B.4.2.1 Compliance organisation

The compliance function consists of the compliance department and other functions and departments with a compliance mandate. Responsibilities are stipulated in the AGCS Compliance Policy, which has been implemented by ART AG. The AGCS Compliance Policy sets out the respective organisational structure and method of operation at global, regional and local level within the AGCS Group. Detailed guidelines and work instructions supplement the framework for functioning compliance organisation. The Allianz Code of Conduct is also a central component in ensuring a uniform understanding of compliance within ART AG.

The approach adopted by Compliance follows the structure of ART AG as well as the global approach of AGCS SE and the entire Allianz Group.

The holder of the key compliance function at ART AG is the ART Head of Compliance. This person is also in charge of the Compliance department.

The Head of Compliance reports to the ART AG Executive Board and to the Board of Directors and is accountable to it.

The Head of Compliance reports regularly to the Board of Directors and the Executive Board of ART AG. Compliance reporting includes the results of the previous compliance risk assessment, possible changes in the compliance risk profile, overviews of current compliance activities, the status of compliance reviews/audits, a summary of any relevant violations and/or deficiencies that have been reported and recommended corrective measures.

The Executive Board or Board of Directors of ART AG is responsible for organisational and operational structures and processes for ensuring compliance with the AGCS Compliance Policy and the allocation of the relevant compliance-risk areas to the compliance functions and governance function. The Executive Board sets up and maintains a compliance function that is appropriate and effective in relation to risk exposure. The Executive Board also appoints the Head of Compliance.

The Head of Compliance is responsible for the implementation of the compliance principles and processes described in the AGCS Compliance Policy. This includes reporting any significant incidents that are of relevance to compliance to the Audit Committee and/or the AGCS Global Integrity Committee.

B.4.3 Requirements for personal reliability and professional qualification

The Head of Compliance at ART AG is the Key Function Holder for the compliance function. The holder of this function must have adequate qualifications and the necessary practical experience to be able to perform the tasks of the compliance function, taking into account the complexity of the company and its activities and the principle of proportionality. This also specifically includes:

- Knowledge of the applicable internal and external legal requirements and regulations;
- Knowledge of the insurance markets;
- Knowledge of the business strategy and business model of ART AG and the AGCS Group; and
- Knowledge of the internal organisational structure and workflows of ART AG and AGCS SE.

B.4.4 Resources of the compliance function

The resources of the compliance function at ART AG (and the AGCS Group) are planned and used in such a way that tasks can be carried out properly and with due regard to risk. Planning is carried out as part of the annual risk-based compliance plan. In addition, reciprocal oversight takes place between key functions, in line with regulatory requirements. This also takes into account the resources available for a function in the overall assessment.

B.4.5 Inclusion of the Compliance Function

The Compliance Management System covers the following main tasks:

- Promoting a culture of integrity and compliance;
- Providing and implementing training courses and communication;
- Advising the Executive Board and the operating entities on compliance with the laws, regulations and regulatory provisions applicable to ART AG, and the impact of material changes in the legal environment and important developments;
- Establishing and complying with compliance principles and processes;
- drawing up and implementing the compliance plan to be reviewed annually, which covers all compliance relevant activities of ART AG and is aligned with the compliance plan of AGCS Compliance. The Compliance Plan is examined and approved by the Executive Board of ART AG;
- assessing the potential impact of changes in the legal environment on the operations of ART AG. This includes constant monitoring and analysis of the legal environment, as well as ensuring that relevant and material changes are communicated to the Executive Board of ART AG at an early stage so that it has sufficient time to implement any necessary measures. In addition, the ART Compliance function informs AGCS Compliance in case of significant legal changes with a potential impact on the Group.
- identification and assessment of the compliance risks (risks of legal or regulatory sanctions, material financial losses and reputational damage suffered by ART AG as a result of non-compliance with external requirements). The Compliance risk assessments are coordinated with the Risk Management function regarding the methods, timing and procedures for these assessments;
- Processing information provided by employees and resolving compliance incidents;
- Cooperating with regulatory authorities; and
- Monitoring compliance rules and reporting.

The Compliance Management System covers processes and controls in the relevant areas of responsibility. These are subject to a regular Allianz global quality assurance procedure.

The compliance management system consists of the main tasks described above and the following additional elements: Compliance culture and integrity, compliance training and communication, compliance principles and processes, investigations and whistleblowing system, as well as regular reporting to the Board of Directors and Executive Board of ART AG; AGCS Compliance and other committees, as appropriate.

B.4.6 Significant changes

The compliance function was also involved in several new initiatives in 2022:

- In the wake of the Russia-Ukraine conflict and the resulting sanctions, various data retrievals and assessments were carried out and reports on economic sanctions prepared. In addition, regular guidelines and communications were issued on the developments and requirements associated to the sanctions. The function was closely involved in these AGCS sanction initiatives.
- Tailored for AGCS, a new Sales Compliance Standard was issued and implemented at ART AG. The standard emphasises the various pillars underpinning sales compliance and the supplementary corporate regulations that meet these requirements.
- The function participated in several compliance initiatives across the Allianz Group, including initiatives on Regulatory Compliance and Gearshift.
- In harmony with the group-wide approach, a new whistleblowing tool was introduced, and this was adapted in line with the legal circumstances of ART AG.

With the exception of the aforementioned new initiatives, there were no further significant task-related, procedural or structural changes in the year under review.

B.5 INTERNAL AUDIT FUNCTION

Internal Audit is a key function within ART AG's Internal Control System.

Internal Audit is an independent and objective audit and advisory function that aims to create added value and improve an organisation's business processes. It supports the organisation in achieving its goals by assessing the effectiveness of risk management and controls and of management and monitoring processes using a systematic and targeted approach and by helping to improve them.

To this end, Internal Audit provides analyses, assessments, recommendations and information as part of its auditing activities.

Within the Allianz Group, Internal Audit has primary audit responsibility for ART AG and all other insurance companies in the ART Group. At the same time, it is part of the worldwide audit function within AGCS SE and the Allianz Group, the functional management of which is overseen by Group Audit at Allianz SE. Group Audit, as the overarching corporate audit function, performs a specialist monitoring and supervisory function.

Internal Audit works on behalf of the Audit Committee of ART AG and reports directly to it. The Head of Internal Audit may also attend meetings of the Board of Directors.

Through periodic reports, the Audit Committee of ART AG is kept informed of audit activities, the results of audits and significant developments from the point of view of Internal Audit. Furthermore, members of the Audit Committee and the Chief Executive Officer receive final audit reports specific to ART AG. The Head of Audit also confirms that Internal Audit is independent from an organisational viewpoint in his annual report to the Audit Committee of the Board of Directors and the Chief Executive Officer.

Internal Audit's activities are based on a comprehensive audit plan that is updated annually, which covers all material activities and business segments (audit subjects) in the ART Group and the AGCS Group. As part of the annual planning process, Internal Audit evaluates the audit matters based on risk aspects. An operational plan is drawn up based on the annual plan. On this basis, each audit passes through the phases of audit preparation, audit implementation, reporting and follow-up action.

Audit preparation includes an analysis of the theme of the audit, appropriate assessment of risks, induction into the subject matter of the audit, detailed planning of the procedure for the audit and the obtaining of information.

The audit execution phase includes the following activities: opening discussion, audit activity (fieldwork), documentation of audit activities, determination of audit results, and debriefing/closing discussion. The activities that are necessary in connection with this are stipulated and documented in an internal audit document, i.e. the audit programme.

Internal Audit draws up an audit report immediately for each audit as part of its reporting activities. The aim of this is to provide brief, concise and targeted information to the Chairman of the Board of Directors, the senior level of management that is responsible and the units being audited about the object of the audit and the audit results.

After the audit report has been distributed, Internal Audit verifies the timely implementation of the agreed measures relating to the audit findings by the responsible units specified in the audit report (follow-up). In monitoring the progress of implementation, Internal Audit follows all findings irrespective of the risk content.

ART AG has a duty to issue internal company guidelines as part of its organisation of the business. Mandatory guidelines have been adopted by ART AG as part of this (adaptation of the AGCS Audit Policy).

The AGCS Audit Policy constitutes an internal company guideline for Internal Audit (and which has also been implemented by ART AG). As a rule, it is reviewed annually and where there are special reasons for doing so. A central process coordinated by the legal function, was established for this purpose. In the process, the unit responsible for the matter first reviews the guideline to determine whether it needs to be amended. If any changes are immaterial, the revised version is submitted to the member of the Executive Board who is responsible and to the Chief Executive Officer for approval. Any material changes are also submitted to the Executive Board and – in the case of fundamental changes – to the Board of Directors for approval, and are then made known within the company.

The structure and correct organisation of Internal Audit as a key function is detailed in the AGCS Audit Policy adopted by the Executive Board, and it takes account of the regulatory guidelines of the Insurance Supervision Act (Versicherungsaufsichtsgesetz) and the requirements of Group Audit. Alongside the organisational structure and position of Internal Audit within the company, this guideline describes the principles of the audit activities, tasks, responsibilities and main processes, as well as reporting lines and rights to information. The AGCS Audit Policy builds on the requirements of the Group Audit Policy.

The AGCS Audit Manual supplements and clarifies the AGCS Audit Policy and is reviewed and communicated by the Head of Internal Audit annually and on specific occasions.

Internal Audit is required to report significant findings from its area of responsibility to Group Audit without delay.

Internal Audit performs its duties independently and autonomously. The Executive Board and Board of Directors ensure that Internal Audit is functionally independent, within the framework of the AGCS Audit Policy approved by them, to maintain the functionality of the company's business organisation (including information and audit rights). This independence is further protected by the position of Internal Audit within the organisational structure; it is independent of the "first and second line of defence" functions.

Internal Audit is not subject to any instructions or other influences in carrying out and reporting on audits or in evaluating the results of audits. The Audit Committee of the Board of Directors can order additional audits within the scope of its decision-making authority without this affecting the autonomy and independence of Internal Audit.

Internal auditors assess all the relevant facts in a balanced way and do not allow their opinion to be influenced by their own interests or those of others. In principle, employees working in Internal Audit may not perform any tasks that are not or do not appear to be in line with audit activities.

Internal Audit conducts its audits with the necessary expertise and due professional care. Employees in Internal Audit apply the maximum degree of expert objectivity when collating, assessing and forwarding information on audited activities or business processes. Revision findings must be based on facts and be supportable by sufficient evidence.

Internal Audit at ART AG has been outsourced to AGCS SE. It is under the control of the Chief Executive Officer of AGCS SE and also reports to the Supervisory Board and the Audit Committee of AGCS SE. The Head of Internal Audit or his/her deputy has direct and unrestricted access to the Audit Committee of ART AG. As the superordinate audit unit within the Group, Group Audit also performs a specialist monitoring and supervisory function.

Internal Audit may be asked for its opinion on issues affecting the Internal Control System. Where this is the case, Internal Audit must maintain the necessary independence and must not be involved to any significant extent in the development, implementation or performance of processes and work instructions. Moreover, these advisory activities may not be organised in such a way that they compromise the performance of Internal Audit's core tasks and the audit plan.

The resources of the Internal Audit function at AGCS SE are planned and used in such a way that tasks can be carried out properly and with due regard to risk. Planning is carried out within the framework of the annually prepared audit plan.

In addition, reciprocal oversight (controlling the controller) takes place between key functions within Internal Control and Governance Group (ICG Advisory Group), in line with regulatory requirements. This oversight activity also takes into account the resources available for a function in the overall assessment.

The Head of Internal Audit, who is also the Internal Audit Key Function Holder, does not undertake any other activities within ART AG.

B.6 ACTUARIAL FUNCTION

Section B.1.3.1 describes how the actuarial function is implemented within ART AG.

B.7 OUTSOURCING

ART AG applies the global Outsourcing Policy of the AGCS Group (AGCS Outsourcing Policy), reflecting the significance of outsourcing. All of the requirements specified in the Allianz Group Outsourcing Policy (GOP) are included in the AGCS Outsourcing Policy. Any changes to the GOP are reflected in adjustments to the AGCS Outsourcing Policy, which are submitted to ART AG's internal approval bodies for approval in accordance with the internal ratification process. Legally independent companies (such as ART AG) incorporate the AGCS Outsourcing Policy into their internal system of governance through ratification.

The AGCS Outsourcing Policy applies to:

– ART AG, including all branch offices; and
– All legally independent companies that are subject to ART AG's management control.

In particular, the AGCS Outsourcing Policy governs the following aspects:

– Definition of outsourcing;
– Criteria for selecting, commissioning and managing suppliers;
– Definition of roles, responsibilities and approvals; and
– Rights of control during outsourcing (including termination).

A special role is played by the outsourcing function, which ensures that the necessary processes for monitoring and supervising the outsourced functions and services are defined and implemented.

The outsourcing function assumes responsibility for ensuring that the necessary processes for monitoring and supervising the outsourced functions and services are defined and implemented. This is done in consultation with the local key functions involved (e.g. Legal Department, Compliance, Risk Management, Business Continuity Management, Information Security Officer, Allianz Group functions) and the persons in charge of the outsourcing agreement.

The outsourcing function has special responsibility for the following main activities:

– Instructing the organisation on how requirements are to be satisfied from an outsourcing standpoint;
– Supporting all business owners in their activities in order to ensure compliance with the AGCS Outsourcing Policy;
– Centralised filing/archiving of all outsourcing agreements (inventory), along with related documents and evidence (e.g. risk assessment, business plan, due diligence); and
– Reporting the ART AG outsourcing agreements to the Allianz Group, on request.

Terms and conditions for implementation and operating documents continue to be defined and reviewed annually in the Governance Toolkit with the contract holder, in consultation and agreement with global and regional key functions. The Toolkit thereby takes into account the various phases of outsourcing, from decision-making through implementation and the operational phase to termination of the agreement. If the terms and conditions are not met, escalation procedures are defined.

Critical and Important Outsourcing Agreements of ART AG

Service provider for ART AG	Country	Description
Allianz Investment Management SE	Germany	Investment Services *
Allianz Global Investors (Schweiz) AG	Switzerland	Investment Services *
PIMCO Europe GmbH	Germany	Investment Services *
Allianz Global Corporate & Specialty SE	Germany	Internal Audit **
Allianz SE / Allianz Technology SE:	Germany	IT Services **

* Responsibility for function – Chief Financial Officer
** Responsibility for function – Chief Executive Officer

B.8 OTHER INFORMATION

ART AG's governance system ensures that the company can properly identify, measure, control and report risks to which it is, or may be, exposed. This is supported by the Internal Control System.

RISK PROFILE

C

RISK CATEGORISATION

ART AG allocates all risks into one of eight risk categories (see Section B.3.3.3). ART AG's risk profile is described below based on these eight categories.

C.1 UNDERWRITING RISKS

Underwriting risks are risks arising from obligations of the direct insurance business (non-life insurance business) and the reinsurance business (all risks) relating to the risks covered and the processes used in pursuing the business. The uncertainty of the results with respect to insurance and reinsurance obligations under existing policies and the new business expected over the next twelve months is taken into account.

The most important underwriting risk relates primarily to the trend in claims. A distinction is made between premium risk, i.e. the risk that, due to unexpected future claims, there will not be sufficient premium income to finance them, and reserve risk, i.e. the risk that provisions will be inadequate to cover existing claims due to unexpected run-off losses.

Premium and reserve risks only take into account loss events that occur with regular frequency. Extreme events that occur very rarely are not included in the premium and reserve risks, being included instead in the catastrophe risk. Under catastrophe risk, a distinction is made between natural disasters, man-made events and other catastrophic events.

Underwriting risks also include lapse risk. This refers to the possibility of unexpectedly high cancellations in the existing business and the resulting loss of future profits.

ART AG calculates all underwriting risks using the standard formula.

No material insurance risk is transferred to special-purpose vehicles, and there is no material exposure from off-balance-sheet items.

ART AG actively controls premium and catastrophe risks; risk assessments and underwriting limits are integrated into the underwriting process and ART AG's risk appetite encourages the purchase of reinsurance coverage. Assessing risks as part of the underwriting process is a key element of risk management at ART AG. As part of strategic planning, future business volumes and associated risks, as well as their impact on solvency, are forecast.

With regard to reserve risk, ART AG regularly monitors the trend in provisions for insured events at individual policy level. In addition, ART AG performs annual reserve uncertainty analyses in order to evaluate the sensitivity of reserves to the assumptions on which the calculations are based.

With regard to risk concentration, ART AG's catastrophe risk before reinsurance is driven primarily by man-made catastrophes. The remaining portion of the gross catastrophe risk is based on natural disasters. Other catastrophic events play a minor role.

There is currently no sign of concentration risks in the underwriting risk after reinsurance that could significantly influence the solvency ratio.

Excessive risks are mitigated through internal and external reinsurance contracts. The non-proportional reinsurance segment was dominated by the group internal reinsurance in previous years. The realignment in this area means that the new business risk corresponds with the risk appetite of ART AG. For the run-off business connected with intra-group reinsurance, the risk has been limited with aggregate excess-of-loss reinsurance.

The sensitivity of the underwriting risk is analysed through sensitivity analyses and stress tests. Here, sensitivity to higher business volumes is analysed, along with the impact of major losses and sensitivity to claims reported at a later date and losses that develop at a later date.

C.2 MARKET RISK

C.2.1 Risk exposure

ART AG defines market risk as the risk of loss due to changes in market prices or in parameters that result in changes in the market prices of financial assets and liabilities. This also includes changes in market prices due to a deterioration in market liquidity.

An important part of the insurance business is the investment of insurance premiums. ART AG employs financial instruments for this purpose. These equity investments provide hedging for existing and future receivables, as well as the claims of our customers. In addition, the equity also covers the capital requirements associated with the insurance business.

A standard formula is used to quantify the market risk, which comprises the following sub-risks:

- Interest rate risk is the possible change in value of the portfolio due to changes in interest rates;
- Equity risk is the possible change in value of the portfolio due to price changes in the equity markets or possible change in value of the strategic participations;
- Property risk is the possible change in value of the portfolio due to changes in market values of properties;
- Spread risk is the possible change in value of the portfolio due to changes in the credit spread; and
- Foreign exchange (FX) risk is the possible change in value of the portfolio due to fluctuations in exchange rates.

In addition, market risk concentrations are assessed using the standard formula.

At the end of the year under review, the risk capital for the total undiversified market risk amounted to € 136.0 million (€ 138.6 million). The main market risks for ART AG are exchange rate risk and spread risk. Following diversification, the total risk capital for market risks amounted to € 79.7 million (€ 89.9 million), a slight drop compared to the previous year.

ART AG's interest rate risk amounted to € 26.0 million (€ 19.8 million) at the end of the year under review, representing a rise year-on-year. This is largely attributable to significant shock factors for the interest rate risk, which were triggered by the interest rate increases to the currencies relevant to the investment portfolio.

ART AG's interest rate risk is controlled as part of a comprehensive asset/liability management (ALM) system. In the non-life insurance business, payment obligations are typically shorter-term than the investments hedging them. ART AG's target duration is based on the assumption that it will continue to operate as a going concern. This results in a longer duration on the asset side than on the liability side. This duration overhang implies interest rate risk. On the asset side, the duration is controlled by limits.

ART AG's share price risk is primarily determined by its participating interest in the ART AG subsidiary in Brazil. In addition, ART AG holds two smaller positions totalling € 1.6 million that come from an Alternative Asset Portfolio that has been in run-off since 2009.

ART AG's share price risk amounted to € 10.9 million (€ 7.8 million) at the end of the year under review, a considerable year-on-year increase due to the change in value of the participation in Brazil.

ART AG has no properties in its investment portfolio and is therefore not exposed to property risk.

ART AG's spread risk is driven by its fixed-income securities portfolio, loans and balances at banks.

ART AG normally holds fixed-income securities to maturity. As a result, short-term changes in market values have no negative financial effects on ART AG. As a long-term investor, ART AG therefore has the option to invest in securities the spreads of which are above the risk-free rate, and also to realise these spreads.

At the year-end 2022, the spread risk of ART AG amounted to € 39.1 million (€ 39.9 million). The slight downturn compared to the previous year is attributable to a shorter duration of the investment portfolio and higher rate of investment in assets with a low spread risk.

Currency risk arises from assets and liabilities denominated in different currencies, in addition to the euro (€) particularly in US dollars (USD), Swiss francs (CHF) and Brazilian real (BRL). An appreciating euro causes assets denominated in currencies other than the euro to fall in value. At the same time, however, the corresponding capital requirements from a euro standpoint decrease, which reduces the impact on capitalisation. The local equity of ART AG's subsidiary in Brazil is invested in the local functional currency, BRL. ART AG's BRL risk exposure comes exclusively from the participating interest in the Brazilian subsidiary.

ART AG's currency risk at year-end 2022 amounted to € 38.3 million (€ 58.6 million). The € 20.3 million decrease compared to the previous year is largely attributable to the reduction of the net balance items of the branch establishments not managed on a euro basis.

Market risk concentrations within the meaning of the standard formula relate to the participating interest in the Brazilian subsidiary. Due to the change in value of the participation in Brazil, the market risk concentration increased considerably compared to the previous year, to € 21.7 million (€ 12.4 million).

C.2.2 Risk concentration

The interest rate risk is driven by the euro and US dollar yield curves.

The shareholding in the Brazilian subsidiary accounted for 93% of ART AG's share price risk.

The credit quality of the ART AG portfolio is high. ART AG's spread risk is determined by a widely diversified portfolio. There is no risk concentration because the highest individual spread risk accounts for less than 4% of the overall spread risk.

The exchange rate risk in Q4 2022 is dominated by USD and BRL, followed by CHF.

C.2.3 Risk Sensitivities

All the following sensitivity analyses contain findings dating to 31 December 2022.

An increase of 100 basis points in the interest rate would result in a slight decline in the solvency ratio from 138.3% to 134.6%. A fall of 100 basis points in the interest rate would also reduce the solvency ratio slightly to 141.4%.

A fall of 30% in the shareholding values and the remaining alternative asset portfolio, would result in a slight decline of the solvency ratio from 138.3% to 138.2%.

An increase of 50 basis points in the credit spread would result in a slight decline in the solvency ratio from 138.3% to 135.4%.

A 10% devaluation of foreign currencies against the euro would cause the solvency ratio to decline from 138.3% to 133.0%.

C.2.4 Market risk management

ART AG's risk management system defines the framework conditions for managing market risk. In particular, these include the standards and the uniform methods and models for market risks, comprehensive limit systems for the investment portfolio and the system for reporting market risks. Furthermore, the responsibilities for managing market risk are defined in detail in Allianz's Standard for Market Risk Management. These include:

- Analysing the market risk capital, identifying concentration risks and monitoring measures to reduce risk;
- Identifying and controlling market risks;
- Monitoring compliance with limits;
- Internal reporting to management and external reporting (including reporting to the supervisory authority) regarding market risk; and
- Optimising the portfolio in terms of profitability and market risk.

Business prudence principle

ART AG's assets are invested in accordance with the business prudence principle (Article 80 VersAG):

- ART AG invests only in assets and instruments whose risks it can adequately identify, measure, monitor, manage, control and report and which it can adequately consider in determining the total Solvency Capital Requirement, and
- All assets, in particular those covering the Solvency Capital Requirement and the Minimum Capital Requirement, shall be invested in such a way as to ensure the security, quality, liquidity and profitability of the portfolio as a whole. Assets held to cover the technical provisions shall be invested in a manner appropriate to the nature and maturity of the insurance and reinsurance liabilities.

The Strategic Asset Allocation (SAA) defines the investment strategy for ART AG's investment portfolio. It is therefore an important, supplementary instrument for managing the market risk.

The SAA is based on an analysis of assets and liabilities and a medium-term performance perspective. In structuring the SAA, great care is taken to ensure suitable target levels for quality and security, e.g. ratings, additional collateral and sustainable profits, as well as adequate liquidity and availability of the investment portfolio as a whole.

This ex-ante assessment is underpinned by constant compliance with the SAA (including leeways and limits) in the investment process and ex-post monitoring in order to facilitate corrective actions in the event of divergence from the targets.

ART AG's SAA stipulates that 100% of assets should be invested in fixed-income investments (the remainder of the Alternative Asset Portfolio of € 1.6 million is exempted from the SAA).

C.2.5 Risk mitigation

In order to ensure that individual investment decisions satisfy the business prudence principle, the Allianz Group and ART AG have:

- Drawn up a list of standard investments and
- Set up a process for investments that are not (yet) viewed as standard investments [New Financial Instrument (NFI) Process].

Only investments that are made regularly and over a sufficiently long period of time and in which ART AG and/or the Allianz Group's outsourced investment functions have relevant expertise are regarded as standard investments. Moreover, the internal processes and IT systems must be able to depict such investments adequately. Standard investments form the basis of ART AG's investment portfolio.

Before investments not included in the list of standard investments can be made, the NFI process must be completed successfully. This process checks the following aspects in particular: ART AG's ability to control all investment-specific risks, compatibility of the investment with the interests of the insured parties and effect of the investment on the quality, security, liquidity, availability and profitability of the investment portfolio as a whole.

Derivatives are used only to hedge and fine-tune foreign currency exposure (through FX forwards).

The Risk Management Department of AGCS SE supports ART AG in monitoring and regularly reporting on ART AG's identified market risks. Reporting is handled through regular reports and, if necessary, ad-hoc reports. The purpose of risk reporting is to provide an up-to-date overview of risks to decision-makers (including the Board of Directors and the Executive Board) and to show the utilization of limits. In addition, it is intended to improve risk transparency at all levels of the company and to help management make decisions.

C.3 CREDIT RISK

C.3.1 Risk exposure

ART AG defines credit risk as the possible loss in value of the portfolio within a defined time horizon caused by changes in the credit quality (creditworthiness) of debtors in the portfolio, including default or non-fulfilment of financial obligations. Default on a loan receivable may be caused either by a deterioration in creditworthiness (migration risk) or by the inability or unwillingness of the debtor to fulfil contractual obligations.

The various components of ART AG's credit risk exposure are the investment portfolio, the reinsurance portfolio and the accounts receivable.

Premium income and own funds required to cover written risks are invested almost exclusively in fixed-income securities. Because of the type of business activity in the non-life insurance business, typical investments by ART AG are short- to medium-term fixed-income securities, which leads to a lower credit risk. The limit systems for the investment portfolio described in the section on market risk also include, in particular, limits to mitigate the credit risk from investments. The credit risk associated with the investment portfolio is determined through the spread risk and the market concentration risk (see 'Market Risk' section).

The credit risk for external reinsurers arises from insurance risks that ART AG transfers to external reinsurance companies in order to reduce its own insurance risk. Potential losses may arise either from payment defaults on existing settlement claims arising from the reinsurance business or from default on reinsurance contracts. Reinsurance partners are checked by the Allianz Security Vetting Team (SVT). The SVT ensures, to the greatest extent possible, that companies with strong credit profiles are selected. In addition, it may demand letters of credit, cash deposits or other financial collateral to further reduce the credit risk.

The creditworthiness of the reinsurers is monitored on a continuous basis. The reinsurance exposure is reviewed twice a year (on the basis of the exposure at the end of June and the end of December), with the most recent review performed in September 2022 based on the exposure data from 30 June 2022.

The credit risk associated with the reinsurance portfolio and the accounts receivable is determined with the aid of the counterparty default risk within the standard model. The counterparty default risk of ART AG amounted to € 166.3 million (€ 91.3 million) at the end of 2022, constituting an increase year on year. This increase is largely due to a higher counterparty default risk for the reinsurance exposure. The counterparty default risk from receivables has increased slightly compared to the previous year due to a greater number of receivables.

C.3.2 Risk concentration

ART AG's main risk exposures, which, among other things, are used to calculate counterparty default risk in the standard formula, include:

- Internal reinsurance with Allianz Group companies, and
- Reinsurance with captives (as part of ART AG's fronting business).

C.3.3 Risk sensitivities

These sensitivity analyses showed, as of 31 December 2022, that a devaluation by two rating grades would result in a decline of the solvency ratio from 138.3% to 127.2%.

C.3.4 Credit risk management

The framework for controlling the credit risk pursues two major goals:

- Auditing and monitoring outstanding debts from individual parties with the goal of reducing the risk of default by individual counterparties, but also to ensure adequate diversification across the portfolio as a whole (e.g. with respect to various industries or regions), or to avoid a strong concentration on individual counterparties; and
- Ensuring that ART AG has sufficient capital at all times to reliably bear the credit risk it has assumed.

Along with both of the goals mentioned above, the following aspects are taken into account:

- Reporting and managing the risks assumed;
- The management of limits per counterparty and country; this also includes maintaining lists of counterparties subject to particular scrutiny (Watch List) or with which no business should be concluded (Black List);
- Business planning and capital management;
- Controlling the investment portfolio;
- Complying with investment accounting (including auditing required write-downs); and
- Including credit risks when estimating the price of insurance policies.

ART AG monitors and controls credit risk exposures and concentrations in order to ensure that it is in a position to satisfy its insurance obligations at all times. ART AG is supported in this by the Allianz Credit Risk Platform (CRisP), an Allianz application for monitoring and controlling credit risks. Among other things, the CRisP application makes it possible to:

– Set limits for individual debtors or groups of debtors; and
– Monitor and control limits based on reporting, including notification of updates for data and limits on names of counterparties who either are subject to a special audit (Watch List) or with whom no business should be concluded (Black List).

The Allianz Group assigns credit limits to Allianz companies in a centralised process via CRisP. CRisP calculates the maximum limit for individual counterparties based on a large number of factors (such as the debtor's rating, total assets, the associated business segment and the region where the business is performed) and monitors the respective limit utilisation.

Additionally, the AGCS Group has the option of adjusting the maximum risk downwards with respect to a debtor or group of debtors by stipulating its own limit. These credit limits set by AGCS apply to the entire Allianz Group.

ART AG, as part of the AGCS Group, is subject to the credit limits defined by the Allianz Group and AGCS Group.

The Allianz Public Rating Plus (PR+) is used as an early-warning system to test the quality of counterparties and to provide information for preparation of the Watch List of individual counterparties for which the limits in CRisP may have to be adjusted.

C.3.5 Risk mitigation

ART AG mainly uses the following risk mitigation techniques to reduce credit risk from the instruments below.

Instrument	Minimising Risk
Reinsurance	All reinsurance partners are checked by SVT. Depending on this assessment, collateral in the form of e.g. guarantees, cash or other suitable financial measures is required in order to reduce credit risk.
Fixed-income securities	Requirement to invest primarily in high-quality securities and to limit concentrations with respect to counterparties in the portfolio. Secured investments will be selected where necessary. Strong portfolio diversification is mandatory.

C.4 LIQUIDITY RISK

C.4.1 Risk exposure

Liquidity risk is defined as the risk that claims arising from current or future payment obligations cannot be met or can only be met under adversely changed conditions. Above all, liquidity risk may arise if, over time, there are mismatches between cash flows on the asset side and the liability side.

The main objective in planning and controlling ART AG's liquidity position is to ensure that the company is always in a position to satisfy its payment obligations. To accomplish this goal, ART AG continuously monitors and forecasts its liquidity position on a continual basis.

Liquidity planning for each of the next three years is carried out as part of strategic planning. It takes into account conditional liquidity requirements and liquidity sources in order to ensure that ART AG can satisfy future payment obligations.

In addition to liquidity planning, ART AG's liquidity risk is controlled by monitoring liquidity requirements against sources of liquidity under various stress scenarios, which are summarised in the Liquidity Risk Report (see below).

Coverage of short-term liquidity needs (less than two weeks) is supported by ART AG's access to the Allianz Group's cash pool.

ART AG compiles a Liquidity Risk Report each quarter. It contains a forecast of cash inflows and outflows over various time horizons (ranging from one week to a year), an assessment of available countermeasures, including the realisation of liquid investments, the application of various stress scenarios and an aggregation with KPIs such as the liquidity intensity ratio. The liquidity intensity ratio is the ratio of cash outflows to cash inflows, taking into account available countermeasures. Thresholds for warning levels and limit violations ensure that management is able to assess the liquidity situation under current and hypothetically tougher market conditions.

C.4.2 Risk concentration

Concentration risks are less important in the context of the liquidity risk, because ART AG's investment portfolio is well diversified. The main elements of ART AG's investment strategy are liquid securities, a broadly diversified portfolio and limiting the individual portfolio positions. Among other things, this also guarantees that liquidity remains available.

C.4.3 Risk sensitivities

The stress scenarios examined in the quarterly liquidity report include scenarios that are run by every Allianz Group company. These include claims stress scenarios that examine claims leading to losses that at most occur once in 200 years. The premium stress scenario examines an interruption in premium income (from existing and new business) within the next two months, only 50% of which is recovered in the following month. As well as the stress scenarios applied throughout the Allianz Group, there are stress scenarios that are specific to ART AG. In particular, a rating downgrade for ART AG is analysed.

In all of the observed stress scenarios, the liquidity coverage ratio was less than the defined limit at the end of the year under review.

C.4.4 Management of liquidity risk and risk mitigation

ART AG controls liquidity risk in order to ensure that available liquidity and liquidity needs are adequately balanced. The investment strategy ensures adequate quality and liquidity of the investment portfolio, e.g. through investment in liquid instruments such as high-grade government bonds. This means that even if unlikely events do occur, higher liquidity requirements can be met without substantial financial losses. ART AG applies actuarial methods to estimate the liabilities under insurance policies. During the course of liquidity planning, it ensures that all cash flows on the asset and liability sides match.

Risk-mitigation measures must be prepared and sent to Group Risk Management as soon as any limit is exceeded under at least one scenario examined in the Liquidity Risk Report. Depending on the size of the liquidity gap, there are various escalation levels that require the involvement of the Risk Management Committee. An example of such a mitigation measure is the cancellation of a planned activity that would negatively affect the company's liquidity profile.

The expected profit taken into account in connection with liquidity risk, which is contained in future premiums, totals € 13.2 million at year-end 2022. This expected profit that is factored in to future premiums comes mainly from the AGCS Switzerland Division and ART's LoB business. Overall, the expected return calculated into future premiums was slightly more than in the previous year (€ 12.8 million). The total contribution of the expected profit factored into future premiums per segment is calculated as the cash value of the difference between future premiums and the associated expected future payments for claims and expenses. The assumptions used correspond to the assumptions used in the calculation of insurance reserves. Offsetting against possible losses only takes place within homogeneous risk groups.

C.5 OPERATIONAL RISK

C.5.1 Risk exposure

The Allianz Group, including ART AG, defines operational risk as unexpected losses resulting from inadequate or faulty internal operating processes or systems or caused by human error or misconduct or by external events. This definition covers legal risks, compliance risks and financial reporting risks. However, it does not include strategic risks, reputational risks and risks stemming from inadequate project decisions.

Operational risks are inherent in all types of products, activities, processes and systems, and cannot be fully avoided. Unlike most other kinds of risks, they occur suddenly and unexpectedly and can significantly affect the balance sheet, profits, corporate targets, business activities or reputation of ART AG.

In accordance with the standard market approach, operational risks can be subdivided into the following categories, known as the Basel II categories:

- Business interruption and system failures
- Customers, product features and business practices
- Improper actions by third parties
- Wilful misconduct by employees
- Damage to material assets
- Employment practices and security of employment, and
- Execution and process management

The risk capital for the operational risk amounted to € 84.7 million at the end of the year under review. Viewed within the overall context, operational risks therefore represent a significant aspect of the risk capital. In this context, the operational risk profile corresponds to a typical insurer operating in corporate business.

C.5.2 Risk concentration

All the relevant functions of ART AG are regularly included in the assessment of operational risks and in the analysis of the operational risk events. For this reason, possible structural weaknesses that could affect the company as a whole and possibly indicate a concentration of operational risks are identified in good time. Depending on need, appropriate countermeasures are taken as part of the risk management system.

C.5.3 Risk mitigation

The risk management system for operational risks at ART AG has been developed specifically in order to prevent the occurrence of operational risks outside ART AG's risk tolerance limit. A prerequisite for an effective and efficient integrated risk and control system is a pronounced awareness of risks and controls among employees in their daily business. Operational risks are reduced through a series of appropriate and effective long-term countermeasures (i.e. through key controls). The implementation of key controls is assessed, i.e. the company regularly verifies firstly whether their design is adequate to reduce the anticipated risks; secondly, the controls are subjected to regular effectiveness tests and, if necessary, measures are defined.

Even if operational risk events by definition often occur due to errors, our risk management system for operational risks does not focus on errors. Instead, it promotes a culture of risk transparency and treats mistakes as opportunities for improvement, in order to avoid potential similar losses in future.

C.5.4 Risk sensitivity

The annual scenario analysis involves subjecting the individual scenarios for key risks to a 20-year stress test, by having experts determine a single loss that occurs on average once every 20 years. These values are additionally analysed jointly with the experts of the business division concerned as part of the risk capital calculation, in a representative manner for the respective categories; they determine the parameter for the severity of a risk. This analysis ensures that ART AG has a sufficient cushion to protect the company against these risks, even in the particularly detrimental event of extreme financial losses.

C.6 OTHER MATERIAL RISKS

C.6.1 Strategic risk

Strategic risk is the risk of an unexpected negative change in the value of the company as a result of management decisions with a negative impact on business strategy and its implementation.

This risk is estimated and analysed every year as part of the Top Risk Assessment process and is therefore within ART AG's risk tolerance, and so remains unchanged from the previous year.

Strategic controls are used to ensure that the strategic targets in the current business plan are correctly implemented. The company monitors market and competitive conditions, capital market requirements, regulatory conditions, etc. continuously in order to decide whether strategic adjustments need to be made. Strategic decisions are also discussed by various committees at the level of the Executive Board (e.g. by the ART AG Risk Committee). The Head of Risk Management is represented on all strategically relevant committees. The assessment of the risks concerned is a core element of these discussions.

C.6.2 Reputational risk

Various criteria influence the perception of ART AG as a respected provider of insurance services that acts responsibly: product quality, company management, financial strength, customer service, innovative capacity, leadership of employees, intellectual property and corporate responsibility. Reputational risk relates to a possible loss of reputation for ART AG that could lead to an unexpected decline in Allianz SE's share price or a drop in future business volumes.

Reputational risks stem both from adverse events that lead to a negative perception of the company, but also from the business strategy. In particular, the focus is currently on ESG criteria and risks which represent a central aspect of risk assessment. These include environmental criteria, social criteria and criteria relating to good governance.

Risk is actively managed through existing processes involving various departments.

C.6.3 Business risk

Business risk, which results from losses due to high rates of cancellation in the portfolio and the resulting loss of profits, as well as losses caused by ongoing fixed costs in the case of a decline in new business, is evaluated both using the standard formula and in the Top Risk Assessment process.

C.7 OTHER INFORMATION

All relevant disclosures regarding ART AG's risk profile are contained in the preceding notes.

VALUATION FOR SOLVENCY PURPOSES

D

Comparison of Balance Sheet Figures
31.12.2022 in € thousands

Assets	Solvency II	PGR	Difference
Intangible assets	0	0	
Deferred tax assets	9,066	0	9,066
Pension benefit surplus	0	0	
Real estate, property, plant & equipment and inventories for own use	3,506	0	3,506
Investments (excluding assets for index-linked and fund-linked contracts)	1,101,511	1,176,568	- 75,057
Real estate (other than for own use)	0	0	
Shares in affiliated companies, including participating interests	46,215	44,407	1,808
Equities	1,573	1,573	0
Equities – unlisted	1,573	1,573	0
Bonds	1,041,635	1,118,556	- 76,921
Government bonds	307,091	325,085	- 17,994
Corporate bonds	733,600	792,624	- 59,024
Collateralised securities	944	847	97
Collective investment undertakings	0	0	-
Derivatives	3,050	2,994	56
Funds held by others, not equivalent to cash	9,038	9,038	0
Loans and mortgages	75,456	75,456	0
Other loans and mortgages	75,456	75,456	0
Amounts recoverable from reinsurance contracts of:	2,205,605	2,658,932	- 453,327
Non-life and health similar to non-life	2,204,005	0	2,204,005
Non-life excluding health similar to non-life	1,600	0	1,600
Deposit receivables	88,297	88,297	0
Receivables from insurance companies and intermediaries	356,085	524,706	168,621
Reinsurance receivables	17,835	18,240	- 405
Receivables (trade, not insurance)	2,946	2,946	0
Cash and cash equivalents	84,606	84,606	0
Other assets not reported elsewhere	0	0	0
Total assets	**3,944,913**	**4,629,751**	**- 684,838**

31.12.2022 in € thousands

Liabilities	Solvency II	PGR	Difference
Insurance reserves – non-life insurance	2,873,528	3,384,778	- 511,250
Insurance reserves – non-life (excluding health)	2,862,885	3,384,778	- 521,893
Best estimate	2,802,056	0	2,802,056
Risk margin	60,829	0	60,829
Insurance reserves – health (similar to non-life)	10,643	0	10,643
Best estimate	9,821	0	9,821
Risk margin	822	0	822
Other insurance reserves	0	0	0
Provisions other than insurance reserves	8,650	8,787	- 137
Pension payment obligations	5,167	0	5,167
Deposits retained on ceded business	9	9	0
Deferred tax liabilities	151	0	151
Derivatives	136	0	136
Liabilities to banks	0	0	0
Financial liabilities other than liabilities to banks	- 6,131	- 9,639	3,508
Insurance & intermediaries payables	65,408	66,228	- 820
Reinsurance payables	278,595	388,007	- 109,412
Payables (trade, not insurance)	37,445	37,445	0
Other liabilities not shown elsewhere	7,346	7,346	0
Total liabilities	**3,270,304**	**3,882,961**	**- 612,657**
Excess of assets over liabilities	**674,609**	**746,790**	**- 72,181**

D.1 VALUATION OF ASSETS

The valuation methods used in accordance with Solvency II and the PGR are compared below. International Financial Reporting Standards (IFRS) provide the framework for the recognition and measurement of assets and liabilities. IFRS rules essentially serve as an adequate approximation for valuation under Solvency II; however, the specific Solvency II regulations in the Omnibus II Directive (Directive 2014/51/EU) and the Delegated Regulation (Directive 2015/35/EU) take precedence. For assets that are valued at amortised cost under IFRS and for which the difference between market value and amortised cost is immaterial, the amount stated under IFRS was used. There were no changes in the recognition and valuation methods or estimates used during the period under review.

Where there are significant differences in valuation between Solvency II and PGR, these are explained in more detail.

Intangible assets

Intangible assets are identifiable, non-monetary assets that are not physical in nature. If intangible assets can be sold separately and the insurance company can prove that there is a market value for these or comparable assets, they can be stated at market value in the Solvency II balance sheet. Otherwise, intangible assets must be valued at zero under Solvency II valuation principles, as stipulated in Article 10 (2) of Regulation (EU) 2015/35.

PGR: Intangible assets are stated at production or acquisition cost and are amortised over their useful lives (generally five years).

Deferred tax assets

Deferred taxes are calculated for temporary differences in the values of individual assets and liabilities under Solvency II and in the balance sheet prepared for tax purposes (Article 15 of Delegated Regulation 2015/35). Deferred tax assets are assets that can be used to reduce income tax expense in future periods. Deferred taxes are not discounted.

PGR: No accruals are recorded for deferred tax assets.

Real estate, property, plant & equipment and inventories for own use

Amortized cost figures are deemed to be a reasonable estimate of the fair value pursuant to Article 9 (4) of the Delegated Regulation.

PGR: The item property, plant & equipment is stated at acquisition or production cost, less scheduled or unscheduled depreciation.

Shares in affiliated companies, including participating interests

Pursuant to Article 13 of Delegated Regulation 2015/35, participating interests are valued using the adjusted equity method or are valued at zero.

PGR: Participating interests are stated at cost. In the event of impairment that is expected to be permanent, the corresponding value adjustments are made.

Equities

Listed shares are stated at the share price on the most recent day of trading.

PGR: These are valued at the lower of cost or market.

Bonds

Listed bonds are stated at the market price on the most recent day of trading. If there is no active market, the fair value of unlisted securities will be provided by brokers or market-makers or calculated using the discounted cash flow method. The relevant discount rates are based on observable market parameters and take into account the financial instruments, remaining term to maturity and probability of default.

PGR: These are carried at amortised cost.

Collateralised securities

Market values are provided by independent commercial banks. They are generally calculated using valuation models that in turn are based on available market data.

PGR: These are carried at amortised cost.

Derivatives

Derivatives are measured at market value pursuant to IAS 39.

PGR: The carrying amount is stated at market value.

Other loans

These are stated at fair value based on valuations by independent data providers or calculated using the discounted cash flow method. The effective interest of comparable debt instruments is used for this.

PGR: These are stated at face value and adjusted for any impairments.

Amounts recoverable from reinsurance contracts

See Section D.2 for both Solvency II and PGR.

Reinsurance deposits

These are stated at face value, because for the deposits in question, the future interest payments essentially reflect the market interest rate.

PGR: These are stated at face value and adjusted for any impairments.

Receivables from insurance companies and intermediaries

These are reported at face value less repayments. For accounts receivable from direct insurance business, general loss allowances are made to account for the credit risk. Receivables for premiums that are not yet due are not shown here, but rather as negative insurance reserves.

PGR: These are reported at face value less repayments. For accounts receivable from direct insurance business, general loss allowances are made to account for the credit risk.

Reinsurance receivables

These are reported at face value less repayments. Receivables for premiums that are not yet due are not shown here, but rather as negative insurance reserves.

PGR: These are reported at face value less repayments, taking into account any necessary value adjustments.

Receivables (trade, not insurance)

These are measured at face value less repayments, adjusted for the probability that the counterparty will default.

PGR: These are reported at face value less repayments, taking into account any necessary value adjustments.

Cash and cash equivalents

These are reported at face value for Solvency II and the PGR.

Other assets not reported elsewhere

These are stated at amortised cost, by analogy with Article 9 (4) of the Delegated Regulation.

PGR: These are valued at amortised cost. Assets of low value are immediately written off.

D.2 VALUATION OF INSURANCE RESERVES AND RECOVERABLES FROM REINSURANCE CONTRACTS

The insurance reserves under Solvency II are made up of three components: premium reserve, claims reserves and risk margin.

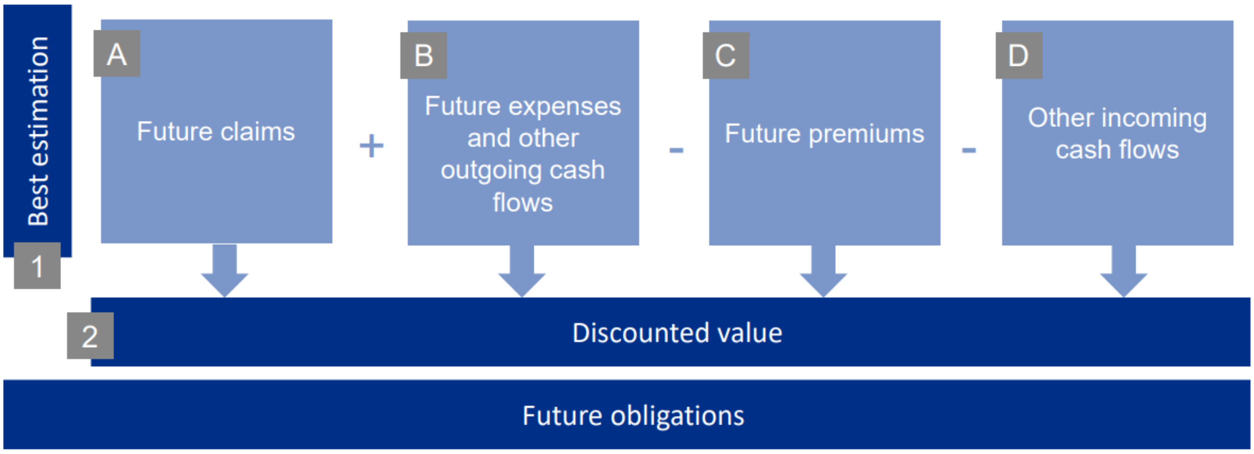
Premium reserves are defined as the discounted best estimate of future cash flows (claim payments, expenses, premiums) relating to obligations under future events covered by policies in existence on the valuation date. Claims reserves are defined as the discounted best estimate of future cash flows (claims payments, costs, and premiums) relating to loss events that occurred prior to the valuation date. The risk margin is defined as the amount that a third party acquiring the liabilities at the measurement date would require in excess of the best estimate to settle the transaction.

ART AG's valuation of the premiums and claim reserves is initially undiscounted. In a second step, the future cash flows – separate, in each case, for premium reserves and claim reserves, as well as for the gross provision and reinsurance – are used to calculate an adjustment for the current monetary value of the cash flow (discounting). The risk margin is calculated using a blanket cost-of-capital approach, including discounting.

The following sections describe the calculation of the individual components, and in each case the undiscounted best estimate for the premium reserves and claims reserves on a gross basis and after reinsurance, the associated discounting and the risk margin. Next, the resulting insurance reserves pursuant to Solvency II as of 31 December 2022 are presented and the approaches used to calculate reserve uncertainty are discussed. Finally, a comparison is made between the insurance reserves pursuant to Solvency II and the corresponding reserves calculated in accordance with PGR. The main differences in measurement are described and presented quantitatively as of 31 December 2022.

Premiums reserves

The following chart depicts the calculation of the gross premium reserves:



Premium reserves include all expected premiums, commissions and claim payments under all existing policies as of the balance sheet date that are not due until after the balance sheet date.

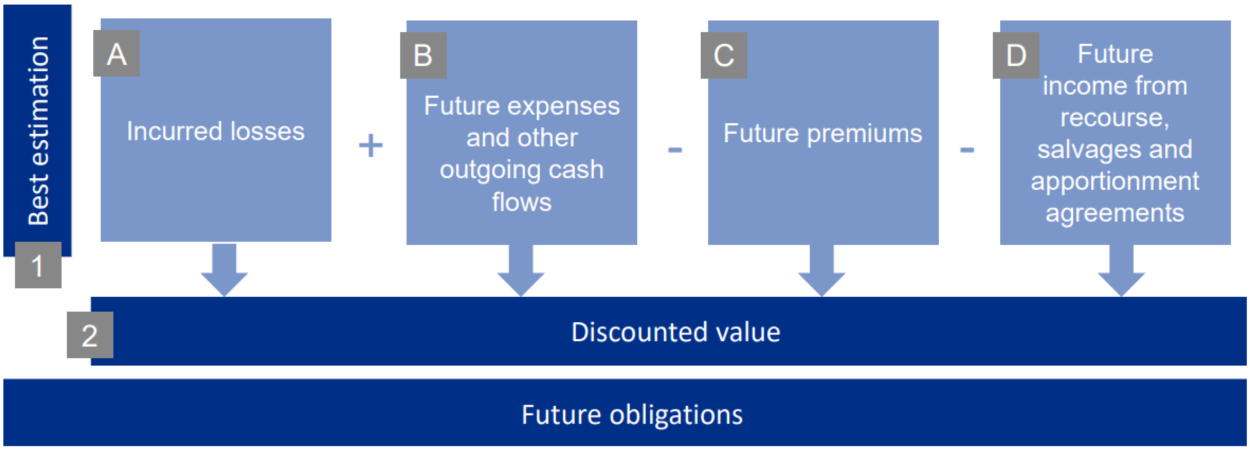
As the first step in calculating gross premium reserves, the degree of exposure – the not-yet earned premium components for all policies active as at the balance sheet date – is identified, regardless of whether the premiums were already due and payable before the balance sheet date or whether the premiums will become due and payable only after the balance sheet date. The accrued premium components are referred to below as Solvency II unearned premiums.

Based on the above, the best estimate for each of the individual components shown in the chart is calculated separately:

- Future claims: the expected loss ratio (excluding internal and external loss adjustment expenses) is applied to the Solvency II unearned premiums;
- The following components are used to calculate future expenses:
  - Shares of agent, broker and management commissions not yet due for existing contracts;
  - Not-yet-due premium refunds and profit commissions;
  - Internal and external loss adjustment expenses: the expected loss adjustment expense ratio is applied to Solvency II unearned premiums;
  - Administrative costs: the expected administrative expense ratio is applied to Solvency II unearned premiums;
- Future premiums: premiums under existing policies that will not become due and payable until after the balance sheet date are always included; and
- Other incoming cash flows, if applicable.

Claims reserves

The following chart depicts the calculation of the gross claim reserves:



The undiscounted best estimates for the individual components shown in the chart above are calculated separately. IFRS approaches are used to calculate undiscounted specific case reserves and IBNR reserves:

- Incurred losses: these correspond to the total of specific case reserves + IBNR reserves (in both cases excluding loss adjustment expenses);
- Future expenses and other outgoing cash flows: these correspond to the total of specific case reserves plus IBNR reserves for external loss adjustment expenses plus the reserves for internal claims settlement costs;
- Future premiums: reinstatement premiums for reserved damages; and
- Future income from recourse, salvages and sharing agreements for losses that have already occurred as of the balance sheet date.

Below is a description of the calculation of IBNR reserves under IFRS and PGR for the various business segments as of 31 December 2022.

AGCS Switzerland and Dubai Division

Reserves are analysed in detail once a year in the third quarter based on data for the first half of the year. The results of the reserve analysis – in particular for previous years – are rolled forward for the annual financial statement.

Business is divided into homogeneous reserving segments that are based primarily on the respective insurance division and allow a detailed analysis. The underlying currency is the euro. All other currencies are converted into euro using the exchange rates applicable at the end of the quarter. Due to technical limitations, historical exchange rates are also used for some claims triangles.

For reserving purposes, the external loss adjustment expenses and refunds from recourse, salvages and apportionment agreements are contained in the claims data (payments, specific case reserves, IBNR reserves). For accounting purposes, the external loss adjustment expenses are extracted from the IBNR reserves via percentage rates. The percentage rates are based on historical data.

The reserving approaches for claims during the fiscal year and for prior-year claims differ:

To forecast claims for the fiscal year, the claims data are divided into minor claims, major claims and catastrophe claims. Minor and major claims are based on the claims expenditure after facultative reinsurance across the various AGCS units. Minor claims are packaged into one joint run-off triangle per insurance division. For major claims, separate major claim run-off triangles are created. For catastrophe claims, all the relevant claims are combined, regardless of the claim amount. The threshold for major claims is € 5.0 million. For all claims from the aviation and energy insurance divisions, as well as all claims in which our units in the US or Canada were the lead underwriters of the underlying insurance policy, US dollar thresholds are used. In all other cases, the classification of damage classes is based on euros.

The approaches for calculating IBNR provisions for the fiscal year distinguish between long- and short-tail insurance divisions. Long-tail insurance divisions include general liability, property damage liability insurance, aviation insurance subdivisions for manufacturer's risk, for airport liability and for reinsurance treaty business. The short-tail divisions include fire and other property insurance, technical insurance, aviation insurance subdivisions for airlines, general aviation, marine and transport insurance, energy risk insurance, and insurance for major events.

For long-tail divisions, IBNR provisions are generally calculated on the basis of the expected loss ratio. The expected loss ratios are reviewed by the actuarial function in a separate analysis using actuarial methods. The corresponding parameters are part of the risk capital model and as such approved by Allianz Group Actuarial. By way of exception to this principle, the Bornhuetter-Ferguson Method is used for minor claims in the aviation insurance subdivision for manufacturer's risk and airport liability and also in the Political Violence and Product Recall subdivisions of the general liability insurance Line of Business.

In the case of short-tail divisions, the IBNR reserves are generally calculated using the Bornhuetter-Ferguson Method – based on the expected loss ratio (see remarks above) and specific run-off patterns for the claims expenditure in accordance with the current annual reserve analysis.

The reserving approach for major claims is based on an analysis of the major claims run-off triangles. The Bornhuetter-Ferguson approach is used to calculate IBNR reserves for major claims in technical insurance, aviation insurance, marine and transport insurance, fire and other property insurance, energy risk insurance and the insurance of major events. In the case of general liability insurance and property damage liability insurance, the IBNR reserves are determined on the basis of an expected claims ratio.

For catastrophe claims, no IBNR reserves had been set up for unknown claims at the end of 2022 because it can be assumed that all losses incurred are already known. However, specific IBNR reserves were set up separately for events that were already known.

The methods described above are applied at the division level. A weighted completion factor is calculated for this purpose that is based on the factors for the individual underlying reserving segments (e.g. branch offices). The projected claims expenditure serve as the weights. Reserving segments for which no completion factors were chosen during the annual analysis are not included when calculating the weighted completion factor for the division. In a second step, the IBNR reserves calculated at division level for the three relevant claims categories are allocated to the underlying reserving segments. Various weights can be chosen for the allocation, e.g. premiums earned, the projected claims expenditure or IBNR reserves according to the Borhuetter-Ferguson method. However, the allocation method is usually coordinated with the method selected to calculate the IBNR reserve. Finally, it is still necessary to review whether the gross IBNR reserve for each reserving segment and each claims category is at least as high as the gross figure after facultative reinsurance and whether this, in turn, is at least as high as the net figure. If not, the IBNR reserves for the gross amount and/or the gross figure after facultative reinsurance will be raised accordingly.

The annual reserve analysis is based on run-off triangles and the following projection methods:

- Chain ladder for claim payments;
- Chain ladder for claims expenditure;
- Loss ratio method;
- Bornhuetter-Ferguson method for claim payments; and
- Bornhuetter-Ferguson method for claims expenditure.

The final selection is based both on an individual assessment of the results from the specific methods and on qualitative information from the Underwriting and Claims departments. The method chosen depends, among other things, on the insurance division, the available claims history and the paid claims status for the respective claim year.

For the annual financial statement, the results of the reserve analysis (updated based on third-quarter data) are rolled forward. The basic approach is to hold paid claims stable in the fourth quarter compared with the results of the reserve analysis for the third quarter. However, based on the comparison of actual and expected claims development in the fourth quarter alone, the run-off of prior-year claims will be adjusted if necessary, especially for short-tail divisions. The expected claims development is based on the run-off patterns chosen as part of the reserve analysis. For segments that were not the subject of the reserve analysis, suitable alternative approaches are applied.

Amounts that can be recovered from reinsurers are calculated as best estimates based on the underlying contracts. The following incoming and outgoing cash flows from contractually agreed reinsurance contracts are shown under amounts recoverable from reinsurance contracts.

Incoming cash flows:

- Amounts recoverable from reinsurance contracts for claim payments and corresponding expenses; and
- Reinsurance commissions and profit sharing in accordance with the individual reinsurance contracts.

Outgoing cash flows:

- Future reinsurance premiums from existing contracts including reinstatement premiums.

Internal Group Reinsurance and ART Division Business:

Specific (stochastic) actuarial models for reserving and risk-modelling are produced for the material transactions in this segment. The most suitable risk distributions and parameters are used for each transaction and the contractual arrangements, some of which are complex, are explicitly considered in the model. Smaller transactions are examined on a portfolio basis.

To calculate the IBNR provisions, the models are updated every quarter, every six months or at least every year, depending on the transaction and the availability of new data, and loss scenarios are simulated. The original assumptions from pricing and the actual claims experience are weighted using suitable credibility approaches in order to calculate the expected final loss burden as of the balance sheet date, which is then used to calculate and post the required IBNR provisions.

Discounting

Premium provisions and claim provisions are discounted for each claim year, insurance division, region and currency and for the following cash flows:

Gross:

- Future claim payments;
- Future expenses and other outgoing cash flows;
- Future premiums;
- Future incoming cash flows from recourse, salvages and apportionment agreements, and other incoming payment flows.

Amounts recoverable from reinsurance contracts

The following parameters are used in the calculation:

- Undiscounted premium and claims reserve per loss year, line of business, region and currency;
- Expected payment pattern per type of reserve, division and region; and
- Risk-free yield curve per currency plus volatility adjustment per currency and maturity.

The following principles are applied:

- The yield curve is specified by the Allianz Group;
- Premium reserves and claim reserves are calculated separately. In addition, they are separated by claim year, reserving segment and primary currency (EUR, CHF, USD, GBP, AUD, CAD and others);

- The cash flow forecast is based on payment patterns that were selected as part of the annual reserve analysis for each reserving segment;
- To simplify, it is assumed that payouts from claim reserves are made at mid-year, on average;
- It is assumed that payouts (mainly for future claims) that are reserved in the premium reserves as of the balance sheet date will be made from the premium reserves at the end of the respective year on average;
- The same duration is used for insurance reserves and the adjustment for potential bad-debt losses; and
- Gross provisions and reinsurance cession (facultative and obligatory) are discounted separately. No adjustments were made to the risk-free yield curve used within the meaning of Article 77 (2) VersAG.

Risk margin

There is no observable market value for insurance reserves. Instead, an estimate is made of the amount that would have to be paid to sell the liabilities to an independent reference undertaking. The discounted best estimate plus a risk or market value margin (MVM) is used. The MVM represents the cost of the capital that the acquiring company would have to hold during the liquidation.

The starting point for the cost of capital used is the Solvency Capital Requirement under Solvency II (SCR); however, this amount in each case only covers the capital requirement for a period of one year. A time series of future SCRs must therefore be estimated for the MVM. The cost of capital rate to be used is set at 6% (Delegated Regulation, Article 39), estimated as the cost of capital rate of the reference undertaking.

Initially, the MVM is calculated for ART AG as a whole. It is then allocated to the insurance lines of business specified under Solvency II, whereby the respective sums of the discounted risk time series for the insurance risks are used as weights. Within the insurance lines of business, there is an allocation to claims reserves and premium reserves, with the respective undiscounted reserves used as weights. In the final step, both portions are further allocated to reporting segments and regions, whereby the relevant reserves under IFRS serve as weights.

Overview of insurance reserves

Because the internal calculations are carried out at the level of the reserving segments, which are different from the Solvency II segments, the latter are based on a suitable allocation. The table below shows insurance reserves for non-life insurance under Solvency II as of 31 December 2022 in accordance with segmenting pursuant to Solvency II. Insurance reserves fell year on year from € 676.0 to € 667.9 million for the reasons described below:

- A jump in premium provisions of € 26.6 million as of year-end 2021 to € 227.0 million € as of year-end 2022: This increase is mainly driven by increased future liabilities for premium refunds and profit commissions for contracts from the ART Division. With regard to actuarial assumptions, there were no material changes compared with the previous year when it came to calculating premium reserves.
- Claims reserves by the end of 2022 totalled € 379.3 million representing a decrease compared to the end of 2021 (€ 420.0 million). On the one hand, this is due to the lower claims reserves from the intra-Group reinsurance, but also largely because of the considerably greater influence of the discounting of liabilities for 2022 in comparison to the previous year.

Transfers at the level of the Solvency II segments were driven by major claims.

Best estimate
in € thousands

	Premiums reserves			Claims reserves						
	Gross	Amounts recoverable from reinsurance	Net	Gross	Amounts recoverable from reinsurance	Net	Total gross	Total net	Risk margin	Insurance reserves
Direct business										
Medical expenses insurance	417	100	317	635	626	9	1,052	326	53	379
Income protection insurance	8	- 18	26	23	7	16	32	42	3	45
Motor vehicle liability insurance	-	-	-	-	-	-	-	-	-	-
Other motor insurance	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport insurance	- 357	- 309	- 48	42,995	22,123	20,872	42,638	20,824	1,190	22,014
Fire and other property insurance	27,987	1,665	26,322	7,173	5,539	1,634	35,160	27,956	417	28,373
General liability insurance	14,953	2,760	12,194	217,543	151,832	65,711	232,497	77,905	3,706	81,611
Credit and suretyship insurance	731	-	731	586	-	586	1,317	1,317	81.	1,398
Legal expenses insurance	-	-	-	-	-	-	-	-	-	-
Miscellaneous financial losses	4,471	- 1,297	5,769	16,436	15,734	701	20,907	6,470	440	6,909
Subtotal	**48,211**	**2,901**	**45,310**	**285,391**	**195,862**	**89,530**	**333,602**	**134,840**	**5,889**	**140,729**
Non-proportional reinsurance business assumed										
Medical expenses insurance	- 377	- 489	112	1,662	1,592	70	1,285	182	18	199
Income protection insurance	5	13	- 9	-	-	-	5	- 9	0	- 8
Motor vehicle liability insurance	-	-	-	7,734	4	7,731	7,734	7,731	750	8,480
Other motor insurance	-	-	-	2,023	-	2,023	2,023	2,023	196	2,219
Marine, aviation and transport insurance	- 2 040	96	- 2,136	22,337	12,869	9,468	20,297	7,332	1,644	8,976
Fire and other property insurance	33,143	60,477	- 27,334	1,338,664	1,316,017	22,647	1,371,807	- 4,687	1,964	- 2,723
General liability insurance	38,453	26,025	12,428	449,404	430,702	18,702	487,857	31,130	8,023	39,153
Credit and suretyship insurance	6,090	4,766	1,324	15,104	5,030	10,074	21,194	11,398	1,184	12,582
Miscellaneous financial losses	- 8,805	- 11,328	2,523	60,366	58,280	2,086	51,561	4,609	666	5,275
Subtotal	**66,469**	**79,561**	**13, 092**	**1,897,293**	**1,824,492**	**72,801**	**1,963,762**	**59,709**	**14,444**	**74,153**
Non-proportional business assumed										
Non-proportional health reinsurance	2,582	-	2,582	4,865	- 232	5,097	7,448	7,679	748	8,427
Non-proportional accident reinsurance	82,594	209	82,385	77,396	- 19,718	97,113	159,989	179,498	17,782	197,280
Non-proportional marine, aviation and transport reinsurance	4,523	2,683	1,840	19,248	25,629	- 6,381	23,771	- 4,541	- 0	- 4,541
Non-proportional property reinsurance	42,571	- 65,387	107,958	280,733	159,605	121,128	323,304	229,086	22,787	251,873
Subtotal	**132,270**	**- 62,495**	**194,765**	**382,242**	**165,285**	**216,957**	**514,513**	**411,722**	**41,317**	**453,040**
Non-life liabilities, total	**246,950**	**19,967**	**226,983**	**2,564,927**	**2,185,639**	**379,288**	**2,811,877**	**606,272**	**61,651**	**667,922**
Annuities from non-life insurance policies linked to obligations outside health insurance	-	-	-	-	-	-	-	-	-	-
Total	**246,950**	**19,967**	**226,983**	**2,564,927**	**2,185,639**	**379,288**	**2,811,877**	**606,272**	**61,651**	**667,922**

Risk of change in technical provisions

ART AG, working jointly with AGCS SE, carries out an annual review of the risk of change to which the technical claim provision is exposed. The following approaches were applied in the various segments in 2022:

AGCS Switzerland and Dubai Division

The joint run-off triangles used are based on year-end data. The run-off patterns selected use the same basis – the gross figure or the gross figure after facultative reinsurance – as in the reserve analysis.

Two types of methods are generally used to determine the variance coefficients of the reserve risk: the bootstrapping technique (based on incurred Mack, paid Mack and paid over-dispersed Poisson) and a stochastic Bornhuetter-Ferguson method. The bootstrap procedures are essentially used for short-tail divisions and the Bornhuetter-Ferguson method for long-tail divisions. Both the suitability of the model and consistency with the reserve analysis play a role when selecting the method for the individual claims triangles analysed. For every claims triangle analysed, the standard error is calculated using the bootstrapping method and/or the Bornhuetter-Ferguson method. The suitability of the model is assessed based on the residuals and the comparison of simulated ultimate claim amounts with the results of the reserve analysis.

Internal Group Reinsurance and ART Division Business:

The underwriting risk, which consists of a premium risk and a reserve risk, is calculated using transaction-based or portfolio-based stochastic models. When determining the reserve risk, the models for all policies are re-simulated from the beginning of the contract term in order to determine the reserve risk for past contract periods. To this end, the degree of progress in settling claims is taken into account: exposures from old claim years that have already been almost completely settled have only minor residual reserve risk, whereas relatively new exposures from recent claim years that are not yet settled have elevated reserve risk.

Results of the Analysis as of 31 December 2022

The table below shows the results of the most up-to-date analysis of the risk of a change in reserves. Naturally, uncertainty is greatest in the estimate of reserves for internal group reinsurance, as this involves non-proportional reinsurance for major claims. These uncertainties are driven in particular by reinsured long-term business: there is potential for IBNR claims, but the amount is highly uncertain, which makes it difficult to calculate reserves at "best estimate" level and means that the capital required for any deviations must be monitored on an ongoing basis.

In € million

Company	Reserve risk at the 99.5% percentile	Undiscounted claims reserves	%
AGCS Switzerland and Dubai	- 82.6	184.9	44.7
Internal group reinsurance	- 75.9	76.3	99.5
ART division	- 23.7	150.3	15.8

Discussion of Material Differences between Solvency II and PGR in Terms of the Valuation of Technical Provisions and Amounts Recoverable from Reinsurance Contracts

Both Solvency II and PGR are based on the Best-Estimate Principle. Nevertheless, there are some differences, which are described below.

Premium Provisions (undiscounted)

Under Solvency II, premium provisions are set up for expected future claims and expenses under existing insurance policies. The provisions are calculated by multiplying the expected loss ratio, the expected loss adjustment expense ratio and the expected administrative expense ratio from the internal actuarial model by the PGR unearned premiums. In addition, the premium income under contracts in existence as of the balance sheet date is deducted from the premium provision and the related, closing expenses are added to the premium provision. Commission due before or as of the balance sheet date is allocated to the premium provisions under Solvency II. Under Solvency II, the entire profit margin from existing insurance policies is reported in own funds.

Claim Provisions (undiscounted)

There are essentially no differences between specific case provisions and IBNR provisions under Solvency II and PGR. For relevant segments, IBNR provisions are calculated using year-under-review data in order to separate a claim year's newly reported claims from the development of already known claims.

Discounting

While no discounting is stipulated for the non-life insurance business under PGR, the Present-Value Principle applies under Solvency II. That means that future cash flows are discounted using a discount curve specified by the Allianz Group.

Counterparty default risk

Under Solvency II, the adjustment for counterparty default risk is calculated using the simplified approach in accordance with Article 61 of Delegated Regulation (EU) 2015/35. This adjustment is not made under PGR.

Risk margin

Under Solvency II, the risk margin reflects the cost of capital derived as part of the fair value in a theoretical transfer of obligations to a third party due to the uncertainty in the run-off of the technical provisions. Solvency II assumes a cost of capital of 6%. Under PGR, there is no provision for a risk margin.

Volatility Adjustment

ART AG uses a volatility adjustment (VA). A change in the volatility adjustment to zero would have only a minor impact on the company's financial situation.

Insurance reserves
in € thousands

	Insurance reserves under PGR	Reclassifications (reinstatement premiums)	Revaluation of premiums reserves (undiscounted) incl. due receivables / payables	Remeasurement of the claims reserves (undiscounted)	Discounting the future cash flows	Adjusted for the counterparty default risk	Risk margin under Solvency II	Technical provisions under Solvency II	Lower provisions under Solvency II compared to HGB PGR
Direct business									
Medical expenses insurance	523	- 24	- 129	0	- 44	0	53	379	144
Workers' compensation insurance	0	0	0	0	0	0	0	0	0
Income protection insurance	41	2	1	0	- 3	0	3	45	- 4
Motor vehicle liability insurance	0	0	0	0	0	0	0	0	0
Other motor insurance	0	0	0	0	0	0	0	0	0
Marine, aviation and transport insurance	23,656	- 584	- 472	0	- 1,784	7	1,190	22,014	1,642
Fire and other property insurance	18,093	- 2,993	16,165	- 0	- 3,319	10	417	28,373	- 10,280
General liability insurance	86,665	- 3,007	4,975	- 0	- 10,900	172	3,706	81,611	5,054
Legal expenses insurance	0	0	0	0	0	0	0	0	0
Credit and suretyship insurance	1,588	0	- 126	0	- 145	0	81.	1,398	190
Assistance insurance	0	0	0	0	0	0	0	0	0
Miscellaneous financial losses	4,060	1,291	1,542	0	- 425	1	440	6,909	- 2,849
Subtotal	**134,627**	**- 5,314**	**21,955**	**- 0**	**- 16,619**	**191**	**5,889**	**140,729**	**- 6,102**
Proportional reinsurance accepted									
Medical expenses insurance	4,671	560	- 461	- 4,376	- 212	0	18	199	4,472
Workers' compensation insurance	0	0	0	0	0	0	0	0	0
Income protection insurance	12	1	- 21	0	- 0	0	0	- 8	20
Motor vehicle liability insurance	8,233	0	- 622	525	- 406	0	750	8,480	- 247
Other motor insurance	1,389	0	622	118	- 106	0	196	2,219	- 830
Marine, aviation and transport insurance	10,853	- 1,644	- 1,117	73	- 834	1	1,644	8,976	1,877
Fire and other property insurance	26,110	- 12,530	- 17,904	- 1,201	468	370	1,964	- 2,723	28,833
General liability insurance	79,528	- 9,165	- 2,864	- 28,834	- 8,015	481	8,023	39,153	40,375
Credit and suretyship insurance	12,003	0	268	0	- 883	11	1,184	12,582	- 580
Assistance insurance	0	0	0	0	0	0	0	0	0
Miscellaneous financial losses	4,628	1,040	- 558	- 0	- 516	16	666	5,275	- 647
Subtotal	**147,427**	**- 21,740**	**- 22,656**	**- 33,695**	**- 10,505**	**879**	**14,444**	**74,153**	**73,273**
Non-proportional business assumed									
Non-proportional health reinsurance	3,744	0	0	4,376	- 441	0	748	8,427	- 4,683
Non-proportional liability reinsurance	161,665	- 2,294	5,359	28,309	- 13,541	0	17,782	197,280	- 35,615
Non-proportional marine, aviation and transport reinsurance	- 2,669	- 1,803	- 12	- 191	124	10	- 0	- 4,541	1,872
Non-proportional property reinsurance	281,052	- 28,400	- 6,400	1,201	- 18,398	32	22,787	251,873	29,179
Subtotal	**443,793**	**- 32,497**	**- 1,054**	**33,695**	**- 32,256**	**42**	**41,317**	**453,040**	**- 9,247**
Non-life liabilities, total	**725,846**	**- 59,551**	**- 1,754**	**- 0**	**- 59,380**	**1,111**	**61,651**	**667,922**	**57,924**
Annuities from non-life insurance policies linked to obligations outside health insurance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total	**725,846**	**- 59,551**	**- 1,754**	**- 0**	**- 59,380**	**1,111**	**61,651**	**667,922**	**57,924**

D.3 VALUATION OF OTHER LIABILITIES

Below are separate descriptions of the bases, methods and main assumptions used to value each major group of other liabilities for solvency purposes, as well as comparisons with PGR principles.

Pension commitments

The pension provision contains net obligations arising from company pensions, whereby all existing pension commitments are classed as defined-benefit plans within the meaning of IAS 19. Pension commitments are offset against cover funds. If cover funds exceed pension commitments, there will be no pension provision; instead, there will be an excess of pension benefits.

Assumptions must be made about future developments in interest rates and wages in order to measure pension commitments and cover funds. These are reviewed each year and adjusted if necessary. As a general rule, the amounts shown in the solvency overview are those under IFRS.

PGR: There is no pension provision, as company pensions have been outsourced to an external institution.

Provisions other than insurance reserves

Under IAS 37, they are measured at the amount that an entity would rationally pay to settle the obligation at the balance sheet date (best estimate). For provisions with a maturity of greater than one year, a present-value approach is advisable if discounting will significantly affect the amount stated. Under Solvency II, these provisions are discounted using a market interest rate, pursuant to IAS 37.

PGR: Non-technical provisions are always stated at the expected settlement amount. The expected settlement amount is derived from the best estimate.

Deposits by reinsurers

These are recorded at face value less repayments, unless the market value is different.

PGR: These are recorded at the repayment amount less repayments.

Deferred tax liabilities

Deferred taxes are calculated for temporary differences in the values of individual assets and liabilities on the Solvency II balance sheet and the balance sheet prepared for tax purposes. Deferred tax liabilities are liabilities that will lead to income tax expenses in future periods.

PGR: No deferred tax liabilities are included.

Financial liabilities other than liabilities to banks

These are measured at fair value pursuant to IAS 39 and Article 14 of Delegated Regulation 2015/35, without taking into account changes in own default risk. Where contractually permitted, receivables and liabilities are netted.

PGR: These are recorded at the repayment amount.

Insurance & intermediaries payables

These are measured at fair value pursuant to IAS 39 and Article 14 of Delegated Regulation 2015/35, without taking into account changes in own default risk. Where contractually permitted, receivables and liabilities are netted.

PGR: These are recorded at the repayment amount.

Reinsurance payables

These are measured at fair value pursuant to IAS 39 and Article 14 of Delegated Regulation 2015/35, without taking into account changes in own default risk. Where contractually permitted, receivables and liabilities are netted.

Not-yet-due liabilities (e.g. for reinstatement premiums) are shown under technical provisions.

PGR: These are recorded at the repayment amount. Where contractually permitted, receivables and liabilities are netted.

This item also includes provisions for reinstatement premiums for outstanding reinsurance reserves.

Payables (trade, not insurance)

These are measured at fair value pursuant to IAS 39 and Article 14 of Delegated Regulation 2015/35, without taking into account changes in own default risk. Where contractually permitted, receivables and liabilities are netted.

PGR: These are recorded at the repayment amount.

Other liabilities not shown elsewhere

These are measured at fair value pursuant to IAS 39 and Article 14 of Delegated Regulation 2015/35, without taking into account changes in own default risk. Where contractually permitted, receivables and liabilities are netted.

PGR: These are recorded at the repayment amount.

D.4ALTERNATIVE VALUATION METHODS

As there are no listed market prices for ART AG's participating interests, these are valued using the adjusted equity method.

D.5 OTHER INFORMATION

All relevant disclosures regarding ART AG's valuation for solvency purposes are contained in the preceding notes.

CAPITAL MANAGEMENT

E

E.1 OWN FUNDS (EQUITY CAPITAL)

E.1.1 Objectives, policies and processes

ART AG's capital base is a central resource for sustainable business activity and corporate management. Capital management encompasses all ART AG activities aimed at ensuring that the company and its branches have an adequate capital base in terms of legal requirements, the capital requirements set by rating agencies, market specifications and the risk-tolerance level specified in the risk strategy.

Capital management principles and processes are defined in AGCS's Global Capital Management Policy, which is implemented by ART AG. In addition to specifications for controlling and planning the capital base and dividends, the policy also includes definitions of relevant duties and processes. It is closely linked with the company's risk strategy, which defines risk-bearing capacity and risk tolerance in the form of a target capitalisation and a minimum capitalisation.

ART AG's capital base is reviewed at least once a quarter for compliance with all relevant requirements. The review includes current consistency with the target and minimum capitalisation, as well as a consideration of developments and measures that might affect future capitalisation, as well as an assessment of their impact. All results, valuations and capital control measures are reported to the Executive Board on a regular basis in order to ensure prompt countermeasures can be taken in the event of non-compliance with the target capital requirement.

The effects of projected business performance on compliance with the target capital requirement are also examined as part of the three-year business plan. At the same time, the target and minimum capital requirements themselves are reviewed. The results of capital and dividend planning are approved by ART AG's Chief Financial Officer and reported to the Executive Board.

E.1.2 Reconciliation of the Excess of Assets over Liabilities in the PGR and Market Value Balance Sheets

The excess of assets over liabilities in the Market Value Balance Sheet totals € 674.6 million, while the excess of assets over liabilities in the PGR balance sheet (shareholders' equity) amounts to € 746.8 million. The differences between the excess of assets over liabilities under Solvency II (basic own funds) compared with PGR shareholders' equity are due to the differing recognition and valuation requirements under the two guidelines. Detailed explanations of the main differences in valuations of individual balance sheet items can be found in Section D of this report. The following overview shows the main items for which the valuation and recognition requirements differ under PGR accounting and Solvency II.

in € thousands

	31.12.2022	31.12.2021	Change
PGR shareholders' equity	**746,790**	**623,206**	**123,584**
Revaluation of investments	- 76,865	9,112	- 85,977
Revaluation of participating interests	1,808	- 12,513	14,321
Adjustments to technical provisions (net)	- 3,638	461,818	- 465,456
Inclusion of risk margin in market value balance sheet	61,561	- 55,682	117,243
Revaluation of deferred tax receivables (net)	8,915	4,888	4,027
Revaluation of other asset/liability items	- 63,962	- 461,847	397,885
Solvency II excess of assets over liabilities	**674,609**	**568,982**	**105,627**

E.1.3 Amount and Composition of Own Funds

in € thousands

	31.12.2022	31.12.2021	Change
Excess of assets over liabilities	674,609	568,982	105,627
Less expected dividend payments	- 92,342	- 149,127	56,785
Total basic own funds	582,267	419,855	162,412
Plus ancillary own funds	131,529	131,529	0
Total own funds	**713,796**	**551,384**	**162,412**

Total own funds amount to € 713.8 million and are composed of € 582.3 million of basic own funds and € 131.5 million of ancillary own funds. Basic own funds are equal to the excess of assets over liabilities from the Market Value Balance Sheet after deducting the expected dividend payment of € 92.3 million. They consist of the company's paid-in share capital, the statutory reserve, the reconciling entry and net deferred tax assets, which break down as shown in the table below. The company has no subordinated liabilities.

in € thousands

	31.12.2022	31.12.2021	Change
Paid-in share capital	331,529	131,529	200,000
Statutory reserve	131,529	131,529	0
Reconciling entry	110,142	151,909	- 41,767
Net deferred tax assets	9,066	4,888	4,178
Total basic own funds	**582,267**	**419,855**	**162,412**

In December 2022, ART AG paid its shareholders a dividend of € 200.0 million from its revenue reserves. The total amount was paid back into the company in the form of a fully paid-in capital increase. Ancillary own funds come to € 131.5 million and consist exclusively of the unpaid 28.4% portion of subscribed share capital. AGCS Holding International B.V. acquired a 60% stake in ART AG in 2016 and a further 10% stake in 2022 from Allianz Global Corporate & Specialty SE, and issued a declaration of liability in connection with the acquisition for the unpaid equity attributable to the acquired stake. The debtors of the capital that has not yet been called in are AGCS Holding International B.V., which accounts for 70%, and Allianz Global Corporate & Specialty SE, which accounts for 30% (see also the overview of the corporate legal structure in Section A.1). This obligation is backed by a directly enforceable guarantee from Allianz Global Corporate & Specialty SE. Equity capital that has not been called in may be called in to absorb losses and, through regulatory approval, is eligible to be used as ancillary own funds.

E.1.4 Classification of Own Funds into Quality Tiers

The items are classified into tiers in accordance with the criteria described in Articles 93 to 96 of Solvency II Directive 2009/138/EC and Articles 69 to 78 of Delegated Regulation (EU) 2015/35. The rough aim of this classification is to categorise own funds as to whether they (i) are available in the long term to absorb potential losses, (ii) are subordinate to claims of the company's creditors, (iii) are free from any claims of third parties, (iv) do not give rise to any ongoing expenses and (v) do not offer any incentive to repay the funds to the investor.

Tier 1 refers to own funds that are subject to stricter requirements than Tier 2; Tier 2, in turn, is subject to stricter requirements than Tier 3. This classification is carried out separately for basic own funds and ancillary own funds.

Basic own funds consist of € 573.2 million of Tier 1 own funds and € 9.1 million of Tier 3 own funds. These funds are uncommitted and can be used without restrictions to cover losses.

The paid-in share capital, the statutory reserve and the reconciling entry are classified as Tier 1, unrestricted own funds.

The amount equal to the value of net deferred tax assets is classified as Tier 3 own funds.

The full amount of ancillary own funds, which comes to € 131.5 million, is classified as Tier 2. Classification, amount and composition are unchanged compared with the prior year.

The table below shows the classification of basic own funds by tier:

in € thousands

	Total	Tier 1 unrestricted	Tier 3
Paid-in share capital	131,529	131,529	0
Statutory reserve	131,529	131,529	0
Reconciling entry	151,909	151,909	0
Value of net deferred tax assets	4,888	0	4,888
Basic own funds as of 31.12.2021	**419,855**	**414,967**	**4,888**
Paid-in share capital	331,529	331,529	0
Statutory reserve	131,529	131,529	0
Reconciling entry	110,142	110,142	0
Value of net deferred tax assets	9,066	0	9,066
Basic own funds as of 31.12.2022	**582,267**	**573,200**	**9,066**
Change vs. previous year	**162,412**	**158,233**	**4,178**

in € thousands

		2022	2021	Change
Tier 1	Paid-in share capital	331,529	131,529	200,000
	Statutory reserve	131,529	131,529	0
	Reconciling entry	110,142	151,909	- 41,767
Tier 3	Value of net deferred tax assets	9,066	4,888	4,178
Total	**Own funds**	**582,267**	**419,855**	**162,412**

E.1.5 Eligible own funds

Eligible own funds are those own funds that are available to fulfil the Solvency Capital Requirement (SCR) and/or the Minimum Capital Requirement (MCR) if quantitative maximum limits for tiers are applied to the available own funds.

After these maximum limits for tiers are applied, the total amount of own funds of € 713.8 million is available to meet the Solvency Capital Requirement (SCR) as at 31 December 2022. This results in a solvency ratio of 138.3% if we compare eligible own funds with the Solvency Capital Requirement as of 31 December 2022.

The own funds available to meet the Minimum Capital Requirement consist of Tier 1 basic own funds of € 573.2 million.

in € thousands

	Total	Tier 1 unrestricted	Tier 2	Tier 3
Eligible to meet the SCR	713,796	573,201	131,529	9,066
Eligible to meet the MCR	573,201	573,201	0	0

E.1.6 Change in own funds

Total own funds (equity) increased by € 162.4 million compared to the previous year. The ancillary own funds remained unchanged. Unrestricted Tier 1 basic own funds increased by € 158.2 million, while Tier 3 basic own funds rose by € 4.2 million.

In terms of the basic own funds, the paid-in share capital increased by € 200.0 million in December 2022 as a result of a fully paid-in capital increase. The statutory reserve remained unchanged. The reconciling entry fell by € 41.8 million, while net deferred tax assets increased by € 4.2 million.

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

ART AG uses the standard formula to calculate the Solvency Capital Requirement. To determine exposure to counterparty default risk, the amounts recoverable from reinsurance contracts were calculated using the simplified calculation stipulated in Article 107 of Delegated Regulation 2015/35. The company-specific parameters referred to in Article 59 VersAG were not used.

The table summarises the Solvency Capital Requirements at year-end 2022.

The diversified Solvency Capital Requirement after tax amounted to € 516.1 million at the end of 2022. Non-life underwriting risks and counterparty default risks account for the largest share of risk, as the breakdown in the table below shows. The solvency capital requirement has increased by 31% compared to the previous year. This increase is attributable to a higher counterparty risk, a higher underwriting risk, as well as a higher operational risk, which was partially offset by a reduction in the market risk.

in € thousands

	31.12.2022	31.12.2021	Change
Market risk	79,717	89,920	- 10,203
Counterparty default risk	166,261	91,335	74,926
Non-life underwriting risk	295,220	242,607	52,613
Health underwriting risk	2,825	1,173	1,652
Undiversified Basic Solvency Capital Requirement	**544,023**	**425,035**	**118,988**
Diversification	- 109,299	- 89,527	- 19,772
Diversified Basic Solvency Capital Requirement	**434,724**	**335,508**	**99,216**
Operational risk	84,742	60,208	24,534
Diversified capital requirement before tax	**519,466**	**395,716**	**123,750**
Tax effect	- 3,334	- 2,929	- 405
Diversified capital requirement incl. taxes	**516,132**	**392,787**	**123,345**

At year-end 2022, the Minimum Capital Requirement was € 129.0 million.

In addition to the Solvency Capital Requirement, the calculation of the Minimum Capital Requirement is based on technical provisions excluding the risk margin, after deducting the recoverables from reinsurance contracts and premiums written for insurance and reinsurance obligations in the last twelve months after deducting premiums for reinsurance contracts.

The Solvency Capital Requirement at the end of 2022 was calculated, as in the previous year, using the Solvency II standard formula.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

No duration-based equity risk submodule pursuant to Article 18 VersAV is used to calculate the Solvency Capital Requirement.

E.4 DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODELS USED

ART AG does not use an internal model.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

ART AG was in compliance with the Minimum Capital Requirement and the Solvency Capital Requirement at all times in 2022.

E.6 OTHER INFORMATION

All relevant disclosures regarding ART AG's capital management are contained in the preceding notes.

APPENDIX

SELECTED REPORTING TEMPLATES (QRT)

In accordance with Article 4 of Implementing Regulation (EU) 2015/2452 of 2 December 2015, insurance and reinsurance companies must publish the following reporting templates as a minimum, as part of their Solvency and Financial Condition Report:

a) Reporting template S.02.01.b
b) Reporting template S.05.01.b
c) Reporting template S.05.02.b
d) Reporting template S.12.01.b no disclosures
e) Reporting template S.17.01.b
f) Reporting template S.19.01.b
g) Reporting template S.22.01.b
h) Reporting template S.23.01.b
i) Reporting template S.25.01.b
j) Reporting template S.25.02.b no disclosures
k) Reporting template S.25.03.b no disclosures
l) Reporting template S.28.01.b
m) Reporting template S.28.02.b no disclosures

You can find these reporting templates (QRT) in this order on the following pages. Tables in which it is not possible to provide any information are not attached.

Appendix I:
S.02.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 17:58:18

Balance sheet

Assets		Solvency II value	Statutory accounts value
		C0010	C0020
Goodwill	R0010		
Deferred acquisition costs	R0020		
Intangible assets	R0030	0.00	0.00
Deferred tax assets	R0040	9,066,130.00	0.00
Pension benefit surplus	R0050		
Property, plant & equipment held for own use	R0060	3,506,259.00	0.00
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,101,511,190.00	1,176,568,530.00
Property (other than for own use)	R0080		
Holdings in related undertakings, including participations	R0090	46,215,000.00	44,407,210.00
Equities	R0100	1,572,670.00	1,572,670.00
Equities - listed	R0110		
Equities - unlisted	R0120	1,572,670.00	1,572,670.00
Bonds	R0130	1,041,635,360.00	1,118,556,180.00
Government Bonds	R0140	307,091,620.00	325,085,080.00
Corporate Bonds	R0150	733,599,690.00	792,623,790.00
Structured notes	R0160		
Collateralised securities	R0170	944,050.00	847,310.00
Collective Investments Undertakings	R0180		
Derivatives	R0190	3,049,930.00	2,994,240.00
Deposits other than cash equivalents	R0200	9,038,230.00	9,038,230.00
Other investments	R0210		
Assets held for index-linked and unit-linked contracts	R0220		
Loans and mortgages	R0230	75,455,780.00	75,455,780.00
Loans on policies	R0240		
Loans and mortgages to individuals	R0250		
Other loans and mortgages	R0260	75,455,780.00	75,455,780.00
Reinsurance recoverables from:	R0270	2,205,605,440.00	2,658,932,170.00
Non-life and health similar to non-life	R0280	2,205,605,440.00	2,658,932,170.00
Non-life excluding health	R0290	2,204,005,510.00	2,658,932,170.00
Health similar to non-life	R0300	1,599,930.00	0.00
Life and health similar to life, excluding health and index-linked and unit-linked	R0310		
Health similar to life	R0320		
Life excluding health and index-linked and unit-linked	R0330		
Life index-linked and unit-linked	R0340		
Deposits to cedants	R0350	88,296,710.00	88,296,750.00
Insurance and intermediaries receivables	R0360	356,085,040.00	524,705,870.00
Reinsurance receivables	R0370	17,834,560.00	18,240,150.00
Receivables (trade, not insurance)	R0380	2,946,250.00	2,946,100.00
Own shares (held directly)	R0390		

Appendix I:
S.02.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 17:58:18

Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400		
Cash and cash equivalents	R0410	84,606,000.00	84,606,000.00
Any other assets, not elsewhere shown	R0420		
Total assets	R0500	3,944,913,359.00	4,629,751,350.00

		Solvency II value	Statutory accounts value
Liabilities		C0010	C0020
Technical provisions - non-life	R0510	2,873,527,630.00	3,384,777,950.00
Technical provisions - non-life (excluding health)	R0520	2,862,884,940.00	3,384,777,950.00
Technical provisions calculated as a whole	R0530		
Best Estimate	R0540	2,802,056,160.00	
Risk margin	R0550	60,828,780.00	
Technical provisions - health (similar to non-life)	R0560	10,642,690.00	
Technical provisions calculated as a whole	R0570		
Best Estimate	R0580	9,820,840.00	
Risk margin	R0590	821,850.00	
Technical provisions - life (excluding index-linked and unit-linked)	R0600		
Technical provisions - health (similar to life)	R0610		
Technical provisions calculated as a whole	R0620		
Best Estimate	R0630		
Risk margin	R0640		
Technical provisions - life (excluding health and index-linked and unit-linked)	R0650		
Technical provisions calculated as a whole	R0660		
Best Estimate	R0670		
Risk margin	R0680		
Technical provisions - index-linked and unit-linked	R0690		
Technical provisions calculated as a whole	R0700		
Best Estimate	R0710		
Risk margin	R0720		
Other technical provisions	R0730		
Contingent liabilities	R0740		
Provisions other than technical provisions	R0750	8,649,880.00	8,787,790.00
Pension benefit obligations	R0760	5,166,840.00	0.00
Deposits from reinsurers	R0770	8,520.00	8,520.00
Deferred tax liabilities	R0780	151,170.00	0.00
Derivatives	R0790	136,300.00	0.00
Debts owed to credit institutions	R0800		
Financial liabilities other than debts owed to credit institutions	R0810	-6,131,031.00	-9,638,870.00
Insurance & intermediaries payables	R0820	65,408,140.00	66,227,800.00
Reinsurance payables	R0830	278,595,730.00	388,006,750.00
Payables (trade, not insurance)	R0840	37,444,980.00	37,444,960.00
Subordinated liabilities	R0850		
Subordinated liabilities not in Basic Own Funds	R0860		
Subordinated liabilities in Basic Own Funds	R0870		
Any other liabilities, not elsewhere shown	R0880	7,346,250.00	7,346,800.00

Appendix I:

S.02.01.b

Reporting unit:	RC780
Qualifying date:	2022-12-31
Export date:	2023-03-27 / 17:58:18

Total liabilities	R0900	3,270,304,409.00	3,882,961,700.00
Excess of assets over liabilities	R1000	674,608,950.00	746,789,650.00

Appendix I:
S.05.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:04:20

Premiums, claims and expenses by line of business

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												Line of business for: accepted non-proportional reinsurance				Total
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Health	Casualty	Marine, aviation, transport	Property	
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0200
Premiums written																		
Gross - Direct Business	R0110	-22,997.72	291,997.25		0.00	0.00	12,763,254.85	27,536,137.99	104,427,291.72	0.00			24,686,696.53					169,682,380.62
Gross - Proportional reinsurance accepted	R0120	2,577,568.49	58,824.69		0.00	0.00	20,885,837.92	849,035,416.20	252,065,296.08	526,200.99			11,805,753.79					1,136,954,898.16
Gross - Non-proportional reinsurance accepted	R0130													0.00	18,078,592.48	2,998,114.33	89,949,640.09	111,026,346.90
Reinsurers' share	R0140	1,563,783.66	134,578.51		0.00	0.00	18,029,071.96	863,191,181.00	285,414,566.15	526,200.99			33,779,420.14	0.00	4,278,952.80	4,103,489.07	9,324,644.44	1,220,345,888.72
Net	R0200	990,787.11	216,243.43		0.00	0.00	15,620,020.81	13,380,373.19	71,078,021.65	0.00			2,713,030.18	0.00	13,799,639.68	-1,105,374.74	80,624,995.65	197,317,736.96
Premiums earned																		
Gross - Direct Business	R0210	218,775.46	288,170.69		0.00	0.00	12,447,283.45	26,427,393.86	103,317,688.26	1,284,744.84			21,793,063.83					165,777,120.39
Gross - Proportional reinsurance accepted	R0220	2,717,736.00	56,921.97		0.00	0.00	21,283,356.46	842,988,059.18	252,297,269.93	3,001,579.76			14,861,869.97					1,137,206,793.27
Gross - Non-proportional reinsurance accepted	R0230													0.00	19,959,397.82	3,007,095.00	91,187,404.77	114,153,897.59
Reinsurers' share	R0240	1,452,433.62	132,465.26		0.00	0.00	18,828,173.03	856,857,973.10	281,368,507.67	3,083,478.71			33,939,156.49	0.00	4,237,232.35	4,108,875.71	9,013,591.32	1,213,021,887.26
Net	R0300	1,484,077.84	212,627.40		0.00	0.00	14,902,466.88	12,557,479.94	74,246,450.52	1,202,845.89			2,715,777.31	0.00	15,722,165.47	-1,101,780.71	82,173,813.45	204,115,923.99
Claims incurred																		
Gross - Direct Business	R0310	181,514.40	-109,836.23		0.00	0.00	15,209,260.15	4,341,664.80	26,531,850.96	272,751.83			11,889,438.59					58,316,644.50
Gross - Proportional reinsurance accepted	R0320	32,325.04	242.66		9,373.23	126,718.21	5,394,383.75	1,052,781,642.15	122,044,043.45	-12,914,798.50			56,047,678.94					1,223,521,608.93
Gross - Non-proportional reinsurance accepted	R0330													343,324.83	-7,826,138.36	-6,010,542.01	13,370,410.04	-122,945.50
Reinsurers' share	R0340	1,268,852.56	-34,561.49		56,913.32	0.00	12,859,366.55	1,090,960,554.41	156,766,767.48	-9,962,437.48			75,434,839.78	-221,565.95	-3,093,204.06	11,424,847.48	-1,233,843.15	1,334,226,529.45
Net	R0400	-1,055,013.12	-75,032.08		-47,540.09	126,718.21	7,744,277.35	-33,837,247.46	-8,190,873.07	-2,679,609.19			-7,497,722.25	564,890.78	-4,732,934.30	-17,435,389.49	14,604,253.19	-52,511,221.52
Changes in other technical provisions																		
Gross - Direct Business	R0410	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00					0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00					0.00
Gross - Non-proportional reinsurance accepted	R0430													0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R0440	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Net	R0500	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Expenses incurred	R0550	169,645.98	658.33		4,133.15	809.65	5,968,834.22	-3,277,772.92	17,905,731.15	-70,109.68			-18,316.83	17,952.63	93,203.28	-278,954.67	1,432,084.08	21,947,898.37
Administrative expenses																		
Gross - Direct Business	R0610	0.00	0.00		0.00	0.00	552,679.70	723,203.10	1,663,450.44	0.00			-72,064.70					2,867,268.54
Gross - Proportional reinsurance accepted	R0620	0.00	0.00		0.00	0.00	630,233.21	5,249,609.53	1,406,199.16	0.00			1,500,000.00					8,786,041.90
Gross - Non-proportional reinsurance accepted	R0630													0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R0640	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Net	R0700	0.00	0.00		0.00	0.00	1,182,912.91	5,972,812.63	3,069,649.60	0.00			1,427,935.30	0.00	0.00	0.00	0.00	11,653,310.44
Investment management expenses																		
Gross - Direct Business	R0710	12,893.87	0.00		10,504.89	0.00	50,038.92	93,873.88	257,857.29	7,013.36			5,389.77					437,571.98
Gross - Proportional reinsurance accepted	R0720	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00					0.00
Gross - Non-proportional reinsurance accepted	R0730													481.75	101,692.02	5,693.23	279,592.31	387,459.31
Reinsurers' share	R0740	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Net	R0800	12,893.87	0.00		10,504.89	0.00	50,038.92	93,873.88	257,857.29	7,013.36			5,389.77	481.75	101,692.02	5,693.23	279,592.31	825,031.29
Claims management expenses																		
Gross - Direct Business	R0810	-17,680.16	-2,749.76		0.00	0.00	2,526,636.87	1,790,445.59	5,768,132.91	8,435.62			864,356.14					10,937,577.21
Gross - Proportional reinsurance accepted	R0820	7,455.45	7.49		-6,370.77	809.65	203,769.09	54,185,098.92	50,192,588.68	-49,410.27			1,196,735.51					105,730,683.75
Gross - Non-proportional reinsurance accepted	R0830													17,427.11	-294,977.98	-88,895.21	209,867.34	-156,578.74
Reinsurers' share	R0840	38,626.22	-168.49		0.97	0.00	846,614.94	53,924,397.13	43,422,015.27	1,039.78			1,816,281.30	-43.77	47,236.13	10,708.27	66,258.90	100,172,966.65
Net	R0900	-48,850.93	-2,573.78		-6,371.74	809.65	1,883,791.02	2,051,147.38	12,538,706.32	-42,014.43			244,810.35	17,470.88	-342,214.11	-99,603.48	143,608.44	16,338,715.57
Acquisition expenses																		
Gross - Direct Business	R0910	1,059.51	25,278.28		0.00	0.00	2,035,053.61	2,936,312.95	8,631,097.86	0.00			2,721,861.96					16,350,664.17
Gross - Proportional reinsurance accepted	R0920	452,956.30	11,232.43		0.00	0.00	3,246,497.71	95,399,638.49	17,684,838.55	37,812.64			1,023,477.32					117,856,453.44
Gross - Non-proportional reinsurance accepted	R0930													0.00	533,647.25	24.43	1,155,234.37	1,688,906.05
Reinsurers' share	R0940	248,412.77	33,278.60		0.00	0.00	2,429,459.95	109,731,558.25	24,276,418.47	72,921.25			5,441,791.53	0.00	199,921.88	185,068.85	146,351.04	142,765,182.59
Net	R1000	205,603.04	3,232.11		0.00	0.00	2,852,091.37	-11,395,606.81	2,039,517.94	-35,108.61			-1,696,452.25	0.00	333,725.37	-185,044.42	1,008,883.33	-6,869,158.93
Overhead expenses																		
Gross - Direct Business	R1010																	
Gross - Proportional reinsurance accepted	R1020																	
Gross - Non-proportional reinsurance accepted	R1030																	
Reinsurers' share	R1040																	
Net	R1100																	
Other expenses	R1200																	
Total expenses	R1300																	21,947,898.37

Appendix I:
S.05.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:04:20

Premiums, claims and expenses by line of business

		Line of Business for: life obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410									
Reinsurers' share	R1420									
Net	R1500									
Premiums earned										
Gross	R1510									
Reinsurers' share	R1520									
Net	R1600									
Claims incurred										
Gross	R1610									
Reinsurers' share	R1620									
Net	R1700									
Changes in other technical provisions										
Gross	R1710									
Reinsurers' share	R1720									
Net	R1800									
Expenses incurred	R1900									
Administrative expenses										
Gross	R1910									
Reinsurers' share	R1920									
Net	R2000									
Investment management expenses										
Gross	R2010									
Reinsurers' share	R2020									
Net	R2100									
Claims management expenses										
Gross	R2110									
Reinsurers' share	R2120									
Net	R2200									
Acquisition expenses										
Gross	R2210									
Reinsurers' share	R2220									
Net	R2300									
Overhead expenses										
Gross	R2310									
Reinsurers' share	R2320									
Net	R2400									
Other expenses	R2500									
Total expenses	R2600									
Total amount of surrenders	R2700									

Appendix I:
S.05.02.b.non-life

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:05:07

Premiums, claims and expenses by country

		Home Country	Total Top 5 and home country	Top 5 countries (by amount of gross premiums written) - non-life obligations				
	R0010			(US) United States	(DE) Germany	(CH) Switzerland	(CN) China	(LU) Luxembourg
		C0080	C0140	C0090	C0090	C0090	C0090	C0090
Premiums written								
Gross - Direct Business	R0110	22,754,276.01	161,674,908.89	31,198.31	6,513,559.56	132,375,875.01	0.00	0.00
Gross - Proportional reinsurance accepted	R0120	41,669,089.04	1,023,170,450.14	613,722,597.10	265,427,665.21	24,949,299.51	32,366,325.58	45,035,473.70
Gross - Non-proportional reinsurance accepted	R0130	42,909,811.95	85,656,519.92	1,175,854.72	18,997,788.23	7,071,764.02	0.00	15,501,301.00
Reinsurers' share	R0140	9,805,307.85	460,076,314.46	78,836,950.53	227,128,806.08	110,395,969.62	33,909,280.38	0.00
Net	R0200	97,527,869.15	810,425,564.49	536,092,699.60	63,810,206.92	54,000,968.92	-1,542,954.80	60,536,774.70
Premiums earned								
Gross - Direct Business	R0210	18,712,177.08	155,759,581.09	72,711.11	5,533,955.00	131,440,737.90	0.00	0.00
Gross - Proportional reinsurance accepted	R0220	48,328,455.96	1,016,555,220.73	607,504,376.59	265,326,417.67	23,882,171.02	26,598,536.39	44,915,263.10
Gross - Non-proportional reinsurance accepted	R0230	42,425,914.54	86,931,202.85	1,140,790.69	18,978,568.57	10,140,329.33	1,833.00	14,243,766.72
Reinsurers' share	R0240	11,370,932.83	455,909,047.00	90,413,365.22	218,261,116.61	108,770,461.67	27,093,170.67	0.00
Net	R0300	98,095,614.75	803,336,957.67	518,304,513.17	71,577,824.63	56,692,776.58	-492,801.28	59,159,029.82
Claims incurred								
Gross - Direct Business	R0310	-3,978,968.88	58,768,984.16	196.47	0.00	62,747,756.57	0.00	0.00
Gross - Proportional reinsurance accepted	R0320	-172,437,648.22	1,113,204,205.78	966,126,924.63	65,385,173.49	240,084,667.63	13,162,642.05	882,446.20
Gross - Non-proportional reinsurance accepted	R0330	7,043,691.28	-5,528,336.57	245,820.00	2,463,413.52	-23,548,880.30	0.00	8,267,618.93
Reinsurers' share	R0340	-65,340,809.53	645,812,542.09	330,783,270.47	44,123,331.80	323,848,762.82	12,397,986.53	0.00
Net	R0400	-104,032,116.29	520,632,311.28	635,589,670.63	23,725,255.21	-44,565,218.92	764,655.52	9,150,065.13
Changes in other technical provisions								
Gross - Direct Business	R0410	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Proportional reinsurance accepted	R0420	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross - Non-proportional reinsurance accepted	R0430	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reinsurers' share	R0440	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net	R0500	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expenses incurred	R0550	3,063,222.35	148,588,952.16	120,419,516.32	8,130,399.68	11,265,260.98	875,876.71	4,834,676.13
Other expenses	R1200							
Total expenses	R1300		148,588,952.16					

Appendix I:
S.17.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:06:09

Non-life Technical Provisions

		Direct business and accepted proportional reinsurance												Accepted non-proportional reinsurance				Total Non-Life obligation
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Non-proportional health reinsurance	Non-proportional casualty reinsurance	Non-proportional marine, aviation and transport reinsurance	Non-proportional property reinsurance	
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0130	C0140	C0150	C0160	C0170	C0180
Technical provisions calculated as a whole	R0010																	
Direct business	R0020																	
Accepted proportional reinsurance business	R0030																	
Accepted non-proportional reinsurance	R0040																	
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP as a whole	R0050																	
Technical provisions calculated as a sum of BE and RM																		
Best estimate																		
Premium provisions																		
Gross - Total	R0060	39,430.00	13,040.00				-2,397,010.00	61,018,520.00	53,456,740.00	6,821,020.00			-4,333,450.00	2,582,420.00	82,543,630.00	4,523,290.00	42,682,470.00	246,950,100.00
Gross - direct business	R0070	416,600.00	8,290.00				-357,020.00	27,875,450.00	15,003,400.00	731,220.00			4,461,520.00					48,139,460.00
Gross - accepted proportional reinsurance business	R0080	-377,170.00	4,750.00				-2,039,990.00	33,143,070.00	38,453,340.00	6,089,800.00			-8,794,970.00					66,478,830.00
Gross - accepted non-proportional reinsurance business	R0090													2,582,420.00	82,543,630.00	4,523,290.00	42,682,470.00	132,331,810.00
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0100	-389,180.00	-4,410.00				-210,890.00	62,203,950.00	28,886,250.00	4,768,190.00			-12,624,330.00		208,780.00	2,684,820.00	-65,382,050.00	20,141,130.00
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0110	-389,180.00	-4,410.00				-210,890.00	62,203,950.00	29,058,420.00	4,768,190.00			-12,624,330.00		-26,640.00	2,684,820.00	-65,368,000.00	20,091,930.00
Recoverables from SPV before adjustment for expected losses	R0120								-172,170.00						235,420.00		-14,050.00	49,200.00
Recoverables from Finite Reinsurance before adjustment for expected losses	R0130																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0140	-389,180.00	-4,410.00				-212,390.00	62,141,780.00	28,784,740.00	4,766,140.00			-12,624,900.00		208,780.00	2,682,820.00	-65,386,690.00	19,966,690.00
Net Best Estimate of Premium Provisions	R0150	428,610.00	17,450.00				-2,184,620.00	-1,123,260.00	24,672,000.00	2,054,880.00			8,291,450.00	2,582,420.00	82,334,850.00	1,840,470.00	108,069,160.00	226,983,410.00
Claims provisions																		
Gross - Total	R0160	2,297,310.00	23,430.00		7,734,210.00	2,022,930.00	65,331,910.00	1,345,836,490.00	666,947,050.00	15,689,710.00			76,801,470.00	4,865,230.00	77,395,630.00	19,248,050.00	280,733,490.00	2,564,926,910.00
Gross - direct business	R0170	635,190.00	23,430.00				42,995,140.00	7,172,750.00	217,543,400.00	585,600.00			16,435,650.00					285,391,160.00
Gross - accepted proportional reinsurance business	R0180	1,662,120.00			7,734,210.00	2,022,930.00	22,336,770.00	1,338,663,740.00	449,403,650.00	15,104,110.00			60,365,820.00					1,897,293,350.00
Gross - accepted non-proportional reinsurance business	R0190													4,865,230.00	77,395,630.00	19,248,050.00	280,733,490.00	382,242,400.00
Total recoverable from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	R0200	2,217,850.00	7,390.00		3,690.00		34,998,990.00	1,321,872,760.00	583,085,460.00	5,038,250.00			74,030,620.00	-231,690.00	-19,717,490.00	25,637,300.00	159,631,970.00	2,186,575,100.00
Recoverables from reinsurance (except SPV and Finite Reinsurance) before adjustment for expected losses	R0210	2,217,850.00	7,390.00		3,690.00		34,998,990.00	1,321,872,760.00	583,085,460.00	5,038,250.00			74,030,620.00	-231,690.00	-19,717,490.00	25,637,300.00	159,631,970.00	2,186,575,100.00
Recoverables from SPV before adjustment for expected losses	R0220																	
Recoverables from Finite Reinsurance before adjustment for expected losses	R0230																	
Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0240	2,217,840.00	7,390.00		3,690.00		34,991,800.00	1,321,555,450.00	582,533,480.00	5,029,750.00			74,014,170.00	-231,690.00	-19,717,610.00	25,629,380.00	159,605,100.00	2,185,638,750.00
Net Best Estimate of Claims Provisions	R0250	79,470.00	16,040.00		7,730,520.00	2,022,930.00	30,340,110.00	24,281,040.00	84,413,570.00	10,659,960.00			2,787,300.00	5,096,920.00	97,113,240.00	-6,381,330.00	121,128,390.00	379,288,160.00
Total Best estimate - gross	R0260	2,336,740.00	36,470.00		7,734,210.00	2,022,930.00	62,934,900.00	1,406,855,010.00	720,403,790.00	22,510,730.00			72,468,020.00	7,447,650.00	159,939,260.00	23,771,340.00	323,415,960.00	2,811,877,010.00
Total Best estimate - net	R0270	508,080.00	33,490.00		7,730,520.00	2,022,930.00	28,155,490.00	23,157,780.00	109,085,570.00	12,714,840.00			11,078,750.00	7,679,340.00	179,448,090.00	-4,540,860.00	229,197,550.00	606,271,570.00
Risk margin	R0280	70,410.00	3,380.00		749,610.00	196,110.00	2,834,140.00	2,360,040.00	11,732,050.00	1,265,090.00			1,105,730.00	748,050.00	17,778,450.00	10.00	22,807,550.00	61,650,620.00
Amount of the transitional on Technical Provisions																		
TP as a whole	R0290																	
Best estimate	R0300																	
Risk margin	R0310																	
Technical provisions - total																		
Technical provisions - total	R0320	2,407,150.00	39,850.00		8,483,820.00	2,219,040.00	65,769,040.00	1,409,215,050.00	732,135,840.00	23,775,820.00			73,573,750.00	8,195,700.00	177,717,710.00	23,771,350.00	346,223,510.00	2,873,527,630.00
Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default - total	R0330	1,828,660.00	2,980.00		3,690.00		34,779,410.00	1,383,697,230.00	611,318,220.00	9,795,890.00			61,389,270.00	-231,690.00	-19,508,830.00	28,312,200.00	94,218,410.00	2,205,605,440.00
Technical provisions minus recoverables from reinsurance/SPV and Finite Re- total	R0340	578,490.00	36,870.00		8,480,130.00	2,219,040.00	30,989,630.00	25,517,820.00	120,817,620.00	13,979,930.00			12,184,480.00	8,427,390.00	197,226,540.00	-4,540,850.00	252,005,100.00	667,922,190.00
Line of Business: further segmentation (Homogeneous Risk Groups - HRG)																		
Premium provisions - Total number of homogeneous risk groups (HRGs)	R0350	4	3				17	32	49	3		1	37	2	10	3	12	
Claims provisions - Total number of homogeneous risk groups (HRGs)	R0360	5	3	6	6	3	20	36	52	4		1	31	2	15	9	20	
Cash-flows of the Best estimate of Premium Provisions (Gross)																		
Cash out-flows																		
Future benefits and claims	R0370	1,946,280.00	68,710.00				7,645,450.00	72,477,400.00	52,719,330.00	6,126,170.00			5,131,500.00	-30.00	698,690.00	589,110.00	2,249,930.00	149,652,540.00
Future expenses and other cash-out flows	R0380	-1,374,410.00	21,240.00				1,288,410.00	16,419,960.00	34,657,630.00	694,850.00			6,301,750.00	2,582,450.00	81,873,790.00	3,934,170.00	102,596,810.00	248,996,650.00
Cash in-flows																		
Future premiums	R0390	532,440.00	76,910.00				11,330,870.00	27,878,840.00	33,920,220.00				15,766,700.00		28,840.00		62,164,270.00	151,699,090.00
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0400																	
Cash-flows of the Best estimate of Claims Provisions (Gross)																		
Cash out-flows																		
Future benefits and claims	R0410	2,151,510.00	22,410.00		7,524,310.00	1,969,030.00	61,765,040.00	1,337,030,520.00	634,194,510.00	2,574,840.00			81,682,020.00	4,836,210.00	78,920,600.00	21,473,030.00	311,350,030.00	2,545,494,060.00
Future expenses and other cash-out flows	R0420	145,800.00	1,020.00		209,890.00	53,900.00	3,578,580.00	8,913,150.00	33,604,250.00	13,114,870.00			1,972,850.00	29,020.00	671,590.00	60,380.00	2,098,170.00	64,453,470.00
Cash in-flows																		

Appendix I:
S.17.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:06:09

Future premiums	R0430														2,196,570.00	2,285,360.00	32,714,700.00	37,196,630.00
Other cash-in flows (incl. Recoverable from salvages and subrogations)	R0440						11,710.00	107,190.00	851,710.00				6,853,390.00					7,824,000.00
Percentage of gross Best Estimate calculated using approximations	R0450												0.00					0.00
Best estimate subject to transitional of the interest rate	R0460	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Technical provisions without transitional on interest rate	R0470	2,407,150.00	39,850.00		8,483,820.00	2,219,040.00	65,769,040.00	1,409,215,050.00	732,135,870.00	23,775,820.00			73,573,750.00	8,195,700.00	177,717,710.00	23,771,330.00	346,223,510.00	2,873,527,640.00
Best estimate subject to volatility adjustment	R0480	2,336,730.00	36,470.00		7,734,200.00	2,022,940.00	62,934,910.00	1,406,855,020.00	720,403,790.00	22,510,730.00			72,468,020.00	7,447,650.00	159,939,270.00	23,771,330.00	323,415,950.00	2,811,877,010.00
Technical provisions without volatility adjustment and without others transitional measures	R0490	2,410,370.00	40,090.00		8,545,870.00	2,235,280.00	66,161,260.00	1,419,779,610.00	738,745,290.00	23,956,260.00			74,098,480.00	8,255,450.00	178,677,310.00	23,864,840.00	348,308,350.00	2,895,078,460.00

Appendix I:
S.19.01.b
Non-life Insurance Claims Information

Selected Consolidation Unit(s)	RC780
Selected period	2022-12-31
Selected settlement currency	0TL

Accident year / Underwriting year	Z0010	1 - Accident Year

Gross Claims Paid (non-cumulative)
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110
Prior	R0100											48’283
N-9	R0160	42’137	148’651	-8’568	11’519	7’347	1’268	678	1’666	-7’983	114	
N-8	R0170	79’679	76’230	59’134	8’408	6’062	2’167	5’608	787	79’311		
N-7	R0180	77’932	77’928	92’935	44’185	-6’676	9’285	3’759	9’083			
N-6	R0190	120’563	90’660	37’094	72’120	17’842	10’442	5’821				
N-5	R0200	370’305	460’479	207’153	161’192	48’613	20’320					
N-4	R0210	242’227	548’444	124’103	105’201	64’740						
N-3	R0220	52’599	123’062	109’255	49’091							
N-2	R0230	59’169	457’603	-74’631								
N-1	R0240	117’720	244’608									
N	R0250	238’263										

		In Current year	Sum of years (cumulative)
		C0170	C0180
	R0100	48’283	48’283
	R0110	114	196’831
	R0170	79’311	317’385
	R0180	9’083	308’431
	R0190	5’821	354’543
	R0200	20’320	1’268’062
	R0210	64’740	1’084’715
	R0220	49’091	334’007
	R0230	-74’631	442’141
	R0240	244’608	362’328
	R0250	238’263	238’263
Total	R0260	**685’004**	**4’954’990**

Gross undiscounted Best Estimate Claims Provisions
(absolute amount)

Development year

	Year	0	1	2	3	4	5	6	7	8	9	10 & +
		C0200	C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0290	C0300
Prior	R0100											50’063
N-9	R0160	66’586	120’844	115’339	54’066	36’977	28’607	24’402	14’937	16’952	12’189	
N-8	R0170	273’316	244’135	117’376	87’956	84’345	82’189	78’925	142’307	56’741		
N-7	R0180	262’595	244’694	154’474	87’759	95’097	60’874	125’716	106’807			
N-6	R0190	210’189	185’361	136’430	48’623	91’735	142’046	90’900				
N-5	R0200	883’097	482’093	1’427’322	154’739	117’296	104’709					
N-4	R0210	280’715	-876’162	193’710	242’600	182’408						
N-3	R0220	380’109	350’910	215’414	218’281							
N-2	R0230	695’180	327’125	532’601								
N-1	R0240	669’976	617’905									
N	R0250	800’364										

		Year end (discounted data)
		C0360
	R0100	52’954
	R0110	19’900
	R0170	65’657
	R0180	111’904
	R0190	85’276
	R0200	100’794
	R0210	159’844
	R0220	192’861
	R0230	487’845
	R0240	555’443
	R0250	732’448
Total	R0260	**2’564’927**

Appendix I:

S.22.01.b

Reporting unit: RC780

Qualifying date: 2022-12-31

Export date: 2023-03-27 / 18:08:05

Impact of long term guarantees measures and transitional

		Amount with Long Term Guarantee measures and transitionals	Impact of the Long Term Guarantee measures and transitionals (Step-by-step approach)								
			Without transitional on technical provisions	Impact of transitional on technical provisions	Without transitional on interest rate	Impact of transitional on interest rate	Without volatility adjustment and without other transitional measures	Impact of volatility adjustment set to zero	Without matching adjustment and without all the others	Impact of matching adjustment set to zero	Impact of all LTG measures and transitionals
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100
Technical provisions	R0010	2,873,527,630.00	2,873,527,630.00	0.00	2,873,527,630.00	0.00	2,895,078,424.00	21,550,794.00	2,895,078,424.00	0.00	21,550,794.00
Basic own funds	R0020	582,266,810.00	582,266,810.00	0.00	582,266,810.00	0.00	574,484,908.70	-7,781,901.30	574,484,908.70	0.00	-7,781,901.30
Excess of assets over liabilities	R0030	674,608,950.00	674,608,950.00	0.00	674,608,950.00	0.00	666,827,048.70	-7,781,901.30	666,827,048.70	0.00	-7,781,901.30
Restricted own funds due to ring-fencing and matching portfolio	R0040	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Eligible own funds to meet Solvency Capital Requirement	R0050	713,796,080.00	713,796,080.00	0.00	713,796,080.00	0.00	706,014,178.70	-7,781,901.30	706,014,178.70	0.00	-7,781,901.30
Tier I	R0060	573,200,680.00	573,200,680.00	0.00	573,200,680.00	0.00	564,045,502.00	-9,155,178.00	564,045,502.00	0.00	-9,155,178.00
Tier II	R0070	131,529,270.00	131,529,270.00	0.00	131,529,270.00	0.00	131,529,270.00	0.00	131,529,270.00	0.00	0.00
Tier III	R0080	9,066,130.00	9,066,130.00	0.00	9,066,130.00	0.00	10,439,406.70	1,373,276.70	10,439,406.70		1,373,276.70
Solvency Capital Requirement	R0090	516,131,995.62	516,131,995.62	0.00	516,131,995.62	0.00	517,091,000.00	959,004.38	517,091,000.00	0.00	959,004.38
Eligible own funds to meet Minimum Capital Requirement	R0100	573,200,680.00	573,200,680.00	0.00	573,200,680.00	0.00	564,045,502.00	-9,155,178.00	564,045,502.00	0.00	-9,155,178.00
Minimum Capital Requirement	R0110	129,032,998.90	129,032,998.90	0.00	129,032,998.90	0.00	129,243,000.00	210,001.10	129,243,000.00	0.00	210,001.10

Appendix I:
S.23.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:09:17

Own funds

		Total	Tier 1 - unrestricted	Tier 1 - restricted	Tier 2	Tier 3
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35		C0010	C0020	C0030	C0040	C0050
Ordinary share capital (gross of own shares)	R0010	331,529,270.00	331,529,270.00		0.00	
Share premium account related to ordinary share capital	R0030	131,529,270.00	131,529,270.00		0.00	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	R0040					
Subordinated mutual member accounts	R0050					
Surplus funds	R0070					
Preference shares	R0090					
Share premium account related to preference shares	R0110					
Reconciliation reserve	R0130	110,142,140.00	110,142,140.00			
Subordinated liabilities	R0140					
An amount equal to the value of net deferred tax assets	R0160	9,066,130.00				9,066,130.00
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180					
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that shall not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220					
Deductions						
Deductions for participations in financial and credit institutions	R0230					
Total basic own funds after deductions	R0290	582,266,810.00	573,200,680.00		0.00	9,066,130.00
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	131,529,270.00			131,529,270.00	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	R0310					
Unpaid and uncalled preference shares callable on demand	R0320					
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330					
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340					
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350					
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370					
Other ancillary own funds	R0390					
Total ancillary own funds	R0400	131,529,270.00			131,529,270.00	
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	713,796,080.00	573,200,680.00		131,529,270.00	9,066,130.00
Total available own funds to meet the MCR	R0510	573,200,680.00	573,200,680.00		0.00	
Total eligible own funds to meet the SCR	R0540	713,796,080.00	573,200,680.00		131,529,270.00	9,066,130.00
Total eligible own funds to meet the MCR	R0550	573,200,680.00	573,200,680.00		0.00	
SCR	R0580	516,131,995.62				
MCR	R0600	129,032,998.90				
Ratio of Eligible own funds to SCR	R0620	138.2972%				
Ratio of Eligible own funds to MCR	R0640	444.2280%				

Appendix I:

S.23.01.b

Reporting unit:	RC780
Qualifying date:	2022-12-31
Export date:	2023-03-27 / 18:09:17

Reconciliation reserve		C0060
Excess of assets over liabilities	R0700	674,608,950.00
Own shares (held directly and indirectly)	R0710	
Foreseeable dividends, distributions and charges	R0720	92,342,140.00
Other basic own fund items	R0730	472,124,670.00
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	
Reconciliation reserve	R0760	110,142,140.00
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	R0770	
Expected profits included in future premiums (EPIFP) - Non-life business	R0780	50,061,790.00
Total EPIFP	R0790	50,061,790.00

Appendix I:
S.25.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:10:23

Solvency Capital Requirement - for undertakings on Standard Formula

Article 112? (Y/N)	Z0010	(2) Regular reporting

Basic Solvency Capital Requirement

		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		C0030	C0040	C0050
Market risk	R0010	79,717,026.70	79,717,026.70	
Counterparty default risk	R0020	166,261,434.65	166,261,434.65	
Life underwriting risk	R0030	0.00	0.00	
Health underwriting risk	R0040	2,824,818.77	2,824,818.77	
Non-life underwriting risk	R0050	295,219,527.69	295,219,527.69	
Diversification	R0060	-109,298,518.49	-109,298,518.49	
Intangible asset risk	R0070	0.00	0.00	
Basic Solvency Capital Requirement	R0100	434,724,289.31	434,724,289.31	

Appendix I:

S.25.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:10:23

Article 112? (Y/N)	Z0010	(2) Regular reporting

Calculation of Solvency Capital Requirement		C0100
Adjustment due to RFF/MAP nSCR aggregation	R0120	0.00
Operational risk	R0130	84,741,524.61
Loss-absorbing capacity of technical provisions	R0140	0.00
Loss-absorbing capacity of deferred taxes	R0150	-3,333,818.31
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0.00
Solvency Capital Requirement excluding capital add-on	R0200	516,131,995.62
Capital add-on already set	R0210	0.00
Solvency capital requirement	R0220	516,131,995.62
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	
Total amount of Notional Solvency Capital Requirement for ring fenced funds	R0420	
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	R0430	
Diversification effects due to RFF nSCR aggregation for article 304	R0440	
Method used to calculate the adjustment due to RFF/MAP nSCR aggregation	R0450	(4) No adjustment
Net future discretionary benefits	R0460	0.00

Appendix I:
S.25.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:10:23

Article 112? (Y/N)	Z0010	(2) Regular reporting			
		Yes/No	Before the shock	After the shock	LAC DT
Approach to tax rate		C0109	C0110	C0120	C0130
Approach based on average tax rate	R0590	(1) Yes			
Calculation of loss absorbing capacity of deferred taxes					
DTA	R0600		9,066,130.00		
DTA carry forward	R0610		0.00		
DTA due to deductible temporary differences	R0620		9,066,130.00		
DTL	R0630		151,170.00		
LAC DT	R0640				-3,333,818.31
LAC DT justified by reversion of deferred tax liabilities	R0650				
LAC DT justified by reference to probable future taxable economic profit	R0660				-3,333,818.31
LAC DT justified by carry back, current year	R0670				
LAC DT justified by carry back, future years	R0680				
Maximum LAC DT	R0690				-3,333,818.31

Appendix I:
S.28.01.b

Reporting unit:	RC780
Qualifying date:	2022-12-31
Export date:	2023-03-27 / 18:13:36

Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

Linear formula component for non-life insurance and reinsurance obligations

		C0010
MCRNL Result	R0010	115,552,767.02

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance) written premiums in the last 12 months
		C0020	C0030
Medical expense insurance and proportional reinsurance	R0020	700,096.04	1,066,660.70
Income protection insurance and proportional reinsurance	R0030	34,237.40	214,347.71
Workers' compensation insurance and proportional reinsurance	R0040	0.00	0.00
Motor vehicle liability insurance and proportional reinsurance	R0050	7,730,803.68	0.00
Other motor insurance and proportional reinsurance	R0060	2,022,933.77	0.00
Marine, aviation and transport insurance and proportional reinsurance	R0070	28,380,469.85	15,563,624.73
Fire and other damage to property insurance and proportional reinsurance	R0080	23,523,035.50	0.00
General liability insurance and proportional reinsurance	R0090	113,109,407.26	63,196,693.51
Credit and suretyship insurance and proportional reinsurance	R0100	12,714,893.86	0.00
Legal expenses insurance and proportional reinsurance	R0110	0.00	0.00
Assistance and proportional reinsurance	R0120	0.00	0.00
Miscellaneous financial loss insurance and proportional reinsurance	R0130	12,137,616.49	0.00
Non-proportional health reinsurance	R0140	7,679,340.00	0.00
Non-proportional casualty reinsurance	R0150	179,467,263.38	0.00
Non-proportional marine, aviation and transport reinsurance	R0160	0.00	0.00
Non-proportional property reinsurance	R0170	229,197,552.31	34,262,538.51

Appendix I:
S.28.01.b

Reporting unit: RC780
Qualifying date: 2022-12-31
Export date: 2023-03-27 / 18:13:36

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	0.00

		Net (of reinsurance/SPV) best estimate and TP calculated as a whole	Net (of reinsurance/SPV) total capital at risk
		C0050	C0060
Obligations with profit participation - guaranteed benefits	R0210	0.00	
Obligations with profit participation - future discretionary benefits	R0220	0.00	
Index-linked and unit-linked insurance obligations	R0230	0.00	
Other life (re)insurance and health (re)insurance obligations	R0240	0.00	
Total capital at risk for all life (re)insurance obligations	R0250		0.00

Appendix I:
S.28.01.b

Reporting unit:	RC780
Qualifying date:	2022-12-31
Export date:	2023-03-27 / 18:13:36

Overall MCR calculation		C0070
Linear MCR	R0300	115,552,767.02
SCR	R0310	516,131,995.62
MCR cap	R0320	232,259,398.03
MCR floor	R0330	129,032,998.90
Combined MCR	R0340	129,032,998.90
Absolute floor of the MCR	R0350	4,000,000.00
Minimum Capital Requirement	R0400	129,032,998.90

This document is an unofficial English translation of the SFCR.
Only the original German version of the SFCR is authoritative.

Allianz Risk Transfer AG
Im alten Riet 102
9494 Schaan
Principality of Liechtenstein

Telephone: +423 235 85 00
www.agcs.allianz.com

Recorded in the Liechtenstein
Commercial Register under FL-0002.531.069-2