

ALLIANZ COMMERCIAL

Annual Report 2024

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

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EXECUTIVE BODIES

EXECUTIVE BODIES AS AT 31.12.2024

Board of Directors

Petros Papanikolaou (Chairman until 31.08.2024)
Oskar Buchauer (Vice-Chairman; Chairman ad interim from 05.11.2024)
Carolina Otero
Thomas Schatzmann (from 01.01.2024)
Carsten Scheffel (until 30.04.2024)

Executive Board

Christoph Müller (CEO until 30.06.2024)
Lara Martiner (CEO from 01.07.2024)
Michael Bamberger
Robert Makelaar

Key Functions

Donnino Anderhalden (Head of Risk Management until 29.02.2024)
Marina Wrede (Head of Risk Management from 24.06.2024)
Anna Hollinger (Head of Compliance)
Henning Sohnemann (Head of Claims)
Anahid Terzian (Head of Actuary)

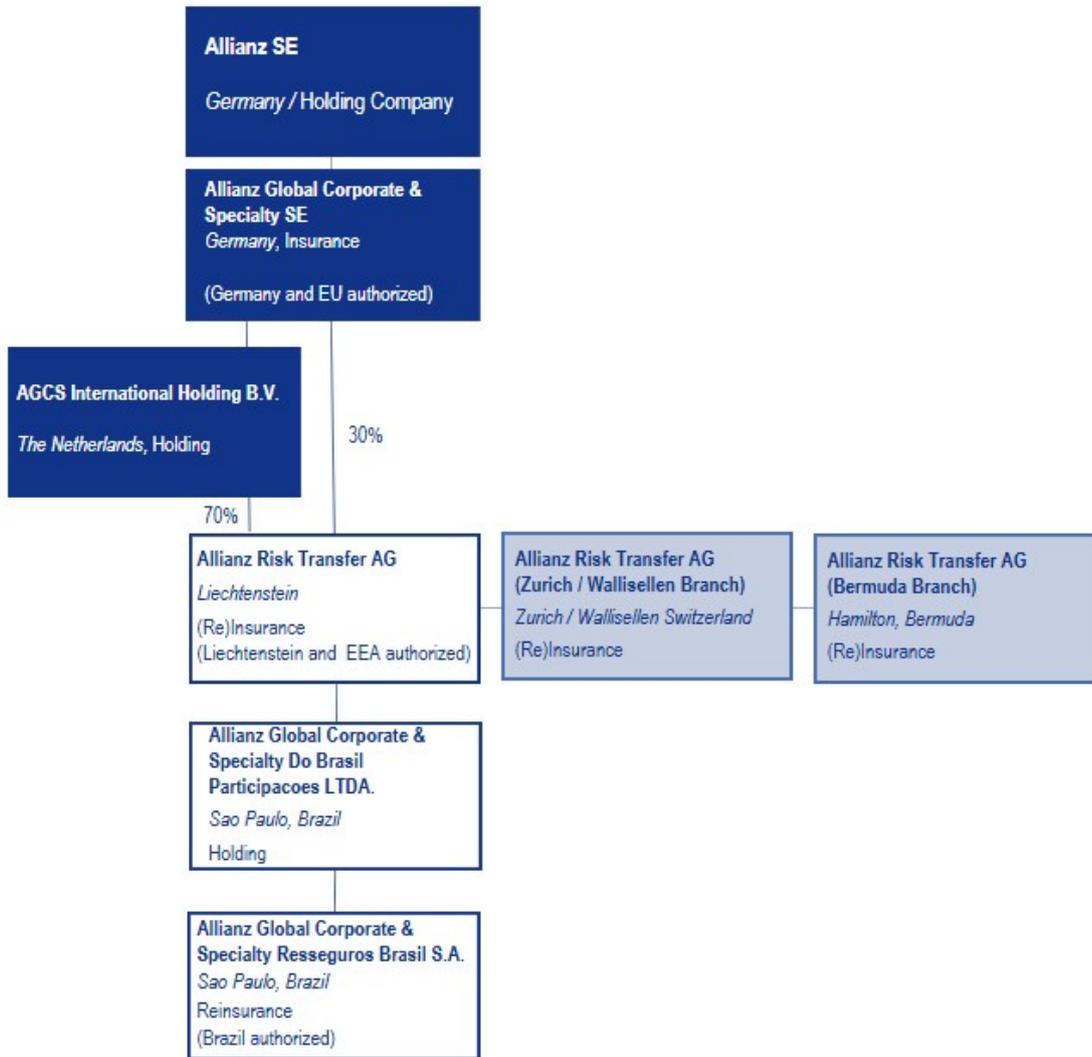
Internal Audit

Marcus Zappe (Global Head of Internal Audit)

Auditor

PricewaterhouseCoopers AG (PwC), Zurich

CORPORATE STRUCTURE*



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



Annual Report

Introduction

Allianz Risk Transfer AG (ART AG), headquartered in Schaan, is a Liechtenstein stock corporation and indirectly a wholly-owned subsidiary of Allianz Global Corporate & Specialty SE (AGCS SE), headquartered in Munich. 70% of the shares in ART AG are held by AGCS International Holding B.V. in Amsterdam, which in turn is wholly owned by AGCS SE. ART AG was founded in Switzerland in 1997 as a global risk carrier for Allianz for specialty insurance and reinsurance in the Alternative Risk Transfer segment.

ART AG's business area encompasses national and international industrial client business, as well as customised special solutions in all lines of non-life insurance and all reinsurance risks. ART AG also acts as a reinsurer for intra-Group risks. ART AG has been part of the new Allianz Commercial umbrella brand since 2023.

ART AG offers international clients a broad spectrum of insurance and reinsurance products, primarily in the general liability, asset insurance, property and engineering insurance lines, as well as in the specialised energy supply and transport, marine and aviation insurance lines. These services include effective claims processing, cross-border solutions as part of international insurance programmes, captive fronting services, risk consulting and structured risk transfer solutions. Together with the AGCS SE Group companies, a network of Allianz affiliates in over 70 countries and partner companies in other regions, ART AG serves clients in more than 200 countries. ART AG maintains branches in Zurich/Wallisellen (Switzerland) and Hamilton (Bermuda). In late summer 2023, the decision was made to withdraw from the Capital Solutions segment and not to underwrite any new business in this segment. All existing contracts will be honoured and all obligations met in order to ensure an orderly run-off.

PricewaterhouseCoopers AG, Zurich, was appointed as auditor for the 2024 financial year.

ART AG is part of the Allianz Group, headed by Allianz SE, Munich. This company is supervised by the German Federal Financial Supervisory Authority (BaFin), Graurheindorfer Strasse 108, 53117 Bonn, Germany. ART AG is included in the Solvency II consolidated financial statements of Allianz SE. Allianz SE's Annual Report and Solvency II reporting are published on its website (allianz.com/en/investor_relations/results-reports.html). The reports can be viewed online or requested from the company.

As a subsidiary of Allianz SE, headquartered in Germany, ART AG is included in its consolidated sustainability reporting, and is therefore exempt from the obligations set out in Articles 1096b et seq. of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht, PGR). The Allianz Group's consolidated sustainability report can be viewed on the website allianz.com/en/sustainability/sustainability-hub/sustainability-report-and-other-publications.html.

As a fully consolidated affiliated company of the Allianz Group, ART AG falls within the scope of the OECD minimum tax regime and is listed in the Allianz Group's income tax information report ([link: allianz.com/en/sustainability/sustainability-hub/sustainability-report-and-other-publications.html](https://allianz.com/en/sustainability/sustainability-hub/sustainability-report-and-other-publications.html)).

This Annual Report and the Solvency and Financial Condition Report (SFCR) of ART AG can be found at commercial.allianz.com/about-us/financials/art-financials.html.

Business performance and results

In the 2024 financial year, the market environment for insurers in the large customer business remained positive overall. While the trend towards higher premium rates continued to level off, moderate rate increases were still achieved in most insurance lines; rates only declined in the financial loss insurance and cyber risk lines. Inflation remained strong in many of our target markets, although a certain levelling-off was observed. Interest rates remained at a favourable level overall.

Due to the sharp rise in premium rates for traditional insurance coverage in recent years, demand for non-traditional coverage remains high, which is having a positive impact on our book in the Alternative Risk Transfer segment. This applies both internationally and in our main market in Central Europe, where we were once again able to acquire major new clients.

In the Swiss industrial segment, gross premiums remained stable at € 205.2 million in 2023 and € 202.5 million in 2024. Gross premiums relating to business fronted for other AGCS units decreased year-on-year (€ 54.8 million currently compared to € 117.2 million in the previous year). This is mainly due to a more precise segment allocation of premiums, as a result of which some of these premiums are now shown as part of the Alternative Risk Transfer segment. Gross premiums continued to increase in the Alternative Risk Transfer segment, rising from € 581.4 million in 2023 to € 651.5 million in 2024. The fact that gross premiums nevertheless declined at company level (€ 1,036.5 million compared to € 1,285.9 million) is attributable to the Capital Solutions segment, which is booked at the Bermuda branch. Premiums continued to fall sharply due to the withdrawal from this business.

The net premium volume also fell from € 289.9 million in 2023 to € 244.6 million in 2024. The main driver of this decline is the Alternative Risk Transfer segment, which recorded high amounts of claim-based premiums for new large client contracts in 2023. However, these were not recognised in profit or loss, and the volume of newly underwritten contracts was lower in 2024. Net premiums in the Swiss industrial segment fell slightly from € 52.1 million in 2023 to € 48.7 million in 2024, while remaining stable overall.

Net expenses for insurance claims decreased year-on-year, totalling € 113.4 million in 2024 compared to € 150.0 million in the previous year. This is due to a significantly improved claims picture in the current financial year compared to the previous year. There were no large claims in the Swiss industrial segment in 2024, and the Alternative Risk Transfer segment also remained almost loss-free. The only negative developments were in general liability and financial loss insurance, for which additional reserves had to be set aside due to claims from old internal reinsurance contracts dating from 2019 and earlier. Yet this did not change the overall positive picture, not least because the retrospective cover provided to the German headquarters of AGCS to protect against run-off risks remained claim-free in 2024.

Other expenses for insurance operations increased from € 17.5 million to € 20.2 million.

The company achieved a net underwriting profit of € 45.2 million in 2024, compared to a net loss of € 2.3 million in 2023. As mentioned above, the significantly better claims trend in 2024 is the main reason for this year-on-year improvement.

Investment income increased to € 27.2 million, up from € 16.4 million in the previous year. This is due to the dividend received from

affiliated companies in 2024 and to higher income from deposit receivables. In addition, higher current income was generated from fixed-interest investments in 2024.

ART AG continued its security-oriented investment strategy in 2024, pursuing the most favourable return possible with limited risk. Its basic investment strategy, i.e. currency-matched investments and diversification across different investment segments, was maintained in 2024.

Due to financial obligations arising from the insurance business, the majority of the company's portfolio is invested in fixed-interest investments, with a focus on international corporate and government bonds. A large proportion of government bonds and government-related bonds continue to be concentrated in the core eurozone countries, Switzerland and the United States.

Earnings before tax totalled € 80.7 million, compared to € 69.7 million in the previous year. The 2023 result includes the complete dissolution of the fluctuation reserve of € 57.3 million. Tax expenses totalled € 9.9 million (€ 5.5 million). Profit for the year after tax amounted to € 70.8 million (€ 64.2 million).

Development of investments

ART AG's investment portfolio increased at carrying amounts during the reporting year, amounting to € 1.274 billion (€ 1.197 billion).

The increase in the investment portfolio is primarily due to higher deposit receivables on assumed reinsurance business and higher deposits at banks.

Risk report

The main elements of ART AG's risk management system are:

- A strong risk management culture, supported by a robust risk framework and effective risk principles (risk governance)
- A comprehensive risk capital calculation model with the aim of protecting the capital base and supporting effective capital management
- The integration of capital requirements and risk considerations into decision-making and management processes
- Monitoring of non-financial risks

This comprehensive approach ensures that risks are appropriately identified, analysed and assessed. The risk appetite is described in the risk strategy and operationalised via the limit system set out therein. Further limits are also specified and detailed in specific standards and guidelines. Strict risk monitoring and corresponding reports allow for early detection of potential exceedances of risk tolerance.

The main risks to which ART AG is exposed are underwriting risk, market and credit risk, and operational risk.

Underwriting risk

Underwriting risk is the central element of ART AG's business model as an insurance company. It arises from the promise to cover its clients' losses. This risk can be divided into premium and reserve risks. Premium risk refers to the risk that insurance premiums may be insufficient to cover future losses. Reserve risk refers to the possibility that existing claims may lead to losses upon settlement because the booked claims

reserves are insufficient. This includes the settlement of both known and unknown late claims.

ART AG manages premium risks through its underwriting guidelines, which limit the amount of insurance or liability per contract. To account for the volatility of the various lines of business, the underwriting guidelines vary by line of business. Future business volumes and the associated risks and their impact on solvency are taken into account as part of strategic planning. ART AG regularly monitors the development of reserves and carries out annual reserve uncertainty reviews to assess changes in assumptions and their impact on reserves and the reserve risk.

Market risk

Market risk is the risk of losses resulting from fluctuations in market value, differentiated according to the type of investment.

ART AG's investments are managed centrally by specialists from Allianz Investment Management SE as part of a functional outsourcing arrangement. The investment strategy is aligned with the needs of ART AG's asset liability management. The investment strategy is implemented by Allianz Investment Management SE within the framework of a risk and limit system for investments specified by ART AG. The company coordinates the risk and limit system on an annual basis.

The company's strategic asset allocation provides for investments to be made primarily in fixed-income securities. Investments are made in accordance with the principle of prudent business practice and are usually held to maturity. Interest rate risk is managed as part of comprehensive asset liability management. Credit risks arising from fixed-income securities are limited and monitored using concentration limits. As part of the investment strategy, derivatives were used exclusively to hedge currency risks in the reporting year.

Credit risk

ART AG defines credit risk as the potential loss of portfolio value within a defined time horizon caused by changes in the credit quality (credit rating) of debtors in the portfolio, including default or non-fulfilment of financial obligations. Default on a credit claim may occur either as a result of a deterioration in creditworthiness (migration risk) or due to the debtor's inability or unwillingness to fulfil contractual obligations.

The components of ART AG's credit risk exposure are its investment portfolio, reinsurance portfolio and claims.

The premium income and equity required to cover the underwritten risks are invested almost exclusively in fixed-income securities. Due to its focus on the non-life insurance business, ART AG typically invests its capital in the short to medium term, which results in a lower credit risk.

The credit risk towards reinsurers arises from insurance risks that ART AG transfers to reinsurance companies in order to mitigate its own underwriting risks. Possible losses may arise either from defaults on existing accounts payments from reinsurance business or the default of entire reinsurance contracts.

Reinsurance partners are checked by the AGCS Security Vetting Team (SVT). The SVT ensures that companies with strong credit profiles are selected wherever possible. In addition, letters of credit, cash deposits or other financial collateral may be required to further mitigate credit risk.

Credit limits are managed centrally within the Allianz Group. The limits for individual counterparties are based on a variety of factors,

including the debtor's rating, its total assets, the associated segment and the region of the transaction. The respective limit utilisation is also taken into account when setting limits.

The AGCS Group has the option of downwardly adjusting its maximum exposure to a debtor or group of debtors. These credit limits set by AGCS apply to the entire AGCS Group. ART AG, as part of the AGCS Group, is therefore subject to the credit limits defined by the Allianz Group and the AGCS Group.

For detailed information on ART AG's risk profile, please refer to the Solvency and Financial Condition Report.

These statements are subject to the proviso that natural disasters, adverse developments on the capital markets and other factors may affect these forecasts to a greater or lesser extent.

Solvency and Financial Condition Report

Insurance companies must publish an annual report on their solvency and financial condition, taking account of qualitative and quantitative aspects as well as historical, current and prospective elements, based on data from internal and external sources. This report does not form part of the annual report.

ART AG publishes the Solvency and Financial Condition Report as a separate document on its website: commercial.allianz.com/about-us/financials/art-financials.html

Forecast

We expect stable global economic growth of 2.8% in 2025. We are currently assuming that the US economy will continue to grow robustly at 2.3%, although political changes could affect this result in either direction. Europe and China will face trade difficulties and ongoing structural challenges. As a result, we expect growth of 1.2% in the eurozone and 4.6% in China. Inflation is expected to continue its downward trend. This could prompt central banks to further cut short-term interest rates. Long-term yields, however, are likely to decline only slightly over the course of the year.

In view of the increasingly fragile geopolitical situation, the potential for disruptive political measures and increasing social polarisation, the downside risks to growth outweigh the upside risks.

Due to the predicted levelling-off of inflation, premium increases are also likely to be more moderate. As a result, premium growth in property and casualty insurance will slow in 2025, but will remain at an elevated level. With climate change continuing unabated, climate-related natural disasters – including secondary hazards such as floods and bushfires – will remain a burden on the sector.

ART AG will continue to pursue its security-oriented investment strategy. In doing so, it will continue to rely on the Allianz Group's extensive experience in domestic and foreign capital investments. To reduce dependence on capital market developments, the portfolio will be constantly monitored and restructured if necessary.

ART AG's investment planning is generally based on the assumption of a conservative investment portfolio without significant equity exposure. As the average reinvestment interest rate of the portfolio is expected to be higher than the book interest rate, higher interest income is forecast for 2025. Uncertainty about future developments on the capital markets may lead to further volatility in the future, with corresponding positive or negative effects on ART AG's market values and investment income.

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ANNUAL FINANCIAL STATEMENTS

BALANCE SHEET

€ thousands

As at 31.12.	Notes	2024	2023
ASSETS			
B. Investments		1,274,246	1,196,953
II. Investments in affiliated companies and equity investments	1, 2, 3	44,407	44,407
1. Shares in affiliated companies		44,407	44,407
III. Other investments	1, 3	1,058,884	1,042,952
1. Shares, other variable-yield securities and investment fund units		1,621	1,520
2. Bonds and other fixed-interest securities		1,033,228	1,027,664
6. Deposits at banks		24,035	13,768
7. Other investments		-	-
IV. Deposit receivables on assumed reinsurance business		170,955	109,594
D. Other receivables		608,190	672,095
I. Receivables from direct insurance business		325,320	504,009
1. From policyholders		310,829	488,891
a) From affiliated companies		137,643	120,006
c) From other policyholders		173,185	368,885
2. From insurance intermediaries		14,491	15,118
a) From affiliated companies		-	-
c) From other insurance intermediaries		14,491	15,118
II. Accounts receivable from reinsurance business		119,100	38,290
1. From affiliated companies		95,257	6,284
3. From other debtors		23,843	32,005
III. Other receivables		163,770	129,796
1. From affiliated companies		162,648	129,123
3. From other debtors		1,122	673
E. Other assets		80,781	57,388
II. Current bank balances, postal cheque balances, cheques and cash in hand		80,781	57,388
F. Prepayments and deferred income		9,647	6,478
I. Accrued interest and rent		9,076	6,476
II. Other prepayments and deferred income		571	2
Total assets		1,972,864	1,932,914

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€ thousands

As at 31.12.	Notes	2024	2023
LIABILITIES			
A. Equity	4	598,383	661,787
I. Called capital		331,529	331,529
1. Subscribed capital		463,059	463,059
2. Less: Uncalled capital		-131,529	-131,529
IV. Retained earnings		131,529	131,529
1. Legal reserve		131,529	131,529
V. Retained earnings carried forward		64,501	134,501
VI. Annual profit		70,824	64,228
D. Underwriting reserves	5	1,030,291	863,938
I. Unearned premiums		75,044	68,736
1. Gross amount		243,502	248,926
2. Less: Reinsurers' share		-168,458	-180,190
III. Provision for outstanding claims		547,018	452,300
1. Gross amount		2,346,875	2,389,873
2. Less: Reinsurers' share		-1,799,857	-1,937,573
IV. Provision for profit-linked and non-profit-linked premium refunds		408,229	342,902
1. Gross amount		411,012	345,906
2. Less: Reinsurers' share		-2,783	-3,004
F. Other provisions		30,128	36,956
II. Tax provisions		24,466	30,406
III. Other provisions		5,662	6,550
G. Deposits retained on ceded reinsurance business		318	-
H. Other liabilities		312,685	368,480
I. Liabilities from direct insurance business		89,481	13,820
1. To affiliated companies		36,996	12,904
3. To other creditors		52,485	916
II. Accounts payable from reinsurance business		181,701	351,828
1. To affiliated companies		122,156	165,459
3. To other creditors		59,545	186,369
V. Other liabilities		41,503	2,832
2. Social security liabilities		386	334
5. Other liabilities to other creditors		41,117	2,498
I. Prepayments and deferred income		1,059	1,753
Total liabilities		1,972,864	1,932,914

It is confirmed that the € 1,030,291 thousand (€ 863,938 thousand) reported in the balance sheet under the item "Underwriting reserves" was calculated in accordance with the provisions of the Liechtenstein Insurance Supervision Ordinance (Versicherungsaufsichtsverordnung, VersAV).

Schaan, 31 March 2025

Anahid Terzian
Head of Actuary

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INCOME STATEMENT

€ thousands

	Notes	2024	2023
1. Net premiums earned		244,605	289,863
a) Gross written premiums	7	1,036,485	1,285,874
b) Ceded reinsurance premiums		-785,984	-956,096
c) Change in gross unearned premiums		15,929	62,346
d) Change in reinsurers' share of gross unearned premiums		-21,825	-102,261
4. Claims expenditure for own account		-113,387	-149,957
a) Payments for insurance claims		-33,102	-138,336
aa) Gross amount		-453,211	-859,979
bb) Reinsurers' share		420,109	721,643
b) Change in provision for outstanding claims		-80,285	-11,621
aa) Gross amount		158,423	382,305
bb) Reinsurers' share		-238,708	-393,926
6. Expenses for profit-linked and non-profit-linked premium refunds for own account		-65,863	-124,699
7. Expenses for insurance operations for own account		-20,169	-17,484
a) Acquisition costs		-132,725	-120,481
b) Administrative expenses		-14,237	-12,347
c) Commissions and profit shares received from ceded reinsurance business		126,793	115,344
10. Underwriting result for non-life insurance		45,186	-2,277
3. Investment income		30,044	18,054
a) Current income from equity investments		6,330	-
of which from affiliated companies		6,330	-
c) Current income from other investments		22,103	17,579
e) Gains from the disposal of investments		1,611	475
5. Investment expenses		-2,864	-1,644
a) Investment management expenses and interest expenses		-1,795	-882
c) Losses from the disposal of investments		-1,069	-762
7. Other income from ordinary activities	15	19,290	66,543
8. Other expenses from ordinary activities		-10,980	-10,926
9. Result from ordinary activities		80,676	69,750
13. Taxes on income and profit		-9,795	-6,637
14. Other taxes		-57	1,115
Annual profit		70,824	64,228

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NOTES

ACCOUNTING PRINCIPLES

The company prepares its annual financial statements and annual report in accordance with the provisions of the Liechtenstein Persons and Companies Act (Personen- und Gesellschaftsrecht, PGR), Insurance Supervision Act (Versicherungsaufsichtsgesetz, VersAG) and Insurance Supervision Ordinance (Versicherungsaufsichtsverordnung, VersAV).

The annual financial statements were prepared in thousands of euros (€ thousands). The financial year is identical to the calendar year, so 31 December is considered the balance sheet date.

The accounts of foreign branches are generally held in the respective national currency. For periodic financial statements, balance sheet items are translated into euros at the closing rate, and income statement items at the average rate.

Due to rounding, there may be slight discrepancies in totals and in the calculation of percentages.

Accounting, valuation and determination methods

Intangible assets

Intangible assets are reported at cost and amortised on a straight-line basis over their useful life, up to a maximum of five years.

Shares in affiliated companies, loans to affiliated companies and equity investments

These items are recognised at cost. If an impairment is expected to be permanent, appropriate value adjustments are made.

The fair value of shares in affiliated companies and investments is determined using the equity method.

Other investments

Shares, units or shares in investment funds, bearer bonds and other fixed-interest and non-fixed-interest securities

Own investments are valued according to the lowest value principle and reported at the lower of average acquisition cost or market value.

The fair values of listed investments are determined based on the market value on the balance sheet date or, if this is not a trading day, the last trading day before the balance sheet date. Unlisted investments are reported at their expected realisable value.

Bonds and other fixed-interest securities

These are recognised at amortised cost.

Mortgage receivables, other loans and advances

These are recognised at nominal value and adjusted for any impairments.

Deposits at banks

These are recognised at their nominal value.

Requirement to reverse impairment losses, write-ups

Assets that have been written down to a lower market value in previous years can be written up if a higher value is assigned to these assets again on the balance sheet date. Write-ups are reported up to the amount of the amortised cost or to a lower market value.

Deposit receivables on reinsurance business

These are recognised at their nominal value.

Other receivables and other assets

Specifically:

- Receivables from direct insurance business
- Accounts receivable from reinsurance business
- Other receivables
- Current bank balances, cheques and cash in hand
- Other assets

These are valued at their nominal value.

In the case of receivables from direct insurance business, general credit risk is taken into account through general value adjustments.

Fixed assets and other assets are measured at amortised cost. The amortisation period is determined by the useful life and is generally five years.

Accounts receivable from reinsurance business are netted separately for incoming and outgoing reinsurance for each contracting party.

The receivables from assumed reinsurance business were reclassified from the 2024 financial year. To ensure comparability, the corresponding balance sheet items for the 2023 financial year were adjusted accordingly. This relates to the following balance sheet items:

- D. I. Receivables from direct insurance business
- D. I. 1. From policyholders
- D. I. 1. a) From affiliated companies
- D. I. 1. c) From other policyholders
- D. II. Accounts receivable from reinsurance business
- D. II. 1. From affiliated companies
- D. II. 3. From other debtors
- D. III Other receivables
- D. III. 1. From affiliated companies
- D. III. 3. From other debtors

These adjustments have no effect on the income statement for the 2023 financial year.

Underwriting reserves

Unearned premiums

In direct insurance business, unearned premiums are predominantly calculated using the daily calculation method. Flat rates are applied to a limited extent.

For assumed reinsurance business, unearned premiums are reported according to the information provided by the ceding companies. The portions deducted from the gross unearned premiums for ceded reinsurance business are predominantly calculated using daily methods.

In the case of quota share cessions with original cost participation, the pro rata unearned premiums are reported in accordance with the reinsurer's quota share.

Provisions for outstanding claims

For known insurance claims, the probable payment is calculated for each insurance claim based on the claim files.

For assumed reinsurance business, provisions for known claims are reported based on the information provided by the ceding companies.

For claims incurred but not yet reported on the balance sheet date, an additional IBNR reserve is calculated for each risk group using statistical methods.

For ceded reinsurance business, the reinsurers' shares of the provisions are determined in accordance with the contractual agreements.

Provisions for profit-linked and non-profit-linked premium refunds

This item is calculated on an individual contract basis and determined at the expected payment amount.

Other provisions

Non-underwriting reserves are generally reported at the expected settlement amount. The expected settlement amount is the best possible estimate.

Liabilities

Specifically:

- Deposits retained on assumed reinsurance business
- Liabilities from direct insurance business
- Accounts payable from reinsurance business
- Liabilities to banks
- Other liabilities

These are reported at the settlement amount.

Accounts payable from reinsurance business are netted separately for incoming and outgoing reinsurance for each contracting party.

The payables from assumed reinsurance business were reclassified from the 2024 financial year. To ensure comparability, the corresponding balance sheet items for the 2023 financial year were adjusted accordingly. This relates to the following balance sheet items:

- H. I. Liabilities from direct insurance business
- H. I. 1. To affiliated companies
- H. I. 3. To other creditors

- H. II. Accounts payable from reinsurance business
- H. II. 1. To affiliated companies
- H. II. 3. To other creditors

These adjustments have no effect on the income statement for the 2023 financial year.

Approximation and simplification methods

If statements from ceding companies are not received in time for the financial year, the underwriting entries are estimated on the basis of past experience, taking current developments into account.

Currency translation

As a general rule, all transactions are reported in the original currency and presented in the balance sheet currency at the respective mean spot exchange rate on the day of the transaction.

Assets and liabilities denominated in foreign currencies are generally translated at the mean spot exchange rate on the balance sheet date. Shares in affiliated companies are translated at historical exchange rates. The lower of cost or market principle is applied, according to which losses resulting from translation are always taken into account, but gains are only realised if the remaining term is one year or less.

As a result of this valuation method, currency gains and losses are not determined separately and are therefore not reported in the currency translation result.

Conversion rates (EUR 1):

	31.12.2024	31.12.2023
CHF	0.93845	0.92970
USD	1.03550	1.10465
GBP	0.82680	0.86655
AED	3.80345	4.05710

NOTES TO THE BALANCE SHEET

1) Investments

In € thousands

	31.12.2023 Carrying amount	Additions	Transfers	Disposals	Reversed impairments	Depreciation	31.12.2024 Carrying amount
B. Investments	1,196,953	403,685	-	-344,518	17,848	-	1,274,246
II. Investments in affiliated companies and equity investments	44,407	-	-	-	-	-	44,407
1. Shares in affiliated companies	44,407	-	-	-	-	-	44,407
III. Other investments	1,042,952	343,485	-	-344,518	16,965	-	1,058,884
1. Shares, other variable-yield securities and investment fund units	1,520	-	-	-	101	-	1,621
2. Bonds and other fixed-interest securities	1,027,664	333,218	-	-344,518	16,864	-	1,033,228
6. Deposits at banks	13,768	10,267	-	-	-	-	24,035
7. Other investments	-	-	-	-	-	-	-
IV. Deposit receivables on assumed reinsurance business	109,594	60,478	-	-	883	-	170,955

2) Shares in affiliated companies and equity investments

Company	Registered office	Share %	Currency	Share capital	Annual result 2024 in € thousands
Allianz Global Corporate & Specialty do Brasil Participações Ltda.	São Paulo	99.9	BRL	251,488,094	6,715

Shares in affiliated companies include € 29.9 million (€ 30.8 million) in hidden reserves. A tax rate of 12.5% plus Liechtenstein supplementary tax applies.

3) Fair value of investments

In € thousands

	2024	2023
Investments in affiliated companies and equity investments	74,299	75,250
Shares in affiliated companies	74,299	75,250
Other investments	1,042,972	1,008,950
Shares, other variable-yield securities and investment fund units	1,621	1,520
Bonds and other fixed-interest securities	1,017,165	993,557
Deposits at banks	24,035	13,873
Other investments	-	-
Deposit receivables on assumed reinsurance business	170,955	109,594

4) Equity and proposed appropriation of profit for the Annual General Meeting

Allianz Global Corporate & Specialty SE (AGCS SE), headquartered in Munich, is (directly or indirectly) the wholly-owned parent company of ART AG, headquartered in Schaan, Liechtenstein.

AGCS SE directly holds 30% of the shares in ART AG, and 70% of the shares in ART AG are held by AGCS International Holding B.V.

in Amsterdam. AGCS SE is a wholly-owned subsidiary of Allianz SE, Munich. The annual financial statements of Allianz SE are available at allianz.com

ART AG's share capital is divided into 463,058,540 registered shares with a nominal value of € 1 each. These are 71.6% paid in.

In €

	2024	2023
Retained earnings carried forward 01.01.	198,729,018	226,843,028
Dividend (resolution: 08.04.2024)	-64,228,053	-92,342,062
Interim dividend (resolution: 28.06.2024)	-70,000,000	-
Annual profit 31.12.	70,823,991	64,228,053
Retained profit	135,324,956	198,729,018
Utilisation	-	-
Allocation to legal reserves	-	-
Allocation to the statutory reserves	-	-
Allocation to other reserves	-	-
Distribution from share capital	-	-
Dividends	-70,823,991	-64,228,053
Retained earnings carried forward	64,500,965	134,500,966

The Board of Directors proposes to the Annual General Meeting that a dividend of € 70,823,991 be paid out of the retained earnings as at 31.12.2024.

5) Gross underwriting reserves

In € thousands

	Underwriting reserves		of which gross reserves	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Total insurance business	1,030,291	863,938	3,001,389	2,984,705
Direct insurance business	219,312	226,505	474,321	519,238
General liability insurance	137,877	103,807	334,139	323,730
Fire and natural hazards insurance	43,043	59,748	50,358	71,775
Credit	317	563	317	563
Aviation liability insurance	14,013	22,094	40,771	49,056
Comprehensive aviation insurance	1,507	2,280	2,938	4,372
Other property insurance	57	458	111	754
Goods in transit (including commodities, items of luggage and all other goods)	19	107	27	293
Accident (including work-related accidents and occupational illnesses)	-637	296	528	897
Miscellaneous financial losses	23,116	37,152	45,132	67,798
Assumed reinsurance business	810,979	637,433	2,527,068	2,465,467
General liability insurance	258,950	264,050	857,198	823,095
Fire and natural hazards insurance	411,190	251,712	1,473,849	1,403,199
Liability insurance for land vehicles with their own engine	9,936	4,718	9,941	4,811
Credit	9,278	10,591	16,853	21,457
Comprehensive land vehicle insurance (excluding rail vehicles)	2,090	970	2,090	970
Aviation liability insurance	17,618	6,359	22,276	13,197
Comprehensive aviation insurance	236	365	506	520
Other property insurance	-141	-219	-202	104
Goods in transit (including commodities, items of luggage and all other goods)	18,929	15,040	34,278	46,908
Accident (including work-related accidents and occupational illnesses)	11,461	7,634	14,229	9,984
Miscellaneous financial losses	71,432	76,213	96,050	141,222

The underwriting reserves do not include any equalisation provisions.

There are no deferred tax liabilities under the valuation principles of commercial law.

6) Liabilities

The company has no liabilities with a remaining term of more than five years, nor any liabilities secured by liens or similar rights on its accounts.

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NOTES TO THE INCOME STATEMENT

7) Income by insurance class

In € thousands

	Gross premiums written		Net premiums earned		Net expenses for insurance claims		Net expenses for insurance operations		Net underwriting result	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Direct insurance business										
General liability insurance	92,529	115,823	12,682	27,055	-44,356	-24,167	-894	-2,512	-32,568	376
Fire and natural hazards insurance	1,747	50,895	-8,518	23,912	609	-40,574	-2,937	-1,850	-10,846	-18,512
Credit	2,635	612	2,948	1,246	-31	355	-395	-92	2,522	1,509
Aviation liability insurance	8,056	9,101	1,061	958	2,620	-7,274	-1,806	-1,223	1,875	-7,539
Comprehensive aviation insurance	2,615	3,140	1,524	1,807	754	-1,907	-45	-35	2,233	-134
Other property insurance	608	672	187	394	-398	-1,134	-497	-886	-708	-1,627
Goods in transit (including commodities, items of luggage and all other goods)	13	31	-	-	38	65	1	-3	39	62
Accident (including work-related accidents and occupational illnesses)	314	135	-321	-414	824	-53	6	-144	509	-610
Miscellaneous financial losses	20,590	56,492	6,242	18,568	1,958	-19,043	2,585	847	10,785	371
Subtotal	129,107	236,901	15,805	73,526	-37,982	-93,732	-3,982	-5,898	-26,159	-26,104
Assumed reinsurance business										
Subtotal	907,378	1,048,974	228,800	216,337	-141,268	-180,924	-16,187	-11,586	71,345	23,827
Total	1,036,485	1,285,874	244,605	289,863	-179,250	-274,656	-20,169	-17,484	45,186	-2,277

8) Premium income by region

In € thousands

	2024	2023
Liechtenstein	1,584	1,432
Other EEA signatory states	34,039	88,645
Other countries	93,484	146,824
Gross written premiums	129,107	236,901

These amounts relate exclusively to direct insurance business.

Payment of these RSUs is subject to conditions and is scheduled for March 2028. Total compensation for the Board of Directors amounted to CHF 70 thousand in the reporting year. There were no pension obligations to former members of the Board of Directors or the Executive Board in the reporting year.

9 | Personnel expenses

In € thousands

	2024	2023
a) Wages and salaries	20,194	19,232
b) Social security contributions and pension costs	5,033	4,377
of which for pensions	4,523	4,037

The total compensation of the Executive Board amounted to CHF 2,327 thousand in the reporting year. This amount includes salaries, fringe benefits and bonuses paid out in the 2024 financial year. In addition, 5,597 restricted stock units (RSUs) with a fair value of € 1,664 thousand were allocated to members of the Executive Board.

FURTHER INFORMATION ON THE ANNUAL FINANCIAL STATEMENT

Information about the total fees paid to the auditor can be found in the consolidated financial statements of Allianz SE, Munich (allianz.com).

10) Annual average number of employees

	2024	2023
Adjusted for part-time work	89.0	76.2

11) Sureties, guarantees and contingent liabilities

Sureties, guarantees and contingent liabilities include a guarantee provided by ART AG for the benefit of Allianz Risk Transfer (Bermuda) Ltd, Hamilton (ART Bermuda). This serves to secure ART Bermuda's obligations under insurance, reinsurance and other underwriting contracts that the company entered into up until 31 December 2019 or the termination date of the guarantee.

Pledged assets totalled € 348,623 thousand (€ 421,219 thousand).

12) Derivative financial instruments

ART AG uses derivative instruments solely to hedge its long-term incentive scheme and RSUs, and for individual foreign currency items.

The fair value of hedging transactions for RSUs is € 5,155 thousand (€ 3,930 thousand) and is reported under other receivables.

13) Extraordinary income and extraordinary expenses

No transactions were reported as extraordinary income or expenses in the 2024 and 2023 financial years.

14) Significant events after the balance sheet date

The company is not aware of any reportable events after the balance sheet date.

15) Release of the fluctuation reserve

The income statement for the 2023 financial year includes the release of the equalisation reserve totalling € 57,333 thousand under other income from ordinary activities.

In contrast to the previous year, foreign currency derivatives are reported under other income from ordinary activities.

16) Transactions with affiliated companies

ART AG generates revenue with affiliated companies, which exclusively comprise Allianz Group companies, primarily in the fields of reinsurance and services.

These services are charged on the basis of framework agreements and service level agreements, as would be the case between third parties.

The most extensive transactions with affiliated companies are listed below.

In € thousands	2024	2023
Net premiums earned	-57,481	-146,360
Claims expenditure for own account	236,879	-59,488

Negative figures primarily result from ceded reinsurance business.

Administrative expenses and other income and expenses from ordinary activities also include various intra-Group services. The resulting net expense amounts to € 17,254 thousand (€ 12,763 thousand).

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REPORT OF THE STATUTORY AUDITOR

Allianz Risk Transfer AG

Schaan

Statutory auditor's report to the
General Meeting
on the financial statements 2024

-- non-binding translation of the German original --



Statutory auditor's report

to the General Meeting of Allianz Risk Transfer AG Schaan

Report on the audit of the financial statements

Opinion

We have audited the financial statements (pages 11 to 22, excluding the footnote on page 12) of Allianz Risk Transfer AG (the "Company"), which comprise the balance sheet as at 31 December 2024, the income statement for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: EUR 27'000'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter, the following area of focus has been identified:

- Provisions for unsettled insurance claims

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 17'000'000
Benchmark applied	Adjusted total assets
Rationale for the materiality benchmark applied	We choose the total assets figure adjusted for the reinsurers' share of the technical provisions as the reference figure for determining materiality, as we believe that this is the figure that is most relevant for the parties involved and readers of an insurance company's financial statements, particularly in the context of the overall group.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provisions for unsettled insurance claims

Key audit matter	How our audit addressed the key audit matter
<p>In the financial statements, the Company reported EUR 2'347 million gross and EUR 547 million net under the "Provisions for unsettled insurance claims" balance sheet item (so called claims provisions).</p> <p>Insurance companies are required to recognize claims provisions to the extent necessary in accordance with reasonable business judgment to ensure that they can meet their obligations from insurance contracts on a continuous basis. Defining assumptions for the purpose of measuring claims provisions requires the Board of Directors and Management, in addition to complying with the requirements of commercial and regulatory law, to make estimates of future events and to apply appropriate measurement methods.</p> <p>The methods used to determine the amount of the claims provisions and the calculation parameters are based on judgments and assumptions made by the Board of Directors and Management. In particular, the lines of business with long claims settlement periods, low loss frequency or high individual losses are usually subject to increased estimation uncertainties and consequently require a high degree of judgment by the Board of Directors and Management. Minor changes to those assumptions or to the methods used may have a material impact on the measurement of the claims provisions.</p> <p>Due to the material significance of the amounts of these provisions for the assets, liabilities and financial performance of the Company as well as the scope for judgment on the part of the Board of Directors and Management and the associated uncertainties in the estimations made, the measurement of the claims provisions is of particular significance in the context of our audit.</p> <p>The measurement model of the claims provisions are detailed in the notes to the financial statements on page 16 and further details on the position are provided on page 20.</p>	<p>Given the significance of the claims provisions for ART's overall business, as part of our audit we worked with our internal valuation specialists to assess the assumptions made by the Board of Directors and Management and used by ART.</p> <p>In doing so, we based our assessment on our industry expertise and experience, among other things, and considered recognized methods. We also evaluated, where appropriate, the design and effectiveness of the controls established by ART for the purpose of calculation and recording claims provisions. On that basis, we carried out further analytical procedures and tests of detail relating to the measurement of the claims provisions. Among other things, we also reconciled the data on which the calculation of the settlement amounts is based with the underlying documents. In this context, we assessed the results of ART's calculations of the amount of the provisions with reference to applicable legal requirements and evaluated the consistent application of the measurement methods and the accrual basis of accounting.</p> <p>Based on these audit procedures, we consider the models and assumptions used in the valuation of claims provisions as reasonable.</p>

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, we have the responsibility to read the other information and to consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, on the basis of our work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with Liechtenstein law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Liechtenstein law and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further information pursuant to article 10 of Regulation (EU) No 537/2014

We were elected as statutory auditor by the General Meeting on 8 April 2024. We have been the statutory auditor of the Company without interruption since the financial year ending 31 December 2018.

We declare that the audit opinions contained in this statutory auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company:

- Regulatory audit according to the Liechtenstein insurance regulation

Further, we declare that no prohibited non-audit services pursuant to article 5 in accordance with article 10 para. 2 lit. f Regulation (EU) No. 537/2014 were provided.

Further confirmations according to article 196 PGR and article 54 para. 3 VerAV

The management report has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of available earnings comply with Liechtenstein law, the articles of incorporation and the regulatory requirements. We recommend that the accompanying financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Michael Stämpfli
Liechtenstein Certified Public Accountant
Auditor in charge

Christian Konopka

Zurich, 31 March 2025

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