

Allianz Global Corporate &
Specialty SE Singapore Branch

2022

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Supplementary Information 2022

Claims incurred increased to SGD 86.2mn (2022: SGD 73.2mn) largely due to large claims which occurred in Marine and Property partially offset by Engineering. As a result, the loss ratio net of reinsurance has deteriorated by 5 percentage points from 47.1% to 52.1% in 2022.

The following comments on the development of AGCS Singapore business are based on gross figures unless otherwise specified.

Marine and Aviation

Gross written premium decreased by SGD 2.2mn to SGD 14.5mn in 2022. This is mainly attributable to exit from Marine Hull business. The 2022 net underwriting results is SGD 0.4mn. The underwriting result is SGD 19.4mn lower compared to 2021 due to higher claims experience and lower net earned premium.

Property and Energy

Gross written premium is SGD 152.2mn, which is higher by SGD 30.4mn compared to 2021. This increase comprises an increase in premiums in Property, partially offset by a decrease in premiums in Energy. The increase in Property is mainly drive

chances and risks are therefore an integral part of AGCS SE's business processes. The key elements of the risk management of AGCS SE are:

- A strong risk management culture, promoted by a solid risk organization and effective risk governance.
- Comprehensive risk capital calculations with the objective of protecting the capital base and supporting effective capital management.
- The integration of capital needs and risk considerations into the decision making and management process.

This comprehensive approach makes sure that risks are adequately identified, analyzed and evaluated. The risk propensity is described in the risk strategy and made operational by the limit system contained therein. In addition, further limits are substantiated and detailed in specific standards and directives. Strict risk control and the corresponding reports ensure the early detection of any possible deviations from risk tolerance.

Internal Control Framework

The AGCS SE Internal Control Framework is designed to enhance the overall governance structures by articulating and assigning specific roles and responsibilities within the Three Lines of Defense model. AGCS SE Singapore Branch adopts the internal control framework of AGCS SE fully in executing its business strategy. It consists of specific tools, risk assessment, internal controls and further control elements and has the objective to:

- Safeguard AGCS SE Singapore Branch existence and business continuity
- Ensure compliance with applicable laws and regulations
- Create a strong control culture and environment, ensuring that all personnel are aware of the importance of internal control and their role in the internal control system
- Strengthening of all three lines of defense, being driven from the management focus on emerging risks and core controls discipline
- Conduct control activities commensurate to the risks arising from business activities and processes in AGCS SE Singapore Branch
- Provide the management bodies with the relevant information for their decision making processes

The internal control framework elements, include the three lines of defense model, control functions, policy framework, committee framework, internal risk and control system, among others.

Integrated Risk and Control System

AGCS SE has implemented the Integrated Risk and Control System (IRCS) which ensures that effective controls or other measures are in place to mitigate significant operational risks. AGCS SE Singapore is a part of the overall AGCS SE IRCS system.

The framework focuses on inherently significant risks which potentially have a long term adverse effect on the reputation of AGCS SE Singapore Branch or a significant negative impact on the achievement of financial targets. These significant operational risks and their respective mitigating measures are identified, assessed, documented during risk and control assessments (operational and compliance risks) on an annual basis.

These operational risks are managed through the establishment of a set of effective mitigation measures (i.e. key controls). A control will be defined as “key control” if the actual risk would be significantly higher in the absence of the respective control. In order to allow for an annual assessment of the effectiveness of the Internal Control System, all key controls are being tested regularly on a risk based approach, at minimum on a three year basis. The control testing includes a design test (which ensures that the control is performed as documented). Both testing aspects can by themselves lead to a control deficiency which needs to b

- Reputational risk, i.e. risks arising from possible damage to the branch's reputation as a result of negative public perception.

As part of AGCS SE Singapore branch's steering activities, management would ensure that the branch have adequate liquidity to meet arising funding needs. Short term liquidity needs are expected to be fully met by available operational cash, the Allianz SE cash pool and maturing term deposits. Mid and long term funding needs are expected to be funded from cash generated by maturing or sold investments.

Liquidity needs are assessed in normal and stressed conditions and compared to available liquidity at various time buckets as outlined in the AGCS Standard on Liquidity Risk Management. The AGCS SE Singapore branch complements the legal entity level liquidity risk management of AGCS SE by branch specific requirements and processes. AGCS SE Singapore branch does its liquidity risk situation and adequacy of its contingency funding plan on a regular basis, at least annually.

The available sources of liquidity of the AGCS SE Singapore branch are its investment portfolio which is investing in highly liquid SGD denominated fixed income investments, and its access to the Allianz SE cash pool with full capacity available as for AGCS SE.

AGCS SE Singapore branch also prepares its own risk and solvency assessment annually whereby the branch's risk and solvency situation are not only assessed over the year and at the end of the year, but also covers the entire three year planning period.

Investment and Asset-Liability Management

The AGCS Investment and Asset-Liability Management Standard of AGCS SE applies to AGCS Singapore. (s)-1.3 (m)4.5 (e)-3 (n)13.10.8 (t)3 (e)-3 (.8)8.1 (p.5 (E)p.5 (E)1 (o)-6.65)8.1 (p.5 (E)p.a (w)-3.5 (h)2.3 (e)-3

Risk and Solvency Assessment

An essential component of the risk management of AGCS SE Singapore Branch is the Branch's own risk and solvency assessment.

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