



Annual General Meeting of Allianz SE on May 4, 2022

CEO Report

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The report delivered at the Annual General Meeting may differ from this preliminary version, especially to reflect developments occurring in the intervening period. The valid version is the one delivered to the Annual General Meeting.

Thank you, Mr. Diekmann –

Good morning Ladies and Gentlemen, dear Shareholders and Employees, allow me to extend a very warm welcome to Allianz's third virtual Annual General Meeting. Not only from myself, but also on behalf of our more than 155,000 Allianz colleagues worldwide. This online format continues to be improved. This year, we have enabled our investors to submit video messages. In addition, today participants will be able to submit follow-up questions.

In the past year, Allianz's performance was impressive. We posted the best operating result ever and can report on many positive aspects.

However, I would like to begin today by expressing how dismayed I am at the suffering caused by Russia's unprovoked attack on Ukraine. Cities and towns lie in ruins. People have lost their families. And their homes. What is happening before our eyes in Europe leaves me, and undoubtedly all of you, speechless.

What concerns us is not the economic impact on Allianz as a company. We have decided not to write any new business in Russia. Nor are we making any new investments, on our own behalf or on behalf of our insurance customers. We are winding down our activities in an orderly yet decisive manner.

We are a global organisation. We follow a clear set of values. We stand firmly by the side of our employees and all the people whose lives are being affected by these events.

It, therefore, remains a priority for us to help all those affected. And to provide them security. In Germany, for example, we pay any personal liability claims of Ukrainian refugees and their children, that our customers have taken in their homes. And as part of a joint initiative by the German Insurance Association (GDV) we cover motor vehicle liability claims caused by uninsured Ukrainian refugees up until May 31, 2022.

But for us this is not enough: We also want to support locally and alleviate misery. This is why, only four days after the initial attack, we made 12.5 million euros available for humanitarian aid. In addition, our employees have so far donated 1.1 million euros (as of April 26, 2022).

We can offer this help because in 2021 Allianz once again performed well. And that brings me on to our main topic for this meeting:

How did Allianz perform in the year under review?

As I mentioned at the beginning, we achieved the best operating result in the history of our company. Despite new hurdles that we encountered.

Let's take a look back together: When we last met, the second major wave of the pandemic was coming to an end. We slowly emerged from our homes again - out of the lockdown which in Germany lasted for six months:

- Widespread restrictions on social contact.
- Sparsely-filled offices.
- Closed shops.
- Disrupted supply chains.
- A ban on travelling to many countries all over the world.

During these difficult times, we still had to continue operating our business, being there for our customers, inspiring them via screens and over the phone by what Allianz stands for. We also had to take care of our employees - by offering services to help them deal with the mental strain. I am proud of how we coped during this period. We were able to be there for our customers during a difficult time - both personally and digitally.

The next shock came in early summer - terrible natural disasters. Floods right on our doorstep. Not only in Germany, but also in the Netherlands. And in Belgium.

People died. Many lost their homes and possessions. We activated all our resources. And we were among the first on the scene. We helped quickly and efficiently. Within a short time, we had settled more than 20,000 claims. We paid our customers a total of more than one billion euros.

But we were able to do more than that. We donated one million euros and supplied more than 2,000 dehumidifiers. We see this response as one already inherent in our brand name. Allianz stands for solidarity.

It was the moment of truth. Our customers could feel: I have a strong partner at my side. A partner who keeps its word. A partner who is there for me. Even when – literally - my worst nightmare becomes true.

During these events, the pandemic was almost forgotten for a brief period of time. However, it was not over, as we were to find out in the autumn. We wanted to do our part to return to a new normal. A normality with Covid. To help getting there, we supported vaccination campaigns worldwide. In Germany alone, we vaccinated more than 23,000 employees and their families. A tremendous effort by our company doctors and medical staff.

The year 2021 demanded a lot from us all. We faced the challenges. We were there for our customers. We took the hurdles.

Motivated employees are essential for this. Those willing to go the extra mile. My colleagues did a superb job in what was a difficult second year of the pandemic. They worked very hard for our customers. They did so with passion and compassion.

I think I can speak on your behalf, too, when I say: thank you very much to this wonderfully committed global Allianz team! It is a pleasure to work together with such colleagues for our customers.

Dear Shareholders,

2021 showed that "simplicity wins" is the right approach. You are no doubt still familiar with this phrase. "Simplicity wins" was the name we gave our strategy from 2019 to 2021.

In the next 30 minutes, I would like to report on our progress and address four points:

1. What did we accomplish in 2021?
2. Where do we stand in the proceedings relating to the Structured Alpha funds?
3. What financial results did we achieve in 2021?
4. What is our strategy for the future?

What did we accomplish in 2021?

First, I want to talk about how we are continuously developing and simplifying our business. About how we are deploying our capital efficiently and growing profitably. And about how we are working for greater sustainability, especially in terms of climate protection and social issues.

The Allianz customer model is the core of our strategy. **It is the central lever for the further development of Allianz.** Never losing sight of our customers, we are becoming ever more efficient. And we are increasing our productivity.

Let me briefly tell you about the idea behind our model:

We have thousands of products worldwide. These were all structured differently. They belonged to different generations of tariffs. They ran on different systems. All of this created a great deal of complexity within our IT environment. We made it our mission to change all that.

To this end, we introduced a manageable number of so-called "master products" and "master processes". Step by step. One at a time. They are digital. They can be understood intuitively. They are products that are truly in demand. And processes that provide simple and uncomplicated handling. From initiating an insurance contract to processing a claim.

These products and processes can be continuously updated. They can be adapted to process large quantities. And they can be deployed anywhere in the world.

Today, I can proudly say that the Allianz Customer Model has become part of our DNA: it covers more than 99 percent of premiums in our Property & Casualty (P&C) business for retail customers and small businesses. And by the end of the current year, we will be making noticeable progress, especially in our P&C business for large corporate customers, in reinsurance, and in life and health insurance.

The basis for this development is a very precise understanding of our work processes. In customer services and in IT. Not just in the theory. But also in real time.

To achieve this, we trace the customer journey. We identify outliers that deviated from the ideal route. From the customer's point of view, of course. To name just one achievement: our customers in Germany and in Central and Eastern Europe can now view the current processing status of a claim on our central IT platform – online, around the clock, at any time.

Last but not least, we were able to identify touch points that can be automated or avoided. This helps us improve our productivity.

Our customers reward us for these efforts with their loyalty. Our benchmark for customer satisfaction is the internationally standardised system *Net Promoter Score™*, or *NPS™* for short. It shows how likely customers are to recommend Allianz. Over the last five years, our *NPS™* has improved considerably and continuously. The proportion of Allianz businesses with a better score than the *NPS™* average of their domestic market has jumped to 84 percent. This is a record figure.

These successes are also reflected in the perception of our brand. Once again, Interbrand rated us as the most valued insurance brand worldwide. Now Brand Finance also ranked us the top insurance brand with a global reach.

In the future, we must work towards becoming market leaders in customer loyalty in every area of our business. We want to systematically leverage the resulting economic benefits. Being the market leader in customer satisfaction is the be-all and end-all of any sustainable business success, and, as members of Allianz, it is our top priority.

Last year, we also worked on using our capital more profitably for you. We continued to grow profitably. By realigning the existing business. And also by making acquisitions.

I would like to give you three examples:

1. In the USA, we externally reinsured annuities worth over 35 billion US dollar. We were able to unlock 3.6 billion euros in risk capital as a result. This increased Allianz Life USA's return on equity from 12 to 18 percent without any sacrifices by our customers. The interface to the customer and likewise the investment of their funds remains in our hands.
2. The acquisition of Aviva in Poland and Lithuania made us number 2 in Central and Eastern Europe. The acquisition of Aviva Italy consolidated our position as the market's number 3.
3. We also ensured that major entities are again contributing to profitable growth. Our industrial insurer, Allianz Global Corporate & Specialty, and Allianz Partners, a specialist in global assistance and insurance services, have achieved visible success through their hard work.

And we have also made real progress in achieving our ESG goals. "ESG" stands for "Environment, Social, Governance". So it's about environmental conservation and climate protection. Social issues such as diversity, inclusion and the fight against poverty. And ultimately, it's about the principles of good corporate governance.

It's about sustainability.

Two aspects are particularly important to me here:

1. We have to make our economy carbon neutral, because we are already feeling the consequences of climate change. We have to change course today in order to ensure a liveable environment for future generations. This is not just a task for politicians. It is a social responsibility. Not only in Germany, but worldwide. With reliable promises. With measurable results.

We are reducing our greenhouse gas emissions by 50 per cent by 2025 - measured against 2019 levels. By 2030, we want to be carbon neutral. Two key drivers in achieving this: We will only use green electricity throughout the Allianz Group from next year. In addition, we will continue to minimise the number of business trips also after the pandemic.

But more is needed: strong partners who secure the funding for the transformation of our economy. Partners who invest in green alternatives and guide companies on the road to carbon neutrality. Partners who measure the performance of their investments and products not just in terms of returns, but also according to CO2 emissions.

Last year I already told you about the Net-Zero Asset Owner Alliance. Or "AOA" for short. It was initiated by the United Nations. We are a founding member and my colleague on the Management Board Günther Thallinger currently has the chair.

So far, we have succeeded in recruiting more than 70 institutional investors such as pension funds and insurers around the world to join this mission. Collectively, we manage more than 10.4 trillion US dollar in assets. And we committed ourselves: We intend our own investment portfolios to be free of greenhouse gases by 2050. On the way to achieving this, we are setting binding interim targets. We are leading by example. We have already reduced the emissions of our portfolio by 25 per cent compared to 2019. However, this still includes pandemic-related effects. By 2024, the planned real figure is 25 per cent.

We have gained much respect in the political arena for this leadership. We had the opportunity to present our strategy at President Biden's Leader Summit on Climate.

2. Apart from our commitment to climate protection, we are driving initiatives to promote diversity and inclusion. Because diversity makes us stronger. It also makes us more creative and more productive.

The promotion of women is particularly close to my heart. I am pleased that we are already at the forefront here: Around 30 per cent of our operating profit is managed

by female CEOs of our subsidiaries. On the Management Board of Allianz SE, I have the privilege of working closely with three female colleagues.

This is the sixth year in a row that we have been included in the Bloomberg Gender Equality Index and are also ranked fifth in the prestigious Refinitiv Diversity & Inclusion Index. We are the only German company to be ranked in the Top 20 and the only insurer in the global Top 100.

At Allianz, we promote a corporate culture where equal importance is accorded to the people and their performance. This is also reflected in our Inclusive Meritocracy Index, which remains at an all-time high of 78 percent. This clearly sets us apart from the market trend in 2021, which showed a significant decline.

Our commitment means that we are making a real contribution - for the climate and for our employees. We will continue on this path. With all our strength. For your Allianz, and for us as a society.

Where do we stand in the proceedings relating to the Structured Alpha funds?

Of course, I cannot talk about the 2021 financial year without also addressing the subject of Structured Alpha.

In my letter to shareholders and in our annual report, we have dealt with the proceedings in the United States in connection with the Structured Alpha funds of Allianz Global Investors U.S. The Structured Alpha funds faced dramatic losses in value in light of the market turbulences caused by Covid-19 and largely had to be closed. Investors had sued Allianz Global Investors U.S. for damages of several billion dollars, and the U.S. Department of Justice and the U.S. Securities and Exchange Commission, the securities regulator in the United States, initiated investigations and proceedings. We deeply regret the losses incurred and take the matter and the related proceedings very seriously.

Unfortunately, our very good result last year was significantly affected by these proceedings. As reported, we have made a provision of 3.7 billion euros for 2021 in view of pending settlements with some investors and in view of the ongoing discussions with the U.S. authorities. This reduced net income by 2.8 billion euros in the last financial year. We had pointed out that the precise overall financial impact of the Structured Alpha matter could not be reliably measured at the time the 2021 annual financial statements were prepared and that, in our view, additional burdens should be expected before the proceedings with plaintiffs and authorities are completed.

Of course, with external support we are in the process of examining and working through how the losses came about and what possible lessons learned can be taken for us as an organization. However, we cannot make any final statements on this yet. The proceedings with the U.S. authorities and the efforts for comparative compensation of the remaining civil plaintiffs have not yet been completed.

I know that you, dear shareholders, still have many questions. In light of the fact that the proceedings have not yet been completed, I ask for your understanding that we will not be able to provide you with any further information at today's Annual General Meeting.

What financial results did we achieve in 2021?

So much on our key areas of work in 2021. **But what did we achieve during the year under review?**

We generated total revenues of 149 billion euros. This is an increase of almost 6 percent. We improved our operating profit by 25 percent to 13.4 billion euros. All three business segments contributed to this success.

The Property/Casualty segment yielded solid revenues of 62.3 billion euros and an operating profit of 5.7 billion euros. Although we had to absorb considerable losses from natural disasters, we managed to improve our combined ratio by 2.5 percentage points to 93.8 percent.

In the Life/Health segment, our operating profit improved by 15 percent to 5 billion euros. The new business value grew significantly by 45 percent to 2.5 billion euros. This shows that we have been hugely successful in generating returns for customers and for shareholders. This has enabled us to free ourselves from the negative effects of the ultra-low interest rate policy in the Euro zone.

In the Asset Management segment, we achieved an operating profit of 3.5 billion euros and improved our cost/income ratio by 2.7 percentage points to 58.4 percent. Even better: the segment achieved a new all-time high with assets under management amounting to 2.6 trillion euros at year-end 2021. We also enjoyed strong third-party net cash inflows of 110.1 billion euros. They came from every region, and flowed into every asset class.

The net income for shareholders totalled 6.6 billion euros. Earnings per share amounted to 15.96 euro. We are proposing to increase the dividend per share for the year under review to 10.80 euro. This represents a year-on-year increase of 12.5 percent.

At this point, I would also like to mention our new dividend strategy. Not only do we deliver

a stable dividend to you as investors. We also strive for an annual increase in the dividend per share of at least 5 percent.

Because our business is robust. It is resilient. And it will remain so. The Management Board and our colleagues around the world are working on this non-stop.

What is our strategy for the future?

The fiscal year 2021 is history now. And it's time to look ahead. What's next?

In a nutshell: We will take the insights and successes of "Simplicity wins" to a new level. Our next strategic cycle is therefore called "Simplicity at scale".

This strategic cycle spans the years 2022 to 2024. It follows on seamlessly from the strategy of the last three years, but goes a step further in key areas. We have identified three key levers here:

- First: **Growth**, organic growth or growth from selective acquisitions.
- Second: **Improved margins**. In other words, the profit margin of our products.
- And thirdly: by using our **capital even more effectively, with a focus on return**.

What do we want to do in the next three years to advance "Simplicity at scale"?

1. We will bring Life/Health and Asset Management closer together. We will serve our customers' needs even better in relation to their personal coverage and pension provision. At the same time, we will gradually push forward the transition to a capital-efficient business model. In doing so, we will leverage our strengths in the Asset Management segment more effectively.
2. We are reinforcing our leading position in Property/Casualty. Productivity will be increased consistently. This will enable us to beat the best competitors in each of our markets. In the motor insurance sector and our other non-life lines.
3. We'll accelerate our growth. Particularly by scaling existing platforms and building new ones for our customers.
4. We will verticalize our business model and integrate upstream and downstream parts of our value chain even more closely. This will help us to profit globally from our economies of scale and our capabilities.
5. We are increasing the productivity of our capital and further reinforcing our



resilience by improving our risk-reward profile and reducing extreme risks. We will also continue to develop our talents and diversity within our company.

These initiatives will sustainably increase our Group value in the coming years.

We are planning a lot for the next three years. I am confident that we will continue to build on our success. With a strong team behind us. With all of you at our side.

Stay healthy!

Disclaimer

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations that are based on management's current views and assumptions and are subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements. Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in Allianz's core business areas and core markets, (ii) the development of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory action or litigation relating to the Allianz Group, other financial services providers and the financial services industry in general, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) churn rates, (vii) credit default rates, (viii) changes in interest rates, (ix) exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulation, (xi) the impact of acquisitions including related integration and reorganization measures, and (xii) the general conditions of the competition that apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities and their consequences.

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