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CREDIT OPINION
25 January 2023

Update

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RATINGS

Allianz SE

Domicile	Germany
Long Term Rating	Aa3
Type	Insurance Financial Strength - Fgn Curr
Outlook	Positive

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Christian Badorff +49.69.70730.961
VP-Sr Credit Officer
christian.badorff@moodys.com

Benjamin Serra +33.1.5330.1073
Senior Vice President
benjamin.serra@moodys.com

Irina Dimitrova +49.69.86790.2106
Analyst
irina.dimitrova@moodys.com

Adrian Stoffel +49.69.86790.2148
Associate Analyst
adrian.stoffel@moodys.com

Simon James Robin Ainsworth +44.20.7772.5347
Associate Managing Director
simon.ainsworth@moodys.com

Allianz SE

Regular Update

Summary

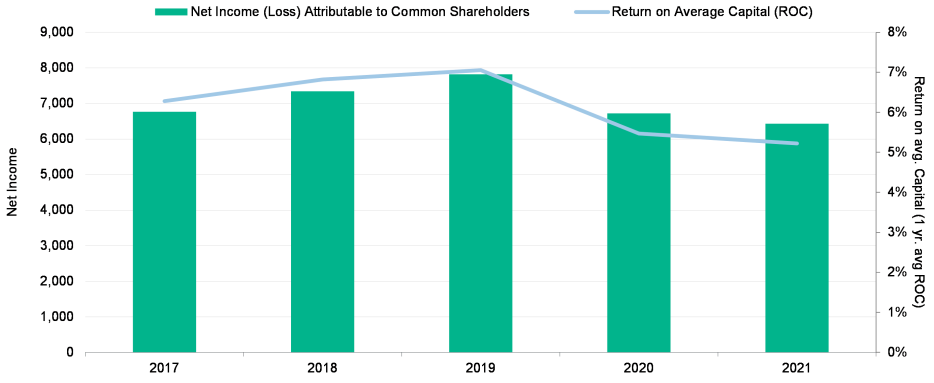
Moody's rates Allianz SE Aa3 for insurance financial strength (IFSR) and senior debt. The rating reflects the Group's very strong franchise as well as business and geographic diversification, very strong and stable profitability, and very strong capitalisation and financial flexibility. Partially offsetting these strengths is the heightened exposure to asset risk, which has the potential to put pressure on the Group's earnings and capitalisation.

On 8 July 2022, Moody's affirmed the IFSR of Allianz at Aa3 and changed the outlook to positive from stable. The positive outlook reflects Moody's expectation that Allianz will be able to maintain very strong and stable earnings. It also reflects Moody's expectation of continuously very strong capitalization, reflecting further improving capital efficiency and prudent management of asset risk exposures.

Moody's also affirmed the IFSR of Allianz S.p.A. at A3, of Euler Hermes SA "Allianz Trade" at Aa3, and of Allianz Life Insurance Co of North America at A1 and changed the outlook on these entities to positive from stable. At the same time, Moody's affirmed the Aa2 IFSRs of Allianz Versicherungs-AG and Allianz Lebensversicherungs AG, collectively referred to as Allianz Deutschland, with stable outlook.

Exhibit 1

Net Income and Return on Capital (1 yr. avg. ROC)[1]



[1] Net Income and Capital as adjusted by Moody's
Sources: Moody's Investors Service and company filings

Credit profile of significant subsidiaries

For more information[1] please see the credit profiles of: 1) Allianz Versicherungs-AG and Allianz Lebensversicherungs-AG, collectively referred to as Allianz Deutschland (rated Aa2 IFSR, stable); 2) Allianz's Italian operations (Allianz S.p.A. rated A3 IFSR, positive); 3) Allianz's US life operations (Allianz Life Insurance Company of North America rated A1 IFSR, positive), 4) Euler Hermes SA "Allianz Trade" (rated Aa3 IFSR, positive), 5) Allianz Taiwan Life Insurance Company Ltd. (rated A1 IFSR, stable).

Credit strengths

» Very strong global franchise and market positions in all markets Allianz is operating in

» Strong degree of diversification between P&C and life, with asset management providing additional diversification benefit

» High profitability levels with low volatility

» Very strong capitalisation, despite some recent weakening

» Very strong financial flexibility

Credit challenges

» Elevated high risk asset exposure compared to peers

» High dependence on investment results in life

» Macro-economic headwinds via claims inflation and potentially weaker economic growth

» Smaller pockets of underperformance

Rating outlook

The outlook for Allianz SE ratings is positive reflecting our expectation that Allianz will be able to maintain very strong earnings, both in terms of levels and volatility. It also reflects Moody's expectation of continuously very strong capitalization, reflecting further improving capital efficiency and prudent management of asset risk exposures.

Factors that could lead to an upgrade

The ratings could be upgraded in case of:

» Maintaining current levels of franchise strength,

» Group Solvency II ratio (excluding the impact of transitional measures on German business) sustainably in excess of 200%,

» Return on Capital (ROC) (Moody's definition, with capital comprising shareholders' equity, free Rückstellung für Beitragsrückerstattung (RfB) reserve and hybrid capital) of at least 6% through the economic and underwriting cycle, and,

» Maintaining current levels of earnings diversification.

Factors that could lead to a downgrade

Given the positive outlook, there is limited downward pressure but the outlook could change back to stable in case of:

» Weakening of franchise strength,

» Group Solvency II ratio (excluding the impact of transitional measures on German business) sustainably below 180%,

» Expected deterioration in earnings leading to ROC (Moody's definition, with capital comprising shareholders' equity, free RfB reserve and hybrid capital) sustainably below 6%, and/or,

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

» A further weakening in asset quality, as reflected in an increase of the high risk asset ratio (Moody's definition) under current IFRS to more than 200%.

Further, the outlook would likely change to stable in case of any additional repercussions for Allianz's business or financial profile related to the Structured Alpha Funds issue.

Key indicators

Allianz SE

Allianz SE [1][2]	2021	2020	2019	2018	2017
As Reported (Euro Millions)					
Total Assets	1,139,429	1,060,012	1,011,185	897,567	901,300
Total Shareholders' Equity	84,221	84,595	77,365	63,679	68,602
Net Income (Loss) Attributable to Common Shareholders	6,541	6,807	7,914	7,462	6,803
Gross Premiums Written	86,063	82,986	82,919	77,824	77,345
Life Insurance Gross Premiums Written	25,884	25,315	25,820	24,315	25,212
Property & Casualty Insurance Gross Premiums Written	60,273	57,772	57,210	53,636	52,262
Net Premiums Written	78,496	76,234	77,372	72,683	72,433
Moody's Adjusted Ratios					
High Risk Assets % Shareholders' Equity	179.0%	141.1%	150.9%	147.2%	133.2%
Reinsurance Recoverable % Shareholders' Equity	65.1%	24.4%	23.5%	25.1%	23.3%
Goodwill & Intangibles % Shareholders' Equity	44.7%	38.4%	43.8%	53.7%	44.8%
Shareholders' Equity % Total Assets	7.0%	8.0%	7.7%	7.4%	7.9%
Return on Average Capital (ROC)	5.2%	5.5%	7.1%	6.8%	6.3%
Sharpe Ratio of ROC (5 yr.)	764.1%	1052.5%	2092.1%	3111.2%	2643.1%
Adv. (Fav.) Loss Dev. % Beg. Reserves	-2.2%	-0.7%	-1.9%	-3.5%	-3.4%
Adjusted Financial Leverage	24.7%	24.0%	24.7%	26.4%	26.1%
Total Leverage	30.3%	29.0%	28.6%	31.0%	30.4%
Earnings Coverage	10.8x	11.6x	10.7x	9.1x	8.8x

[1] Information based on IFRS financial statements as of the fiscal year ended 31 December. [2] Certain items may have been relabeled and/or reclassified for global consistency.
Sources: Moody's Investors Service and company filings

Profile

Allianz SE is the ultimate holding company of the Allianz Group and is publicly traded on the Frankfurt Stock Exchange. It is also an operating company, however as such it only writes reinsurance business, most of which is intragroup. Allianz Group is the largest P&C insurer globally, among the top 5 life insurers, and one of the largest global asset managers. It also has a leading position in global corporate and specialty business, and is the leading provider of trade credit insurance and travel insurance and assistance services.

Detailed credit considerations

We rate Allianz SE Aa3 for insurance financial strength which is in line with the adjusted score indicated by our rating scorecard.

Insurance financial strength rating

The key factors currently influencing the rating and outlook are:

Market position and brand: Very strong global franchise including leading position in Germany

Allianz has a very strong global footprint being the largest global P&C insurer, among the top 5 life insurers, and one of the largest global asset managers. The Group's very strong franchise, which Moody's expects Allianz to maintain, includes a leading position in Germany where it has the largest market shares in life and non-life business, as well as leading positions in France, Italy, Switzerland and the United Kingdom. In addition, Allianz has a leading position in global corporate and specialty business, and is the leading provider of credit insurance (Allianz Trade (formerly Euler Hermes)) and travel insurance and assistance services globally (Allianz Partners). Through Pimco and Allianz Global Investors, Allianz also has a strong presence in the global asset management industry.

Furthermore, Allianz is taking steps to grow inorganically, mostly via moderately sized acquisitions in markets where the Group has already been operating. Most transactions over recent years were to further strengthen local presences and moving closer to local market leadership, examples include acquisitions in Australia, Brazil, Italy, the UK. However, the Group also divested businesses with unfavorable risk characteristics or weaker market positions.

Attaining further revenue growth - Allianz for the current strategic cycle is aiming for annual growth of 3-4% - is a key component of the Group's earnings targets. In life and asset management, Allianz aims for higher convergence of the two segments and additional growth in protection and health business. In P&C, the Group aims for growth both in retail and commercial lines, also based on expansion in higher growth market. Overall, growth ambitions are based on further unifying operating models across markets and segments and increasing penetration of customer facing platforms.

Distribution: Strong diversity and control

Allianz's distribution is viewed as strong, with access to a variety of channels in many of the countries in which it operates. For its life business, there is a strong focus on tied agents, especially in Germany, which is the Group's largest distribution channel. The other significant channels are brokers, as well as bancassurance, which is growing and where the Group has exclusive distribution agreements in various regions such as with HSBC in Asia for life insurance, with UniCredit in Italy and several CEE countries for life and P&C, with Commerzbank, Santander and HypoVereinsbank in Germany for both life and P&C, and effective from December 2020 with BBVA in Spain for P&C.

Allianz is also developing new digital distribution models and its new pan-European direct insurance brand Allianz Direct became operational in late 2019, however traction of this channel varies across countries.

Product focus and diversification: Very strong diversification partially offset by risks from life book

Allianz benefits from very strong diversification by business lines. In 2021, operating profits were well balanced between non-life (40% of operating profit excluding corporate, consolidation and other), life & health (35%) and asset management (25%). The Group's geographic diversification is also very strong, with the majority of operating profits being generated in European businesses and sizable contributions from other regions, as well as by global lines and asset management, which are well diversified geographically in their own right.

Allianz's key product risk is in the life segment, which still has relatively high guarantees in many core markets, notably Germany. However, Allianz's exposure to interest rate risk has reduced materially over the recent years. Thanks to both proactive new business and back-book management, the share of unit-linked and protection products has increased and the average inforce guaranteed rate has fallen to 1.8% at year-end 2021 from 2.7% at year-end 2011 and the Group has been able to preserve investment margins over this period. In addition, Moody's believes guaranteed rate commitments are well covered for the foreseeable future thanks to very strong asset-liability management.

Allianz's P&C product risk is moderate overall, reflecting exposure to short-tail as well as longer-tail lines and to all customer groups, from small-scale retail over small and medium enterprises to large commercial insurance risks.

Asset Quality: Good quality, well managed but risk exposure is gradually increasing

Allianz's asset quality is good and benefits from strong investment management capabilities within the Group. Over 2022, the Group has reduced asset risk, in particular equity risk, but the concurrent fall in shareholders' equity driven by lower unrealized gains due to rising interest rates has more than offset this effect in terms of risky assets relative to shareholders' equity.

At YE 2021, the Group's asset allocation comprised 30% of government bonds, 7% covered bonds, 32% of corporate bonds and 12% of equities. The average quality of the fixed income securities also remained good at YE 2021 with 63% of debt securities rated A or above. The high risk assets (which include equities, investment property, and below investment grade/unrated debt securities) as a % of shareholders' equity ratio was relatively high at 179% at YE 2021, increasing from 141% at YE 2020 largely driven by higher equity exposure and the negative effect of lower fixed income unrealized gains on shareholders' equity. However, this risk is mitigated to some extent by the Group's ability to share losses with policyholders by managing its crediting rates, and by hedging in place.

In line with European peers, Allianz has been increasing its exposure to alternative investments such as mortgages, real estate, private placements, infrastructure and private equity over recent years. During 2021, these investments grew by 20% to €212.1 billion (c.59% of this amount comprising mortgages and real estate) representing about 25% of the investment portfolio. Whilst enhancing yield and matching well with the Group's illiquid liabilities, Moody's believes that these investments also add more risk to the Group's investment portfolio.

Allianz's exposure to Italian sovereign bonds (Government of Italy, Baa3, negative outlook) has significantly reduced over past years, from 52% of the Group's reported shareholders' equity at year-end 2014 to 23% at year-end 2021.

Allianz Group's goodwill and intangibles to adjusted equity at 44.7% at YE 2021 (YE 2020: 38.4%) has increased, largely driven by higher goodwill reflecting recent acquisitions, as well as increased deferred acquisition costs. The ratio appears relatively high but this is mainly driven by deferred acquisition costs, where Allianz has no track record of meaningful impairments. Excluding these from the calculation would result in a ratio of around 20%.

The Group's reinsurance recoverables have increased in 2021 to 65.1% from 24.4% in 2020 mainly driven by the life back book reinsurance transactions in the US and Switzerland with a total amount ceded of € 35.1 billion of gross life and annuity reserves.

Capital Adequacy: Very Strong capitalisation although sensitive to market volatility

Allianz's capitalisation is strong, and we expect the Group to maintain its Solvency II ratio at about 200% on a sustainable level, excluding the technical provision transitional measures which Allianz applies for its German life and health insurance operations for its reported regulatory Solvency II position.

From year-end 2021 to Q3 2022, Allianz's Solvency II ratio (excluding transitionals) fell to 199% from 209%. Capital generation (net of tax and dividend accrual) was strong, positively impacting Solvency II by approximately 23%points in year to date, but this was more than offset by negative market movements accounting for a negative impact of roughly 24%points, mainly stemming from the fall in equity markets, higher credit spreads and overall high financial market volatility. The increase in interest rates did not benefit Allianz's Solvency II ratio significantly as the Group had closed the asset-liability mismatch recently, however this renders its Solvency less sensitive to a potential decrease in interest rates going forward. Capital management actions, mainly via share buybacks, negatively influenced the ratio by c. 5%points (accounting for the share buyback announced in Q4 2022 would add 2%points). Provisions as part of the resolution of the Structured Alpha Funds issue added a negative impact of 4%points in Q1 2022, on top of the 9 %points reported in Q4 2021.

Reported sensitivities of Allianz's Solvency II coverage to external factors are moderately high, but a broader market stress - such as the one experienced in the first half of 2020 - tends to exceed the combined sensitivities to single market movements. At Q3 2022, the largest sensitivity was against 30% fall in equity markets (-13%points, YE 2021: -15%points), followed by 50bps increase in credit spreads on government bonds (-6%points, YE 2021: -11%points) and a decrease in interest rates by 50bps (-4%points, YE 2021: -5%points). The additional negative impact in a combined stress scenario due to cross effects is estimated by the company at around 3%points (YE 2021: -8%) compared to the sum of the individual sensitivities.

Our view at Allianz's capitalisation is underpinned by the Group's strong capital generation and the capital efficiency of organic business growth, which has only a moderate impact on Solvency Capital Requirement growth. Under its strategic plan for 2022-2024, Allianz aims to grow annual organic excess capital generation (defined as Solvency II based own fund generation after organic growth financing and dividends) for the plan period 2022-2024 to about 10 %points impact on Solvency II. Allianz continues to target a Group Solvency (excluding transitional measures) in excess of 180% after a stress scenario, which we believe translates into a target Solvency of about 200%.

Profitability: Strong underlying operating performance to be maintained in the long-term

Allianz's profitability has been strong on average in the last five years, with a Return on Capital (Moody's definition, with capital comprising shareholders' equity, free RfB reserve and hybrid capital) of 6.2%. Furthermore, volatility of earnings has been relatively low, despite the negative Covid-19 impact in 2020 and that of the Structured Alpha Funds issue in 2021 and the first quarter of 2022. The high degree of diversification in terms of segment earnings, including the asset management operations, are a key strength of Allianz's profitability.

Allianz's underlying performance 9M 2022 remained resilient. Operating profit was €10.2 billion, up 3.2% compared to 9M 2021. In P&C, operating profit rose by 13.5%, to €4.7 billion. Despite a slight increase in the combined ratio (to 94.1% from 93.9%), the underwriting result rose thanks significantly higher premium volumes, benefitting both price and volume growth, the latter helped by acquired businesses and the weaker Euro compared to other currencies. Allianz reported an average price change on renewals of 4.3%, up from 3.6% reported for full-year 2021. However, higher claims inflation and claims frequencies trending back to pre-pandemic levels are putting pressure on underwriting profitability - particular in retail lines, partially offset by commercial lines where strong prior

price increases are earned through - and Moody's believes this to be the main driver for the deterioration of the attritional loss ratio, which increased by 2 %points to 68.1% for the first nine months of 2022. More positively, thanks to the rise in interest rates and credit spreads, Allianz reported higher ordinary investment returns as well as an increase in the economic reinvestment yield to 3.5% in Q3 2022 compared to 1.3% in Q3 2021, which will support higher investment results going forward.

In Life and Health, operating profit for 9M 2022 fell by 9.8%, mainly due to a lower investment margin reflecting lower net unrealized gains/losses on investment, more than offsetting a gradual increase in ordinary investment returns benefitting from the rise in yields. New business margin increased to 3.8% for 9M 2022 (9M 2021: 3.2%), benefitting from the rise in interest rates over the year and good quality business mix. New business volumes as measured by the present value of new business premiums (PVNBP) were down 15.8%, reflecting weaker sales momentum in some regions but also higher discounting rates.

Operating profit for 9M 2022 of the asset management operations fell by 2.5% to €2.4 billion, despite increasing operating revenues (+3.7%) and benefitting from the strong US-Dollar. Third party assets under management in the first nine months fell by 12.2%, mainly reflecting negative market movements. Third party net flows were -€62.8 billion for the first nine months.

Net income for 9M 2022 was €4.7 billion, considerably down from prior-year, reflecting the additional provision of €1.9 billion (€1.6 billion after tax) for the Structured Alpha issue in Q1 2022, higher restructuring expenses and lower non-operating investment result.

We believe Allianz has fully digested the financial implications related to the Structured Alpha Funds matter, which was resolved in May 2022. The provisions set aside in Q4 2021 and Q1 2022 are expected to fully cover any remaining financial outlay, based on the settlements reached with the SEC and the DOJ as well as with civil litigation plaintiffs.

In 2021, the Group recorded a 24.6% increase in operating profit to €13.4 billion (YE 2020: €11.9 billion) reflecting a strong double digit growth in all business segments. Net income fell by 2.9% to €6.6 billion (YE 2020: €6.8 billion) mainly due to the significant negative impact from the €3.7 billion provision (€2.8 billion after tax) set aside for the Structured Alpha matter that has more than offset the strong operating result.

As part of its current strategic plan, Allianz plans to increase operating profit to €14.5 billion annually by 2024, from about €13 billion for full-year 2021. The expected increase is to be based on improved earnings across all operating segments, with double digit growth stemming from P&C (+17%) and Asset Management (+14%) and a more moderate improvement in Life and Health (+7%). We believe heightened levels of claims inflation, financial market volatility and potentially lower economic growth pose risks to these earnings ambitions, while higher interest rates will likely be supportive factors, particularly in P&C where asset duration is shorter than in life. In December 2022, Allianz stated that the implementation of IFRS 17 will likely not materially alter reported profitability going forward.

Liquidity & Asset Liability Management: Low liquidity risk and strong ALM capabilities

We view Allianz's ALM capabilities as very strong and the Group's life guaranteed rate commitments, on average 1.8% at YE 2021, are well covered.

In 2021, Allianz reported a spread between the current yield (2.96%, based book values of assets) and the average guaranteed rate (1.76%, based on technical reserves) of c.120bps, compared to c.150bps in 2014. Yields on re- and new investments have improved recently in line with market development with positive impact on the spread.

Liquidity of the Group is very strong (also see section Liquidity Profile below).

Reserve Adequacy: Consistently favourable reserve development

The overall reserve adequacy of Allianz is considered strong. The Group has consistently released reserves and over the last ten years prior year releases have benefited its combined ratio by a meaningful average of around 3.2% points. During 2021, the reported run-off ratio was at 2.6% increasing from 0.8% at YE 2020 when the run-off ratio was impacted by reserve strengthening at AGCS, as well as lower reserve release from Allianz's operations in Reinsurance, Australia and Italy. Allianz's reserving risk benefits from its very diversified book of business, although the proportion of commercial/specialised risks is meaningful, and going forward we expect the Group will continue to report reserve releases although at lower levels than in the past as a result of the higher inflation.

Financial Flexibility: Very strong access and healthy leverage and coverage ratios

Allianz's adjusted financial leverage and total leverage increased in 2021 to 24.7% (YE 2021: 24.0%) and 30.3% (YE 2020: 29.0%) respectively, which was driven mainly by lower shareholders' equity.

Over 2022, Allianz called one subordinated bond of €1.5 billion and issued two subordinated bonds with a total issuance amount of €2.5 billion. In 2020 and 2021, Allianz had issued Restricted Tier 1 bonds amounting to around €4.7 billion. Allianz leverage increased over 2022, however this mostly results from the negative impact of rising interest rates on reported shareholders' equity via lower unrealized gains.

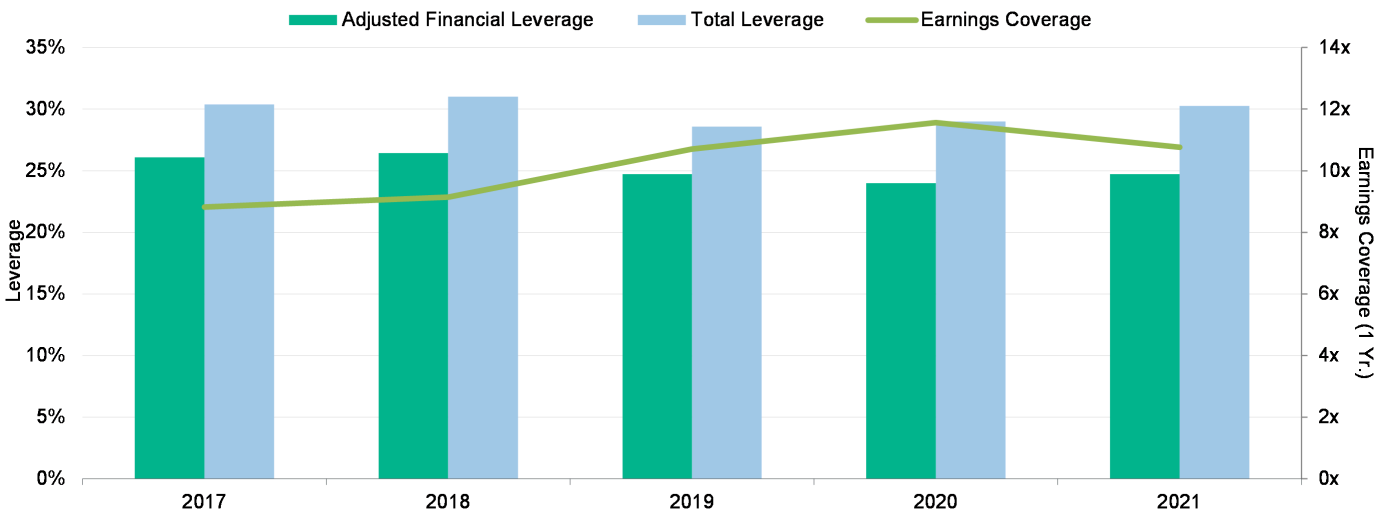
Allianz Group has historically been an active user of debt. Allianz SE either guarantees or directly issues most of the Group's debt, with a significant share of past debt issuance out of the vehicle Allianz Finance II B.V.

The 5 year average earnings coverage for FY 2021 of 10.2x, which is within Moody's expectations for Aa rated companies, improved from 9.8x for FY 2020. The 1 year earnings coverage ratio was down to 10.8x in 2021 from 11.6x in 2020 reflecting lower net income in 2021, as well as the negative impact of the coupons on the Tier 1 capital on interest expense.

Moody's considers the refinancing risk to be limited in the coming few years, given Allianz's well balanced debt profile, cash position and access to capital markets.

Exhibit 3

Financial Flexibility



Sources: Moody's Investors Service and company filings

Liquidity analysis

Allianz SE's primary source of cash-flow is from its directly and indirectly held participations in insurance operations (please note: all figures in this paragraph are based on the local GAAP single legal entity annual reports). In 2021, Allianz SE received from its directly held participations about €6.2 billion (YE 2020: €4.5 billion) of dividends, as well as €2.3 billion (YE 2020: €2.4 billion) of income from profit transfer agreements, while it reported a positive net technical result from reinsurance business of €24 million (YE 2020: €-223 million). At the same time, Allianz SE incurred €0.8 billion of interest expense (YE 2020: €0.9 billion) and the total dividends paid in 2021 for 2020 were €4.0 billion (dividend paid in 2020 for 2019 was €4.0 billion). Further, Allianz in 2021 bought back shares amounting to €0.75 billion. Allianz ultimately plans and manages the Allianz SE result (net earnings of €5.0 billion in 2021 and €4.4 billion in 2020) in line with the liquidity needs of the Group.

Allianz SE maintains a USD CP programme and Euro CP programme. USD CP (through a $5.0 billion programme) is issued via vehicle Allianz Finance Corporation, whose very strong liquidity is supported by an unconditional and irrevocable guarantee from Allianz SE. The US CP stood at $0.2 billion as of YE 2021. The majority of US CP issuance is issued on a 2-day settlement basis. The Group's Euro

CP issuance programme (€5.0 billion maximum) is issued directly through Allianz SE and the outstanding amount as at YE 2021 was around €1.0 billion.

Allianz SE as the Group holding company and reinsurer for the Group maintains a significant level of highly liquid assets (cash, bonds, tradable equities) on its own balance sheet, in respect of shareholder funds and policyholder obligations, which could be used to support short-term liquidity needs at Allianz SE or its financing subsidiaries. Allianz SE also manages a cash pool which includes all German operating companies and the majority of European entities, such that liquid assets could be made available to the holding company from certain key subsidiaries at short notice. In addition, Allianz SE benefits from substantial committed, long-term bank credit lines and LOC facilities. Therefore, in Moody's opinion, the Group is able to unambiguously meet all its near-term maturing obligations.

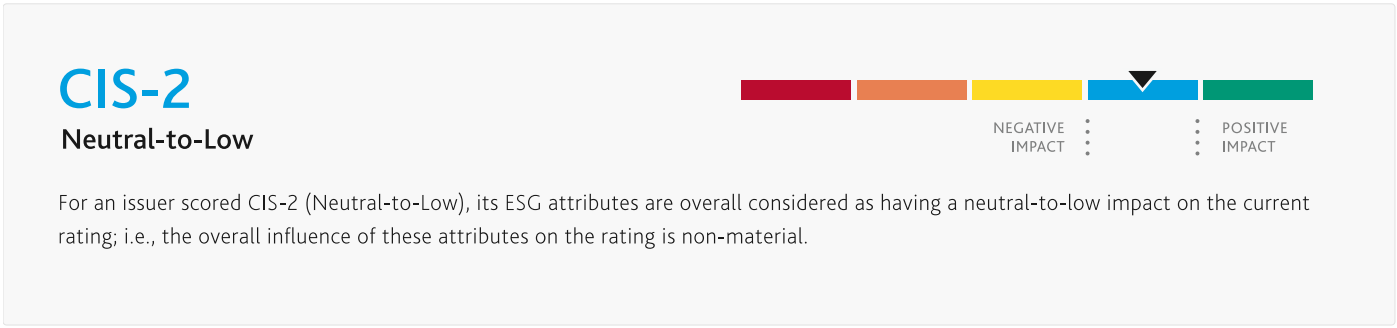
Structural considerations

Allianz SE is the ultimate holding company of the Group and is also an operating company, however as such it only writes reinsurance business, most of which is intragroup. As a result of this special status, Allianz SE's insurance financial strength and senior debt ratings are assigned at the same level, Aa3, and the subordinated debt rating at A2(hyb). This is consistent with Moody's standard notching approach for reinsurance operating companies. Allianz SE's restricted tier one notes are rated Baa1(hyb), based on a model which takes into account the Group's creditworthiness as captured by the Aa3 (IFSR) and Moody's expectation regarding future Solvency II ratios.

ESG considerations

Allianz SE's ESG Credit Impact Score is Neutral-to-Low CIS-2

Exhibit 4
ESG Credit Impact Score



Source: Moody's Investors Service

Allianz's ESG Credit Impact Score is neutral-to-low (**CIS-2**), reflecting the limited impact of environmental social and governance factors on the rating to date. Allianz's strong risk management, effective governance and strong capitalization partially mitigate its environmental and social risks, in particular carbon transition risk, physical climate risk and customer relations risk.

Exhibit 5
ESG Issuer Profile Scores

Source: Moody's Investors Service

Environmental

Allianz has moderate environmental risks. The insurer is exposed to carbon transition risk through the assets held in its investment portfolio, particularly in its traditional life books with inherently high asset leverage, and strategic risk related to the increasing stakeholder focus on its environmental stewardship. Allianz manages these risks through its sophisticated risk and portfolio management capabilities, along with the increasing alignment of its business with the transition to a low-carbon economy. The asset management operations have low exposure to environmental risk. The P&C insurance business' exposure to physical climate risk is moderate in the context of the overall Group and is managed through exposure diversification and reinsurance, as well as the ability to re-price exposures.

Social

Allianz is exposed to high social risks, in particular customer relations risk in relation to the sale of its products and the significant interaction with its retail customers, particularly in its life insurance and asset management businesses. In addition, as a globally diversified group, Allianz is exposed to various regulatory and legal regimes. Rising digitization and interconnectedness of devices will increase customer privacy and data security risks. Allianz is exposed to litigation and regulatory investigations related to a part of its asset management operations, which indicate higher risk related to the responsible production of financial products.

Governance

Allianz faces neutral-to-low governance risks, and its risk management, policies and procedures are in line with industry best practices. The Group has a clear financial strategy, and its management has a strong track record of achieving business and financial objectives. As a global multi-line financial services provider, Allianz has heightened organizational complexity and is exposed to potential compliance challenges, as is the case for its asset management operations.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

Allianz SE

Financial Strength Rating Scorecard [1][2]	Aaa	Aa	A	Baa	Ba	B	Caa	Score	Adj Score
Business Profile								Aa	Aa
Market Position and Brand (20%)								Aaa	Aa
-Relative Market Share Ratio	X								
Distribution (5%)								Baa	Aa
-Distribution Control				X					
-Diversity of Distribution			X						
Product Focus and Diversification (10%)								Aa	Aa
-Product Risk - P&C			X						
-Product Risk - Life			X						
-Product Diversification	X								
-Geographic Diversification		X							
Financial Profile								A	Aa
Asset Quality (10%)								Baa	A
-High Risk Assets % Shareholders' Equity					179.0%				
-Reinsurance Recoverable % Shareholders' Equity		65.1%							
-Goodwill & Intangibles % Shareholders' Equity				44.7%					
Capital Adequacy (15%)								A	Aa
-Shareholders' Equity % Total Assets			7.0%						
Profitability (15%)								Aa	Aa
-Return on Capital (5 yr. avg.)			6.2%						
-Sharpe Ratio of ROC (5 yr.)	764.1%								
Liquidity and Asset/Liability Management (5%)								Aa	Aa
-Liquid Assets % Liquid Liabilities		X							
Reserve Adequacy (5%)								A	Aa
-Adv. (Fav.) Loss Dev. % Beg. Reserves (5 yr. wtd. avg.)			-2.0%						
Financial Flexibility (15%)								Aa	Aa
-Adjusted Financial Leverage		24.7%							
-Total Leverage			30.3%						
-Earnings Coverage (5 yr. avg.)		10.2x							
Operating Environment								Aaa - A	Aaa - A
Preliminary Standalone Outcome								Aa3	Aa3

[1] Information based on IFRS financial statements as of fiscal year ended 12/31/2021. [2] The Scorecard rating is an important component of the company's published rating, reflecting the standalone financial strength before other considerations (discussed above) are incorporated into the analysis.
Source: Moody's Investors Service

Ratings

Exhibit 7

Category	Moody's Rating
ALLIANZ SE	
Rating Outlook	Positive
Insurance Financial Strength	Aa3
Senior Unsecured MTN	(P)Aa3
Commercial Paper	P-1
Subordinate	A2 (hyb)
Junior Subordinate	A2 (hyb)
Pref. Stock Non-cumulative	Baa1 (hyb)

Source: Moody's Investors Service

Endnotes

1 Please note: the ratings and outlooks stated here are the current ones at the time of publication but might have changed since then

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