



# Annual General Meeting of Allianz SE on May 4, 2023

CEO Report

Oliver Bäte,  
Chairman of the Board of Management of Allianz SE

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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 very much, Mr Diekmann.

Good morning, Ladies and Gentlemen, Shareholders, Colleagues, and Employees.

a warm welcome to you to this year's Annual General Meeting of Allianz SE. I also welcome you on behalf of the Management Board and our more than 159,000 colleagues located around the world.

This year sees us meet in the virtual sphere once again. Mr Diekmann has just explained our motivations for this arrangement. Let me take this opportunity to reiterate: Regardless of the format in which we meet, this Annual General Meeting lives and breathes only through you, Ladies and Gentlemen, and through your contributions and questions.

Over the next 30 minutes, I will report to you the developments within our Company in 2022. There are four subjects I will be touching on here:

- **First:** I want to talk about our **share performance** and the economic environment of the past year.
- **Second:** I want to present the **business results** for each segment.
- **Third:** I want to talk to you about our commitment to society and our efforts towards greater sustainability. In doing so, I will provide details on the conclusion of the proceedings surrounding the **Structured Alpha Funds**.
- **And fourth:** I will be talking about the **future development** of our Allianz.

## First section: Our share performance

Allianz is as solid as a rock. And an investment that pays off long term. These characteristics were once again demonstrated by Allianz during 2022 and the challenging conditions the year presented us with.

First, let me describe the long-term development of our company, Allianz: In the previous ten years we have generated a total shareholder return of 204 percent – that constitutes a tripling of your investment. One significant aspect of this result: We have paid out 47 billion euros to you through dividends and share buy-back programmes!

This is made possible because we have continuously increased our operating profit – by 6 percent annually over the last 3 years alone. Today, I can once again report a record operating profit of 14.2 billion euros for the financial year 2022. And I can reveal that the Management Board and the Supervisory Board are proposing to distribute a dividend of 11.40 euros, representing an increase of 6 percent compared to the previous year.

Before we examine these results in detail, I want to review the economic environment of the last financial year.

At the beginning of last year, we considered the Corona pandemic overcome in Europe. People were once more looking optimistically into the future. They expected rising wages and salaries, and economists' expectations became more optimistic.

Many people wanted to now make purchases that had been put on the back-burner during the battle against the pandemic. This demand was confronted with supply chains that were still disrupted, especially due to the "lockdown" imposed in China. Along with a tightened labour market came the harbingers of a phenomenon that was to shape 2022: the return of inflation at a rate not seen for decades, especially in Germany. Within just one year, the rate of inflation rose to approximately 8 percent in December 2022.

The situation in Europe became exacerbated particularly with Russia's invasion of Ukraine, as global supply chains became tools of leverage within this geopolitical crisis. As recently as December 2021, Europe still procured around 41 percent of its natural gas from Russia. This dependency had to be abruptly reduced – in an environment in which the prices for natural gas, oil, and coal surged to previously unimagined heights. In response, central banks around the world introduced a cycle of rapid and drastic interest rate rises, which also triggered a collapse in global bond and equity markets.

The impact of these changes is a harsh test for the business model in Germany, and it is leaving its mark in our own industry, too. Consequently, we swiftly had to adjust our capital investments to significantly more volatile and different markets, ones that we will continue to experience going forward.

## Second section: Business results

The political and economic challenges over the previous year were huge. They impacted every single one of our business segments. Nevertheless, we still performed very well in this environment, as proven by our **business results**.

At 153 billion euros, our revenues have never been higher, and this figure represents a rise of 3 percent year-on-year. Our operating profit has performed just as well: At 14.2 billion euros – up 6 percent – this is yet another record high for us.

Our **Property-Casualty business** revenues grew dynamically by 12.4 percent, reaching 70 billion euros. Operating profit increased to 6.2 billion euros. The investment result benefited from higher interest rates and our underwriting result improved further, despite sizeable natural catastrophe losses.

In the **Life/Health segment**, we grew our operating profit by 5.4 percent to 5.3 billion euros. The value of new business was stable at 2.5 billion euros while the new business margin expanded to 3.8 percent on the back of higher interest rates and a better business mix.

Despite the dramatic situation on the financial markets, our **Asset Management segment** generated an operating profit of 3.2 billion euros, representing a decrease of 8.3 percent. At the end of 2022, our assets under management amounted to 2.1 trillion euros.

These figures underline just how well and successfully we ran our business. This also meant we were able to stabilise our solvency ratio at 201 percent by the end of the year, while at the same time significantly reducing the effects of capital market fluctuations on our company. We also launched two share buy-back programmes worth 1 billion euros each.

We registered a considerable negative impact on our net income, however – this was primarily caused by the conclusion of the proceedings surrounding the Structured Alpha Funds and the unavoidable withdrawal from our business in Russia. We generated a profit of 16.35 euros per share, representing a year-on-year increase of 2.4 percent. Our return on equity continues to be in the double-digit range.

Based on these results, the Management Board and the Supervisory Board propose to distribute a dividend of 11.40 euros for fiscal year 2022. This represents another increase, this time of 6 percent compared to the previous year, and is the eighth dividend increase since 2013.

These results once again demonstrate the resilience of our company. The Management Board and our employees around the world are working to ensure this remains the case.

I am also delighted to report that approximately 90,000 new shareholders have decided to invest in Allianz – 22,500 of whom are our own employees. This is an increase of 11 percent, and an impressive proof of trust in us! Thank you!



*Furthermore:* Approximately 98,000 Allianz employees are also our shareholders – that constitutes 60 percent of our global workforce. Since the relaunch of our employee share scheme in 2018, their number has risen eight-fold!

## Third section: Commitment to our Company and our efforts towards greater sustainability

The **trust** of our customers and employees, and the trust shown by you, our valued shareholders, is what makes it possible for us to achieve record results.

This trust is both an incentive and a commitment to deliver what we promise and what you rightfully expect of us. We talk in this context about the “health” of our organisation. This is a testament to our ability to build trust and to convince our most important stakeholders of our plans and proposals. This ability directly translates into competitive advantages, and subsequently into financial success. Let’s look at this aspect a little more closely:

Without **satisfied customers**, there can be no business success. A high Net Promoter Score (or NPS) reflects our customers’ willingness to recommend us and also their trust in us. And this is directly connected to improved business results. After all, delighted customers cancel their contracts less frequently, buy more, and help us to continuously become better. So, there is nothing trivial in wanting to further increase our NPS to become the “loyalty leader” – the financial services provider with the most loyal customers – as this is of paramount importance to us. I am, therefore, delighted that, today, already around 60 percent of our subsidiaries worldwide have achieved this score – back in 2015, it was only about one half of this figure.

The satisfaction of our customers seamlessly translates into **the strength of our brand**. It ensures we remain visible among our competitors, and it is a key element in any purchase decision.

*Another thing:* The Allianz brand has been the No. 1 insurance brand in the world for the fourth time in a row in Interbrand’s Best Global Brands rankings – with a brand value of 18.7 billion US dollars and growth of 23 percent year-on-year. This makes us one of the 11 fastest growing brands in any industry, alongside Microsoft and Tesla.

Alongside the brand, a motivated and committed **workforce** is one of our strongest competitive advantages. After all, it is the motivation and passion of our employees that impress our customers each and every day. This is why we invest in their satisfaction – through our “New Ways of Working” initiative in Germany, for example. We create the conditions to enable our staff to flexibly work from home and in our offices – supported with digital collaboration tools and an office landscape designed for hybrid working. The programme is rounded off with comprehensive healthcare provision.

This boosts the motivation and commitment of our workforce many times over, a fact confirmed by the results of our latest employee survey: Beating the trend within our sector, Allianz once again achieved an all-time high in terms of employee motivation, even surpassing the global best-in-class benchmark.

*And that's not all:* Very recently, we were declared to be a "Great Place to Work" – one of Germany's best employers. We on the Management Board think this is a fantastic outcome.

We invest in the satisfaction of our customers and our employees. And we are committed to our society because we want to win people's trust in Allianz. Allow me to elaborate on this for a moment:

We are the market leader in Turkey in property and casualty insurance. And for more than a century, we have maintained close relations with our business partners and customers in that country. So, for us it was simply a given that we would provide emergency assistance in response to the earthquake, which devastated entire cities in the Turkish-Syrian border region on February 6. A few hours after the disaster, we had eight ambulances on the road to the crisis-hit region, with medical personnel and an intensive care facility on board. We delivered 43 containers fitted with heaters to provide warmth to people there. And we provided 6 million euros as disaster relief funds and financial assistance for rebuilding. The aim here is to get schools back into operation as soon as possible.

However, we at Allianz want to do more than just provide emergency aid in disaster scenarios. We want to **improve living conditions over the long term**. For that reason, we are actively working to combat climate change. For example, we have undertaken to become climate-neutral by 2030. Already today, we have reduced our carbon emissions per employee by 57 percent compared to 2019 – running contrary to the normalisation in travel patterns. And we cover almost 90 percent of our global electricity needs through renewable energy sources. We want to make that 100 percent by next year.

However, we do not intend to limit ourselves to merely using renewable energies, but are instead actively advancing the expansion of these energy sources – including, for example, by investing in more than 100 wind and solar farms around the world. Another two new wind farms were added last year – their output is comparable to that of a nuclear power plant. These investments show how opportunities can always be identified within challenges –these "alternative investments" for example have bolstered us in a very challenging low interest rate environment.

In terms of sustainability, up to now we have frequently excluded our actual insurance business. We on the Management Board think this is a mistake. Sustainability starts with us deciding to conserve resources and repair, rather than replace at high cost. Clearly, repairs generally leave a significantly smaller carbon footprint than a new procurement. Sustainable claims management is the key phrase here, such as that of our motor insurance area, for example. The leverage effect is huge here. Increasing repair rates in Europe by just two percent could prevent almost 30,000 tonnes of CO<sub>2</sub> emissions every year. This is why we are campaigning for the introduction of sustainability standards in auto repair shops.

Ladies and Gentlemen, your Company, Allianz, is a healthy organisation. We are advocates for our customers, our employees, and the societies we operate in. People put their trust us. However, over the last two years this trust has been put to the test. And so, the past year has been marked – for the Management Board and for me personally – by dealing with the events surrounding the **Structured Alpha Funds**.

In less than twelve months following the start of the Department of Justice’s investigations, we agreed a settlement with the US authorities. And we successfully reached a settlement agreement with all affected investors in the US. We paid our customers more than 5 billion US dollars as compensation for their losses.

Ladies and gentlemen, for myself and the entire Management Board, it is always our aspiration to safeguard the trust that you demonstrate towards Allianz – and in this case, to restore that trust. For that reason, we rigorously worked towards achieving fast and fair compensation for those affected by Structured Alpha. Allianz SE’s efforts in this regard have also been recognized by the US authorities.

Allianz is a financial services provider that operates on a global scale. And these occurrences do not deflect us from this aspiration. In order to maintain our presence on the US market on behalf of the customers of Allianz Global Investors, we have agreed a strategic partnership with Voya Investment Management. We have transferred the larger part of our asset management business in the US to Voya; in return, we are acquiring a 24-percent stake in the newly expanded US asset management firm. Allianz Global Investors is now also functioning as Voya’s distribution partner, especially for customers outside of the United States.

That said, today I would like to conclude the review work around the Structured Alpha Funds matter: We have fairly compensated those affected. We have taken action in terms of personnel, and enhanced our controls yet further – all in close collaboration with the authorities, external consultants, and our local management. Our working partnership with the German Federal Financial Supervisory, in particular, has always remained extremely constructive and attuned to the well-being of our organisation.

Allianz is an organisation that learns, and we will elevate the implementation of the manifold regulatory rules from being a “compulsory exercise” to a key discipline for our senior management, because an occurrence such as Structured Alpha must never be repeated!



## Fourth section: Future development

Despite the challenges I have just described, 2022 proved to be one of the most successful fiscal years in the history of our company. That is something of which we should be proud. And a basis for looking towards the future.

Last year, I told you about our strategic direction, entitled “Simplicity at Scale”. I reported on how we will continue increasing the value of our enterprise by employing three levers: growth, the improvement of our profit margins, and the effective use of our capital.

Today, I want to place this approach in the context of a bigger picture. In doing so, I’d like to take you back to 2015:

The year in which I assumed the position of CEO of Allianz SE. An honour and a challenge. The task was to take Europe's biggest insurer into the future. Into a digital and globalised tomorrow. And into a future made more uncertain than ever due to the eurozone crisis.

The benchmark for success had been set high: Allianz is a worldwide financial services provider that has managed and supported customers, employees, and shareholders since 1890. It has survived dictatorships, wars and economic crises. And back then, just like today, it was anchored in place, as solid as a rock.

Conscious of this legacy, we the Board of Management developed the Renewal Agenda – since then, it has been the engine that continuously drives us to new record results. Because our performance is no coincidence: It is based on this plan. And even though we have already accomplished many things, I believe that we are not yet exploiting Allianz’s full potential.

Let’s take a look at the five dimensions of our Renewal Agenda:

- **First: “True customer centricity”:** We serve 122 million customers worldwide. And, it is our aim to satisfy each and every one of them, because satisfied customers buy more and cancel their contracts less frequently. And, they are willing to actively recommend us to others. In order to achieve this goal, we had to transform Allianz into a data-driven enterprise. Not only in pricing, but for every customer contact, too. For example, at the end of each telephone call, we give our customers the opportunity to rate our service based on a five-star scale. If this shows that we still haven't resolved a matter, then we get back in touch and find a solution for our customer. In Germany, our service has been given a top rating of 4.6 stars. However, we have still not succeeded in translating this satisfaction into greater customer growth – especially in our key markets in Europe. It is our ambition to change this situation as soon as possible.
- **Second: “Digital by default”. Seamless digitalization:** We have embarked on a huge project here. First, it is something that only a few in our industry have dared to do: the simplification and renewal of our IT systems. The success of this

endeavour is tangible to our customers daily: We are accessible via every channel, whether by email, letter, over the telephone – also via video of course, if preferred – or face-to-face with our agencies. We often use fully automated processes to check customers' claims for benefits under their coverage. One example is for private health insurance in Germany: 70 percent of all invoices here are checked and paid out without any human intervention. The majority in less than 24 hours.

Our employees also benefit from our efforts: they can work productively both in our offices and from home. This proved to be an invaluable competitive advantage during the pandemic.

We could justifiably rest on our laurels here. But I remain convinced that we have to do even better. For it is the speed, efficiency, and reliability demonstrated in the implementation of new IT projects, which will prove critical to our future business success. Our planning processes remain too complex and expensive; the working partnership between IT and the technical departments has to improve. Nevertheless, we are on the right track. We are investing more than 5 billion euros in our digital infrastructure every year. We are making expertise in IT a basic skill for every manager. And we are continuously improving our partnerships and our services. This enables us to continuously enhance our productivity.

- **Third: “Technical Excellence”:** We have developed the ability of translating the effects of a world that is changing rapidly and fundamentally into fair premiums. For example, the market's standard risk maps cover only about 40 percent of the damage caused by the catastrophic flooding in Germany in 2021. The maps we developed accounted for twice as many claims. This is a capability that will become increasingly important because it represents a genuine differentiator in terms of pricing. So, we have to make it widely available to our customers. This is where the new direction of our non-life business with commercial customers comes into play: To date, the task of looking after these customers has been shared between the national subsidiaries and Allianz Global Corporate & Specialty – regardless of their turnover. In future, all commercial customers with an insured sum in excess of 10 million euros will be serviced through our new global organisation, Allianz Commercial – no matter if they are a family business or a global player. This will enable customers to be addressed on a holistic basis, while also creating the foundations for further growth.
- **Fourth: “Growth Engines”:** We are continually developing new growth markets, such as in Africa. From the start of July onwards, following the establishment of our joint venture with Sanlam, we will together be servicing 30 million customers and turning over 3 billion euros each year. And we are currently only just starting out on our journey towards developing the market in Africa. We are also making good

progress with our existing platforms, Allianz Direct and Allianz Partners: Allianz Direct, our European direct insurer, initially focussed on the technical transformation of its insurance platform. Last year, we reaped the fruits of this work: We reduced costs per policy by 30 percent globally – even by 50 percent in Germany – and successfully began growing again in the second half of the year. Allianz Partners, our specialist for global assistance and insurance services, had already shaken off the effects of the Corona pandemic in 2021. Then, over the past year, it successfully increased its revenues in the areas of mobility, health and travel by 2 billion euros. A strong performance by our global market-leader. We have also commenced development of a digital platform for claims management in the motor insurance segment. To this end, we have combined the expertise of no less than three companies – Control Expert, GT Motive and the Innovation Group – so that we can offer our customers access to Europe's largest car workshop network, for example, and to top-grade spare parts at fair prices. The use of artificial intelligence means we can assess claims better and process them quicker than before. By doing so, we are creating added value for our customer as well as the basis for further significant productivity gains. We will also be offering these services beyond Allianz Group, thereby creating another growth area for our business.

- **Fifth: “Inclusive Meritocracy”:** I began by talking about our investments in the health of our organisation. And I told you about the successes we have enjoyed regarding the satisfaction of our customers and employees. This aspect of the Renewal Agenda goes one step further.

Due to its size, Allianz bears a responsibility to society. To fulfil this responsibility, we have to make ourselves even more crisis-proof. This is something that concerns not only the Management Board and the Supervisory Board, but also our regulator. We have to prepare ourselves to cope with highly improbable risks that hold a considerable loss potential. Investors call such risks “black swans”.

To have the capacity to counter these risks, we must rigorously consider extreme scenarios as well. We have to ask our ourselves, what is the worst that could happen? And how can we prepare ourselves for it? The main lever here: A culture that understands a high level of trust and strong controls as being two sides of the same coin.

The aspiration of the Renewal Agenda is to deliver superior services and performance in each of these five areas. That is the reason why we work tirelessly to be not merely good, but to become the benchmark. We call this ambition “Beat the Best”.

We on the Management Board are conscious that we are demanding a great deal of Allianz and its people. However, in an environment in which the political, social and

economic parameters are becoming increasingly challenging, only the best companies can be successful over the long term.

At the end of 2021, I presented our plans for the period up to 2024. This came with three specific targets:

- **First:** An annual growth in earnings per share of 5 to 7 percent
- **Second:** A minimum 13 percent return-on-equity
- **And third:** A solvency ratio above 180 percent

Even if the environment in which we exist has become fundamentally tougher in the meantime, we remain unwaveringly committed to our goals. Our results for fiscal year 2022, our share buy-backs, and our dividend payments once again demonstrate the performance capacity and resilience of Allianz.

And so, we have again set an ambitious target for the current fiscal year and are planning to achieve an operating profit of 14.2 billion euros plus or minus 1 billion euros – representing an increase of approximately 6 percent compared to last year's plans.

Dear Shareholders,

on behalf of the Management Board, I would like to thank our employees for their service and commitment over the past year. It is a great pleasure for me to be part of this community.

On behalf of the Management Board and all employees of Allianz, I would also like to thank you, Ladies and Gentlemen. for your trust and for your willingness to continue supporting our enterprise.

I am confident that we will continue our success. Our company is in excellent shape and well prepared for the future – with a strong team behind us and you at our side.

Thank you!

## Disclaimer

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