
Annual General Meeting of Allianz SE on May 5, 2021

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, Mr. Diekmann –

Good morning ladies and gentlemen, dear shareholders and employees, allow me to offer you a very warm welcome to the Allianz Annual General Meeting! Not only from myself, but also on behalf of our 150,000 Allianz colleagues worldwide.

Today, we are reporting on our 131st financial year. We issued our first policy back in January 1890. Since then, Allianz has successfully come through numerous crises.

- Because my predecessors made sustainable growth a guiding principle of our company.
- And because they seized forward-looking opportunities. This has led to positive results for long periods of time: For our customers. For our employees. And for you, our shareholders.

Also in 2020, Allianz once again proved its reliability.

- Despite the pandemic.
- Despite the government-mandated lockdowns.
- Despite the recession.

We were there for our customers. We were prepared. Just a very short time after the onset of this grim pandemic, we were able to continue working from our homes. Not just in Munich. But indeed all over the world.



This was a tremendous achievement by our colleagues: In IT. In operations. And in sales. Our sales partners likewise performed magnificently in their work-from-home settings. To all of them I extend my sincerest thanks. The past year was anything but easy for each individual member of the Allianz family. And we want to acknowledge that. By granting an additional day of annual leave this year. For each and every one of our employees worldwide. They have truly deserved this short break!

In 2020, our customers expressed a lot of approval and praise as well. On every continent.

- For the fine service delivered by our teams.
- And for the stability and reliability demonstrated by Allianz in uncertain times.

I'm happy to say it: This feedback was one of my most gratifying experiences in 2020.

The other good news are our respectable financial results. Your Allianz is robust. It is able to compensate the effects of severe shocks. In times of turbulences, it stays the course.

I will come back to these topics in the coming minutes. And I will provide answers – to your justified question: What are we doing to continue to create value in the years to come?

We cannot make plans here and now to cover the next 130 years. But what we can do is: Implement a strategy which will ensure that your Allianz stays as successful as before. We have such a plan. We call it “Simplicity wins.”

WE ARE READY TO LEAP FORWARD

Five key questions



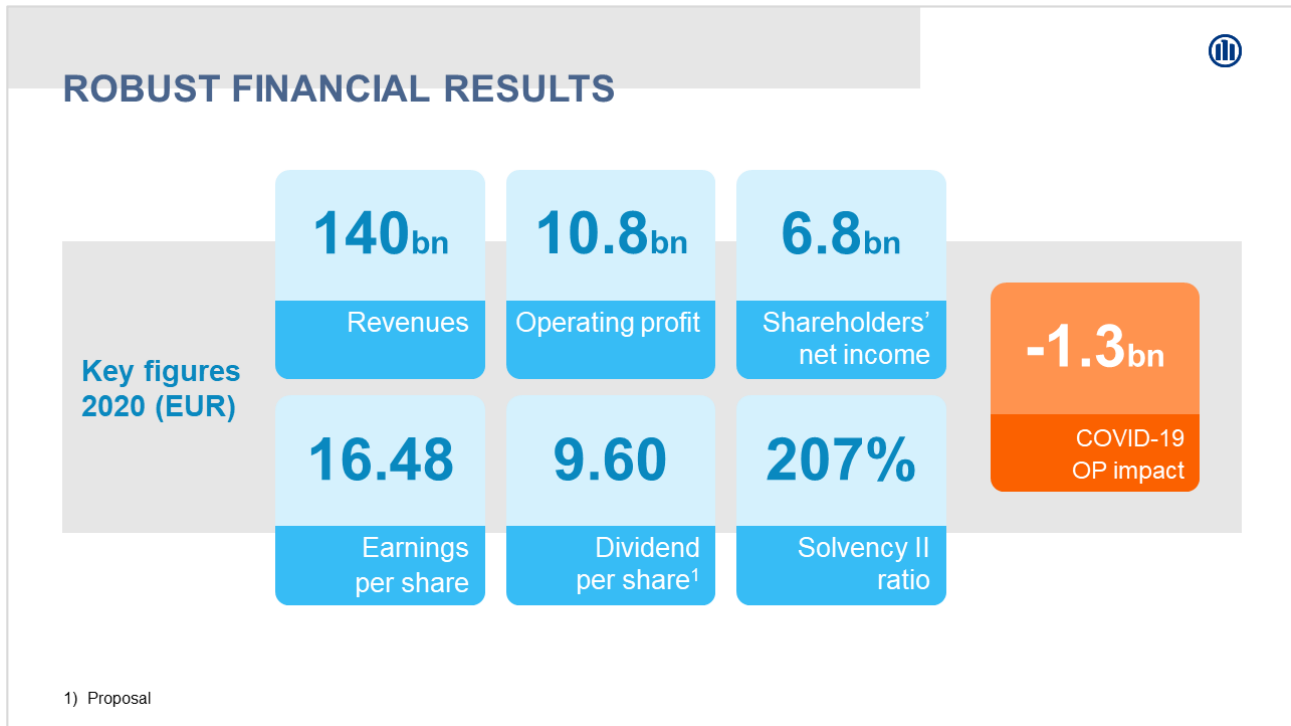
- How are the **financials** looking?
- Is our performance delighting **customers**?
- Are our **employees** engaged?
- How far have we progressed with our **strategy**?
- Are we living up to our **social responsibilities**?

And we have five simple questions. The answers to which will show you just how well Allianz is prepared for sustainable growth.

My address to you today is structured along these 5 questions.

1. How are the financials looking?
2. Is our performance delighting our customers?
3. Do our employees say, “I am satisfied”, and “I know how I can contribute to success”?
4. How far have we progressed with our strategy?
5. Are we living up to our social responsibilities?

1. FINANCIAL RESULTS



Let me start with the financials. First, let's be clear. We were also not spared the impact of the pandemic. Nevertheless, the results we produced were rock-solid. Once again, our advantages have proved to be resilient: Advantages such as the trust of our customers. The strength of our balance sheet. Our business model. Our dedicated employees around the world. All of these are crucial to balancing risks and opportunities. This is how we have safely navigated our way through the crisis.

In 2020, we generated total revenues of 140 billion euros. It means we came just short of the previous year's figure. Our resulting operating profit is almost 11 billion euros.

Covid-19 meant we had to accept a drop in the operating profit. The commercial segments of our Property-Casualty business particularly suffered from the consequences of the pandemic. Once we make adjustments for the effects of the covid-19 pandemic, the picture looks quite different. The annual operating profit actually exceeds the record level of the previous year.

All three business segments contributed to this success.

- In Property-Casualty, we have reduced the expense ratio again. For the third year in a row now. This indicator measures the costs incurred for each euro of revenue.

- In the Life/Health segment, our timely change of direction has paid off yet again with the shift towards insurance policies that offer our customers better return opportunities. And that allow us to reserve less capital.
- Our Asset Management activities also withstood the crisis. We managed to increase our profitability. And our assets under management stood at record levels at year-end.

These results prove that our business model is resilient. Earnings per share were recorded at 16.48 euros. The net income attributable to shareholders came to 6.8 billion euros.

I am likewise proud of how we were able to defend our strong capital position in 2020. Despite the dramatic ups and downs on the stock markets. Despite the long-term negative interest rates. At no time did the capital ratio, as per Solvency II, ever fall below our ambition level, which lies at 180 percent. The figure was an impressive 207 percent at the year-end. Solvency II is a regulatory framework. It applies to all insurance companies in the European Union.

Our disciplined capital and liquidity management measures have directly benefited you. In May 2020, we were able to pay out a dividend as planned, which we increased for the seventh time in a row. In the midst of the turbulences caused by the first wave of covid-19. In the midst of a period when many companies were cutting back their dividend payments. Or even suspending them entirely. At the time we paid out 9.60 euros per share.

For the year under review, we are again proposing a distribution of 9.60 euros per share. In doing so, we acknowledge that, at the end of the day, we have not achieved the record profits of the previous year. But we are staying true to our policy that your dividends should grow year on year. Or, at any rate, not diminish. And we do so with the support of our regulator – following a stringent test of the stress resistance of our capital and liquidity.

2. CUSTOMERS



Now, we come to my second point. Are customers delighted by our performance?

Here again, there is good news to report. We regularly ask our customers.

- How do you rate our service?
- And how willing are you to recommend us to others?

The responses are collated in the so-called Net Promoter Score (NPS™). This indicates whether customers are willing to recommend us to others. We achieved record scores in the pandemic year of 2020.

- 60 percent of our businesses had the most loyal customers in the respective market.
- 79 percent of our businesses registered customer loyalty figures higher than the market average. We had planned for an increase to 75 percent. So, the target was clearly exceeded despite this year of crisis.

These scores prove that we are delivering. With simplicity and speed. With digitalization and reliability. And with a standard of service that excels the norm.

Despite the government-mandated lockdowns, we were there for our customers from our homes. We gave financial assistance to businesses to help them survive the crisis. One example of this is our involvement in government support schemes in Germany and France. Of course, we took note of the critical voices about business interruption insurance policies. This issue illustrates the importance of having a clear understanding between customer and insurer. This is something we are working on. However, one thing needs to be said: We can only indemnify those risks that are actually covered.

The covid-19 pandemic has been devastating. It has taken the lives of thousands of people across the world. Also the lives of much appreciated Allianz colleagues. This is tough and makes us sad. And it moves me personally very much. That is why we are helping our customers wherever we can. We are providing support in the form of telemedicine. And by delivering psychological teleconsultation services. And when they are not working for us, our physicians are also lending their support to the healthcare system, free of charge.

Before I conclude this section, allow me to point out one significant area of interdependency.

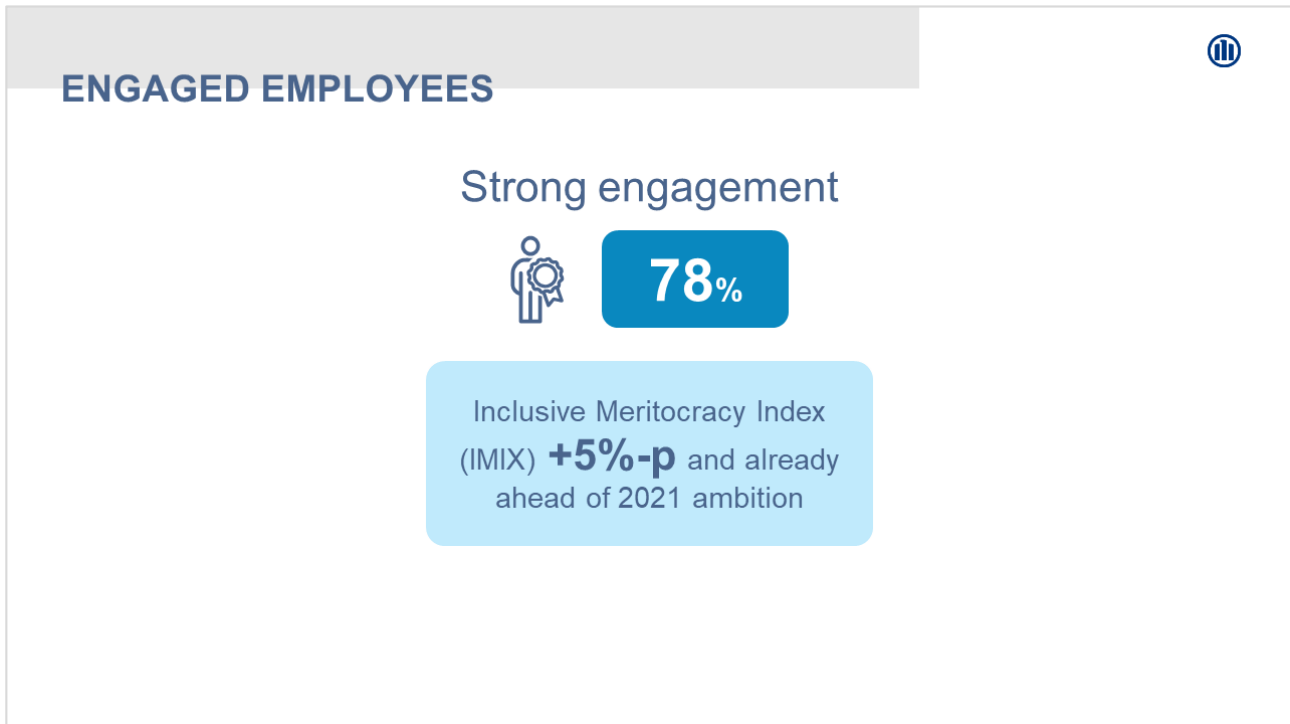
- On the one hand between what customers think of us and how important our services are to them.
- And on the other hand the strength of our brand.

This is another area in which we achieved a breakthrough in 2020. Once again, we have earned the distinction of the world's strongest insurance brand. For the second time in a row. As part of the prestigious Interbrand Best Global Brands Ranking system. The gold standard in the rating of brands.

But that's not all. We attained a new mark this year. For the first time, we made it into Interbrand's exclusive Top 40 Brands club. Here, we are rubbing shoulders with the likes of Coca-Cola, Amazon, Microsoft and others.

Why is this important? Because the charisma of our brand determines the extent to which customers are motivated of their own accord to demand our products.

3. EMPLOYEES



Now to my third question. What is the feedback from our employees? Just how high is their level of engagement and their willingness to perform? This aspect is also paramount to success with our customers.

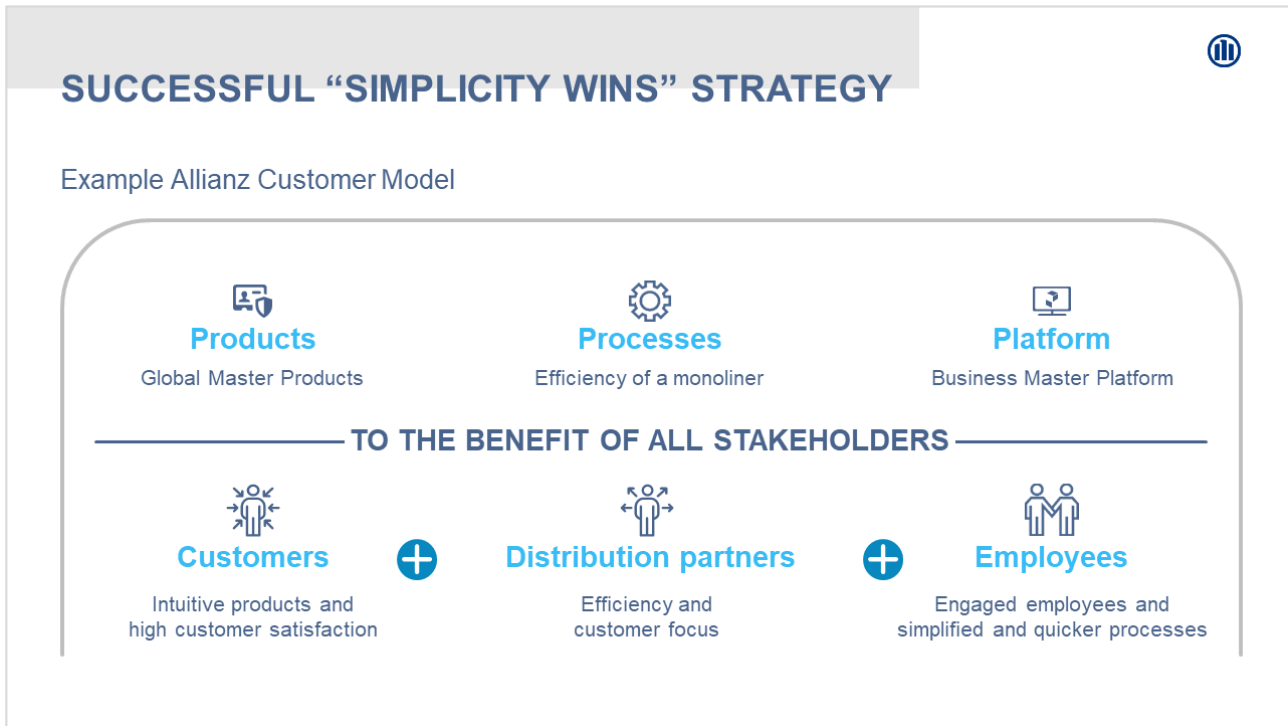
I'd like to begin by making an observation. Never before have I experienced the level of cohesion we have demonstrated within Allianz. Seeing ourselves as one entity. And everyone pulling together to realize our "Simplicity wins" strategy.

It is something we can also clearly see from looking at our Inclusive Meritocracy Index. We call it IMIX for short. This is a key indicator that measures our progress in the continuous development of our leadership and performance culture. It is based on a global survey of our employees.

In 2020, the IMIX leapt to 78 percent. This represents an increase of 5 percentage points over the previous year. And already now, it is above the target level we set for 2021. We have also improved significantly in comparison to the market.

This all creates an excellent basis for sound results in the future.

4. STRATEGY



This leads me to my fourth question. How far did we advance in implementing our strategy in 2020? This is indicated by the progress made with the realization of our customer model. And the achievements of our direct insurer.

The customer model is used to continuously further develop Allianz. It is the core of our “Simplicity wins” strategy.

Let me illustrate it with an example.

- We have thousands of products worldwide. These are all structured in different ways. They belong to different generations of tariffs. They are run on different systems. All of this creates a great deal of complexity within our IT. This is something we want to change.
- We are introducing a manageable number of so-called master products. Step by step. These are digital. Intuitive. Completely clear to our customers. They can be continuously modernized. And adapted for high unit numbers. And they can also be deployed anywhere in the world.
- We are installing these master products and all the underlying processes onto one global platform. From here, they will be centrally updated.

The core elements of these master products remain the same globally. For example, how do we generate a quote? How are the steps in the claims settlement process defined? What should the customer experience look like?

Nevertheless, the subsidiaries will still be able to adapt these products and processes to their particular market.

What will we gain by doing this?

- We are streamlining processes and our IT.
- We are reducing costs considerably.
- We are enhancing customer satisfaction.

With “Simplicity wins” and the Allianz Customer Model, we are amalgamating the best of two worlds:

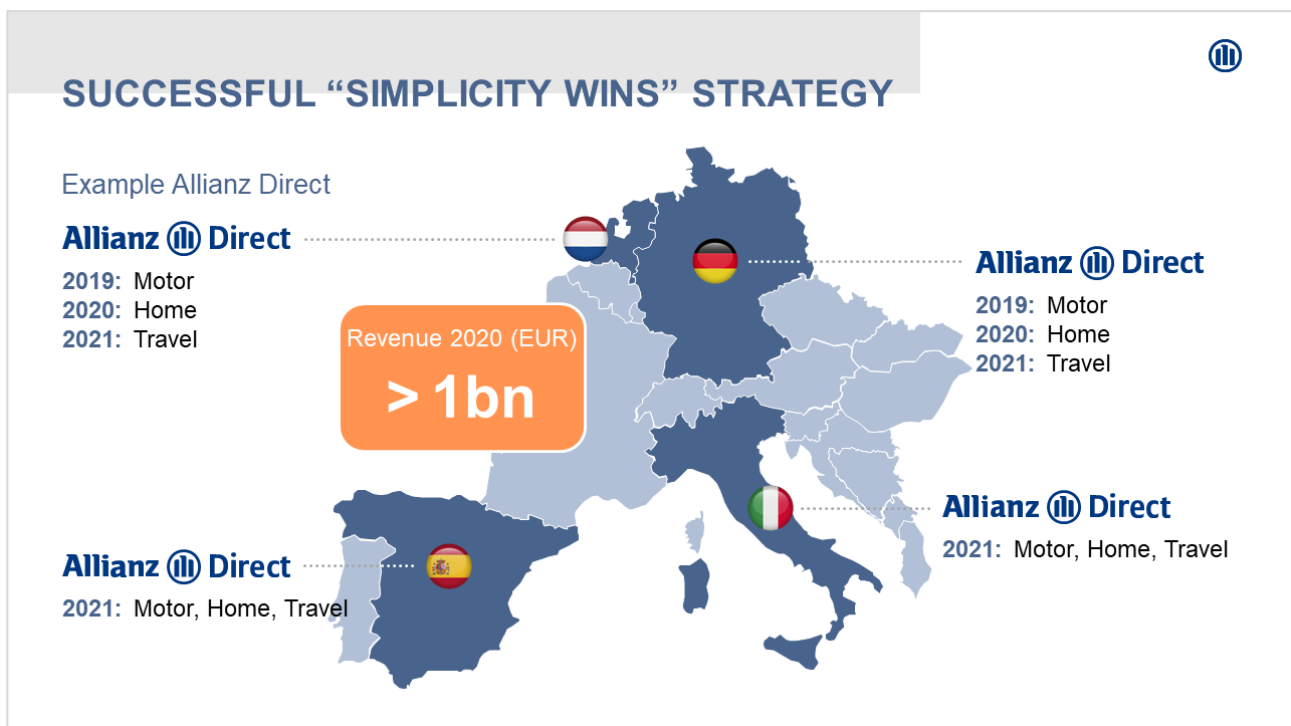
1. The best possible efficiency and customer focus of a monoline insurer. Meaning a specialist in control of its niche area right down to the last detail.
2. This is combined with the economies of scale and reach of a global insurance group. One that currently has over 100 million Allianz customers.

Let me highlight a few areas to show just how far we’ve come in the meantime.

1. Initially, we applied the Allianz Customer Model to our Property-Casualty insurance activities. Namely for the small business and retail client areas. Today, we are working on extending the Allianz Customer Model to other lines of business, such as our commercial and industrial segments. And to the multi-level sales operations of Allianz Partners.
2. Initially we ran just four stand-alone projects: One for products in Germany, one for sales in France, one for claims settlement in Italy, and one for our operations in Spain. Today, with our customer model we are covering more than 95 percent of the premiums in the Property-Casualty business for retail customers and small business clients. We have 30 subsidiaries introducing it.
3. When we started, we were operating numerous local IT platforms. Now, we are building a global IT platform. A basis for all our products. In all countries.

The progress in concrete terms is evident from the following examples.

- Allianz Partners has replaced thousands of product versions with 16 master products. These are distributed worldwide.
- In Germany, new business sales of PrivatSchutz 2.0 are outperforming legacy products by a factor of two to three.
- In Italy, we transformed 777 product versions into one integrated cover for private customers. It even won us an award for innovation.
- In France, we reorganized our claims processing operation, which almost led to a doubling of our customers' level of satisfaction with the processing of their claims.



Simplified products. Digital processes. And a faster, less complicated service for our customers. This is also true for Allianz Direct, the direct insurance line we launched in 2019. Allianz Direct currently operates in selected markets where we primarily offer motor insurance. Allianz Direct proved particularly successful in 2020, which is why we are now expanding our range of products and services, step by step. Into other markets. With other insurance policies. Let's take a moment and look at what is happening here.

(Advertising spot video)

I am especially proud of the performance by Allianz Direct where our colleagues generated over one billion euros in revenue over the past year. The product range is growing constantly. Allianz Direct is now also offering liability and household cover in Germany, for example. In addition to motor insurance.

So, all in all, we have made good headway in restructuring your Allianz. Despite the corona virus. Some of the hurdles that emerged during the pandemic even presented an opportunity. For today there can be no doubt: The standardized customer model and rigorous digitalization are the right way forward. This is the path towards elevating Allianz to a new level of performance.

5. SOCIAL RESPONSIBILITY

SOCIAL RESPONSIBILITY

Sustainability



"Net-zero"-commitment by 2050

-25% emissions for selected asset classes in the portfolio of customer funds by 2025¹

1) Compared to 2019

I come to my last question. Are we living up to our social responsibility? Allow me to single out two aspects here.

1. What are we doing to stop climate change?
2. What are we doing to stop the pandemic?

At our previous Annual General Meeting, I told you how we were one of the driving forces behind the Net-Zero Asset Owner Alliance. Initiated by the United Nations. Comprising pension funds and insurance companies. All committing to having zero-emissions investment portfolios by 2050. We have since been joined by a total of 37 companies. Together, we manage investments totaling almost 6 trillion US dollars.

In January 2021, we fleshed out our aims. By setting ambitious intermediate targets for ourselves. We are aiming to reduce 25 percent of emissions by 2025 in selected investment classes in the portfolio of client funds compared to 2019. This initiative is based on a motivation and a capability to work decisively towards a sustainable economy. An economy that also secures the future of your Allianz.

Pre-condition for a thriving economy is currently especially one thing. The end of this pandemic. And also here we would like to contribute. We want to live up to our social responsibilities. For example, by supporting the worldwide vaccination campaign. Since the mid of April we are vaccinating our employees in France. And also in Germany we are ready to go. We can start as soon as vaccine doses are available. With these activities we would like to assist in ending this devastating pandemic.

WE ARE READY TO LEAP FORWARD

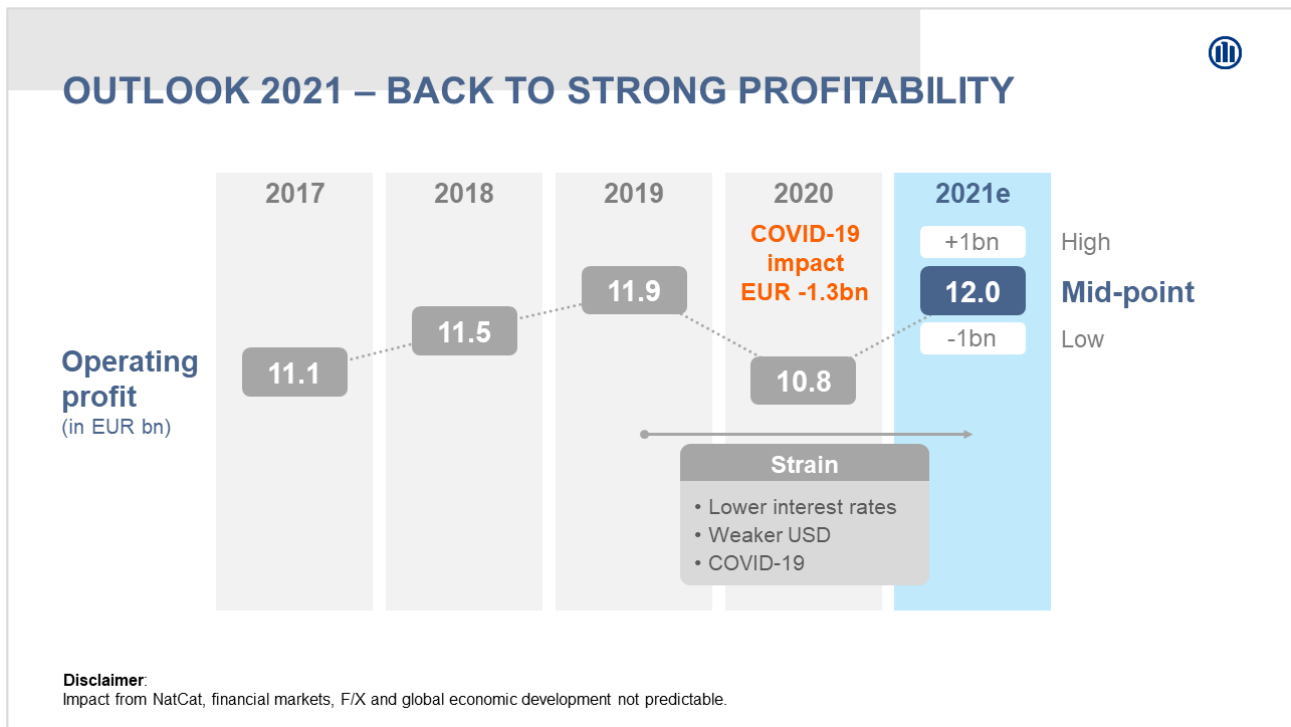
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Let me summarize. With over 130 years of corporate history behind us, we continue to be on the right track. We are crisis-resistant and equipped to weather the years ahead of us.

Our financials are healthy. We are well positioned for 2021. Our customers value our stability. They also appreciate the service we deliver. Today more than ever. Our colleagues are demonstrating a high level of internal solidarity and motivation to perform. As high as it hasn't been for a long time. The transition to the new customer model is proceeding rapidly. The results are promising. We are at the forefront of the fight against climate change. And we are ready to actively contribute to stopping the corona pandemic.



What's the way ahead in 2021?

The cornerstones of our success will remain unchanged. A strong balance sheet. Stable liquidity. Outstanding solvency. And a well-balanced business portfolio. We are solidly positioned. We are ready to exploit the upswing predicted for the post-covid-19 era. However, this grim pandemic is not yet over. We may still experience setbacks. Given this uncertainty we remain vigilant. We closely monitor the political and economic developments. Nonetheless, there are good reasons to expect that 2021 will be a better year than the one we have just witnessed. So, let us look positively to the future. On the business side, we are targeting 12 billion euros in operating profits in 2021. With a fluctuation range of plus/minus 1 billion euros.

My personal wish is for us all to quickly come through this pandemic. That we can return to a greater level of normality. And that, as a society, we can succeed in emerging from this crisis stronger than before.

Dear shareholders,

I am looking forward to answer your questions. They are always very valuable for us. They tell us what is on your mind and where we can do better.

I thank you for your commitment. It gives us support and motivates us to perform even better. You can rely on your Allianz. An Allianz that has resolved to successfully master the years ahead.

Stay healthy! And please remain loyal to us!

DISCLAIMER

Cautionary note regarding forward-looking statements

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