



CFO topics

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**Allianz Global
Corporate & Specialty**

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Allianz Reinsurance

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London, November 2023

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Allianz CFO topics

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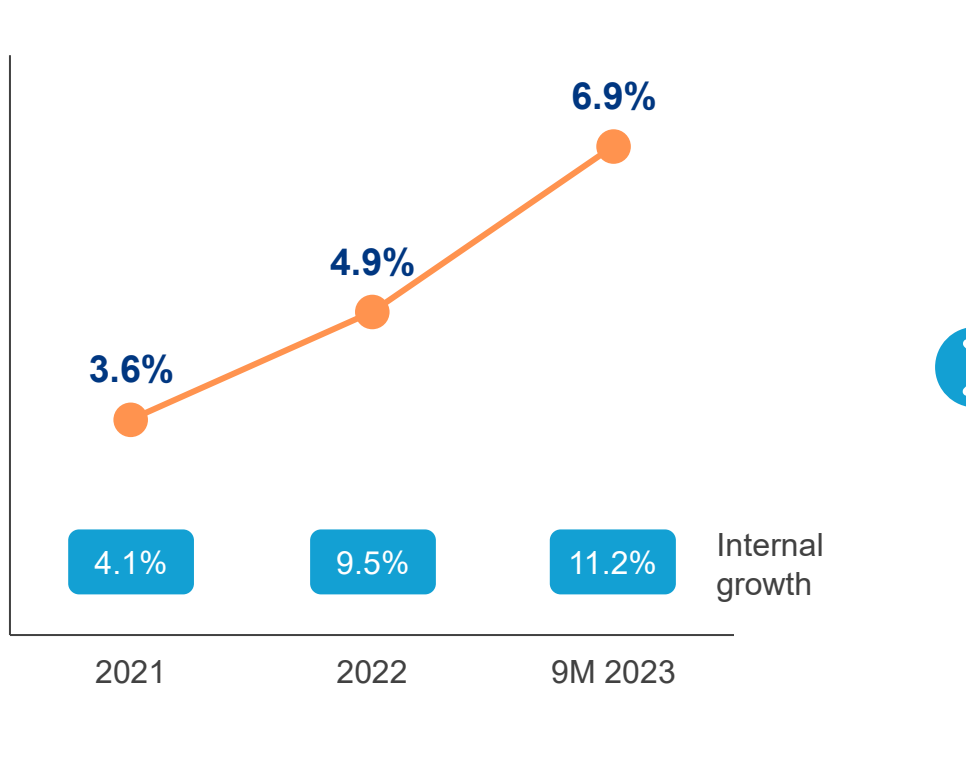
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Allianz in a high yield environment

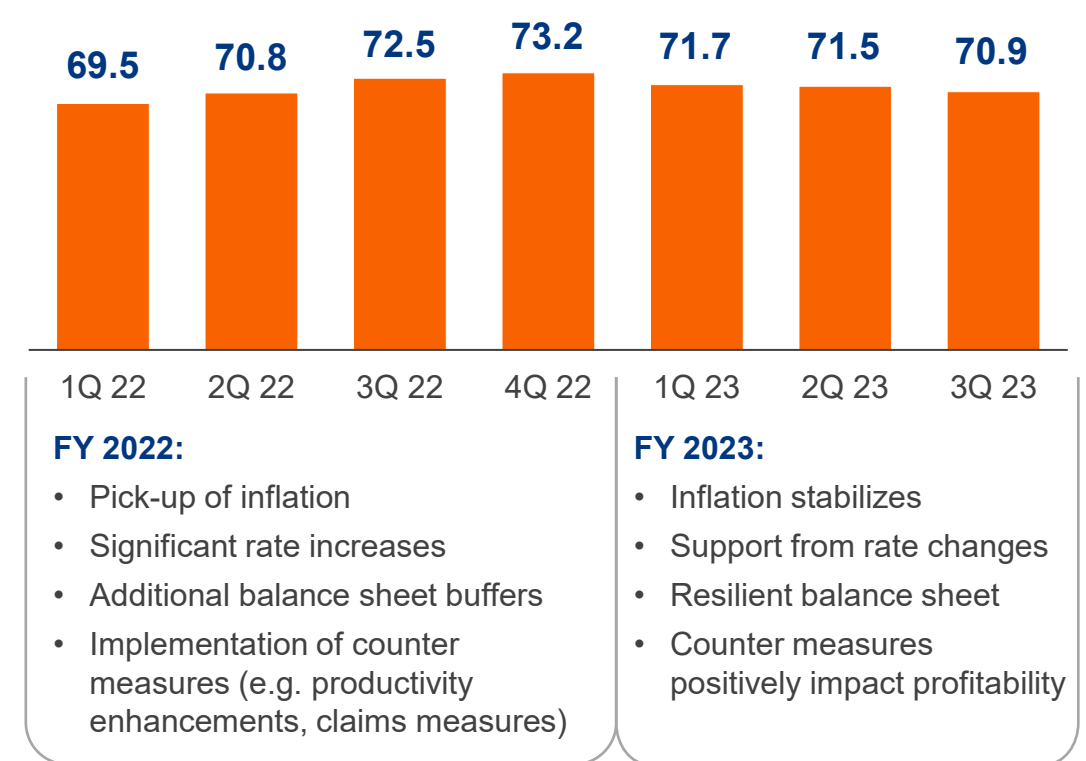
	Topics	Message
1	P/C claims inflation	Well manageable
2	P/C operating profit	Significant benefit
3	L/H lapses	Low level with limited impact
4	L/H capital generation	SII accretive
5	AM flows and accretion	Upside potential

P/C: claims inflation well manageable

Rate change on renewals – positive momentum

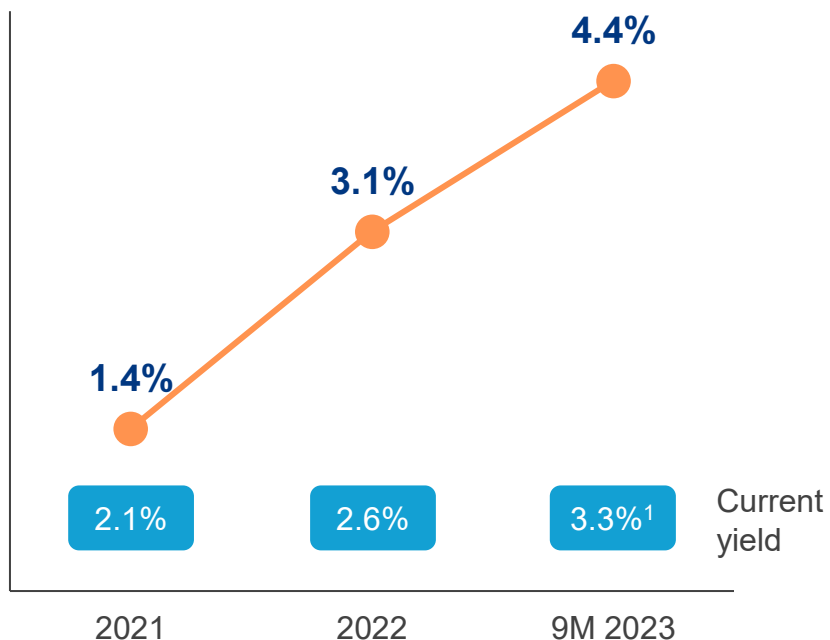


Undiscounted attritional LR (in %)



P/C: significant benefit from higher yields

Economic reinvestment yield
(debt securities)



Operating profit items
(EUR bn)

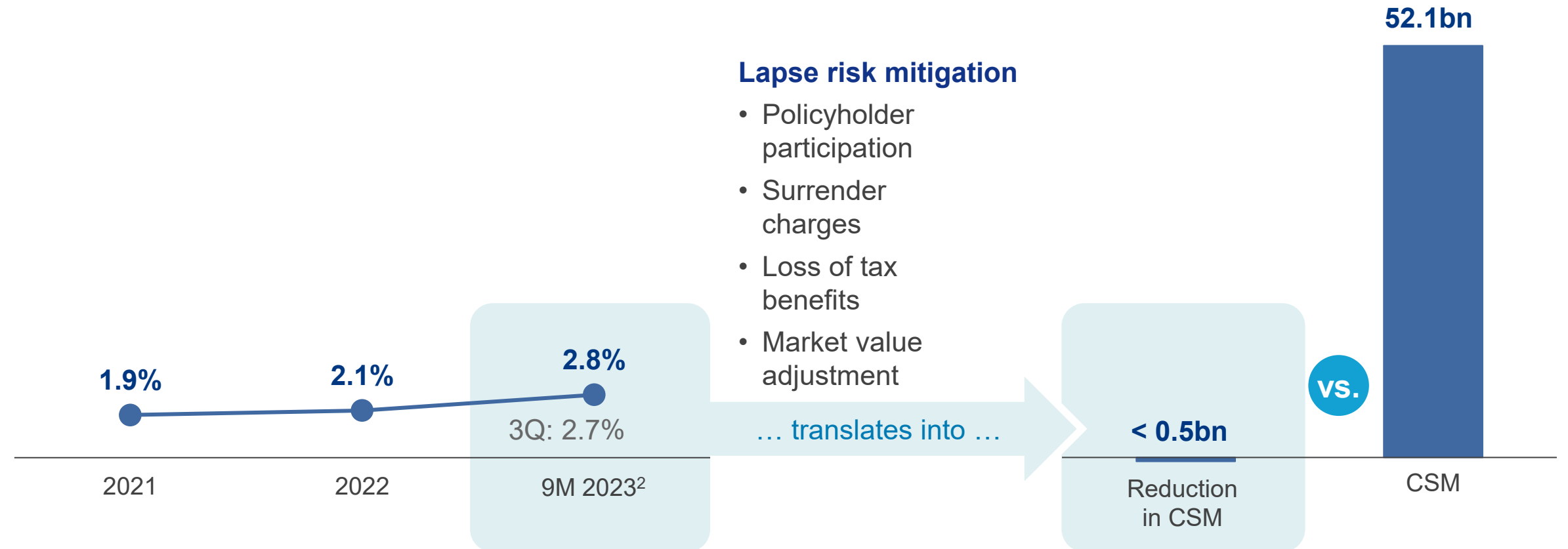
	2022	2023e	Delta 23/22		
Cash	Op. inv. result before interest accretion	2.8	~ 3.4	~ +0.6	OP uplift (2023 vs. '22)
	Interest accretion	-0.4	~ -0.7	~ -0.3	
Accounting	Discounting impact	1.1	~ 1.8	~ +0.7	
	Total	3.5	~ 4.5	~ +1.0	

1) Annualized

L/H: low lapse ratio with limited impact

L/H lapse rate (in % of \emptyset operating asset base¹)

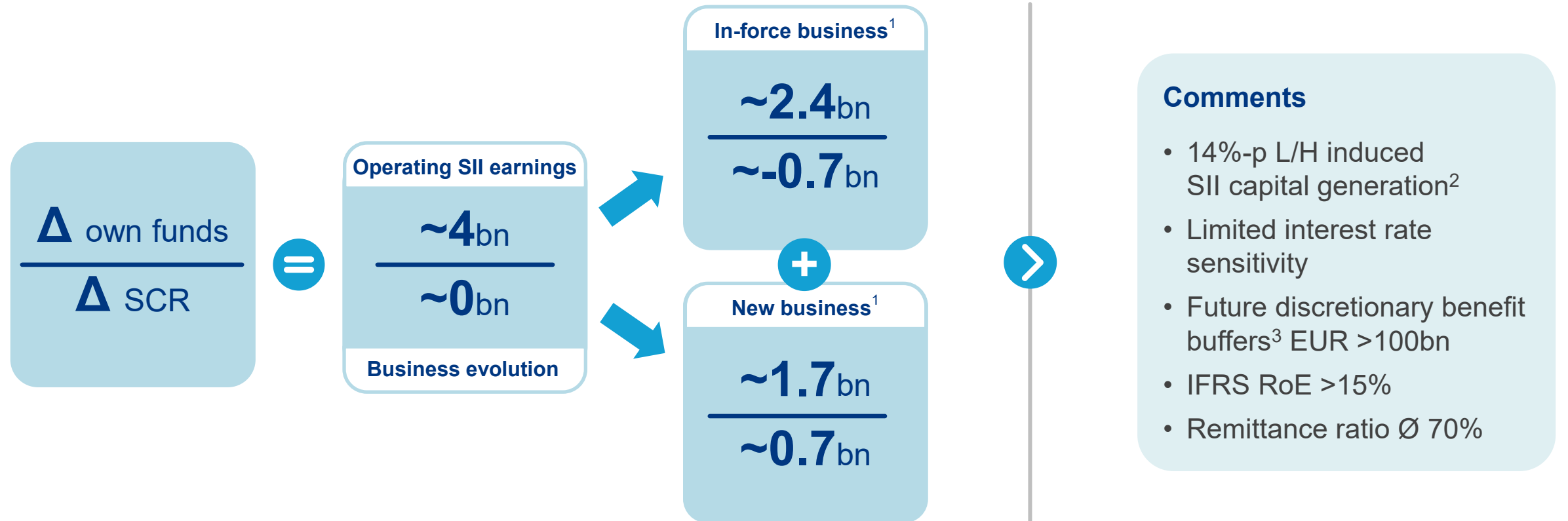
L/H CSM impact (EUR)



1) Lapse rate represents release of SII technical provisions for lapses (excl. UL, health, and reinsurance business) over \emptyset operating asset base (excl. UL)
 2) Annualized

L/H business SII accretive

SII capital generation L/H – 9M 2023 (EUR)



1) Due to Solvency equivalence, the US uses their local capital standards (US RBC). In US RBC, the future profits are not immediately recognized at the time of issue in new business value. The profits increase the Solvency ratio only when they are recognized in local GAAP (US Statutory)

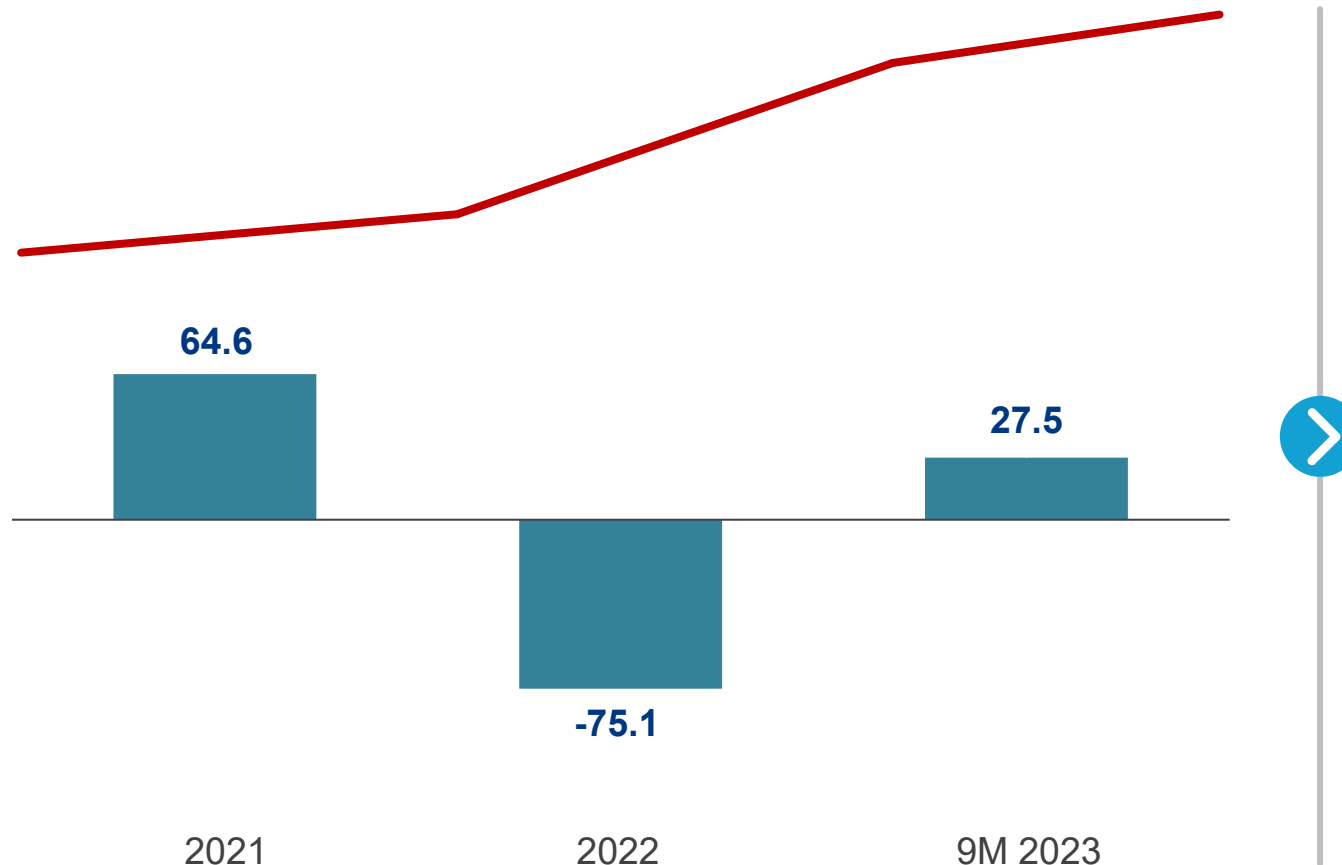
2) Annualized, pre taxes and pre dividend

3) Loss-absorbing capacity of technical provisions, Allianz Interim Report 2023 p48

AM: PIMCO inflows in periods of stable rates

US 10yr treasury yield

3rd party net flows (EUR bn)

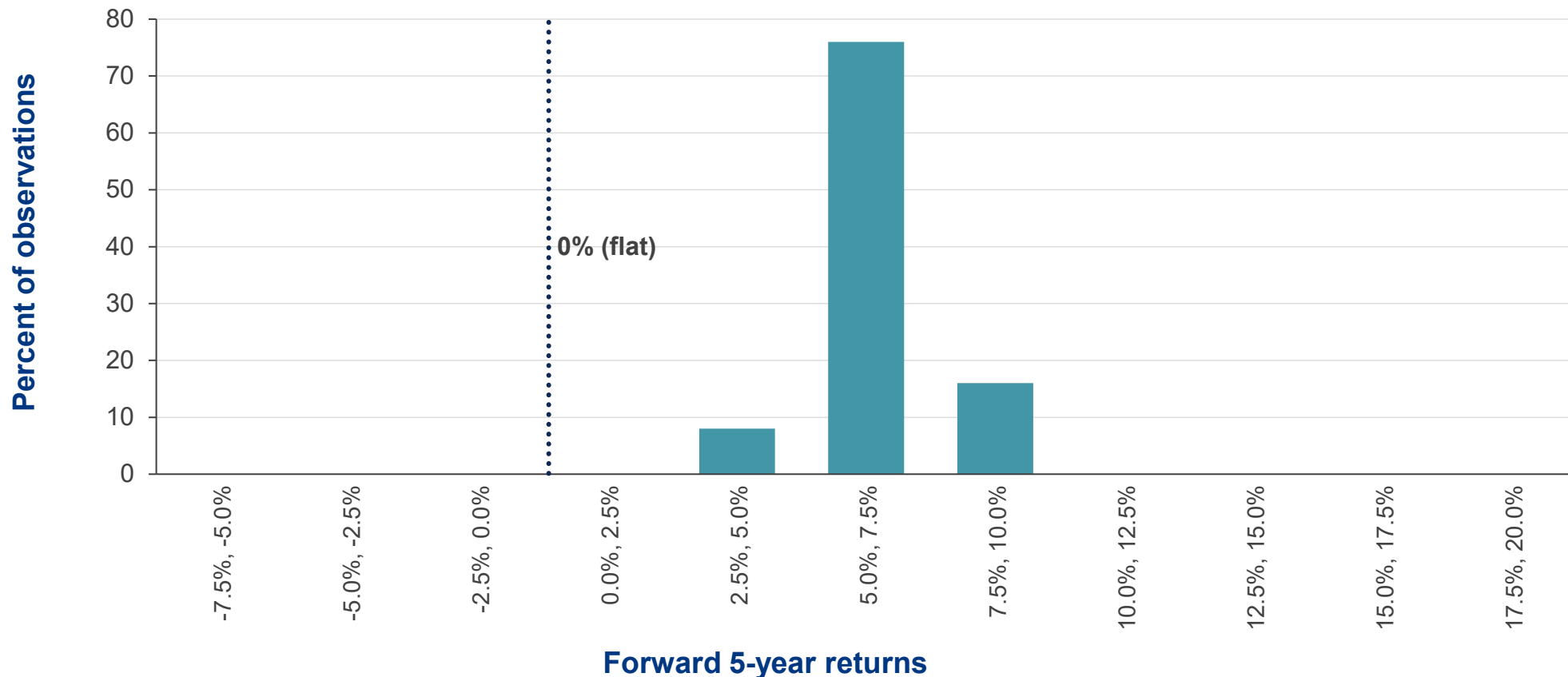


Comments

- Central bank interest rate hikes likely to taper out
- Today high-quality bonds offer the most attractive yield in more than a decade
- Higher yields increase the accumulated interest income

AM: optimistic outlook for fixed income assets

U.S. high quality fixed income: historical forward return distribution for conditions similar to now



US high quality fixed income: starting yield 5% - 7%. Source: Bloomberg, Barclays Live data (January 1976 – September 2023), PIMCO calculations. “Conditions similar to now” are defined as a cyclically adjusted price/earnings (CAPE) ratio of greater than or equal to 28 for the S&P 500 Index, and yield-to-worst in a range of 5%–7% for the Bloomberg U.S. Aggregate Index



Allianz Global Corporate & Specialty

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CFO and deputy CEO AGCS (until 09/23)

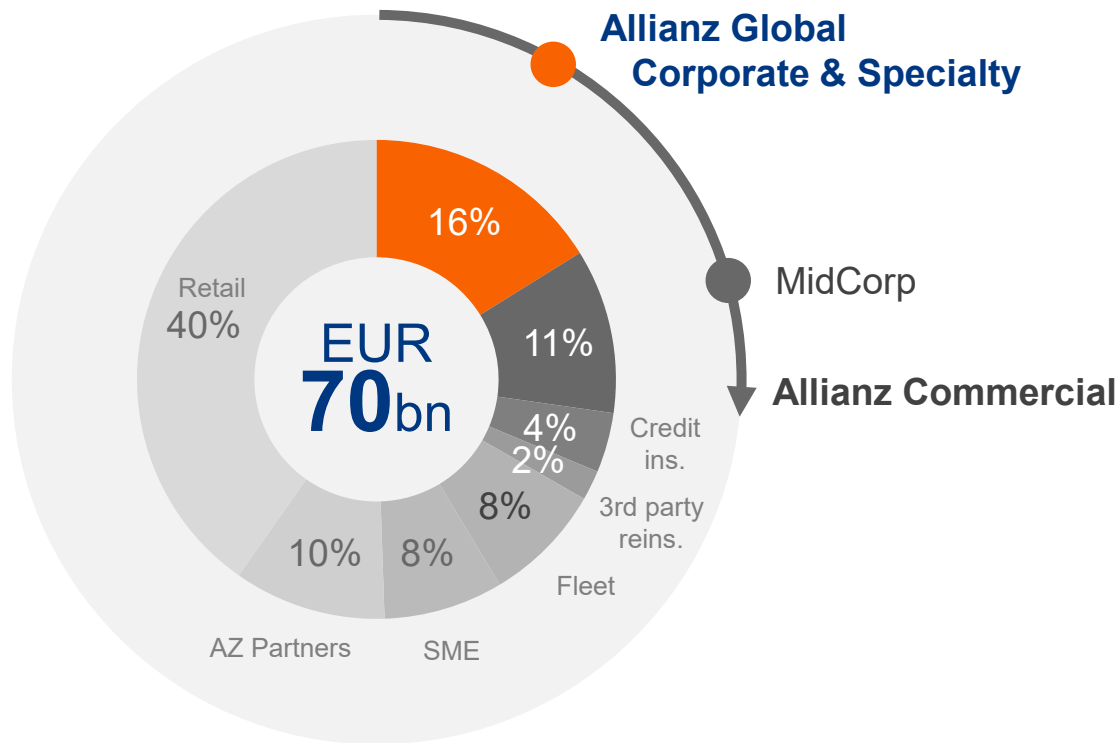
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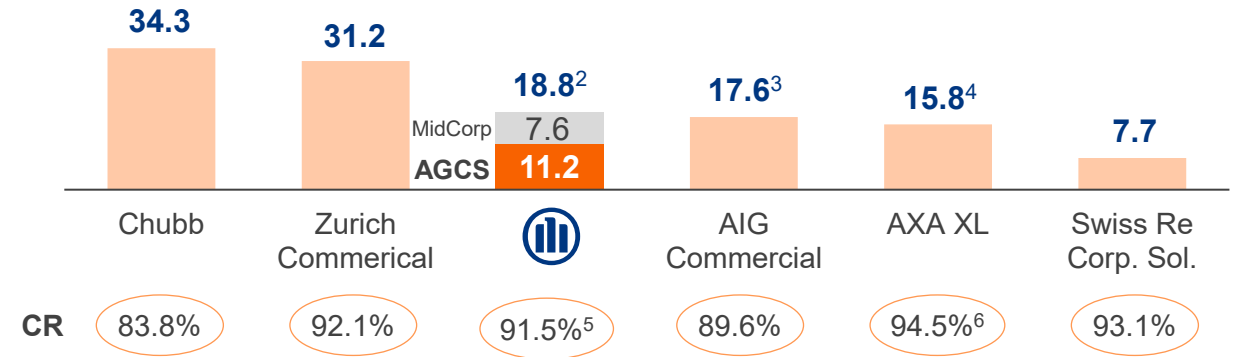
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Global corporate at a glance

Allianz P/C – total revenues by customer segment (2022)



Global corporate insurers (2022, GPW¹ in EUR bn)



Market specifics

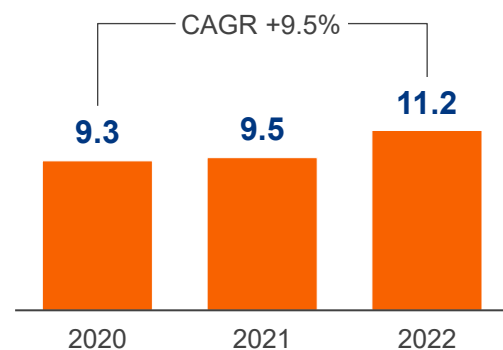
- Global commercial lines premiums have continued to grow since 2018, propelled by rate hardening despite macroeconomic and geopolitical challenges
- Rate environment stabilizing – softening in some lines (Financial lines, Cyber) as capacity returns, while hardening continues in other lines (Property)
- Tightening capacity in reinsurance markets
- Evolving nature of risks driven by net-zero transition; supply chain and cyber security concerns offer significant growth opportunities
- Allianz Commercial well positioned for new opportunities with globally diversified portfolio and expertise in underwriting and servicing of complex corporate risks

1) Re-evaluation USD/EUR where applicable using ultimate (year-end) F/X rates
 2) Scope: Allianz Commercial (AGCS + MidCorp). Total commercial GPW incl. credit insurance and 3rd party R/I at EUR 23.3bn
 3) Refers to NPW, no comparable GPW numbers disclosed

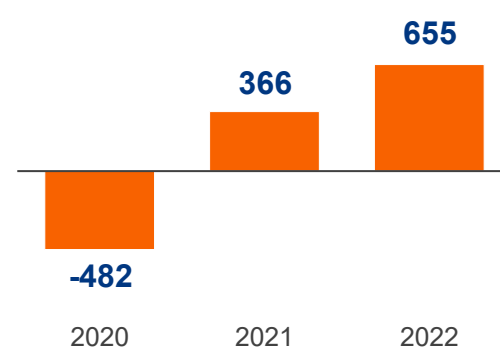
4) Refers to NPE, no comparable GPW numbers disclosed
 5) Scope: Allianz Commercial. Combined ratio of AGCS at 94.9% and of MidCorp at 88.6%
 6) AXA XL defines CR, LR and ER as net losses / expenses divided by gross premiums earned, instead of on net premiums earned basis

Allianz Global Corporate & Specialty (1/2)

Revenues¹ (EUR bn)



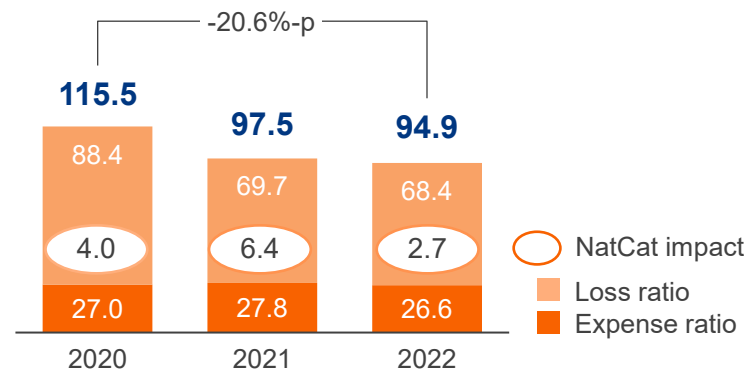
Operating profit¹ (EUR mn)



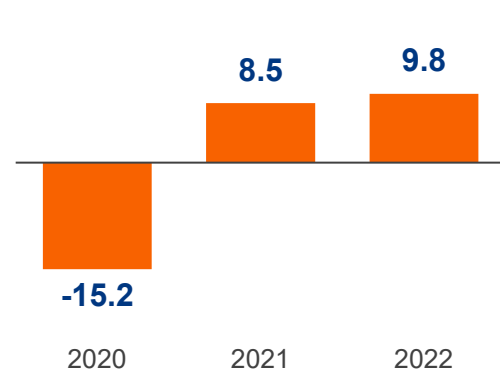
Highlights

- Successful portfolio remediation and exposure reduction
- Significant rate increases, reinsurance optimization and balance sheet strengthening
- Excellent financial strength ratings (S&P: AA; A.M. Best: A+)

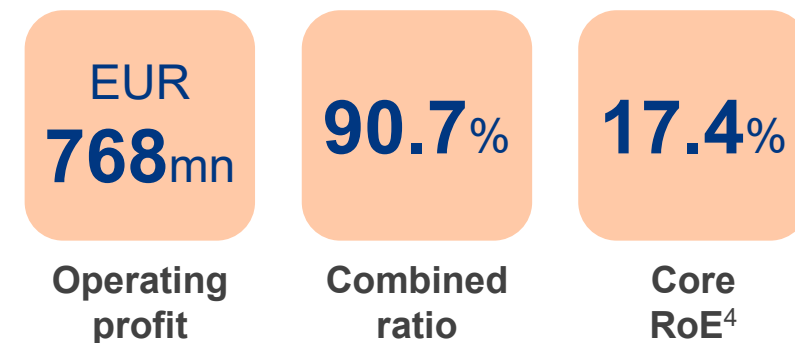
Combined ratio¹ (%)



Return on equity^{1,2} (%)



Strong performance – 9M 2023³



1) Based on IFRS 4

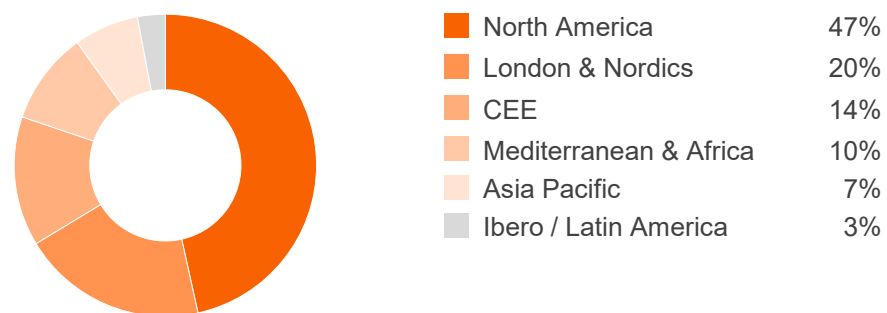
2) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill

3) Based on new accounting standards IFRS 9/17; excluding fronting & captives

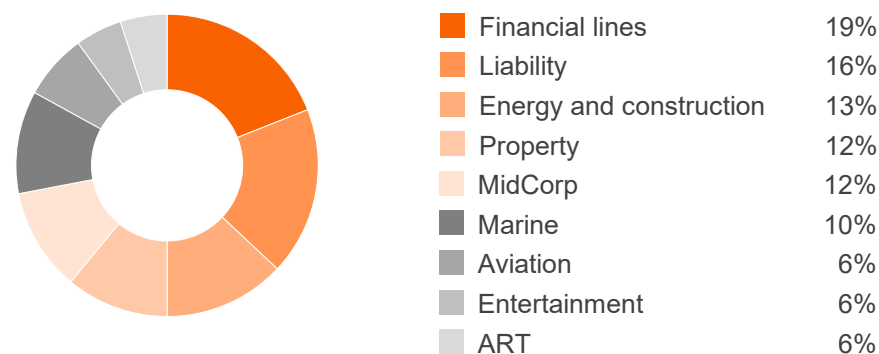
4) Annualized

Allianz Global Corporate & Specialty (2/2)

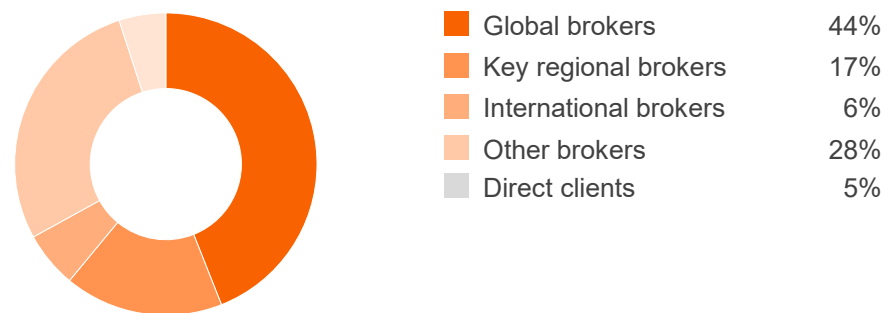
Revenues by region¹ (2022)



Revenues by line of business¹ (2022)



Revenues by channel¹ (2022)



Milestones

- 2006** Foundation of AGCS by merging Allianz Global Risks and Allianz Marine & Aviation
- 2011** Full integration of Allianz Risk Transfer, Zurich
- 2015** Integration of FFIC (incl. MidCorp and Entertainment)
- 2023** Formation of “Allianz Commercial”: AGCS joins forces with the commercial insurance businesses of local Allianz entities

1) Based on gross net premiums written (i.e. excl. facultative reinsurance and fronting business)

Clear agenda with impact across all dimensions

Foundation – four transformation pillars

Technical excellence	<ul style="list-style-type: none"> • Volatility management – new limit framework, reinsurance optimization, accumulation management • Portfolio management – within and across business lines • Pricing – enhanced tools, predictive modelling • Global product management – wording platform • Claims excellence
Right markets & segments	<ul style="list-style-type: none"> • New AGCS value proposition • Multinational and ESG offering
“Global first” & digitalization	<ul style="list-style-type: none"> • “Global by default” organizational streamlining • IT transformation, decommissioning and data
Cultural transformation	<ul style="list-style-type: none"> • Best talent attraction and retention • “Play to win” mindset

Delivery – operating profit (EUR mn)



1) Global Net Promoter Score
2) Inclusive Meritocracy Index

AGCS – key messages

- Market** Growing and profitable market despite challenging macro-environment
- Footprint** Global footprint with recognized capabilities in underwriting and servicing of large, complex and specialty risks under Allianz Commercial
- Track record** Successful turnaround after decisive portfolio remediation
- Strategy** Leverage Allianz Commercial capabilities to drive profitable growth, deliver sustainable returns through the cycle and strengthen market position
- Ambition** Deliver EUR 1bn operating profit¹ in 2024

1) Assuming NatCat on normal level



Allianz Reinsurance

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CEO Allianz Reinsurance

London,
November 2023

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Reinsurance market at a glance

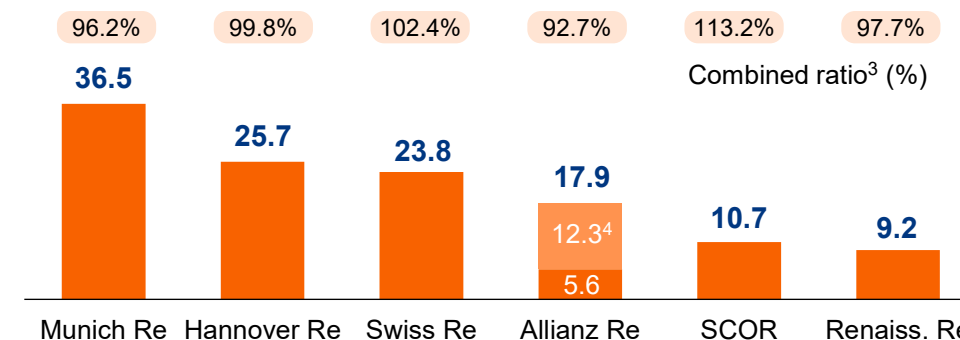
Market specifics (2022)

- Total R/I premium volume of USD ~380bn in P/C and USD ~200bn in L/H
- ~99% underlying combined ratio of major P/C reinsurers¹
- Reinsurers earned their cost of capital for the first time in 10 years
- Reinsurance capital dropped by 12%

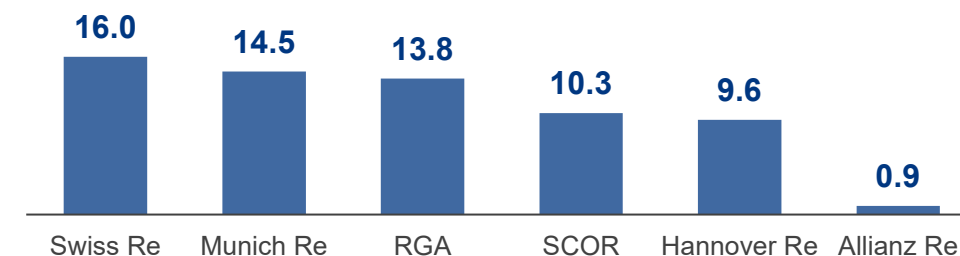
Market developments

- Significant price increases in 2023 (esp. in cat reinsurance)
- Reinsurance market conditions are expected to stay stable in upcoming renewals in 2024
- NatCat programs will remain costly, as drivers for price pressure remain in place
- Casualty market shows first signs of less attractive conditions for reinsurers, as issues around social inflation continue to grow
- As reinsurance capital and capacity starts to increase again, we expect that softening of market conditions starts in 2025

Largest reinsurers P/C (GPW, USD bn, 2022)²



Largest reinsurers L/H (GPW, USD bn, 2022)²



1) Source: Gallagher Re, Reinsurance Market Report 2022. "Underlying" = adjusted for prior year development and assuming normalized NatCat losses

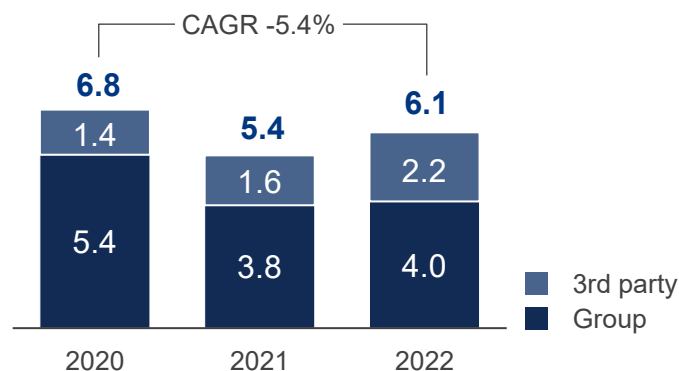
2) Source: Companies' annual reports. EUR/USD rate: 1.06; Allianz Reinsurance CR excludes virtual entities

3) CR calculated shown on this slide may differ from the ones reported by the companies as allocated investment income was not considered

4) Capital management reinsurance, in external reporting largely allocated to other operating entities

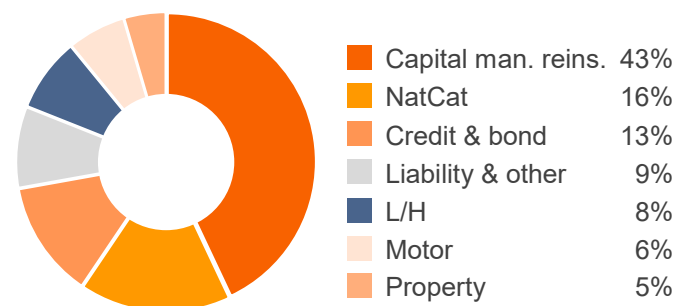
Allianz Reinsurance – overview

Revenues¹ (EUR bn)

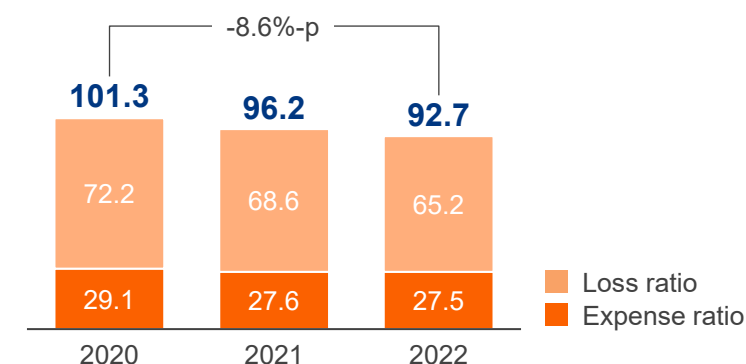


Business type Group (in %, GPW, 2022)

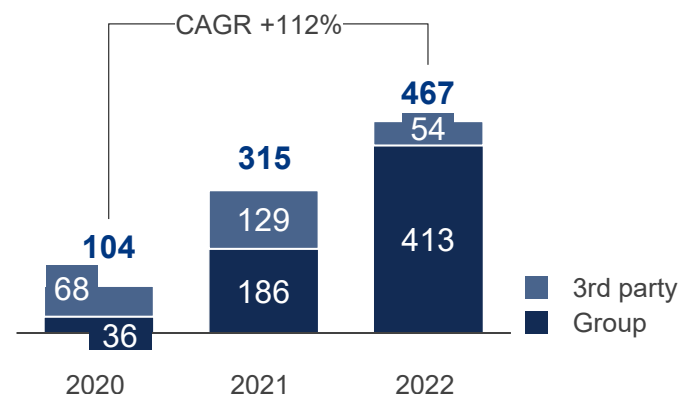
GPW: EUR 4.0bn



Combined ratio P/C² (%)

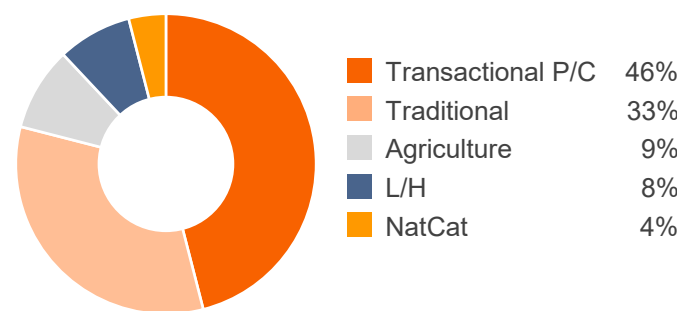


Operating profit³ (EUR mn)



Business type 3rd party (in %, GPW, 2022)

GPW: EUR 2.2bn



Milestones

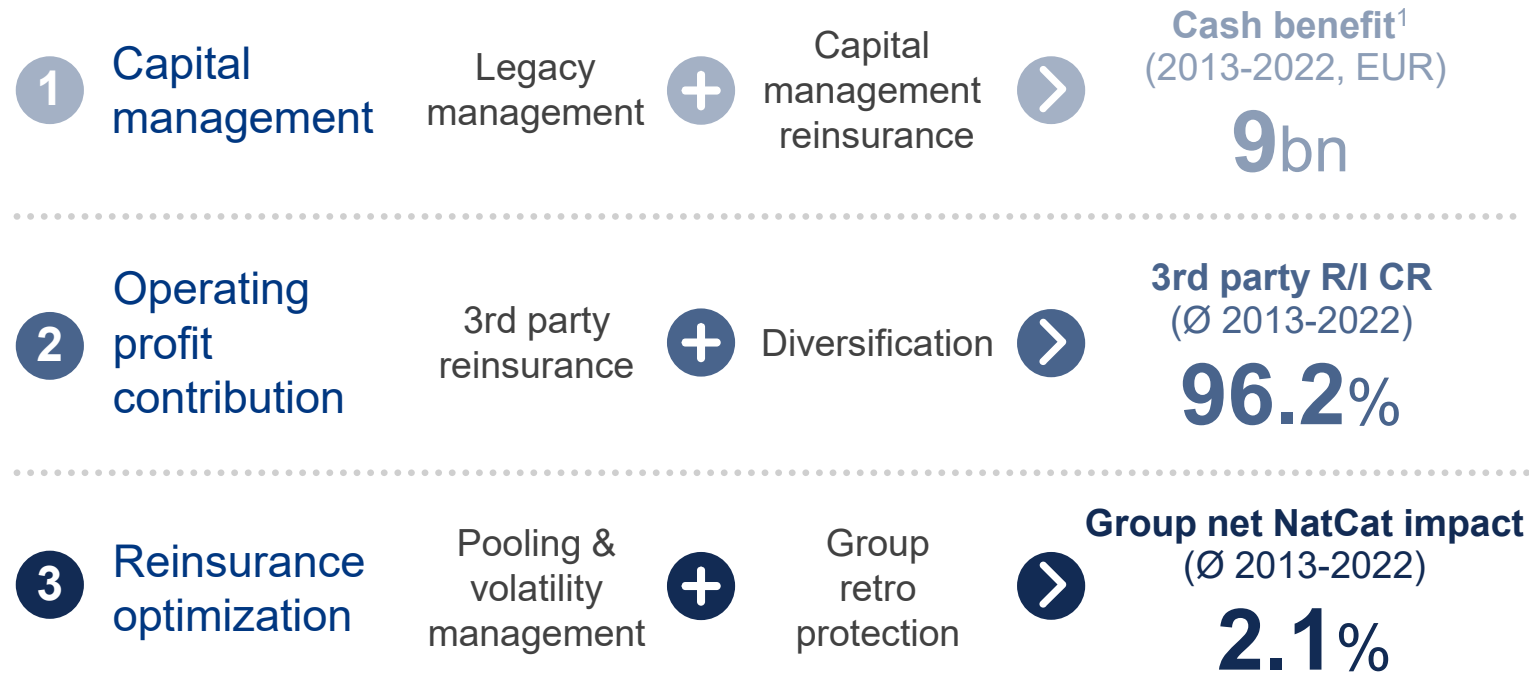
- 1985 Allianz AG (now SE) formed as reinsurer and holding
- 1999 Becoming global: Allianz SE branch in Singapore followed by branch in Zurich and separate entities in Ireland and USA (2015)
- 2000 Natural catastrophe team formed
- 2006 Internal reinsurance optimization initiated
- 2013 Capital management optimization started
- 2021 3rd party reinsurance business reinforced

1) Before Group consolidation; including selected capital management reinsurance; data excluding capital management reinsurance: EUR 3.5bn / 3.8bn / 4.4bn in 2020 / 2021 / 2022

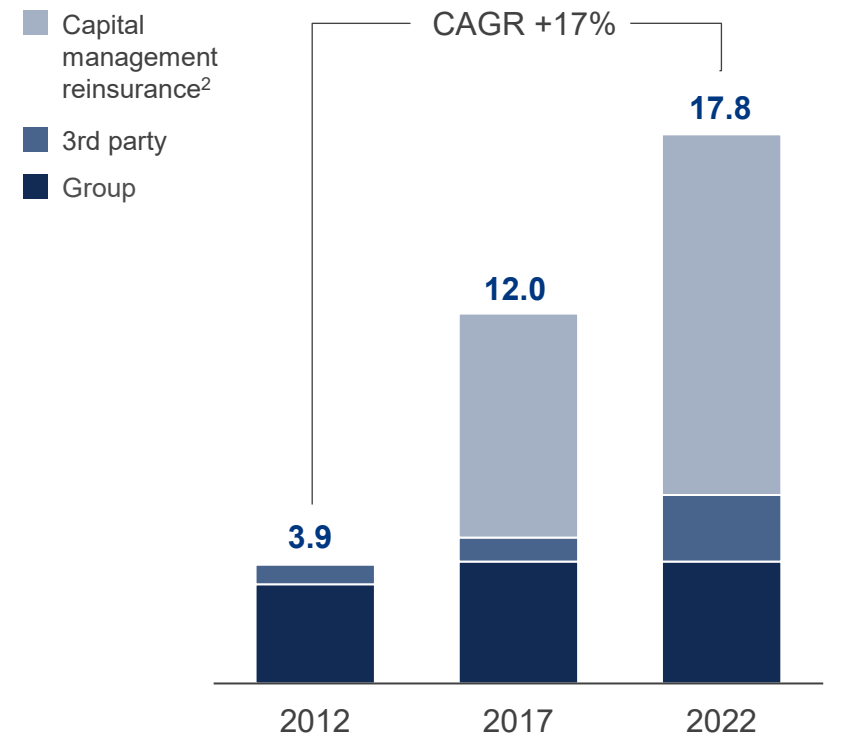
2) Excluding capital management reinsurance: 105.4% / 93.1% / 88.6% in 2020 / 2021 / 2022
 3) Excluding capital management reinsurance: EUR 36mn / 301mn / 440mn in 2020 / 2021 / 2022

Allianz Reinsurance – value creation

Allianz Re’s three key value levers



Allianz Re total premium volume (P/C and L/H, EUR bn)

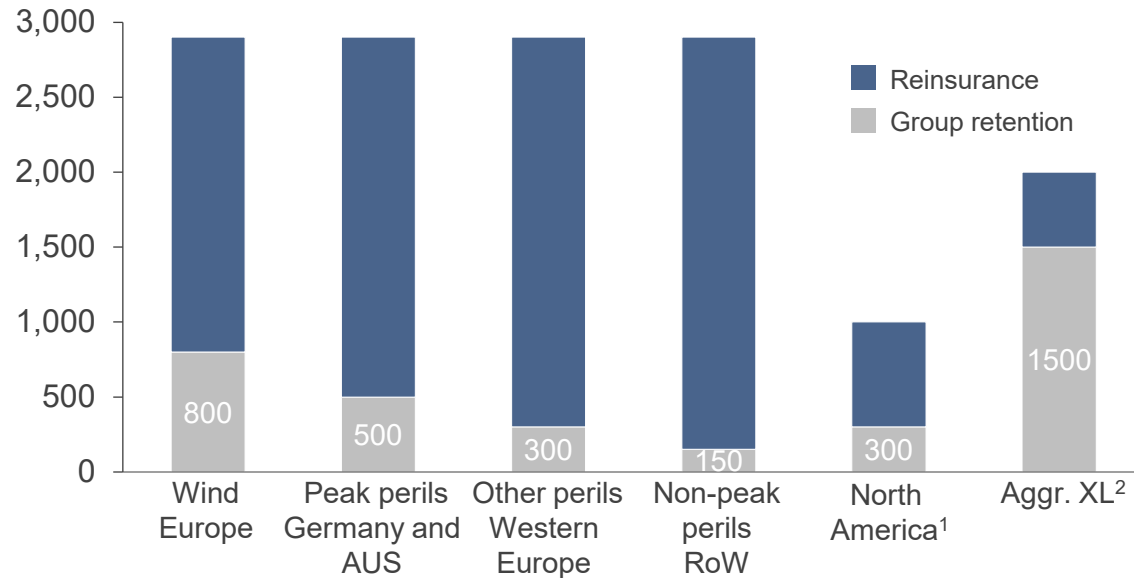


1) Group benefit from cash upstreaming or avoidance of cash injections

2) Capital management reinsurance: Contracts virtually allocated to OEs and externally reported as part of OE results in AZ Group results

Effective protection against tail risks

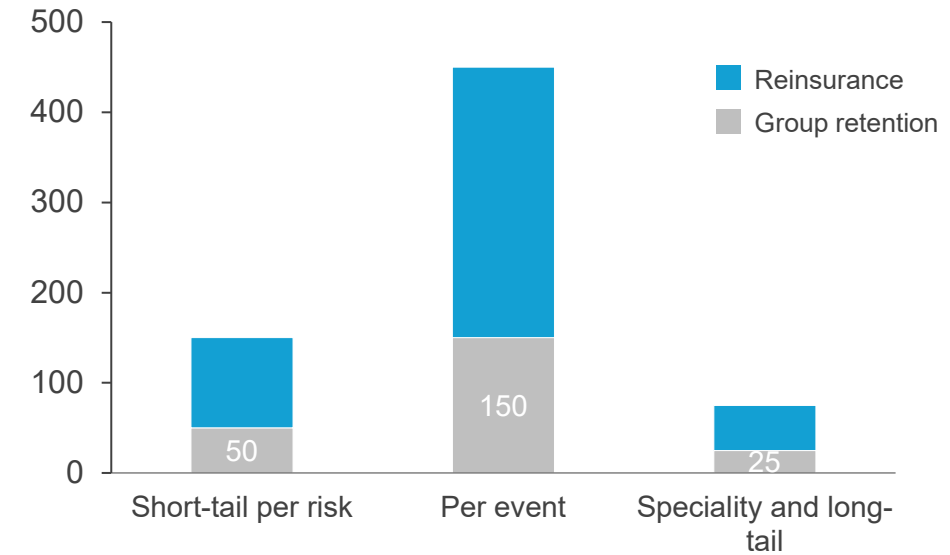
Group NatCat retro (EUR mn, simplified, 2023)



Highlights NatCat retro cover

- Group retro NatCat focus on protecting against severe event losses
- Comprehensive worldwide protections with coverage reflecting Allianz regional business scope, profit pools and reinsurance market conditions

Man-made per risk and clash retro (EUR mn, simplified, 2023)



Highlights man-made retro cover

- Significantly reduced per risk retentions reducing volatility from large losses
- Reduced risk appetite for long-tail lines like US casualty
- Leverage reinsurers' know-how for our underwriting

1) In USD
2) Deductible of EUR 50mn per event

Allianz Reinsurance – key messages

- Strategy** Using reinsurance to add value for Allianz Group via capital & reinsurance optimization and operating profit contribution
- Track record** EUR 4.3bn operating profit and average P/C combined ratio of 94% (10 years)
- Protection** Proven and comprehensive retro protection program in place limiting volatility and providing capital benefits
- Growth driver** Structured reinsurance solutions for 3rd party clients
- Ambition** EUR >0.4bn operating profit p.a. starting 2024 with limited volatility



Allianz Services

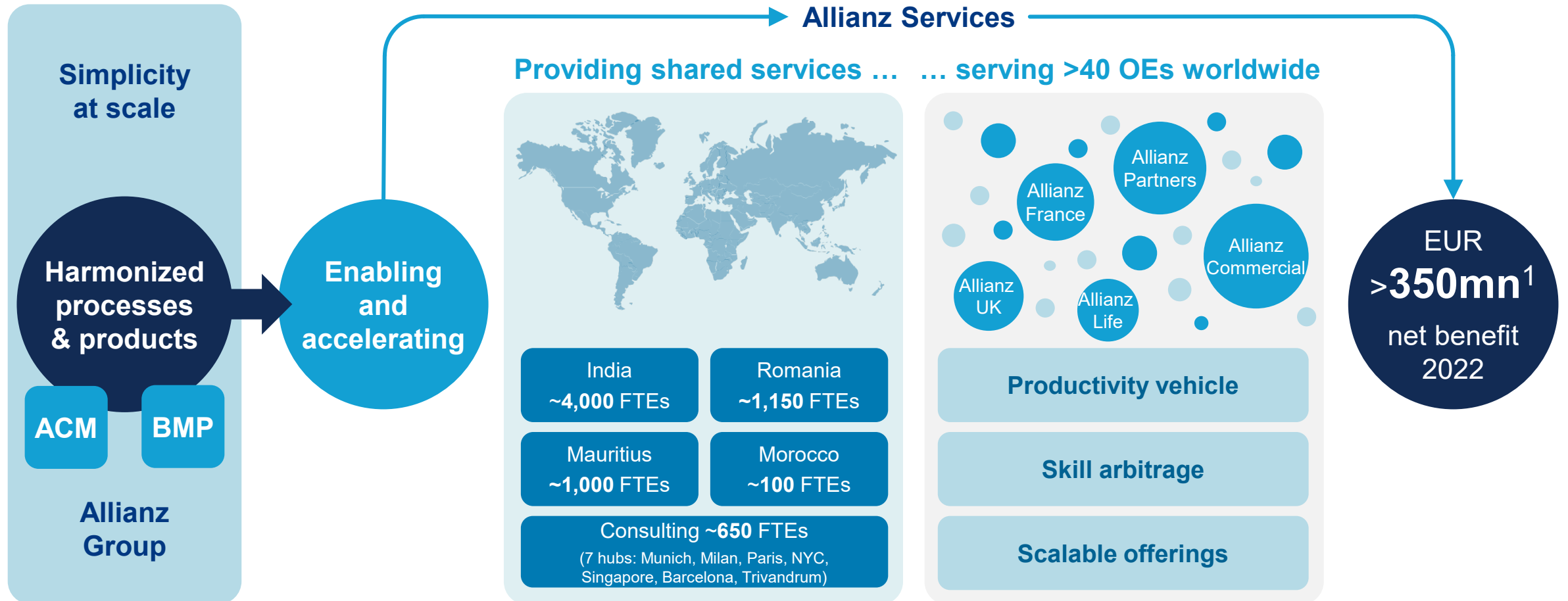
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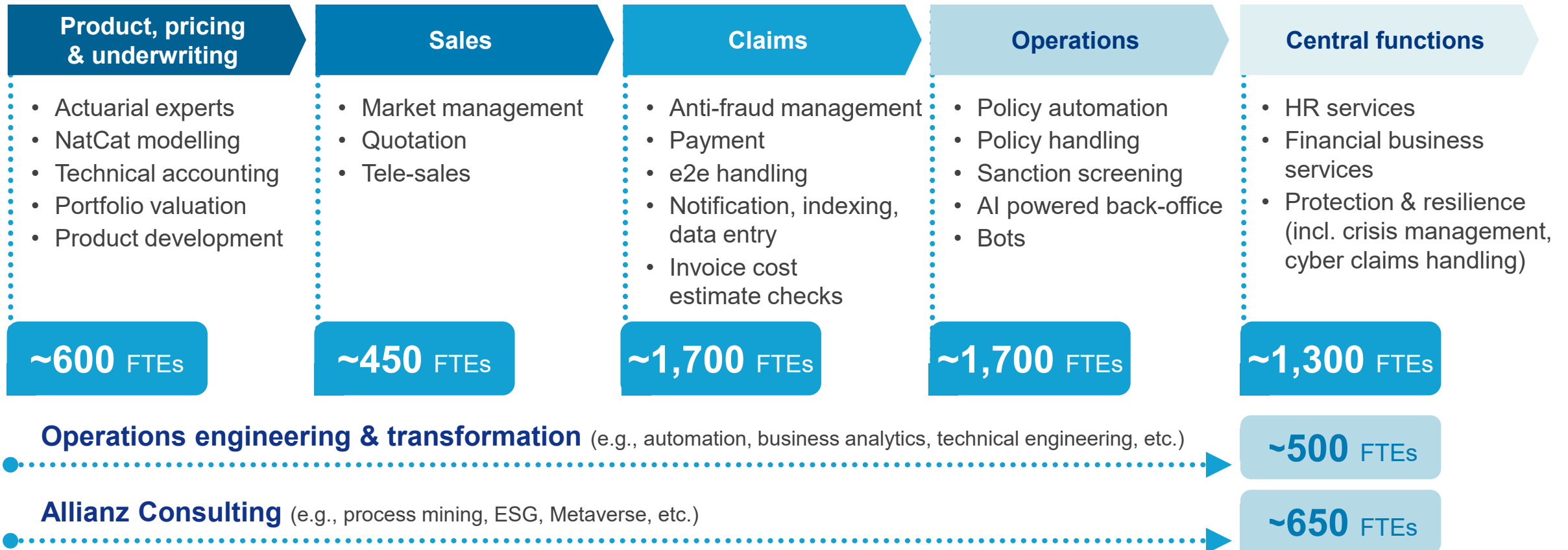
Allianz Services – business overview



1) Total benefit realized compared to 2018; key components incl. cost avoidance, efficiency gains, and labour cost arbitrage
 ACM Allianz Customer Model; BMP: Business Master Platform; OE: operating entity

Allianz Services – comprehensive offerings

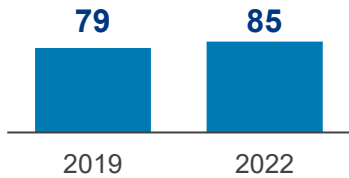
We provide core insurance and business support services



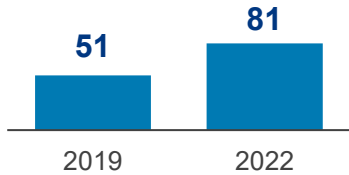
Allianz Services – high quality services

Competitive offering ...

Engaged workforce (IMIX, %)

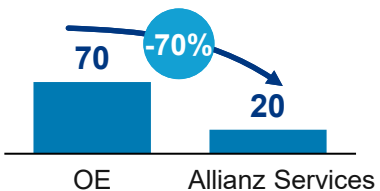


Satisfied OEs (NPS, %)



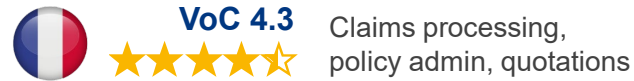
Cost efficiency

(Labor cost per FTE in thou EUR¹)



Voice of customer (VoC)

(1= the lowest, 5 = the highest)

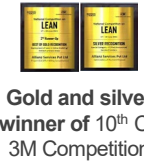


... externally awarded

Customer experience



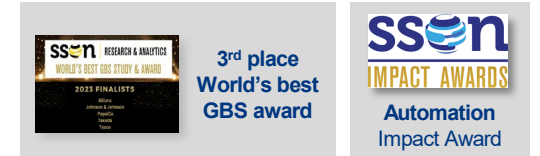
Process & productivity



People & culture



Best practice & certifications



1) Indicative EU based OE costs compared to India based costs
IMIX: Inclusive Meritocracy Index, measured by Allianz Engagement Survey

Allianz Services – case studies

AI powered back office

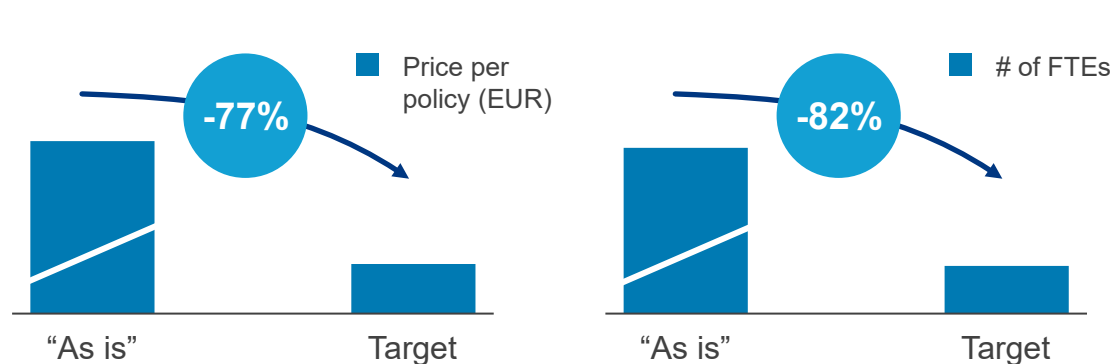
Our service:

e2e automated coverage of customer requests ...

- ... starting from receiving the request (e-mail routing and sorting, indexing, classification & splitting of documents)
- ... pre-drafting customer answer by using Open AI

Reduction of cost per policy

(example Singapore)



Anti-fraud management

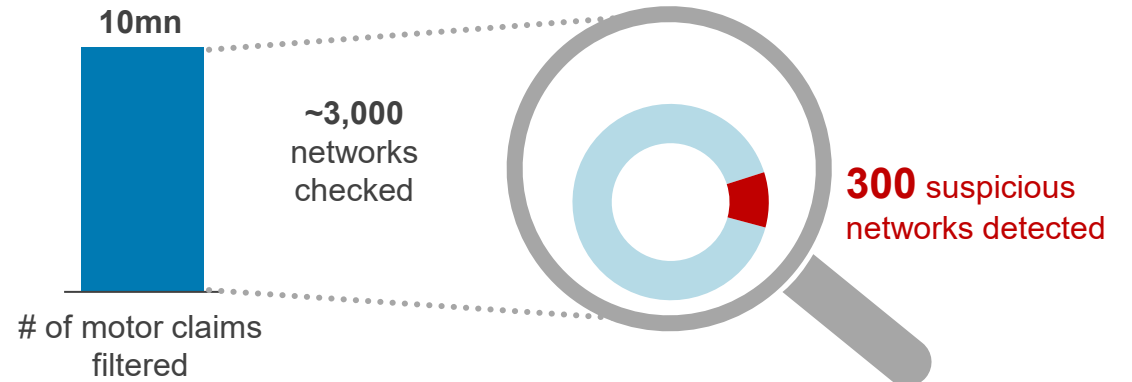
Our service:

e2e anti-fraud operations starting from red flags notification to savings, providing ...

- ... specialized capabilities (e.g., social media search) based on specific experience and in-depth expertise
- ... anti-fraud pattern and systems configuration

Detecting fraudulent claims networks

(example Allianz Spain)



Allianz Services – key messages

- Aspiration** Contribute to transformation of Allianz by providing a global services platform to run and improve operations, drive productivity and create superior client experience
- Track record** EUR >350mn¹ net benefit to Allianz Group in 2022
- Growth ambition** Further expansion of e2e service offering; extend OE footprint and drive industrialization and automation

1) Total benefit realized compared to 2018

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 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 the Allianz's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies and the financial services in-

dustry generally, (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) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions including and related integration issues and reorganization measures, and (xii) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

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