



# Annual General Meeting of Allianz SE on May 8, 2024

CEO Report

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

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## Welcome & review 2023

Good morning, ladies and gentlemen, dear shareholders and employees.

Today, I would like to discuss two topics together with you: How has Allianz developed over the past year? And what does our path into the future look like?

But before we address these questions, I would like to look back at the year 2023. After all, we need to assess what we have achieved against the backdrop of the path we have traveled. The challenges of the past year were enormous: we saw how the major economies were still scarred by the crises of recent years. We saw wars in the middle of Europe and in the Middle East. We experienced one of the warmest years ever. And we lived through a technological revolution. Let me expand on this for a moment:

### Economic development

In **Germany** and the **USA**, inflation was the topic that dominated capital markets and companies and affected every one of us. No one was spared rising costs. In an unprecedented race, the central banks in the USA and Europe raised interest rates. Up to 5 percent in just 6 months. A level that we last saw in the early 2000s. Inflation was thus contained. Nevertheless, the German economy suffered: at the end of 2023, Germany was in recession. Not so the USA. They had already decided to invest around 370 billion euros the year before and were thus able to build on their growth before the coronavirus pandemic. At the other end of the world, in **China**, we saw the opposite development. Inflation was the lowest it has been for ten years. A key driver: the ongoing crisis in the real estate sector. Countless families lost large parts of their savings. And the construction group Evergrande, which was heavily indebted at around 300 billion euros, became a symbol of how trust in an entire industry was lost. An industry that had boosted Chinese growth for years. The contrast to **India's** boom could hardly be greater these days: India recorded the highest growth rates among the world's ten largest economies. In just a few years, India will overtake Germany and Japan as the world's third largest economy. The key to this is India investing heavily in education, digitalization, and infrastructure.

### Hotspots

At the same time, the crises in the world have intensified. The war in Ukraine has marked its second anniversary, with no end in sight. And Western supporters are increasingly divided over further aid. The smouldering conflict between Israel and Hamas escalated in the second half of the year. This has further destabilized the region. More than a million people in the Gaza Strip and Israel have become refugees. They live in undignified conditions.

## Climate change & technological revolution

All this happened in the warmest year since records began. **Climate change** is progressing. It is threatening our livelihoods, our homes, and the health of all people. Last year alone, natural disasters caused damage amounting to around 280 billion US dollars.

Ladies and gentlemen, last year we also witnessed a **technological revolution**. With so-called "large language models", we could communicate with AI in our own language for the first time. For example, it can answer questions in a meaningful way. It can write texts and create translations. For companies, it opens new potential in automation and innovation. And it is an equalizer in society. Because it makes skills that were previously acquired in education accessible to everyone.

So: inflation and stagnation in the major economies. The boom of India. Wars on our doorstep. Natural disasters. A technological revolution. The past year has once again shown us how much and, above all, how quickly the world we live in is changing. Things that seemed certain yesterday are already changing today. This dynamic is unsettling for all of us. It makes many people **afraid of losing their jobs and prosperity**. Afraid of the future.

Allianz was founded 134 years ago precisely for this environment. To provide security in uncertain times. To create trust and hope. And to protect what is most important to our customers. Our advertising slogan "**Hoffentlich Allianz**" – "**Hopefully insured with Allianz**" is therefore more relevant today than ever.

## "Hopefully insured with Allianz"

But what does that mean in concrete terms? And for each and every one of us? I would like to share the story of our customer Elfriede Carrell. A story about how the worst befell her during the most beautiful time of the year. And how we did everything we could to bring her home again safely.

After a long working life, Mrs. Carrell and her husband have fulfilled their dream of spending part of the year in warm Florida. This was also the case last spring when she was bitten by an insect there. Not a big deal, she thought. What she didn't know was that from that moment on, a race against time began. A race for her life. Because the sting transmitted a bacterium that destroys the skin and surrounding tissue. The disease spreads rapidly. If left untreated, it can be fatal within a few days. Mrs. Carrell's condition deteriorated fast, and her husband took her to the emergency room that very evening. The doctors immediately recognized the dramatic nature of the situation. They removed the diseased tissue that very night and amputated one breast.

Our customer's husband contacted us the next morning, exhausted and unsettled. He was looking for advice and wanted to get home to his family with his wife as quickly as possible. Our emergency doctor Julia Greipel got in touch immediately. She consulted with the doctors in the USA and arranged further treatment at a specialist clinic in Heidelberg. There, close to her family, Mrs. Carrell was to recover from her illness. Mrs. Greipel then travelled to the USA herself and accompanied the Carrell couple on their journey home. Mrs. Carrell has now left the hardships behind her. And she is infinitely grateful for the support she received from Allianz.

Why am I telling you this, Ladies and Gentlemen? Because it's precisely these moments that count: We were there for our customer when the worst befell her. We stood by her and her family. We gave her confidence and brought her home safely. In these moments, our commitment to protecting what is most important to our customers becomes tangible.

## Results 2023

Ladies and Gentlemen, an Annual General Meeting is always a moment to review. And in which we can show that you have rightly placed your trust in us. I am very pleased that I once again have a lot of good news to report at this point:

Last year, we consolidated our position as one of the world's leading **insurers and asset managers**. Our revenue reached 162 billion euros; an increase of 5.5 percent year-on-year. The operating profit increased by 6.7 percent to 14.7 billion euros. Our core return on equity rose to a strong 16 percent. The shareholders' core net income amounted to 9.1 billion euros, an increase of around 30 percent.

In **property-casualty insurance**, we increased our revenues by 8.4 percent. We achieved around 77 billion euros. The operating profit exceeded 6.9 billion euros for the first time.

We also grew in **life and health insurance**: the value of new business rose by 2.2 percent to 4 billion euros. The operating profit of 5.2 billion euros shows our high earning power.

And in **Asset Management**, we once again held our ground in a difficult market. We achieved an operating profit of 3.1 billion euros. We increased our third-party assets under management by around 77 billion euros to 1.7 trillion euros.

We achieved these very strong results despite the enormous challenges we faced last year. In **property-casualty insurance**, inflation was clearly reflected in repair costs. This development was driven by higher wages, also due to more repairs of electric cars. And we again had to cope with higher claims from more frequent and more severe natural disasters.

The **capital markets were** also tighter than ever last year: on the one hand, shares and bonds rose significantly over the course of the year. The end of the year in particular saw a rally in stock markets worldwide. On the other hand, the collapse of three banks in the USA

shook confidence in the sector. And the situation was exacerbated by the takeover of Credit Suisse by UBS in Switzerland. Many feared a contagion similar to the banking crisis of 2008.

## Share price & dividend policy

Our **financial strength** enables us to remain steady in this environment: the leading rating agencies count us among their top group. Ladies and gentlemen, this is why we are stabilizing our payouts to you. In the future, you will benefit from a dividend amounting to 60 percent of our surplus. This is an increase of 10 percentage points compared to our previous payout ratio. And we aim to continue to pay at least the dividend of the last year. Already this year, we plan for a dividend of 13.80 euros per share. This is a significant increase of 21 percent compared to last year. And with that, we are increasing our dividend for the seventh time in eight years.

Last year, we bought back shares for around 2 billion euros. As a result, you achieved an excellent total return of 27 percent. This is one of the best returns in our sector in Europe. And we have already announced **share buy-backs** of over 1 billion euros for the current year.

Ladies and gentlemen, these results make our share the **most popular share** among private investors in Germany. And: more than 112,000 Allianz employees are also shareholders today. That's 70 percent of our workforce. In 2018, it was not even 10 percent.

Allianz is resilient. And it is ready to continue growing even in a challenging environment. That is why we have also set ourselves an **ambitious target** for the current fiscal year: We are planning an operating profit of 14.8 billion euros. With a range of plus or minus 1 billion euros. That is 4 percent more compared to last year's plans.

## Customers, employees & society

None of this would be possible without satisfied customers. That is why we have been measuring the **Net Promoter Score** – a measure of their loyalty – every year since 2016. The latest results impressively show that three quarters of our subsidiaries perform better than their competitors. That is a considerable jump of 11 percentage points compared to the previous year. In addition, 59 percent of our subsidiaries now have by far the most loyal customers in their market.

Our commitment to our customers is the driving force behind these outstanding results. As in the case of Mrs. Carrell. This is also reflected in our brand: in the latest **Interbrand Best Global Brands ranking**, we were named the world's No.1 insurer for the fifth time in a row. Our brand value has exceeded 20 billion US dollars for the first time.

Ladies and Gentlemen, these results would not be possible without a committed and motivated **workforce**. Their passion is the key to a first-class customer experience. That is why we want to become one of the best employers in the world.

A central component of this is **salary**: we reward performance. Moreover, the principle of equal pay for equal work applies. Regardless of gender. This should be a given and I am proud that for around three quarters of our workforce we have already been certified externally for this.

In addition, the topic of **learning & development** is of particular importance. After all, you can only succeed in the face of technological change if you are constantly learning. That is why we invested more than 100 million euros and 50 hours per employee in learning & development last year. That is almost twice as much as our competitors. Our employees determine the focus of their learning themselves. Some want to explain complex issues in a simple way. Others want to make better use of artificial intelligence. All of this makes us more productive. And it gives us more time for what really matters: being close to our customers.

In view of these investments, it is no coincidence that when it comes to motivation, we achieved record results in our latest **employee survey**. We have done so for the fifth time in six years. We are at a world-class level in two of the most important indices. Allianz is therefore well on the way to being certified globally as a **Great Place to Work** next year. This would make us one of the best employers in the world. Already today, one in two Allianz employees works in a company certified in this way, including our property & casualty, life and health insurance subsidiaries in Germany.

Allianz has a social responsibility due to its size. That is why we are committed to sustainability in all its facets: We support the green transformation of the global economy. We are working with our partners worldwide to make USD 9.5 trillion in assets under management CO2-neutral. Including our own. However, that alone is not enough. We are feeling the effects of climate change. Day after day and here on the ground. Whether it's storms, hail or floods.

Ladies and Gentlemen, this is why we must also adapt to climate change. We must take precautions and renew dikes, for example. We will have to build differently. And we must no longer build in areas that are at risk of flooding. We also need to make our customers aware of when they can insure themselves against natural hazards. In this way, we want to ensure that our world will still be insurable tomorrow. And we are working on this with the entire industry.

## Outlook

Dear shareholders, I have outlined the challenging environment in which Allianz had to prove itself last year. And I was once again able to present you with a record result. These results are no coincidence. They are the result of a well-functioning strategy. Our Renewal Agenda. I have already talked about two of its levers, "**True Customer Centricity**" and "**Inclusive Meritocracy**", thus our performance culture. Looking ahead to the coming years, I would like to explain to you how we will become more productive with the elements of "**Digital by Default**", "**Technical Excellence**" and "**Growth Engines**" in order to continue to grow.

### Digital by Default

Let's talk about **digitalization** first. Since 2016, we have been able to continuously reduce our cost ratio in property insurance: from initially 28 percent to 24.6 percent at the end of last year. We also achieved this by harmonizing our products. For example, in personal protection in Germany. In 2019, we set out to develop a comprehensive concept from eleven products. We closed gaps in the interaction between the products. And we standardized the definitions of co-insured persons and objects. "No surprises" was our motto for the new product development. This also enabled us to standardize our processes. And we were able to increase our straight-through-processing rate: from the 75 percent previously to up to 95 percent. This means that when a customer buys from us, they immediately receive their documents in an electronic mailbox. And this happens while they are still talking to our agent. The feedback from our customers shows that we are on the right track: They already rate our service at 4.7 on a 5-star scale, compared to 4.4 stars at the start of our journey.

Besides, we have also standardized the digital infrastructure of our products. Regardless of whether our customers report a claim to their "Privatschutz" in Germany or to "Allianz Ultra" in Italy, the technology behind it is the same. This allows us to take full advantage of our global business model. And we are only at the beginning here.

### Technical Excellence

High data quality is extremely important to us. It is the basis for calculating fair premiums. And it determines our competitive position. If this is the case, we speak of **technical excellence**. I would like to share an example from our health insurance. In the case of small providers or rare diseases, the data quality is often not sufficient to determine a risk-appropriate premium. In some cases, data is missing altogether. In 2022, we therefore began compiling our knowledge about diseases worldwide in a database. Of course, we ensure data protection in the process. In Colombia, for example, we benefit from data from



Germany on asthma. And in Germany, we are using our knowledge about secondary illnesses related to Malaria. In future, we want to use this data to provide our customers with even better support in the event of illness. Our aim is to find the right treatment as quickly as possible. So that they can get well again as soon as possible. This benefits our customers in two ways: they are spared long medical odysseys and unnecessary costs. We can already see how powerful this type of steering can be in motor insurance, where we help our customers get a repair at the best price. This saves them up to 1,000 euros per claim.

## Growth Engines

**We want to continue to grow**, and our commercial business should be a part of that, no matter if it is mid-sized or large corporations. That's why we launched our new Allianz Commercial brand in July 2023. With this, we offer the entire range of our P/C-products under one roof. Our customers and sales partners benefit from a broader range of solutions. And they benefit from comprehensive advice from just one contact at Allianz. This is well received: We were able to increase the Net Promoter Score among our agents by 16 percent to 35.1 points last year. The operating profit of Allianz Commercial has also risen by an impressive 16 percent compared to the previous business model. This shows impressively that Allianz Commercial is more than the sum of its parts.

Our colleagues in France have also shown how important the customer interface is for our growth. They started generating customer contacts via search engines around 3 years ago. And they have combined this marketing with our expertise. Because we know when customers want to buy a product. So we advertise what is relevant from the customer's point of view. An AI-engine then shares these customer contacts with the agent who can best acquire the customer for Allianz. The result is remarkable: we have increased the number of digital customer contacts by 40 percent. And almost halved the costs involved. Today, one in three contacts made digitally leads to a new customer for Allianz. Our brokers decide for themselves whether they want to use this service. If they do, they pay for these customer contacts. This way, they finance this solution together.

We will continue this path in the future. We will use new technologies and our expertise to win customers for Allianz.

## Conclusion

Ladies and Gentlemen, we want to lead Allianz to even more growth. To achieve this, we will make greater use of new technologies than before. We will invest the capacities that this frees up at the interface with our customers. We want to provide them with even better

advice in future and retain them at Allianz. The expansion and activation of our sales force will play a special role in this.

Our Capital Markets Day will take place on December 10. As part of this, we will give you comprehensive insight into our evolving strategy. We want to stand by our customers, especially in times of uncertainty and change. We want to become their trusted partner. This also applies to our employees and to you, our shareholders. Here in Germany and worldwide.

Thank you for your trust in Allianz. It gives us entrepreneurial freedom. It motivates us to become even better for our customers.

Dear colleagues, thank you for your commitment and dedication. I would also like to thank you on behalf of the entire Executive Board.

It is a great pleasure for me to be part of this community. And it is a great honor for me to continue to lead our company, Allianz, into the future.

**Thank you for your attention.**

## Disclaimer

### Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and 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 industry 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.

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