Registered Number: 05134436

Annual Report and Financial Statements 2021

Allianz Holdings plc

Directors:	C W T Dinesen
	J M Dye (resigned November 30, 2021)
	F K Dyson
	P J Evans (appointed May 14, 2021)
	C J Holmes (appointed February, 22, 2022)
	R O Hudson (resigned May 14, 2021)
	D J Larnder
	S C McGinn (appointed February, 22, 2022)
	R M Murison
	T Robson-Capps (appointed April 13, 2022)
	D A Torrance
	C G Townsend (appointed April 29, 2021)
	S Treloar
	J R Vazquez (appointed June 1, 2022)
Secretary:	C M Twemlow
Registered Office:	57 Ladymead, Guildford, Surrey, GU1 1DB
Registered Number:	05134436

Strategic Report

The Directors present their Strategic Report for the year ended December 31, 2021.

Principal activities

Allianz Holdings plc ("the Company) is a holding company which owns the principal insurance operations of Allianz SE in the UK. The principal activity of its subsidiary undertakings continues to be the transaction of most classes of general insurance business.

The Company and its subsidiary undertakings, listed in note 9, are collectively referred to as "Allianz" or "the Group". In July 2021, the Allianz business in the UK restructured its operations to form two new trading divisions, Allianz Personal and Allianz Commercial (the "business" or "businesses"), supported by the integrated central functions of Operations, Finance, Risk and Human Resources. This structure aligns with the distinct needs of Allianz's individual customer groups and gives more scope to benefit from shared knowledge and scale whilst simplifying its business and enabling greater focus on specific segments.

Business review

The results for the year are set out in the Statement of Comprehensive Income on page 15. The profit for the year amounted to £161,020k (2020: £157,999k). The increase is a result of an increase in the amount of dividends received during the year combined with lower impairment charges incurred.

Key performance Indicators

The financial key performance indicators monitored by the Company are: profit before tax, dividends received and total equity. The profit before tax for the year is £161,108k (2020: £161,173k) with the Company receiving dividends of £170,320k (2020: £75,000k). At the year end, the Company had total equity of £2,412,874k (2020: £2,371,854k). The Company does not monitor any non-financial key performance indicators.

Principal risks and uncertainties

The principal risk facing the Company is the performance of its subsidiary undertakings, listed in note 9.

The COVID-19 pandemic had minimal impact on the way in which the business operated. Through the shared governance of the Group, any operational risk is deemed to be small and has been addressed by increasing homeworking capability and reducing non-priority activity. The financial risk continues to be minimal, further information is disclosed in note 14.

Strategic Report (continued)

Future outlook

No changes to the principal activity are anticipated in the foreseeable future. The Company will continue to consider suitable investment opportunities as and when they arise. The uncertainties surrounding COVID-19 are noted in principal risks and uncertainties.

Rising inflation in the wider economy particularly driven by rising energy costs could also present business challenges due to impacts on customers of subsidiaries in the Group and general upward pressure on costs. The Company also recognises that in response to sanctions applied following the Russian military invasion of Ukraine, there is a risk of state sponsored cyber-attacks targeted at the UK. Through monitoring of emerging threats and identification of incidents, The Group's organisational structure enables a coordinated response to cyber events within its local and global Crisis Management framework. Subsidiaries in the Group have experienced falling valuations which could affect the ability to pay dividends to the Company. The Company does not anticipate that there is any significant risk that coupon and capital repayments will not be received as they fall due.

Going concern

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

Section 172(1) Companies Act 2006 Statement

The Directors have acted in the way that they considered, both individually and collectively, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and this section forms our Section 172 disclosure, describing how, in doing so the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in the decisions taken during the year.

The Company is the principal holding Company within the Group and is responsible for governance, oversight and strategy of the wider Group. The Board of the Company (the "Board") meets at least quarterly alongside the board of Directors of other key regulated entities and holding companies within the Group (collectively, the "Boards"). The Boards have adopted the same terms of reference by which they operate, and the Directors of the Boards are the same. The governance framework applied to the key regulated entities and holding companies within the Group and the combined approach to governance, ensures that the Company's Board has regard to the overall strategy, interests and direction of the Group as a whole, when taking decisions and in its discussions. This includes considering the impact on the broader stakeholders of the Group, the environment in which the Company and the Group operate and the long-term success of the Company and the Group as a whole. Considerations in this report therefore refer both to the Company and also the wider Group.

The Board is collectively responsible for the long-term success of the Company. The Board is responsible for setting the Company's strategic aims and ensuring that the necessary resources are in place to meet its objectives. The Boards set the Group's purpose, strategy, culture values and standards and ensures that its obligations to stakeholders and others, as well as other matters set out under section 172 of the Companies Act 2006, are considered when taking decisions and in its discussions.

The Board receives information in the form of Board reports and presentations when making decisions and these reports include information about how stakeholder interests have been considered. Information is also presented, where relevant, regarding any impact on the Company's or Group's reputation, impact on the environment or impact on the communities in which the Company or Group operate and other matters set out in section 172 of the Companies Act 2006.

The Board has undertaken a review of its effectiveness during the year and is in the process of carrying out actions to further improve Board governance arrangements.

Stakeholder engagement

This section of the Company's report explains the Company's engagement activities in relation to its customers, suppliers and other stakeholders relevant to the Company and the Group.

The Board and individual Directors engage with some stakeholders directly on specific issues. However, due to the size of the Group and how it operates, stakeholder engagement more regularly takes place at an operational level. In addition, stakeholder engagement takes place at both a Group level and a Company level depending on the matter at hand. This allows the Group to be responsive to stakeholder needs. As described above, the Company's Board receives reports when making decisions and these reports include information about how stakeholder interests have been considered. This provides the Board with an overview of stakeholder interests when making decisions even where they have not engaged directly with those stakeholders themselves.

Strategic Report (continued)

Section 172(1) Companies Act 2006 Statement (continued)

Customers

The Group is committed to ensuring good outcomes for its customers. Customer centricity is fundamental to the Group's growth and development and is one of five important themes underpinning the Allianz SE business strategy which the Group and the Company have adopted.

A key method of engaging with customers across Allianz's business and ensuring that a customer-centric culture is embedded is the NPS. Feedback is sought and performance across different brands is benchmarked against competitors. The results are shared with the Boards so this information can be considered when making decisions.

In addition, on a day-to-day basis the Group's customer-facing people engage with and foster relationships with customers directly. Direct and indirect feedback received from customers is collated and reviewed, together with other data such as complaints received and the number of complaints referred to, and upheld by, the Financial Ombudsman Service.

The Board has a Customer & Conduct Committee which is responsible for overseeing customer conduct matters for the Group. The Customer & Conduct Committee receives reports on a variety of matters including information from the Allianz Commercial and Allianz Personal businesses including reports on customer value underpinned by metrics around conduct risk, customer experience and customer culture for the Group. The Customer & Conduct Committee has considered a number of topics and projects during the year, focusing on the customer impacts and journey and ensuring that customers are put first. The Customer & Conduct Committee reports into the Boards on all matters, ensuring that the Directors are aware of customer engagement metrics to factor into decision making.

In addition, during 2021, an independent third party was engaged to undertake a review of culture across the Group, including, amongst other things, how the culture supports the delivery of good customer outcomes. The Boards reviewed the findings and actions were put in place to ensure they continue to receive relevant and useful information in relation to culture. A key focus is the development of a meaningful culture dashboard and scorecard to help the Boards better monitor culture, including metrics to measure customer outcomes.

Employees

The Company does not employ any staff. During the year, Allianz Management Services Limited ("AMS") and Liverpool Victoria General Insurance Group Limited ("LVGIG"), companies within the Group, provided services and staff resources to the Company as well as to other Group Companies. AMS and LVGIG have a high level of resources and expertise which benefit the Company and the Group. Operationally, since the 2021 restructure, employee engagement is led by the Chief Human Resources Officer of the Group, with the Human Resources team working directly with the business divisions of Allianz Commercial and Allianz Personal. The approach taken across the Group to employee engagement is explained below. However, there are some variances in methods used across Allianz Commercial and Allianz Personal, where appropriate or required.

The Group seeks feedback and measures the engagement of employees in a variety of ways. Engagement methods include the Allianz Engagement Survey ("AES") and additional 'pulse' surveys sent to employees on various topics, town hall presentations (which have been virtual following the impact of COVID-19), newsletters via the employee intranets.

At the end of 2021, the first townhall with Colm Holmes, the new CEO of the Group, was held for employees. This was a chance for employees to meet Colm Holmes virtually and learn more about his vision for the Group as a whole. These townhalls have continued into 2022, with other senior executives invited to join Colm to discuss important topics and answer questions raised by employees.

As Group employees return to the offices under the new 'ways of working', including hybrid working, this will provide opportunities for more engagement between the Directors, including the non-executive Directors, including the non-executive Directors, and employees. In 2022 the Board will hold its Board meetings at different office locations in the UK to facilitate more engagement.

The annual AES continues to be used and is a valuable employee feedback platform and an indicator of the Group's corporate culture and employee engagement.

The AES results include the Inclusive Meritocracy Index which covers aspects of leadership, performance, collaboration, trust and respect and the Work Well Index plus is used to measure the quality of the work environment, practices and opportunities. Inclusive Meritocracy is Allianz's target culture and can be described by three principles: 1) people and performance matter in a culture of inclusive meritocracy; 2) the 'what' and the 'how' count and define individual performance at Allianz; and 3) people attributes set the expectation for how employees should behave and work together. The Inclusive Meritocracy Index is derived from the responses to ten questions asked in the annual AES. These questions include references to the company's desire to promote a culture which produces good outcomes for its customers and an inclusive and diverse environment.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

Employees (continued)

The AES results are collated to give a Group-wide result and are also broken down by division and by teams. The survey results are shared with the Boards and action plans are developed based on the feedback received within teams. The results of the survey are directly linked to the performance objectives of the Allianz Holdings plc Executive Committee and key leaders within the Group. This approach ensures that employees, matters of importance to them and the impact of decisions on the workforce are actively considered by the leadership team when making decisions. In 2022, LVGIG and AZI, both being Group companies, received a silver award each from Stonewall's Workplace Equality Index, for their commitment and efforts to become an LGBT+ employer. Stonewall is the world's second-largest LGBT+ charity.

Suppliers

Proposed significant supplier contracts, either strategic or by reason of size and significance, which are relevant to the Group, are considered by the Board following initial meetings and negotiations by procurement and commercial teams, and direct engagement with senior management. In 2021, supplier contracts supported by summary documents were provided to the Board to enable an informed decision to be made covering areas such as cost, risk and key clauses. Suppliers are required to comply with the Group's Vendor Code of Conduct, which ensures certain standards are met in relation to ethics, labour and the environment. In addition, the sourcing process itself is governed across the Group by adherence to requirements laid out in the Allianz Global Standard for Procurement via the Local Procurement Standard.
As a consequence, in 2021, the Board gave due consideration to significant intended supplier arrangements, their suitability and ability to meet the Group's requirements including but not limited to areas such as information security, data privacy, risk, protection and resilience. This ensures a productive and mutually beneficial working relationship can be established and maintained with each supplier.

The Group Executive Committee assumes responsibility for approving and overseeing procedures to effect significant contracts and for their ongoing monitoring and performance assessment.

The Supplier Relationship Management team has been set up in procurement specifically to assist teams across the Group with the management of supplier relationships by creating a framework of best practice controls and governance, and by supporting the business in managing significant supplier relationships and driving value throughout the life of supplier contracts. The team works in conjunction with the safeguarding functions such as Protection and Resilience, Information Security and Data Privacy. This ensures continued protection and continuity of services for Allianz's customers. The collaboration ensures that the Group is able to effectively manage supply chain risks. In addition, relationships are fostered with suppliers at an operational level with senior management establishing partnerships with insurance aggregators, brokers, reinsurers and other suppliers. These relationships are managed on a day-to-day basis by various relationship teams who maintain regular contact. They also seek regular feedback from suppliers and renewal rates are also monitored. This information is reported back to the Boards for review and discussion. Regular reports on supplier performance, inclusive of risks and issues, were made available to the Boards in the course of 2021 to ensure oversight of the critical suppliers.

Where a contract is to be approved by the Company, the Directors will have regard to both the interests of the Company and the Group and its shareholder as well as its other stakeholders.

Regulators

While the Company itself is not regulated, its principal subsidiaries are authorised by the PRA and FCA. Ensuring there is a candid and transparent relationship with all of its regulators is of key importance to the Group and the Board. Regulations, guidance, policy statements, Dear CEO letters, Dear CRO letters, reports and other forms of publication issued by the Group's principal regulators from time to time are examined and discussed by the Board and taken into account when considering matters for approval. In addition the Board carefully considers and takes into account any letters received by the Group from the regulators.

The Board's executive and non-executive Directors have regular direct contact and dialogue with the regulators, giving them an understanding of the regulators' requirements and intentions, which will then be brought into Board discussions. Other engagement methods with regulators include regular meetings and responding to regulatory market reviews.

Shareholder

The Company has regard to the interests of its immediate shareholder, Allianz (UK) Limited, and the wider Allianz SE Group when making decisions. The Boards approve the Group strategy. As a holding company within the Group, the Company oversees the Group strategy implementation which is closely aligned with the Allianz SE strategy. Allianz SE nominates a non-executive Director to the Boards . In 2021, the Board received regular updates from the Allianz SE Group on key matters being considered within the wider group. Shareholder views have been factored into various decisions made by the Boards during the year including those on strategy, budget, investments, distributions and Board appointments.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

Shareholder (continued)

Following the resignation of the previous Allianz SE nominated non-executive Director at the end of 2020, a new Allianz SE non-executive Director, C G Townsend, was nominated and was formally appointed on April 29 2021, following regulatory approval. The approach ensures that the Company is aligned with and takes into account the views of the ultimate shareholder when making decisions, while also remaining independent from the ultimate shareholder.

Community and the Environment

An Environmental, Social, Governance strategy ("ESG") ensures the Group is a sustainable and committed corporate citizen with responsible and trusted businesses. The Group focuses on promoting the transition to a low-carbon economy, social inclusion and ensuring the integration of ESG into all aspects of the Group's businesses. The Group has undertaken its own initiatives during the year in relation to ESG and reviewing how that strategy is implemented in the UK. Allianz is fully committed to environmental, social and governance principles and consideration of its impact in these areas is an important part of Company and Group discussions. Examples of initiatives undertaken by Allianz include partnerships with the mental health charities, Mind and Scottish Action on Mental Health, which benefit people across the UK as well as the Group's employees as the partnership has been utilised to expand the employee mental health support resources that are in place. For example, mental health first aiders have been trained, employee engagement campaigns talking about mental health issues have been carried out and a programme of webinars and other resources have been put in place to support the mental health and well-being of employees working within the Company's business. There is also an employee network for mental wellbeing within Allianz Commercial, Embrace, which has created a range of initiatives aiming to raise awareness and create the right culture around employee mental health. Similar initiatives are carried out within the Allianz Personal business. To focus on the local community, there is a local community fund which donates to organisations local to the Allianz Head Office in Guildford. In addition, during 2021 the Allianz Sports Fund was launched which donated £100,000 to grassroots sports clubs. During the year, the Boards considered the ESG 2025 plan and 2021 objectives for each area working on ESG including the opportunities and risks climate change poses.

Board decision-making

This part of the section 172 statement describes how the Board has had regard to the Company's and the Group's stakeholders and other matters to be considered under section 172(1) of the Act in some of the key decisions taken by the Board during the year.

The Board continues to review its processes to ensure that a formal analysis is carried out of how the significant decisions that it is required to approve will impact the Company's key stakeholder groups. During 2020 and continuing into 2021, new Board reporting templates have been developed and rolled out to further improve the quality of Board reporting, ensure consistency and ensure that stakeholder and risk considerations are properly incorporated into all Board reports. This included providing training sessions on writing Board papers to key contributors to the Board packs. The Board also undertook a full review of the effectiveness of the Group's governance arrangements during 2021, which included consideration of its decision-making processes, Board papers and overall governance.

During the year the Directors took the following principal decisions:

Dividend

Section 172 considerations: promoting the success of the Company for the benefit of the Company's members, long-term consequences, maintaining a reputation for high standards

Stakeholders: Shareholders, customers (policyholders), regulators

During the year, the Board approved the payment of interim dividends of £120m in aggregate in respect of the year ended December 31, 2021, to its immediate shareholder, Allianz (UK) Limited. In approving the payment of the interim dividends the Directors considered the impact on the Company and the views of its stakeholders. Amongst other things, the Directors considered the needs and views of the Company's immediate shareholder and its ultimate parent company, Allianz SE, who require dividends to be paid to ensure the long-term success and viability of the Allianz SE Group as a whole. In addition, while the Company is not itself regulated, the Board took into account the regulatory environment and the views of the regulators in paying a dividend in the current economic climate, including ensuring the dividends were prudent from a regulatory perspective. The interests of wider stakeholders such as employees, customers (including policyholders) were also considered. These stakeholders need the Company and the Group as a whole to maintain a reputation for high standards in decision making and to hold sufficient capital to meet its requirements to them in the long-term. After considering these factors, together with other considerations when paying dividends, the Directors concluded that the payment of the dividends would promote the success of the Company for the benefit of its members.

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

Board decision-making (continued)

Operational Resilience project

Section 172 considerations: maintaining a reputation for high standards, consequences of decisions in the long-term

Stakeholders: customers, regulator

During the year, the Board reviewed and provided input into the operational resilience project for the Group to ensure compliance with two new regulatory policies on Operational Resilience, issued by the PRA and FCA. Implementing the policies on Operational Resilience in the right way for customers, the business and its stakeholders across the Group is critical to the success of the Group and the Company and important in maintaining the Group's reputation for high standards and putting customers first.

The Board and the Customer & Conduct Committee reviewed the Important Business Services identified by the business, which were the services which could cause intolerable levels of harm to the Group's customers, market participants or the stability of the sector or viability of the firm where such services were disrupted. The Board and Customer & Conduct Committee then reviewed the customer impact tolerances established by the business which sets levels beyond which point the Company determines that its customers could suffer 'intolerable harm'. The Board and its Committees considered definitions used by the business to determine what is intolerable in relation to customers, and agreed how much was acceptable in the event of disruption to an Important Business Service.

The Risk Committee discussed the overall project, including the broader risks. The Customer & Conduct Committee undertook a review with a specific lens on the impact on customers, including vulnerable customers. These reviews were then discussed further by the Board. In making the decision whether to approve the Impact Tolerances agreed within the business, matters considered by the Board and its Committees included the definitions used by the business to determine what is intolerable, in relation to customers. In addition, the Board considered the impact on vulnerable customers and how such customers had been considered when determining the Impact Tolerances. The focus was now on embedding operational resilience.

FCA General Insurance Pricing Practices Policy Implementation

Section 172 considerations: maintaining a reputation for high standards, fostering relationships with customers and suppliers

Stakeholders: customers, regulators

Following on from the external review of pricing strategy and practices conducted during 2020, the Board continued to oversee the implementation of the recommendations from the external review and the implementation of the FCA General Insurance Pricing Practices Policy ('GIPP') during 2021. The Board continued to have oversight of this critical area for the regulated Group subsidiaries, in light of their duties to consider the long-term success of the Group and the Company, to ensure compliance with the new rules by the implementation deadline of 1 January 2022. The Customer & Conduct Committee and the Board reviewed the potential customer impacts and the communications approach, which was based on customer research and feedback. The Customer & Conduct Committee reviewed the customer journey for a customer renewing their policy once the new rules came into effect and were satisfied that the impact on customers had been carefully considered throughout the project. The Board considered the strategy in light of the implications of the new rules as well as the strengths of the business. In the context of the new rules, the Board also reviewed the continuing processes being undertaken by the business to assess the fairness of the value of products to customers.

Integration of the Fairmead Insurance Limited Group

Section 172 considerations: interests of employees, fostering relationships with customers and suppliers, maintaining a reputation for high standards, likely consequences of any decision in the long-term

Stakeholders: employees, customers

The integration of the Fairmead business (acquired on December 31, 2019) continued to be an important strategic project for the Group, the Company and the Board. The project continues to be an important part of the long-term strategy and diversification of the Group, and as such the Board has considered the long-term consequences and impact on various stakeholders, including the Group's employees, suppliers and customers of decisions made in this long-term project. During 2021, the Board received regular updates on strategy and progress overall, including review of impacts on employees within the business and how the integration was being managed from an employee perspective. The Risk Committee received regular updates focusing on key risks to the project. The Customer & Conduct Committee reviewed the Group customer impacts as the project progressed and undertook a review of customer journeys, including

Strategic Report (continued)

Section 172 Companies Act 2006 Statement (continued)

Board decision-making (continued)

considering the experience of vulnerable customers. Specific metrics on customer migration were reviewed to understand potential impacts on customers and how these were being managed. The Board through reports from its committees and its own oversight was keen to ensure that Group customers and employees transferring from the Fairmead business were treated fairly and their interests taken into account.

New Work Model

Section 172 considerations: interest of employees and customers, long-term consequences of decisions and maintaining a reputation of high standards

Stakeholders: Employees

During the year the Board considered the implementation of the New Work Model based on learnings through lockdown which was aimed at providing new and innovative ways to work and meet the Allianz business, customer and employee expectations. The Board recognized the importance of wellbeing and resilience for the long-term and empowering the Group's employees by delivering greater flexibility in the work environment in addition to accelerating delivery of the Group's longer term people strategy. In overseeing the New Work Model, the Board discussed the need to refine the model over time and building on experience while ensuring the health and safety considerations for employees who were likely to spend more time working from home. The Board acknowledged the New work Model was a significant culture change by embedding new ways of working which is critical to the success of the Group and the Company and important in maintaining the Group's reputation for high standards and focusing on employees as its key stakeholders. The Board will continue to monitor progress with the implementation of the New Work model into 2022.

Allianz Retirement and Death Benefits Fund ("Fund") – Pensioner buy-in

Section 172 considerations: interest of employees and long-term consequences of decisions and maintaining a reputation of high standards

Stakeholders: Employees

During the year the Board considered a proposal for a pensioner buy-in exercise for the Fund. The Board approved that the Trustee of the Fund enter into an agreement with an insurer for the buy-in. The decision was made by the Board as part of a previously agreed long term pension strategy of de-risking the Fund for the benefit of its members. The Board considered quotes from insurers in accordance with advice provided by the Group's corporate pensions advisors. Risks from the buy-in were reviewed and it was noted that there were no material concerns relating to conduct risk or any other negative impacts on stakeholders. The Board continues to exercise oversight of the buy-in and the Group's pension strategy.

By order of the Board

F K Dyson

Director

June 21, 2022

Directors' Report

The Directors present their report and the audited financial statements for the year ended December 31, 2021.

As permitted by section 414C(11) of the Companies Act 2006, certain information is not included in the Directors' Report because it has instead been shown in the Strategic Report. This information is:

- Customers, suppliers and others statement
- Results for the year;
- Principal activities of the Company; and
- Business review and Future prospects.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are shown on page 1.

R O Hudson and J M Dye resigned as Directors of the Company with effect from May 14, 2021 and November 30, 2021 respectively. C G Townsend and P J Evans were appointed as Directors of the Company with effect from April 29, 2021 and May 14, 2021 respectively.

On December 1, 2021, C Holmes joined the business as Group CEO. On February 22, 2022 he was formally appointed as a Director of the Company.

On February 22, 2022, S C McGinn was appointed as a Director of the Company.

T Robson-Capps was appointed as Director on April 13, 2022 and J R Vazquez on June 1, 2022.

A qualifying third party indemnity was in force during the financial year and also at the date of approval of the financial statements.

Results and dividend

The results for the year are set out in the Statement of Comprehensive Income on page 15. A review of the Company's business activities and any likely future developments can be found in the Strategic Report.

An interim dividend was paid in the sum of £120,000k on July 9, 2021, for the year ended December 31, 2021 (2020: £115,900k. The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil).

Following the year end, the Directors have proposed an interim dividend of £100,000k, for the year ended 31 December 2022. The dividend payment is subject to the receipt of dividends from its subsidiaries which are subject to either approval or non-objection from the Prudential Regulation Authority.

Future outlook

The future outlook for the Company is outlined in the Strategic Report on page 1. The uncertainties surrounding COVID-19 are noted in principal risks and uncertainties on page 1.

Going concern

The going concern assessment for the Company is outlined in the Strategic Report on page 2.

Streamlined Energy and Carbon Reporting (SECR)

The Company fulfils the statutory requirements for SECR which includes disclosure of the Company's carbon emissions. Under the Companies Act 2006 and SECR Regulations, 'Large' companies' are required to report their annual emissions in their Directors' report. It should be noted that the information disclosed relates to several entities within the Group as this is the lowest level of granularity for which the data is collected. Information relating to Liverpool Victoria General Insurance Group Limited and its subsidiaries is reported separately and can be found in the annual report. Information relating to the Company alone is not available and identical disclosure has been made by all Companies meeting the reporting requirement.

The SECR statement has been prepared in line with the requirements of the SECR regulations and the relevant areas of the Greenhouse Gas ("GHG") Protocol Corporate Accounting and Reporting Standard.

A 'Dual Reporting' methodology has been used to indicate emissions using UK electricity grid average emission factors (known as the 'Location based' method), and also emissions using supplier specific generation emission factors (the 'Market Based' method).

Directors' Report (continued)

Streamlined Energy and Carbon Reporting ("SECR") (continued)

'Location Based' Method

The total energy consumption for 2021 was 16,645,135.03 kWh (2020: 17,689,860.13 kWh) equating to 3,532.599 tCO2e (2020: 4,003.048 tCO2e).
Carbon intensity: Emissions of tCO2e/full-time equivalent during 2021 was 0.831 tCO2e (2020: 0.87 tCO2e)

However, the Company strategy has been to purchase renewable energy backed by Renewable Electricity Guarantees of Origin ("REGO") certificates. Through this strategy, within the above 2021 total energy consumption, the Company has sourced a total of 4,768,921.54 kWh (2020: 3,493,309.20) of REGO backed (zero emission) electricity equating to 92.44% (2020: 100%) of total electricity use.

'Market Based' Method

The total energy consumption for 2021 was 16,645,135.03 kWh (2020: 17,689,860.13 kWh) equating to 2,503.965 tCO2e (2020: 2,703.548 tCO2e).
Carbon intensity: Emissions of tCO2e/full-time equivalent during 2021 was 0.589 tCO2e (2020: 0.87 tCO2e).

Energy Efficiency actions taken during 2021:

- 2021 - AZ Manchester – new building with LED lighting + dimming controllers and PiR switching. Building is BREEAM Excellent and EPC-A with electricity from renewable sources + PV panels providing on site electricity, energy efficient AC and lifts, High performance glazing coatings.
- 2021 - AZ Lancaster – replaced old lighting with LED panels and PiR switching.

Type	Current reporting year 2021	Comparison reporting year 2020
Total energy consumption (kWh)	16,645,135.03 kWh	17,689,860.13 kWh
Associated Carbon Emissions (tCO_2e)	3,532.599 tCO_2e	4,003.048 tCO_2e
Metric - Emissions of tCO_2e per Full-Time Equivalent	0.831 tCO_2e	0.870 tCO_2e

Stakeholder engagement statement

Details on how the Board has had regard to the need to foster the Company's business relationships with suppliers, customers and other stakeholders and the effect of that regard on the principal decisions taken by the Company's Board is contained in the section 172 statement on page 2 of the Strategic Report.

Directors' responsibility to the auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. The Directors have taken all steps that they ought to have taken as Directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as independent auditors. A resolution proposing the re-appointment of PricewaterhouseCoopers LLP will be submitted at the Annual General Meeting.

By order of the Board

C M Twemlow

Secretary

Allianz Holdings plc

Registered Number 05134436

June 21, 2022

Statement of Directors' responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

F K Dyson

Director

June 21, 2022

Independent auditors' report to the members of Allianz Holdings plc

Report on the audit of the financial statements

Opinion

In our opinion, Allianz Holdings plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements 2021 (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the directors' going concern assessment and challenging the material assumptions made using our knowledge of the business and obtaining further corroborative evidence;
- Considering information obtained during the course of the audit that would contradict management's assessment of going concern (including the impacts of Covid-19); and
- Assessing the disclosures made by management in the financial statements and checking the consistency of the disclosures with our knowledge of the company based on our audit.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Allianz Holdings plc

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditors' report to the members of Allianz Holdings plc

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK Companies Act (2006), and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgmental areas of financial statements such as the valuation of investment in subsidiaries. Audit procedures performed by the engagement team included:

- Discussions with the Board of Directors, management, internal audit, senior management involved in the risk and compliance functions and the Company's legal function, including consideration of known or suspected fraud;
- Obtaining management's impairment analysis and challenging the assumptions made;
- Reviewing relevant meeting minutes including those of the Board of Directors;
- Attending relevant meetings of the Audit Committee and reviewing minutes of the Risk Committee;
- Identifying and testing journal entries, in particular any journal entries posted by senior management; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

Independent auditors' report to the members of Allianz Holdings plc

We have no exceptions to report arising from this responsibility.

Matthew Nichols (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 June 2022

Statement of Comprehensive Income

For the year ended December 31, 2021

	Note	2021 £'000	2020 £'000
Dividends received		170,320	75,000
Investment income		105	304
Other income	5	-	102,301
Realised (losses)/gains		(1,723)	4,811
Impairment charge	9	(1,622)	(20,213)
Administrative expenses		(5,972)	(1,030)
Profit before tax		161,108	161,173
Income tax expense	6(a)	(88)	(3,174)
Profit and total comprehensive income for the year wholly attributable to the equity holders		161,020	157,999

There has been no other comprehensive income in the year ended December 31, 2021 (2020:£nil).

Statement of Changes in Equity

For the year ended December 31, 2021

	Share capital £'000	Retained earnings £'000	Total £'000
Balance at January 1, 2020	1,977,796	351,959	2,329,755
Dividends paid	-	(115,900)	(115,900)
Profit and other comprehensive income for the year	-	157,999	157,999
Balance at December 31, 2020	1,977,796	394,058	2,371,854
Dividends paid	-	(120,000)	(120,000)
Profit and other comprehensive income for the year	-	161,020	161,020
Balance at December 31, 2021	1,977,796	435,078	2,412,874

The accounting policies and notes on pages 18 to 26 are an integral part of these financial statements.

Balance Sheet

As at December 31, 2021

	Note	2021 £'000	2020 £'000
Assets			
Investment in group undertakings	9	2,374,597	2,333,601
Other receivables	10	63,707	58,312
Total assets		2,438,304	2,391,913
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital	11	1,977,796	1,977,796
Retained earnings		435,078	394,058
Total equity		2,412,874	2,371,854
Liabilities			
Provisions for other liabilities and charges	12	23,597	17,700
Current tax liability	6(c)	1,107	2,036
Accruals and other payables	13	726	323
Total liabilities		25,430	20,059
Total equity and liabilities		2,438,304	2,391,913

The accounting policies and notes on pages 18 to 26 are an integral part of these financial statements.

These financial statements on pages 15 to 26 were approved by the Board of Directors on June 17, 2022 and signed on its behalf by:

F K Dyson
Director

Allianz Holdings plc

Registered Number 05134436

Statement of Cash Flows

For the year ended December 31, 2021

	Note	*2021* *£'000*	*2020* *£'000*
Cash flows from operating activities			
Profit before tax		161,108	161,173
Adjusted for non-cash items			
Impairment	9	1,622	20,213
Realised loss		1,723	-
Letter of support	5&12	6,330	(90,900)
Changes in working capital			
Increase in amounts due from group undertakings		(6,304)	(9,395)
Decrease in loans		(433)	(5,584)
Decrease in other receivables		1,312	35,928
Decrease in accruals and other payables		-	(19,116)
Cash generated from operations		165,358	92,743
Income tax paid	6(b)	(1,017)	-
Net cash flow from operating activities		164,341	92,743
Cash flows from investing activities			
Write-off investment		9	-
Consideration paid for acquisition of subsidiaries		-	(1,087)
Net cash outflow from investing activities		9	(1,087)
Cash flows from financing activities			
Dividends paid		(120,000)	(65,000)
Payment of lease liabilities		-	(2,151)
Additional investment in subsidiary	16	(44,350)	(44,350)
Net cash (outflow)/inflow from financing activities		(164,350)	(111,501)
Net (decrease)/increase in cash and cash equivalents		-	(19,845)
Cash and cash equivalents at the beginning of the year		-	19,845
Cash and cash equivalents at the end of the year		-	-

The accounting policies and notes on pages 18 to 26 are an integral part of these financial statements.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES

1.1. Company and its operations

Allianz Holdings plc (“the Company”) is a public company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom, whose shares are not publicly quoted.

1.2. Statement of compliance

The financial statements of Allianz Holdings plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

1.3. Basis of preparation

The Company is exempt from the obligation to prepare and deliver group financial statements by virtue of the Companies Act 2006 (Section 401 1a) as it is a subsidiary undertaking of an EU parent (see note 15). The financial statements have been prepared on the historical cost basis. The functional and presentational currency is British Pounds.

Going concern

These financial statements are prepared on a going concern basis. For more information on the going concern assessment please refer to the Strategic Report on page 2.

UK-adopted international accounting standards

On December 31, 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in its Company financial statements on January 1, 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

New standards and interpretations adopted by the Company

There are no new standards and interpretations affecting the Company that are mandatorily effective from January 1, 2021. The accounting policies have been consistently applied unless a new policy has been implemented.

1.4. Summary of significant accounting policies

(a) Income taxes

Income tax on profit or loss for the year comprises current tax. Income tax is recognised in the Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Balance Sheet date, together with adjustments to tax payable in respect of prior years.

Group tax losses are utilised when available. Consideration paid for group relief is accounted for in the financial statements as though the payment has been made to the relevant tax authorities.

(b) Investment in group undertakings

Investments in group undertakings are shown in the Balance Sheet at cost less any impairment charges. The carrying value is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The impairment assessment compares the carrying amount of the investment in the subsidiary with the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Where the carrying amount is higher than the recoverable amount, an impairment is recognised in the Statement of Comprehensive Income in the period in which it occurred. A reversal of an impairment loss shall be recognised immediately in the Statement of Comprehensive.

Notes to the Financial Statements

For the year ended December 31, 2021

1. ACCOUNTING POLICIES (continued)

1.4. Summary of significant accounting policies (continued)

(c) Other receivables

Other receivables are initially recognised and subsequently re-measured at amortised cost after taking into account any impairment losses. Other receivables shall be derecognised when the contractual right to receive cash flows expire or when the asset is transferred.

An expected credit loss ("ECL") provision is assessed as at the Balance Sheet date and the carrying amount of the receivables balance is reported after deduction of any ECL.

The Company has adopted the "simplified approach" in determining the ECL. Under this approach, the ECL is calculated as the book cost of the receivables multiplied by a 1 year probability of default ("PD"), an appropriate loss given default ("LGD") and the number of days to maturity as a fraction of a year ("tenor").

(d) Accruals and other payables

Accruals and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are initially recognised and subsequently measured at cost because they are expected to be settled within twelve months and their carrying value is a reasonable approximation of fair value.

(e) Provisions for other liabilities and charges

A provision is recognised when the Company has a present legal or constructive obligation, as a result of a past event, which it is probable, will result in an outflow of resources and when a reliable estimate of the amount of the obligation can be made. If the effect is significant, the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment for the time value of money and, where appropriate, the risk is specific to the liability.

2. USE OF CRITICAL ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The company makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. EMPLOYEE RELATED COSTS

The Company has no employees and as such incurs no employee related costs.

4. AUDITORS' REMUNERATION

The total remuneration payable by the Company excluding VAT, to its auditors in respect of the audit of these financial statements, is shown below. The Company's audit fees are borne by Allianz Management Services Limited. Other services supplied pursuant to legislation were £nil (2020: £nil).

	2021	2020
	£'000	*£'000*
Fees payable for the audit of the Company's financial statements	46	114

The 2020 fees also relate to the audit of the Group consolidated financial statements. 2021 fees relate to the audit of the solo Company only.

Notes to the Financial Statements

For the year ended December 31, 2021

5. OTHER INCOME

	2021	2020
	£'000	*£'000*
Increase in letter of support provision	-	90,900
Indemnity proceeds	-	11,401
Total	-	102,301

6. INCOME TAX

(a) Income tax recognised in profit or loss

	2021	2020
	£'000	*£'000*
Current tax:		
In respect of the current year	90	2,036
In respect of prior year	(2)	1,138
Total tax charge recognised in the current year	88	3,174

The income tax credit for the year can be reconciled to the accounting profit as follows:

	2021	2020
	£'000	*£'000*
Profit before tax	161,108	161,173
Income tax expense/(credit) calculated at 19% (2020: 19%)	30,611	30,623
Effect of income that is exempt from taxation	(32,360)	(14,250)
Effect of prior year adjustment	(2)	1,138
Gain on consolidation	-	(914)
Effect of expenses not deductible for tax purposes	637	3,845
Letter of support	1,202	(17,276)
Effect of imputed transfer pricing adjustments	-	8
Income tax credit recognised in profit or loss	88	3,174

The tax rate used for the 2021 and 2020 reconciliations above is the corporate tax rate payable by corporate entities in the UK on taxable profits under tax law in that jurisdiction. The standard rate of UK corporation tax will be 19% for 2021. The Chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from April 1, 2023.

Notes to the Financial Statements

For the year ended December 31, 2021

6. INCOME TAX (continued)

(b) Tax paid for cash flow purposes

	2021	2020
	£'000	*£'000*
Current tax payable/(receivable) at January 1,	2,036	(1,151)
Amounts charged to the Statement of Comprehensive Income	88	3,174
Other movements	-	13
Tax paid during the year	(1,017)	-
Current tax payable at December 31,	1,107	2,036

(c) Current tax payable	2021	2020
	£'000	*£'000*
Current tax payable	1,107	2,036

7. DIRECTORS' EMOLUMENTS

	2021	*2020*
	£	*£*
Emoluments[1]	3,834,472	3,898,847
The amounts in respect of the highest paid Director are as follows:		
Emoluments	1,283,589	1,372,430

[1] Emoluments include £373,959 (2020: £209,099) of payments received following the exercise of Restricted Stock Units under the Equity Incentive Scheme of the Company's ultimate parent company, Allianz SE.

The emoluments also include £361,167 (2020: £231,167) of payments received during 2021 by the highest paid Director relating to the vesting of Liverpool Victoria General Insurance Group Limited ("LVGIG") Long Term Incentive Plans ("LTIPs"). That Director also has deferred payments of £ 364,550 (2020: £335,667) receivable in future years from the vesting of the LTIPs which are not included in the aggregate emoluments figures.

The emoluments disclosed above were the total emoluments received by the Directors in relation to their Allianz Holdings plc Group directorships. Save for one Director, the Directors' emoluments were paid by AMS, a fellow Allianz Holdings plc subsidiary, on behalf of the Group. One Director's emoluments were paid by LVGIG, a fellow Allianz Holdings plc subsidiary, on behalf of the Group.

The highest paid Director was a member of the My LVGIG Savings Plan (a Group Self Invested Personal pension scheme) and during the year employer contributions of £ 3,484 (2020: £13,938) were made into that scheme in relation to that Director. There are no Directors accruing retirement benefits under a defined benefit scheme nor who are members of the Allianz Retirement Savings Plan (a Group Personal Pension Plan defined contribution scheme).

8. DIVIDENDS

An interim dividend was paid in the sum of £120,000k (representing 6.1p per share) on July 9, 2021, for the year ended December 31, 2021 (2020: £115,900k, representing 5.9p per share). The Directors do not recommend the payment of a final dividend for the year ended December 31, 2021 (2020: £nil). Please also refer to note 17.

Notes to the Financial Statements

For the year ended December 31, 2021

9. INVESTMENT IN GROUP UNDERTAKINGS

Shares in group undertakings are shown in the Balance Sheet at cost. The principal undertakings of Allianz Holdings plc are shown below. The registered office for all undertakings is 57 Ladymead, Guildford, Surrey, GU1 1DB.

Subsidiary undertakings of Allianz Holdings plc

	Country of incorporation	Primary business operation	Percentage holding
Held by Allianz Holdings plc:			
Allianz Insurance plc	England	General Insurance	100.00%
Liverpool Victoria General Insurance Group Limited	England	General Insurance Holding	100.00%
Three Pillars Business Solutions Limited	England	Policy Administration	100.00%
Allianz Management Services Limited	England	Management Services	100.00%
Allianz Engineering Inspection Services Limited	England	Engineering Inspections	100.00%
Home and Legacy Insurance Services Limited	England	Insurance Intermediary	100.00%
Allianz Business Services Limited	England	Insurance Intermediary	100.00%
Vet Envoy Limited	England	IT Data Services	100.00%
Held by Allianz Insurance plc:			
Trafalgar Insurance Limited	England	General Insurance	100.00%
Allianz Equity Investments Limited	England	Investing in Equity Shares	100.00%
Pet Plan Limited	England	Insurance Intermediary	100.00%
Allianz Properties Limited	England	Investing in Real Estate	100.00%
Allianz Pension Fund Trustees Limited	England	Pension Fund Trustee	100.00%
Held by Liverpool Victoria General Insurance Group Limited:			
Liverpool Victoria Insurance Company Limited	England	General Insurance	100.00%
LV Assistance Services Limited	England	Road Rescue	100.00%
LV Insurance Management Limited	England	Management Services	100.00%
Fairmead Insurance Limited	England	General Insurance	100.00%
Held by Liverpool Victoria Insurance Company Limited:			
LV Repair Services Limited	England	Repair Engineering Services	100.00%
Highway Insurance Group Limited	England	General Insurance Holding	100.00%
Held by Highway Insurance Group Limited:			
Highway Insurance Company Limited	England	General Insurance	100.00%
Held by Fairmead Insurance Limited:			
Buddies Enterprises Limited	England	Insurance Intermediary	100.00%
Fairmead Distribution Services Limited	England	Insurance Intermediary	100.00%

Notes to the Financial Statements

For the year ended December 31, 2021

9. INVESTMENT IN GROUP UNDERTAKINGS (continued)

The carrying amount exceeded the recoverable amount in Home and Legacy Insurance Services Limited ("Home & Legacy"). The recoverable amount was determined to be value in use using a forecasting method with a pre-tax discount rate of 10.49%. The results of the impairment test are summarised below.

December 31, 2021	Home & Legacy	Total
	£'000	*£'000*
Previous carrying amount	9,260	9,260
Recoverable amount	7,638	7,638
Impairment loss recognised	1,622	1,622

December 31, 2020	Home & Legacy	ABSL	Three Pillars	Total
	£'000	*£'000*	*£'000*	*£'000*
Previous carrying amount	24,379	8,350	4,816	37,545
Recoverable amount	9,260	6,349	1,723	17,332
Impairment loss recognised	15,119	2,001	3,093	20,213

During 2021, two subsidiaries, The M.I Group Limited and Allianz International Limited were dissolved. Three Pillars Business Solutions Limited was dissolved in January 2022. All other subsidiaries listed above were held during the period from January 1, 2020 to December 31, 2021.

After reviewing the composition of the Group's personal lines business and especially in the context of the Group's growth ambitions, the Directors concluded that Home & Legacy was not core to the Group's strategy and decided to explore options for the future of this subsidiary. As communicated in May 2022, the Company is exploring the potential sale of the Home & Legacy business.

10. OTHER RECEIVABLES

		2021	2020
	Note	*£'000*	*£'000*
Amounts due from related parties	16	63,707	56,999
Other receivables		-	1,313
Total other receivables		63,707	58,312

Other receivables approximate to fair value. All other receivables are due within 1 year of the Balance Sheet date.

11. SHARE CAPITAL

	2021	*2020*
	£	*£*
Ordinary shares of £1 each authorised, issued and fully paid	1,977,796	1,977,796

Notes to the Financial Statements

For the year ended December 31, 2021

12. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Indemnities	**Contingent consideration**	**Letter of support**	**Dismantling or restoring a leased asset**	**Total**
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
At January 1, 2020	1,654	6,100	106,119	311	114,184
Amount charged/(credited) to the Statement of Comprehensive Income	1,000	(6,100)	(90,900)	-	(96,000)
Utilised in the year	(173)	-	-	(311)	(484)
At December 31, 2020	**2,481**	**-**	**15,219**	**-**	**17,700**
Amount charged to the Statement of Comprehensive Income	-	-	6,330	-	6,330
Utilised in the year	(433)	-	-	-	(433)
At December 31, 2021	**2,048**	**-**	**21,549**	**-**	**23,597**
Current	900	-	-	-	900
Non-current	1,148	-	21,549	-	22,697

Indemnities

During 2013, indemnities were transferred to the Company from Allianz (UK) Limited. These indemnities relate to the sale of M.I. Group Limited to Sanlam Netherlands Holding BV ("Sanlam"), in particular, provisions against pensions mis-selling. Under the indemnity the Company will reimburse Sanlam if the costs of compensation and administrative expenses exceed agreed amounts. There is uncertainty regarding the future payments to be made under these indemnities but the provision at December 31, 2021 is considered to be reasonable**.**

Letter of support

Allianz Management Services Limited ("AMS"), a subsidiary of the Company is sponsoring employer for the Allianz Retirement and Death Benefits fund and reports the net asset or liability of this pension fund on its Balance Sheet. Largely as a consequence of the link to the pension fund, AMS has reported net liabilities for several years. Following injections of share capital in 2020 and 2021, AMS reported net assets of £263k (2020: £15,219k net liabilities). However, there are still net current liabilities overall (£21,549k) meaning that AMS may have insufficient liquid assets to settle all liabilities as they fall due. The Company provides a letter of support to the Directors of AMS which has been refreshed annually.

13. ACCRUALS AND OTHER PAYABLES

		2021	*2020*
	Note	*£'000*	*£'000*
Amounts due to related parties	16	726	323
Total accruals and other payables		726	323

Accruals and other payables approximate to fair value. All of the liabilities are payable within 1 year of the Balance Sheet date.

14. RISK MANAGEMENT POLICIES

Capital management

In managing capital, the Company seeks to maintain sufficient, but not excessive, financial strength to support the payment of dividends and the requirements of all stakeholders. The sources of capital used by the Company are equity shareholders' funds. At December 31, 2021 the Company had £2,412,874k (2020: £2,371,854k) of total capital employed.

Notes to the Financial Statements

For the year ended December 31, 2021

14. RISK MANAGEMENT POLICIES (continued)

Financial Risk

The key financial risk is that proceeds from the realisation of assets are insufficient to meet obligations as they fall due. The most important aspects of financial risk comprise market risk, credit risk and liquidity risk

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign currency exchange rates and equity prices will affect the value of the Company’s assets and income. The Company is exposed to market risk through its investments in group undertakings insofar as the carrying amount exceeds the net asset value of the subsidiary and as such the investment is overstated.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts due to the Company in full when the fall due. The Company is exposed to credit risk through its amounts due from group undertakings and cash and cash equivalents. The Company deems this risk to be low as the amounts are due from fellow Allianz SE Group subsidiaries and as such are AA- rated and cash and cash equivalents which are A rated and are deemed to be current.

Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. The Company is exposed to liquidity risk through its amounts due to group undertakings. Liquidity risk for the Company is mitigated as the Company largely finances through intercompany transactions and the Company has sufficient liquid assets to meet its liabilities as they fall due. All payables are deemed to be settled within 1 year of the Balance Sheet date.

15. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Allianz Europe Limited, a company registered in England and Wales. The ultimate parent undertaking, Allianz SE, is incorporated in Germany and is the parent of the largest and smallest group of undertakings for which Allianz SE Group financial statements are drawn up and of which the Company is a member.

Copies of the Allianz SE Group financial statements are available on request from the ultimate parent’s registered address, Allianz SE, Königinstrasse 28, 80802 München, Germany.

16. RELATED PARTY TRANSACTIONS

The Company enters into transactions with fellow group undertakings and key management personnel in the normal course of business. Details of all transactions carried out during the year with related parties are as follows:

	2021	*2020*
	£'000	*£'000*
Dividends received	170,320	75,000
Shares purchased in subsidiary	44,350	44,350
Dividends paid	120,000	115,900

Year-end balances arising from transactions carried out with related parties are as follows:

	2021	*2020*
	£'000	*£'000*
Due from related parties at December 31		
Subsidiaries	-	187
Other related parties	63,707	56,812

Notes to the Financial Statements
For the year ended December 31, 2021

16. RELATED PARTY TRANSACTIONS (continued)

Due to related parties at December 31		
Subsidiaries	726	323

The Company has concluded that the ECL model has made no significant impact on the valuation of receivables reported in the financial statements.

Key management personnel of the Group includes all executive and non-executive Directors, and other members of the Allianz Holdings plc Executive Committee. The summary of compensation of key management personnel for the year is as follows:

	2021	*2020*
	£'000	*£'000*
Salaries and other short term employee benefits	5,763	6,366
Share Based payments	1,090	739
Termination payments	-	-
Long-term benefits	361	231
Post-employment benefits	12	65
Total compensation of key management personnel	**7,226**	**7,401**

17. SUBSEQUENT EVENTS

At the time these financial statements are authorised, the Directors have proposed an interim dividend of £100,000k (representing 5.1p per share). This relies on the receipt of dividends from subsidiaries which in turn are themselves subject to either approval or non-objection from the Prudential Regulation Authority.

The Company is exploring the potential sale of the Home & Legacy business, for further details please refer to note 9.

Both events are non-adjusting.