

Sustainability at Allianz

Exane BNP Paribas
SRI conference

Allianz4Good & Investor Relations
Paris, 25th November 2014

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- 1 Allianz Group at a glance**
- 2 Sustainability at Allianz
- 3 Our sustainability performance

Allianz at a glance¹

EUR **111bn** total revenues

EUR **1,872bn** total AuM²

EUR **10.1bn** operating profit

202% economic solvency ratio^{2,3}

184% regulatory solvency ratio^{2,3,4}

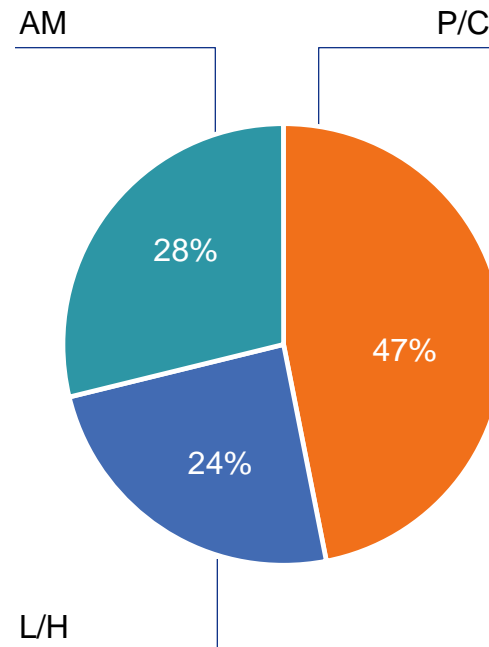
EUR **58.2bn** S/H equity²

EUR **58.6bn** market cap²

More than **83mn** insured customers

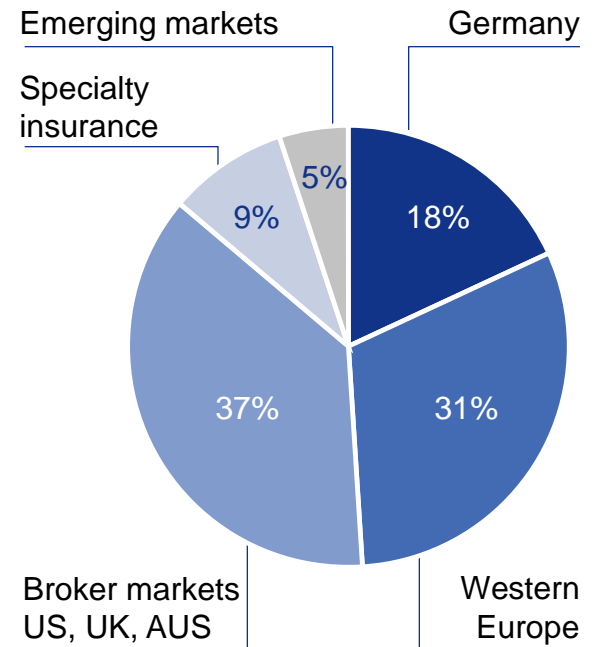
Segments⁵

Operating profit in %



Regions⁵

Operating profit in %



1) 2013
 2) 3Q 2014
 3) Hybrid capital has been adjusted by EUR 1.4bn due to potential calls in 2015. Excluding this adjustment, the conglomerate solvency ratio would be 190% and the economic solvency ratio 207% as of 30 September 2014
 4) Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves and adjusted for the potential calls of hybrid capital of EUR 1.4bn in the coming year, the solvency ratio as of 30 September 2014 would be 176%
 5) Relation of business segments excluding Corporate & Other and consolidation

Strong market positions and brands¹

- Leading P/C insurer globally
- Top 5 in Life business globally
- Top 5 active asset manager globally
- Largest global assistance provider
- Worldwide leader in credit insurance
- One of the leading industrial insurers globally
- Building the leading global automotive provider

Allianz 

Allianz 

Global Investors

P I M C O

Allianz 

Global Assistance

 EULER HERMES

Allianz 

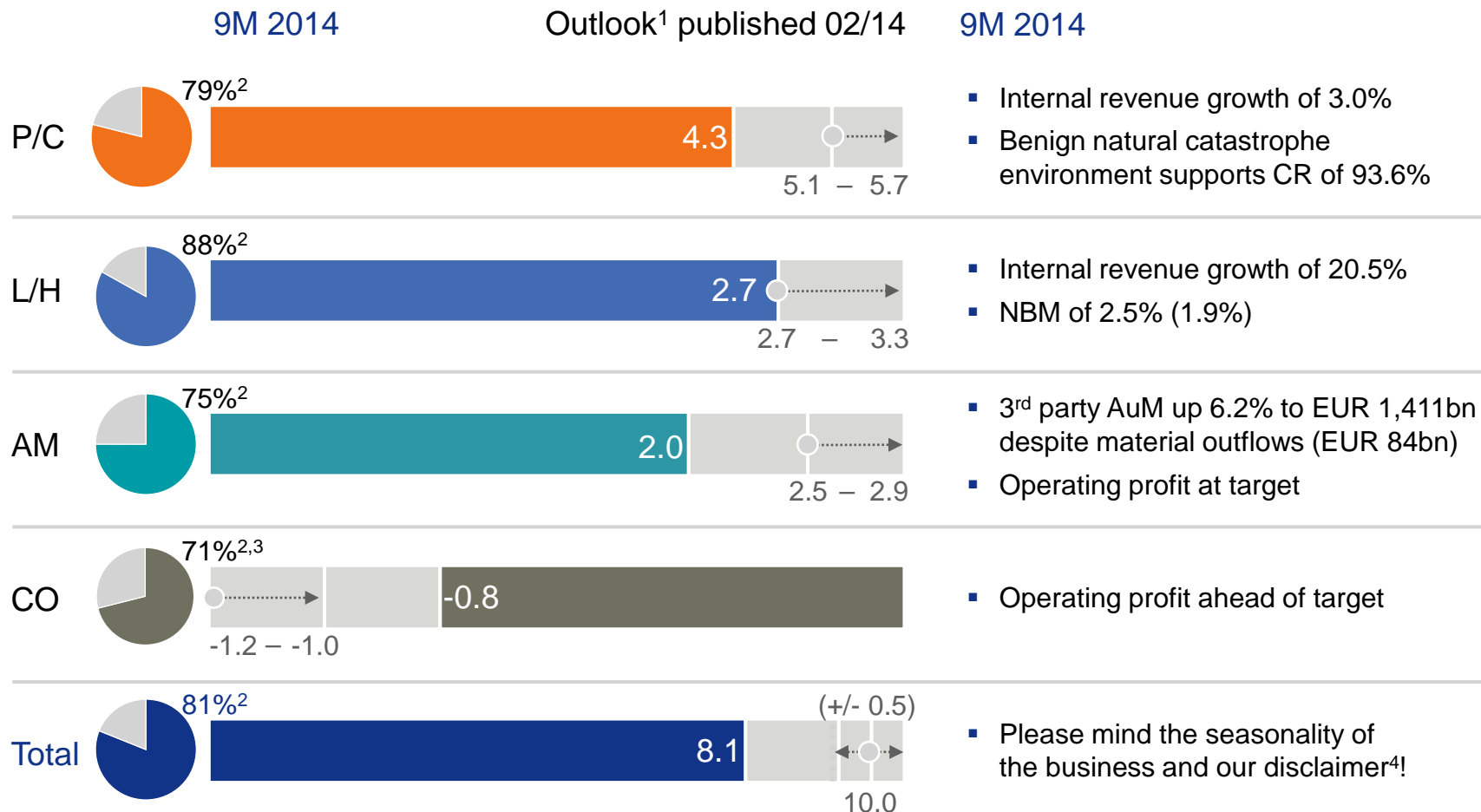
Global Corporate & Specialty



1) All rankings based on 2013 data

Highlights 9M 2014

Operating profit (EUR bn)



1) For FY 2014

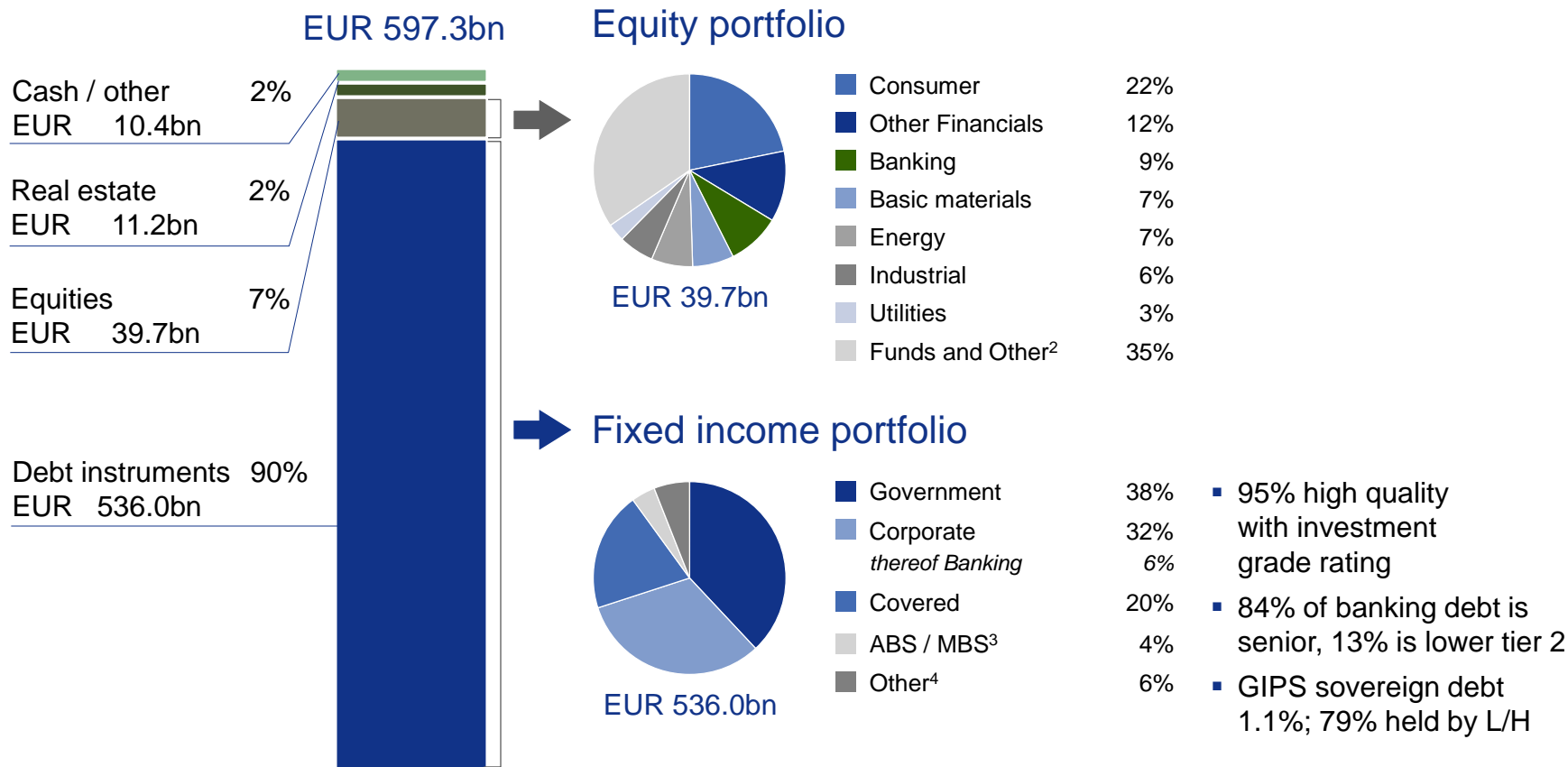
2) As % of target range mid-point based on EUR mn figure

3) Corporate and consolidation

4) Disclaimer: impact from NatCat, financial markets and global economic development not predictable!

High-quality investment portfolio

Conservative asset allocation¹



1) 3Q 2014, based on consolidated insurance portfolios (P/C, L/H), Corporate and Other, does not include Banking operations

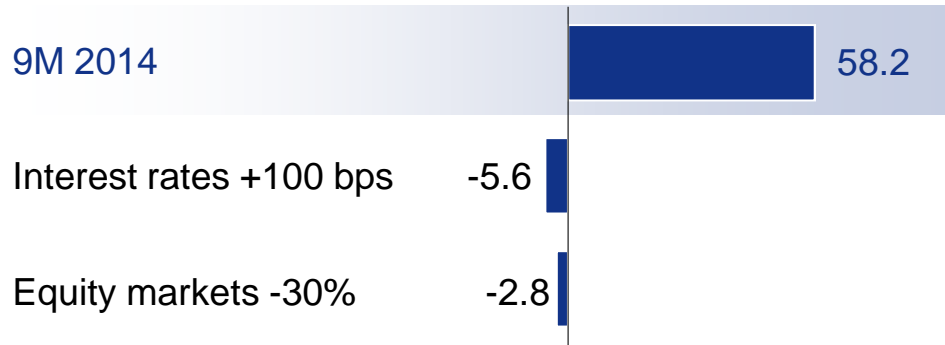
2) Diversified investment funds (EUR 3.2bn); private and unlisted equity (EUR 6.7bn)

3) Including U.S. agency MBS investments (EUR 3.4bn)

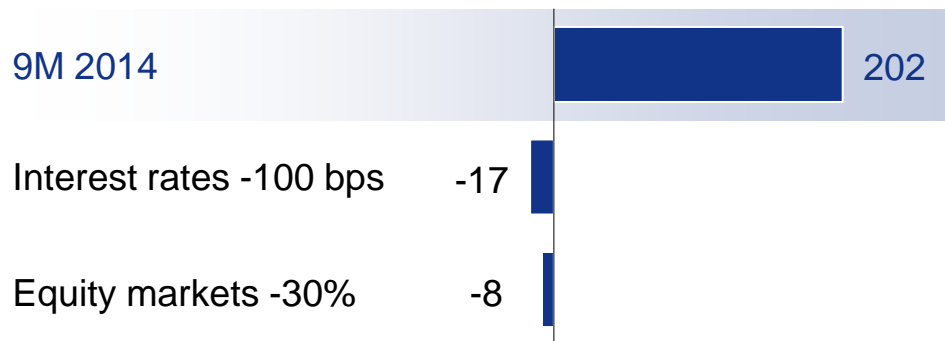
4) Including seasoned self-originated private retail loans and short-term deposits at banks

Strong and resilient capital base

Shareholders' equity (EUR bn)

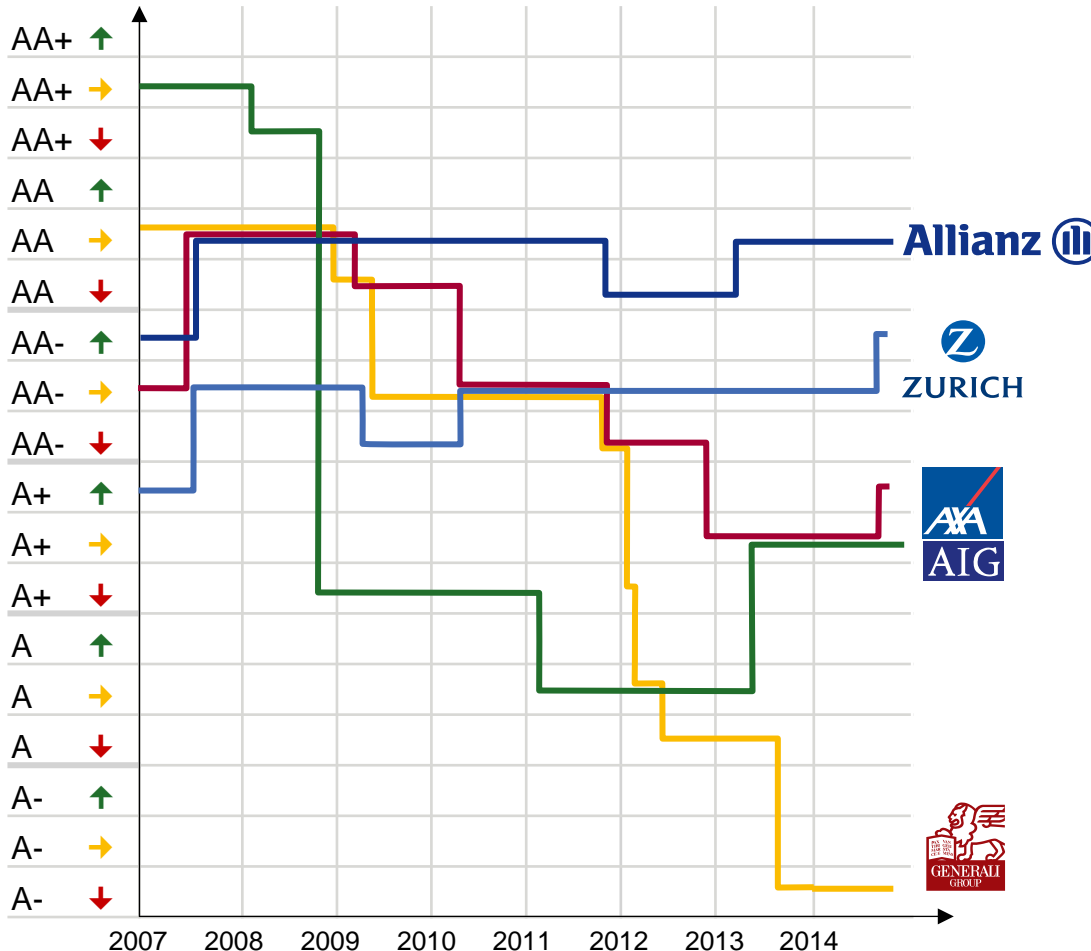


Economic solvency (%)

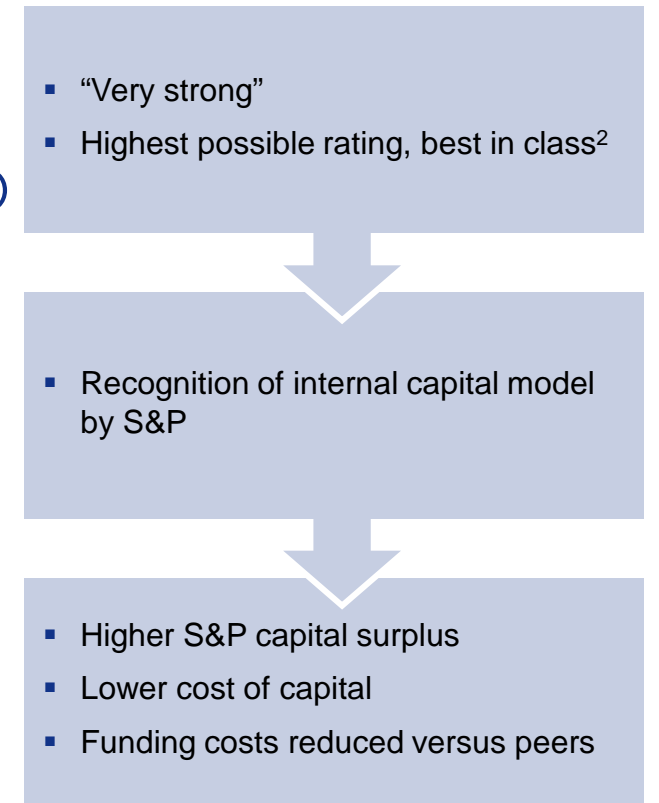


Best-in-class rating and risk management

S&P financial strength rating / outlook¹

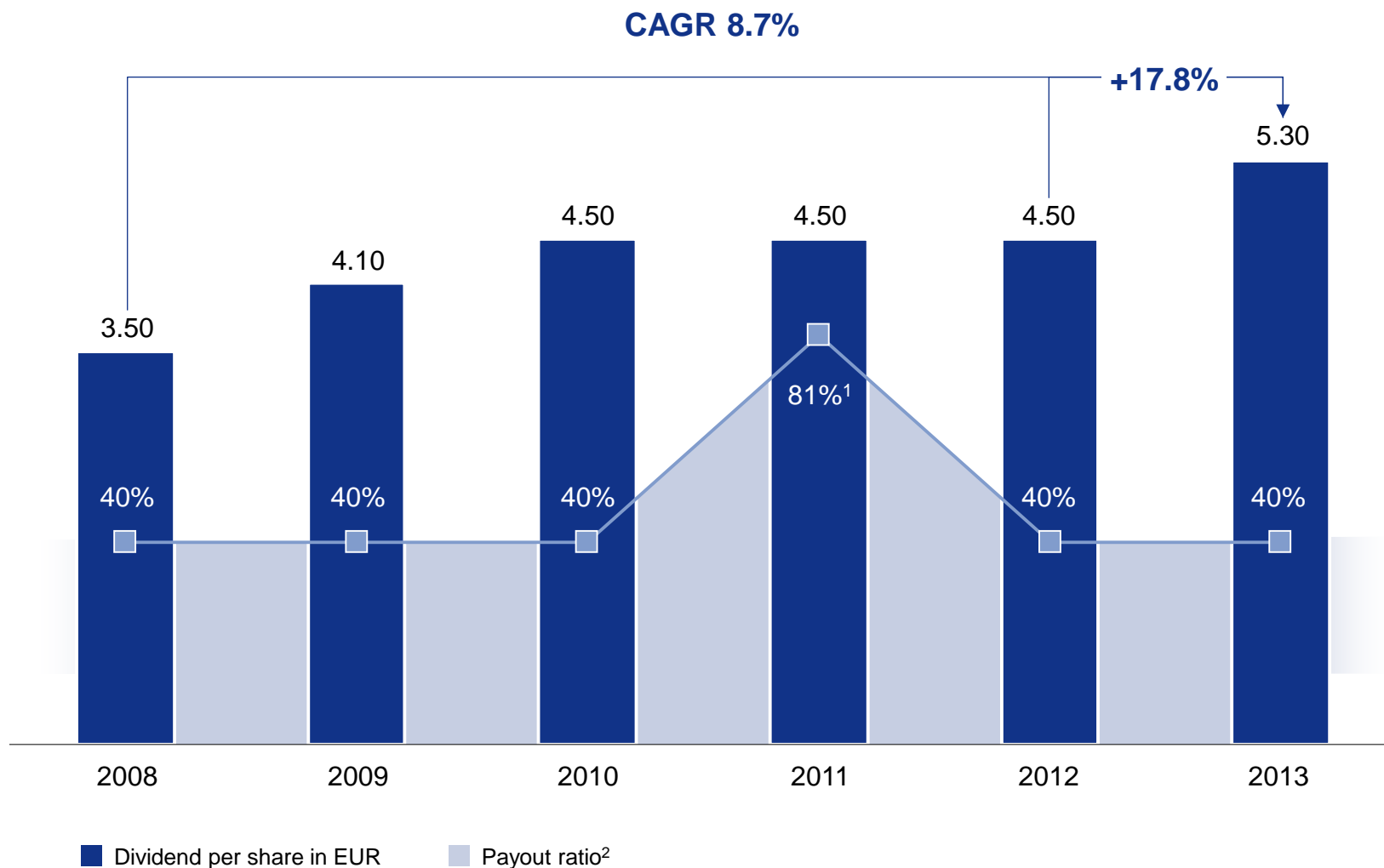


S&P enterprise risk management (ERM)



1) Insurer Financial Strength Ratings of holding companies or operating entities as of 31 October 2014; positive/stable/negative outlooks indicated by green/yellow/red arrows; “credit watch” categorized in the same way as “outlook”
 2) AXA, Zurich: “strong”; AIG, Generali: “adequate”

Healthy dividend growth



1) High ratio to compensate for non-operating impairments

2) Based on net income attributable to shareholders, no adjustment for treasury shares

New dividend policy¹ going forward

1 **50% pay-out**

- Regular pay-out ratio of 50% (up from 40%)

➔ Healthy balance between dividend yield and investments in profitable growth

2 **Dividend continuity**

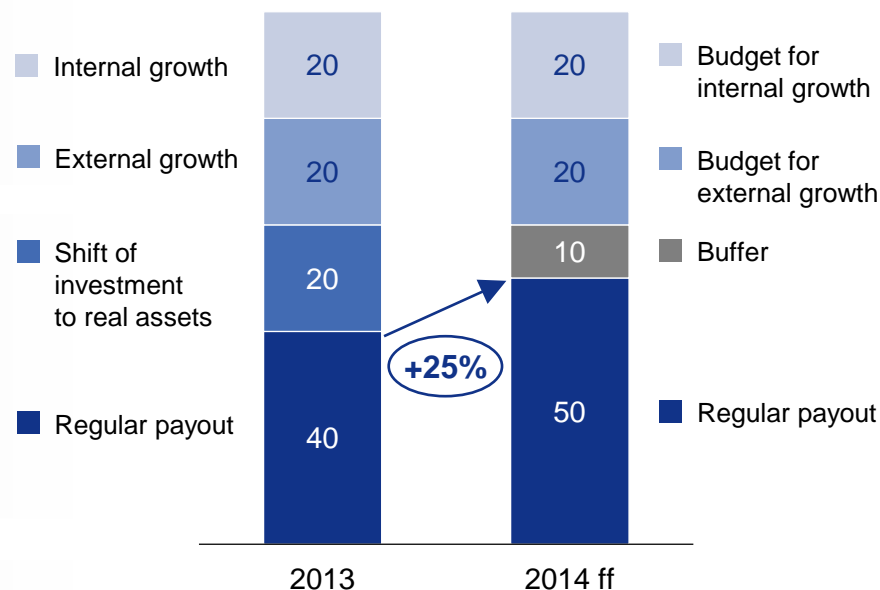
- Dividend no less than previous year's level

➔ Predictable income for investors

3 **Discipline**

- Payout of unused external growth budget every 3 years
- Entire dividend policy subject to sustainable Solvency II ratio > 160%

Allocation of net income² 2014ff (in %)



Evaluation of unused budget for external growth every 3 years, starting end of 2016

1) This dividend policy represents the management's current intention and may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting

2) Net income attributable to shareholders

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Sustainable Development at Allianz means ...

“

... combining **long-term economic value creation**

with a holistic approach to **Environmental** stewardship,

Social responsibility and

good corporate **Governance**.

”

There are both risks to manage and opportunities to seize to realize sustainable and profitable growth



ESG risks managed as part of our core business processes:

Risk management is our core competency as a large insurer & institutional investor

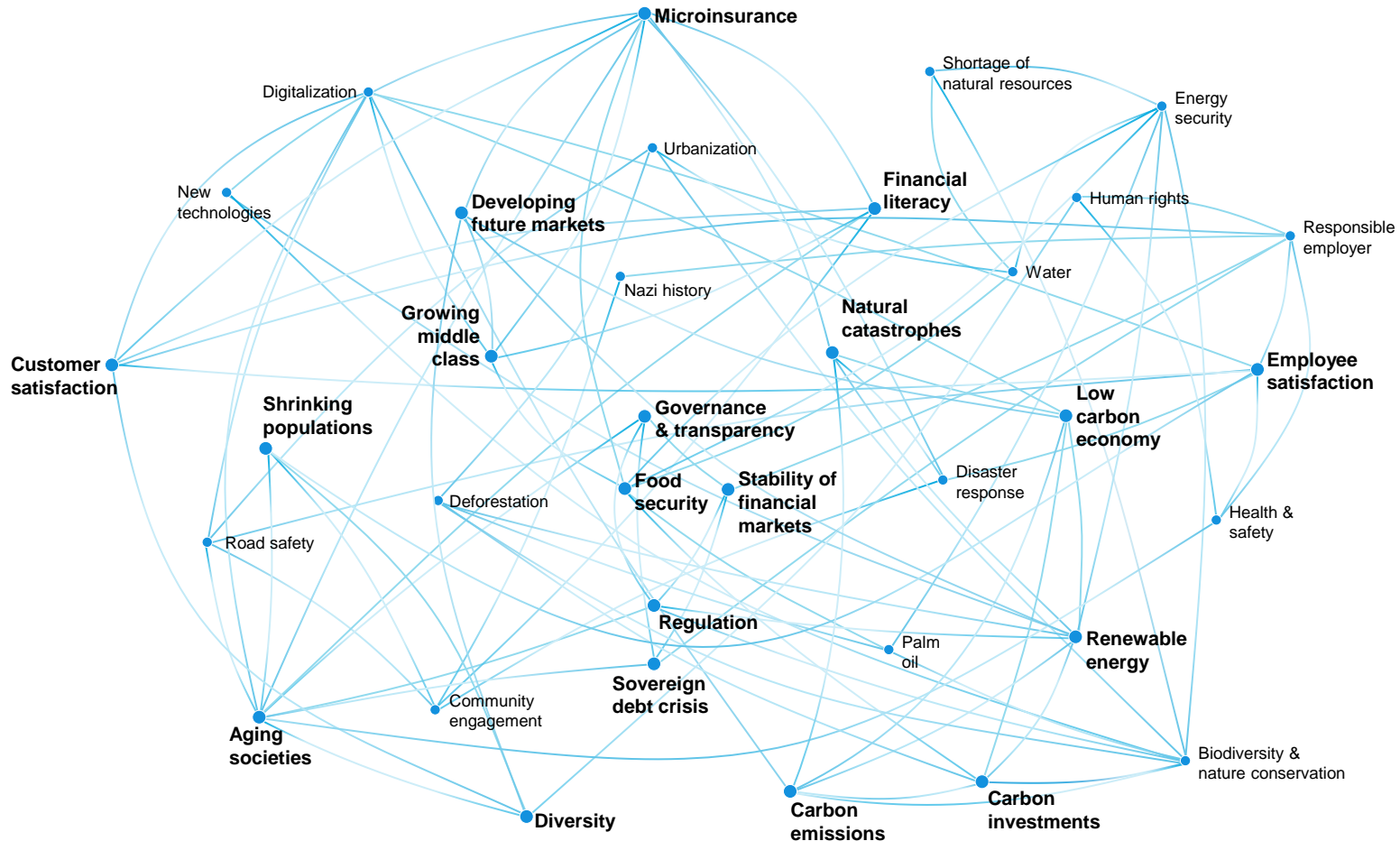
ESG opportunities captured:

Social & Environmental considerations create commercial growth **opportunities** to seize

ESG issues in society addressed:

With a presence in around 70 markets globally we take our **responsibility** towards society seriously & use our core competencies to address critical needs

Such material issues are often directly or indirectly linked, making a complex landscape for Allianz to deal with ...



... a structured approach helps in addressing these issues and provides transparency on our activities

Environmental

Environmental management

- Carbon reduction strategy
- Environmental footprint

Investments

- Renewable energy
- Climate & forest protection

Products & services

- Green solutions
- Sustainable & Responsible Investments

Social

Customers

- Customer satisfaction
- Brand value

Employees

- Compensation
- Diversity
- Talent Development
- Employee rights
- Employee satisfaction

Community engagement

- Corporate donations
- Disaster prep. & response
- Employee volunteering
- Corporate foundations

Products & services

- Microinsurance

Governance

Rules & regulations

- Compliance programs & training
- Corporate governance
- Management incentives & compensation
- Risk & reputation management
- Transparency

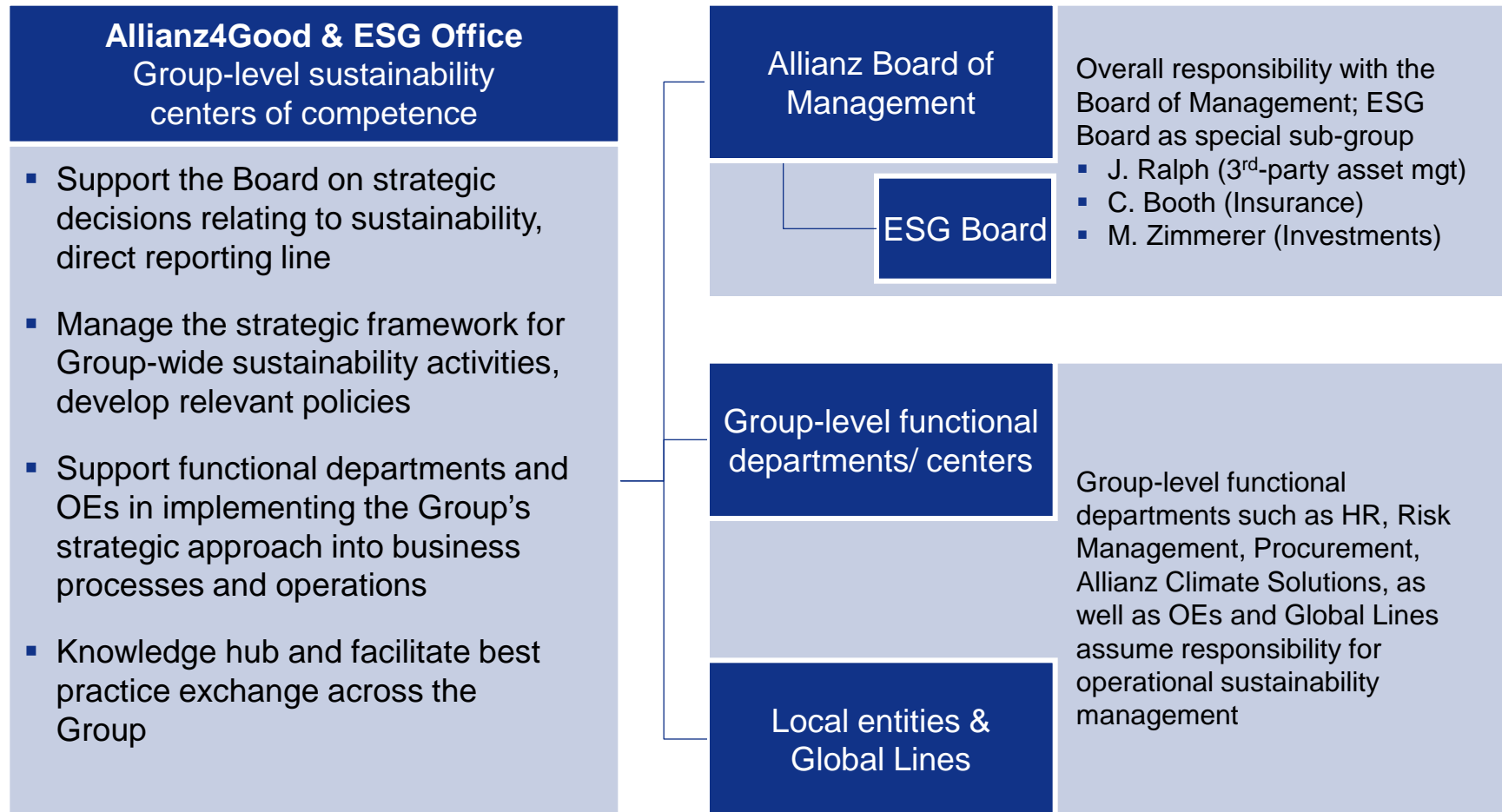
Politics & dialogues

- Dialogues
- Political donations

Processes

- ESG in core business
- Procurement & supply chain management

We have an integrated approach to managing sustainability in and across our business



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1) All performance information is for the period 01.01.2013-31.12.2013

Environmental

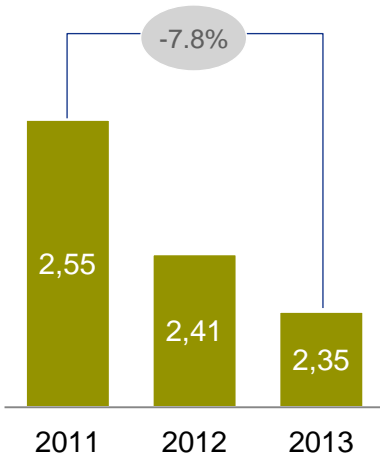
We seek to minimize the environmental impact of our business and maximize efficiencies



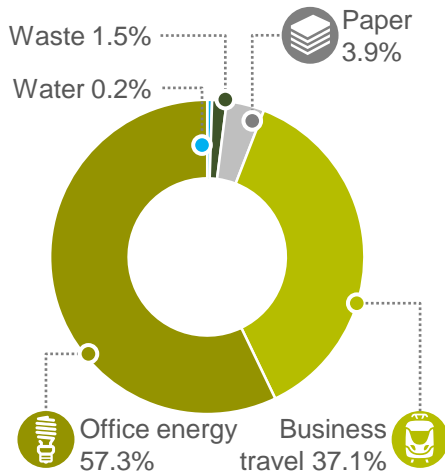
Carbon management

- 37.2% reduction¹ CO₂ footprint per employee since 2006 (base year)
- Biggest driver (2012-13): -5.8% in energy consumption combined with a reduction in fossil fuels

CO₂ performance [tons/ employee]



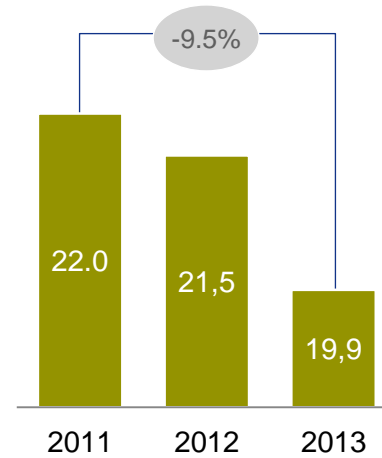
2013 CO₂ profile [%]



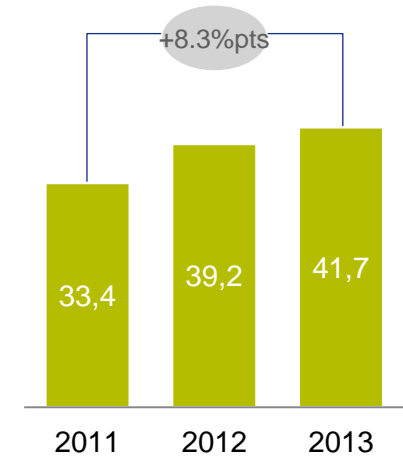
Energy management

- 18.1% reduction in energy use since 2010 (base year)
- 42% of energy consumed comes from renewable sources

Energy consumption [GJ/ employee]



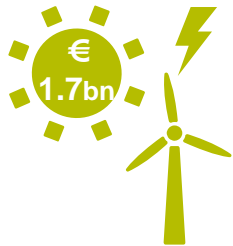
Renewable energy share [%]



1) Allianz's environmental performance is independently assured by KPMG

Environmental

Investing in the low-carbon economy of the future and protecting the environment of today



Renewable energy investments

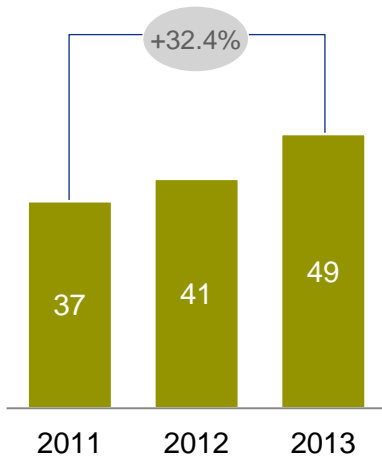
- 8 new wind parks → total investment portfolio = 42 wind + 7 solar parks in Germany, France, Italy, Sweden
- Total generating capacity >1,000 MW = energy supply for >500,000 households



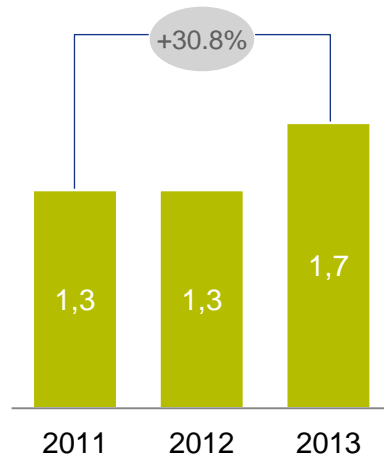
Carbon market investments

- Fostering forest protection & biodiversity preservation in Kenya (2011) and Borneo, Indonesia (2013)
- Promoting energy efficiency in India (2011) by installing compact fluorescent lamps (CFLs) in private residences

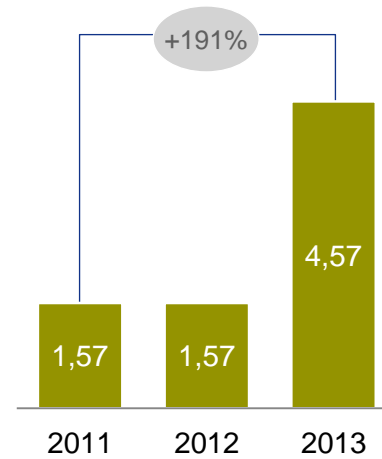
Investment projects [number]



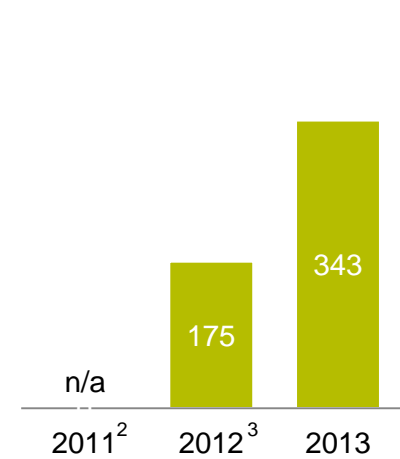
Investment volume [EUR bn]



Carbon credits generated [mn]



Carbon credits retired¹ [thou]



1) Credits retired to offset Allianz's own carbon footprint
 2) Allianz is carbon-neutral since 2012
 3) Insufficient credits from own projects to offset entire carbon footprint (169,776 credits purchased)

Environmental

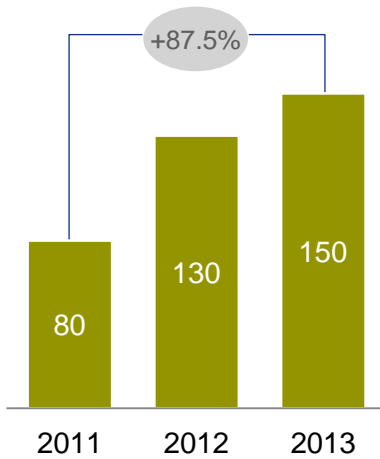
Allianz offers its customers an increasing number of sustainable solutions



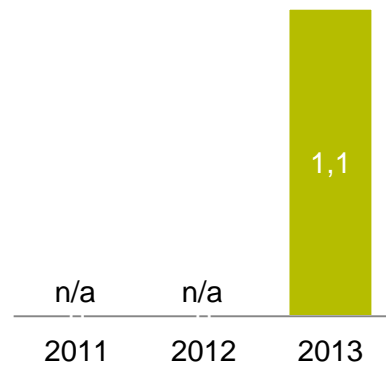
Green solutions

- EUR 1.1bn in revenues across insurance, services and asset management
- Examples: EcoTrends fund, 'Smart Repair', renewable energy facilities insurance

Green solutions [number]



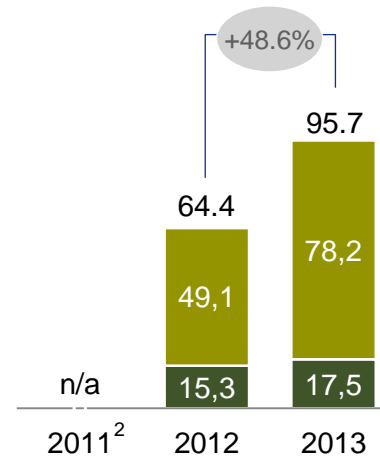
Green solutions revenues¹ [EUR bn]



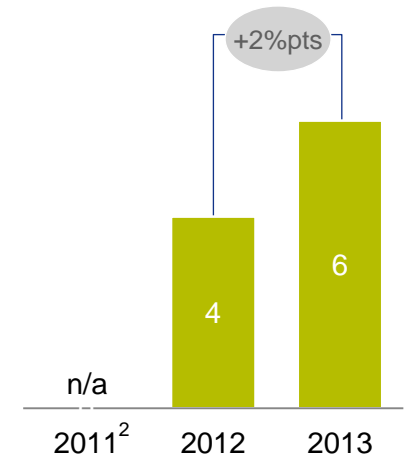
Sustainable & Responsible Investments (SRI)

- Significant increase driven by: SRI screening introduced after a review of the investment criteria for some assets managed for Group; general market appreciation; new asset inflows, especially into fixed-income SRI

SRI AuM [bn]



Share of SRI AuM [% total AuM]



■ AllianzGI ■ PIMCO

1) 2013 is the first year of revenue reporting for Green Solutions
 2) 2011 is not comparable as PIMCO started reporting in 2012

Social

Customers are in focus – be they at the lower or higher end of the socio-economic ladder



Customer loyalty & satisfaction

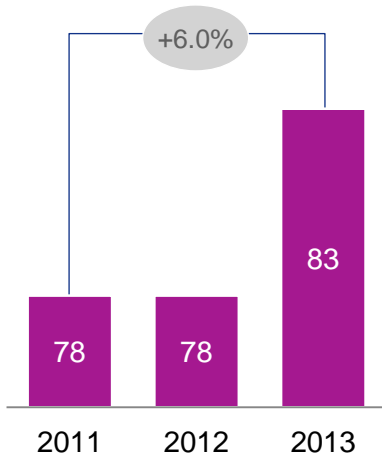
- Net Promoter Score as key loyalty metric regularly measured in ~40 companies worldwide (≈90% GWP¹).
- 50% of Allianz OEs significantly outperformed their local peer average



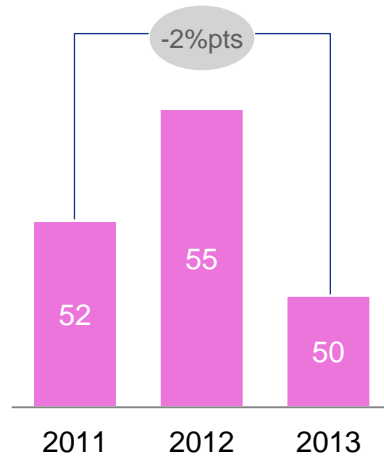
Microinsurance

- India biggest growth market in 2013: +6.9 mn customers, +EUR 7.3mn revenues
- Average claims ratio 50-60%

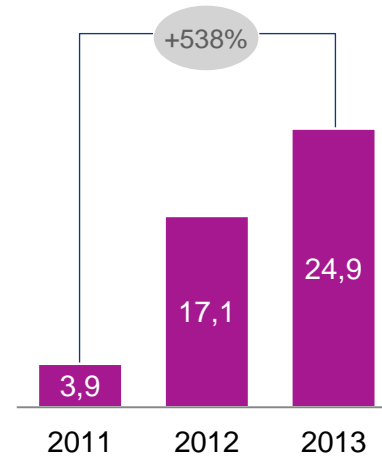
Customers [mn]



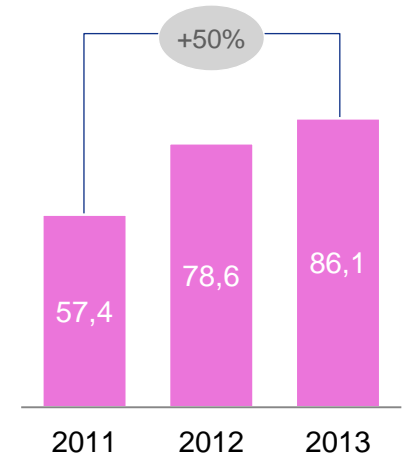
Net Promoter Score² [% of markets]



Microinsurance customers [mn]



Microinsurance premiums [EUR mn]



1) GWP = Gross Written Premium

2) Percentage of Allianz businesses that significantly outperformed their local peer average

Social

An engaged and diverse workforce is crucial to being successful as a global company



Employee loyalty & satisfaction

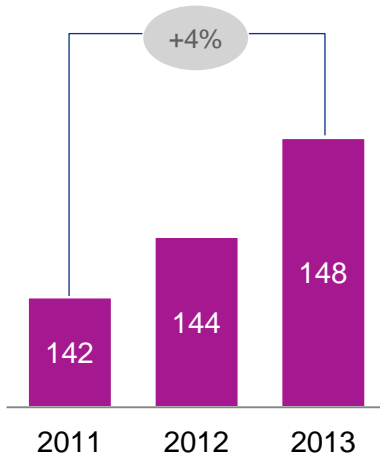
- Annual Engagement Survey for employees, managers and board members (2013: 84% response rate)
- Employee Engagement Index: measures satisfaction, loyalty, advocacy and pride; Board remuneration factor



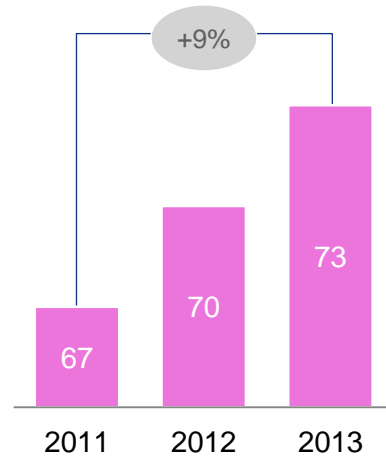
Employee diversity

- Global target of increasing the share of women in the executive talent pool to 30% by 2015
- Zero-tolerance policy on discrimination and harassment in the workplace

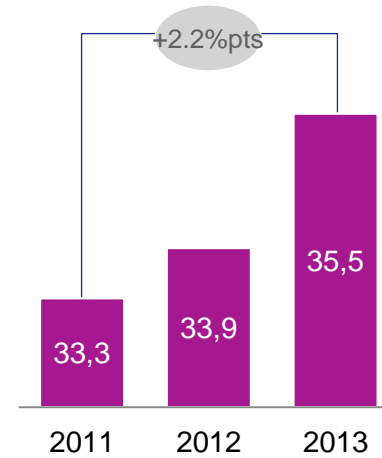
Employees [thou.]



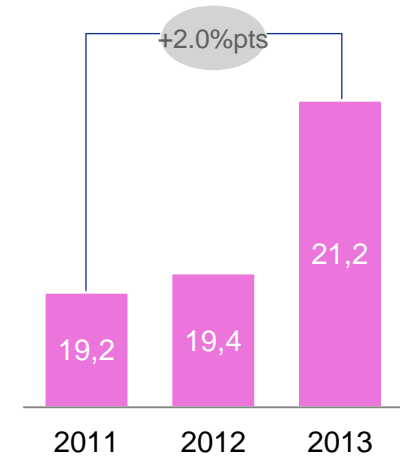
Employee Engagement Index [score]



Female Managers [% of managers]



Female Executives [% of executives]



Social

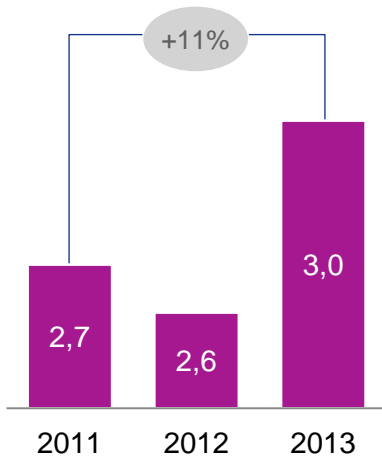
Developing our employee talents where the community also benefits



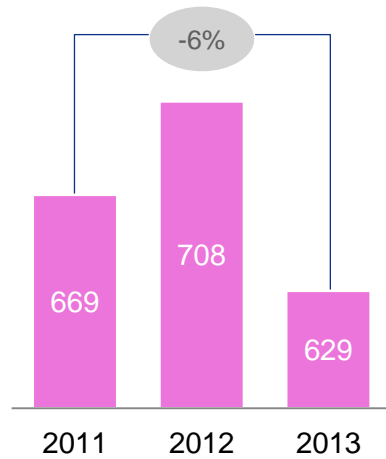
Talent management

- Developing both leadership and functional skills to ensure employees can achieve current and future business goals
- Leveraging eLearnings to increase reach and speed of training rollout

Employee training
[Av. Days/ employee]



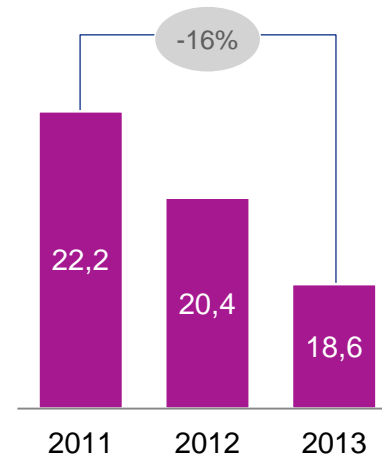
Training expenditure
[EUR/ employee]



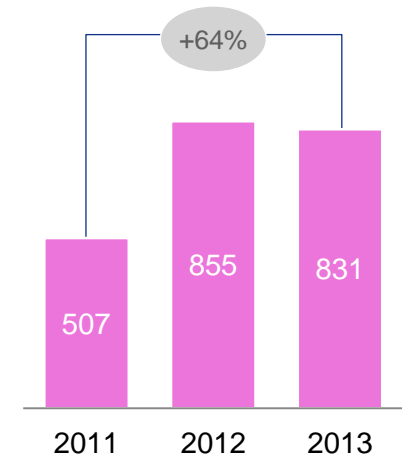
Community engagement

- More focus on “in-kind” support; e.g. soft-skills, time, expertise through employee volunteering programs
- 13 corporate foundations advance social wellbeing, address social, environmental and cultural issues in local communities

Corporate donations¹
[EUR mn]



Employee volunteers²
[individuals]



1) Comprises corporate donations, charitable memberships, grants made by Allianz foundations
 2) Employee volunteers only includes Group-run programs: My Finance Coach (Germany only) and Social OPEX (including employees from non-consolidated entities; i.e. India)

Governance

Strengthening sustainability in our Group corporate governance



ESG¹ in core processes

- Developed Group-wide guidelines for 13 sensitive business areas with implementation started in 2014 in proprietary alternative investments
- ESG Directive for (proprietary) Investments developed to integrate ESG as a standard practice into the management of Allianz insurance investment portfolios



Compliance programs

- Roll out of the global Sales Compliance program for the insurance business in 2013
- 2-tier supplier screening process to ensure suppliers comply with our sustainability standards: Supplier Selection Process and Vendor Integrity Screening
- New Standard for Data Protection and Privacy defines the rules and principles for the collection and processing of personal data

1) ESG = Environmental, Social, Governance

Our performance is well recognized by external raters

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



FTSE4Good



rated by
ekom research



- Top 1 percentile (2014 rating); RobecoSAM Gold Class (2013 rating)
- Included since 2000
- Recognized as leader in several areas; e.g., brand management, risk detection, access to finance, stakeholder engagement
- Included since 2001, one of the longest-standing companies
- Special recognition for Allianz's code of ethics and excellent environmental policy
- Rated best-in-class ("Prime" status)
- Particularly high scores for Environmental Management, Eco-efficiency, Corporate Governance and Business Ethics
- Insurance industry leader 2014 (out of 93), also leading on social
- Assessed since 2006
- Founding signatory (2002) and member since 2009
- Climate Disclosure Score: 99; Climate Performance Band: A-
- Most transparent major insurer and 25th out of the 105 largest publicly-listed companies across the globe in 2014 assessment

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.