Agenda

A
Allianz Capital Markets Day
Dieter Wemmer

B
Allianz insurance Germany
Markus Rieß

C
Property and casualty insurance
Severin Moser

D
Life insurance
Alf Neumann

E
Life insurance – investment strategy
Jörg Ladwein

F
Health insurance
Birgit König

G
Operations
Alexander Vollert

H
Distribution
Joachim Müller

I
Customer orientation
Bernd Heinemann

Disclaimer
Investor Relations contacts
Allianz at a glance

- EUR **106bn** total revenues
- EUR **1,934bn** total AuM
- EUR **9.3bn** operating profit
- **208%** economic solvency ratio
- **183%** regulatory solvency ratio
- EUR **52.0bn** S/H equity
- EUR **53.6bn** market cap
- About **79mn** (direct) and **250mn** (indirect) customers

Segments
- **44%** P/C
- **28%** AM
- **28%** L/H

Regions
- **30%** Broker markets US, UK, AUS
- **31%** Specialty insurance
- **6%** Emerging markets
- **24%** Germany
- **9%** Western Europe

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1) 2012, operating profit adjusted for recategorization of restructuring expenses and IAS19
2) 03/2013
3) 05/2013
4) Relation of business segments excluding Corporate & Other and consolidation
One quarter of Allianz covered

**Allianz revenues**
- Total EUR 106.4bn¹
- Germany² 26%
  - Health: 3%
  - Life: 14%
  - P/C: 9%

**Allianz operating profit**
- Total EUR 9.3bn¹
- Germany² 22%
  - Health: 2%
  - Life: 11%
  - P/C: 9%

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1) 2012, group operating profit adjusted for reclassification of restructuring expenses and IAS19
2) Excluding Asset Management
## Our agenda today

<table>
<thead>
<tr>
<th>Topic</th>
<th>Speaker</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Allianz Capital Markets Day</td>
<td>Dieter Wemmer</td>
<td>CFO Allianz SE</td>
</tr>
<tr>
<td>B. Allianz insurance Germany</td>
<td>Markus Rieß</td>
<td>CEO Allianz Deutschland AG</td>
</tr>
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<td>C. Property and casualty insurance</td>
<td>Severin Moser</td>
<td>CEO Allianz Versicherungs-AG</td>
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<tr>
<td>D. Life insurance</td>
<td>Alf Neumann</td>
<td>Member of the Board of Management</td>
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<td>Allianz Lebensversicherungs-AG</td>
</tr>
<tr>
<td>E. Life insurance – investment strategy</td>
<td>Jörg Ladwein</td>
<td>CIO Allianz Investment Management SE, Munich</td>
</tr>
<tr>
<td>F. Health insurance</td>
<td>Birgit König</td>
<td>CEO Allianz Private Krankenversicherungs-AG</td>
</tr>
<tr>
<td>G. Operations</td>
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<td>H. Distribution</td>
<td>Joachim Müller</td>
<td>Member of the Board of Management</td>
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<td>Allianz Beratungs- und Vertriebs-AG</td>
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<tr>
<td>I. Customer orientation</td>
<td>Bernd Heinemann</td>
<td>Member of the Board of Management</td>
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<td></td>
<td>Allianz Deutschland AG</td>
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</tbody>
</table>
Agenda

1. Allianz Deutschland AG and German market structure
2. Allianz Deutschland strategy
   - Enthusiastic customers
   - First-class distribution
   - Strong products
   - Low costs
   - Excellent employees
Germany at a glance

Key data 2012
- Population: 82mn
- GDP (EUR): 2,644bn
- GDP/capita (EUR): 32,300
- Inflation: 2.0%
- Insurance penetration (2011): 83.7%
- Country rating (S&P): AAA

Market specifics

P/C:
- Mature market, strong competition

Life:
- Challenging business environment due to volatile financial markets and low interest rates
- Strong share of classic life insurance

Health:
- 2-pillar system with compulsory statutory health insurance, supplementary private health insurance and comprehensive private health insurance

Market size and growth (CAGR)
(Stat. GPW, EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>P/C</th>
<th>Life</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>55</td>
<td>90</td>
<td>33</td>
</tr>
<tr>
<td>2011</td>
<td>57</td>
<td>87</td>
<td>35</td>
</tr>
<tr>
<td>2012</td>
<td>59</td>
<td>87</td>
<td>36</td>
</tr>
<tr>
<td>2015e</td>
<td>64</td>
<td>91</td>
<td>39</td>
</tr>
</tbody>
</table>

Market shares (2011)
(Stat. GPW, %)

- Generali: 15.6%
- ERGO: 9.1%
- AXA: 7.9%
- R+V Group: 5.8%
- Debeka: 5.3%
- Talanx: 5.0%
- HUK: 4.9%
- Allianz: 3.0%
- ERGO Group: 2.6%
- Talanx: 1.5%

1) Insurance penetration: ratio of German population (> 14 years) that have at least one insurance policy. Life: 48.3%, P/C: 77.0%, Health: 27.3%
Allianz insurance in Germany (1)

Revenues (EUR bn)\(^1,2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>P/C</th>
<th>Life</th>
<th>Health</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>16.0</td>
<td>3.2</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>2011</td>
<td>15.7</td>
<td>3.2</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>2012</td>
<td>15.2</td>
<td>3.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

CAGR

-1.1%\(^1\)

Operating profit (EUR mn)\(^1,2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>P/C</th>
<th>Life</th>
<th>Health</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>174</td>
<td>617</td>
<td>479</td>
<td>1,027</td>
</tr>
<tr>
<td>2011</td>
<td>150</td>
<td>479</td>
<td>877</td>
<td>1,433</td>
</tr>
<tr>
<td>2012</td>
<td>198</td>
<td>1,027</td>
<td>1,027</td>
<td>2,109</td>
</tr>
</tbody>
</table>

CAGR

+9.5%\(^1\)

Highlights

- Leading market position
- ~19mn retail customers
- Leading P/C insurer in Germany with 2x market share of number 2
- Growing Life business ~25% new business market share
- Strong player in health insurance with a 9.1% market share

Legal setup

1890 Formation of Allianz as an accident and transport insurance company
1918 Entry into the motor insurance business
1922 Formation of Allianz Lebensversicherungs-AG
1973 Allianz is Europe’s largest insurance company
1990 Takeover of the East German state insurance authority
2001 Minority buy-outs
2005 Foundation of a direct business entity, initially named Allianz 24, renamed into AllSecur in 2009
2006 Foundation of Allianz Deutschland AG

Combined ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>P/C</th>
<th>Life</th>
<th>Health</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>73.4</td>
<td>73.4</td>
<td>73.4</td>
<td>73.4</td>
</tr>
<tr>
<td>2011</td>
<td>75.1</td>
<td>75.1</td>
<td>75.1</td>
<td>75.1</td>
</tr>
<tr>
<td>2012</td>
<td>69.2</td>
<td>69.2</td>
<td>69.2</td>
<td>69.2</td>
</tr>
</tbody>
</table>

-4.0%-p\(^1\)

Margin on reserves\(^3\) (bps)

<table>
<thead>
<tr>
<th>Year</th>
<th>NBM 3.1%</th>
<th>NBM 3.1%</th>
<th>NBM 3.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>65</td>
<td>56</td>
<td>58</td>
</tr>
<tr>
<td>2011</td>
<td>56</td>
<td>56</td>
<td>56</td>
</tr>
<tr>
<td>2012</td>
<td>58</td>
<td>58</td>
<td>58</td>
</tr>
</tbody>
</table>

Claims ratio

Expense ratio

27.4 27.8 27.6

© Allianz SE 2013
B. Allianz insurance Germany

Allianz in Germany (2)

Product mix (stat. GPW)\(^1\)

<table>
<thead>
<tr>
<th>Class</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Motor</td>
<td>35</td>
</tr>
<tr>
<td>Property</td>
<td>15</td>
</tr>
<tr>
<td>Liability</td>
<td>12</td>
</tr>
<tr>
<td>Accident</td>
<td>17</td>
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<tr>
<td>Other</td>
<td>21</td>
</tr>
</tbody>
</table>

Distribution mix (stat. GPW)

<table>
<thead>
<tr>
<th>Class</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Agents</td>
<td>70</td>
</tr>
<tr>
<td>Direct</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
<tr>
<td>Banks</td>
<td>6</td>
</tr>
<tr>
<td>Automotive</td>
<td>9</td>
</tr>
<tr>
<td>Brokers</td>
<td>12</td>
</tr>
</tbody>
</table>

Market shares\(^2\) (stat. GPW, %)

<table>
<thead>
<tr>
<th>Company</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>R+V Group</td>
<td>15.4</td>
</tr>
<tr>
<td>AXA</td>
<td>7.3</td>
</tr>
<tr>
<td>Talanx</td>
<td>6.6</td>
</tr>
<tr>
<td>HUK</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Corporate 38%

Retail 62%

Other 9%

Agents 51%

Banks 16%

Brokers 24%

Supplementary 19%

Comprehensive 81%

Other 3%

Agents 81%

Banks 1%

Brokers 16%

1) Classes of business according to annual report
2) Preliminary
3) 2011
Allianz in Germany (3)

Strong capital position

- **P/C**: 463%
  - Internal economic model: 155%
  - Regulatory solvency ratio: 280%
- **Life**: 280%
  - Internal economic model: 186%
- **Health**: 232%
  - Regulatory solvency ratio: 140%

1) 206% when additional interest reserve considered as own funds
B. Allianz insurance Germany

Milestones

- **Minority buyouts**
  - Allianz Leben: 91%
  - Frankfurter: 100%
  - BVB: 90%
  - Allianz Rechtschutz: 100%
  - Hermes: 89%

- **Deregulation**

- 1997
- 2001

- **Dot-com bubble bursts**

- 2001

- **Aggregators start gaining ground**

- 2005

- **Solvency II legislation process starts**

- 2006

- **US subprime crisis peaks**

- 2007

- **Eurozone crisis peaks**

- 2009

- **Google enters German aggregator market**

- 2011

- **2012**

- **2013**

- **2014**

- **TOM¹**
  - Creation of Allianz Germany
  - Functional organization
  - FTE reduction and cost cutting

- **“5-Pillar-Strategy”**
  - Enthusiastic customers
  - First-class distribution
  - Strong products
  - Low costs
  - Excellent employees

**Aim:** sustainable market leadership

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¹ Target Operating Model
Recap – implementation of Target Operating Model (TOM)

Prior 2006

Allianz AG

P/C
Life
Health

Operations
Operations
Operations

Distribution
Distr.
Distr.
Distribution

Today

Allianz SE

German insurance holding

P/C
Life
Health

Operations

Distribution
Allianz Deutschland AG bundles the German insurance business

Organizational structure of Allianz Deutschland AG

Allianz SE

100%

Allianz Deutschland

100%

Allianz Versicherungs-AG

100%

Allianz Lebensversicherungs-AG

100%

Allianz Private Krankenversicherungs-AG

90.2%

Oldenburgische Landesbank AG

100%

Allianz Beratungs- und Vertriebs-AG
### Key figures 2012

<table>
<thead>
<tr>
<th></th>
<th>Allianz Deutschland¹</th>
<th>P/C</th>
<th>Life</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (EUR bn)</td>
<td>27.9</td>
<td>9.2</td>
<td>15.2</td>
<td>3.3</td>
</tr>
<tr>
<td>Operating profit (EUR mn)</td>
<td>2,109</td>
<td>904</td>
<td>1,027</td>
<td>198</td>
</tr>
<tr>
<td>Net income (EUR mn)</td>
<td>1,696</td>
<td>786</td>
<td>680</td>
<td>125</td>
</tr>
<tr>
<td>Total financial assets² (EUR bn)</td>
<td>236</td>
<td>24</td>
<td>173</td>
<td>25</td>
</tr>
<tr>
<td>Employees</td>
<td>30,165</td>
<td>936</td>
<td>915</td>
<td>466</td>
</tr>
<tr>
<td>Retail customers (mn)</td>
<td>18.9</td>
<td>10.7</td>
<td>8.9</td>
<td>3.5</td>
</tr>
</tbody>
</table>

1) Consolidated figures, incl. banking  
2) Excluding cash investments of EUR1.6bn
Allianz Deutschland strategy

1. Allianz Deutschland AG and German market structure

2. Allianz Deutschland strategy
   - Enthusiastic customers
   - First-class distribution
   - Strong products
   - Low costs
   - Excellent employees
# Our customers’ behavior has changed

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Past</th>
<th>Today</th>
<th>5-Pillar-Strategy</th>
</tr>
</thead>
</table>
| Customers | Product /service acceptance  
           “I take it as it comes” | Active service orientation  
           “Loyalty needs to be earned” | **Enthusiastic customers** |
| Products  | Single product offerings  
           “One size fits all” | Specific tailor made solutions  
           “Needs depending on individual situation and access channels” | **Strong products** |
|           | Black box acceptance  
           “I don’t understand it anyway” | Demand for transparency  
           “No more blind trust” | **Excellent employees** |
| Distribution | Seller  
           “Insurance is expert business” | Buyer  
           “I’ve already informed myself …” | **First-class distribution** |
|           | Channel loyalty  
           “I always use my agent” | Use of multiple channels and access modes  
           “Where, when and how I want it” | **Low costs** |
| Operations | Reluctance to negotiate prices  
           “It costs what it costs” | Increasing price sensitivity  
           “Where is the deal?“ |                |

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The strategy of Allianz Germany is based on the needs and requirements of our customers.
The Five-Pillar-Strategy is broken down into specific projects and initiatives

**Abbreviations:**
- ABS – Allianz Business System
- ASP+ – Allianz Service Program
- bKV – corporate health insurance
- EEI – Employee Engagement Index
- IMD2/Prios – Insurance Mediation Directive/ Packaged Retail Investment Products
- TF – task force
- ABV – Allianz Beratungs- und Vertriebs-AG
Enthusiastic customers

Starting position

- Basic understanding of drivers behind customer satisfaction

Initiatives

- Dedicated driver analysis for each touch point
- Report for the customer
- Concerted program of initiatives to further improve customer satisfaction

Total customer satisfaction (grade¹)

- 2010: 1.9
- 2011: 1.9
- 2012: 1.8

Number of retail customers (mn)

- 2010: 19.2
- 2011: 19.0
- 2012: 18.9

Ambition:

- Stop customer loss
- Further enhance customer satisfaction

¹ Total customer satisfaction: in German grades, 1 = very good; 5 = insufficient
First-class distribution

Starting position

- Strong agent distribution system, excellent broker position in Life
- Increased customer hybridization, need to expand distribution platforms

Initiatives

- Multi-access approach
- Tied agents: future roadmap ABV\(^1\)
- Direct: AllSecur / AAOS\(^2\)
- Automotive, e.g. JV VW
- Broker initiatives P/C and Health

New business total (EUR mn, CAGR)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/C</td>
<td>11,63</td>
<td>13,01</td>
<td>+5.8%</td>
</tr>
<tr>
<td>Life</td>
<td>20,86</td>
<td>21,33</td>
<td>+1.1%</td>
</tr>
</tbody>
</table>

New business tied agents (EUR mn, CAGR)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/C</td>
<td>752</td>
<td>805</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Life</td>
<td>8,897</td>
<td>9,071</td>
<td>+1.0%</td>
</tr>
</tbody>
</table>

Productivity new business per agent\(^3\) (EUR k, CAGR)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>74</td>
<td>87</td>
<td>+8.0%</td>
</tr>
</tbody>
</table>

Ambition:

- Increase productivity especially of tied agents
- Increase broker volume P/C

---

1) ABV = Allianz Beratungs- und Vertriebs-AG
2) AAOS = Allianz Auto Online Service
3) Produktivität GV / HV Gesamtbewertung in Tsd; Productivity agents total value in EUR thousand
Digitalization – a chance for Allianz Deutschland to meet customers through an additional channel

KH-Verträge¹, AAOS² & AllSecur Kraft

1) KH-Verträge = Krafthaftpflichtverträge, ie motor liability insurance contracts
2) AAOS = Allianz Auto Online Service
3) Risk life policy
B. Allianz insurance Germany

Strong products

Starting position

- **P/C:** traditional product portfolio with low flexibility
- **Life:** innovative and flexible product portfolio (state of the art)
- **Health:** traditional product portfolio with low flexibility

Initiatives

- **P/C:** modular product portfolio (PrivatSchutz, MeinAuto)
- **Life:** frequent development and launch of new products according to change in customers needs, e.g. new pension product with alternative guarantee approach to be launched this year
- **Health:** newly developed products, such as the supplementary cover for long-term care, achieve best grades

**P/C retail business (GPW, EUR mn)**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor</td>
<td>2,239</td>
<td>2,208</td>
<td>2,248</td>
</tr>
<tr>
<td>Non-motor</td>
<td>3,676</td>
<td>3,656</td>
<td>3,662</td>
</tr>
</tbody>
</table>

**Life (GPW, mn EUR)**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single premium</td>
<td>6,926</td>
<td>6,494</td>
<td>5,792</td>
</tr>
<tr>
<td>Regular premium</td>
<td>9,059</td>
<td>9,207</td>
<td>9,423</td>
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**Health (GPW, mn EUR)**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensive</td>
<td>2,604</td>
<td>2,597</td>
<td>2,632</td>
</tr>
<tr>
<td>Supplementary</td>
<td>605</td>
<td>607</td>
<td>636</td>
</tr>
</tbody>
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**Ambition:**

- **P/C:** GPW EUR 9.5bn in 2014
- **Life:** Maintain market leader position
- **Health:** Maintain strong market position

1) Without indirect business, China branch (2010)
Low costs – focus on P/C

Starting position

- Expense ratio above market
- Claims ratio deteriorating
- Steady loss of GPW in P/C

Initiatives

- „Zukunftsprogramm Sach“ (ZPS)
  - Optimization of claims management
  - Initiatives to lower costs

<table>
<thead>
<tr>
<th></th>
<th>Expense ratio</th>
<th>Claims ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>27.4%</td>
<td>73.4%</td>
</tr>
<tr>
<td>2011</td>
<td>27.8%</td>
<td>75.1%</td>
</tr>
<tr>
<td>2012</td>
<td>27.6%</td>
<td>69.2%</td>
</tr>
</tbody>
</table>

Ambition:

- Claims ratio: <69% by 2014
- Expense ratio: 26% by 2014
Excellent employees

Starting position

- Leadership results in 2010 (LCI) left room for improvement

Initiatives

- 5-Pillar-Strategy
  - Extensive communication to all employees
  - Roll-out of numerous measures
- Increased focus on leadership (cross-silo careers, women in business)
- Driver analysis and future roadmap to improve employees’ engagement

Leadership Culture Index (LCI)

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>43</td>
</tr>
<tr>
<td>2011</td>
<td>50</td>
</tr>
<tr>
<td>2012</td>
<td>54</td>
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</table>

Employee Engagement Index (EEI)

<table>
<thead>
<tr>
<th>Year</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>60</td>
</tr>
<tr>
<td>2011</td>
<td>66</td>
</tr>
<tr>
<td>2012</td>
<td>65</td>
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Ambition:
- Improve EEI further
- Keep LCI steady
### 5-Pillar-Strategy – selected achievements

<table>
<thead>
<tr>
<th>Enthusiastic customers</th>
<th>First-class distribution</th>
<th>Strong products</th>
<th>Low costs</th>
<th>Excellent employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Report for the customer 2012, total grade 1.8 (improved by 0.1 pts)</td>
<td>▪ Tied agents’ productivity overall + 8% p.a. since 2010</td>
<td>▪ &gt;1.5mn policies „MeinAuto“</td>
<td>▪ P/C: 27.6% expense ratio</td>
<td>▪ LCI⁵ for Allianz Deutschland: +11 pts (compared to 2010)</td>
</tr>
<tr>
<td>▪ ASP+ to improve customer service</td>
<td>▪ Broker P/C: appr. EUR +100mn GPW</td>
<td>▪ Successful roll-out private cover (PH¹, VHV²) and pilot (VWG³, RS⁴)</td>
<td>▪ Life: strengthen cost leadership position</td>
<td>▪ Ratio of women in leading positions increased by 1.4%-p vs. 2010</td>
</tr>
<tr>
<td></td>
<td>▪ Broker Life: strengthen market leadership</td>
<td>▪ New life product designed, to be launched by mid of 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Broker Health: production doubled by end of 2012 vs. 2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>▪ Direct: &gt;0.9mn car policies by end of 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

1) PH = Private Haftpflichtversicherung / personal liability insurance
2) VHV = Hausratsversicherung / household insurance
3) VWG = Wohngebäudeversicherung / property insurance
4) RS = Rechtsschutzversicherung / legal protection insurance
5) LCI = Leadership culture index
### Today’s agenda

<table>
<thead>
<tr>
<th>Enthusiastic customers</th>
<th>First-class distribution</th>
<th>Strong products</th>
<th>Low costs</th>
<th>Excellent employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allianz Deutschland</td>
<td>Rieß</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Heinemann</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property / Casualty</td>
<td>Moser</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Müller</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life</td>
<td>Neumann / Ladwein</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vollert</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>König</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Property and casualty insurance

Severin Moser
CEO
Allianz Versicherungs-AG

Berlin, June 25, 2013
German P/C at a glance

Market size and growth
GPW (EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>GPW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>55.2</td>
</tr>
<tr>
<td>2011</td>
<td>56.6</td>
</tr>
<tr>
<td>2012</td>
<td>58.7</td>
</tr>
</tbody>
</table>

CAGR +3.1%

Product mix¹

- Other 12%
- Accident 12%
- Liability 12%
- Motor 37%
- Property 27%

Market shares (Stat. GPW)

<table>
<thead>
<tr>
<th>Company</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>R+V Group</td>
<td>15.4%</td>
</tr>
<tr>
<td>AXA</td>
<td>7.3%²</td>
</tr>
<tr>
<td>Talanx</td>
<td>6.6%</td>
</tr>
<tr>
<td>HUK</td>
<td>6.3%</td>
</tr>
<tr>
<td>R+V Group</td>
<td>5.9%²</td>
</tr>
</tbody>
</table>

Channel mix¹

- Other 4%
- Internet 4%
- Banks 6%
- Broker 29%
- Tied agents 57%

1) Based on GPW 2011
2) 2011
C. Property and casualty insurance

Allianz P/C Germany at a glance

**GPW (EUR bn)**
- Retail: 9.0, 9.0, 9.2
- Commercial: 5.9, 5.9, 6.0

**CR (%)**
- Retail: 100.8, 102.9, 96.8
- Commercial: 73.4, 75.1, 69.2

**Operating profit (EUR mn)**
- 2010: 617
- 2011: 479
- 2012: 904

**Product mix**
- Other: 21%
- Liability: 12%
- Accident: 17%
- Property: 15%
- Motor: 35%

**Channel mix**
- Other: 2%
- Banks: 6%
- Automotive: 9%
- Brokers: 12%
- Agents: 70%

1) Classes of business according to annual report
„Zukunftsprogramm Sach“ launched in 2011 – aiming at growth and profitability

Key levers

<table>
<thead>
<tr>
<th>Sales</th>
<th>1</th>
<th>Tied agents (presentation H)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>Brokers</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Automotive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Direct</td>
</tr>
</tbody>
</table>

| Products | 4 | Retail                        |
|          | 5 | Commercial                    |

| Claims   | 6 | Presentation G                |

| Costs    | G |                              |

 Targets

**GPW (EUR bn)**

- 2011: 9.0
- 2012: 9.2
- 2014e: 9.5

**CR (%)**

- 2011: 102.9
- 2012: 96.8
- 2014e: 95.0

Key levers:
- Retail
- Commercial
- Tied agents (presentation H)
- Brokers
- Automotive
- Direct
- Presentation G

C. Property and casualty insurance
Brokers – all activities across value chain improved …

1. Sales support
   - Broker segmentation
   - Special support for premium partners

2. Products
   - New products
   - Product improvements

3. IT
   - Broker platform
   - CRM tool

4. Operations / underwriting
   - Extension of U/W competencies
   - Individual contacts for premium partners

5. Business reporting
   - System restructuring
   - Profitability as main steering instrument

6. Claims
   - Individual contacts for claims handling
C. Property and casualty insurance

... with excellent results for growth, profitability and broker satisfaction

### Portfolio (GPW, EUR mn)

- **CAGR +5.7%**
- **CAGR +3.7%**
- **2010** 957
- **2011** 972
- **2012** 1,069
- **Apr 13**

### New business (GPW, EUR mn)

- **CAGR +21.1%**
- **CAGR +22.5%**
- **2010** 141
- **2011** 169
- **2012** 207
- **Apr 13**

### Cancellations (GPW, EUR mn)

- **CAGR -12.8%**
- **CAGR -16.2%**
- **2010** 193
- **2011** 160
- **2012** 147
- **Apr 13**

### Broker satisfaction

- Results of the KUBUS survey 2012 display significant improvements over all dimensions of analysis assessing brokers' satisfaction with Allianz
- Allianz as top ranked company for proposal- and relationship management
- Profound improvement in process-related criteria such as commissions, claims processing, order management
- Improved assessment of products (SHU\(^3\), motor)

---

1) Compared to 04/12
2) Results KUBUS survey 2010-2012
3) SHU = Sach, Haft, Unfall / property, liability, accident
Automotive – profitable growth

Concept
- Position GA\(^1\) as integral part of the value chain for the entire automotive industry
- Full automotive product offering including motor, PPI\(^2\)/GAP\(^3\), warranty and road side assistance
- Strong brand positioning in terms of innovation, quality and time-to-market

Achievements
- Implementation and further professionalization of strategic partnerships with OEMs in Germany as well as globally
- Market leader in Germany with GPW of EUR ~750mn in 2012
- Profitability significantly improved since 2009

Outlook (focus Germany)
- Further programs in preparation, to be launched from 2014 onwards
- VW joint venture: growth across all lines of business planned
- Medium-term outlook: GPW of EUR ~900mn and CoR <98%

---

1) GA = Global Automotive
2) PPI = payment protection insurance
3) GAP = guaranteed auto protection
C. Property and casualty insurance

3 Direct distribution
C. Property and casualty insurance

Direct – channel covered by AllSecur and AAOS

Key figures

<table>
<thead>
<tr>
<th>Year</th>
<th>GPW (EUR mn)</th>
<th>CAGR</th>
<th># of policies (thousand)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>67</td>
<td>52</td>
<td>385</td>
<td>110</td>
</tr>
<tr>
<td>2011</td>
<td>116</td>
<td>44</td>
<td>626</td>
<td>295</td>
</tr>
<tr>
<td>2012</td>
<td>122</td>
<td>91</td>
<td>910</td>
<td>535</td>
</tr>
</tbody>
</table>

2013ff: key initiatives

- Optimized pricing capabilities
- Further investment in brand building
- Expanded CRM tool box
- Broadened distribution channels
- Improved use of aggregator sites
- Further extension of product range
- Improved cross- / up-selling

1) AAOS = Allianz Auto Online Service
## Products – modular design enhances growth, profitability and customers satisfaction

<table>
<thead>
<tr>
<th>Key feature</th>
<th>Customer</th>
<th>Allianz</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modular product design</td>
<td>▪ Flexible cover / costs based on demand</td>
<td>▪ Customer satisfaction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Growth</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Profitability</td>
</tr>
<tr>
<td>Clean-up of remaining product portfolio</td>
<td>▪ Complexity reduction</td>
<td>▪ Complexity reduction for operations and distribution</td>
</tr>
<tr>
<td></td>
<td>▪ Higher transparency</td>
<td>▪ Economies of scale</td>
</tr>
<tr>
<td>Independent pricing of modules</td>
<td>▪ No cross-subsidization</td>
<td>▪ Better technical results through refined and positive risk selection</td>
</tr>
<tr>
<td>Bundle discount</td>
<td>▪ Better value for money</td>
<td>▪ Customer retention</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Cross-selling</td>
</tr>
<tr>
<td>One policy and one invoice</td>
<td>▪ Complexity reduction</td>
<td>▪ Complexity reduction</td>
</tr>
<tr>
<td></td>
<td>▪ Higher transparency</td>
<td>▪ Economies of scale</td>
</tr>
<tr>
<td></td>
<td>▪ Convenience</td>
<td></td>
</tr>
<tr>
<td>Ongoing enhancement of modules</td>
<td>▪ Upgrade guarantee</td>
<td>▪ Protection of competitive advantage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>▪ Complexity reduction</td>
</tr>
</tbody>
</table>
Products – successful implementation of modular product „MeinAuto“

May 2011: „MeinAuto“

Results

- End of 2012 more than 1.5mn policies sold with GPW of more than EUR 700mn
- Average premiums up (2012 vs. 2011)
  - Book +7.5% to EUR 461
  - New business +17.4% to EUR 617
- Premium growth driven by increased share of own damage products¹ (+ 9.1% 2012 vs. 2011)

- 82% of the single MTPL customers bought at least 1 TPL add-on cover in 2012
- 50% of the MTPL/OD customers bought at least 1 OD add-on cover in 2012
- Claims ratio, lapse ratio and customer satisfaction improved

¹) Kasko Versicherung
Key measures

- Sophisticated pricing strategy avoids adverse risk selection
- High granularity of risk factors and intelligent cross-references
- Smart mixture between self-declared risk factors (e.g. mileage) and hard facts (e.g. max speed)
- Advanced micro zoning reflects the different risk situation per region, city, postal code
- Improved claims handling process supports customer satisfaction and slows down claims inflation
- Balanced (rate quality vs. lapse ratio) rate increases for new business as well as for renewal business lead to significant improvement of profitability
- Flexible contract maturities
Products – second modular retail bundle launched in May 2013

May 2013: „PrivatSchutz“

Results

- Positive feedback from pilot (11/2012)
- Significant increase in new sales with more than one product
- Effective cross-selling from existing customers
- „Allianz SicherheitsPlus“
  product ranked as “very good (1.1)” by Finanztest Stiftung Warentest¹ (09/12)

¹) Public funded German consumer organization
²) Personal liability insurance product
Products – launch of modular/standardized product approach for commercial lines by end of 2014

Conceptual design of future products for commercial lines segment

100%
Customer inquiry

<table>
<thead>
<tr>
<th>Revenues &gt; EUR 2mn</th>
<th>6% Macro segment</th>
<th>always</th>
<th>Single products</th>
</tr>
</thead>
<tbody>
<tr>
<td>94%</td>
<td>Micro segment</td>
<td>selected risk</td>
<td>FirmenSchutz</td>
</tr>
</tbody>
</table>

| Standardization + optional individualization |
| Standardization modularity |

C. Property and casualty insurance
### Products – „FirmenSchutz“ concept in more detail

<table>
<thead>
<tr>
<th>Minimum two products</th>
<th>Optional product components</th>
<th>Optional modules</th>
<th>Advantage of bundle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Property</td>
<td>+</td>
<td>Update guarantee, discount</td>
</tr>
<tr>
<td></td>
<td>Casualty</td>
<td>+</td>
<td>Immediate protection</td>
</tr>
<tr>
<td></td>
<td>Legal</td>
<td>+</td>
<td>Immediate protection</td>
</tr>
</tbody>
</table>

**„FirmenSchutz“ as strategic initiative to introduce modular product design for commercial lines customers with revenues ≤ EUR 2mn by end of 2014**

1) **BHV** = Betriebshaftpflichtversicherung / corporate liability insurance
2) **HuG** = Haus- und Grundbesitzerhaftpflicht / property and land owner liability insurance
C. Property and casualty insurance

Claims – development of underwriting result …

Driver of deterioration

- Soft market cycle and competitive market environment
- Fall-out from German re-organization (e.g. loss of experts)
- Focus of re-organization too much on effectiveness instead of efficiency
- Loss of quality in claims handling

Claims ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Claims ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>65.0</td>
</tr>
<tr>
<td>2007</td>
<td>66.3</td>
</tr>
<tr>
<td>2008</td>
<td>69.4</td>
</tr>
<tr>
<td>2009</td>
<td>70.9</td>
</tr>
<tr>
<td>2010</td>
<td>73.4</td>
</tr>
<tr>
<td>2011</td>
<td>75.1</td>
</tr>
<tr>
<td>2012</td>
<td>69.2</td>
</tr>
</tbody>
</table>

Expense ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Expense ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>27.0</td>
</tr>
<tr>
<td>2007</td>
<td>26.4</td>
</tr>
<tr>
<td>2008</td>
<td>26.2</td>
</tr>
<tr>
<td>2009</td>
<td>27.8</td>
</tr>
<tr>
<td>2010</td>
<td>27.4</td>
</tr>
<tr>
<td>2011</td>
<td>27.8</td>
</tr>
<tr>
<td>2012</td>
<td>27.6</td>
</tr>
</tbody>
</table>

Underwriting result (EUR mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Underwriting result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>581</td>
</tr>
<tr>
<td>2007</td>
<td>529</td>
</tr>
<tr>
<td>2008</td>
<td>325</td>
</tr>
<tr>
<td>2009</td>
<td>95</td>
</tr>
<tr>
<td>2010</td>
<td>-61</td>
</tr>
<tr>
<td>2011</td>
<td>-211</td>
</tr>
<tr>
<td>2012</td>
<td>237</td>
</tr>
</tbody>
</table>
C. Property and casualty insurance

... required thorough optimization of claims process

### Key measures

- Decrease of average number of claims driven by active claims management (focus on e.g. outbound calls, regionalization)
- Faster notification (promotion of uniform claims hotline)
- Re-design of process and structure of mass claims management
- Implementation of new steering system
- Repair shop steering
- Systematic quality controls
- Employee training and claims-specific qualification program
- Use of Allianz Center for Technology (AZT) to prevent accidents and optimize repair process
- Intensified fraud fighting

### Claims ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2014e</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatCat impact</td>
<td>75.1</td>
<td>69.2</td>
<td>69.0</td>
</tr>
</tbody>
</table>

### Expense ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatCat impact</td>
<td>27.8</td>
<td>27.6</td>
<td>26.0</td>
</tr>
</tbody>
</table>

### Combined ratio (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatCat impact</td>
<td>102.9</td>
<td>96.8</td>
<td>95.0</td>
</tr>
</tbody>
</table>
Claims – example fraud fighting

**Zero-tolerance-strategy**
Criminal charge in each verified fraudulent claim to protect customers

**IT-support**
Interface ABS D\(^1\) and connection to HIS\(^2\) online since April 2012

**Enrich team with investigation skills**
Recruit new claims handlers with investigation skills (e.g. police)

**Qualification**
Regular training of all claims handlers; special training for fraud specialists

**Controlling**
Continuous monitoring of relevant fraud KPIs

### Fraud savings (EUR mn)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>Δ 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motor</td>
<td>39</td>
<td>+37%</td>
</tr>
<tr>
<td>Property</td>
<td>37</td>
<td>+25%</td>
</tr>
<tr>
<td>Liability</td>
<td>5</td>
<td>+254%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>&gt;80</td>
<td>&gt;36%</td>
</tr>
</tbody>
</table>

---

1) AZ Betriebssystem Deutschland = operating system of Allianz Germany
2) Hinweis- Informationssystem der dt. Versicherungswirtschaft GDV = information system of German insurance association
C. Property and casualty insurance

**Investment result – headwinds to continue**

<table>
<thead>
<tr>
<th>Investment result¹ (EUR mn)</th>
<th>1Q 12</th>
<th>1Q 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total average asset base² (EUR bn)</td>
<td>23.9</td>
<td>25.5</td>
</tr>
<tr>
<td>Interest &amp; similar income³</td>
<td>218</td>
<td>235</td>
</tr>
<tr>
<td>Net harvesting and other⁴</td>
<td>-16</td>
<td>-4</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>-10</td>
<td>-12</td>
</tr>
</tbody>
</table>

**Current yield (debt securities; in %)**

<table>
<thead>
<tr>
<th></th>
<th>1Q 12</th>
<th>1Q 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 12</td>
<td>0.89</td>
<td></td>
</tr>
<tr>
<td>1Q 13</td>
<td>0.81</td>
<td></td>
</tr>
</tbody>
</table>

**Reinvestment yield⁵ (debt securities; in %)**

<table>
<thead>
<tr>
<th></th>
<th>1Q 12</th>
<th>1Q 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 12</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>1Q 13</td>
<td>2.7</td>
<td></td>
</tr>
</tbody>
</table>

**Duration**

<table>
<thead>
<tr>
<th></th>
<th>1Q 12</th>
<th>1Q 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 12</td>
<td>4.9</td>
<td>4.5</td>
</tr>
<tr>
<td>1Q 13</td>
<td>5.0</td>
<td>3.9</td>
</tr>
</tbody>
</table>

1) Including policyholder participation APR
2) Asset base includes fair value option and trading
3) Net of interest expenses. Increase is largely driven by the cancellation of an internal reinsurance contract with a corresponding decrease in investment expenses
4) Comprises real gains / losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation.

Thereof related to APR in Germany: 1Q 2012: EUR -19mn, 1Q 2013: EUR -7mn

5) On an annual basis
Summary

Achievements

- Implementation of broker strategy
- Successful product overhaul in personal lines
- Start of VW joint venture
- Significant improvement of claims process / handling

Strategy / initiatives / ambition

- Achievement of objectives „Zukunftsprogramm Sach“
- Development of customer-focused, modular products for commercial lines
- Focus on channel growth and profitability
- Further optimization of claims management

On track to reach targets of EUR 9.5bn GPW and 95% CR by 2014
Life insurance

Alf Neumann
Member of the Board of Management
Allianz Lebensversicherungs-AG

Berlin, June 25, 2013
D. Life insurance

German life at a glance

Market size and growth
GPW (EUR bn), CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>GPW (EUR bn)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>61.2</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>75.2</td>
<td>+3.0%</td>
</tr>
<tr>
<td>2012</td>
<td>87.1</td>
<td></td>
</tr>
</tbody>
</table>

Product mix in new business in 2011

- **Annuities**: 43%
- **Group insurance**: 20%
- **Endowment insurance**: 5%
- **Risk cover**: 9%
- **Other**: 23%

Channel mix in 2011

- **Tied agents**: 37%
- **Banks**: 28%
- **Broker and other third-party channels**: 27%
- **Other**: 9%

Market shares in 2011

<table>
<thead>
<tr>
<th>Insurance</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generali</td>
<td>17.6%</td>
</tr>
<tr>
<td>ERGO</td>
<td>12.6%</td>
</tr>
<tr>
<td>Talanx</td>
<td>6.5%</td>
</tr>
<tr>
<td>R+V</td>
<td>5.9%</td>
</tr>
<tr>
<td>AXA</td>
<td>5.8%</td>
</tr>
<tr>
<td>Zurich</td>
<td>4.8%</td>
</tr>
<tr>
<td>Other</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

1) Insurance groups, based on GPW 2011
2) Only regular premiums considered
3) Especially unit-linked life insurances
4) Based on APE 2011
Allianz Leben at a glance

Business volume and growth
CAGR, (GPW EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Single premiums</th>
<th>Regular premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1.4</td>
<td>7.6</td>
</tr>
<tr>
<td>2005</td>
<td>3.0</td>
<td>9.3</td>
</tr>
<tr>
<td>2012</td>
<td>5.8</td>
<td>9.4</td>
</tr>
</tbody>
</table>

NBM (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>NBM (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>3.1%</td>
</tr>
<tr>
<td>2005</td>
<td>+0.1%-p</td>
</tr>
<tr>
<td>2012</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Operating profit
CAGR, (EUR mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>980</td>
</tr>
<tr>
<td>2011</td>
<td>877</td>
</tr>
<tr>
<td>2012</td>
<td>1,027</td>
</tr>
</tbody>
</table>

Product mix in new business 2012

- Other corporate business: 5%
- Annuities in corporate business: 44%
- Other retail business: 17%
- Annuities in retail business: 34%

Channel mix in new business 2012

- Tied agents: 45%
- Broker and other third-party channels: 34%
- Banks: 14%
- Other: 7%

1) Based on "weighted premium sum" (BWS)
D. Life insurance

Agenda

1  German life market and opportunities
   1.1 German life market
   1.2 Strong market position of Allianz Leben
   1.3 Growth opportunities

2  Products with customer focus

3  Strong financials for all stakeholders
Positive development of life business in Germany in a challenging environment

Social security reform
- Riester annuities introduced
- Government pensions reduced

Tax reform
- Tax benefits shifted from endowment to annuities
- Single premiums included in tax benefit
- Basic annuity (Rürup) introduced

German life market: GPW (EUR bn)

Sources: GDV

© Allianz SE 2013
Allianz outperforms positive market trend

German life market: GPW (EUR bn)

Social security reform
Tax reform

Allianz Leben: GPW (EUR bn)

D. Life insurance

Sources: GDV, Allianz

1) GDV market without Allianz

Competitors

© Allianz SE 2013
### Strong position of Allianz in German life market

#### Market shares in 2011

<table>
<thead>
<tr>
<th>Company Name</th>
<th>GPW</th>
<th>New business premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allianz (Allianz, DLV-AG)</td>
<td>12.6%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Generali (Aachen Münchner, Generali, Cosmos, Dialog)</td>
<td>6.5%</td>
<td>11.7%</td>
</tr>
<tr>
<td>ERGO (ERGO, Victoria, ERGO DIREKT, Neckermann, Vorsorge)</td>
<td>5.9%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Talanx (HDI-Gerling, neue leben, TARGO, PB)</td>
<td>5.8%</td>
<td>5.9%</td>
</tr>
<tr>
<td>R+V (R+V, R+V VVaG, Condor)</td>
<td>5.8%</td>
<td>8.3%</td>
</tr>
<tr>
<td>AXA (AXA, DBV, Dt. Ärzteversicherung)</td>
<td>4.8%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Zurich Deutscher Herold</td>
<td>4.6%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Debeka</td>
<td>4.0%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Versicherungskammer Bayern (Bayern, Öff. LV Berlin Brandenburg, Saarland LV)</td>
<td>3.0%</td>
<td>4.1%</td>
</tr>
</tbody>
</table>

Sources: annual reports, GDV

© Allianz SE 2013
High quality of Allianz reflected in a consistently growing broker share

Distribution mix of Allianz Leben in new business

Distribution channel mix of new business in 2011 based on APE

1) Based on “weighted premium sum” (BWS)
2) In particular direct business and business without intermediary

Source: Allianz, Towers Watson Vertriebswege Survey
Increasing importance of life insurance for individual long-term savings in Germany

Personal financial assets in Germany (% of gross financial assets)

- Savings rate still above 10%
- Insurance most important vehicle of long-term savings
- Growing importance of individual old age provisions

AuM for life insurance¹ (CAGR, EUR bn)

- Allianz Leben increases its market share of AuM

1) Values: local GAAP
Sources: Deutsche Bundesbank, GDV and Allianz Lebensversicherung
In comparison to other European countries potential remains for insurance companies in long-term savings

Personal financial assets in selected European countries in 2011 (% of gross financial assets)

<table>
<thead>
<tr>
<th>Country</th>
<th>Insurance</th>
<th>Mutual funds</th>
<th>Bank products</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>62%</td>
<td>13%</td>
<td>23%</td>
<td>1%</td>
</tr>
<tr>
<td>UK</td>
<td>52%</td>
<td>16%</td>
<td>29%</td>
<td>4%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>43%</td>
<td>26%</td>
<td>31%</td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>38%</td>
<td>24%</td>
<td>30%</td>
<td>7%</td>
</tr>
<tr>
<td>Germany</td>
<td>37%</td>
<td>22%</td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>Austria</td>
<td>19%</td>
<td>33%</td>
<td></td>
<td>47%</td>
</tr>
<tr>
<td>Italy</td>
<td>19%</td>
<td>46%</td>
<td></td>
<td>32%</td>
</tr>
<tr>
<td>Finland</td>
<td>18%</td>
<td>41%</td>
<td></td>
<td>38%</td>
</tr>
<tr>
<td>Spain</td>
<td>16%</td>
<td>31%</td>
<td></td>
<td>50%</td>
</tr>
</tbody>
</table>

Sources: Allianz Global Wealth Report 2012, national central banks and statistic offices, Allianz SE
Occupational and individual old age provisions offer various business opportunities for insurance companies.

- **Statutory pensions**
  - Government pension

- **Occupational old age provision**
  - Direct insurance
  - Pension fund society¹
  - Direct pension commitment
  - Pension funds
  - Support funds

- **Private old age provision**
  - Riester pension
  - Basic pension (Rürup)
  - Individual annuity

¹ Pensionskasse

Business opportunities for life insurance and asset management
German government supporting various types of old age provision

Tax-incentivized amounts p.a. (in EUR)

Layer I
- Basic pensions (Rürup)

Layer II
- Riester pensions
- Employer based pensions, financed by employer or employee
  - Direct insurance, pension fund society, pensions funds
  - Pension plans, deferred compensation: support funds, funding of pension promises

Individual life products

Layer III
- Annuities: taxation only during payout
- Endowment policies: deferred taxation

Amounts p.a. (in EUR)

- Premiums out of gross income (deferred taxation)
- Regulated product features
- High individual state allowance for Riester pensions
- Annuities: no taxation of accrued investment income
- Lump sum: tax advantages for long-term contracts

1) Maximum amount: EUR 20,000 minus contributions to statutory pension system (max. ~EUR 13,000)
2) Only minor part of annuity is taxable in payout period, e.g. 18% for a 65-year old client
3) If client is at least 62 years and maturity ≥12 years proceeds minus premiums are 50% taxable
Corporate life business in Germany – a strong market

Occupational pensions in Germany
AuM (2010, EUR bn)

Total EUR 483bn

Insurance contracts in occupational pension schemes\(^1\) (in mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Direct pension commitments</th>
<th>Pension fund society (Pensionskasse)</th>
<th>Reinsurance of pension commitments(^2)</th>
<th>Direct insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>7.5</td>
<td>10.5</td>
<td>10.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2002</td>
<td>8.2</td>
<td>10.9</td>
<td>10.9</td>
<td>11.5</td>
</tr>
<tr>
<td>2003</td>
<td>9.2</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2004</td>
<td>10.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2005</td>
<td>10.9</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2006</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2007</td>
<td>11.9</td>
<td>12.4</td>
<td>12.4</td>
<td>12.4</td>
</tr>
<tr>
<td>2008</td>
<td>12.4</td>
<td>12.8</td>
<td>12.8</td>
<td>12.8</td>
</tr>
<tr>
<td>2009</td>
<td>13.2</td>
<td>13.8</td>
<td>13.8</td>
<td>13.8</td>
</tr>
<tr>
<td>2010</td>
<td>13.8</td>
<td>14.5</td>
<td>14.5</td>
<td>14.5</td>
</tr>
</tbody>
</table>

+17% p.a.  +3% p.a.  +5% p.a.  +4% p.a.

Impressive growth – 7 million new contracts in 11 years

1) GDV members
2) Including support funds
Sources: J. Schwind 2012, GDV
Stable and dominant position of Allianz Leben in corporate business

Pension schemes in German market

- Employees with a pension scheme (2001: 14.6mn, 2011: 19.6mn)
  

Market share of Allianz

- In-force business regular premiums (2001: 18%, 2012: 23%)
- New business premiums (2001: 16%, 2012: 30%)

Allianz outperforms the market

1) Including direct pension promises and insurance contracts

Sources: GDV, Allianz, „Alterssicherungsbericht“ covering 2001-2011
Individual old age provisions still offer high potential for new business

**Riester savings products**

- Good penetration rates achieved

**Basic pension (Rürup)**

- More than 1.5mn basic pension contracts already sold in Germany
- Annual growth rates remain high

**Development of basic pension contracts (in mn) and market shares of Allianz Leben (by no. of in-force contracts)**

![Graph showing development and market shares](image)

**Sources:** Bundesinnenministerium für Arbeit und Soziales, DIW Berlin, GDV, Allianz
Emerging field of risk cover business

Risk cover business gaining importance

New business (regular premiums) of German life market

<table>
<thead>
<tr>
<th>Year</th>
<th>Group insurance</th>
<th>Endowment insurance</th>
<th>Other</th>
<th>Annuities</th>
<th>Stand-alone risk cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>10%</td>
<td>57%</td>
<td>5%</td>
<td>23%</td>
<td>9%</td>
</tr>
<tr>
<td>2000</td>
<td>11%</td>
<td>26%</td>
<td>6%</td>
<td>29%</td>
<td>8%</td>
</tr>
<tr>
<td>2005</td>
<td>14%</td>
<td>28%</td>
<td>8%</td>
<td>40%</td>
<td>9%</td>
</tr>
<tr>
<td>2012</td>
<td>20%</td>
<td>23%</td>
<td>5%</td>
<td>26%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Significant market share gains for Allianz

Market shares of Allianz in risk cover business based on new business premiums

New business premiums of Allianz

- Growing biometrical risks
- Only 26% of all employed persons in Germany have an occupational disability insurance

1) Especially unit-linked life insurances
2) TNS infratest 2008

Sources: GDV, Allianz
Agenda

1. German life market and opportunities

2. Products with customer focus
   2.1 Product portfolio addressing customer needs
   2.2 New guarantee product “Perspektive”
   2.3 Attractive performance and costs of Allianz Leben

3. Strong financials for all stakeholders
Changing expectations of customers
– putting customer focus first

Customized products

Needs-based advice

Flexibility

Service orientation

Guarantee
(of investment, of interest, of life-long income, …)

Stable investment returns

Transparency
Broad and strong product portfolio of Allianz to meet customer expectations

Guarantees

- Traditional book
  - Klassik
  - Perspektive
- Top funds (p/h choice)
  - IndexSelect
  - Invest alpha-Balance
- Risk covers with top-ratings
  - Invest

Upside potential

- + index participation
- + individual risk steering
- + managed funds

Terminal bonus

Annuity calculation at beginning of annuity payment

Death cover
- Disability
- Functional-impairment cover
- Long-term care
Portfolio effectively managed with strict modular system

Corporate business

Riester pensions (state subsidized)

Basic pensions (Rürup, state subsidized)

Individual pensions

- Klassik
- Perspektive
- IndexSelect
- Invest alpha-Balance
- Invest

Old age provision

- Death benefit/term insurance
- Survivors’ pension

Death cover

- Waiver of premium
- Occupational disability benefit
- Functional impairment cover

Occupational disability cover

- Long-term care

LTC cover

1) Körperschutzpolice
Value proposition for modern guarantee products – IndexSelect and Invest alpha-Balance

Guarantees

<table>
<thead>
<tr>
<th>Traditional book</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klassik</td>
</tr>
<tr>
<td>Perspektive</td>
</tr>
<tr>
<td>IndexSelect</td>
</tr>
<tr>
<td>Invest alpha-Balance</td>
</tr>
<tr>
<td>Invest</td>
</tr>
</tbody>
</table>

Upside potential

<table>
<thead>
<tr>
<th>Top funds (p/h choice)</th>
</tr>
</thead>
</table>

IndexSelect

- Index-linked concept
- Participation in positive index performance of EURO STOXX 50®, determined through monthly cap
- Cap depends on current p/h profit participation of Allianz Leben and other capital market parameters
- Total premium refund guarantee at maturity
- Yearly increase of maturity benefit

Invest alpha-Balance

- Unit-linked product, optimized iCPPI\(^1\)-like guarantee concept
- Dynamic allocation\(^2\) of assets in mutual funds from Allianz Leben fund portfolio and with-profits funds, respectively
- Total premium refund guarantee at maturity

---

1) iCPPI = individual constant proportion portfolio insurance
2) Minimum allocation into with-profit fund
With-profits annuities of Allianz Leben – Klassik and Perspektive

Guarantees

- Higher interest due to reduced risk
- Annuitization of maturity benefit based on rates at time of annuitization

Upside potential

- Total premium refund guarantee at maturity
- Minimum guaranteed annuity
- Yearly increase of maturity benefit

Klassik

- 1.75% guaranteed interest rate (on premium minus cost) for maturity benefit and annuity
- Yearly increase of annuity
- Annuitization of terminal bonus

Perspektive

- Total premium refund guarantee at maturity
- Minimum guaranteed annuity
- Yearly increase of maturity benefit

Interest rate development

Current low interest rates attractive for customers

Less risk capital ➔ higher return

1) Max. of min. guaranteed annuity and annuity calculated at annuitization
Schematic comparison between Klassik and Perspektive

**Klassik**

- Surrender value
- Total premium
- Guaranteed at inception of contract
- Beginning of pay-out period

**Perspektive**

- Surrender value
- Total premium
- Guaranteed at inception of contract
- Beginning of pay-out period

Accumulated guaranteed annuity

Minimum guaranteed annuity

[minimum guar. annuity Perspektive]
Considerably lower risk capital of new product

**Assessment**
- Strong decrease of IR risk capital components for new business
- New product strongly reduces portfolio sensitivity to adverse scenarios

**New product will reduce risk capital consumption in the long run**
New traditional product utilizing all accessible risk reduction levers

**Klassik**
- Guarantee level for whole duration: guaranteed interest rate
- Lock-in of bonus (with guaranteed interest rate) in guaranteed capital and guaranteed annuity
- Terminal bonus with positive cash values including market adjustment

**Perspektive**
- Guarantee level: total premium refund as guaranteed benefit at beginning of payout period
- Lock-in of bonus (with guaranteed interest rate 0%) only in guaranteed capital
- Terminal bonus with positive cash values including market adjustment

**IndexSelect**
- Guarantee level: total premium refund as guaranteed benefit at beginning of payout period
- Lock-in of bonus (with guaranteed interest rate 0%) only in guaranteed capital

**Invest alpha-Balance**
- Guarantee level: total premium refund as guaranteed benefit at beginning of payout period
Attractive performance of the special account „Sicherungsvermögen“

Net investment yield (local GAAP) and volatility in comparison to shares and bonds

**Performance and volatility 2001 – 2012 [p.a.]**

<table>
<thead>
<tr>
<th>Net investment yield</th>
<th>Performance</th>
<th>Volatility¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allianz Leben</td>
<td>5.2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Net investment yield of competitors²</td>
<td>4.6%</td>
<td>1.0%</td>
</tr>
<tr>
<td>EURO STOXX 50</td>
<td>-2.2%</td>
<td>23.5%</td>
</tr>
<tr>
<td>DAXP</td>
<td>1.4%</td>
<td>28.0%</td>
</tr>
<tr>
<td>MSCI World</td>
<td>2.7%</td>
<td>22.0%</td>
</tr>
<tr>
<td>REXP</td>
<td>5.3%</td>
<td>2.8%</td>
</tr>
<tr>
<td>German government bonds (10 years)</td>
<td>3.6%</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

¹) Volatilities of net investment yield only until 2011
²) Net investment yield 2012 of competitors preliminary

Sources: Bloomberg, GDV, Allianz
Above market performance of Allianz Leben products

Performance p.a. of endowment insurances maturing 2013\(^1\) (in %)

<table>
<thead>
<tr>
<th>Years</th>
<th>Allianz Leben</th>
<th>Market(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>3.3%</td>
<td>4.1%</td>
</tr>
<tr>
<td>20</td>
<td>4.3%</td>
<td>4.7%</td>
</tr>
<tr>
<td>30</td>
<td>5.1%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

1) Type of contract: male, journalist, non-smoker, age at entry: 30 years, endowment insurances without discounts, yearly payment in advance: EUR 1,200, death benefit 100%; performance includes term life insurance (\(\quad\) includes risk premium)

2) Not weighted, including Allianz

Sources: map-report p 826-829
Continuous and attractive overall return for customers

Profit participation rates of Allianz Leben 1999 – 2013 (in %)

1) Valuation buffer participation assumes an exemplary additional interest rate of 0.2% for 2013
2) Source: Federal Statistical Office
3) Source: German Federal Bank, WX3950
New focus topic transparency

Transparency initiatives

Cost/benefit transparency through publication of reduction in yield

Example: Klassik / traditional business

<table>
<thead>
<tr>
<th>EU initiatives</th>
<th>German government initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>MiFID¹</td>
<td>Insurance contract law (VVG-InfoVO)</td>
</tr>
<tr>
<td>IMD ²</td>
<td>Riester/Basic product information (PIB)</td>
</tr>
<tr>
<td>PRIP³</td>
<td></td>
</tr>
</tbody>
</table>

Selected Allianz measures for customer protection

- Initiative on cost/benefit transparency
- Harmonized terms and conditions
- Digital folder for documents referring to insurance contracts “Meine Allianz”

Yield assumption before all costs: 4.35%

- Up-front charges and other (recurring) charges: RiY 1.00%

Resulting yield after costs: 3.35%

RiesterRente Klassik (ARS1), duration of contract 30 years, annual premium EUR 1,200

- Reduction in yield indicates to which extent costs reduce the annual yield
- Resulting yield after costs: transparent and comprehensible
- Suitable and comparable to other old age provision products

¹ MiFID = markets in financial instruments directive
² IMD = insurance mediation directive
³ PRIP = packaged retail investment products

Sources: Allianz
Allianz Leben with low and transparent costs – high customer satisfaction visible in low lapse rates

**Administrative cost ratio**

- **Allianz**:
  - 2004: 3.5%
  - 2005: 3.4%
  - 2006: 3.3%
  - 2007: 3.3%
  - 2008: 3.2%
  - 2009: 3.0%
  - 2010: 2.7%
  - 2011: 2.7%
  - 2012: 2.7%

- **Competitors**:
  - 2004: 4.4%
  - 2005: 4.2%
  - 2006: 4.2%
  - 2007: 4.0%
  - 2008: 4.2%
  - 2009: 4.0%
  - 2010: 3.8%
  - 2011: 3.7%
  - 2012: 3.7%

**Lapse ratio**

- **Allianz**:
  - 2004: 2.0%
  - 2005: 1.8%
  - 2006: 1.7%
  - 2007: 1.5%
  - 2008: 1.3%
  - 2009: 1.2%
  - 2010: 1.1%
  - 2011: 1.1%
  - 2012: 1.2%

- **Competitors**:
  - 2004: 4.4%
  - 2005: 4.2%
  - 2006: 4.2%
  - 2007: 4.0%
  - 2008: 4.2%
  - 2009: 4.0%
  - 2010: 3.8%
  - 2011: 3.7%
  - 2012: 3.7%

1) Based on GPW
2) Based on number of contracts
3) Market without Allianz (GDV)
Sources: GDV, Allianz
3.1 Available buffers of Allianz Leben
3.2 Zinszusatzreserve and other management levers
Strong balance sheet with sufficient buffers

Assets

- Real estate
- Equities
- Fixed income

Valuation buffer EUR 29.5bn

Book value of assets EUR 149.6bn

Liabilities

- Shareholders’ equity EUR 1.8bn
- Declared lock-in bonus
- Free RfB EUR 4.4bn
- Terminal bonus EUR 5.3bn
- Zinszusatzreserve (ZZR) EUR 1.1bn
- Technical reserves EUR 132.6bn

Available buffers

- Unrealized gains
- Valuation buffer EUR 29.5bn
- Liability buffer EUR 10.8bn

RfB

Sources: Allianz
Above average buffers as basis for superior investment results

Valuation buffer 2012\(^1\)
(in % of book value of assets)

<table>
<thead>
<tr>
<th></th>
<th>Allianz Leben</th>
<th>Competitors(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19.7%</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Policyholder reserves 2012\(^1\)
(free RfB and terminal bonus fund, in % of book value of assets)

<table>
<thead>
<tr>
<th></th>
<th>Allianz Leben</th>
<th>Competitors(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.5%</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

Equity exposure and real estate 2012\(^1\)
(in % of book value of assets)

<table>
<thead>
<tr>
<th></th>
<th>Allianz Leben</th>
<th>Competitors(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity exposure</td>
<td>11.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Real estate</td>
<td>3.5%</td>
<td>4.2%</td>
</tr>
<tr>
<td></td>
<td>7.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td></td>
<td>3.5%</td>
<td></td>
</tr>
</tbody>
</table>

Average net investment result 2010 - 2012\(^1\)
(in % of book value of assets)

<table>
<thead>
<tr>
<th></th>
<th>Allianz Leben</th>
<th>Competitors(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.6%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

1) Based on local GAAP figures
2) Competitors defined as GDV market without Allianz Leben
Sources: Allianz, GDV-Quartalsstatistik, GDV-Kennzahlenmappe
Strong position of Allianz in German life market in respect to overall buffers\(^1\)

Overall buffers\(^1\) of Top 25 life companies (in % of book value of assets as of 31.12.2011)

1) Valuation buffers and policyholder reserves (free RfB and terminal bonus)
Sources: annual reports, GDV
### Stable buffers on liability side
(in EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Buffer in % of technical reserves</th>
<th>ZZR1</th>
<th>Terminal bonus</th>
<th>Free RfB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>7.0</td>
<td>2.5</td>
<td>4.1</td>
<td>1.1</td>
</tr>
<tr>
<td>2003</td>
<td>7.6</td>
<td>3.0</td>
<td>4.6</td>
<td>1.0</td>
</tr>
<tr>
<td>2004</td>
<td>8.7</td>
<td>4.1</td>
<td>4.8</td>
<td>1.0</td>
</tr>
<tr>
<td>2005</td>
<td>4.8</td>
<td>4.9</td>
<td>6.1</td>
<td>1.1</td>
</tr>
<tr>
<td>2006</td>
<td>10.9</td>
<td>5.4</td>
<td>5.4</td>
<td>1.1</td>
</tr>
<tr>
<td>2007</td>
<td>11.6</td>
<td>5.4</td>
<td>5.5</td>
<td>1.1</td>
</tr>
<tr>
<td>2008</td>
<td>10.4</td>
<td>5.0</td>
<td>5.5</td>
<td>1.1</td>
</tr>
<tr>
<td>2009</td>
<td>11.0</td>
<td>5.5</td>
<td>5.5</td>
<td>1.1</td>
</tr>
<tr>
<td>2010</td>
<td>10.3</td>
<td>5.4</td>
<td>4.7</td>
<td>1.1</td>
</tr>
<tr>
<td>2011</td>
<td>10.5</td>
<td>5.4</td>
<td>4.8</td>
<td>1.1</td>
</tr>
<tr>
<td>2012</td>
<td>10.8</td>
<td>5.3</td>
<td>4.4</td>
<td>1.1</td>
</tr>
</tbody>
</table>

1) ZZR = Zinszusatzreserve (reserve for low interest rate environment)
Steering of in-force profit participation contains various buffers and levers to cope with market volatilities.

**Assets**
- Valuation buffer
- Harvesting
- Regular income

**Liabilities**
- Shareholder profit
- Valuation buffer participation
- Technical reserves
- ZZR build-up

**Pay-outs**
- S/H profit
- P/H pay-out

**Buffers and Levers**
- Management lever

**Technical Interest**
- Technical reserves
- ZZR build-up
- Reduces (in future)

**Terminal Bonus**
- Declared lock-in bonus

**Declared Lock-in Bonus**

**ZZR = Zinzusatzreserve (reserve for low interest rate environment)**

1. ZZR = Zinzusatzreserve (reserve for low interest rate environment)
Mechanics of the Zinszusatzreserve (ZZR) for in-force portfolio

Allianz Leben, local GAAP

Comments

- ZZR: timely reserving for low interest rate environment
  - Effective since March 2011
  - German GAAP only
  - Not applicable to IFRS; additional reserves only allowed if investment yield and technical and expense result not sufficient to cover guarantees

- ZZR EUR ~1.1bn

1) Old methodology (without Zinszusatzreserve) pro forma
2) 10yr average of 10yr European government bonds (AAA-rating)
3) 24% will mature in the next 5 years; about 2/3 without annuity option
4) Only significant guarantees listed. The remaining 3% include for instance Allianz Parkdepot

Source: Allianz
Management levers to mitigate expenses for Zinszusatzreserve (ZZR)

Management levers

German life P&L (simplified)

Investment result
- Gross investment income
  - Technical interest rate (min. guarantee)
  - Zinszusatzreserve

Technical result

Expense result

Policyholder participation

Net income

Main lever

Adjust unrealized gains

Adjust contribution to RfB

Adjust profit participation

Comments

- ZZR EUR ~1.1bn
- Allianz Leben has powerful levers to mitigate expense for ZZR
  - EUR 29.5bn unrealized gains
  - EUR 9.8bn RfB
- ZZR is not lost
  - Release if interest rates rise
  - Finance guarantees if interest rates stay low
- ZZR puts discipline into market

1) Free RfB + RfB for terminal bonus
Buffers on liability side – the RfB mechanism to appropriately apportion results to all stakeholders

**Investment result**
- Current investment income
- Extraordinary investment income
- Zinszusatzreserve
- Technical interest rate

**Underwriting result**
- Risk premiums
  - Benefits paid for death, disability, long-term care
  - Released / additional claims reserve
- Technical interest rate

**Expense result**
- Expense loadings + “Zillmer” DAC
  - Administrative expenses
  - Acquisition expenses

**Other results and taxes**

**Gross surplus after taxes**
- Appropriation to RfB
- Valuation buffer participation
- Net income

**Technical reserves**
- Allocated bonus
- Free RfB
- Terminal bonus fund

**Policyholders’ benefits**

**Shareholders’ dividends**

---

1) On average 3.1% on mathematical reserves
Buffers on liability side – the principle of the „Mindestzuführungsverordnung“

Features of profit participation

- Net investment income on technical reserves: $\geq 90\%$ including technical interest rate
- Underwriting result: $\geq 75\%$
- Expense result / other results: $\geq 50\%$

Policyholders

Shareholders

---

1) MindZV, minimum allocation decree: rules for profit participation
2) Simplified display; figure is valid as long as all results are not negative. Losses remain entirely with shareholders, except in exceptional cases (possibility of offsetting for unexpected losses)
Example for maximum shareholder participation according to MindZV\(^1\)

Sources of surplus

- Net investment income\(^2\) 300
  - Technical interest -140
  - Zinszusatzreserve -10

<table>
<thead>
<tr>
<th>Investment result</th>
<th>Underwriting result</th>
<th>Expense result</th>
</tr>
</thead>
<tbody>
<tr>
<td>150</td>
<td>20</td>
<td>10</td>
</tr>
</tbody>
</table>

Gross surplus before taxes 180

Profit participation

<table>
<thead>
<tr>
<th>Net investment income</th>
<th>Underwriting result</th>
<th>Expense result</th>
</tr>
</thead>
<tbody>
<tr>
<td>270 90% Policyholder</td>
<td>30 10% Shareholder</td>
<td>15 25% Policyholder</td>
</tr>
<tr>
<td>30 10% Shareholder</td>
<td>15 75% Policyholder</td>
<td>5 50% Policyholder</td>
</tr>
<tr>
<td>5 50% Shareholder</td>
<td>5 50% Shareholder</td>
<td>-16 Shareholders</td>
</tr>
<tr>
<td>40 Taxes (40%)</td>
<td></td>
<td>24 Shareholders</td>
</tr>
</tbody>
</table>

1) Figures exemplary
2) Without return on shareholders’ equity
Pay-outs in 2012

- Customers: EUR 13.5bn
- Shareholders: EUR 487mn
- Taxes: EUR 251mn
- Distribution channels: EUR 1.0bn
- Employees\(^1\): EUR 79mn

Average money paid to customers per workday\(^2\) in 2012: EUR 54mn

---

1) Own employees of Allianz Leben only
2) Average: 250 workdays in Germany
Sources: Allianz Leben annual report
Stable income for shareholders

Net income and dividends (local GAAP, in EUR mn)

- **2005**: Net income 330, Dividend 315, Net income margin 2.4%, New business margin 95.4%
- **2006**: Net income 330, Dividend 315, Net income margin 3.0%, New business margin 95.3%
- **2007**: Net income 360, Dividend 357, Net income margin 4.0%, New business margin 94.7%
- **2008**: Net income 360, Dividend 357, Net income margin 3.3%, New business margin 93.0%
- **2009**: Net income 550, Dividend 462, Net income margin 3.5%, New business margin 92.3%
- **2010**: Net income 500, Dividend 462, Net income margin 3.1%, New business margin 92.0%
- **2011**: Net income 530, Dividend 454, Net income margin 3.1%, New business margin 92.6%
- **2012**: Net income 520, Dividend 487, Net income margin 3.2%, New business margin 93.3%

Sources: Allianz

1) Sum of technical result, expense result and net investment income

© Allianz SE 2013
## Allianz Leben MCEV with limited sensitivity

### Sensitivity

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>MCEV 2012 (in EUR mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central assumption</td>
<td>9,480</td>
</tr>
<tr>
<td>Risk free rate -100bps</td>
<td>7,604</td>
</tr>
<tr>
<td>Risk free rate +100bps</td>
<td>10,171</td>
</tr>
<tr>
<td>Swaption volatilities +25%</td>
<td>8,983</td>
</tr>
<tr>
<td>Swaption volatilities -25%</td>
<td>9,944</td>
</tr>
<tr>
<td>Illiquidity premium 0 and without yield curve anchoring</td>
<td>5,969</td>
</tr>
<tr>
<td>Ultimate forward rate -100bps</td>
<td>8,927</td>
</tr>
</tbody>
</table>

### Main stabilizing effects implemented in 2012

- Additional reserve for low interest rates (Zinszusatzreserve)
- Yield curve extrapolation: entry point at year 20 instead of year 30
- Volatility anchoring
Summary

Achievements

- Consistent growth in pension market
- Market leadership and profitability extended
- Strong financials
- High customer loyalty

Strategy / initiatives / ambition

- Offer broad range of top-ranking products extended by new product “Perspektive”
- Underwrite for margin
- Sustain financial strength by in-force and new business management
- Constantly measure and improve customer satisfaction
Life insurance – investment strategy

Jörg Ladwein
CIO
Allianz Investment Management SE,
Munich
Berlin, June 25, 2013
Agenda

1. Investment approach
2. Investment portfolio
3. Investment performance
4. Low yield environment – active investment management
5. Summary
AIM ensures strong contribution of investment result to operating profit

Allianz Investment Management (AIM)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Facts</th>
</tr>
</thead>
</table>
| Contributes to capital efficiency by maximizing risk-adjusted investment return within a standardized process | - Covering EUR 508bn (EUR 461bn in 2011) insurance assets of Allianz Group  
- 5 regional hubs  
- 325 employees |

E. Life insurance – investment strategy

Allianz Group Operating profit (EUR bn)

2011: 7.8
- L/H investment margin in 2011 is restated to the new reporting format of operating profit sources introduced in 2012
- 5.4 (69%)

2012: 9.3
- 6.2 (67%)

Thereof investments:

2) Insurance business only (P/C + L/H)
Investment process

**Asset liability management**
- Liabilities-replicating portfolio
- Strategic asset allocation

**Investment management**
- Active steering of asset classes
- Tactical asset allocation
- Allianz Leben: covering 20 asset classes

**Asset manager management**
- Investment guidelines
- Asset manager selection
- Allianz Leben: >70 strategies / mandates

**Asset management**
- Selecting individual investments
- Allianz Leben: EUR 182bn managed by 20 asset managers

**Investment monitoring**
- Independent control
- Reports and analysis
- Performance measurement

---

**Split between investment and asset management**
Asset liability management: from liabilities to the (strategic) asset allocation

**Input**
- Liabilities
  - Run-off profile ➔ cash-flow profile
  - Implied options (e.g. minimum guarantees)
  - Policyholder behavior (e.g. lapses)
- Capital market assumptions
  - Yield curves and spreads
  - Correlations, volatilities
  - Expected risk premium
- Actual portfolio
  - Current composition by asset class
  - Unrealized gains / losses

**Constraints**
- Set of asset allocations limited by
  - Accounting targets (local GAAP, IFRS)
  - Risk capital (local solvency, internal model)
  - Investment restrictions (regulatory, internal)
  - Depth / breadth of capital market

**Simulation**
- Dynamic financial analysis for feasible allocations
  - Stochastic real-world scenarios
  - Risk-neutral scenarios
  - Deterministic scenarios (stressed tests)

**SAA**
- Strategic asset allocation as optimal trade-off between KPIs

<table>
<thead>
<tr>
<th>Allocation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocation 3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**KPIs**
- Comparison of asset allocations along key performance indicators (KPIs)
Agenda

1. Investment approach
2. Investment portfolio
3. Investment performance
4. Low yield environment – active investment management
5. Summary
Allianz Leben investment portfolio – from an accounting (IFRS) view to an economic view

- **Volume increase** related to switch from book to market value (real estate and loan exposure) and changed asset scope
- **Change in classification** related to economically focused investment management

---

### Accounting

- **Cash / other**
  - EUR 1.6bn (1%)
- **Real estate**
  - EUR 3.8bn (2%)
- **Equities**
  - EUR 16.0bn (9%)
- **Debt instruments**
  - EUR 148.8bn (88%)

### Economic

- **Cash**
  - EUR 3.3bn (2%)
- **Real estate**
  - EUR 6.2bn (3%)
- **Equities / alternatives**
  - EUR 14.4bn (8%)
- **Fixed income excl. cash**
  - EUR 157.9bn (87%)

---

1) Excluding unit-linked assets EUR 4.1bn
2) E.g. including FVO and trading, real estate own use and alternative assets
High-quality investment portfolio (1/2)

- Fixed income: 80.6%
- Real estate: 3.9%
- Equities / alternatives: 14.6%
- Cash: 0.9%

By issuer:
- EUR 109.6bn: 80.6%
- EUR 133.9bn: 80.6%
- EUR 181.7bn: 80.6%

By rating:
- EUR 157.9bn (2012):
  - AAA: 40%
  - AA: 21%
  - A: 9%
  - BBB: 16%
  - Not rated: 11%

1) Not rated including 9% mortgages with top quality collateral
High-quality investment portfolio (2/2)
Fixed-income portfolio – very limited valuation issues

<table>
<thead>
<tr>
<th></th>
<th>Assets (EUR bn)</th>
<th>2012 impairments (EUR mn)</th>
<th>Aggr. 5-yr impairments (EUR mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>52.6</td>
<td>0</td>
<td>-131</td>
</tr>
<tr>
<td>Securitized</td>
<td>65.4</td>
<td>–</td>
<td>-11</td>
</tr>
<tr>
<td>Mortgages</td>
<td>13.9</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Corporates ex fin.</td>
<td>16.8</td>
<td>-1</td>
<td>-65</td>
</tr>
<tr>
<td>Financials</td>
<td>9.0</td>
<td>–</td>
<td>-77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>157.9</strong></td>
<td><strong>-1</strong></td>
<td><strong>-284</strong></td>
</tr>
</tbody>
</table>

Impairments (in bps) of debt portfolio

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>5-yr Ø</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairments</td>
<td>0.1bps</td>
<td>4.2bps</td>
</tr>
</tbody>
</table>

1) FV = fair value; AC = amortized cost
Fixed-income portfolio: shift towards spread investments over last 10 years

- 2002
  - Treasuries and gov. related – developed markets: 13%
  - Treasuries and gov. related – emerging markets: 1%
  - Corporates non-financials: 5%
  - Corporates financials: 8%
  - Securitized incl. mortgages: 74%

- 2007
  - Treasuries and gov. related – developed markets: 27%
  - Treasuries – emerging markets: 1%
  - Corporates financials: 8%
  - Corporates non-financials: 5%
  -FI special investments: 1%
  - Securitized incl. mortgages: 74%

- 2012
  - Treasuries and gov. related – developed markets: 27%
  - Treasuries – emerging markets: 7%
  - Corporates financials: 5%
  - Corporates non-financials: 10%
  -FI special investments: 1%
  - Securitized incl. mortgages: 50%
Limited exposure to peripheral sovereign debt

Exposure in selected sovereigns
Amortized cost (EUR bn)

- Peripheral (ex Italy) exposure strongly reduced already in 2009
- Italian sovereign exposure actively increased in first half of 2012 locking in high spreads
  ➔ subsequent spread tightening led to an EUR 1.2bn increase in unrealized gains / losses in 2012 on total Italian Treasuries (BTPs)
- Limited impairment risks on BTPs even in a credit event as BTPs were bought significantly below face value. 2.9% of portfolio invested in BTPs
E. Life insurance – investment strategy

Agenda

1. Investment approach
2. Investment portfolio
3. Investment performance
4. Low yield environment – active investment management
5. Summary
Strong buffers and resilient margins in Life Germany

Business in force
(based on Ø aggregate policy reserves)

- Current yield:
  - Total yield 2012: 6.1%
  - Ø min. guarantee 2012: 3.1%
- + strong buffer
  - EUR 9.8bn of RfB equal 7.1% of aggregate policy reserves

New business

- 1Q 13:
  - Reinvestment yield 2012: ~3.7%
  - Ø guarantee new business 2012: 1.75%
- 195bp

---

1) Based on IFRS current interest and similar income (net of interest expenses) excl. unit-linked + net harvesting and other relative to average aggregate policy reserves
2) Based on IFRS current interest and similar income (net of interest expenses) excl. unit-linked relative to average aggregate policy reserves
3) Based on IFRS current interest and similar income (net of interest expenses) excl. unit-linked based on average book value of assets
4) Free provision for refunding of premiums (EUR 4.4bn) and fund for terminal bonus (EUR 5.3bn) based on local GAAP
5) Further details on chart E26
Resilient investment margin

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Based on Ø book value of assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current yield</td>
<td>4.4%</td>
<td>4.5%</td>
<td>4.4%</td>
</tr>
<tr>
<td><strong>Based on Ø aggregate policy res.</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current yield</td>
<td>4.9%</td>
<td>5.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Net harvesting and other</td>
<td>0.6%</td>
<td>0.3%</td>
<td>1.1%</td>
</tr>
<tr>
<td><strong>Total yield</strong></td>
<td>5.4%</td>
<td>5.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>- Ø min. guarantee</td>
<td>3.0%</td>
<td>3.0%</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>2.4%</td>
<td>2.3%</td>
<td>2.9%</td>
</tr>
<tr>
<td>- Profit sharing under IFRS</td>
<td>1.8%</td>
<td>1.7%</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Margin</strong></td>
<td>0.6%</td>
<td>0.5%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Investment margin (EUR mn)</td>
<td>776</td>
<td>725</td>
<td>962</td>
</tr>
<tr>
<td>Ø book value of assets (EUR bn)</td>
<td>144</td>
<td>151</td>
<td>161</td>
</tr>
<tr>
<td>Ø aggregate policy res. (EUR bn)</td>
<td>131</td>
<td>137</td>
<td>143</td>
</tr>
</tbody>
</table>

1) Asset base under IFRS which excludes unit-linked, FVO and trading
2) Based on interest and similar income
3) In 2012 one-time effect of +0.2% due to lowering of discount rate for annuities. Adjusted average min. guarantee rate for 2012 at 2.9%, 14bps less than 2010
4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
5) Approximated to be on a like-to-like basis with 2011
## Investment performance – details

<table>
<thead>
<tr>
<th>% of portfolio</th>
<th>Current yield&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Total yield&lt;sup&gt;1,2&lt;/sup&gt;</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Fixed income</td>
<td>88%</td>
<td>4.4%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Equities / alternatives</td>
<td>9%</td>
<td>4.4%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Real estate</td>
<td>2%</td>
<td>3.7%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Cash</td>
<td>1%</td>
<td>0.9%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>4.5%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Based on book value of assets (IFRS)
<sup>2</sup> Total yield = current yield plus net capital gains
E. Life insurance – investment strategy

Investment performance – sustainable outperformance

Net investment yield (local GAAP\(^1\))

Net investment yield of Allianz Leben on average 0.5%-p above competitors

1) Only local GAAP figures for competitors available
E. Life insurance – investment strategy

Agenda

1. Investment approach
2. Investment portfolio
3. Investment performance
4. **Low yield environment – active investment management**
5. Summary
Challenges of low yield environment

- Lower investment returns
- Higher capital consumption
- Depressed risk premiums
- Increased sovereign credit risk

1. Focus on duration management
2. Active portfolio management
   - Diversify into non-traded assets (alternatives, direct lending)
   - Search for new sources of yield (e.g. illiquidity premiums)
   - Reduce sovereign credit risks
Focus on duration management (1/3) – One program

Total and accumulated active increase in modified duration of investments

1) In order to exclude effect from market value increase of portfolio on modified duration, market value is kept constant at level of 4Q 03
2) Effect on duration from falling rates is separated and not included in accumulated active increase of duration
Focus on duration management (2/3) –
+ One program

Duration gap\(^1\) reduced in 2012

- Active modified duration increase to 8.7 achieved by total purchases of EUR 9.0bn (focus on French, Italian and Austrian government bonds)
- Average purchase yield of 4.4% and average maturity of 35 years in challenging market conditions in 2012
- Liability duration almost constant:
  - Decreased duration due to adjusted yield curve extrapolation (entry point for extrapolation at 20yrs instead of 30yrs) and updated internal model assumptions (less annuitization of policyholders)
  - Increased duration due to decrease of interest rates (10yr swap rate decreased by ~80bps)

1) Liability duration based on Solvency II valuation curve and parallel shift of whole yield curve
Focus on duration management (3/3)

Allianz Leben: fixed income and minimum guarantee cash flow profile

- Next 20 years: cash flows from fixed-income investments allow full coverage of liability cash flows
- Beyond 20 years: balancing of liabilities and assets via steering of duration and profit participation
- Significant reinvestment volumes and high buffers allow to capture real asset opportunities in the upcoming years

1) Without new business
### Active portfolio management (1/4) – key topics 2012 and looking ahead

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Asset allocation further optimized with respect to <strong>Solvency II</strong> boundaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Low interest rate environment taken into consideration by <strong>intensive asset duration management</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| - **Euro debt crisis**  
  - increase of non Eurozone exposure  
  - reduction of exposure to financials |
| - Recurring shocks of **volatility**  
  - **diversification** |
| - Low real rates as consequence of **financial repression**  
  - **broadening** of investment **universe** to achieve **diversification** and **additional return** |
| - Long-term **risk of increasing inflation**  
  - increase exposure to **inflation-linked and real assets** |
| - **Sovereign debt** |
| - **Direct lending and asset-backed financing** |
| - **Real assets** |
2. Active portfolio management (2/4) – direct debt financing: entering new asset classes

Allianz Leben is active in the following investment areas:

- Replace unsecured with **secured credit exposure**, e.g. commercial / residential mortgage lending, covered bonds
- Increase **direct lending** to corporates and infrastructure projects

### Corporate loans
- Well established team which provides direct lending to high-quality corporates

### Private placements
- Developing a market for long-term corporate lending in Europe

### German retail mortgage platform
- Well-established team operating out of Stuttgart; active in the German market

### Setup of real estate debt team
- Leverage existing real estate expertise and capabilities for setting up a commercial mortgage debt business

### Setup of infrastructure debt team
- Support increase of asset allocation in infrastructure debt

### Credit team
- Monitor our substantial credit portfolio and support asset-backed investments
Active portfolio management (3/4) – direct debt financing on the rise

Current volume (EUR bn)

- Residential mortgages: 10.9
- Commercial real estate loans: 3.0
- Corporate loans: 1.5
- Infrastructure loans: 0.1
- Special opportunities\(^1\): 0.8
- **Total**: 16.3

Key characteristics

- **Require** specialized and experienced teams to access market
- **Premium** for illiquidity, size and term
- **Protection** via asset backing and focus on high quality

\(^1\) E.g. leveraged loans, distressed debt
Active portfolio management (4/4) – further increase of alternatives

<table>
<thead>
<tr>
<th>Current volume (EUR bn)</th>
<th>Key characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate</td>
<td>~20</td>
</tr>
<tr>
<td>Private equity (funds)¹</td>
<td>Requires dedicated teams and capabilities</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>Long-term investment approach to cover long-term liabilities</td>
</tr>
<tr>
<td>Renewables</td>
<td>Premium for illiquidity, size and term</td>
</tr>
<tr>
<td>Total</td>
<td>Partial inflation linkage</td>
</tr>
<tr>
<td>10.0</td>
<td>Excellent diversifier due to different risk drivers</td>
</tr>
</tbody>
</table>

¹) Thereof EUR 0.3bn direct private-equity investments
Reinvestment management – still attractive reinvestment yields

Reinvestment yields Allianz Leben 2012

<table>
<thead>
<tr>
<th></th>
<th>in % of new investments</th>
<th>Yield</th>
<th>Maturity (in years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Government</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- thereof developed markets</td>
<td>50%</td>
<td>3.3%</td>
<td>20</td>
</tr>
<tr>
<td>- thereof emerging markets</td>
<td>45%</td>
<td>3.1%</td>
<td>21</td>
</tr>
<tr>
<td>- thereof emerging markets</td>
<td>5%</td>
<td>5.4%</td>
<td>9</td>
</tr>
<tr>
<td><strong>Securitized</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14%</td>
<td>3.6%</td>
<td>11</td>
</tr>
<tr>
<td><strong>Corporates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>27%</td>
<td>3.4%</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total FI</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>91%</td>
<td>3.4%</td>
<td>15</td>
</tr>
<tr>
<td><strong>Real assets</strong>¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9%</td>
<td>6.6%</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>3.7%</td>
<td>15</td>
</tr>
</tbody>
</table>

Rating structure (fixed income)

- Investment grade 97%
  - thereof AAA / AA 59%
  - thereof A / BBB 38%
- Non-investment grade 3%

¹ Return assumptions, equity: dividend yield + regional inflation rate; alternatives, real estate: aggregate of individual target returns
Agenda

1. Investment approach
2. Investment portfolio
3. Investment performance
4. Low yield environment – active investment management
5. Summary
Summary

Achievements

- Duration significantly increased
- Early reduction of peripheral exposure
- Own platforms for alternative assets and direct lending established
- Sustainable outperformance versus competitors

Strategy / initiatives / ambition

- Active duration management
- Selective re-risking when appropriate
- Significant increase of alternative assets and direct lending activities
- Smart use of risk capital
E. Life insurance – investment strategy

Treasuries incl. government related

---

By region

- Germany: 30%
- France: 17%
- Italy: 11%
- Supranational EU: 9%
- Austria: 5%
- Netherlands: 3%
- Mexico: 3%
- Belgium: 3%
- Poland: 2%
- Others: 16%

**Total** EUR 52.6bn

---

By rating

- AAA: 29%
- AA: 38%
- A: 5%
- BBB: 23%
- Non-investment grade: 4%
- Not rated: 1%

---

Unrealized gains / losses (EUR bn)

- 2012: 7.2
- 2011: 2.6

---

2012 significant purchases of long-dated bonds (+20yrs) as part of duration +One program

Further diversification of sovereign portfolio by increase of emerging markets debt

2013 and beyond further diversification but no increase in overall quota
92% of securitized portfolio are covered bonds with focus on high-quality German Pfandbriefe
5% not-rated papers are loans to policyholders backed by their insurance claims against Allianz Leben
2013 and beyond covered bond portfolio will be partially replaced by direct lending activities
By region
- Germany 99.8%
- Austria 0.2%

By sector
- Retail 78%
- Commercial 22%

- High-quality mortgage portfolio backed by German real estate. Impairments on average <1bp per year
- 2011 start of our new commercial real estate lending platform. 2012 start of the sales cooperation for German retail mortgages with LBBW
- 2013 and beyond further increase in both retail and commercial mortgages

Unrealized gains / losses (EUR bn)
- 2011: 0.9
- 2012: 1.5
E. Life insurance – investment strategy

**Corporates**

**By sectors**
- Industrials: 50%
- Financials – banking: 20%
- Financials – non-banking: 15%
- Utilities: 11%
- Corporates / others: 4%

Total: EUR 25.8bn

**By rating**
- AAA: 0%
- AA: 15%
- A: 32%
- BBB: 42%
- Non-investment grade: 8%
- Not rated: 2%

**Unrealized gains / losses (EUR bn)**
- 2011: 1.0
- 2012: 2.0

- 2011 / 2012 significant reallocations from financials into industrials to reduce exposure towards banks
- 2012 investments into US corporates (fully hedged in EUR) to improve issuer diversification
- 2013 and beyond further diversification into US and EM corporates for yield enhancement and to reduce single issuer risk
E. Life insurance – investment strategy

Traded equity

By region

- Germany 35%
- United Kingdom 14%
- USA 10%
- Switzerland 9%
- China 5%
- Netherlands 3%
- Spain 3%
- France 3%
- Italy 2%
- Others 9%

Total EUR 9.8bn

By sector

- Basic materials 26%
- Healthcare 14%
- Financials 12%
- Industrials 11%
- Consumer goods 11%
- Oil & gas 8%
- Technology 6%
- Consumer services 5%
- Utilities 4%
- Telecommunications 4%

Still substantial reserves on equities

Despite discrimination from accounting and regulatory point of view equities are still an essential asset class of Allianz Leben’s investment strategy

For 2013 slight increase of equity ratio intended. Focus on non-European stocks

Unrealized gains / losses (EUR bn)

- 2011: 4.2
- 2012: 4.6
Further increase of alternatives with focus on renewables and infrastructure equity intended

2013 Allianz Leben bought a stake in Czech gas transport pipeline operator Net4Gas from RWE
E. Life insurance – investment strategy

Real estate

By region
- Germany: 47%
- France: 19%
- USA: 9%
- Luxembourg: 5%
- Netherlands: 4%
- Poland: 3%
- Sweden: 3%
- Hungary: 2%
- Other: 8%

By sector
- Office – 3rd party: 53%
- Office – own use: 4%
- Retail: 29%
- Residential: 8%
- Other: 6%

Unrealized gains / losses (EUR bn)
- 0.9
- 1.0

- Real estate one of the most attractive asset classes from a risk-return perspective
- Internationalization started in 2006 still ongoing with focus on Europe and USA
- Focus on large scale real estate assets with attractive illiquidity premiums which are syndicated internally
Health insurance

Birgit König
CEO
Allianz Private
Krankenversicherungs-AG
Berlin, June 25, 2013
Agenda

1. German health insurance
2. Allianz Health performance
3. Strategy
4. Summary
German health insurance market at a glance

Market size and growth
GPW (EUR bn), CAGR

<table>
<thead>
<tr>
<th>Year</th>
<th>GPW 2010</th>
<th>GPW 2011</th>
<th>GPW 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>33.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>34.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>35.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

+3.5%

Product mix (GPW 2012)

- Comprehensive: 78%
- Supplementary: 22%

Market shares 2012 (GPW) (%)

- ERGO: 14.8%
- DebeKA: 14.3%
- Signal: 9.1%
- AXA: 7.8%
- Generali: 7.1%
- VK Bayern: 6.3%
- Tied agents: 53%
- Brokers: 43%
- Banks: 4%

Sources: BaFin NW 603, PKV-Data as of 4.24.2013, Towers Watson 2012
Allianz Health Germany at a glance

**GPW (EUR mn)**
- 2010: 3,209
- 2011: 3,204
- 2012: 3,268

CAGR +0.9% -1.1%-p

**CR (%)**
- 2010: 84.3%
- 2011: 84.1%
- 2012: 83.2%

CAGR +6.7%

**Operating profit (EUR mn)**
- 2010: 174
- 2011: 150
- 2012: 198

**Product mix (GPW 2012)**
- Supplementary: 19%
- Comprehensive: 81%

**Channel mix (new business 2012)**
- Banks: 3%
- Brokers: 20%
- Tied agents: 74%
- Other: 3%
The German health insurance system is based on two pillars: statutory and private health insurance

**Statutory health insurance**
- 69.6mn members 2011 (70.5mn 2003)
- 5.2mn of which are voluntary members (allowed to switch to PHI¹; 5.8mn 2003)
- GPW (EUR bn)
  - CAGR excl. subsidy +2.2% (2003: 141; 2011: 184)
- Claims (incl. expenses; EUR bn)
  - CAGR +2.7% (2003: 145; 2011: 180)

**Private health insurance**
- 9.0mn members 2011 (8.1mn 2003)
- GPW (EUR bn)
  - CAGR +4.6% (2003: 18; 2011: 25)
- Claims (incl. expenses; EUR bn)
  - CAGR +3.7% (2003: 23; 2011: 30)
- AuM (EUR bn)
  - CAGR +8.5% (2003: 98; 2011: 188)

Switch possible for:
- Employees with income > threshold (2013: EUR 52,200)
- Self-employed
- Civil servants

Switch possible for:
- Under-55 year old employees with income < threshold
- People starting university or first job

---

1) Private health insurance
2) 2011: GPW (excl. subsidy) EUR 168bn, subsidies EUR 15bn
4) 2011: claims EUR 27bn, other expenses EUR 3bn; 2003: claims EUR 20bn, other expenses EUR 3bn

Sources: PKV-Verband 2011, BMG 2012
In the private health insurance, supplementary insurance is a fast growing market

Supplementary health insurance
- 22.5mn insured persons 2011 (14.7mn 2003; CAGR +5.5%)
  - 7.7mn inpatient\(^1\)
  - 5.7mn outpatient\(^2\)
  - 13.2mn dental
  - 1.9mn long-term care
- GPW (EUR bn)
  - CAGR +4.0%
  - 5.4 2003
  - 7.4 2011
- Demand for supplementary health insurance products depends largely on benefits of statutory health insurance

Corporate health insurance
- Employer-financed supplementary health insurance
- Proportion of population with corporate health insurance still small in Germany
- Market for corporate health insurance developing
  - First products launched in 2011
  - Corporate health insurance seen as substantial growth market in Germany

1) Insurance for highest quality hospital care, e.g. treatment by senior physicians or specialists, single room, and more
2) Insurance for outpatient care expenses not covered by statutory health insurance, e.g. glasses, certain types of preventive care, and more
**Significant differences exist between statutory and private health insurance systems**

<table>
<thead>
<tr>
<th>Financing</th>
<th>Statutory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay-as-you-go</td>
<td>- Premiums depending on personal income (15.5% of gross salary shared by employee and employer); set by government</td>
<td>- Capital based reserves</td>
</tr>
<tr>
<td></td>
<td>- Risk sharing between all insured people (healthy people with high income subsidize sick people with low income)</td>
<td>- Premiums depending on personal risk; set by private insurer</td>
</tr>
<tr>
<td></td>
<td>- Close to no reserves (Ø EUR 400 / person)</td>
<td>- Every insured person carries his / her own risk (age, health condition at entry, degree of coverage)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Statutory</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social security</td>
<td>- Standardized coverage with only minimal scope for customization</td>
<td>- Coverage varies widely between products and companies</td>
</tr>
<tr>
<td></td>
<td>- Coverage can be changed by the state or to some extent by management of insurance company</td>
<td>- Unilateral changes of the coverage are not possible</td>
</tr>
</tbody>
</table>
By design the **statutory** health insurance system is very sensitive to demographic change

Statutory health insurance suffers from demographic change

Premiums in a pay-as-you-go financing system depend on relation of total income subject to social health insurance contribution to total medical cost

Until 2050 demographic changes will result in huge burden for statutory health insurance

**Consequence**

Claims and contributions will diverge massively

Sources: BMG, Stat. Bundesamt, WIP, Prof. Beske
The private health insurance system in contrast is sensitive to low interest rates

Accumulation of reserves from premium payments and interest on existing reserves

Consumption of reserves to finance difference between claims and premium payments

Savings + interest ≥ deductions

Net present value of claims must equal net present value of premiums in premium calculation

All cash flows are discounted with a calculatory interest rate of 3.50%\(^1\) or 2.75%\(^2\), respectively

If realized interest rates in a company fall below calculatory rates, premiums have to be raised

\(^1\) On contracts before 2013
\(^2\) On contracts since 2013
In health insurance, low interest rates do not pose a long-term guarantee risk, but can lead to an increase in premiums.

We 
do 
guarantee …

… the interest rate for the coming year, which policyholders receive on their old age reserves and a 90% policyholder participation in capital gains above and beyond the guaranteed interest rate

We 
do not 
guarantee …

… the interest rate for a prolonged time

Rather, every year the calculatory interest rate is assessed in light of current and likely future capital gains. If the probability of realizing the calculatory interest rate in the coming year falls below 95%, the calculatory interest rate has to be lowered in the course of the next premium adjustment.
Allianz Health is a major player and quality leader within the private health insurance market.

### Market share¹ GPW (Top 10, 2012)

<table>
<thead>
<tr>
<th>Comprehensive</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Debeka</td>
<td>16.5 %</td>
<td></td>
</tr>
<tr>
<td>2. Ergo</td>
<td>13.0 %</td>
<td></td>
</tr>
<tr>
<td>3. Allianz Health</td>
<td>9.4 %</td>
<td></td>
</tr>
<tr>
<td>4. AXA</td>
<td>7.9 %</td>
<td></td>
</tr>
<tr>
<td>5. Signal / Deutscher Ring</td>
<td>7.7 %</td>
<td></td>
</tr>
<tr>
<td>6. Generali</td>
<td>6.1 %</td>
<td></td>
</tr>
<tr>
<td>7. VK Bayern</td>
<td>5.2 %</td>
<td></td>
</tr>
<tr>
<td>8. Barmenia</td>
<td>4.2 %</td>
<td></td>
</tr>
<tr>
<td>9. Continentale</td>
<td>4.0 %</td>
<td></td>
</tr>
<tr>
<td>10. HUK</td>
<td>3.5 %</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>78 %</td>
<td></td>
</tr>
</tbody>
</table>

### Supplementary

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ergo</td>
<td>21.2 %</td>
<td></td>
</tr>
<tr>
<td>2. VK Bayern</td>
<td>9.1 %</td>
<td></td>
</tr>
<tr>
<td>3. Allianz Health</td>
<td>8.2 %</td>
<td></td>
</tr>
<tr>
<td>4. Signal / Deutscher Ring</td>
<td>8.1 %</td>
<td></td>
</tr>
<tr>
<td>5. Generali</td>
<td>7.0 %</td>
<td></td>
</tr>
<tr>
<td>6. Debeka</td>
<td>6.3 %</td>
<td></td>
</tr>
<tr>
<td>7. Barmenia</td>
<td>4.8 %</td>
<td></td>
</tr>
<tr>
<td>8. AXA</td>
<td>4.2 %</td>
<td></td>
</tr>
<tr>
<td>9. Continentale</td>
<td>4.1 %</td>
<td></td>
</tr>
<tr>
<td>10. HUK</td>
<td>2.6 %</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>76 %</td>
<td></td>
</tr>
</tbody>
</table>

### Allianz coverage

**High quality coverage for**
- (Self-) Employed
- Medical doctors
- Civil servants

Each with multiple products offering different levels of coverage

### Company / product ratings

- **Franke & Bornberg**
- **Money Top Krankenversicherer Allianz 2012**
- **MONEY Top Gesundheitsservices Allianz**
- **MONEY Bestes Pflegetagegeld Allianz**
- **MONEY Bestes Pflegetagegeld Allianz für 60-65jährige Männer**
- **MONEY Bestes Pflegetagegeld Allianz für 60-65jährige Frauen**

¹) Market shares differ from next slide due to slightly different definitions of comprehensive and supplementary insurance.

Source: PKV-Statistik 24.4.2013
In 2012, Allianz Health increased market share in new business and stabilized that of gross premiums written

Market share\(^1\) Allianz Health – comprehensive insurance

Market share\(^1\) Allianz Health – supplementary insurance

---

1) Market shares differ from previous slide due to slightly different definitions of comprehensive and supplementary insurance

Source: BaFin NW 603
Decreasing combined ratio and a strong investment result led to an increase in operating profit

Combined ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Acquisition expenses</th>
<th>Admin expenses</th>
<th>Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6.4%</td>
<td>2.9%</td>
<td>75.0%</td>
</tr>
<tr>
<td>2011</td>
<td>5.4%</td>
<td>2.5%</td>
<td>76.2%</td>
</tr>
<tr>
<td>2012</td>
<td>5.6%</td>
<td>2.4%</td>
<td>75.2%</td>
</tr>
</tbody>
</table>

Revenues / profitability (EUR mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>GPW</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>3,042</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>3,091</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>3,123</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>3,119</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>3,176</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>3,209</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>3,204</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,268</td>
<td></td>
</tr>
</tbody>
</table>
Important competitive advantage: Allianz Health is in a stronger financial position than almost all of its competitors.

**Strong financial position**

**Top accreditation by neutral raters**

### Net yield (2011)

- **5.0%**
- **4.5%**
- **4.0%**
- **3.5%**
- **0.0%**

### Valuation reserves in % of assets (2011)

- **10%**
- **8%**
- **6%**
- **4%**
- **2%**
- **0%**

Sources: BaFin / PKV-Statistik NW230
Strong financial position translates directly into superior premium stability

High relative premium stability

Relative premium adjustments (indexed to 100% in 2002)

F. Health insurance

Sources: BaFin / PKV-Statistik NW230, Morgen & Morgen
Allianz Health has increased its performance in all major KPIs

**GPW (EUR mn)**
- 2002: 2,865
- 2012: 3,268
- CAGR: +1.3%

**Investment income (EUR mn)**
- 2002: 2,292
- 2012: 2,632
- CAGR: +12.5%

**Net reserves (EUR mn)**
- 2002: 636
- 2012: 1,082
- CAGR: +7.2%

**Operating profit (EUR mn)**
- 2002: 573
- 2012: 636
- CAGR: +1.3%

**Total yield**
- Investment income / assets (Ø book value)
- 2002: 332
- 2012: 1,082
- CAGR: +12.5%

**Margin on average reserves**
- Operating profit / net reserves
- 2002: 0.45%
- 2012: 0.83%
- +0.38%-p

**Supplementary**
- 2002: 2,292
- 2012: 2,632
- CAGR: +1.3%

**Comprehensive**
- 2002: 573
- 2012: 636
- CAGR: +1.3%
Market for comprehensive insurance likely to have limited growth prospects

Highly volatile legal environment

- Compulsory 10% surcharge on all comprehensive products. Aim is to increase old age reserves
- Switch to statutory health insurance no longer possible beyond age 55
- Entry threshold raised disproportionately (approx. 1mn employees affected)
- Introduction of a 3-year waiting time for employees switching to private health insurance
- Statutory health insurance companies allowed to sell supplementary health insurance
- Tariff calculation may no longer differentiate between men and women
- Acquisition provisions legally limited
- General election
  Further restrictions for private health insurance possible

Annulment of 3-year waiting time introduced in 2007
Limited potential for market growth in comprehensive insurance has led to unhealthy price competition in the market

Price comparison with statutory health insurance

Vicious circle: price competition

Starting point

Voluntarily insured employees

Self-employed below minimal earnings threshold

Cases of exceptional hardship and start-ups

Targeting low-budget customers with excessive focus on price

Decreasing coverage

Increasing deductibles

Unsatisfied customers

Decreasing value of private insurance

Gaps in coverage

Premium adjustments

Segments in private health insurance

Segments in statutory health insurance
In contrast, Allianz Health targets high end customers through quality and innovation.

- **Innovation leader**
  - **Unique product solutions**, e.g. leveraging Allianz’ global presence and market power for worldwide support of customers with active lifestyle.
  - **Matchless flexibility**, e.g. adapting coverage to changing needs and financial means over customer lifetime.
  - **Innovative processes**, e.g. new digital correspondence platform, smartphone app for easy submission of medical bills.

- **Quality leader**
  - **Dynamic coverage**, e.g. open list of medical expedients for full participation at medical innovation over a lifetime.
  - **Financial strength**, e.g. second highest level of provisions for premium refunds in the industry, high premium stability.
  - **Strong focus on customer satisfaction**, e.g. rigorous monitoring and publication of customer satisfaction values along all core processes.
Allianz strategy in comprehensive health insurance: maintain strong market position

<table>
<thead>
<tr>
<th>Products</th>
<th>Products for peace of mind</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Optimal, worldwide coverage of all important risks</td>
</tr>
<tr>
<td></td>
<td>▪ Financial security and stable premiums</td>
</tr>
<tr>
<td></td>
<td>▪ Transparent and easy to understand policies</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services</th>
<th>Services for a modern and active lifestyle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Active medical support abroad incl. language assistance</td>
</tr>
<tr>
<td></td>
<td>▪ Access to leading medical experts for a “second opinion”</td>
</tr>
<tr>
<td></td>
<td>▪ Self-service online platform and VIP-hotline for fast response to customer questions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales approach</th>
<th>Needs-based advice, no product push</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Sales approach based on holistic assessment of customer needs</td>
</tr>
<tr>
<td></td>
<td>▪ Clear sales guidelines on which customers do not benefit from our products</td>
</tr>
<tr>
<td></td>
<td>▪ Focus on best long-term solution</td>
</tr>
</tbody>
</table>
Allianz strategy in supplementary health insurance: focus on high-potential market segments

Corporate
- Rapidly growing market, attractive product for employers to differentiate themselves in war-for-talent
- Allianz Health with strong position through Allianz Life’s market leadership in corporate segment

Long-term care
- Still small market, but general population with very significant intention to buy
- Allianz Health with top-rated product range and leading market position

Dental
- Classical entry product in supplementary health insurance, often leading to upselling into further product segments
- Allianz Health with broad market access across all channels (online, tied agents, brokers)

1) No market data available; position based on Allianz data (actual growth Allianz 2012-13 >100%)
Sources: PKV-Verband 2011, Kurs Magazin 2013
### Allianz strategy in supplementary health insurance: grow in high-potential markets

#### Modular product line and lean processes
- 9 products from dental to alternative medicine to top-class inpatient care
- Coverage extension to family members and follow-on coverage for retirement
- Lean processes for “no hassle” underwriting

#### Strong coverage from basic to high-end
- Tax-subsidized product for early start into long-term care insurance
- Combination to increase coverage in tax-subsidized product ("tried and tested Allianz quality, now with tax-funding")
- High-end, top-rated product for full wealth protection in case of long-term care

#### Easy to understand, self-service products
- Optimal complement to coverage by statutory health insurance
- Easy to understand product design and claims process
- Online shopping via Allianz.de, Allsecur and homepages of tied agents
Key strategic goal: maintain high profitability

Return on equity (after tax)

Reasons for superior profitability

- Highly effective underwriting
- Leading automation rate in contracting and claims management
- Rigorous cost management
- Streamlined processes throughout

Goal: maintain or increase performance advantage compared to market

Sources: GDV, PKV-Verband
F. Health insurance

Agenda

1. German health insurance
2. Allianz Health performance
3. Strategy
4. Summary
## Summary

### Achievements
- Allianz Health 3rd largest German health insurer in terms of GPW
- Superior reserves and high resilience in low interest environment
- Top product- and service ratings
- RoE significantly above market and increasing

### Strategy / initiatives / ambition
- Continue to focus on quality and innovation, supporting worldwide Allianz brand
- Protect leadership position in terms of financial strength
- Maintain position in comprehensive insurance, grow in supplementary
- Preserve profitability through increasing automation and rigorous cost control
Operations

Alexander Vollert
Member of the Board of Management
Allianz Deutschland AG

Berlin, June 25, 2013
Overview operations – structure and objectives

Objectives
- Improve claims management
- Reduce administration and factor costs (e.g. by leveraging service companies for selected areas)
- Enhance customer satisfaction / NPS²
- Increase employee engagement

Objectives
- Implement target IT platforms (esp. ABS³) and infrastructure
- Reduce complexity in processes and products
- Increase efficiency and automation throughout value chain
- Push digitalization and customer orientation

1) Staff department of “operations” = “Stab Betrieb”
2) NPS = Net Promoter Score
3) ABS = Allianz Business System
## Overview operations – facts and figures

### Servicing and claims 2012

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy administration &amp; servicing</td>
<td></td>
</tr>
<tr>
<td>Claims handling</td>
<td></td>
</tr>
<tr>
<td>FTEs</td>
<td>9,500</td>
</tr>
<tr>
<td>Budget</td>
<td>EUR 600mn</td>
</tr>
<tr>
<td>Locations</td>
<td>13</td>
</tr>
<tr>
<td>Administrated contracts</td>
<td>45mn</td>
</tr>
<tr>
<td>Calls handled</td>
<td>20mn</td>
</tr>
<tr>
<td>Digitalized documents at LSZ(^1)</td>
<td>27.9mn</td>
</tr>
<tr>
<td>Operating procedures</td>
<td>49mn</td>
</tr>
<tr>
<td>Claims handled</td>
<td>2.7mn</td>
</tr>
<tr>
<td>Claims payments(^2)</td>
<td>EUR 4.2bn</td>
</tr>
</tbody>
</table>

### Organizational management and IT 2012

<table>
<thead>
<tr>
<th>Responsibilities</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT infrastructure and application development</td>
<td></td>
</tr>
<tr>
<td>Process and organization design</td>
<td></td>
</tr>
<tr>
<td>Project portfolio management of Allianz Deutschland</td>
<td></td>
</tr>
<tr>
<td>Cross-functional transformation / efficiency programs (e.g. ZPS(^3))</td>
<td></td>
</tr>
<tr>
<td>FTEs</td>
<td>1,400</td>
</tr>
<tr>
<td>Budget</td>
<td>EUR 600mn</td>
</tr>
<tr>
<td>PCs</td>
<td>60,000</td>
</tr>
<tr>
<td>Server</td>
<td>1,200</td>
</tr>
<tr>
<td>IT projects</td>
<td>~1,000</td>
</tr>
<tr>
<td>Volume of (customer) data</td>
<td>20,000 TB</td>
</tr>
<tr>
<td>Legacy administration systems migrated to ABS(^4)</td>
<td>10</td>
</tr>
<tr>
<td>Company data model fields in ABS(^4)</td>
<td>~12,000</td>
</tr>
<tr>
<td>Number of processes</td>
<td>~1,500</td>
</tr>
</tbody>
</table>

---

1) LSZ = Logistik-Service-Zentrum  
2) Data according to local GAAP (HGB); based on gross figures P/C  
3) ZPS = Zukunftsprogramm Sach = future program P/C business  
4) ABS = Allianz Business System
Agenda

1. Overview
2. Managing expenses
3. Managing digitalization
4. Summary
Starting point 2011: superior expense position in Life and Health, improvement potential in P/C …

**P/C**
Gross expense ratio (%)

- **Status 2011:** worse than market
  - Allianz: 27.4%
  - Market average: 25.9%

**Life**
Gross administrative expense ratio (%)

- **Status 2011:** market leader
  - Allianz: 1.1%
  - Market average: 2.4%

**Health**
Gross expense ratio (%)

- **Status 2011:** better than market
  - Allianz: 9.4%
  - Market average: 10.4%

---
1) Data according to local GAAP (HGB); ratios based on gross figures
2) Market including Allianz. Source: German insurance association (GDV), defined per group pursuant to current accounting law provisions
... triggering the implementation of „Zukunftsprogramm Sach“

Improve profitability via decreasing expense ratio (%)

- ~EUR 400mn saving measures developed via ZPS\(^1\) by 2015, covering all lines of business and all segments of the value chain

- Major levers
  - Optimize headquarters & processes
  - Optimize operational platform
  - Optimize distribution effectiveness

\(^1\) ZPS = Zukunftsprogramm Sach = future program P/C business
# Levers to improve expense position

<table>
<thead>
<tr>
<th>Focus of presentation</th>
<th>Other initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Optimization project German headquarters</strong></td>
<td>- Reduce redundancies and functional overlaps in headquarters</td>
</tr>
<tr>
<td>2. Use of service companies</td>
<td>- Optimize headquarters’ personnel cost</td>
</tr>
<tr>
<td>3. Automation</td>
<td>- Move business locations from city centers to suburbs</td>
</tr>
<tr>
<td>4. Reduce complexity of products and tariffs</td>
<td>- Optimize IT infrastructure</td>
</tr>
<tr>
<td>5. Improve process efficiency</td>
<td>- Migrate legacy systems to ABS¹</td>
</tr>
<tr>
<td><strong>Presentation H</strong></td>
<td>- Increase productivity of distribution</td>
</tr>
<tr>
<td></td>
<td>- Improve agency handover</td>
</tr>
<tr>
<td></td>
<td>- Innovated and unified sales approach</td>
</tr>
<tr>
<td></td>
<td>- Implement central servicing of one-contract-customers</td>
</tr>
<tr>
<td></td>
<td>- Focus on sales specialist involvement</td>
</tr>
</tbody>
</table>

1) ABS = Allianz Business System
1. **Optimization project German headquarters**

**Levers**
- Review roles and responsibilities
- Avoid overlaps
- Re-engineer processes
- Reduce personnel- and non-personnel costs

**Actions**
- Systematic analysis of headquarter functions, tasks, hierarchy levels, savings potentials and implementation options
- More than 500 measures initiated and results implemented
- FTEs to be reduced by ~400 by 2014

**Impact**
- Annual expense reduction of ~EUR 80mn across business segments
- Relief of P/C expense ratio by ~EUR 41mn / ~0.4%-p
Use of service companies – customer care center Halle (Saale)

Reasons for using service companies

- Expenses: reduced costs for simple administration processes and customer servicing
  - Salaries adopted to responsibilities
  - Lower administrative costs e.g. by using open-plan offices
  - Virtualized workplaces (low PC costs)
  - Shift of servicing capacity to low cost entities

- Distribution productivity: administrative services for tied agents

- Customer orientation: new services like chat and call-back

Affected businesses

- AllSecur: contracts and customer care
- Global Automotive: contracts, customer care and simple claims handling
- Sales support: general customer care, chat and call-back services

Build-up of service companies (FTEs)

<table>
<thead>
<tr>
<th>KVM² ServicePlus</th>
<th>GA³ VersService</th>
</tr>
</thead>
<tbody>
<tr>
<td>48</td>
<td>30</td>
</tr>
<tr>
<td>217</td>
<td>90</td>
</tr>
<tr>
<td>287</td>
<td>2014e</td>
</tr>
<tr>
<td>2013e</td>
<td></td>
</tr>
<tr>
<td>100</td>
<td></td>
</tr>
<tr>
<td>-45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Reference value⁴</td>
<td>Service company</td>
</tr>
<tr>
<td>100</td>
<td>55</td>
</tr>
</tbody>
</table>

Average costs per FTE (indexed)

1) Annual average
2) KVM = Service Plus Kunden und Vertriebsmanagement GmbH
3) GA = Global Automotive
4) Average costs per FTE for simple servicing in “traditional” operating entities
### Automation

#### Digital entry

- **Motor (retail)**
  - 2011: 40%
  - 2012: 78% → 94%

- **Non-motor (retail)**
  - 2011: 45%
  - 2012: 87% → 97%

- **Life (retail)**
  - 2011: 68%
  - 2012: 41% → 73%

#### STP

- **Motor (retail)**
  - 2011: 20%
  - 2012: 74% → 80%

- **Non-motor (retail)**
  - 2011: 25%
  - 2012: 83% → 80%

- **Life (retail)**
  - 2011: 15%
  - 2012: 52% → 65%

#### OCR

- **Motor (retail)**
  - 2011: 20%
  - 2012: 74% → 80%

- **Non-motor (retail)**
  - 2011: 25%
  - 2012: 83% → 80%

- **Life (retail)**
  - 2011: 15%
  - 2012: 52% → 65%

### Impact

- Improved customer satisfaction through higher speed
- Additional productivity gain of 8% over next 3 years

### Additional measures

- Design new products for STP (especially in individual business), e.g. new product “PrivatSchutz” with >90% STP rate for new contracts
- Improvement of digital entries for all channels (e.g. broker through BiPro)
- Modularity of ABS product modeling allows for higher automation rates (e.g. to be applied in upcoming corporate product “FirmenSchutz”)

---

1) Source: Verdi report 2011 (data Allianz Deutschland) / BCG "IT-Benchmarking in deutschen Versicherungen 2012" (market data)
2) STP = straight-through processing, source: Verdi report 2011 (data Allianz Deutschland) / BCG "IT-Benchmarking in deutschen Versicherungen 2012" (market data)
3) OCR = optical character recognition; OCR-STP: automatic recognition and routing to employee; no manual routing required; data for 2012
4) Source: Verdi report 2012 (data Allianz Deutschland)
5) BiPro = Brancheninstitut Prozessoptimierung = industry institute for process optimization
6) ABS = Allianz Business System
Allianz Business System (ABS)

- ABS = unified administration system across Life, Health and P/C with single customer view
- Benefits for customers: improved service, e.g. one unified contact point, one account for all premium payments; basis for digitalization of customer interaction
- Benefits for agents: comprehensive view on each customer relationship including status of claims, display of incoming mail etc.
- Benefits for market management: unified platform for campaigns, higher speed in launch of new products etc.

Modularity of new products leading to complexity reduction

- ABS as a precondition for modular products
- Adopted for motor, household, property, 3rd party liability, legal protection
- Combination of single modules allows tailor-made solutions for clients processed at lower costs
5 Efficiency and capability building through Allianz Lean Six Sigma (OPEX) projects

Objectives

- Joint methodology for process improvement throughout organization
- Education of employees to spread methodology and approach
- Significant efficiency and / or quality improvement in operations

Impact / results

- More than 250 projects since 2007
- >130 certified “blackbelts” (0.7% of employees) educated
- >1,000 FTE-efficiency measures generated (~EUR 100mn annual savings)
1. Overview
2. Managing expenses
3. Managing digitalization
4. Summary
Digitalization as …

1. … an operative tool
   - Costs
   - Customer satisfaction
   - … use

2. … a tool for business expansion
   - Revenues
   - Customer satisfaction
   - … shape

3. … a base for new business models
   - Revenues
   - Customer satisfaction
   - … invent
Digitalization – selected initiatives of Allianz Deutschland

1) Digitalization as an operative tool

- Products
  - Online sales allianz.de and AllSecur
  - Real-time configuration of modular products
  - Automation

- Advice
  - Homepages for agents
  - Needs-based sales tool (ABP¹)

- Claims
  - Electronic claims processing in Health

- Communication
  - E-mail newsletter / web special
  - Virtual desktop (VDI)
  - Allianz Social Network (ASN)

2) Digitalization as a tool for business expansion

- Products
  - Technology as a base for new products: telematics
  - Innovation platform

- Advice
  - Real-time pricing
  - Bonus program / MyAllianz
  - 360° customer profile, accessible real-time across all touch points

- Claims
  - Electronic supplier platform (e.g. repair shop steering)

- Communication
  - Usage of social media – Facebook target groups marketing
  - Presence on mobile platforms

3) Digitalization as a base for new business models

SELECTED EXAMPLES

¹ ABP = Allianz Beratungs Prozess = Allianz advice process
Digitalization as an operative tool – new needs-based advice software ABP

Structured process “from need to solution”

1. “My situation & family”
2. “My needs”
3. “My priorities”
4. “My solutions”

Impact on customer NPS

<table>
<thead>
<tr>
<th>Promoters</th>
<th>Neutral</th>
<th>Detractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>68</td>
<td>29</td>
<td>3</td>
</tr>
</tbody>
</table>

Advantages

- Definition of **market-leading standards** for providing advice to customers
- Comprehensive analysis of individual **needs & priorities**
- Customized **solutions & follow-up** opportunities
- **HTML 5** – device independent, e.g. simple tablet integration
- Link to customer portal MyAllianz

Licensed for Italy and Switzerland

1) ABP = Allianz Beratungs Prozess = Allianz advice process
2) NPS = Net Promoter Score
2 Digitalization as a tool for business expansion – MyAllianz and Allianz Bonus Program

**MyAllianz**

- Offering a state-of-the-art online platform with modern and innovative features and design
- Creating clarity and full transparency over insurance contracts & correspondence (electronic insurance folder)
- Rewarding customer loyalty through attractive day-to-day benefits
- Increasing contact frequency and customer retention
- Integrating online and offline customer interaction
- Substantial transaction and cross-selling potential (e.g. next best product, change of address, storing of offers etc.)

**Allianz Bonus Program**

- Ease of use
- Welcome page with personalized CRM
- Contract overview
- Bonus program

**MyAllianz is set to replace the paper-based insurance folder**
Technology as a source of competitive advantage

Deviation of IT cost ratios compared to peer average in 2011 (%)

Allianz: -26%

Competitive advantages generated by superior digitalization capabilities

- Clear IT strategy (ABS², digital readiness, analytical data) addresses changing customer behavior
- Architectural principles (integrity of data model, product modularity etc.) reduce complexity
- Allianz with low IT cost ratio compared to peers: Allianz 1.7%, peer average 2.3% through economies of scale
- Share of IT investments in digital innovation rises despite large regulatory changes
- Superior position avoids “stuck in the middle” problem
- Competitive position hard to catch by followers due to limited transformation speed

IT budget 2010-2013 (share in %)

- Strategic programs (incl. digitalization)
- ABS²
- Base requirements
- Maintenance

1) Source: BCG IT-Benchmarking 2012
2) ABS = Allianz Business System
G. Operations

Agenda

1. Overview
2. Managing expenses
3. Managing digitalization
4. Summary
Summary

Achievements

- Cost reduction measures of EUR 400mn well on track
- Service company established; headquarters’ staff reduced
- Implementation of ABS while maintaining low IT cost ratio
- Increasing number of digital innovations, especially MyAllianz

Strategy / initiatives / ambition

- Fully implement measures to achieve expense ratio of 26% by 2014
- Achieve market leadership for customer platforms in terms of user experience
- Successfully complete ABS migration and shut down legacy systems
- Leverage technical platform as source of competitive advantage
Agenda

1. Overview Allianz Deutschland distribution
2. Agency Future Program / Pro3
3. Summary
### ABV¹ – facts and figures 2012

<table>
<thead>
<tr>
<th>ABV¹</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales people</td>
<td>14,228</td>
</tr>
<tr>
<td>thereof tied agents</td>
<td>8,540²</td>
</tr>
<tr>
<td>P/C new premiums³ (EUR)</td>
<td>887mn</td>
</tr>
<tr>
<td>Life insurance new business⁴ (EUR)</td>
<td>12,418mn</td>
</tr>
<tr>
<td>Health insurance new business⁵ (EUR)</td>
<td>6.8mn</td>
</tr>
<tr>
<td>Customers</td>
<td>15.1mn</td>
</tr>
</tbody>
</table>

1) ABV = Allianz Beratungs- und Vertriebs-AG  
2) Excluding specialized distribution  
3) “Neu-Mehrbeitrag” = GPW of new business  
4) “Bewertungssumme” = weighted premium sum  
5) “Monatsbeitrag” = monthly premiums  
6) VG = “Vertriebsgebiet” = distribution areas
Distribution in German insurance market

Major characteristics
- Market dominated by agent distribution
- Increasing importance of direct business and digital capabilities for distribution of standard products
- Agents and brokers are still the preferred channel for distribution of individualized products with high advisory requirements

Market trends
- Digitalization
- Urbanization
- Demographic change
- Low interest rate environment
- Life: transition from guarantee products to capital market oriented pension schemes
- Regulation / IMD²¹

1) IMD = Insurance Mediation Directive
2) Source: German insurance association (GDV); data for 2012 not yet available
Allianz – strong captive distribution

Major characteristics
- Multi-channel strategy
- Strong focus on agents
- Hybrid product offering in car insurance
- Extension of hybrid offerings to other products

Competitive advantages
- Biggest market player
- Strongest sales capacity
- High experience in multi-channel

Expected trends
- Increased customer hybridization
- Digitalization

---

1) By GPW
2) Share of “agents” and “other”: data 2008 / 2012 not fully comparable due to a change in methodology. “Other” in 2008: including agents of specialized distribution
Allianz Deutschland clearly with the strongest distribution power in the German insurance market

Agents
- Largest exclusive distribution system in Germany
- ~8,540 agents¹
- ~6,000 employed salesforce
- ~24,500 part-time agents
- Presence: 98% of Allianz clients with an agency within 10km

Brokers
- Clear market leader in life business
- Top insurance partner for brokers

Automotive
- Dominant player with more than 75% market share
- Joint ventures and partnerships with all leading car manufacturers

Banks
- Own banking channel (OLB²)
- Cooperation with Commerzbank as the private bank with the largest branch network
- Cooperation with Bavarian co-operative banks

Online
- AllSecur with a strong growth in 2011 / 2012
- Additional growth via Allianz Auto Online Service (AAOS)

Other
- Other successful partnerships
- Sales via employees

¹ Excluding specialized distribution
² OLB = Oldenburgische Landesbank
Broker distribution – accelerating growth

P/C – excellent sales results and strong profit improvements
- Ongoing implementation of growth program
- Roll-out of new support concept in operations, claims and underwriting for premium partners
- Introduction of a more sophisticated CRM tool
- Active involvement in setting technical standards for data transfer between insurers and brokers
- KUBUS¹ broker survey 2012 indicates significant improvement of Allianz

Broker channel P/C
New premiums (EUR mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-motor</th>
<th>Motor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>98</td>
<td>141</td>
</tr>
<tr>
<td>2012</td>
<td>72</td>
<td>207</td>
</tr>
</tbody>
</table>

CAGR +21.1%

L/H – continuing development of market leadership
- Successful development of different broker segments based on specific characteristics (size, pools, independent financial advisors)
- Various awards for product portfolio
- Broker qualification program “Allianz Broker Academy”
- Low cost rates due to efficient cost controlling
- KUBUS¹ broker survey 2012: excellent perception of Allianz by brokers

Broker channel L/H
Life new business (EUR mn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Health new business²</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>816</td>
</tr>
<tr>
<td>2012</td>
<td>1,744</td>
</tr>
</tbody>
</table>

CAGR +46.2%

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurring premiums</th>
<th>Single premiums</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,542</td>
<td>1,222</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>5,977</td>
<td>5,319</td>
<td>6,861</td>
</tr>
</tbody>
</table>

CAGR +2.4%

1) KUBUS = “kundenorientiertes Benchmarking von Prozessen zur Unternehmenssteuerung” = customer oriented benchmarking of processes for business controlling
2) In monthly premiums

H 7
Bank distribution – reliable result contribution

Bancassurance strategy

- Additional distribution channel to further improve access to customers and to foster sales
- Channel growth above market average with life and pension products
- Banks still have potential within retail & SME business and offer excellent access opportunities

Commerzbank agreement

- Access to a market of >7mn retail clients in ~1,200 branch offices with full range of insurance products
- Exclusive distribution partnership based on a 15 year sales agreement

OLB

- OLB – with 177 branches one of the regional leaders in retail and commercial banking in Northern Germany
- Exclusive distribution partner

2012 split of life business (new business in EUR mn)

<table>
<thead>
<tr>
<th>OLB¹</th>
<th>Bavarian cooperative banks</th>
<th>Commerzbank</th>
</tr>
</thead>
<tbody>
<tr>
<td>226</td>
<td>1,309</td>
<td>1,363</td>
</tr>
<tr>
<td>8%</td>
<td>45%</td>
<td>47%</td>
</tr>
</tbody>
</table>

Bavarian cooperative banks

- Very strong position in the Bavarian cooperative banks market – 206 cooperative banks with a total of 2,166 branches

1) OLB = Oldenburgische Landesbank; Allianz stake: 90.2%
Customers use various channels for information, purchase and service (example motor)

Active usage of different channels (%)

<table>
<thead>
<tr>
<th></th>
<th>Information</th>
<th>Purchase</th>
<th>Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>38</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Agency</td>
<td>26</td>
<td>61</td>
<td>59</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: ABV, motor insurance, 2010
Online distribution – a supplement of traditional channels, following a differentiated approach (example motor)

**Market trends**

- Customers switch between insurance access points
- 1 out of 3 customers uses more than 1 access point
- This hybrid customer behavior is gaining importance
- Many customers return to personal interaction for advice and service
### Tied agents – a channel undergoing positive change

#### The past
- Eroding customer and contract base
- Reduced productivity
- Rising expense ratio in P/C
- Image as conservative, high-quality and high-cost distribution channel

#### The future
- Strict focus on customer and salesmen satisfaction leads to growth in new business
- Lasting productivity improvement
- Lasting reduction of expense ratio
- A new era with structured and systematic needs-based sales approach

#### Agent channel P/C
- **New premiums (EUR mn)**
  - 2010: 397
  - 2012: 451
  - **CAGR +3.4%**

#### Agent channel Life
- **New business (EUR mn)**
  - 2010: 1,522
  - 2012: 1,319
  - **CAGR +1.0%**

#### Agent channel Health
- **New business**¹ (EUR k)
  - 2010: 5,003
  - 2012: 6,402
  - **CAGR +13.1%**

---

¹) In monthly premiums
Agenda

1. Overview Allianz Deutschland distribution
2. Agency Future Program / Pro3
3. Summary
Group wide “Agency Future Program” to enhance tied agent productivity …

Measures

- Simplification of sales process and product architecture
- Structured, needs-based sales process, also addressing compliance
- Market management data with “one customer view”
- Agency processes and straight-through processing
- Routing of admin tasks and calls to back office
- Structured TA\(^1\) activity planning and coaching

Results

- Sales efficiency
- Cross-selling
- Customer retention
- Sales compliance

Mid-term ambition

Productivity +25%

1) TA = tied agent
… in Germany branded as “Pro3”, increasing both sales activity and sales effectiveness

- Pro3 – new distribution concept for the tied agent channel in Germany
- Best practices gathered from our most valued agents
- Pro3 also used by our employed sales force

- Pro3 – benefits for customers, tied agents / employed salesmen as well as for Allianz shareholders
- Needs-based advisory process
- Allianz continues to deliver premium advice and service

Future agency landscape – continuous coverage of all regions
Pro3 generates new quality and growth impulses

1. Needs-based advisory process
   - Standardized advice quality
   - Comprehensive survey of needs and customer data
   - Active cross-selling

2. Targeted customer approach
   - Systematic and regular customer contact
   - Reduced cancellation rate
   - Focus on customers instead of products

3. Professional agency processes
   - More time for sales-related activities
   - Structured weekly planning
   - Inbound and / or outbound support

4. Systematic sales support
   - Focus on ‘how’ instead of ‘how much’
   - Future-focused success analysis and optimization
   - Integration of the entire executive hierarchy
New needs-based advisory process provides optimal support

Structured determination of needs

- Defined advice standards for all Allianz sales representatives and employees
- Comprehensive survey of needs and customer data with cutting edge technology
- Implemented independently of terminal using html5
- Opens up countless opportunities to sell follow-on policies

Advantages

1) One sample laboratory agency
2) Number of customers providing respective data

<table>
<thead>
<tr>
<th>Process</th>
<th>Customized solution packages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priorities</td>
<td></td>
</tr>
<tr>
<td>Results</td>
<td></td>
</tr>
</tbody>
</table>

Profession of customers²

- Start Pro3: 419
- After 6 months: 492
- After 18 months: 575

+37%

Children of customers²

- Start Pro3: 197
- After 6 months: 243
- After 18 months: 297

+51%
2 Targeted customer approach as a huge success factor

Continuous contact with customers

- Agency contacts\(^1\) each customer at least once a year
- 8 appointments\(^2\) per week as a standard for agencies without operational support (package 1)
- 12 appointments\(^2\) per week as a standard for advanced Pro3 agencies with operational support (package 2)

Advantages

- Systematic customer contacts
- Contact at regular intervals
- More efficient dialogues via more routine
- Fewer lapses
- Higher contact frequency
- More new business

---

\(1\) Any form, i.e. in person, via e-mail or phone

\(2\) Scheduled in advance (without walk-in customers)
3 Professional agency processes and phone support for our customers

Structured agency processes and remote services

- **Clear organization** (roles & responsibilities, incl. front-office support)
- **Shared calendar** as a basis for collaboration
- **Structured weekly planning** – fixed time slots for important assignments
- **Well organized working environment** (e.g. filings, follow-up tasks)

Pro3 new hires supported via inbound and outbound remote services

1 **Inbound**
   - Dialog allows customers to choose between agency and service center
   - Central handling as additional service frees up sales time in agency (~5-6 hours per week)

2 **Outbound (on demand)**
   - Selection of customers
   - Service center schedules appointments for agent

- Resources & skills are leveraged effectively
- Agencies provide high professional standard to our customers
- Customer service from 8 a.m. to 8 p.m.

Advantages
Systematic sales support ensures quality and transformation throughout all management levels

Management focus: shift from “how much” to “how”

- Activity planning ensures more systematic results and success
- Agents are being developed long-term resulting in lasting quality
- Sustainability of the new system is guaranteed by systematic and constant support throughout all management levels

Advantages:

- Further long-term development of abilities, skills and potential
- Increase in activity level (along the sales process) leads to better results
- Results are reflected directly in financial terms
Pro3 is being expanded for new agencies by inbound support and the new Pro3 commission model (package 2)

Needs-based advisory process
Targeted customer approach
Professional agency processes
Systematic sales support

Inbound support through contract and claims management (via IVR¹) and outbound (optional)

Pro3 commission model as new remuneration system (saving sales costs)

1) IVR = Interactive Voice Response
Going forward we will evaluate opportunities for a 4th rollout group – on-boarding of the employed sales force has begun.

Number of sales professionals participating in Pro3 package 1:
- Group 1: ~150
- Group 2: ~5,200
- Group 3: ~150 new agencies so far in 2013 (package 2)
- Group 4: ~2,000

Pro3 transformation of additional ~2,000 sales professionals going forward.

- Labs & field tests
- Rollout
- Rollout continued

1) Rollout of package 1 realized in several groups
Tied agents – productivity improvement of Pro3 package 1 gaining pace

Pro3 agents group 1 with good results vs. reference group (retail business, indexed)

New business

- May - Dec 2012: +6%
- Jan - May 2013: +8%

New policies

- May - Dec 2012: +6%
- Jan - May 2013: +5%

ABV (non-Pro3)  Pro3 package 1
Pro3 package 2 with promising first results

New agencies Pro3 package 2 vs. new agencies non-Pro3 (retail business, January – May 2013)

- **New business**
  - ABV (non-Pro3): 100%
  - Pro3 package 2: 124%
  - Jan - May 2013: +24%

- **New policies**
  - ABV (non-Pro3): 100%
  - Pro3 package 2: 123%
  - Jan - May 2013: +23%

- **P/C new premiums**
  - ABV (non-Pro3): 100%
  - Pro3 package 2: 127%
  - Jan - May 2013: +27%

- **Life new business**
  - ABV (non-Pro3): 100%
  - Pro3 package 2: 121%
  - Jan - May 2013: +21%

- **Health new business**
  - ABV (non-Pro3): 100%
  - Pro3 package 2: 127%
  - Jan - May 2013: +27%

1) Based on monthly premiums
Tied agents – the Agency Future Program convinces all participants, resulting in a reduced external fluctuation

“How do you rate Pro3 overall?”

<table>
<thead>
<tr>
<th></th>
<th>Outstanding</th>
<th>Good</th>
<th>Average to dissatisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>VBL²</td>
<td>3%</td>
<td>49%</td>
<td>59%</td>
</tr>
<tr>
<td>GV/HV³</td>
<td>9%</td>
<td>45%</td>
<td>4%</td>
</tr>
<tr>
<td>KB/KBV³</td>
<td>8%</td>
<td>45%</td>
<td>2%</td>
</tr>
</tbody>
</table>

External fluctuation in TA⁴ organization reduced (number of GV/HV³)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>490</td>
<td>481</td>
<td>447</td>
</tr>
</tbody>
</table>

1) Source: Allianz Pro3 Survey 2.1, 03/2013, TNS Infratest GmbH
2) VBL = “Vertreterbereichsleiter” = head of sales division
3) GV = “Generalvertreter”, HV = “Hauptvertreter”, KB/KBV = “Kundenbetreuer” = sales personnel (without specialized distribution)
4) TA = Tied agent
H. Distribution

Agenda

1. Overview Allianz Deutschland distribution
2. Agency Future Program / Pro3
3. Summary
Summary

Achievements

- Well-established multi-channel distribution
- Agency Future Program Pro3 successfully introduced
- First results show promising productivity improvement of Pro3 agencies
- High satisfaction of all Pro3 participants

Strategy / initiatives / ambition

- Further implementation and continuous development of Pro3
- Further increase of customer satisfaction
- Further increase of productivity
- Revenue and profit growth
Customer orientation

Bernd Heinemann
Member of the Board of Management
Allianz Deutschland AG

Berlin, June 25, 2013
I. Customer orientation

**Agenda**

1. Market Management
2. Customer focus
3. Digital customer interaction
4. Advertising and brand strategy
## Market Management

### Agenda topics

<table>
<thead>
<tr>
<th>Market</th>
<th>Customer</th>
<th>Offer</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Products</td>
<td>Sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer standards</td>
<td>Product development support</td>
<td>Sales planning</td>
</tr>
<tr>
<td></td>
<td>Measurement and reporting systems</td>
<td></td>
<td>Sales channel support</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer view and segmentation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market analyses and innovations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer data and statistics</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market research</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer view and segmentation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I. Customer orientation

Agenda

1. Market Management
2. **Customer focus**
3. Digital customer interaction
4. Advertising and brand strategy
Allianz’ success is driven by customer satisfaction

I. Customer orientation

Customer satisfaction = GPW + Investments

Expenses
- Claims
- Costs

Revenues
- GPW
- Investments

Earnings
On large scale: satisfaction = new P/C business

I. Customer orientation

GPW P/C

Customer satisfaction

2006
2007
2008
2009
2010
2011
2012
On small scale: satisfaction = agents’ productivity

Productivity

Average customer satisfaction
Top 20% 1.8
Remaining 80% 2.5

Share of enthusiastic customers
50%
25%
I. Customer orientation

Result for the customer 2012

Customer ratings – values and principles

<table>
<thead>
<tr>
<th>Value</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed</td>
<td>1.4</td>
</tr>
<tr>
<td>Expertise</td>
<td>1.4</td>
</tr>
<tr>
<td>Commitment</td>
<td>1.4</td>
</tr>
<tr>
<td>Fairness</td>
<td>1.8</td>
</tr>
<tr>
<td>Transparency</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Overall result: 1.8
Customers’ rating improves on average

Fields of activity

<table>
<thead>
<tr>
<th>Fields of activity</th>
<th>Grade 1</th>
<th>Grade 2</th>
<th>Grade 3</th>
<th>Grade 4</th>
<th>Grade 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Products</td>
<td>44</td>
<td>31</td>
<td>22</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Advice</td>
<td>59</td>
<td>25</td>
<td>12</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>34</td>
<td>22</td>
<td>36</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Claims</td>
<td>52</td>
<td>23</td>
<td>17</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Benefits</td>
<td>44</td>
<td>27</td>
<td>21</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Communication</td>
<td>59</td>
<td>22</td>
<td>16</td>
<td>21</td>
<td></td>
</tr>
</tbody>
</table>

Ø Rating¹

1) Rating according to school grades; 1 = best grade, 5 = worst grade
I. Customer orientation

Share of enthusiastic customers increases in the long run

Share of grade 1\(^1\) (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Service</th>
<th>Products</th>
<th>Benefits</th>
<th>Claims</th>
<th>Advice</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>33.8</td>
<td>43.5</td>
<td>44.3</td>
<td>52.0</td>
<td>58.9</td>
<td>59.3</td>
</tr>
</tbody>
</table>

1) Rating according to school grades; 1 = best grade, 5 = worst grade
Customer satisfaction breakdown

Touch-points:

- Products: 22%
- Advice: 26%
- Claims: 27%
- Service: 13%
- Communication: 12%

Competencies:

- Know-how
- Reliability
- Speed: 18%
- Commitment
- Listening
- Transparency
- Payment

I. Customer orientation
I. Customer orientation

Claims satisfaction lift – speed

Customer satisfaction impact

Settlement time (weeks)
I. Customer orientation

- Reaching perfection in core processes
- Addressing untapped opportunities
- Reaching out for the “untouched”
Addressing untapped opportunities

1. Frequent & unknown
2. Destroying enthusiasm
3. But “not our fault”
Mystery calling claims (1/2)

- Real customers asked to notify a claim
- No further help provided ...

25% right

75% wrong

Fully satisfied customers drop: -8%-p

01802 100117
01802 100105
0800 1122444
0800 1122344
01802 100116
089 3800 - 0
0800 1122555
01802 100104
01802 100107
0180 3003535
07304 456372
0211 1345223
(more local numbers)
Mystery calling claims (2/2)

Started 2012:

0800 11 22 33 44

One claims notification number

Share of correctly dialed numbers

- Real customers asked to notify a claim
- No further help provided...

I. Customer orientation

- Real customers asked to notify a claim
- No further help provided...
I. Customer orientation

Reaching out for the “untouched”

1. “I don’t need tailor-made offers but **go for the basic standards**”

2. “If I had to buy an insurance, I would **rather surf the net**”

Patrick
I. Customer orientation

The multi-channel opportunity (1/2)

“Ready-made” products

1. “… don’t need tailor-made …“

Historical success base

2. “… rather surf the net …“

“Tailor-made” products

Access

Tied agents

Web

“Patrick“
The multi-channel opportunity (2/2)

I. Customer orientation

"Ready-made" products

Products

"Tailor-made" products

Access

Tied agents

Web
I. Customer orientation

Agenda

1. Market Management
2. Customer focus
3. Digital customer interaction
4. Advertising and brand strategy
Customer behavior changes

I. Customer orientation

Channel preferences ... … call for a system of online access points
## I. Customer orientation

Providing the tied agents with a digital coating

<table>
<thead>
<tr>
<th>Agent</th>
<th>Digital coating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical agency</td>
<td>Agent webpage</td>
</tr>
<tr>
<td>Classical ads</td>
<td>Online links</td>
</tr>
<tr>
<td>Info via print / call</td>
<td>E-mail news</td>
</tr>
<tr>
<td>Local neighbors</td>
<td>Social media</td>
</tr>
</tbody>
</table>
I. Customer orientation

Tied agents’ homepages (1/3)

Basis

+ focus topic “prototypes”
I. Customer orientation

Tied agents’ homepages (2/3)

+ individual modules
Tied agents’ homepages (3/3)

I. Customer orientation

KAR KOSSA OHG - Ihre Allianz Generalvertretung

Willkommen > Hier finden Sie uns > Öffnungszeiten > Team

Seit 35 Jahren in Bad Bentheim - kompetent, engagiert und erfolgreich!

Herzlich Willkommen auf den Seiten der KAR KOSSA OHG!

Als Ihr Partner für Vorsorge, Vermögen und Versicherungen tragen wir dazu bei, dass Sie Ihr Leben ohne Sorgen genießen können. Informieren Sie sich über unser umfangreiches Leistungsspektrum.

Zusammen mit Ihren Verantwortungsträgern, der Familie und der Gesellschaft, holen wir gemeinsam die Zukunft in die Hand. Wir sind Ihr kompetenter Ansprechpartner und bereiten Sie auf den Aspekten vor.

Weiterhin erhalten Sie von unserer eigenen Beteiligung an der Verbundvertretung (Vor- und Nachteile) bei uns bekommen Sie alles aus einer Hand!

Fachagentur Firmen > Bankfilialen > Private Altersvorsorge

Mit Sicherheit gut beraten:
✓ Einzigartige Expertise in Risikobewertung und Schadenverhütung
✓ Grenzüberschreitendes Know-how durch internationale Aufstellung
✓ Spezielles Wissen rund um Gewerbe, Kapitalmarkte, Steuern und Sozialversicherung
✓ Jetzt mehr erfahren

Frauen sind anders - Ihr Versicherungs- und Vorsorgebedarf auch.

Jede Lebenssituation erfordert unterschiedliche Beratungsschwerpunkte

In unserer Beratung für Frauen haben wir unterschiedliche Lebenssituationen exemplarisch aufgearbeitet, um damit individuell auf Ihren persönlichen Bedarf eingehen zu können.

Wir haben eine Erfahrung gemacht: Es gibt keine dummen Fragen. Deshalb helfen wir Ihnen bei Ihrer Auswahl der passenden Lösung.

Allianz Bank Services

> Finanzstatus mit Login
> Formular & Anfragen
> Service Informationen
> Geldautomaten-Suche
> Antworten auf häufige Fragen

Wer ist eigentlich Unisex???

Allianz SE 2013
Tied agents’ homepages – highly accepted

Agents with a personalized webpage (in %)

- No webpage: 4%
- Partially customized: 48%
- Fully customized: 28%
- Fully customized: 20%
I. Customer orientation

Toolbox online advertisement
I. Customer orientation

E-mail newsletter

Number of yearly contacts, 2011, in mn

- Newsletters sent: 14.0
- Newsletters opened: 9.1
- Newsletter read by Allianz customers: 7.1
- Contacts to agents: 1.6

Ganz ehrlich, wie gefällt Ihnen unser E-Mail Newsletter?
Unter allen Teilnehmern der Leserbefragung verlosen wir 111 Amazon-Gutscheine zu je 11 Euro.
Zur Online-Leserbefragung

So geht der Newsletter:
- Gesund bleiben
- Mittägliche
- Heimarbeit
- Termin vereinbaren

Sehr geehrter Herr Richter,

wir wünschen Ihnen mit dieser Ausgabe eine schöne und nicht allzu hektische Adventzeit – und hoffen, dass Ihnen unsere Themen rund um "Winter und Weihnachten" gefallen.

Zehn Winter-Mythen zur Gesundheit
Weihnachts-Shopping ohne Stress
Was ist eigentlich eine Fiaschetta?
Warum Sie schön, wohler zu Weihnachten am häufigsten gefühlt werden?
Facebook

- 1 page
- 200,000 fans
- General / public postings

- 1,200 agents' pages (!)
- Ø 80 fans per page x 1,200 pages = ~100,000 fans
- Local / individual communities
I. Customer orientation

Facebook for tied agents – commercial relevance

Agents: Facebook sales

- **36%** used Facebook: On average
  - 8 contracts
  - 3 new customers
- **16%** used Facebook: Last year
  - At least one sale
- **48%** not yet used Facebook

Fans: insurance

<table>
<thead>
<tr>
<th></th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allianz</strong></td>
<td>67%</td>
</tr>
<tr>
<td>Competitor A</td>
<td>18%</td>
</tr>
<tr>
<td>Competitor B</td>
<td>10%</td>
</tr>
<tr>
<td>Competitor C</td>
<td>8%</td>
</tr>
<tr>
<td>Competitor D</td>
<td>8%</td>
</tr>
<tr>
<td>Competitor E</td>
<td>7%</td>
</tr>
<tr>
<td>Competitor F</td>
<td>7%</td>
</tr>
<tr>
<td>Competitor G</td>
<td>6%</td>
</tr>
<tr>
<td>Competitor H</td>
<td>5%</td>
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I. Customer orientation

Digital customer interface – MyAllianz and Allianz Bonus Program

MyAllianz
- State-of-the-art interaction platform for customers
- Innovative communication and consulting services

Allianz Bonus Program
- Earn-and-spend customer loyalty program
- Trigger for customer interaction and drive-to-web by regular benefits for customers

Social support via Facebook apps and Twitter planned
I. Customer orientation

Allianz Bonus Program

Allianz Vorteilsprogramm

Meine Vorteilsstufe: blau

Alle Vorteile im Überblick

Wählen Sie Ihre Jahresprämie aus unseren Versicherungen oder Sachgeschenken!

Jahresprämien Versicherungen
I. Customer orientation

Agenda

1. Market management
2. Customer focus
3. Digital customer interaction
4. Advertising and brand strategy
Evolution of the successful “one”-campaign: product communication and customer interaction

"One"-campaign launch in Germany with focus on re-enforcing the traditional Allianz value proposition

2010

Product innovation and modularity

2012

Customer needs and interaction

2013

I. Customer orientation

Existing products

Perspective: past

Real cases

Allianz customers

Value proposition “being there when it counts”

Product innovation

Perspective: future

Invitation to interact with Allianz

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Integrated communication supporting the “PrivatSchutz” launch

I. Customer orientation

Art project Foster Huntington

Allianz agency

Social media
Roadtrip
Project website
Exhibition

Explanatory film
Toolbox online advertising
TA home-page modules
Sales material

IST MI WICHTIG

Innovative campaign

Online interaction

Online advertising
Films (TV, online)

Product configurator
Webspecial “PrivatSchutz”

Arena event
Use of sponsoring platforms
I. Customer orientation

Art project Foster Huntington: creating emotions and “earned” media communication

Roadtrip through Germany

Online documentation and participation

Exhibition in September

“Earned” media / “branded content”

Welt, lifestyle-section, coverage appr. 230,000

DFB Facebook posting, 1,819,901 fans
Innovative campaign – integrating all platforms

I. Customer orientation

**Arena event**

**Product story films, fresh look & feel (TV and online TV)**

**Target group / context specific online advertising (e.g. on immoscout24, ebay)**
Online product configurator: “playful” interaction with the product and lead generation for the agent
Agency fully integrated

I. Customer orientation

Modular tied agent homepage

Toolbox online advertising and e-mail signature

Marketing toolbox with tied agent individual print advertising

Agency decoration
Summary

Achievements

- Improved customer satisfaction
- Provided tied agents with digital coating
- Multi-access as a response to changing customer behavior
- New ways of customer interaction and reward

Strategy / initiatives / ambition

- Anchor customer orientation in company’s DNA
- Further strengthen and expand digitalization
- Expand multi-access logic to broader product range
- Use of innovative ways to increase customer interaction
To sum it up

- **P/C**: Back to profitable growth
- **Life**: Resilient business model and attractive growth opportunities
- **Life investments**: Extra value for customers and shareholders
- **Health**: Reliable earnings contribution
- **Operations**: Competitive edge through scale and state of the art IT
- **Distribution**: Ongoing enhancement of sales channels and processes
- **Customer orientation**: Customer focus drives customer satisfaction
- **Allianz Germany**: On track to reach 2014 targets
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.
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