Allianz Capital Markets Day

Renewal Agenda – bringing skills to scale

Munich, November 24, 2015
Agenda

A  Renewal Agenda – bringing skills to scale  Oliver Bäte
B  True Customer Centricity  Sergio Balbinot
C  PIMCO update  Douglas Hodge
D  Technical Excellence in P/C  Axel Theis
E  Life business in low yield environment  Maximilian Zimmerer
F  Value creation  Dieter Wemmer

Disclaimer

Investor Relations contacts
Renewal Agenda – bringing skills to scale

Oliver Bäte
CEO Allianz SE

Munich, November 24, 2015
Framing today’s discussion

Allianz acts from a position of strength: strong stakeholder trust, brand and culture, superior financial strength and resilience, leading positions in all our segments and especially outstanding people.

Our world and our industry are changing fast and fundamentally, creating challenges but also huge opportunities for tomorrow’s winners.

Allianz has built strong foundations to reinforce its leadership position – but we need to act decisively now.

Our Renewal Agenda amplifies our energy towards even higher value creation, especially by leveraging our superior skills into scale advantages.

Customer Centricity stands at the core of our agenda. Digital and technical excellence, stronger growth and employee motivation will only translate into success if our clients trust us fully.

As competition and investment requirements increase, we will address our productivity reserves with rigor. While we aim to deliver visible results in due course, our Renewal Agenda is designed to reinforce Allianz's leadership position for years to come.
We act from a position of strength

Sequence of record profits
World’s No.1 insurer and Top 5 asset manager
Solid TRS performance despite shocks

A trusted partner building on
Integrity
Competence
Resilience

One of the world’s strongest brands
Leading insurance & asset mgmt. skills
Loyal, motivated staff
Strengthened business models

Performance  Trust  Health
Disciplined thought, disciplined action

1. Competitive context
   - Environmental trends & scenarios
   - Requirements for tomorrow’s winners

2. Taking stock
   - Where we lead, where we lag
   - What to re-inforce, what to change

3. Renewal Agenda
   - Pillars of continued industry leadership
   - Ensuring successful execution

4. Ambitions for 2018
   - Renewal Agenda impact
   - Achieving stronger performance & health
Disciplined thought, disciplined action

1. Competitive context
   Environmental trends & scenarios
   Requirements for tomorrow’s winners

2. Taking stock

3. Renewal Agenda

4. Ambitions for 2018

A. Renewal Agenda – bringing skills to scale
Competitive context

Environmental trends & scenarios
- Global society and economy very fragile and highly interdependent
- Digitalization transforming economies and economics, polarizing winners and losers
- Financial services challenged on margins and growth – however, strong value creation is clearly possible for leaders

Requirements for tomorrow’s winners
- Shock resilience of utmost importance – carefully balanced with capital efficiency
- Demonstrate benefits from scale on key value drivers: margins, cost of capital and growth
- Build commanding market positions and leverage digital to become customer-centric and agile
- Relentlessly lift productivity reserves in capital, cost and revenue base
Global society and economy very fragile

Severe challenges to society and economy

- Geo-political instability
  Threat from terror attacks, unresolved South China Sea dispute, Ukraine/Russia conflict, potential third intifada, EU/Euro instability (e.g., BREXIT, GREXIT)

- Demographic and societal shifts
  Record arrival of migrants and refugees to Europe, ageing, political polarization

- Economic slowdown
  Sluggish growth outlooks for BRIC and other emerging markets (LatAm, Asia, Africa), infrastructure weakness

Financial markets more correlated

Increase in correlation between asset classes, in %

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2006-08</th>
<th>2011-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Euro corporate bonds¹</td>
<td>2</td>
<td>43</td>
</tr>
<tr>
<td>Emerging markets, local currencies</td>
<td>17</td>
<td>37</td>
</tr>
<tr>
<td>Emerging markets, USD, hedged</td>
<td>17</td>
<td>35</td>
</tr>
<tr>
<td>Euro treasuries</td>
<td>-16</td>
<td>30</td>
</tr>
<tr>
<td>Corporates high yield, EUR</td>
<td>-13</td>
<td>23</td>
</tr>
</tbody>
</table>

¹ Ex financials

Source: Datastream
Digitalization transforming economies and economics, polarizing winners and losers

Innovation cycles reach scale much faster

New, winning businesses emerge within short time frames

- Years to reach 1bn users after innovation:
  - Telephone: 110 years
  - Television: 49 years
  - Mobile: 22 years
  - Internet: 14 years
  - Facebook: 8 years
  - Smartphone: 8 years

- Illustrative examples:
  - In ~100 years, Hilton has built less room capacity than... 700,000 rooms
  - ...Airbnb within 6 years: 1,000,000 rooms
Financial services challenged, however, strong value creation is clearly possible for leaders

1) As of October 31, 2015; Book value refers to common shareholder’s equity as last reported; Ace/Chubb: estimated pro-forma
Source: Bloomberg
Tomorrow’s winners demonstrate clear benefits from global scale and superior value to local communities

- Offering global solutions for global partners
  - Superior global network
  - Scale even harder to replicate

- Leveraging global assets in local markets
  - Superior value through combination of global & local scale
  - Customization of global solutions

Scaling up innovation across the entire organization
- Services, products, technology
- Leadership & culture

Securing impact through commanding market positions
- Local scale matters
- Prerequisite for global scale
The future of automotive insurance – both, superior skills and scale required

**Today**
- Personally owned car
- Local/regional expertise
- Focus on retail
- Stand-alone business model
- Focus on isolated damage risk
- Little innovation
- Restricted data availability
- Strong product-orientation

**Tomorrow**
- Shared cars
- Global reach to mirror setup of OEMs and fleets
- Focus on institutions/systems
- Business model fully integrated in institutional value chains
- Focus on cumulative liability risk
- Continuing necessity to invest and evolve
- Big data as commodity
- Fully integrated assistance/service model

**Predominantly local & retail competition**

**Global scale & skill game**
 disciplined thought, disciplined action

1. Competitive context
2. Taking stock
   Where we lead, where we lag
   What to re-inforce, what to change
3. Renewal Agenda
4. Ambitions for 2018

A. Renewal Agenda – bringing skills to scale
Taking stock – strong starting position with upside

Leading
- Trust and resilience
- Profitability
- Global scale
- Skills

Lagging
- Customer centricity
- Capital efficiency
- Growth ambition
- Productivity

Re-inforce

Change
## Taking stock – decisiveness needed

### Where we lead, where we lag

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational strength</strong></td>
<td>Strong financial performance, reputation as trusted partner based on high integrity, competence and resilience (esp. due to strong balance sheet)</td>
</tr>
<tr>
<td><strong>Margins</strong></td>
<td>High margins in AM and P/C, but need for improvement in L/H outside of Germany</td>
</tr>
<tr>
<td><strong>Cost of capital</strong></td>
<td>Very strong credit standing, but CoE still high</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>Solid track record in earnings and dividends, but impact of low rates and past AM outflows to be addressed</td>
</tr>
</tbody>
</table>

### What to re-inforce, what to change

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organizational strength</strong></td>
<td>Re-inforce focus on organizational health – esp. customer satisfaction and leadership</td>
</tr>
<tr>
<td><strong>Margins</strong></td>
<td>Maintain shock resistant balance sheet and strengthen capital productivity</td>
</tr>
<tr>
<td><strong>Cost of capital</strong></td>
<td>Bring RoE of all OEs (\geq 10)% in 2018 with largest impact on L/H, but additional margin upside in P/C and AM</td>
</tr>
<tr>
<td><strong>Growth</strong></td>
<td>Further reduce volatility of solvency potential to free up EUR 3bn capital</td>
</tr>
<tr>
<td></td>
<td>Grow EPS at average of 5% p.a. until 2018 with healthy mix of growth and efficiency measures</td>
</tr>
</tbody>
</table>
Continuous strengthening of employee engagement and customer satisfaction

Rising employee engagement

**AES**: employee engagement AZ Group, in %

<table>
<thead>
<tr>
<th>Year</th>
<th>AES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>66</td>
</tr>
<tr>
<td>2011</td>
<td>67</td>
</tr>
<tr>
<td>2012</td>
<td>70</td>
</tr>
<tr>
<td>2013</td>
<td>73</td>
</tr>
<tr>
<td>2014</td>
<td>72</td>
</tr>
<tr>
<td>2015</td>
<td>75</td>
</tr>
</tbody>
</table>

Rising loyalty leadership

**NPS**: share of businesses outperforming the market, in %

- Above market:
  - 2010: 25
  - 2014: 15

- Loyalty leadership:
  - 2010: 21
  - 2014: 32

\[+52\%\]

1) Allianz Engagement Survey measures the engagement of our people and allows to define measures for improvement
2) Net Promoter Score
Sound margins – but to be strengthened in Life excl. Germany

Return on equity 2014\(^1\)
in %

<table>
<thead>
<tr>
<th>Segment</th>
<th>ROE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM</td>
<td>16.6</td>
</tr>
<tr>
<td>P/C</td>
<td>11.1</td>
</tr>
<tr>
<td>Life Germany</td>
<td>24.3</td>
</tr>
<tr>
<td>L/H (excl. Germany)</td>
<td>8.3</td>
</tr>
</tbody>
</table>

Key markets by capital consumption

- AM: 15.4
- P/C: 9.9
- L/H: 7.5
- Life Germany: 24.3
- (excl. Germany): 7.5

Ambition 2018: RoE ≥10%

1) Excl. URGL on bonds; RoE for AM, P/C, L/H segment based on equity incl. goodwill, for individual OEs excl. goodwill
Decisive action on Life/Health new business mix

L/H new business mix – new LoB reporting
% of PVNBP

<table>
<thead>
<tr>
<th>Category</th>
<th>2013</th>
<th>2014</th>
<th>3Q 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection &amp; health</td>
<td>52%</td>
<td>45%</td>
<td>36%</td>
</tr>
<tr>
<td>Unit-linked w/o guarantee</td>
<td>17%</td>
<td>16%</td>
<td>23%</td>
</tr>
<tr>
<td>Capital-light products</td>
<td>14%</td>
<td>25%</td>
<td>27%</td>
</tr>
<tr>
<td>Traditional guaranteed savings &amp;</td>
<td>17%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>annuities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Approximation

1) New reporting for lines of business starts 1Q 2016; values for 2013-2015 approximated

A. Renewal Agenda – bringing skills to scale
A. Renewal Agenda – bringing skills to scale

Strong operating profit development – subdued growth expectations

Source: Bloomberg consensus estimates as of 20 November 2015
Disciplined thought, disciplined action

1. Competitive context
2. Taking stock
3. Renewal Agenda
4. Ambitions for 2018

Pillars of continued industry leadership
Ensuring successful execution
The Renewal Agenda

Pillars of continued industry leadership

- Capital allocation discipline to free up significant resources for stronger value creation
- Recalibration of portfolio strategy with aim to create more and larger “at scale” businesses with commanding market positions

Ensuring successful execution

- Renewal Agenda builds on strong foundations for every lever, esp. global reach and business lines, business model and technology convergence, strong culture and values
- New horizontal change process mobilizing leaders and employees
- Governance, processes & incentives redesigned to facilitate capturing skill and scale benefits
- Stronger agility and market focus of corporate center
## Earnings, capital allocation, and cash management discipline for stronger value creation by 2018

<table>
<thead>
<tr>
<th>Growth</th>
<th>Increase earnings</th>
<th>5% EPS CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>Improve …</td>
<td></td>
</tr>
<tr>
<td>… capital productivity</td>
<td></td>
<td>13% RoE</td>
</tr>
<tr>
<td>… capital intensity</td>
<td></td>
<td>Sensitivity reduction of Solvency II ratio, potential to free up EUR ~3bn</td>
</tr>
<tr>
<td>… capital fungibility</td>
<td></td>
<td>At least EUR 4bn upstream opportunities</td>
</tr>
<tr>
<td>Cash</td>
<td>Enhance liquidity</td>
<td>Remittance ratio &gt;80%</td>
</tr>
</tbody>
</table>

---

A. Renewal Agenda – bringing skills to scale

Dieter Wemmer to present more details today
Create more and larger “at scale” businesses with commanding market positions

Operating profit (EUR bn)$^1$

Four strategic levers based on relative size and competitiveness

1) Fortify large and competitive OEs
   Create more “Earnings Engines” with > EUR 1bn operating profit and commanding market positions

2) Scale up smaller, but high-performing OEs
   Leverage true benefits from scale, incl. digital platforms
   Create regional platforms (e.g., CEE, LatAm, AZAP, MENA/Africa)
   Achieve Top 3 market positions, >10% market share

3) Restructure large, but less profitable OEs
   Focus on productivity and efficiency, release capital

4) Reposition uncompetitive businesses
   Improve productivity, take decisive portfolio actions

Inorganic growth: continue to seize attractive opportunities with discipline

---

1) Annual operating profit by OE, average 2012-14
Recalibration of portfolio strength: scale up smaller, but high-performing businesses through regional platforms

**Rationale**
- Streamlined governance
- Shared expertise
- Joint business model, with integrated product architecture
- Common processes, IT platforms and tools

**Benefits¹**
- Better customer service and growth
- Higher efficiency
- Scaling-up best-practice
- Technical capabilities
- Faster digital transformation
- Compliance ensured

**In execution**
- Benelux
- Iberia
- LatAm

**Under redesign**
- Asia-Pacific

**To be set up**
- CEE
- MENA/Africa

¹) Not all benefits realized in all regional platforms yet
**Continue to seize attractive M&A opportunities with discipline**

### Key transactions 2012-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allianz</strong></td>
<td>Mensura</td>
<td>gan</td>
<td>YapıKredi</td>
<td>Unipolsai</td>
<td>TIO</td>
</tr>
</tbody>
</table>

### Our M&A focus criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generating business</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Strong presence in region/synergies</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Core market</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Emerging market</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Distribution capacity</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Product capabilities</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
</tr>
</tbody>
</table>

**Capture capital synergies**

---

© Allianz SE 2015
Execution of Renewal Agenda with five levers: further strengthening of our competitive advantages

1 **True Customer Centricity**
   - Make superior customer experience the top priority for all our actions

2 **Digital by Default**
   - Move from selected leading assets to become “Digital by Default” everywhere

3 **Technical Excellence**
   - Create superior margins, innovation, and growth through best talents and state-of-the-art skills

4 **Growth Engines**
   - Systematically exploit new sources for profitable growth

5 **Inclusive Meritocracy**
   - Re-inforce a culture where both people and performance matter
1. True Customer Centricity: superior customer experience is the top priority

- From NPS measurement to superior management of customer journeys
- Deliver superior value to our clients with a distinctive and caring customer experience
- Outperform on essential customer needs: ease & convenience and consistency & trust – focus on “what matters for the customer”
- Set clear customer-oriented targets hardwired into our culture, planning process and incentives

Ambition 2018

- 75% of our businesses Loyalty Leader or NPS above market – up from 47%
- Flagships¹ at 80% – up from 45%
- Translating into at least additional 5mn customers and EUR 6.5bn revenues

Sergio Balbinot to present more details today

¹ Germany, Italy, France, Switzerland, Austria, Benelux, Turkey, Spain, UK, US, Australia
True Customer Centricity is the core of the Renewal Agenda

**Key driver for employee engagement**
Customer satisfaction and employee engagement mutually reinforcing

**Basis for strong profitable global growth**
Deep understanding of client segments/needs required to capture growth
High customer satisfaction as key enabler for increased cross-/up-selling, higher retention, and new business generation

**Defines design principles for digitalization**
Customer needs as reference point for innovations
Tailored processes for higher efficiency and effectiveness

**Determines standards for Technical Excellence**
Focus on customer needs to reduce product complexity without jeopardizing skill advantages
Customer satisfaction as basis for growth and driver of employee engagement

Customer satisfaction leads to higher growth

YOO growth, straight avg. of OEs by NPS category

Increased cross-selling, loyalty, retention, and lower costs (via decreased queries/complaints)

Strong correlation of customer satisfaction and employee engagement

NPS vs. AES/EEI\(^1\) results – core Europe

Loyalty Leader/above market

- 3-4%

At/below market

- 1-1.5%

Reverse also true!
Employee engagement also drives customer satisfaction

1) Employee Engagement Index

A. Renewal Agenda – bringing skills to scale
## Decisive action along two major levers – unlocking the digital dividend and building new digital value

<table>
<thead>
<tr>
<th>Unlocking the digital dividend</th>
<th>Building new digital value</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Simple digital product design to reduce overall complexity, esp. for the customer</td>
<td></td>
</tr>
<tr>
<td>▪ Digital communication by default, paper as exception</td>
<td></td>
</tr>
<tr>
<td>▪ Significant productivity gains by digitalization of our major processes</td>
<td></td>
</tr>
</tbody>
</table>

### Building new digital value

| ▪ New digital products and services to serve emerging needs of our clients and partners, e.g., protection against cyber risks, solutions for sharing economy |
| ▪ Digital ventures to capture new business model innovations (esp. FinTechs) and to scale them up rapidly within Allianz |
| ▪ Expand big data and analytics capabilities, e.g., for robo advice, connected homes |

### Ambition 2018

- Increase our paperless/digital communication to > 50%
- Extend our digital offering of retail products to close to 100%
- Reinvest recurring productivity gains of EUR 1bn into our customer centric digital transformation

More details at Capital Markets Day mid 2016
Leveraging our technology platforms for scale benefits

Global platform roll-out

- Start of migration: 2000
- 2010: Global Automotive
- 2015: Global Assistance
- 2018: Abs (Allianz Business System) roll-out in run or in implementation phase

Currently >14mn policies; 7 Car OEM connected with AZ back-end

Full ABS roll-out took 6 years – now >30% less IT costs

ABS roll-out by 2019 – covering 5mn policies³, reducing IT costs by 25%

- Global Assistance: Parallel ABS roll-out in 6 countries in 2015, serving >20mn travel customers end of 2016

By 2018, ~70% of GWP and >20 OEs on global back-end² and common front-ends

1) ABS (Allianz Business System) roll-out in run or in implementation phase
2) ABS and EPAC combined
3) P/C only
We are building scalable innovative assets

A. Renewal Agenda – bringing skills to scale

Information
- Allianz Now, Austria
- Allianz Hilft, Germany

Configuration
- Allianz 1, Italy
- Agent Tablets, France

Cover
- Privatschutz, Germany
- Allie, Italy

Service
- eCliente, Spain
- myHealth, AWC

Innovation
- Connected Telematics
- Mobile & Digital Risk
With our strong capabilities, we benefit from emerging revenue pools

- **Connected car/telematics**: Eleven Allianz entities already involved in connected car ecosystems
- **Banca@Digital**: Cooperation with cooperative banks in Germany
- **Mobile devices & digital risks**: Clare (mobile phone insurance) with new sales model in Germany, Initiative in India in 2016
- **Connected home & health**: Allianz/Panasonic smart home, Allianz/Philips health program
- **Sharing economy**: Major car sharing players already partnering with Allianz, e.g., Drivy, SnappCar, DriveNow
- **Robo advice**: Pilot with AllianzGI

Bubble size = size of market in EUR bn by 2020
Leverage **digital and big data** for better pricing, u/w & claims management through advanced analytics

Foster **SME and mid-corp excellence** & growth

Improve **broker productivity** and quality management, both at global and local level

Attract and develop the **best technical talent** and push cross-functional collaboration (e.g., smart circle)

---

**Ambition 2018**

- CR ≤ 94%
- Highest satisfaction scores from intermediaries and clients for competence, service and integrity

**Axel Theis**

to present more details today
### Pulling further levers for P/C Technical Excellence

<table>
<thead>
<tr>
<th>Level</th>
<th>Sub-industry scoring</th>
<th>Advanced risk &amp; credit modeling</th>
<th>Micro-zoning, geo-localization</th>
<th>Price to market execution</th>
<th>Data based fraud management</th>
<th>“Real time” loss trend analytics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>SME</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Mid-corp</td>
<td>✓</td>
<td>✓ ✓</td>
<td>✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓</td>
</tr>
<tr>
<td>Large-corp and specialties</td>
<td>✓</td>
<td>✓ ✓</td>
<td>done</td>
<td></td>
<td>(−)</td>
<td>✓</td>
</tr>
</tbody>
</table>

- **Superior event modeling**
- **Accumulation control**
- **AP/TP\(^1\) management**
- **Retention/margin optimization**
- **Digital fraud detection tool**
  - Claims
  - Underwriting
- **Reflects impact of technology and technical trends**

---

1. Actual price/technical price

---

© Allianz SE 2015
A. Renewal Agenda – bringing skills to scale

Technical excellence – Life/Health: achieve superior margins through changing our new business mix and actively managing our in-force business

**Hedgeable guarantees**
- Rapidly move into truly capital efficient products with alternative guarantees

**Capital-light products**
- Strongly grow in retail and wholesale with modern capital-light products

**Protection & health**
- Improve margin through change in business mix

### New business

### In-force management

**Back books**
- Actively manage in-force business and back-books

**ALM**
- Outperform in risk-adjusted investment management

**Crediting**
- Conscious discipline on recurring vs. terminal bonus and crediting levels

**Repricing**
- Active use of existing management levers to adjust profitability

### Ambition 2018

- Increase NBM from 1.9%\(^1\) to ≥ 3%
- Each OE ≥ 10% RoE
- Significant reduction of interest sensitivity and capital intensity
- Accelerate growth and value creation from capital efficient products as well as protection & health

---

1) 12M 2014 based on year-end assumptions

Maximilian Zimmerer to present more details today
Systematically exploit sources of profitable growth across regions, business segments and channels

<table>
<thead>
<tr>
<th>Region</th>
<th>P/C</th>
<th>L/H</th>
<th>AM</th>
<th>Services/health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>Consolidate for leadership and scale</td>
<td>Focus on capital light products</td>
<td>Achieve synergies with Life</td>
<td>Expand footprint in services</td>
</tr>
<tr>
<td></td>
<td>Regional platform in CEE</td>
<td>Develop Bancassurance partnerships</td>
<td></td>
<td>Bundle insurance products and</td>
</tr>
<tr>
<td></td>
<td>Grow Direct</td>
<td></td>
<td></td>
<td>assistance services</td>
</tr>
<tr>
<td>US</td>
<td>Focus on strong specialty positions</td>
<td>Expand in retirement opportunity</td>
<td>Grow alternatives, income</td>
<td>Capture growth opportunities in</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Health</td>
</tr>
<tr>
<td>Asia-Pacific &amp;</td>
<td>Scale up disruptive digital models</td>
<td>Focus on capital-light products</td>
<td>Scale up strong foundations</td>
<td>Leverage global AM expertise into</td>
</tr>
<tr>
<td>LatAM/Africa</td>
<td>Build regional platforms &amp; partnerships</td>
<td>Develop new distribution partnerships</td>
<td>(e.g., Greater China)</td>
<td>local markets</td>
</tr>
<tr>
<td>Global lines</td>
<td>Reinforce strong collaboration to provide joint solutions</td>
<td>Roll-out global key product innovations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Ambition 2018**

EPS CAGR 5%
Allianz in Asia: New joint venture with Baidu and Hillhouse well positioned to capture opportunities in Chinese digital insurance market

Digital insurance in China is a large opportunity

- **> EUR 100bn**
  Annual digital insurance GWP (2020)

- **~ 40% CAGR**
  Projected growth for digital insurance in next 5 years

- **> 90%**
  Access to >90% of China’s internet users

- **Application for nation-wide digital insurance license coverage**
- **Focus on P/C protection**
- **Insurance product innovation and modular architecture**
- **First-in-class insurance-related analytics (e.g., pricing, risk) and customer insights based on big data**

- **No.1 in insurance**
- **No.1 in assistance services**
- **Top 5 in asset management**
- **125 years of track record**

- **Leading PE firm in Asia with EUR ~16bn AUM**
- **Portfolio covers 10+ industries**
- **Investments in multiple digital platforms**
- **Insights in Chinese market and local regulation**

- **Ambition: Expansion of further partnerships in South-East Asia**
Inclusive Meritocracy: reinforce a culture where both people and performance matter

Leadership as a profession: local leaders must contribute to leveraging local and global scale

- Strengthen cultural foundation for the Renewal Agenda through **four common people attributes worldwide**: collaborative leadership, excellence with customers and markets, entrepreneurship, “being most trusted” (integrity!)
- Introduce “people letter” to systematically integrate cultural change into performance management, equally weighting “what” & “how”
- Scale up **leadership standards** and **skill building** along the value chain – eliminate silo-thinking, enforce customer centricity and entrepreneurship
- Bring **top leaders** from our strongest businesses into the center while bringing functional experts from the Holding into the markets, strengthen cultural diversity

**Ambition 2018**

- Full implementation of new leadership incentive model
- Further improve IMIX\(^1\) from 68% to 72%
- Establish at least two women per local Management Board (flagships\(^2\)); min. of 40% women in all talent pools
- Increase cultural diversity in senior management

---

1) The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards incorporating our renewed leadership principles as observed in AES
2) Germany, Italy, France, Switzerland, Austria, Benelux, Turkey, Spain, UK, US, Australia
Reinforcing the motivation and productivity of our people

The Renewal Agenda implies significant change for our people

- Focus on customer centricity
- Embrace digital opportunities
- Higher agility & flexibility
- Real productivity gains – continuously

We will support our staff systematically to master the journey

- **Strengthened internal communication:** clear, direct, consistent and modern
- **Frontline empowerment:** reduced layers and co-creation of services, processes and technology, esp. with client facing staff
- **Strategic workforce planning:** resource evolution to be transparent and detailed for midterm implementation
- **Investment in skills & motivation**
### Successful execution supported by three pillars

<table>
<thead>
<tr>
<th>1</th>
<th>New “horizontal“ change process</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Mobilization of entire global senior leadership team</td>
<td></td>
</tr>
<tr>
<td>- Team at the top: each Board Member sponsor of one Renewal Agenda lever</td>
<td></td>
</tr>
<tr>
<td>- Solution development by “tribes” of CEOs and experts in agile process</td>
<td></td>
</tr>
<tr>
<td>- Intensive dialogues in multiple-stakeholder approach</td>
<td></td>
</tr>
<tr>
<td>- Outward orientation: market experts and practitioners in driving seat, focus on relentless benchmarking, beating competition – not plans</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2</th>
<th>Organizational model redesigned to capture benefits of skill and scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Push for strong convergence of business models and execution globally</td>
<td></td>
</tr>
<tr>
<td>- Core skills</td>
<td></td>
</tr>
<tr>
<td>- Products/services</td>
<td></td>
</tr>
<tr>
<td>- Tools &amp; technology</td>
<td></td>
</tr>
<tr>
<td>- Leadership quality</td>
<td></td>
</tr>
<tr>
<td>- Aligned incentives: delivering Group value beyond local business requirement for career success</td>
<td></td>
</tr>
<tr>
<td>- People letter: “What” &amp; “How” both as key steering component, full reflection of Renewal Agenda</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3</th>
<th>Strengthen agility of corporate center</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increase share of leaders with proven local business track record as Group Center heads</td>
<td></td>
</tr>
<tr>
<td>- Streamlining of Holding functions, focus on Renewal Agenda implementation</td>
<td></td>
</tr>
<tr>
<td>- Focus on customer and market success, not just controlling – incentives adjusted</td>
<td></td>
</tr>
</tbody>
</table>
New “horizontal” change process mobilizing leaders and employees

Evaluation of Allianz global executive event
(Top ~250 managers, average, scale: 1=worst; 10=best)

Stronger strategy focus
AES: strategic orientation (Allianz SE), in %

Strong endorsement & intensive discussion of Renewal Agenda

March 2012  8.4
March 2013  8.9
March 2014  8.7
March 2015  8.9
Sept 2015  9.6

Max = 10
A. Renewal Agenda – bringing skills to scale

Disciplined thought, disciplined action

1. Competitive context
2. Taking stock
3. Renewal Agenda
4. Ambitions for 2018

Renewal Agenda impact
Achieving stronger performance & health
Ambitious and balanced aspirations for 2018 (in %)

**Performance**
- **RoE**: 13%
- **EPS**: 5
  - CAGR 2016-2018

**Health**
- **NPS**: 75
  - better than market
- **IMIX**: 72

1) Excluding unrealized gains/losses on bonds
Our Renewal Agenda will reinforce Allianz leadership position

**Content**

- **True Customer Centricity**
  - Superior customer experience
  - 75% of our businesses aim to be Loyalty Leader or above market

- **Digital by Default**
  - Expand our common group platforms
  - Achieve productivity gains to finance our digital transformation

- **Technical Excellence**
  - Rigorous management of underperforming portfolios
  - In-force management and a strong move into capital-light products

- **Growth Engines**
  - Consolidate leadership in mature markets
  - Reinforce our presence in growth markets

- **Inclusive Meritocracy**
  - Reinforce a culture where people and performance matter
  - Strengthen leadership bench and employee engagement

**Impact**

- **Accelerated customer retention, growth and margins**
- **Globalization of new digital products and processes**
- **EUR 1bn of recurring productivity gains by 2018**
- **Ambitious financial targets:**
  - P/C CR ≤ 94%
  - L/H RoE ≥ 10% for each OE; NBM ≥ 3%
- **Improve margins and scale**
- **Fortify growth**
- **Secure our future potential**
- **Faster, more successful change execution**
Today’s presentations

True Customer Centricity
Sergio Balbinot

PIMCO update
Douglas Hodge

Technical Excellence in P/C
Axel Theis

Life business in low yield environment
Maximilian Zimmerer

Value creation
Dieter Wemmer

Digital by Default

Key topic at CMD mid 2016
True Customer Centricity

Sergio Balbinot
Member of the Board of Management
Allianz SE

Munich, November 24, 2015
B. True Customer Centricity

True Customer Centricity (TCC) means …

…to delight our customers by delivering superior value with an excellent and caring customer experience.
How will the customer experience at Allianz look like?

- Easy & convenient
- Relevant
- Trustworthy
Net Promoter Score (NPS\(^1\)) is our core measure for customer centricity

NPS is broadly established in Allianz and we see correlation of NPS performance to growth

Customer growth (yoy, straight avg. of OEs by category)

- **Loyalty leader/above market**: 3 - 4%
- **At/below market**: 1 - 1.5%

% of businesses\(^2\) (2014)

- **3x**: 47
- **1.1%**: 53

---

1) NPS is based on the question: on a scale 0-10, how likely is it that you would recommend our company to a friend or colleague?
   To calculate the NPS we deduct the detractors (scale 0-6) from the promoters (scale 9 and 10)

2) Excluding Global Lines, Russia, USA P/C
We learned from our successful entities

From …

NPS as occasional target with low bonus relevance

Touchpoint focus and process improvement

Complex, paper based products

Sales focus

Incremental change

Local solutions and fragmented brands

… to

1. NPS as broadly established target with economic impact and bonus relevance

2. Customer journey focus and culture transformation

3. Modular, digital products

4. Customer needs focus

5. Reengineered business models with fully embedded assistance services

6. Global scale up under strong Allianz brand

B. True Customer Centricity
NPS as broadly established target with economic impact and bonus relevance

Operating entities: plans on implementing True Customer Centricity & NPS development

Mid-term bonus letters: OE plans anchored in individual target letters and cascaded down

- Holding board: Group NPS target/regional NPS targets
- Local CEOs: Local business NPS targets
- Local boards & management: Contribution to local business NPS target

Further cascading via annual target letters
Customer experience (CX) management improves customer satisfaction along customer journeys - not just individual touchpoints

Understanding NPS drivers

Target CX measurement system

Top-down NPS
- Allianz Health
- Allianz Motor
- Allianz Property
- Allianz Life

Top business drivers
- Brand
- Product
- Price
- Service experience

Customer journeys experience
- Sales & onboarding
- Issue resolution
- Claims
- Renewal

Operational KPIs
- 1st response quality
- 1st response wait time
- ...

Implementing customer centric solutions
Example: motor MOD claims journey

From ...
- Customers reaching out
- Multiple sources
- Inconsistent information

... to
- Allianz proactively reaching out
- Single source
- Consistent information

Bottom-up claims NPS: control group vs. pilot
- Control group: 45
- Pilot: 66

+47%
Scaling up of customer experience management under way

After nine months: momentum established and solid foundation built

More than **33** out of **150** customer journeys re-engineered end to end

Over **22mn** out of **82mn** customer experiences addressed

Over **400** improvement measures developed and **50** already implemented

First improvements of **digital channels** and **phone** services already launched

Example: P/C claims

**From ...**
- Limited transparency on next steps
- Letter as primary channel
- Status inquiries via phone

**... to**
- Expectation management e.g. SMS status info
- Phone as primary channel
- Explain decisions upfront via phone

Bottom-up claims NPS: control group vs. pilot

<table>
<thead>
<tr>
<th></th>
<th>Control group</th>
<th>Pilot</th>
</tr>
</thead>
<tbody>
<tr>
<td>NPS</td>
<td>30</td>
<td>60</td>
</tr>
</tbody>
</table>

Outlook: 2 journeys optimized per OE by 2016
Fast Quote solutions simplify the information and purchase process leading to better sales NPS and higher sales conversion

Easy, convenient and transparent solutions

Highlights motor Fast Quote
- 2 basic customer data points only
- Max. 10 seconds to quote
- Conversion via agents

Impact 2015 YTD
- 1.5mn online quotes
- 500k convertible¹
- 54k policies sold

Bottom-up sales NPS motor Fast Quote 2012 vs. 2014

1) Existing policies expiring within 60 days
Fast Quote solutions are already deployed in 15 countries and further roll-out is part of True Customer Centricity

2014
Motor, health, home
YTD 2015:
- 8mn visits on Fast Quote
- 54k online-initiated new business policies
- 9.7% of new motor business originated online
- By end of 2015 Fast Quote available for four Allianz branded products

2015
Pilot of Fast Quote in a broker market (motor)
Pilot results:
- 3 times higher conversion vs. standard quote used on aggregators
- Cross-selling ratio 33%

2016 – 2018
Latest launch testing customer centric design
"I am _ years old, my car was built in _, has _ horse power and is registered under _"
After three months:
- 450k visits on Fast Quote
- 148k quotes
- 1.9k leads to agents
- 750 policies sold

Outlook:
Fast Quote for min. 2 main products per OE

1) Fast Quote solutions already implemented in Italy, France, Germany, Hungary, Czech Republic, Australia, Taiwan, South Korea, Poland, Croatia, Slovakia, Turkey, Netherlands, Belgium, Austria
2) On top two Fast Quote products available via Allsecur
The next evolution will be Fast Quote combined with modular offers

**Protect your family**
- Three basic customer data points only
- Max. 30 seconds to quote
- 13 cross-LoB modules available

**Impact 2015 YTD**
- 1.1mn quotes
- 26k units sold
- 60% of Allianz1 new business originated online
- Bottom-up NPS: 55%

**Protect your business**
- Launched in November
- Three basic customer data points only
- Fast quotation in less than 10 seconds
- From 80 covers to 9 modules

Outlook:
- Local adaptation of solution and pilot in 2-4 additional countries

Note: Allianz Germany also offers modular offer with immediate price indication (Privatschutz); modules cover household, accident, liability, legal protection and residential building insurance
Allianz global service entities as differentiator, creating value for customers

- **Assistance market leader**: EUR 2.65bn turnover
- **Global presence**: 66 countries, 58 languages, 5,519 medical providers
- **Helping 67mn people**: 3 calls per second + 1 case every 2 seconds
- **B2B & partnerships**: Car manufacturers, insurers/banks, travel agents, etc.

**Outlook:** assistance services included for all major product lines by 2018

- **Assistance included in insurance offer**
- **Stand-alone assistance offers**

**Bottom-up claims NPS:** regular claims vs. claims with assistance service in %-p

- Claims w/o assistance
- Claims incl. assistance

+20%

Note: data as per year end 2014
6. Allianz brand is a strong asset creating value but also impacting NPS …

**2000:**
36% of total revenues Allianz branded

**2014:**
83% of total revenues Allianz branded

**Outlook:**
Repositioning of Allianz brand to boost brand perception and NPS

**Interbrand rank and value**
(in rank and USD bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rank</th>
<th>Value (USD bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>81</td>
<td>3.8</td>
</tr>
<tr>
<td>2015</td>
<td>54</td>
<td>8.5 +124%</td>
</tr>
</tbody>
</table>
... and new positioning of brand will further boost impact

Local adaptation of “Dare to” concept (AZ Belgium):
Impact on sympathy (scores 1-5 with 1 low and 5 high sympathy)

<table>
<thead>
<tr>
<th>Financial service benchmark</th>
<th>New Allianz campaign</th>
</tr>
</thead>
</table>
| 3.8                        | 4.5                   | +18%
True Customer Centricity ambition 2018: step up NPS performance of each OE

Stretching each OE’s NPS level increases customer growth

Ambition 2018

Step-change global NPS performance by 2018 with 75% of our businesses above market or at loyalty leadership (+28%-p from 2014)

Our flagships\(^2\) will improve even more (+35%-p from 2014). Business plans confirm that 80% of flagship businesses will be above market or at loyalty leadership by 2018

In % of businesses\(^1\)

<table>
<thead>
<tr>
<th>Loyalty leader/above market</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>47%</td>
<td></td>
<td>75%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>At market/below market</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>53%</td>
<td></td>
<td>25%</td>
</tr>
</tbody>
</table>

This translates into an ambition of 5mn additional customers and EUR 6.5bn additional total revenues

1) Allianz branded business excluding Global Lines, Russia, USA P/C
2) Germany, Italy, France, Switzerland, Austria, Benelux, UK, Turkey, Spain, USA, Australia
Glossary

**NPS: Net Promoter Score**  
Measurement of customer loyalty based on the question:  
"On a scale from 0 to 10, how likely is it that you would recommend our company to a friend or colleague?"  
NPS = (% of promoters) – (% of detractors)  
whereby promoters scored 9 or 10 and detractors scored 0 to 6

**Top-down Net Promoter Score**  
Annual measurement on company level in comparison to competitors

**Bottom-up Net Promoter Score**  
Measured directly after customer interaction at pre-defined touchpoints

**Businesses**  
Operating entities at segment level (Life, Health, P/C), unweighted, excluding Global Lines, Russia and USA P/C for monoliners second level segment considered (e.g. UK personal, commercial)

**Fast Quote**  
Initial price point given via any online medium for an offer that is calculated based on a limited number of customer data inputs. The number of data points requested is often significantly lower than for competitor offers (typically between 2 and 7) or quote can be obtained in less than 60 seconds
1 PIMCO – a strong platform
2 Strategic priorities
PIMCO at a glance

Key data 3Q 2015
- Total AuM (EUR bn): 1,319
- 3rd party AuM (EUR bn): 985
- Operating profit 3Q 2015 (EUR mn): 500
- CIR: 58.6%
- 3 yr investment outperformance: 77%
- Investment professionals: 750+

Key characteristics
- Mission: “To preserve and enhance our clients’ assets with the highest-quality investment management service”
- Client interests always come first
- Focus on excellent risk-adjusted performance
- Seek to provide the highest quality client service in the industry
- Strong and truly global platform with performance and growth oriented culture
- Focus on active and smart-passive strategies

Third-party AuM by region
- Americas: 65%
- Asia-Pacific: 12%
- Europe: 23%

Investment professionals by region
- Americas: 64%
- Asia-Pacific: 10%
- Europe: 27%

1) As of 31 October 2015
2) End of 3Q 2015
The global asset management market

Key industry data

- Global AuM expected to reach over EUR 75trn by 2020

Market and industry trends

- Growth primarily driven by individual retirement plans and increase of mass affluent and HNW individuals in emerging markets
- Rapidly growing pensioner and baby boomer numbers will continue to fuel demand for fixed income assets driven by their need for income and capital preservation
- Continued low interest rate environment fueling interest in higher-return seeking strategies
- Evolving client segments and needs
- Ongoing changes in distribution models
- Increasingly global business models
- Evolving digital capabilities
- Changes in regulatory landscape

Global AuM\(^1\) (EUR trn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Passive</th>
<th>Active</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>27.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>40.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>48.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020e</td>
<td>77.0</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

AuM (EUR bn) and CIR (%) 2015\(^2\)

<table>
<thead>
<tr>
<th>Company</th>
<th>Passive</th>
<th>Active</th>
<th>CIR (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blackrock</td>
<td>4,095</td>
<td></td>
<td>58.0</td>
</tr>
<tr>
<td>PIMCO</td>
<td>1,319</td>
<td></td>
<td>58.6</td>
</tr>
<tr>
<td>Franklin</td>
<td>701</td>
<td></td>
<td>61.7</td>
</tr>
<tr>
<td>T. Rowe</td>
<td>679</td>
<td></td>
<td>56.3</td>
</tr>
<tr>
<td>Legg Mason</td>
<td>672</td>
<td></td>
<td>76.0</td>
</tr>
</tbody>
</table>

1) Source: PWC; numbers FX adjusted using year end exchange rates (2012 year end USD/EUR exchange rate applied to 2020 estimates)
2) As of 3Q 2015; sources: company reports
Governance structure has been fully institutionalized

**Business management**
- Chief Executive Officer: Douglas Hodge
- President: Jay Jacobs
  - Americas
  - EMEA
  - Asia-Pacific
  - Product management
  - Marketing
  - Business management functions, e.g. enterprise risk management

**Portfolio management**
- Group CIO: Dan Ivascyn
  - 24 years
  - Morningstar 2013 Fixed-Income Fund Manager of the Year
- CIO – Global Fixed Income: Andrew Balls
  - 17 years
- CIO – Global Credit: Mark Kiesel
  - 23 years
  - Morningstar 2012 Fixed-Income Fund Manager of the Year
- CIO – U.S. Core Strategies: Scott Mather
  - 21 years
- CIO – Non-Traditional Strategies: Marc Seidner
  - 28 years
- CIO – Real Return & Asset Allocation: Mihir Worah
  - 14 years

**Investment experience**

As of 31 October 2015
Allianz and PIMCO form a mutually beneficial partnership

Allianz: allocates majority of assets to PIMCO¹

PIMCO: delivers superior investment return²

³ Mandates referring to investments from Allianz Lebensversicherung, Allianz Pensionskasse, Deutsche Lebensversicherung, Allianz Private Krankenversicherung, AGCS, Allianz Versorgungskasse, Allianz Versicherung

1) Shares in AuM; as of end of 3Q 2015
2) As of end of 3Q 2015
3) Scope: Allianz Life U.S., in total representing > EUR 60bn AuM

EUR 631bn
Structured investment process

Secular Forum: 3 to 5 year outlook

Cyclical Forum
6 to 12 month outlook

Portfolios

External advisors¹

Investment Committee

Portfolio manager

day-to-day investment management

1) External advisors include:
- Ben Bernanke, Senior Advisor; former Chairman of the Federal Reserve 2006 – 2014
- Gene Sperling, Global Economic Advisor; former Director of the National Economic Council and assistant to two Presidents for economic policy
- Michael Spence, consultant on macroeconomic and global policy issues; laureate of the 2001 Nobel Memorial Prize in economic sciences
Excellent investment performance

Lipper Best-In-Class Fund Awards 2013 & 2014

Lipper best fund over 3 and 5 year Award Income Fund, 2015


Best Large F/I House Award Morningstar, 5 European countries and Singapore & Hong Kong, 2015

Morningstar F/I Manager of the Year Mark Kiesel, 2012

Morningstar F/I Manager of the Year Dan Ivascyn & Alfred Murata, 2013

Fund Manager of the Year Australian Morningstar Award Fixed Interest Category 2015

Investment outperformance through October 2015¹

<table>
<thead>
<tr>
<th></th>
<th>3 year</th>
<th>5 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lipper</td>
<td>77%</td>
<td>85%</td>
</tr>
</tbody>
</table>

¹ Preliminary figures as of 31 October 2015: percentage of 3rd party AuM beating its benchmark on a trailing 3 year / 5 year basis before fees
Ongoing stabilization and substantial reduction in 3rd party net outflows …

Recent trends

- Significant reduction of outflows over the last quarters, with 3Q 2015 posting the lowest quarterly outflows since taper tantrum in May 2013
- Outflows predominantly focused in the U.S. within traditional fixed income products
- Net inflows in October 2015 show further signs of stabilization
- 7 offices saw positive YTD flows including Asia-Pacific, Canada and Latin America businesses
- Income fund reached USD 51bn in AuM in October and posted 2nd highest YTD flows among its active U.S. peers
… with growth in key geographies and product categories

Top YTD net inflows by region\(^1\)
(USD bn)

<table>
<thead>
<tr>
<th>Region</th>
<th>Net Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia-Pacific</td>
<td>4.2</td>
</tr>
<tr>
<td>LatAm</td>
<td>2.0</td>
</tr>
<tr>
<td>Canada</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Top YTD net inflows by strategy\(^1\)
(USD bn)

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Net Inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>15.8</td>
</tr>
<tr>
<td>IG credit</td>
<td>9.6</td>
</tr>
<tr>
<td>Enhanced equity</td>
<td>5.3</td>
</tr>
<tr>
<td>High yield/bank loans</td>
<td>2.0</td>
</tr>
</tbody>
</table>

\(^1\) As of 31 October 2015; preliminary figures based on 3rd party net flows
1 PIMCO – a strong platform
2 Strategic priorities
PIMCO’s business is more diversified

C. PIMCO update

3rd party AuM\(^1\)

- Asset allocation
- Alternatives
- Credit
- Equities
- Income
- Other fixed income
- Traditional fixed income

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset allocation</th>
<th>Alternatives</th>
<th>Credit</th>
<th>Equities</th>
<th>Income</th>
<th>Other fixed income</th>
<th>Traditional fixed income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>50%</td>
<td>3%</td>
<td>1%</td>
<td>40%</td>
<td>2%</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>3Q 2015</td>
<td>45%</td>
<td>2%</td>
<td>19%</td>
<td>39%</td>
<td>10%</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Revenue split\(^2\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Asset allocation</th>
<th>Alternatives</th>
<th>Credit</th>
<th>Equities</th>
<th>Income</th>
<th>Other fixed income</th>
<th>Traditional fixed income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>40%</td>
<td>6%</td>
<td>11%</td>
<td>14%</td>
<td>15%</td>
<td>3%</td>
<td>10%</td>
</tr>
<tr>
<td>2015e</td>
<td>45%</td>
<td>2%</td>
<td>15%</td>
<td>29%</td>
<td>18%</td>
<td>10%</td>
<td>3%</td>
</tr>
</tbody>
</table>

1) As of 3Q 2015 based on 3rd party AuM; strategy classification might have changed over time
2) Based on 2015 year end estimates and total AuM; 2008 revenue split: asset allocation included in other fixed income
Achieving growth by responding to client demand

Income strategies
- Highly competitive performance
- Strong demand from clients seeking retirement income

Credit
- Strong interest in credit based strategies from clients seeking higher yielding strategies
- Broad set of global offerings covering investment grade credit, high yield, credit absolute return, bank loans and capital securities

Alternatives
- Meet increasing investor demand for absolute return solutions
- Diversified product offerings include distressed credit, opportunistic real estate and hedge funds

AuM by strategy (EUR bn)¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Income</th>
<th>Credit</th>
<th>Alternatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>42</td>
<td>167</td>
<td>14</td>
</tr>
<tr>
<td>2014</td>
<td>65</td>
<td>185</td>
<td>16</td>
</tr>
<tr>
<td>October 2015</td>
<td>86</td>
<td>195</td>
<td>18</td>
</tr>
</tbody>
</table>

¹ As of 31 October 2015; based on 3rd party AuM
## Attractive growth opportunities

<table>
<thead>
<tr>
<th>Theme</th>
<th>PIMCO focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement demographics and generally low yields support secular demand for income-solutions</td>
<td>Income, credit</td>
</tr>
<tr>
<td>Extended period of low yields and elevated valuations drive continued interest in alternatives</td>
<td>Alternatives</td>
</tr>
<tr>
<td>Emerging middle class in developing countries and increasing importance of the individual investor in developed markets will lead to wealth management opportunities</td>
<td>Global distribution</td>
</tr>
<tr>
<td>Embedded advice and outcome-oriented strategies continue as themes for individual investors seeking simplification</td>
<td>Asset allocation / solutions</td>
</tr>
<tr>
<td>Desire to outperform traditional betas continues to fuel “smart beta” strategies</td>
<td>Enhanced equity</td>
</tr>
</tbody>
</table>
Attractive growth opportunities – regional examples

Canada
- Build upon strong momentum in Canadian market and launch dedicated products
- Continued investment in and support for retail and institutional client relationship coverage
- Position alternative strategies with institutional client base

Latin America
- Strengthen presence in Brazil and Miami to better service clients and increase business development
- Focus on official institutions, pension funds and family offices to expand institutional business
- Capture opportunities from ongoing de-regulation allowing institutions and individuals to invest abroad

Asia-Pacific
- Increase coverage of private wealth channels in Asia ex-Japan
- Focus on transitioning Japanese investors from bank deposits to investment solutions
- Execute on China growth opportunity
- Position alternatives

---

1) As of 31 October 2015, includes 3rd party and Allianz assets
PIMCO: strong position in Asia to capitalize on secular growth opportunity

Historical Asia (ex-Japan) AuM growth
(EUR bn)

- 2010: 27
- 2015: 41

Current AuM snapshot (EUR bn)

- 2012: 21.8
- 2013: 26.4
- 2014: 38.9
- 2019e: 61.7

Projection for Asia-Pacific (ex-Japan) private financial wealth
(EUR trn)

- 2012: 21.8
- 2013: 26.4
- 2014: 38.9
- 2019e: 61.7

CAGR:
- Historical Asia (ex-Japan): 9%
- Current AuM snapshot: 10%

1) As of 31 December 2010 and 31 October 2015
2) GWM = global wealth management
3) Source: BCG; numbers FX adjusted using year end figures (2014 year end FX applied to 2019 estimates)
Renewed focus and realignment of resources to enable growth

Investing in enablers of growth …

- Global distribution infrastructure
- Brand
- Culture and talent management

… and realigning resources to execute on opportunities

- Tilting resources towards
  - global markets
  - broadening set of investment solutions
  - serving the individual investor
- Executing on revised equity strategy
- Actively managing CIR
The multi-year transition to a stronger firm and future

Succession and leadership transition

External / internal stability

Realignment / renewal and growth

It is not the strongest or the most intelligent who will survive, but those who can best manage change.

Charles Darwin
Technical Excellence in P/C

Axel Theis
Member of the Board of Management
Allianz SE

Munich, November 24, 2015
External changes require focus on P/C excellence

Environmental change and challenges for P/C business … … require Allianz to take actions to …

- Financial environment … replace shrinking investment results by stronger u/w results

- Customer behavior & technology … expand other offerings (e.g. commercial book) to compensate for the shrinking motor book

- Underlying market shifts … invest into the right technology and capabilities to improve u/w and pricing capabilities and customer experience
To keep our promise to shareholders, growth and underwriting result need to compensate for falling investment income in P/C\(^1\)

<table>
<thead>
<tr>
<th>Time</th>
<th>Operating profit (EUR bn)</th>
<th>Underwriting and other</th>
<th>Investment result</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5.4</td>
<td>2.3</td>
<td>3.1</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Illustrative only
Technical Excellence as the guiding principle

What are the guiding principles of Technical Excellence in P/C?

- Growth and margin are equally important
- Good technical skills will support profitable growth
- Transparent and fact-based business decisions enable investments into defined growth areas, customer segments and distribution channels
- Customer needs are an integral part: account pricing, Fast Quote, use of external/proxy data etc.
- Technical Excellence is not a static view. Based on a clear economic perspective, we manage portfolios and customer accounts through the market cycle
Challenges in 2014

Underperforming portfolios
- 52 underperforming portfolios identified in 2014
- These portfolios produced an u/w result of EUR -202mn

Loss leaders
- FFIC: CR 120.0%
- LatAm: CR 116.1%, driven by Brazil performance
- Russia: CR 141.6%
- FFIC, Russia and Brazil: combined operating loss of EUR -524mn

Pressure on motor portfolios
- Increasing pressure is seen on motor pricing in several markets
- UK and Ireland motor markets impacted significantly by the market dynamics

Actions in 2015

- Discontinuation of unprofitable products
- Portfolio cleansing
- Introduction of new products
- Claims process optimization

- FFIC integration: significant progress made in 2015
- Russia: repositioning with a clear and targeted focus on corporate P/C and employee benefit solutions
- Brazil: developed a holistic Technical Excellence action plan to achieve profitability in motor retail

- Motor pricing actions taken to tackle underperforming portfolios in the UK and Ireland
- Repricing/pricing increases
- Improvements in technical pricing
<table>
<thead>
<tr>
<th></th>
<th>Technical Excellence: “Must have” initiatives for 2016 (Wave 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Technical Price System</td>
</tr>
<tr>
<td>2</td>
<td>Smart Circle</td>
</tr>
<tr>
<td>3</td>
<td>Enhanced u/w portfolio management</td>
</tr>
<tr>
<td>4</td>
<td>Gross u/w culture</td>
</tr>
<tr>
<td>5</td>
<td>Decoupled pricing engines</td>
</tr>
<tr>
<td>6</td>
<td>Strategic people plans</td>
</tr>
</tbody>
</table>

Additional Wave 2 initiatives identified focusing on mid-corp, claims and advanced retail pricing.
Example: AGCS North America – FFIC integration shows strong turn-around potential

- Integration well on track
- YTD results show acceleration of net synergies
- 79% FTE synergies achieved as of August 2015
- Full year impact of FTE synergies first to be realized in 2016
- IT costs reduced by both synergies and savings
- Real estate synergy to be reflected starting from 2016
Example: San Francisco Re is a key part of newly established Allianz Resolution Management (ARM)

- San Francisco Re mandated to be carrier for U.S. based run-off business of Allianz Group as part of ARM

Key targets
- Finalize consolidation of U.S. run-off portfolios (AGCS US and former FFIC)
- Implement efficiency measures (IT, relocations, …)
- Start consolidation of non-U.S. portfolios

Operational set-up established
1st run-off portfolios transferred
Part of Allianz Re from a management point of view
FTEs: ~150
Total reserves USD 2.2bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Asbestos, pollution and other health hazards</th>
<th>Workers’ compensation</th>
<th>Construction defects</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>43%</td>
<td>47%</td>
<td>10%</td>
</tr>
<tr>
<td>2015</td>
<td>43%</td>
<td>47%</td>
<td>10%</td>
</tr>
<tr>
<td>2016</td>
<td>43%</td>
<td>47%</td>
<td>10%</td>
</tr>
</tbody>
</table>

1) 9M 2015
Example: motor action
Technical Excellence supports profitable growth in our portfolio

Actions taken
- Technical pricing systems established
- More granular pricing by moving from zip code to micro-zoning
- Granular discount system allows targeted growth in profitable segments
- Implementation of new motor tariffs, utilizing experience gained across the Group
- Daily pricing and u/w capabilities utilized where necessary

1) In-scope OEs only
Example: Allianz Spain - motor retail

Allianz Spain with consistently better performance than market

**Simple product design ...**
- One motor product offering
- Customer can then select from 6 different product packages

**Advanced underlying technique ...**
- Superb risk selection
  - Granular segmentation for new business
  - Elasticity analysis on price sensitivity for renewals
- Advanced IT system
  - Pricing engine decoupled completely

... lowers the expense ratio
- Low administration cost
- Efficient and easier claims handling

... leads to price optimization
- Price differentiation between new business and renewal
- Tailored market campaigns by customer segment
- Real-time pricing possible
- Price optimization project in 2015

![Market share and CR comparison chart](chart.png)

Source Allianz Spain
Example: Direct is one of the innovative growth engines in retail

- More than 5mn policies
- CR < 100\(^\text{1}\)
- 24\% of new motor policies in 2014 are Direct underwritten\(^\text{2}\)

Action to achieve ambition

- Enhanced technical pricing to support profitable growth
- New and innovative products, e.g. telematics
- Geographic expansion
- Leverage digitalization with analytical skills to optimize customer experience

---

1) Except UK  
2) In selected key markets (DE, IT, ES, FR, UK, AU, NL)
RoRC: almost 60% of our NPE are in the right corner…

<table>
<thead>
<tr>
<th>% NPE; 6M change yoy</th>
<th>Combined ratio AY</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 98%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>98% - 95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 95%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RoRC

P/C = \[ \frac{(NPE - expenses - ultimate claims + risk free return)}{(1 - tax rate)} \times \text{Present value of risk capital} \]

<table>
<thead>
<tr>
<th>RoRC P/C</th>
<th>NPE</th>
<th>Expenses</th>
<th>Ultimate claims</th>
<th>Risk free return</th>
<th>PV risk capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; 20%</td>
<td>0%</td>
<td>6%</td>
<td>56% (+13%-p)</td>
<td>63% (+0%-p)</td>
<td></td>
</tr>
<tr>
<td>10% - 20%</td>
<td>11%</td>
<td>0%</td>
<td>4% (+0%-p)</td>
<td>15% (-1%-p)</td>
<td></td>
</tr>
<tr>
<td>&lt; 10%</td>
<td>23%</td>
<td>0%</td>
<td>0% (+0%-p)</td>
<td>23% (+3%-p)</td>
<td></td>
</tr>
</tbody>
</table>

… but significant improvement potential with more than 1/5 of NPE generating a RoRC <10% and a CR >98%

1) ‘Absolute’ % values in each matrix component represent the 6M NPE share of each profitability bucket, estimated based on the size of each business as per 12M (based on NPE of in-scope OEs). The %-p changes represent the change in the share of each profitability bucket compared to 12M 2014.
D. Technical Excellence in P/C

Our ambition

<table>
<thead>
<tr>
<th></th>
<th>Negative market¹</th>
<th>Positive market¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Result²</td>
<td>&lt;</td>
<td>&gt;</td>
</tr>
<tr>
<td>Share of loss</td>
<td>&lt; MS³</td>
<td>&gt; MS³</td>
</tr>
<tr>
<td>Result²</td>
<td>&lt;</td>
<td>&gt;</td>
</tr>
<tr>
<td>Share of profit</td>
<td>&gt; MS³</td>
<td>&lt; MS³</td>
</tr>
</tbody>
</table>

Our share of profits exceeds our market share of premiums

Our ambition 2018

We aim to achieve a CR ≤ 94%

Key levers

- Improvements from portfolio cleansing and loss leading portfolios
- Strict implementation of Wave 1 “must-have” initiatives in 2016
- Start further development and implementation of Wave 2 initiatives

1) Market is making an underwriting profit/loss
2) OE is making an underwriting profit/loss
3) Market share

Note: Data available for 32 OEs in 2013 and 17 OEs in 2014
Source: GPC Market Database, Global P/C
Life business in low yield environment

Maximilian Zimmerer
Member of the Board of Management
Allianz SE

Munich, November 24, 2015
1 Solid starting position

2 Ambitious targets and levers
   a) New business management
   b) In-force management

3 Summary
Life remains a growth market

Demographic trends
- Ageing population

Social security systems
- Declining state pensions

Interest yields
- Lower yields worldwide

New product generation
- Reduction of guarantees (level and duration)
- Low costs
- Additional biometric risk covers

Win-win situation
Policyholders
- Participation in rising yields and equity markets
- Higher expected returns

Shareholders
- Lower capital costs
- Improved RoE

Life opportunities are plenty, demand new “smart growth” paradigm
Allianz L/H: performance continuously improved
(EUR bn)

Revenues
- **CAGR 4%**

Operating profit
- **CAGR 5%**

MCEV
- **CAGR 7%**

E. Life business in low yield environment

1) European Embedded Value
Strong buffers and resilient margins

Business in-force Allianz Group L/H

- Current yield (reserves): 4.7%\(^3\)
- Current yield (assets): 3.9%\(^1\)
- Total yield 2014: 2.4%
- Ø min. guarantee 2014: 150bp

New business

- Reinvestment yield F/I 9M 2015: ~2.5%
- Ø guarantee new business 2015: 170bp

E. Life business in low yield environment

Additional information on Allianz Leben Germany

- 0.8% break-even reinvestment yield 2Q 2015
- ~300% SII ratio without transitional rules 3Q 2015

---

1) IFRS current interest and similar income (net of interest expenses) relative to average asset base (IFRS) which excludes unit-linked, FVO and trading
2) IFRS current interest and similar income (net of interest expenses) relative to average aggregate policy reserves
3) IFRS current interest and similar income (net of interest expenses) + net harvesting and other (operating) relative to average aggregate policy reserves
4) Weighted by aggregate policy reserves
Reduced duration mismatch leads to improved risk profile …

Asset duration L/H

<table>
<thead>
<tr>
<th>Year</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.6</td>
</tr>
<tr>
<td>2013</td>
<td>7.6</td>
</tr>
<tr>
<td>2014</td>
<td>8.3</td>
</tr>
<tr>
<td>3Q 2015</td>
<td>8.9</td>
</tr>
</tbody>
</table>

SII ratio sensitivity to interest rates -50bps

<table>
<thead>
<tr>
<th>Year</th>
<th>SII ratio</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>-21%</td>
<td>-21%</td>
</tr>
<tr>
<td>3Q 2015</td>
<td>-12%</td>
<td>-12%</td>
</tr>
</tbody>
</table>

Required capital L/H bef. tax (EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>14.3</td>
</tr>
<tr>
<td>2014</td>
<td>24.3</td>
</tr>
<tr>
<td>3Q 2015</td>
<td>21.6</td>
</tr>
</tbody>
</table>

E. Life business in low yield environment
… but RoE and NBM under pressure

L/H RoE

<table>
<thead>
<tr>
<th>Year</th>
<th>RoE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>13.4%</td>
</tr>
<tr>
<td>2014</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

Reasons for lower RoE
- Net income rather stable
- Shareholders’ equity significantly up

RoE %, 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>RoE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.3%</td>
<td></td>
</tr>
<tr>
<td>7.5%</td>
<td></td>
</tr>
<tr>
<td>4.4%</td>
<td></td>
</tr>
<tr>
<td>9.9%</td>
<td></td>
</tr>
<tr>
<td>7.2%</td>
<td></td>
</tr>
<tr>
<td>7.5%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

NBM

<table>
<thead>
<tr>
<th>Year</th>
<th>New business</th>
<th>In-force business</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.0%</td>
<td>13.4%</td>
</tr>
<tr>
<td>2014</td>
<td>1.9%</td>
<td>10.1%</td>
</tr>
</tbody>
</table>

E. Life business in low yield environment

PVNBP by NBM, 9M 2015

<table>
<thead>
<tr>
<th>Interest rate</th>
<th>NBM</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤1.5%</td>
<td>37%</td>
</tr>
<tr>
<td>1.5 - 2.5%</td>
<td>32%</td>
</tr>
<tr>
<td>&gt;2.5%</td>
<td>31%</td>
</tr>
</tbody>
</table>

1) Approximation
2) Based on year-end assumptions
1 Solid starting position

2 Ambitious targets and levers
   a) New business management
   b) In-force management

3 Summary
Ambition 2018: significant improvement of RoE and NBM

- **RoE ≥10%** for each OE
- **Significant reduction of interest sensitivity**

- **NBM ≥3% or RoRC ≥15%** with min. NBM ≥0.75% per product

**E. Life business in low yield environment**

<table>
<thead>
<tr>
<th>Year</th>
<th>PVNBP by NBM, 9M 2015</th>
<th>NBM</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>37%</td>
<td>3.0%</td>
</tr>
<tr>
<td>2014</td>
<td>32%</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

**Reasons for lower RoE**
- Net income rather stable
- Shareholders’ equity significantly up

**In-force business**

- **L/H RoE**
  - 13.4%¹
  - 10.1%

**New business**

- **NBM**
  - 3.0%
  - 1.9%²

1) Approximation
2) Based on year-end assumptions
# New LoB-reporting enables efficient new business management

## New business (PVNBP)

<table>
<thead>
<tr>
<th>Product Category</th>
<th>2014</th>
<th>9M 2015</th>
<th>3Q 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection &amp; health</td>
<td>14%</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>Unit-linked w/o guarantee</td>
<td>16%</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Capital-light products</td>
<td>25%</td>
<td>22%</td>
<td>27%</td>
</tr>
<tr>
<td>Traditional guaranteed savings &amp;</td>
<td>45%</td>
<td>41%</td>
<td>36%</td>
</tr>
<tr>
<td>annuities</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Approximation**

1) New reporting for lines of business starts 1Q 2016

---

© Allianz SE 2015

**E. Life business in low yield environment**

**USA:**
- High FIA sales, i.e. BUDBI

**NBM**
- 3.0%

---

**Product shift under way …**

… but more will be done!
New business mix ambition 2018: focus on smart growth

Grow capital-light and protection products

<table>
<thead>
<tr>
<th></th>
<th>2014 Approximation</th>
<th>2018 Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection &amp; health</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td>Unit-linked w/o guarantee</td>
<td>16%</td>
<td>24%</td>
</tr>
<tr>
<td>Capital-light products</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>Traditional guaranteed savings &amp; annuities</td>
<td>45%</td>
<td>20%</td>
</tr>
</tbody>
</table>

Measures for the new business mix change

- **Discipline**
  Stop of all business that does not meet our profitability hurdles

- **Implementation of a customer focused, needs-based sales approach**

- **Strong engagement from the top**
  Sales campaigns with personal commitment of management to get a buy-in from all sales partners

- **Alignment of incentive schemes**

- **New lines of business**
  Introduction of new lines of business in internal and external reporting 1Q 2016

---

1) Based on year-end assumptions
Two levers to lift RoE: new business and in-force management

New business

- Expand protection business
- Hedgeable guarantees
- Shift from traditional to capital-light and UL products

In-force management

- Crediting
- Asset mix, expense management
- Management of back-books
- ALM

Net income

IFRS equity

E. Life business in low yield environment
1 Solid starting position

2 Ambitious targets and levers
   a) New business management
   b) In-force management

3 Summary
Protection business: we want more, but how do we get there?

Activate sales
- Increase attachment of insurance and service riders
- Adequate sales compensation for advice on protection
- Salesperson training and support
- Simplify and streamline underwriting processes
- Support cross-selling with portfolio analytics

Grow in targeted segments
- Address white spots, e.g. term life in banks and disability in broker channel
- Group protection (leverage multinational vehicles such as Allianz Global Benefits)
- Health

Achieve sustainability
- Best-in-class automated underwriting processes
- Improve data analytics capabilities
Examples Switzerland and France: combination with risk coverage

New business profitability

- Increase number of products with biometric risk coverage

Example Allianz Switzerland (Individual Life)

- Profitability driven by riders

Example Allianz France

- Launch of new product range with mandatory and optional riders

Mandatory rider
- Accidental death benefit

Optional riders
- Return of premium
- Long-term care
- Accidental disability benefit
- Additional accidental death benefit
- Kick-off in November 2015

E. Life business in low yield environment
Hedgeable guarantees only

Guarantees have to be adjusted to low interest rates

- Guarantee below reinvestment yield for product term (including expenses)
- Reset points for guarantee level reduce risk and allow customer to benefit from improved market conditions
- Lower guarantees allow more upside potential (e.g., hybrids)
- Flexibility for repricing to adjust to market conditions

i.e. **Perspektive** (Allianz Leben)

- Guaranteed premium refund at maturity
- Annuitization based on latest conditions
- Higher crediting rate
- Terminal bonus

E. Life business in low yield environment
Hedgeable guarantees only: example Allianz Life (USA)

New business at point of sale

Example FIA, 2014

<table>
<thead>
<tr>
<th>Product feature changes</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cap rate changes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>✔</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IRR</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IRR without management action

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.4%</td>
<td>4.0%</td>
<td>3.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

New business pricing as frequent as necessary, e.g. bi-weekly

Active management of in-force portfolio

Example FIA (business written in 2006)

Target IRR

Renewal crediting rate

Use management levers to align profitability with target IRR

E. Life business in low yield environment
Shift to capital-light products in interest of customers and shareholders

**S/H view**

<table>
<thead>
<tr>
<th>High</th>
<th>Risk capital requirement</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Safety-oriented (guarantee)</strong></td>
<td></td>
<td><strong>Return-oriented (upside potential)</strong></td>
</tr>
</tbody>
</table>

1. **Traditional**
   - **Product example**: Traditional savings & annuities
   - **Insurance rationale**: Standard offering

2. **Capital-light**
   - **Product example**: Perspektive
   - **Insurance rationale**: Lower guarantees allow for additional upside potential for customers

3. **Hybrid/UL+ guarantees**
   - **Product example**: KomfortDynamik, Fixed index annuities
   - **Insurance rationale**: Exposure to unit-linked or equity index

4. **UL w/o guarantees**
   - **Product example**: Pure unit-linked, Life cycle unit-linked offerings
   - **Insurance rationale**: Exposure to potential market upside

*Tailor-made products with improved risk return profile for customers*
E. Life business in low yield environment

Example Allianz Leben (1): balance of interests

Old-age provision concepts offering convenience
I want the experts of Allianz to manage my assets.

Old-age provision concepts offering choice
I want to participate in managing my assets.

Guarantees

Upside potential

Saving period
- Total premium refund guarantee at maturity

Pay-out period

Risk covers
- Death cover
- Disability
- Functional-impairment
- Long-term care

Pay-out period
- Annuity calculation based on new business conditions at time of annuitization

Reduced capital consumption allows higher return for customers
New business

**Example Allianz Leben (2): improved risk profile**

**Allianz Leben**

Illustrative example\(^1\) of interest rate sensitivity

O&G (% PV premiums)

\[ \text{IR sensitivity} \]

\[ \begin{array}{c|c|c}
\text{Base} & \Delta \text{IR shock} & \text{IR shock} \\
\hline
\end{array} \]

30-40% reduction

50% reduction

\[ \begin{array}{c|c|c}
\text{Base} & \Delta \text{IR shock} & \text{IR shock} \\
\hline
\end{array} \]

**Allianz Leben**

NBM with risk free rate -100bps

\[ \begin{array}{c|c|c}
\text{NBM} & \Delta \text{IR shock} & \text{NBM after shock} \\
3Q 2015 & 2.9\% & 1.9\% \\
\end{array} \]

\[ -0.9\% \]

**New products reduce capital consumption in the long run**

**Resilient new business margin**

\(^1\) Illustrative example, interest-rate sensitivities of products might differ in some market environments
E. Life business in low yield environment

Example Allianz Leben (3): increase share of protection and reduce weight of capital-intensive products

Retail – new business\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional savings &amp; annuities; market standard</th>
<th>Savings &amp; annuities with reduced guarantees</th>
<th>Capital-light and UL with guarantees</th>
<th>Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>57%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M 2015</td>
<td>53%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Corporate – new business\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Traditional savings &amp; annuities; market standard</th>
<th>Savings &amp; annuities with reduced guarantees</th>
<th>Capital-light and UL with guarantees</th>
<th>Protection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>23%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9M 2015</td>
<td>37%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Based on weighted premium sum (BWS); split in lines of business for 9M 2015 approximated
Market shares of Allianz Leben in risk cover business based on new business premiums

- **Risk riders**:
  - 2008: 4.7%
  - 2009: 5%
  - 2010: 7.5%
  - 2011: 9%
  - 2012: 10%
  - 2013: 11%
  - 2014: 11.9%
  - 2Q 2015: 12.6%

- **Stand-alone risk cover**:
  - 2008: 19.0%
  - 2009: 20%
  - 2010: 24%
  - 2011: 28%
  - 2012: 28.6%
  - 2013: 29.2%
  - 2014: 29.2%
  - 2Q 2015: 29.2%

**New business premiums of Allianz Leben**

- 2008: 49%
- 2009: 51%
- 2010: 49%
- 2011: 49%
- 2012: 49%
- 2013: 51%
- 2Q 2015: 51%

**Example Allianz Leben (4): higher market share in protection**

E. Life business in low yield environment
Based on PVNBP forecast 2015 vs. 12M 2014

<table>
<thead>
<tr>
<th>NBM</th>
<th>&lt;1.5%</th>
<th>1.5% - 2.5%</th>
<th>&gt;2.5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;20%</td>
<td>0%</td>
<td>0%</td>
<td>24%-p (-2%-p)</td>
</tr>
<tr>
<td>10%-20%</td>
<td>0% (-22%-p)</td>
<td>49% (+46%-p)</td>
<td>5% (+2%-p)</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>22% (-20%-p)</td>
<td>0% (-4%-p)</td>
<td>0%</td>
</tr>
</tbody>
</table>

RoRC\textsuperscript{NB} L/H = \frac{\text{PVFP}\textsuperscript{MA} - \text{O&G}\textsuperscript{MA} + \text{Risk-free return}}{\text{PV of RC}}

- **PVFP\textsuperscript{MA}** Present value of future profits for new business, after tax, valued under matching adjustment
- **O&G\textsuperscript{MA}** Value of options and guarantees embedded in new business, valued under matching adjustment
- **Risk-free return** Investment return on risk capital, after tax
- **PV of RC** Present value of risk capital for new business, including market and non-market risks
1 Solid starting position
2 Ambitious targets and levers
   a) New business management
   b) In-force management
3 Summary
In-force management: several levers to be pulled

- **Back-books:** unfreeze locked-in capital
  - **Global taskforce has been set up for execution support**

- **Crediting:** flexibility and optimization
  - **Nomination of local in-force manager**
  - Recurring vs terminal bonus
  - Crediting levels

- **Other**
  - **Enabled by strong governance**
  - ALM and duration management
  - Customer management
  - Expense reductions

E. Life business in low yield environment
Surplus allocation

Company may have discretion in allocating current surplus to policyholders
- as immediate bonus or
- as terminal bonus

Reduce risk/increase RoRC
- Terminal bonus as an available financial resource (SII)
  - in emergency → buffer for s/h
  - going-concern → p/h profit
- Terminal bonus replaces expensive s/h capital and safeguards p/h attractiveness

Reduce policyholder arbitrage
- Use terminal bonus to reduce arbitrage risk (e.g. single premium)
- Limit payment on surrender; link to capital market changes

Customer value proposition
- Customer return upon maturity reduced only in extreme scenarios
- Reduction in risk budget helps to finance higher yielding investments in alternative assets

Utilization of bonus flexibility key to achieve sustainable returns
Example Allianz Leben: successful in-force management

Extension of asset duration

![Chart showing extension of asset duration from 2010 to 3Q 2015.]

Duration significantly increased and above market

Crediting

- **Terminal bonus**
  - Traditional: 5.7%
  - 2003: 5.3%
  - 2015: 4.0%

- **Technical interest and lock-in bonus**
  - Traditional: 5.3%
  - 2003: 3.4%
  - 2015: 0.6%

Increasing absolute and relative weight of terminal bonus

Dynamic ALM¹

- Minimum guarantees matched for the next 30yrs

- Crediting
  - Regular premium
    - Terminal bonus: 4.0%
    - Technical interest and lock-in bonus: 3.4%
  - Single premium
    - Terminal bonus: 0.6%
    - Technical interest and lock-in bonus: 1.05%

Single premium contracts with special crediting for the first 4 years

1) Run-off simulation per 3Q 2015
Allianz with superior investment management vs. peers

Top IFRS investment performance\(^1\) amongst core peers 2014 and 2007-14 p.a.

- **Core peers average (Generali, AXA, Zurich)**: 11.8% in 2014 and 4.7% in 2007-2014
- **Allianz**: 9.7% in 2014 and 5.2% in 2007-2014

Current yield of Allianz above all core peers

Professional in-house asset management with continuous outperformance

Strict focus on diversification: best diversified sovereign portfolio vs. core peers

Allianz Group operating profit and thereof investment result\(^2\) (EUR bn)

- **2011**: 5.4 (69%), 6.1 (66%), 5.4 (54%), 6.0 (58%)
- **2012**: 7.8, 9.3, 10.1, 10.4

---

1) IFRS investment performance: including current income, realized gains and losses (net), impairments (net), trading/FX result, fair value option, investment expenses, and change in unrealized gains and losses
2) Insurance business only (P/C + L/H)
3) L/H investment margin in 2011 is restated for the new reporting format of operating profit sources introduced in 2012
Allianz has invested 14% in alternative assets

Group investment portfolio: EUR 630.8bn

Alternative investment portfolio

3Q 2015: EUR 86bn
Mid-term target: EUR 110bn

1) Book value except real estate (incl. own use properties) which is based on market value
1 Solid starting position

2 Ambitious targets and levers
   a) New business management
   b) In-force management

3 Summary
Accelerating momentum: from aspiration to execution throughout the Group

Mid of February 2015

1. Modify/reprice products, e.g.,
   1. Adjust guarantees & crediting rates
   2. Optimize surrender values
   3. Work on unprofitable features

2. Introduce new products, e.g.,
   1. New hybrids
   2. New protection

3. Shift business mix, e.g.,
   1. Adequate sales compensation
   2. Discontinue unprofitable products

4. Expenses & other, e.g.,
   1. Improve ALM

Additional # of OEs: 5

Mid of September 2015

1. Modify/reprice products, e.g.,
   1. Adjust guarantees & crediting rates
   2. Optimize surrender values
   3. Work on unprofitable features
   4. Adjust profit participation
   5. Pricing/underwriting review
   6. Optimize fees
   7. Reduce longevity exposure and liability duration

2. Introduce new products, e.g.,
   1. New hybrids
   2. New protection
   3. New unit-linked

3. Shift business mix, e.g.,
   1. Adequate sales compensation
   2. Discontinue unprofitable products
   3. Review single premiums
   4. Reduce share in co-insurance
   5. Review partnership agreements

4. Expenses & other, e.g.,
   1. Improve ALM
   2. Reduce expenses
   3. Renegotiate AM rebates
   4. Digitalization

Additional # of OEs: 11
Summary

Life remains growth market

Allianz in solid position to face challenges

Ambition 2018 with focus on

- New business
- In-force management

Win-win situation

- Customers: needs-based products with higher expected performance
- Shareholders: higher RoE

In-force business

- RoE ≥10% for each OE
- Significant reduction of interest sensitivity

New business

- NBM ≥3% or RoRC ≥15% with min. NBM ≥0.75% per product
### L/H: overview of reserves and operating profit
#### 31.12.2014 (EUR bn)

#### Aggregate policy reserves

<table>
<thead>
<tr>
<th>Country</th>
<th>Reserves (bn)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany Life</td>
<td>164bn</td>
<td>42%</td>
</tr>
<tr>
<td>USA</td>
<td>67bn</td>
<td>17%</td>
</tr>
<tr>
<td>France</td>
<td>55bn</td>
<td>14%</td>
</tr>
<tr>
<td>Italy</td>
<td>30bn</td>
<td>8%</td>
</tr>
<tr>
<td>Germany Health</td>
<td>19bn</td>
<td>5%</td>
</tr>
<tr>
<td>Belgium</td>
<td>9bn</td>
<td>2%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>1bn</td>
<td>0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>10bn</td>
<td>3%</td>
</tr>
<tr>
<td>Korea</td>
<td>10bn</td>
<td>3%</td>
</tr>
<tr>
<td>Spain</td>
<td>6bn</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>16bn</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>387bn</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### Unit-linked reserves

<table>
<thead>
<tr>
<th>Country</th>
<th>Reserves (bn)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany Life</td>
<td>5.2bn</td>
<td>5%</td>
</tr>
<tr>
<td>USA</td>
<td>25.4bn</td>
<td>27%</td>
</tr>
<tr>
<td>France</td>
<td>17.4bn</td>
<td>18%</td>
</tr>
<tr>
<td>Italy</td>
<td>26.2bn</td>
<td>28%</td>
</tr>
<tr>
<td>Germany Health</td>
<td>0.0bn</td>
<td>0%</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.4bn</td>
<td>0%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4.5bn</td>
<td>5%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.7bn</td>
<td>1%</td>
</tr>
<tr>
<td>Korea</td>
<td>1.2bn</td>
<td>1%</td>
</tr>
<tr>
<td>Spain</td>
<td>0.2bn</td>
<td>0%</td>
</tr>
<tr>
<td>Other</td>
<td>13.8bn</td>
<td>15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>95bn</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

#### Operating profit

<table>
<thead>
<tr>
<th>Country</th>
<th>Profit (bn)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany Life</td>
<td>1.1bn</td>
<td>32%</td>
</tr>
<tr>
<td>USA</td>
<td>0.7bn</td>
<td>20%</td>
</tr>
<tr>
<td>France</td>
<td>0.5bn</td>
<td>14%</td>
</tr>
<tr>
<td>Italy</td>
<td>0.2bn</td>
<td>5%</td>
</tr>
<tr>
<td>Germany Health</td>
<td>0.2bn</td>
<td>6%</td>
</tr>
<tr>
<td>Belgium</td>
<td>0.1bn</td>
<td>2%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>0.0bn</td>
<td>0%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.1bn</td>
<td>3%</td>
</tr>
<tr>
<td>Korea</td>
<td>-0.1bn</td>
<td>n.m.</td>
</tr>
<tr>
<td>Spain</td>
<td>0.2bn</td>
<td>6%</td>
</tr>
<tr>
<td>Other</td>
<td>0.3bn</td>
<td>n.m.</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.3bn</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Value creation

Dieter Wemmer
CFO Allianz SE

Munich, November 24, 2015
Unchanged attractive dividend policy

1) This dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable SII ratio > 160%.

2) As of 18.11.2015
Strong and stable capital position

Solvency II ratio

- 2010: 202%
- 2011: 191%
- 2012: 199%
- 2013: 194%
- 2014: 191%
- 9M 2015: 200%

S&P financial strength rating

- AA (2010)
- AA (2011)
- AA (2012)
- AA (2013)
- AA (2014)
- AA (9M 2015)
**SII calculation approved November 18th – SII ratio at 200% confirmed**

**Conservative capital structure with > 100% Tier 1 coverage**

1. **Own funds in %**
   - Tier 1 unrestricted: e.g. paid-in capital and available surplus funds
   - Tier 1 restricted: grandfathered subordinated liabilities
   - Tier 2: e.g. subordinated liabilities
   - Tier 3: e.g. net DTA

2. **Tier 1 = 146% of SCR**
   - Tier 1 unrestricted 14%
   - Tier 1 restricted 7%
   - Tier 2 11%
   - Tier 3 66%

3. **Solvency capital requirement in %**
   - Own funds in %
   - Other: e.g. sectoral and equivalent own funds

4. **Main internal model entities**
   - Poland
   - Czech Republic
   - Spain
   - Portugal
   - Romania
   - Netherlands
   - Greece
   - UK
   - Korea
   - France
   - Italy
   - Germany
   - USA (P/C)
   - AGCS

5. **Main standard model entities**
   - Portugal
   - Spain
   - Czech Republic
   - Poland
   - Italy
   - Germany
   - USA (P/C)
   - UK
   - France
   - Greece
   - Korea
   - Romania
   - Netherlands

---

1. Requirements: Tier 1 ≥ 50%, Tier 2+3 ≤ 50%, Tier 3 ≤ 15% of consolidated insurance group SCR
2. Immaterial non-EEA insurance subsidiaries included via book value deduction (Art. 229 SII directive)
3. As of 30.09.2015, subject to pending decision regarding TCE
4. EU parliament to vote in December 2015
## SII interest rate sensitivity with small impact on distributable earnings

<table>
<thead>
<tr>
<th>Segment</th>
<th>Relative impact of 50bps IR drop on SII ratio by segment (^1)</th>
<th>Impact on distributable earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AM</strong></td>
<td>~0%</td>
<td>de minimis</td>
</tr>
<tr>
<td><strong>P/C</strong></td>
<td>~0%</td>
<td>small</td>
</tr>
<tr>
<td><strong>Life</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>8%</td>
<td>small (not material / different regime)</td>
</tr>
<tr>
<td>US</td>
<td>17%</td>
<td>small (different basis)</td>
</tr>
<tr>
<td>Germany</td>
<td>42%</td>
<td>none (buffered by non-s/h own funds)</td>
</tr>
<tr>
<td>Europe w/o Germany</td>
<td>25%</td>
<td>high (but local buffer stabilizes)</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>(SII ratio -12%-p)</td>
<td>100%</td>
</tr>
</tbody>
</table>

---

1) Based on 200% SII capitalization as of 30.09.2015, corporate segment not shown
Renewal Agenda to further reduce SII interest rate volatility

Stress impact on SII capitalization reduced (%-p)

- **IR** -50bps
  - 4Q14: -21
  - 1Q15: -12
  - 2Q15: -9
  - 3Q15: -12
  - -9%-p

- **Equities** -30%
  - 4Q14: -12
  - 1Q15: -7
  - 2Q15: -8
  - 3Q15: -8
  - -4%-p

- **Corporate bond spreads** +100bps
  - 4Q14: -17
  - 1Q15: -11
  - 2Q15: -8
  - 3Q15: -13
  - -4%-p

- **Government bond spreads** +100bps
  - 4Q14: -17
  - 1Q15: -11
  - 2Q15: -8
  - 3Q15: -13
  - -4%-p

25-50% reduction targeted by 2018
SII ratio within today’s target range

Operating entity

Solo SII ratio

Target range after stress 100 – 130%

Increase capital

SCR 100%

Upstream capital

local buffer

Target range before stress 180% – 220%

Group cash buffer

Re-risk

De-risk

Group SII ratio

 SCR 100%

Group

3Q 2015 actual 200%

Dividend policy threshold 160%

Minimum target after stress 145%

100% SCR

F. Value creation
Stringent framework to optimize value creation

Steering framework

IFRS RoE
RoRC
NBM

- SII
- Rating

Ambition 2018

P/C
Overall
CR ≤ 94%
RoRC ≥ 15%
New business

L/H
Overall
IFRS RoE ≥ 10% for each OE
New business
NBM ≥ 3.0% or RoRC ≥ 15%

AM
Overall
No capital constraints
New business

External growth
EPS accretive

Group
EPS CAGR 5%
RoE 13%
Capital consumption of L/H and market risk will continue to decline

Risk capital by risk categories

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>31.12.14</th>
<th>30.09.15</th>
<th>Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting risk</td>
<td>16.8</td>
<td>18.9</td>
<td></td>
</tr>
<tr>
<td>Credit risk</td>
<td>19.5</td>
<td>20.3</td>
<td></td>
</tr>
<tr>
<td>Market risk</td>
<td>63.7</td>
<td>60.7</td>
<td></td>
</tr>
</tbody>
</table>

Risk capital by segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>31.12.14</th>
<th>30.09.15</th>
<th>Ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AM</td>
<td>100%</td>
<td>100%</td>
<td>3.4</td>
</tr>
<tr>
<td>P/C</td>
<td>100%</td>
<td>100%</td>
<td>3.4</td>
</tr>
<tr>
<td>L/H</td>
<td>100%</td>
<td>100%</td>
<td>2.4</td>
</tr>
</tbody>
</table>
Disciplined acquisition strategy

<table>
<thead>
<tr>
<th></th>
<th>Acquisitions</th>
<th>Disposals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Banco Popular</strong></td>
<td>EUR 0.2bn</td>
<td>EUR -0.4bn</td>
</tr>
<tr>
<td><strong>Mensura</strong></td>
<td>EUR 0.1bn</td>
<td>EUR -0.04bn</td>
</tr>
<tr>
<td><strong>Gan</strong></td>
<td>EUR 0.5bn</td>
<td></td>
</tr>
<tr>
<td><strong>Eurocourtage</strong></td>
<td>EUR 0.1bn</td>
<td></td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>EUR 0.1bn</td>
<td></td>
</tr>
<tr>
<td><strong>Yapi Kredi</strong></td>
<td>EUR 0.7bn</td>
<td></td>
</tr>
<tr>
<td><strong>Unipol</strong></td>
<td>EUR 0.6bn</td>
<td></td>
</tr>
<tr>
<td><strong>TIO</strong></td>
<td>EUR 0.2bn</td>
<td></td>
</tr>
<tr>
<td><strong>Allianz</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Swiss Re</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roll on track</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Scale</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Distribution</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Disciplined acquisition strategy is focused on value generation and scaling-up and/or distribution.
Ongoing upstreaming of local excess capital to holding

Excess capital upstream executed/agreed (EUR bn)

Target of EUR 3bn capital upstream from operating entities already achieved!

Additional upstreaming opportunities identified:

- Re-domiciliation of legal entities
- Reinsurance
- Reduction of sensitivities
- Disposal of non-core portfolios

<table>
<thead>
<tr>
<th>Year</th>
<th>Property/Casualty</th>
<th>Life/Health</th>
<th>Asset Management</th>
<th>Total Excess Capital Upstream</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013A</td>
<td>0.6</td>
<td>0.1</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>2014A</td>
<td>1.1</td>
<td>0.2</td>
<td>0.9</td>
<td>0.2</td>
</tr>
<tr>
<td>2015FC</td>
<td></td>
<td></td>
<td>1.8</td>
<td>2.3</td>
</tr>
<tr>
<td>2016P-2018P</td>
<td>≥ 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>≥ 8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Excess capital upstream based on Allianz shareholder share and year of capital upstream
High remittance ratio

F. Value creation

- Simplification of legal entity structure
- Re-domiciliation of legal entities
- Reduction of working capital

Ambition 2018

2014

<table>
<thead>
<tr>
<th>Sector</th>
<th>Net income s/h</th>
<th>Remittance ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>P/C</td>
<td>X</td>
<td>~ 71%</td>
</tr>
<tr>
<td>L/H</td>
<td>X</td>
<td>~ 61%</td>
</tr>
<tr>
<td>AM</td>
<td>X</td>
<td>~ 105%</td>
</tr>
<tr>
<td>Corporate/Other</td>
<td></td>
<td>~ EUR -1.2bn(^1)</td>
</tr>
</tbody>
</table>

Renewal Agenda

Ø remittance ratio > 80%

Bonnenrichtung 2018

1) Excluding one-off effect from pension revaluation
2) Excluding excess capital upstream from operating entities
Strong free cash flow generation

2015 Forecast

- Operating profit
- Non-cash items, retained earnings
- Corporate segment (excl. IT)
- Strategic IT investments
- Taxes

EUR bn

<table>
<thead>
<tr>
<th>2015 FC</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free cash flow (before M&amp;A investments and dividends)</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>
5% EPS CAGR ambition based on solid track record …

2009 - 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS (EUR)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>9.33</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>13.71</td>
<td>+8%</td>
</tr>
</tbody>
</table>

2016 - 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS (EUR)</th>
<th>CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4.10</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>6.85</td>
<td>+11%</td>
</tr>
</tbody>
</table>

EPS CAGR 5% p.a.

Net income

# shares

Dividend policy

DPS CAGR 5% p.a.

- Capital efficiency: Potential to free up EUR ~3bn from L/H back-books. Shift to capital-light products in new L/H business.
- Attractive RoE: 13% IFRS RoE 2018e.

F. Value creation
... and capital position tending to improve further

Renewal Agenda

1. Higher SII ratio as we produce earnings and increase capital efficiency
2. Reduced target range as we gain experience using SII
3. Reduced target range as sensitivity goes down

Illustrative!

Target range before stress 180% – 220%

Group SII ratio 2018

Dividend policy threshold
Minimum target after stress
SCR

3Q 2015 actual

© Allianz SE 2015
Glossary

**RoE**

**RoE Group**
Represents net income attributable to shareholders divided by the average shareholders’ equity excluding unrealized gains/losses on bonds (net of shadow DAC) at begin of the period and at end of the period.

\[
\text{RoE Group} = \frac{(\text{NPE} - \text{Expenses} - \text{Ultimate claims} + \text{Risk-free return}) \times (1 - \text{Tax rate})}{\text{Present value of risk capital}}
\]

| 1 | NEP | Earned premium is net of reinsurance and premium tax. |
| 2 | Expenses | Expenses, including commissions and fixed expenses, net of reinsurance (undiscounted). |
| 3 | Ultimate claims | Incurred claims (accident year), incl. allocated and unallocated expenses, net of reinsurance (undiscounted). |
| 4 | Risk-free return | Discounting effect on claims and expenses plus investment return on risk capital. |
| 5 | Tax rate | Corporate tax rate. Same rate used for risk capital tax relief and tax on return. |
| 6 | PV RC | Present value of all insurance related risk capital on an accident year basis. |

**RoE L/H OEs**
Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and excluding goodwill at begin of the period and at end of the period.

\[
\text{RoE L/H OEs} = \frac{\text{PVFP} - \text{O&G} + \text{Risk-free return}}{\text{Present value of risk capital}}
\]

| 1 | PVFPMA | Present value of future profits for new business, after tax, valued under matching adjustment. |
| 2 | O&GMA | Value of options and guarantees embedded in new business, valued under matching adjustment. |
| 3 | Risk-free return | Investment return on risk capital, after tax. |
| 4 | PV RC | Present value of risk capital for new business, including market and non-market risks. |

**NBM**
Value of new business divided by present value of new business premiums.
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.
## Investor Relations contacts

<table>
<thead>
<tr>
<th>Name</th>
<th>Phone</th>
<th>E-mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oliver Schmidt</td>
<td>+49 89 3800-3963</td>
<td><a href="mailto:oliver.schmidt@allianz.com">oliver.schmidt@allianz.com</a></td>
</tr>
<tr>
<td>Head of Investor Relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Hardy</td>
<td>+49 89 3800-18180</td>
<td><a href="mailto:peter.hardy@allianz.com">peter.hardy@allianz.com</a></td>
</tr>
<tr>
<td>Reinhard Lahusen</td>
<td>+49 89 3800-17224</td>
<td><a href="mailto:reinhard.lahusen@allianz.com">reinhard.lahusen@allianz.com</a></td>
</tr>
<tr>
<td>Christian Lamprecht</td>
<td>+49 89 3800-3892</td>
<td><a href="mailto:christian.lamprecht@allianz.com">christian.lamprecht@allianz.com</a></td>
</tr>
<tr>
<td>Frank Stoffel</td>
<td>+49 89 3800-18124</td>
<td><a href="mailto:frank.stoffel@allianz.com">frank.stoffel@allianz.com</a></td>
</tr>
<tr>
<td>Stephanie Aldag</td>
<td>+49 89 3800-17975</td>
<td><a href="mailto:stephanie.aldag@allianz.com">stephanie.aldag@allianz.com</a></td>
</tr>
<tr>
<td>IR Events</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investor Relations</td>
<td></td>
<td><a href="mailto:investor.relations@allianz.com">investor.relations@allianz.com</a></td>
</tr>
<tr>
<td>Internet</td>
<td></td>
<td>English: <a href="http://www.allianz.com/investor-relations">www.allianz.com/investor-relations</a></td>
</tr>
</tbody>
</table>