

# Allianz – in good shape

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Merrill Lynch Banking and  
Insurance Conference  
London, September 2012



Allianz 

# Agenda

- A** Allianz at a glance
- B** Well positioned for an uncertain world
- C** Building franchise value in an uncertain world
- D** Summary

# Allianz at a glance

EUR **104bn** total revenues<sup>1</sup>

EUR **1,748bn** total AuM<sup>2</sup>

EUR **7.9bn** operating profit<sup>1</sup>

**178%** economic solvency ratio<sup>2</sup>

EUR **48.0bn** S/H equity<sup>2</sup>

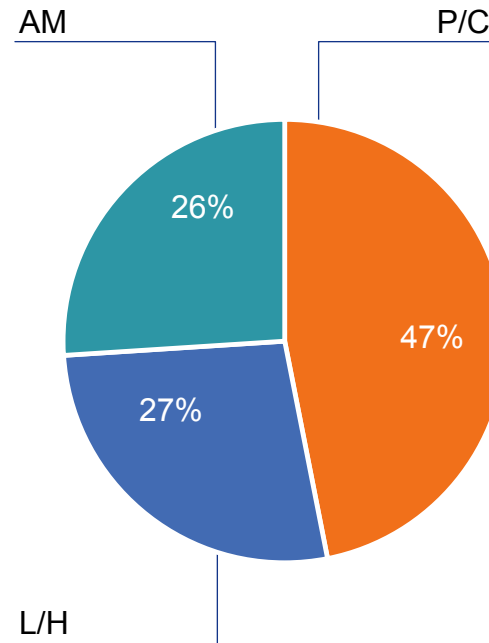
EUR **36.0bn** market cap<sup>2</sup>

About **78mn** (direct) and **250mn** (indirect) customers<sup>1</sup>

Approx. **5%**<sup>3</sup> dividend yield

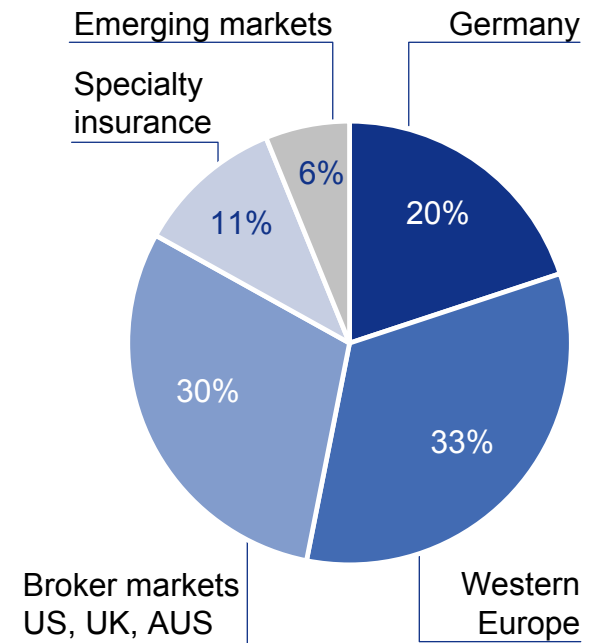
## Segments<sup>1,4</sup>

Operating profit in %



## Regions<sup>1,4</sup>

Operating profit in %



1) 12/2011

2) 06/2012

3) Based on dividend for fiscal 2011; no forecast

4) Relation of business segments excluding Corporate & Other and consolidation

## Strong market positions and brands<sup>1</sup>

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

**Allianz** 

**Allianz** 

Global Investors

P I M C O

**Allianz** 

Global Assistance

 EULER HERMES

**Allianz** 

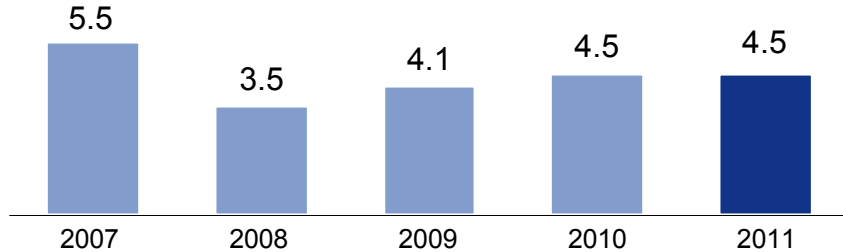
Global Corporate & Specialty



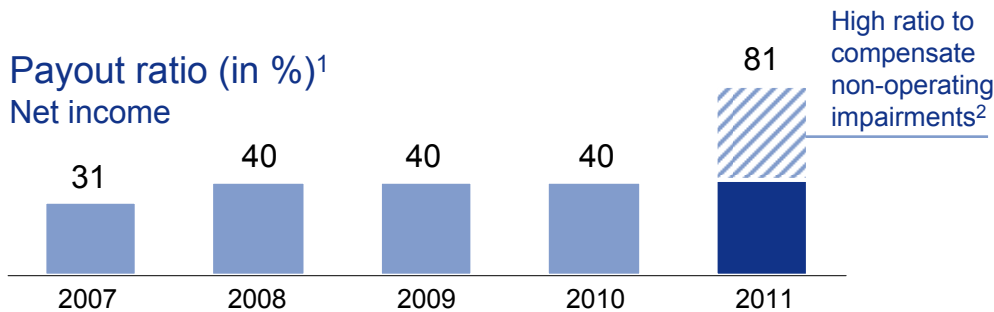
1) All rankings based on 2011 data

## Dividend continuity and attractive yield

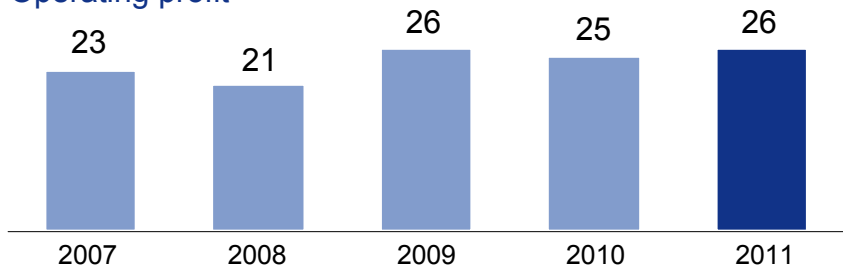
### DPS (EUR)



### Payout ratio (in %)¹ Net income



### Payout ratio (in %)³ Operating profit



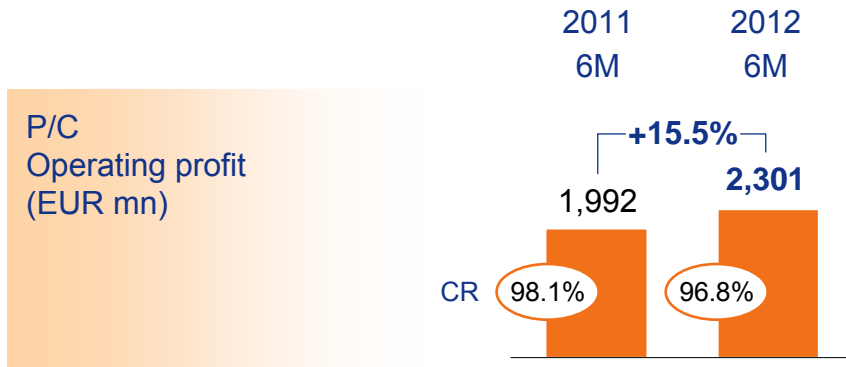
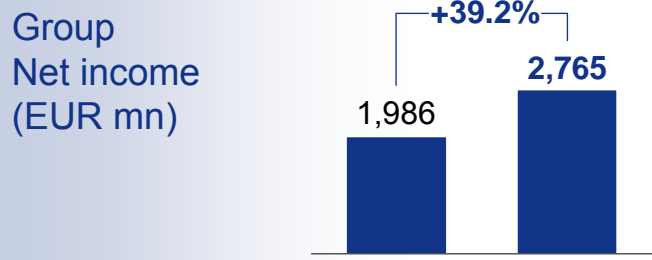
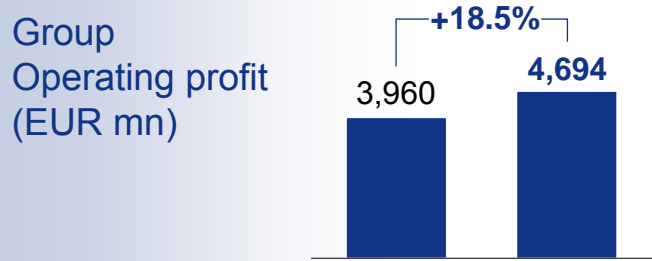
- Dividend continuity: EUR 4.50 DPS / 2.0bn payout for fiscal 2011 despite low net income
- Attractive yield: ~5% based on 2011 dividend
- Dividend accrual in line with normal payout ratio of ~40%
- Dividend policy subject to maintaining strong capital adequacy

1) Based on net income from continuing operations, net of non-controlling interests, as historically reported

2) Refers to additional non-operating impairments compared to 2010

3) Based on operating profit as historically reported

# First half 2012 – a good start into the year



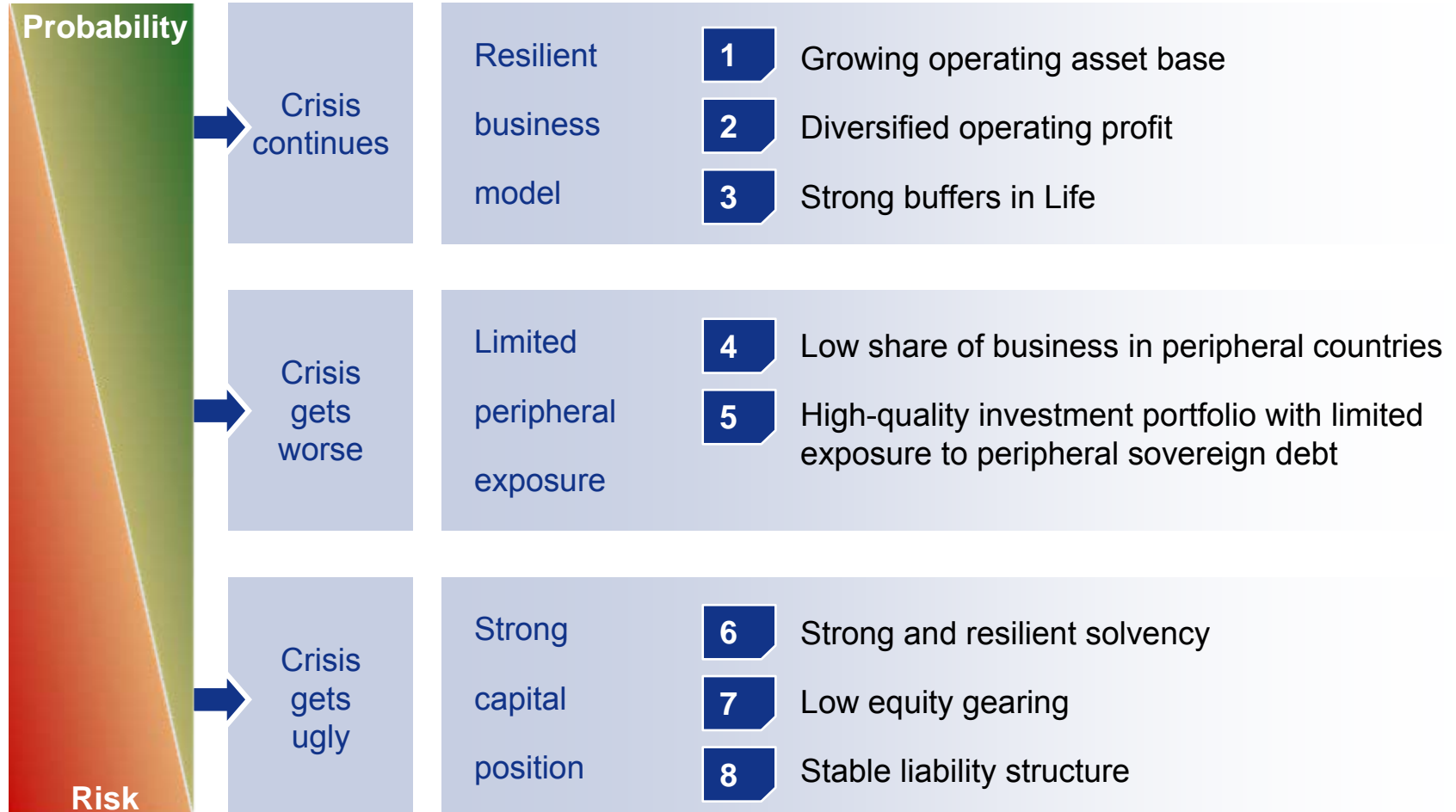
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# Well positioned for an uncertain world

## Scenarios

## Allianz position

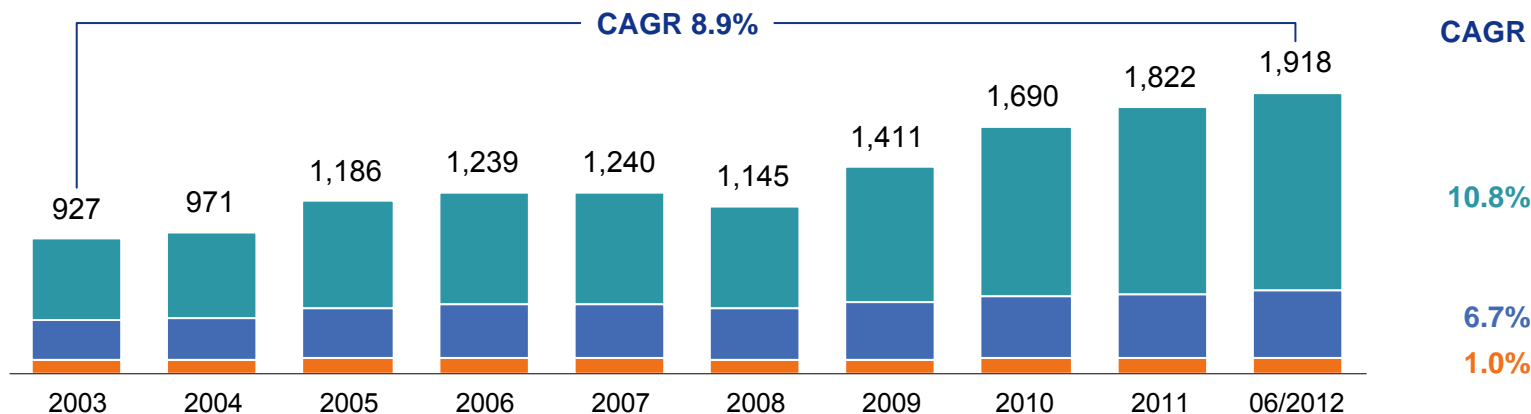




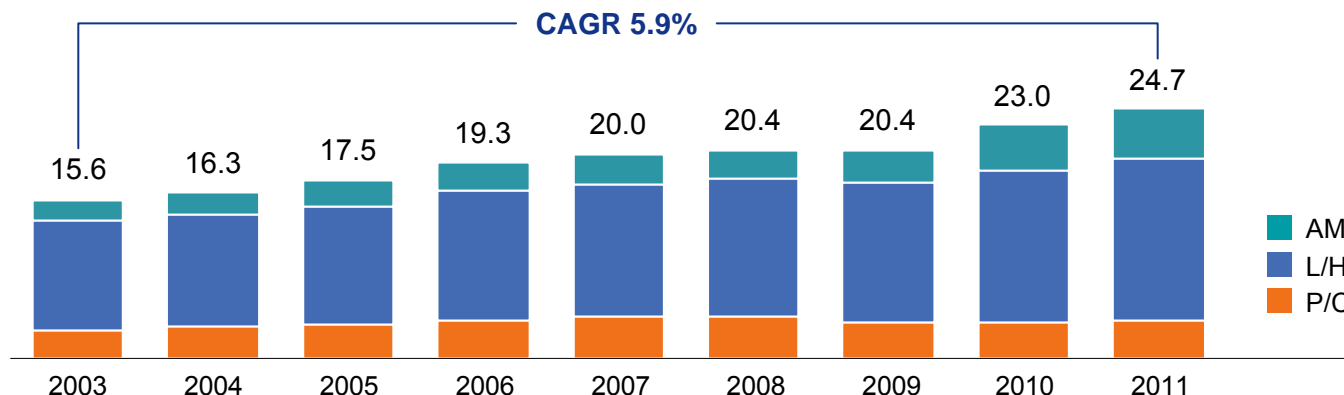
**1**  
Well positioned

# Growth in operating asset base mitigates declining yields

Operating asset base<sup>1</sup> (EUR bn)



Interest and similar income plus AM fee and commission income<sup>2</sup> (EUR bn)



1) Investments for P/C and L/H incl. unit-linked assets; 3rd party assets for AM

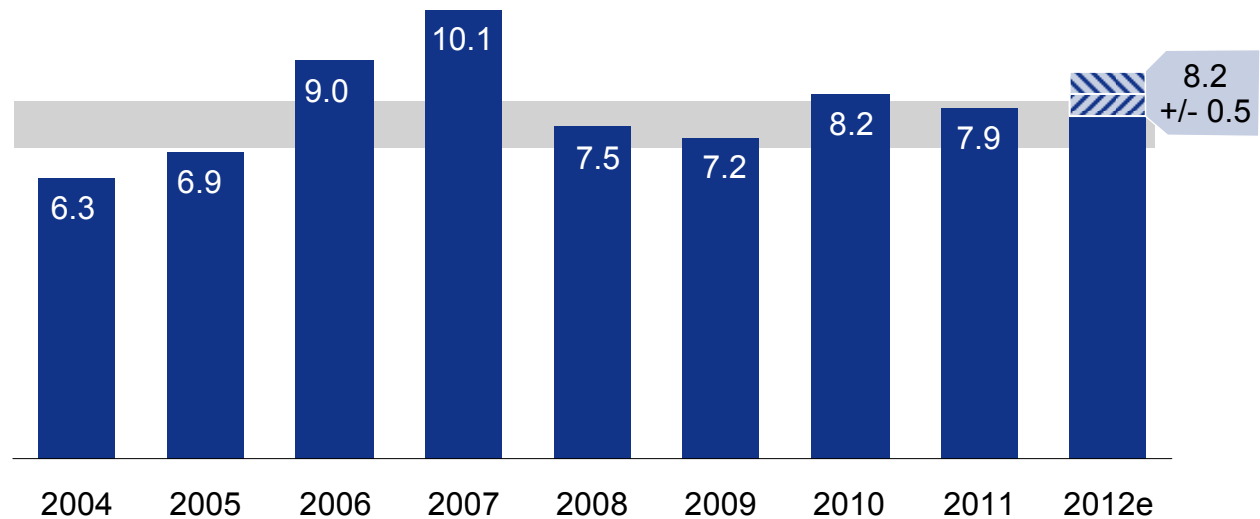
2) AM: excluding performance fees; L/H: before policyholder participation

## 2 Resilient and well diversified business model

Well positioned

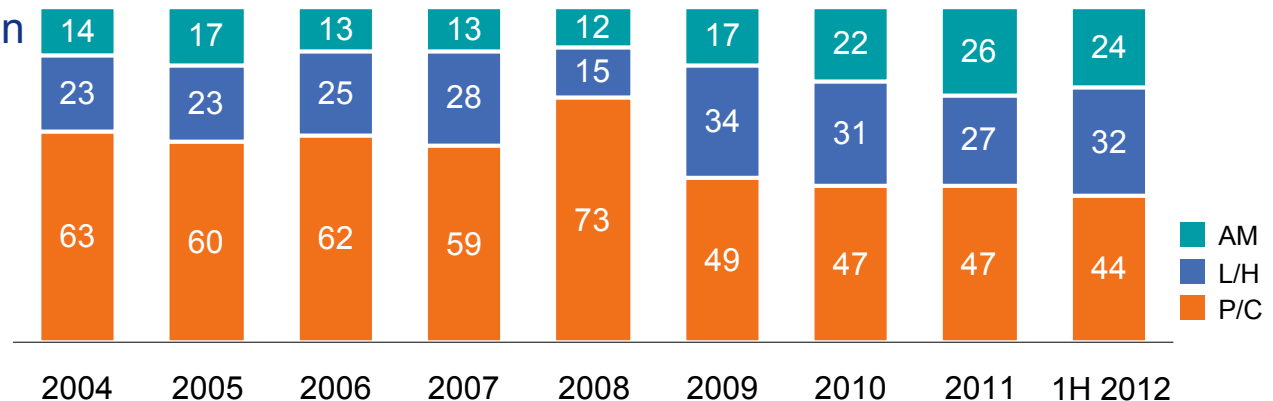
Stable operating profit in tough environment ...

Operating profit (EUR bn)<sup>1</sup>



... thanks to diversification

Operating profit by business segment (%)<sup>2</sup>



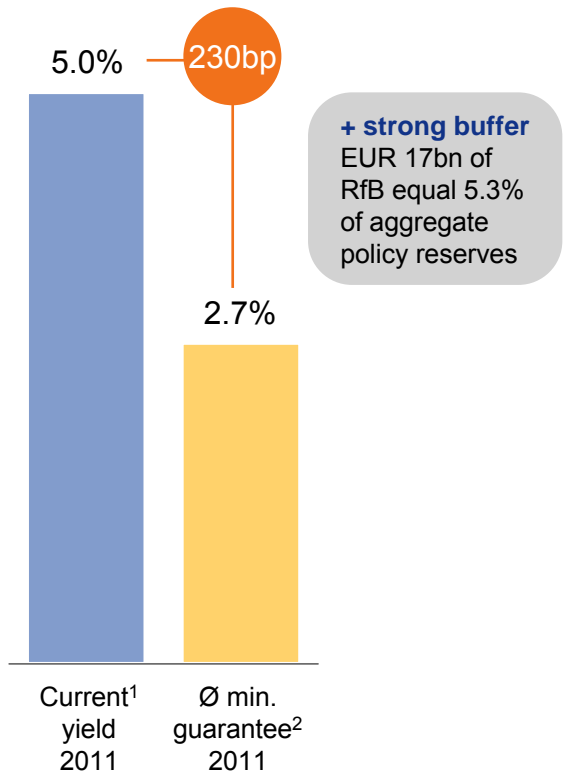
1) Historically reported figures excluding Banking segment  
 2) Based on historically reported figures excluding Corporate & Other, Banking and consolidation

**3**  
Well positioned

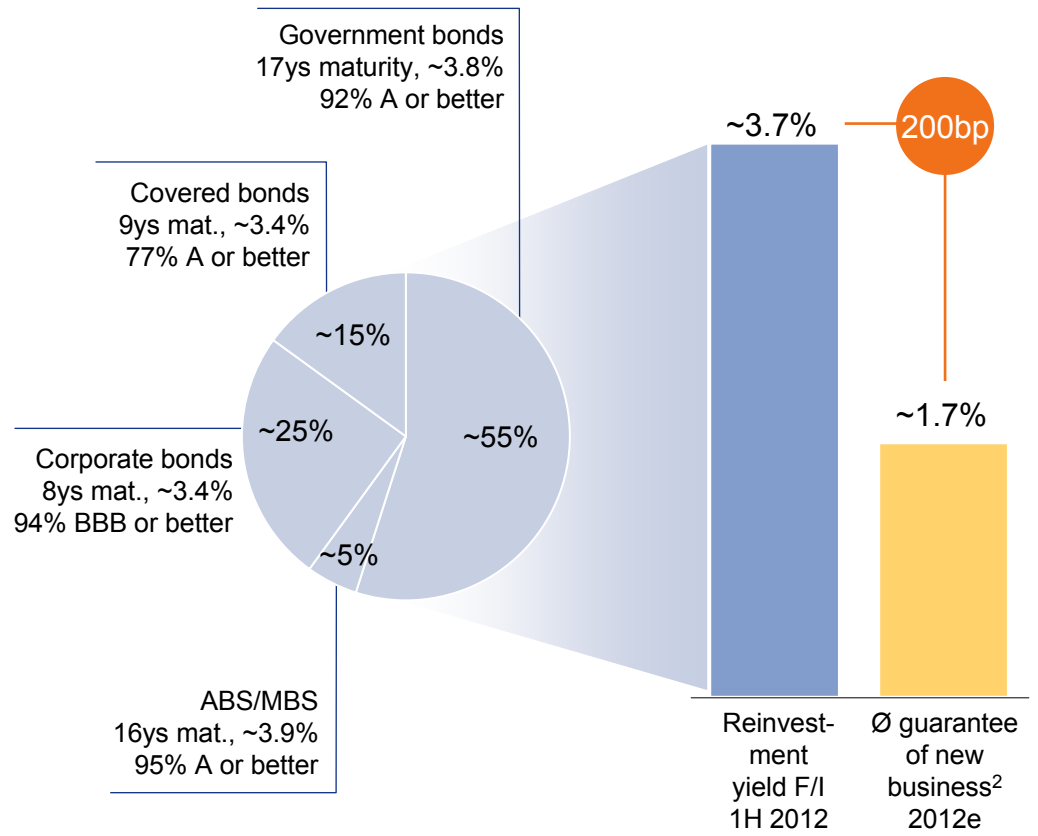
# Strong buffers and resilient margins in life

## Business in force

(based on aggregate policy reserves)



## New business



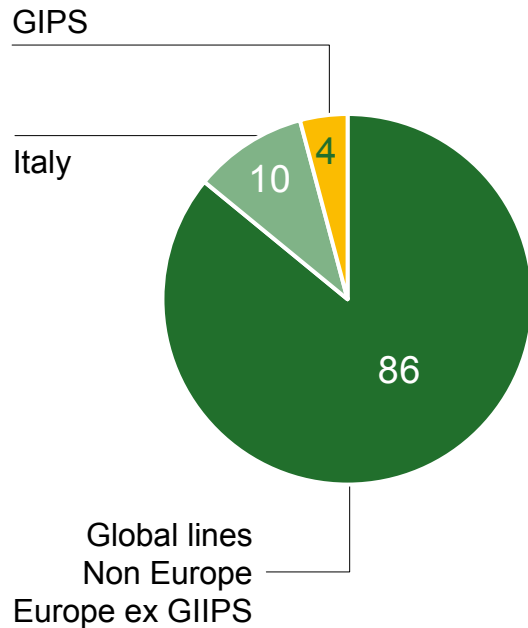
1) Based on IFRS current interest and similar income  
2) Weighted by aggregate policy reserves

4

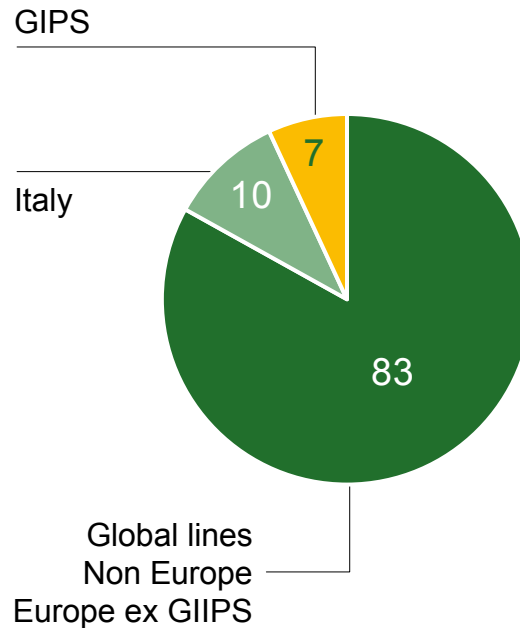
Well positioned

# Low share of business in peripheral countries

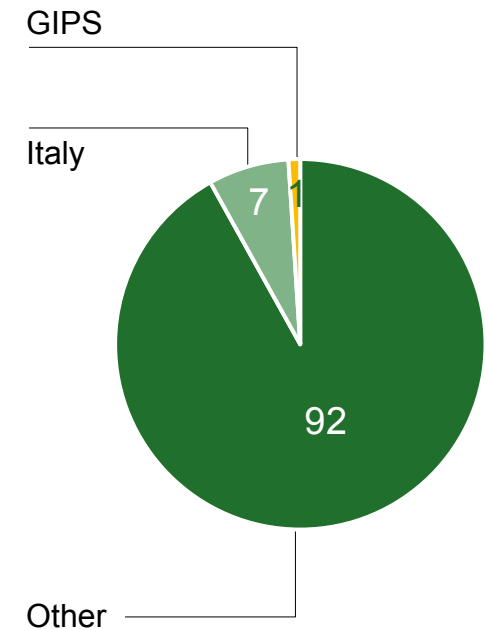
Revenues<sup>1</sup> (%)



Operating profit<sup>1,2</sup> (%)



Investments<sup>3</sup> (%)



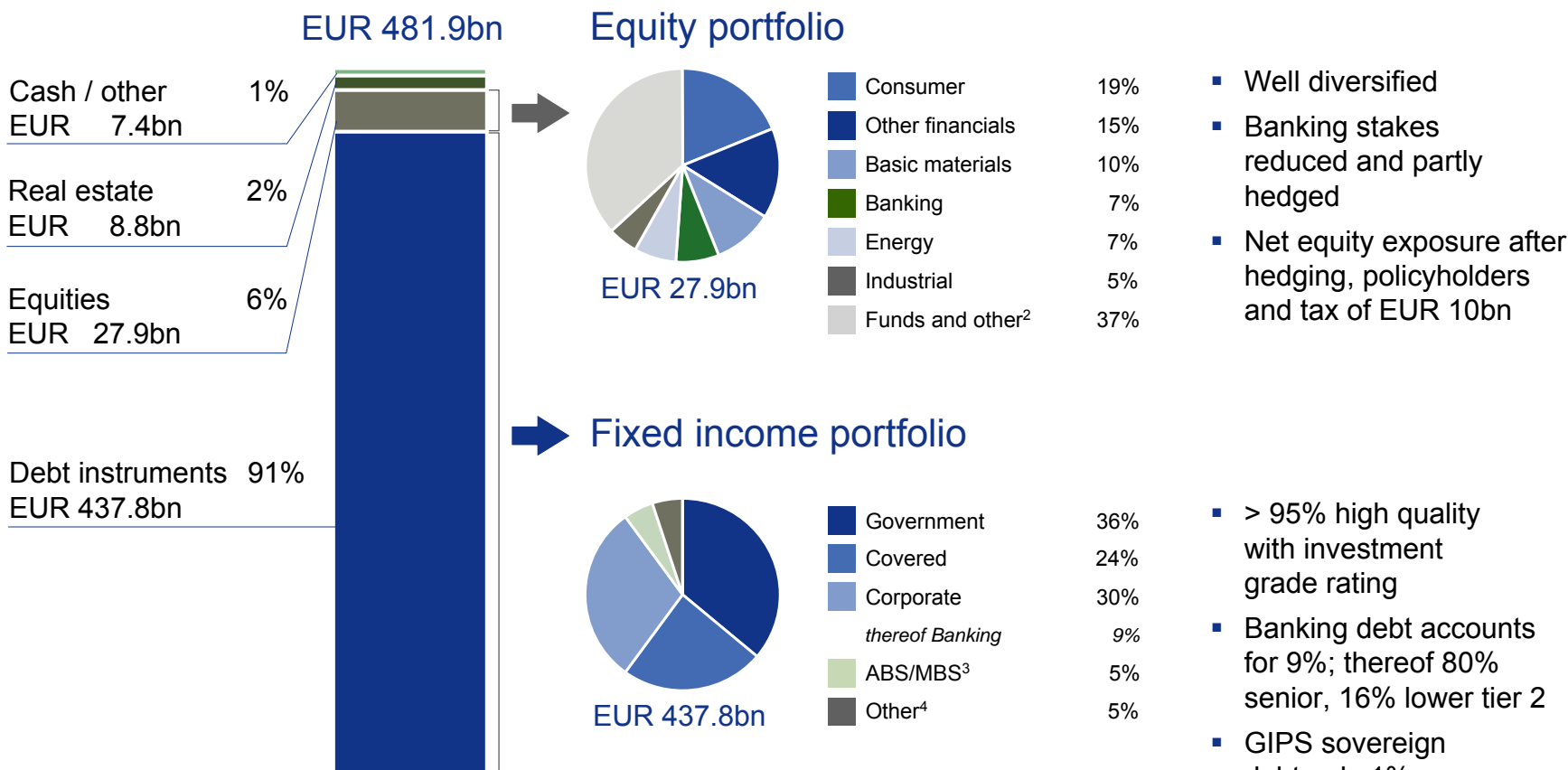
1) 2011, figures used for the split are not consolidated on a Group basis  
 2) Excluding Holding & Treasury  
 3) Carrying value of sovereign debt for GIPS and Italy in % of total investments as per 1H 2012

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Well positioned

# High-quality investment portfolio

## Conservative asset allocation<sup>1</sup>



- Well diversified
- Banking stakes reduced and partly hedged
- Net equity exposure after hedging, policyholders and tax of EUR 10bn
- > 95% high quality with investment grade rating
- Banking debt accounts for 9%; thereof 80% senior, 16% lower tier 2
- GIPS sovereign debt only 1%
- 78% held by L/H

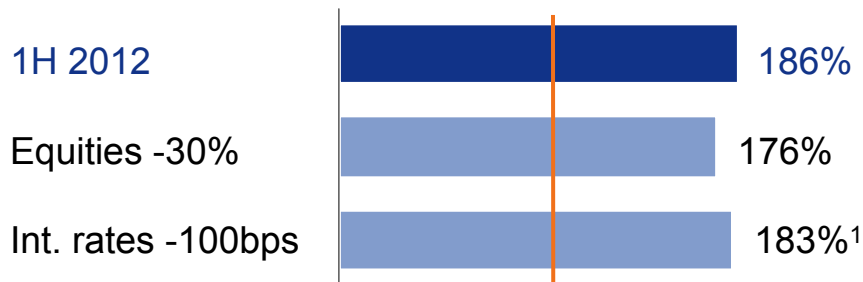
1) 1H 2012, based on based on consolidated insurance portfolios (P/C, L/H), Corporate and Other, does not include Banking operations  
 2) Including diversified investment funds (EUR 2.3bn); private and unlisted equity (EUR 6.2bn)  
 3) Including U.S. agency MBS investments (EUR 5.5bn)  
 4) Including 4% seasoned self-originated German private retail mortgage loans; 1% short-term deposits at banks

6

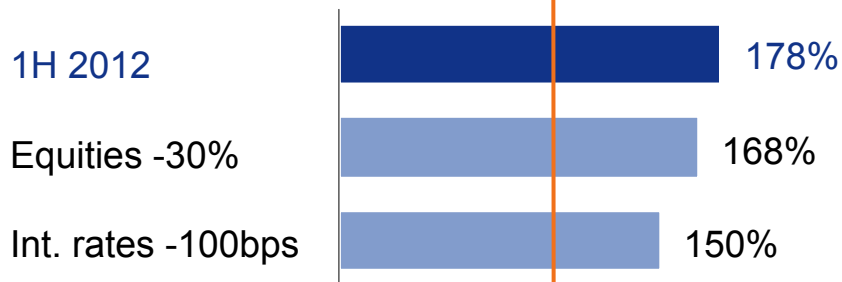
Well positioned

## Strong and resilient solvency

### FCD solvency (in %)



### Economic solvency (in %)



### S&P rating

AA (outlook negative)

- Regulatory capital excludes unrealized gains on bonds
- Economic solvency ratio of 178% based on Solvency II confidence level of 50bps
- Economic capital based on marked-to-market sovereign bond portfolio
- All solvency ratios after 40% net income dividend accrual

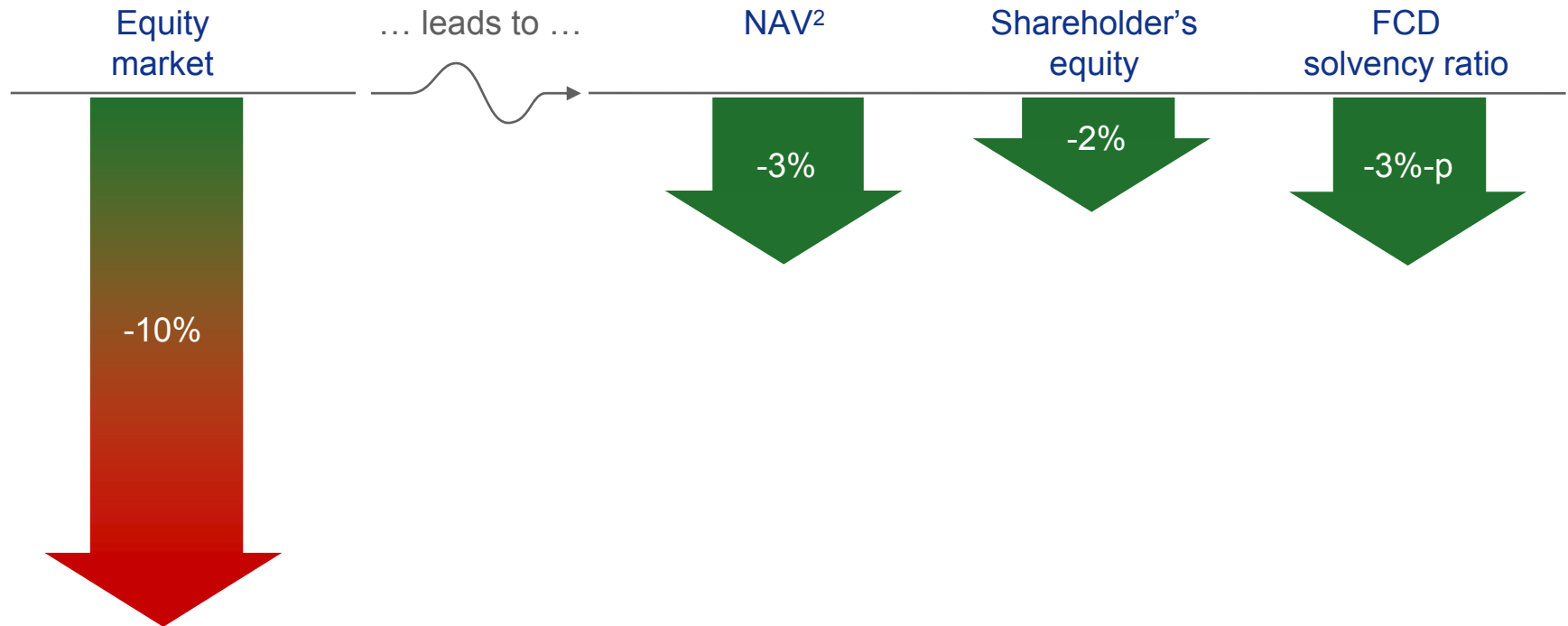
1) Lower FCD capital driven by change in DAC write-off (shadow DAC) and negative impact from reserve discounting.

7

Well positioned

# Low equity gearing<sup>1</sup>

As of 1H 2012



1) Calculation based on equity investments held available for sale and designated at fair value, associated enterprises, non consolidated affiliated enterprises and JVs  
2) Shareholders' equity and shareholders' share of off-balance sheet reserves excluding goodwill

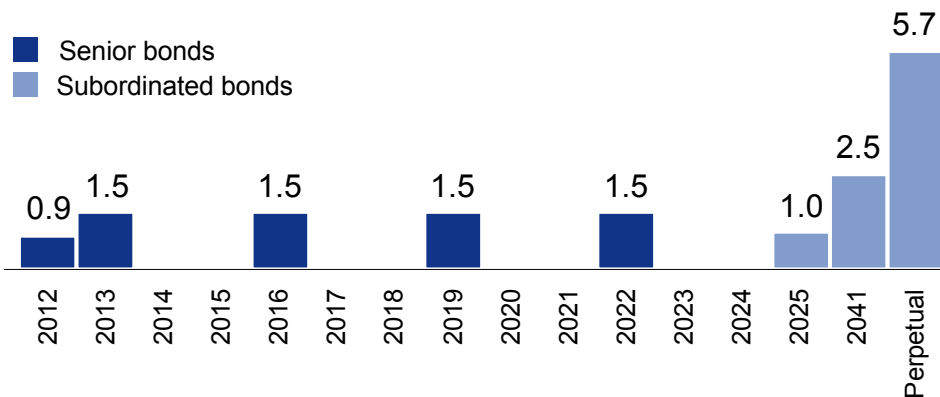
8

Well positioned

## Stable liability structure

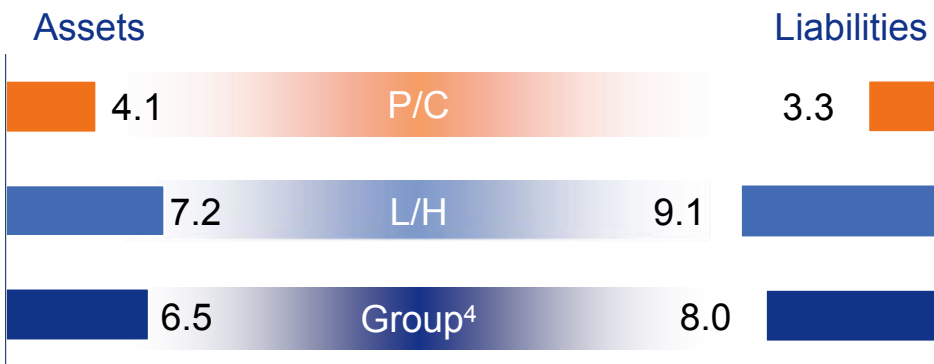
### Maturity structure<sup>1</sup>

(EUR bn, as of 1H 2012)



- Appropriate maturity profile
- Effective diversification between debt instruments
- Over EUR 250bn group assets eligible as collateral with central banks<sup>2</sup>
- Closely matched ALM structure
- Stable liabilities with long duration profile
- Resilient surrender ratios in L/H

### Duration<sup>3</sup> (as of 1H 2012, years)



1) Group excluding bank subsidiaries; nominal values

3) Duration adjusted to allow for asset overhang

2) Amount may vary depending on prevailing regulatory conditions

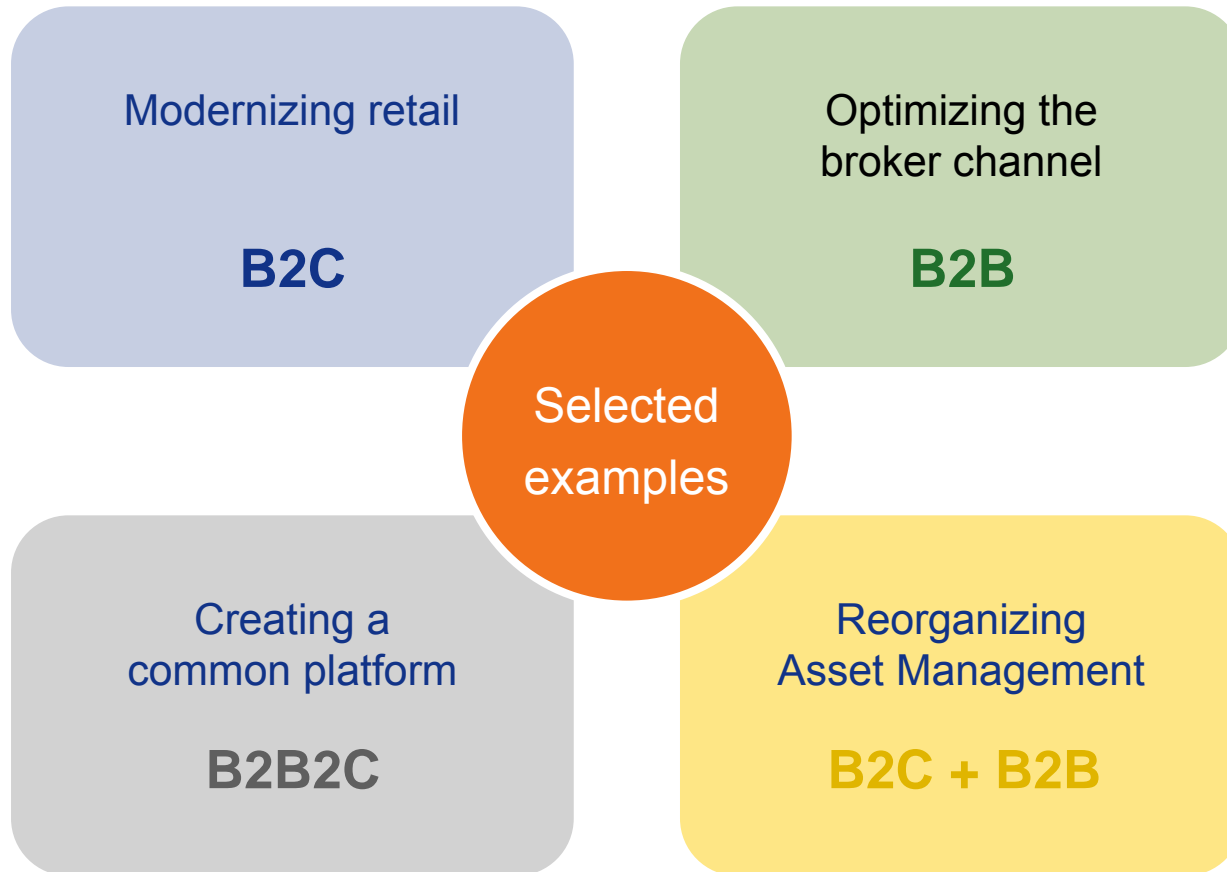
4) Including Corporate & Other

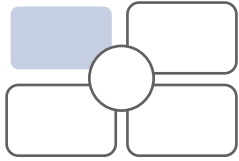


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# How to create franchise value in an uncertain world





## “Agency Future Program” to enhance global tied agent productivity

### Tools

- Simplification of sales process and product architecture
- Market management data with “one customer view”
- Structured TA<sup>1</sup> activity planning
- Structured, needs based sales process, also addressing compliance
- Fast quote and straight-through processing
- Sales tracking and coaching
- Routing of admin tasks and calls to back office

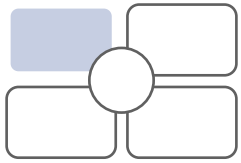
### Levers

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

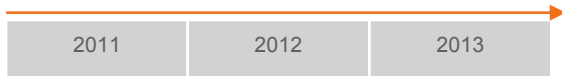


Mid-term  
ambition  
Productivity  
+ 25%

Revenues from TAs:  
P/C 40%, L/H 35%



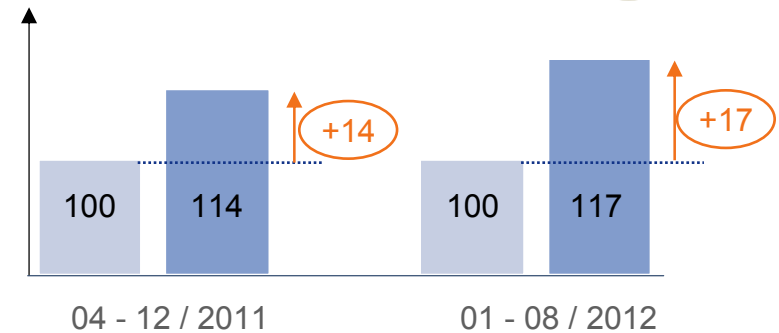
# Rollout started – first achievements encouraging



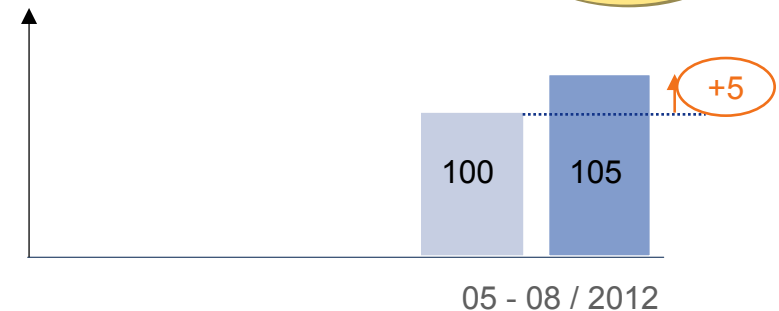
## Example Germany

New business<sup>1</sup>, indexed

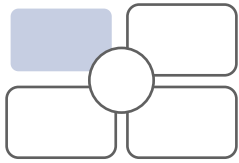
Traditional TA model  
New AFP model



New business<sup>1</sup>, indexed

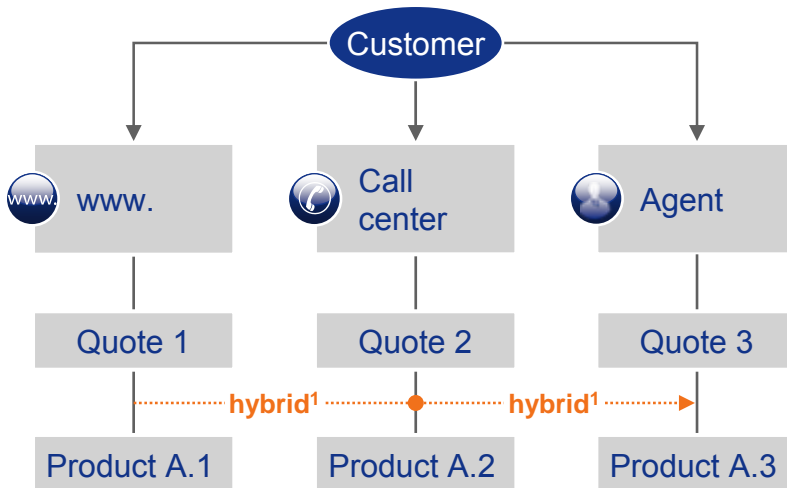


1) Value of total premiums  
 2) 2013e ~300 new agencies p.a.  
 3) 2,000 agents in April 2012; 6,000 expected until April 2013

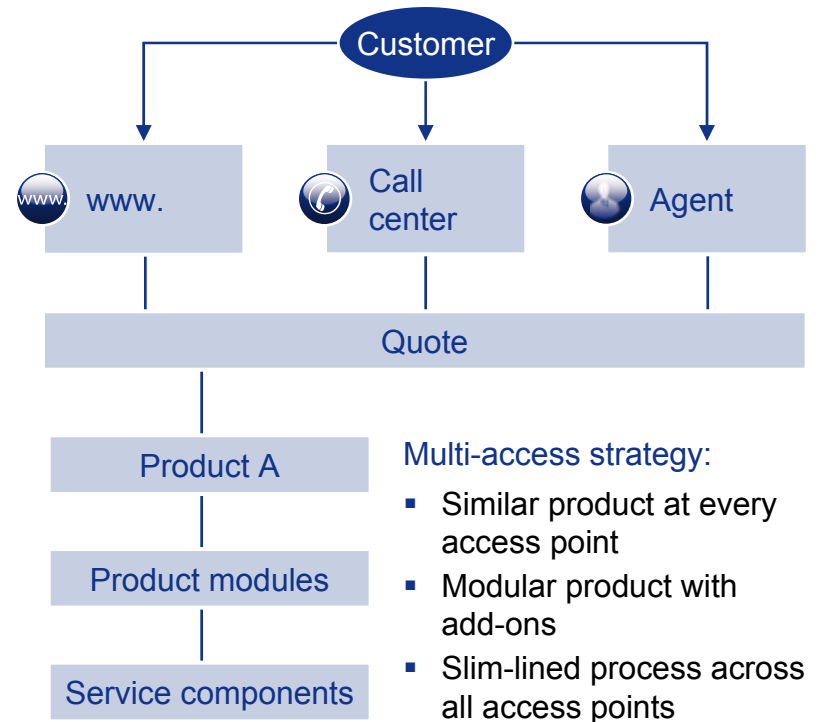


# From channel management to multi-access

## Traditional structure



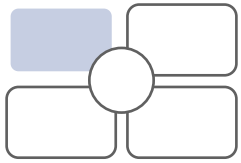
## Target structure



- Multi-access strategy:**
- Similar product at every access point
  - Modular product with add-ons
  - Slim-lined process across all access points

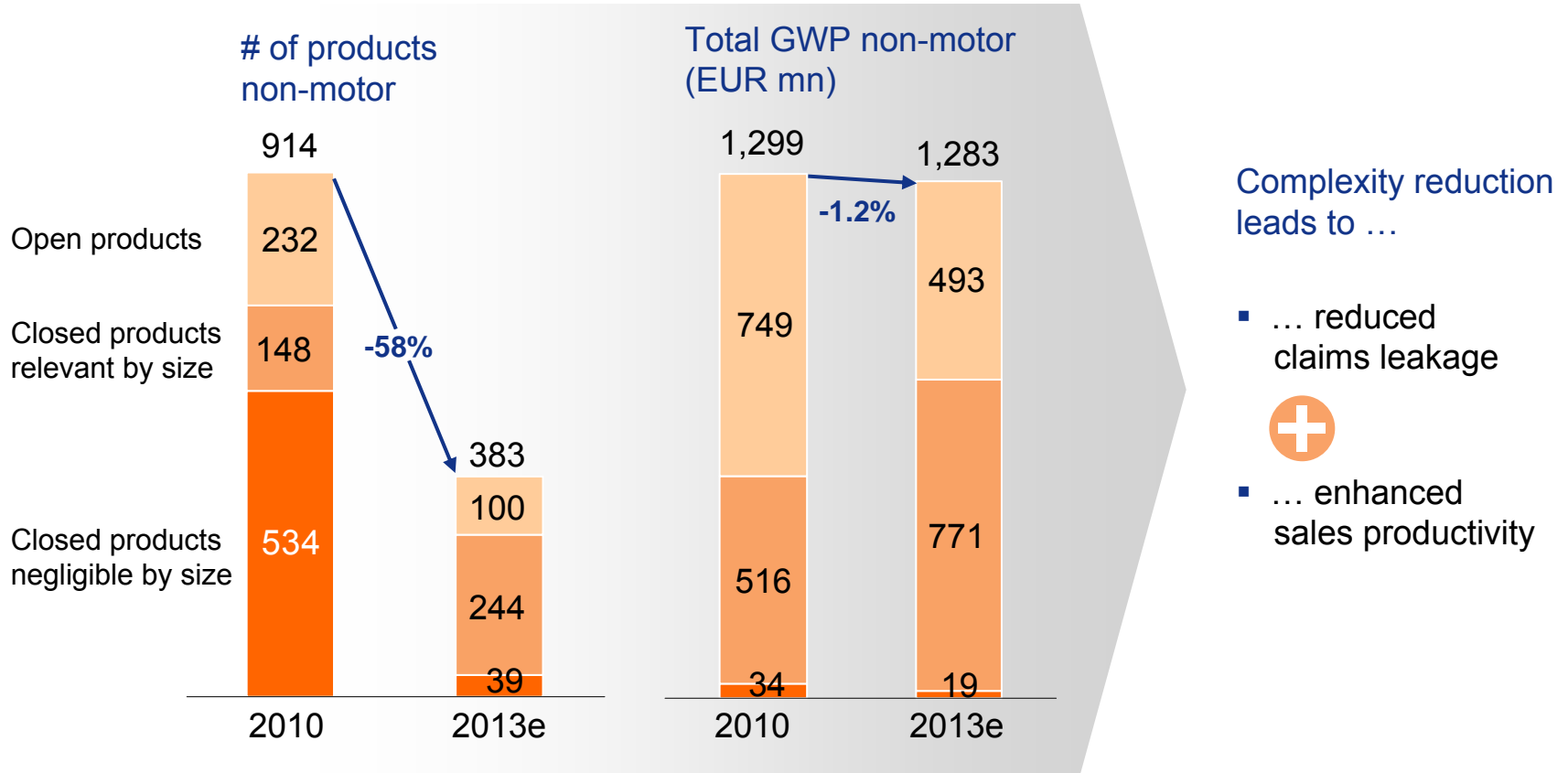
▶ Multi-access combines strengths of Direct and agents to better address hybrid customers, increase conversion rates and enhance cross-selling

1) Example France: 77% of “first contact direct customers” in motor become hybrid customers and change channel/product



# Complexity reduction to enhance sales productivity

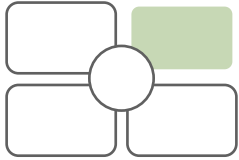
## Allianz OE example



Complexity reduction leads to ...

- ... reduced claims leakage
- ⊕
- ... enhanced sales productivity

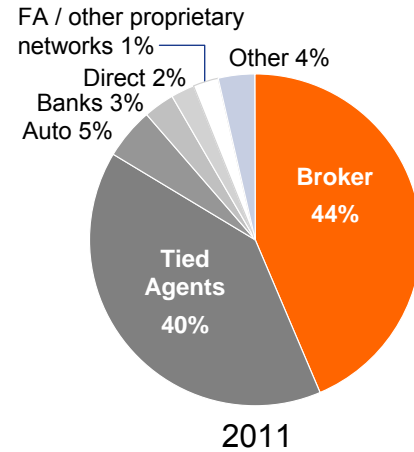
▶ Under Group-wide implementation



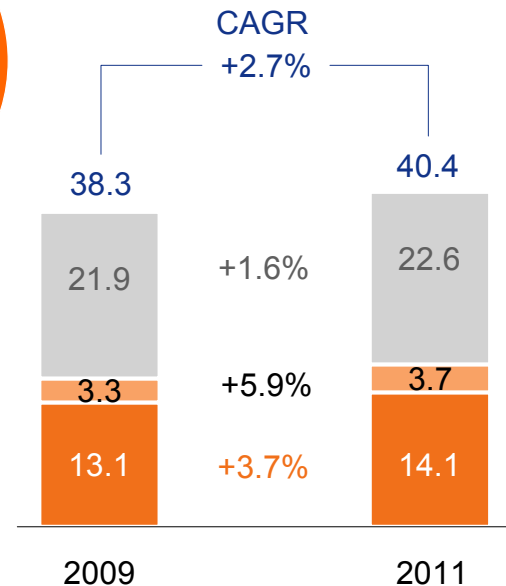
# Allianz broker initiative to accelerate growth

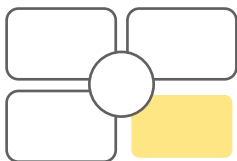
- Broker channel accounts for 44% of AZ Group P/C revenues in 2011
- Above average growth of broker and especially global broker revenues due to ...
- ... global account management, e.g. with Aon, Marsh, Willis and Jardine Lloyd Thompson
- ... best practice exchange on under- writing and claims in mid-corp. segment

P/C revenues Allianz Group (EUR bn)



- Other channels
- Global brokers
- Other brokers



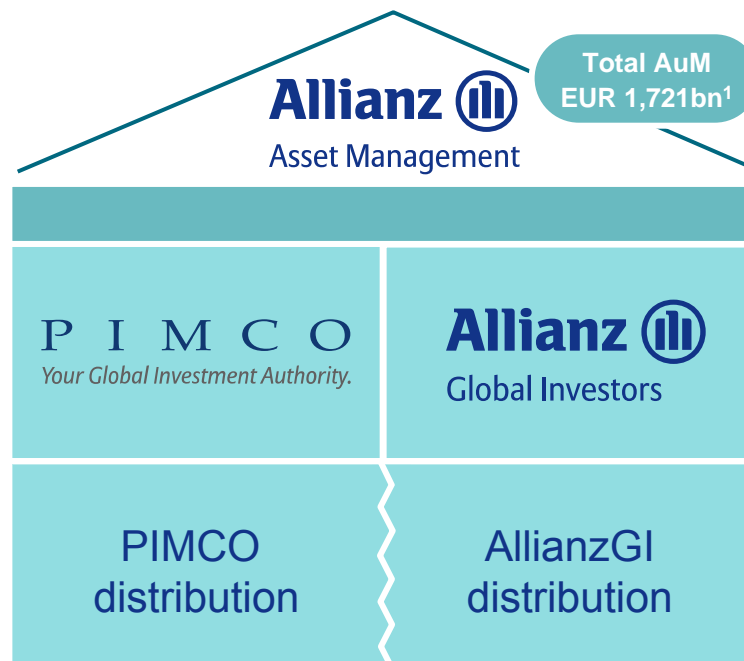


## Asset management repositioned

### Benefits of structural change

- ▶ **Streamlined business structure**  
Positioning of two focused global investment managers: PIMCO and AllianzGI
- ▶ **Leadership and governance**  
Lean governance holding  
Allianz Asset Management
- ▶ **Client focus**  
New approach meets clients' demand for global solutions across asset classes
- ▶ **Distribution**  
Distinct sales approaches
- ▶ **Asset classes**  
Full product offering across all asset classes
- ▶ **Transparency**  
Clear view on both operating pillars

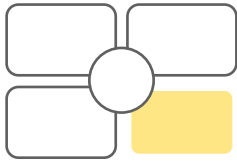
Since 2012:



▶ **Aspiration: operating profit growth 5% - 10% p.a.<sup>2</sup>**

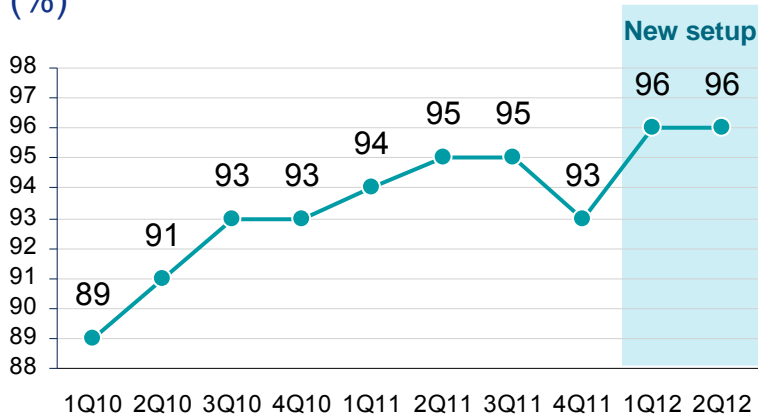
1) Total AuM of AAM as of 1H 2012  
2) Operating profit growth over full cycle and excluding f/x impact



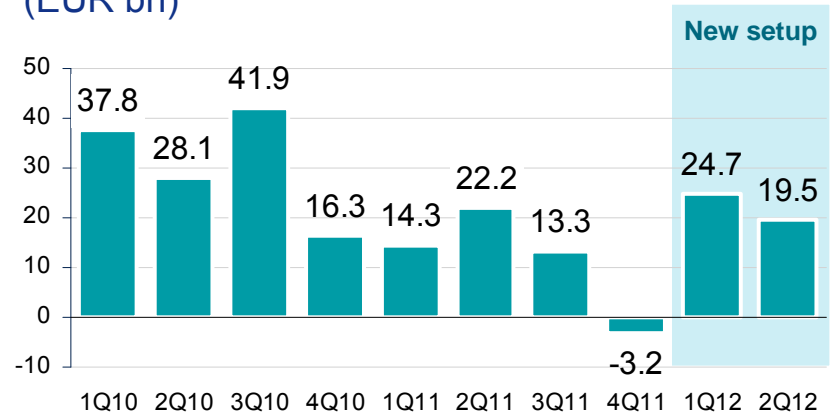


# PIMCO – continuing success

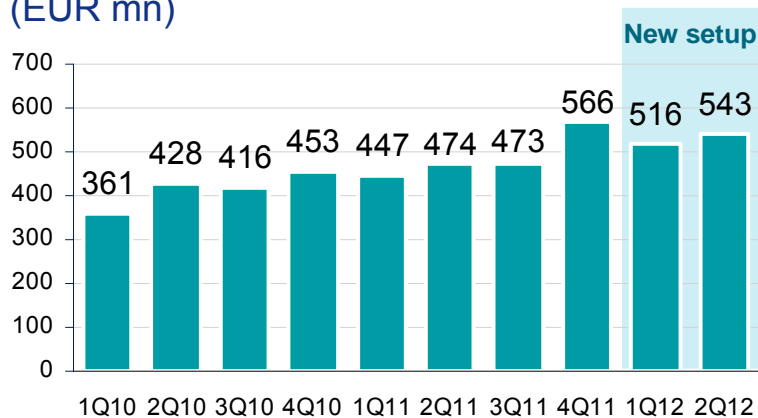
Consistent investment outperformance<sup>1</sup>  
(%)



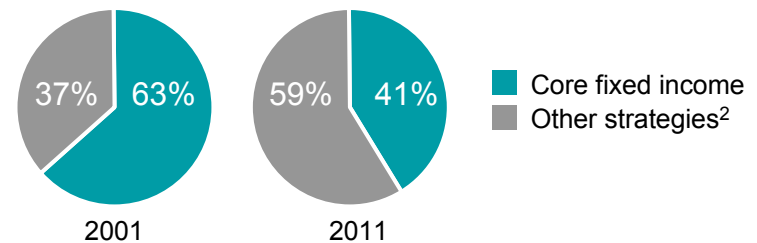
Strong total net flows  
(EUR bn)



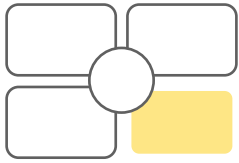
Growing operating profits  
(EUR mn)



Diversifying AuM from core fixed income business

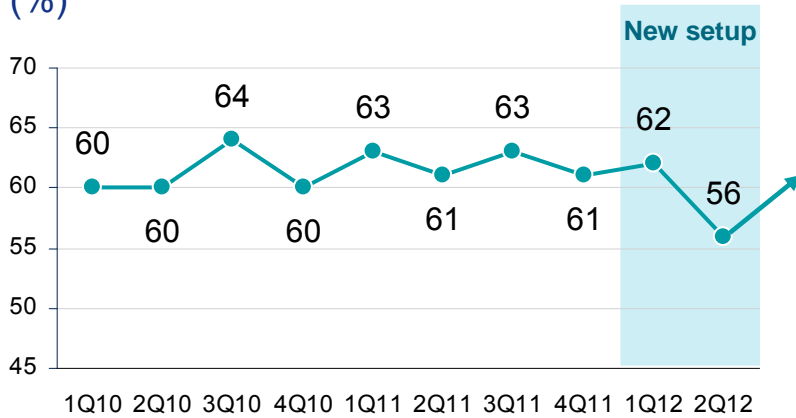


1) 3-year 3rd party account based asset-weighted outperformance  
2) Includes e.g. real and absolute return strategies, credit, equities

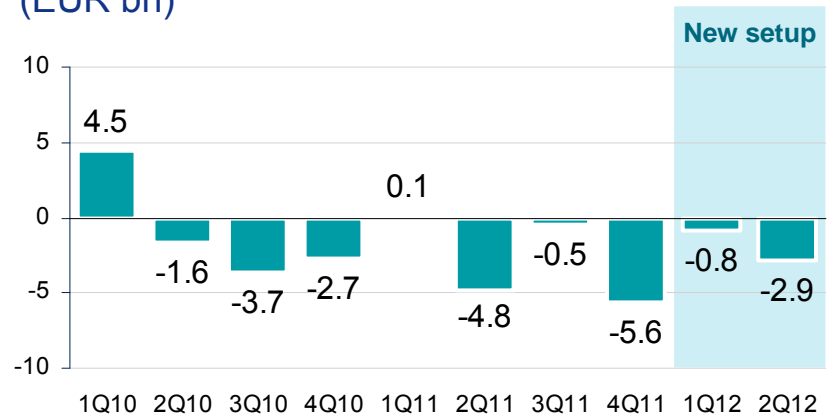


# AllianzGI – solid contributor with potential

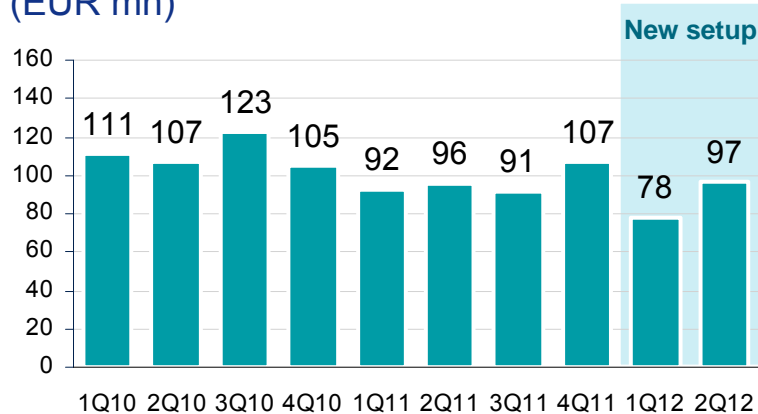
Investment outperformance<sup>1</sup>  
(%)



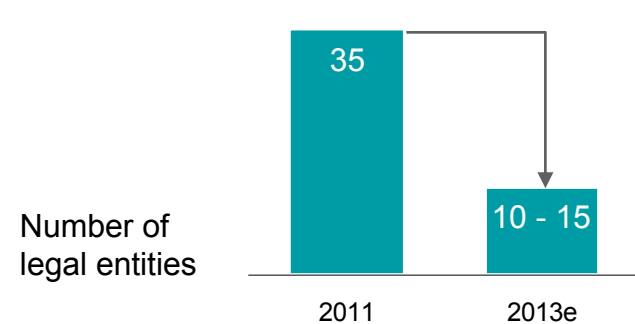
Total net flows in line with peers  
(EUR bn)



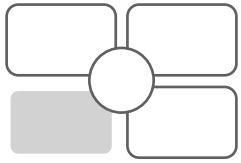
Sound operating profits  
(EUR mn)



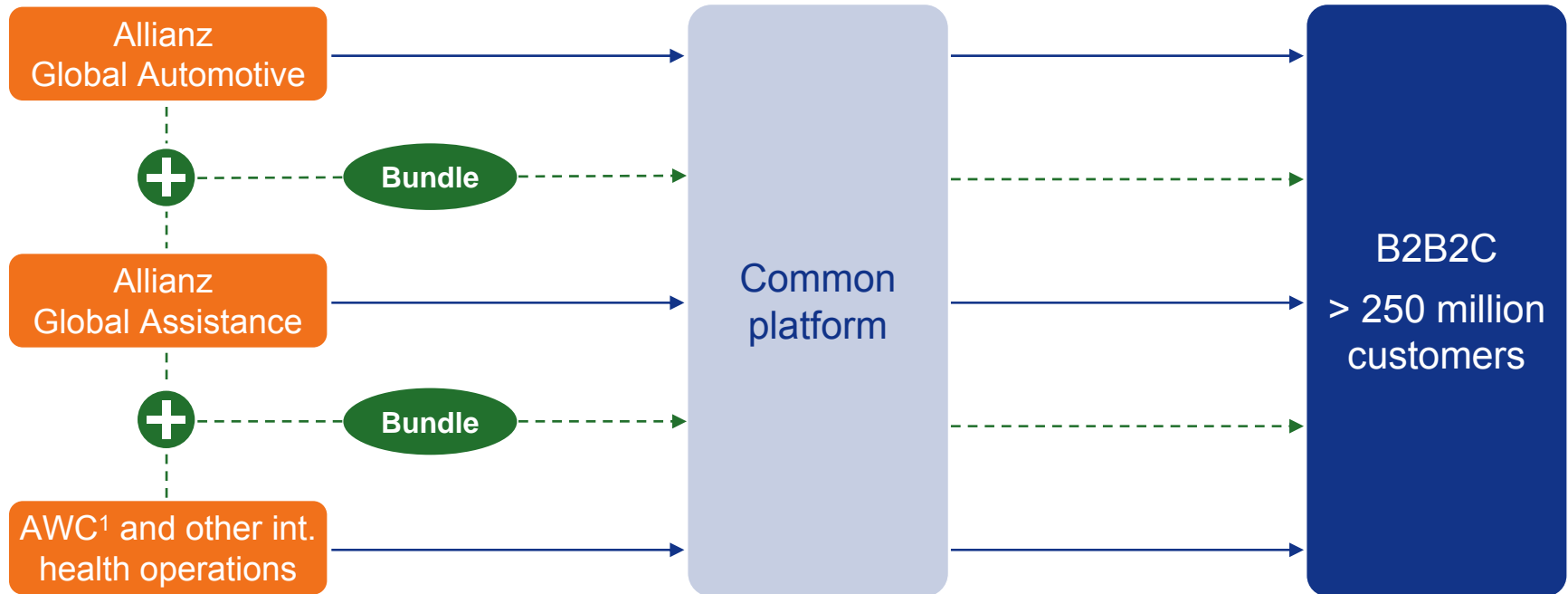
Streamlining of organizational structures  
to generate further profit potential



1) 3-year 3rd party account based asset-weighted outperformance



## B2B2C – maximize growth and operational synergies



- Leverage product breadth
- Increase customer contact frequency via service component
- Eliminate product overlaps

- Leverage operational synergies of IT platforms + distribution
- Allianz brand or white labeled

- EUR 1bn additional revenue potential<sup>2</sup>

1) Allianz Worldwide Care

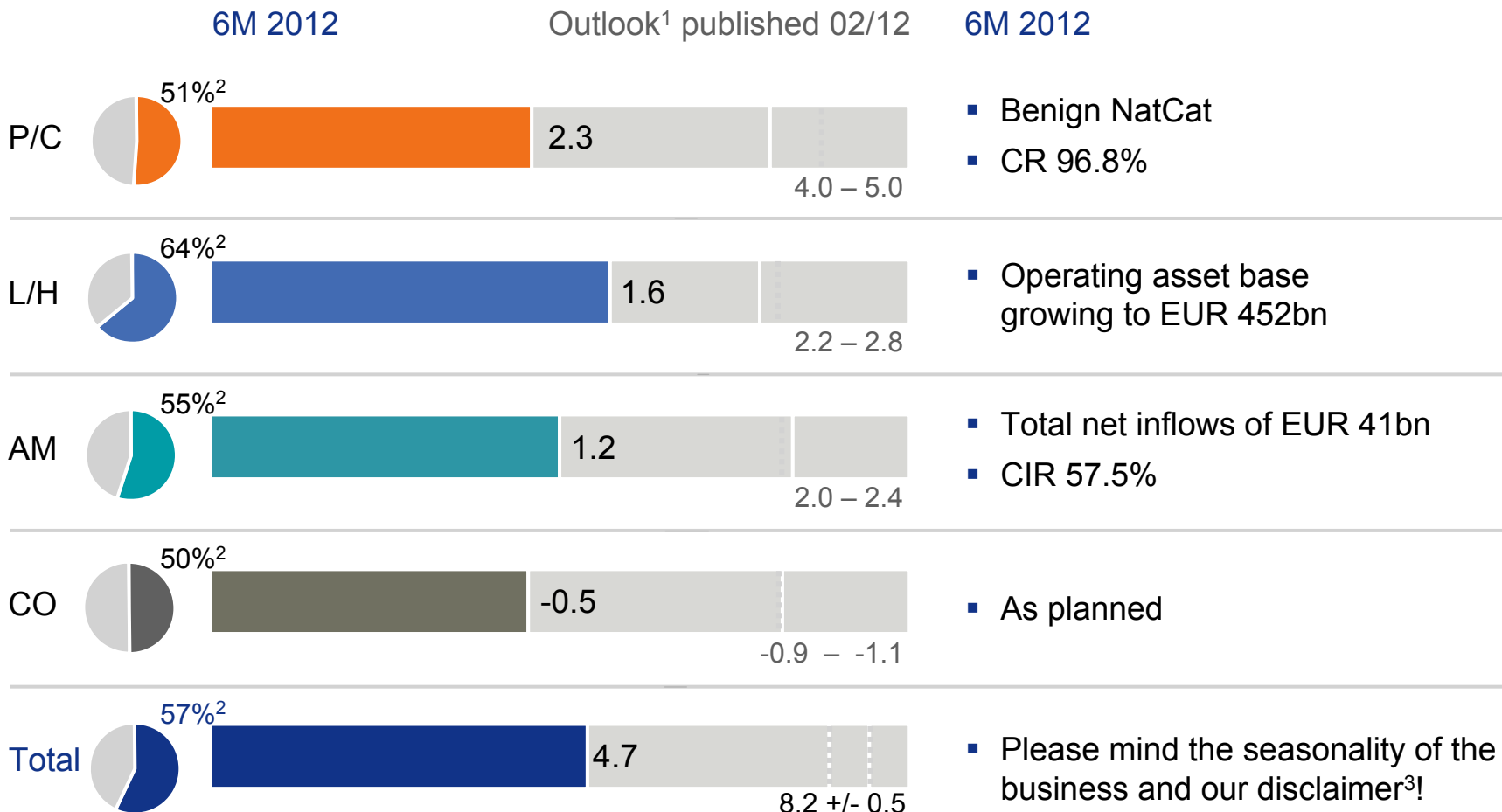
2) Based on 5%-points higher growth rate over 3-year period compared to previous set-up

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# Solid operating profit outlook for 2012

## Operating profit (EUR bn)



1) For FY 2012  
 2) As % of target range mid-point  
 3) Disclaimer: impact from NatCat, financial markets and global economic development not predictable!

## To sum it up

- 1** Strong market positions and brands
- 2** Resilient and well diversified business model
- 3** Limited peripheral exposure
- 4** Strong capital position
- 5** Continuing generation of franchise value
- 6** Attractive dividend yield

# Appendix

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## Financial calendar

November 9, 2012	Interim Report 3rd quarter 2012
February 21, 2013	Financial Press Conference for Fiscal Year 2012
May 7, 2013	Annual General Meeting 2013
May 7, 2014	Annual General Meeting 2014
May 6, 2015	Annual General Meeting 2015

The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures of quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the Internet at [www.allianz.com/financialcalendar](http://www.allianz.com/financialcalendar).

# Disclaimer

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

## Cautionary Note Regarding Forward-Looking Statements

The statements contained herein may include 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 that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, the words "may", "will", "should", "expects", "plans", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions identify forward-looking statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) general economic conditions, including in particular economic conditions in the Allianz Group's core business and core markets, (ii) performance of financial markets, including emerging markets, and including market volatility, liquidity and credit events (iii) the frequency and severity of insured loss events, including from natural catastrophes and including the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency

levels, (vi) the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changing levels of competition, (x) changes in laws and regulations, including monetary convergence and the European Monetary Union, (xi) changes in the policies of central banks and/ or foreign governments, (xii) the impact of acquisitions, including related integration issues, (xiii) reorganization measures, and (xiv) 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. The company assumes no obligation to update any forward-looking statement.

### No duty to update

The company assumes no obligation to update any information contained herein.