

Allianz SE

Group Communications and Corporate Responsibility

Media Release

ALLIANZ AND LV= AGREE JOINT VENTURE TO CREATE THIRD LARGEST PERSONAL INSURER IN THE UK MARKET

- Allianz Group and Liverpool Victoria Friendly Society to launch joint venture under the LV= brand name in the UK personal insurance market
- LV= branded joint venture will be the UK's third largest personal insurer with over £1.7 billion annual premium income
- Joint venture combines LV='s excellent brand and reputation in personal insurance with Allianz's financial strength and technical excellence, and a shared passion for customer service
- Allianz will solidify its multi-channel distribution offering in the direct and broker channels in the UK
- Transaction will see Allianz initially hold a 49 percent stake in LV='s General Insurance businesses and LV= a 51 percent stake, in a first step
- Allianz to pay LV= £500 million for the 49 percent stake (total transaction valued at £1.020 billion)
- Transaction will see Allianz acquire a 69.9 percent stake in long-term joint venture LV= GI
- Allianz to pay LV= £213 million by 2019 in the second step for a further 20.9 percent stake in joint venture LV= GI through an agreed, forward purchase
- Transaction subject to regulatory approval

MUNICH/LONDON, August 4, 2017 -- Allianz Group and Liverpool Victoria Friendly Society (LV=) have agreed to launch a joint venture and a longer-term strategic partnership in the UK, creating a general insurance business with over 6 million customers and gross premiums written in excess of £1.7 billion.

The transaction allows Allianz and LV= to take a leading role in the growing UK retail sector by creating a strong and customer-centric insurer in the personal home and motor insurance markets. While the joint venture offers Allianz the opportunity to partner with a trusted brand offering excellent customer service, it provides LV=, the UK's most trusted and most recommended insurer, the financial strength and expertise to further grow in general insurance through this partnership and enables it to continue to develop in its core Life & Pensions market. The transaction also strengthens Allianz's position in the commercial market where it has over £1 billion in annual income and complements its broader UK presence including the market leading Petplan brand, and strong positions in legal expense and musical insurance.

LV= will receive £500 million from Allianz in exchange for a 49 percent stake in LV='s General Insurance businesses. The new, long-term joint venture will acquire Allianz's personal home and motor insurer's renewal rights while Allianz will obtain LV= GI's commercial insurer's renewal rights. The first stage of the transaction is expected to close during the second half of 2017. The second stage of the transaction will take place in 2019 and will see Allianz pay £213 million for a further 20.9 percent stake in LV= GI through an agreed, forward purchase based on a total valuation of £1.020 billion for 100 percent of LV= GI. LV= has a put option under which it can sell all or part of its remaining shares to Allianz.¹ The transaction is subject to regulatory approvals.

The key benefits of this new partnership include:

- The combination of two successful, customer-focused businesses.
- Technical excellence as a result of combining Allianz's and LV= GI's expertise in pricing, underwriting and claims.
- Accelerated innovation and growth through the combination of digital capabilities.
- Potential opportunities to develop broader joint propositions in the UK market.

"I am thrilled to join forces with LV=, one of UK's most respected and loved brands. This partnership will first and foremost benefit our customers who will have access to an expanded range of products backed by the financial strength of Allianz. We value LV='s strong brand and market positioning," said Oliver Bäte, Chief Executive Officer of Allianz Group.

Richard Rowney, Chief Executive of LV=, said: "I am delighted to announce this joint venture with Allianz, which will see us create the third largest personal insurance business in the UK. With this deal, LV= has a positive future in both General Insurance and Life and Pensions.

The strategic partnership with Allianz will allow us to continue to benefit from a growing personal insurance business while also enabling us to strengthen our capital position, leaving us well placed to continue to expand our Life and Pensions business and pursue new digital opportunities.”

“I am delighted that two organizations with excellent reputations in both personal and commercial lines have forged a landmark partnership with the twin aims of benefiting customers and generating profitable growth,” said Jon Dye, Chief Executive Officer of Allianz Insurance plc.

Steve Treloar, Managing Director of General Insurance of LV=, added: “Our joint venture will be a leading personal insurer with a diversified distribution base across direct, broker and corporate partner channels. The combination of LV=’s strong brand, longstanding reputation in personal insurance and excellent customer service with the financial strength, digital expertise and data analytics of Allianz, the world’s largest P&C insurer, will allow us to further develop and expand the products and services that our customers demand.”

The joint venture will be run by Steve Treloar, reporting to a Board of Directors drawn from LV= and Allianz.

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Notes to editors

1. LV= has a put option under which it can sell all or part of its remaining shares to Allianz. Notice can be served at any time after completion of the first stage of the transaction, with the consideration, during the first two years after completion, being a fixed price based on the total transaction value and fair market value thereafter.

About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.3 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social

criteria in our business processes and investment decisions, we hold a leading position in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

About LV=

LV= employs over 5,500 people and serves over 5.8 million customers with a range of financial products. We are the UK's largest friendly society and a leading financial mutual. We are currently the UK's joint number one brand for Insurance and Investments, according to the 2016 YouGov Brand Index Buzz Rankings. We offer our services direct to consumers, as well as through IFAs and brokers, and through strategic partnerships with organisations including ASDA and Nationwide Building Society.

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

Cautionary note regarding 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/US-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.

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