Good morning, Ladies and Gentlemen,

I would like to welcome you to the presentation of Allianz's half-year figures.

I will be providing an overview

- of business developments in the first half of the year,
- reporting on current developments that could have an impact on our business in the future and
- giving a more precise outlook for fiscal year 2013 as a whole.

Dr. Wemmer will then explain the figures for the second quarter to you in detail.

As you know, the first quarter of this year was very positive because we were largely spared any exceptional burdens. This also continued in April and May. It was not until June that this situation changed and impacted our results for the second quarter. I will be addressing the major events in more detail later on.

The erratic developments in the second quarter were also reflected in our share price. It had initially risen in this quarter from 106 euros at the end of March to 120 euros, closing at 112 euros at the end of June.

If we look at the period from January to June 2013, Allianz's shares gained 7.1 percent, outperforming insurance sector shares on the whole, which made advances of 5.9 percent. By way of comparison: the EURO STOXX 50 lost 1.3 percent in the first half of the year.

Despite the share price fluctuations in the first six months of the year, the relative performance of our share shows that Allianz is still on track in operational terms and is testimony to just how resilient our business model is proving to be, quarter after quarter. Nevertheless, our solid development should not make us lose sight of the fact that the economic situation especially in Europe remains difficult. This is reflected, for example, in the development of revenues for our property and casualty business.

I would now like to look at our **key data for the first half of 2013** and compare this data with the business results we achieved in the same period the year before.

- At nearly 59 billion euros, total revenues were up by 6.5 percent year-on-year.
- Operating profit climbed by 12.7 percent to 5.2 billion euros.
- Net income for the first half of the year rose by 25.3 percent, outpacing the growth in operating profit, to total almost 3.3 billion euros. This helps us not only to continue to pay attractive dividends, but also to invest in organic growth and acquisitions.
- With a solvency ratio of 177 percent, Allianz continues to rank among the companies with the strongest capitalization in the sector.

Results in the **Property and Casualty insurance business** were shaped to a considerable degree by the June floods in central Europe. For the second time in the space of only a few years, Austria, the Czech Republic and southern and eastern Germany fell victim to a “flood of the century”. The economic loss is hefty, accounting for an estimated total of more than ten billion euros. However, it is not just the extent of the flood but rather also the large number of people affected by it that made this a unique major loss event.

Benefits to customers are expected to be more than 700 million euros, according to our current estimates. After reinsurance, the impact is around 330 million euros. We have done everything in our power to provide quick and uncomplicated help to those affected. For that we not only increased the number of claims experts, but also gave our agents greater authorization to settle claims. To date, we have recorded around 50,000 flood claims and have already settled 32,000 of them.

Despite this impact and some other less prominent weather events, our combined ratio improved by 1.6 percentage points to 95.1 percent in the first six months. Operating profit for property and casualty insurance rose by 11.9 percent to 2.5 billion euros.

In the **Life insurance business**, gross written premiums rose considerably in the first six months of the year, namely by 9 percent. The main growth impetus came from Italy, France and the Asia-Pacific region. Operating profit fell in the same period by 7.2 percent to 1.5 billion, largely due to a lower operating investment result.

The latter half of the second quarter in particular proved challenging for the entire asset management industry. Allianz **Asset Management** experienced outflows in this environment from fixed-income portfolios prompted by a sudden increase in yields in the bond market in the second half of the quarter. Nevertheless, overall we recorded net inflows for the second quarter of 7 billion euros; for the first half of the year, this amounts to 50 billion euros. At 1.7 billion euros, we also achieved an excellent operating profit, as clearly indicated by the 43.4 percent increase in a year-on-year comparison. I will come back later to talk about the developments at PIMCO.

All in all, these results show that we are operating successfully in all business areas, even in the face of difficult overall and market conditions, and that the biggest challenge continues to be the interest rate environment.

Following this overview of the results, I would now like to touch on a few **milestones from the first half of the year**. These relate to three areas:

1. operational improvements in core markets
2. organic growth and
3. acquisitions

Let me start with Fireman's Fund and Allianz Deutschland, before taking a brief look at our subsidiaries in southern Europe.

Fireman's Fund will continue to pursue its strategy as a provider of specialized insurance solutions under the leadership of Andrew Torrance. The initial results are encouraging. Profitability in new business rose in the first half of the year thanks to strict cost discipline and an improved business mix. The combined ratio has also been improving continuously over the past six months and most recently was just over 100 percent.

We are confident that this development will continue in the second half of the year.

Another positive example of operational improvements is **Allianz Deutschland**. In the second quarter, we hosted the annual Allianz Capital Markets Day for the international analyst community. This year it was dedicated to the Allianz business in Germany. The feedback on the positioning and development in all three operating segments was very positive, even though the flood and subsequent hail events of course impacted the combined ratio of its property and casualty business.

At this point, it is important to me to address an issue that has been the focus of much attention in recent weeks. I'm talking about the new pension insurance product offered by Allianz Deutschland: “Perspektive”. “Perspektive” is a new pension insurance product. During the accumulation phase, it offers customers higher chances of returns compared to traditional life insurance, while guaranteeing the premiums paid in. Added to that in the pension payout phase is a guaranteed lifetime pension calculated with the guaranteed interest rate applicable at that time.

The public discussion of this new product has mainly focused around the issue of the guaranteed interest rate. From a customer point of view, this guaranteed rate is also one of the important factors, but it is just one. And compared to other factors, it becomes less and less important the lower the guaranteed interest rate gets. That is because, when looking ahead to their own retirement, our customers mainly want to know the total benefits they can receive.

Over the past 60 years, our life insurance customers have always received more than the current statutory guaranteed interest rate of 1.75 percent. However, being able to ensure this guaranteed interest rate costs customers part of their returns. Therefore, the new product foregoes the mandated guaranteed interest rate during the accumulation phase and instead offers a long-term return advantage over traditional pension insurance. For example, for 2013 we are declaring an aggregate interest rate for “Perspektive” of 4.5 percent; that’s 0.3 percentage points more than for traditional pension insurance. And this return is more than respectable, given the current environment and compared to all other retirement investments. Depending on the period of the policy, this advantage can thus add up over the years to a significant additional benefit. For the average accumulation period of a policy of 30 years, this adds up to an increase in total capital of nearly 5 percent.

In fact, the new product also offers far-reaching guaranties. The benefit paid out when the policy matures or in the event of death corresponds at the very least to the premiums paid in. In addition – and this has frequently gone unnoticed in the reports on the product – this guaranteed sum in the accumulation phase is not static. Every single annually allocated profit participation remains permanently with the customer, which increases the guaranty for the entire residual term of the product: Thus, the guaranteed sum will only ever grow and never shrink.

And regarding the pension phase, it is because of the current interest rate levels that our customers are rightly asking us: Why should I commit myself now to the current low interest rate of 1.75 percent for my pension? This is why our “Perspektive” product offers the advantage that the pension calculation at the start of the pension payout phase will be based not on today's historically low guaranteed interest rate, but rather on the actuarial interest rate that applies at that time. So if the guaranteed interest rate at the beginning of the pension phase is higher than 1.75 percent, this will result in higher guaranteed pension payments.

To sum up: Anyone who is confident about future economic developments can choose "Perspektive", a product that allows them to participate in these future developments. At the same time, they also enjoy a very high level of security, because there no risk of loss.

Also, from a broader perspective, by introducing "Perspektive" we are doing what legislators and regulators expect of insurers. In order to protect taxpayers, legislators are calling for increased security to protect against all kinds of potential risks. In the insurance sector, security means setting aside more risk capital, and this, in turn, translates into higher costs for customers. Thus, it is virtually impossible to cover all guaranty risks and also take capital market risks at the same time, because it is too expensive for customers.

As a result, I believe that the landscape for guaranteed products will split into two areas. On the one hand, we will continue to see traditional products offering lifelong guaranties. However, these products will offer relatively limited return opportunities because of the low-risk nature of the investments.

On the other hand, more and more new products will be coming on the market – still offering guaranties, but to a lesser degree. In exchange, these products will have more investment options available to them and will enable higher returns. Our "Perspektive" product is one of the first in this new group.

In addition to these two kinds of products with guaranties, of course, there are still pension insurance products without guaranties, i.e. unit-linked pension insurance products. However, we expect that they will continue to play only a relatively minor role in Germany, even in the future.

Let me now look at some of our **subsidiaries** in the European periphery states. Allianz's business has also shown solid development in **southern Europe**, despite difficult conditions on the whole.

In the second quarter, our **Italian subsidiary** followed up on its successful start to the year. Operating profit climbed by nearly 45 percent in the first half of 2013. The combined ratio fell by 9.4 percentage points. Investments in IT systems, telematics and sales played a key role in this success: For example, since 2009, the number of telematics insurance policies, known as "pay as you drive" policies, has risen from 6,000 to 160,000. In the direct business, we surpassed the one-million-policy mark for the first time. In the life insurance segment, sales through our financial advisors and through our joint venture with Unicredit, CreditRas, proved successful. I will talk about a special unit-linked insurance product in Italy in just a moment.

The situation in **Greece** remains challenging. Despite a drop in revenues in response to the severe recession, we have boosted the profitability of our P&C business. The Greek car insurance market is characterized by intense price pressure and is extremely competitive. Nevertheless, the number of vehicles insured by us rose by 15 percent in the first half of the year. At the same time, in the life insurance business, we expanded our range of products. We are the first insurance company on the Greek market to now also offer unit-linked life insurance.

Our Spanish and Portuguese subsidiaries also showed good development. In **Spain,** we expanded our customer base by about 5 percent despite a shrinking market. In **Portugal** amid ongoing difficult economic conditions, last year we were able to further increase our profitability lead over our competitors. In the first half of 2013, we also recorded customer growth of 5.4 percent there as of June and thus continued on our good course from last year.

The next milestones that I would like to mention relate to Allianz's **organic growth** in the first half of 2013. We are very satisfied with group growth of 6.5 percent.

Latin America remains a region that offers above-average growth. The population is young and the middle class is getting bigger and bigger. As prosperity levels rise, people are also developing more of an interest in securing their possessions. The emerging middle class is also starting to turn more attention to issues like healthcare and retirement provision. The opportunities that have arisen as a result are reflected in our double-digit growth rates in the region.

In order to provide our customers and agents with the best possible level of support, we are currently rolling out our IT and business platform, which has already proved effective in Spain and Portugal. It has resulted in significant improvements in efficiency and growth on the Iberian peninsula and will also help to further promote our business in Latin America. The platform has already been launched in Colombia this year. After a test phase in the fourth quarter this year, the launch in Brazil is slated for the start of 2014.

Another way of achieving organic growth is to develop and successfully launch **new and innovative products** tailored to suit the specific needs of individual countries.

- In Italy, we are offering our customers a novel unit-linked product called “Progetto Reddito”. This comes in response to the request voiced by numerous customers who want to generate reliable, regular capital gains. With “Progetto Reddito”, investors invest a single premium in a fund of funds that is managed by us and, in return, receive a payout for the income from the investment on a quarterly basis. In the space of only six months, we have generated revenue totaling nearly 700 million euros with this product.

- In the agricultural insurance sector, we are currently developing remote sensory technology that uses satellite-based radar data to monitor biomass growth. This technology will facilitate the widespread launch of crop insurance in developing countries as well. The pilot project will be launched in 2014. This is one of many examples of how we are using technology to strengthen our core business and tap into new business areas, while being able to make a key economic contribution at the same time.

- With “Allianz Cyber Protect”, we recently launched an insurance product on the market that protects companies from a whole host of different IT risks. “Allianz Cyber Protect” is the first and only cyber policy that covers both liability and property damage as well as service costs, and it also assumes the costs of data protection lawsuits. Following the launch of “Allianz Cyber Protect” in Germany, we will be launching the product in Austria, Switzerland, the UK, France, Spain, Australia and New Zealand before the year is out. The plan is for selected Asian and Latin American markets to follow in 2014.
- As we all know, the trend towards the digitalization and networking of completely different areas of our lives is continuing unabated. Under the heading “Connected Home”, we are currently in the process of developing some initial ideas together with selected energy and telecommunications companies. One possibility would be a product concept in combination with home contents insurance or also assistance services. For example, customers could be informed by smartphone of water damage or a smoke alarm that has been set off, allowing them to immediately react to any damage. The initial test phases for individual product ideas are currently underway in Germany, France and Switzerland.

We also made significant progress in distribution in the first half of the year. For example, we stepped up our sales cooperation with the major bank HSBC. Following the agreements reached in the first quarter, which provide for the sale of Allianz products over HSBC counters in Turkey and in Asia, we signed a further agreement in the second quarter. Under this agreement, Euler Hermes will act as the exclusive provider of credit insurance solutions for HSBC corporate customers worldwide. We have also concluded an exclusive 15-year sales agreement with Yapi Kredi – the fourth-largest private bank in Turkey – giving us access to 6.5 million customers.

Turkey is also a good example of our complementary **acquisition** approach: We purchased Yapi Kredi’s property and casualty business entirely and 80 percent of its life and pension business. The authorities have since then given their approvals, so beginning in July we will be consolidating the business with our company in Turkey. This transaction makes us the number one in one of the world's fastest-growing insurance markets, a market that offers a robust economic outlook and boasts a large, young population of 75 million people.

Now that I have discussed the milestones in the first half of the year, I would now like to turn to the **main current industry issues** that have influenced our environment over the past few months:

- What is the status of the regulatory discussion?
- How should the restructuring of the European Monetary Union proceed?
- How is the monetary policy approach taken by the central banks influencing the investment environment?

I appreciate only too well that the regulatory framework for the insurance sector is a topic that the general public struggles to grasp, perhaps one that is equally difficult to assess as the question as to how Europe can find its way back to sustainable growth. These issues are, however, extremely important for our customers and for us.

Allianz supports the rapid implementation of the EU directive on the solvency of insurance companies, known as “Solvency II”. However, this is under the condition that it provides a solution for the long-term guaranty business. The current proposals from the European insurance regulatory authority EIOPA and the Lithuanian-led Council presidency go in the right direction but are not enough.

When it comes to new business, we can, and will, react to new regulatory requirements in a flexible manner. As far as our existing business is concerned, however, we believe that significant action needs to be taken: This is an area in which the insurance sector needs a sufficiently long-term transitional solution.

The European insurance industry also advocates a reasonable mechanism to compensate for artificial volatility that results from short-term, distorted market valuations and thus prompts strong fluctuations in mandatory capital requirements.

This compensatory mechanism must not apply only to companies' own funds. In order to effectively account for artificial market fluctuations, this mechanism also has to apply to the calculation of solvency requirements, because the two things are two sides of the same coin.

In order to make Solvency II a truly sensible supervisory and steering instrument, a common, Europe-wide effort from insurers, policymakers and regulators is still needed. For we do not believe it is even conceivable to introduce fragmented interim capital requirements within Europe. But exactly this would be the result if we are not able to find a common approach.

Another regulatory project that is extremely significant to us is the question of the systemic importance of individual financial institutions. We still believe that traditional insurance business is not of systemic importance and that Allianz does not perform any activities that are of systemic importance. However, logically we must accept the contrary view taken by the Financial Stability Board. We will now be spending the next few weeks and months clarifying the precise impact of the nomination and the implementation of the measures in talks with the supervisory authorities. We are confident that it will be possible to arrive at sensible solutions. We are also convinced that on the capital side, in its business mix and with its risk management, Allianz is so well positioned, that we fulfill all of the additional requirements resulting from the nomination.

Another constant issue is to contain the **sovereign debt crisis in Europe**. The longer the crisis goes on, the more harmful it is to European unity.

I am absolutely convinced that if we want sustainable growth and common values in Europe in the long run, we have to make monetary union a success and resolutely continue on the path we have embarked upon. For that, the persistent sovereign debts absolutely must be reduced. Lithuania and Ireland have led the way, showing how much progress can be made with a systematic focus on restructuring. On the other hand, countries also have to continue to forge ahead with necessary structural reforms. A banking union, meaning a pan-European and not national regulation of banks, would make an important contribution to that.

However, without a common political understanding of how to move forward and harmonized rules within the single currency area, we will never be able to find our way out of this debt labyrinth. If the stability of the system as a whole is at risk, it has to be possible to take effective measures that also allow Europe to intervene in national fiscal and economic policy matters as well. However, in my view, it is not merely fiscal policy alone, but rather it is only by shaping European unity as a single European economic area that Europe’s competitiveness can be strengthened. In this respect, a common energy and infrastructure policy seems particularly pertinent. At present, the focus is too one-sided on debt policy and too little on the issue of growth.

As a result, the **capital and financial markets** are reacting very sensitively to any factors that could hinder the delicate outlook for growth.

For example, market developments have been determined increasingly by the action taken by central banks or the statements made by currency guardians. The announcement made by the Chairman of the US Fed, Ben Bernanke, that the Fed planned to gradually retreat from the policy of “cheap money”, triggered intense, excessive reactions on the bond market. The yield on ten-year US government bonds were recently between 2.5 and 2.6 percent, 60 to 70 basis points higher than the average level for the first five months of this year.

As the world's largest fixed-income fund manager, **PIMCO**, of course, was not unaffected. It is, however, important not to overreact to temporary outflows. Dealing with fund inflows and outflows has always been part of the day-to day business of asset managers. And with all the discussion about the outflows in June, let’s not forget: PIMCO currently has assets under management of 1,238 billion euros and reported net inflows in the first half of the year of 45 billion euros. PIMCO even closed the second quarter with net inflows of more than four billion euros.

Furthermore, PIMCO has already proven its ability to successfully manage extreme situations several times in the past. Sell-offs have been a repeated occurrence on the bond markets over the past two decades. During all of these phases, PIMCO managed to continue its long-term success story in risk management and income generation. That is why even now I am confident, especially since we believe that after the most recent interest rate increases once again some normality has returned to the bond markets. By the way, after the most recent statements by the US Fed, we do not need to expect any abrupt change in US fiscal policy. The European Central Bank has also made it clear that key interest rates in the euro area will remain at a low level for the foreseeable future. Thus, the period of “cheap money” looks set to continue. In the longer term, though, we are preparing for a moderate rise in interest rates, and PIMCO is ideally positioned to hold its own in this situation, too.

Finally, I would like to provide you with our **outlook** for the rest of the year and will refer in this respect – as in previous years – to our operating profit.

After the first quarter, a few observers were calling for us to lift our outlook. Given the extreme factors that influenced our business development in the second quarter, we believe that the caution we opted to exercise back then was justified.

In view of our good half-year results, we are maintaining our operating profit outlook for 2013 of 9.2 billion euros, plus or minus 500 million euros, although based on our current projections we see the figure more toward the upper end of this range. As always, this forecast is under the caveat that natural catastrophes and capital market turbulence do not exceed expected levels.

Dr. Wemmer will now explain the results of the second quarter of 2013 to you in detail.