

Allianz SE

Giulio Terzariol
CFO

Allianz UK

Jon Dye
CEO

Allianz Leben

Alf Neumann
Member of the Board
of Management

Allianz Direct

Bart Schlatmann
CEO

London, November 26, 2019

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Allianz in the low yield environment

Giulio Terzariol

CFO Allianz SE

London, November 26, 2019

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Agenda

Topics

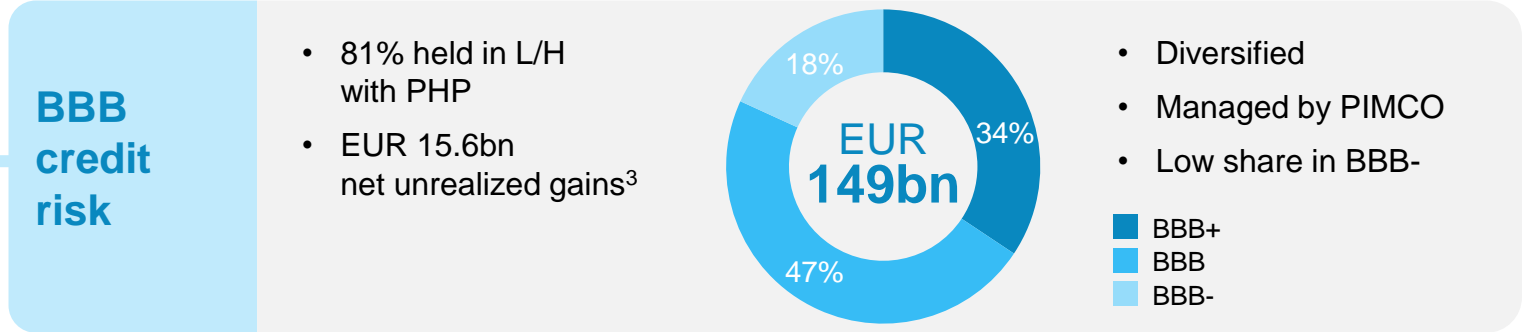
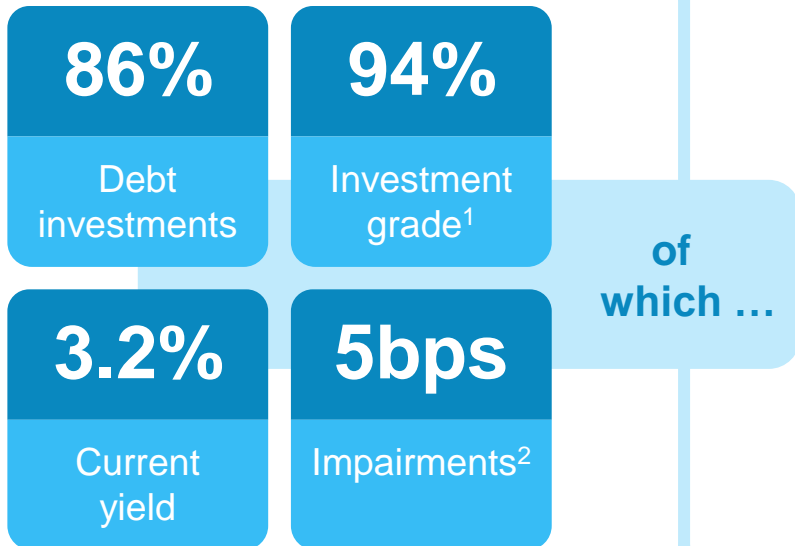
Facts

1	Investments	Well balanced with high quality
2	Life business	Profitable growth despite low yields
3	Net income	Resilient
4	Solvency II	Comfortable
5	AGCS	Portfolio restructuring

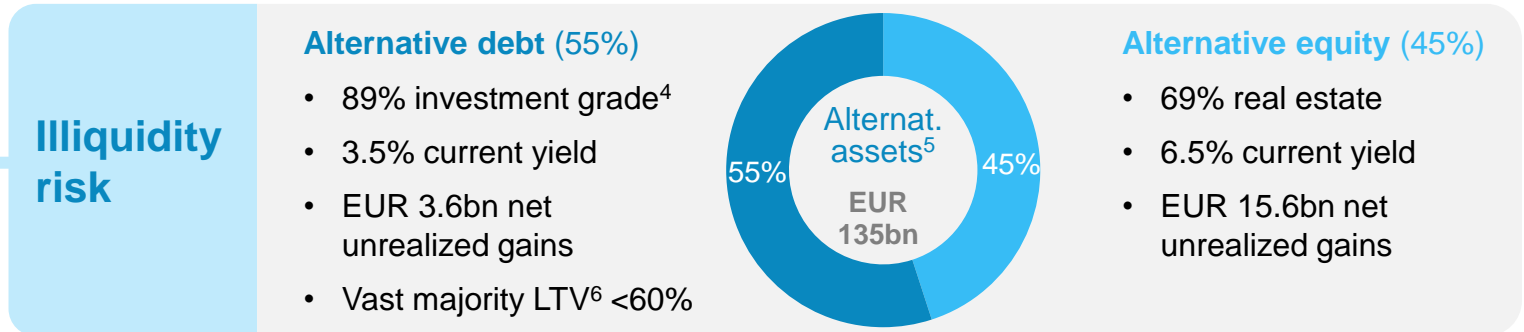


1 Investments: well balanced with high quality

Allianz Group investment portfolio EUR 673bn (2018)



Well balanced, no intention to add further credit risk



Illiquidity premium still attractive, opportunistic expansion

1) Debt instruments
2) Debt instruments; 5yr average
3) As of 3Q 2019

4) EUR ~67bn, excl. EUR ~4bn not rated investments
5) Non-traded assets, fair value
6) Loan-to-value ratio



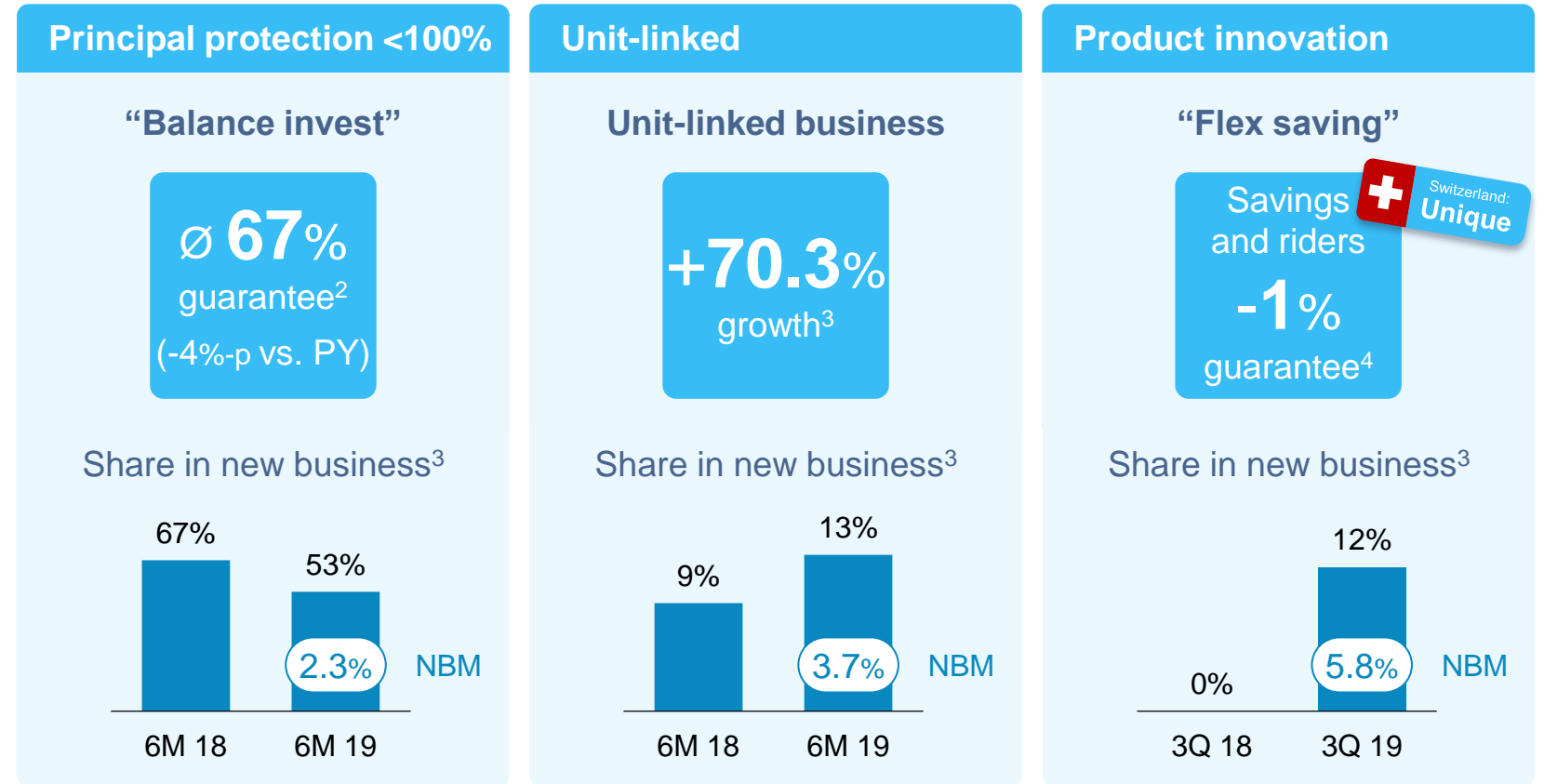
2 Life business: profitable growth despite low yields

Group (EUR bn):
Successful margin management

In-force	2015	2018
Statutory premiums	66.9	70.4
OP	3.8	4.2
RoE	10.9%	11.4%

New business	2015	2018
NBM	2.1%	3.6%
VNB	1.2bn	2.1bn
Share of pref. lines	64%	82%
Capital intensity ¹	6.6%	2.7%

Example Switzerland (retail business):
Successful margin management in negative yield environment

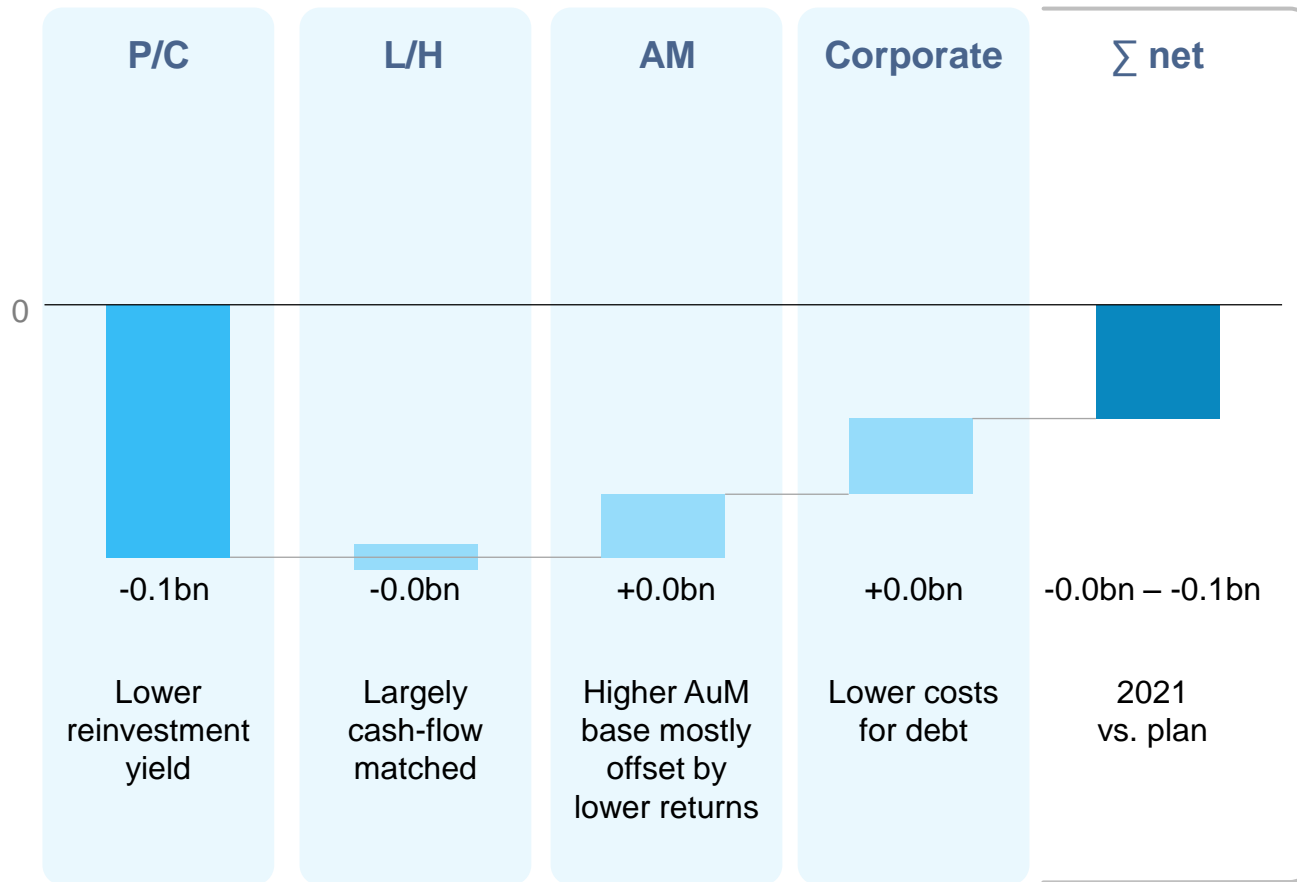


1) 6.6% refers to risk capital over in-force business reserves (2018), 2.7% refers to PV of risk capital over PV of reserves for new business written in 2018
 2) 67% of principal guaranteed; new business 6M 2019
 3) Based on PVNBP
 4) -1% technical interest per year + profit participation (set annually)

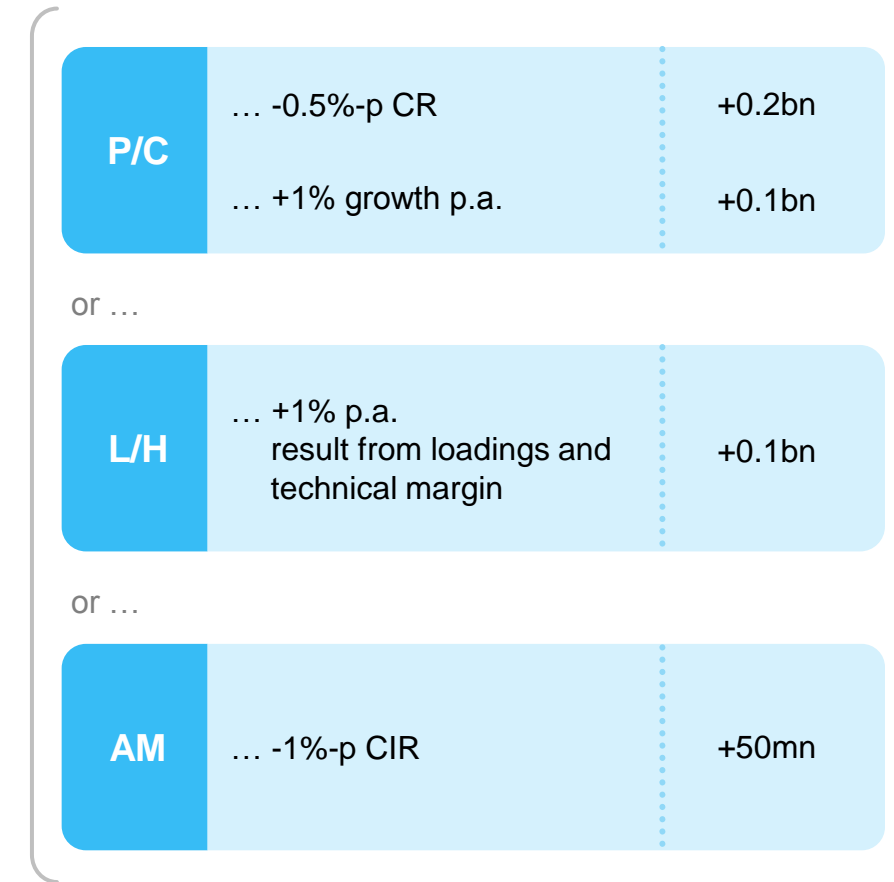


3 Net income: resilient

Impact of 100bps lower yields¹ on 2021 shareholders' net income



Lever and approx. impact on net income (EUR)

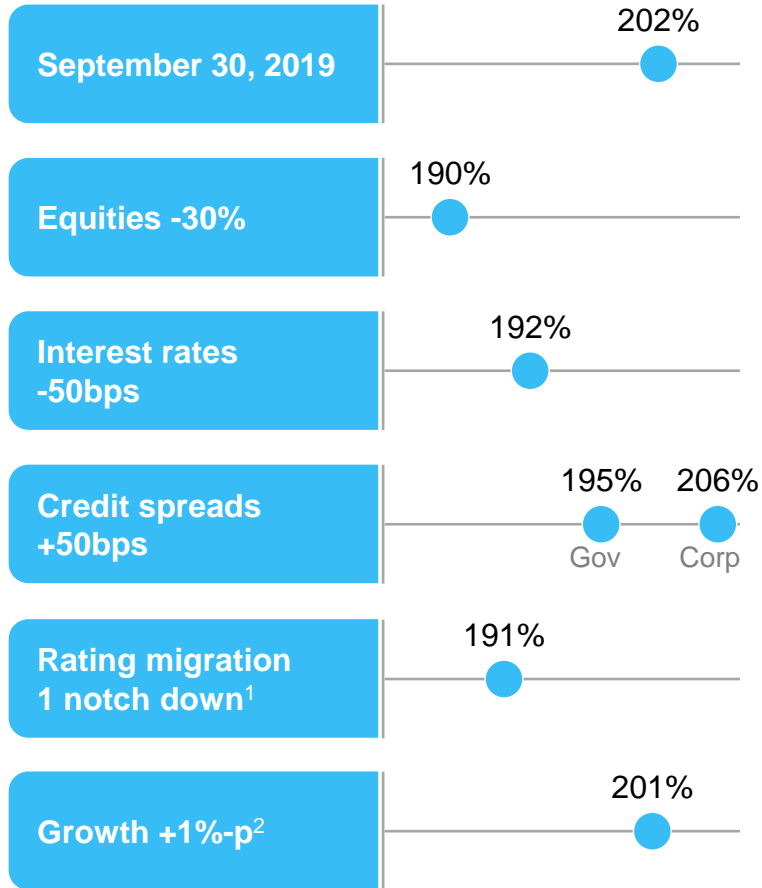


1) Compared to plan announced in 2018



4 Solvency II: comfortable

Solvency II ratio



Things to keep in mind

SII operating earnings post tax / post dividend	+8 – +10%-p p.a. going forward
LV= / L&G transactions (4Q 2019)	SII ratio ~-2%-p
Santander / Popular settlement (1Q 2020)	SII ratio ~+2%-p
UFR reduction -15bps (1Q 2020)	SII ratio ~-1 – -2%-p
SulAmérica (2Q/3Q 2020)	SII ratio ~-2 – -3%-p
Combined stress (before mgt. actions)	SII ratio ~140% even in extreme stress scenario ³

1) 1 notch (e.g. AA to AA-) downgrade of all fixed income exposures, including government bonds

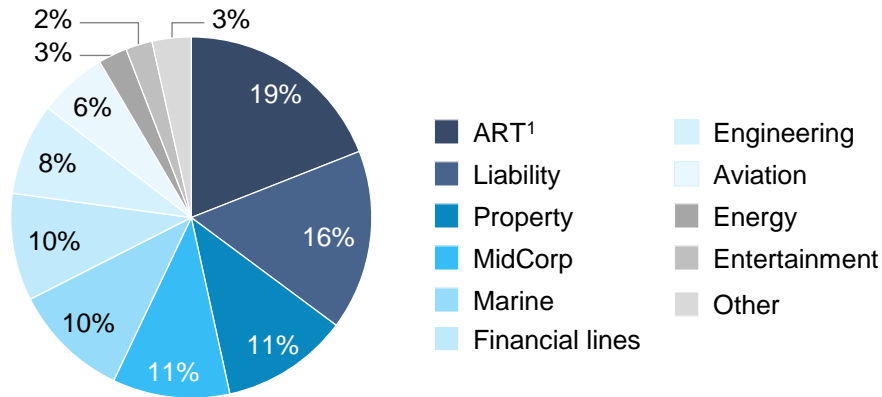
2) Additional 1%-p growth in P/C NPE and 1%-p growth in L/H PVNBP, 1% growth for 3rd party AuM

3) Scenario includes IR -50bps, equities -30%, credit spreads 0 - +200bps, real estate -5%, NatCat EUR 1bn above plan, credit rating migration (half of 2008/09 credit crisis scenario) capturing all internal model OEs and AZ Life

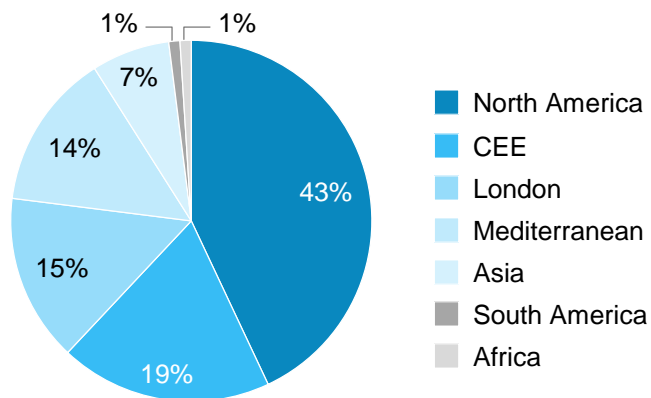


5 AGCS: portfolio restructuring

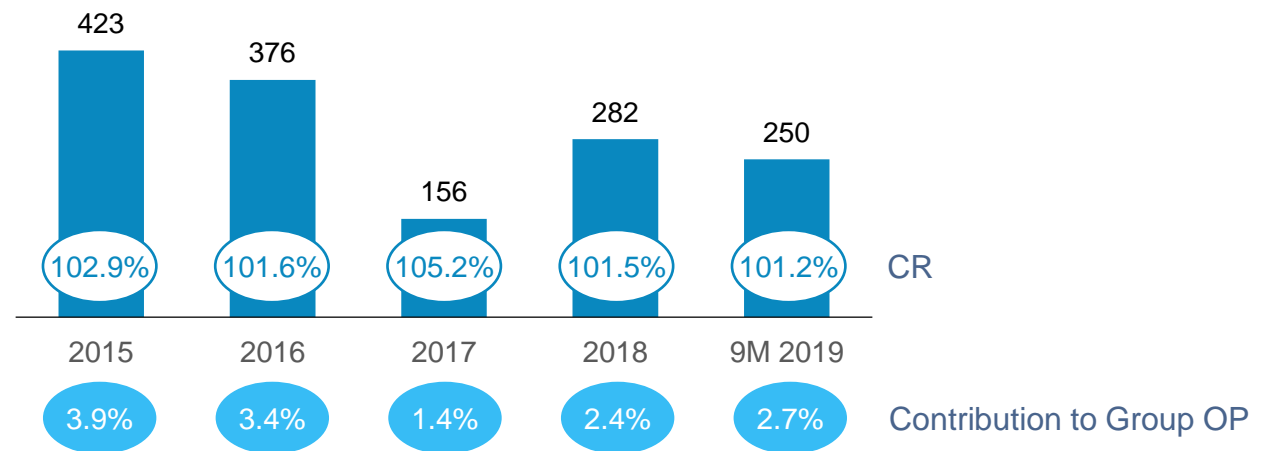
GPW by LoB (2018: EUR 8.2bn)



GPW by region (2018, excluding ART¹)



AGCS operating profit (EUR mn)



Key messages

- 9M 2019 rate increase of 8.7% (renewals and new business)
- Reserve strengthening in 4Q 2019 following review
- Portfolio restructuring initiated
- 2021 CR expected to be <100%

1) Alternative Risk Transfer

Allianz Insurance UK

Jon Dye

CEO Allianz Insurance UK

London, November 26, 2019

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The UK at a glance

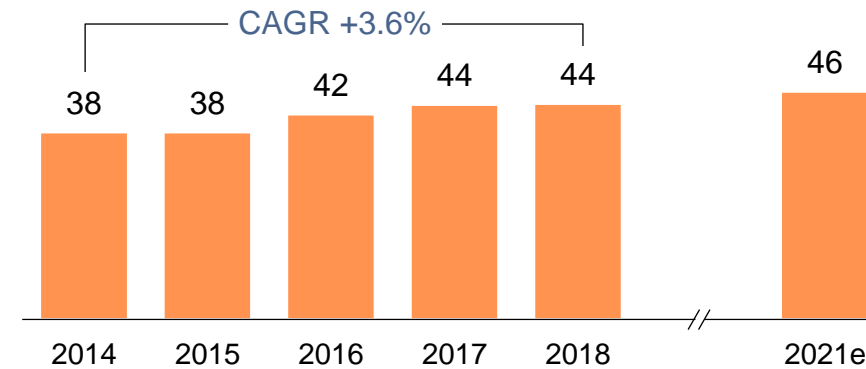
Key data 2018

- Population: 66.4mn
- GDP (GBP): 2,140bn
- GDP growth: 1.4%
- GDP/capita (GBP): 32,216
- Inflation: 2.5%
- P/C insurance penetration¹: 2.0%
- Country rating (S&P): AA

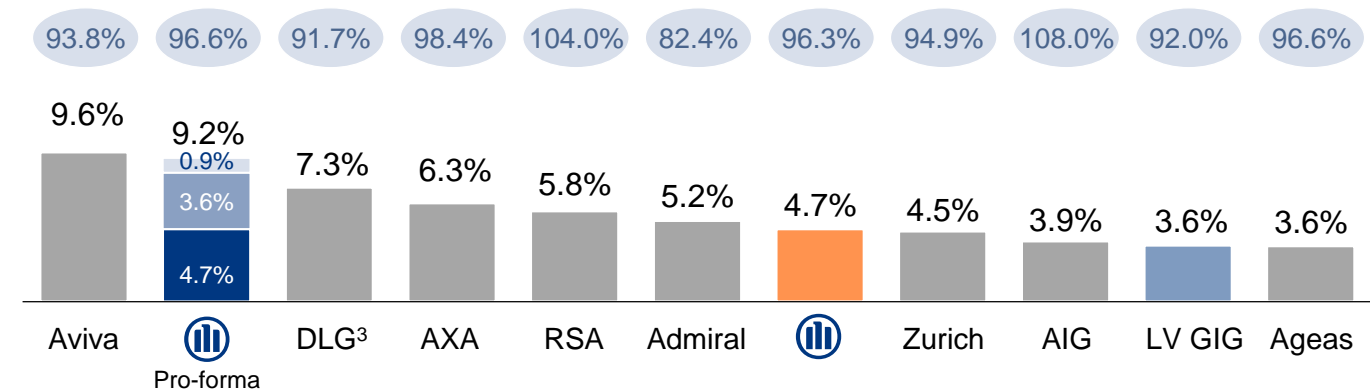
Market specifics

- Largest European insurance market
- Highly competitive in P/C
- Changes to the Ogden discount rate have distorted recent market performance
- Regulatory environment continues to evolve quickly with particular focus around fair pricing

P/C market size² and growth (GPW in GBP bn)



Market shares and combined ratios (2018, GPW, %)



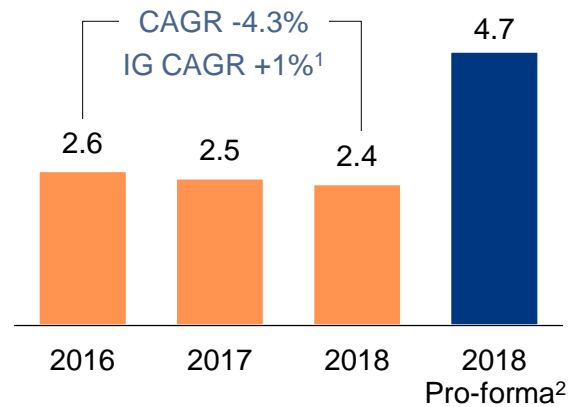
1) GPW as % of GDP
 2) Excluding accident & health insurance
 3) Direct Line Group
 Sources: Global Data, peers' company reports, S&P

Legal & General Insurance Limited
 Liverpool Victoria General Insurance Group
 Allianz

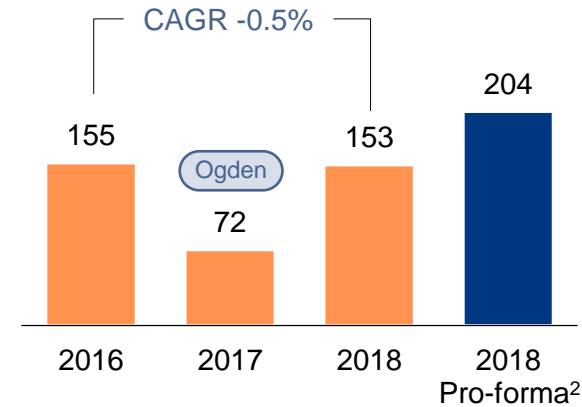


Allianz Insurance in the UK (1/2)

Revenues (EUR bn)



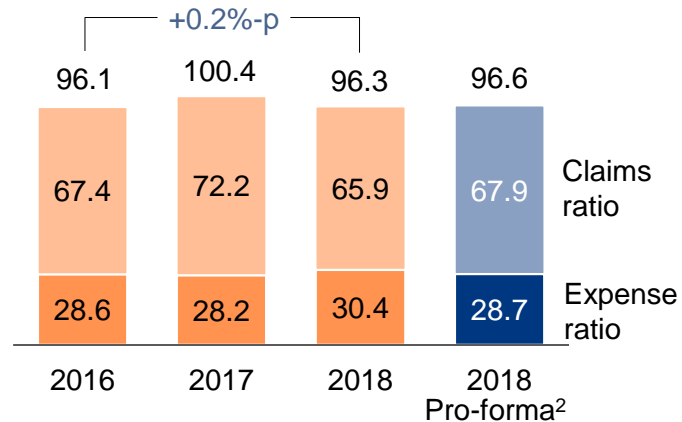
Operating profit (EUR mn)



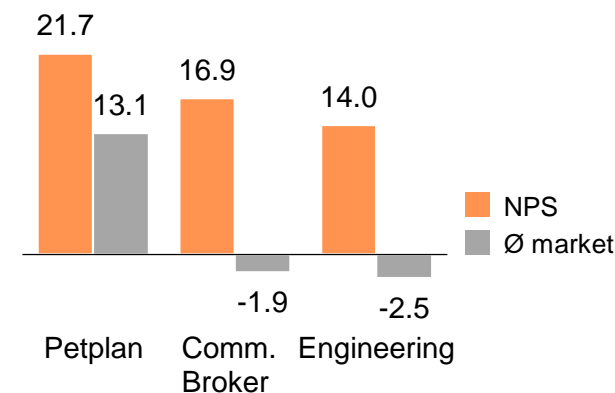
Highlights

- #2 P/C insurer in the UK due to acquisitions of LV GIG⁴ & LGIL⁴ from 2020 onwards
- Market leader in pet insurance with loyalty leadership in 2019
- Second best commercial broker NPS
- #1 in engineering with loyalty leader position

Combined ratio (%)



NPS vs. market³ (%-p)



Setup

- 1905 Establishment of Cornhill Insurance plc
- 1986 Acquired by Allianz Group
- 2007 Renamed Allianz Insurance plc
- 2017 Announcement of LV GIG⁴ joint venture
- 2019 Acquisition of LGIL⁴ and 100% ownership of LV GIG⁴

1) Internal growth CAGR based on GPW
2) Pro-forma data combines Allianz Insurance plc, 100% of Liverpool Victoria General Insurance Group and L&G Insurance Ltd.

3) 2019. Petplan: According to Group NPS program. Source engineering / commercial broker: AZ UK
4) LV GIG = Liverpool Victoria General Insurance Group
LGIL = Legal & General Insurance Ltd. Deals due to complete in December 2019 subject to regulatory approval

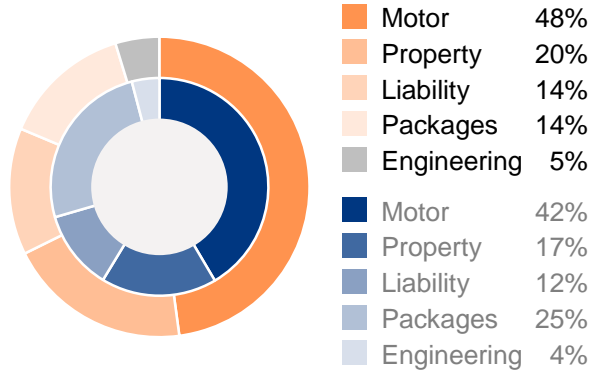


Allianz Insurance in the UK (2/2)

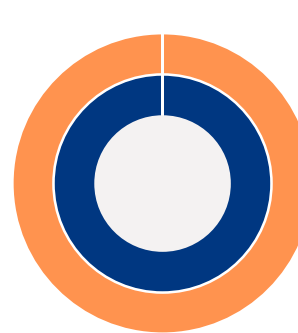
2018

Product mix (GPW)
Pro-forma¹

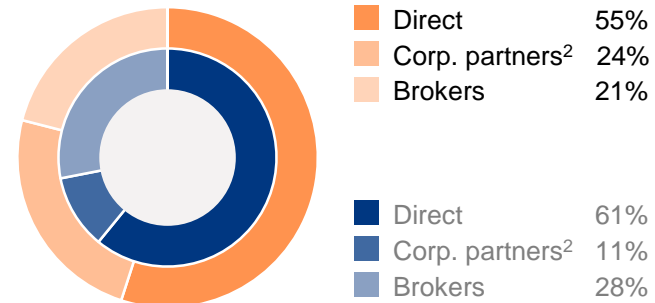
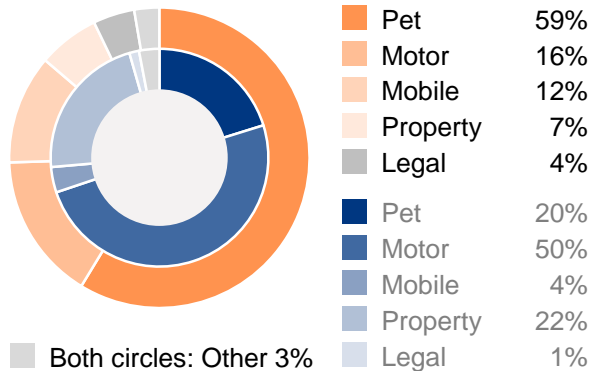
Commercial GPW
EUR 1.4bn



Distribution mix (GPW)
Pro-forma¹

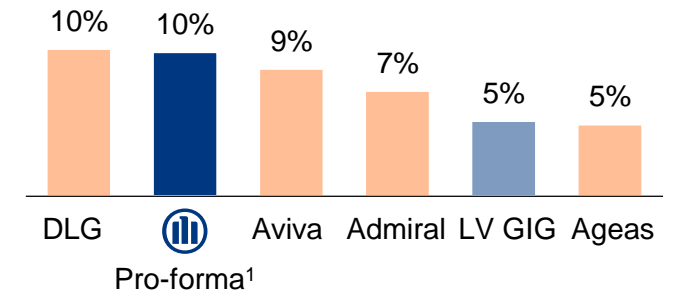
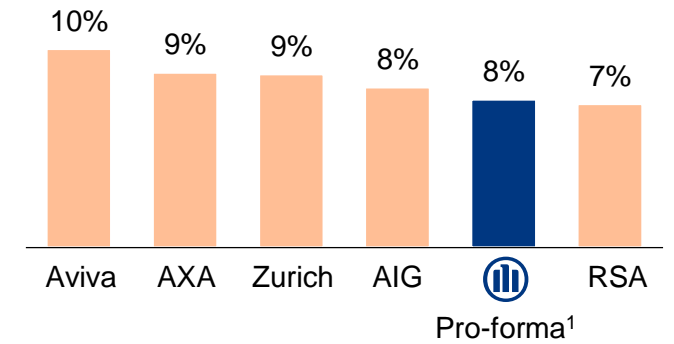


Retail GPW
EUR 1.0bn



Both circles: Other 3%


Market shares (GPW)



1) Pro-forma data combines Allianz Insurance plc, 100% of Liverpool Victoria General Insurance Group and L&G Insurance Ltd.
2) Corporate partners include affinity deals



New Allianz set-up in the UK: 1 + 1 + 1 > 3

 <p>Market position</p>	<ul style="list-style-type: none"> • Quantum leap in market position to #2 from #6 • Premiums double to GBP 4bn • Number of customers increases to 12mn from 5mn
 <p>Product portfolio</p>	<ul style="list-style-type: none"> • Complementary strengths • Commercial and pet insurance (Allianz), retail (LV GIG and LGIL)
 <p>Distribution</p>	<ul style="list-style-type: none"> • Complementary strengths • Broker channel (Allianz), direct (LV GIG) and partnership / affinity business (LGIL)
 <p>Customer centricity</p>	<ul style="list-style-type: none"> • LV= “the UK’s most recommended insurer”¹ • Allianz as loyalty leader with Petplan
 <p>Targets</p>	<ul style="list-style-type: none"> • 2025 GPW of GBP 5bn • 2025 CR < 93%



1) YouGov

Allianz Leben

Alf Neumann

Member of the Board of Management
Allianz Lebensversicherungs-AG

London, November 26, 2019

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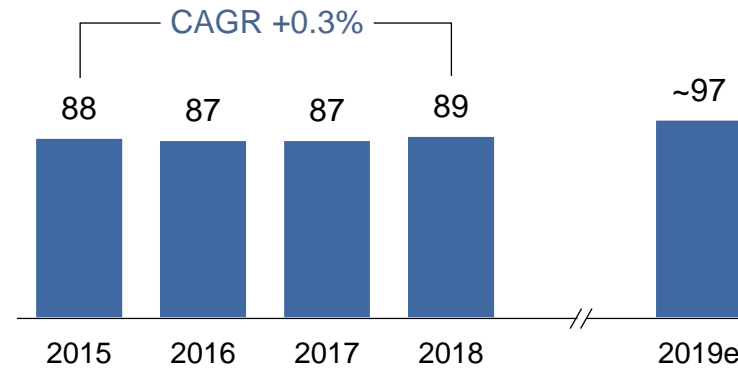


German Life at a glance

Key data 2018¹

- Population: 83mn
- GDP (EUR): 3,344bn
- GDP/capita (EUR): 40,339
- Inflation: 1.75%
- Insurance penetration²: 6.0%
- Country rating (S&P): AAA

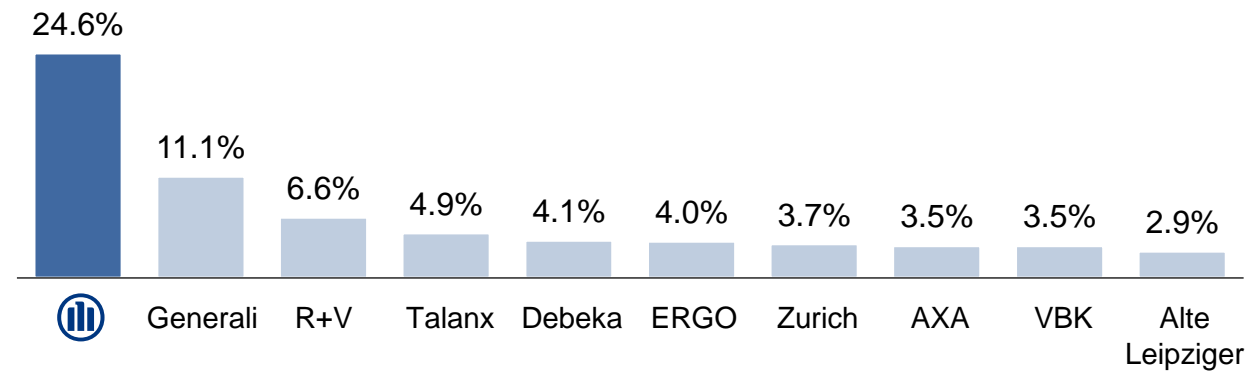
Life market size³ and growth (GPW in EUR bn)



Market specifics

- Trend towards capital-efficient products and single premium business
- High buffers, in particular more than EUR 65bn ZZR⁴; average industry SII ratio at 491%⁵
- Government subsidized pension savings products (corporate pension, Ruerup-pension and Riester-pension)
- Actuarial interest rate (0.9% since 2017) expected to be lowered

Market shares (2018, GPW, %)



1) Source: Destatis

2) GPW as % of GDP (source: GDV)

3) Source: GDV Statistical Yearbook of German Insurance 2019

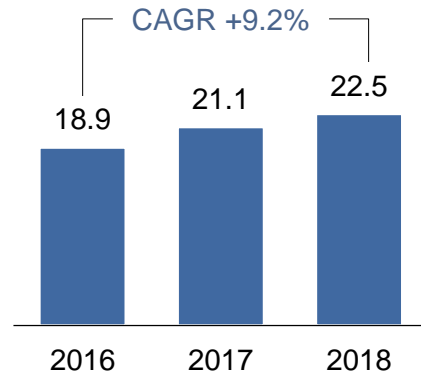
4) Source: Assekurata, 02/2019; ZZR = Zinszusatzreserve (reserve for low interest rate environment)

5) Source: Assekurata, 04/2019

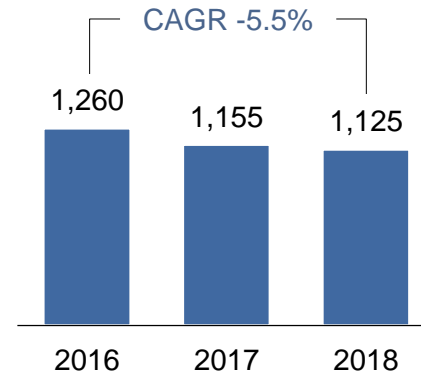


Allianz Leben

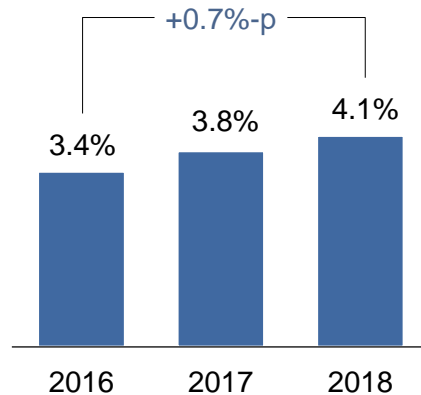
Revenues (EUR bn)



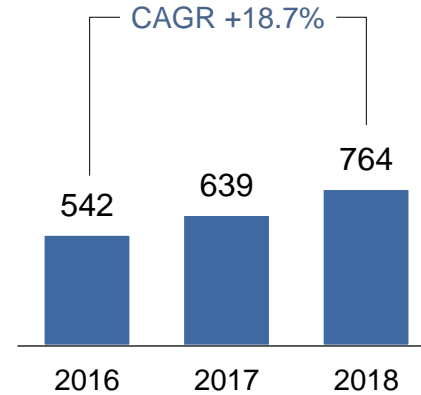
Operating profit (EUR mn)



New business margin (%)



Value of new business (EUR mn)



Highlights

- Market leader
- Comprehensive portfolio of capital-efficient and protection products
- Outstanding financial strength and high buffers, e.g., EUR 8.0bn free RfB and EUR 12.5bn ZZR
- Low lapse rate (1.4%), low reduction in yield and best-in-class productivity (82bps¹)
- Operating profit decline 2016-2018 due to lower net harvesting
- RoE 16.6%², SII ratio 478%

Setup

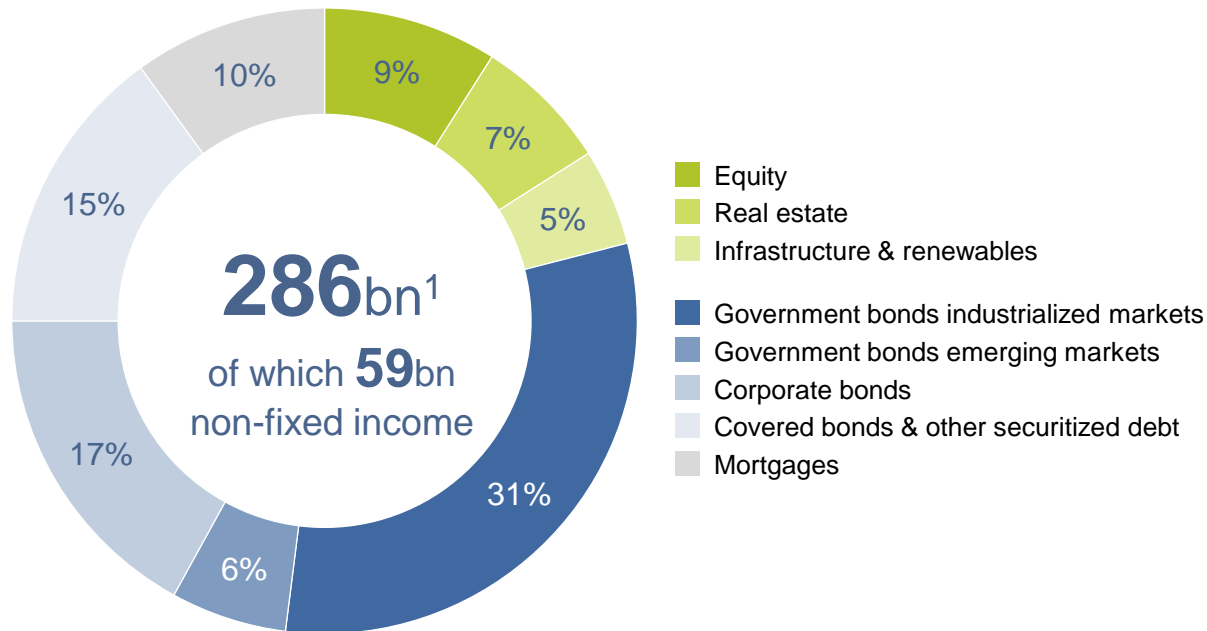
- 1922 Foundation of Allianz Lebensversicherungs-AG
- 1990 Takeover of East German state insurance authority's life business as subsidiary Deutsche Lebensversicherungs-AG
- 2002 Transfer of Vereinte Lebensversicherungs-AG into Allianz Lebensversicherungs-AG
- 2006 Foundation of Allianz Deutschland AG as new holding company of Allianz Lebensversicherungs-AG

1) Administration and acquisition expenses related to AuM
 2) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill

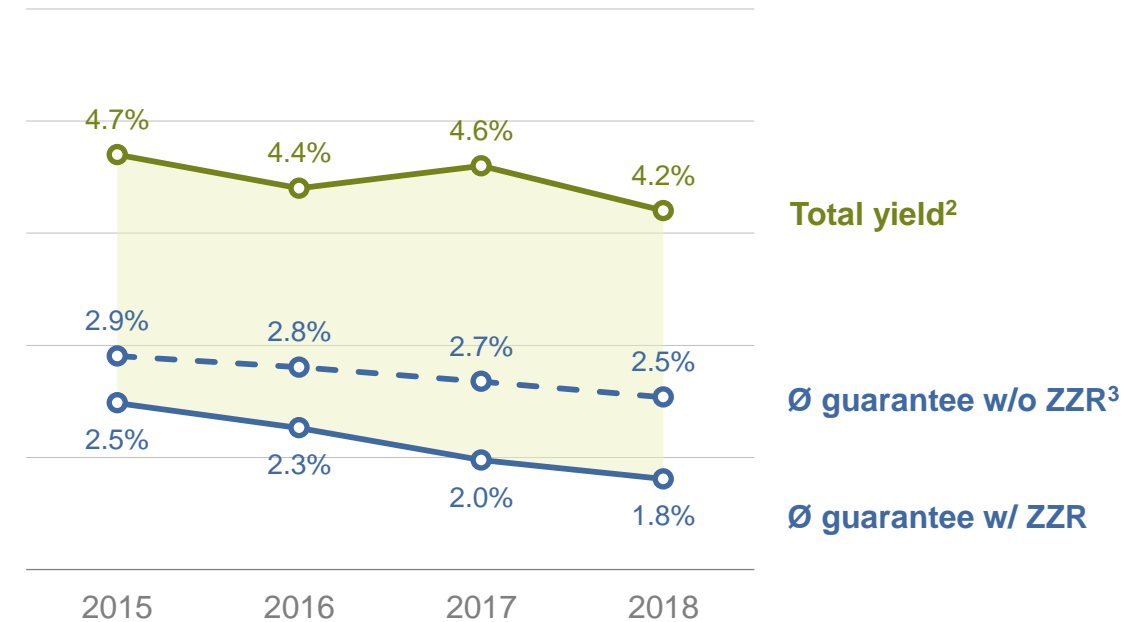


Well diversified investment portfolio with attractive yield

Allianz Leben investment portfolio (EUR, 2Q 2019)



Total yield vs. guarantee (local GAAP)



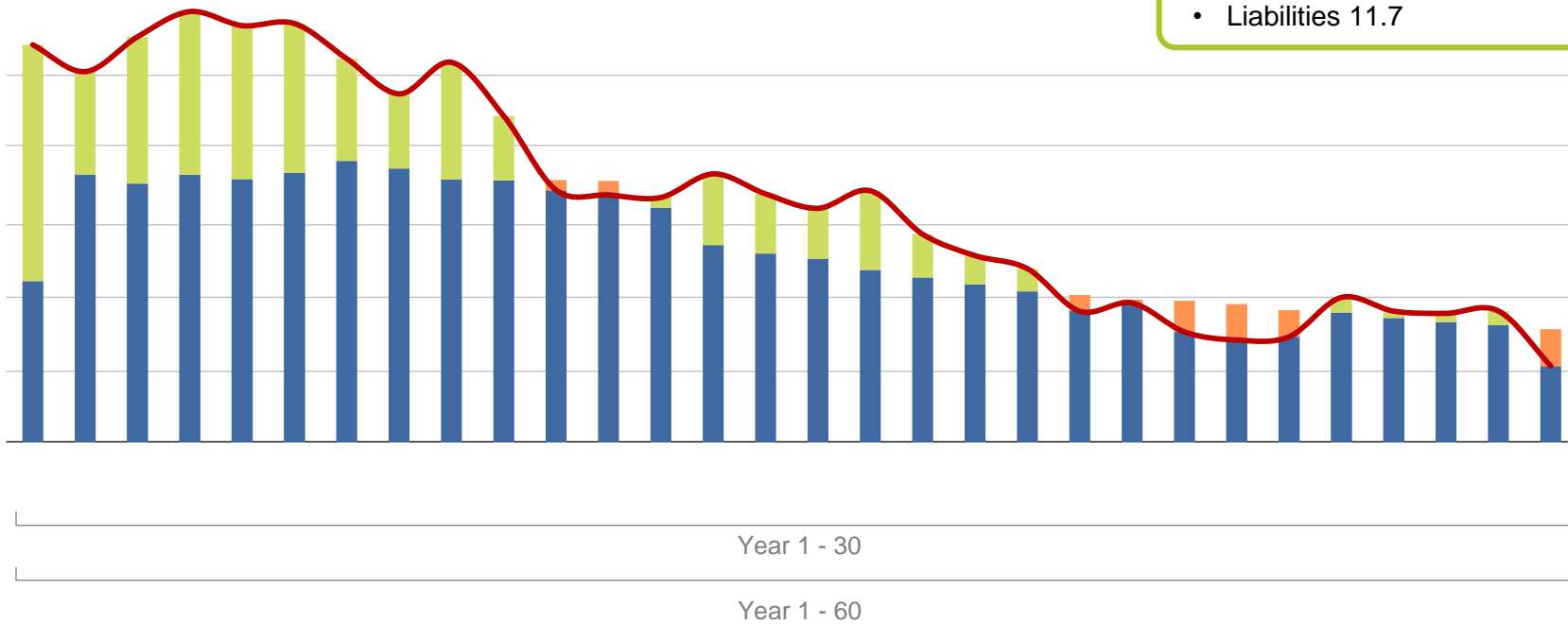
1) Market value
 2) Based on book value of investments (local GAAP)
 3) Zinszusatzreserve (ZZR): reserves for low interest rate environment



In-force business: cash flow matched for 30 years with sufficient buffers beyond

Years 1 - 30

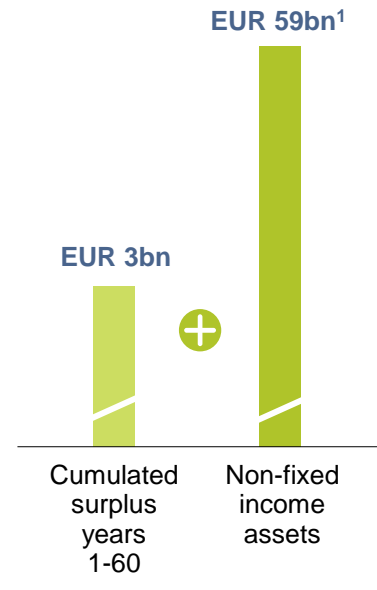
Cash flows



Portfolio duration matched 2Q 2019

- Assets 11.7
- Liabilities 11.7

Years 1 - 60



Cash flows (2Q 2019)

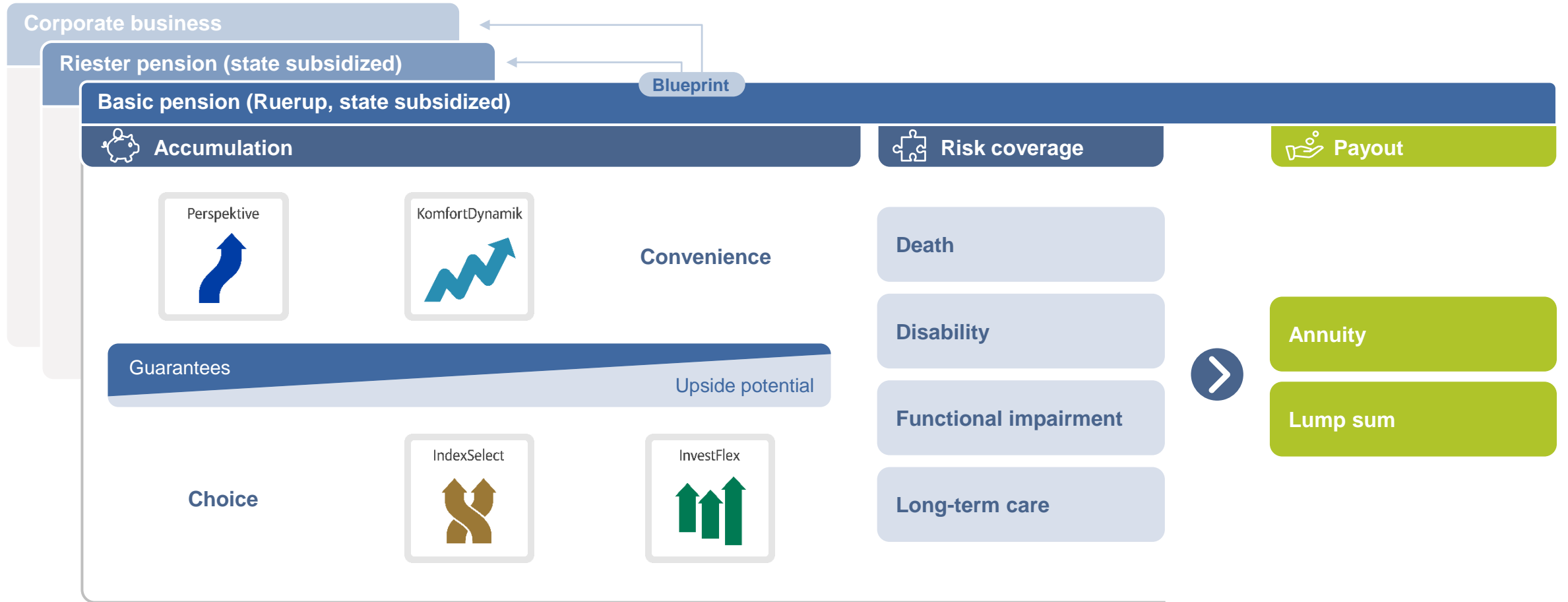
- Fixed income instruments and premiums
- Covered minimum guarantees and expenses
- Surplus
- Deficit

Available as buffer and bonus to policyholders

1) Market value as of 30.06.2019



Simple and modular product portfolio with modern guarantees



Allianz Direct

Bart Schlatmann

CEO Allianz Direct

London, November 26, 2019

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Allianz Direct: our vision

Create the most efficient
pan-European insurer
with customer obsession
at its core:

Allianz Direct

**Intuitive
proposition**

Clear coverage, no negative surprises

**Transparent,
modular pricing**

Attractive price with full transparency

**Outstanding
service**

Easy, hassle-free and seamless
digital experience

**Personalized
by data**

Innovative data-driven products
and services

**Harmonized
and simple**


One brand, one platform and
one product cross-border



Key design principles


Customer view

 **Simple authentication**

 **Uniform processes**

 **Personal service**

 **Never ask twice!**

 **Notified in advance**

 **Delivered digitally**

IT view

 **One platform**

 **Best-practice architecture**

 **Market standard only and re-use of Allianz assets**

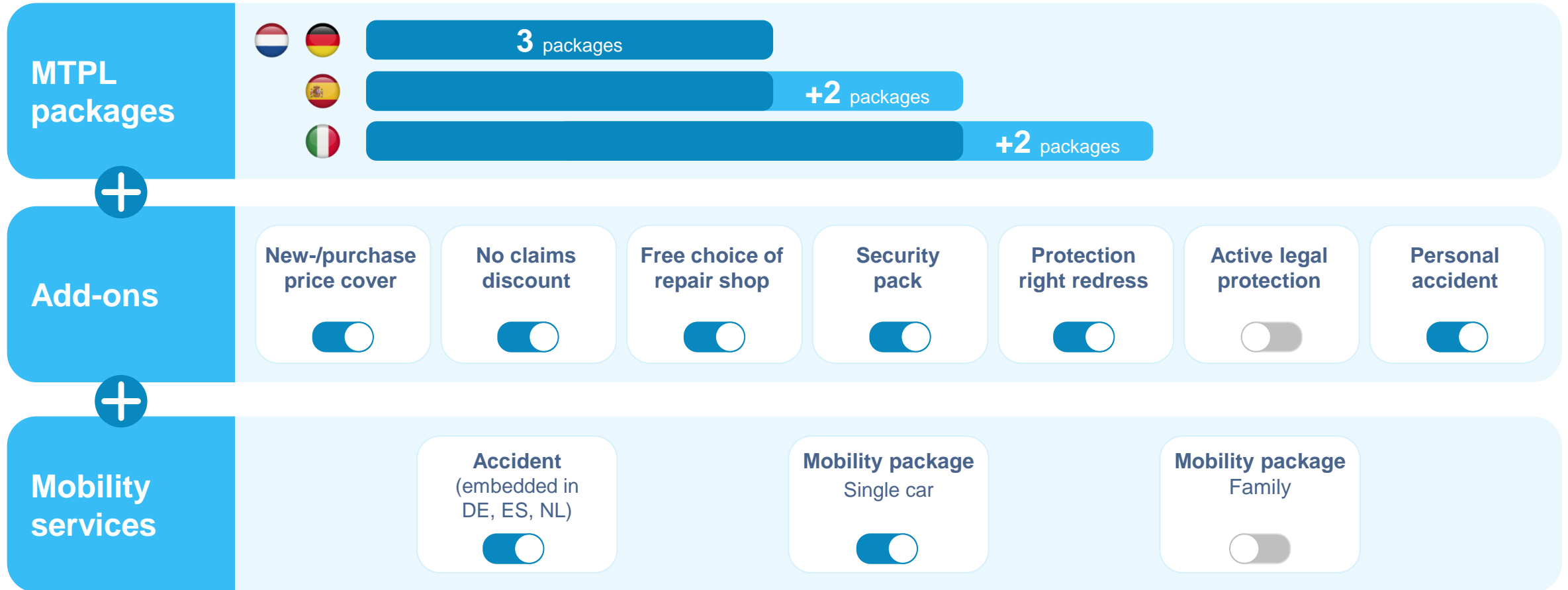
 **Cloud-based**

 **Single instance**

 **Multilingual**



92% harmonized coverage across countries





Ambitious timeline

Ready.

Set.

Go.

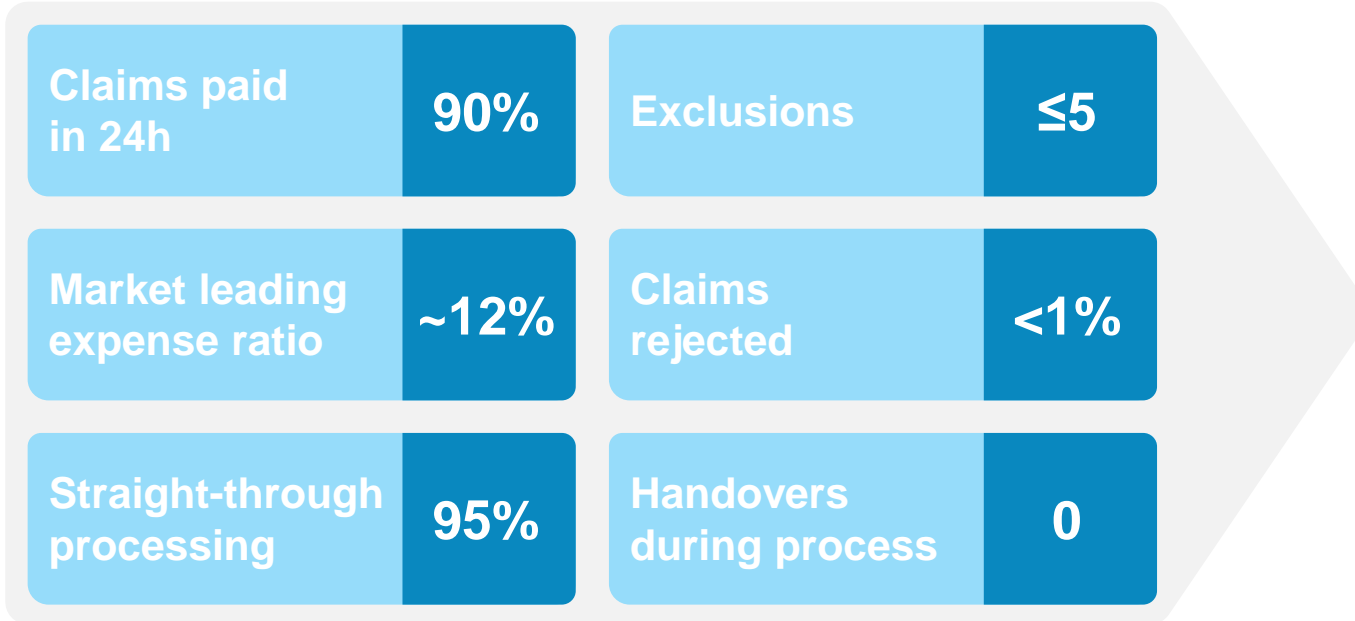


1) SLA = service level agreements

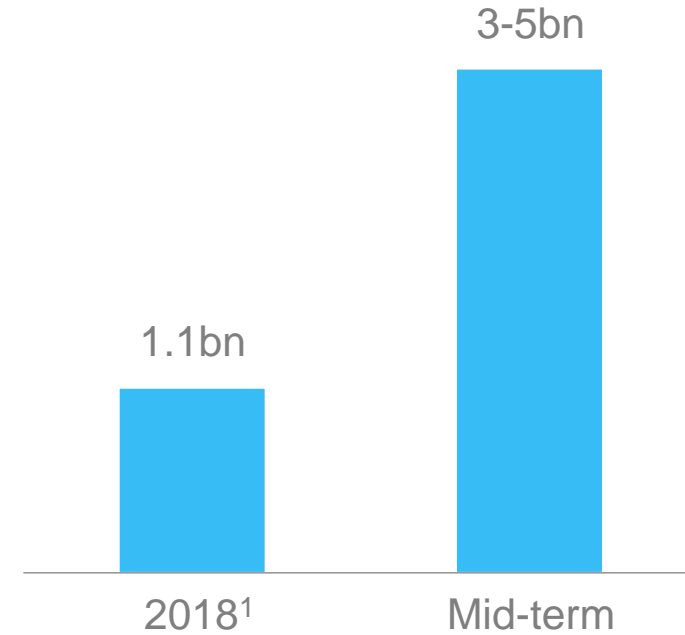


Outlook

KPIs



GPW in EUR



1) Direct P/C operations in Germany, The Netherlands, Spain and Italy only



Disclaimer

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting 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, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

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