

Allianz Germany

Burkhard Keese, CFO
Allianz Deutschland AG

Munich, June 30, 2016

INSIDE ALLIANZ SERIES

Allianz 

Germany at a glance

Key data 2015¹

- Population: 81.5mn
- GDP (EUR): 3,026bn
- GDP/capita (EUR): 37,129
- Inflation: 0.5%
- Insurance penetration²: P/C 3.4% Life 3.1%
- Country rating (S&P): AAA

Market specifics

P/C:

- Mature market, strong competition

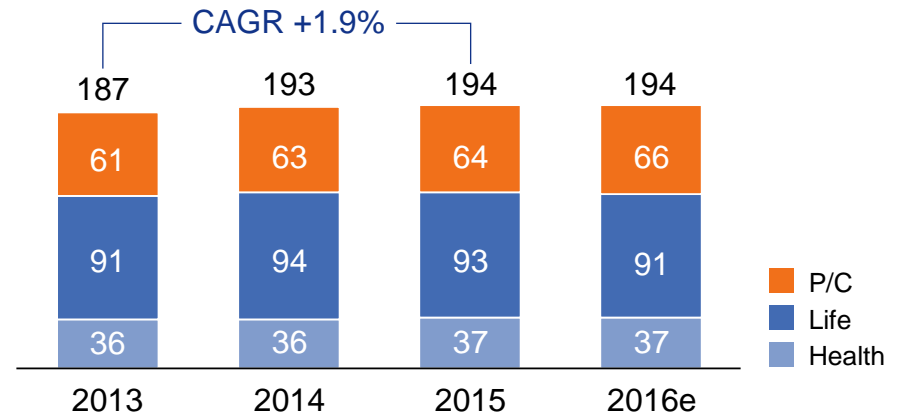
Life:

- Challenging business environment due to volatile financial markets and low interest rates
- Market trend towards new products

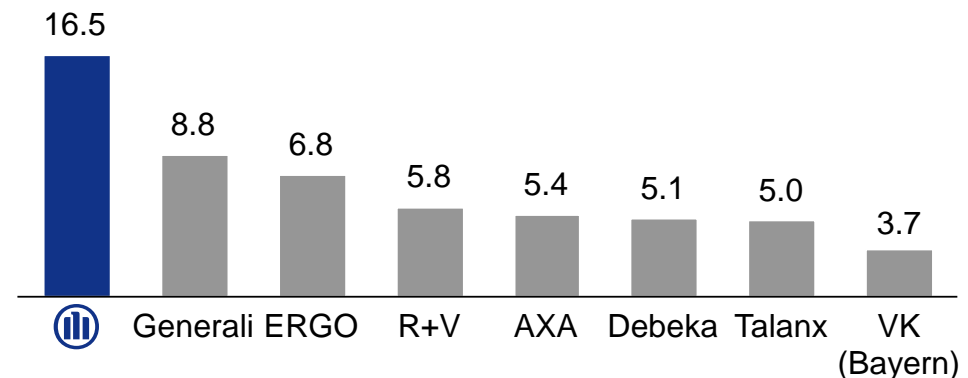
Health:

- 2-pillar system with compulsory statutory health insurance, supplementary private health insurance and comprehensive private health insurance

Market size and growth (GPW, EUR bn)³



Market shares 2014 (GPW, %)³

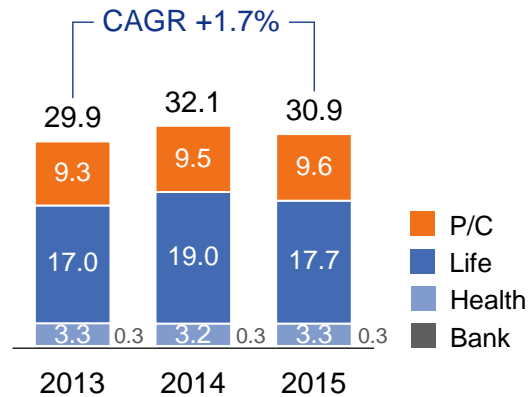


1) Destatis
 2) GPW in % of GDP (2014); Sigma 04/2015

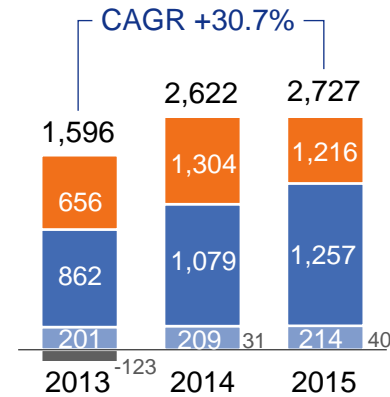
3) GDV 08/2015

Allianz Germany (1)

Revenues¹ (EUR bn)



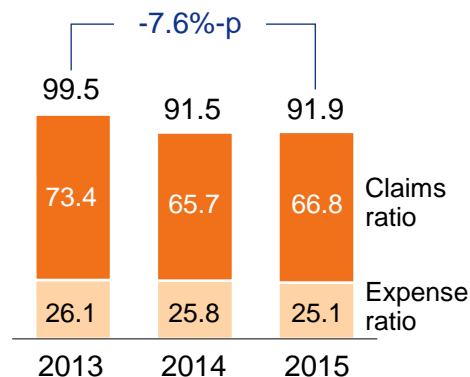
Operating profit¹ (EUR mn)



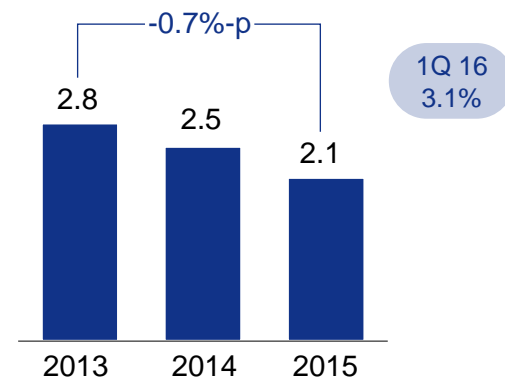
Highlights

- Leading market position
- ~20mn retail customers
- Leading P/C insurer in Germany with nearly 2x market share of number 2
- Market leader in Life with respect to AuM, GPW, new business and corporate pensions
- Strong player in health insurance with a 8.9% market share in 2014

Combined ratio¹ (%)



New business margin (%)

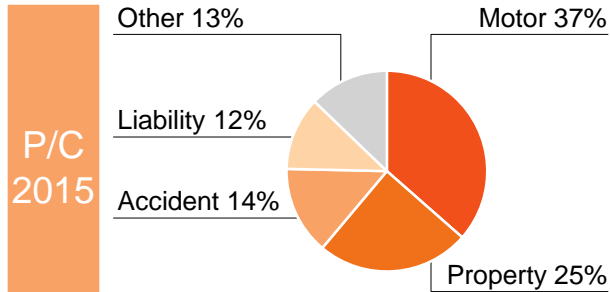


Legal setup

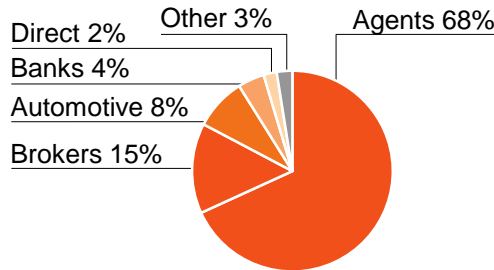
- 1890 Formation of Allianz as an accident and transport insurance company
- 1918 Entry into the motor insurance business
- 1922 Formation of Allianz Lebensversicherungs-AG
- 1990 Takeover of the East German state insurance authority
- 2001 Minority buy-outs
- 2005 Foundation of a direct business entity, initially named Allianz 24, renamed into AllSecur in 2009
- 2006 Foundation of Allianz Deutschland AG

Allianz Germany (2)

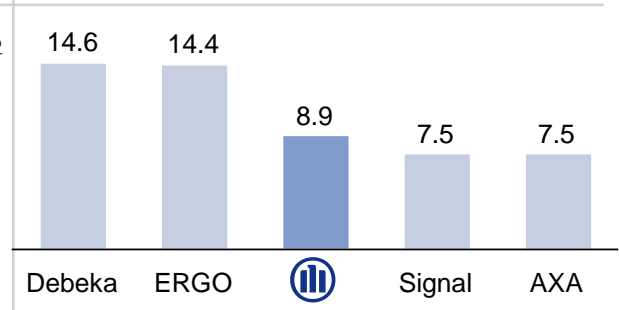
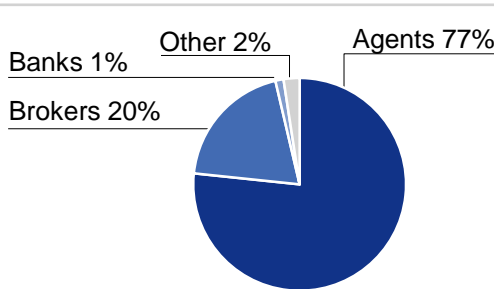
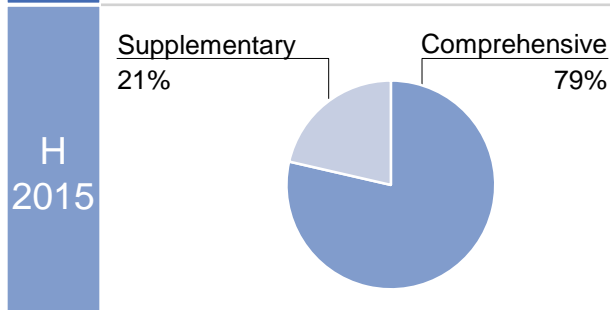
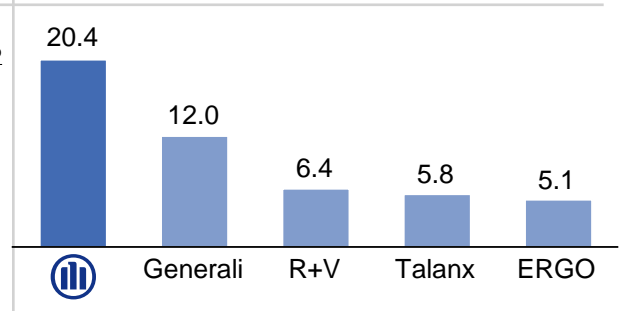
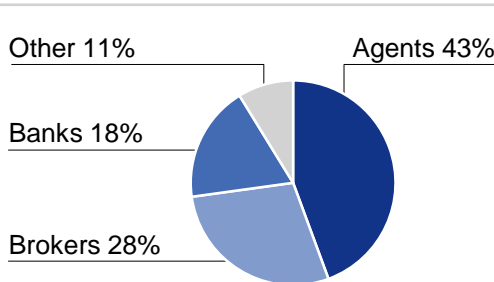
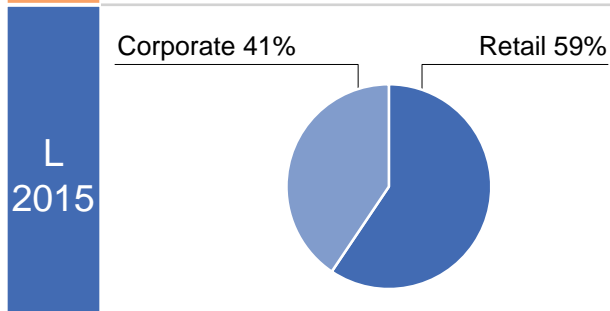
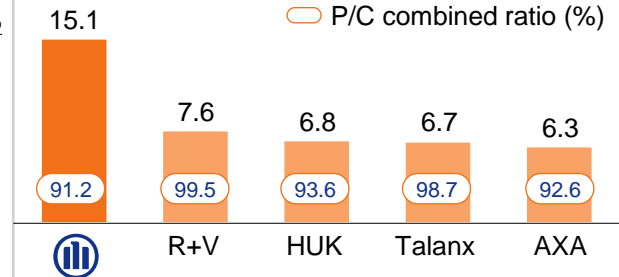
Product mix (GPW)



Distribution mix (GPW)



Market shares 2014 (GPW, %)¹



1) GDV 08/2015; local GAAP; Life incl. internal pension funds

Allianz Health Germany

Birgit König, CEO
Allianz Private
Krankenversicherungs-AG

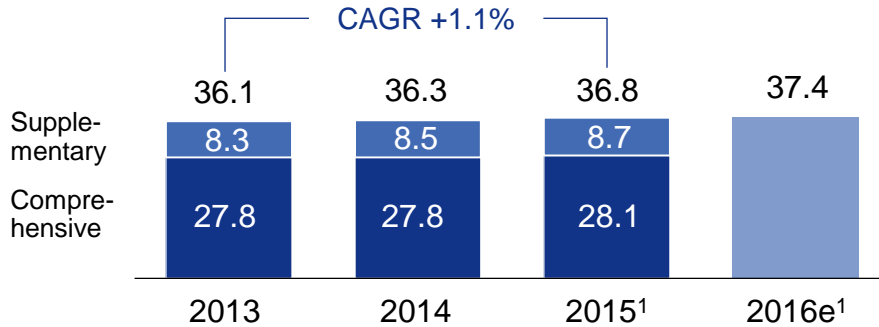
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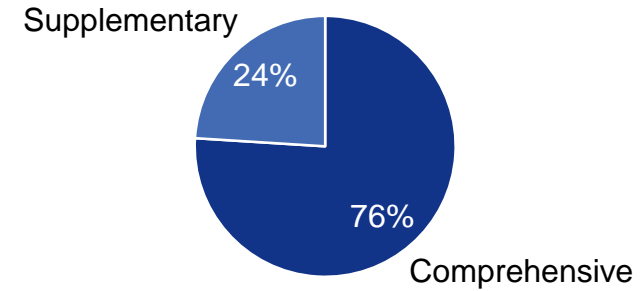
Allianz 

German health insurance market at a glance

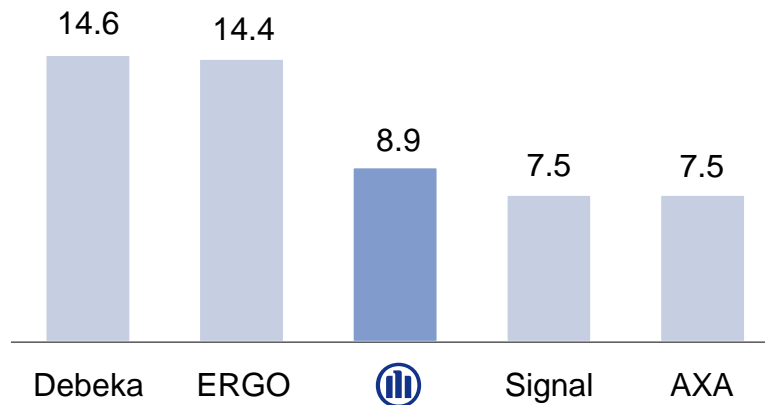
Market size and growth (GPW, EUR bn)



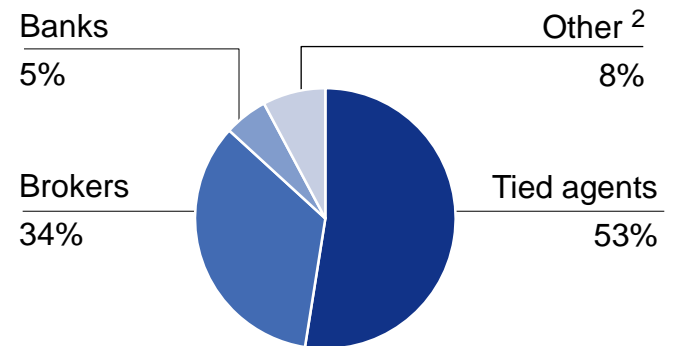
Product mix 2015 (GPW)



Market shares 2014 (GPW, %)



Channel mix 2014 (New business total)



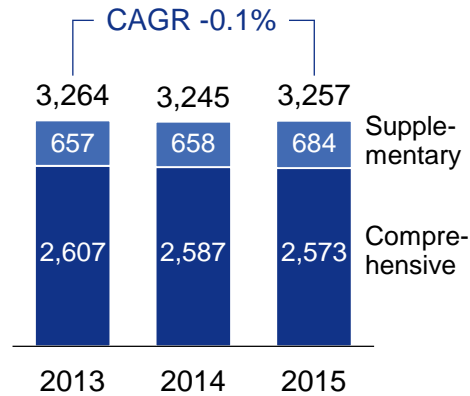
1) GDV as of April 6th, 2016

2) Other includes direct business and co-operations (e.g. with public health insurers)

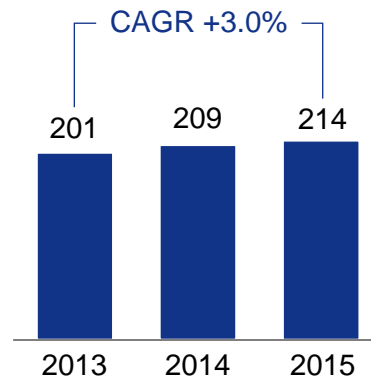
Sources: PKV data as of May 23rd, 2016 (preliminary), Towers Watson Survey 2015

Allianz Health Germany at a glance

GPW (EUR mn)



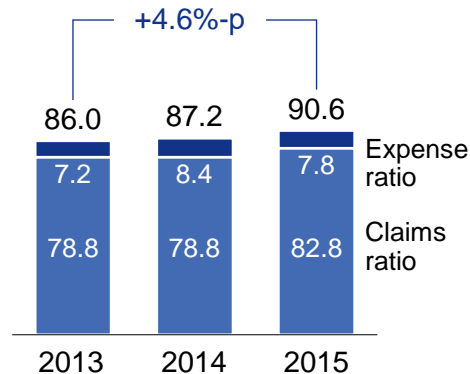
Operating profit (EUR mn)



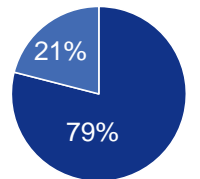
Highlights

- Two-pillar German health system unique in the world
- No long-term guarantees plus ability to adjust premiums reduces interest rate sensitivity substantially
- Demographic trends negative for industry → stable premium income strong achievement
- Allianz Health offers strong coverage and superior financial strength
- On top, Allianz Health is working on simplifying its product design, streamlining its cost base and offering delightful customer journeys

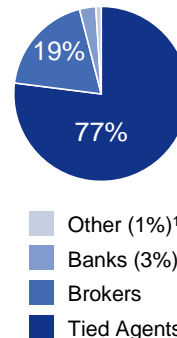
Combined ratio (%)



Product mix³



Channel mix⁴



1) Other includes direct business and co-operations
 2) Original name "Kosmos" Kranken- und Sterbegeldversicherungsbank AG

3) GPW, 2015
 4) New business, 2015

Legal setup

- 1890 Formation of Allianz as an accident and transport insurance company
- 1927 Formation of Vereinigte Krankenversicherungs-AG², later renamed in Vereinte Krankenversicherung AG
- 1996 Takeover of Vereinte Group by Allianz (incl. Vereinte Krankenversicherung AG)
- 2003 Renaming in Allianz Private Krankenversicherungs-AG
- 2006 Foundation of Allianz Deutschland AG, since then sole shareholder of Allianz Private Krankenversicherungs-AG

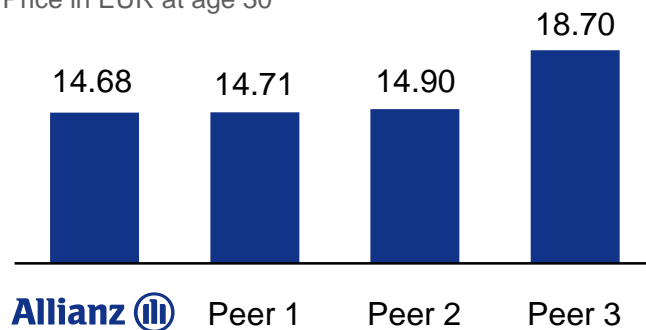
Simplified product design

Example dental products

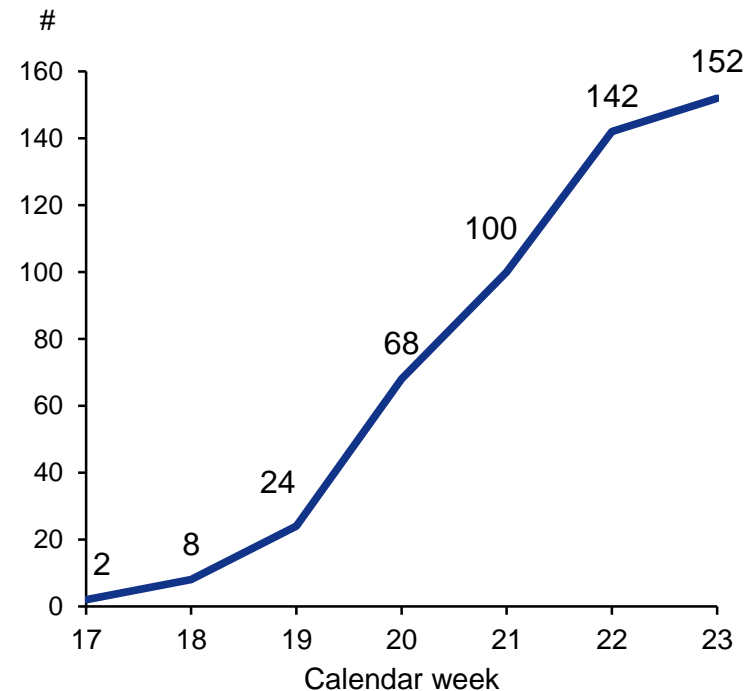
Easy to understand design

- All-in-one coverage for dental treatments, dental prostheses and orthodontic treatments
- Easy to understand terms and conditions, e.g. coverage of 90% of total costs
- Two product variants with different coverage levels
- Very competitive prices

Price in EUR at age 30¹



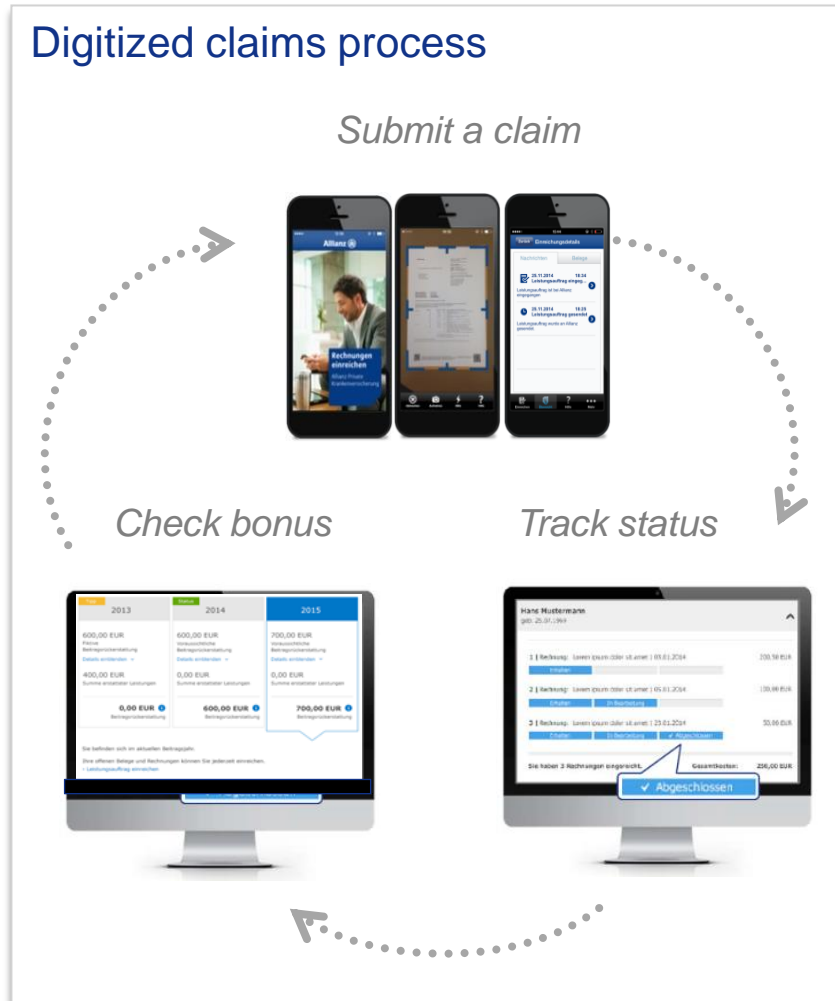
Encouraging sales uptake (sales / week)



Top position on Check 24:
Dental Plus #1 in relevant age group

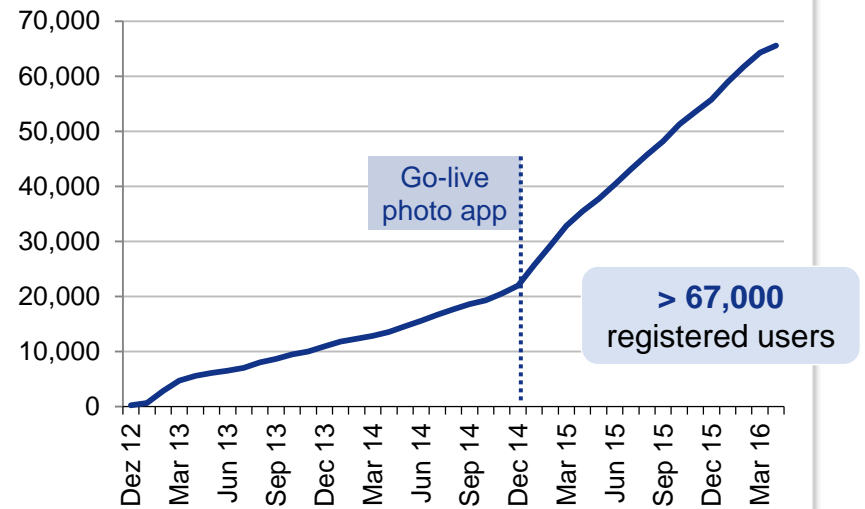
Delightful customer journeys

Digitized claims process



User uptake

Number of registered app users (05/2016)



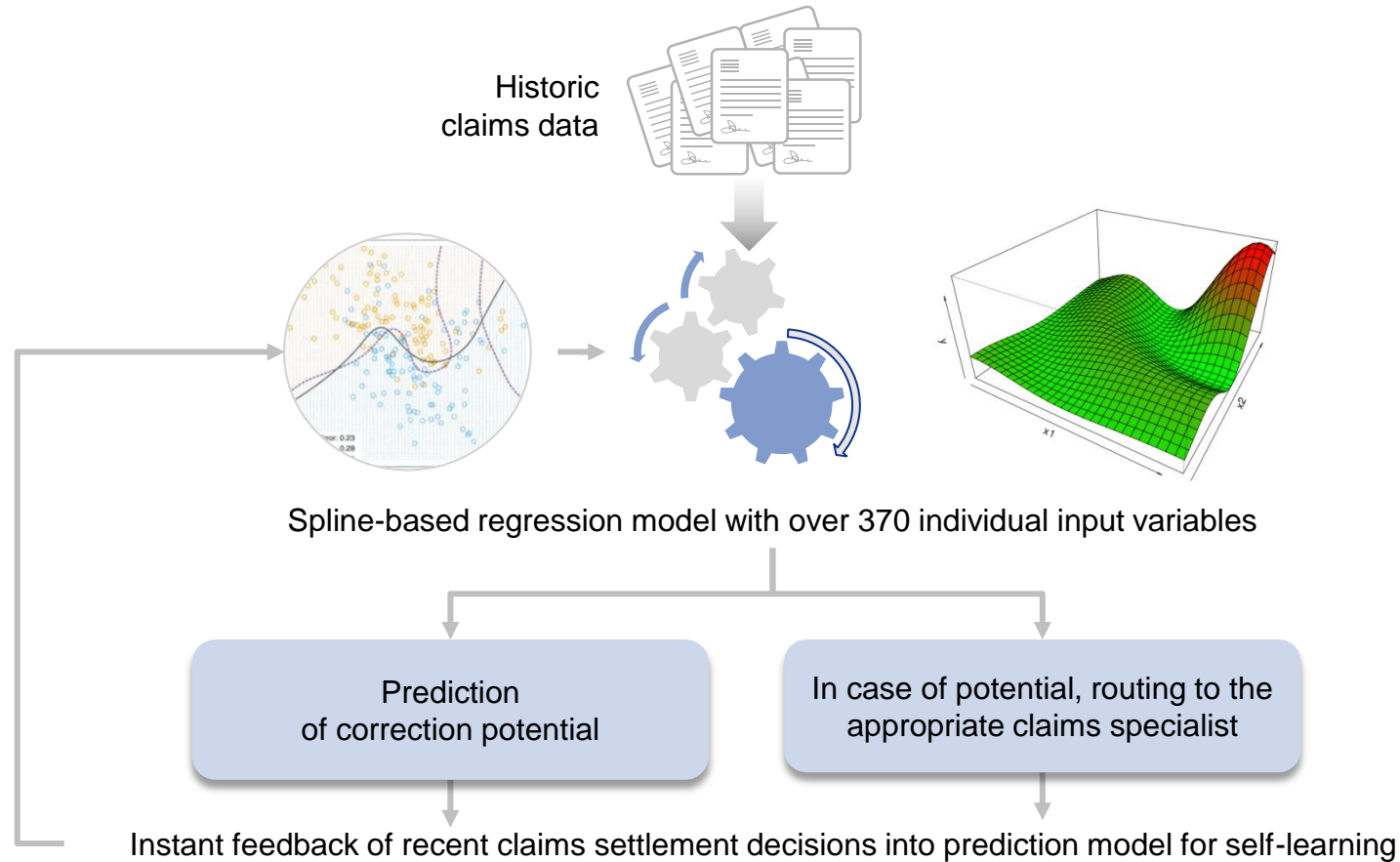
User statistics online tracking tool (05/2016)

- 25,000 sent messages per month (SMS, email)
- Up to 850 visits per day

Streamlined cost base

Artificial intelligence in operations

Artificial intelligence in operations



Allianz Life

Bill Gaumont
CFO Allianz Life

Munich, June 30, 2016

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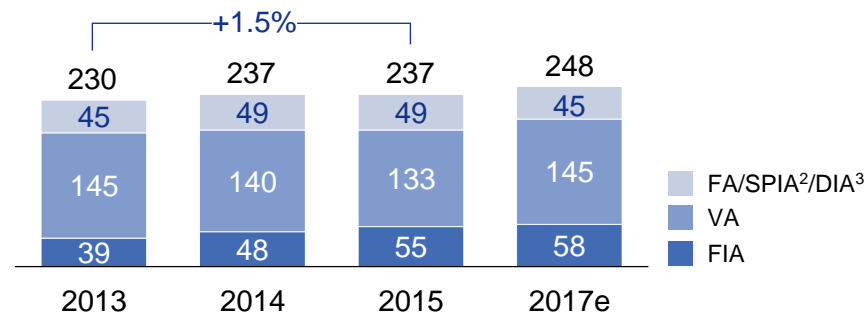
Allianz 

USA at a glance

Key data 2015

- Population: 319mn
- GDP (USD): 17,400bn
- GDP/capita (USD): 54,600
- Inflation: 0.8%
- Life insurance penetration¹: 3.0%
- Country rating (S&P): AA+

Annuity market size and growth (CAGR) (Statutory premiums, USD bn)



Market specifics

Fixed indexed annuity (FIA)

- Traditionally distributed by IMOs⁴, however, increasing sales from B/D and wirehouses
- Typically double-digit RoE, stable earnings and capital pattern

Variable annuity (VA)

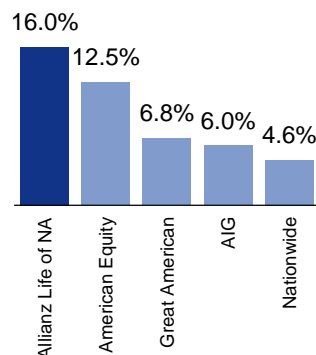
- Main distribution channels are B/D and captives followed by wirehouses and banks
- Significant de-risking post-crisis. Potentially higher RoE, but volatile earnings and capital pattern

Fixed annuity (FA)

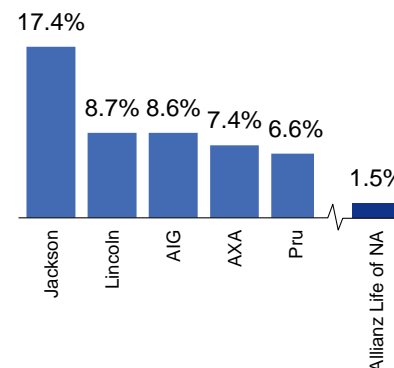
- Mainly distributed via banks and captives
- Single-digit RoE, not MCEV friendly

Market shares (2015, statutory premiums)

FIA



VA

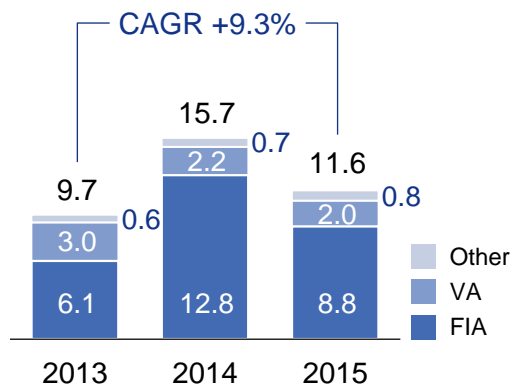


1) Source: Sigma 04/2015
2) Single premium income annuity

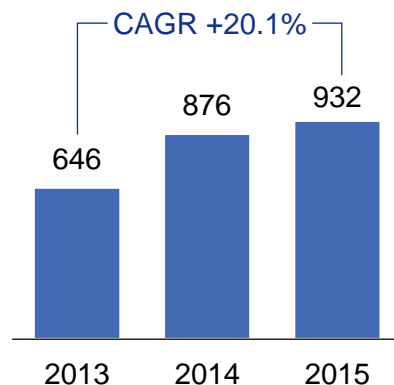
3) Deferred income annuity
4) Independent marketing organizations

Allianz Life (1)

Revenues (USD bn)



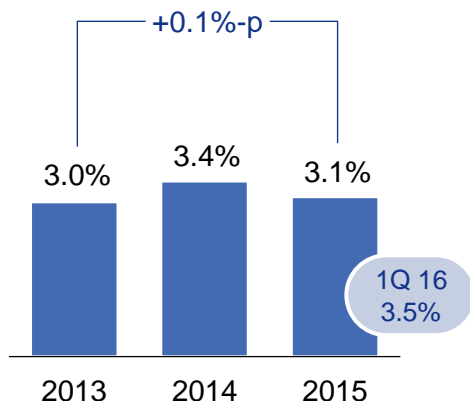
Operating profit (USD mn)



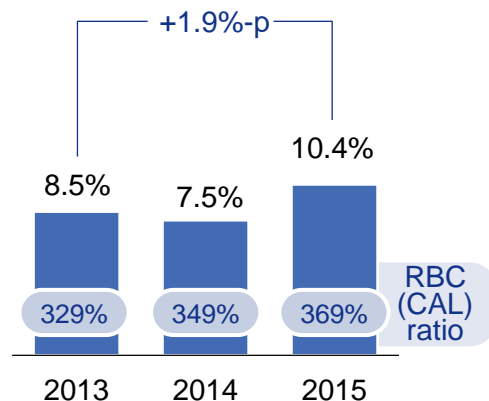
Highlights

- Market leader in fixed index annuities for 27 consecutive quarters²
- Product levers allow for active profitability management on both new and inforce business
- Overall profitability remains hindered by legacy VA business
- Outstanding financial strength with AA S&P rating

New business margin (%)



RoE¹ (%)



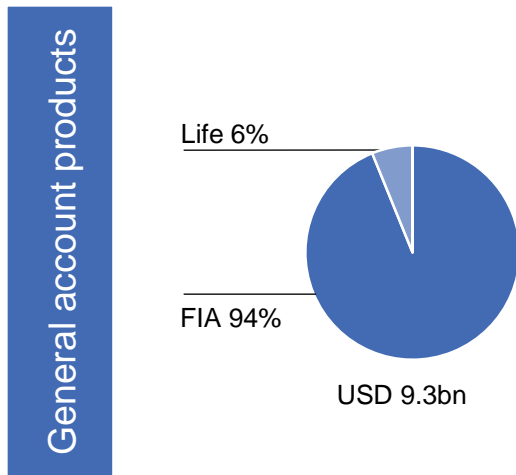
Allianz Life history

- 1896 North American Casualty was founded
- 1912 North American Casualty merged with North America Life Association to form North American Life and Casualty (NALAC)
- 1979 NALAC acquired by Allianz AG
- 1993 Company renamed Allianz Life Insurance Company of North America (Allianz Life)
- 1999 Allianz Life merged with Life USA to form today's company

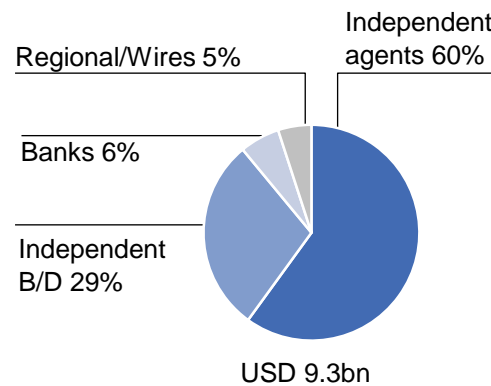
1) Excl. unrealized gains/losses on debt securities (net of shadow DAC) and goodwill
 2) Based on statutory GPW

Allianz Life (2)

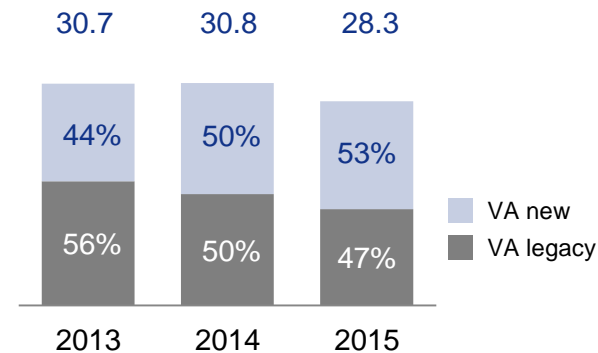
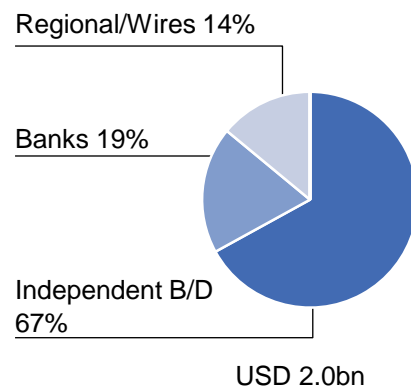
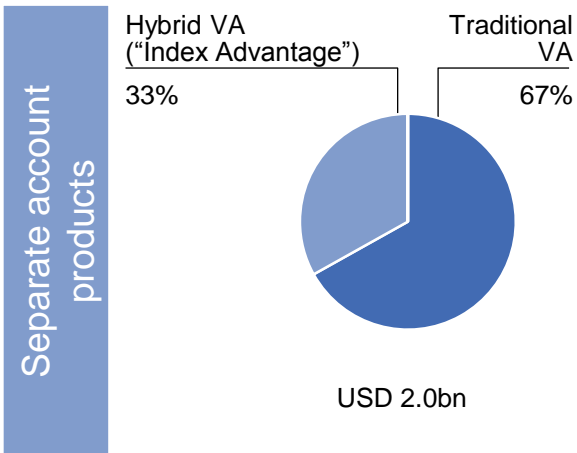
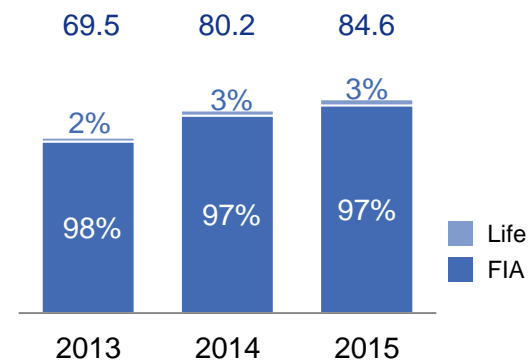
2015 Product mix (GPW)



Distribution mix (GPW)



Reserves (USD bn)



Risk management

Thomas Wilson, CRO
Allianz SE

Munich, June 30, 2016

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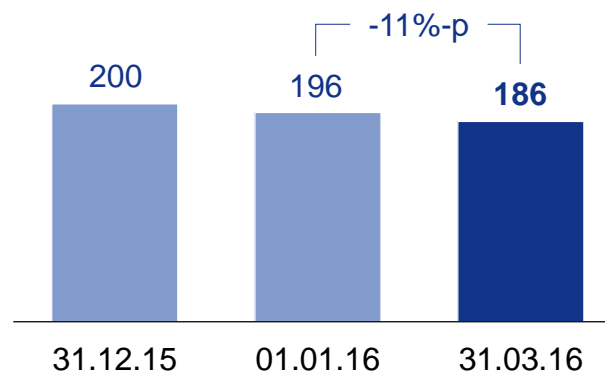
Allianz 

Allianz Solvency II model at a glance

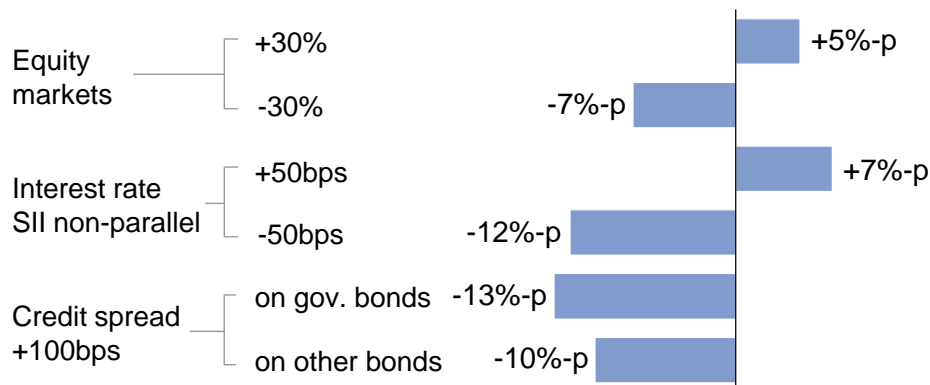
Key elements

- Partial internal model¹
- Use of TCE² and dynamic Volatility Adjustment but NO application of Matching Adjustment or Transitional Measures³ for our liabilities
- “Sovereign light” approach for sovereign debt
- Solvency II ratio target range 180 – 220%
- Target interest rate sensitivity of $\leq -11\%-p$ by 2018 (1Q 2016: $-12\%-p$)⁴
- Dividend accrued on a pro-rata basis

Solvency II ratio⁵ (in %)



Key sensitivities⁶



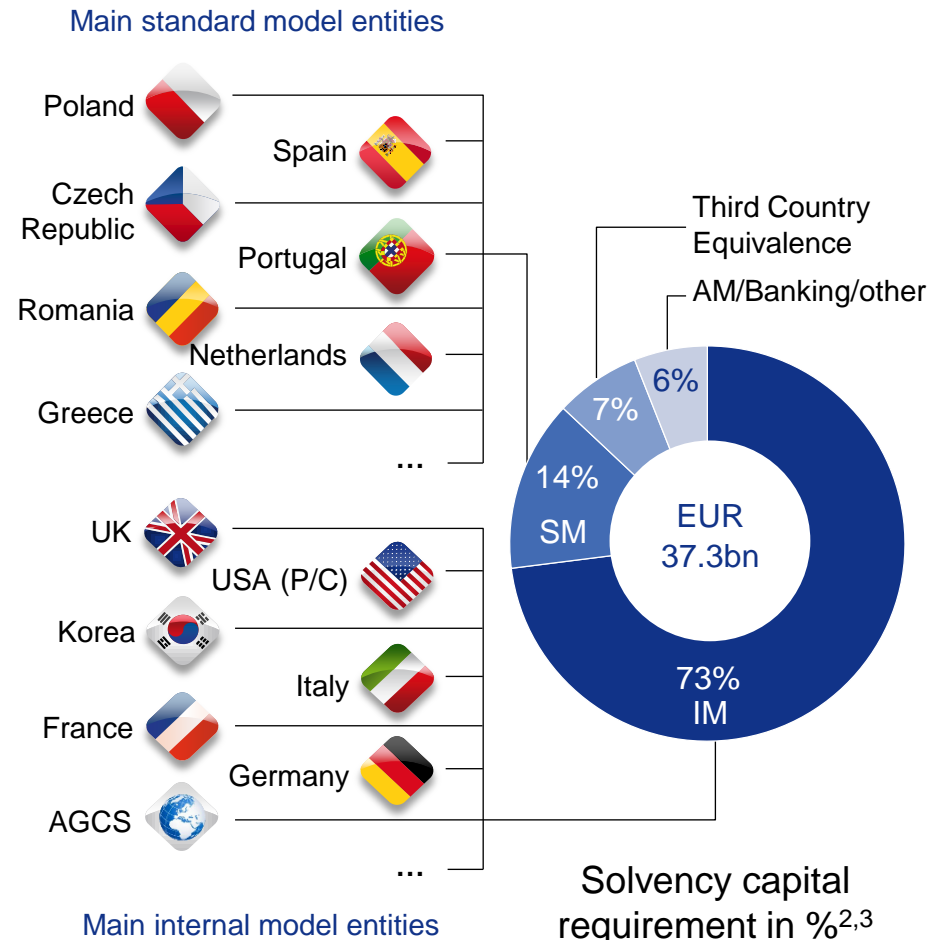
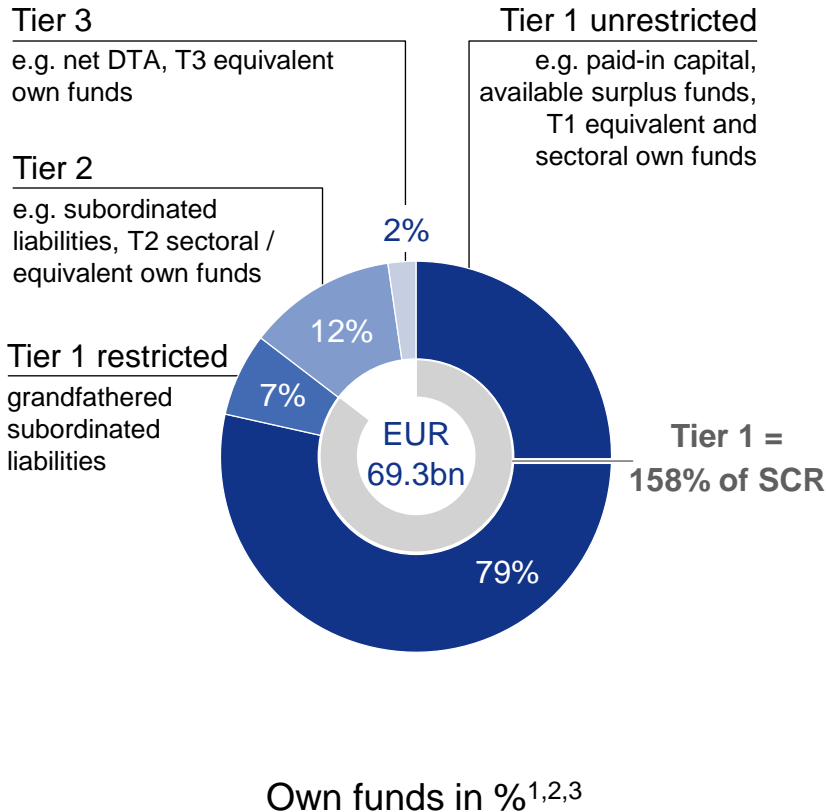
1Q 2016

- Solvency II capitalization 186%
- As per EIOPA rules, EUR valuation rate of 2.88% in year 60
- Sensitivity to UFR -50bps $\sim -5\%-p$
- SII operating capital generation pre-tax of 9%-p

1) All major insurance operations are covered by our internal model. However, some smaller operations are under Standard Model and others, like AZ Life, included with TCE under the deduction and aggregation approach
 2) Third Country Equivalence
 3) Except grandfathering of certain hybrids

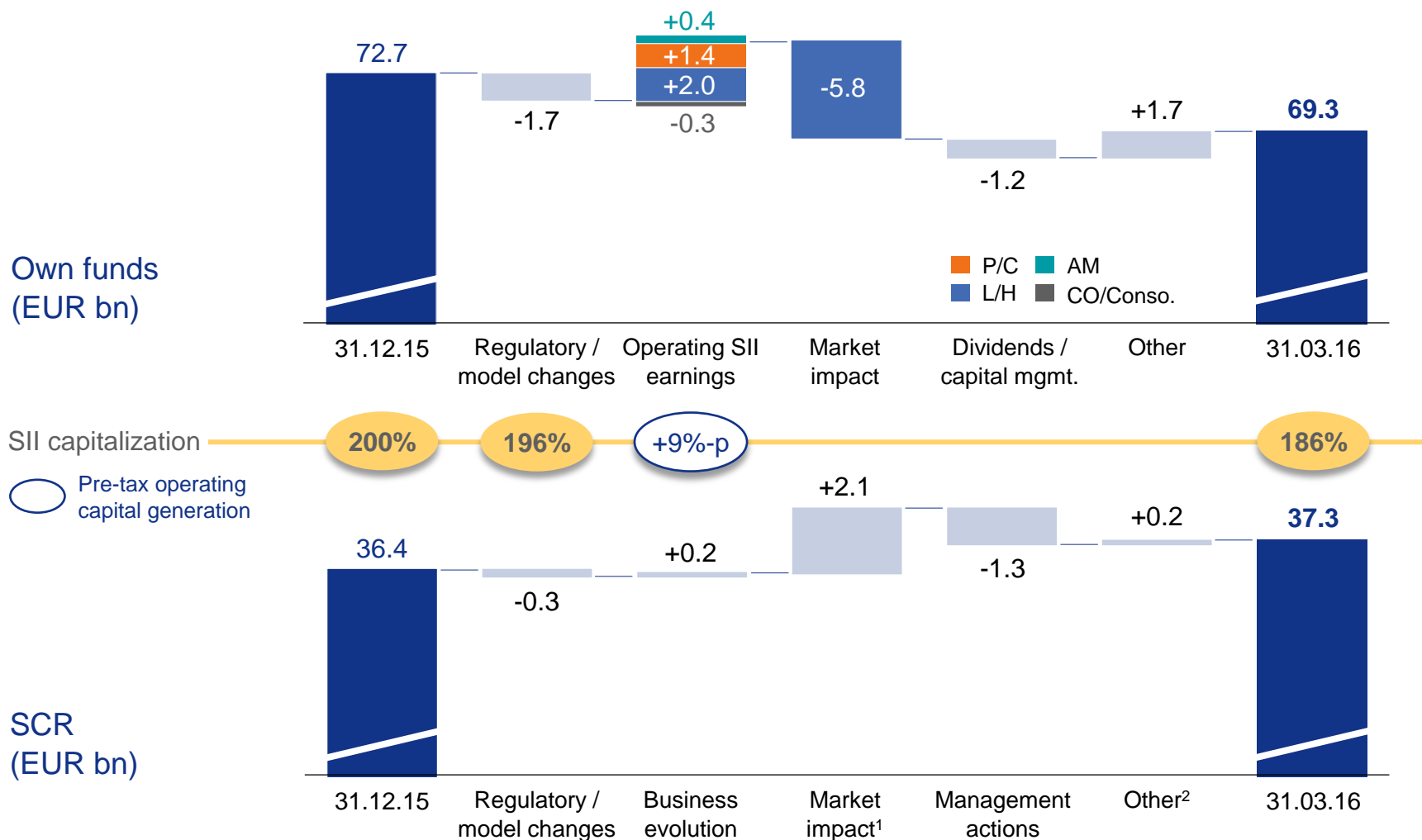
4) -50bps non-parallel interest rate shift
 5) Changed regulatory tax treatment of German life sector reduces year-end SII ratio from 200% to 196% on January 1, 2016
 6) Second order effects to other risk types and to own funds transferability restrictions are not considered

Conservative capital structure with 158% Tier 1 coverage



1) Requirements: Tier 2+3 ≤ 50%, Tier 3 ≤ 15% of consolidated insurance group SCR
 2) Immaterial non-EEA (re)insurance entities included via book value deduction (Art. 229 SII directive)
 3) 1Q 2016

Strong pre-tax operating capital generation



1) Including cross effects and policyholder participation
 2) Other effects on SCR include diversification effects and Third Country Equivalence

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.