

Allianz SE Annual Shareholders Meeting

Company Participants

- Michael Diekmann, Chairman of Supervisory Board
- Oliver B  te, Chairman of the Board of Management & CEO

Presentation

Michael Diekmann {BIO 1733646 <GO>}

Good morning, ladies and gentlemen. My name is Michael Diekmann. And as Chairman of the Supervisory Board, I hereby open the Annual General Meeting 2019 of Allianz SE. On behalf of the Supervisory Board and the Board of Management, I would like to cordially welcome all the shareholders present, all the ladies and gentlemen of the shareholders association, of the custodian banks and the ladies and gentlemen of the press. I would also like to welcome all of the shareholders following our AGM on the Internet. We would like to thank all of you for your interest in Allianz. And together with you, we hope for a good and constructive Annual General Meeting.

Ladies and gentlemen, let me just briefly explain to you some organizational details of this AGM. First of all, I would like to state that the AGM was invoked in due time and form on the 21st of March 2019 in the Federal Gazette. The minutes of this Annual General Meeting will be taken by notary public (Dr. Terman Goethe), who is at the center of the stage here.

The assembly room comprises the whole -- all the areas of the Olympiahalle that you can reach after passing through the entrance gate, including the auxiliary rooms and the smokers area. But if you want to submit any requests to speak or motions. And especially if you want to vote later on, you have to come down to the floor of the Olympiahalle, (the so-called agenda). If you want to speak in the general debate, I would ask you to hand in your request to speak as early as possible at the speakers registration desk here at the front to my right.

At the entrance gates, your ticket was exchanged for an (HV) and AGM card which you need to take part in the ballots. Therefore, please keep this card until we come to the voting processes. If you possess several entrance tickets and haven't exchanged them all for AGM cards, you can do so until the beginning of the ballots at the entrance gate. That's the only way to make sure that all of these shares represented by you can be taken into account in the votes. I will explain the details of the voting process to you following our general debate.

Once again, your votes will be cast and counted by mobile registration devices. And that's why I would ask you to familiarize yourself with the remarks on the voting procedure, which you can find on your AGM card. In case you want to leave the Annual General Meeting early on, please also look at the special remarks regarding this at the back of your AGM card.

All the reports and documents required by law for this AGM are present at the speakers registration desk and have also been published on the Internet. If you want to hand in any documents, especially for the notary public, then please do so exclusively at the speakers registration desk, where you will find a notary assistant.

The participant list can be viewed in electronic form on screens and will be updated continuously until the end of our AGM. You will find the screens in the back part of the arena. So down here on the floor. I would like to underline that any recordings, audio and video recordings, here in the assembly room just as well as recordings of the online transmission of our AGM are not permitted.

Moreover, I would ask you to switch off your cellphones here in the hall during the AGM. So much for my organizational remarks.

Ladies and gentlemen, all members of the Supervisory Board and the Board of Management are present today. And before we enter into today's agenda, I would like to inform you about changes on the Supervisory Board and the Board of Management of Allianz SE since the last Annual General Meeting. There haven't been any changes on the Board of Management since our last AGM. But I can announce to you that the Supervisory Board has extended the appointment of Mr. B  te as Chairman of the Board by five years until September 2024.

Thank you very much. Thank you.

We've had 2 changes on the Supervisory Board over the course of the last year on the side of the employee representatives. Jean-Jacques C  tte finished his mandate with effect of the 31st of July 2018 to prepare for his retirement. Mr. C  tte was a long-standing member of the Supervisory Board and always enriched our work in the plenary session but also on the Audit Committee with his experience from the practice, thus his practical experiences. Successor of Mr. C  tte on the Supervisory Board is Jean-Claude Le Go   r, who entered into office on the 1st of August 2018. In addition to Mr. C  tte, also, Rolf Zimmermann left our body on the 31st of August 2018. And went into his well-earned retirement. He also is a long-standing member of the Supervisory Board and was part of this body since the transfer of the Allianz AG into an SE. Mr. Zimmermann, both for my predecessors. And we have Mr. Perlet here in the first row. And just for them just as well as for me here, Mr. Zimmermann always a constructively critical Vice Chairman. And he was followed by Frank Kirsch on the 1st of September (sic) (2018) on the Supervisory Board. The Supervisory Board thanked the gentlemen Zimmermann and C  tte in a personal ceremony for their long-standing loyalty to Allianz and their many years of valuable work on the Supervisory Board.

Due to the changes on the Supervisory Board, we also set up anew the composition of the committees of the Supervisory Board. Ms. Burkhardt-Berg was selected as the new Vice Chairman -- Chairwoman. And I would like to congratulate her to this end. I hope for a good cooperation in the future. Thank you.

Ladies and gentlemen, we'll now enter into the agenda. I call upon the agenda item 1: the presentation of the approved annual financial statements and the approved consolidated financial statements as of December 31, 2018. And of the management reports for Allianz SE and for the group as well as the report of the Supervisory Board and the corporate governance report for fiscal year 2018.

First of all, let me present to you the financial statement documents. The annual statements of Allianz SE and the consolidated statements just as well as the management report were audited by PricewaterhouseCoopers Wirtschaftspr  fungsgesellschaft and deemed in good order. The auditor's offered an unqualified opinion for both statements. The Board and management and auditors presented the statements to the Audit Committee in the plenary session of the Supervisory Board and explained them in detail. The Supervisory Board agreed on the financial statements after detailed checks. And therefore, the annual statements of SE -- of Allianz SE have been approved.

That takes me to the report of the Supervisory Board. We had 6 plenary sessions in the fiscal year 2018 and 1 telephone conference. In addition, there were 20 meetings in total of Supervisory Board committees. You can find a detailed presentation of the work of the Supervisory Board in the consolidated management report on Pages 4 and following.

But let me just mention some focal points of our work. In all of our Supervisory Board meetings, the Board of Management explained in detail the business development in the individual segments and regions. A special focus on this was on the implementation of the Renewal Agenda of the

Board of Management. Mr. B  te will talk about this in more detail in a few minutes. We also intensively dealt with the strategic positioning in growth markets with the risk strategy, the capital management, including the share back buy -- share buyback programs that were performed in 2018. And we also dealt with the topic of cybersecurity in detail.

In addition, the Supervisory Board, as I had already announced in last year's AGM, dealt in detail in several meetings with the adjustments of the Board compensation and introduction of a new remuneration system for the Board of Management from 2019 onwards. I will talk about this in detail under agenda item 5. That's when I will also be speaking about the compensation of the Board in the previous fiscal year. You can find detailed explanations on the remuneration of the Board of Management and Supervisory Board in our compensation report on Pages 23 and following in the group management report.

As in the previous years, we both present the compensation of the Board of Management but also that of the Supervisory Board, which is just a fixed compensation, in detail and in line with all relevant requirements in an individualized form. With this, we also follow the recommendations and ideas of the German Corporate Governance Code.

Part of the work of the Supervisory Board is also to take care of standards for good corporate governance. You can find details about the development of corporate governance in the Allianz Group in the declaration of the company management and in the corporate governance reports, which are included in the group management report on Pages 12 and following.

The Board of Management and the Supervisory Board signed a declaration of conformity to the recommendations of the German Corporate Governance Code in December 2018 and have made them available to the shareholders on the website of the company.

All in all, we can say that Allianz has followed all the recommendations of the code in its form on the 7th of February 2017 and has followed all the additional proposals of the code.

Ladies and gentlemen, Allianz also in the fiscal year 2018 reached a very good result. Financial targets could be reached in all segments of the company. And the capital strength was kept at a very high level. This excellent result of Allianz is once again based on the exemplary efforts of all the employees and based on the committed teamwork of the whole Board of Management. And therefore, I'm certain that I will also speak on your behalf, ladies and gentlemen, in thanking both of the Board of Management and all our employees for their successful work.

So much at this point for the report of the Supervisory Board. And I would now like to ask our CEO, Oliver B  te, to present us his report.

Oliver B  te

Good morning. Thank you very much, Mr. Diekmann. Thank you. Good morning, ladies and gentlemen and dear shareholders. Welcome to our Annual General Meeting for the year 2018. This also on behalf of the entire Board of Management. And also a good morning to everyone who are following us on the Internet.

So who would like to see the core message before -- this is my short summary. Allianz is gaining momentum and is gaining speed and came out of 2018 again with additional strength and also, in particular, in P&C, which I will focus on later. Of course, we do not want to decrease our performance now. Our balance sheet strength remains solid. And we're growing profitably. And that is not a matter of course, at least from our perspective, in these times of large uncertainties.

Now what's coming now? We want to simplify your Allianz further. We call this formula Simplicity wins in our corporate language. And that is going to be our second chapter of our so-called

Renewal Agenda. And the target is to make even more out of your company in the years to come, more than the compilation of its individual parts. That's what we want to do. And we want to create a new level of profitable growth and, above all, of visible economies of scale. This will be needed. And we need this in order to be fit for the really tough competition in the digital era.

So that was my summary in the short form. And now I will go through the important topics for you.

One year ago, I mentioned the following sentence, "We are working on a conclusive plan that works well." This plan says the customers are the customer -- the customers are the kings. And they are the focus of everything we're doing. It's a program that is focusing on simplicity, efficiency and growth. It's a plan for you, our shareholders. But it's also a program that also includes all the other groups of interest, our employees, our corporation partners and also our social environment. And we, as Allianz, accept our social role, not only as those who create corporate values but also who want to be an employer and rendering a contribution to important social topics.

We are particularly proud, ladies and gentlemen, that we were able to do this program without major restructuring programs. And we try to maintain that even if that is not that simple. And we're so particularly proud of that. This plan also works because we can also establish and set up on the success of our predecessors and also because our 140,000 employees give their best every day in order to turn a very good Allianz in an outstanding Allianz. And by the way, if something does not work that properly, then they're compensating this by commitment and charm, for example, in customer service and providing advice in the case of claims, whether it being a developer in the digital factory and also in our daily effort in the administration for simplification and faster processes. We, the Board of Management, thank our outstanding colleagues and our business partners for their commitment.

We're living in the times of big change. And that makes it not always easy for the employees and our executives. In 2018, they have worked excellently. And therefore, I believe they also deserve your thanks, dear shareholders. And your applause. Thank you very much.

In fact, 2018 was a very successful year in many respects. The day of our financial press conference in February, we were able to report the highest revenues and the highest operating income of Allianz history. And looking back to a year where important strategic decisions have been taken, before I will talk about those, let me give you a little flashback on the key figures.

Let's look together at the result of the first 3-year cycle of our Renewal Agenda. This agenda was linked with ambitious targets. And now, I'm giving you an overview of what we have tried to achieve. And here are the results.

The earnings per share was to increase by an average of 5% year-over-year. We outperformed this target. The earnings per share improved between 2015 and 2018 not as envisaged to EUR 16.9. But we achieved even EUR 17.4. That means this is a good 6.2% per year. And the results of this Renewal Agenda also were leading to nice results for you as shareholders. During the past three years, Allianz has disbursed EUR 16 billion to you. The overall return of our share in this time frame was 22.5%, which means 7% annually. And also, our return on equity was on track. We planned to have an increase of 12.5% over the last three years. And ultimately, by year-end, we achieved the return on equity of 13.2%.

Apart from the financial figures, ladies and gentlemen, it's quite important that we also strengthen our sustainable criteria of the company that relates particularly to customer satisfaction and customer loyalty. And we are measuring the success of our OEs and country companies and how they perform as compared to the other companies of the competitors. In customer loyalty, we made the big leap. And we are measuring this by the Net Promoter Score, that is, the NPS. And in 2014, the willingness of our customers of recommending us further to their families and friends as compared to competitors was not really satisfying when you have less than 50% of our business,

the willingness to recommendation was better than the average of our competitors. Now three years later today, we have a different picture. Our customers have become more satisfied. And they appreciate more our offers. And they recommend us further. Now this willingness to recommend now landed at 74% higher than in the average of our customers and -- of the competitors. This is an important success even if we have not achieved this target of 75%. But it's quite close.

The second topic that we also are representing externally, apart from customer satisfaction, is good employee management. It's not just a side effect of our activities. But our incentive systems has been designed in such a way to see how we are able to lead our employees. It's not only the financial results. But also the employees behind are important and how they feel well in our company. So we want to open our colleagues' chances to fulfill and unfold their full potential. So we look at the ability of the management to lead our employees. The index that we are calculating here has increased from 68% to 71% during the past three years, which is quite a good value in the international comparison. But here, we can still improve a lot.

Now please let us stay with the topic of employee motivation, customer satisfaction and the topic of productivity. So quite often we hear this question: how should these 3 things fit together? This is because of that understandable worry that higher productivity would be at the burden of the customer and employees and employee motivation. But we, not only in the Board of Management but also even more broader in the organization, we see the opposite. So success and sustainable productivity also increased the satisfaction of customers and the satisfaction of our employees. This goes hand in hand. And the linking element is consistent simplification. And that's all good to understand, actually. More simpler, intuitive products and processes enable employees to take decisions within their own sphere of responsibility. They can help customers easily and directly without a lot of bureaucracy. And that increases customer satisfaction. Employees are more motivated because they can do something positive and they do not have to correct mistakes. Everything is faster with more commitment. That further increases our productivity. And this positive trend is being increased.

I brought you a very nice example from our very successful unit in Turkey. We are the market leader in P&C in a difficult economic environment. And also, the political environment is not that easy, as we know. Our Turkish company is a very young and dynamic company when it comes to its age structure. The index to good employee leadership went up by 9percentage points to 75%. It was jumping up. And also, in international comparisons, this value is great. At the same time, customer loyalty enormously improved. In P&C and Life Insurance, Allianz is the clear market leader in Turkey. And also in Asset Management, our customers are happy and satisfied above average. 2017, we were still somewhere in the middle. And even though, Allianz managed in Turkey to increase their productivity (feelably). And this cost ratio went down by 0.2percentage points. So ladies and gentlemen, everything can work together, productivity, customer loyalty, employee motivation, by consistent simplification and consistent alignment and design for our customers. That is our concept for the future. And it is becoming reality already.

Now let us take a look at the key financial figures for the fiscal year 2018. I summarized them for you on one chart. It was a year of records, records in revenues, in the operating income and, also now, a record in the dividend payment. Revenues went by -- up by 3.5% to EUR 131 billion. The so-called internal growth that is adjusted by FX exchange effects achieved even 6.1%. It's been quite some time ever since we've grown that strongly. The operating income increased to EUR 11.5 billion. And that's why it was at the upper end of our target corridor for 2018.

The solvency capital ratio stayed unchanged versus the really comfortable previous year value, which is 229% now. That gives us the necessary leeway in order to be equipped for difficult situations in this rather insecure business field and also to invest strongly into our future. It also enabled us to buy back our own shares. By the way, Solvency II, if you ask yourself, that is the supervisory regulatory system for European insurance companies that we're using for capital control like, for example, the topic of rating.

The share, year 2018, ladies and gentlemen, was rather turbulent at the end. In the Fourth Quarter, the entire value was slumping completely. And also, we could not withdraw from that trend with the Allianz share. However, the total return was much better than the comparison values of important indices, whether that was the EURO STOXX 50 where we outperformed 7 percentage points, as we say in English, or versus the return of the DAX 30 companies, we even had 13.6 percentage points. And the good news are continuing. The annual surplus that will be paid out to you as Allianz shares has increased to EUR 7.5 billion. That creates room for a strong increase of dividend. We propose to increase the dividend per share by 13% to EUR 9. Thank you. Thank you very much.

Ladies and gentlemen, a few weeks ago, we have published our Sustainability Report. You probably had the occasion to take a look at this report. And I'm sure you have seen one central message. We, in Allianz, want that our corporate activities is also good for the society and the environment and not only for shareholders, customers and employees. And we would like to continue rendering a strong contribution to sustainability. So what we are particularly happy about and what makes us particularly proud that we have received appreciation. For the second time in a row, we've been #1 in the Dow Jones Sustainability Index among insurers worldwide. This index, by the way, is based on the global leading sustainability ranking. And also the analysts of the U.S. financial service provider MSCI have given us the highest sustainability ranking, AAA. And the association Principles of Responsible Investment has rewarded the sustainability strategies and the capital investments of Allianz SE, PIMCO and Allianz Global Investors with the highest assessment of A+ and gave us that rating. And we're quite happy about that. And we're also a little proud of that. And one key -- thank you very much for that.

Another focus of our social commitment, ladies and gentlemen, are measures against this ongoing global warming. We knew -- as leading insurer and capital investor, we do know the disastrous consequences it would have if this climate policy would only end up having discussions with no activities following and no actions following. Every person, every organization, every country can make their contribution. During the past three years, we have gained a lot of attention because we always promised to do something against the carbon dioxide emission and to reduce it as investor and now also as insurer. Ladies and gentlemen, we take this topic quite seriously. That's why we have set ourselves new targets. By 2023, we plan to get our energy consumption 100% from renewable energy. And by 2050, as you know, all assets of Allianz should become climate neutral. That means all the assets of the Allianz Group. So these good figures of the business and the strong social commitment, both are good news for you as our investors.

But is this just a snapshot of today? Just a chapter? What about the sustainability of our operational improvements?

So it's time to look at the details and look at the magnifying glass because I would like to show you we are standing amidst a really deep change of our company. So one important piece of my message here is that all 3 segments complement each other and also render their contribution to the operational record result. So what you notice first in this more detailed view, how the dimensions as compared to the previous year have changed. Life and Health insurance delivered EUR 4.2 billion as a contribution to the operating result. That's good. And the Asset Management rendered another EUR 2.5 billion. That is also a very good value. So the true improvement happened in P&C, though, last year.

So EUR 5.7 billion, we earned in -- as operating income, which is a plus of 13%. Well you need to say, of course, we had net (cash) that were less than in the previous years. But we had further advances in the internal work when it comes to productivity, which is reflected in a much-improved cost ratio. This figure, ladies and gentlemen, expresses how the costs and income from premiums are related to each other. This clearly reduced cost ratio allowed us to achieve the combined ratio of 94% which we planned to achieve. And this was also a very good way. And we're also quite happy about that not only within the Board of Management.

Can you remember this chart? I showed it to you last year in this AGM. It's also important that you do not tell a new story every year. So in Allianz, we want to act and work consistently and long term. I was referring your attention to a rather unsatisfying development, which is a high cost ratio that is increasing and stayed on a high level. At the same time, the growth figures were not good enough. So last year, the entire Board of Management promised you that productivity will be improved. And we have explained that reduction of complexity and, thereby, lowering cost ratios and growth do not exclude each other. But no, they can also help each other grow.

In 2018, we kept our promise. Our productivity has improved because we're simplifying what we're doing and also because we go through working through our targets' consistency. And simplicity gives you a clearer view. I mean this term also helps to question old dogmas and also to terminate unnecessary intellectual debates. Double work in various markets, that should be a thing of the past. Product variants that no one buys, which are several hundred different product variants that are obsolete now. And they will be replaced by a more clear picture. Manual data entry or permanent error correction, that is technologically obsolete and should be a thing of the past soon. So if you do not have complexity then -- if the complexity is declining, then customer satisfaction is going up. And we can also offer better prices. Our customer satisfaction goes on. And distribution is increasing strongly. And also, growth helps us to reduce our cost ratio. And this upward trend has started. And we have initiated this cost spiral and trend. So the cost ratio in the report year has reduced considerably. We want to continuously have 30 to 40 basis points that we take out of the combined ratio and out of the cost ratio. And that helps also if our internal growth is increasing last year from 2.3% to 5.7%.

Now this snapshot, ladies and gentlemen, for 2018 shows that our strategy under the motto of Simplicity wins is starting to unfold its effectiveness. End of November, we introduced that on our Capital Markets Day. And it consists of 3 components. Since our group language is English, I kindly ask for your understanding that I'm going to use the English terms. And I will then also explain it in German. We call these components outperform, transform and rebalance. So let me explain what's meant by that.

So we want to push forward 3 things in parallel. First of all, that means outperform. We want and need to be better than our peers. And we need to be better than the established and also the new competitors that we're seeing as coming from the digital world. So it's not enough to just compare with the old competitors. Point three, rebalance means simply our energy and our capital will be -- predominantly be used where we have the best perspective for profitable growth. We need to go where the chances are, not only defend our position where the margins are not sufficient. So that is my simple summary.

The second point, transform, that's change, I would like to explain in a bit more detail. It stands for simple, digital. And the third word is scalable. That means you would gain economies of scale. What does simple mean? Well simple means less products, less products at the end. And simple processes. They need to be understandable intuitively, not only for the actuary but, also, above all, for the customers. Customers need to love that, need to be enthusiastic about this and not just agree. What does digital mean? Everyone's talking about it. Basically, this means our superior technology. And Allianz does have superior technology. And our ability to have superior data assessment and evaluation and to use it for the benefit of our customers. And scalability, ladies and gentlemen, means Allianz products and processes can be harmonized across borders. That does not mean that everything needs to be used the same one to one in all the different countries but, the core elements, the modules, the know-how, the energy and the culture are growing together. So for the first time ever, something will become possible. So the best possible solution, jointly elaborated, made by Allianz, can be transferred anytime from one country to the next. Adjustments to particularities of individual markets are inclusive, of course. Innovations are being achieved by all the subsidiaries immediately, not only after five years. Customers want to receive top quality immediately. And we and you can benefit from our economies of scale in Allianz.

Harmonization, ladies and gentlemen, also supports the change in our corporate culture that requires stronger cooperation, stronger cooperation across departments and borders. And that's

why our leadership team is becoming more and more international. And the difference between the headquarters in Munich and our OEs is becoming smaller and smaller. And some felt distances are becoming smaller and smaller and shorter. So under the bottom line, this approach is to increase our customer satisfaction, our productivity and growth. With the conclusion of our first phase of the Renewal Agenda in 2018, we achieved -- if you speak the language of the mountain climbers, as we foresee -- we've reached the solid base camp. We have now found the strength that allows us now to collect new powers. And now, we can go to the next phase of our climb.

So not just to talk about concepts and figures only, I brought you a current example as to how we concretely implement our Simplicity wins strategy. This is our digital offer platform for SMEs and small companies. Quite often, these are craftsmanship companies, tailors, hairdressers and joiners and so on. And many of these companies find that insurance is something highly complex. And they don't even understand or don't know some of the risks of their business. But their day-to-day operations are so challenging so that they don't have time and patience to write a doctoral thesis about insurance. So the existing offers and also Allianz were neither simple nor intuitively comprehensible for these customers. Quite often because the solutions that were made also for, actually, for big companies, which are much more complex, were transferred to small companies. And then of course, they did not live up to the situation of the small companies. For example, customers were asked about 40 questions about the risk assessment of the hairdressing company. And that is in a language which they have difficulties understanding without having a universal -- graduation from the university. So this is not up to time and modern anymore. But this customer segment is really important and highly profitable.

Even outside the U.S. where we're working, we're talking about a EUR 60 billion market based on revenues. And it's growing year-over-year with at least 4%. And in only less than 2/3 of these smallest companies, we find that they do not have sufficient insurance cover. That's why we have developed a digital, mostly automated offer process. And that can be used by every distribution format in many of our countries. This new advice and sales and distribution platform leads the customer in a simple and understandable language to their risks, then the intuitive user interface simplifies the whole process. And at the end, customers receive different offers for insurance options and including assistance services. That sounds nice in abstract. But what does that mean translated into practice?

I just talked to you about 40 questions that you had to go through. How many do we have today? Just 2, 2. And after 7 more clicks when you just have to select the cover, then we make a first offer for the price. So many of the data needed will be obtained from external sources. That means that happens in the background. So without the customer having to worry about that. And these processes have become automated. So for customers, this is really fast. Instead of spending 45 minutes, at least, for 1 consultation process, now we're able to only spend 10 minutes in order to offer a personal offer. So without we, as Allianz, to waive important information on risk assessment. So that is a process with an in-built intelligence as we like to have it. And that's what we understand by intuitive.

Austria is the first test market. Many further markets, including our core market, Germany, are going to follow soon. And already now, our responses from customers show that simplicity wins. And customers are really happy about that.

Another example I brought to you. So the leading concept of simplicity and productivity is a new information system through and through about natural catastrophes worldwide that is based on the Internet. You know that the topic of nat cats is increasing. And our reinsurance solution, this is set by 32 OEs that put their data from local reporting. And we do this automated. And at the same time, all employees that work in this process have access and can use this information. I can tell you, like for this morning, I can tell you, no nat cats have been forecasted for the Munich Olympic Hall. But this system offers numerous analysis instruments for risk assessment and for forecast and not only for modeling. And we want to help our customers in the future. When the storm is rising, then they should get a message before the storm comes and to not only regulate and pay for the claims later on.

Ladies and gentlemen, dear shareholders, many areas of Allianz are using the principle of Simplicity wins and put it into practice. If we expand the time horizon further, the principle will cover our entire activities. The most important strategic projects today that I would like to introduce to you quickly are the new Allianz Customer Model and Allianz Direct, that is. Our European direct insurer that is being established at the moment. The Allianz Customer Model, on the left-hand side, starts with traditional business. And we want to reduce its complexity radically, step-by-step.

Allianz Direct will start on the green meadow, you could say, on the right-hand side. And only this way, the new business model can be defined without other framework conditions that we otherwise define. So from 2 sides, we want to reinvent our business by continuously but also consistently improving our good business and existing business. But also set up new business models and learn from each other and with as low complexity levels as possible in order to set up a well-functioning business.

Ladies and gentlemen, we have lots of great things in Allianz worldwide in all of our OEs, good technology components, good process. And of course, we have good products and services. But this can be -- also be too much of the good because if that means that you lose overview for our customers and for us in management. So insurance companies -- or insurance as general is seen as something complex and difficult. We want to change that. And that is the target of the Allianz Customer Model. So in particular, we have to become better in the implementation. We have to learn to think more practical and also to listen to our employees that directly operate and work with our customers. And we need to be more courageous. And also, we need to be courageous to discontinue things which are way too complex and even if they were popular. And only by this way, we can make fundamental changes. That means, practically speaking, first of all, product and processes.

Product and processes will be harmonized on a globalized level. And customers need to understand them intuitively. And what means intuitively is not defined by us. Customers define that. That particularly relates to retail. But we cannot leave ourselves standing there. We don't want to have numerous product generations at the same time. Less is more. That means old products and computer systems need to be switched off consistently in the years to come. So that means that an unclear picture that you see on the left-hand side turns into a clearer picture. Only this way, we can improve our productivity.

At the same time. And second. And as what we started more than 10 years ago, we want to have a standardized IT architecture and stable architecture and IT operations. And we want to do that particularly better. And thirdly, local adjustments on the basis of our modular product components. It's like with the (legal) systems, whether be that a spaceship or a fire brigade car, the majority is the same. The result and the adjustments are different. And everything is a lot of fun. So that's why we're building a consistent business and service concept for our company, simplicity as we wish it for ourselves and also for our customers, of course, to offer the best available service of the industry with much shorter waiting periods and first-class offers, be it personal or digital.

Less complexity and, therefore, expenditure in administration means more time for true consultation and advice. So we want to implement the Allianz Customer Model across the entire company by 2021. That means all the plans for all OEs have to be ready. We won't have all the results. But the picture needs to become complete. And it also is to make a considerable contribution to operating (income). It's not (la puella). And we're doing it in order to improve our operating income.

Now about Allianz Direct, our European direct insurer. It's going to start end of this year. And it's going to service a target group that we have so far neglected a bit: digital customers that want to do everything themselves when they're buying insurance, or at least want to do most of it themselves. This target group wants to have simple contact around the contact and inexpensive price and very customized offers. And in order to live up to these claims, you definitely need modern digital and reliable processes. This digital customer group is a huge growth market. And it

is hardly reached by traditional distribution channels, by the way. And that's why the cannibalization effects will be minimal. And we have calculated this over and over again.

So with Allianz Direct, we want to avoid that these customers stay with the customer -- with a competitor. And we're starting in Germany, Netherlands, Italy and Spain. And as a perspective, Allianz will address the do-it-yourself customer group all over the place, not only young customers but many people aged between 35 and 45. And that's what we want to do under the name of Allianz because the feedback of our customers are clear. We want to render Allianz quality. And we also want to see the Allianz brand on the Internet.

So why do we have then a cross-border direct insurer? Well the digital business, ladies and gentlemen, we noticed from Amazon and Netflix and other business models, is increasingly dominated by data and how you use data intelligently. The more data you have, the better the evaluation results and the more competitive the price-performance ratio can be both for customers and also for Allianz. Secondly, by using cross-border technology platforms, we can achieve considerable technological advances and cost advantages, not only in technology but also in marketing. That means much lower unit costs and, therefore, more competitive prices. And we also find in these simplified products and processes, markets seem to become similar much faster than in traditional business. But in Allianz Direct, everything is circled around the customer when it comes to our targets.

We want to come into a world where 90% of the claims can be covered within 24 hours and can be administered and managed in connection with reliable partners and high quality. No product should have more than 5 exclusions. And therefore, this will create a transparency that is never seen before. Excellent service on every communication channel, integrated. And manual entries should go towards 0 because only this way we can also attain one of the lowest cost ratios in the market.

So you can expect by the year-end, you can also convince yourself about our new Direct offer and keep your fingers crossed that everything works fine.

Finally, I'd like to give you an outlook to the operating income for the current business year, 2019. Ladies and gentlemen, like in the previous years, we see a large number of opportunities despite the rather difficult environment. But there's also a truckload of uncertainties depending on which politician is issuing a tweet, stock exchanges are going up or slumping and, of course, we cannot be decoupled completely from that even if we wanted to. So we remain careful. And we reckon with an operating income of EUR 11.5 billion, plus/minus EUR 500 million. And we would like to say thanks for your trust. So please continue to stay loyal with us. And please continue following on the future trends of Allianz. We believe we're well positioned also for more difficult market conditions, which definitely will come back. And we're all working hard in order to introduce even better and simpler services and corporate results. We -- and that is the only I that I'm saying today: I am learning as well every day of things that we can do better, what I can do better.

By the way, consistent simplification is anything but simple. It is (effortsome) and involves lots of work to reduce inherited burdens. Innovation is much more fun -- and innovation is much more fun. But you can't do this without the core piece of work. Economically, we're standing fine, we're doing fine. And that's why it's sometimes difficult to clear up the place regularly. And we'd rather do this now instead of in any crisis later on in order to be able to lead the company in a balanced way instead of panicking and having refurbishments. We want to render excellent results and you know that. And it's a pleasure to lead this company and to be part of the employees. And also, please rely on us. And we are 140,000 people in Allianz network, in the future and also in your future as shareholders.

Before I terminate and give back to the floor to Mr. Diekmann, thanks to our great team that enabled to prepare this AGM so excellently. Thank you very much because you always have to mention those people in the background as well.

Thank you very much, Mr. BÃte, for this report of the management -- the Board of Management. Ladies and gentlemen now present currently is 6 -- 46.43% of the share capital are represented in the AGM. So 3,600 shareholders and shareholder representatives are present in the AGM. And so the total 194,059,535 votes and shares are being represented here. That corresponds to a participation presence of 45.72% of the share capital. In addition, we also have votes that come in by letters, give us another 3,030,593 shares. That corresponds to 0.71% of the share capital.

Ladies and gentlemen, those who are following our AGM in the Internet, I would like to point out that at this point, the public part of the live broadcast is ending. So the further course of the AGM can only be followed by Allianz -- shareholders of Allianz SE that have registered for the Internet broadcast with their shareholder number and their password.

(Statements in English on this transcript were spoken by an interpreter present on the live call.)

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