

3Q 2016

Dieter Wemmer
Chief Financial Officer

Analyst conference call
November 11, 2016

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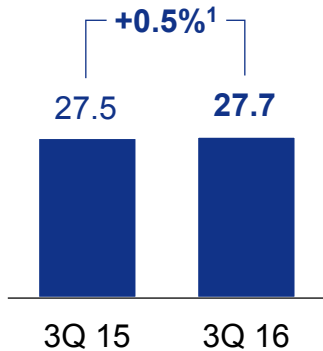
Group financial
results 3Q 2016

1 **Highlights**

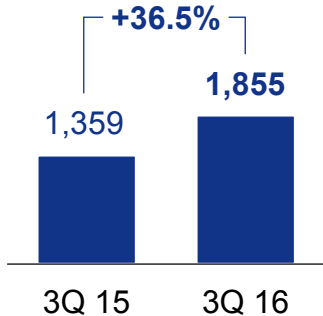
2 Glossary

Group: positive OP contribution from all segments

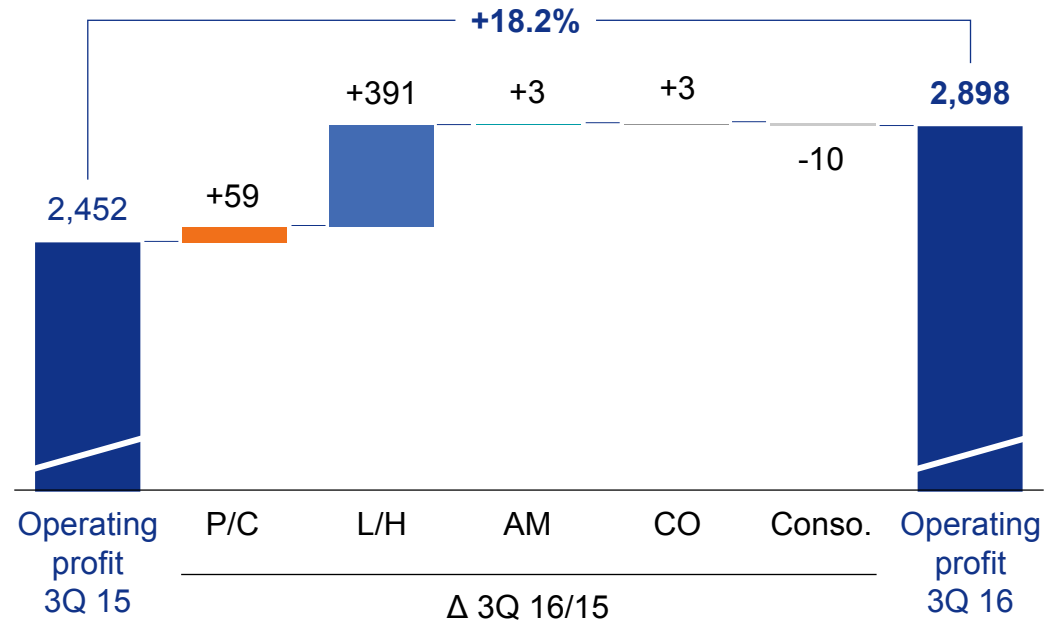
Total revenues
(EUR bn)



Shareholders' net income
(EUR mn)



Operating profit drivers² (EUR mn)



	P/C	L/H	AM	CO	Conso.
3Q 16	1,410	1,129	604	-242	-2
3Q 15	1,352	738	600	-246	8

1) Internal growth of +1.7%, adjusted for F/X and consolidation effects

2) From 2Q 16 onwards, the result of our Korean life business is considered as non-operating since it has been classified as held for sale

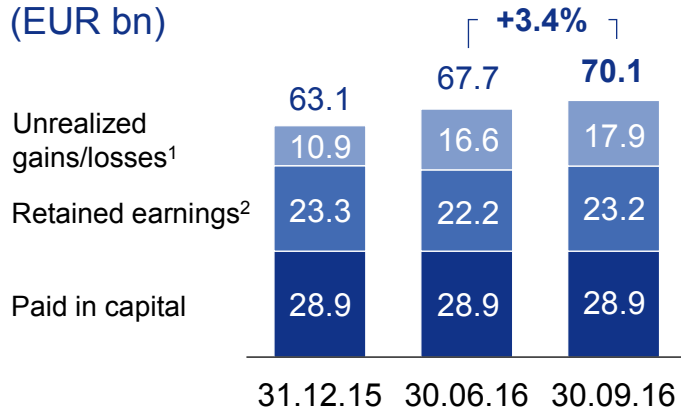
Group: positive OP contribution from all segments

Comments

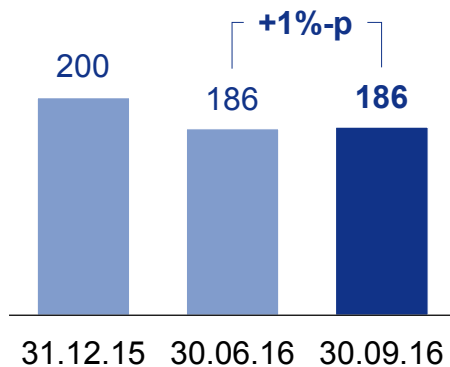
- **Revenues – +1.7% internal growth**
Internal growth in P/C remains strong at +3.1%. L/H shows good growth in capital-efficient products, overcompensating lower sales of traditional products (internal growth +1.5%). Year-on-year internal growth in AM minus 6.2%, but revenues higher than in 1Q and 2Q 2016.
- **P/C – better underwriting result**
Operating profit rises driven by lower NatCat and large losses, partially offset by slightly higher weather related claims. Investment result up after negative effects last year.
- **L/H – strategic product shift pays off**
NBM remains at good level despite the decreasing interest rates. Operating profit improves across core markets.
- **Asset Management – on track**
Operating profit stabilizes. Improvement of CIR by 3%-points.
- **Net income – strong**
Increase of 36.5% driven by better operating and non-operating result, further supported by normalization of tax ratio to 30% versus 33% in 3Q 2015.

Group: book value reached EUR 154 per share

Shareholders' equity (EUR bn)

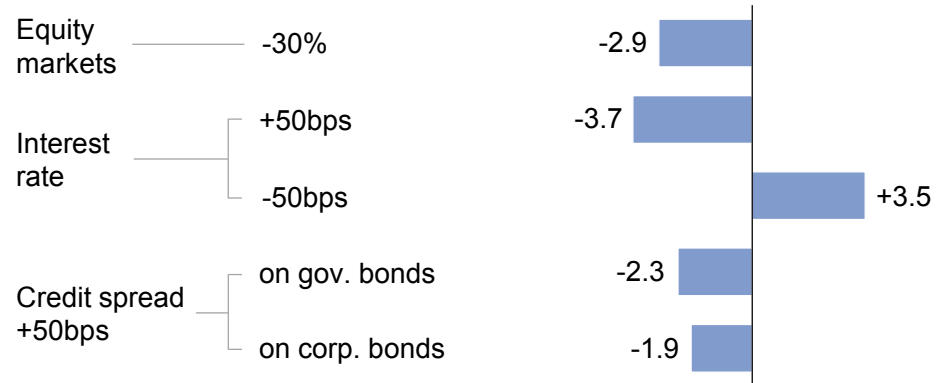


SII capitalization³ (in %)

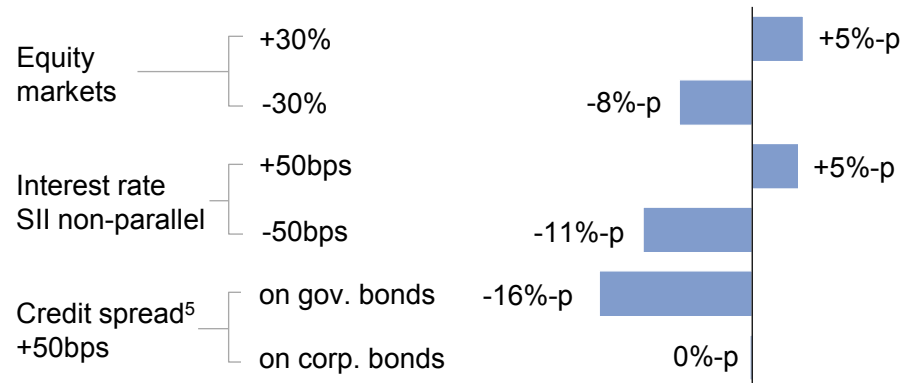


1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 2.8bn as of 31.12.15, EUR 2.7bn as of 30.06.16 and EUR 2.8bn as of 30.09.16
 2) Including F/X

Key sensitivities (EUR bn)



Key sensitivities⁴



3) Changed regulatory tax treatment of German life sector reduced year-end SII ratio from 200% to 196% on January 1, 2016
 4) Second order effects to other risk types and to own funds transferability restrictions are not considered
 5) EIOPA update for calculation of volatility adjustments reset the basis for sensitivities

Group: book value reached EUR 154 per share

Comments

- **Shareholders' equity – further up**

In 3Q 2016, net income (EUR 1.9bn) and higher net unrealized gains (EUR 1.3bn) clearly overcompensate the negative F/X effects (EUR -0.2bn) and higher actuarial losses for defined benefit pension plans (EUR -0.6bn). Book value per share now EUR 154.

- **Solvency II ratio – stable**

Increase of own funds offset by higher SCR driven by a further drop in valuation rates and higher interest rate volatility. New EIOPA rules regarding the calculation of the volatility adjuster negatively impacted the SII ratio by 1%-p.

- **Interest rate sensitivity – slight reduction**

Expected positive impact from sale of our Korean life entity not included yet.

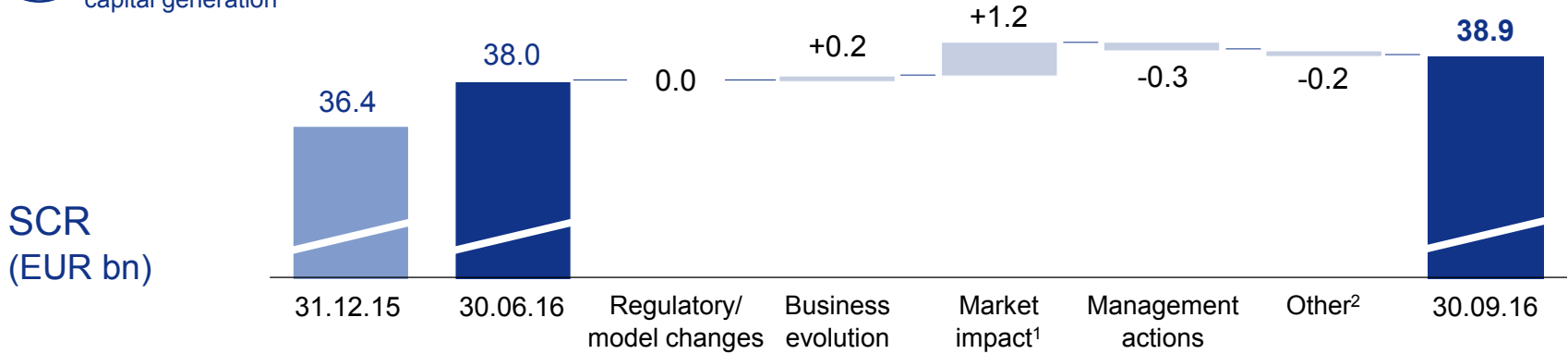
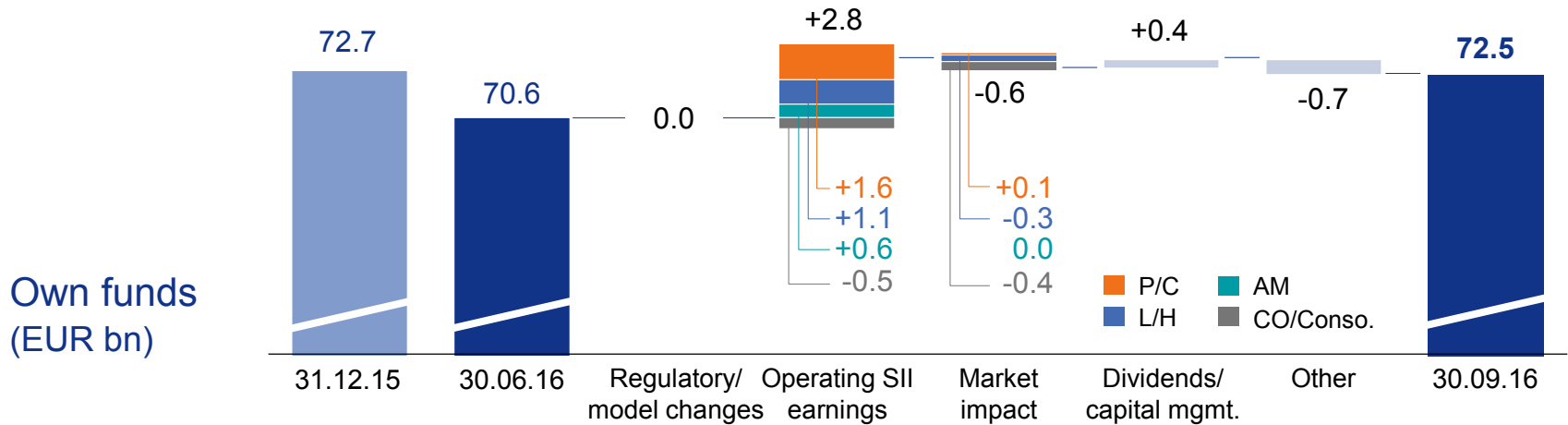
- **Credit spread sensitivities – change of volatility adjuster**

Credit spread sensitivities impacted by new EIOPA rules for calculation of the volatility adjuster. Based on new definition, Allianz' ongoing strategy to shift asset allocation from sovereign debt to corporate bonds will result in an overall better risk situation.

- **Attractive dividend policy**

50% of shareholders' net income have been accrued for dividend.

Group: pre-tax operating capital generation as expected



1) Including cross effects and policyholder participation
 2) Other effects on SCR include diversification effects and third country equivalence

Group: pre-tax operating capital generation as expected

Comments

- **Sale of Korea not considered**

The expected positive effects of the sale of our Korean life entity on our SII ratio and its sensitivity is not included in the 3Q 2016 numbers yet.

- **Pre-tax operating capital generation as expected**

Adjusted for market effects, capital management activities and other, our Solvency II ratio shows a pre-tax increase of +6%-p. 9M capital generation at +19%-p.

- **Operating SII earnings**

All segments are close to their operating results. P/C a bit higher driven by risk margin variance.

- **Business evolution**

Ongoing business mix change towards capital-efficient products in L/H keeps net SCR expansion at moderate level.

- **Market impact**

Further decreasing interest rates with negative impact on both own funds and SCR. Additionally, SCR up due to positive equity market development. Decline of own funds in Corporate / Consolidation driven by change in pension obligations (EUR -0.7bn).

- **Capital management / management actions**

Own funds movement includes EUR 0.93bn dividend accrual offset by the issuance of hybrid debt (EUR 1.3bn). Management actions for SCR include reduction of concentration risk, mainly Italian sovereign debt.

- **Other**

Taxes on SII profits EUR -0.6bn.

P/C: strong price- and volume-driven growth (EUR mn)

3Q 2016		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	Price effect	Volume effect
Total P/C segment		11,526	0.0%	+3.1%	+1.6%	+1.5%
Large OEs	Germany	1,990	+2.0%	+2.0%		
	France	1,018	+3.8%	+3.8%		
	Italy	961	-4.2%	-4.2%		
Global lines	AGCS	1,761	-11.5%	-4.2%		
	Allianz Worldwide Partners	860	+10.5%	+13.0%		
	Credit Insurance	519	-1.2%	+0.7%		
Selected OEs	Australia	890	+11.0%	+6.5%		
	United Kingdom	607	-20.2%	-5.5%		
	Spain	501	+6.9%	+6.9%		
	Latin America	493	-2.9%	+8.5%		

P/C: strong price- and volume-driven growth

Comments

- **Strong growth continues**

Internal growth of +3.1% equally driven by volume and price. F/X -1.8% (mainly British Pound EUR -154mn and Argentine Peso EUR -68mn) and de-consolidations -1.2% lead to basically flat top-line. Retention +0.8%-p to 91.8%. 9M rate change on renewals +1.4% vs. +1.3% as per 6M.

- **Germany – ongoing good growth**

Good growth in motor as well as non-motor in both retail and commercial. Growth predominantly price-driven.

- **France – broad-based volume-driven growth**

Accelerating growth in personal (+3.3%) and continued good growth in commercial (+4.3%) drive top-line.

- **Italy – good performance in weak market**

Top-line decline driven by motor business (-8.0%). Non-motor +3.6% in 3Q. Genialloyd +3.5% in the quarter against a negative direct market (as per 6M 2016).

- **AGCS – profitability over volume**

Re-underwriting initiatives impact top-line.

- **AWP – strong rebound in 3Q**

Top-line growth mainly driven by our assistance business. Strong competition continues to impact AWP Health.

- **Australia – price and volume drive growth**

Broad-based growth, in particular in direct and through agencies.

- **UK – positive price effect offset by volume**

Premiums below prior year due to exit from direct channel and continuing underwriting actions in retail motor. Commercial premiums slightly up vs. 3Q 2015.

- **Spain – excellent growth continues**

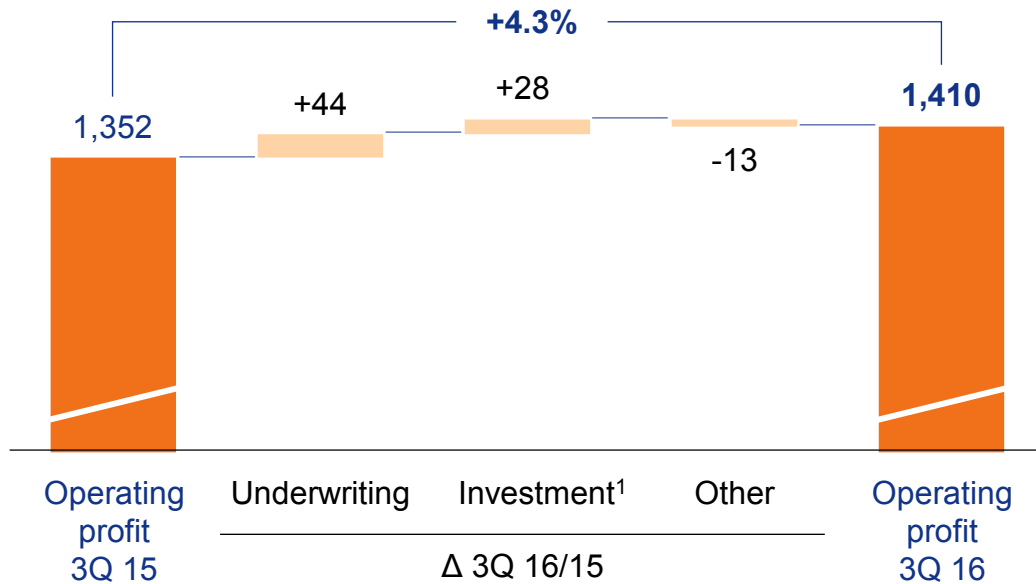
Price- and volume-driven growth. Both, personal and commercial lines grow strongly. Price-driven growth in motor of +7%.

- **LatAm – Argentina turn-around progresses**

Argentina main growth driver while Brazil hampered by recession.

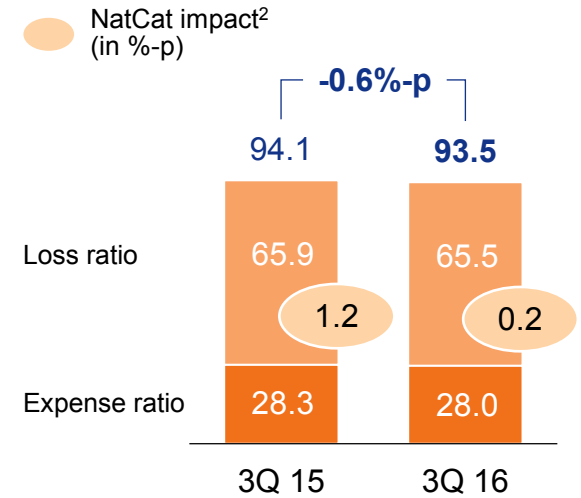
P/C: OP up on better underwriting and investment results

Operating profit drivers (EUR mn)

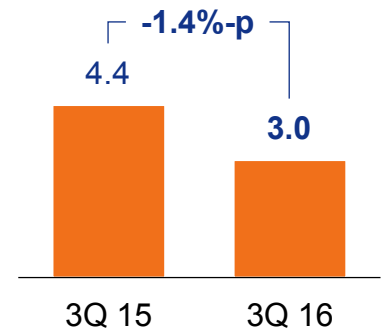


	Underwriting	Investment ¹	Other
3Q 16	670	749	-10
3Q 15	627	722	3

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation
 2) NatCat costs (without reinstatement premiums and run-off)

P/C: OP up on better underwriting and investment results

Comments

- **Operating profit – up on less NatCat and lower large losses**

OP rises driven by lower NatCat (Δ EUR 0.1bn), lower large losses (Δ EUR 0.1bn), and higher investment result, partly offset by restructuring expenses at Euler Hermes.

9M OP of EUR 3.9bn at 72% of FY OP outlook mid-point.

- **NatCat – benign in the quarter, slightly up YTD**

NatCat losses of EUR 28mn/0.2% significantly below prior year (EUR 144mn/1.2%). The Italian earthquake in 3Q only resulted in a EUR 1mn net loss for us.

Slight increase in weather-related losses compared to 3Q 2015.

9M NatCat of EUR 549mn/1.6% below 10-year average experience but slightly above last year (EUR 489mn/1.4%).

- **Run-off – slightly below 10-year average**

At 3.0%, run-off is in line with our expected long-term range of 2-3%, but below the 12 months 10-year average of 3.5%.

- **Attritional and AY LR – better yoy**

AY LR -1.8%-p to 68.5% due to lower large losses and benign NatCat.

AY LR without NatCat improves by 0.8%-p to 68.3%. AGCS and France are the main drivers.

Excluding all volatile items (NatCat, weather-related and large losses), AY LR is almost flat compared to last year.

- **Expense ratio – improved**

Improvement of -0.2%-p driven by both lower admin and acquisition expenses.

P/C: strong combined ratio broadly supported (EUR mn)

3Q 2016		Operating profit	Δ p.y.	Combined ratio	Δ p.y.	NatCat impact in CR ¹	Δ p.y.
Total P/C segment		1,410	+4.3%	93.5%	-0.6%-p	0.2%-p	-1.0%-p
Large OEs	Germany	315	+19.0%	91.0%	-1.6%-p	0.1%-p	-3.4%-p
	France	145	+42.3%	93.2%	-4.7%-p	-0.1%-p	-0.1%-p
	Italy	215	-29.3%	86.9%	+6.8%-p	0.0%-p	0.0%-p
Global lines	AGCS	213	+143.4%	92.1%	-6.5%-p	-0.3%-p	+0.3%-p
	Allianz Worldwide Partners	47	+15.6%	96.8%	-0.5%-p	0.0%-p	0.0%-p
	Credit Insurance	63	-15.5%	82.7%	-5.6%-p	–	–
Selected OEs	Australia	46	-35.5%	98.7%	+3.3%-p	0.0%-p	+0.2%-p
	United Kingdom	32	-34.2%	97.8%	+0.3%-p	1.4%-p	+1.4%-p
	Spain	30	-67.2%	96.3%	+11.5%-p	0.0%-p	0.0%-p
	Latin America	-32	n.m. ²	108.3%	-16.5%-p	0.0%-p	0.0%-p

1) NatCat costs (without reinstatement premiums and run-off)

2) Operating profit in Latin America increased by EUR 38mn from EUR -70mn in 3Q 15

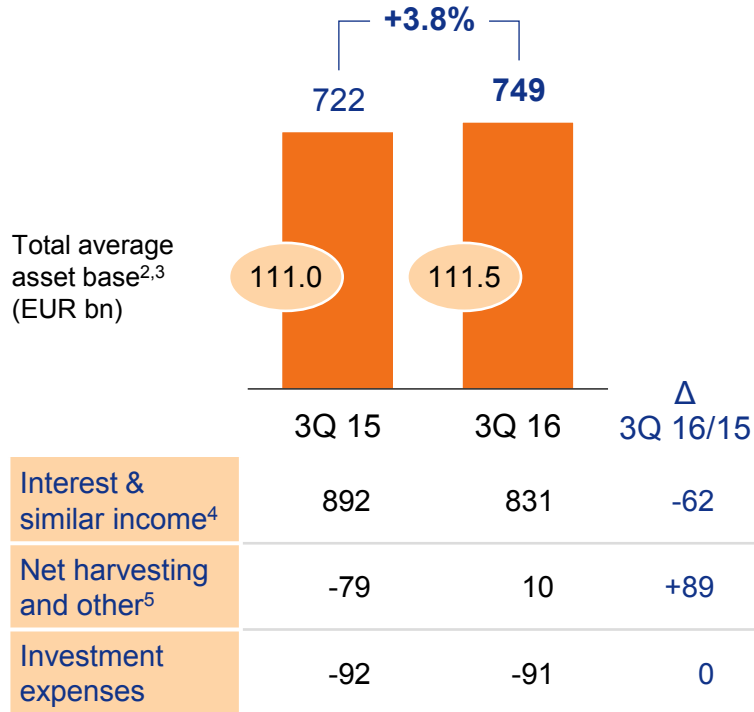
P/C: strong combined ratio broadly supported

Comments

- **Almost 2/3 of GPW better than CR target**
GPW share of OEs with <94% CR stands at 64% in 3Q, up 12%-p vs. last year.
- **Germany – further improved LR and ER**
AY LR improves -1.9%-p as a result of lower NatCat while ER is also below last year. Attritional LR higher than 3Q 2015 but well below 2Q 2016.
- **France – excellent LR development**
AY LR improves strongly driven by lower large losses and weather-related claims. CR impact partly offset by lower run-off.
- **Italy – CR remains excellent**
AY LR increases due to lower average premiums (MTPL) and increase in frequency. Run-off lower than last year.
- **AGCS – a strong performance**
Significant improvement in attritional LR, partly offset by lower run-off.
- **Australia – remedial action is being taken**
CR impacted by higher claims inflation and frequency in motor.
- **UK – lower top-line and investment result**
Increase in attritional LR is exacerbated by higher NatCat, partly offset by higher run-off and better ER, despite lower top-line. EUR 6mn negative F/X impact on OP.
- **Spain – excellent underlying development**
AY LR and ER better than last year. Positive impact on CR more than offset by a lower than usual run-off in 3Q.
- **LatAm – operating loss halved**
Excluding a one-off reserve strengthening for a run-off life portfolio in Brazil, operating profit turned positive in LatAm in 3Q. AY LR Brazil improves for third consecutive quarter and is at lowest level since 4Q 2014. Argentina with EUR 8mn operating profit after EUR -48mn operating loss in 3Q 2015.

P/C: investment result up on net F/X result

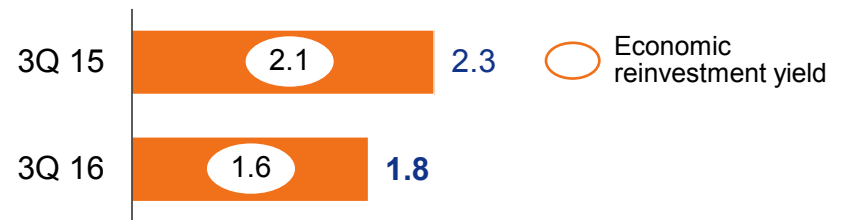
Operating investment result^{1,2} (EUR mn)



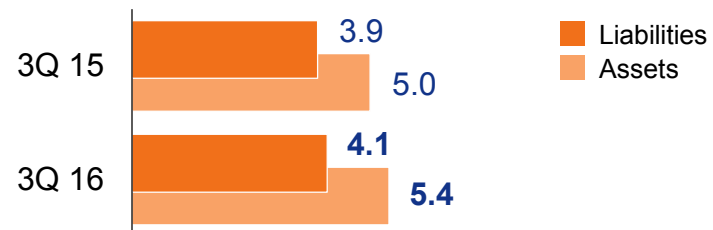
Current yield (debt securities; in %)



Reinvestment yield⁶ (debt securities; in %)



Duration⁷



1) Including policyholder participation
 2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly
 3) Asset base includes health business France, fair value option and trading
 4) Net of interest expenses

5) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation
 6) On an annual basis
 7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

P/C: investment result up on net F/X result

Comments

- **Interest and similar income**

Current income down driven by lower yields – in line with the interest rate development – as well as lower dividend income.

- **Net harvesting & other**

Coming back to a more “normal” level following negative F/X effects (mainly EM) and equity impairments in 3Q 2015.

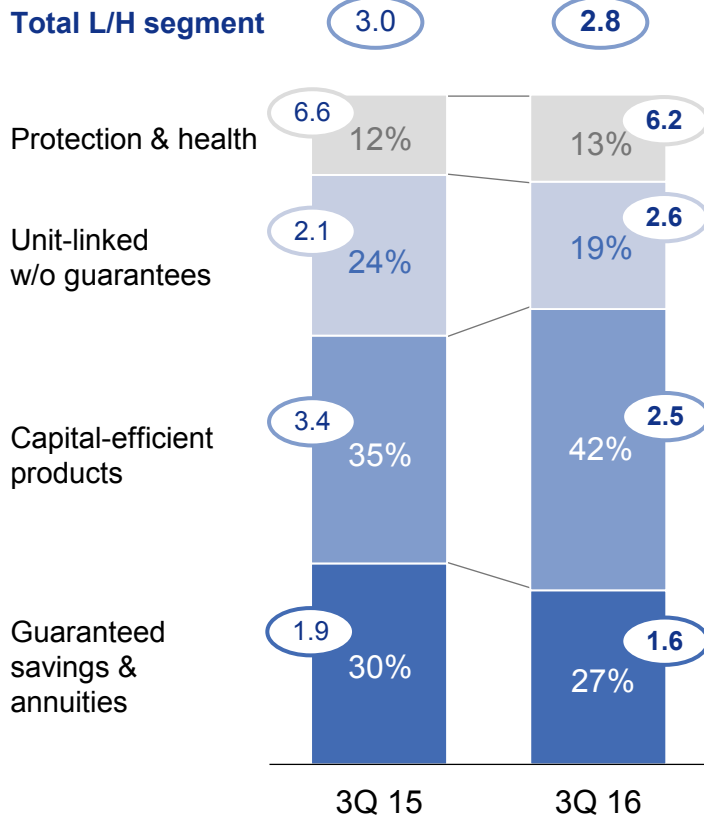
- **Economic reinvestment yield**

Alternative calculation methodology incorporates long-term F/X costs.

L/H: successful execution of new business strategy

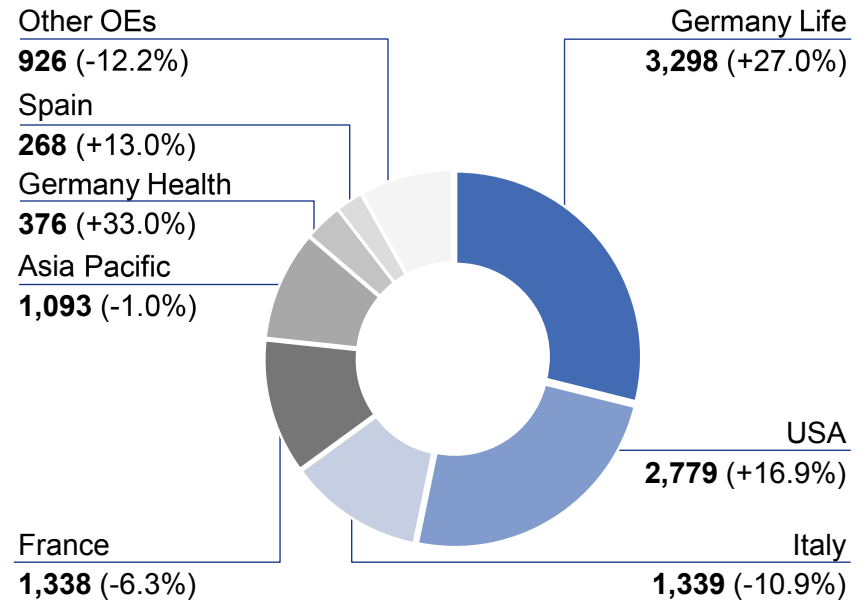
PVNB share by line¹

○ NBM (in %)



PVNB by OE¹

Operating entity
PVNB in EUR mn (Δ p.y.)



EUR mn	3Q 15	3Q 16	Δ p.y.
PVNB	10,583	11,416	+7.9%
Single premium	7,019	7,222	+2.9%
Recurring premium	563	581	+3.2%
APE	1,265	1,303	+3.0%

1) Current and prior year figures are presented excluding the effects from the Korean life business

L/H: successful execution of new business strategy

Comments

PVNB by line

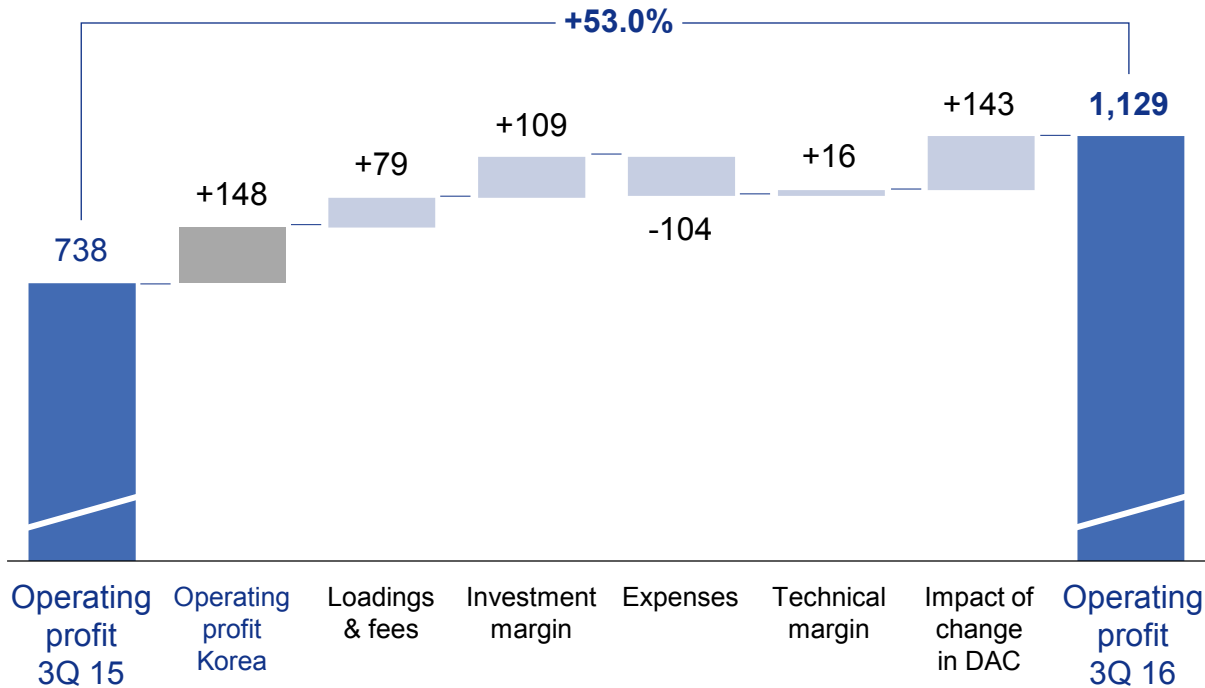
- **New business – growth and better mix**
For the first time since 1Q 2015 new business starts growing again. Increase of 13% in preferred lines of business more than offsets drop of 4% in guaranteed savings & annuities. Share of preferred business lines up 4%-p to 74%. Biggest driver was the success of capital-efficient products (+30%) and protection & health (+21%). Share of capital-efficient products with 42% already ahead of target level of 36% in 2018.
- **NBM up 0.2%-p vs. 2Q despite lower rates**
NBM down 0.3%-p vs. previous year, but up 0.2%-p vs. 2Q despite decline in interest rates. NBM of capital-efficient products suffers from adverse market development in the US. Product actions will improve US NBM in 4Q. Protection & health remains very profitable. UL w/o guarantees offer strong value with NBM of 2.6% and low capital intensity.
- **Positive net flows**
Net flows at EUR +1.5bn.

PVNB by OE

- **GER Life – protection & health up 33%**
Capital-efficient products enhance 35% with share in new business increasing by 3%-p to 58%. Allianz market share in new business >30% in 1H 2016.
- **USA – higher sales in FIA and hybrid VA**
PVNB increase driven by capital-efficient products, i.e. FIA (+19%) and hybrid VA product (+166%).
- **Italy – UL share in new business at 81%**
Allianz UL share much higher than market (35.5% in 8M 2016). Financial market volatility weighs on UL sales (-12%) of Allianz.
- **Spain – favorable business mix shift**
Increase of protection & health (+64%) overcompensates drop in guaranteed savings & annuities (-21%).
- **CEE – no guarantees >0% in most OEs**
Discontinuation of products with guarantee >0% and focus on protection & health leads to NBM of 5.9%.

L/H: operating profit excellent at EUR 1.1 billion (EUR mn)

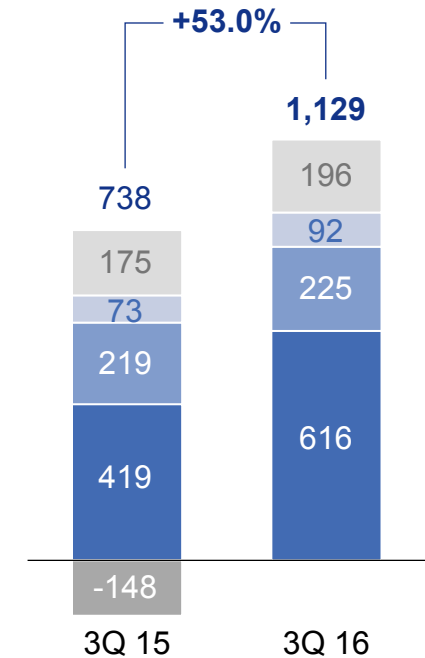
Operating profit by source¹



Δ 3Q 16/15 excl. Korea

3Q 16	0	1,366	1,036	-1,573	262	38
3Q 15	-148	1,287	927	-1,469	246	-106

Operating profit by line¹



- Protection & health
- Unit-linked w/o guarantees
- Capital-efficient products
- Guaranteed savings & annuities
- Operating profit Korea

1) Prior year figures changed in order to reflect the roll out of profit source reporting to China

L/H: operating profit excellent at EUR 1.1 billion

Comments

- **9M OP at 85% of FY target range mid-point**
9M 2016 operating profit of EUR 3.1bn at outstanding level.
- **3Q OP benefits from favorable markets**
Adjusted for very favorable market conditions
3Q operating profit at EUR ~950mn.
- **Loadings & fees benefit from higher sales**
Increase due to higher single premium business in Germany (EUR +0.6bn) and higher production in Indonesia (EUR +0.1bn).
- **Investment margin – net harvesting & other above normal level**
EUR ~30mn improvement due to volume growth. Remainder mainly due to less impairments, higher realized gains and more favorable market movements, e.g. basis risk US VA. At normalized level investment margin would have been EUR ~110mn lower.
- **Expenses – new business and one-offs**
EUR 52mn higher acquisition expenses as result of increased sales in Germany, US and Asia. Higher admin expenses (EUR -50mn) driven by lower legal accrual release in the US than in the prior year.
- **Technical margin within expected range**
- **Impact of change in DAC – USA and France**
Increase in DAC capitalization (Δ EUR +27mn) driven by higher acquisition expenses.
In addition, lower amortization (Δ EUR +117mn) mainly due to favorable DAC true-ups in USA and France.
- **Guar. savings & annuities – USA and France**
Improvement stems from US VA business (EUR +135mn) and France (EUR +74mn) driven by better investment margins.
- **UL w/o guarantees – Italy**
Increase due to better result from Italy (EUR +20mn) as a result of a growing asset base.

L/H: healthy profitability continued (EUR mn)

3Q 2016		VNB ¹	Δ p.y.	NBM ¹	Δ p.y.	Operating profit	Δ p.y.
Total L/H segment		318	-1.0%	2.8%	-0.3%-p	1,129	+53.0%
Large OEs	Germany Life	140	+86.5%	4.2%	+1.4%-p	323	-1.6%
	USA	30	-66.6%	1.1%	-2.7%-p	273	+91.0%
	Italy	23	-27.6%	1.7%	-0.4%-p	49	+70.6%
	France	18	-23.4%	1.3%	-0.3%-p	184	+41.5%
Selected OEs	Asia Pacific	42	-8.8%	3.9%	-0.3%-p	37	n.m. ²
	Germany Health	6	-21.2%	1.6%	-1.1%-p	78	+134.8%
	Spain	12	+0.7%	4.3%	-0.5%-p	49	-2.8%
	Benelux	3	-32.2%	1.5%	+0.3%-p	29	+20.9%
	Switzerland	3	+31.0%	1.6%	+0.2%-p	20	+0.4%
	Turkey	11	+22.1%	6.5%	+1.8%-p	16	+5.3%

1) Current and prior year figures are presented excluding the effects from the Korean life business

2) Operating profit in Asia Pacific increased by EUR 154mn from EUR -117mn in 3Q 15.

From 2Q 16 onwards, the result of our Korean life business is considered as non-operating since it has been classified as held for sale

L/H: healthy profitability continued

Comments

New business

- **5th consecutive quarter with NBM $\geq 2.5\%$**
NBM remains solid despite lower rates (10-year swaps EUR -80bps, US -93bps) and higher volatilities. Impact from less favorable economic conditions (-1.3%-p) largely offset by change in business mix (+0.4%-p) and introduction of new model for calculation of technical provision in Germany Life¹ (+0.4%-p). Main change is better reflection of product features of capital-efficient products.
- **VNB stable**
New business growth and improved business mix keep VNB stable.
- **Germany Life and USA – balancing effects**
Germany Life NBM benefits from new model. NBM US FIA down to 0.8% as a result of lower interest rates and higher volatilities; improvement expected in 4Q driven by product actions and rising interest rates. Hybrid VA NBM at 2.5%.
- **Outstanding NBM in Spain and Turkey**
Profitable and sizeable protection & health business in Spain and Turkey drives NBM.

Operating profit

- **USA – better investment margin**
Investment margin (Δ EUR +119mn) benefits from better result of traditional VA (EUR +93mn) mainly due to swing in basis risk. Second driver is lower DAC amortization (EUR +66mn) from favorable DAC true-ups.
- **Italy – recovery**
Increase driven by lower realized losses and higher UL management fees (EUR +12mn), partially offset by one-offs incurred in 3Q 2015.
- **France – investment margin**
Investment margin (Δ EUR +46mn) benefits from lower impairments and sale of real estate.
- **German Health – investment margin**
Higher investment margin (EUR +16mn) due to lower impairments and less F/X losses. Technical margin (Δ EUR +29mn) improves mainly due to prior year negative one-off effect.

1) New model will be used for Solvency II only after approval by BaFin, 1Q 2017 the earliest

L/H: investment margin strong at 25bps

	(yields are pro-rata)	
	3Q 15 ¹	3Q 16 ¹
Based on Ø book value of assets²		
Current yield ³	0.9%	0.8%
Based on Ø aggregate policy reserves		
Current yield ³	1.1%	1.1%
Net harvesting and other	-0.3%	0.2%
Total yield	0.9%	1.3%
- Ø min. guarantee ⁴	0.6%	0.5%
Gross investment margin (in %)	0.3%	0.7%
- Profit sharing under IFRS ⁵	0.1%	0.5%
Investment margin (in %)	0.2%	0.3%
Investment margin (EUR mn)	927	1,036
Ø book value of assets ² (EUR bn)	476	521
Ø aggregate policy reserves (EUR bn)	396	412

1) Current and prior year figures are presented excluding the effects from the Korean life business

2) Asset base under IFRS which excludes unit-linked, FVO and trading

3) Based on interest and similar income (net of interest expenses)

4) Based on technical interest

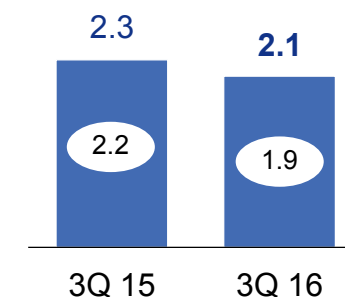
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

6) On an annual basis

7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the L/H segment

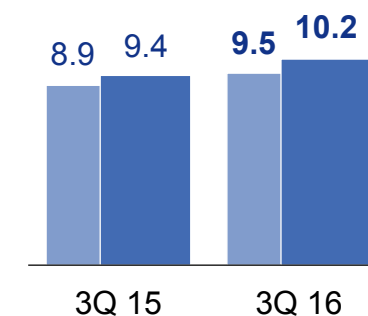
Reinvestment yield^{1,6} (debt securities; in %)

○ Economic reinvestment yield



Duration⁷

■ Assets ■ Liabilities

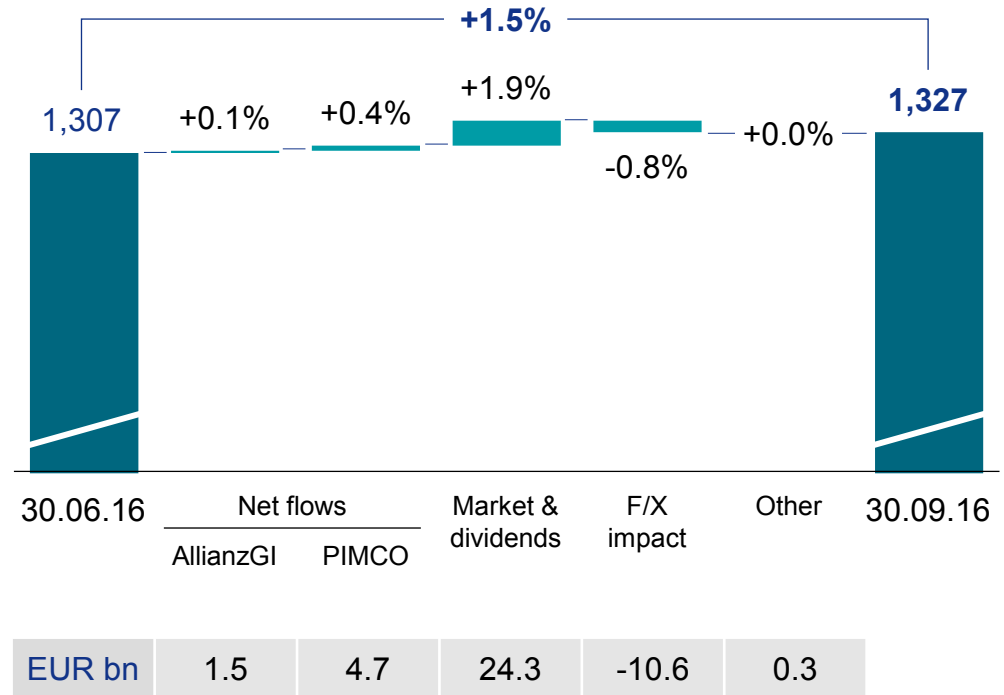
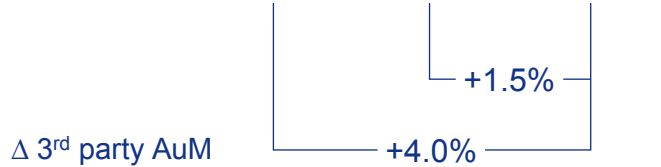
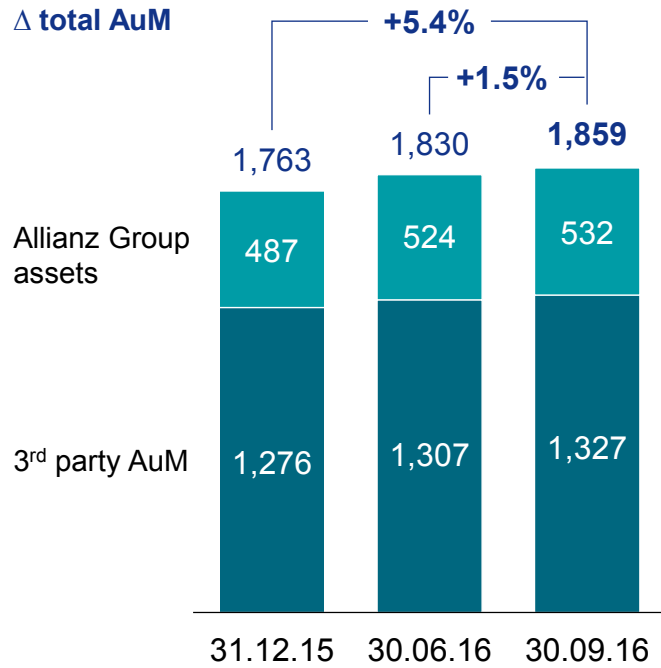


L/H: investment margin strong at 25bps

Comments

- **Yield decline within expected range**
Current yield based on aggregate policy reserves down 6bps.
- **Net harvesting and other – high level**
Result of 22bps above normal level. Improvement compared to exceptionally low result in 3Q 2015 (-25bps) due to more favorable market movements, lower impairments and higher level of realized gains.
- **Investment margin (in %) remains strong**
Investment margin strong at 25bps (+2bps). 2016 YTD investment margin at 73bps. Normal full-year level (excluding Korea) approx. 90bps.
- **Investment margin (EUR mn)**
4% higher reserve base and 7% better investment margin lead to a plus of 12% in absolute terms. At normalized level investment margin would have been EUR ~110mn lower.
- **PHP ratio up**
PHP (+7%-p) normalizes from exceptionally low level in 3Q 2015.
- **Economic reinvestment yield**
Slightly lower than 2Q 2016 (2.1%). Alternative calculation methodology incorporates long-term F/X costs.
- **Duration gap stable vs. 2Q 2016**
Duration gap widening vs. 3Q 2015 mainly due to negative impact from EIOPA curve update in 4Q 2015.

AM: positive net flows at PIMCO and AllianzGI (EUR bn)



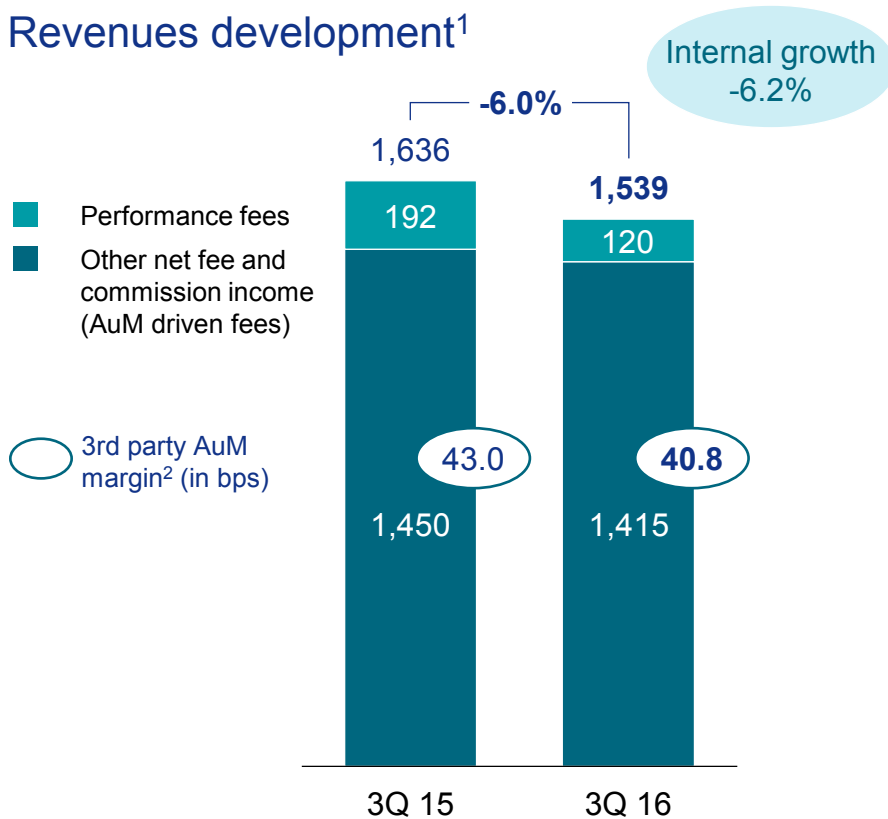
AM: positive net flows at PIMCO and AllianzGI

Comments

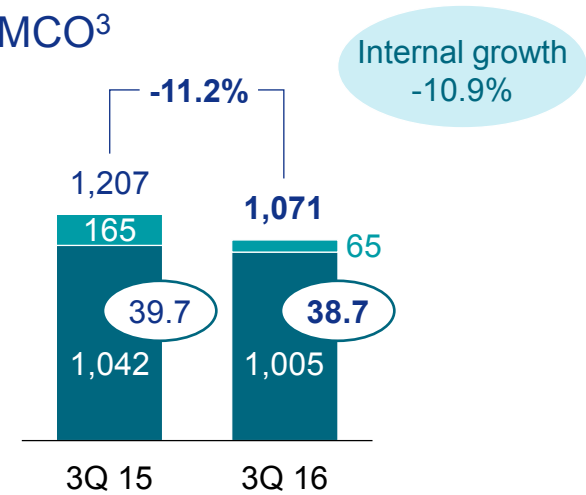
- **Segment – 3rd party AuM up 1.5%**
Increase in 3Q 2016 driven by favorable market returns and 3rd party net inflows at PIMCO and AllianzGI. YTD 3rd party AuM up EUR 51bn (+4.0%).
- **PIMCO – 3rd party AuM up 1%**
Increase from EUR 995bn end of 2Q 2016 to EUR 1,006bn end of 3Q 2016 due to favorable market impact and 3rd party net inflows, more than compensating for adverse F/X.
- **AllianzGI – 3rd party AuM up 3%**
Increase from EUR 311bn end of 2Q 2016 to EUR 321bn end of 3Q 2016, the highest level since the new set up of AllianzGI in 2012. Increase driven by favorable markets and 3rd party net inflows. Slightly negative F/X impact.
- **PIMCO – net inflows**
First quarter with 3rd party net inflows (EUR 4.7bn) since 2Q 2013, stemming from several strategies like Income, Investment Grade Credit, Global.
- **AllianzGI – net inflows**
3rd party net inflows in Asia Pacific and in the US, overall amounting to EUR 1.5bn.

AM: AllianzGI revenues up 8 percent (EUR mn)

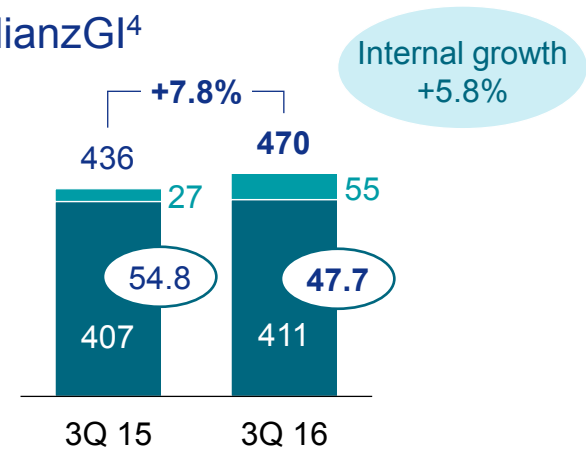
Revenues development¹



PIMCO³



AllianzGI⁴



1) "Other" AM revenues of EUR -6mn in 3Q 15 and EUR 5mn in 3Q 16 are not shown in the chart
 2) Excluding performance fees and other income, 3 months
 3) "Other" PIMCO revenues of EUR -1mn in 3Q 15 and EUR 1mn in 3Q 16 are not shown in the chart
 4) "Other" AllianzGI revenues of EUR 1mn in 3Q 15 and EUR 4mn in 3Q 16 are not shown in the chart

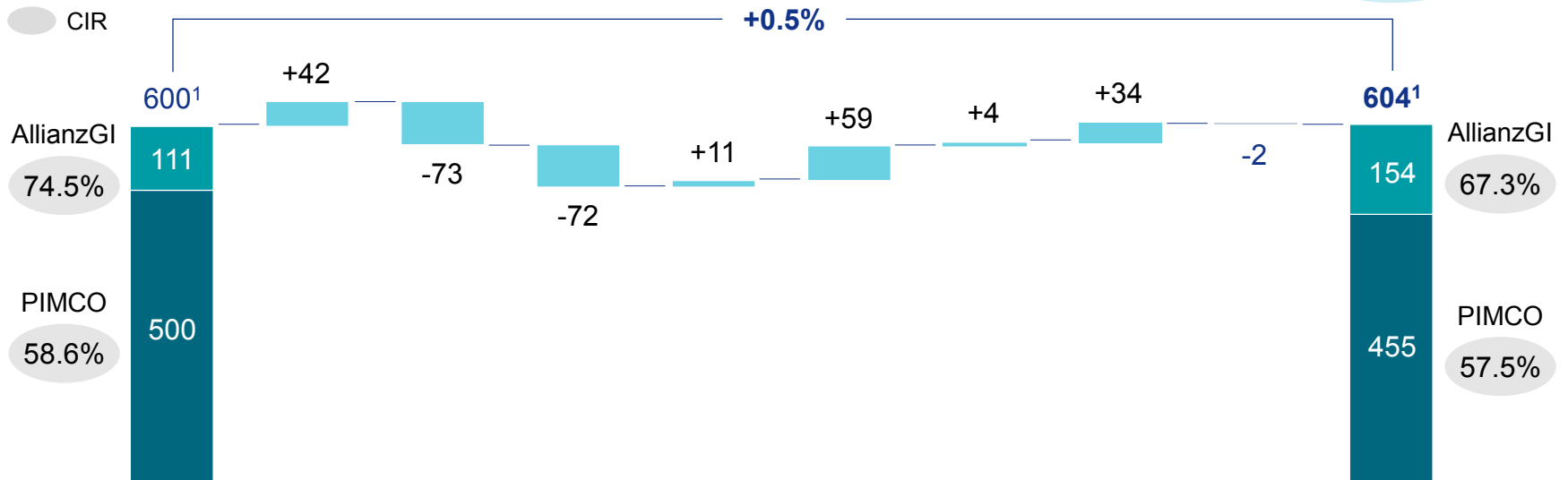
AM: AllianzGI revenues up 8 percent

Comments

- **Segment – revenues down 6%**
Revenues decrease primarily due to lower performance fees (Δ EUR -73mn). AuM driven fees slightly reduced (Δ EUR -36mn) due to lower margins (Δ -2.2bps).
In 2016, revenues increase continuously (EUR 1,388mn / 1,440mn / 1,539mn in 1Q / 2Q / 3Q 2016).
- **PIMCO – revenues down 11%**
Base effect with high level of carried interest in 3Q 2015 main reason for revenue reduction. 3Q 2016 performance fees increase compared to 1Q and 2Q 2016 (Δ EUR +36mn / +30mn). Slightly lower average 3rd party AuM (-1%) as well as a reduced 3rd party AuM margin (Δ -1.1bps) additionally contribute to revenue decrease versus 3Q 2015.
- **AllianzGI – revenues up 8%**
Revenues driven by higher performance fees (Δ EUR +28mn) and slightly more AuM driven fees (Δ EUR +3mn). Average 3rd party AuM 11% higher due to acquisition of Rogge Global Partners in May 2016.
- **PIMCO – 3rd party AuM margin stable versus 2Q 2016**
Current margin (38.7bps) stable versus 2Q 2016 (38.7bps) and slightly higher than in 1Q 2016 (38.2bps).
Decrease versus 3Q 2015 due to outflows from higher margin products.
- **AllianzGI – 3rd party AuM margin reduced**
3Q 2016-margin (47.7bps) lower than in 2Q 2016 (50.2bps) and 3Q 2015 (54.8bps). Development versus 3Q 2015 (Δ -7.2bps):
 Δ -3.9bps change of business mix due to acquisition of Rogge Global Partners (fixed income strategies for institutional clients);
 Δ -2.3bps due to lower shares of equity / retail business; Δ -1.0bps due to reclassification of revenue components from AuM driven fees to other revenues.

AM: operating profit stable

Operating profit drivers (EUR mn)



Operating profit 3Q 15	Revenues				Expenses			F/X effect	Operating profit 3Q 16
	Volume ²	Margin ²	Performance fees	Other	Personnel	Non-personnel	Re-structuring		
F/X impact	-5	0	0	0	+2	+1	0		CIR
3Q 16	1,415	120	5	5	-574	-361	0		60.8%
3Q 15	1,450	192	-6	-6	-635	-367	-34		63.3%

1) Including operating loss from other entities of EUR -11mn in 3Q 15 and EUR -6mn in 3Q 16
 2) Calculation based on currency adjusted average Allianz AuM / Allianz AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins

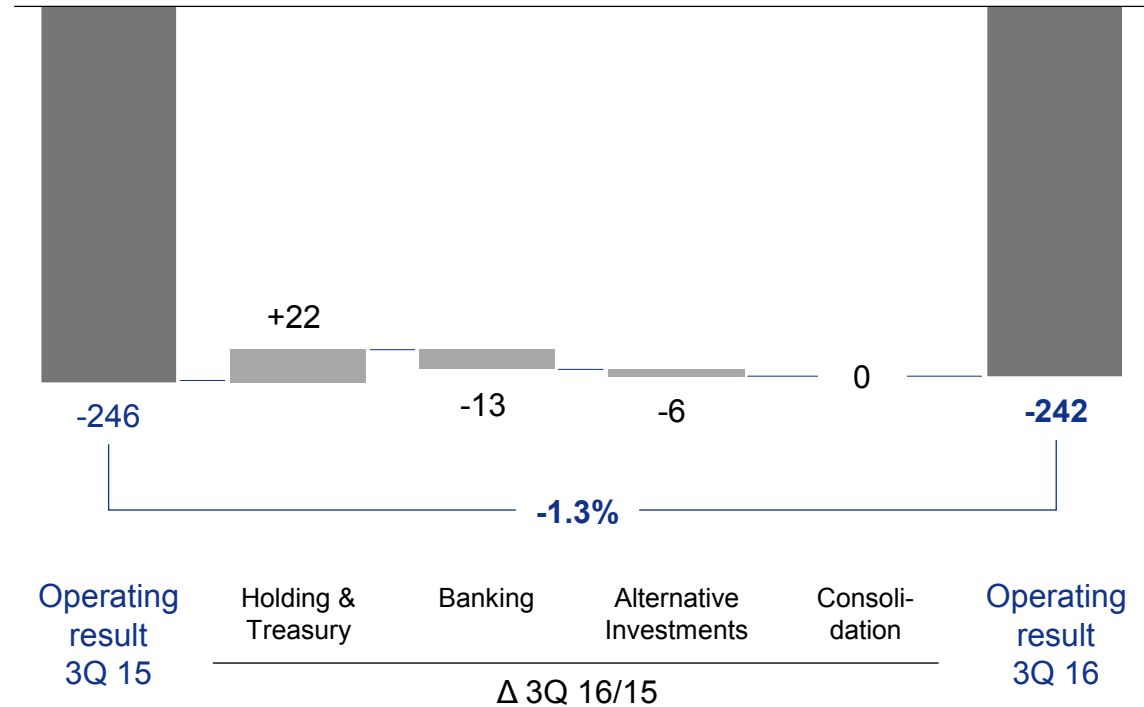
AM: operating profit stable

Comments

- **Segment – OP stable**
Lower expenses offset impact from lower performance fees and lower margins.
- **PIMCO – OP up versus 2Q 2016**
OP down 9% versus 3Q 2015, predominantly due to high level of carried interest in previous year's quarter. CIR improves by 1.1%-p due to reduced expenses, also driven by lower impact from deferred cash retention program.
OP 19% better than in 2Q 2016, primarily because of higher performance fees and more AuM driven revenues, due to increased average 3rd party AuM. CIR improves 4.5%-p.
- **AllianzGI – OP up 38% versus 3Q 2015**
OP increases considerably versus 3Q 2015, driven by absence of restructuring expenses and higher performance fees. CIR improves significantly by 7.2%-p to 67.3%, the best level since new set up of AllianzGI in 2012.
OP also up compared to 2Q 2016 (+12%), driven by higher revenues. CIR improves by 2.2%-p.

CO: operating result in line with outlook (EUR mn)

Operating loss development and components



3Q 16	-265	15	8	0
3Q 15	-287	28	14	0

CO: operating result in line with outlook

Comments

- **Operating profit**
9M result for Corporate and Consolidation of EUR -573m slightly better (72%) than full-year outlook mid-point run-rate.
- **Holding & Treasury – slightly up**
Improvement driven by income from assets carried at fair value.
- **Banking – lower operating profit**
Main driver reduction of net interest income, only partly offset by lower loan loss provisions. Germany impacted by a special dividend received last year.

Group: shareholders' net income up 36.5 percent (EUR mn)

	3Q 15	3Q 16	Change
Operating profit	2,452	2,898	+446
Non-operating items	-293	-105	+188
Realized gains/losses (net)	150	226	+76
Impairments (net)	-155	-48	+108
Income from fin. assets and liabilities carried at fair value (net)	-12	-4	+8
Interest expenses from external debt	-212	-217	-5
Fully consolidated private equity investments (net)	-13	0	+13
Acquisition-related expenses	1	0	-1
Amortization of intangible assets	-31	-34	-3
Reclassifications	-21	-29	-8
Income before taxes	2,159	2,793	+634
Income taxes	-720	-848	-128
Net income	1,440	1,945	+506
Non-controlling interests	81	91	+10
Shareholders' net income	1,359	1,855	+496
Effective tax rate	33%	30%	-3%-p

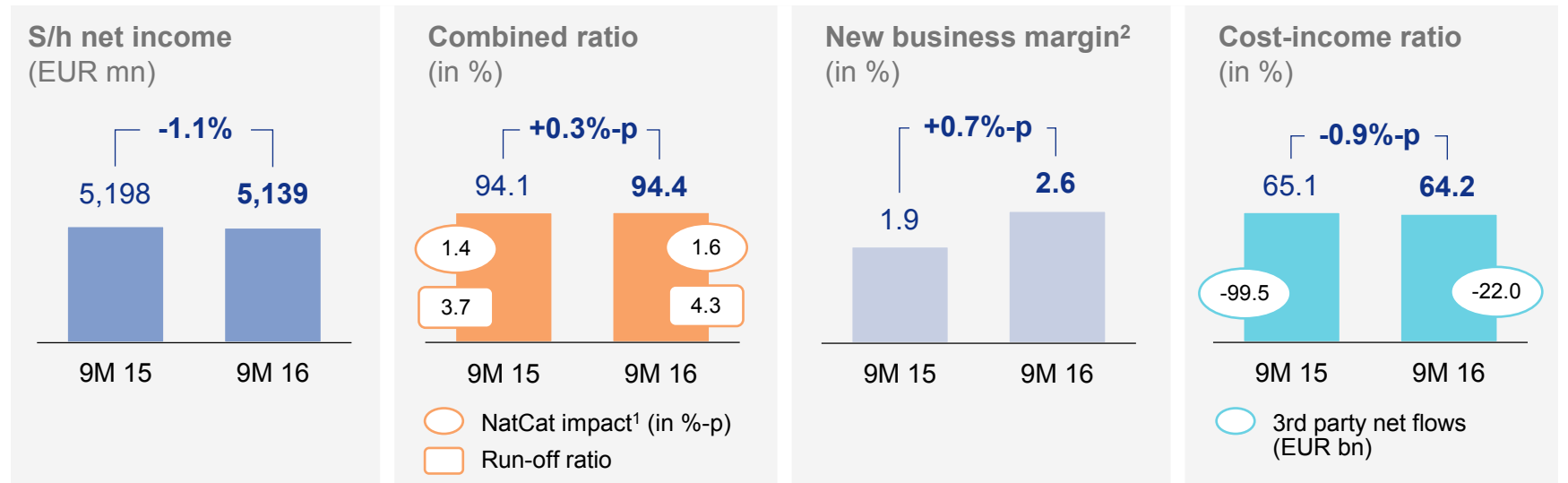
Group: shareholders' net income up 36.5 percent

Comments

- **Non-operating result – better**
Predominantly driven by higher realized gains and lower impairments.
- **Shareholders' net income – up**
Shareholders' net income reflects higher operating profit, a better non-operating result and a lower tax ratio closer to the expected level.

Group: outlook 2016 unchanged

Group	Property-Casualty	Life/Health	Asset Management
Total revenues 9M 16 (EUR bn) vs. prior year			
92.4 (-3.2%)	40.4 (-0.8%)	47.5 (-4.7%)	4.4 (-8.2%)
Operating profit 9M 16 (EUR mn) vs. prior year			
8,007 (-1.7%)	3,949 (-9.9%)	3,065 (+13.8%)	1,565 (-5.8%)



1) NatCat costs (without reinstatement premiums and run-off)
 2) Current and prior year figures are presented excluding the effects from the Korean life business

Group: outlook 2016 unchanged

Comments

- **Revenues – positive trend**

Total internal growth of -1.3% (after -2.5% in 1H 2016) impacted by strategic product shift in L/H. Internal growth improves vs. 1H 2016 in L/H (-4.2% after -6.5%) and AM (-8.4% after -9.5%) and remains strong at 3.1% in P/C.

- **Operating profit – at target**

Operating profit of EUR 8.0bn at 76% of FY OP outlook mid-point.

- **P/C – in-line with expectations**

Combined ratio slightly higher than last year. Last year's OP includes EUR 0.2bn positive one-off from FFIC personal lines sale.

- **L/H – outstanding**

NBM improves despite lower interest rates, driven by strategic product shift. Operating profit up 14% to EUR 3.1bn.

- **Asset Management – improving**

Operating profit below previous year, but up quarter on quarter in 2016 and in-line with expectations (above-average performance fees expected in last quarter of the year). Positive third-party net flows in 3Q 2016 at PIMCO and AllianzGI. CIR improved.

- **Net income – good level**

At 78% of full year 2015.

- **Outlook 2016 – confirmed**

Full year operating profit outlook of EUR 10.5bn plus/minus EUR 500mn confirmed.

- **OP in relation to FY outlook mid-point**

	9M 16 OP in % of FY outlook mid-point
Property-Casualty	72
Life/Health	85
Asset Management	71
Group	76

Status quo and ambitions for 2018

9M 16	2018			9M 16	2018
3.5% ¹	5% ¹	EPS Growth	Businesses with NPS above market	50% ⁴	75%
12.4% ²	13%	RoE Allianz Group	SII interest rate sensitivity	11%-p	<11%-p
94.4%	94%	P/C CR	PIMCO CIR	61.1%	60%
75% ²	100%	L/H OEs with RoE ≥10%	IMIX	68% ⁴	72%
2.6% ³	3.0%	L/H NBM	Share of new digital retail products (P/C)	<10% ⁴	~100%

1) 9M 16: Growth rate of annualized EPS for 9M 16 vs. EPS for FY 2015; Ambition for 2018: 3-year CAGR. Annualized figures are not a forecast for full year numbers

2) RoE for 9M 16 annualized. Annualized figures are not a forecast for full year numbers. For more details on the RoE calculation please refer to the glossary

3) Figure presented excluding the effects from the Korean life business

4) Based on latest available data

2

Group financial
results 3Q 2016

1 Highlights

2 Glossary

Glossary (1)

AFS	Available-for-sale: Securities which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	Asset Management – AM segment
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums.
APR	Accident insurance with premium refund: Special form of accident insurance (in German: “Unfallversicherung mit garantierter Beitragsrückzahlung” (UBR)) where the policyholder, in addition to insurance coverage for accidents (accident insurance), has a guaranteed claim to refund from premiums on the agreed maturity date or in the event of death (endowment insurance).
AuM	<p>Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.</p> <p>Net flows: Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors.</p> <p>Market and dividends: Market and dividends represents current income earned on, and changes in fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.</p>
AWP	Allianz Worldwide Partners
AY LR	Accident year loss ratio – please refer to “LR” (loss ratio)
AZ	Allianz
Bps	Basis points = 0.01%
CEE	Central and Eastern Europe excluding Russia and Ukraine

Glossary (2)

CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	Corporate and Other – CO segment
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
Current yield	Represents interest and similar income divided by average asset base at book value (excluding income from financial assets and liabilities carried at fair value); current yield on debt securities adjusted for interest expenses; current yield on debt securities including cash components.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. These typically include commissions paid and the costs of processing proposals.
Economic reinvestment yield	The economic reinvestment yields reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
ER	Expense ratio: Acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate
FFIC	Fireman’s Fund Insurance Company
FIA	Fixed index annuity: Annuity contract whereby the policyholder is credited based on movements in stated equity or bond market indices with protection of principal.

Glossary (3)

FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement. The recognized income (net) includes dividends and interest income of the financial instruments. A financial instrument may only be designated at fair value through income at inception and cannot be subsequently changed.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
Harvesting rate	$(\text{Realized gains and losses (net)} + \text{impairments on investments (net)}) / \text{average investments and loans at book value (excluding income from financial assets/liabilities carried at fair value)}$
Held for sale	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
IMIX	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.
Internal growth	Enhances the understanding of our total revenue performance by excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

Glossary (4)

L/H	Life and health insurance – L/H segment
L/H lines of business	<p>Guaranteed savings & annuities: Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary.</p> <p>Capital-efficient products: Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee and hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment.</p> <p>Protection & health: Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.</p> <p>Unit-linked without guarantees: Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.</p>
L/H OEs with RoE $\geq 10\%$	Weighted by equity (total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill) – please also refer to Return on equity (RoE).
L/H operating profit sources	<p>The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a L/H segment consolidated basis.</p> <p>Loadings & fees: Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses.</p> <p>Investment margin: Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation.</p> <p>Expenses: Includes commissions, acquisition and administration expenses.</p> <p>Technical margin: Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.</p> <p>Impact of change in DAC: Includes effects of change in DAC, URR and value of new business acquired. It is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit.</p>

Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).
MCEV	Market consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather / atmospheric event during a certain period of time and where AZ Group's estimated gross loss exceeds EUR 20mn or if event is of international media interest.
NBM	New business margin: Performance indicator to measure the profitability of new business in Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned – please refer to “Premiums written/earned” as well as “Gross/Net”
NPS	Net promoter score: A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity

Glossary (6)

OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective segment, all or some of the following items: Income from financial assets and liabilities carried at fair value (net), realized gains/losses (net), impairments on investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, one-off effects from pension revaluation and profit/loss of substantial subsidiaries held for sale, but not yet sold.
Own funds	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement.
P/C	Property and casualty insurance – P/C segment
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Pre-tax operating capital generation	Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVNBP	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.
Reinsurance	An insurance company transfers part of its insurance risk assumed to another insurance company.
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

Glossary (7)

RfB	Reserves for premium refunds (“Rückstellung für Beitragsrückerstattung”): That part of the surplus to be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.
RoE	<p>Return on equity Group: Represents net income attributable to shareholders divided by the average shareholders’ equity excluding unrealized gains/losses on bonds (net of shadow DAC) at the begin and the end of the period.</p> <p>Return on equity L/H OE: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill at begin of the period and end of the period – please also refer to L/H OEs with RoE $\geq 10\%$.</p>
RoRC	Return on risk capital
Run-off ratio	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
SII	Solvency II
SII capitalization	Ratio indicating the capital adequacy of a company comparing own funds to SCR
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
Share of new digital retail products	New digital products are conveniently available online at each step of the customer journey, i.e. fast quote, easily purchasable online, online serviced (incl. policy correspondence, policy admin, claims). In scope is P/C retail and small and medium-sized entities, all channels. The share of products is weighted by revenues.
Statutory premiums	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer’s home jurisdiction.
Total equity	Represents the sum of shareholders’ equity and non-controlling interests.

Glossary (8)

Total revenues	Represent the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
UFR	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macro-economic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
UL	Unit-linked – please refer to “L/H lines of business”
Unrealized gains/losses (net) (as part of shareholders' equity)	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation.
URR	Unearned revenue reserve: The unearned revenue reserve contains premium components referring to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuity: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.
VNB	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits after acquisition expense overrun or underrun, minus time value of financial option and guarantees, minus risk margin, all determined at issue date.

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.