

1Q 2017

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Chief Financial Officer

Analyst conference call
May 12, 2017

Please note: Prior year figures have been restated due to an updated operating profit definition and an accounting policy change.
For further information please refer to the section “Additional information”.



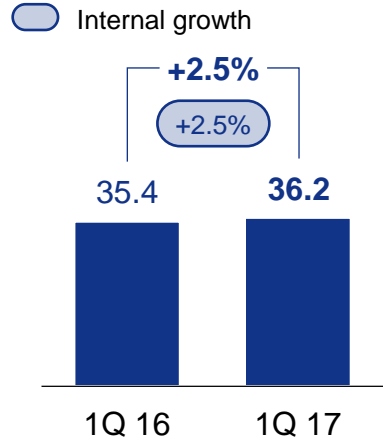
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Group financial
results 1Q 2017

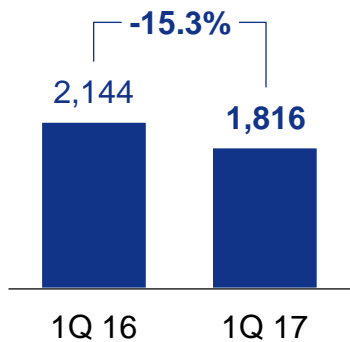
- 1** Highlights
- 2** Additional information
- 3** Glossary

Group: excellent start into 2017

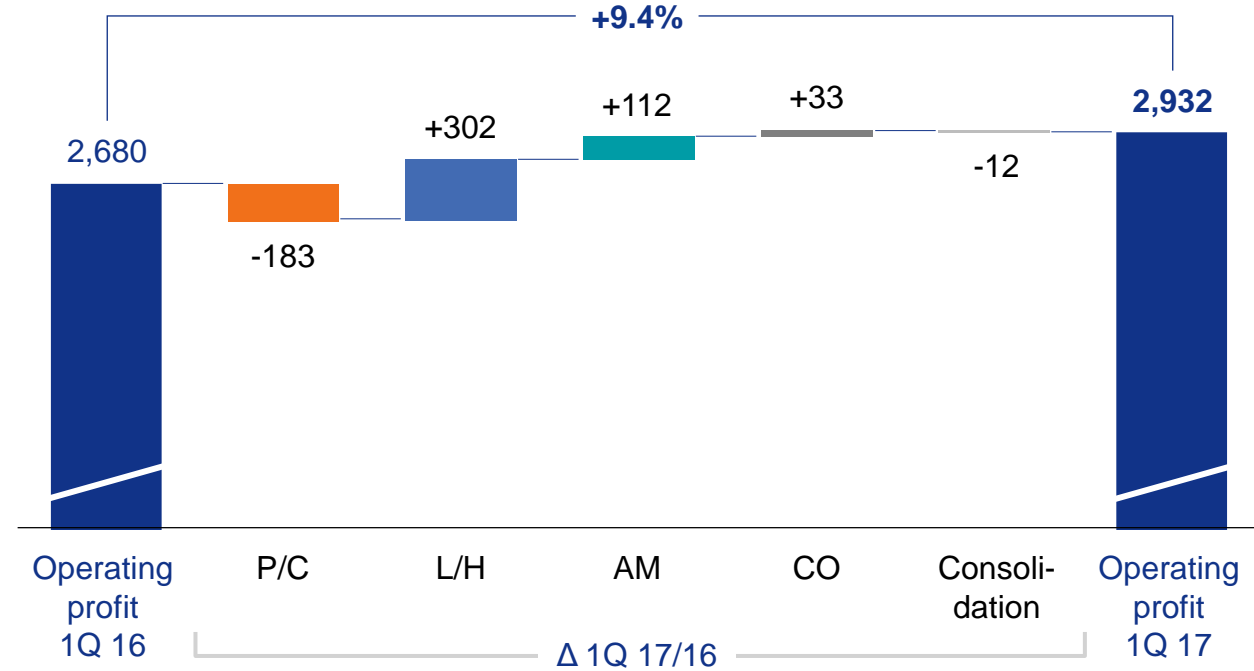
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



1Q 17	1,259	1,155	572	-41	-12
1Q 16	1,442	852	460	-74	0

Group: excellent start into 2017

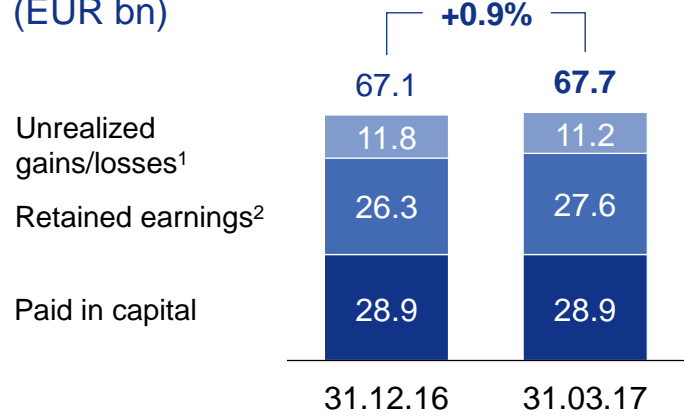


Comments

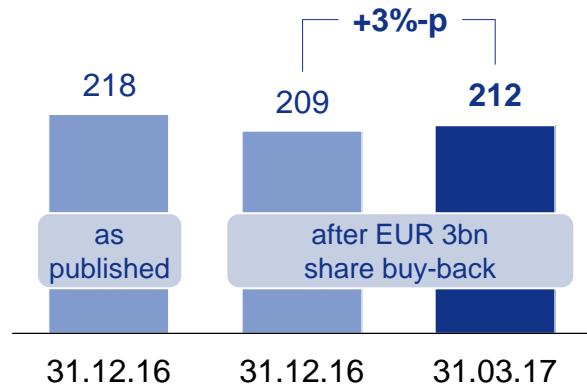
- **All segments grow revenues**
Double digit growth in AM (+12.3%) following higher average AuM supported by 3rd party net inflows of EUR 19.4bn. Higher premiums from preferred lines of business (+12.4%) support segment growth of 1.3% in L/H. Good growth in P/C with 2.7%, internal growth solid at 1.7%.
- **Operating profit at 27% of FY outlook mid-point**
Increase driven by excellent performance of L/H and AM. P/C on track to reach full-year target.
- **Net income at 26% of FY 2016 result**
In 1Q 2016 high level of tax exempt non-operating items.
- **EUR 3bn share buy-back successfully started**
6.4mn shares acquired until end of April 2017 representing 1.4% of outstanding capital. EPS of EUR 4.00 represents 27.5% of EPS for FY 2015.
- **P/C – good performance despite volatile elements**
OP at 24% of FY OP outlook mid-point despite higher large losses (Δ EUR 141mn), NatCat (Δ EUR 108mn) and higher than expected Ogden impact (Δ EUR 112mn). Investment result up yoy. Lower yields on debt are broadly offset by income from equities. Also lower F/X losses for EM debt.
- **L/H – outstanding performance**
Main improvement stems from investment margin (Δ EUR +182mn) as a function of a more favorable result from basis risk in USA and higher volume. 1Q 2016 result included EUR -82mn from Korea.
- **AM – excellent result**
Very strong operating profit growth (+24%) driven by higher revenues, improving CIR to 63%.

Group: SII ratio at 212% after full recognition of EUR 3bn share buy-back

Shareholders' equity (EUR bn)

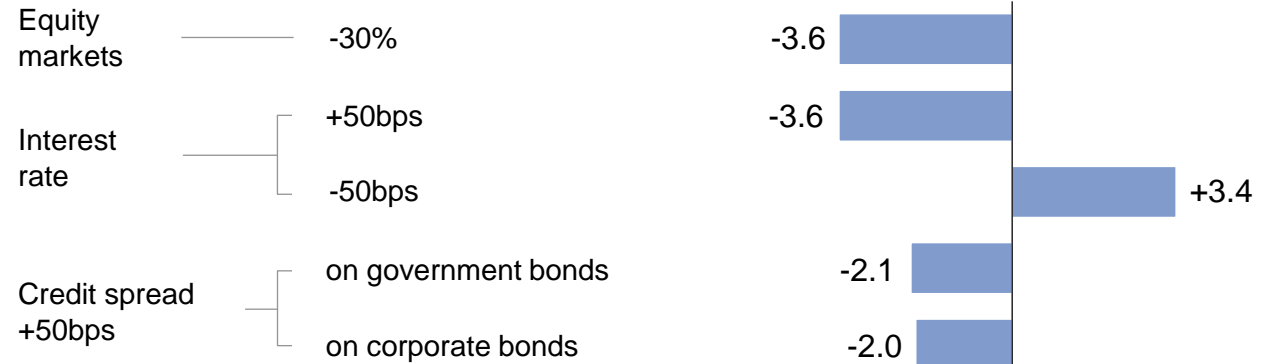


SII capitalization (in %)

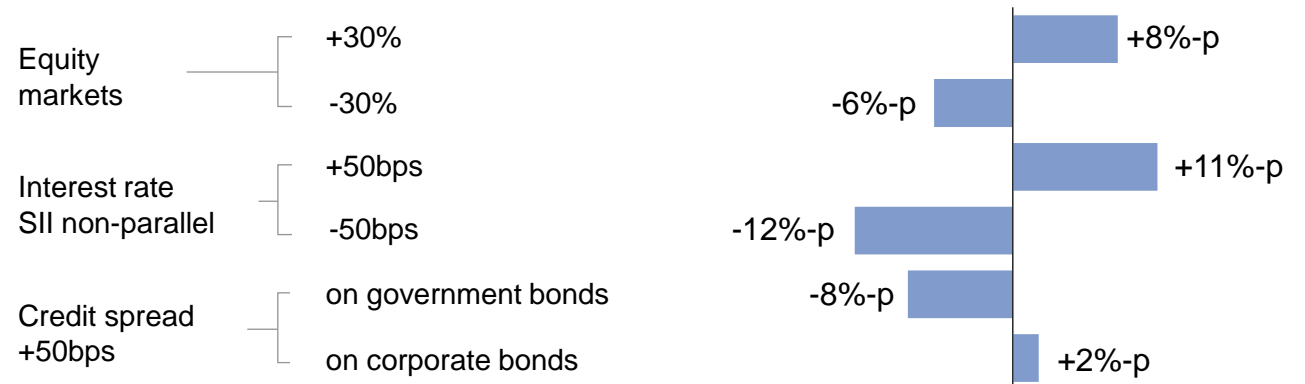


1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 3.3bn as of 31.12.16 and EUR 3.2bn as of 31.03.17

Key sensitivities (EUR bn)



Key sensitivities³



2) Including F/X
 3) Second order effects to other risk types and to own funds transferability restrictions are not considered

Group: SII ratio at 212% after full recognition of EUR 3bn share buy-back



Comments

- **Shareholders' equity – up 1%, despite EUR 0.7bn repurchased shares**

In 1Q 2017, shareholders' equity increases by EUR 0.6bn. The positive impacts in net income (EUR +1.8bn) and actuarial gains/losses on defined benefit pension plans (EUR +0.3bn) were offset by negative impacts from share buy-back (EUR -0.7bn), lower net unrealized gains (EUR -0.6bn) and negative F/X effects (EUR -0.2bn).
Book value per share EUR 150.

- **Solvency II ratio – full recognition of EUR 3bn share buy-back**

Full anticipated share buy-back volume of EUR 3bn deducted from our own funds, equivalent to a 9%-p reduction in our SII ratio.

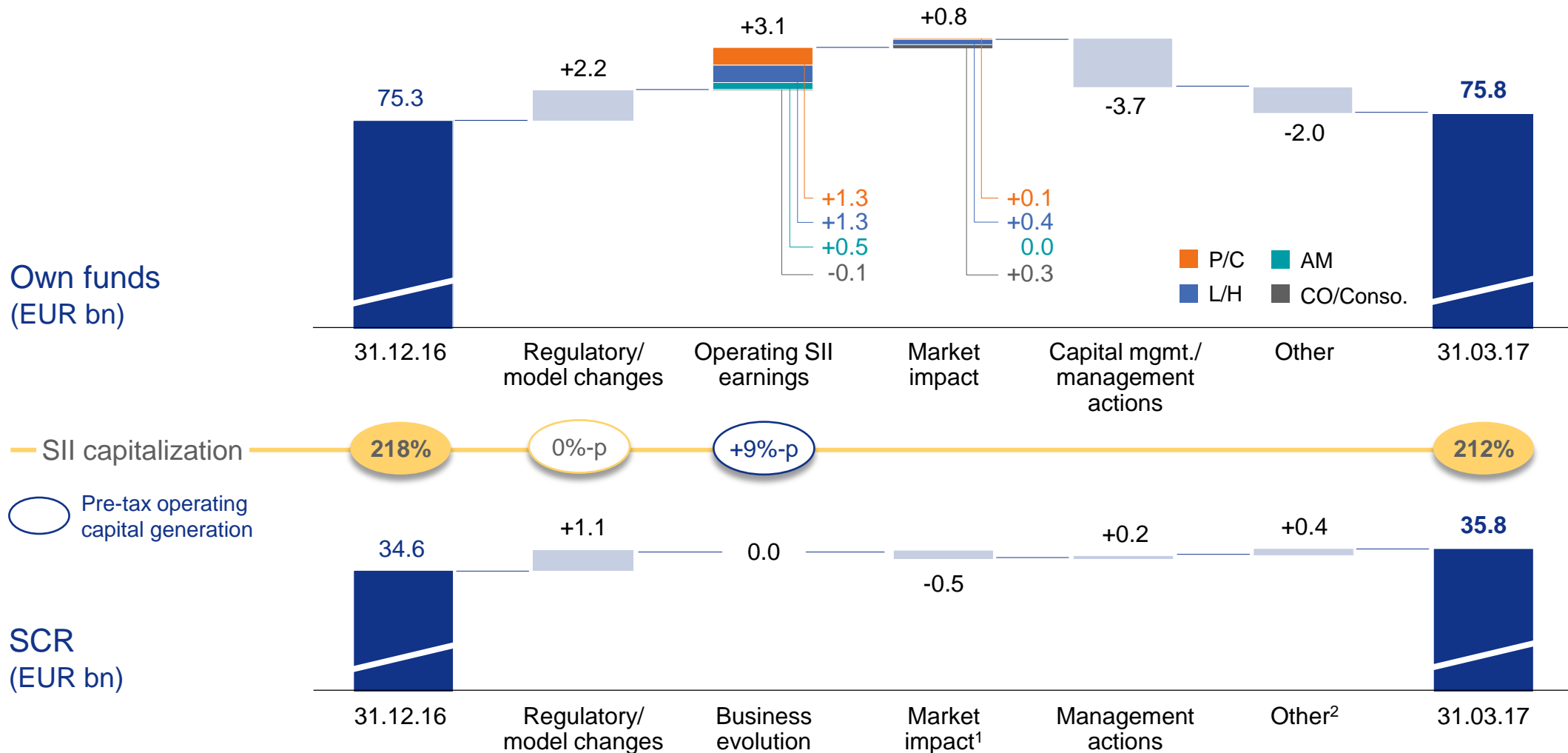
- **SII sensitivity more symmetric**

Equity: Higher exposure and market value increase lead to slightly higher sensitivity.

Interest rates: market developments and model changes lead to more symmetric interest rate sensitivity and higher potential benefit from interest rate increases (+11%-p vs. +2%-p at FY 2016).

Spreads: sensitivity to a 50bps government bond spread widening markedly reduced (-8%-p vs. -12%-p at FY 2016), mainly due to lower market values.

Group: very strong capital generation



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

Group: very strong capital generation



Comments

- **SII ratio increases 3%-p on a like-for-like basis**

On an underlying basis, our SII ratio increases 3%-p to 212% in 1Q, mainly driven by strong capital generation after tax and after dividend (~+4%-p).

- **Model changes**

Model changes are partly regulator-driven. Overall these lead to a gross up of own funds and SCR with a total impact on the SII ratio of close to 0%.

- **Operating SII earnings**

Operating SII capital generation before tax and before dividend amounts to a strong 9%-p. Strong contribution from operating L/H SII earnings including VNB. Operating P/C and AM SII earnings are close to their IFRS results.

- **Market impact**

Own funds: L/H benefits from positive economic variances due to higher interest rates, lower volatilities and good equity market performance.

SCR: higher interest rates and widening of selected spreads lead to lower market value for fixed income assets which in turn slightly reduce credit spread and credit risk.

- **Capital management**

Main driver is the full deduction of the EUR 3bn share buy-back in 1Q from own funds. Furthermore, own funds include EUR -0.9bn of dividend accrual and a net benefit of EUR +0.2bn from the issuance/redemption of subordinated liabilities.

- **Other**

Split between EUR -0.9bn taxes and other effects. Latter captures MVBS movements not included in MCEV and changes to transferability restrictions.

P/C: price-driven growth of 1.7 percent near target level

EUR mn		Revenues			Actual rate change on renewals	
		1Q 17	Total growth Δ p.y.	Internal growth Δ p.y.	1Q 17	Momentum
Total P/C segment		17,703	+2.7%	+1.7%	+1.7%	–
Large OEs	Germany	4,416	+2.0%	+2.0%	+2.6%	stable
	France	1,492	+1.0%	+1.0%	+0.7%	stable
	Italy	1,086	-3.1%	-3.1%	-1.6%	negative
Global lines	AGCS	2,334	-4.9%	-6.8%	+0.2%	stable
	Allianz Worldwide Partners	1,671	+5.0%	+3.0%	+1.5%	stable
	Credit Insurance	633	-1.5%	-1.6%	-0.5%	positive
Selected OEs	Australia	778	+18.1%	+7.3%	+0.7%	positive
	Spain	736	+5.3%	+5.3%	+4.9%	positive
	United Kingdom	634	-10.7%	-0.4%	+3.4%	positive
	Latin America	524	+34.6%	+20.4%	n.m.	–

P/C: price-driven growth of 1.7 percent near target level

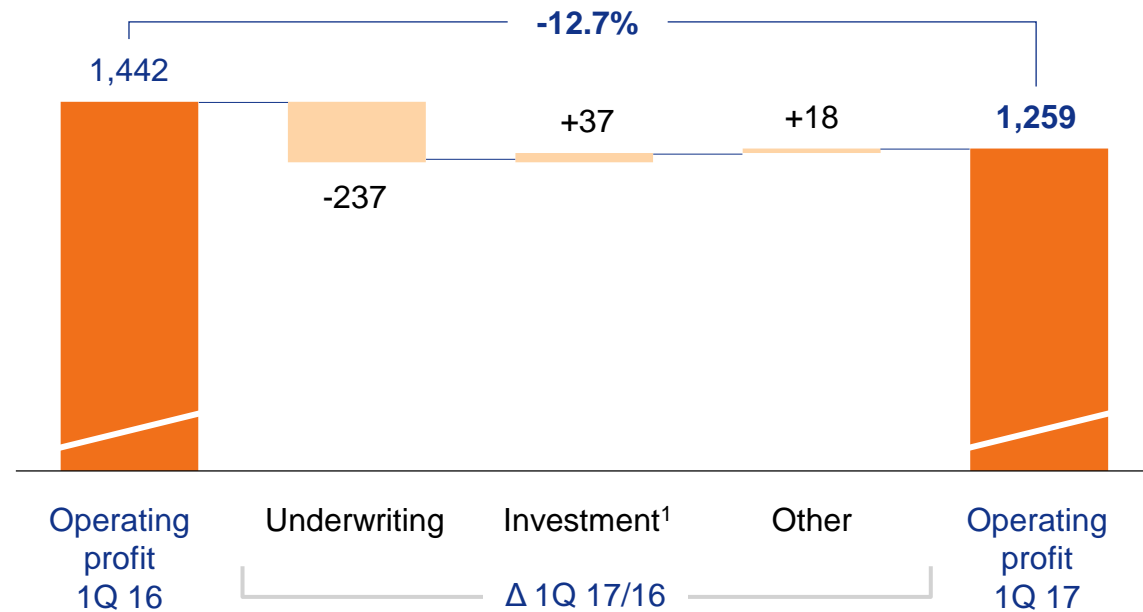


Comments

- **Germany, Australia and AWP main growth drivers**
Internal growth of +1.7% mainly driven by price. F/X +0.3% and consolidations +0.6% lead to good total growth of 2.7%. Retention +1.5%-p to 91.5%. 1Q rate change on renewals +1.7% vs. +1.4% for FY 2016.
- **Germany – good growth, mainly price-driven**
Property (+7.4%) and commercial motor (+5.4%) are the main drivers.
- **France – motor drives top-line**
Growth mainly in personal lines (+2.2%) while commercial broadly flat.
- **Italy – continued good growth in direct**
Ongoing average premium decreases in MTPL. Agents' new business trend negative as well, partly offset by positive developments in MOD and non-motor, though. Direct market leader Genialloyd grows +3.9%.
- **AGCS – profitability over volume**
Re-underwriting initiatives impact top-line.
- **AWP – AWP P&C leads strong growth**
New business and existing portfolio (travel) at AWP P&C key growth drivers.
- **Australia – volume and price positive**
Strong growth in particular in motor retail and property, driven by price and volume.
- **Spain – outstanding growth**
Personal and commercial line growth driven by price (+3.4%) and volume (+1.9%). Profitability improving further.
- **UK – volume offsets positive price effects**
Premium increases in almost all lines of business more than offset by exit from direct channel and underwriting actions in household.
- **LatAm – return to growth in Brazil solidifies**
Brazil (+29.4%) with second consecutive quarter of internal growth benefiting from well received new motor tariff and first signs of economic recovery. In a high inflationary environment, internal growth in Argentina (+18.9%) mainly driven by renewals in industrial.

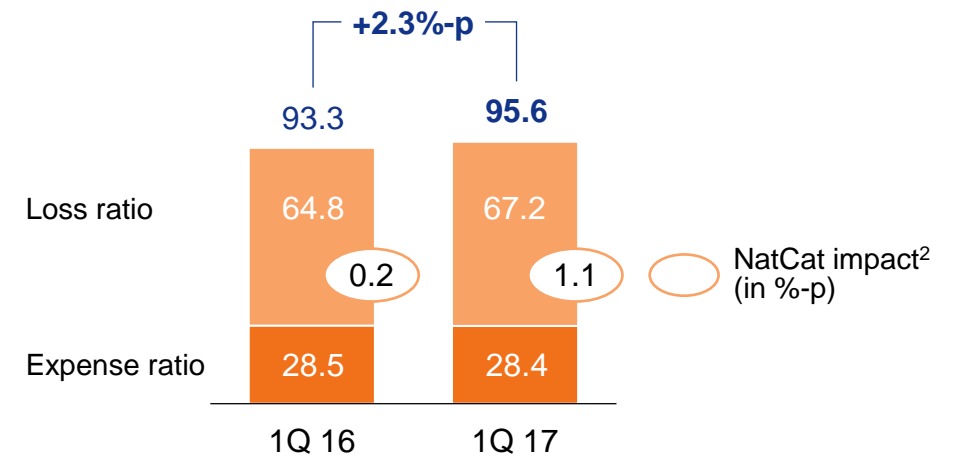
P/C: on track to meet full-year target despite higher large losses and Ogden

Operating profit drivers (EUR mn)

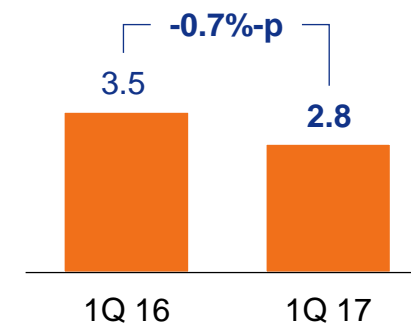


	Underwriting	Investment ¹	Other
1Q 17	458	743	58
1Q 16	696	707	40

Combined ratio (in %)



Run-off ratio (in %)



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

P/C: on track to meet full-year target despite higher large losses and Ogden



Comments

- **Operating profit – on good level**

Operating profit at 24% of FY mid-point outlook despite volatile items and Ogden.

Underwriting result lower due to higher large losses, NatCat and Ogden. We had anticipated around half of total impact in our reserves already but the surprise reduction of the Ogden rate to -0.75% triggered a EUR 112mn impact in 1Q.

Investment result increases driven by resilient interest income and positive F/X swing net of hedges.

- **NatCat – 0.9%-p higher than last year**

NatCat losses of EUR 130mn/1.1% above very benign prior year (EUR 21mn/0.2%).
10-year average at 2.2%.

- **Run-off – lower on Ogden-related additions**

Run-off of 2.8% near 10-year average of 2.9% but below last year's level of 3.5%.
Ogden impact -0.8%-p.

- **Loss ratio – underlying LR improves yoy**

AY LR increases +1.7%-p to 69.9% mainly due to higher large losses (Δ +1.1%-p, e.g. Germany, AGCS) and NatCat. Weather-related claims were largely stable.

Excluding all volatile items (NatCat, weather-related and large losses), AY LR improves by 0.4%-p versus last year.

- **Expense ratio – slight improvement**

ER -0.1%-p lower due to improvements in acquisition expense ratio.

P/C: LatAm returns to positive operating profit

EUR mn		Operating profit		Combined ratio		NatCat impact on CR ¹	
		1Q 17	Δ p.y.	1Q 17	Δ p.y.	1Q 17	Δ p.y.
Total P/C segment		1,259	-12.7%	95.6%	+2.3%-p	1.1%-p	+0.9%-p
Large OEs	Germany	274	-22.2%	93.6%	+4.6%-p	0.5%-p	+0.5%-p
	France	98	-13.8%	96.5%	+1.2%-p	3.6%-p	+3.6%-p
	Italy	283	+24.6%	81.8%	-3.9%-p	0.0%-p	0.0%-p
Global lines	AGCS	109	-28.5%	100.3%	+4.7%-p	0.0%-p	-1.9%-p
	Allianz Worldwide Partners	40	+322.6%	97.4%	-3.8%-p	0.0%-p	0.0%-p
	Credit Insurance	102	+16.2%	82.9%	-0.7%-p	–	–
Selected OEs	Australia	-15	n.m. ²	108.5%	+7.4%-p	10.2%-p	+10.2%-p
	Spain	60	+16.8%	88.9%	-3.1%-p	0.0%-p	0.0%-p
	United Kingdom	-7	n.m. ³	108.0%	+12.4%-p	0.0%-p	0.0%-p
	Latin America	20	n.m. ⁴	105.4%	-5.6%-p	0.0%-p	0.0%-p

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

2) Operating profit in Australia decreased by EUR 62mn from EUR 46mn in 1Q 16

3) Operating profit in the UK decreased by EUR 53mn from EUR 47mn in 1Q 16

4) Operating profit in Latin America improved by EUR 33mn from EUR -14mn in 1Q 16

P/C: LatAm returns to positive operating profit

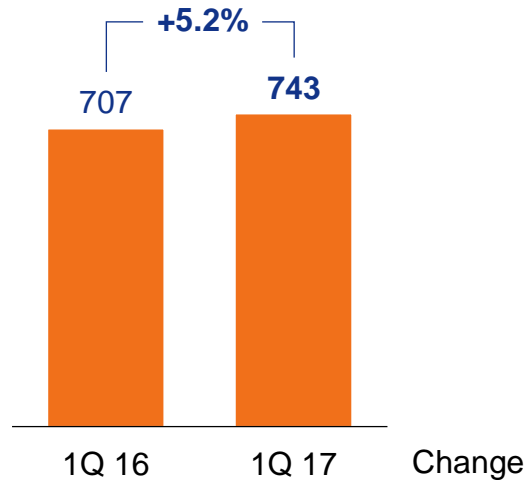


Comments

- **Germany – CR remains on good level**
LR adversely impacted by higher large and weather-related losses and lower run-off.
- **Italy – outstanding CR**
LR further improved (-3.2%) on back of lower AY LR (better MTPL severity, in particular BI) and higher run-off.
- **France – CR impacted by volatile items**
Higher run-off and improved underlying LR more than offset by higher NatCat and large losses.
- **AGCS – improvements masked by large losses**
Strong improvement in underlying LR, more than offset by higher large losses (Δ ~7%-p), lower run-off and higher ER (due to lower NPE).
- **AWP – performance significantly improved in all lines**
LR improves strongly, driven by AWP P&C with lower AY LR (frequency and change in business mix) and higher run-off. Successful turn-around in AWP H&L due to improved profitability in major accounts.
- **Australia – impacted by NatCat**
CR increase driven by higher NatCat (Sydney hailstorm, cyclone Debbie), partly offset by higher run-off and lower ER (lower commissions).
- **UK – strong underlying CR improvement**
CR strongly affected by EUR 47mn Ogden effect. Adjusted CR at good level of 95%. ER improves -1.5%-p as restructuring efforts start coming through.
- **Spain – profitability increase overcompensates weather claims**
AY LR (-2.0%-p) improves further despite higher weather-related and large losses ratio. Run-off ratio slightly higher.
- **LatAm – first positive quarterly OP since 1Q 2015**
Brazil CR improves 8.3%-p to 109.3%. Lower AY LR main driver but lower ER also contributes. OP increases EUR +12mn to EUR -2mn. Argentina with EUR 7mn OP (1Q 2016: EUR -2mn). A higher investment result and lower expense ratio more than offset a higher LR.

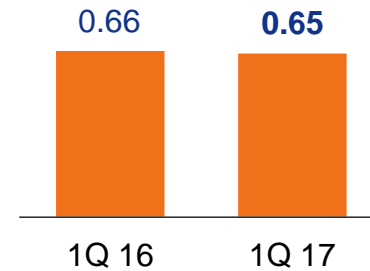
P/C: current income stable

Operating investment result¹ (EUR mn)

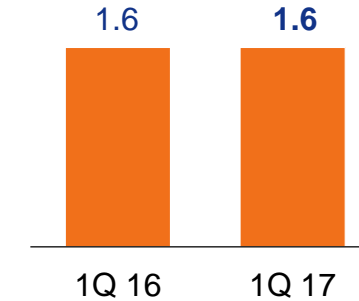


	1Q 16	1Q 17	Change
Interest & similar income ²	824	828	+4
Net harvesting and other ³	-29	8	+37
Investment expenses	-88	-93	-5

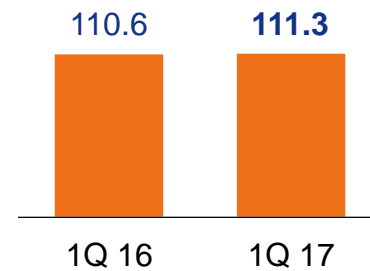
Current yield (debt securities; in %)



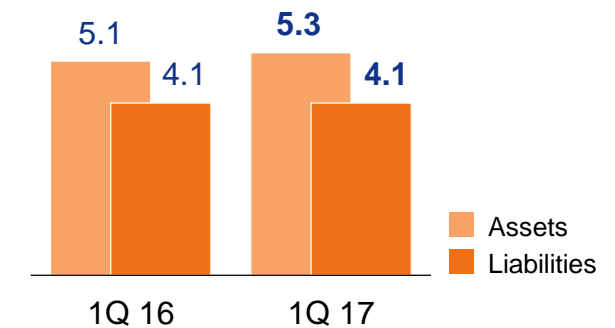
Economic reinvestment yield (debt securities; in %)



Total average asset base⁴ (EUR bn)



Duration⁵



1) Including policyholder participation

2) Net of interest expenses

3) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation

4) Asset base includes health business France, fair value option and trading

5) 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: current income stable



Comments

- **Interest & similar income**

Resilient performance as higher yield on equities compensates slightly lower yield on debt. The low yield environment impacts the latter but a higher asset base in LatAm mitigates the effect. Higher income on equities is mainly driven by some positive one-offs in 1Q 2017 supported by increased exposure.

- **Net harvesting & other**

EUR +15mn swing in F/X result net of hedges primary reason for improvement.

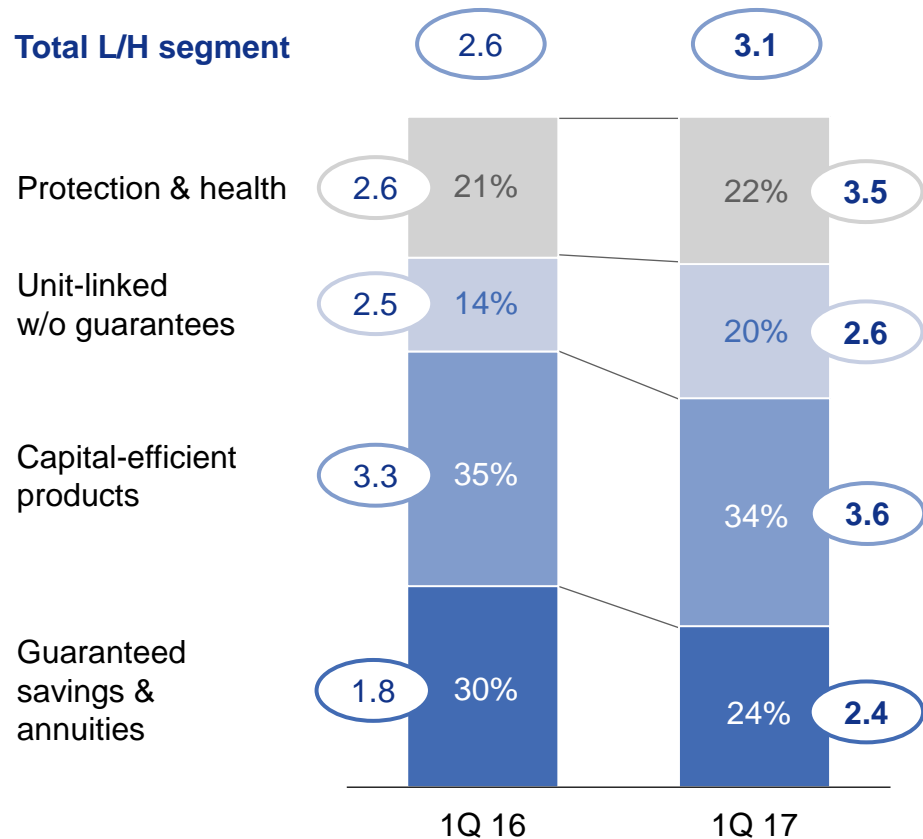
- **Economic reinvestment yield**

Largely unchanged compared to FY 2016 level of 1.7%.

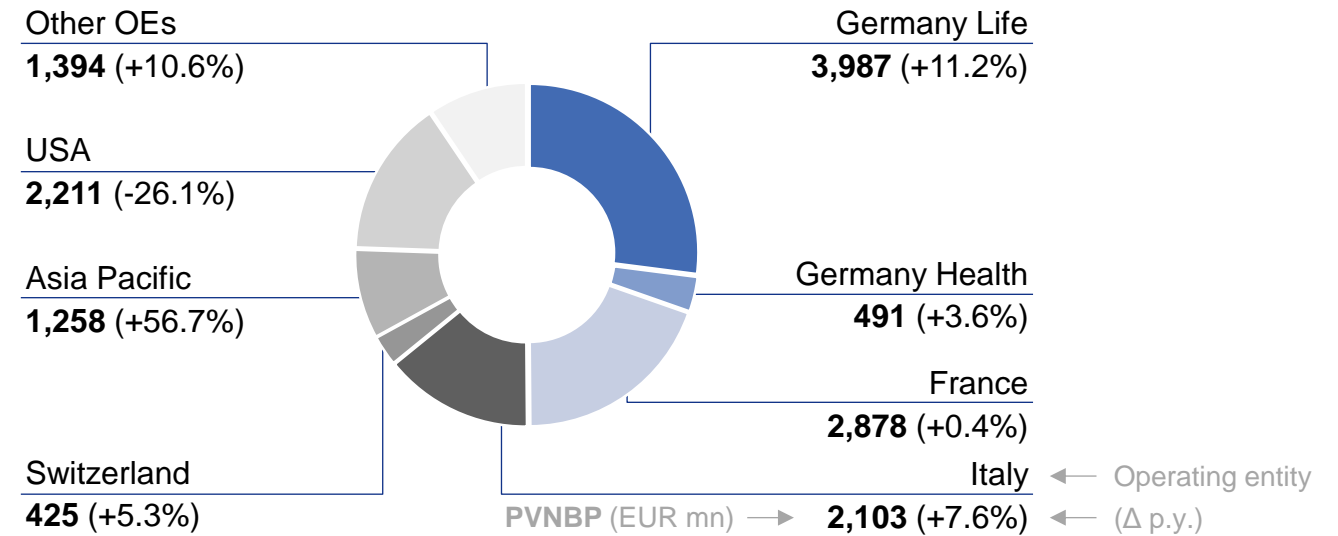
L/H: business mix close to target 2018

PVNBP share by line¹

○ NBM (in %)



PVNBP by OE¹



EUR mn	1Q 16	1Q 17	Δ p.y.
PVNBP	14,336	14,748	+2.9%
Single premium	7,690	7,690	0.0%
Recurring premium	2,446	2,466	+0.8%
APE	3,215	3,235	+0.6%

1) Prior year figures are presented excluding the effects from the Korean life business which was sold in 4Q 16

L/H: business mix close to target 2018



Comments

PVNB by line

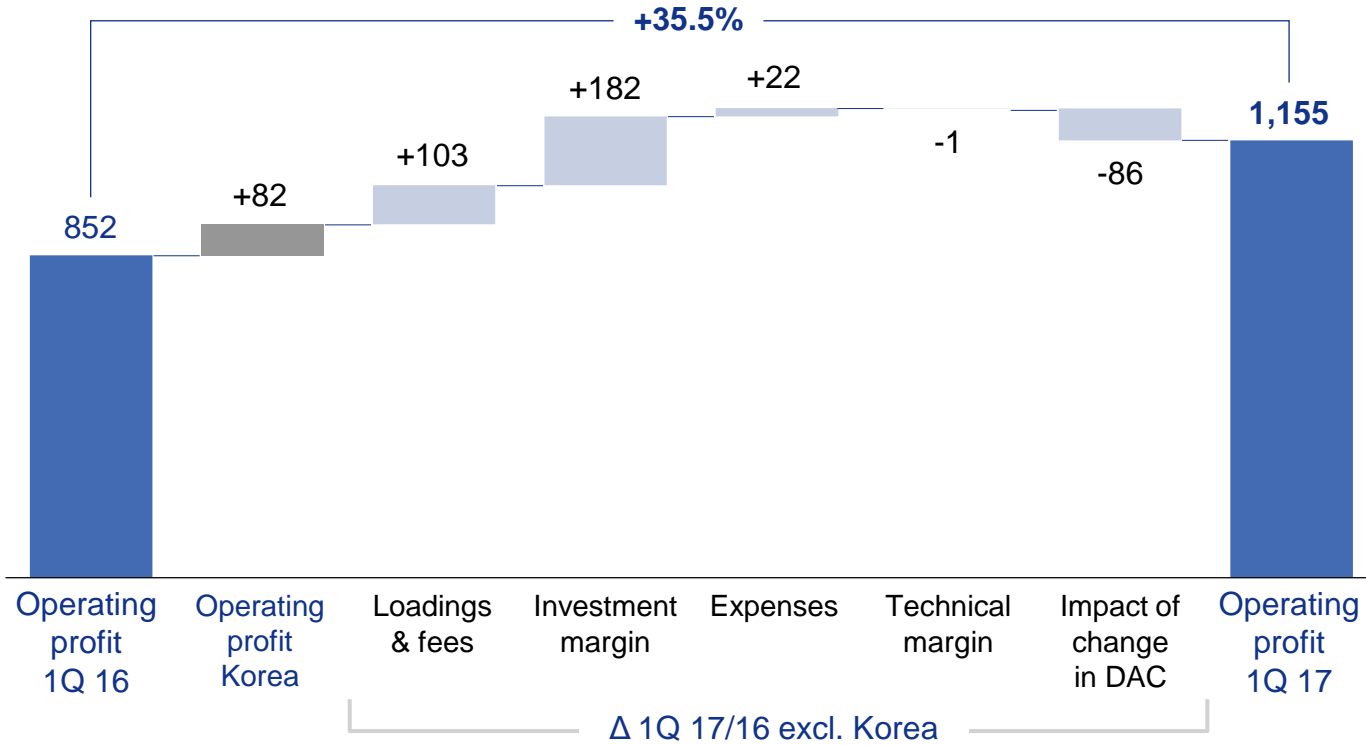
- **Growth modus for the 3rd consecutive quarter**
Growth in preferred lines (+11%) is sufficient to compensate for drop in traditional products (-17%). UL w/o guarantees shows strongest growth (+44%).
- **Share of preferred lines of business at 76%**
Successful new business management reflected in business mix which is already close to target 2018.
- **NBM improves across all lines of business**
Management actions during 2016 and 2017 result in improvement of all business lines despite less benign economic environment.
- **NBM 3.1% at target level**
NBM at target level as a result of improvement of all lines of business and a better business mix.
- **Positive net flows**
Net flows at EUR 1.9bn, mainly driven by preferred lines of business.

PVNB by OE

- **Germany Life – share of preferred lines at 71%**
Higher production of capital-efficient products (+34%) and protection & health (+20%) compensates for less new business in traditional products (-19%).
- **USA – hybrid VA account for 18% of new business**
Drop due to FIA sales campaign 2016 and uncertainty surrounding DOL fiduciary rule. Sales picking up in March. Within VA favorable business mix shift to capital-efficient products with 68% growth in hybrid VA.
- **ITA – UL share at 79%**
UL up 29%, traditional products down 50%. Successful product launch supports sale of capital-efficient products (+79%).
- **Asia Pacific – recovery of UL business in Taiwan**
UL business (Δ EUR +0.3bn) main driver with strong recovery in Taiwan. Good growth in Indonesia (+43%) as well.

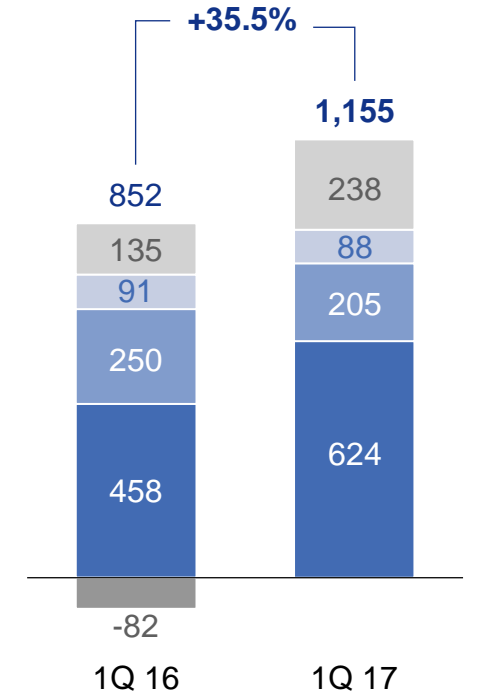
L/H: operating profit outstanding at EUR 1.2 billion (EUR mn)

Operating profit by source¹



1Q 17	-	1,504	1,047	-1,679	266	16
1Q 16	-82	1,401	865	-1,701	267	103

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 Turkey

L/H: operating profit outstanding at EUR 1.2 billion



Comments

- **OP at 29% of FY target range mid-point**
Very good start with OP at outstanding level of EUR 1.2bn supported by strong investment margin (+21%).
- **Technical margin stable**
- **L/H RoE (annualized) up 2.3%-p to 12.4%**
Share of OEs with RoE \geq 10% up 9%-p to 61%.
RoEs of Germany Life and USA well above 10%.
Italy and France slightly below 10%, but on track to reach target which would increase share above 85%.
- **Loadings & fees in line with higher production**
In line with increased revenues in Asia Pacific (Δ EUR +0.3bn) and Germany Life (Δ EUR +0.9bn).
- **Investment margin benefits from result in USA**
Improvement mainly due to higher contribution from USA (Δ EUR +151mn) supported by more favorable result from VA basis risk after managing down overall basis risk exposure.
- **Expenses improve due to lower FIA sales in USA**
Acquisition expenses down due to lower US FIA production (Δ EUR -0.9bn), partially offset by new business growth in Germany Life and Asia Pacific.
- **Impact of change in DAC**
Decrease driven by positive true-up in Germany Life in 1Q 2016 and lower production in USA.
- **Protection & health – Germany Health and USA**
Improvement mainly due to swing in non-recurring items in USA and methodology refinement for Germany Health.
- **Capital-efficient products – USA and Germany Life**
Mainly driven by USA (Δ EUR -48mn) due to lower realized gains and less favorable hedging result of FIA. Operating profit of German portfolio for capital-efficient products breaks even despite high growth.
- **Guaranteed savings & annuities – US VA**
Better result from US VA business (Δ EUR +230mn) mainly due to more favorable result from basis risk.

L/H: 3.1 percent NBM at 2018 target

EUR mn		Value of new business ¹		New business margin ¹		Operating profit	
		1Q 17	Δ p.y.	1Q 17	Δ p.y.	1Q 17	Δ p.y.
Total L/H segment		453	+22.8%	3.1%	+0.5%-p	1,155	+35.5%
Large OEs	Germany Life	134	+22.0%	3.4%	+0.3%-p	286	-15.8%
	USA	86	-17.9%	3.9%	+0.4%-p	325	+350.3%
	Italy	41	+9.5%	1.9%	0.0%-p	72	-8.1%
	France	16	n.m. ²	0.6%	+0.6%-p	161	+0.4%
Selected OEs	Asia Pacific	73	+60.2%	5.8%	+0.1%-p	56	n.m. ⁴
	Spain	22	+18.1%	6.8%	+1.4%-p	48	-0.5%
	Switzerland	15	n.m. ³	3.5%	+3.3%-p	23	+10.5%
	Germany Health	15	+42.7%	3.1%	+0.8%-p	52	+129.2%
	Turkey	13	-9.4%	6.0%	-1.7%-p	16	-34.4%
	Benelux	9	+78.2%	2.2%	+0.7%-p	36	+12.6%

1) Prior year figures are presented excluding the effects from the Korean life business which was sold in 4Q 16

2) Value of new business in France increased by EUR 18mn from EUR -2mn in 1Q 16

3) Value of new business in Switzerland increased by EUR 14mn from EUR 1mn in 1Q 16

4) Operating profit in Asia Pacific improved by EUR 84mn from EUR -28mn in 1Q 16

L/H: 3.1 percent NBM at 2018 target



Comments

New business

- **Successful new business management**
NBM and VNB prove that our products are value creating even in very low interest rate environment.
- **Significant NBM improvement of 0.5%-p**
Active management and better business mix push NBM to 3.1%. Impact from less favorable economic conditions (-0.4%-p) largely neutralized by introduction of refined model for calculation of technical provision in Germany Life (+0.3%-p).
- **7th consecutive quarter with NBM \geq 2.5%**
Calculated with end-of-quarter assumptions 1Q 2017 NBM at 3.3%.
- **VNB at highest quarterly level since MCEV (2008)**
81% of VNB stem from preferred lines of business. 8% increase vs. very strong 4Q 2016.
- **Most OEs with improved NBMs**
Better profitability in almost all regions despite lower interest rates and higher volatilities. Highlight is Switzerland with very successful group business and repricing of individual life.

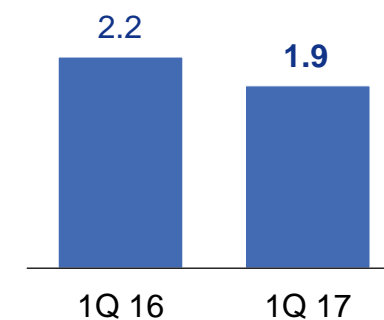
Operating profit

- **Germany Life profitability remains very good**
Less beneficial impact from change in DAC (Δ EUR -53mn) mainly due to positive true-up in 1Q 2016.
- **USA – favorable market movement**
Improvement driven by favorable market movement for VA (swing in result for basis risk Δ EUR 95mn) and non-recurring charges in 1Q 2016.
- **Germany Health – strong improvement**
Lower impairments on equities and better technical margin.
- **Turkey – investment result and F/X**
Even adjusted for one-off capital gain in 1Q 2016 operating profit improved by 21% in local currency.

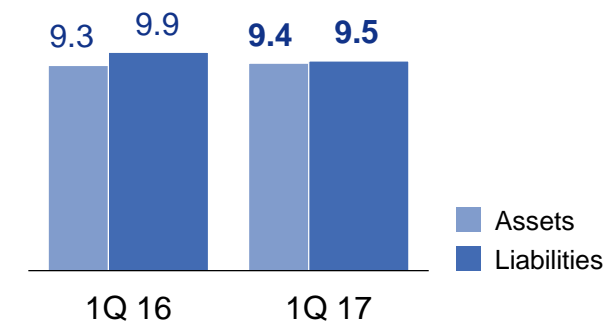
L/H: investment margin strong at 25bps

(Yields are pro-rata)	Investment margin	
	1Q 16 ¹	1Q 17
Based on Ø book value of assets² (EUR bn)	490	516
Current yield	0.9%	0.9%
Based on Ø aggregate policy reserves (EUR bn)	403	423
Current yield	1.1%	1.0%
Net harvesting and other ³	0.2%	0.3%
Total yield	1.3%	1.3%
- Ø min. guarantee ⁴	0.5%	0.5%
Gross investment margin (in %)	0.8%	0.8%
- Profit sharing under IFRS ⁵	0.6%	0.5%
Investment margin (in %)	0.2%	0.2%
Investment margin (EUR mn)	865	1,047

Economic reinvestment yield¹ (debt securities; in %)



Duration⁶



1) Prior year figures are presented excluding the effects from the Korean life business which was sold in 4Q 16
 2) Asset base under IFRS which excludes unit-linked, FVO and trading
 3) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
 4) Based on technical interest

5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
 6) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment

L/H: investment margin strong at 25bps

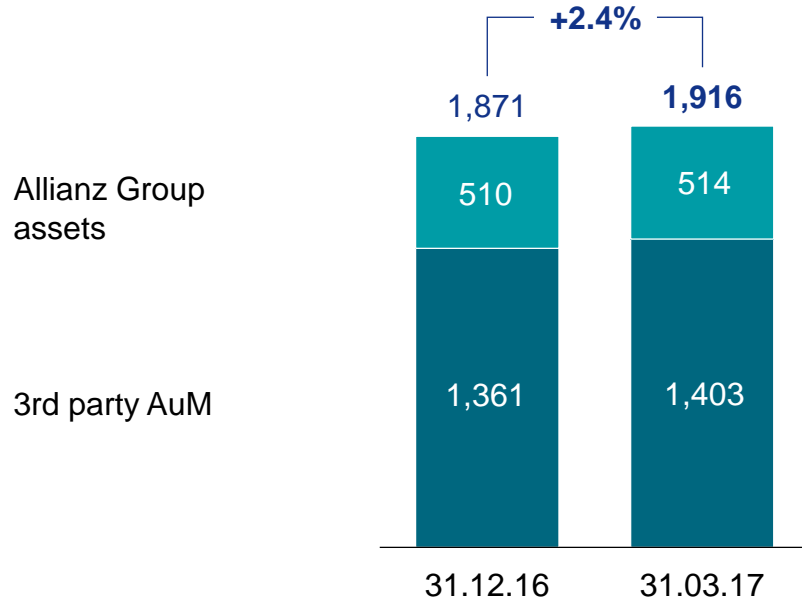


Comments

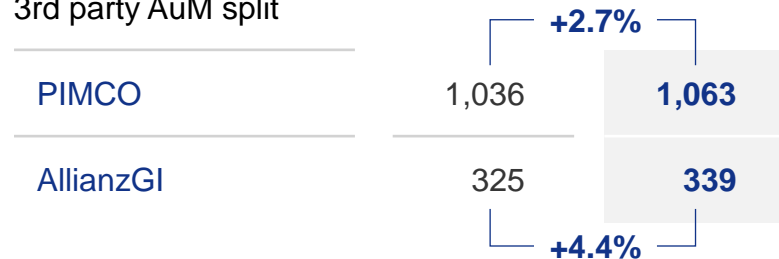
- **Yield decline within expected range**
Current yield based on aggregate policy reserves declines 5bps within expected range. Impact partially offset by lower average minimum guarantee (-2bps).
- **Net harvesting and other – still high level**
With 26bps slightly higher than the year before (23bps). Improvement mainly due to lower impairments.
- **Investment margin (in %) – on track**
Investment margin strong at 25bps (+3bps).
Normal full-year level approx. 95bps.
- **Investment margin (EUR mn) – above EUR 1bn**
Growth of 21% supported by higher reserve base (+5%) and improved margin (+15%).
- **PHP slightly down**
PHP declines by 2.8%-p to 80.9% which compares well with 78.6% for FY 2016.
- **Economic reinvestment yield**
Reinvestment yield 0.2%-p up from 4Q 2016.
- **Duration gap reduced**
Positive impact from the disposal of our Korean life business.

AM: EUR 21 billion 3rd party net inflows at PIMCO (EUR bn)

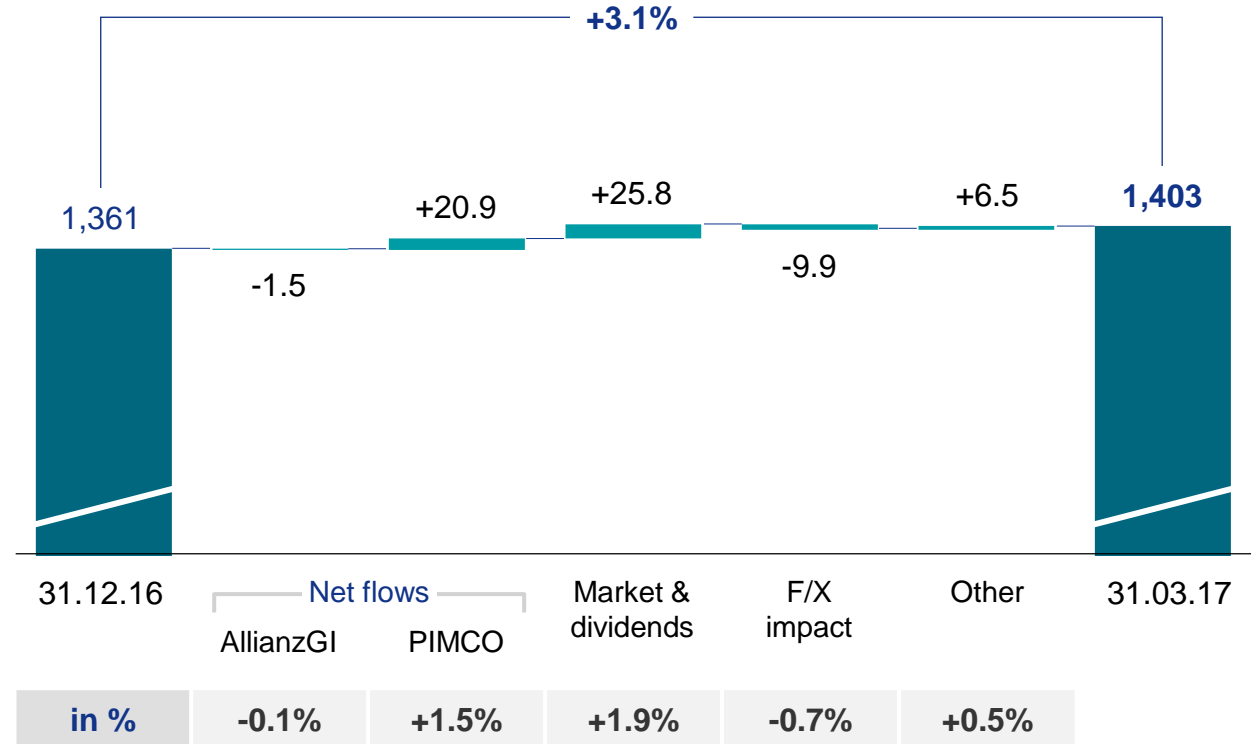
Total assets under management



3rd party AuM split



3rd party assets under management development

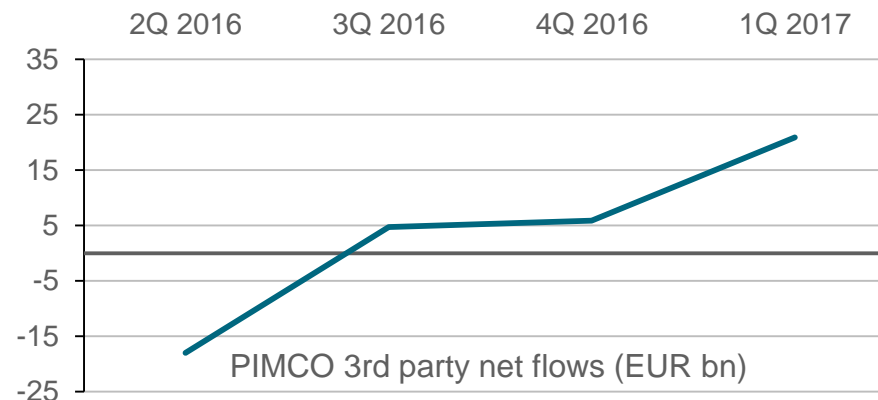


AM: EUR 21 billion 3rd party net inflows at PIMCO

i Comments

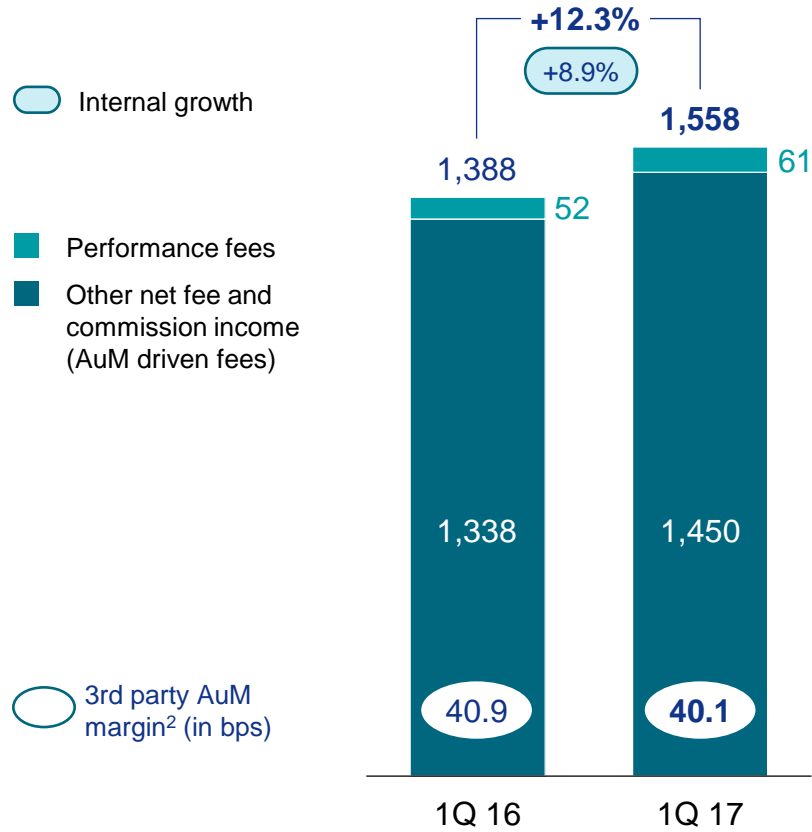
- **3rd party AuM segment – up 3%**
Increase driven by market development and excellent 3rd party net inflows at PIMCO.
- **3rd party AuM PIMCO – up 3%**
EUR 21bn 3rd party net inflows and favorable markets drive AuM. Non-traditional strategies account for 80% of 3rd party AuM.
- **3rd party AuM AllianzGI – up 4% to new record level**
Highest level of AuM since new setup in 2012. Increase primarily due to market effects.
- **Segment – EUR 19bn net inflows**
Best quarterly 3rd party net flows since 1Q 2013 driven by PIMCO.
- **AllianzGI – EUR 1.5bn net outflows**
3rd party net inflows in multi asset and fixed income, but net outflows from equity business.

- **PIMCO – EUR 21bn net inflows**
Trend of 3rd party net inflows accelerates. Inflows particularly related to income strategy. PIMCO’s Income Fund is now the largest active mutual bond fund globally and continues to lead Morningstar U.S. list of top flowing active funds. Total Return Fund upgraded to five star rating of Morningstar. Excellent investment performance: 92% of 3rd party AuM outperform benchmarks on a trailing 3-year basis (before fees).

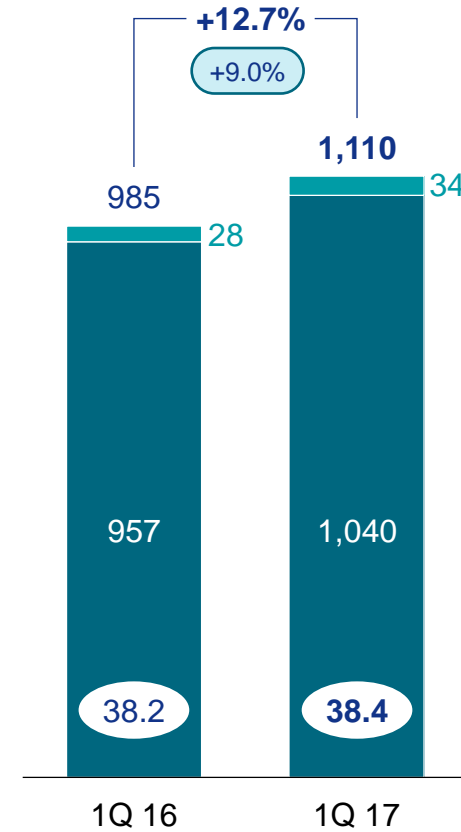


AM: 12 percent revenue increase driven by higher AuM (EUR mn)

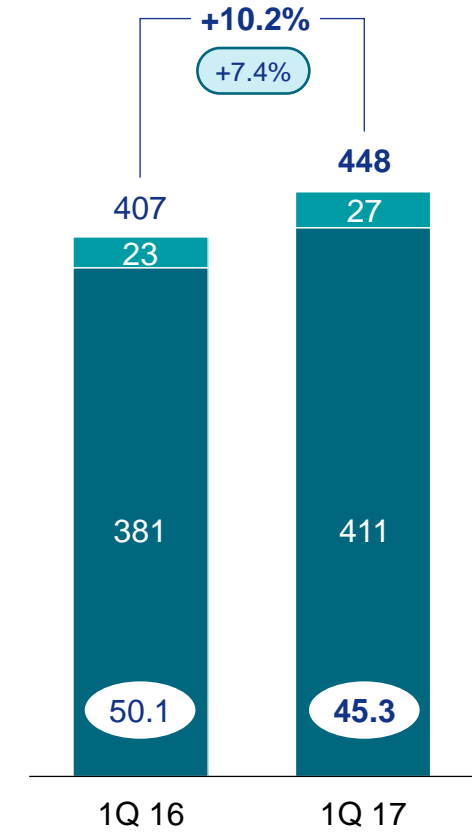
Revenues development¹



PIMCO³



AllianzGI⁴



1) Other operating revenues in the AM segment of EUR -2mn in 1Q 16 and EUR 46mn in 1Q 17 are not shown in the chart
 2) Excluding performance fees and other income

3) Other operating revenues at PIMCO of EUR 0mn in 1Q 16 and EUR 36mn in 1Q 17 are not shown in the chart
 4) Other operating revenues at AllianzGI of EUR 2mn in 1Q 16 and EUR 10mn in 1Q 17 are not shown in the chart

AM: 12 percent revenue increase driven by higher AuM



Comments

- **Segment – significant revenue increase**

Increase driven by higher average 3rd party AuM (+11%) at PIMCO (+8%) and AllianzGI (+20%), resulting in higher AuM driven fees (+8%). Performance fees rise 18%. Supportive other operating revenues due to one-off impacts (Δ EUR +48mn vs. 1Q 2016).

- **PIMCO – stable margin**

Margin slightly higher than in 1Q 2016 (Δ +0.2bps) and unchanged compared with 4Q 2016.

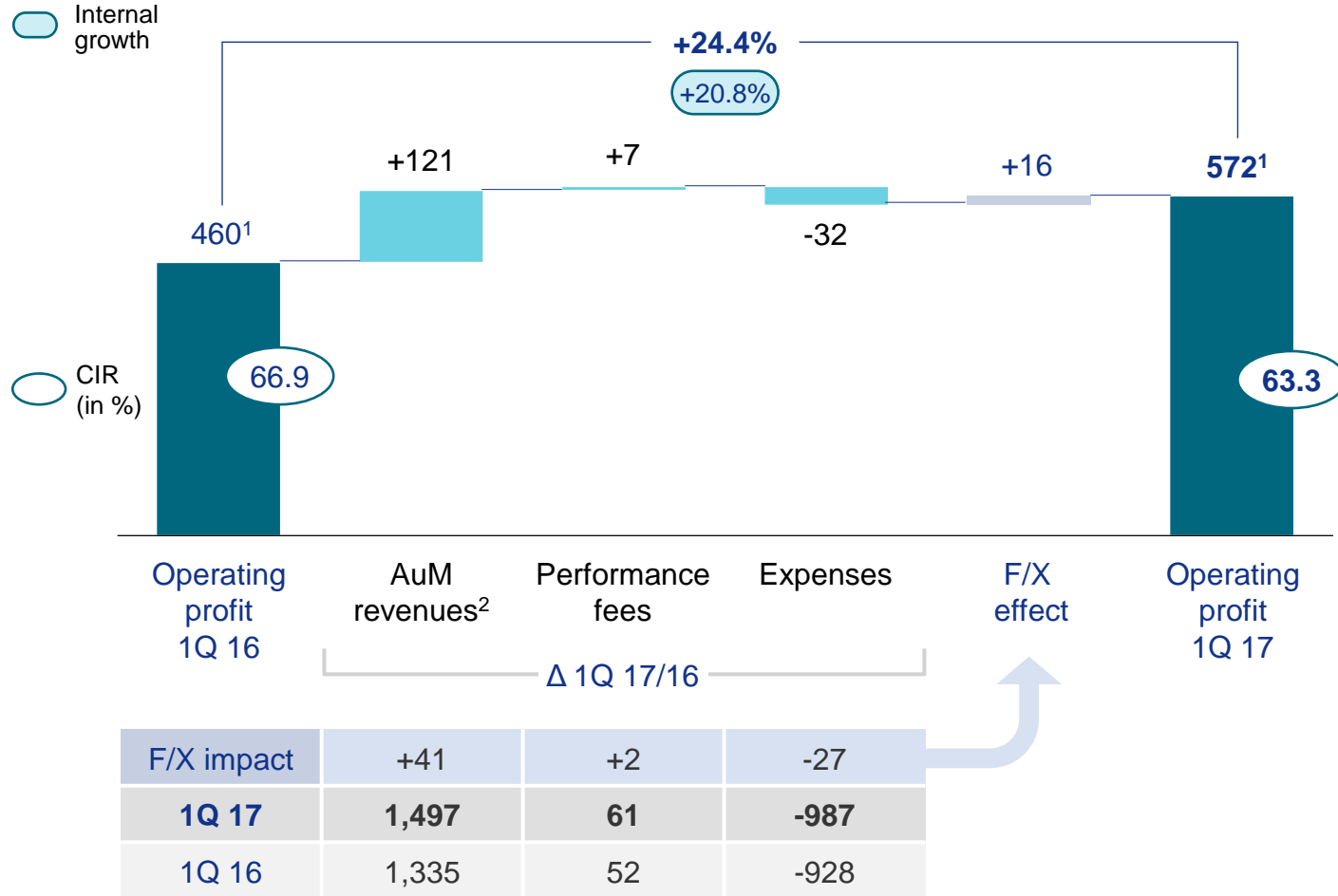
- **AllianzGI – margin impacted by mix**

Decrease versus 1Q 2016 (Δ -4.9bps) mainly driven by acquisition of Rogge Global Partners (fixed income strategies for institutional clients).

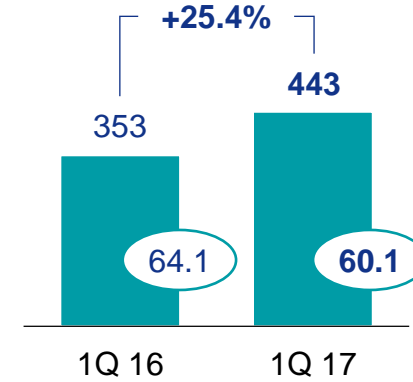
Slight margin reduction from 46.7bps in 4Q 2016 (Δ -1.4bps) entirely due to less fee days and reclassification of AuM.

AM: operating profit up 24 percent – a promising start into 2017 (EUR mn)

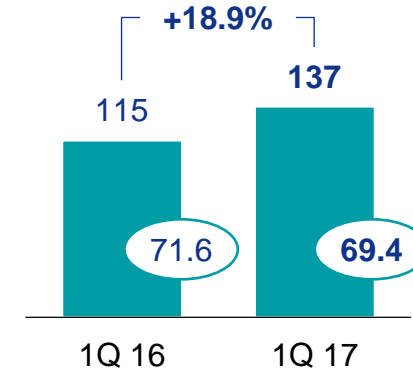
Operating profit drivers



PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -9mn in 1Q 16 and EUR -8mn in 1Q 17
 2) Including other operating revenues

AM: operating profit up 24 percent – a promising start into 2017



Comments

- **Segment – OP up 24%**

Significant improvement driven by higher business volume. 25% of FY 2017 outlook mid-point (EUR 2.3bn) already achieved, although higher level of performance fees is expected for 2H 2017. CIR better by 3.6%-p particularly due to higher AuM driven revenues; revenue growth twice as high as moderate increase in expenses (+12% vs. +6%).

- **PIMCO – OP rises 25%**

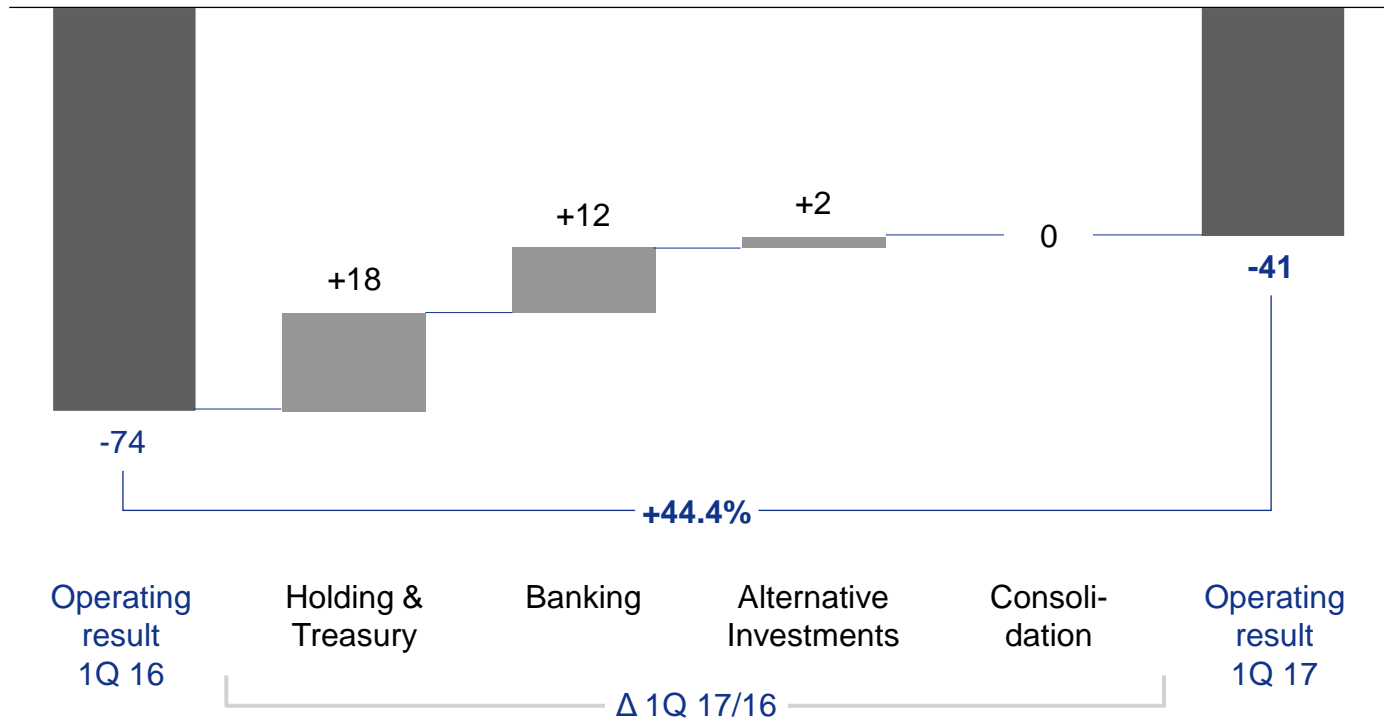
Strong increase due to higher revenues. CIR improves by 4.0%-p and already reaches – as in FY 2016 – 2018 target level of 60%.

- **AllianzGI – OP up 19%**

Strong operating profit. CIR better by 2.2%-p due to higher revenues triggered by higher business volume.

CO: improving (EUR mn)

Operating loss development and components



1Q 17	-87	31	15	0
1Q 16	-106	19	13	0

CO: improving



Comments

- **Holding & Treasury shows good improvement**
Driver is better net interest result (Δ EUR +20mn) mainly due to higher interest income from third-party loans. For the last time we recognized a positive impact related to the adapted cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE (EUR 148mn).
- **Banking benefits from better result in Germany**
Improvement driven by Germany (Δ EUR +11mn) as a function of lower non-personnel expenses (Δ EUR +6mn) and lower net loan loss provision (Δ EUR +5mn).

Group: shareholders' net income at 26 percent of FY 2016 result

EUR mn	1Q 16	1Q 17	Change
Operating profit	2,680	2,932	+252
Non-operating items	276	-220	-496
Realized gains/losses (net)	568	167	-401
Impairments (net)	-61	-12	+49
Income from financial assets and liabilities carried at fair value (net)	44	-3	-46
Interest expenses from external debt	-207	-213	-6
Acquisition-related expenses	0	1	+1
Restructuring charges	-2	-120	-118
Amortization of intangible assets	-29	-36	-6
Change in reserves for insurance and investment contracts (net)	0	-4	-4
Reclassifications	-35	0	+35
Income before taxes	2,956	2,712	-244
Income taxes	-712	-792	-79
Net income	2,244	1,920	-324
Non-controlling interests	-100	-104	-4
Shareholders' net income	2,144	1,816	-328
Effective tax rate	24%	29%	+5%-p

Group: shareholders' net income at 26 percent of FY 2016 result



Comments

- **2016 net income exceptionally high**
Prior year result benefitted from high level of tax exempt non-operating items and absence of restructuring charges. Shareholders' net income at 26% of FY 2016 result.
- **Strong net income supported by OP development**
Improvement of operating profit (+9.4%) as a pillar for strong 1Q 2017 net income.
- **Realized gains – large transaction in prior year**
1Q 2016 benefitted from a EUR 235mn gain from a large forward sale.
- **Restructuring charges**
Restructuring charges of EUR 112mn related to the “Fit for Future” initiative of AGCS. Global productivity review at AGCS to optimize productivity and expenses, enhance customer service delivery and prepare global business model with best possible set-up and processes for future success. Expense ratio improvement potential up to ~2%-p in 2019.
- **Tax rate at good level**
Prior year tax rate driven by high tax-free realized gains on equities.

Status quo and ambitions for 2018

1Q 17	2018			1Q 17	2018
4.8% ¹	5% ¹	EPS Growth	Businesses with NPS above market	55% ³	75%
12.4% ²	13%	RoE Allianz Group	SII interest rate sensitivity	12%-p	<11%-p
95.6%	94%	P/C CR	PIMCO CIR	60.1%	60%
61% ²	100%	L/H OEs with RoE ≥10%	IMIX	70% ³	72%
3.1%	3.0%	L/H NBM	Share of newly launched digital products ⁴	49% ³	~100%

1) CAGR of (annualized) EPS versus EPS for FY 2015. Annualized figures are not a forecast for full-year numbers
 2) For more details on the RoE calculation please refer to the glossary

3) Based on latest available data
 4) The definition of the KPI has been updated; for more information please refer to the glossary

Status quo and ambitions for 2018



Comments

- **EPS growth**
Close to target, driven by profit growth.
Small impact of share buy-back in first quarter.
- **RoE**
Majority of supportive impact from share buy-back on RoE still to come.
- **P/C CR**
CR with limited significance due to quarterly volatility.
Adjusted for negative one-off from Ogden, combined ratio stood at 94.6%.
- **L/H OEs with RoE \geq 10%**
Italy and France slightly below 10%, but on track to reach target, which would increase share to >85%.
- **L/H NBM**
Already at 2018 target, driven by management actions and better business mix.
- **SII interest rate sensitivity**
Slight increase compared to FY 2016 due to market developments and model changes.
- **PIMCO CIR**
Already at 2018 target, based on expense management and business growth.
- **Share of newly launched digital products**
Updated definition to cover all distribution channels and L/H business in addition to P/C.
Stated number based on 2016 data.
- **IMIX, NPS**
Data reflects status end of 2016. Both KPIs improved versus 2015 (+2%-p / +5%-p).

2

Group financial
results 1Q 2017

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- 2 Additional information**
- 3 Glossary

Impact of 2017 accounting changes on 2016 result

Impact on operating profit (EUR mn)

	1Q 16	2Q 16	3Q 16	4Q 16	12M 16
Operating profit as published in 2016	2,756	2,353	2,898	2,826	10,833
Updated definition for operating profit	+2	+35	+34	+31	+102
Changed accounting policy L/H USA	-78	-5	+62	+142	+121
Operating profit restated	2,680	2,383	2,995	2,998	11,056

Impact on shareholders' net income (EUR mn)

	1Q 16	2Q 16	3Q 16	4Q 16	12M 16
S/h net income as published in 2016	2,194	1,090	1,855	1,744	6,883
Updated definition for operating profit	0	0	0	0	0
Changed accounting policy L/H USA	-51	-3	+40	+92	+79
S/h net income restated	2,144	1,087	1,895	1,836	6,962

Impact of 2017 accounting changes on 2016 result



Comments

- Changed definition for operating profit**
 Restructuring charges now considered as non-operating unless shared with policyholders. Modification in order to accelerate change process in Allianz.
 Operating profit restated for 2016.
 Net income unaffected.
- Changed accounting policy affecting especially L/H USA**
 Guaranteed Minimum Income Benefit (GMIB) liability of legacy VA book now measured at fair value instead of accrual based approach. Shift to fair value allows alignment of accounting with economic capital management, in particular economic interest rate hedging without IFRS accounting volatility. This was preceded by a change in statutory accounting at the end of 2015, which enabled full interest rate hedging without statutory accounting volatility.
 Operating profit and net income in 2016 restated for L/H USA and Group.

Restatement effects on operating profit by segment

in EUR mn	1Q 2016	2Q 2016	3Q 2016	4Q 2016	12M 2016
P/C	+3	+30	+33	+27	+94
L/H	-75	-2	+63	+143	+129
AM	-4	+2	0	+3	+1
CO	0	0	0	-1	0
Group	-76	+30	+97	+172	+223

Restatement effects on s/h net income by segment

in EUR mn	1Q 2016	2Q 2016	3Q 2016	4Q 2016	12M 2016
L/H	-51	-3	+40	+92	+79
Group	-51	-3	+40	+92	+79

Restatement of Group EPS

in EUR	1Q 2016	2Q 2016	3Q 2016	4Q 2016	12M 2016
Published	4.82	2.40	4.08	3.83	15.14
Restated	4.71	2.39	4.17	4.04	15.31

3

Group financial
results 1Q 2017

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Glossary (1)

AFS	Available-for-sale: Non-derivative financial assets 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	(The business segment) Asset Management
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 of the respective period.
APR	Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.
Attritional LR	Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).
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 & dividends: Market & 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

Glossary (2)

Bps	Basis points. 1 Basis point = 0.01%.
CEE	Central and Eastern Europe excluding Russia and Ukraine
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	(The business segment) Corporate and Other
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.
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 and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.
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: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate

Glossary (3)

FIA	Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.
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.
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 have already been deducted.
Harvesting	Includes realized gains/losses (net) and impairments of investments (net).
Held for sale	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction 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	Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

Glossary (4)

L/H

(The business segment) Life and Health insurance

L/H lines of business

Guaranteed savings & annuities: Guaranteed savings and annuities are life insurance products that always relate to the length of human life. These products offer life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary and may include financial and non-financial guarantees.

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. This includes 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.

Protection & health: Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.

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 as a separate account. The investment risk is borne by the policyholder rather than the insurer.

L/H operating profit sources

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 Life/Health business segment consolidated basis.

Loadings & fees: Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses if any.

Investment margin: Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation in the investment result.

Expenses: Includes commissions, acquisition and administration expenses.

Technical margin: Comprises risk result (risk premiums less benefits in excess of reserves), lapse result (surrender charges and commission clawbacks) and reinsurance result, all net of policyholder participation if any.

Impact of change in DAC: Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.

Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net). The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.
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 the estimated gross loss for the Allianz Group exceeds EUR 20mn.
NBM	New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Those 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
Ogden rate	Discount (Ogden) rate is used by British courts to calculate the discounted values of future losses in bodily injury claims paid out as lump-sum payments. It largely impacts motor, but also liability lines. Being set at 2.5% in 2001, the Lord Chancellor decreased the Ogden rate to -0.75% on 27th of February, 2017 – a much steeper reduction than was predicted by the industry earlier this year.

Glossary (6)

OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective business segment, all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring charges 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	(The business segment) Property and Casualty insurance
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)	<p>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.</p> <p>In the case of life insurance products that are interest sensitive (e.g. universal life products) or 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.</p>
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 a part of its assumed insurance risk to a reinsurance 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 (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.
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 accounting) at the beginning and the end of the period.</p> <p>Return on equity P/C OE: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning 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 accounting) and deducting goodwill at the beginning and the end of the period.</p>
RoRC	Return on risk capital
Run-off ratio	The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).
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 newly launched digital products	Newly launched digital products are conveniently available via digital means at key steps of the customer journey for end-customer or intermediary. A product will be considered digital once four digital features comprising a large part of the customer experience (quote, purchase, policy administration and claims) are implemented. In scope is retail as well as small and medium-sized entities, all channels, for Property-Casualty, Life and Health. The share of products is weighted by revenues.

Glossary (8)

Statutory premiums	Represents gross premiums written from sales of life and health 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.
Total revenues	Represents 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 macroeconomic 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 unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.
URR	Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuities: 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. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
VNB	Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options 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.