

Analyst conference call

Simplicity wins

Munich, February 2019

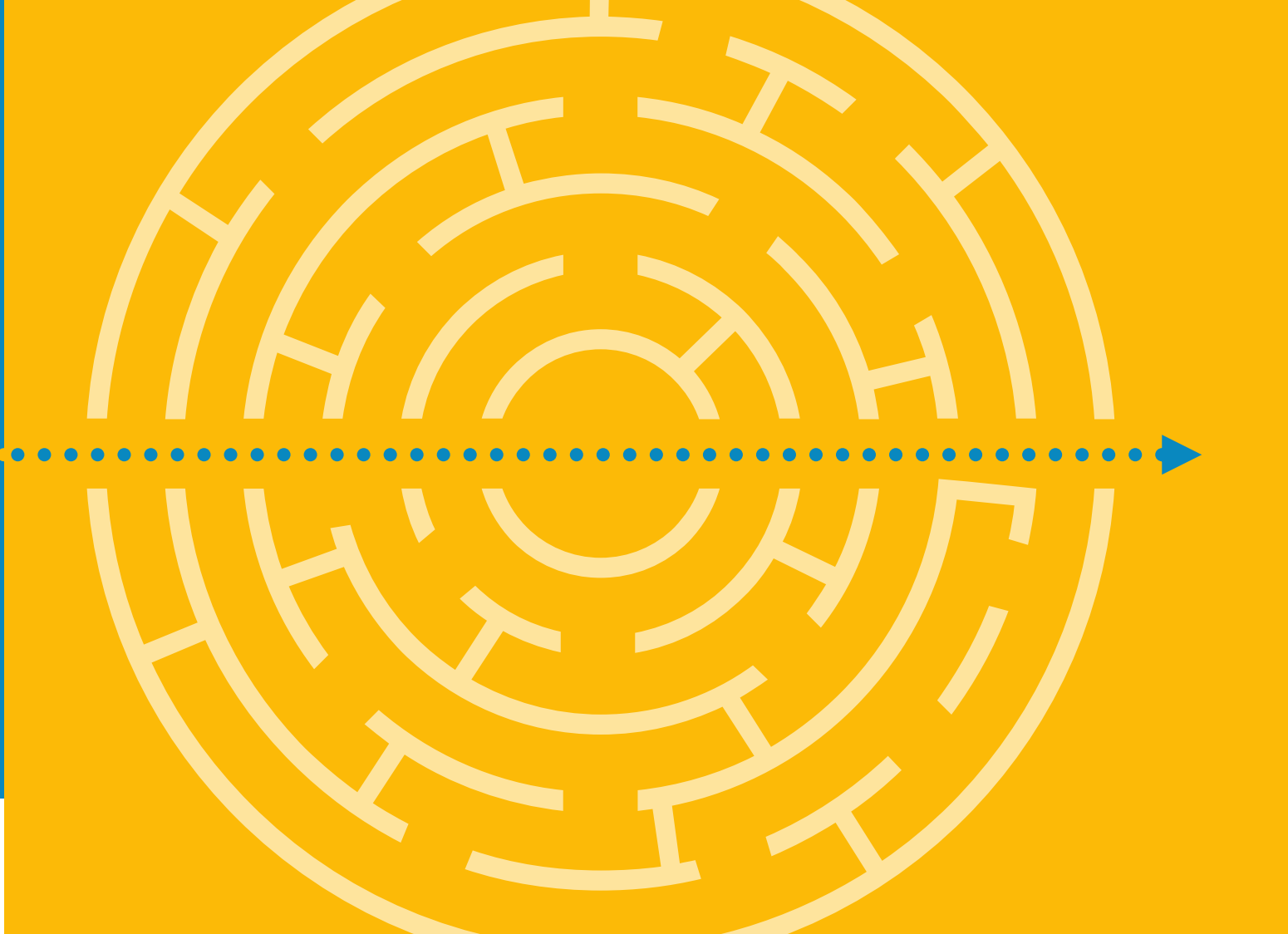
Please note:
presentations based on 2018 preliminary figures

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AGENDA

A

CEO ASSESSMENT AND OUTLOOK

OLIVER BÄTE

B

GROUP FINANCIAL RESULTS 2018

GIULIO TERZARIOL

GLOSSARY

DISCLAIMER

Analyst conference call

CEO assessment and outlook

Oliver Bäte
Chief Executive Officer
Munich, February 2019

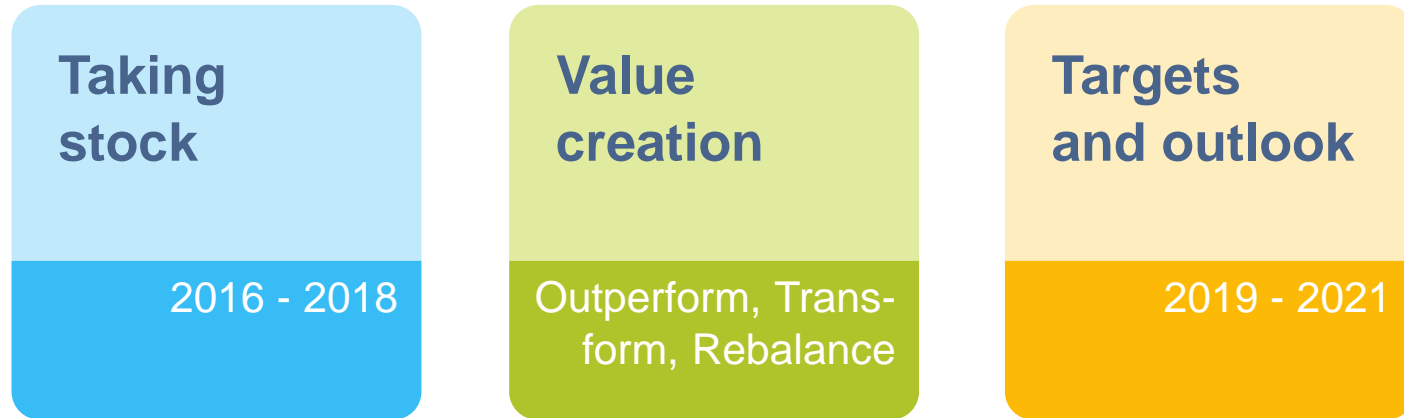


Allianz 

The Allianz logo, consisting of the word 'Allianz' in a bold, dark blue sans-serif font, followed by the company's symbol: a dark blue circle containing three vertical bars of varying heights.



Content





Strong performance in 2018 again

Facts
and figures
2018
(EUR)

11.5bn
+4%

Group
operating profit

7.5bn
+10%

Shareholders'
net income

9.00
+13%

Dividend per
share²

229%

Solvency II ratio

13.2%

Return on equity

+7%-p

Relative TSR vs.
Euro Stoxx 50¹

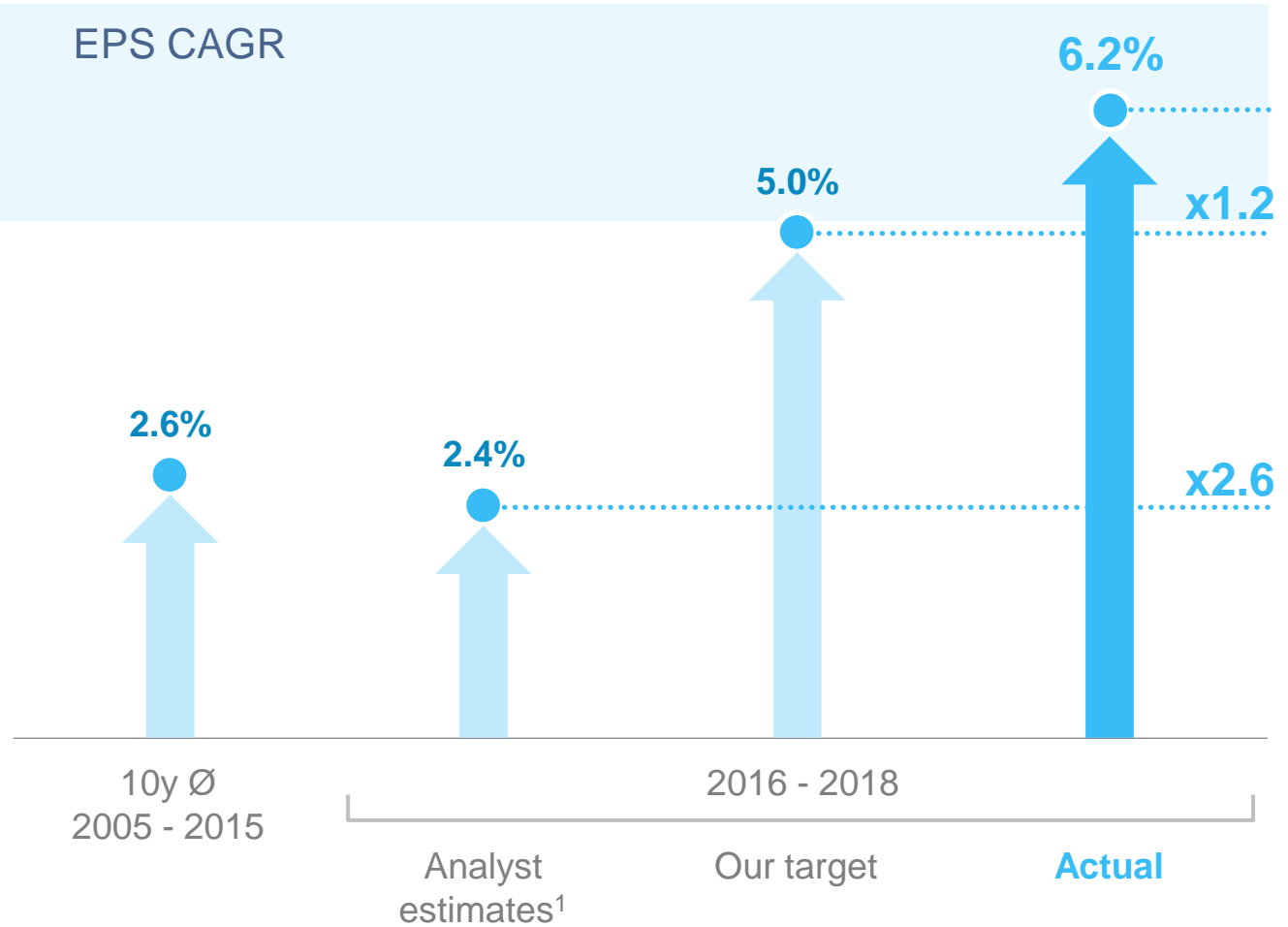
1) TSR: Total shareholder return, includes share price performance plus dividends paid. Source: Bloomberg

2) Proposal



Ambitious 3-year targets delivered

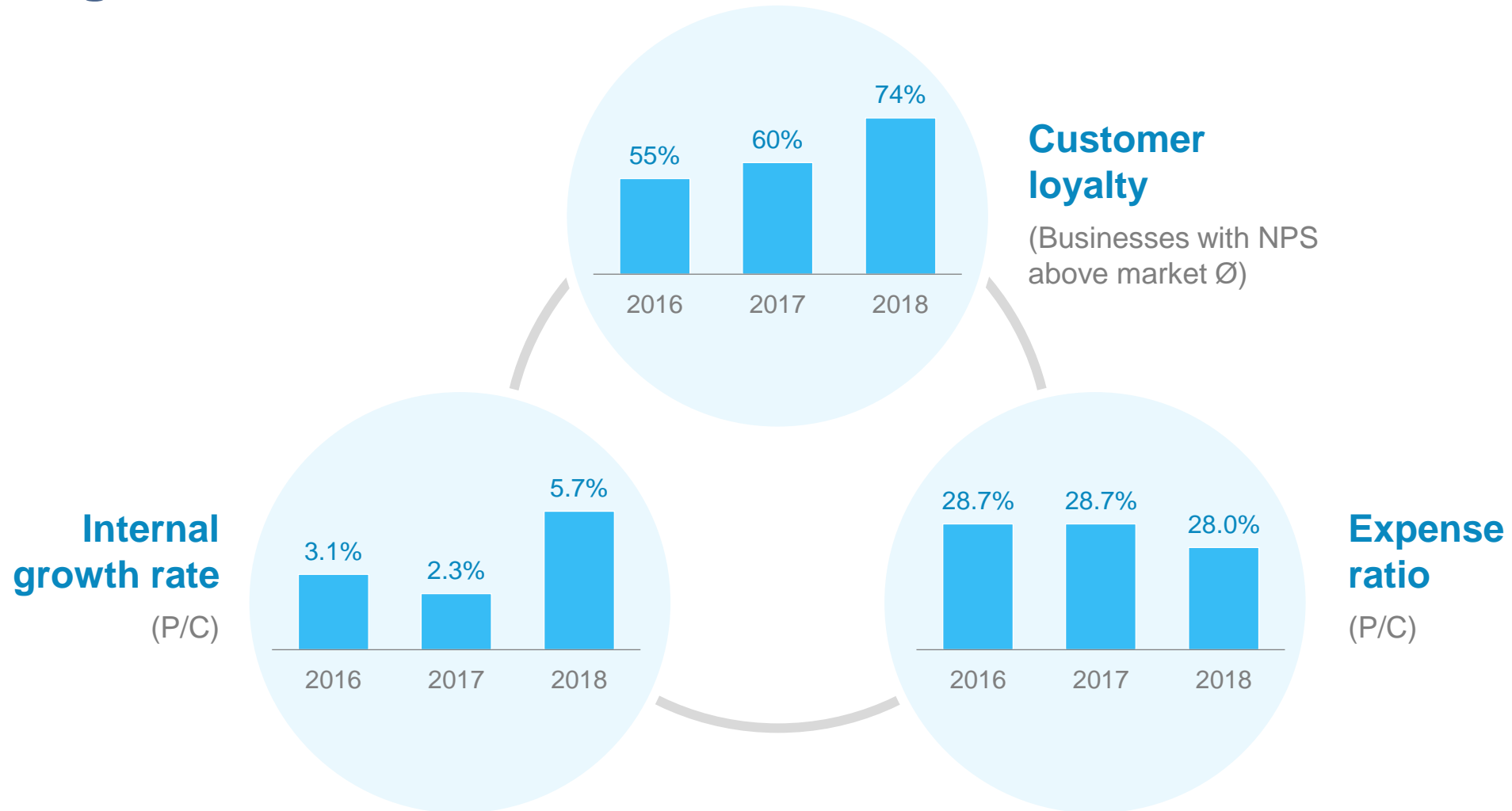
| Target | Actual |
|---|--------------|
| 3-year EPS CAGR 5% | 6.2% |
| RoE 13% | 13.2% |
| Businesses with NPS above market Ø 75% | 74% |
| Inclusive Meritocracy Index 72% | 71% |



1) 3-year EPS CAGR estimate at 03/2016. Source: Bloomberg



Growth, productivity and customer satisfaction improving at the same time





Content

**Taking
stock**

2016 - 2018

**Value
creation**

Outperform, Trans-
form, Rebalance

**Targets
and outlook**

2019 - 2021

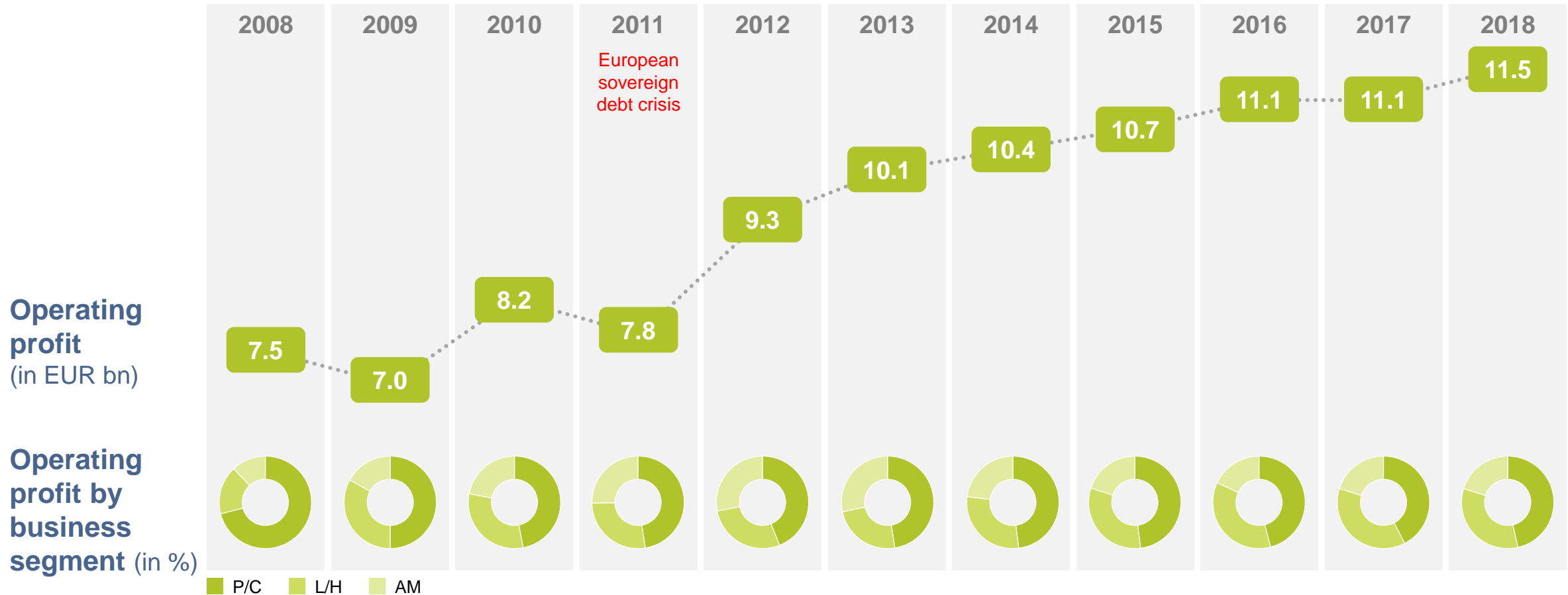


Investor requirements: resilience and upside potential





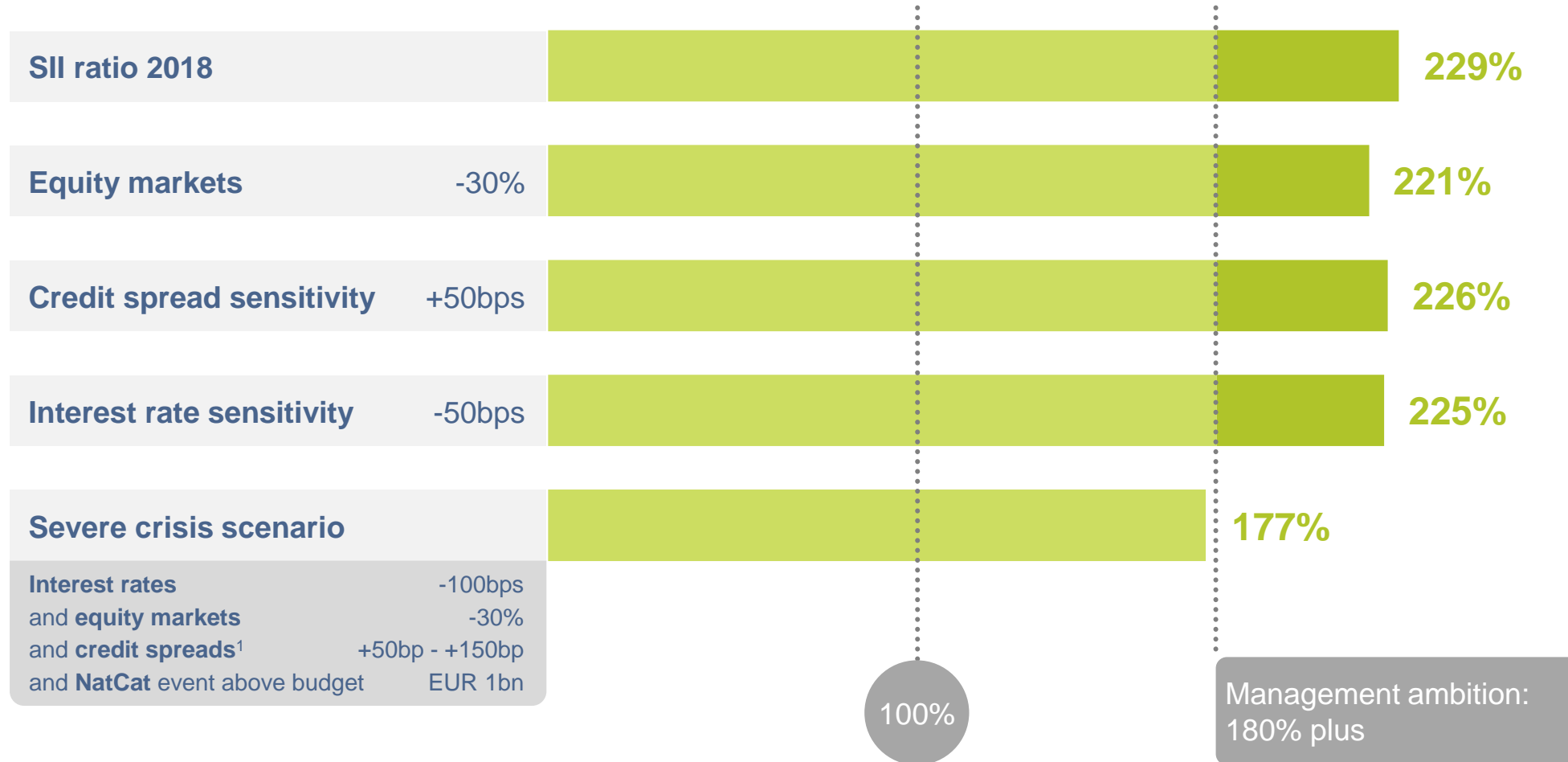
Earnings: consistent growth with low volatility



Reported numbers have been retrospectively restated, if appropriate



Capitalization: strong and resilient



1) For corporate bonds and non AAA/AA+ sovereign debt; impact differs subject to rating class



Capital management: disciplined



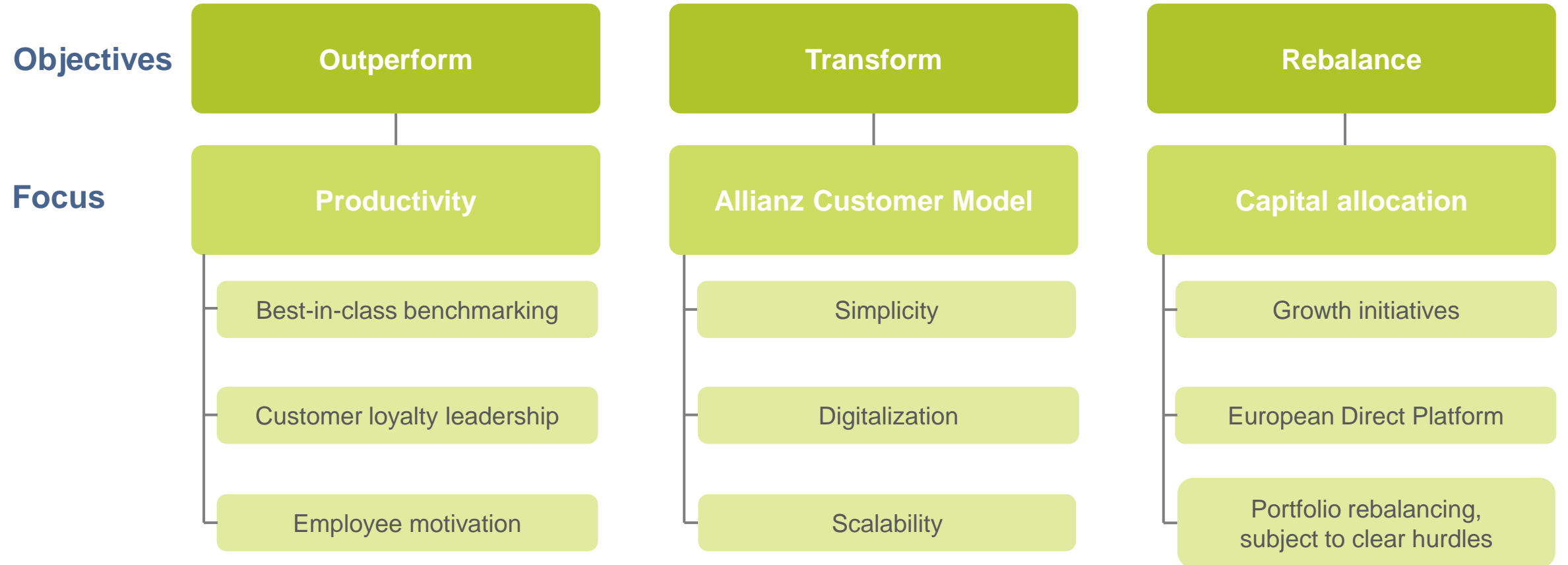
Reported numbers have been retrospectively restated, if appropriate

1) Excluding unrealized gains/losses on bonds (net of shadow accounting), end-of-period

2) Dividend plus share buy-back

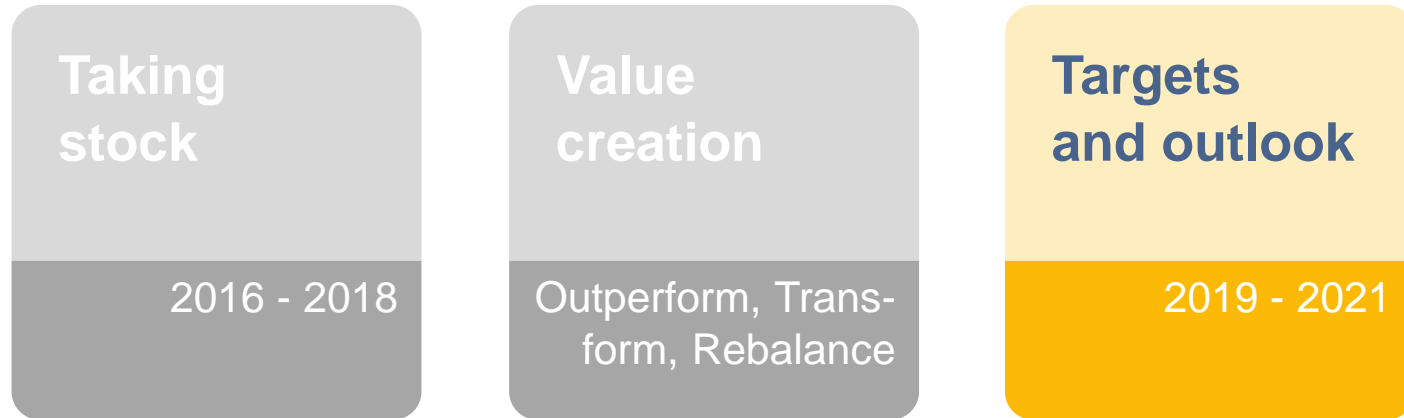


Strategy: Simplicity Wins





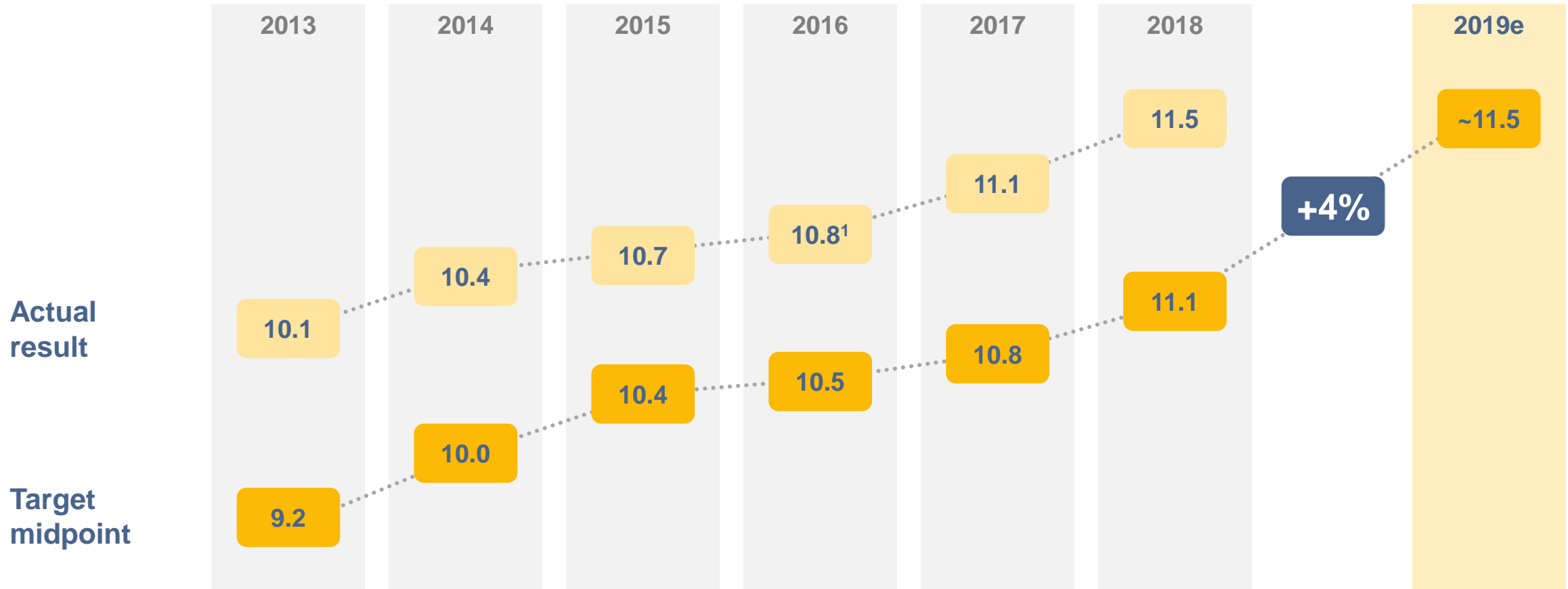
Content





Ambition 2019: operating profit target up 4%

(in EUR bn)



1) To ensure consistency with target setting reported numbers have not been retrospectively restated



3-year targets aim to benefit all stakeholders

| | KPI | Targets 2019 - 2021 ¹ |
|----------------------------------|--------------|----------------------------------|
| Earnings growth | EPS CAGR | 5% plus o/w 4% plus organic |
| Profitability ² | RoE | 13% plus |
| Capital strength | SII ratio | 180% plus |
| Customer centricity ³ | NPS > market | 75% plus |
| Employee commitment | IMIX | 73% plus |

1) Actual results, performance or events may differ materially from these forward-looking statements. The company assumes no obligation to update any information or forward-looking statement contained herein
 2) RoE calculation excludes unrealized gain/losses on bonds, net of shadow DAC
 3) Percent value refers to share of businesses measuring retail NPS

Analyst conference call

Group financial results 2018

Giulio Terzariol
Chief Financial Officer
Munich, February 2019



CONTENT

1

HIGHLIGHTS

2

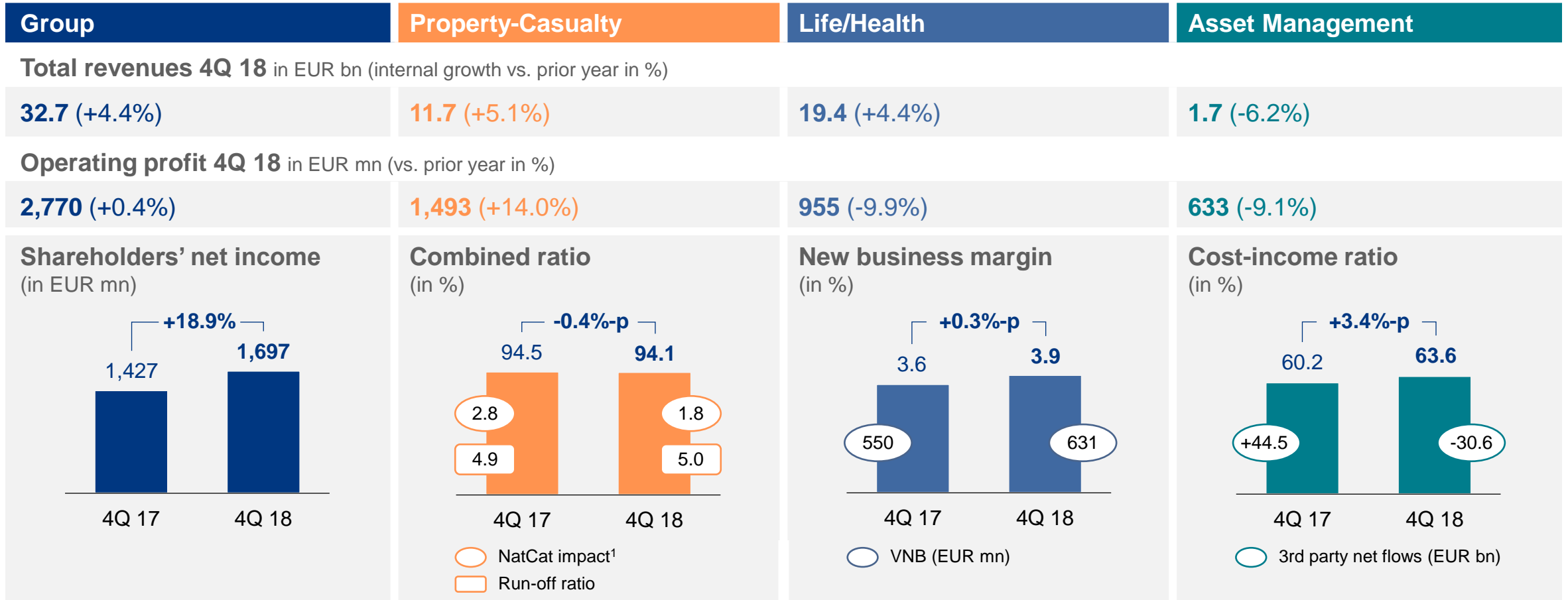
ADDITIONAL INFORMATION



B



Group: 4Q operating profit at EUR 2.8bn



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



Group: 4Q operating profit at EUR 2.8bn



Comments

- **Good internal growth at 4.4%**
Strong internal growth in P/C +5.1% and L/H +4.4%. Lower revenues in AM (-6.2%) due to lower performance fees. Adverse impact from F/X (-0.6%) and consolidation (-0.5%) leads to total growth of +3.3%.
- **Operating profit stable**
Good performance of P/C segment compensates for lower contribution from L/H and AM.
- **Shareholders' net income up 18.9%**
Main driver is lower tax rate (supported by US tax reform) and less restructuring expenses. Prior year net income negatively affected by disposal of OLB and US tax reform.
- **P/C – good performance**
OP rises strongly, driven by a higher investment result. The underwriting result increases on lower NatCat losses and an improved ER.
- **L/H – operating profit below normal run-rate**
Decline in operating profit mainly due to lower technical margin. New business growth of 6% with NBM of 3.9% leads to 15% growth in VNB.
- **AM – lower performance fees**
Higher AuM driven revenues could not compensate for lower performance fees, driven by hedge fund business of PIMCO and US business of AllianzGI. Expenses up due to investments in business growth.
- **CO – in line with expectations**
Operating loss at EUR -243mn.

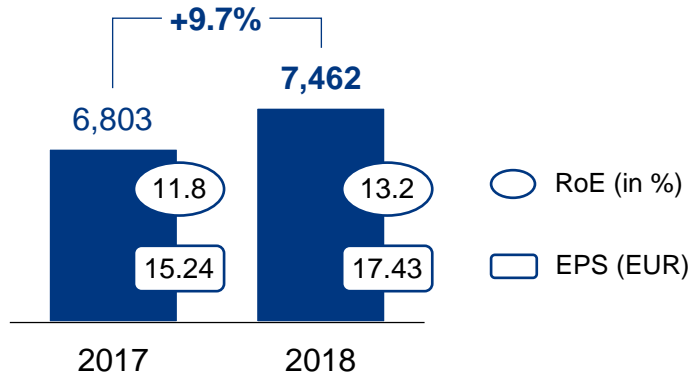


Group: a successful year 2018

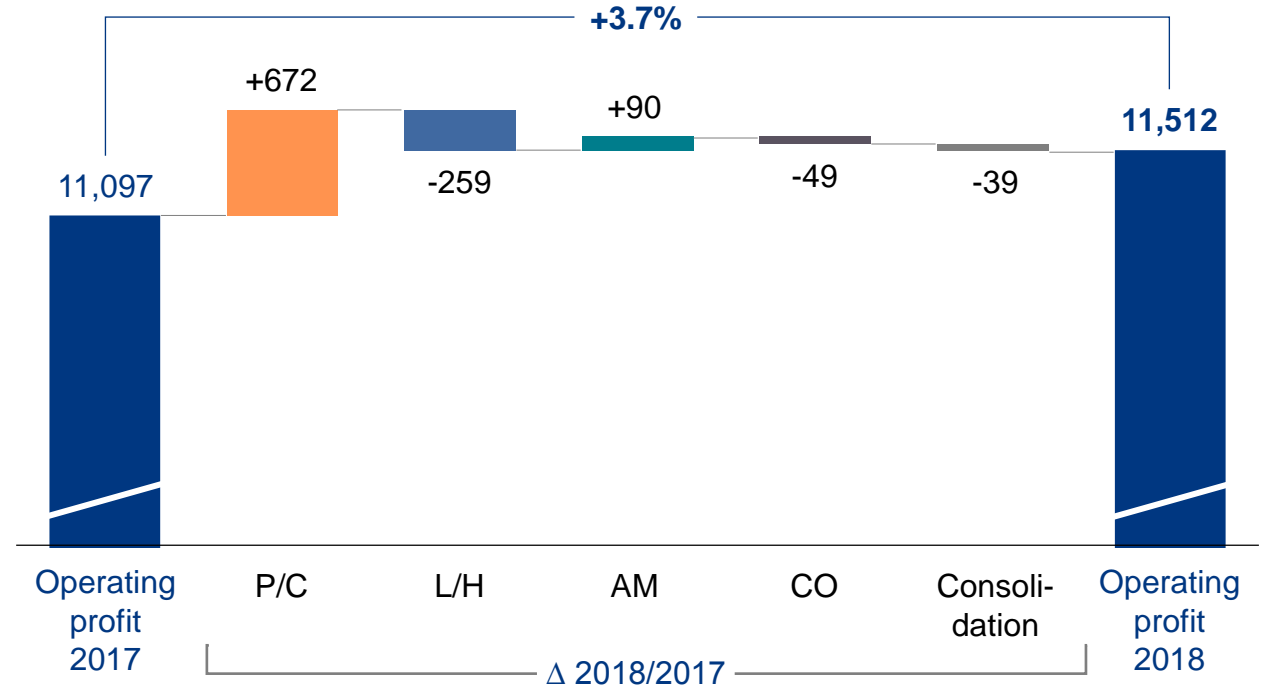
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



| | 2018 | 2017 |
|---------------|-------|-------|
| P/C | 5,725 | 5,053 |
| L/H | 4,152 | 4,412 |
| AM | 2,530 | 2,440 |
| CO | -831 | -783 |
| Consolidation | -64 | -24 |



Group: a successful year 2018



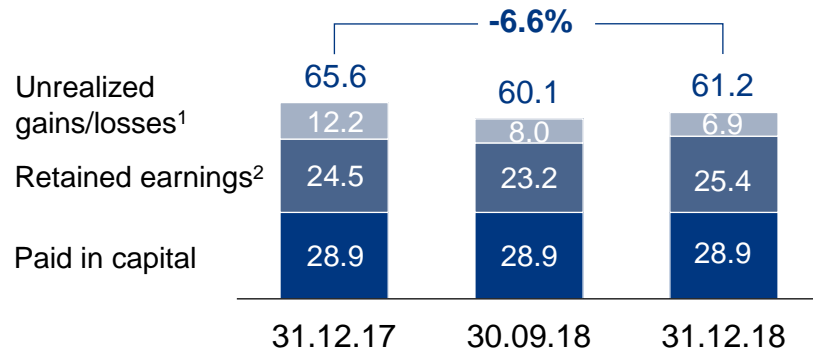
Comments

- **Excellent internal growth**
Internal growth accelerates from +5.0% to +6.1%. Adverse impact from F/X (-2.4%) and consolidation (-0.2%) leads to total growth of +3.5%.
- **Operating profit – 7th consecutive increase**
Operating profit is EUR 0.4bn above target. All segments at or better than 2018 outlook midpoint.
- **Shareholders' net income at EUR 7.5bn**
S/h net income includes negative impact of EUR -218mn from the sale of a part of the life insurance portfolio in Taiwan. Prior year net income negatively affected by disposal of OLB and US tax reform.
- **EPS grow double-digit**
Execution of two share buy-backs (EUR 2bn and EUR 1bn) supports EPS growth of +14.4%. A total of 15.8mn shares were acquired representing 3.6% of outstanding capital. Number of shares outstanding at 423.5mn.
- **RoE above 13%**
Net income growth and disciplined capital management lift RoE above target hurdle of 13%.
- **P/C – CR strongly improved and at target level**
A strongly improved ER and lower NatCat losses are the main CR drivers. OP at 106% of outlook midpoint. Internal growth excellent at +5.7%.
- **L/H – strong performance**
Operating profit at 99% of outlook midpoint. Investment margin at 87bps. NBM of 3.6% remains well above target. VNB up +11%. New business mix at target.
- **AM – OP outlook midpoint exceeded**
Operating profit at 105% of outlook midpoint. Increase versus 2017 due to higher AuM driven fees, driven by higher average AuM and higher margins.
- **CO – in line with expectations**
Operating loss of EUR -0.8bn in line with expectations.

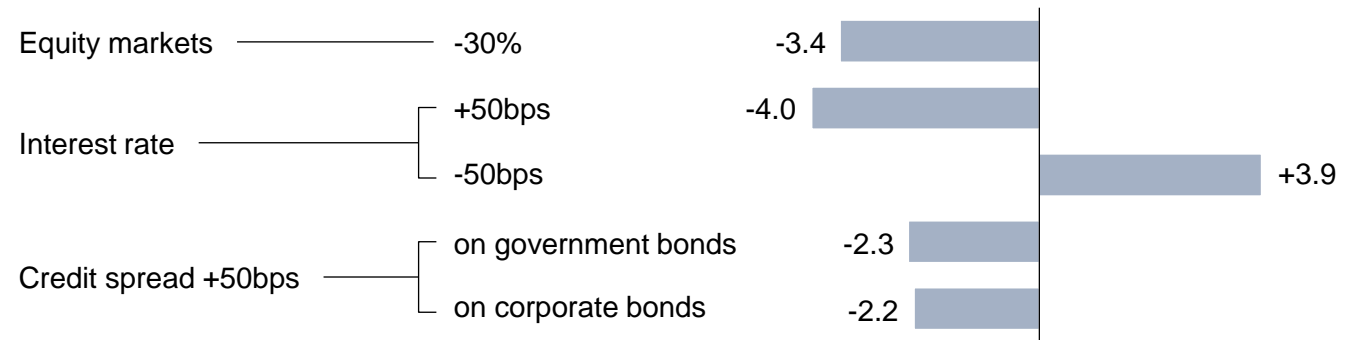


Group: outstanding capital strength and reduced sensitivities

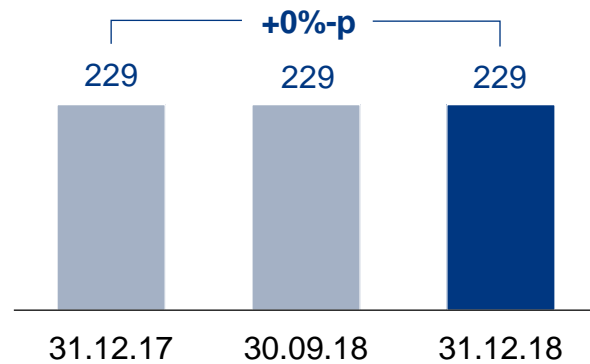
Shareholders' equity (EUR bn)



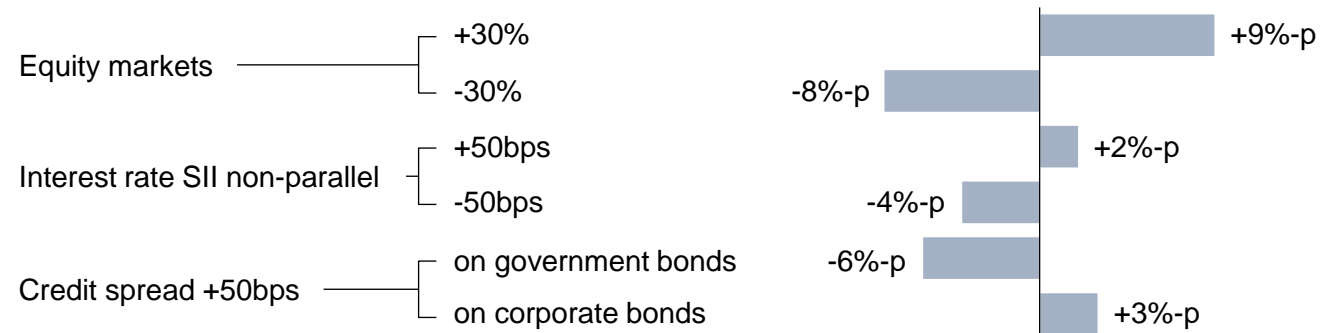
Key sensitivities (EUR bn)



SII capitalization (in %)



Key sensitivities³



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 3.7bn as of 31.12.17, EUR 3.9bn as of 30.09.18 and EUR 4.2bn as of 31.12.18
 2) Including F/X
 3) Management actions not considered in the disclosed sensitivities.



Group: outstanding capital strength and reduced sensitivities



Comments

- **Shareholders' equity – EUR 4.3bn lower after EUR 6.4bn capital distribution**

In 2018, shareholders' equity decreases by EUR -4.3bn. The positive impact from net income (EUR +7.5bn) and F/X (EUR +0.2bn) was more than offset by lower net unrealized gains (EUR -5.2bn), dividend payment (EUR -3.4bn) and EUR 3.0bn share buy-backs.

- **SII sensitivities**

Interest and credit spread sensitivities improved on a YTD view mainly due to the introduction of a model change in 4Q 2018 that improves the modeling of cross effects between risk types.

- **SII ratio – flat on excellent level**

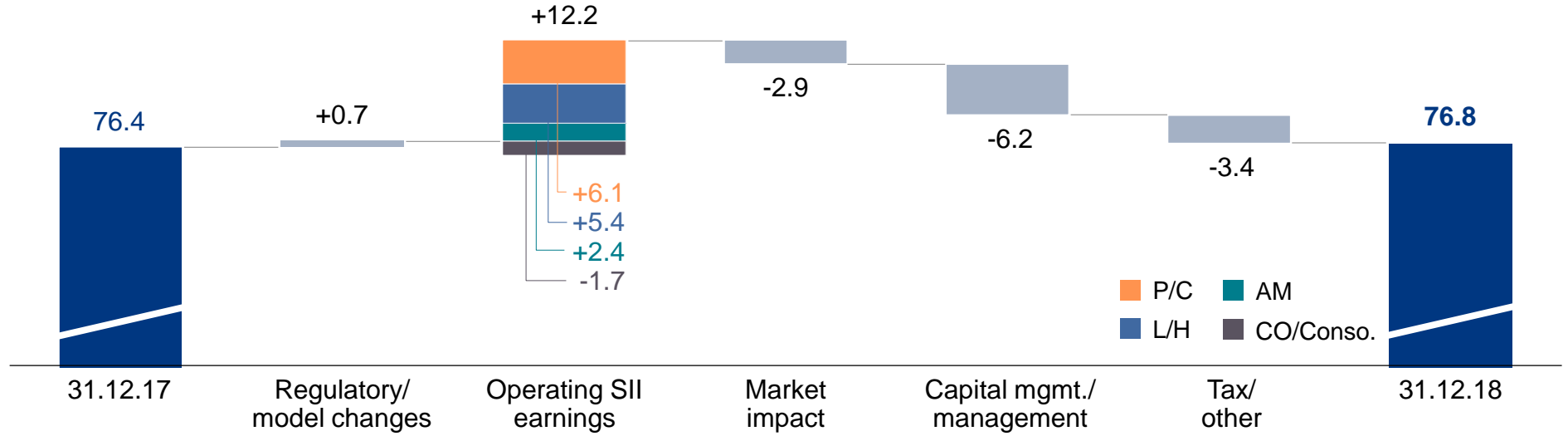
The SII ratio remains flat vs. FY 2017 as own funds and SCR rise modestly.

Pre-tax and pre-dividend operating capital generation is very strong at 35%-p, broadly neutralized by capital management & management actions with a combined effect of -13%-p, adverse markets and model changes of -9%-p and tax/other of -13%-p.



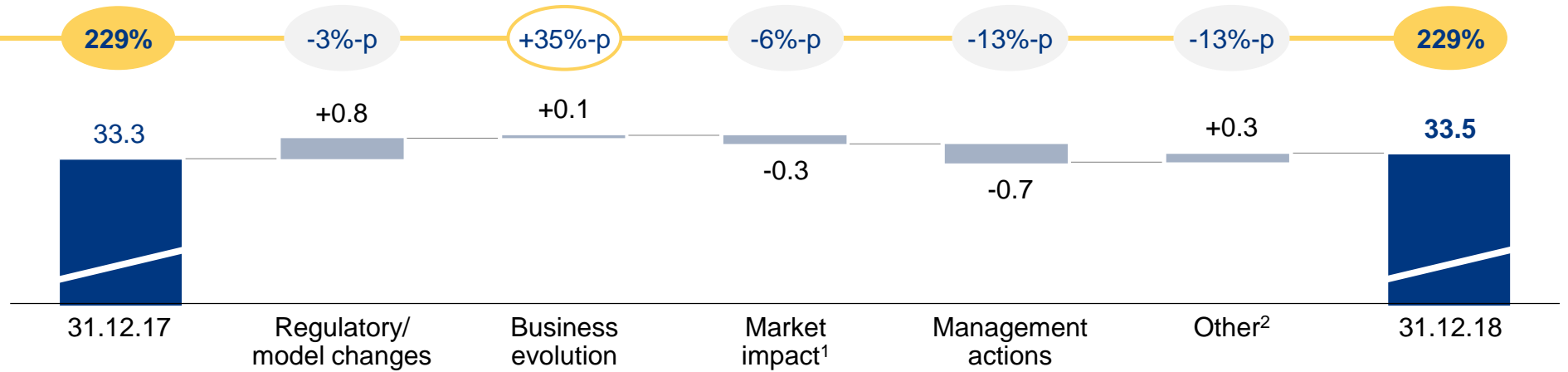
Group: excellent capital generation

Own funds
(EUR bn)



SII capitalization

○ Pre-tax operating capital generation



SCR
(EUR bn)

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



Group: excellent capital generation



Comments

- **Excellent capital generation**

SII capital generation – net of tax and dividend – amounts to ~15%-p for 2018 and ~4%-p for 4Q 2018. We expect 2019 capital generation net of tax and dividend to be >10%-p.

- **Regulatory/model changes**

Driven by a change in model scope (inclusion of Allianz Ayudhya Assurance into the standard model), UFR reduction and the impact from introducing a regulatory own funds transferability restriction at Allianz Life.

- **Operating SII earnings**

Operating SII earnings of the L/H segment are above the operating IFRS result, mainly as a result of strong VNB generation (EUR 2.1bn). Earnings for the other operating segments are close to their respective IFRS results.

- **Business evolution**

L/H in-force capital release is broadly offset by good growth in P/C and L/H.

- **Market impact**

Mainly adverse market movements in 4Q 2018 largely driven by lower equity markets and interest rates.

- **Capital management/management actions**

Capital management of EUR -4.9bn is the main driver. The normal dividend accrual of ~50% of net income (EUR -3.8bn) and EUR 1bn share buy-back are the main components.

The buy-out of Euler Hermes minorities, the OLB sale, the acquisition of Multiasistencia and the sale of our Taiwanese legacy book were the main management actions, affecting both the own funds and the SCR.

- **Tax/other**

Taxes amount to EUR -2.0bn, of which EUR -3.0bn relate to operating SII earnings. Change in transferability restrictions had a EUR -1.1bn impact.

- **Anticipated changes in 1Q 2019**

We currently anticipate that the UFR reduction and model changes could have an estimated 3-5%-p negative impact on our SII ratio in 1Q 2019.



P/C: internal growth strong at 5.7%

EUR mn

| | | Revenues | | | YTD change on renewals | |
|--------------------------|---------------------|---------------|------------------------|---------------------------|------------------------|-------------|
| | | 2018 | Total growth Δ p.y. | Internal growth Δ p.y. | 2018 | Momentum |
| Total P/C segment | | 53,636 | +2.6% | +5.7% | +1.4% | n.a. |
| Selected OEs | Germany | 10,477 | +4.0% | +4.0% | +1.9% | stable |
| | Italy | 4,559 | +1.0% | +1.0% | -0.1% | positive |
| | France | 4,517 | +2.2% | +2.2% | +1.6% | stable |
| | CEE ¹ | 3,232 | +5.6% | +6.1% | n.a. | n.a. |
| | Australia | 3,123 | -2.7% | +4.4% | -1.6% | positive |
| | Spain | 2,507 | +5.5% | +5.5% | +3.4% | positive |
| | United Kingdom | 2,305 | -7.7% | -0.5% | +3.3% | stable |
| | Latin America | 1,835 | -13.9% | +7.7% | n.a. | n.a. |
| | Turkey | 1,021 | -16.5% | +13.3% | n.a. | n.a. |
| | Global lines | AGCS | 8,186 | +10.5% | +11.9% | +1.3% |
| Allianz Partners | | 4,693 | +1.8% | +4.7% | +2.2% | positive |
| Euler Hermes | | 2,538 | +15.2% | +8.3% | -1.0% | stable |

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



P/C: internal growth strong at 5.7%



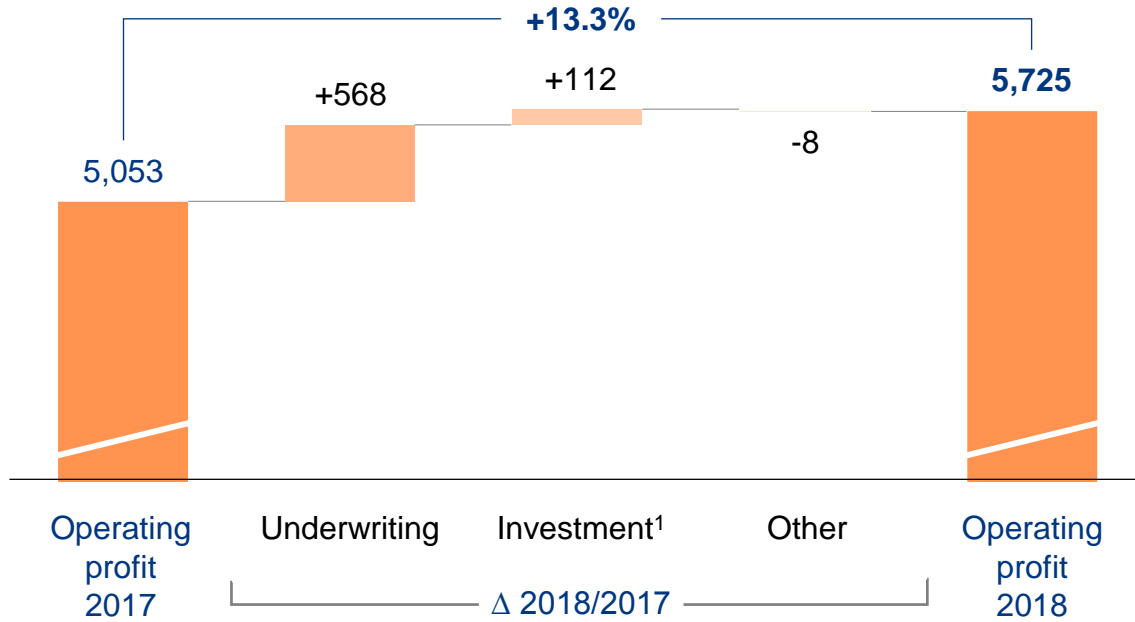
Comments

- Continued momentum**
 Strong internal growth of +5.7% (9M: +5.9%; 4Q: +5.1%) with volume (+4.0%) and price (+1.7%) positive. Growth drivers AGCS, Germany and AP. F/X -3.2% and consolidations +0.1% lead to +2.6% total growth. Internal NPE growth very good at +4.8%. 12M rate change on renewals +1.4% vs. +1.2% at 9M.
- Germany – volume and price positive**
 Very good growth, mainly driven by motor and property.
- Italy – return to growth**
 Motor and non-motor grow around +1.0%. Growth volume-driven.
- France – growth mainly price-driven**
 Retail & commercial motor is main growth contributor.
- CEE – excellent growth and good momentum**
 IG driven by Poland, Austria, Slovakia and Hungary. Good momentum: 1Q: +3.3%, 2Q: +6.0%, 3Q: +7.3%, 4Q: +8.6%.
- Australia – price- and volume-driven growth**
 Commercial motor and property main growth drivers.
- Spain – widespread growth**
 Commercial lines, personal and motor all contribute.
- UK – price effect more than offset by lower volume**
 Continued growth in commercial motor and Petplan but lower volumes in personal lines. Difference between total and internal growth partly driven by LV= portfolio transfers.
- LatAm – recovery remains on track**
 In Brazil (IG -1.8%), motor and retail property growth is more than offset by management actions in health and commercial property. IG Argentina +36.5% in a high-inflationary environment. F/X impact Argentina -59.9%.
- Turkey – price effect more than offsets lower volume**
 Health, property and MTPL growth drivers. F/X effect -29.3%.
- AGCS – volume and price positive**
 ART, midcorp and liability main growth drivers. IG ex ART +9.6%.
- Allianz Partners**
 Both, AP P/C and L/H, with good growth. Internal growth including service revenues +7.0%.
- Euler Hermes – volume-driven growth**
 Excellent growth spread across most regions.



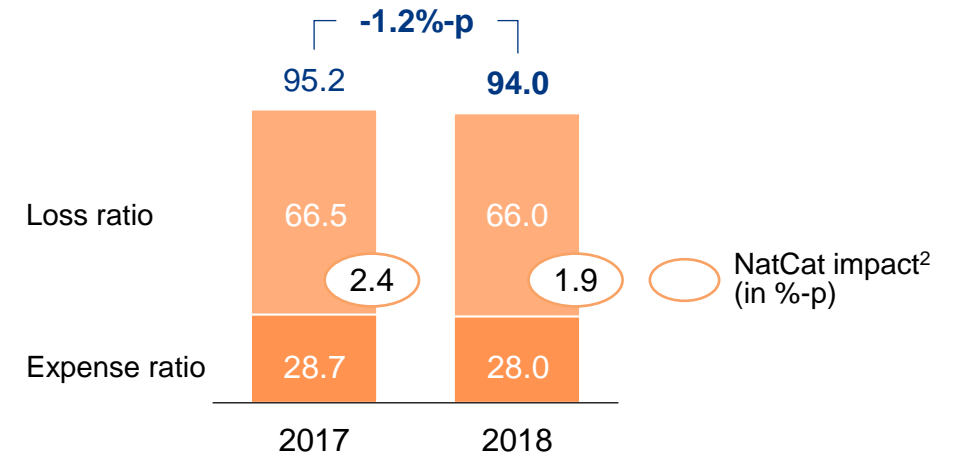
P/C: expense ratio better than target

Operating profit drivers (EUR mn)

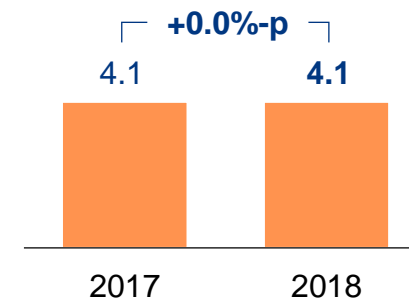


| | | | |
|-------------|--------------|--------------|------------|
| 2018 | 2,578 | 3,017 | 130 |
| 2017 | 2,011 | 2,905 | 138 |

Combined ratio (in %)



Run-off ratio (in %)



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



P/C: expense ratio better than target



Comments

- Operating profit – at 106% of FY outlook mid-point**
 OP rises mainly driven by a significantly better underwriting result. A strongly improved ER, lower NatCat and top-line growth are the main drivers. Investment result also higher. CR at target level of 94.0%.
- NatCat & weather – 0.5%-p better than last year**
 NatCat of EUR 934mn/1.9% down vs. prior year (EUR 1,111mn/2.4%) but broadly in line with 10Y average of 2.1%. Weather losses (ex NatCat) of 1.3% are near last year's level (1.4%) but slightly above multi-year average of 1.2%.
- Loss ratio – attritional LR broadly flat**
 Attritional LR (AY LR ex NatCat) is broadly flat at 68.1% (FY 2017: 68.2%). Modestly higher large losses are more than offset by underlying improvements and slightly lower weather claims.
- Run-off – on prior year's level**
 30bps above 10Y average of 3.8%.
- Expense ratio – FY target 28.4% overachieved**
 Widespread ER improvement leads to -0.6%-p yoy reduction. Acquisition (Δ -0.4%-p) and admin expense ratio (Δ -0.2%-p) better. We anticipate an ER just below 28% in 2019.
- 4Q 2018 – ER drives yoy improvement**
 CR improves -0.4%-p, driven by -0.6%-p improvement in the ER. Large losses and underlying developments lead to higher attritional LR in the quarter.

| | 4Q 2017 | 4Q 2018 | Δ |
|---------------------|--------------|--------------|----------------|
| Attritional LR | 67.6% | 68.8% | +1.2%-p |
| NatCat | 2.8% | 1.8% | -1.0%-p |
| Run-off | -4.9% | -5.0% | -0.1%-p |
| ER | 29.0% | 28.5% | -0.6%-p |
| CR | 94.5% | 94.1% | -0.4%-p |
| Underwriting result | 575 | 623 | 8.3% |
| Investment result | 699 | 836 | 19.7% |
| Other result | 35 | 33 | -4.3% |
| OP | 1,309 | 1,493 | 14.0% |



P/C: widespread CR improvements

EUR mn

| | | Operating profit | | Combined ratio | | NatCat impact on CR | |
|--------------------------|------------------|------------------|---------------|----------------|----------------|---------------------|----------------|
| | | 2018 | Δ p.y. | 2018 | Δ p.y. | 2018 | Δ p.y. |
| Total P/C segment | | 5,725 | +13.3% | 94.0% | -1.2%-p | 1.9%-p | -0.4%-p |
| Selected OEs | Germany | 1,090 | +18.6% | 94.0% | -1.3%-p | 3.0%-p | -0.1%-p |
| | Italy | 988 | -11.0% | 82.8% | +2.0%-p | 0.4%-p | +0.4%-p |
| | France | 420 | -5.8% | 97.4% | +1.6%-p | 3.3%-p | +1.4%-p |
| | CEE ¹ | 355 | +24.5% | 90.3% | -2.1%-p | 0.2%-p | -0.8%-p |
| | Australia | 433 | +26.5% | 89.8% | -4.1%-p | 2.9%-p | -1.2%-p |
| | Spain | 226 | +9.3% | 90.9% | -0.5%-p | 0.0%-p | -0.2%-p |
| | United Kingdom | 153 | +113.5% | 96.3% | -4.2%-p | 0.8%-p | +0.7%-p |
| | Latin America | 102 | +24.7% | 103.0% | -1.5%-p | 0.0%-p | -0.0%-p |
| Global lines | Turkey | 111 | -17.1% | 105.5% | +5.4%-p | 0.0%-p | +0.0%-p |
| | AGCS | 282 | +81.3% | 101.5% | -3.8%-p | 4.0%-p | -3.5%-p |
| | Allianz Partners | 197 | +12.8% | 97.5% | -0.5%-p | 0.1%-p | -0.1%-p |
| | Euler Hermes | 431 | +16.7% | 81.1% | -2.2%-p | — | — |
| | | | | | | | |

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



P/C: widespread CR improvements



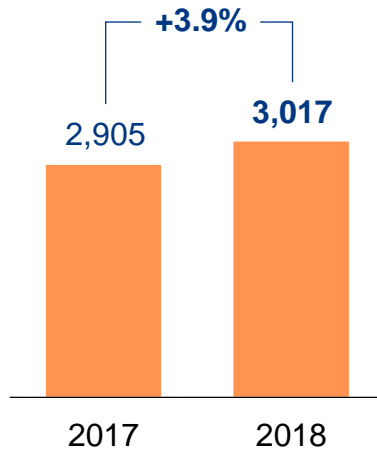
Comments

- Germany – on a good level**
 CR improvement mainly driven by higher run-off ($\Delta -0.8\%-p$) and better ER ($\Delta -0.4\%-p$).
- Italy – CR remains on excellent level**
 Better ER ($\Delta -0.8\%-p$) only partially compensating lower run-off ratio ($\Delta +2.4\%-p$).
- France – expense ratio strongly improved**
 Expense ratio improvement ($\Delta -1.2\%-p$) and higher run-off ($\Delta -0.8\%-p$) more than offset by higher NatCat and large losses.
- CEE – regional transformation fully on track**
 Excellent top-line growth and CR reduction drive very strong OP development. AY LR improves $-2.4\%-p$ and ER $-1.6\%-p$.
- Australia – a strong CR**
 CR improvement broadly equally split between AY LR, run-off and ER.
- Spain – ER even further improved**
 Deterioration in attritional LR (property) more than offset by better ER ($\Delta -0.4\%-p$), lower NatCat and higher run-off.
- UK – benefits from Ogden reserve release**
 CR improves mainly due to EUR 18mn / $1.4\%-p$ Ogden reserve release. Attritional LR also improves $-1.2\%-p$.
- LatAm – continuous CR improvement in Brazil**
 OP Brazil EUR +24mn (Δ EUR +20mn). AY LR drives $-3.9\%-p$ CR reduction to 102.5%. Argentina OP broadly flat at EUR +49mn. A higher investment result more than offsets a weaker underwriting result. Currency devaluation and inflation impact claims costs.
- Turkey – good performance in difficult environment**
 CR up due to adverse AY LR development, of which almost half is driven by higher large losses. Higher investment income partly offsets lower underwriting result. F/X and general inflation impact the CR negatively.
- AGCS – supported by lower NatCat**
 CR improves on lower NatCat and better ER, partly offset by less run-off, higher weather claims and large losses.
- Allianz Partners – good yoy development**
 CR improves on better ER.

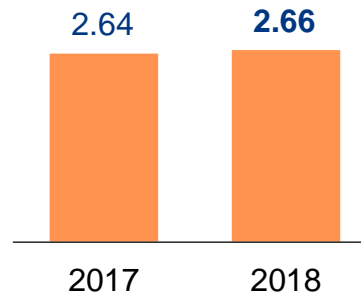


P/C: underlying operating investment result flat

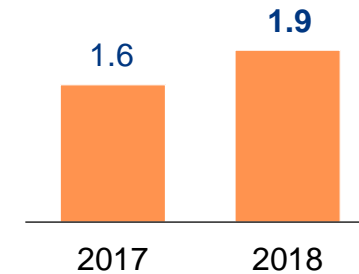
Operating investment result¹
(EUR mn)



Current yield
(debt securities; in %)

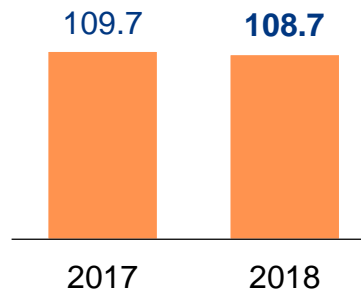


Economic reinvestment yield
(debt securities; in %)

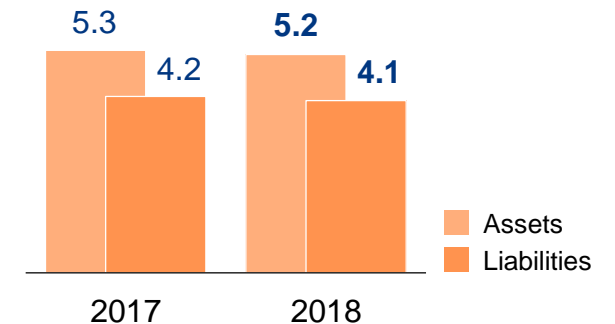


| | | | |
|--|-------|--------------|-----|
| Interest & similar income ² | 3,371 | 3,329 | -42 |
| Net harvesting and other ³ | -67 | 85 | 152 |
| Investment expenses | -399 | -397 | 2 |

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: underlying operating investment result flat



Comments

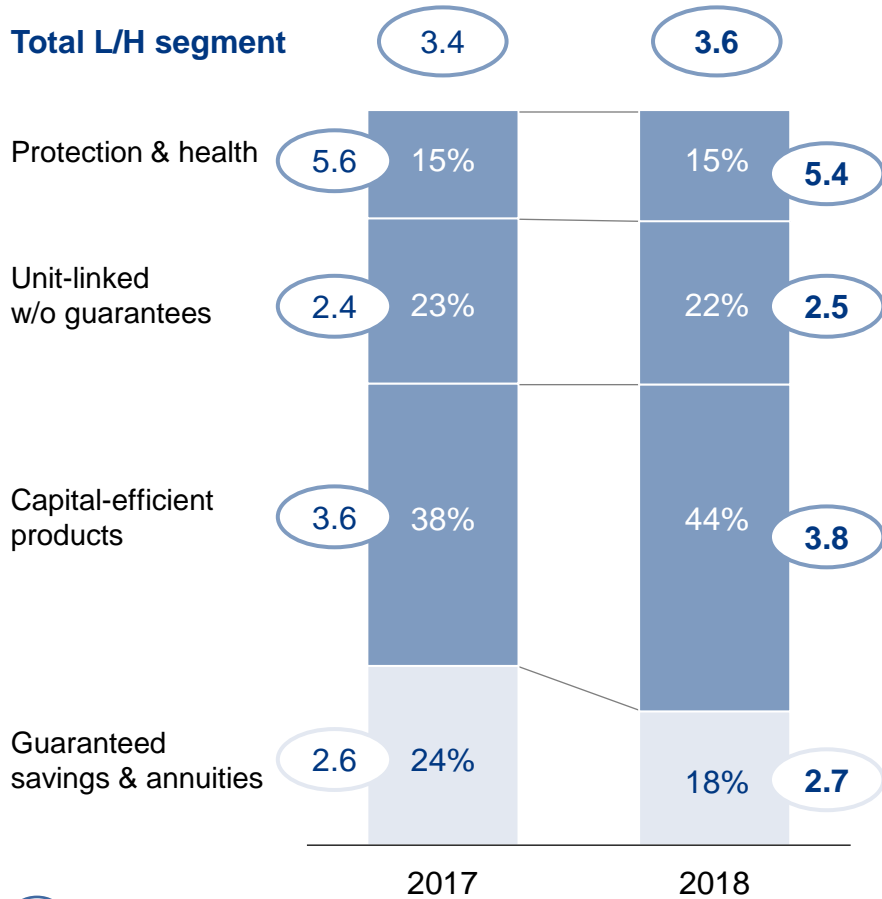
- **Interest & similar income**
Lower income on debt & other. Income from equities slightly up.
- **Net harvesting & other**
Benefits from a positive one-off effect related to APR business in Germany of ~EUR 0.1bn, partially offset in underwriting result.
- **Adjusted investment result**
Adjusted for above-mentioned one-off, the operating investment result amounts to ~EUR 2.9bn.
- **Current investment yield**
Positively impacted by F/X and yield movements in high-yielding countries like, e.g., Argentina or Turkey.
- **Economic reinvestment yield**
The FY 2018 reinvestment yield of 1.9% is only slightly below the 9M level of 2.0%.

Compared to FY 2017, the reinvestment yield increases 0.3%-p, driven by market movements and emerging market bonds.



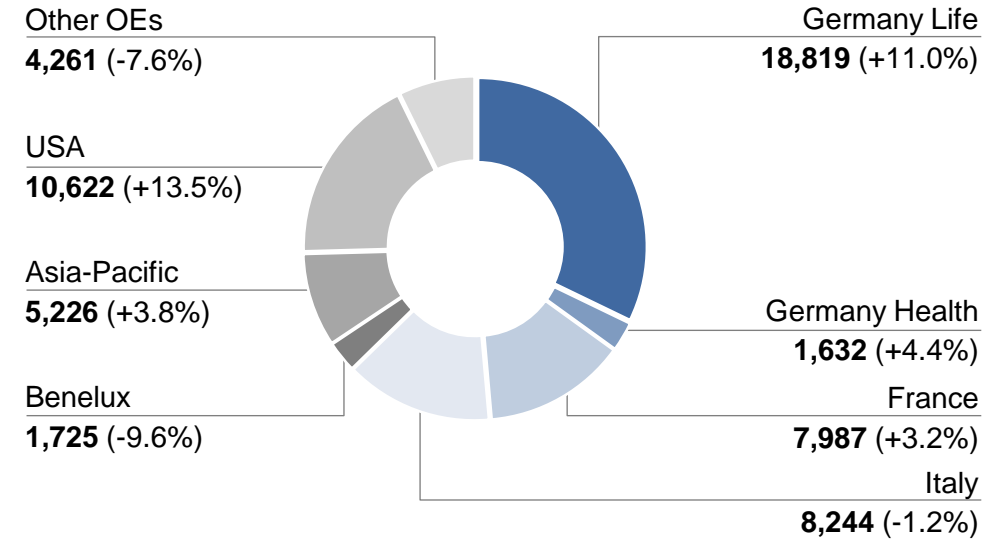
L/H: 5% new business growth with NBM 3.6%

PVNB share by line



○ NBM (in %)
■ Preferred LoBs

PVNB by OE (EUR mn)



| EUR mn | 2017 | 2018 | Δ p.y. |
|-------------------|--------|--------|--------|
| PVNB | 55,515 | 58,516 | +5.4% |
| Single premium | 34,263 | 36,691 | +7.1% |
| Recurring premium | 4,671 | 4,723 | +1.1% |
| APE | 8,097 | 8,392 | +3.6% |



L/H: 5% new business growth with NBM 3.6%



Comments

PVNBP by line

- **New business growth of 6.5% excluding F/X**
Adverse F/X impact leads to total growth of 5.4%.
- **Preferred lines grow 14% with NBM 3.8%**
New business with capital-efficient products is up 22%. Large volume increases in Germany (Δ EUR 2.8bn), USA (Δ EUR 1.3bn) and Italy (Δ EUR 0.5bn). Good growth also in protection & health (+8%) and UL (+4%).
- **NBM well above target level of 3.0%**
- **Business mix at target**
Share of preferred lines of business increases from 64% in 2015 to 82% in 2018.
- **Net flows increase by 17%**
Net flows of EUR 11.8bn equal 1.8% contribution to operating asset base. Net flows predominantly into preferred lines of business.

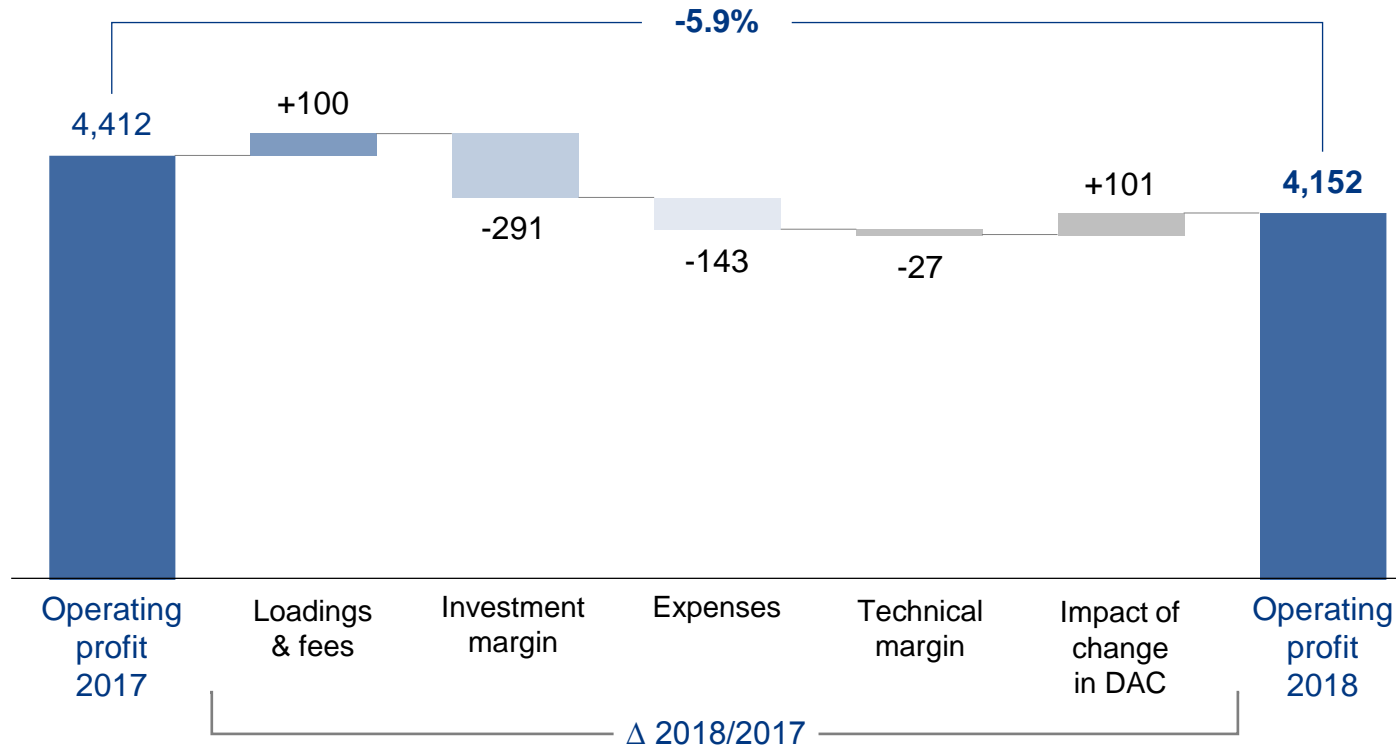
PVNBP by OE

- **Germany Life – preferred lines grow 25%**
Strong demand for capital-efficient products (+27%). Successful launch of several digitalization projects, e.g. FirmenOnline. Total market share in GPW up 1.3%-p to 24.2%.
- **USA – FIA up 21%**
FIA new business benefits from sales campaign and product changes. NBM FIA 3.7%.
- **Italy – share of preferred lines at 87%**
Lower UL sales (-11%) almost compensated by more business in capital-efficient products (+69%). Sales in protection & health up 40%.
- **Asia-Pacific – business mix at target**
Excluding F/X impact growth is 7.1%. New business in Taiwan increases by 7% driven by UL. Improved business mix reflected in 81% share of preferred lines in new business and 4.8% NBM.

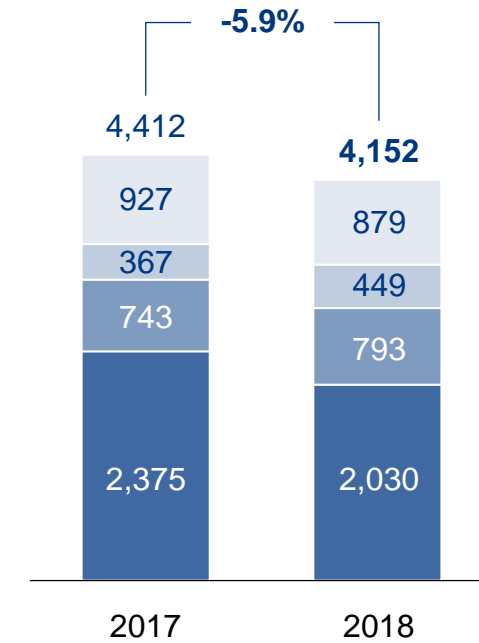


L/H: operating profit of EUR 4.2bn at target (EUR mn)

Operating profit by source



Operating profit by line



| | | | | | |
|-------------|--------------|--------------|---------------|--------------|-----------|
| 2018 | 6,090 | 3,821 | -7,003 | 1,211 | 33 |
| 2017 | 5,989 | 4,112 | -6,860 | 1,238 | -68 |

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



L/H: operating profit of EUR 4.2bn at target



Comments

- Operating profit at target**
 Lower result from net harvesting and other explains decline of investment margin and operating profit.
- L/H RoE at 11.4%**
 Share of OEs with RoE \geq 10% at 97%. RoEs of Italy and Switzerland move to or above 10% target hurdle.
- Loadings and fees in line with business growth**
 Increase driven by new business and higher UL management fees in Taiwan (+29%) and Italy (+10%).
- Investment margin at 87bps**
 Slightly below expected range. Decline of 10bps mainly due to lower result from net harvesting and other.
- Expenses – driver is new business growth**
 Acquisition related expenses increase in line with new business. Admin expenses EUR 81mn below prior-year level.

Operating profit by line

- Protection & health**
 Lower contribution from France (Δ EUR -84mn) mainly due to higher claims experience and one-off effects.
- UL w/o guarantees**
 Increase driven by Italy (Δ EUR +29mn) and France due to reclassification of a UL product component from GS&A to UL w/o guarantees.
- Capital-efficient products**
 Main contributor to increase is improved result from Germany Life (Δ EUR +42mn).
- Guaranteed savings & annuities**
 Decline mainly due to lower contribution from USA VA business and France (reclassification to UL).

| | 4Q 2017 | 4Q 2018 | Δ |
|---------------------------|---------|---------|----------|
| PVNB (EUR mn) | 15,168 | 16,074 | +6.0% |
| NBM | 3.6% | 3.9% | +0.3%-p |
| VNB (EUR mn) | 550 | 631 | +14.7% |
| Investment margin | 25bps | 21bps | -4bps |
| Operating profit (EUR mn) | 1,060 | 955 | -9.9% |



L/H: VNB up 11% to EUR 2.1bn

EUR mn

| | Value of new business | | New business margin | | Operating profit | |
|--------------------------|-----------------------|---------------|---------------------|----------------|------------------|--------------|
| | 2018 | Δ p.y. | 2018 | Δ p.y. | 2018 | Δ p.y. |
| Total L/H segment | 2,087 | +10.9% | 3.6% | +0.2%-p | 4,152 | -5.9% |
| Germany Life | 764 | +19.6% | 4.1% | +0.3%-p | 1,125 | -2.7% |
| USA | 374 | +15.9% | 3.5% | +0.1%-p | 852 | -18.8% |
| Asia-Pacific | 249 | +9.8% | 4.8% | +0.3%-p | 289 | +31.1% |
| Italy | 199 | +7.9% | 2.4% | +0.2%-p | 273 | +12.1% |
| France | 183 | +25.6% | 2.3% | +0.4%-p | 599 | -9.8% |
| Germany Health | 59 | +8.7% | 3.6% | +0.1%-p | 200 | -4.8% |
| CEE ¹ | 44 | +4.2% | 5.8% | +0.4%-p | 195 | +2.6% |
| Spain | 50 | -20.7% | 4.5% | -0.9%-p | 218 | -21.4% |
| Benelux | 40 | -7.0% | 2.3% | +0.1%-p | 156 | +17.2% |
| Turkey | 34 | -34.9% | 5.4% | -0.9%-p | 73 | +0.7% |
| Switzerland | 18 | -41.0% | 2.3% | -1.2%-p | 100 | +13.5% |

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



L/H: VNB up 11% to EUR 2.1bn



Comments

New business

- **NBM above target level of 3.0%**
- **VNB at highest level**
For the first time VNB is above EUR 2bn. New business growth (+5.4%) and margin expansion (+0.2%-p) lead to 11% higher VNB. All top 5 OEs with significant growth of VNB.
- **VNB multiplier in the range of 3.0 – 3.5**
(conversion to undiscounted operating profit)
- **Germany Life with 20% VNB growth**
Almost entirely driven by capital-efficient products (VNB +36%) with NBM of 4.2%.
- **USA – strong VNB growth**
Mainly a result of higher FIA volume (+21%).
- **Asia-Pacific #3 contributor to VNB**
Margin improvement ($\Delta +0.3\%$ -p) and business volume (+3.8%) driven by Taiwan.
- **France – significant increase**
Higher NBM ($\Delta +0.4\%$ -p) mainly due to one-offs.

Operating profit

- **Germany Life – solid contribution**
Lower investment margin (Δ EUR -51mn).
- **USA – high prior year level**
Operating profit below prior year but still above USD 1bn. Contribution from VA business down by EUR 221mn to EUR 37mn driven by unfavorable market movements. RoE good at 11.9%.
- **Asia-Pacific #4 contributor to OP**
Driven by Taiwan (EUR +40mn) with higher UL fees and disposal of back book.
- **France – lower technical margin**
In protection & health higher claims experience and one-off effects.
- **Spain – lower investment margin**
Exceptionally high investment margin in the prior year. Operating profit contribution of EUR ~0.15bn from JV with Banco Popular. 40% minority share of Banco Popular reflected in non-controlling interests.



L/H: investment margin at 87bps

| | Investment margin | |
|---|-------------------|--------------|
| | 2017 | 2018 |
| Based on Ø book value of assets¹ (EUR bn) | 521 | 533 |
| Current yield | 3.41% | 3.34% |
| Based on Ø aggregate policy reserves (EUR bn) | 425 | 441 |
| Current yield | 4.18% | 4.03% |
| Net harvesting and other ^{2,3} | 0.52% | -0.36% |
| Total yield | 4.70% | 3.67% |
| - Ø min. guarantee ⁴ | 2.06% | 1.99% |
| Gross investment margin (in %) | 2.64% | 1.68% |
| - Profit sharing under IFRS ⁵ | 1.67% | 0.82% |
| Investment margin (in %)³ | 0.97% | 0.87% |
| Investment margin (EUR mn) ³ | 4,112 | 3,821 |

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

2) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses

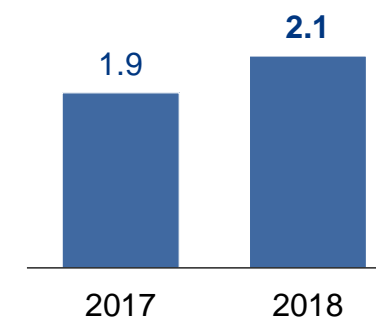
3) For 2018 it includes an FIA-related change

4) Based on technical interest

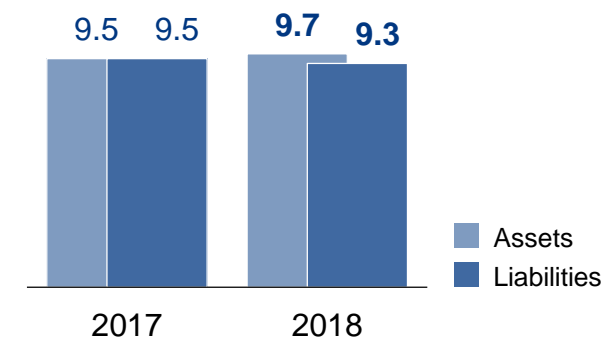
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

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

Economic reinvestment yield (debt securities; in %)



Duration⁶





L/H: investment margin at 87bps



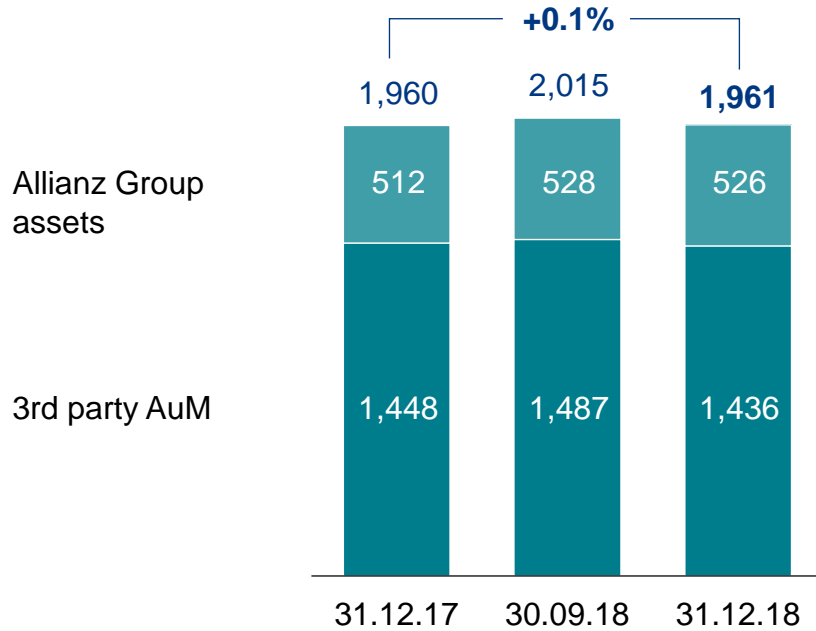
Comments

- **Investment margin down -7% (Δ EUR -291mn)**
Lower investment margin (-11% to 87bps) partially compensated by higher reserve base (+4%).
Decrease mainly due lower result from harvesting and other. PHP down by 3.0%-p to 76.4%.
Normal full-year level for 2019 expected at approx. 80-85bps.
- **Yield decline within expected range**
Current yield based on aggregate policy reserves down by -15bps. Impact from yield decline partially offset by lower average minimum guarantee (-7bps).
- **Net harvesting and other (in %) – down by 88bps**
Main drivers are higher impairments (-41bps) and lower result from trading (-33bps). The latter is driven by Germany Life (increase in F/X hedging costs due to higher interest rate differential (USD vs. EUR)) and USA (capital-efficient products, largely compensated by PHP).
- **Economic reinvestment yield up**
Increase driven by market movements.
- **Duration**
Increase in asset duration due to management actions. Decrease in liability duration due to market movements as well as model changes.

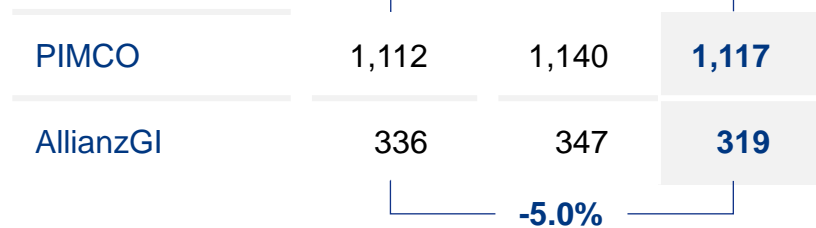


AM: AuM stable (EUR bn)

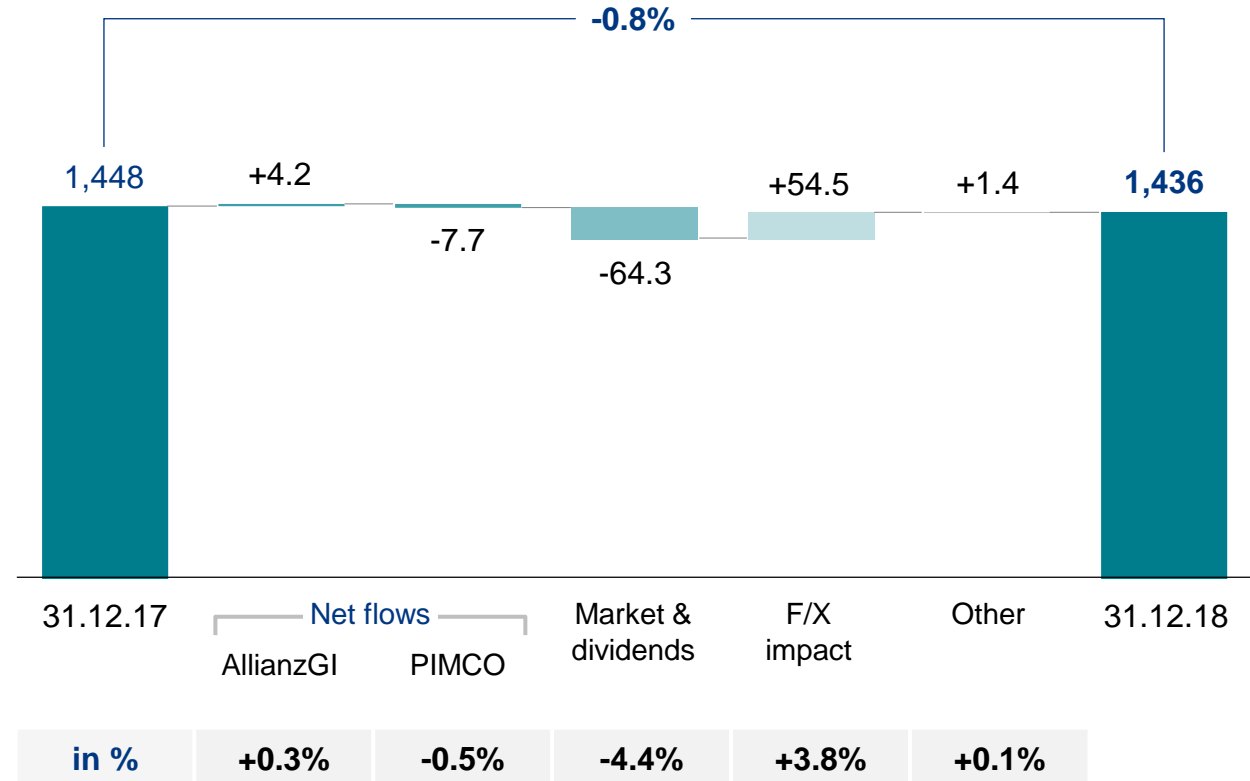
Total assets under management



3rd party AuM split



3rd party assets under management development





AM: AuM stable



Comments

- **3rd party AuM segment: -1%**

Favorable F/X impact and 3rd party net inflows at AllianzGI do not entirely compensate for significantly adverse market impact and PIMCO 3rd party net outflows.

3rd party AuM 4Q 2018: -3%, driven by adverse markets and net outflows.

- **3rd party net flows segment: EUR -3bn**

3rd party net inflows in 9M 2018 (EUR +27bn), but net outflows in 4Q 2018 (EUR -31bn), driven by negative market trend, resulting in EUR 3bn net outflows in FY 2018.

- **3rd party net flows PIMCO: EUR -8bn**

3rd party net inflows in investment strategies like enhanced cash, long duration credit and global, but outflows particularly from investment grade credit, traditional fixed income and emerging markets strategies. EUR +21bn in 9M 2018, EUR -29bn in 4Q 2018.

Excellent investment performance: 93% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.

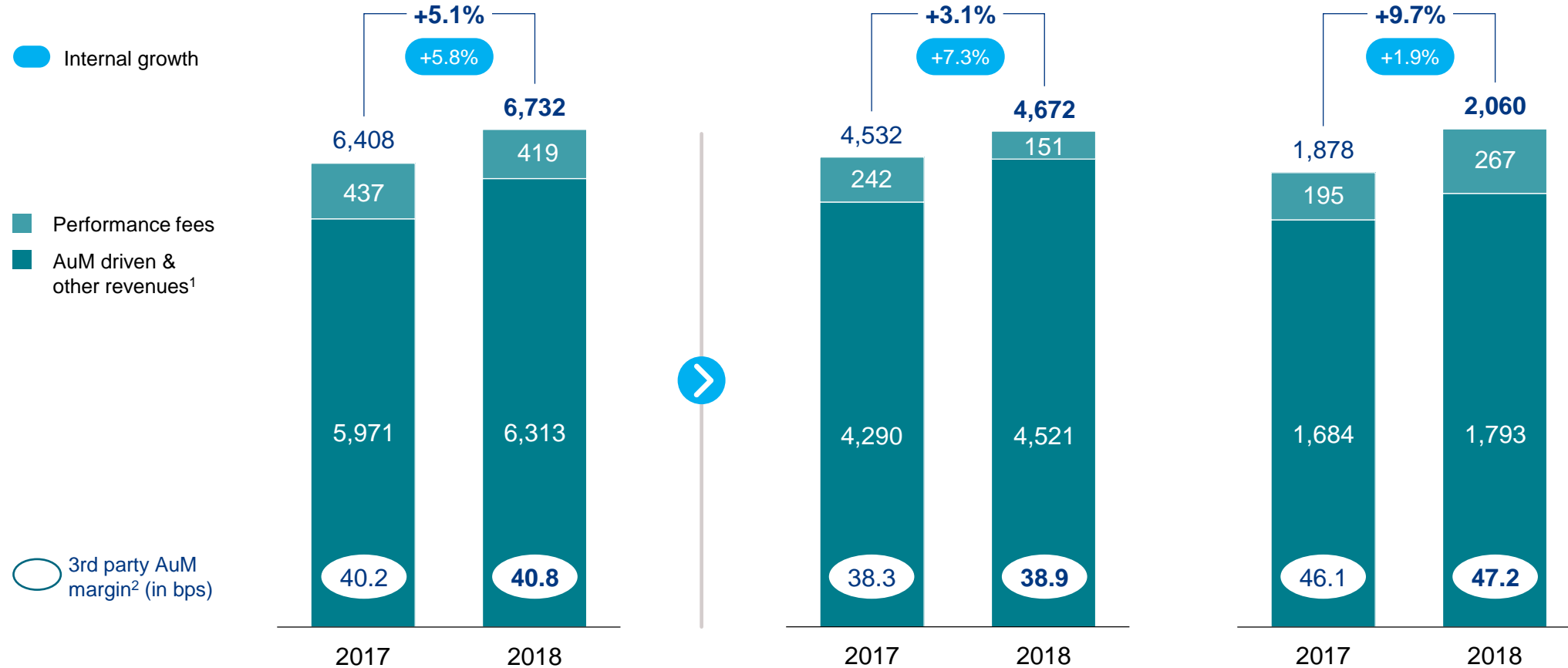
- **3rd party net flows AllianzGI: EUR +4bn**

3rd party net inflows driven by multi asset products. Outflows from fixed income and equity strategies. EUR 2bn net outflows in 4Q 2018.



AM: 5% revenue growth and increased margin (EUR mn)

Revenues development



1) Thereof other revenues: AM: 2017: EUR +33mn, 2018: EUR +19mn; PIMCO: 2017: EUR +20mn; 2018: EUR +7mn; AllianzGI: 2017: EUR +12mn; 2018: EUR +11mn
 2) Excluding performance fees and other income



AM: 5% revenue growth and increased margin



Comments

- **Segment revenues up in a volatile environment**
AuM driven revenues rise by 6% due to higher average 3rd party AuM (+3%) and margin increase (+0.6bps).

Performance fees lower by 4% due to PIMCO (hedge fund business) and AllianzGI excl. ACP (structured alpha products). Overall performance fees of AllianzGI increase because ACP contributes EUR 101mn.

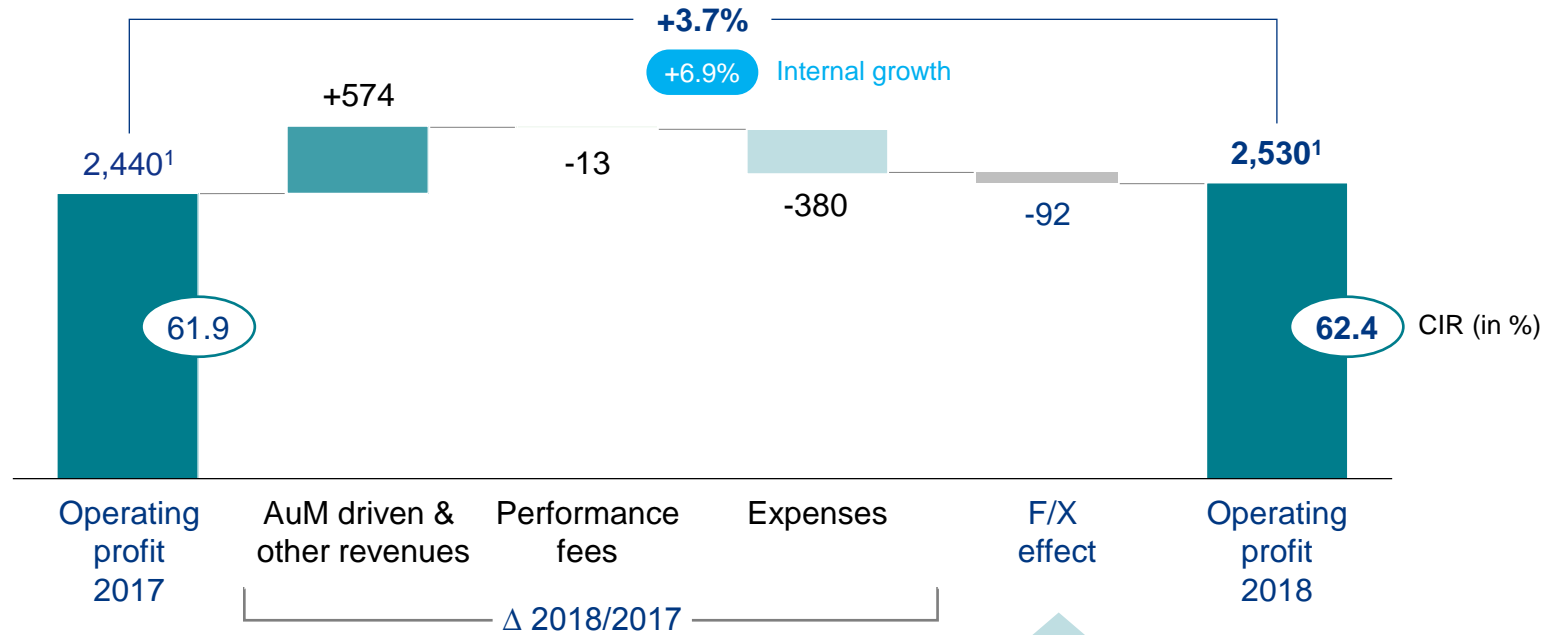
- **Revenue margins increase**
3rd party AuM margins of the segment, PIMCO and AllianzGI increase, primarily due to a higher average share of mutual fund business and, in case of AllianzGI, also due to sale of the subsidiary in Korea end of 3Q 2017.

- **Segment 4Q 2018 – revenues down, margin up**
Revenues decrease slightly by 1% due to lower performance fees at PIMCO (-50%) and AllianzGI (-18%). AuM driven revenues increase by 5% because of higher 3rd party AuM margin (up by 1.0bp from 40.3bps to 41.3bps) and higher average 3rd party AuM.



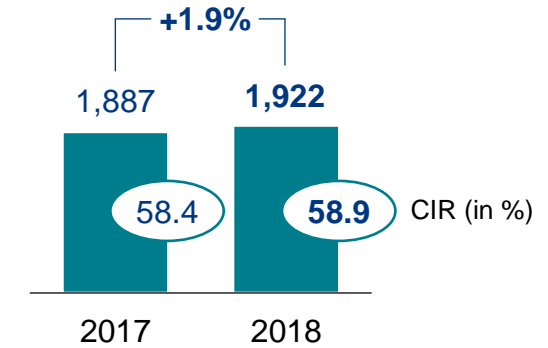
AM: OP at 105% of outlook midpoint (EUR mn)

Operating profit drivers

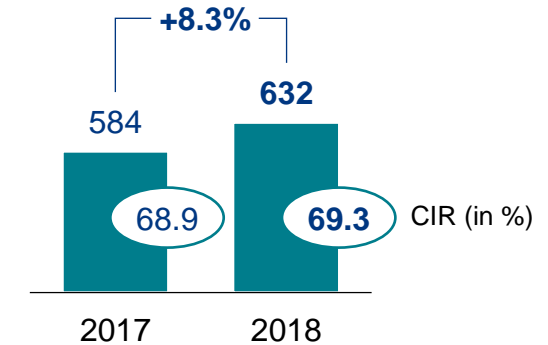


| F/X impact | -232 | -5 | +145 |
|-------------|--------------|------------|---------------|
| 2018 | 6,313 | 419 | -4,202 |
| 2017 | 5,971 | 437 | -3,968 |

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -31mn in 2017 and EUR -24mn in 2018



AM: OP at 105% of outlook midpoint



Comments

- **Segment – OP above outlook midpoint**

Operating profit increases by 4% despite difficult markets and EUR 92mn adverse F/X impact. Improvement is driven by growth of average AuM and margins.

CIR rises by 0.5%-p driven by ACP consolidation, lower performance fees and higher expenses. CIR adjusted for ACP improves by 0.2%-p to 61.7%.

- **PIMCO – OP up by 2%**

Operating profit increases by 2% (+7% excluding F/X) driven by higher average 3rd party AuM and higher margins, partly offset by lower performance fees and higher expenses.

CIR better than targeted 60%, although up by 0.5%-p primarily due to lower performance fees, investments in business growth (e.g. new office in Austin, Texas) and higher number of FTEs.

- **AllianzGI – record OP**

Operating profit rises by 8% due to higher AuM driven revenues which are driven by higher margins. Average 3rd party AuM stable.

CIR rises by 0.4%-p. CIR excluding ACP at 67.4%, 1.5%-p better than in FY 2017.

- **4Q 2018 performance – lower operating profit**

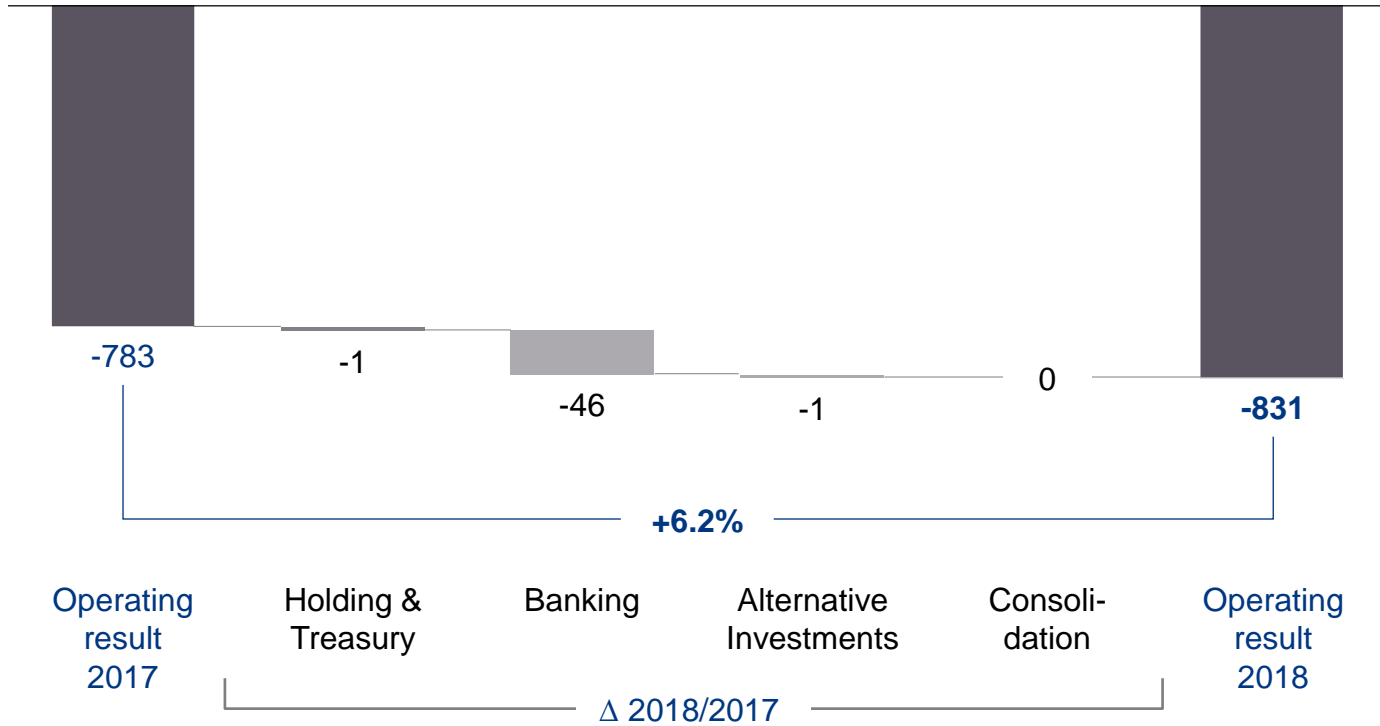
OP down by 9% from EUR 697mn to EUR 633mn, driven by lower performance fees and higher expenses at PIMCO. PIMCO OP down by 13% to EUR 475mn; AllianzGI OP up by 7% to EUR 168mn.

| | 4Q 2017 | 4Q 2018 | Δ |
|------------------------------|---------|---------|---------|
| Operating revenues (EUR mn) | 1,750 | 1,741 | -0.5% |
| Operating profit (EUR mn) | 697 | 633 | -9.1% |
| 3rd party net flows (EUR bn) | +45 | -31 | n.m. |
| 3rd party AuM margin (bps) | 40.3 | 41.3 | +1.0bp |
| CIR (%) | 60.2% | 63.6% | +3.4%-p |



CO: in line with expectations (EUR mn)

Operating loss development and components



| | | | | |
|-------------|-------------|-----------|-----------|----------|
| 2018 | -938 | 51 | 56 | 0 |
| 2017 | -936 | 96 | 57 | 0 |



CO: in line with expectations

Comments

- **Operating loss in line with expectations**
Lower contribution from Banking is driven by sale of OLB. Operating profit contribution related to OLB in 2017 was EUR +51mn.



Group: s/h net income up 10%

| EUR mn | 2017 | 2018 | Change |
|--|---------------|---------------|-------------|
| Operating profit | 11,097 | 11,512 | +415 |
| Non-operating items | -949 | -1,113 | -163 |
| Realized gains/losses (net) | 1,033 | 951 | -82 |
| Impairments (net) | -504 | -575 | -71 |
| Income from financial assets and liabilities carried at fair value (net) | -1 | 67 | +68 |
| Interest expenses from external debt | -838 | -840 | -2 |
| Acquisition-related expenses | 7 | 0 | -7 |
| Restructuring charges | -450 | -339 | +111 |
| Amortization of intangible assets | -135 | -355 | -220 |
| Change in reserves for insurance and investment contracts (net) | -61 | -22 | +39 |
| Income before taxes | 10,148 | 10,399 | +251 |
| Income taxes | -2,941 | -2,696 | +245 |
| Net income | 7,207 | 7,703 | +496 |
| Non-controlling interests | -404 | -241 | +163 |
| Shareholders' net income | 6,803 | 7,462 | +659 |
| Effective tax rate | 29% | 26% | -3%-p |
| EPS (EUR) | 15.24 | 17.43 | +2.19 |



Group: s/h net income up 10%



Comments

- Operating profit drives s/h net income**
 Higher operating profit (Δ EUR +415mn) and a better result from non-controlling interests (Δ EUR +163mn) more than offset decline in non-operating result (Δ EUR -163mn). Additional support from taxes, i.e. tax rate Δ -3%-p / tax expenses Δ EUR -245mn.
- Non-operating result impacted by disposals**
 Impact of EUR -225mn from the sale of a part of the life insurance portfolio in Taiwan (reflected in amortization of intangible assets). Prior-year result affected by sale of OLB (EUR -233mn included in impairments).
- Impairments driven by equities**
 Impairments on equities amount to EUR -485mn. Largest impairment was our equity stake in Autostrade per l'Italia (ASPI). Total ASPI net income impact after non-controlling interest and taxes at EUR -17mn.
- Restructuring charges**
 Investments in productivity and efficiency remain on high level, mainly Germany P/C, Allianz Technology and Italy.
- Tax rate at good level**
 Tax expenses benefit from US tax reform. Allianz Group tax rate for FY 2019 expected between 25%-27%.
- Non-controlling interests**
 Minority share in impairments on Autostrade per l'Italia reflected in non-controlling interests (EUR +97mn). Higher profit share in Euler Hermes (Δ EUR +98mn).
- EPS grow 14.4%**
 Execution of two share buy-backs (EUR 2bn and EUR 1bn) supports EPS growth of 14.4%. A total of 15.8mn shares were acquired representing 3.6% of outstanding capital.



Renewal agenda 1.0 results

| 2018 | | | 2018 | |
|-------------------|-----------------|--|--------|----------|
| Actual | Ambition | | Actual | Ambition |
| 6.2% ¹ | 5% ¹ | EPS Growth | 74% | 75% |
| | | Businesses with NPS above market | | |
| 13.2% | 13% | RoE Allianz Group | 4%-p | <11%-p |
| | | SII interest rate sensitivity | | |
| 94.0% | 94% | P/C CR | 58.9% | 60% |
| | | PIMCO CIR | | |
| 97% | 100% | L/H OEs with RoE ≥10% | 71% | 72% |
| | | IMIX | | |
| 3.6% | 3.0% | L/H NBM | 98% | ~100% |
| | | Share of newly launched digital products | | |

1) CAGR of EPS versus EPS for FY 2015.

Note: For more details on the RoE calculation please refer to the glossary



Outlook 2019 – operating profit (EUR bn)

| | P/C | L/H | AM | Corp/Cons | Group |
|---------------|------------|------------|------------|-------------|-------------|
| High | 6.0 | 4.5 | 2.8 | -0.8 | 12.0 |
| Midpoint | 5.7 | 4.2 | 2.5 | -0.9 | 11.5 |
| Low | 5.4 | 3.9 | 2.2 | -1.0 | 11.0 |
| Midpoint 2018 | 5.4 | 4.2 | 2.4 | -0.9 | 11.1 |
| Actual 2018 | 5.7 | 4.2 | 2.5 | -0.9 | 11.5 |

+4%

Disclaimer:

Impact from NatCat, financial markets and global economic development not predictable!

CONTENT

1

HIGHLIGHTS

2

ADDITIONAL INFORMATION

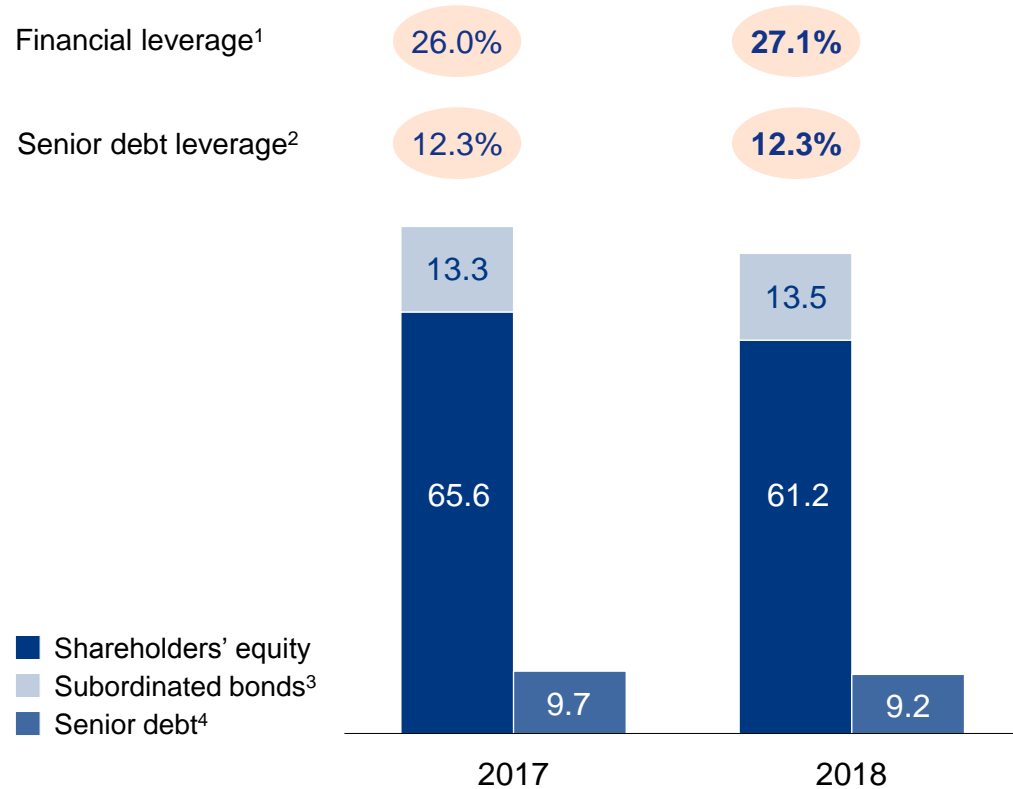


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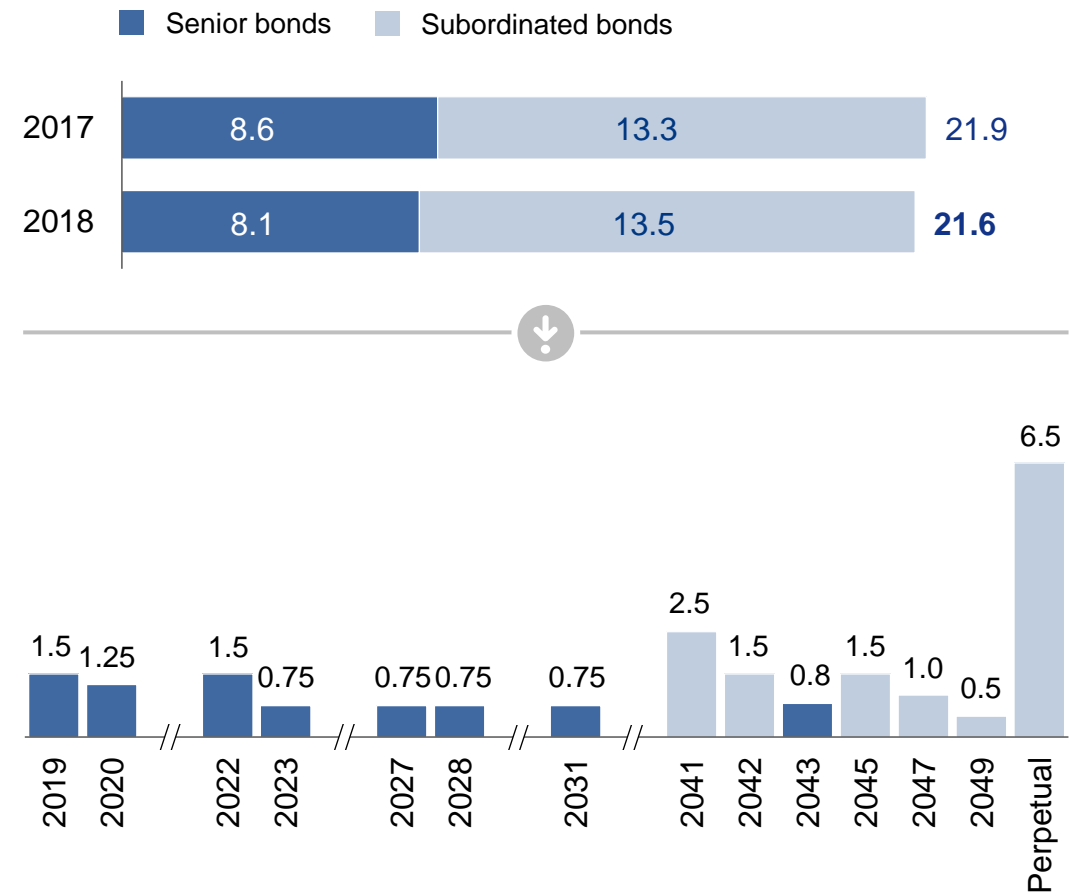


Group: financial leverage well in AA-range (EUR bn)

Leverage ratios



Outstanding bonds and maturity structure

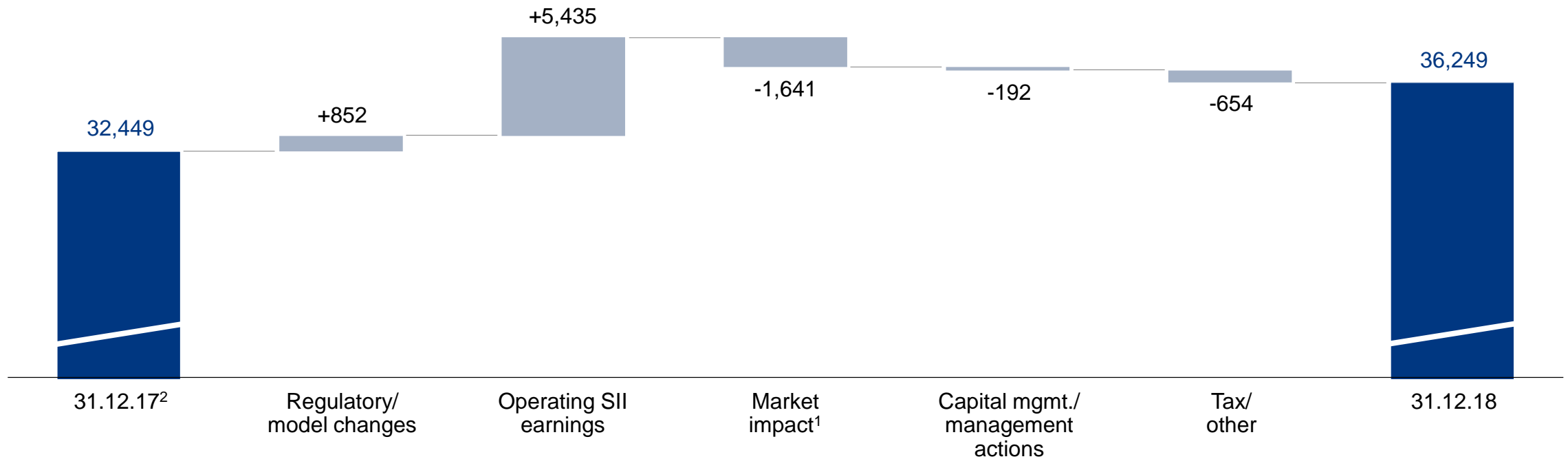


1) Senior debt and subordinated bonds divided by the sum of senior debt, subordinated bonds and shareholders' equity
 2) Senior debt divided by the sum of subordinated bonds and shareholders' equity
 3) Subordinated liabilities excluding bank subsidiaries; nominal value
 4) Certificated liabilities excluding bank subsidiaries; nominal value



L/H: MCEV based on SII balance sheet¹

(EUR mn)



1) Including cross effects and policyholder participation
 2) 2017: Change in scope for alignment to own Funds movements



AM: split of 3rd party AuM

| EUR bn | | AM | | PIMCO | | AllianzGI | |
|---------------------------------|-------------------|----------|--------------|----------|--------------|-----------|------------|
| | | 31.12.17 | 31.12.18 | 31.12.17 | 31.12.18 | 31.12.17 | 31.12.18 |
| 3rd party AuM | | 1,448 | 1,436 | 1,112 | 1,117 | 336 | 319 |
| Regions¹ | America | 53% | 56% | 62% | 64% | 24% | 28% |
| | Europe | 35% | 32% | 25% | 22% | 70% | 67% |
| | Asia-Pacific | 11% | 12% | 13% | 13% | 6% | 5% |
| Investment vehicles | Mutual funds | 59% | 59% | 57% | 56% | 68% | 70% |
| | Separate accounts | 41% | 41% | 43% | 44% | 32% | 30% |
| Asset classes | Fixed income | 76% | 78% | 91% | 92% | 28% | 27% |
| | Equities | 9% | 8% | 2% | 2% | 33% | 30% |
| | Multi-assets | 10% | 10% | 3% | 3% | 34% | 37% |
| | Other | 4% | 4% | 4% | 3% | 5% | 6% |

1) Based on the location of the asset management company

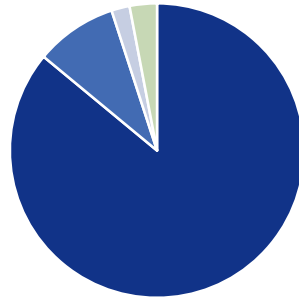


High quality investment portfolio

Asset allocation

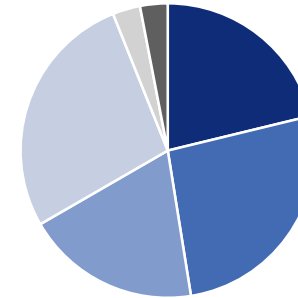
Total: EUR 672.8bn
(2017: EUR 664.4bn)

| | |
|--------------------------|-----------|
| Debt instruments | 86% (87%) |
| Equities | 9% (9%) |
| Real estate ¹ | 2% (2%) |
| Cash/Other | 3% (3%) |



Debt instruments by rating²

| | |
|------------------------|-----|
| AAA | 21% |
| AA | 26% |
| A | 19% |
| BBB | 27% |
| Non-investment grade | 3% |
| Not rated ³ | 3% |

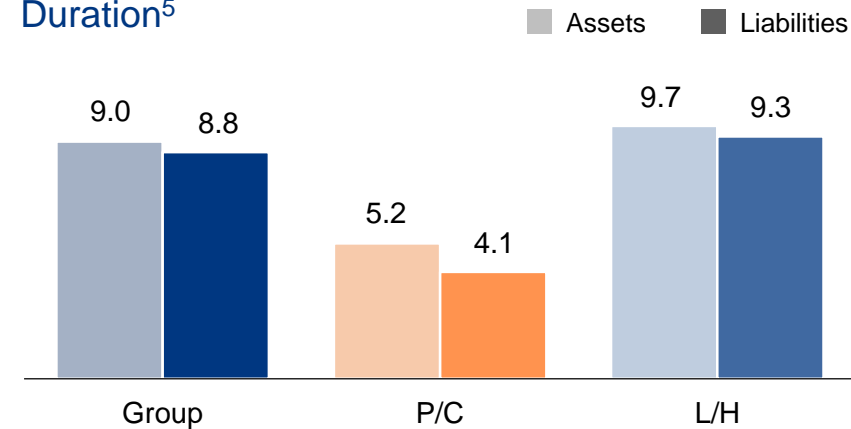


By segment (EUR bn)

| | Group | P/C ⁴ | L/H ⁴ |
|--------------------------|--------------|------------------|------------------|
| Debt instruments | 580.3 | 82.2 | 464.3 |
| Equities | 63.2 | 9.4 | 50.6 |
| Real estate ¹ | 12.5 | 2.9 | 9.2 |
| Cash/Other | 16.9 | 4.6 | 7.4 |
| Total | 672.8 | 99.1 | 531.5 |

- 1) Excluding real estate held for own use and real estate held for sale
- 2) Excluding seasoned self-originated private retail loans
- 3) Mostly mutual funds and short-term investments
- 4) Consolidated on Group level

Duration⁵



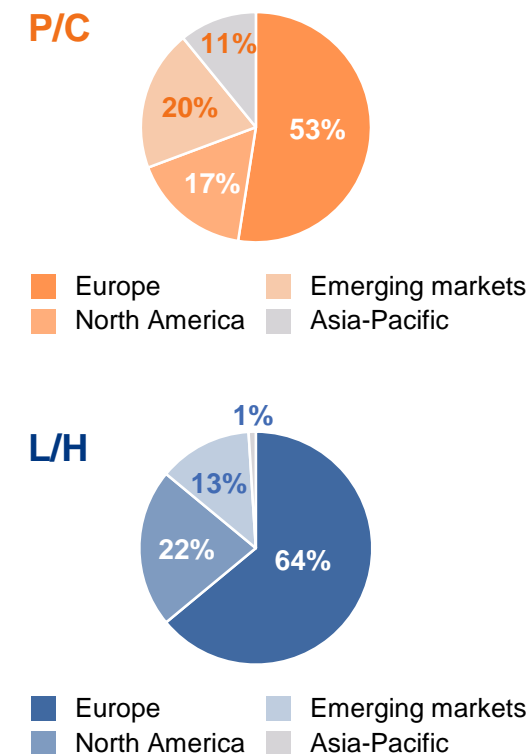
- 5) For the duration calculation a non-parallel shift in line with SII yield curves is used. Internal pensions are included in Group data, while they are excluded in P/C and L/H segments.



Economic reinvestment yields 2018

| | | New F/I investments | Yield | Maturity in years |
|--------------|-------------------------------|------------------------|----------------------|-------------------|
| P/C | Government bonds ¹ | 53% | 2.1% | 8 |
| | Covered ² | 22% | 1.6% | 8 |
| | Corporates | 26% | 1.9% | 8 |
| | Total F/I 2018 | 100% | 1.9% | 8 |
| L/H | Government bonds ¹ | 48% | 1.8% | 17 |
| | Covered ² | 23% | 2.2% | 12 |
| | Corporates | 30% | 2.5% | 12 |
| | Total F/I 2018 | 100% | 2.1% | 15 |
| EUR bn | | New investments | Current yield | |
| Group | Real assets | 12.8 | ~4% | |

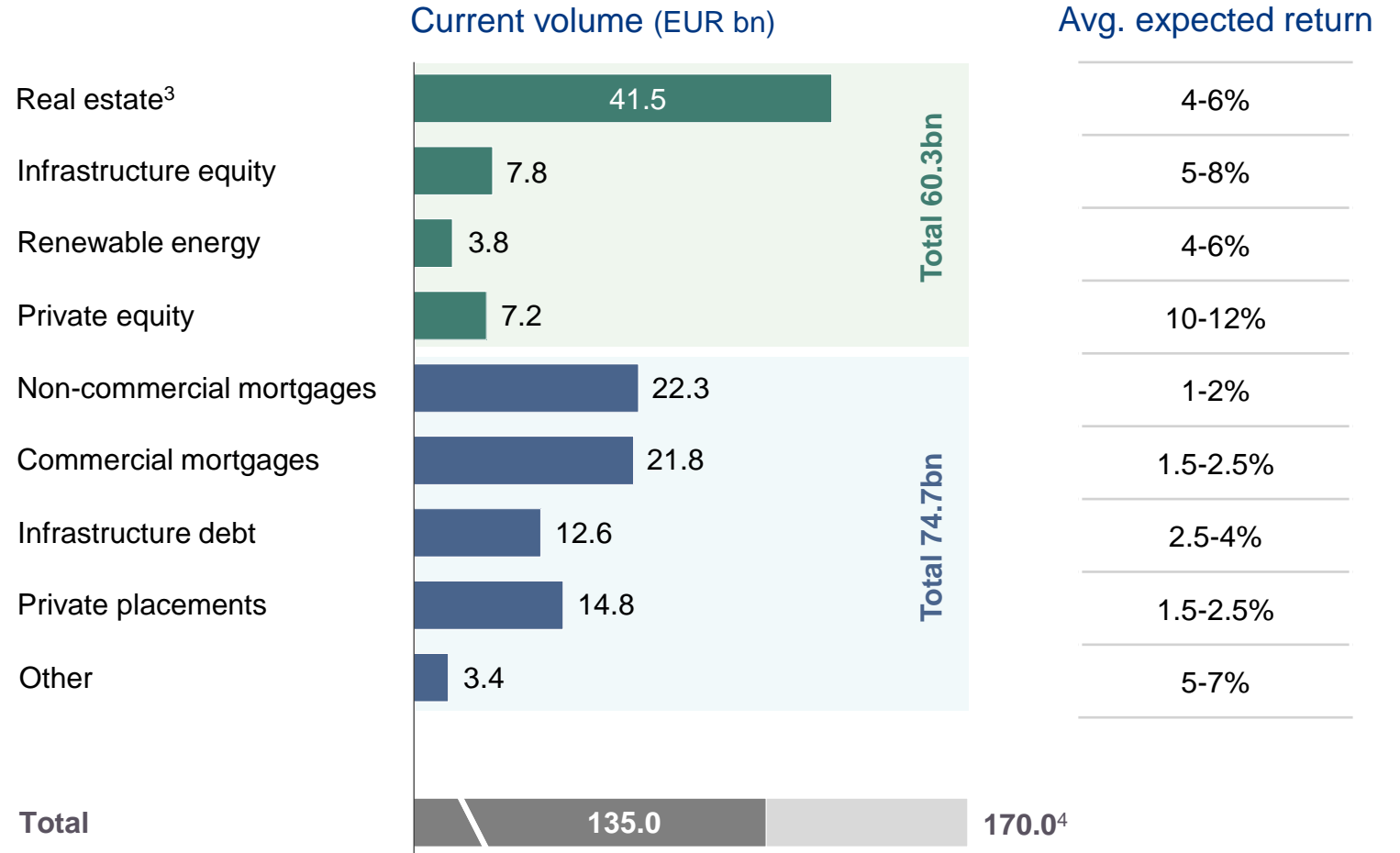
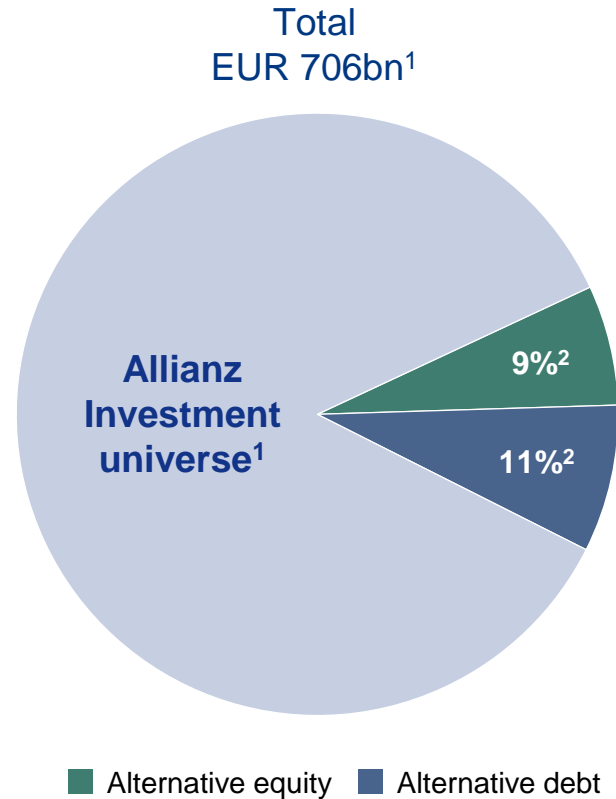
Regional allocation



1) Treasuries and government related
 2) Including ABS/MBS



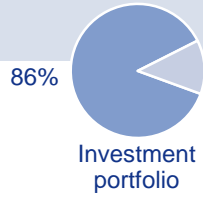
Alternative asset quota of 19%; new mid-term target EUR 170bn



1) Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use)
 2) Alternative equity denoted in market value, alternative debt in book value
 3) Market value of real estate assets including EUR 26.2bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 15.3bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Including minorities on directly held real estate assets (EUR 0.5bn). Associates and joint ventures as well as available-for-sale indirectly held real estate investments are also part of the equity portfolio and fixed income portfolio
 4) Mid-term target



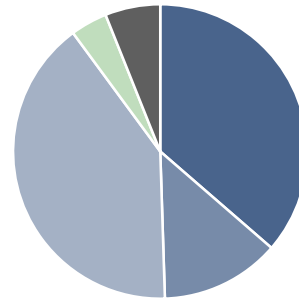
High quality fixed income portfolio



By type of issuer

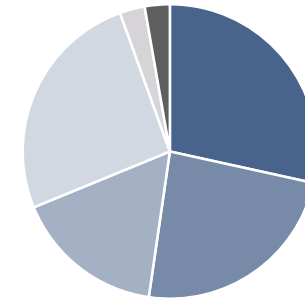
| | |
|------------------------|-----|
| Government | 36% |
| Covered | 13% |
| Corporate | 40% |
| <i>thereof Banking</i> | 6% |
| ABS/MBS ¹ | 4% |
| Other ² | 6% |

Total
EUR 580.3bn



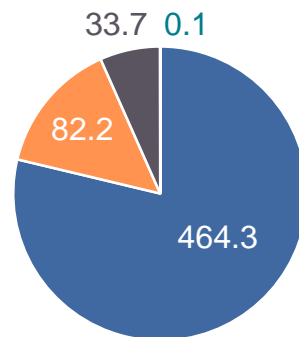
By rating³

| | |
|------------------------|-----|
| AAA | 21% |
| AA | 26% |
| A | 19% |
| BBB | 27% |
| Non-investment grade | 3% |
| Not rated ⁴ | 3% |



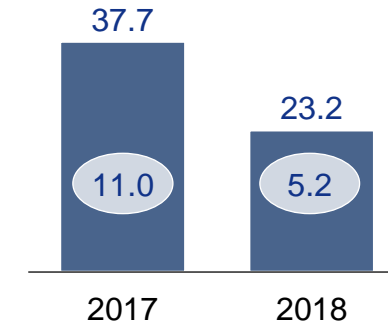
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 80% |
| P/C | 14% |
| Corporate and other | 6% |
| Asset Management | 0% |



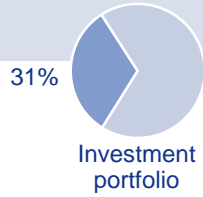
AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ⁵ |



1) Including U.S. agency MBS investments (EUR 5.0bn)
 2) Including seasoned self-originated private retail loans and short-term deposits at banks
 3) Excluding seasoned self-originated private retail loans

4) Mostly mutual funds and short-term investments
 5) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

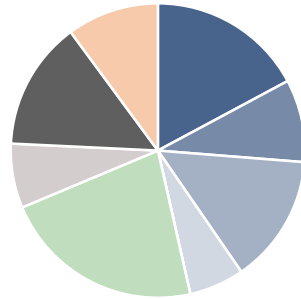


Government bond allocation concentrated in EMU core countries

By region

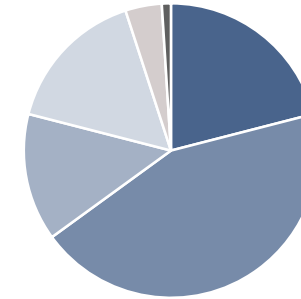
| | |
|----------------|-----|
| France | 17% |
| Italy | 9% |
| Germany | 14% |
| Spain | 6% |
| Rest of Europe | 22% |
| USA | 7% |
| Rest of World | 14% |
| Supranational | 10% |

Total
EUR 211.6bn¹



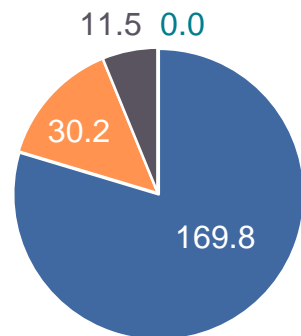
By rating

| | |
|----------------------|-----|
| AAA | 21% |
| AA | 44% |
| A | 14% |
| BBB | 16% |
| Non-investment grade | 4% |
| Not rated | 1% |



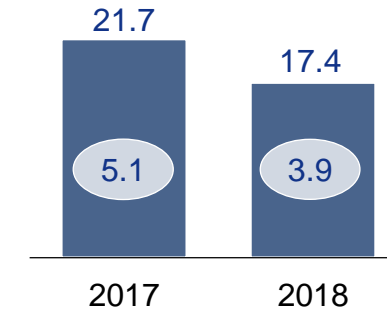
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 80% |
| P/C | 14% |
| Corporate and other | 5% |
| Asset Management | 0% |



AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ² |



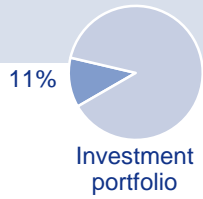
1) Government and government related (excl. U.S. agency MBS)
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC



Details sovereigns

(EUR bn)

| | Group | | L/H | | P/C | |
|-------------------|--------------|---------------|--------------|--------------|-------------|--------------|
| | BV | % of FI Group | BV | % of FI L/H | BV | % of FI P/C |
| France | 36.7 | 6.3% | 30.8 | 6.6% | 3.5 | 4.3% |
| Germany | 30.0 | 5.2% | 24.5 | 5.3% | 2.9 | 3.5% |
| Supranational | 21.2 | 3.6% | 19.1 | 4.1% | 1.3 | 1.6% |
| Italy | 18.7 | 3.2% | 15.3 | 3.3% | 2.4 | 2.9% |
| USA | 15.6 | 2.7% | 12.9 | 2.8% | 2.3 | 2.8% |
| Spain | 11.9 | 2.0% | 9.7 | 2.1% | 1.3 | 1.5% |
| Belgium | 11.5 | 2.0% | 9.8 | 2.1% | 1.1 | 1.3% |
| Austria | 8.1 | 1.4% | 7.4 | 1.6% | 0.4 | 0.5% |
| Switzerland | 5.7 | 1.0% | 4.4 | 1.0% | 1.2 | 1.5% |
| Thailand | 3.8 | 0.7% | 3.7 | 0.8% | 0.1 | 0.1% |
| Ireland | 3.1 | 0.5% | 2.6 | 0.6% | 0.3 | 0.3% |
| Australia | 3.0 | 0.5% | 0.0 | 0.0% | 2.9 | 3.6% |
| Netherlands | 2.7 | 0.5% | 1.9 | 0.4% | 0.3 | 0.4% |
| Mexico | 2.4 | 0.4% | 2.1 | 0.5% | 0.2 | 0.3% |
| Poland | 2.0 | 0.3% | 1.2 | 0.2% | 0.8 | 1.0% |
| Malaysia | 1.9 | 0.3% | 1.3 | 0.3% | 0.5 | 0.6% |
| Czech Republic | 1.8 | 0.3% | 1.5 | 0.3% | 0.4 | 0.4% |
| Slovakia | 1.8 | 0.3% | 1.5 | 0.3% | 0.3 | 0.3% |
| Canada | 1.7 | 0.3% | 0.8 | 0.2% | 0.8 | 1.0% |
| Turkey | 1.2 | 0.2% | 0.7 | 0.1% | 0.5 | 0.7% |
| Portugal | 0.4 | 0.1% | 0.2 | 0.0% | 0.2 | 0.3% |
| Greece | 0.0 | 0.0% | 0.0 | 0.0% | 0.0 | 0.0% |
| Other | 26.6 | 4.6% | 18.6 | 4.0% | 6.4 | 7.8% |
| Total 2018 | 211.6 | 36.5% | 169.8 | 36.6% | 30.2 | 36.8% |
| Total 2017 | 213.6 | 37.1% | 168.8 | 37.2% | 31.6 | 37.5% |

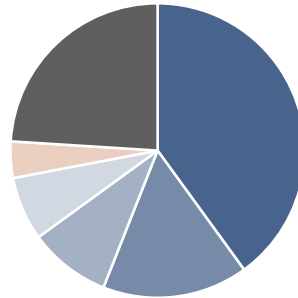


Fixed income portfolio: covered bonds

By country

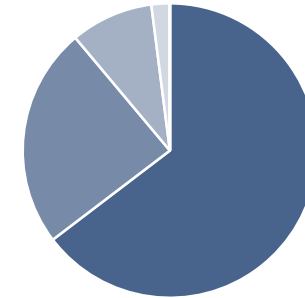
| | |
|---------------|-----|
| Germany | 40% |
| France | 16% |
| Spain | 9% |
| Italy | 7% |
| UK | 4% |
| Rest of World | 24% |

Total
EUR 76.1bn



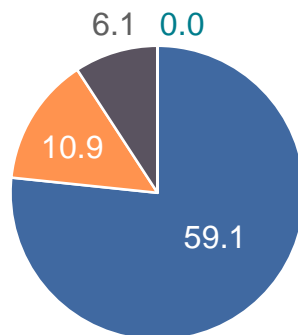
By rating

| | |
|----------------------|-----|
| AAA | 64% |
| AA | 24% |
| A | 9% |
| BBB | 2% |
| Non-investment grade | 0% |
| Not rated | 0% |



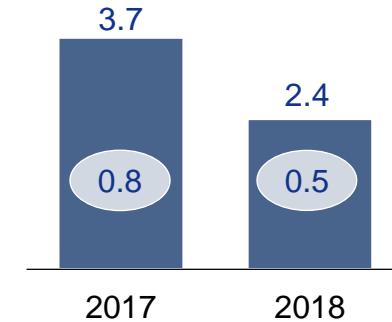
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 78% |
| P/C | 14% |
| Corporate and other | 8% |
| Asset Management | 0% |

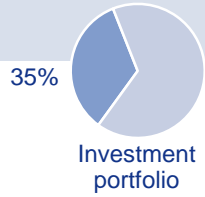


AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ¹ |



1) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

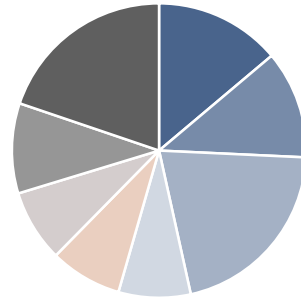


Fixed income portfolio: corporates

By sector

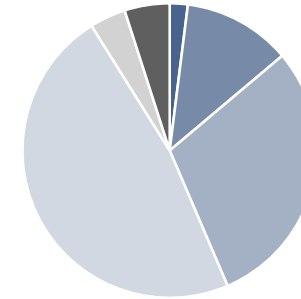
| | |
|----------------------|-----|
| Banking ¹ | 14% |
| Other financials | 12% |
| Consumer | 21% |
| Communication | 8% |
| Energy | 8% |
| Industrial | 8% |
| Utility | 10% |
| Other | 20% |

Total
EUR 232.6bn



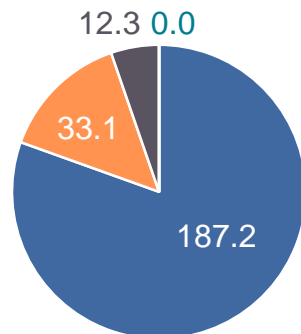
By rating

| | |
|------------------------|-----|
| AAA | 2% |
| AA | 12% |
| A | 30% |
| BBB | 48% |
| Non-investment grade | 4% |
| Not rated ² | 5% |



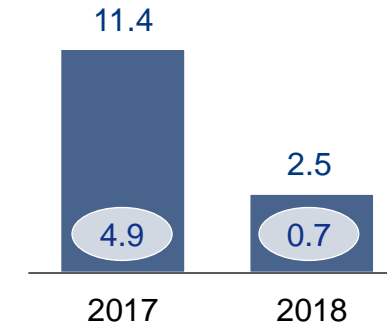
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 80% |
| P/C | 14% |
| Corporate and other | 5% |
| Asset Management | 0% |

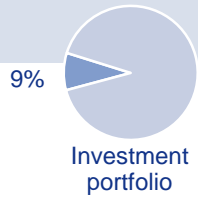


AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ³ |



1) Including EUR 2.6bn subordinated bonds (thereof EUR 0.3bn Tier 1)
 2) Including Eurozone loans/ bonds (2%)
 3) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

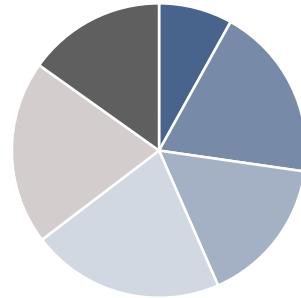


Equity portfolio

By region

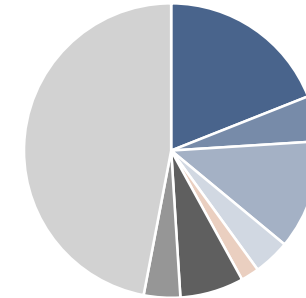
| | |
|----------------------------|-----|
| Germany | 8% |
| Eurozone ex Germany | 19% |
| Europe ex Eurozone | 16% |
| NAFTA | 21% |
| Rest of World | 20% |
| Multinational ² | 15% |

Total EUR 63.2bn¹



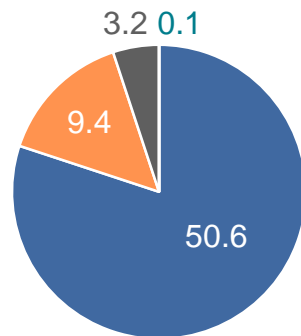
By industry

| | |
|------------------------------|-----|
| Consumer | 19% |
| Banking | 5% |
| Other financials | 12% |
| Basic materials | 4% |
| Utilities | 2% |
| Industrial | 7% |
| Energy | 4% |
| Funds and other ³ | 47% |



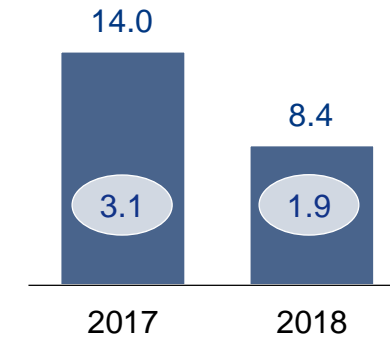
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 80% |
| P/C | 15% |
| Corporate and other | 5% |
| Asset Management | 0% |

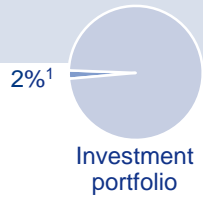


AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ⁴ |



1) Excl. equities designated at fair value through income (EUR 2.0bn)
 2) Incl. private equity limited partnership funds (EUR 6.2bn) and mutual stock funds (EUR 3.0bn)
 3) Diversified investment funds (EUR 3.5bn); private and unlisted equity (EUR 13.7bn)
 4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

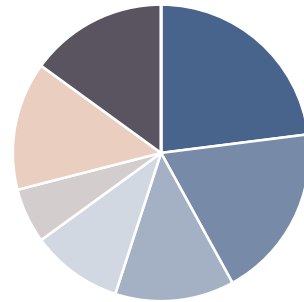


Real estate portfolio (incl. own use, market value)

By region

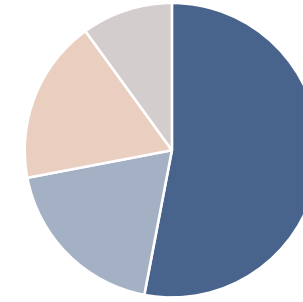
| | |
|------------------|-----|
| Germany | 23% |
| France | 19% |
| US | 13% |
| Switzerland | 10% |
| Italy | 6% |
| Rest of Eurozone | 14% |
| Rest of World | 15% |

Total
EUR 41.5bn²



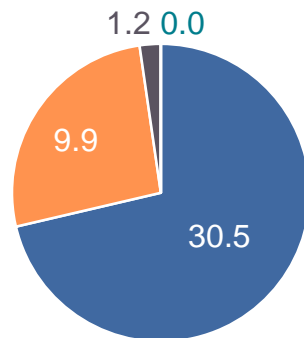
By sectors

| | |
|-------------|-----|
| Office | 53% |
| Retail | 19% |
| Residential | 18% |
| Other/mixed | 10% |



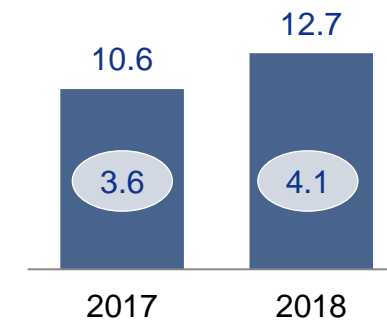
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 73% |
| P/C | 24% |
| Corporate and other | 3% |
| Asset Management | 0% |



Unrealized gains/losses (EUR bn)

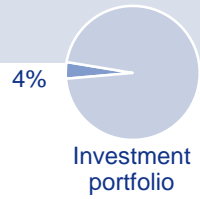
| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ³ |



1) Based on carrying value, 3rd party use only

2) Market value of real estate assets including EUR 26.2bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 15.3bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Including minorities on directly held real estate assets (EUR 0.5bn). Associates and joint ventures as well as available-for-sale indirectly held real estate investments are also part of the equity portfolio and fixed income portfolio.

3) Unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC.

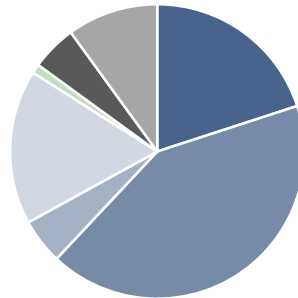


Fixed income portfolio: ABS

By type of issuer

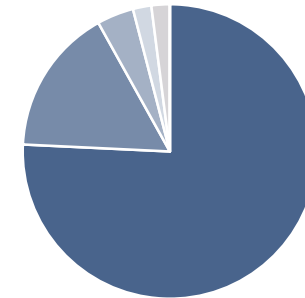
| | |
|-------------|-----|
| US Agency | 20% |
| CMBS | 42% |
| RMBS | 5% |
| CMO/CDO | 17% |
| Credit Card | 1% |
| Auto | 5% |
| Other | 10% |

Total
EUR 24.1bn



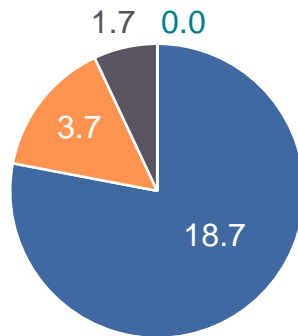
By rating

| | |
|----------------------|-----|
| AAA | 75% |
| AA | 16% |
| A | 4% |
| BBB | 2% |
| Non-investment grade | 2% |
| Not rated | 0% |



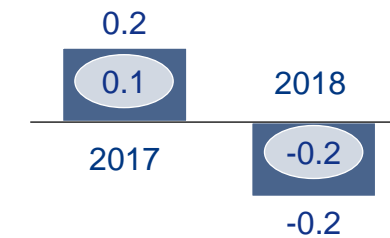
By segment (EUR bn)

| | |
|---------------------|-----|
| L/H | 78% |
| P/C | 15% |
| Corporate and other | 7% |
| Asset Management | 0% |



AFS unrealized gains/losses (EUR bn)

| |
|--|
| Gross unrealized gains/losses |
| Net unrealized gains/losses ¹ |



1) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

GLOSSARY & DISCLAIMER





Glossary (1)

| | |
|-----------------------|--|
| AFS | Available for sale: Available-for-sale investments are non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. They are shown at fair value on the balance sheet. |
| AGCS | Allianz Global Corporate & Specialty |
| AllianzGI | Allianz Global Investors |
| AM | (The Allianz business segment) Asset Management |
| AP | Allianz Partners |
| APE | Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as the sum of recurring premiums and 10% of single premiums of the respective period. |
| APR | Accident insurance with premium refund (“Unfallversicherung mit Beitragsrückzahlung”): Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to the refund of premiums, either 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-level 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: Represents current income earned on and changes in fair value of securities held in client accounts. This also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and closed-end funds.</p> |
| 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 |
| CIR | Cost-income ratio: Operating expenses divided by operating revenues |
| CO | (The Allianz 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: The expenses of an insurance company which are incurred in the acquisition of new insurance policies, or the renewal of existing policies, and capitalized in the balance sheet. They include commissions paid, underwriting expenses, and policy issuance costs. |
| Economic reinvestment yield | Reflects the reinvestment yield, including F/X hedging costs on non-domestic hard-currency F/X bonds as well as expected F/X losses on non-domestic emerging-market bonds in local currencies. The yield is presented on an annual basis. |
| EIOPA | European Insurance and Occupational Pensions Authority |
| EPS | Earnings per share: A ratio calculated by dividing the respective period's net income attributable to shareholders by the weighted average number of shares outstanding (basic EPS). To calculate diluted earnings per share, the number of common shares outstanding and the net income attributable to shareholders are adjusted to include the effects of potentially dilutive common shares that could still be exercised. Potentially dilutive common shares result from 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)

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| FIA | Fixed index annuity: Annuity contract under which the policyholder can elect to be credited based on movements in equity or in bond market indices, with the principal remaining protected. |
| 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 principally be recovered through a sale transaction rather than continued use. On the date a non-current asset meets the criteria for being considered as held for sale, it is measured at the lower of its carrying amount and its fair value less costs to sell. |
| IFRS | International Financial Reporting Standards: As of 2002, the term IFRS refers to the total set of standards adopted by the International Accounting Standards Board. Standards approved before 2002 continue to be referred to as International Accounting Standards (IAS). |
| IMIX | Our Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards inclusive meritocracy. This internal index is based on ten items from the Allianz Engagement Survey (AES) which deal with 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 Allianz business segment) Life and Health insurance

L/H lines of business

Guaranteed savings & annuities: Life insurance products linked to life expectancy, offering life and / or death benefits in the form of single or multiple payments to beneficiaries and possibly including financial and non-financial guarantees.

Capital-efficient products: Products that are based on the general account but involve a significantly lower market risk, either through comprehensive asset/liability management or through significant limitation of the guarantee. This also includes hybrid products which, in addition to conventional assets, invest in a separate account (unit-linked). Capital-efficient products offer a guaranteed surrender value at limited risk, due to, e.g. precise asset-liability management or market value adjustment.

Protection & health: Insurance products covering the risks associated with events that affect an individual's physical or mental integrity.

Unit-linked [products] without guarantees: With conventional unit-linked products, all benefits under the contract are directly linked to the value of a set of assets which are pooled in an internal or external fund and held in a separate account by the insurer. In this constellation, it is the policyholder rather than the insurer who bears the risk.

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, consolidated for the Life/Health business segment.

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

Investment margin: Is defined as IFRS investment income, net of expenses, less interest credited to IFRS reserves as well as 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 (as applicable).

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



Glossary (5)

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| 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 (CY) loss ratio includes the results of the prior year's reserve development in addition to the accident year (AY) 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 the market value of assets over the market value of liabilities as of the valuation date. As such, the MCEV excludes any item 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 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 Life/Health business segment. It is calculated as the value of new business, divided by the 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. |
| OP | Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding (if and as applicable for each 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. |



Glossary (6)

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| Operating SII earnings | <p>Operating SII earnings represent the change in own funds, before tax and dividend accrual, that is attributable to the Allianz Group's ongoing core operations. As such, operating SII earnings comprise: expected return from existing business, new business value, operating variances and changes in assumptions, and interest expense on external debt.</p> <p>Operating SII earnings exclude the following effects, which are disclosed separately in our analysis of own-funds movements: regulatory / model changes, economic variances driven by changes in capital market parameters, including F/X rates, taxes, non-operating restructuring charges, capital management (e.g. issuance or redemption of subordinated debt, dividend accruals and payments, share buyback programs), one-off impacts from, e.g., the acquisition and disposal of subsidiaries, changes in transferability restrictions, and tier limits.</p> |
| Own funds | The capital eligible to cover the regulatory solvency capital requirement. |
| P/C | (The Allianz business segment) Property and Casualty [insurance] |
| PHP | Policyholder participation |
| PIMCO | Pacific Investment Management Company Group |
| Pre-tax operating capital generation | <p>Represents the change in SII capitalization following regulatory and model changes and which is attributable to</p> <p>a) changes in own funds as a consequence of operating SII earnings and</p> <p>b) changes in SCR as a consequence of business evolution.</p> <p>Factors such as market developments, dividends, capital management activities, taxes, etc. are not taken into account.</p> |
| Premiums written/earned (IFRS) | <p>"Premiums written" refers to all premium revenues recorded in the respective year.</p> <p>"Premiums earned" refers to the part of the premiums written used to provide insurance coverage in that year. 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 that is used to cover the risk insured and the costs involved is treated as premium income.</p> |
| PVNB | Present value of new business premiums: I.e. the present value of future premiums on new business written during the period in question, discounted at a reference rate. This includes the present value of projected new regular premiums plus the total amount of single premiums received. PVNB is shown after non-controlling interests, unless otherwise stated. |
| Reinsurance | Insurance companies transfer parts of the insurance risk they have assumed to reinsurance companies. |



Glossary (7)

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| Retained earnings | In addition to the reserve legally required in the group parent company's financial statements, this item mainly comprises the undistributed profits of group entities as well as the amounts transferred from consolidated net income. |
| RfB | Reserves for premium refunds ("Rückstellungen für Beitragsrückerstattung"): The portion of the surplus that that is to be distributed to policyholders in the future – either by virtue of statutory or contractual obligations or obligations under the company bylaws, or at the insurer's discretion. |
| RoE | <p>Return on equity – Group: Represents the ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period.</p> <p>Return on equity P/C OE: Represents the ratio of net income to 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 at the end of the period.</p> <p>Return on equity L/H OE: Represents the ratio of net income to the average total equity excluding unrealized gains/losses on bonds, net of shadow accounting, and deducting goodwill at the beginning and at the end of the period.</p> <p>For the computation of the Renewal Agenda 1.0 KPI "share of L/H OEs with RoE \geq 10%", the ratio is rounded to one decimal place in order to determine whether the OE reaches the threshold.</p> |
| RoRC | Return on risk capital |
| Run-off ratio | The run-off result (result from reserve developments for prior (accident) years in P/C business) as a percentage of premiums earned (net). |
| SII | Solvency II |
| SII capitalization | Ratio that expresses the capital adequacy of a company by comparing own funds to SCR. |
| SCR | Solvency capital requirement |
| SE | Societas Europaea: European stock company |
| SFCR | Solvency and Financial Condition Report |



Glossary (8)

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| 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. |
| Statutory premiums | Gross premiums written from the sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-related products, in accordance with the statutory accounting principles applicable in the insurer's home jurisdiction. |
| Total equity | The sum of shareholders' equity and non-controlling interests. |
| Total revenues | 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 UFR is determined using the EIOPA methodology and guidelines, and is used for extrapolation of periods after the last liquid point defined by the SII regulation. The UFR is calculated for each currency based on expected real rates and inflation for the respective region. The UFR is subject to revision in order to reflect fundamental changes in 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 of policyholder participation. |
| URR | Unearned revenue reserves: These comprise premium components (other than expense loadings) that refer to future periods. They 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 to shareholders that results from the writing of new business. The VNB is determined as present value of future profits, adjusted for acquisition expenses overrun or underrun, minus the time value of financial options and guarantees, minus a risk margin, all determined at issue date. |



Disclaimer

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

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels,

(viii) currency exchange rates, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

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