Profitability & solidity

Group Treasury & Corporate Finance
Group Investor Relations Allianz SE
Bank of America Merrill Lynch
European Credit Conference
London, September 2018

Allianz Investor Relations App

Apple App Store  Google Play Store
Allianz – a globally leading financial services provider

Strong global market positions

- P/C #1
- L/H Top 5
- AM Top 5

Strong brand names

- Allianz
- Euler Hermes
- PIMCO
- Allianz Global Corporate & Specialty

Strong capital

- Solvency II capitalization: 230%
- Shareholders’ equity: EUR 60.3bn

Top rating: AA with S&P

Strong profitability

- Operating profit: EUR 11.1bn
- Operating SII capital generation: +35% p

1) Ranking based on currently available peer data
2) End of 2Q 2018. 227% excl. EUR 1bn share buy-back
3) FY 2017. Operating SII capital generation before tax and dividend
### Strategic focus – downside protection, upside potential

**Upside potential**
- **5% EPS growth**
- **Renewal Agenda**
- **50% payout**
- **Dividend ratchet**

**Disciplined capital management**
- **180% - 220% Solvency II target range**
- **Dividend policy subject to sustainable Solvency II ratio >160%**

**Downside protection**
- **Best-in-class risk management**
- **Excellent capital position**
- **Well diversified business**
- **High quality debt portfolio**

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1) The dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable Solvency II ratio >160%.
Well diversified business model

Stable operating profit in volatile environment …

… supported by effective diversification

Operating profit (EUR bn)$1$

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>6.3</td>
<td>6.9</td>
<td>9.0</td>
<td>10.1</td>
<td>7.5</td>
<td>7.3</td>
<td>8.3</td>
<td>7.9</td>
<td>9.5</td>
<td>10.2</td>
<td>10.3</td>
<td>10.6</td>
<td>11.1</td>
<td>11.1</td>
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</table>

Operating profit by business segment (%)$2$

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>AM: 14</td>
<td>23</td>
<td>16</td>
<td>13</td>
<td>13</td>
<td>12</td>
<td>17</td>
<td>22</td>
<td>25</td>
<td>28</td>
<td>28</td>
<td>23</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>Value</td>
<td>AM: 64</td>
<td>60</td>
<td>62</td>
<td>59</td>
<td>73</td>
<td>49</td>
<td>47</td>
<td>47</td>
<td>44</td>
<td>47</td>
<td>48</td>
<td>48</td>
<td>46</td>
<td>42</td>
</tr>
<tr>
<td>Value</td>
<td>L/H: 23</td>
<td>23</td>
<td>25</td>
<td>28</td>
<td>15</td>
<td>34</td>
<td>31</td>
<td>27</td>
<td>28</td>
<td>24</td>
<td>29</td>
<td>32</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Value</td>
<td>L/H: 34</td>
<td>31</td>
<td>27</td>
<td>28</td>
<td>24</td>
<td>29</td>
<td>32</td>
<td>35</td>
<td>37</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

2) Based on historically reported figures excluding Corporate & Other, Banking and Consolidation

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Capital management: solvency II target range 180% – 220%

Stated dividend policy¹
- 50% pay-out ratio
- Dividend ratchet
- Flexible payout of excess capital

1) The dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting. The entire dividend policy is subject to a sustainable SII ratio >160%

2) 227% excluding EUR 1bn share buy-back

Highlights
- Very strong SII ratio of 230% (2Q 2018)²
- 35%-p SII capital generation pre-tax and pre-dividend (FY 2017)
- We anticipate annual SII capital generation net of tax and dividend to stay above 10%-p going forward

145%
Minimum level

160%
Re-assessment of dividend policy

180%
Management actions

220%
Target range

³
Management actions
Conservative capital structure with 187% unrestricted tier 1 (UT1) coverage (in % / EUR, June 30, 2018)

- **SFCR FY 2017**
  - Allianz: SII ratio 229%, UT1 / SCR 186%, Non-UT1 / SCR 44%
  - EU G-SII: SII ratio 186%, UT1 / SCR 134%, Non-UT1 / SCR 51%

- **1H 2018**
  - Allianz: SII ratio 230%, UT1 / SCR 187%, Non-UT1 / SCR 44%

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1) Requirements: Tier 2+3 ≤ 50%, Tier 3 ≤ 15% of consolidated insurance group SCR
2) Immaterial non-EEA (re)insurance entities included via book value deduction (Art. 229 SII directive).
3) Source: company disclosure, Allianz
4) Mean of EU-domiciled G-SII excluding Allianz

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Leverage ratios well within AA-range

**Financial leverage**

- **2007**: 28.1%
- **2008**: 32.5%
- **2009**: 28.1%
- **2010**: 26.9%
- **2011**: 28.5%
- **2012**: 26.0%
- **2013**: 25.7%
- **2014**: 23.1%
- **2015**: 24.2%
- **2016**: 24.0%
- **2017**: 26.0%
- **1H 2018**: 27.3%

**Senior debt leverage**

- **2007**: 20.6%
- **2008**: 18.5%
- **2009**: 14.0%
- **2010**: 13.8%
- **2011**: 12.1%
- **2012**: 11.4%
- **2013**: 12.5%
- **2014**: 11.0%
- **2015**: 10.6%
- **2016**: 9.6%
- **2017**: 12.3%
- **1H 2018**: 12.6%

1) As reported in respective years, calculated in accordance with Allianz methodology
2) Senior debt and hybrid bonds divided by the sum of senior debt, hybrid bonds and shareholders’ equity
3) Senior debt divided by the sum of hybrid bonds and shareholders’ equity
4) Subordinated liabilities excluding bank subsidiaries; nominal value
5) Certificated liabilities (bonds, commercial papers) excluding bank subsidiaries; nominal value

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1) Neither the first occurrence of an issuer call option nor a coupon step-up should be construed as an indication by Allianz as to when the instrument will be called for redemption.

2) Marginal rounding difference in case of subordinated bonds (no step-up).
Allianz with AA S&P rating for 10 years, now best-in-class

Selected rating components

Business risk profile
- Excellent

Financial risk profile
- Very strong

ERM
- Very strong

Liquidity
- Excellent

Management
- Strong

S&P financial strength rating / outlook

2007
- AA+ ↑
- AA+ ↓
- AA ↑

2018
- AA ↓
- AA- ↑
- AA- ↓
- A+ ↑
- A+ ↓

1) Evaluation as of December 28, 2017
2) Outlook indicated by arrows. 2018 ratings as shown on company webpages in August 2018

Profitability & solidity

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High quality investment portfolio
End of 2Q 2018

Asset allocation

- Debt instruments: 86%
- Equities: 10%
- Real estate: 2%
- Cash/Other: 3%

Total: EUR 668.6bn

Debt instruments by rating

- AAA: 21%
- AA: 26%
- A: 20%
- BBB: 26%
- Non-investment grade: 3%
- Not rated: 3%

By segment (EUR bn)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Group</th>
<th>P/C</th>
<th>L/H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td>575.6</td>
<td>83.2</td>
<td>458.5</td>
</tr>
<tr>
<td>Equities</td>
<td>64.4</td>
<td>9.6</td>
<td>51.7</td>
</tr>
<tr>
<td>Real estate</td>
<td>11.6</td>
<td>9.6</td>
<td>8.4</td>
</tr>
<tr>
<td>Cash/Other</td>
<td>17.0</td>
<td>4.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Total</td>
<td>668.6</td>
<td>100.0</td>
<td>525.9</td>
</tr>
</tbody>
</table>

Duration

- Group: 8.9 9.6
- P/C: 8.8 5.3
- L/H: 5.3 9.3

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
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
**Group**

<table>
<thead>
<tr>
<th></th>
<th>Property-Casualty</th>
<th>Life/Health</th>
<th>Asset Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 18</td>
<td>67.3 (+5.6%)</td>
<td>30.0 (+5.9%)</td>
<td>34.2 (+4.9%)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 18</td>
<td>5,753 (-1.8%)</td>
<td>2,729 (+0.9%)</td>
<td>1,247 (+7.9%)</td>
</tr>
<tr>
<td><strong>Shareholders’ net income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in EUR mn)</td>
<td>+0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 17</td>
<td>3,810</td>
<td>94.6</td>
<td>3.3</td>
</tr>
<tr>
<td>6M 18</td>
<td>3,830</td>
<td>94.4</td>
<td>3.4</td>
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<tr>
<td><strong>Combined ratio</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in %)</td>
<td>-0.2%-p</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 17</td>
<td>1.1</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>6M 18</td>
<td>94.6</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td><strong>New business margin</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in %)</td>
<td>+0.1%-p</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 17</td>
<td>3.3</td>
<td>3.4</td>
<td></td>
</tr>
<tr>
<td>6M 18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost-income ratio</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(in %)</td>
<td>-1.2%-p</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6M 17</td>
<td>62.9</td>
<td>61.7</td>
<td></td>
</tr>
<tr>
<td>6M 18</td>
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</table>

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

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Ambitious targets for 2018 in reach

### Operating profit (EUR bn)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2017</th>
<th>2018 target range</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>11.1</td>
<td></td>
<td>11.6</td>
</tr>
</tbody>
</table>

### RoE (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2017</th>
<th>2018 ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>12.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>11.8%</td>
<td></td>
<td>12.2% adjusted²</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>13.0%</td>
</tr>
</tbody>
</table>

### EPS (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2017</th>
<th>2018 ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>14.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>15.2</td>
<td></td>
<td>16.9</td>
</tr>
</tbody>
</table>

### DPS (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2017</th>
<th>2018 ambition</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>8.0</td>
<td></td>
<td>8.4</td>
</tr>
</tbody>
</table>

---

1) Impact from US tax reform EUR ~ -0.1bn in 2017 and EUR ~ +0.3bn in 2018ff
2) Adjusted for OLB disposal
3) Based on average (EPS) and actual (DPS) number of shares

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In a nutshell

Profitability & solidity

Our competitive advantages

• Sustainable, diversified profit generation
• Strong capitalization and financial flexibility
• Conservative investment portfolio
• Best-in-class risk management
• Best-in-class ratings
# Allianz bonds – senior debt

<table>
<thead>
<tr>
<th>Coupon</th>
<th>Nominal amount (mn)</th>
<th>Denomination</th>
<th>Currency</th>
<th>Issue date</th>
<th>Maturity</th>
<th>Coupon structure¹</th>
<th>S&amp;P / Moody’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRN</td>
<td>500</td>
<td>100,000</td>
<td>EUR</td>
<td>2017</td>
<td>12/07/2020</td>
<td>Reset (Euribor)</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>0.0%</td>
<td>750</td>
<td>100,000</td>
<td>EUR</td>
<td>2016</td>
<td>04/21/2020</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>0.25%</td>
<td>750</td>
<td>100,000</td>
<td>EUR</td>
<td>2017</td>
<td>06/06/2023</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>0.875%</td>
<td>750</td>
<td>100,000</td>
<td>EUR</td>
<td>2017</td>
<td>12/06/2027</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>1.375%</td>
<td>750</td>
<td>100,000</td>
<td>EUR</td>
<td>2016</td>
<td>04/21/2031</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>3.0%</td>
<td>750</td>
<td>100,000</td>
<td>EUR</td>
<td>2013</td>
<td>03/13/2028</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>3.50%</td>
<td>1,500</td>
<td>100,000</td>
<td>EUR</td>
<td>2012</td>
<td>02/14/2022</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>4.50%</td>
<td>750</td>
<td>100,000</td>
<td>GBP</td>
<td>2013</td>
<td>03/13/2043</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
<tr>
<td>4.75%</td>
<td>1,500</td>
<td>50,000</td>
<td>EUR</td>
<td>2009</td>
<td>07/22/2019</td>
<td>FFL</td>
<td>AA, Aa3</td>
</tr>
</tbody>
</table>

¹ FFL = Fixed for life

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# Allianz bonds – subordinated debt

<table>
<thead>
<tr>
<th>Coupon</th>
<th>Nominal amount (mn)</th>
<th>Denomination</th>
<th>Currency</th>
<th>Issue date</th>
<th>Maturity</th>
<th>1st call date</th>
<th>Coupon structure¹</th>
<th>Tiering</th>
<th>S&amp;P / Moody's</th>
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</thead>
<tbody>
<tr>
<td>2.241%</td>
<td>1,500</td>
<td>100,000</td>
<td>EUR</td>
<td>2015</td>
<td>07/07/2045</td>
<td>07/07/2025</td>
<td>FTF</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>3.099%</td>
<td>1,000</td>
<td>100,000</td>
<td>EUR</td>
<td>2017</td>
<td>07/06/2047</td>
<td>07/06/2027</td>
<td>FTF</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>3.25%</td>
<td>500</td>
<td>5,000</td>
<td>CHF</td>
<td>2014</td>
<td>undated</td>
<td>07/04/2019</td>
<td>FTF</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>3.375%</td>
<td>1,500</td>
<td>100,000</td>
<td>EUR</td>
<td>2014</td>
<td>undated</td>
<td>09/18/2024</td>
<td>FTF</td>
<td>Restr. Tier 1²</td>
<td>A+, A2</td>
</tr>
<tr>
<td>3.875%</td>
<td>1,500</td>
<td>200,000</td>
<td>USD</td>
<td>2016</td>
<td>undated</td>
<td>03/07/2022</td>
<td>FFL</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>4.75%</td>
<td>1,500</td>
<td>100,000</td>
<td>EUR</td>
<td>2013</td>
<td>undated</td>
<td>10/24/2023</td>
<td>FTF</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>5.10%</td>
<td>600</td>
<td>200,000</td>
<td>USD</td>
<td>2017</td>
<td>01/30/2049</td>
<td>01/30/2029</td>
<td>FTF</td>
<td>Tier 2</td>
<td>A+, A2</td>
</tr>
<tr>
<td>5.375%</td>
<td>800</td>
<td>1,000</td>
<td>EUR</td>
<td>2006</td>
<td>undated</td>
<td>03/03/2011</td>
<td>FFL</td>
<td>Restr. Tier 1²</td>
<td>A+, A3</td>
</tr>
<tr>
<td>5.50%</td>
<td>1,000</td>
<td>200,000</td>
<td>USD</td>
<td>2012</td>
<td>undated</td>
<td>09/26/2018</td>
<td>FFL</td>
<td>Restr. Tier 1²</td>
<td>A+, A2</td>
</tr>
<tr>
<td>5.625%</td>
<td>1,500</td>
<td>100,000</td>
<td>EUR</td>
<td>2012</td>
<td>10/17/2042</td>
<td>10/17/2022</td>
<td>FTF</td>
<td>Tier 2²</td>
<td>A+, A2</td>
</tr>
<tr>
<td>5.75%</td>
<td>2,000</td>
<td>100,000</td>
<td>EUR</td>
<td>2011</td>
<td>07/08/2041</td>
<td>07/08/2021</td>
<td>FTF</td>
<td>Tier 2²</td>
<td>A+, A2</td>
</tr>
</tbody>
</table>

¹ FFL = Fixed for life; FTF = fixed to float (including fixed-fixed-reset)
² Group Solvency and Financial Condition Report 2017: instrument counted under transitionals rules

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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 EUR/USD 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.