

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 positions¹



Strong brand names



P I M C O



Strong capital

Solvency II capitalization²
230%

Shareholders' equity²
EUR 60.3bn

Top rating:
AA with S&P

Strong profitability

Operating profit³
EUR 11.1bn

Operating SII capital generation³
+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



External growth opportunities



Scale benefits



Disciplined capital management¹



50% payout



Dividend ratchet



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

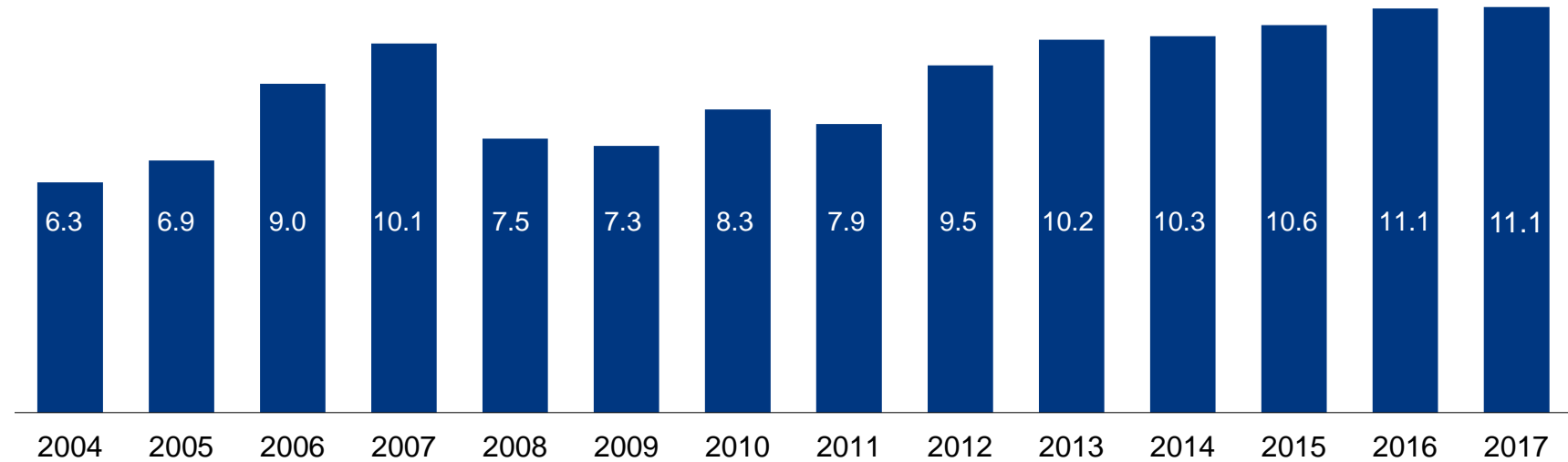
1) The dividend policy may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing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



Well diversified business model

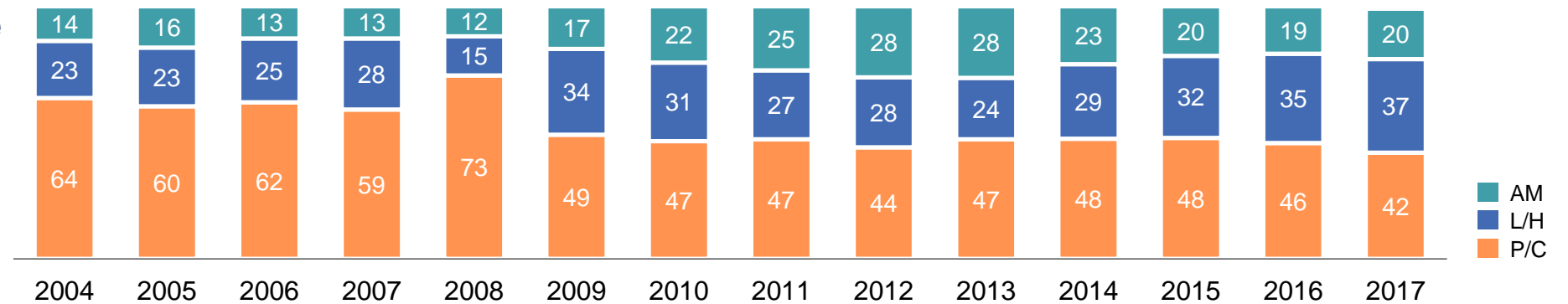
Stable operating profit in volatile environment ...

Operating profit (EUR bn)¹



... supported by effective diversification

Operating profit by business segment (%)²

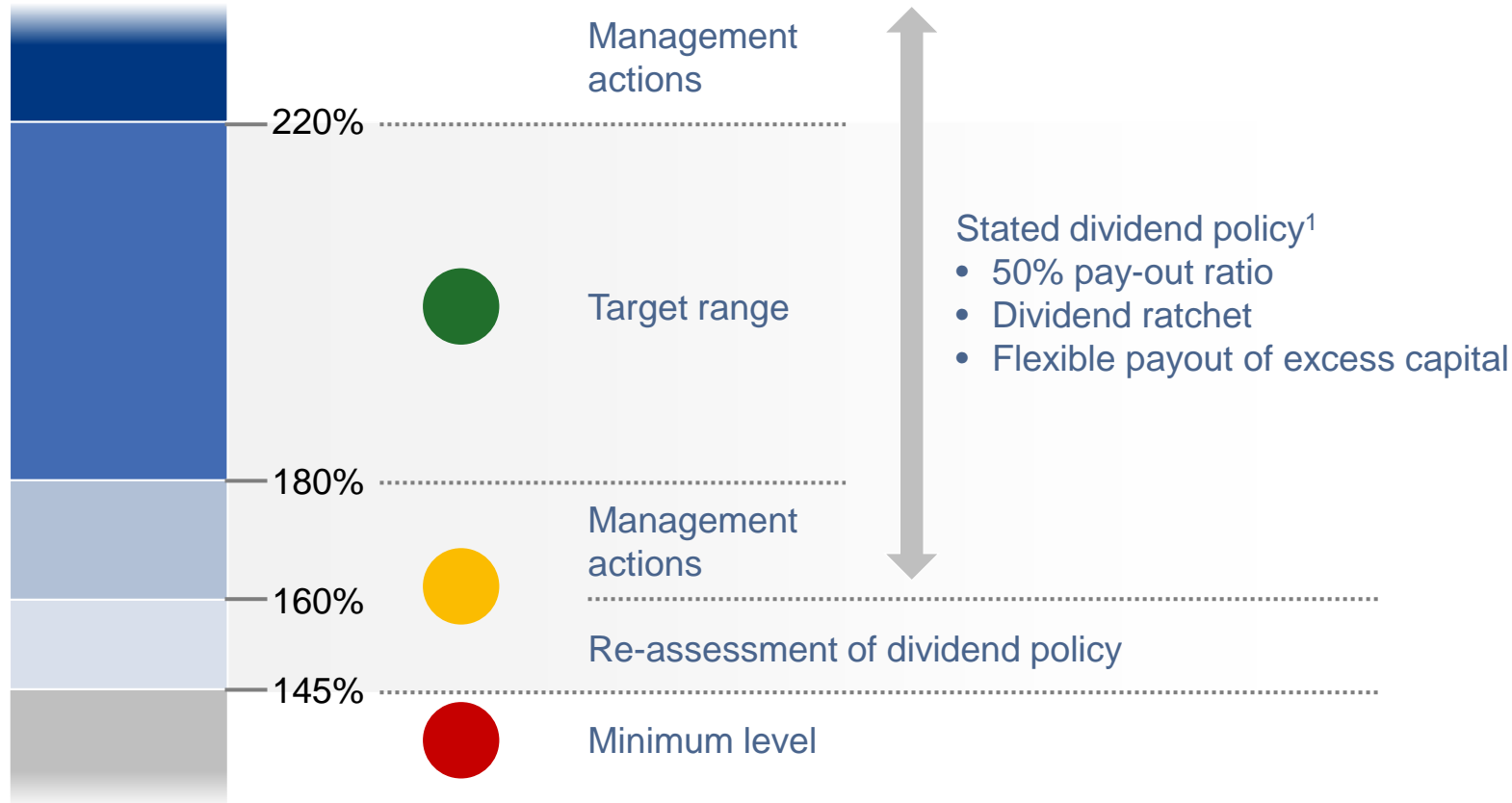


1) 2004-2015: Historically reported figures excluding Banking segment. Operating profit 2016/2017 includes Banking. Operating profit 2016 restated for changed accounting policy (as reported: EUR 10.8bn)

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



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



Highlights

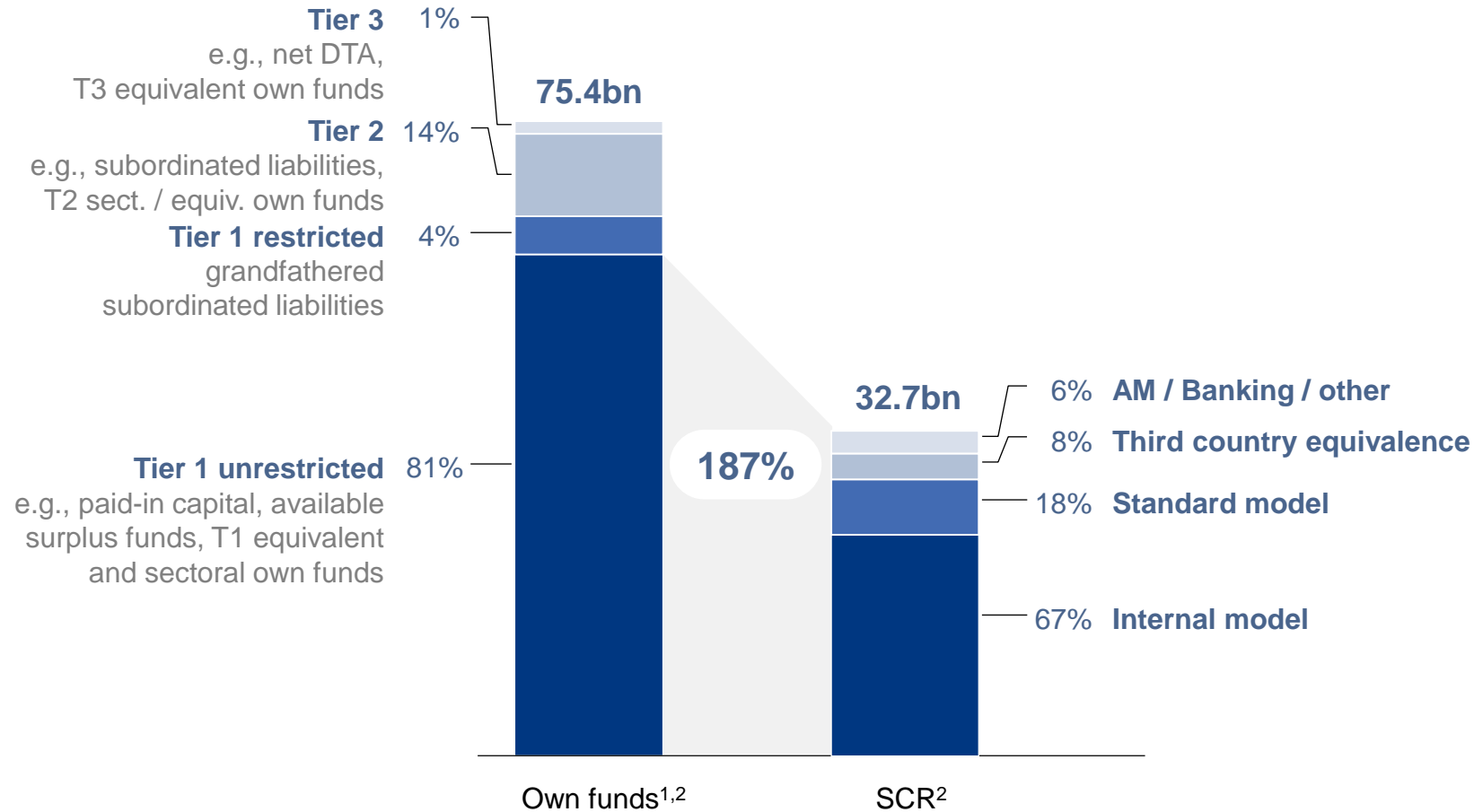
- Very strong SII ratio of 230% (2Q 2018)²
- 35%-p SII capital generation pre-tax and pre-dividend (FY 2017)
- We anticipate annual SII capital generation net of tax and dividend to stay above 10%-p going forward

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



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



	SFCR FY 2017 ³	Allianz	EU G-SII ⁴
SII ratio		229%	186%
UT1 / SCR		186%	134%
Non-UT1 / SCR		44%	51%

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

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).

Main internal model entities: AGCS, France, Germany, Italy, UK; main standard model entities: Belgium, Brazil, Poland, Spain, Taiwan, Turkey

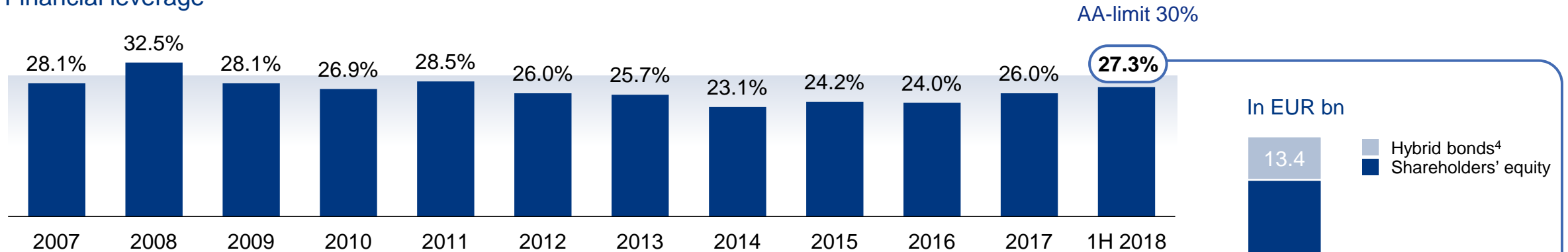
3) Source: company disclosure, Allianz

4) Mean of EU-domiciled G-SII excluding Allianz

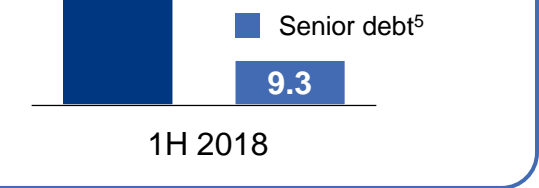
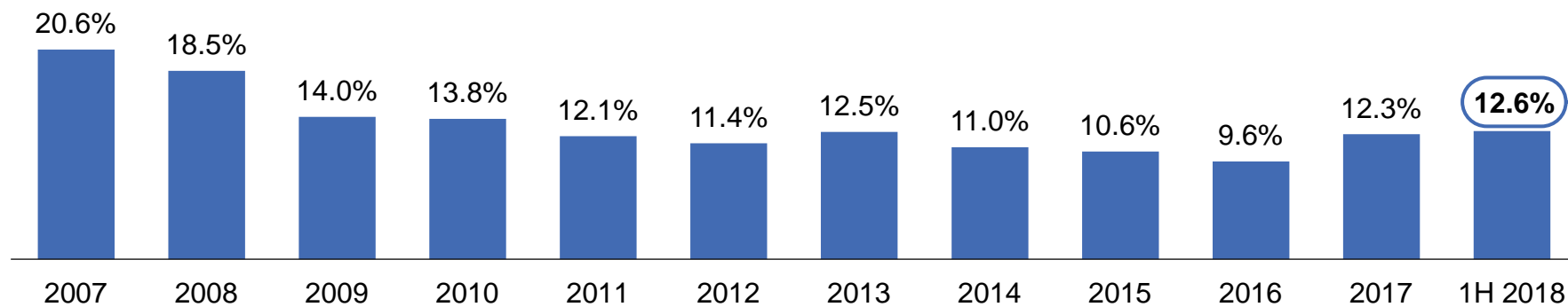


Leverage ratios¹ well within AA-range

Financial leverage²



Senior debt leverage³



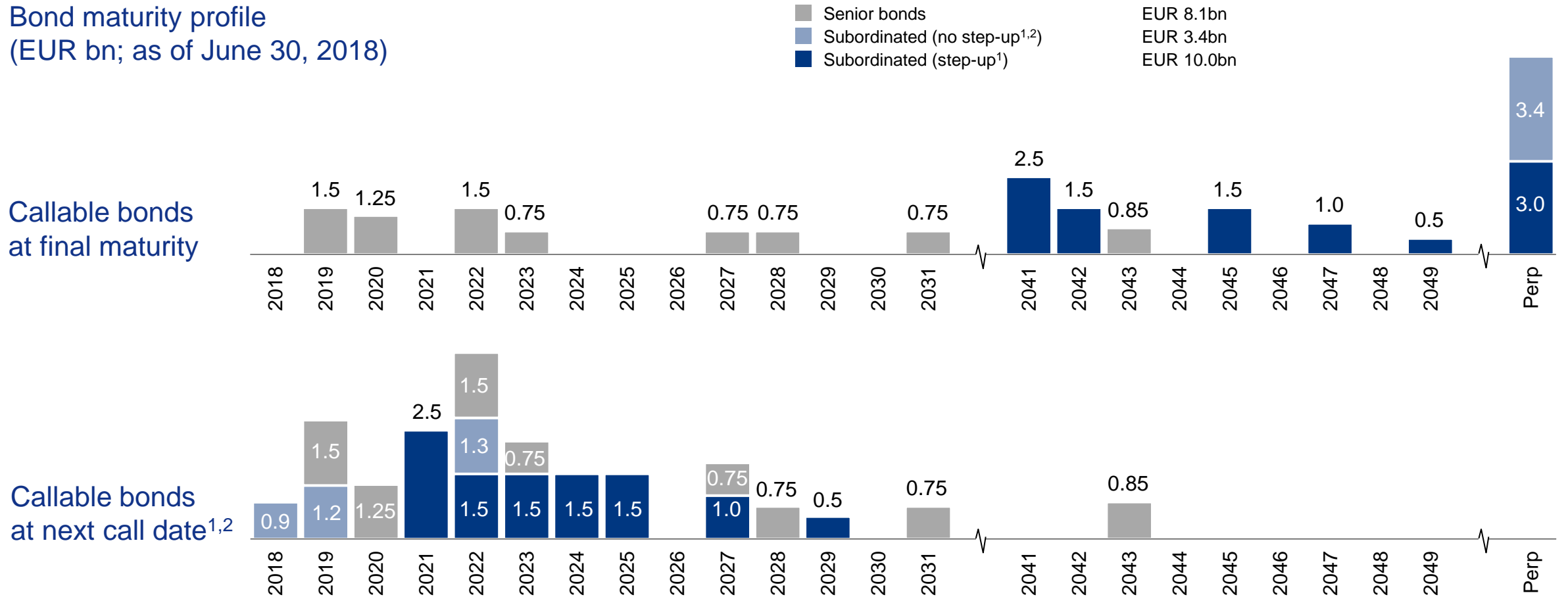
1) As reported in respective years, calculated in accordance with Allianz methodology
 2) Senior debt and hybrid bonds divided by the sum of senior debt, hybrid bonds and shareholders' equity
 3) Senior debt divided by the sum of hybrid bonds and shareholders' equity

4) Subordinated liabilities excluding bank subsidiaries; nominal value
 5) Certificated liabilities (bonds, commercial papers) excluding bank subsidiaries; nominal value



Refinancing – long-term oriented maturity structure

Bond maturity profile
(EUR bn; as of June 30, 2018)

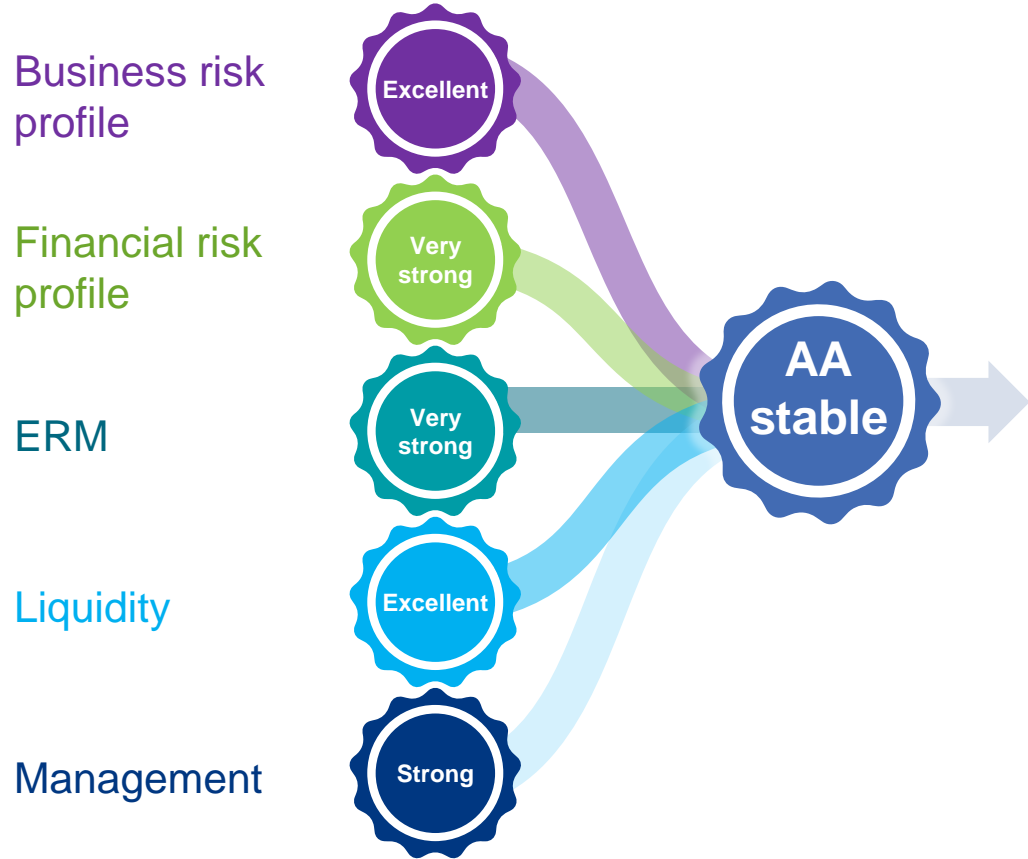


1) Neither the first occurrence of an issuer call option nor a coupon step-up should be construed as an indication by Allianz as to when the instrument will be called for redemption
2) Marginal rounding difference in case of subordinated bonds (no step-up)



Allianz with AA S&P rating for 10 years, now best-in-class

Selected rating components¹



S&P financial strength rating / outlook²

	2007	2018
AA+ ↑		
AA+ →	Peer 1 Peer 2	
AA+ ↓		
AA ↑		
AA → Allianz	Peer 3 Peer 4 Peer 5	Allianz Peer 8
AA ↓		
AA- ↑		
AA- →	Peer 6 Peer 7	Peer 2 Peer 3 Peer 5 Peer 7
AA- ↓		
A+ ↑		Peer 6
A+ →	Peer 8	
A+ ↓		Peer 1

1) Evaluation as of December 28, 2017

2) Outlook indicated by arrows. 2018 ratings as shown on company webpages in August 2018



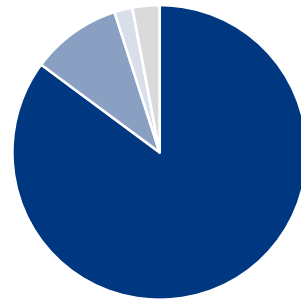
High quality investment portfolio

End of 2Q 2018

Asset allocation

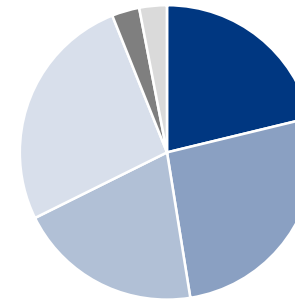
Total: EUR 668.6bn

Debt instruments	86%
Equities	10%
Real estate ¹	2%
Cash/Other	3%



Debt instruments by rating²

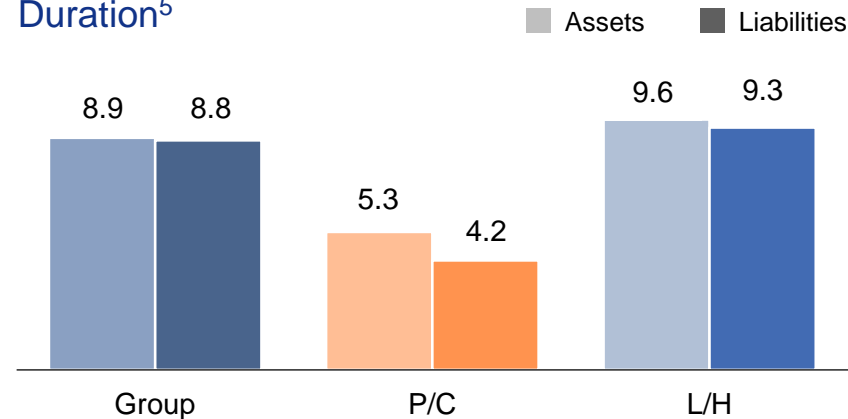
AAA	21%
AA	26%
A	20%
BBB	26%
Non-investment grade	3%
Not rated ³	3%



By segment (EUR bn)

	Group	P/C ⁴	L/H ⁴
Debt instruments	575.6	83.2	458.5
Equities	64.4	9.6	51.7
Real estate ¹	11.6	2.8	8.4
Cash/Other	17.0	4.3	7.3
Total	668.6	100.0	525.9

Duration⁵



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



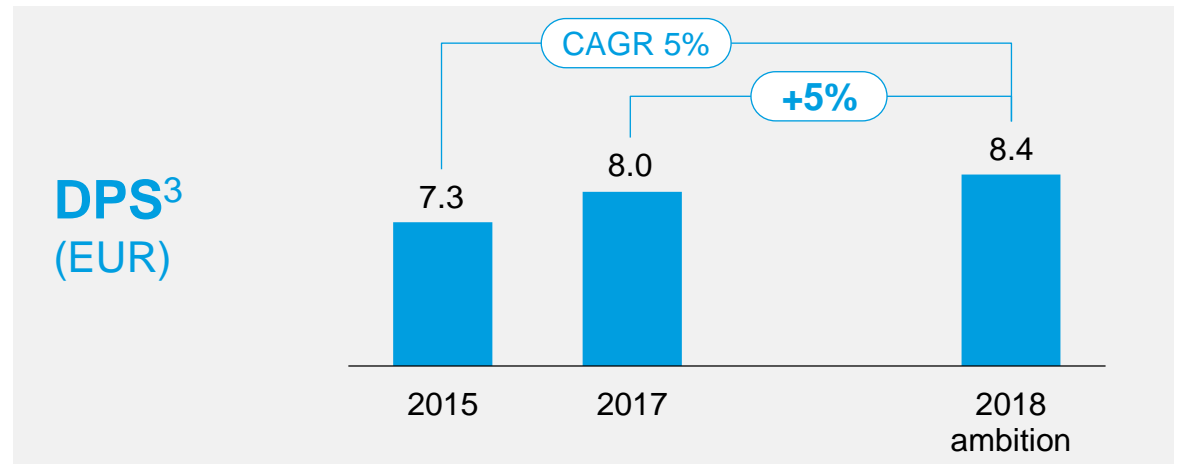
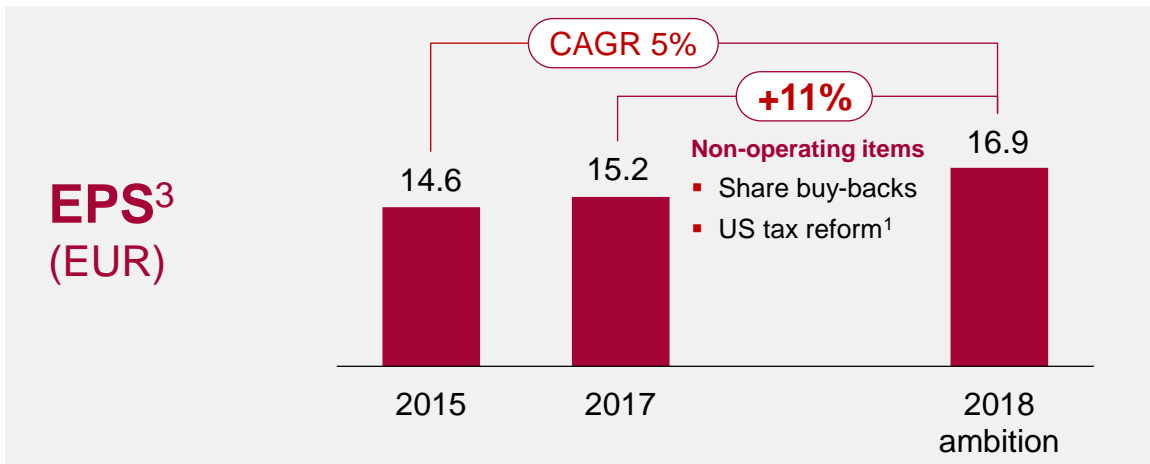
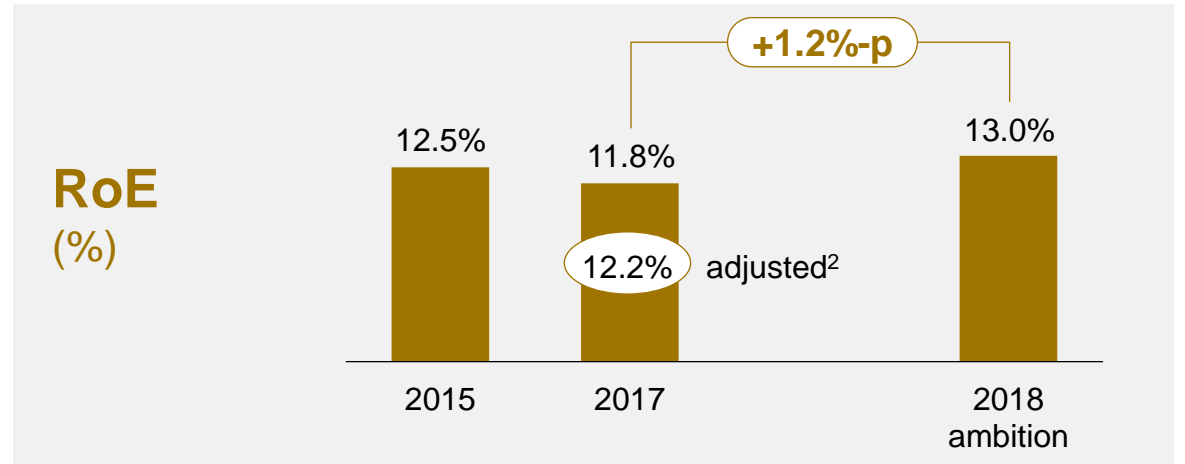
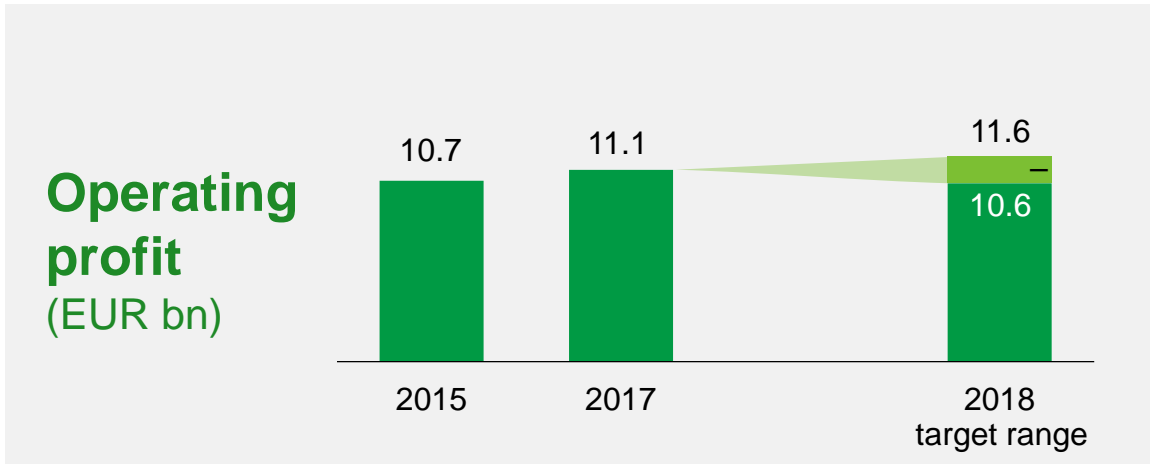
Allianz results 1H 2018 – 6M EPS up 5 percent

Group	Property-Casualty	Life/Health	Asset Management
Total revenues 6M 18 in EUR bn (internal growth vs. prior year in %)			
67.3 (+5.6%)	30.0 (+5.9%)	34.2 (+4.9%)	3.3 (+10.9%)
Operating profit 6M 18 in EUR mn (vs. prior year in %)			
5,753 (-1.8%)	2,729 (+0.9%)	2,144 (-6.0%)	1,247 (+7.9%)
Shareholders' net income (in EUR mn)	Combined ratio (in %)	New business margin (in %)	Cost-income ratio (in %)
○ EPS (in EUR)	○ NatCat impact ¹ □ Run-off ratio		○ 3rd party net flows (EUR bn)

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



Ambitious targets for 2018 in reach



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



In a nutshell

Our competitive advantages



- Sustainable, diversified profit generation
- Strong capitalization and financial flexibility
- Conservative investment portfolio
- Best-in-class risk management
- Best-in-class ratings



Appendix



Allianz bonds – senior debt

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

1) FFL = Fixed for life



Allianz bonds – subordinated debt

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

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



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.