Agenda

A  CEO assessment and outlook  
    Oliver Bäte

B  Group financial results 2016  
    Dieter Wemmer

C  Investments  
    Günther Thallinger

Glossary

Disclaimer
CEO assessment
and outlook

Oliver Bäte
Chief Executive Officer

Munich, February 17, 2017
2016 – strong performance in a challenging year

A. CEO assessment and outlook

Difficult environment

- Brexit vote
- Market volatility
- Ultra-low rates
- Italian referendum
- Regulation
- Political tensions

Strong performance

- Operating profit
  - EUR 10.8bn
  - near upper end of target range
- Solvency II capitalization
  - 218%
- Shareholders’ net income
  - EUR 6.9bn (+4.0%)
- RoE²
  - 12.0%
- Dividend per share¹
  - EUR 7.60 (+4.1%)
- Earnings per share
  - EUR 15.1 (+4.0%)

¹ Proposal
² Excluding unrealized gains/losses on bonds, net of shadow accounting
A. CEO assessment and outlook

All segments deliver

- Strong internal growth of **3.1%**
- **94.3% CR** close to target
- Restructuring of former **FFIC** business on track
- New LatAm management, ∆ OP EUR +79mn

### Key Performance Indicators

- **PIMCO** with **new top team** and strong investment performance
- **PIMCO net flows** EUR **+11bn** in 2H, CIR managed to **60%**
- **AGI OP** EUR **543mn** at all-time high

- Successful new business **mix shift**
- **NBM up** to 2.7% (4Q: 2.9%) despite lower rates
- Disposal of **Korea** strongly benefits SII capitalization (+9%-p) and profitability 2017ff
- Operating profit of **EUR 4.1bn** at record level

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1) Excluding unrealized gains/losses on bonds, net of shadow accounting
5-year track record consistent with ambition 2018

A. CEO assessment and outlook

Operating profit (EUR bn)

<table>
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<th></th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>7.8</td>
<td>9.3</td>
<td>10.1</td>
<td>10.4</td>
<td>10.7</td>
<td>10.8</td>
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</table>

CAGR 6.9%

EPS (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.7</td>
<td>11.6</td>
<td>13.2</td>
<td>13.7</td>
<td>14.6</td>
<td>15.1</td>
<td>16.9</td>
<td></td>
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</table>

CAGR 21.4%

DPS (EUR)

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>2011</td>
<td>4.50</td>
<td>4.50</td>
<td>5.30</td>
<td>6.85</td>
<td>7.30</td>
<td>7.60</td>
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</table>

CAGR 11.1%

1) Proposal
Renewal Agenda on track – selected examples

- Global cultural change in implementation
- Leadership index further improved
- PIMCO with positive net flows in 3Q and 4Q 2016
- Insurance underperformers turning around or exited
- Growth pipeline filling up

- 55% of measured segments with NPS above market or loyalty leader (2015: 50%)
- Global Digital Factory launched
- Planned productivity gains under implementation
- P/C initiatives on track
- L/H product shift ahead of plan, Korea sold

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1) IMIX 2015: 68%, 2016: 70%, target 2018: 72%
2) EUR 1bn in 2018e
A. CEO assessment and outlook

Disciplined portfolio strategy – including disposals

**Acquisitions / JVs**

<table>
<thead>
<tr>
<th>Country</th>
<th>Value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mensura</td>
<td>0.1bn</td>
</tr>
<tr>
<td>Eurocourtage</td>
<td>0.5bn</td>
</tr>
<tr>
<td>Asia</td>
<td>0.1bn</td>
</tr>
<tr>
<td>Yapı Kredi</td>
<td>0.7bn</td>
</tr>
<tr>
<td>Unipol</td>
<td>0.6bn</td>
</tr>
<tr>
<td>Maybank Indonesia</td>
<td>0.2bn</td>
</tr>
<tr>
<td>Rogge Global Partners</td>
<td>0.1bn</td>
</tr>
<tr>
<td>Zurich Maroc</td>
<td>0.3bn</td>
</tr>
<tr>
<td>Asia</td>
<td>0.2bn</td>
</tr>
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</table>

**Disposals**

<table>
<thead>
<tr>
<th>Value (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.4bn</td>
</tr>
<tr>
<td>-0.1bn</td>
</tr>
<tr>
<td>Not included in budget for external growth</td>
</tr>
</tbody>
</table>

Unused budget for external growth: EUR 2.4bn

1) Selected transactions only
Active capital management to continue

- **Simplification** of dividend policy
- **More flexible return of excess capital** to shareholders, no longer coupled to unused budget for external growth every three years
- **Capital discipline** safeguarded by demanding EPS and RoE targets

- **EUR 2.4bn** unused budget for external growth
- Return of up to **EUR 3.0bn to shareholders** via share buyback within next 12 months
- **Cancellation** of purchased shares
- EPS accretion **4.4%**
- RoE uplift **0.6%-p**

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1) Subject to sustainable Solvency II ratio >160%
2) Full run-rate in 2018. Assumptions: full completion of buyback and cancellation of shares in 2017, average purchase price equal to share price on February 10, 2017 of EUR 156.85, all other KPIs unchanged
3) 5% EPS 3-year CAGR until 2018, 13% RoE in 2018, excluding unrealized gains/losses on bonds, net of shadow accounting
A. CEO assessment and outlook

Three levers to increase earnings per share (EPS)

1. Internal earnings growth
   Example: Higher shareholder net income in 2016 increased EPS by 4.0%

2. External earnings growth¹

3. Capital Management
   Example: EUR 3bn share buyback in 2017 will increase EPS by 4.4%²

¹ Full run-rate in 2018. Assumptions: full completion of buyback and cancellation of shares in 2017, average purchase price equal to share price on February 10, 2017 of EUR 156.85, all other KPIs unchanged

² Accretive acquisitions

Earnings 2015
# of shares 2015

Ambition 5% CAGR

Earnings 2018
# of shares 2018
Attractive dividend policy 2017ff.\(^1\)
(allocation of shareholders’ net income)

1) This 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) Absolute dividend per share at least at previous year’s level, possibly increasing payout ratio to >50%
A. CEO assessment and outlook

We deliver on our equity story

<table>
<thead>
<tr>
<th>Upside potential</th>
<th>Highlights 2016</th>
</tr>
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<tbody>
<tr>
<td>5% EPS growth</td>
<td>4% organic EPS growth, even including Korea¹</td>
</tr>
<tr>
<td>Renewal Agenda</td>
<td>Digital investments help drive NPS (+5%-p)</td>
</tr>
<tr>
<td>Scale benefits</td>
<td>&gt; EUR 100bn alternative assets</td>
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<table>
<thead>
<tr>
<th>Attractive dividend policy</th>
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<tbody>
<tr>
<td>50% payout with ratchet</td>
<td>Dividend per share EUR 7.60² (+4.1%)</td>
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<tr>
<td>Capital discipline</td>
<td>EUR 3bn share buyback</td>
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<table>
<thead>
<tr>
<th>Downside protection</th>
<th></th>
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<tbody>
<tr>
<td>Excellent capital position</td>
<td>Solvency II capitalization 218%</td>
</tr>
<tr>
<td>Diversification</td>
<td>Resilient operating profit, 5-year CAGR 7%</td>
</tr>
<tr>
<td>High quality debt portfolio</td>
<td>94% of F/I investments with investment grade rating</td>
</tr>
</tbody>
</table>

¹) Impact Korea on net income 2016: EUR -454mn
²) Proposal
Achievements and external acknowledgments

**Environment**
- Renewable energy investments [EUR bn]
  - 2011: 1.3
  - 2016: 4.6
  - +254%
- Energy consumption [GJ per employee]
  - 2011: 22.0
  - 2016: 19.4
  - -12%

**Social**
- Employee Engagement Index [score]
  - 2011: 67%
  - 2016: 72%
  - +5%-p

**Governance**
- Transactions with ESG assessments
  - 2014: 150
  - 2016: 511
  - +241%

**… external acknowledgments**

- **Gold Class**
- **Top 3% (sector)**
- **Prime status**
- **AAA rating**
- **World 120 Index**

Our ambition: create long-term economic value through a forward-thinking approach to ESG

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1) Thereof EUR 3.5bn renewables equity and EUR 1.1bn renewables debt investments
2) Final data will be published in the Group Sustainability Report 2016 in April 2017 at www.allianz.com/sustainability
### Outlook 2017
(Operating profit\(^1\) in EUR bn)

<table>
<thead>
<tr>
<th></th>
<th>P/C</th>
<th>L/H</th>
<th>AM</th>
<th>Corp/Cons</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>5.6</td>
<td>4.3</td>
<td>2.6</td>
<td>-0.7</td>
<td>11.3</td>
</tr>
<tr>
<td>Midpoint</td>
<td>5.3</td>
<td>4.0</td>
<td><strong>2.3</strong></td>
<td><strong>-0.8</strong></td>
<td><strong>10.8</strong></td>
</tr>
<tr>
<td>Low</td>
<td>5.0</td>
<td>3.7</td>
<td>2.0</td>
<td>-0.9</td>
<td>10.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>P/C</th>
<th>L/H</th>
<th>AM</th>
<th>Corp/Cons</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midpoint 2016</td>
<td>5.5</td>
<td>3.6</td>
<td>2.2</td>
<td>-0.8</td>
<td>10.5</td>
</tr>
<tr>
<td>Actual 2016</td>
<td>5.4</td>
<td>4.1</td>
<td>2.2</td>
<td>-0.9</td>
<td>10.8</td>
</tr>
</tbody>
</table>

*Note: Outlook 2017 based on new definition: restructuring costs without P/H participation will be allocated to non-operating result. Numbers for 2016 not adjusted. Actual operating profit 2016 adjusted to new definition amounts to EUR 10.9bn.*

\(^1\) Allianz SE 2017
Conclusion: strong 2016 result and balance sheet good base to reach ambitions for 2018¹

**Performance**

- **RoE 13**
- **EPS 5**
  CAGR 2015 - 2018

**Health**

- **NPS 75**
  better than market
- **IMIX 72**

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¹ All numbers in percent, RoE excluding unrealized gains/losses on bonds, net of shadow accounting, EPS CAGR over three years
Group financial results 2016

Dieter Wemmer
Chief Financial Officer

Munich, February 17, 2017
1 Highlights
2 Additional information
## B. Group financial results 2016

### 4Q: strong finish in 2016

#### Group

<table>
<thead>
<tr>
<th></th>
<th>Total revenues 4Q 16 (EUR bn) vs. prior year</th>
<th>Operating profit 4Q 16 (EUR mn) vs. prior year</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q 15</td>
<td>30.0 (+0.9%)</td>
<td>2,826 (+9.3%)</td>
</tr>
<tr>
<td>4Q 16</td>
<td>11.2 (+2.4%)</td>
<td>1,421 (+16.4%)</td>
</tr>
<tr>
<td>4Q 15</td>
<td>17.1 (+0.5%)</td>
<td>1,083 (-1.7%)</td>
</tr>
<tr>
<td>4Q 16</td>
<td>1.7 (-3.8%)</td>
<td>640 (+0.5%)</td>
</tr>
</tbody>
</table>

#### Property-Casualty

<table>
<thead>
<tr>
<th></th>
<th>Shareholders’ net income (EUR mn)</th>
<th>Combined ratio (in %)</th>
<th>New business margin (in %)</th>
<th>Cost-income ratio (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q 15</td>
<td>1,418 (+23.0%)</td>
<td>-2.3% -p</td>
<td>0.0% -p</td>
<td>-1.7% -p</td>
</tr>
<tr>
<td>4Q 16</td>
<td>1,744</td>
<td>96.2</td>
<td>2.9</td>
<td>63.0</td>
</tr>
</tbody>
</table>

1) NatCat costs (without reinstatement premiums and run-off)
2) Current and prior year figures are presented excluding the effects from the Korean life business
4Q: strong finish in 2016

Comments

- **Revenues – slight increase**
  Excellent internal growth in P/C continues with +3.6%. Stable revenues in L/H despite business mix shift. AM revenues 4% lower than in 4Q 2015, but continuous increase during 2016 on a quarterly basis.

- **Operating profit at excellent level**
  Good result from all three segments. L/H outstanding, P/C strong and AM slightly improved.

- **Shareholders’ net income sharply up**
  Improvement driven by operating profit (Δ EUR +240mn) and non-operating profit (previous year EUR 171mn goodwill impairment of our L/H business in Asia Pacific).

- **P/C – operating profit up 16%**
  Strong CR improvement benefiting from lower NatCat and less large losses. Run-off below last year.

- **L/H – operating profit again above EUR 1bn**
  Increase of operating profit in USA offset by higher PHP in Germany. NBM remains close to target level of 3.0% despite lower interest rates, supported by management action-driven change in business mix (+0.5%-p).

- **AM – 3rd party net inflows**
  2nd consecutive quarter with positive 3rd party net flows at PIMCO. Operating profit slightly enhanced because cost reductions more than compensate for lower revenues.
B. Group financial results 2016

Group: organic EPS growth of 4 percent

Total revenues (EUR bn)

- Internal growth
-2.2%
-0.8%

125.2  
122.4

2015  2016

Shareholders’ net income (EUR mn)

- +4.0%

6,616  
6,883

14.6  
15.1

2015  2016

Operating profit drivers¹ (EUR mn)

10,735  
10,833

+352  -233

+0.9%  -0.8%

P/C  L/H  AM  CO  Consolidation  Operating profit

Consolidation

Operating profit 2015

2016  5,370  4,148  2,205  -867  -23
2015  5,603  3,796  2,297  -945  -16

¹ From the classification of our Korean life business as “held for sale” in 2Q 16 until its disposal in 4Q 16, the total result was considered as non-operating
Group: organic EPS growth of 4 percent

Comments

- **Revenues driven by P/C**
  Very good internal growth in P/C of 3.1%. In L/H (internal growth -3.1%) preferred lines of business largely compensate for reduction of traditional products. AM revenues 7% below 2015. Impact on total growth from F/X and consolidation -1.2%-p and -0.3%-p, respectively.

- **Operating profit – 5th consecutive increase**
  Near the upper end of our target range (EUR 10.0 – 11.0bn). Since 2011 operating profit has increased by 6.9% p.a. (CAGR).

- **P/C – solid result**
  Good and improved CR of 94.3%. Operating profit negatively impacted by lower investment result and non-repetition of last year’s FFIC gain.

- **L/H – excellent performance**
  Main contributor to improvement is a better investment margin as a function of higher volume and a more favorable result from basis risk in USA.

- **AM – operating profit at outlook midpoint**
  Operating profit meets expectation. Expense reductions mitigate impact from lower revenues and improve CIR by 1.1%-p to 63.4%.

- **CO – at target**
  Lower admin expenses main driver of improvement.

- **S/h net income at EUR 6.9bn including Korea Life disposal**
  Net income impact from Korea (EUR -454mn), no further impact expected in 2017.
Group: solvency up – interest rate sensitivity reduced

Shareholders’ equity (EUR bn)

<table>
<thead>
<tr>
<th></th>
<th>31.12.15</th>
<th>30.09.16</th>
<th>31.12.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains/losses¹</td>
<td>10.9</td>
<td>17.9</td>
<td>11.8</td>
</tr>
<tr>
<td>Retained earnings²</td>
<td>23.3</td>
<td>23.2</td>
<td>26.6</td>
</tr>
<tr>
<td>Paid in capital</td>
<td>28.9</td>
<td>28.9</td>
<td>28.9</td>
</tr>
</tbody>
</table>

Key sensitivities (EUR bn)

- **Equity markets**
  - -30%
  - +50bps
  - -50bps
- **Interest rate**
  - on government bonds
    - -2.1
  - on corporate bonds
    - -1.8
- **Credit spread**
  - on government bonds
    - +3.6
  - on corporate bonds

SII capitalization (in %)

<table>
<thead>
<tr>
<th></th>
<th>31.12.15</th>
<th>30.09.16</th>
<th>31.12.16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>200</td>
<td>186</td>
<td>218</td>
</tr>
</tbody>
</table>

Key sensitivities³

- **Equity markets**
  - +30%
  - -30%
- **Interest rate**
  - SII non-parallel
    - +50bps
    - -50bps
  - -2%-p
- **Credit spread**
  - on government bonds
    - -11%-p
  - on corporate bonds
    - -12%-p

¹ Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 2.8bn as of 31.12.15, EUR 2.8bn as of 30.09.16 and EUR 3.3bn as of 31.12.16
² Including F/X
³ Second order effects to other risk types and to own funds transferability restrictions are not considered
Group: solvency up – interest rate sensitivity reduced

Comments

- **Shareholders’ equity – up 7%**
  In 2016, shareholders’ equity increases by EUR 4.2bn. Net income (EUR +6.9bn), higher net unrealized gains (EUR +0.9bn) and positive F/X effects (EUR +0.2bn) clearly overcompensate dividend payment (EUR -3.3bn) and higher actuarial losses for defined benefit pension plans (EUR -0.3bn). Book value per share EUR 148.

  During 4Q, shareholders’ equity decreases by EUR 2.7bn. Net income (EUR +1.7bn), positive F/X effects (EUR +0.7bn) and lower actuarial losses for defined benefit pension plans (EUR +0.8bn) are clearly overcompensated by lower net unrealized gains (EUR -6.1bn).

- **Solvency II ratio – strong increase in the year …**
  During the year the SII ratio increases 18%-p. The sale of our Korean operations (+9%-p) and strong capital generation post tax and dividend (+11%-p) are the main drivers.

  … and in the quarter
  SII ratio advances 31%-p in 4Q. Capital generation after tax and dividend accounts for +4%-p, sale of Korea for +10%-p, market impacts for +9%-p and management actions for +3%-p as the main drivers. Net effect of minor model changes amounts to a ~4%-p SII ratio increase.

- **IR sensitivity markedly reduced**
  Sensitivity to a 50bps decrease of interest rates of -11%-p markedly reduced versus FY 2015 (-14%-p). The disposal of our Korean operations and management action to further refine our asset-liability matching are the key drivers. We are well on track to achieve our 2018 target (IR sensitivity <11%-p).

  Sensitivity to a 50bps government bond spread widening decreased 4%-p during the quarter due to lower market values driven by higher interest rates. Credit spread sensitivity to corporate bonds remained flat and negligible.
Group: strong capital generation

**Own funds (EUR bn)**

<table>
<thead>
<tr>
<th>31.12.15</th>
<th>Regulatory/ model changes</th>
<th>Operating SII earnings</th>
<th>Market impact</th>
<th>Capital mgmt./management actions</th>
<th>Other</th>
<th>31.12.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>72.7</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>75.3</td>
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<tr>
<td>-0.6</td>
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<td></td>
</tr>
<tr>
<td>+11.9</td>
<td>+5.8</td>
<td>+6.2</td>
<td>-1.2</td>
<td>-1.2</td>
<td>-6.3</td>
<td></td>
</tr>
</tbody>
</table>

**SCR (EUR bn)**

<table>
<thead>
<tr>
<th>31.12.15</th>
<th>Regulatory/ model changes</th>
<th>Business evolution</th>
<th>Market impact¹</th>
<th>Management actions</th>
<th>Other²</th>
<th>31.12.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>36.4</td>
<td></td>
<td></td>
<td>+0.5</td>
<td>+1.6</td>
<td>-3.1</td>
<td>-0.2</td>
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<tr>
<td>-0.7</td>
<td></td>
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<tr>
<td>34.6</td>
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1) Including cross effects and policyholder participation
2) Other effects on SCR include diversification effects and third country equivalence

Pre-tax operating capital generation

SII capitalization

- 200%
- +30%-p
- 218%
- 209%

SII capitalization as if after share buyback
Group: strong capital generation

Comments

- **Sale of Korea part of management action**
  Our Korean subsidiary was sold in December 2016. The sale is reflected in management actions with Korea’s beginning-of-year impact in both own funds and SCR. All other items are presented excluding Korea.

- **Pre-tax operating capital generation**
  Operating SII capital generation before tax and dividend amounts to 30%-p for FY 2016.

- **Operating SII earnings**
  L/H SII earnings are ahead of their operating IFRS results. L/H benefited from operating variances and assumption changes. P/C and AM operating earnings are close to the operating IFRS result.

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

- **Market impact**
  Decreasing interest rates with adverse impact on both own funds and SCR.

- **Capital management**
  Own funds movement includes EUR 3.5bn dividend accrual, partially offset by EUR 1.3bn issuance of hybrid debt in 3Q 2016.

- **Management actions**
  Sale of our Korean subsidiary accounts for EUR +1.5bn own funds and EUR -0.9bn SCR movement and is – together with proactive asset liability management – the main driver.

- **Other**
  Broadly evenly split between taxes and change in transferability restrictions.

- **Negative rates recognition – pro-forma impact**
  On a “pro-forma” basis, the recognition of negative interest rates on solvency capital calculations would have had a negative impact on the Solvency II ratio of around -3%-p as of December 31, 2016.
## P/C: very good internal growth continues

### Revenues

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Total P/C segment</strong></td>
<td>51,535</td>
<td>-0.1%</td>
<td>+3.1%</td>
</tr>
<tr>
<td><strong>Large OEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>9,902</td>
<td>+2.8%</td>
<td>+2.8%</td>
</tr>
<tr>
<td>Italy</td>
<td>4,572</td>
<td>-3.9%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>France</td>
<td>4,357</td>
<td>+0.6%</td>
<td>+2.2%</td>
</tr>
<tr>
<td><strong>Global lines</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGCS</td>
<td>7,592</td>
<td>-6.4%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Allianz Worldwide Partners</td>
<td>4,185</td>
<td>+5.3%</td>
<td>+4.7%</td>
</tr>
<tr>
<td>Credit Insurance</td>
<td>2,200</td>
<td>-1.8%</td>
<td>-0.5%</td>
</tr>
<tr>
<td><strong>Selected OEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>3,099</td>
<td>+3.6%</td>
<td>+3.2%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>2,623</td>
<td>-14.1%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Spain</td>
<td>2,275</td>
<td>+6.4%</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,900</td>
<td>-8.9%</td>
<td>+10.0%</td>
</tr>
</tbody>
</table>

### Actual rate change on renewals

<table>
<thead>
<tr>
<th>2016</th>
<th>Momentum</th>
</tr>
</thead>
<tbody>
<tr>
<td>+1.4%</td>
<td>–</td>
</tr>
<tr>
<td>+1.9%</td>
<td>stable</td>
</tr>
<tr>
<td>-2.1%</td>
<td>negative</td>
</tr>
<tr>
<td>+1.3%</td>
<td>stable</td>
</tr>
<tr>
<td>-0.4%</td>
<td>stable</td>
</tr>
<tr>
<td>+1.6%</td>
<td>stable</td>
</tr>
<tr>
<td>-0.3%</td>
<td>positive</td>
</tr>
<tr>
<td>+2.1%</td>
<td>stable</td>
</tr>
<tr>
<td>+3.4%</td>
<td>stable</td>
</tr>
<tr>
<td>+5.3%</td>
<td>positive</td>
</tr>
<tr>
<td>n.m.</td>
<td>–</td>
</tr>
</tbody>
</table>
P/C: very good internal growth continues

Comments

- **Momentum accelerating further in 4Q**
  Internal growth of +3.1% for FY 2016, driven by volume and price, and ahead of our ~+2% outlook. F/X -2.2% and de-consolidations -1.0% lead to basically flat top-line.
  Retention +1.0%-p to 91.5%. 12M rate change on renewals +1.4% vs. +1.0% last year. Internal growth 4Q of +3.6% even higher than FY.

- **Germany – price and volume up**
  Strong growth, mainly driven by commercial business. 4Q growth of +3.9% excellent with property and motor in the driving seat.

- **Italy – pace of decline slowing**
  Ongoing average premium decreases in MTPL. 4Q internal growth of -2.2% better than FY, though. Genialloyd (+3.5%) continues to outgrow the direct market.

- **France – good growth**
  Good growth particularly in motor (+4.0%) in personal and commercial.

- **AGCS – profitability over volume**
  Re-underwriting initiatives mainly in specialty lines impact top-line.

- **AWP – good growth**
  US Assistance business (travel) main growth driver. Strong competition continues to impact AWP Health.

- **Australia – continued strong growth**
  Broad-based growth, in personal and commercial.

- **UK – good performance in a challenging year**
  Commercial lines (on constant F/X) up 1.6% yoy while personal lines impacted by exit from direct channel and underwriting actions in retail motor.

- **Spain – excellent growth continues**
  Similar picture to 9M – continued price- and volume-driven growth in both personal and commercial lines. Motor grows ~+7%, driven by price.

- **LatAm – turning around**
  Argentina (+32.3%) main growth driver (inflation). Brazil (-2.7%) impacted by recession but quarterly GPW internal growth turned positive in 4Q again.
B. Group financial results 2016

P/C: better underwriting result offset by lower investment income

Operating profit drivers (EUR mn)

<table>
<thead>
<tr>
<th></th>
<th>Underwriting</th>
<th>Investment(^1,)</th>
<th>Other</th>
<th>Operating profit 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit 2015</td>
<td></td>
<td></td>
<td></td>
<td>5,603</td>
</tr>
<tr>
<td>Δ 2016/15</td>
<td>-167</td>
<td></td>
<td></td>
<td>-4.2%</td>
</tr>
<tr>
<td>2016</td>
<td>2,354</td>
<td>2,971</td>
<td>45</td>
<td>5,370</td>
</tr>
<tr>
<td>2015</td>
<td>2,281</td>
<td>3,138</td>
<td>184</td>
<td></td>
</tr>
</tbody>
</table>

Combined ratio (in %)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss ratio</td>
<td>66.2</td>
<td>65.6</td>
</tr>
<tr>
<td>Expense ratio</td>
<td>28.4</td>
<td>28.7</td>
</tr>
<tr>
<td>NatCat impact (^3)</td>
<td>1.6</td>
<td>1.5</td>
</tr>
</tbody>
</table>

Run-off ratio (in %)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>4.1</td>
<td>4.5</td>
</tr>
</tbody>
</table>

1) Including policyholder participation.
2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly.
3) NatCat costs (without reinstatement premiums and run-off)
P/C: better underwriting result offset by lower investment income

Comments

- **Operating profit – investment result headwinds**
  Higher underwriting result (attritional LR and NatCat improve by -0.1%-p each, NPE +0.3%) more than offset by lower investment result and non-repetition of last year’s EUR +0.1bn gain on FFIC transaction (net of related expenses and restructuring). LatAm is turning around with EUR +79mn OP swing.

- **NatCat – slightly better than last year**
  NatCat losses of EUR 689mn/1.5% slightly below prior year (EUR 738mn/1.6%) and below 10-year average of 2.1%.
  4Q NatCat of EUR 140mn/1.2% well below last year (EUR 249mn/2.1%).

- **Run-off – reflecting strong balance sheet**
  FY run-off of 4.5% above 10-year average of 3.7%, while maintaining reserve strength. Contribution spread across many OEs, in particular Italy, Australia and AGCS. 4Q releases of 4.9% below last year (5.6%).

- **Attritional and AY LR – better on lower weather-related losses**
  AY LR improves -0.2%-p to 70.1% due to lower NatCat and weather-related losses. Large losses stable yoy but above 5-year average.
  Attritional LR improves by -0.1%-p to 68.6%.
  AGCS, Spain and LatAm are the main contributors. Excluding all volatile items (NatCat, weather-related and large losses), AY LR is flat compared to last year.

- **Expense ratio – slightly up**
  ER 0.2%-p higher than last year. Main drivers were change of business mix at AWP and the negative volume effect in Italy.
## P/C: UK and LatAm with strong improvements

<table>
<thead>
<tr>
<th>EUR mn</th>
<th>Operating profit</th>
<th>Combined ratio</th>
<th>NatCat impact on CR¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total P/C segment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,370</td>
<td>-4.2%</td>
<td>94.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.5%-p</td>
</tr>
<tr>
<td><strong>Large OEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>1,118</td>
<td>-8.1%</td>
<td>92.7%</td>
</tr>
<tr>
<td>Italy</td>
<td>941</td>
<td>-12.5%</td>
<td>84.8%</td>
</tr>
<tr>
<td>France</td>
<td>424</td>
<td>-8.9%</td>
<td>96.3%</td>
</tr>
<tr>
<td><strong>Global lines</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AGCS</td>
<td>376</td>
<td>-11.0%</td>
<td>101.6%</td>
</tr>
<tr>
<td>Allianz Worldwide Partners</td>
<td>150</td>
<td>+17.1%</td>
<td>97.9%</td>
</tr>
<tr>
<td>Credit Insurance</td>
<td>328</td>
<td>-17.9%</td>
<td>83.0%</td>
</tr>
<tr>
<td><strong>Selected OEs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>358</td>
<td>+16.6%</td>
<td>93.6%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>145</td>
<td>+157.1%</td>
<td>96.1%</td>
</tr>
<tr>
<td>Spain</td>
<td>184</td>
<td>-11.4%</td>
<td>92.9%</td>
</tr>
<tr>
<td>Latin America</td>
<td>-75</td>
<td>n.m.²</td>
<td>110.1%</td>
</tr>
</tbody>
</table>

1) NatCat costs (without reinstatement premiums and run-off)
2) Operating profit in Latin America improved by EUR 79mn from EUR -154mn in 2015
P/C: UK and LatAm with strong improvements

Comments

- **Germany** – large losses outweigh lower weather
  AY LR increases +0.7%-p as higher large losses more than offset lower weather-related claims. CR remains very good.

- **Italy** – CR remains excellent
  AY LR and ER up. 9M trend of lower average premiums (MTPL) and increase in frequency continued. Outstanding 4Q CR of 80.2%.

- **France** – impacted by NatCat and large losses
  Slight increase of LR due to higher NatCat and large losses, partly offset by higher run-off.

- **AGCS** – good performance
  Better AY LR and ER as well as slightly higher run-off ratio all contribute to CR improvement, partly offset by higher large loss impact. Last year’s OP benefited from FFIC transaction.

- **Australia** – strong result
  CR improvement vs. 12M 2015 driven by higher run-off and lower AY LR. Latter is positively impacted by less weather-related claims.

- **UK** – strong CR improvement
  LR improves 5.6%-p mainly due to lower NatCat and higher run-off. Lower ER also contributes to strong CR improvement.

- **Spain** – underwriting initiatives keep CR stable on excellent level
  Strong AY LR improvement broadly offset by lower run-off and higher large loss impact. OP decline reflects intra-group reinsurance transaction.

- **LatAm** – both Brazil and Argentina improve
  Brazil CR improves 4.5%-p yoy to 115.2%. FY OP of EUR -96mn driven by EUR -56mn reserve strengthening for a run-off life portfolio. Argentina with positive operating results for both FY 2016 (EUR 6mn) and 4Q (EUR 2mn) as management actions are showing positive effects.
B. Group financial results 2016

**P/C: interest & similar income lower, in line with market developments**

Operating investment result\(^1,2\) (EUR mn)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; similar income(^3)</td>
<td>3,576</td>
<td>3,391</td>
<td>-185</td>
</tr>
<tr>
<td>Net harvesting and other(^4)</td>
<td>-73</td>
<td>-44</td>
<td>+29</td>
</tr>
<tr>
<td>Investment expenses</td>
<td>-365</td>
<td>-376</td>
<td>-11</td>
</tr>
</tbody>
</table>

Current yield (debt securities; in \%)  

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; similar income(^3)</td>
<td>2.9</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Reinvestment yield (debt securities; in \%)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; similar income(^3)</td>
<td>2.2</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Total average asset base\(^2,5\) (EUR bn)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; similar income(^3)</td>
<td>110.0</td>
<td>110.4</td>
</tr>
</tbody>
</table>

Duration\(^6\)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest &amp; similar income(^3)</td>
<td>5.0</td>
<td>3.9</td>
</tr>
</tbody>
</table>

---

1) Including policyholder participation
2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly
3) Net of interest expenses
4) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation
5) Asset base includes health business France, fair value option and trading
6) 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.
B. Group financial results 2016

P/C: interest & similar income lower, in line with market developments

Comments

- **Operating investment result EUR 167mn lower**
  
  Decline in interest & similar income main reason as current yield on fixed income securities falls 0.2%-p yoy.

- **Net harvesting & other**
  
  Higher investment income for APR policies net of PHP. F/X result net of hedging basically stable.

- **Economic reinvestment yield**
  
  Discrete 4Q economic reinvestment yield of 1.7% above 1.6% for 3Q, reflecting market movements. The economic reinvestment yield is an alternative calculation methodology incorporating long-term F/X costs.
L/H: successful shift in business mix

PVNBP share by line\textsuperscript{1}

- **Total L/H segment**
  - 2015: 2.2%
  - 2016: 2.7%

- **Protection & health**
  - 2015: 4.9%
  - 2016: 4.7%

- **Unit-linked w/o guarantees**
  - 2015: 2.1%
  - 2016: 2.6%

- **Capital-efficient products**
  - 2015: 2.6%
  - 2016: 2.9%

- **Guaranteed savings & annuities**
  - 2015: 0.9%
  - 2016: 1.5%

PVNBP by OE\textsuperscript{1}

- **Other OEs**
  - 2015: 4,728 (−16.6%)
  - 2016: 4,728 (−16.6%)

- **Germany Life**
  - 2015: 16,143 (+12.3%)
  - 2016: 16,143 (+12.3%)

- **USA**
  - 2015: 11,627 (+11.6%)
  - 2016: 11,627 (+11.6%)

- **Asia Pacific**
  - 2015: 3,785 (−17.5%)
  - 2016: 3,785 (−17.5%)

- **Spain**
  - 2015: 1,399 (−18.1%)
  - 2016: 1,399 (−18.1%)

- **Other OEs**
  - 2015: 4,728 (−16.6%)
  - 2016: 4,728 (−16.6%)

- **Germany Health**
  - 2015: 1,603 (+24.6%)
  - 2016: 1,603 (+24.6%)

- **France**
  - 2015: 7,256 (−0.2%)
  - 2016: 7,256 (−0.2%)

- **Spain**
  - 2015: 1,399 (−18.1%)
  - 2016: 1,399 (−18.1%)

- **Other OEs**
  - 2015: 4,728 (−16.6%)
  - 2016: 4,728 (−16.6%)

- **Germany Health**
  - 2015: 1,603 (+24.6%)
  - 2016: 1,603 (+24.6%)

- **France**
  - 2015: 7,256 (−0.2%)
  - 2016: 7,256 (−0.2%)

- **Spain**
  - 2015: 1,399 (−18.1%)
  - 2016: 1,399 (−18.1%)

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

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L/H: successful shift in business mix

Comments

PVNBP by line

- **New business – better business mix**
  9% increase of preferred lines of business almost offsets drop of 23% in traditional products. As a result share of preferred lines of business enhances by 8%-p to 72%. Biggest drivers in new business are capital-efficient products with +29% and protection & health with +13%.

- **NBM up 0.5%-p despite lower rates**
  Profitability of protection & health remains at very good level. All other three lines of business with significant NBM improvement. NBM of capital-efficient products close to target level of 3.0%. NBM 4Q 2016 at 2.9% up from 2.8% in 3Q.

- **Net flows reflect product shift**
  Net flows excluding Korea at EUR 6.1bn, mainly driven by preferred lines of business.

PVNBP by OE

- **Germany Life – protection & health up 18%**
  Capital-efficient products grow by 42% with share in new business increasing 11%-p to 55%.

- **USA – sales success with FIA and hybrid VA**
  PVNBP increase driven by capital-efficient products, i.e. FIA (+15%) and hybrid VA product (+117%).

- **Italy – UL share in new business at 74%**
  Traditional business down 52%. Financial market volatility weighs on UL sales (-20%).

- **Spain – favorable business mix shift**
  Share of preferred lines of business up 21%-p to 61%. Traditional business drops 47%.

- **Asia Pacific – several countries enhance**
  Market conditions weigh on sentiment in Taiwan (Δ EUR -1.1bn). All other major countries with higher production and NBM >4%.
L/H: operating profit surpasses EUR 4 billion for the first time (EUR mn)

Operating profit by source

Operating profit by line

1) Prior year figures changed in order to reflect the roll out of profit source reporting to China
L/H: operating profit surpasses EUR 4 billion for the first time

Comments

- **OP at 115% of FY target mid-point**
  Operating profit at outstanding level supported by very strong investment margin (107bps). Contribution of Korea (EUR -82mn) to vanish in 2017. New target range EUR 3.7 – 4.3bn.

- **Share of OEs with RoE ≥ 10% up to 75%**
  Various OEs with significant improvement. RoEs of large OEs like Germany Life, USA, France, Germany Health and Spain above 10%. Segment RoE at 10.3%.

- **Loadings & fees – business mix**
  Increase due to higher single premium business in Germany Life (Δ EUR +1.0bn) and higher production in Indonesia and Thailand (Δ EUR +0.1bn).

- **Investment margin – volume growth and markets**
  2/3 of improvement from volume growth, remainder mainly from favorable movements, e.g. basis risk USA. Net harvesting & other above normal level.

- **Expenses – new business, investments, one-offs**
  Higher acquisition expenses (Δ EUR +173mn) due to sales success in Germany and USA. Increase of admin expenses (Δ EUR +104mn) broadly in line with higher reserves, admin. expense ratio rather stable.

- **Technical margin – one-off charges**
  Decrease driven by USA (Δ EUR -85mn) mainly due to a non-recurring reserve increase (refinement of methodology). Lower contribution from Switzerland (Δ EUR -35mn).

- **Impact of change in DAC**
  Positive impact supported by higher production and favorable true-up/unlocking in Germany Life and France.
L/H: NBM near target of 3 percent

### Value of new business

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total L/H segment</td>
<td>1,448</td>
<td>+21.7%</td>
<td>2.7%</td>
<td>+0.5%-p</td>
<td>4,148</td>
<td>+9.3%</td>
</tr>
<tr>
<td>Large OEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Germany Life</td>
<td>542</td>
<td>+78.4%</td>
<td>3.4%</td>
<td>+1.2%-p</td>
<td>1,260</td>
<td>+0.3%</td>
</tr>
<tr>
<td>USA</td>
<td>273</td>
<td>-14.0%</td>
<td>2.4%</td>
<td>-0.7%-p</td>
<td>960</td>
<td>+14.1%</td>
</tr>
<tr>
<td>Italy</td>
<td>131</td>
<td>+18.0%</td>
<td>1.9%</td>
<td>+0.7%-p</td>
<td>252</td>
<td>-6.0%</td>
</tr>
<tr>
<td>France</td>
<td>59</td>
<td>+70.5%</td>
<td>0.8%</td>
<td>+0.3%-p</td>
<td>656</td>
<td>+19.3%</td>
</tr>
<tr>
<td>Selected OEs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>177</td>
<td>-6.2%</td>
<td>4.7%</td>
<td>+0.6%-p</td>
<td>84</td>
<td>n.m.²</td>
</tr>
<tr>
<td>Spain</td>
<td>60</td>
<td>+44.8%</td>
<td>4.3%</td>
<td>+1.9%-p</td>
<td>227</td>
<td>+15.7%</td>
</tr>
<tr>
<td>Turkey</td>
<td>52</td>
<td>+26.3%</td>
<td>7.2%</td>
<td>+2.9%-p</td>
<td>68</td>
<td>+25.2%</td>
</tr>
<tr>
<td>Germany Health</td>
<td>34</td>
<td>+22.9%</td>
<td>2.1%</td>
<td>0.0%-p</td>
<td>168</td>
<td>-21.4%</td>
</tr>
<tr>
<td>Benelux</td>
<td>18</td>
<td>+141.0%</td>
<td>1.2%</td>
<td>+0.8%-p</td>
<td>123</td>
<td>+1.8%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>8</td>
<td>-70.0%</td>
<td>0.8%</td>
<td>-0.9%-p</td>
<td>82</td>
<td>+8.8%</td>
</tr>
</tbody>
</table>

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

2) Operating profit in Asia Pacific improved by EUR 167mn from EUR -83mn in 2015.

From the classification of our Korean life business as “held for sale” in 2Q 16 until its disposal in 4Q 16, the total result was considered as non-operating.
L/H: NBM near target of 3 percent

Comments

New business

- **Significant NBM improvement of 0.5%-p**
  Impact from less favorable economic conditions (-0.3%-p) more than offset by change in business mix (+0.6%-p) and introduction of refined model for calculation of technical provision in Germany Life (+0.2%-p).

- **4Q NBM 2.9% and 3.2% with eoq assumptions**
  NBM 4Q 2016 at 2.9% and close to target level of 3.0%. Calculated with end-of-quarter assumptions 4Q NBM at 3.2%.

- **VNB at 2nd highest level in last 10 years**
  22% increase due to better NBM.

- **Most OEs show NBM improvement**
  Supported by business mix change NBM in Turkey, Asia Pacific and Spain enhance to excellent level. NBM USA recovers by 1.4%-p in 4Q vs. 3Q. Germany Life NBM benefits from business mix shift and refined model.

Operating profit

- **Germany Life remains outstanding**
  Lower investment margin (Δ EUR -64mn; higher PHP) offset by impact from change in DAC (Δ EUR +56mn).

- **France – very good profitability**
  Improvement driven by favorable DAC development.

- **USA – operating profit the first time > USD 1bn**
  Operating profit at USD 1.1bn. Reserve growth (+12%) and better result from VA (Δ EUR +137mn) mainly due to a swing in basis risk.

- **Germany Health – investment margin down**
  Less realized gains and higher impairments.

- **Turkey – profitability very strong**
  Operating profit in local currency +37%. RoE almost doubles from 6.9% to 13.4%.
L/H: investment margin at 107bps

### Investment margin

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>(Yields are pro-rata)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Based on Ø book value of assets</strong> (EUR bn)</td>
<td>474</td>
<td>499</td>
</tr>
<tr>
<td>Current yield</td>
<td>3.8%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Based on Ø aggregate policy reserves</strong> (EUR bn)</td>
<td>390</td>
<td>412</td>
</tr>
<tr>
<td>Current yield</td>
<td>4.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Net harvesting and other</td>
<td>0.5%</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Total yield</strong></td>
<td>5.1%</td>
<td>5.1%</td>
</tr>
<tr>
<td>- Ø min. guarantee</td>
<td>2.2%</td>
<td>2.1%</td>
</tr>
<tr>
<td><strong>Gross investment margin (in %)</strong></td>
<td>2.9%</td>
<td>2.9%</td>
</tr>
<tr>
<td>- Profit sharing under IFRS</td>
<td>1.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Investment margin (in %)</strong></td>
<td>1.0%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Investment margin (EUR mn)</td>
<td>4,062</td>
<td>4,401</td>
</tr>
</tbody>
</table>

---

1) Current and prior year figures are presented excluding the effects from the Korean life business
2) Asset base under IFRS which excludes unit-linked, FVO and trading
3) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
4) Based on technical interest
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
6) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment.
Comments

- **Yield decline within expected range**
  Current yield based on aggregate policy reserves down 31bps, negatively impacted by F/X. Impact partially offset by lower average minimum guarantee (-10bps).

- **Net harvesting and other – high level**
  Result of 78bps above normal level. Improvement mainly due to more favorable market movements. Normal level of net harvesting and other ~10-20bps.

- **Investment margin (in %) very high at 107bps**
  Normal full-year level approx. 90-95bps.

- **Investment margin well above EUR 4bn**
  5.6% higher reserve base and 2.6% better investment margin lead to a plus of 8.3%.

- **PHP broadly stable**
  PHP slightly down by 0.8%-p to 78.9%.

- **Economic reinvestment yield**
  Alternative calculation methodology incorporates long-term F/X costs.

- **Asset liability management further improved**
  Management action to refine our asset liability matching more than offsets the negative impact from the decrease in SII valuation curve. Disposal of our Korean life business had a positive impact.
AM: 3rd party AuM up 7%

Total assets under management (EUR bn)

<table>
<thead>
<tr>
<th>Date</th>
<th>Allianz Group assets</th>
<th>3rd party AuM</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.15</td>
<td>1,763</td>
<td>1,276</td>
</tr>
<tr>
<td>30.09.16</td>
<td>1,859</td>
<td>1,327</td>
</tr>
<tr>
<td>31.12.16</td>
<td>1,871</td>
<td>1,361</td>
</tr>
</tbody>
</table>

3rd party assets under management development (EUR bn)

<table>
<thead>
<tr>
<th>Date</th>
<th>Net flows</th>
<th>Market &amp; dividends</th>
<th>F/X impact</th>
<th>Other</th>
<th>31.12.16</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.15</td>
<td>-2.8</td>
<td>-17.5</td>
<td></td>
<td></td>
<td>1,276</td>
</tr>
<tr>
<td>30.09.16</td>
<td>-1.4</td>
<td></td>
<td>+3.7</td>
<td>+2.1</td>
<td>1,361</td>
</tr>
<tr>
<td>31.12.16</td>
<td>-0.2</td>
<td></td>
<td>+2.5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3rd party AuM split

<table>
<thead>
<tr>
<th>Date</th>
<th>PIMCO</th>
<th>AllianzGI</th>
</tr>
</thead>
<tbody>
<tr>
<td>31.12.15</td>
<td>987</td>
<td>289</td>
</tr>
<tr>
<td>30.09.16</td>
<td>1,006</td>
<td>321</td>
</tr>
<tr>
<td>31.12.16</td>
<td>1,036</td>
<td>325</td>
</tr>
</tbody>
</table>

+6.1% up 7%

+6.7%
AM: 3rd party AuM up 7%

Comments

- **AuM segment – up 7%**
  First year over year growth of 3rd party AuM since 2012, driven by market development, acquisition of Rogge Global Partners and F/X.

- **AuM PIMCO – up 5%**
  Favorable markets and F/X drive 3rd party AuM. Non-traditional strategies account for 80% of 3rd party AuM.

- **AuM AllianzGI – up 12%**
  Increase of 3rd party AuM driven by Rogge Global Partners (consolidation impact: EUR 32bn), supported by market effects and F/X.

- **Net flows segment – strongly improved**
  3rd party net outflows improve from EUR 107bn in 2015 to EUR 20bn (-81%).

- **Net flows AllianzGI – outflows**
  3rd party net inflows in Multi Asset and Alternatives could not fully compensate for net outflows from equity business.

- **Net flows PIMCO – inflows in 3Q and 4Q 2016**
  FY 2016 3rd party net flows strongly improved; net outflows reduced by 86% to EUR 17bn. Non-traditional business with net inflows. Income and Investment Grade Credit strategies particularly favorable with double-digit bn net inflows, respectively. Income fund led Morningstar U.S. list of top flowing active funds in 2016. Net inflows in 3Q / 4Q 2016 (EUR 5bn / 6bn) supported by both, separate accounts and active funds. 88% of 3rd party AuM outperformed benchmarks on a trailing 3-year basis (before fees).
AM: revenues decline, but quarterly trend in 2016 positive

Revenues development¹ (EUR mn)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance fees</td>
<td>607</td>
<td>474</td>
</tr>
<tr>
<td>Other net fee</td>
<td>5,881</td>
<td>5,545</td>
</tr>
<tr>
<td>and commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>income (AuM driven fees)</td>
<td>42.6</td>
<td>40.8</td>
</tr>
<tr>
<td>3rd party AuM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>margin² (in bps)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance fees</td>
<td>464</td>
<td>311</td>
</tr>
<tr>
<td>Other net fee</td>
<td>4,256</td>
<td>3,954</td>
</tr>
<tr>
<td>and commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>income (AuM driven fees)</td>
<td>39.5</td>
<td>38.5</td>
</tr>
<tr>
<td>3rd party AuM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>margin² (in bps)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance fees</td>
<td>142</td>
<td>162</td>
</tr>
<tr>
<td>Other net fee</td>
<td>1,624</td>
<td>1,595</td>
</tr>
<tr>
<td>and commission</td>
<td></td>
<td></td>
</tr>
<tr>
<td>income (AuM driven fees)</td>
<td>53.8</td>
<td>48.5</td>
</tr>
<tr>
<td>3rd party AuM</td>
<td></td>
<td></td>
</tr>
<tr>
<td>margin² (in bps)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Other operating revenues in the AM segment of EUR -8mn in 2015 and EUR 3mn in 2016 are not shown in the chart
² Excluding performance fees and other income, 12 months
³ Other operating revenues at PIMCO of EUR -6mn in 2015 and EUR -1mn in 2016 are not shown in the chart
⁴ Other operating revenues at AllianzGI of EUR 16mn in 2015 and EUR 29mn in 2016 are not shown in the chart
AM: revenues decline, but quarterly trend in 2016 positive

Comments

- **Segment** – quarterly revenues increase during 2016
  Decrease of AuM driven fees (Δ EUR -336mn) due to volume impact (Δ EUR -102mn) and margin effects (Δ EUR -234mn). Performance fees normalized (Δ EUR -133mn) after extraordinarily high level in 2015. In 2016, quarterly revenues increase continuously (EUR 1,388mn / 1,440mn / 1,539mn / 1,656mn in 1Q-4Q).

- **PIMCO** – revenues down
  Decline primarily due to lower AuM driven fees (Δ EUR -303mn) reflecting lower average 3rd party AuM and lower margins. Performance fees lower by EUR 153mn because of extraordinarily high level of carried interest in 2015.

- **AllianzGI** – stable revenues
  Higher performance fees (Δ EUR +20mn) and other revenues offset lower AuM driven fees (Δ EUR -29mn) which decrease mainly due to a shift in asset mix.

- **PIMCO** – quarterly margins stable
  Full-year margin down due to outflows from higher-margin products particularly in 4Q 2015. Quarterly margins stable in 2016 (38.2 / 38.7 / 38.7 / 38.4bps in 1Q-4Q).

- **AllianzGI** – margin driven by extraordinary effects
  2016 margin (48.5bps) 5.3bps lower than in 2015 (53.8bps). Reasons:
  Δ -2.7bps change of business mix due to acquisition of Rogge Global Partners (fixed income strategies for institutional clients);
  Δ -1.2bps due to technical effects like reclassification of revenue components from AuM driven fees to other revenues;
  Δ -1.4bps mainly due to lower shares of equity/retail business.
AM: OP at outlook midpoint, CIR improved (EUR mn)

Operating profit drivers

1) Including operating loss from other entities of EUR -62mn in 2015 and EUR -47mn in 2016
2) Including other operating revenues

<table>
<thead>
<tr>
<th>F/X impact</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>+9</td>
<td>5,548</td>
<td>5,582</td>
</tr>
<tr>
<td>+3</td>
<td>474</td>
<td>607</td>
</tr>
<tr>
<td>-7</td>
<td></td>
<td>-4,182</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Internal growth</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,297</td>
<td>2,205</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CIR</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>64.5</td>
<td>63.4</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating profit 2015</th>
<th>AuM revenues 2</th>
<th>Performance fees</th>
<th>Expenses</th>
<th>F/X effect</th>
<th>Operating profit 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Δ 2016/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>5,548</td>
<td>474</td>
<td></td>
<td></td>
<td>535</td>
</tr>
<tr>
<td>2016</td>
<td>5,582</td>
<td>607</td>
<td>-4,182</td>
<td>+371</td>
<td>543</td>
</tr>
</tbody>
</table>

PIMCO

-6.3%

AllianzGI

+1.4%

© Allianz SE 2017
AM: OP at outlook midpoint, CIR improved

Comments

- **Segment – OP on target**
  OP at outlook midpoint of EUR 2.2bn. Reduced expenses mitigate impact from lower revenues. CIR better by 1.1%-%, driven by cost reductions at PIMCO.
  4Q 2016 OP (EUR 640mn) on highest quarterly level since 3Q 2014 (EUR 694mn).

- **PIMCO – quarterly OPs improve, FY OP down 6%**
  OP down versus 2015 due to lower volume / margins and lower performance fees. Significant expense reductions mitigate impact from lower revenues. CIR improves by 1.4%-% and already reaches 2018 target level (60%).
  4Q 2016 OP (EUR 517mn) on highest quarterly level since 3Q 2014 (EUR 594mn) and constantly rising during 2016 (1Q-3Q: EUR 353mn / 384mn / 455mn).

- **AllianzGI – OP rises 1%**
  OP on highest level since new set up of AllianzGI in 2012, although only slightly increased versus 2015. CIR improves by 0.3%-% to 69.6%, the best level since 2012.
  4Q 2016 OP of EUR 133mn below 4Q 2015 (EUR 150mn) mainly because of lower performance fees and IT-related investments in future growth.
CO: operating result improved
(EUR mn)

Operating loss development and components

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating result 2015</th>
<th>Holding &amp; Treasury</th>
<th>Banking</th>
<th>Alternative Investments</th>
<th>Consolidation</th>
<th>Operating result 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>-981</td>
<td>-981</td>
<td>74</td>
<td>39</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2015</td>
<td>-1,076</td>
<td>-1,076</td>
<td>94</td>
<td>37</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
CO: operating result improved

Comments

- **Operating profit – at target**
  Result within target range (EUR -0.7 to -0.9bn).

- **Holding & Treasury drives improvement**
  Main reasons are lower admin expenses
  ($\Delta$ EUR +68mn), particularly lower centralized
  pension costs, and a higher result from assets
  carried at fair value ($\Delta$ EUR +29mn).

- **Banking – net interest result down**
  Decrease of operating profit in Italy ($\Delta$ EUR -12mn)
  and Germany ($\Delta$ EUR -12mn) mainly due to lower
  net interest result.
## Group: shareholders’ net income up 4%

<table>
<thead>
<tr>
<th>EUR mn</th>
<th>2015</th>
<th>2016</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-operating items</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realized gains/losses (net)</td>
<td>-539</td>
<td>-541</td>
<td>+2</td>
</tr>
<tr>
<td>Impairments (net)</td>
<td>-268</td>
<td>-681</td>
<td>-413</td>
</tr>
<tr>
<td>Income from financial assets and liabilities carried at fair value (net)</td>
<td>-219</td>
<td>11</td>
<td>+230</td>
</tr>
<tr>
<td>Interest expenses from external debt</td>
<td>-849</td>
<td>-858</td>
<td>-9</td>
</tr>
<tr>
<td>Fully consolidated private equity investments (net)</td>
<td>-60</td>
<td>0</td>
<td>+60</td>
</tr>
<tr>
<td>Acquisition-related expenses</td>
<td>12</td>
<td>-135</td>
<td>+168</td>
</tr>
<tr>
<td>Amortization of intangible assets</td>
<td>-304</td>
<td>-383</td>
<td>+329</td>
</tr>
<tr>
<td>Reclassifications</td>
<td>-62</td>
<td>-268</td>
<td>+206</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>10,196</td>
<td>10,292</td>
<td>+96</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-3,209</td>
<td>-3,042</td>
<td>+167</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>6,987</td>
<td>7,250</td>
<td>+263</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>371</td>
<td>367</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Shareholders’ net income</strong></td>
<td>6,616</td>
<td>6,883</td>
<td>+267</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>31%</td>
<td>30%</td>
<td>-2%</td>
</tr>
</tbody>
</table>
Group: shareholders’ net income up 4%

Comments

- **Net income driven by operating profit and tax**
  Higher operating profit (+1%) and lower tax ratio (-2%-p) contribute to net income increase.

- **Non-operating items impacted by Korea disposal**
  Excluding Korea non-operating result would have been EUR +0.5bn higher.

- **Realized gains/losses – active management**
  Higher contribution from debt securities (Δ EUR +181mn) and equities (Δ EUR +124mn).

- **Impairments driven by special items**
  Change in impairments mainly due to special items, i.e. Korea and OLB. Lower impairments on debt securities.

- **Income from financial assets and liabilities carried at FV**
  2016 without special items.

- **Amortization of intangible assets**
  2016 at normal level without special items.

- **Tax rate at good level**
## Status quo and ambitions for 2018

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2018</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS Growth</td>
<td>4.0%¹</td>
<td>5%¹</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RoE Allianz Group</td>
<td>12.0%²</td>
<td>13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>P/C CR</td>
<td>94.3%</td>
<td>94%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L/H OEs with RoE ≥10%</td>
<td>75%²</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>L/H NBM</td>
<td>2.7%³</td>
<td>3.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Businesses with NPS above market</td>
<td></td>
<td></td>
<td>55%</td>
<td>75%</td>
</tr>
<tr>
<td>SII interest rate sensitivity</td>
<td></td>
<td></td>
<td>11%-p</td>
<td>&lt;11%-p</td>
</tr>
<tr>
<td>PIMCO CIR</td>
<td></td>
<td></td>
<td>59.9%</td>
<td>60%</td>
</tr>
<tr>
<td>IMIX</td>
<td></td>
<td></td>
<td>70%</td>
<td>72%</td>
</tr>
<tr>
<td>Share of new digital retail products (P/C)</td>
<td></td>
<td></td>
<td>&lt;10%⁴</td>
<td>~100%</td>
</tr>
</tbody>
</table>

1) 2016: Growth rate vs. 2015; Ambition for 2018: 3-year CAGR
2) For more details on the RoE calculation please refer to the glossary
3) Figure presented excluding the effects from the Korean life business
4) Based on latest available data
1 Highlights
2 Additional information
Group: financial leverage well in AA-range (EUR bn)

Leverage ratios

Financial leverage\(^1\) 24.2% 24.0%
Senior debt leverage\(^2\) 10.6% 9.5%

Outstanding bonds and maturity structure

<table>
<thead>
<tr>
<th>Year</th>
<th>Senior bonds</th>
<th>Subordinated bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>6.8</td>
<td>12.1</td>
</tr>
<tr>
<td>2016</td>
<td>6.6</td>
<td>13.5</td>
</tr>
</tbody>
</table>

1) Senior debt and hybrid bonds divided by the sum of senior debt, hybrid bonds and shareholders’ equity
2) Senior debt divided by the sum of hybrid 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)

MCEV increase driven by new business and sale of Korea

1) After non-controlling interests
### AM: splits of 3rd party AuM

<table>
<thead>
<tr>
<th>EUR bn</th>
<th><strong>31.12.15</strong></th>
<th><strong>31.12.16</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regions¹</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>America</td>
<td>715</td>
<td>753</td>
</tr>
<tr>
<td>Europe</td>
<td>417</td>
<td>446</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>144</td>
<td>162</td>
</tr>
<tr>
<td><strong>Investment vehicles</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>744</td>
<td>786</td>
</tr>
<tr>
<td>Separate accounts</td>
<td>532</td>
<td>575</td>
</tr>
<tr>
<td><strong>Asset classes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed income</td>
<td>944</td>
<td>1,027</td>
</tr>
<tr>
<td>Equity</td>
<td>151</td>
<td>140</td>
</tr>
<tr>
<td>Multi-Assets</td>
<td>134</td>
<td>137</td>
</tr>
<tr>
<td>Other</td>
<td>47</td>
<td>57</td>
</tr>
</tbody>
</table>

1) Based on the origination of the assets by the asset management company

### Additional Information

- **AAM**: 
  - **31.12.15**: 715 EUR bn
  - **31.12.16**: 753 EUR bn
- **PIMCO**: 
  - **31.12.15**: 639 EUR bn
  - **31.12.16**: 669 EUR bn
- **AllianzGI**: 
  - **31.12.15**: 76 EUR bn
  - **31.12.16**: 84 EUR bn
Investments

Günther Thallinger
Member of the Board of Management
Allianz SE

Munich, February 17, 2017
C. Investments

High quality investment portfolio

Asset allocation¹

<table>
<thead>
<tr>
<th>Asset</th>
<th>Group %</th>
<th>P/C %</th>
<th>L/H %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td>88%</td>
<td>86.1</td>
<td>452.0</td>
</tr>
<tr>
<td>Equities</td>
<td>8%</td>
<td>7.4</td>
<td>40.4</td>
</tr>
<tr>
<td>Real estate²</td>
<td>2%</td>
<td>2.9</td>
<td>8.5</td>
</tr>
<tr>
<td>Cash/Other</td>
<td>2%</td>
<td>4.0</td>
<td>6.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>653.1</strong></td>
<td><strong>100.4</strong></td>
<td><strong>507.0</strong></td>
</tr>
</tbody>
</table>

By segment (EUR bn)

Debt instruments by rating³

<table>
<thead>
<tr>
<th>Rating</th>
<th>Group %</th>
<th>P/C %</th>
<th>L/H %</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BBB</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-investment grade</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not rated⁴</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Duration⁶

<table>
<thead>
<tr>
<th>Group</th>
<th>P/C</th>
<th>L/H</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt instruments</td>
<td>8.8</td>
<td>9.1</td>
</tr>
<tr>
<td>Equities</td>
<td>5.3</td>
<td>4.2</td>
</tr>
<tr>
<td>Real estate²</td>
<td>9.5</td>
<td>9.7</td>
</tr>
</tbody>
</table>

¹ Effective 2016, fixed assets of renewable energy investments are disclosed. Prior year figures have been restated accordingly
² Excluding real estate held for own use and real estate held for sale
³ Excluding seasoned self-originated private retail loans
⁴ Mostly mutual funds and short-term investments
⁵ Consolidated on Group level
⁶ 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.
### C. Investments

**4% total IFRS yield**

<table>
<thead>
<tr>
<th></th>
<th>Current income</th>
<th>Realized gains and losses (net)</th>
<th>Impairments (net)</th>
<th>Trading/FX result, fair value option &amp; investment expenses</th>
<th>Total IFRS investment result</th>
<th>Investment result Korea</th>
<th>Total IFRS investment result excl. Korea</th>
<th>Change in unrealized gains and losses</th>
<th>Total incl. change in unrealized gains and losses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equities</strong></td>
<td>21.8</td>
<td>8.4</td>
<td>-1.9</td>
<td>-2.3</td>
<td>26.0</td>
<td>-0.2</td>
<td>25.7</td>
<td>11.8</td>
<td>37.6</td>
</tr>
<tr>
<td><strong>Real estate/Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt/Cash</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Current income yield of 3.3% reflects long portfolio duration**
- **Unrealized gains positively affected by lower rates and rising stock markets**

1) Yield calculation is based on the average asset base (IFRS), excluding the effects from Korean life business for current and prior year
2) Includes hedging result from fixed index and variable annuities fully offset in insurance P&L
3) Includes changes in unrealized gains and losses of the total investment portfolio as well as of real estate held for own use. In addition, income and expenses from real estate held for own use and an offsetting position to hedging result from fixed index and variable annuities are included

**Reference performance**
- Euro Aggregate €: +3.3%
- US Aggregate $: +5.7%
- MSCI Europe €: +2.6%
Strong investment result for years

Total investment performance p.a.\(^1\) amongst peers 2007 - 2015

Allianz Group operating profit and investment result\(^2\) (EUR bn)

1) Total investment performance per annum: including current income, realized gains and losses (net), impairments (net), trading/FX result, fair value option, investment expenses, and change in unrealized gains and losses (incl. loans and real estate)

2) Investment result: insurance business only (P/C and L/H)
## Economic reinvestment yields 2016

### P/C

<table>
<thead>
<tr>
<th>Investments</th>
<th>Yield</th>
<th>Maturity in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bonds</td>
<td>1.8%</td>
<td>10</td>
</tr>
<tr>
<td>Covered</td>
<td>1.2%</td>
<td>8</td>
</tr>
<tr>
<td>Corporates</td>
<td>1.8%</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total F/I 2016</strong></td>
<td><strong>1.7%</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

### L/H

<table>
<thead>
<tr>
<th>Investments</th>
<th>Yield</th>
<th>Maturity in years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government bonds</td>
<td>1.7%</td>
<td>18</td>
</tr>
<tr>
<td>Covered</td>
<td>2.2%</td>
<td>11</td>
</tr>
<tr>
<td>Corporates</td>
<td>2.4%</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total F/I 2016</strong></td>
<td><strong>2.0%</strong></td>
<td><strong>16</strong></td>
</tr>
</tbody>
</table>

### New F/I investments

<table>
<thead>
<tr>
<th>Investments</th>
<th>New investments</th>
<th>Current Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Assets</td>
<td>6.8</td>
<td>~4%</td>
</tr>
</tbody>
</table>

1) Treasuries and government related
2) Including ABS/MBS
3) Figures are presented excluding the effects from Korean life business
C. Investments

Resilient margins in L/H

Business in force

Current yield\(^2\) (reserves)  5.1%  4.3%

Current yield\(^1\) (assets)  3.5%  2.1%

+ strong buffer
EUR 35bn of RfB equal 8.2% of aggregate policy reserves

Allianz Leben
Reinvestment yield of 0.8% would be sufficient to pay all guarantees

New business

Economic reinvestment yield F/I 2016\(^5\)  ~2.0%

Ø guarantee new business\(^4\)  130bp

~0.7%

1) IFRS current interest and similar income (net of interest expenses) relative to average asset base (IFRS) which excludes unit-linked, FVO and trading. Figure excluding the effects from Korean life business for current and prior year
2) IFRS current interest and similar income (net of interest expenses) relative to average aggregate policy reserves. Figure excluding the effects from Korean life business for current and prior year
3) IFRS current interest and similar income (net of interest expenses) + net harvesting and other (operating) relative to average aggregate policy reserves. Figure excluding the effects from Korean life business for current and prior year
4) Weighted by aggregate policy reserves
5) Figure excluding the effects from Korean life business

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C. Investments

Alternative asset quota of more than 14%

Total EUR 689bn

Alternative Investment universe

Alternative equity 6%

Alternative debt 8%

Alternative investment portfolio

2016:

EUR 101bn

Mid-term target:

EUR 140bn

Alternative equity

EUR 45bn

Avg. expected return

Real estate 4-6%

Infrastructure equity 5-8%

Renewable energy 5-6%

Private equity 10-12%

Alternative debt

EUR 56bn

Avg. expected return

Non-commercial mortgages 1.5-2%

Commercial mortgages 1.5-2%

Infrastructure debt 3%

Private placements 2-4%

Other 6-8%

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)
C. Investments

Alternative assets show strong growth of 18% and increased diversification

<table>
<thead>
<tr>
<th>Current volume¹ (EUR bn)</th>
<th>(vs. 2015)²</th>
<th>Investment examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real estate³</td>
<td>32.3</td>
<td>+11%</td>
</tr>
<tr>
<td>Infrastructure equity</td>
<td>3.7</td>
<td>+25%</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>3.5</td>
<td>+47%</td>
</tr>
<tr>
<td>Private equity</td>
<td>5.1</td>
<td>+9%</td>
</tr>
<tr>
<td>Non-commercial mortgages</td>
<td>17.1</td>
<td>+10%</td>
</tr>
<tr>
<td>Commercial mortgages</td>
<td>17.7</td>
<td>+19%</td>
</tr>
<tr>
<td>Infrastructure debt</td>
<td>7.4</td>
<td>+85%</td>
</tr>
<tr>
<td>Private placements</td>
<td>12.4</td>
<td>+16%</td>
</tr>
<tr>
<td>Other</td>
<td>1.4</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100.6</strong></td>
<td><strong>140.0</strong></td>
</tr>
</tbody>
</table>

1) Excluding EUR 6.7bn of alternative assets held by OLB and Korea
2) Percentage change relative to 2015 excluding the effects from OLB and Korean life business
3) Market value of real estate assets including EUR 22.9bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 9.5bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Net of minorities (EUR 0.3bn)

Investment examples:

**Ten Hudson Yards**
- EUR 400mn investment in office tower located in Manhattan’s Hudson Yards
- Largest contemporary real estate development project in the US

**Thames Tideway Tunnel**
- EUR 540mn investment in the construction and operation of London’s Thames Tideway Tunnel
- New tunnel will significantly increase the capacity of the London sewerage network and will create a cleaner, healthier river for Londoners

**Wind energy USA**
- EUR 250mn investments in onshore windfarms located in Texas and New Mexico
- EUR 400mn debt financing of onshore windfarm in Nebraska
**ESG for investment management**

Our ESG strategy combines long-term economic value creation with a concept for Environmental voluntary commitment, Social responsibility, and strong corporate Governance.

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Scope</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Clearly defined exclusion criteria</td>
<td>We generally do not invest in controversial weapons and coal-based business models¹</td>
<td>Scope: all investments</td>
</tr>
</tbody>
</table>
| 2    | Targeted investments in sustainability projects | - EUR 4.6bn in renewable energy  
- EUR 0.9bn in green bonds  
- EUR 3.9bn in certified green buildings | |
| 3    | Selecting and monitoring asset managers | Asset managers adhere to their own ESG policy and/or are signatories of PRI | Scope: all asset managers |
| 4    | Systematic ESG integration Evaluation | Assessing the sustainability of our investments based on ESG case by case evaluation | Scope: non-listed assets |
| 5    | Systematic ESG integration ESG-Scoring | Systematic integration of ESG criteria into decision making  
“Comply or Explain” for low scoring assets | Scope: listed assets |
| 6    | Entering into regular dialogues | Regular dialogues with renown NGOs  
Engagement with counterparties where concerns may arise | |

¹ Companies generating over 30% of their revenue from coal mining; companies generating over 30% of their energy from coal.
Disciplined execution can help to achieve good results

**Good results**
- Stable return of 4%
- Conservative risk structure
- Cautious gain realization

**Disciplined execution**
- Increasing portfolio diversification
- Competitive asset manager selection
- Scale allowing for
  - Network of excellent people
  - Low costs
- All based on liability management
1 Allianz Investment Management 2016
2 Portfolio information
High quality fixed income portfolio

By type of issuer

- Government: 37%
- Covered: 16%
- Corporate: 39%
- ABS/MBS\(^1\): 4%
- Other\(^2\): 5%

By rating\(^3\)

- AAA: 22%
- AA: 26%
- A: 18%
- BBB: 28%
- Non-investment grade: 3%
- Not rated\(^4\): 3%

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\(^5\)

1) Including U.S. agency MBS investments (EUR 4.6bn)
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: 18%
- Italy: 12%
- Germany: 12%
- Spain: 5%
- Rest of Europe: 23%
- USA: 7%
- Rest of World: 13%
- Supranational: 9%

Total EUR 213.6bn

By rating
- AAA: 20%
- AA: 44%
- A: 8%
- BBB: 23%
- Non-investment grade: 3%
- Not rated: 1%

By segment (EUR bn)
- L/H: 78%
- P/C: 16%
- Corporate and other: 6%
- Asset Management: 0%

AFS unrealized gains/losses (EUR bn)
- Net unrealized gains/losses: 5.8 (2015), 5.3 (2016)

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)

<table>
<thead>
<tr>
<th>Group</th>
<th>BV</th>
<th>% of FI Group</th>
<th>BV</th>
<th>% of FI L/H</th>
<th>BV</th>
<th>% of FI P/C</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>38.4</td>
<td>6.7%</td>
<td>32.2</td>
<td>7.1%</td>
<td>4.0</td>
<td>4.6%</td>
</tr>
<tr>
<td>Germany</td>
<td>26.3</td>
<td>4.6%</td>
<td>20.3</td>
<td>4.5%</td>
<td>2.8</td>
<td>3.2%</td>
</tr>
<tr>
<td>Italy</td>
<td>24.8</td>
<td>4.3%</td>
<td>20.9</td>
<td>4.6%</td>
<td>3.1</td>
<td>3.6%</td>
</tr>
<tr>
<td>Supranational</td>
<td>19.7</td>
<td>3.4%</td>
<td>17.1</td>
<td>3.8%</td>
<td>1.5</td>
<td>1.8%</td>
</tr>
<tr>
<td>USA</td>
<td>16.0</td>
<td>2.8%</td>
<td>11.9</td>
<td>2.6%</td>
<td>3.4</td>
<td>4.0%</td>
</tr>
<tr>
<td>Spain</td>
<td>11.7</td>
<td>2.0%</td>
<td>9.4</td>
<td>2.1%</td>
<td>1.1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Belgium</td>
<td>11.1</td>
<td>1.9%</td>
<td>9.0</td>
<td>2.0%</td>
<td>1.1</td>
<td>1.3%</td>
</tr>
<tr>
<td>Austria</td>
<td>8.5</td>
<td>1.5%</td>
<td>7.5</td>
<td>1.7%</td>
<td>0.6</td>
<td>0.6%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>6.3</td>
<td>1.1%</td>
<td>5.0</td>
<td>1.1%</td>
<td>1.3</td>
<td>1.5%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3.8</td>
<td>0.7%</td>
<td>2.7</td>
<td>0.6%</td>
<td>0.5</td>
<td>0.6%</td>
</tr>
<tr>
<td>Australia</td>
<td>3.4</td>
<td>0.6%</td>
<td>0.0</td>
<td>0.0%</td>
<td>3.4</td>
<td>3.9%</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.3</td>
<td>0.6%</td>
<td>3.2</td>
<td>0.7%</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Ireland</td>
<td>2.3</td>
<td>0.4%</td>
<td>1.7</td>
<td>0.4%</td>
<td>0.3</td>
<td>0.4%</td>
</tr>
<tr>
<td>Poland</td>
<td>2.2</td>
<td>0.4%</td>
<td>1.4</td>
<td>0.3%</td>
<td>0.7</td>
<td>0.8%</td>
</tr>
<tr>
<td>Finland</td>
<td>2.2</td>
<td>0.4%</td>
<td>1.8</td>
<td>0.4%</td>
<td>0.2</td>
<td>0.3%</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.1</td>
<td>0.4%</td>
<td>1.8</td>
<td>0.4%</td>
<td>0.3</td>
<td>0.3%</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.7</td>
<td>0.3%</td>
<td>0.9</td>
<td>0.2%</td>
<td>0.9</td>
<td>1.0%</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1.7</td>
<td>0.3%</td>
<td>1.4</td>
<td>0.3%</td>
<td>0.3</td>
<td>0.3%</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1.7</td>
<td>0.3%</td>
<td>1.3</td>
<td>0.3%</td>
<td>0.3</td>
<td>0.4%</td>
</tr>
<tr>
<td>Canada</td>
<td>1.7</td>
<td>0.3%</td>
<td>0.7</td>
<td>0.2%</td>
<td>0.8</td>
<td>1.0%</td>
</tr>
<tr>
<td>Portugal</td>
<td>0.2</td>
<td>0.0%</td>
<td>0.1</td>
<td>0.0%</td>
<td>0.1</td>
<td>0.1%</td>
</tr>
<tr>
<td>Greece</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>24.5</td>
<td>4.2%</td>
<td>16.2</td>
<td>3.6%</td>
<td>6.5</td>
<td>7.5%</td>
</tr>
<tr>
<td><strong>Total 2016</strong></td>
<td><strong>213.6</strong></td>
<td><strong>37.0%</strong></td>
<td><strong>166.7</strong></td>
<td><strong>36.9%</strong></td>
<td><strong>33.2</strong></td>
<td><strong>38.6%</strong></td>
</tr>
<tr>
<td><strong>Total 2015</strong></td>
<td><strong>217.5</strong></td>
<td><strong>38.3%</strong></td>
<td><strong>168.4</strong></td>
<td><strong>38.7%</strong></td>
<td><strong>34.0</strong></td>
<td><strong>39.7%</strong></td>
</tr>
</tbody>
</table>
Fixed income portfolio: covered bonds

By country

- Germany: 41%
- France: 16%
- Spain: 9%
- Italy: 8%
- UK: 4%
- Ireland: 1%
- Rest of World: 21%

Total: EUR 89.9bn

By rating

- AAA: 64%
- AA: 21%
- A: 10%
- BBB: 5%
- Non-investment grade: 0%
- Not rated: 0%

By segment (EUR bn)

- L/H: 77%
- P/C: 15%
- Corporate and other: 8%
- Asset Management: 0%

Gross unrealized gains/losses: 69.3bn
Net unrealized gains/losses: 0.0bn

AFS unrealized gains/losses (EUR bn)

- 2015: 5.0bn
  - Gross: 1.1bn
  - Net: 1.0bn
- 2016: 4.5bn
  - Gross: 1.1bn
  - Net: 1.0bn

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

34%

Fixed income portfolio: corporates

By sector
- Banking\(^1\) 15%
- Other financials 10%
- Consumer 22%
- Communication 10%
- Energy 8%
- Industrial 8%
- Utility 10%
- Other 17%

Total EUR 222.3bn

By rating
- AAA 1%
- AA 12%
- A 32%
- BBB 46%
- Non-investment grade 4%
- Not rated\(^2\) 4%

By segment (EUR bn)
- L/H 79%
- P/C 14%
- Corporate and other 6%
- Asset Management 0%

AFS unrealized gains/losses (EUR bn)
- Gross unrealized gains/losses
- Net unrealized gains/losses\(^3\)

1) Including EUR 4.0bn 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

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C. Investments

Equity portfolio

By region

- Germany: 14%
- Eurozone ex Germany: 22%
- Europe ex Eurozone: 18%
- NAFTA: 19%
- Rest of World: 12%
- Multinational: 15%

Total EUR 49.9bn

By industry

- Consumer: 22%
- Banking: 6%
- Other Financials: 9%
- Basic materials: 7%
- Utilities: 2%
- Industrial: 7%
- Energy: 5%
- Funds and other: 42%

By segment (EUR bn)

- L/H: 81%
- P/C: 15%
- Corporate and other: 4%
- Asset Management: 0%

AFS unrealized gains/losses (EUR bn)

- Gross unrealized gains/losses
- Net unrealized gains/losses

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Unrealized</th>
<th>Net Unrealized</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>11.7</td>
<td>3.1</td>
</tr>
<tr>
<td>2016</td>
<td>12.5</td>
<td>2.8</td>
</tr>
</tbody>
</table>

1) Excl. equities designated at fair value through income (EUR 2.5bn)
2) Incl. private equity limited partnership funds (EUR 4.2bn) and mutual stock funds (EUR 2.7bn)
3) Diversified investment funds (EUR 3.0bn); private and unlisted equity (EUR 8.2bn)
4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC
C. Investments

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

By region
- Germany: 23%
- France: 21%
- Switzerland: 12%
- USA: 10%
- Italy: 6%
- Rest of Eurozone: 16%
- Rest of World: 12%

Total EUR 32.3bn

By sectors
- Office: 53%
- Retail: 22%
- Residential: 17%
- Other/mixed: 8%

Unrealized gains/losses (EUR bn)

By segment (EUR bn)
- L/H: 71%
- P/C: 27%
- Corporate and other: 2%
- Asset Management: 0%

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1) Based on carrying value, 3rd party use only
2) Market value of real estate assets including EUR 22.9bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 9.5bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Net of minorities (EUR 0.3bn). 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, policy holders and before shadow DAC, based on external and internal real estate valuations.
Glossary (1)

AFS  
Available-for-sale: Non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.

AGCS  
Allianz Global Corporate & Specialty

AllianzGI  
Allianz Global Investors

AM  
(The business segment) Asset Management

APE  
Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums of the respective period.

APR  
Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.

Attritional LR  
Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).

AuM  
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.

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.

Market & dividends: Market & dividends represents current income earned on and changes in fair value of securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and of closed-end funds.

AWP  
Allianz Worldwide Partners

AY LR  
Accident year loss ratio – please refer to “LR” (loss ratio).

AZ  
Allianz
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bps</strong></td>
<td>Basis points. 1 Basis point = 0.01%.</td>
</tr>
<tr>
<td><strong>CEE</strong></td>
<td>Central and Eastern Europe excluding Russia and Ukraine</td>
</tr>
<tr>
<td><strong>CIR</strong></td>
<td>Cost-income ratio: Operating expenses divided by operating revenues</td>
</tr>
<tr>
<td><strong>CO</strong></td>
<td>(The business segment) Corporate and Other</td>
</tr>
<tr>
<td><strong>CR</strong></td>
<td>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).</td>
</tr>
<tr>
<td><strong>Current yield</strong></td>
<td>Represents interest and similar income net of interest expenses divided by average asset base at book value.</td>
</tr>
<tr>
<td><strong>DAC</strong></td>
<td>Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.</td>
</tr>
<tr>
<td><strong>Economic reinvestment yield</strong></td>
<td>The economic reinvestment yield reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.</td>
</tr>
<tr>
<td><strong>EIOPA</strong></td>
<td>European Insurance and Occupational Pensions Authority</td>
</tr>
<tr>
<td><strong>EPS</strong></td>
<td>Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).</td>
</tr>
<tr>
<td><strong>ER</strong></td>
<td>Expense ratio: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).</td>
</tr>
<tr>
<td><strong>F/X</strong></td>
<td>Foreign exchange</td>
</tr>
<tr>
<td><strong>FFIC</strong></td>
<td>Fireman’s Fund Insurance Company</td>
</tr>
</tbody>
</table>
**Glossary (3)**

**FIA**  
Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.

**FV**  
Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**FVO**  
Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement.

**Goodwill**  
Difference between the cost of acquisition and the fair value of the net assets acquired.

**Government bonds**  
Government bonds include government and government agency bonds.

**GPW**  
Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”.

**Gross/Net**  
In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses have already been deducted.

**Harvesting**  
Includes realized gains/losses (net) and impairments of investments (net).

**Held for sale**  
A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.

**IFRS**  
International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).

**IMIX**  
The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.

**Internal growth**  
Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.

**KPI**  
Key performance indicator
L/H
(The business segment) Life and Health insurance

L/H lines of business

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

Capital-efficient products: Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee. This includes hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment.

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

Unit-linked without guarantees: Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings as a separate account. The investment risk is borne by the policyholder rather than the insurer.

L/H operating profit sources

The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.

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

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

Expenses: Includes commissions, acquisition and administration expenses.

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

Impact of change in DAC: Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.
**Glossary (5)**

**LatAm**
Latin America: South America and Mexico

**LoB**
Line of business

**LR**
Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.

**MCEV**
Market consistent embedded value: A measure of the consolidated value of shareholders’ interests in the covered business.
It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.

**NatCat**
Accumulation of claims that are all related to the same natural or weather / atmospheric event during a certain period of time and where the estimated gross loss for the Allianz Group exceeds EUR 20mn.

**NBM**
New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health.
It is calculated as value of new business divided by present value of new business premiums.

**Non-controlling interests**
Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.

**NPE**
Net premiums earned – please refer to “Premiums written/earned” as well as “Gross/Net”.

**NPS**
Net promoter score: A measurement of customers’ willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.

**OE**
Operating entity

**OP**
Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective business segment, all or some of the following items:
income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, one-off effects from pension revaluation and profit/loss of substantial subsidiaries held for sale, but not yet sold.
## Glossary (6)

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Own funds</strong></td>
<td>Regulatory solvency capital eligible for covering the regulatory solvency capital requirement</td>
</tr>
<tr>
<td><strong>P/C</strong></td>
<td>(The business segment) Property and Casualty insurance</td>
</tr>
<tr>
<td><strong>PHP</strong></td>
<td>Policyholder participation</td>
</tr>
<tr>
<td><strong>PIMCO</strong></td>
<td>Pacific Investment Management Company Group</td>
</tr>
<tr>
<td><strong>Pre-tax operating capital generation</strong></td>
<td>Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.</td>
</tr>
<tr>
<td><strong>Premiums written/earned (IFRS)</strong></td>
<td>Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products that are interest sensitive (e.g. universal life products) or where the policyholder carries the investment risk (e.g. variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.</td>
</tr>
<tr>
<td><strong>PVNBP</strong></td>
<td>Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.</td>
</tr>
<tr>
<td><strong>Reinsurance</strong></td>
<td>An insurance company transfers a part of its assumed insurance risk to a reinsurance company.</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.</td>
</tr>
<tr>
<td><strong>RfB</strong></td>
<td>Reserves for premium refunds (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.</td>
</tr>
<tr>
<td><strong>Glossary (7)</strong></td>
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<tr>
<td>------------------</td>
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<tr>
<td><strong>RoE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Return on equity Group:</strong> Represents net income attributable to shareholders divided by the average shareholders’ equity excluding unrealized gains/losses on bonds (net of shadow accounting) at the beginning and the end of the period.</td>
<td></td>
</tr>
<tr>
<td><strong>Return on equity PC OE:</strong> Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and the end of the period.</td>
<td></td>
</tr>
<tr>
<td><strong>Return on equity L/H OE:</strong> Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) and deducting goodwill at the beginning and the end of the period.</td>
<td></td>
</tr>
<tr>
<td><strong>RoRC</strong></td>
<td></td>
</tr>
<tr>
<td>Return on risk capital</td>
<td></td>
</tr>
<tr>
<td><strong>Run-off ratio</strong></td>
<td></td>
</tr>
<tr>
<td>The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).</td>
<td></td>
</tr>
<tr>
<td><strong>SII</strong></td>
<td></td>
</tr>
<tr>
<td>Solvency II</td>
<td></td>
</tr>
<tr>
<td><strong>SII capitalization</strong></td>
<td></td>
</tr>
<tr>
<td>Ratio indicating the capital adequacy of a company comparing own funds to SCR.</td>
<td></td>
</tr>
<tr>
<td><strong>SCR</strong></td>
<td></td>
</tr>
<tr>
<td>Solvency capital requirement</td>
<td></td>
</tr>
<tr>
<td><strong>SE</strong></td>
<td></td>
</tr>
<tr>
<td>Societas Europaea: European stock company</td>
<td></td>
</tr>
<tr>
<td><strong>Share of new digital retail products</strong></td>
<td></td>
</tr>
<tr>
<td>New digital products are conveniently available online at each step of the customer journey, i.e. fast quote, easily purchasable online, online serviced (incl. policy correspondence, policy admin, claims). In scope are P/C retail and small and medium-sized entities, all channels. The share of products is weighted by revenues.</td>
<td></td>
</tr>
<tr>
<td><strong>Statutory premiums</strong></td>
<td></td>
</tr>
<tr>
<td>Represents gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer’s home jurisdiction.</td>
<td></td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td></td>
</tr>
<tr>
<td>Represents the sum of shareholders’ equity and non-controlling interests.</td>
<td></td>
</tr>
</tbody>
</table>
### Glossary (8)

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>Represents the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).</td>
</tr>
<tr>
<td>UFR</td>
<td>Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macroeconomic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.</td>
</tr>
<tr>
<td>UL</td>
<td>Unit-linked – please refer to “L/H lines of business”.</td>
</tr>
<tr>
<td>Unrealized gains/losses (net) (as part of shareholders’ equity)</td>
<td>Include unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.</td>
</tr>
<tr>
<td>URR</td>
<td>Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.</td>
</tr>
<tr>
<td>VA</td>
<td>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.</td>
</tr>
<tr>
<td>VNB</td>
<td>Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options and guarantees, minus risk margin, all determined at issue date.</td>
</tr>
</tbody>
</table>
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.