

Allianz Germany

Manfred Knof
CEO Allianz Deutschland AG

Munich, June 27, 2017

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Allianz 

Germany at a glance

Key data 2016¹

- Population: 82.8mn
- GDP (EUR): 3,134bn
- GDP/capita (EUR): 37,997
- Inflation: 0.4%
- Insurance penetration²: 6.2%
- Country rating (S&P): AAA

Market specifics

P/C:

- Mature market, strong competition

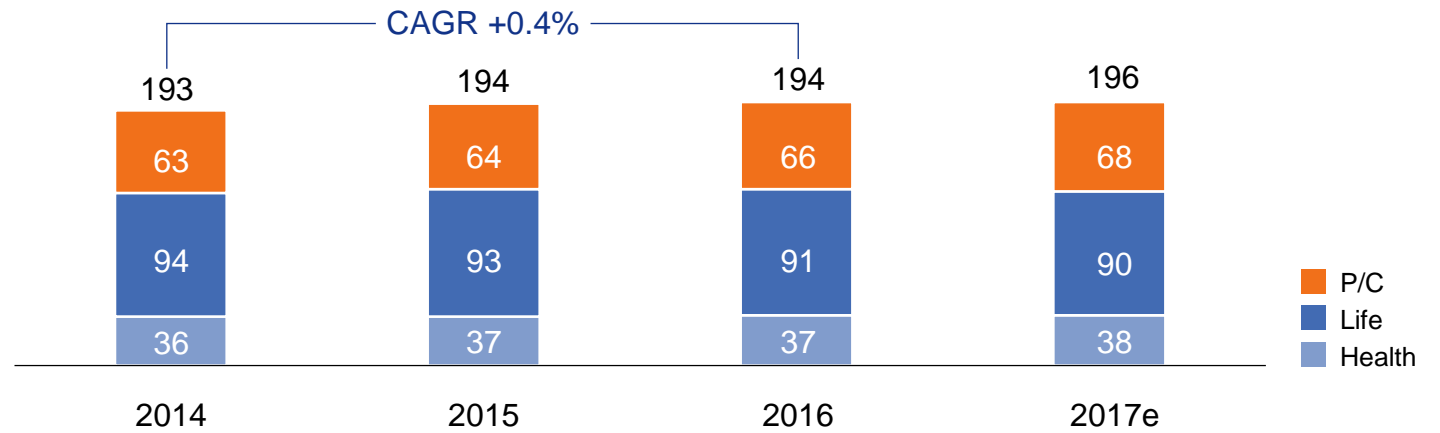
Life:

- Challenging business environment due to volatile financial markets and low interest rates
- Market trend towards new products

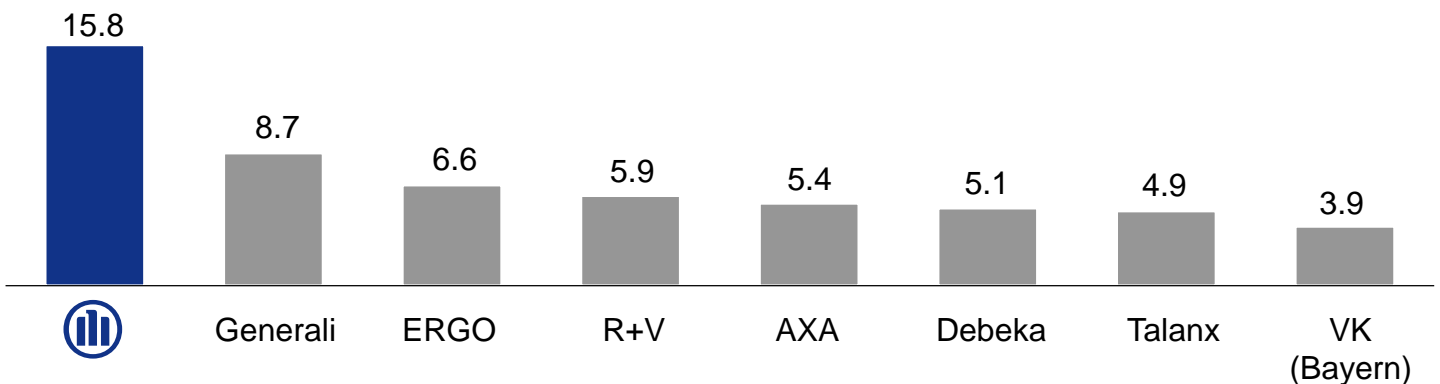
Health:

- 2-pillar system with compulsory statutory health insurance, supplementary private health insurance and comprehensive private health insurance

Market size and growth (GPW, EUR bn)³



Market shares 2015 (GPW, %)³

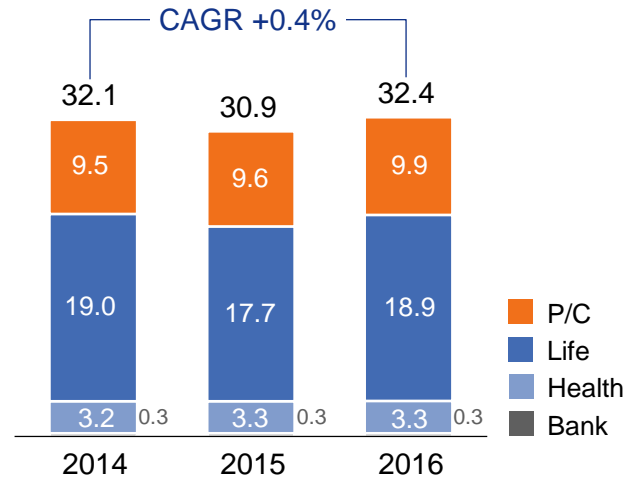


1) Source: Destatis
2) GPW in % of GDP (2016)

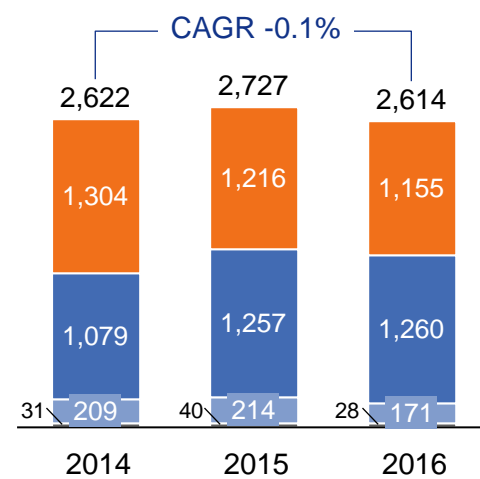
3) GDV 08/2016

Allianz Germany (1)

Revenues¹ (EUR bn)



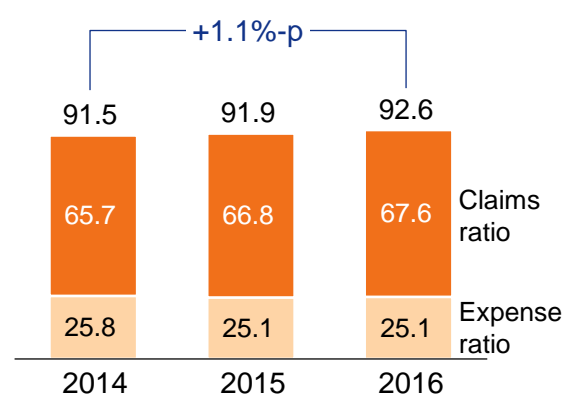
Operating profit¹ (EUR mn)



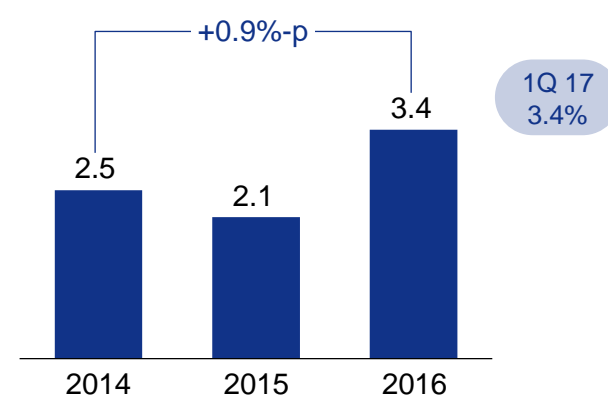
Highlights

- Leading market position
- ~20mn retail customers
- Leading P/C insurer in Germany with nearly 2x market share of number 2
- Market leader in Life with respect to AuM, GPW, new business and corporate pensions
- Strong player in health insurance with an 8.8% market share in 2015

Combined ratio¹ (%)



New business margin Life (%)



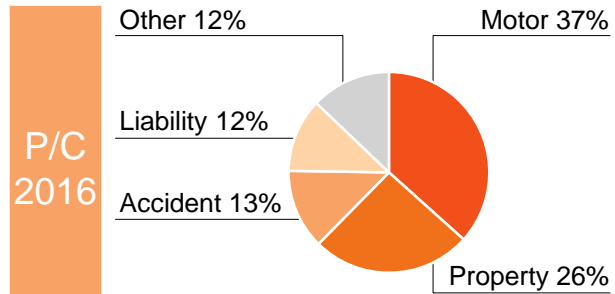
Legal setup

- 1890 Formation of Allianz as an accident and transport insurance company
- 1918 Entry into the motor insurance business
- 1922 Formation of Allianz Lebensversicherungs-AG
- 1990 Takeover of the East German state insurance authority
- 2001 Minority buy-outs
- 2005 Foundation of a direct business entity, initially named Allianz 24, renamed into AllSecur in 2009
- 2006 Foundation of Allianz Deutschland AG

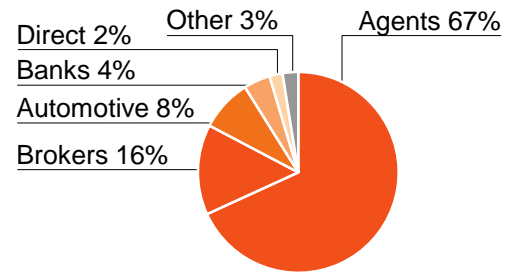
1) IFRS; 2016 numbers have been restated for changed accounting policy

Allianz Germany (2)

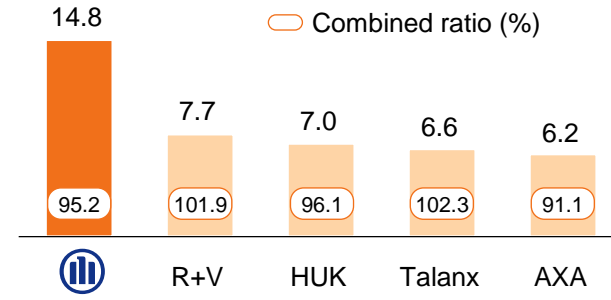
Product mix (GPW)



Distribution mix (GPW)



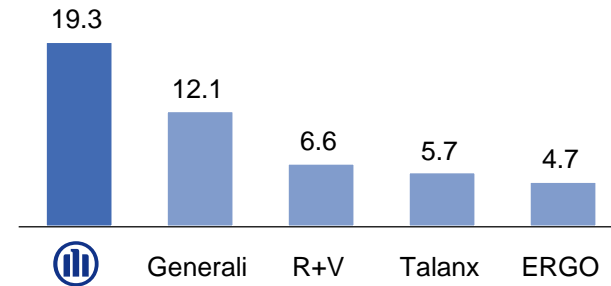
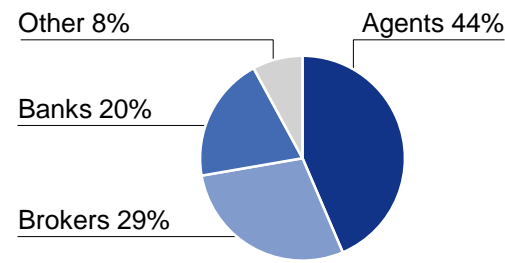
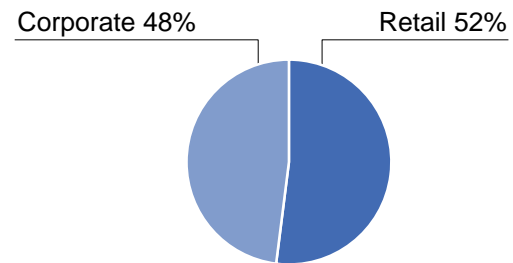
Market shares 2015 (GPW, %)¹



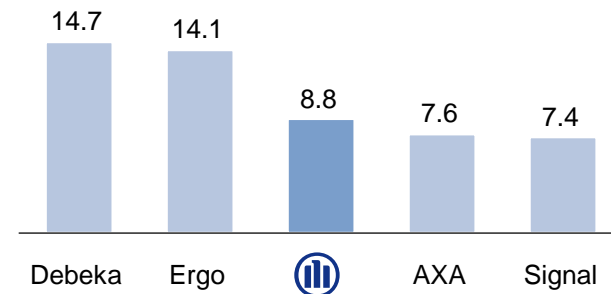
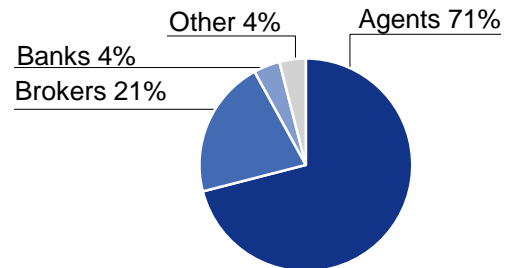
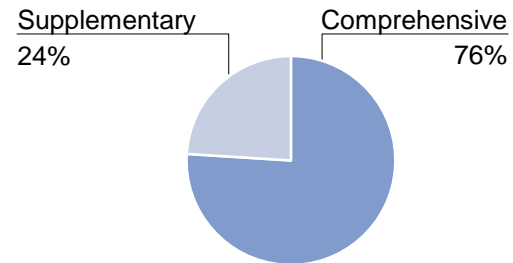
Solvency II ratio 2016 (%)



L
2016



H
2016



1) GDV 08/2016; local GAAP; Life incl. internal pension funds; combined ratio based on GPW

Key messages Allianz Germany



Continue growth trajectory by further improving the competitive position of the business (including cost position)



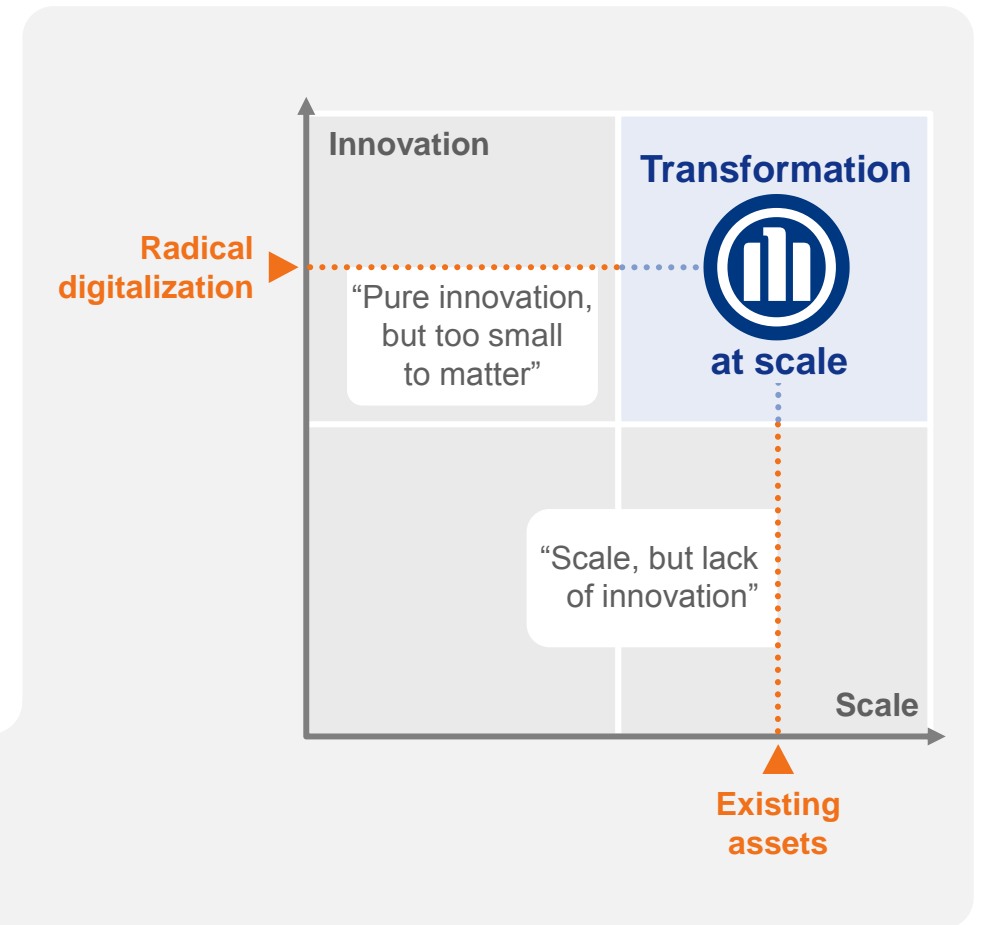
Continue to benefit from strong demand for our innovative old-age provisioning offer – backed by a strong financial position



Continue to use digitalization to improve customer experience (and efficiency)



Going forward, **Allianz Germany** has the opportunity to transform the insurance industry at scale by combining the size of existing assets with the innovative power of digital



Allianz Global Corporate & Specialty

Chris Fischer Hirs
CEO AGCS

Munich, June 27, 2017

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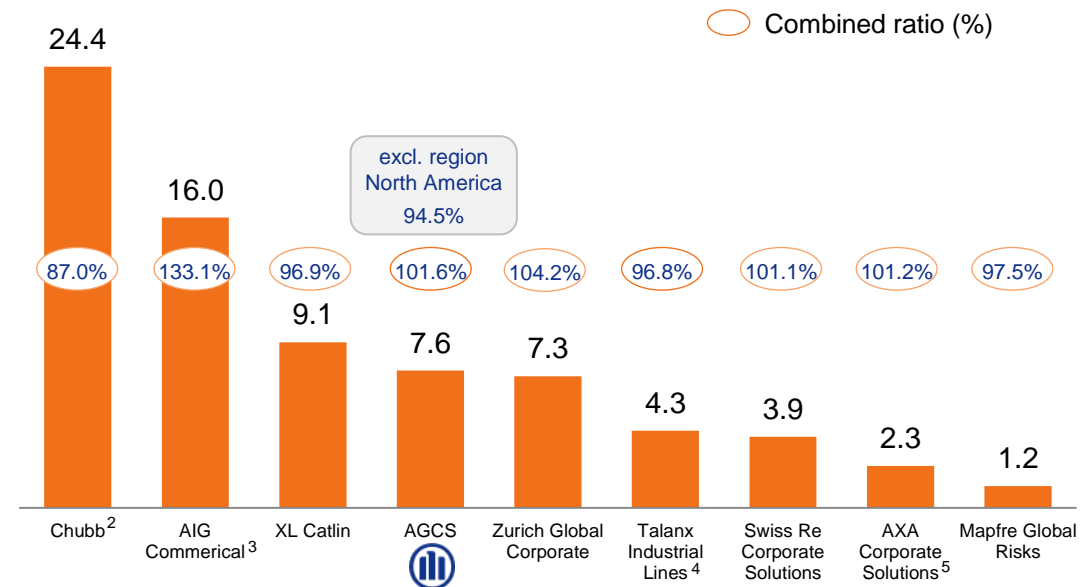
Allianz 

The global corporate & specialty market

Market specifics

- Average combined ratio of AGCS key global competitors at 102.2% in 2016 (vs. 99.0% in 2015)
- Focus on consolidation and reach for scale (e.g. ACE / Chubb merger)
- Persisting soft market environment with very strong competition for business risks and excess capacity
- Commercial P&C sector growth expected to be modest in 2017
- Increasing broker power (e.g. higher volume of facilities)
- Increased focus on data analytics in underwriting and claims
- Digitalization as an overarching strategic topic
- Persisting low yield environment
- Growth segments include cyber, environmental impairment liability, crisis management & product recall, international insurance programs, and D&O

AGCS key global competitors (2016, GPW¹ in EUR bn)



1) 2016 re-evaluation EUR/USD (ultimate FX rates): 1.05475 (AIG, Chubb, Swiss Re, XL Catlin and Zurich reporting currency is USD)

2) Chubb equals sum of North America Commercial P&C and Overseas General Insurance segments

3) AIG Commercial Insurance segment comprises of: Property & Specialty Risks, and Liability & Financial Lines. GPW not published, therefore NPW used as proxy

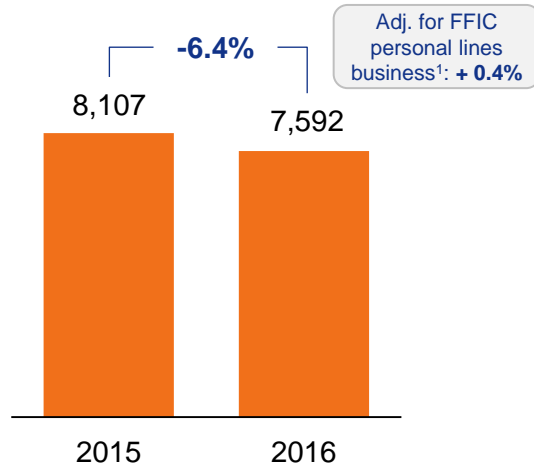
4) Talanx CR includes net interest income on funds withheld and contract deposits

5) AXA combined ratio based on gross figures

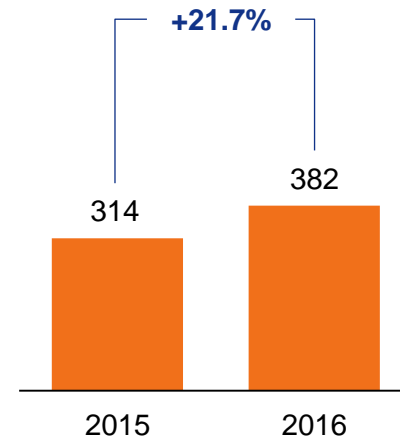
Note: Comparative data sourced from published public sources. There is no official market data available for Global Corporate & Specialty segment. The above group of competitors is broadly in line with the AGCS market focus

AGCS (1)

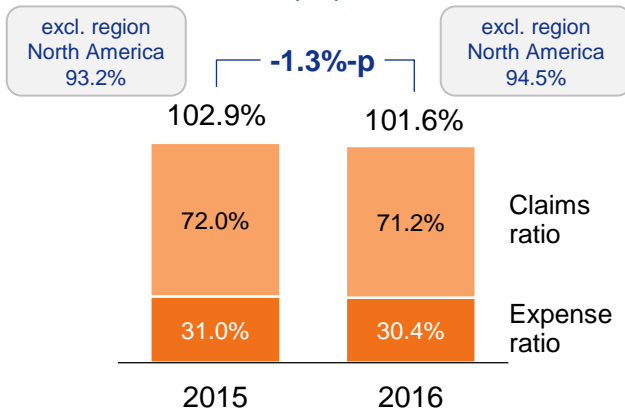
Revenues¹ (EUR bn)



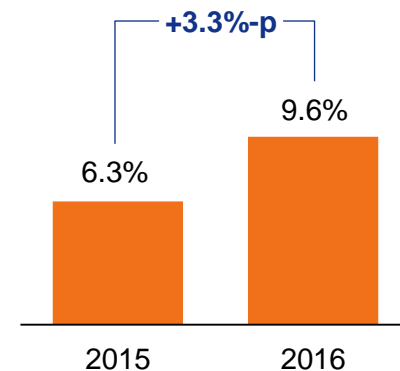
Operating profit^{1,2} (EUR mn)



Combined ratio¹ (%)



RoE (%)³



Highlights

- Globally diversified portfolio with 10 corporate & specialty lines
- Strong contributor and strategic enabler to AZ Group (15% of P/C revenues)
- Strong client overlap with AllianzGI, AWP, EH, Global Benefits and local OEs
- Consistent and harmonized global approach with AGCS teams in 31 key countries
- Global reach and international program capabilities are strong differentiators
- Strong proprietary and partner networks in over 210 countries and territories
- Over 2,500 international insurance programs with 19,000 policies in over 190 countries
- Excellent ratings (S&P: AA; A.M. Best: A+); solvency position >200%

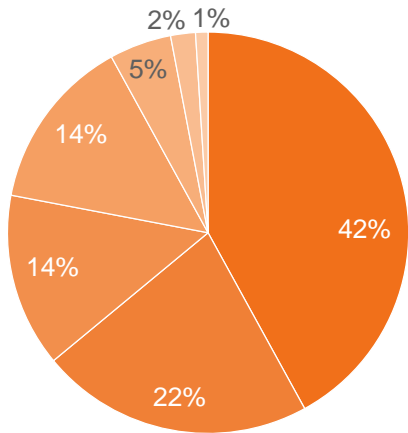
Legal setup

- 2006 Foundation of AGCS by merging AZ Global Risks and AZ Marine & Aviation
- 2009 Integration of US marine portfolio, AGCS France becomes a direct subsidiary of AGCS
- 2010 Completion of footprint in Europe and expansion to Asia and South Africa
- 2011 Full integration of Allianz Risk Transfer, Zurich
- 2013 Foundation of AGCS Re Brazil
- 2015 Integration of FFIC (including MidCorp and Entertainment)
- 2016 Corporate regrouping with AGR US becoming a subsidiary of AGCS SE
- 2017 New branch office in South Korea increases total number of branches under AGCS SE to 12

1) IFRS
 2) Adjusted for restructuring charges; 2015 also without gain on sale of FFIC personal lines business; reported OP 2015 EUR 423mn; 2016 EUR 376mn
 3) RoE based on total equity deducting goodwill excluding unrealized gains/losses on bonds net of shadow accounting

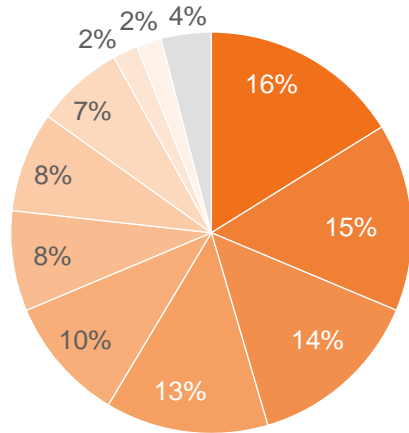
AGCS (2)

Regional mix¹
(based on 2016 GPW)



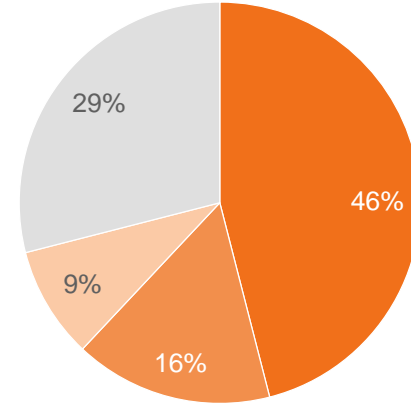
North America	42%
Central and Eastern Europe	22%
Regional Unit London ²	14%
Mediterranean	14%
Asia	5%
South America	2%
Africa	1%

LoB mix
(based on 2016 GPW)



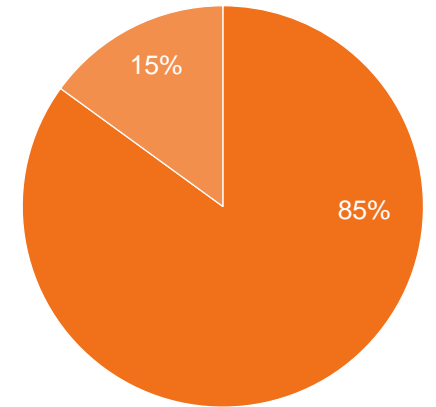
ART Traditional	16%
Liability	15%
Marine	14%
Property	13%
MidCorp	10%
Financial lines	8%
Engineering	8%
Aviation	7%
Energy	2%
Entertainment	2%
Other	4%

Distribution mix
(2016 in %)



Global broker	46%
Regional broker	16%
In-house broker	9%
Other	29%

Major customer segments
(estimated on 2017e GPW)



Large corporate (complex)	85%
Small corporate / private	15%

Small corporate / private based on policies with <EUR 100k premiums

1) Excluding region ART
 2) Regional Unit London includes UK, Ireland, Pacific, Dubai, Turkey, Nordic and Russia
 3) Other includes crop business

In summary: well positioned to take advantage of opportunities



Allianz Global Investors

Andreas Utermann
CEO and Global CIO AllianzGI

Munich, June 27, 2017

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The asset management market at a glance

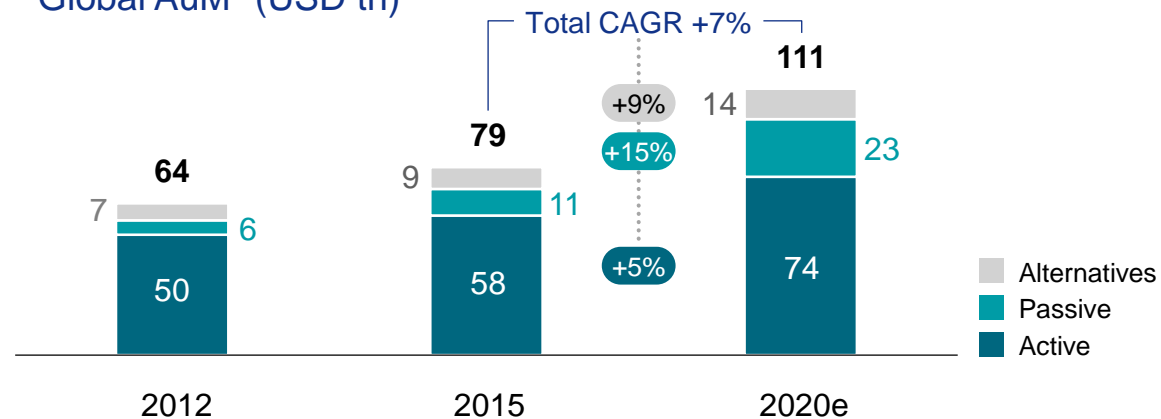
Key data¹

- Global AuM anticipated to reach over USD 110tn by 2020
- Actively managed AuM expected to grow by USD 16tn to USD 74tn between 2015 and 2020

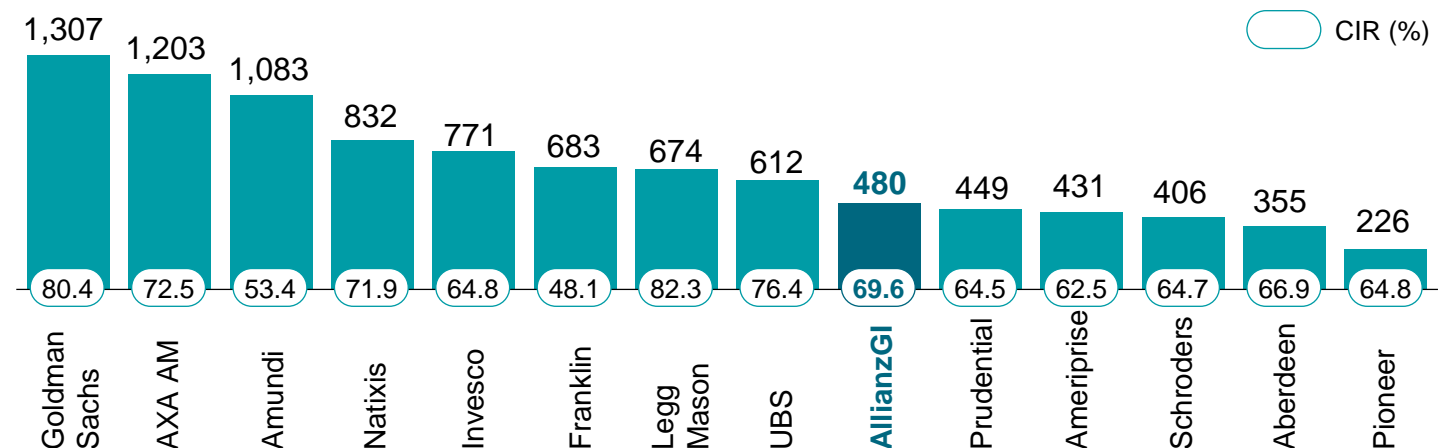
Market and industry trends

- Evolving client segments** and needs requiring a shift towards consultative client engagement and solutions based offerings
- Changes in **regulatory landscape** significantly impact industry and margins
- Move to Passive** further increases pressure on margins and transforms fee models
- Asset managers explore **new investment opportunities** traditionally captured by banks and play a key role in plugging global pensions gap
- Industry consolidation** driven by need to decrease costs and leverage distribution reach
- Technology disrupting** the entire value chain from middle/back offices to client engagement and distribution

Global AuM¹ (USD tn)



Peer AuM (EUR bn) and CIR (%) 2016²

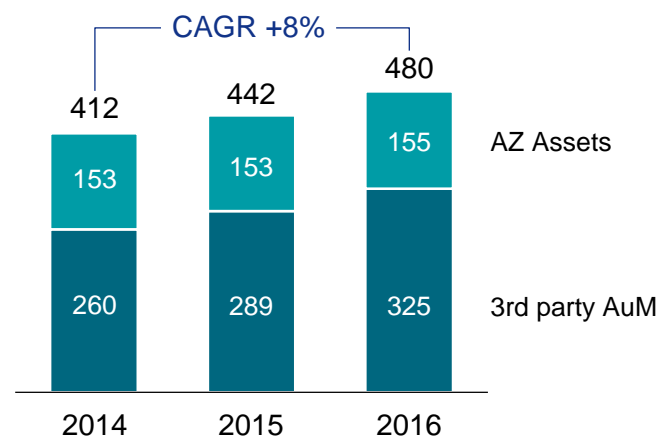


1) Source: PWC, Asset Management 2020: Taking stock report (June 2017)

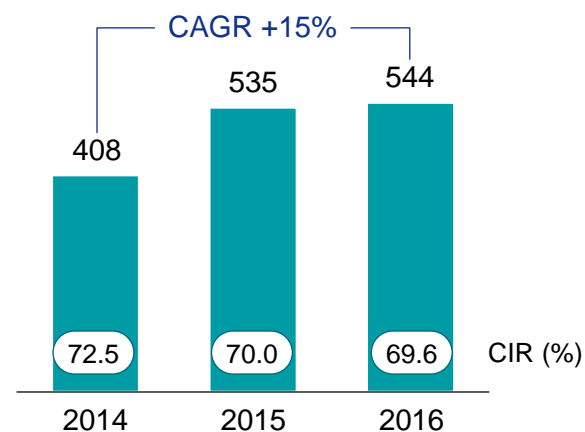
2) AllianzGI and peers with similar asset class mix

Allianz Global Investors – profile

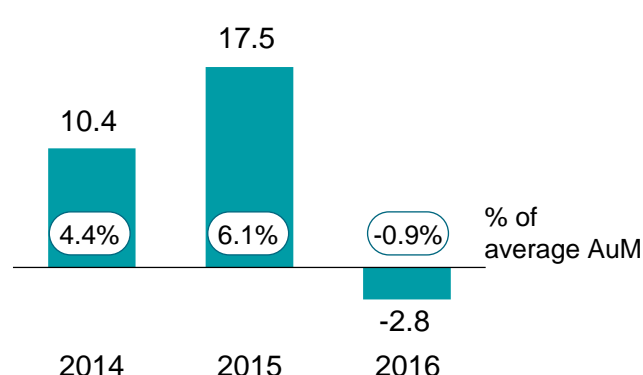
Total AuM (EUR bn)



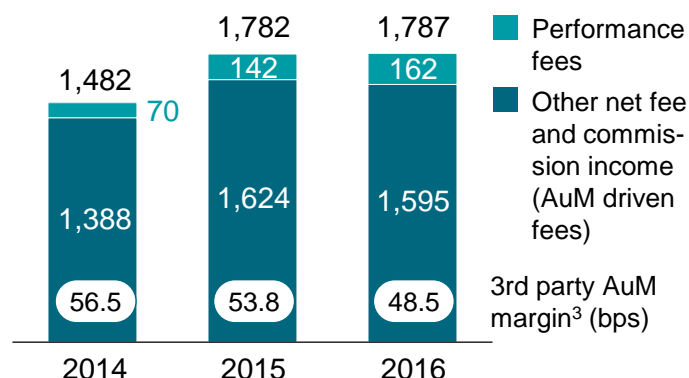
Operating profit¹ (EUR mn)



3rd party net flows (EUR bn)



Revenues² (EUR mn)



Highlights

- Global footprint: 25 locations worldwide
- 600+ investment professionals, 550+ relationship managers
- Dedicated to **active investment** with outstanding capabilities in equities, fixed income, multi-asset, alternatives
- Strong **organic and inorganic growth**
- Lower 3rd party AuM margins in 2016 driven by changing business composition as well as technical effects of revenue reclassification

Key milestones

2012 – Creation of “**One AllianzGI**”

- 2014
- ONE brand
 - ONE P&L
 - ONE investment platform
 - ONE face to the client

Since 2015 Implementation of “**AllianzGI 2.0**” – diversified growth strategy

- Expand active investment offering
- Deepen presence in established and fast growing markets
- Create a globally aligned, state-of-the-art and scalable business infrastructure
- Increase use of technology to enable greater digitalization

1) 2016 numbers have been restated for changed accounting policy

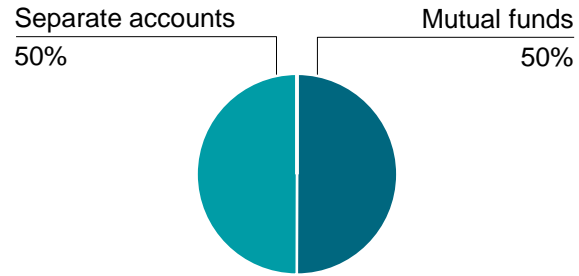
2) Other operating revenues of EUR 24mn (2014), EUR 16mn (2015) and EUR 29mn (2016) are not shown in the chart

3) Excluding performance fees and other income, 12 months

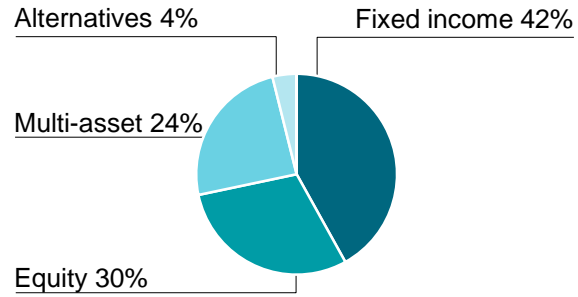
Allianz Global Investors – AuM

Total AuM
EUR 480bn
(2016)

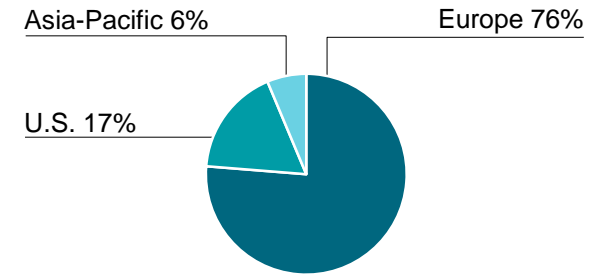
Investment vehicles



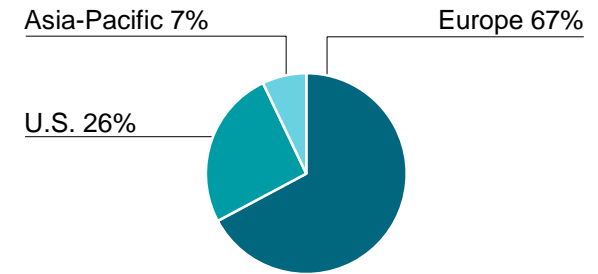
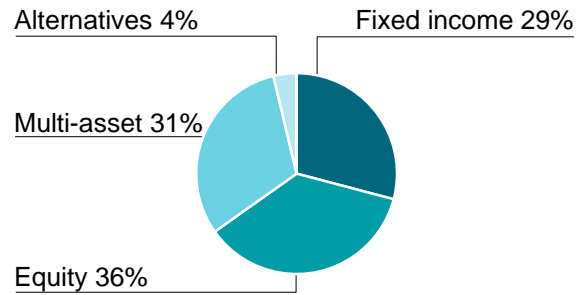
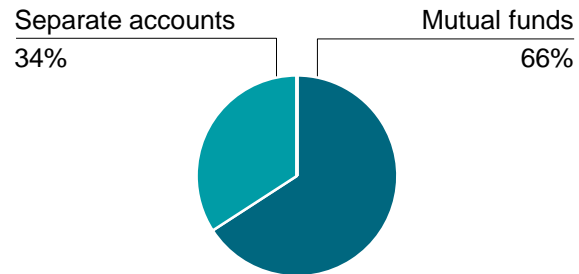
Asset classes



Regions



3rd party AuM
EUR 325bn
(2016)



Group SFCR

Thomas Wilson, CRO
Oskar Buchauer, Head of Group
Actuarial
Allianz Group

Munich, June 27, 2017

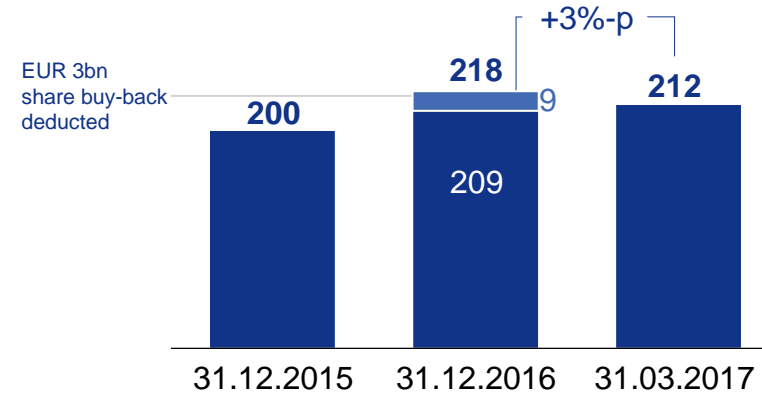
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Allianz Solvency II model at a glance

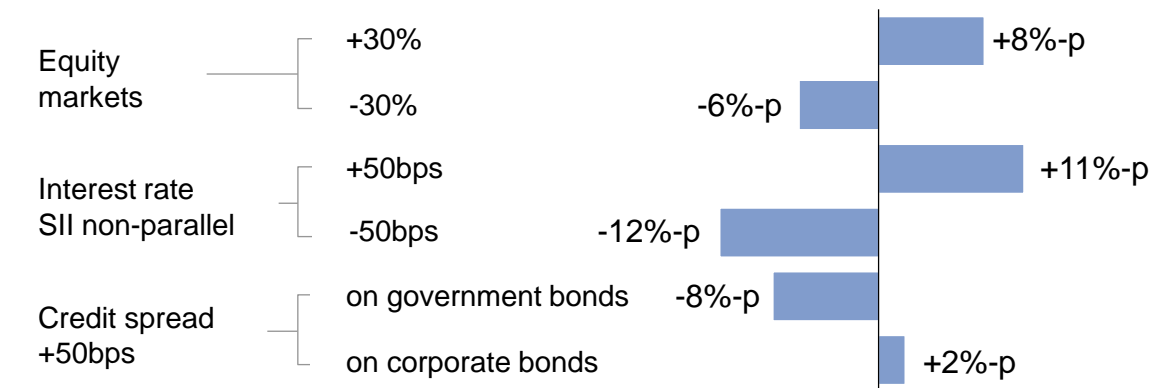
Key elements

- Partial internal model¹
- Use of TCE² and dynamic Volatility Adjustment but NO application of Matching Adjustment or Transitional Measures³ for our liabilities
- “Sovereign light” approach for sovereign debt⁴
- Solvency II ratio target range 180 – 220%
- Target interest rate sensitivity of < -11%-p by 2018 (1Q 2017: -12%-p)⁵
- Dividend accrued on a pro-rata basis

Solvency II ratio (in %)



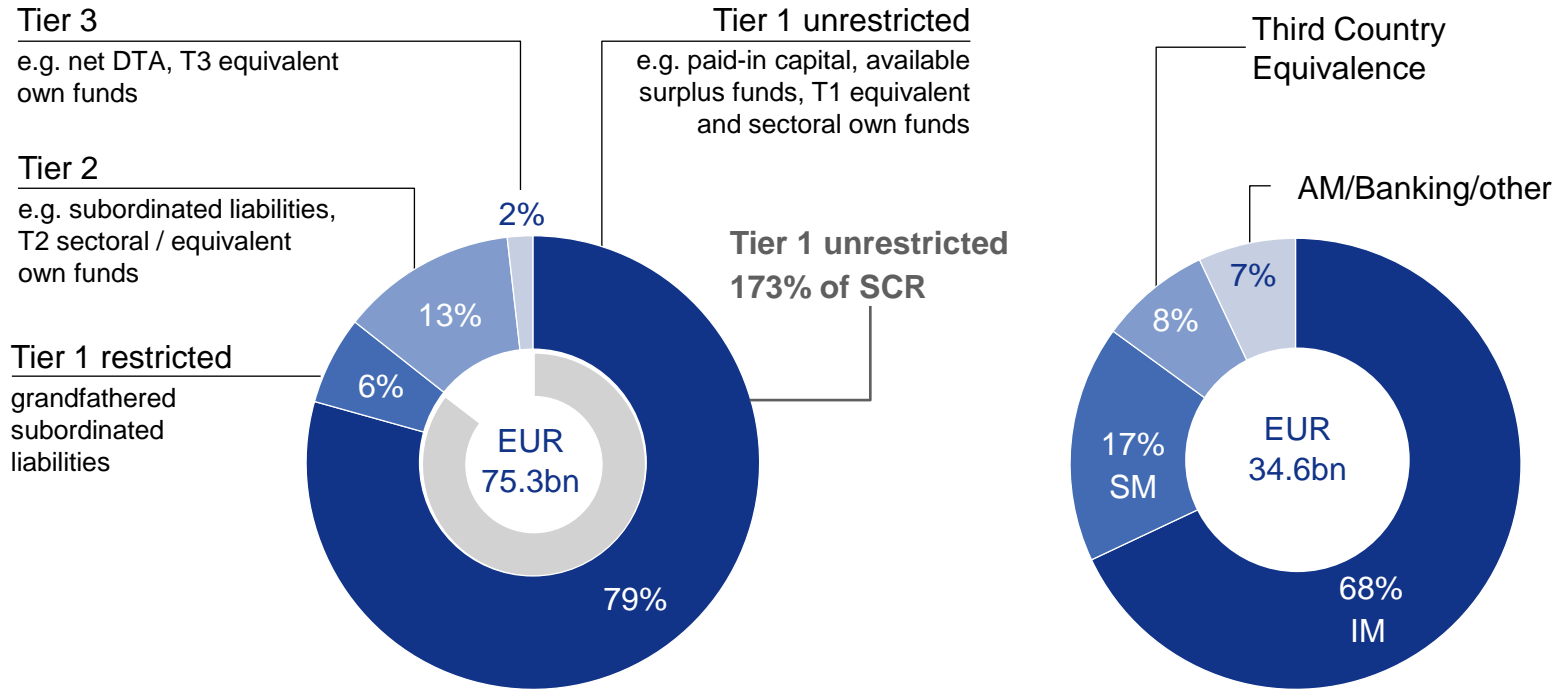
Key sensitivities⁶



1) All major insurance operations are covered by our internal model. However, some smaller operations are under Standard Model and others, like AZ Life, included with TCE under the deduction and aggregation approach
 2) Third Country Equivalence
 3) Except grandfathering of certain hybrids

4) Group level view: spread risk charge - fully recognized; credit risk charge - AAA when invested in own sovereign; otherwise charge based on internal model. This logic only applies to EEA states in local currency
 5) -50bps non-parallel interest rate shift
 6) 31.3.2017; second order effects to other risk types and to own funds transferability restrictions are not considered

High quality capital structure with 173% Tier 1 coverage



Eligible own funds in % (2016)^{1,2}

Solvency capital requirement in % (2016)²

Key facts SII ratio Allianz Group

- VA benefit limited. SII ratio ex VA still very strong at 197%
- Equivalent own funds contribution 9% (mainly AZ Life). FY 2016 SII ratio ex AZ Life 217%
- EPIFP³ contributes only 14% to own funds (80% from life business)
- Transferability of Allianz Leben surplus funds limited to its SCR at Group level. Rising SCR mitigated by increased transferability
- Only EUR 4.2bn out of EUR 10.5bn surplus funds used as contribution at group level
- 1Q 2017: 212% SII ratio with EUR 3bn SBB fully deducted already

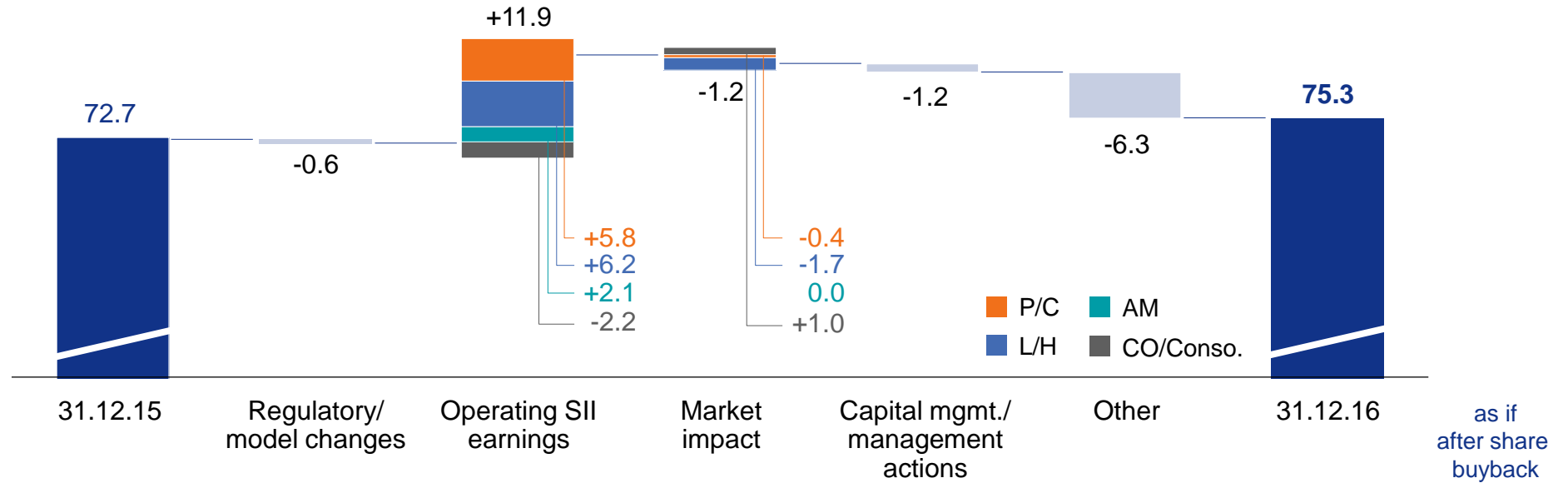
1) Requirements: Tier 2+3 ≤ 50%, Tier 3 ≤ 15% of consolidated insurance group SCR

2) Immaterial non-EEA (re)insurance entities included via book value deduction (Art. 229 SII directive). Main Internal Model entities: AGCS, France, Germany, Italy, UK; main Standard Model entities: Belgium, Brazil, Poland, Spain, Taiwan, Turkey

3) EPIFP: expected profit in future premiums

Strong capital generation

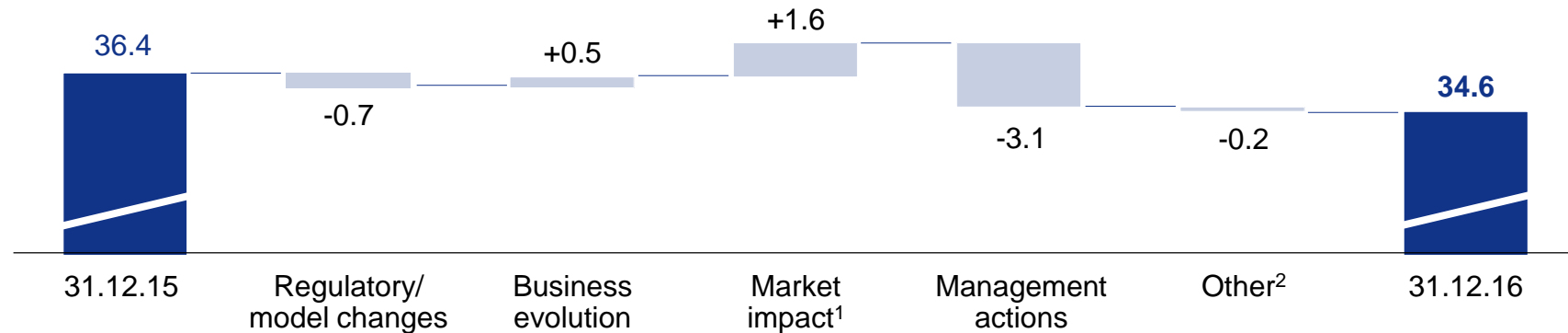
Own funds
(EUR bn)



SII capitalization



Pre-tax operating capital generation

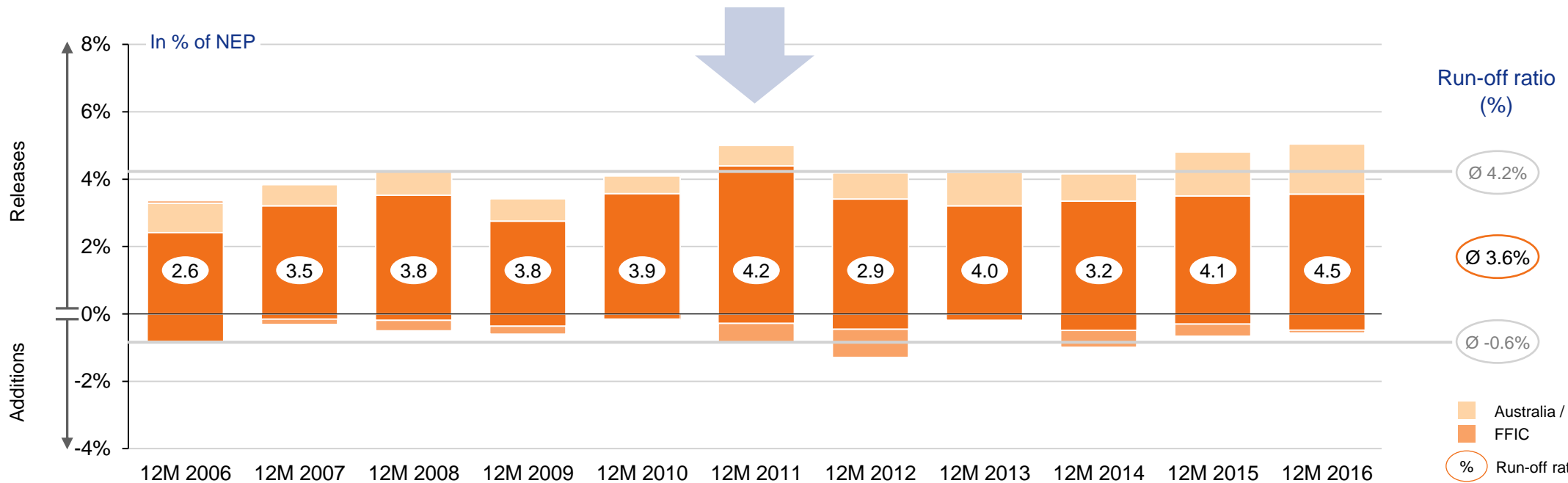
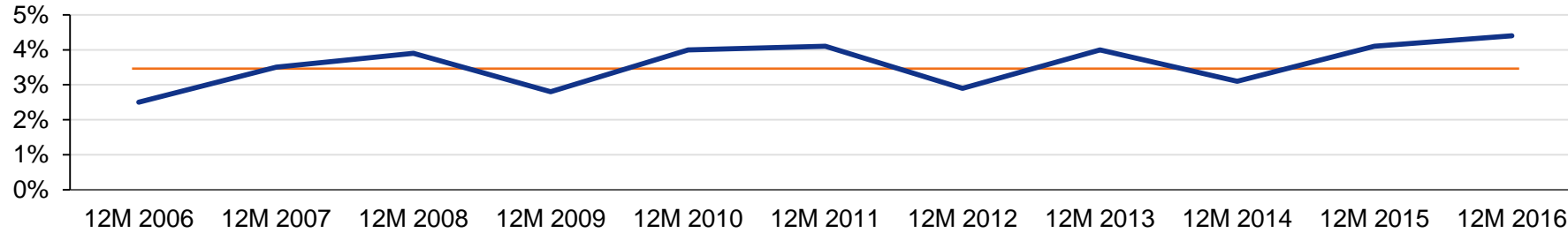


1) Including cross effects and policyholder participation

2) Other effects on SCR include diversification effects and third country equivalence

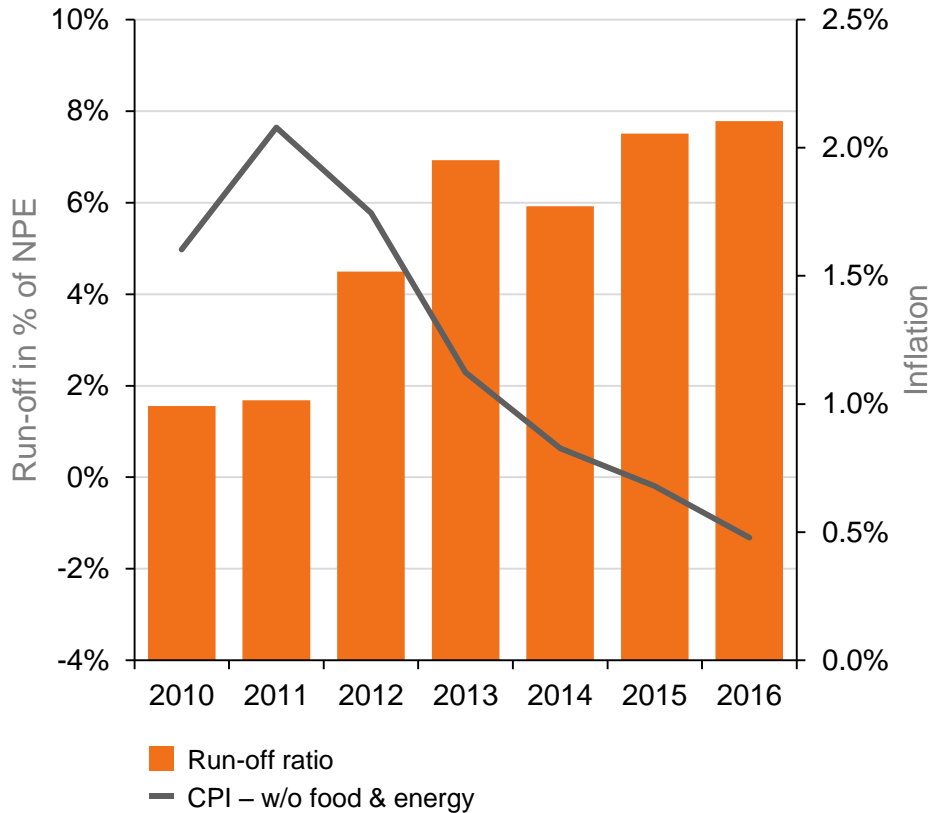
Excellent reserve quality

Run-off ratio 12M 2006 – 12M 2016

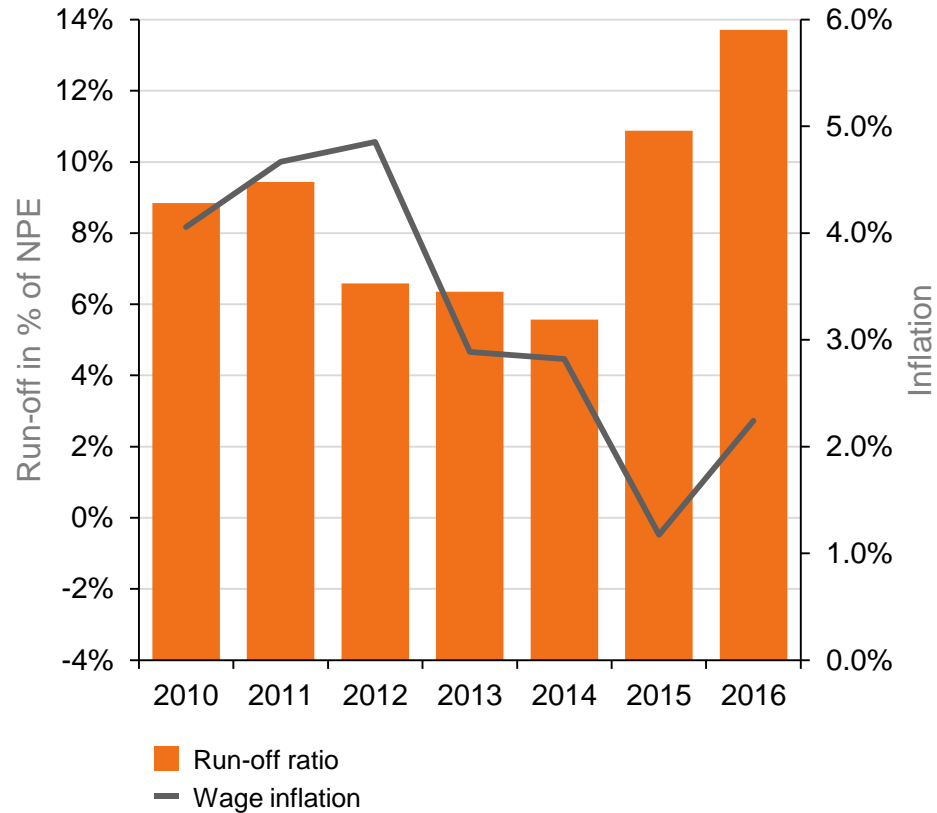


Recent uptick in Group run-off ratio above historical levels supported by decreasing inflation

Italy



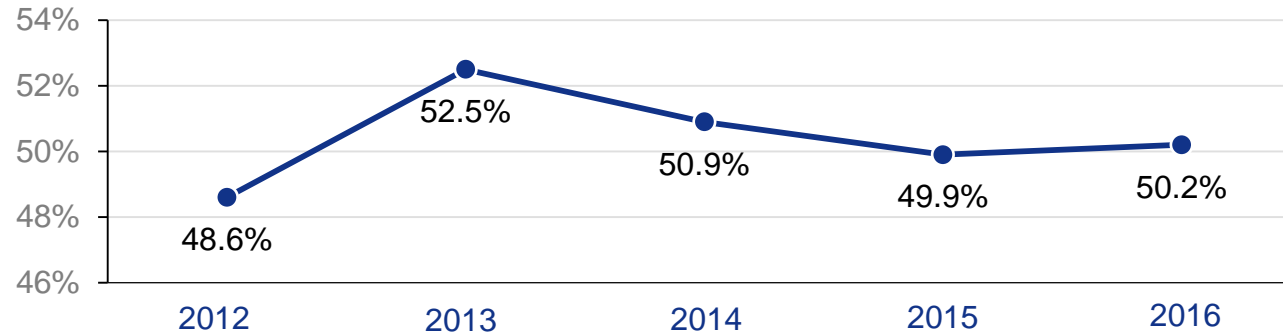
Australia



▶ Future inflation increase would revert run-off ratios back to long-term average levels

Consistent current accident year reserving approach

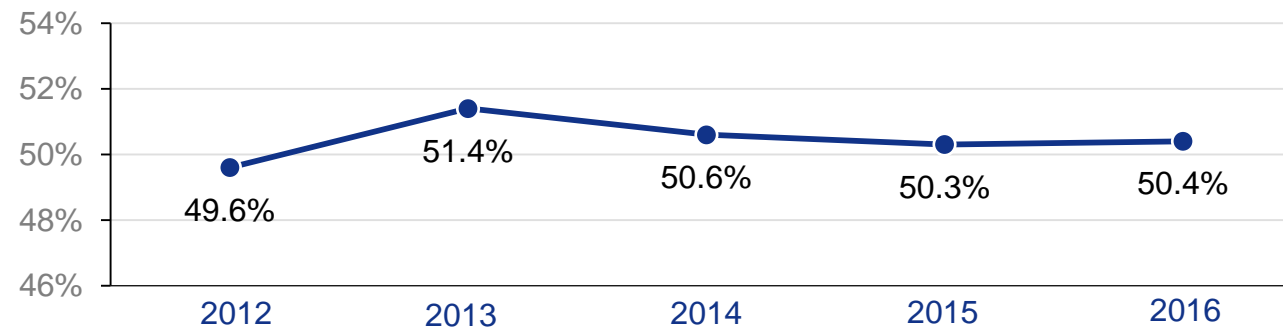
Paid / incurred ratio for the current accident year



Paid / incurred ratios on group level are affected by several effects, such as...

- ... changes in business mix
- ... reclassifications (e.g. between L/H and P/C segment)
- ... timing and magnitude of NatCat
- ... FX effects (FX rates and mix of currencies & claims development)

Normalized paid / incurred ratio for the current accident year¹



► Underlying paid / incurred ratio very stable over time

1) Normalization for timing and magnitude of NatCat, e.g. Sandy (2012), Central European floods and storms (2013); normalization for discontinued personal lines at FFIC (2015), reclassification of AWC to P/C and Yapı Kredi acquisition (2013)

Key messages



Very consistent reserving strategy leading to a stable reserve strength



Two phenomena drive the up-tick in the run-off ratio: (i) FFIC issues are solved
(ii) inflation in certain core markets are below their historic averages (e.g. Australia / Italy)



Inflation assumptions are adjusted significantly faster on the way up than in an environment of decreasing inflation



Run-off ratio is stable once adjusted for negative (FFIC) and positive (Australia / Italy) effects

Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.