

1Q 2019

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Chief Financial Officer

Analyst conference call
May 14, 2019





CONTENT

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GROUP FINANCIAL RESULTS
1Q 2019

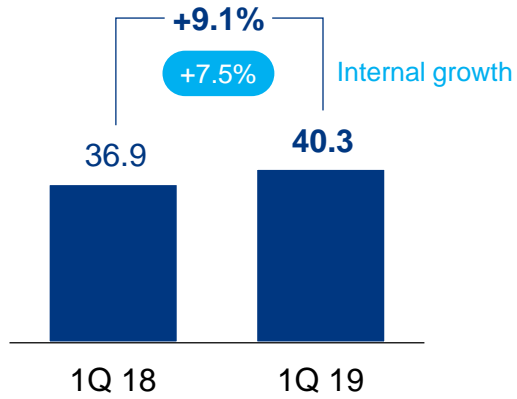
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GLOSSARY
DISCLAIMER

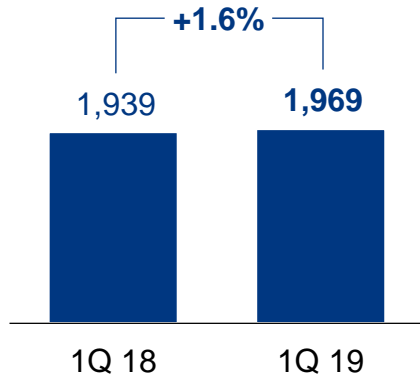


Group: good start into 2019, operating profit up 7.5%

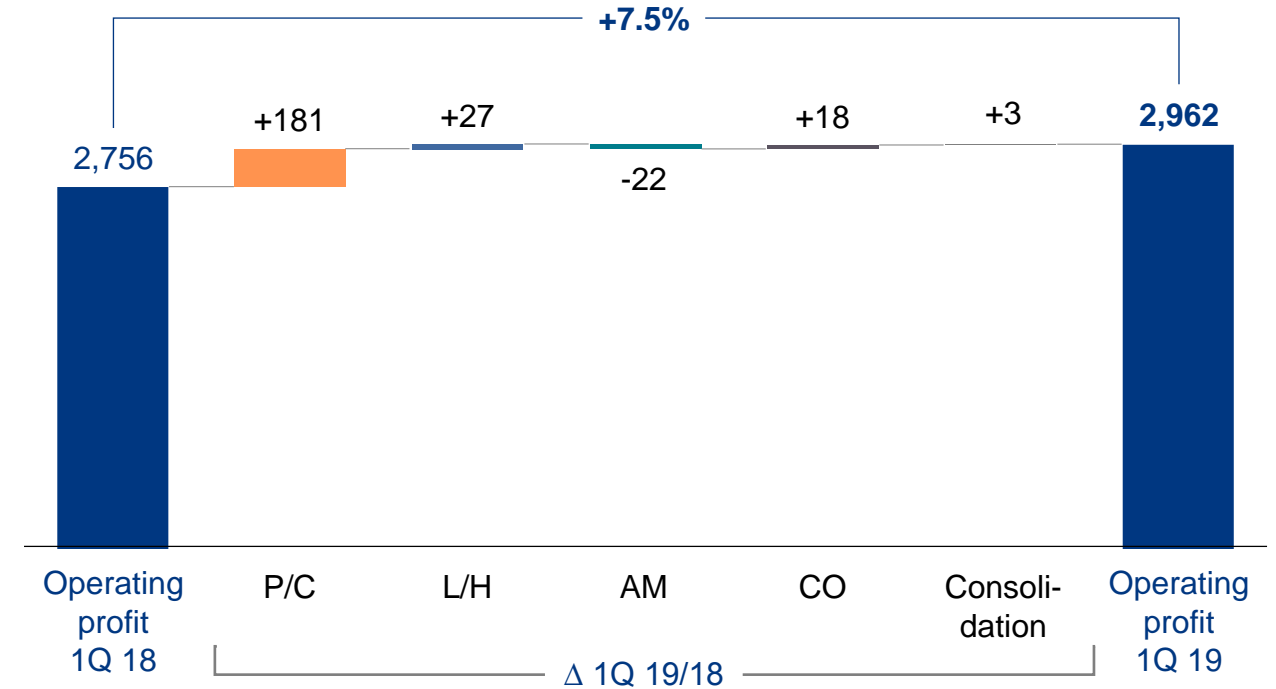
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



1Q 19	1,455	1,096	573	-164	4
1Q 18	1,274	1,069	595	-182	1



Group: good start into 2019, operating profit up 7.5%



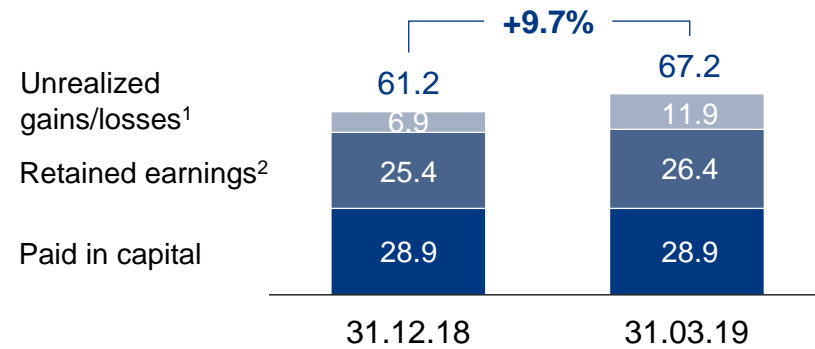
Comments

- **Internal growth strong at 7.5%**
Strong internal growth in L/H +11.5% and P/C +4.6%. -4.8% internal growth in AM with lower average 3rd party AuM as largest driver. Favorable impact from F/X (+1.0%) and consolidation (+0.6%) leads to total growth of +9.1%.
- **Operating profit at 26% of FY outlook midpoint**
Main driver for the increase is a strong performance of the P/C segment (+14%). Good result from L/H compensates for lower contribution from AM.
- **Shareholders' net income up 1.6% to EUR 2.0bn**
Increase driven by operating profit. Non-operating result declines by EUR -161mn mainly due to lower level of realized gains. Tax rate at 25%.
- **EUR 1.5bn share buy-back started**
2.8mn shares acquired in 1Q 2019 representing 0.7% of outstanding capital. EPS are up by 4.5% to EUR 4.65.
- **RoE (annualized) stable at 13.7%**
- **P/C – strong OP growth**
OP rises strongly due to a significantly higher underwriting result.
- **L/H – good result**
New business growth of 18% with NBM of 3.5% leads to 25% growth in VNB. Loadings and fees and favorable true-ups more than offset lower investment margin within operating profit.
- **AM – EUR 2.1tn total AuM**
EUR 18bn 3rd party net inflows and a new all-time high of total AuM. Negative market development in 2018 and one-offs lead to operating profit decrease.
- **CO – improving**
Operating loss improved to EUR -164mn. Better result from Allianz Technology.

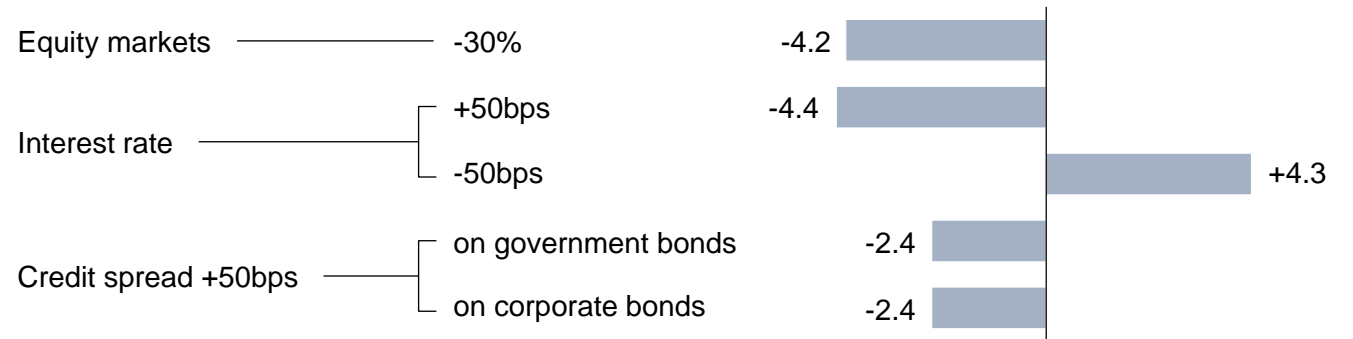


Group: SII capitalization on comfortable level

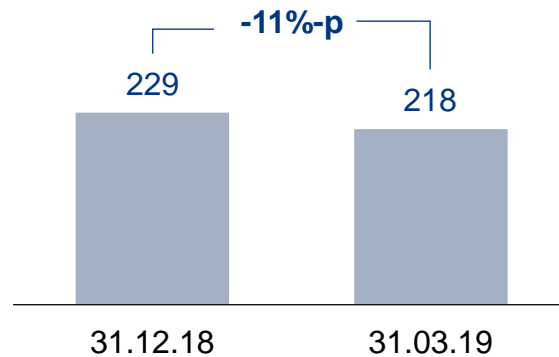
Shareholders' equity (EUR bn)



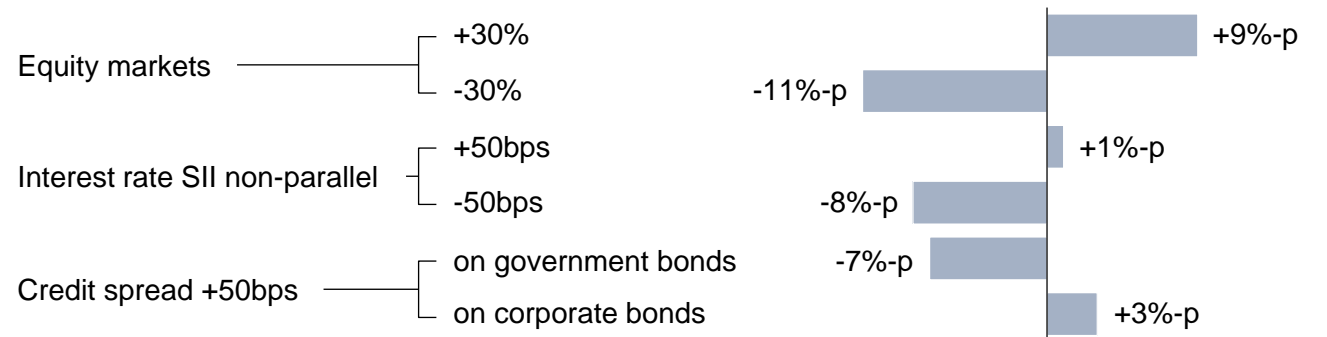
Key sensitivities (EUR bn)



SII capitalization (in %)



Key sensitivities³



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 4.2bn as of 31.12.18 and EUR 4.1bn as of 31.03.19
 2) Including F/X
 3) Management actions not considered in the disclosed sensitivities



Group: SII capitalization on comfortable level



Comments

- **Shareholders' equity – EUR 6.0bn increase in 1Q**

In 1Q 2019, shareholders' equity increased by EUR +6.0bn. The main drivers were higher net unrealized gains (EUR +5.0bn), net income (EUR +2.0bn) and F/X (EUR +0.4bn). This was partially offset by share buy-backs (EUR -0.6bn) and by the change in discount rate for defined benefit obligations (EUR -0.5bn).

- **SII sensitivities**

Overall limited changes to FY 2018.

The increase in IR -50bps sensitivity is due to increased SCR sensitivity in this scenario following the drop in interest rates in 1Q 2019.

- **SII ratio – on comfortable level**

In 1Q 2019, the SII ratio declined versus FY 2018.

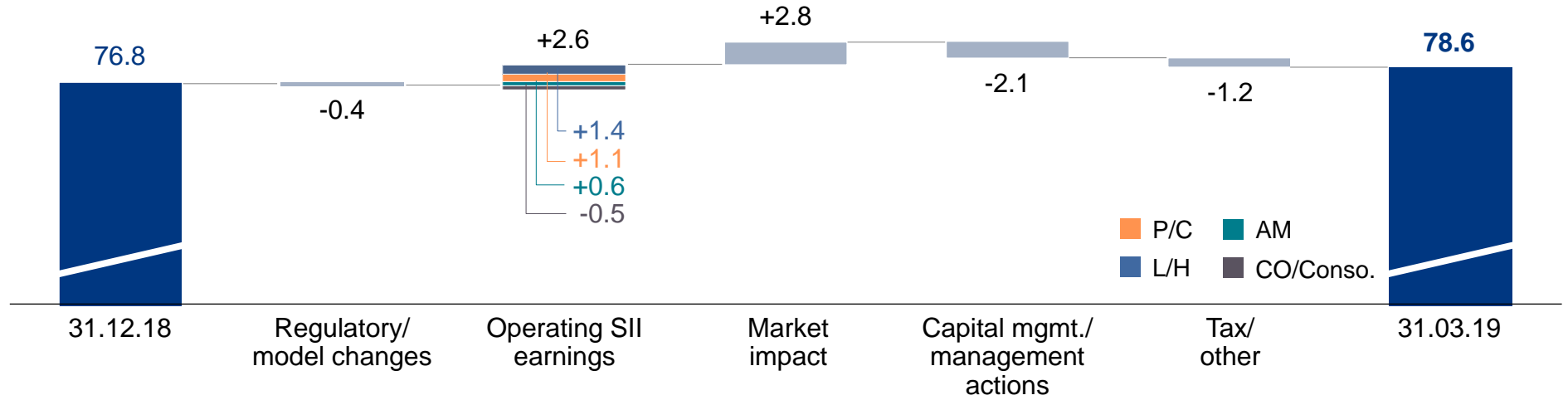
The main drivers were the EUR 1.5bn share buy-back (Δ -4.5%-p), regulatory/model changes (Δ -4%-p) and negative market impact (Δ -3%-p pre-tax, -4%-p net of taxes and transferability restrictions).

This was partly offset by pre tax and pre dividend capital generation of +6%-p, or 2%-p net of taxes and dividend.



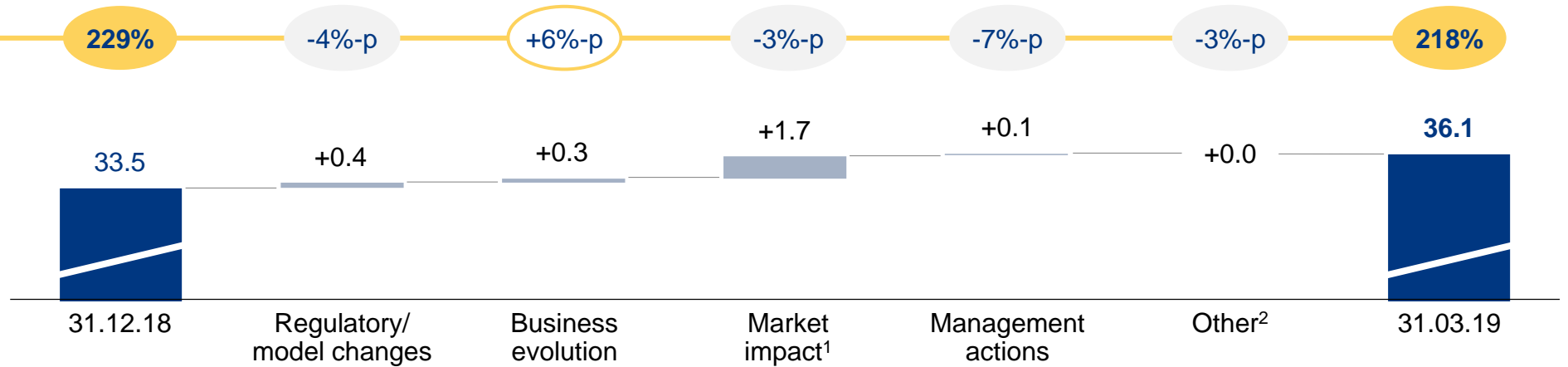
Group: capital management drives SII ratio

Own funds
(EUR bn)



SII capitalization

○ Pre-tax operating capital generation



SCR
(EUR bn)

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



Group: capital management drives SII ratio



Comments

- **Good capital generation reduced by strong growth**
SII capital generation – net of tax and dividend – amounts to ~2%-p in 1Q 2019. Lower operating SII earnings and strong P/C business growth had a limiting effect. We anticipate 2019 capital generation net of tax and dividend of around 10%-p.
- **Regulatory/model changes**
In line with our previous guidance of minus 3-5%-p. UFR reduction of 15bps to 3.90% single biggest driver with approximately 2%-p impact.
- **Operating SII earnings**
Operating SII earnings of the L/H segment are above the operating IFRS result, mainly as a result of strong VNB generation (EUR +0.7bn).
For P/C, operating SII earnings are below the operating IFRS result. This is driven by an increase in risk margin, unwinding of technical provisions and different OE scope.
AM operating SII earnings are close to the IFRS result.
- **Business evolution**
Strong P/C NPE growth is the main driver. L/H new business growth is largely offset by inforce capital release.
- **Market impact**
The negative effects of strongly declining interest rates and tightening credit spreads were only partially offset by rising equity markets. Net of taxes and transferability restrictions, the market impact was -4%-p.
- **Capital management/management actions**
Capital management of EUR -2.5bn is the primary driver. The normal dividend accrual of ~50% of net income (EUR -1.0bn) and EUR 1.5bn share buy-back are the main components. These are partly offset by a EUR +0.4bn pre-tax benefit related to a reinsurance agreement for certain FIA statutory reserves of AZ Life.
- **Tax/other**
Own funds mainly driven by taxes (EUR -0.9bn).



P/C: a strong start to the year

EUR mn		Revenues			YTD change on renewals	
		1Q 19	Total growth Δ p.y.	Internal growth Δ p.y.	1Q 19	Momentum
Total P/C segment		19,490	+6.3%	+4.6%	+1.7%	n.a.
Selected OEs	Germany ¹	4,731	+2.4%	+2.1%	+2.3%	stable
	France	1,529	+0.9%	+0.9%	+1.8%	stable
	CEE	998	+3.0%	+4.7%	n.a.	n.a.
	Italy ¹	979	-9.9%	+4.7%	0.0%	positive
	Spain ¹	766	-1.4%	+1.0%	+2.1%	positive
	Australia	688	-7.9%	-1.3%	-4.4%	negative
	United Kingdom	593	-7.1%	-3.9%	+4.0%	stable
	Latin America	453	+3.6%	+20.1%	n.a.	n.a.
	Turkey	277	-10.0%	+17.9%	n.a.	n.a.
	Global lines	AGCS	2,875	+16.4%	+11.2%	+3.0%
Allianz Partners		2,128	+7.8%	+3.6%	+1.8%	stable
Euler Hermes		816	+9.2%	+7.8%	-1.0%	stable

1) Prior year revenues include direct business now transferred to Allianz Direct. Adjusted for this, total growth was +5.7% in Germany, +8.4% in Italy and +1.0% in Spain.



P/C: a strong start to the year



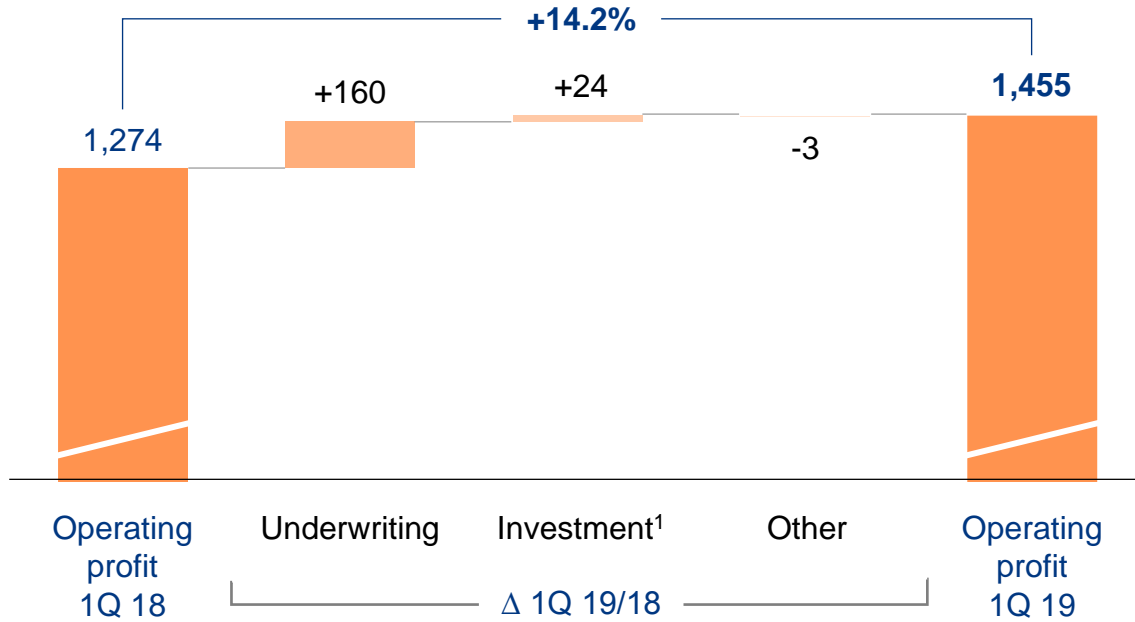
Comments

- Widespread growth**
 Strong internal growth of +4.6% (FY 2018: 5.7%) with positive volume (+2.8%) and price (+1.8%) effects. Growth drivers AGCS, Germany and Allianz Partners. Consolidations (+1.4%) and F/X (+0.3%) lead to +6.3% total growth. Internal NPE growth also strong at +4.8%. 3M 2019 rate change on renewals +1.7% vs. +1.4% at FY 2018.
- Germany – price and volume positive**
 Solid internal growth, mainly in commercial motor and property. Revenues includes ADAC JV (first time consolidation) and exclude Allsecur (now Allianz Direct).
- Italy – return to growth**
 Return to strong growth. Motor business main contributor. Genialloyd now part of Allianz Direct.
- France – growth price-driven**
 Commercial and personal motor main growth contributors.
- CEE – good start to the year**
- Spain – modest volume-driven growth**
 Modest growth in motor and personal lines. Commercial flat. Direct business moved to Allianz Direct.
- UK – price effect more than offset by lower volume**
 Lower volumes in personal and commercial. Difference between total and internal growth largely driven by LV= portfolio transfers.
- LatAm – strong recovery in Brazil**
 Excellent internal growth of +11.3% in Brazil, with strong contribution from motor, commercial and personal lines. IG Argentina +60.1% in a high-inflationary environment. F/X impact Argentina -72.6%.
- Turkey – price effect more than offsets lower volume**
 Health main growth driver. F/X effect -27.2%.
- AGCS – volume and price positive**
 Property, financial lines, midcorp and engineering main growth drivers. F/X effect +5.1%.
- Allianz Partners – strong growth**
 Travel & Assistance main driver across all regions.
- Euler Hermes – excellent growth**
 Double-digit growth in Asia and Americas.



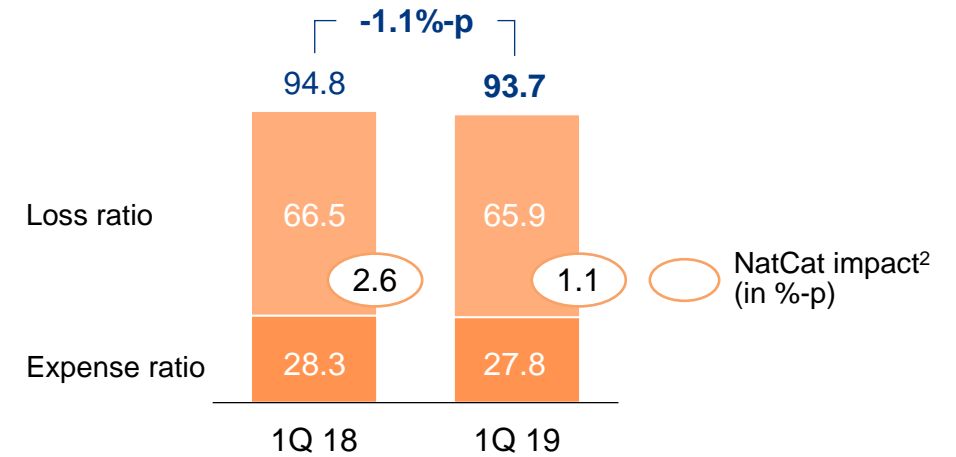
P/C: higher underwriting result drives OP growth

Operating profit drivers (EUR mn)

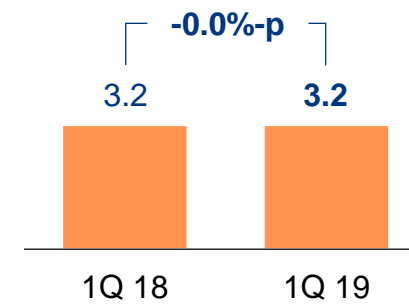


1Q 19	698	711	45
1Q 18	538	687	48

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation

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



P/C: higher underwriting result drives OP growth

Comments

- **Operating profit – at 26% of FY outlook mid-point**
OP rises due to a significantly better underwriting result. Strong top-line growth, lower NatCat losses and an improved ER are the main drivers.
- **NatCat & weather – 1.7%-p better than last year**
NatCat of EUR 141mn/1.1% down vs. prior year (EUR 311mn/2.6%) and well below 10Y FY average of 2.1%. Weather losses (ex NatCat) of 0.8% in line with last year's level (1.0%).
- **Loss ratio – AY LR better**
AY LR improves -0.6%-p to 69.1%, due to lower NatCat and weather-related losses.
Attritional LR (AY LR ex NatCat) increases +0.9%-p to 67.9%, mainly due to higher large losses. Ethiopian Airlines / Boeing and Vale had a combined impact of close to EUR -0.1bn.
- **Run-off – on prior year's level**
60bps below 10Y FY average of 3.8%.

- **Expense ratio – continued progress**
ER declines -0.5%-p vs. 1Q 2018 due to a -0.7%-p reduction in the acquisition cost ratio. We are on track to achieve our target of a FY 2019 ER just below 28%.

	1Q 2018	1Q 2019	Δ
Attritional LR	67.0%	67.9%	+0.9%-p
NatCat	2.6%	1.1%	-1.5%-p
Run-off	-3.2%	-3.2%	0.0%-p
ER	28.3%	27.8%	-0.5%-p
CR	94.8%	93.7%	-1.1%-p
Underwriting result (EUR mn)	538	698	+29.8%
Investment result (EUR mn)	687	711	+3.4%
Other result (EUR mn)	48	45	-6.8%
OP (EUR mn)	1,274	1,455	+14.2%



P/C: operating profit up 14%

EUR mn		Operating profit		Combined ratio		NatCat impact on CR	
		1Q 19	Δ p.y.	1Q 19	Δ p.y.	1Q 19	Δ p.y.
Total P/C segment		1,455	+14.2%	93.7%	-1.1%-p	1.1%-p	-1.5%-p
Selected OEs	Germany ¹	271	+170.9%	92.8%	-8.1%-p	3.2%-p	-4.8%-p
	France	109	+20.0%	95.2%	-2.2%-p	0.8%-p	-2.8%-p
	CEE	89	+6.5%	90.7%	-0.0%-p	0.8%-p	+0.8%-p
	Italy ¹	253	-10.5%	77.3%	-2.7%-p	0.0%-p	0.0%-p
	Spain ¹	22	-64.7%	97.7%	+7.7%-p	0.0%-p	0.0%-p
	Australia	49	-15.2%	98.4%	+1.9%-p	4.2%-p	+4.2%-p
	United Kingdom	44	+37.4%	94.8%	-0.2%-p	0.0%-p	-0.4%-p
	Latin America	40	+32.4%	100.9%	-0.4%-p	0.0%-p	0.0%-p
Global lines	Turkey	24	-7.6%	109.2%	+4.9%-p	0.0%-p	0.0%-p
	AGCS	106	-23.8%	99.7%	+5.1%-p	0.2%-p	-2.1%-p
	Allianz Partners	59	+51.7%	97.3%	-2.7%-p	0.0%-p	0.0%-p
	Euler Hermes	116	+15.0%	81.5%	-1.7%-p	–	–

1) The transfer of their direct businesses to Allianz Direct had no significant impact on yoy OP growth or CR change of either Germany or Spain. Please see comment page for impact on Italy.



P/C: operating profit up 14%



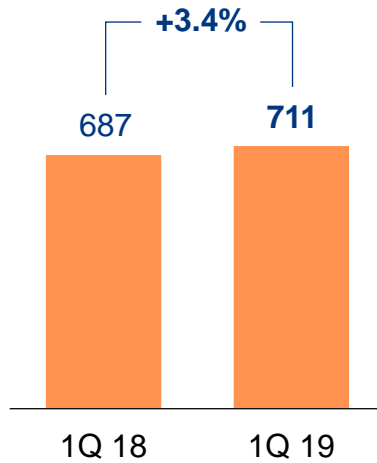
Comments

- Germany – on very good level**
 CR improves strongly mainly due to lower NatCat and large losses. Run-off and ER ($\Delta -0.5\%-p$) also better.
- France – NatCat main CR driver**
 CR improvement mainly due to less NatCat, partly offset by lower run-off.
- CEE – CR flat on excellent level**
 Solid top-line growth drives good OP development.
- Italy – outstanding CR**
 AY LR ($\Delta -2.2\%-p$) and higher run-off ratio main drivers. OP decline due to lower investment result and transfer of Genialloyd to Allianz Direct. Adjusted for Allianz Direct effect, OP change would be $\Delta -5.1\%$ and the CR would be basically unchanged yoy ($\Delta -0.1\%-p$).
- Spain – CR worsened**
 High AY LR due to property and motor, and negative run-off.
- Australia – impacted by NatCat**
 NatCat main driver for CR increase, partly offset by lower weather-related losses.
- UK – stable on good level**
 Adverse large loss development offset by higher run-off. Operating profit rises on higher LV= contribution.
- LatAm – continued progress**
 CR Brazil improves $\Delta -2.3\%-p$ due to a better ER. Argentina OP increases to EUR 22mn (Δ EUR +6mn) driven by a higher investment result.
- Turkey – good performance in difficult environment**
 CR development mainly driven by higher large losses. Investment income increase largely offsets lower underwriting result. F/X and general inflation impact the CR negatively.
- AGCS – impacted by large losses**
 Impact of lower NatCat more than offset by high large losses (e.g. Boeing, Vale).
- Euler Hermes – strong start to the year**
 CR remains on outstanding level. AY LR increase is more than offset by higher run-off ratio.



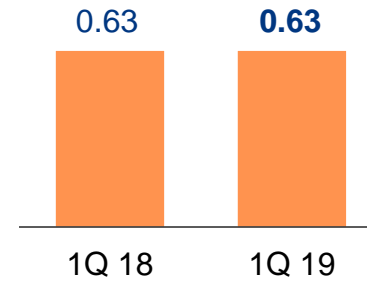
P/C: resilient investment income

Operating investment result¹
(EUR mn)

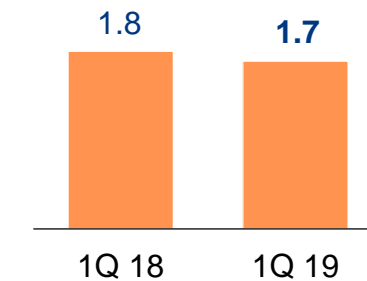


Interest & similar income ²	776	792	+16
Net harvesting and other ³	2	17	+16
Investment expenses	-91	-98	-7

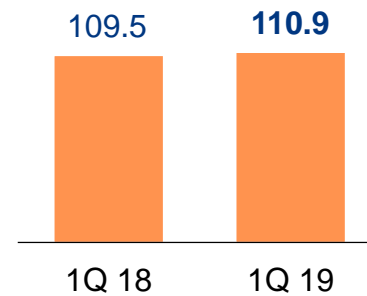
Current yield
(debt securities; in %)



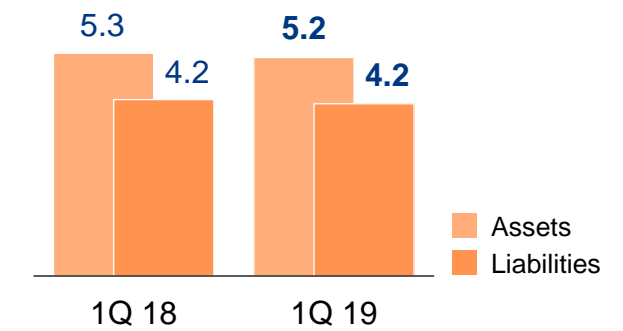
Economic reinvestment yield
(debt securities; in %)



Total average asset base⁴
(EUR bn)



Duration⁵



1) Including policyholder participation
 2) Net of interest expenses
 3) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation

4) Asset base includes health business France, fair value option and trading
 5) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment



P/C: resilient investment income

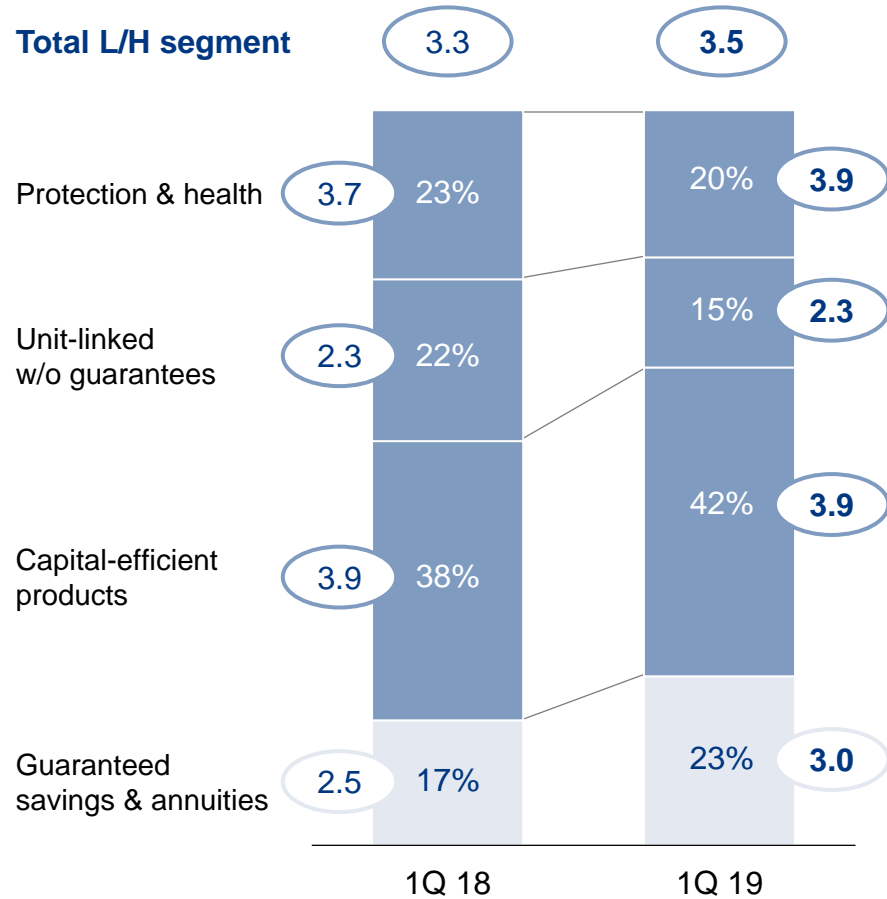
Comments

- **Interest & similar income**
Slightly higher income on equity & debt.
- **Net harvesting & other**
Mainly driven by higher F/X result net of hedges.
- **Economic reinvestment yield**
Slight decline versus FY 2018 level of 1.9% is due to market movements and emerging market bonds.



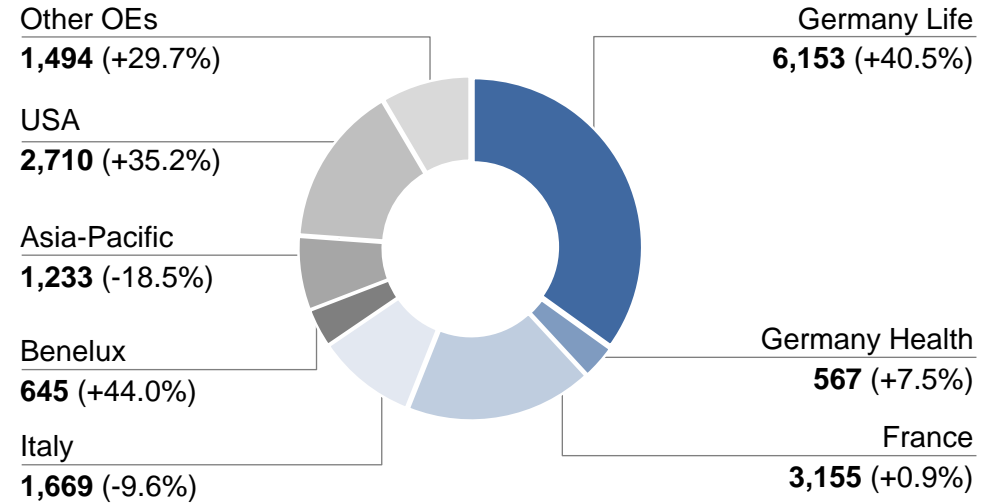
L/H: 18% new business growth with NBM 3.5%

PVNBP share by line



○ NBM (in %)
■ Preferred LoBs

PVNBP by OE (EUR mn)



EUR mn	1Q 18	1Q 19	Δ p.y.
PVNBP	14,998	17,626	+17.5%
Single premium	8,036	9,828	+22.3%
Recurring premium	2,514	2,518	+0.2%
APE	3,318	3,501	+5.5%



L/H: 18% new business growth with NBM 3.5%



Comments

PVNB by line

- **New business driven by Germany Life and USA**
New business with capital-efficient products is up by 31% resp. EUR 1.8bn with largest volume expansion in Germany (Δ EUR +1.0bn) and USA (Δ EUR +0.7bn). Increase of GS&A by EUR 1.4bn driven by Germany. Good growth also in protection & health (+5%). UL new business down 21% due to lower sales in Italy and Asia-Pacific.
- **NBM well above target level of 3.0%**
All lines with stable or better NBMs. NBM of GS&A up 0.6%-p due to better business mix and favorable economic environment.
- **Net flows increase by 43%**
Net flows of EUR 3.1bn.

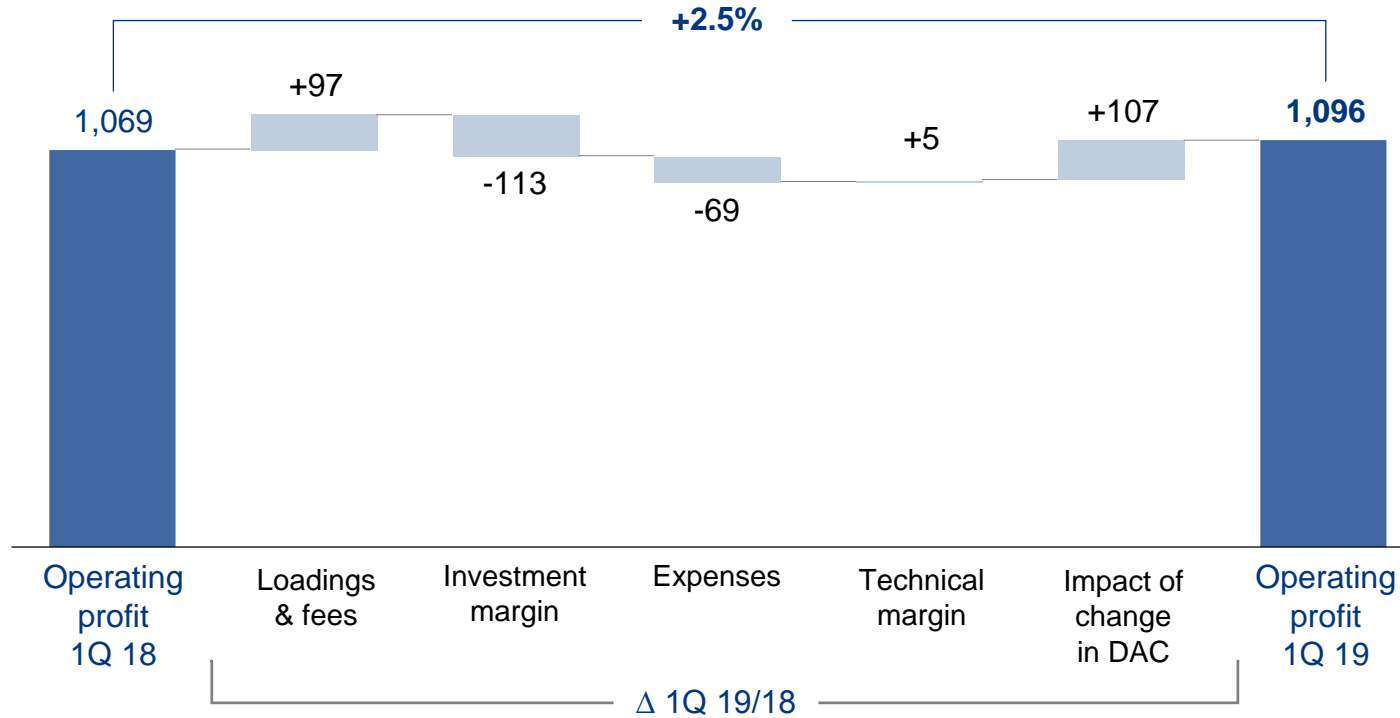
PVNB by OE

- **Germany Life – capital-efficient products +30%**
In addition higher sales for GS&A (Δ EUR +0.8bn) with NBM 2.9% driven by large contracts in corporate business. Successful product launch of “Perspektive” in Italy.
- **USA – volume up 23% in local currency**
In local currency FIA grow +27% and capital-efficient products within VA business +24%. Prior year affected by uncertainty around DOL proposal.
- **Italy – share of preferred lines at 80%**
Lower UL sales (-28%) in line with overall market trend. 10% higher sales of capital-efficient products.
- **Asia-Pacific – lower UL sales in Taiwan**
Lower contribution from banks in Taiwan. Improved NBM (+1.4%-p to 5.8%) leads to 8.5% higher VNB.
- **Benelux – UL grows 59%**
Strong demand for UL in Belgium and Luxembourg.
- **Other OEs – Switzerland benefits from Group Life business**



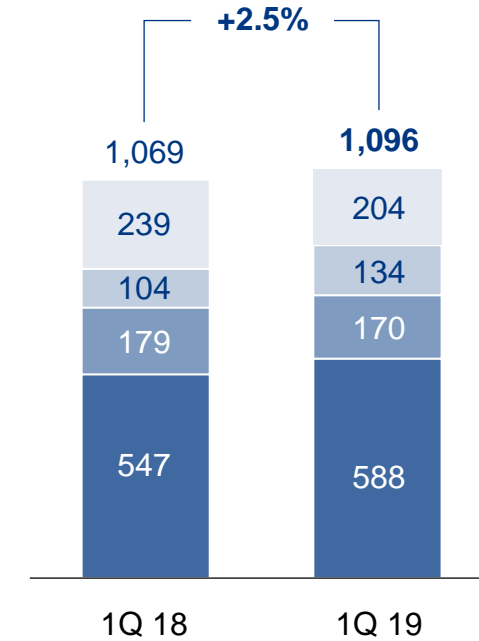
L/H: operating profit up 2.5% to EUR 1.1bn (EUR mn)

Operating profit by source¹



1Q 19	1,629	858	-1,780	298	91
1Q 18	1,531	971	-1,711	293	-16

Operating profit by line



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

1) Prior year figures changed in order to reflect the roll-out of profit source reporting to Mexico



L/H: operating profit up 2.5% to EUR 1.1bn



Comments

- **OP at 26% of FY target range midpoint**
Higher loadings and fees and favorable true-ups more than offset lower investment margin.
- **Loadings and fees in line with business growth**
Increase driven by new business and overall reserve growth (+5.2%).
- **Investment margin at 19bps**
Decline mainly due to higher PHP (up 4.7%-p to 82.2%).
- **Expenses – new business growth**
Acquisition related expenses increase in line with new business. Admin expenses EUR 18mn below prior-year level.
- **Impact of change in DAC**
Lower amortization (Δ EUR 99mn) driven by favorable true-ups in the US and Germany Life.

Operating profit by line

- **Protection & health**
Lower contribution from USA (Δ EUR -27mn) impacted by one-off items.
- **UL w/o guarantees**
Improved result from France (Δ EUR +19mn) mainly due to expense development. In addition better result from Asia-Pacific (Δ EUR +12mn).
- **Capital-efficient products**
Lower contribution from Germany Life (Δ EUR -15mn) driven by strong new business.
- **Guaranteed savings & annuities**
Higher contribution from US VA business mainly due to favorable market conditions.



L/H: value of new business up 25%

EUR mn	Value of new business		New business margin		Operating profit	
	1Q 19	Δ p.y.	1Q 19	Δ p.y.	1Q 19	Δ p.y.
Total L/H segment	609	+24.5%	3.5%	+0.2%-p	1,096	+2.5%
Germany Life	243	+40.7%	3.9%	+0.0%-p	300	-10.2%
USA	88	+17.2%	3.3%	-0.5%-p	214	+24.8%
Asia-Pacific	71	+8.5%	5.8%	+1.4%-p	100	+14.8%
France	54	+30.5%	1.7%	+0.4%-p	164	+3.6%
Italy	47	+10.8%	2.8%	+0.5%-p	82	+15.5%
Germany Health	21	+5.3%	3.6%	-0.1%-p	42	-3.6%
Spain	21	+33.2%	7.1%	+2.1%-p	46	-32.2%
Benelux	18	+51.1%	2.7%	+0.1%-p	34	+29.4%
CEE	13	+14.4%	5.6%	-0.3%-p	58	+23.2%
Turkey	8	-47.6%	4.9%	-2.3%-p	16	-16.2%
Switzerland	8	+73.7%	1.4%	-0.3%-p	26	+3.1%



L/H: value of new business up 25%



Comments

New business

- **NBM above target level of 3.0%**
- **VNB at 29% of FY 2018**
Combination of new business growth (+17.5%) and margin expansion (+0.2%-p) leads to 25% higher VNB. Significant VNB growth across almost all OEs.
- **Germany Life and Benelux – volume-driven VNB growth**
- **Italy, Asia-Pacific, Spain – margin-driven VNB growth**
Lower new business volume more than offset by better NBM. NBM benefits from better business mix.
- **France – VNB benefits from margin expansion**
NBM improves due to better business mix, expense development and model changes.
- **Turkey – adverse F/X impact**
New business volume stable in local currency. NBM down but still strong.

Operating profit

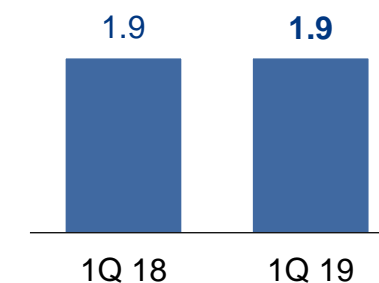
- **Germany Life – strong contribution**
Lower investment margin (Δ EUR -73mn) mainly due to higher PHP.
- **USA – VA business**
Operating profit up due to higher contribution from traditional VA business.
- **Asia-Pacific – triple-digit operating profit**
Driven by Taiwan (Δ EUR +15mn) mainly due to disposal of parts of its life portfolio in the prior year.
- **Italy – double-digit growth**
Better investment margin and lower acquisition expenses.
- **Spain – less realized gains**
Exceptionally high investment margin in the prior year. Operating profit contribution from JV with Banco Popular down by EUR -20mn.
- **CEE – better results mainly in Slovakia and Czech Republic**



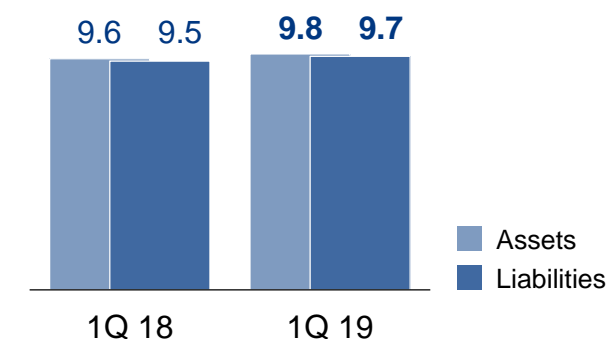
L/H: investment margin at 19bps

(Yields are pro-rata)	Investment margin	
	1Q 18	1Q 19
Based on Ø book value of assets¹ (EUR bn)	526	552
Current yield	0.80%	0.80%
Based on Ø aggregate policy reserves (EUR bn)	430	458
Current yield	0.98%	0.96%
Net harvesting and other ²	0.02%	0.09%
Total yield	1.00%	1.05%
- Ø min. guarantee ³	0.50%	0.49%
Gross investment margin (in %)	0.50%	0.56%
- Profit sharing under IFRS ⁴	0.28%	0.37%
Investment margin (in %)	0.23%	0.19%
Investment margin (EUR mn)	971	858

Economic reinvestment yield (debt securities; in %)



Duration⁵



- 1) Asset base under IFRS which excludes unit-linked, FVO and trading
- 2) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
- 3) Based on technical interest
- 4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
- 5) 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



L/H: investment margin at 19bps



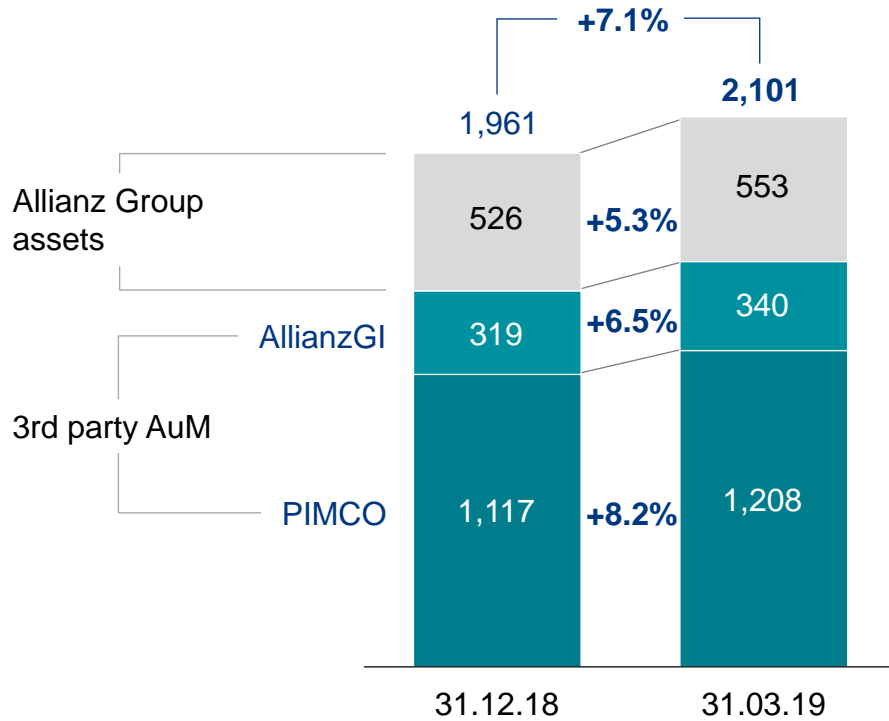
Comments

- **Investment margin down by EUR 113mn**
Lower investment margin (Δ -4bps to 19bps) partially compensated by higher reserve base (+7%).
Decline of investment margin mainly due to increase of PHP. Normal full-year level for 2019 expected at approximately 80-85bps.
- **Yield decline within expected range**
Current yield based on aggregate policy reserves down by -2bps. Impact from yield decline partially offset by lower average minimum guarantee (-1bp).
- **Net harvesting and other (in %) – up by 7bps**
Main driver is higher income from assets/liabilities at fair value (+8bps) driven by US trading result which benefits from favorable market movements affecting our hybrid VA business (largely offset by PHP).
- **Duration**
Compared to FY 2018 the duration gap narrowed mainly due to decrease of interest rates.

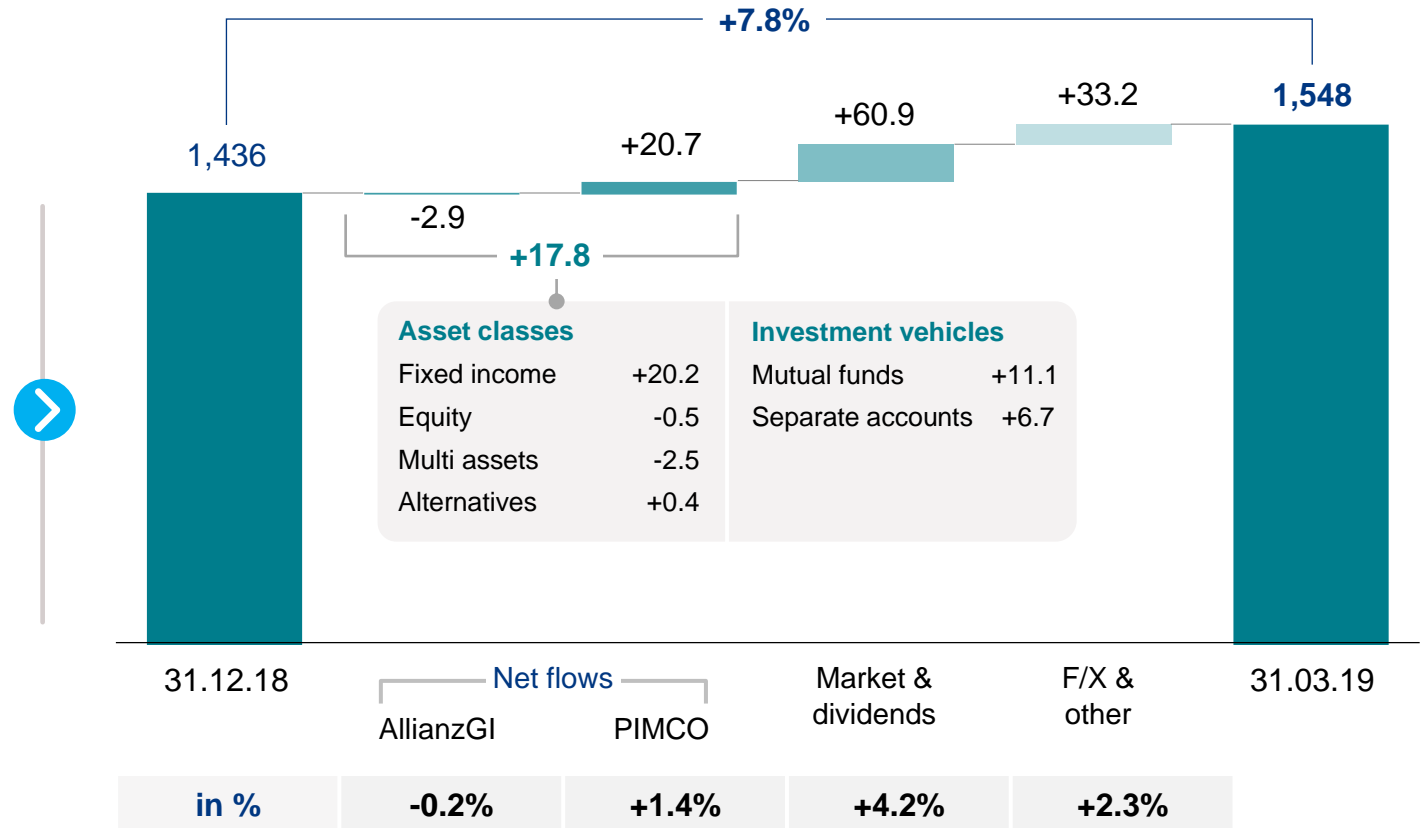


AM: third-party AuM up 8% (EUR bn)

Total assets under management



3rd party assets under management development



Asset classes		Investment vehicles	
Fixed income	+20.2	Mutual funds	+11.1
Equity	-0.5	Separate accounts	+6.7
Multi assets	-2.5		
Alternatives	+0.4		



AM: third-party AuM up 8%



Comments

- **Total AuM: +7%**
Total AuM at a new all-time high of EUR 2.1tn driven by rising 3rd party and Allianz Group assets.
- **3rd party AuM: +8%**
Strong increase driven by favorable markets, F/X, net inflows and first time consolidation of Gurtin (AuM impact end of 1Q 2019: EUR +13bn).

AuM end of 1Q 2019 EUR 48bn/3% higher than average AuM of EUR 1,499bn in 1Q 2019, which serves as a good starting base for 2Q 2019.

88% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.
- **3rd party net flows PIMCO: EUR +21bn**
3rd party net inflows stem from investment strategies like income, global and long duration credit.

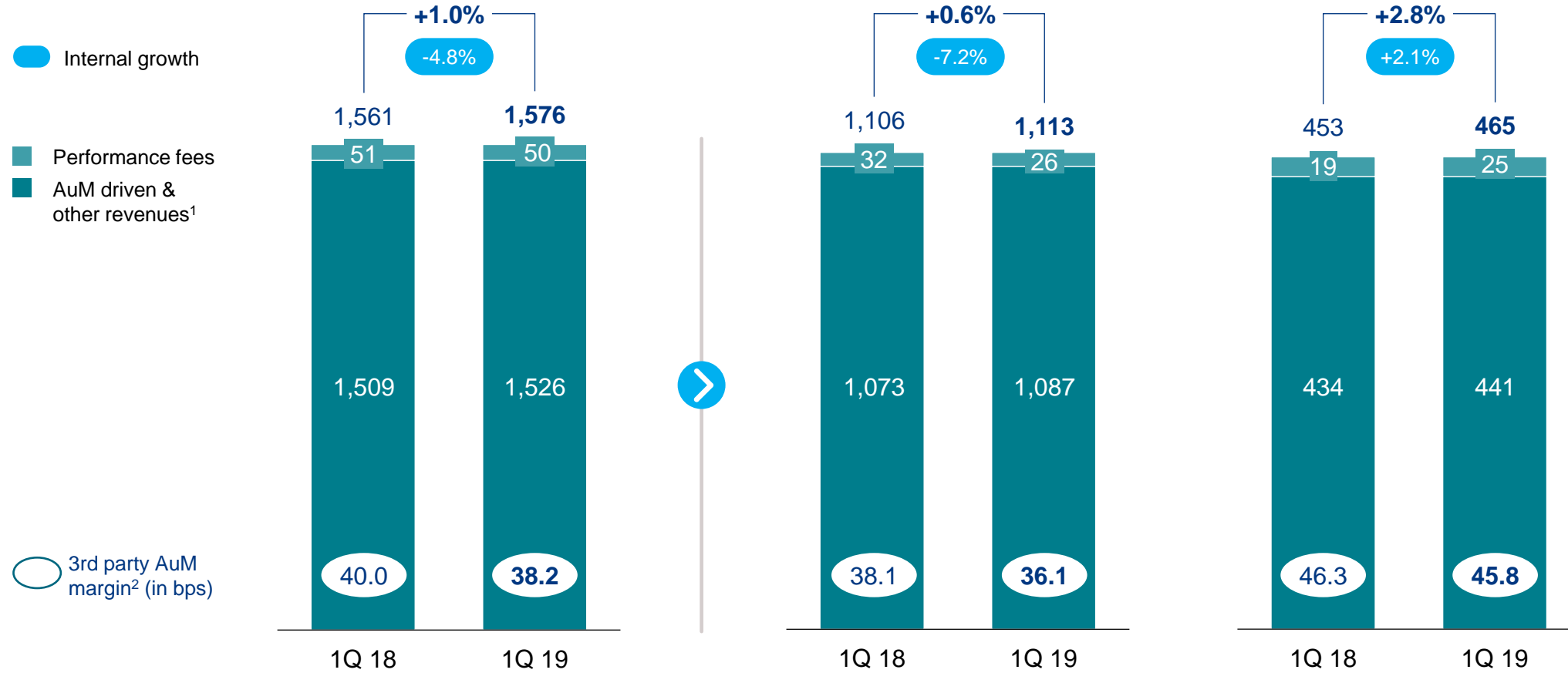
Investment performance continues to be excellent: 95% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.
- **3rd party net flows AllianzGI: EUR -3bn**
3rd party net outflows from equity, multi-asset and fixed income products, net inflows in alternative products.

56% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.



AM: revenues stable (EUR mn)

Revenues development



1) Thereof other revenues: AM: 1Q 18: EUR -7mn, 1Q 19: EUR -0mn; PIMCO: 1Q 18: EUR -4mn; 1Q 19: EUR -6mn; AllianzGI: 1Q 18: EUR -4mn; 1Q 19: EUR +5mn
 2) Excluding performance fees and other income



AM: revenues stable



Comments

- **Segment revenues – stable**

AuM driven revenues slightly up by 1% supported by positive F/X. Adjusted for F/X, lower revenues are driven by adverse market trends in 2018 which led to a lower AuM starting base at the beginning of 1Q 2019. As a result, F/X adjusted average 3rd party AuM at PIMCO and AllianzGI were 1%/4% lower than in 1Q 2018.

In addition, net revenues were impacted by one-off sales commissions paid for the successful launch of a closed-end PIMCO fund with a volume of USD 0.9bn.

Performance fees nearly unchanged.

- **PIMCO margin – impacted by one-offs**

1.5bps of margin reduction stem from the successful launch of a closed-end fund, less fee days and – as a structural impact – the Gurtin acquisition (municipal bond management for high-net-worth individuals).

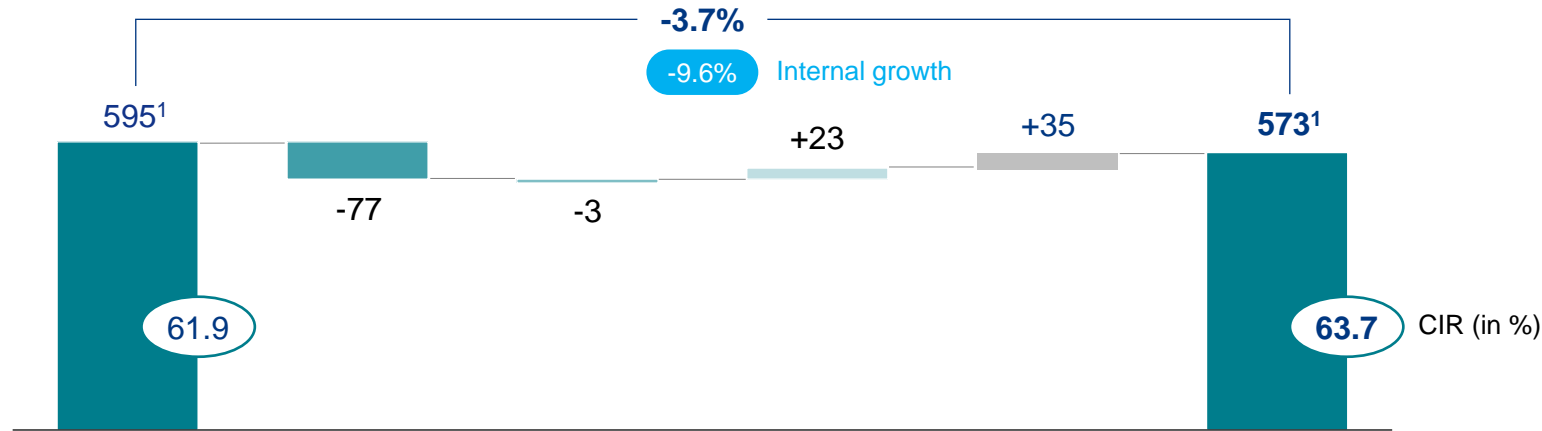
- **AllianzGI margin – down due to technical effect**

Decrease driven by reclassification of revenue components. Total revenues are not affected.



AM: OP below prior year, on track to reach full-year target (EUR mn)

Operating profit drivers

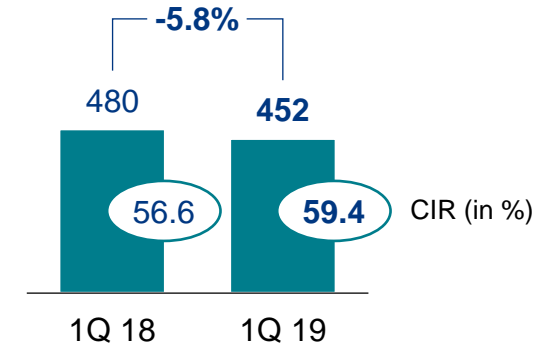


Operating profit 1Q 18 AuM driven & other revenues Performance fees Expenses F/X effect Operating profit 1Q 19

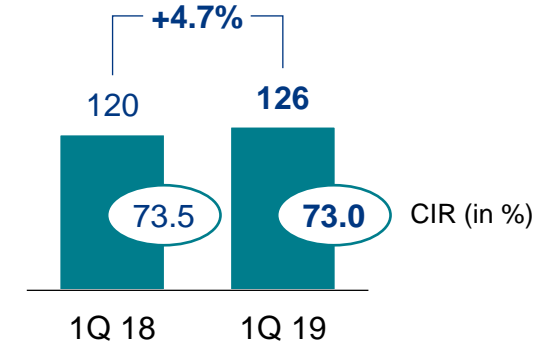
Δ 1Q 19/18

F/X impact	+94	+2	-61
1Q 19	1,526	50	-1,004
1Q 18	1,509	51	-966

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -5mn in 1Q 18 and EUR -5mn in 1Q 19



AM: OP below prior year, on track to reach full-year target



Comments

- **Segment – on track despite negative 2018 market impact**

OP down 4% versus previous year, on track to reach full-year target. 23% of FY outlook midpoint achieved. Majority of performance fees expected in 2H 2019.

Adjusted for F/X, OP driven by negative market development in 2018, which resulted in lower average 3rd party AuM and a reduction of revenues. Expenses improved.

CIR at 63.7%.

- **PIMCO – OP down 6%**

PIMCO OP impacted by negative market trend in 2018 and one-off launch costs for closed-end fund.

CIR of 59.4% at normal level of just below 60%.

- **AllianzGI – OP up 5%**

OP grows by 4.7%. Adjusted for F/X, OP increase still strong, driven by lower F/X adjusted expenses.

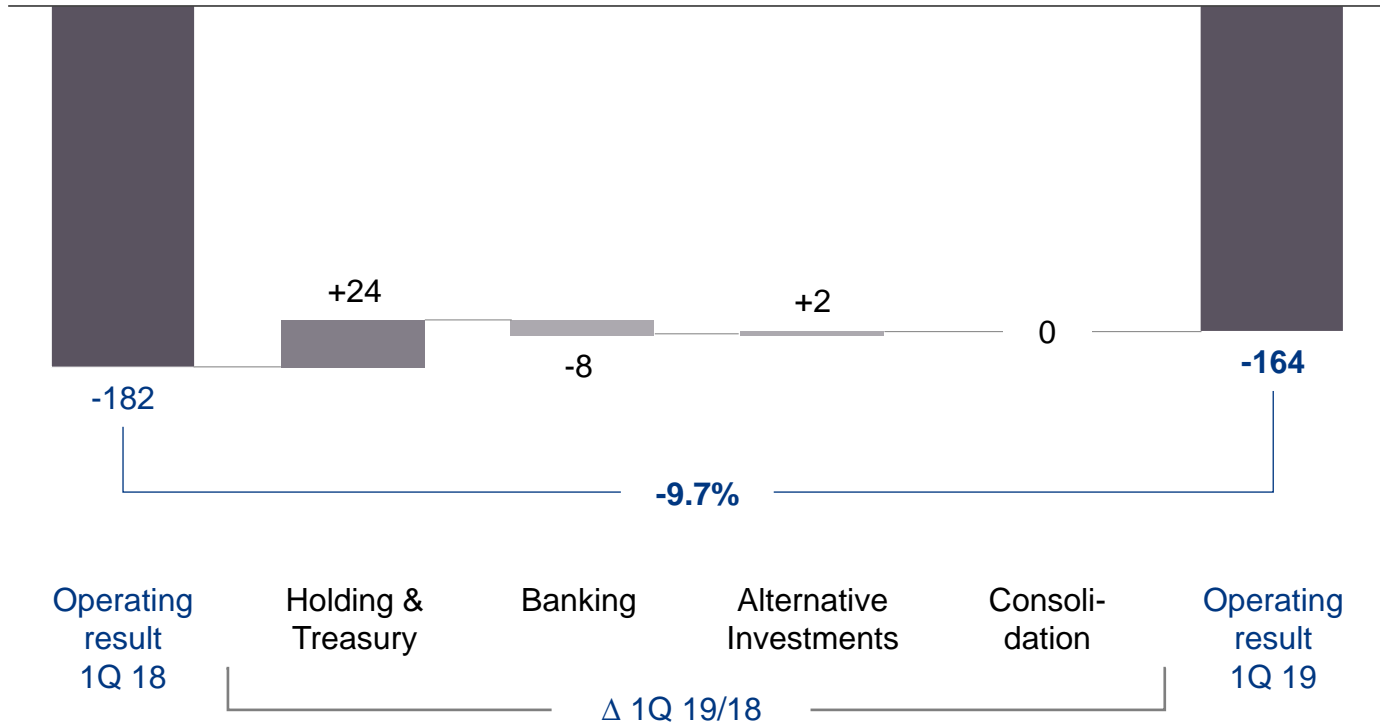
CIR improves by 0.5%-p to 73.0%.

AM segment	1Q 2018	1Q 2019	Δ
Operating revenues (EUR mn)	1,561	1,576	+1.0%
Operating profit (EUR mn)	595	573	-3.7%
3rd party net flows (EUR bn)	+20.9	+17.8	-14.8%
3rd party AuM margin (bps)	40.0	38.2	-1.8bps
CIR (%)	61.9%	63.7%	+1.8%-p



CO: improving (EUR mn)

Operating loss development and components



1Q 19	-188	12	11	0
1Q 18	-211	20	10	0



CO: improving

Comments

- **Operating loss at 18% of FY outlook midpoint**
- **Holding & Treasury**
Main reason is better result from Allianz Technology.
- **Banking**
Lower result due to disposal of Oldenburgische Landesbank in 1Q 2018.



Group: shareholders' net income at EUR 2.0bn

EUR mn	1Q 18	1Q 19	Change
Operating profit	2,756	2,962	+206
Non-operating items	-75	-235	-161
Realized gains/losses (net)	234	110	-125
Impairments (net)	-69	-65	+4
Income from financial assets and liabilities carried at fair value (net)	34	-2	-36
Interest expenses from external debt	-206	-215	-9
Acquisition-related expenses	0	0	0
Restructuring and integration expenses	-34	-15	+19
Amortization of intangible assets	-34	-43	-10
Change in reserves for insurance and investment contracts (net)	0	-5	-5
Income before taxes	2,682	2,727	+45
Income taxes	-651	-676	-24
Net income	2,030	2,051	+21
Non-controlling interests	-91	-82	+10
Shareholders' net income	1,939	1,969	+30
Effective tax rate	24%	25%	+0%-p



Group: shareholders' net income at EUR 2.0bn

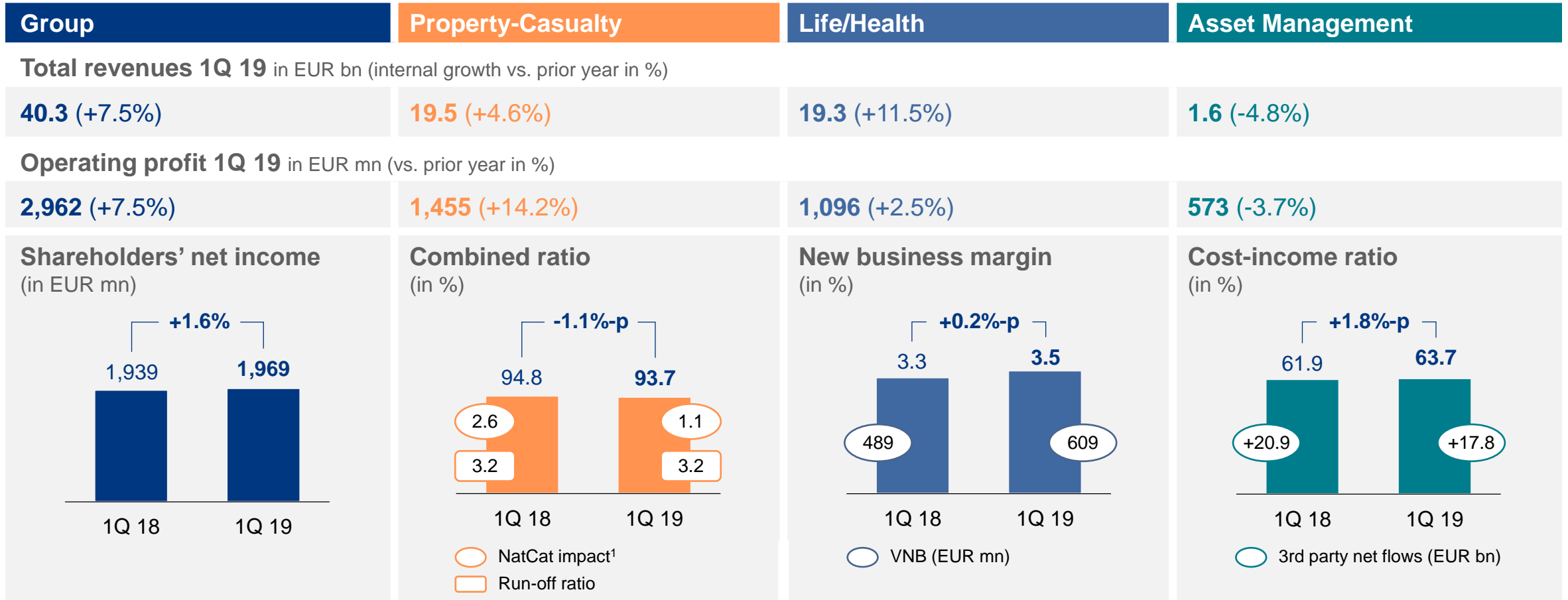


Comments

- **Operating profit drives s/h net income**
S/h net income up 1.6%. Higher operating profit (Δ EUR +206mn) more than offsets decline in non-operating result (Δ EUR -161mn).
- **Non-operating result impacted by realized gains**
Main driver for decrease is lower level of net realized gains from equities (Δ EUR -129mn).
- **Tax rate at good level**
Tax rate within expected range of 25%-27% for FY 2019.



In summary, a good start into the year



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



GLOSSARY & DISCLAIMER



Glossary (1)

AFS	Available for sale: Available-for-sale investments are non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. They are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	(The Allianz business segment) Asset Management
AP	Allianz Partners
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as the sum of recurring premiums and 10% of single premiums of the respective period.
APR	Accident insurance with premium refund (“Unfallversicherung mit Beitragsrückzahlung”): Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to the refund of premiums, either at the agreed maturity date or in the event of death.
Attritional LR	Accident year losses less claims arising from natural catastrophes as per our group-level definition (please refer to “NatCat”) divided by premiums earned (net).
AuM	<p>Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.</p> <p>Net flows: Net flows represent the sum of new client assets, additional contributions from existing clients (including dividend reinvestment), withdrawals of assets from and termination of client accounts, and distributions to investors.</p> <p>Market & dividends: Represents current income earned on and changes in fair value of securities held in client accounts. This also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and closed-end funds.</p>
AY LR	Accident year loss ratio: Please refer to “LR” (loss ratio).
AZ	Allianz



Glossary (2)

Bps	Basis points: 1 Basis point = 0.01%.
CEE	Central and Eastern Europe
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	(The Allianz business segment) Corporate and Other
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net), divided by premiums earned (net).
Current yield	Represents interest and similar income divided by average asset base at book value.
DAC	Deferred acquisition costs: The expenses of an insurance company which are incurred in the acquisition of new insurance policies, or the renewal of existing policies, and capitalized in the balance sheet. They include commissions paid, underwriting expenses, and policy issuance costs.
Economic reinvestment yield	Reflects the reinvestment yield, including F/X hedging costs on non-domestic hard-currency F/X bonds as well as expected F/X losses on non-domestic emerging-market bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: A ratio calculated by dividing the respective period's net income attributable to shareholders by the weighted average number of shares outstanding (basic EPS). To calculate diluted earnings per share, the number of common shares outstanding and the net income attributable to shareholders are adjusted to include the effects of potentially dilutive common shares that could still be exercised. Potentially dilutive common shares result from share-based compensation plans (diluted EPS).
ER	Expense ratio: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate



Glossary (3)

FIA	Fixed index annuity: Annuity contract under which the policyholder can elect to be credited based on movements in equity or in bond market indices, with the principal remaining protected.
FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair-value option: Financial assets and liabilities designated at fair value through income are measured at fair value, with changes in fair value recorded in the consolidated income statement.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written: Please refer to “Premiums written/earned” as well as “Gross/net”.
Gross/net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses have already been deducted.
Harvesting	Includes realized gains/losses (net) and impairments of investments (net).
Held for sale	A non-current asset is classified as held for sale if its carrying amount will principally be recovered through a sale transaction rather than continued use. On the date a non-current asset meets the criteria for being considered as held for sale, it is measured at the lower of its carrying amount and its fair value less costs to sell.
IFRS	International Financial Reporting Standards: As of 2002, the term IFRS refers to the total set of standards adopted by the International Accounting Standards Board. Standards approved before 2002 continue to be referred to as International Accounting Standards (IAS).
IMIX	Our Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards inclusive meritocracy. This internal index is based on ten items from the Allianz Engagement Survey (AES) which deal with leadership, performance, and corporate culture.
Internal growth	Total revenue performance excluding the effects of foreign-currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator



Glossary (4)

L/H

(The Allianz business segment) Life and Health insurance

L/H lines of business

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

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

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

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

L/H operating profit sources

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

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

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

Expenses: Includes commissions, acquisition, and administration expenses.

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

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

LatAm

Latin America: South America and Mexico



Glossary (5)

LoB	Line of business
LR	Loss ratio: Represents claims and insurance benefits incurred (net), divided by premiums earned (net). The calendar year (CY) loss ratio includes the results of the prior year's reserve development in addition to the accident year (AY) loss ratio.
MCEV	Market-consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of the market value of assets over the market value of liabilities as of the valuation date. As such, the MCEV excludes any item not considered shareholder interest, such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather/atmospheric event during a certain period and where the estimated gross loss for the Allianz Group exceeds EUR 20mn.
NBM	New-business margin: Performance indicator to measure the profitability of new business in the Life/Health business segment. It is calculated as the value of new business, divided by the present value of new-business premiums.
Non-controlling interests	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned: Please refer to "premiums written/earned" as well as "gross/net".
NPS	Net promoter score: A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross-industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity
Ogden rate	Discount (Ogden) rate is used by British courts to calculate the discounted values of future losses in bodily injury claims paid out as lump-sum payments. It largely impacts motor, but also liability lines.
OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding (if and as applicable for each business segment) all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring and integration expenses, and profit/loss of substantial subsidiaries held for sale, but not yet sold.



Glossary (6)

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



Glossary (7)

Reinsurance	Insurance companies transfer parts of the insurance risk they have assumed to reinsurance companies.
Retained earnings	In addition to the reserve legally required in the group parent company's financial statements, this item mainly comprises the undistributed profits of group entities as well as the amounts transferred from consolidated net income.
RfB	Reserves for premium refunds ("Rückstellungen für Beitragsrückerstattung"): The portion of the surplus that that is to be distributed to policyholders in the future – either by virtue of statutory or contractual obligations or obligations under the company bylaws, or at the insurer's discretion.
RoE	<p>Return on equity – Group: Represents the ratio of net income attributable to shareholders to the average shareholders' equity excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period.</p> <p>Return on equity P/C OE: Represents the ratio of net income to the average total equity excluding unrealized gains/losses on bonds, net of shadow accounting, deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and at the end of the period.</p> <p>Return on equity L/H OE: Represents the ratio of net income to the average total equity excluding unrealized gains/losses on bonds, net of shadow accounting, and deducting goodwill at the beginning and at the end of the period.</p>
RoRC	Return on risk capital
Run-off ratio	The run-off result (result from reserve developments for prior (accident) years in P/C business) as a percentage of premiums earned (net).
SII	Solvency II
SII capitalization	Ratio that expresses the capital adequacy of a company by comparing own funds to SCR.
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
SFCR	Solvency and Financial Condition Report



Glossary (8)

Statutory premiums	Gross premiums written from the sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-related products, in accordance with the statutory accounting principles applicable in the insurer's home jurisdiction.
Total equity	The sum of shareholders' equity and non-controlling interests.
Total revenues	The sum of P/C total revenues (gross premiums written & fee and commission income), L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
UFR	Ultimate forward rate: The UFR is determined using the EIOPA methodology and guidelines, and is used for extrapolation of periods after the last liquid point defined by the SII regulation. The UFR is calculated for each currency based on expected real rates and inflation for the respective region. The UFR is subject to revision in order to reflect fundamental changes in long term expectations.
UL	Unit-linked: Please refer to "L/H lines of business".
Unrealized gains/losses (net) (as part of shareholders' equity)	Include unrealized gains and losses primarily from available-for-sale investments, net of taxes and of policyholder participation.
URR	Unearned revenue reserves: These comprise premium components (other than expense loadings) that refer to future periods. They are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuities: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
VNB	Value of new business: The additional value to shareholders that results from the writing of new business. The VNB is determined as present value of future profits, adjusted for acquisition expenses overrun or underrun, minus the time value of financial options and guarantees, minus a risk margin, all determined at issue date.



Disclaimer

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

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

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

No duty to update

The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.