

Annual Media Conference

Simplicity wins

Munich, February 15, 2019

Please note:
presentations based on 2018 preliminary figures





AGENDA

ANNUAL MEDIA CONFERENCE

A

CEO ASSESSMENT AND OUTLOOK

OLIVER BÄTE

B

GROUP FINANCIAL RESULTS 2018

GIULIO TERZARIOL

GLOSSARY

DISCLAIMER

Annual Media Conference

CEO assessment and outlook

Oliver Bäte
Chief Executive Officer
Munich, February 15, 2019





Taking stock

2018 results confirm Allianz as a leader in financial performance and solidity



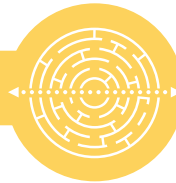
Highest percentage ever of Operating Entities with **NPS above market average**



Digitalization of newly launched retail products now at 98%



Clear strategy **“Simplicity wins”** to substantially transform Allianz' business model



Ambitious plan 2019-2021 released benefitting all stakeholders





Strong performance in 2018 again

Facts
and figures
2018
(EUR)

11.5bn
+4%

Group
operating profit

7.5bn
+10%

Shareholders'
net income

9.00
+13%

Dividend per
share²

229%

Solvency II ratio

13.2%

Return on equity

+7%-p

Relative TSR vs.
Euro Stoxx 50¹

1) TSR: Total shareholder return, includes share price performance plus dividends paid. Source: Bloomberg

2) Proposal



Allianz met its ambitious objectives

Target	Actual	Target	Actual	Target	Actual
3y EPS CAGR 5%	6.2%	P/C CR 94%	94.0%	PIMCO CIR 60%	58.9%
RoE 13.0%	13.2%	L/H share of preferred lines 80%	82%	Alternative assets EUR 110bn	135bn
Businesses with NPS above market Ø 75%	74%	L/H NBM 3.0%	3.6%	SII interest rate sensitivity <11%-p	4%-p
Inclusive Meritocracy Index 72%	71%	L/H OEs with RoE ≥10% at 100%	97%	Launched digital products ~100%	98%

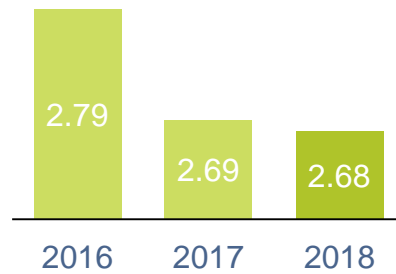


Allianz is a leader in Sustainability

Non Financial KPIs¹

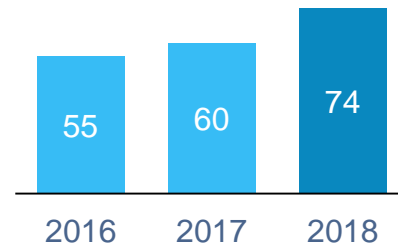
Environment

GHG emissions/ employee
(CO₂e metric tons)



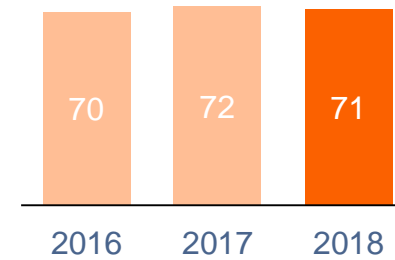
Customer Loyalty

Businesses with
NPS above market Ø (%)



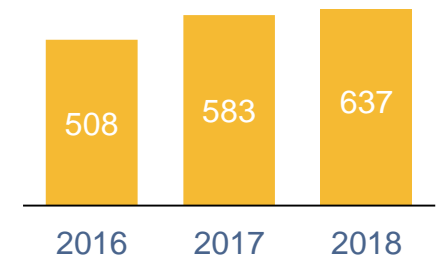
Employees

Inclusive Meritocracy Index²
(%)



ESG Integration

Transactions with
ESG assessments³



Focus Areas

- We **engage companies** to increase transparency on ESG issues and improve ESG performance.
- We commit to ‘Science-Based targets’ striving for **net zero carbon emissions** of our investments & operations by approx. 2050.
- We are an **employer of choice attracting talent** and promoting collaborative leadership⁴.



Industry leader



AAA Rating



A+ Ratings⁵



1) Please note that the NPS/IMIX data is delivered by an external service provider and that we did not evaluate the data collection process of the provider.
 2) The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy, a culture where performance and people matter. It comprises items related to our four people attributes of Customer and Market Excellence, Collaborative Leadership, Entrepreneurship.
 3) ESG assessments are performed on local levels and, if necessary, are escalated to headquarters. ESG assessments reported here are those which have been analyzed at headquarters in accordance with our ESG integration framework.
 4) Allianz is listed in the Bloomberg Gender Equality Index 2019, and in 2018 was awarded by Potentialpark the first place in a global ranking for the best digital recruiting communication, for the fifth time in a row in Europe and Asia.
 5) Allianz SE, PIMCO and Allianz Global Investors received an A+ rating for their Responsible Investment Strategy and Governance by the PRI.



Changing the way Allianz operates (examples)

People

HR Transformation

Building a global HR platform with one global IT solution covering administration, learning, talent, performance and compensation

Inclusive Meritocracy

Living “people attributes” through successful Multi Rater roll out to ~8,800 employees, over 25,000 internal raters with 130,000 questionnaires completed

Skills

AllianzU & LinkedIn Learning show **growing engagement** and self-interest in transformative topics:

- ~42k registered users representing 31% of Allianz employees
- 45% of learnings cover Workforce 2021 topics

Digitalization

Allianz Product Library:
700+ product components mapped in one global consistent product model

Data Center Consolidation:
~21k servers migrated to new data centers globally

Allianz Virtual Client:
~82k workstations rolled out

One.Marketing:
32 portals live on same platform

Refocus

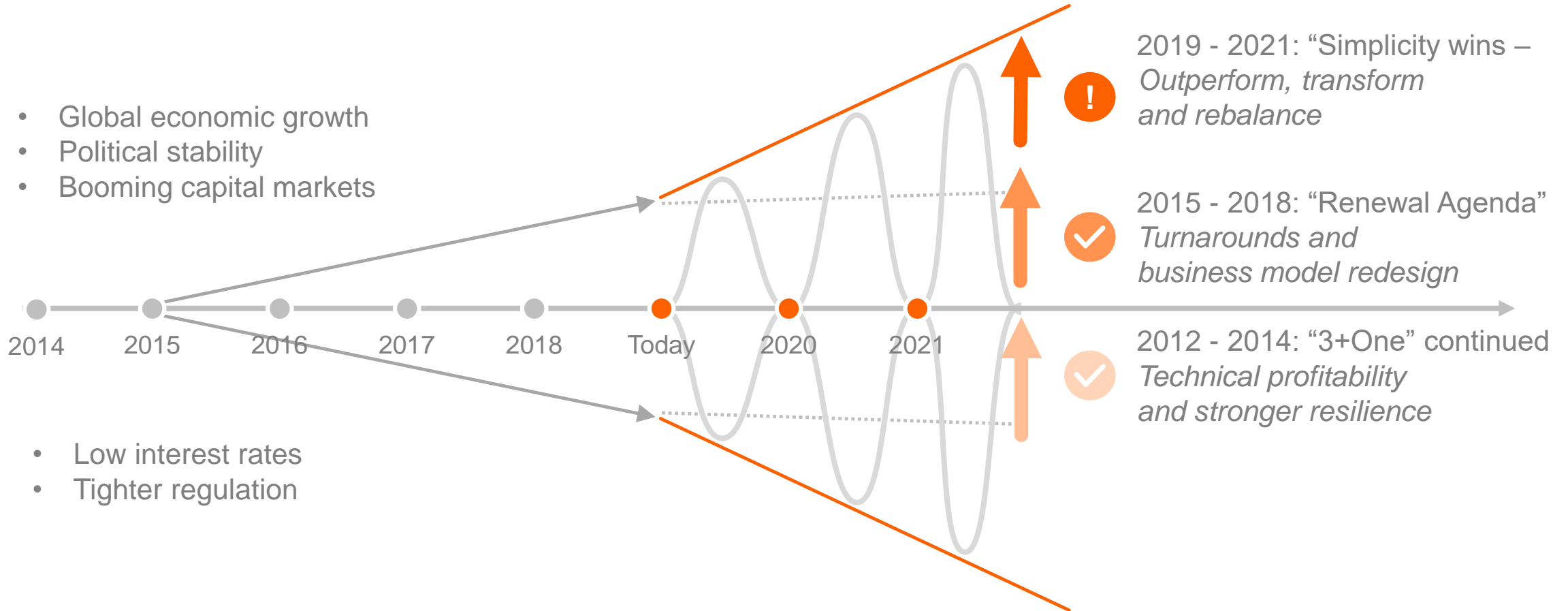
Sold part of **Allianz Taiwan's** traditional life insurance portfolio

Allianz Life Insurance Korea and **Allianz Global Investors Korea** sold

Stake in **Oldenburgische Landesbank AG** sold

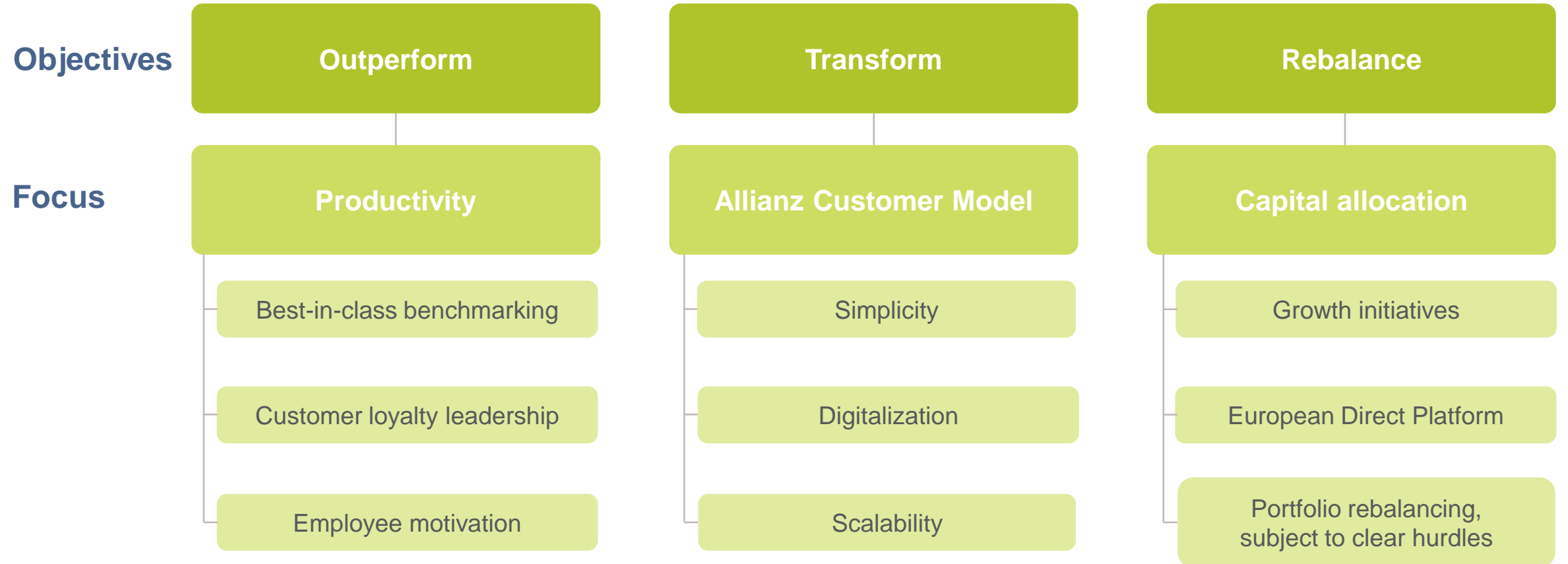


Allianz with a clear strategic pathway





With simplicity, customers win





3-year targets aim to benefit all stakeholders

	KPI	Targets 2019 - 2021 ¹
Earnings growth	EPS CAGR	5% plus o/w 4% plus organic
Profitability ²	RoE	13% plus
Capital strength	SII ratio	180% plus
Customer centricity ³	NPS > market	75% plus
Employee commitment	IMIX	73% plus

1) Actual results, performance or events may differ materially from these forward-looking statements. The company assumes no obligation to update any information or forward-looking statement contained herein

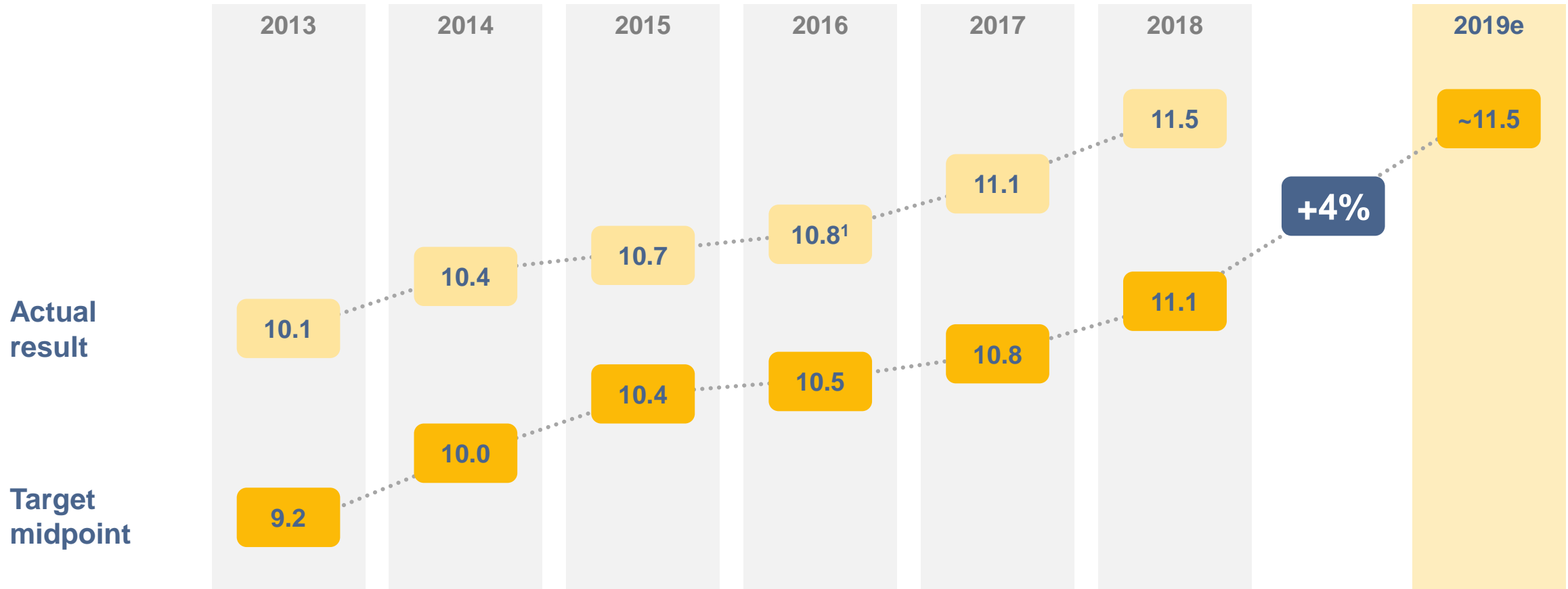
2) RoE calculation excludes unrealized gain/losses on bonds, net of shadow DAC

3) Percent value refers to share of businesses measuring retail NPS



Ambition 2019: operating profit target up 4%

(in EUR bn)



1) To ensure consistency with target setting reported numbers have not been retrospectively restated

Annual Media Conference

Group Financial Results 2018

Giulio Terzariol
Chief Financial Officer
Munich, February 15, 2019



CONTENT

1

HIGHLIGHTS

2

ADDITIONAL INFORMATION



B



Group: 4Q operating profit at EUR 2.8bn

Group	Property-Casualty	Life/Health	Asset Management
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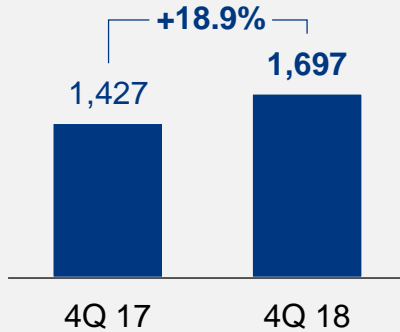
Total revenues 4Q 18 in EUR bn (internal growth vs. prior year in %)

32.7 (+4.4%)	11.7 (+5.1%)	19.4 (+4.4%)	1.7 (-6.2%)
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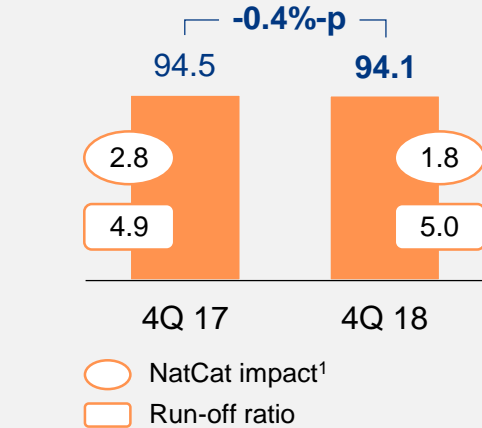
Operating profit 4Q 18 in EUR mn (vs. prior year in %)

2,770 (+0.4%)	1,493 (+14.0%)	955 (-9.9%)	633 (-9.1%)
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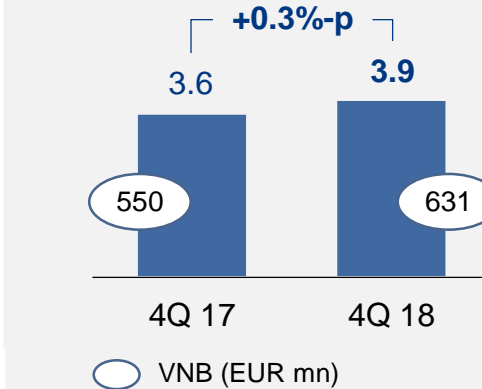
Shareholders' net income
(in EUR mn)



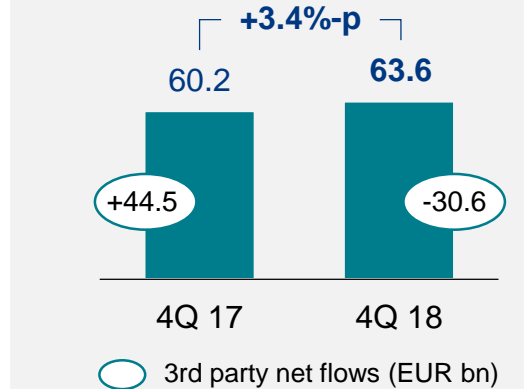
Combined ratio
(in %)



New business margin
(in %)



Cost-income ratio
(in %)



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



Group: 4Q operating profit at EUR 2.8bn



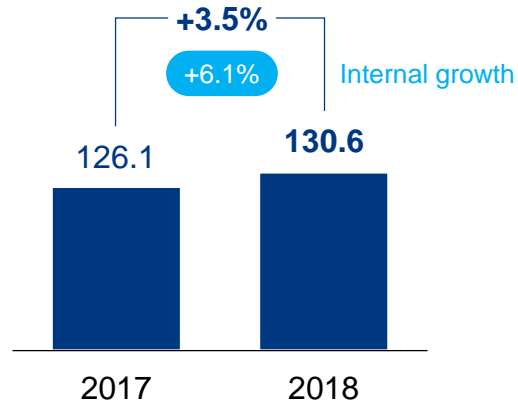
Comments

- **Good internal growth at 4.4%**
Strong internal growth in P/C +5.1% and L/H +4.4%. Lower revenues in AM (-6.2%) due to lower performance fees. Adverse impact from F/X (-0.6%) and consolidation (-0.5%) leads to total growth of +3.3%.
- **Operating profit stable**
Good performance of P/C segment compensates for lower contribution from L/H and AM.
- **Shareholders' net income up 18.9%**
Main driver is lower tax rate (supported by US tax reform) and less restructuring expenses. Prior year net income negatively affected by disposal of OLB and US tax reform.
- **P/C – good performance**
OP rises strongly, driven by a higher investment result. The underwriting result increases on lower NatCat losses and an improved ER.
- **L/H – operating profit below normal run-rate**
Decline in operating profit mainly due to lower technical margin. New business growth of 6% with NBM of 3.9% leads to 15% growth in VNB.
- **AM – lower performance fees**
Higher AuM driven revenues could not compensate for lower performance fees, driven by hedge fund business of PIMCO and US business of AllianzGI. Expenses up due to investments in business growth.
- **CO – in line with expectations**
Operating loss at EUR -243mn.

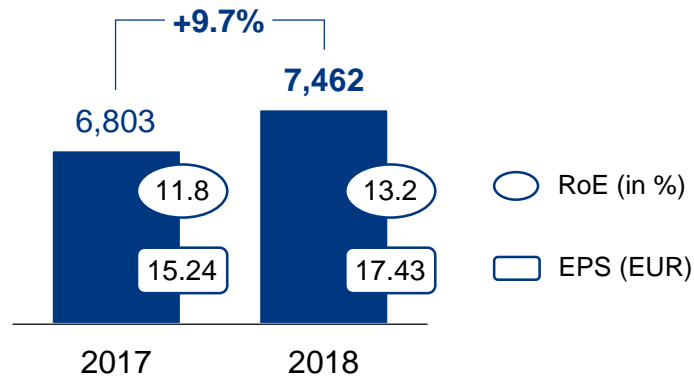


Group: a successful year 2018

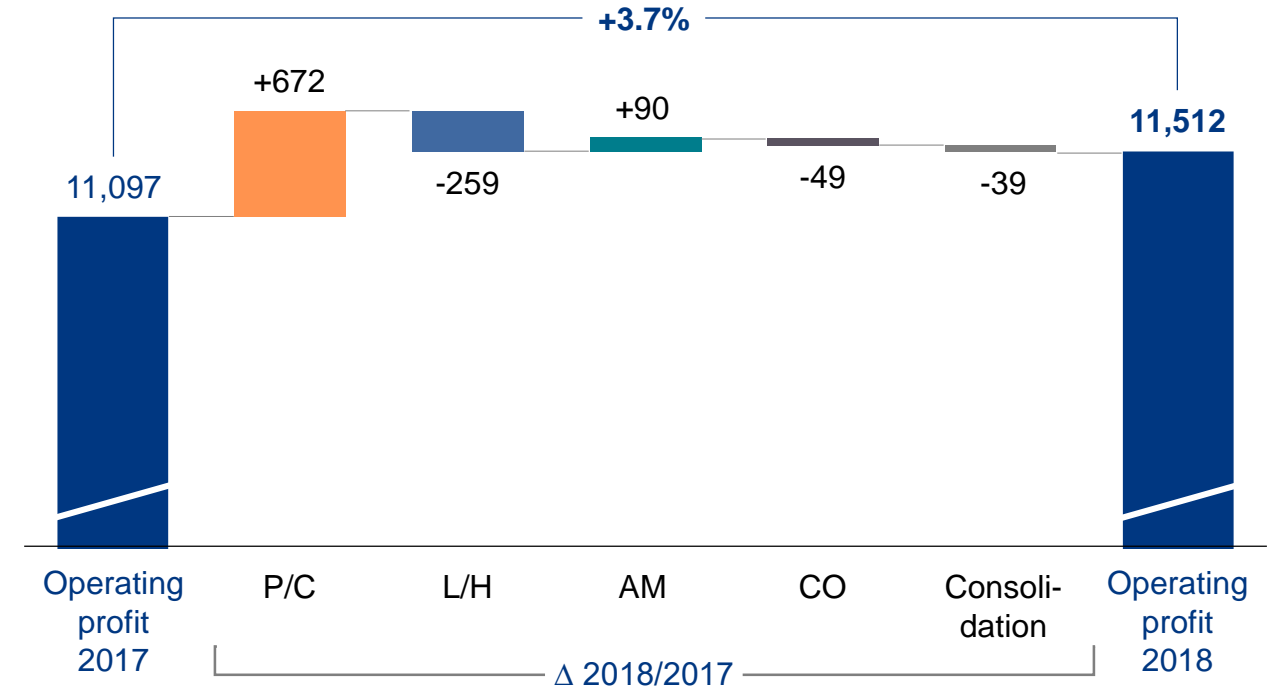
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



	2018	2017
P/C	5,725	5,053
L/H	4,152	4,412
AM	2,530	2,440
CO	-831	-783
Consolidation	-64	-24



Group: a successful year 2018



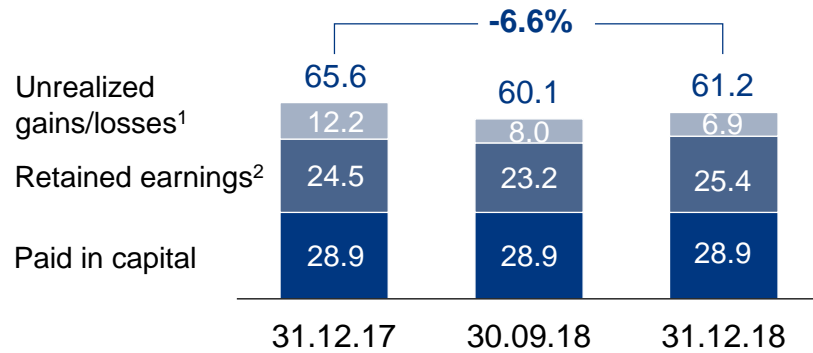
Comments

- **Excellent internal growth**
Internal growth accelerates from +5.0% to +6.1%. Adverse impact from F/X (-2.4%) and consolidation (-0.2%) leads to total growth of +3.5%.
- **Operating profit – 7th consecutive increase**
Operating profit is EUR 0.4bn above target. All segments at or better than 2018 outlook midpoint.
- **Shareholders' net income at EUR 7.5bn**
S/h net income includes negative impact of EUR -218mn from the sale of a part of the life insurance portfolio in Taiwan. Prior year net income negatively affected by disposal of OLB and US tax reform.
- **EPS grow double-digit**
Execution of two share buy-backs (EUR 2bn and EUR 1bn) supports EPS growth of +14.4%. A total of 15.8mn shares were acquired representing 3.6% of outstanding capital. Number of shares outstanding at 423.5mn.
- **RoE above 13%**
Net income growth and disciplined capital management lift RoE above target hurdle of 13%.
- **P/C – CR strongly improved and at target level**
A strongly improved ER and lower NatCat losses are the main CR drivers. OP at 106% of outlook midpoint. Internal growth excellent at +5.7%.
- **L/H – strong performance**
Operating profit at 99% of outlook midpoint. Investment margin at 87bps. NBM of 3.6% remains well above target. VNB up +11%. New business mix at target.
- **AM – OP outlook midpoint exceeded**
Operating profit at 105% of outlook midpoint. Increase versus 2017 due to higher AuM driven fees, driven by higher average AuM and higher margins.
- **CO – in line with expectations**
Operating loss of EUR -0.8bn in line with expectations.

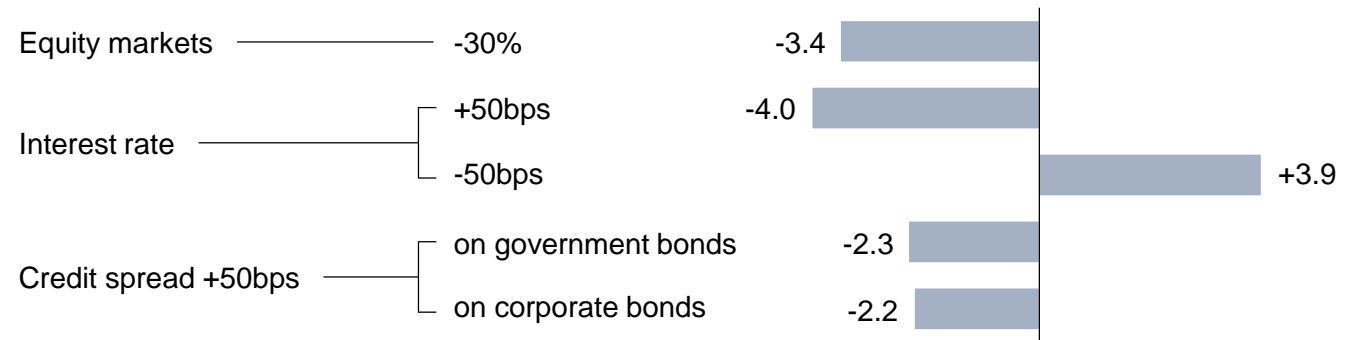


Group: outstanding capital strength and reduced sensitivities

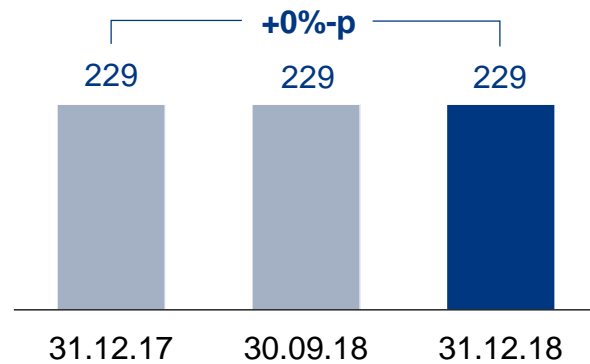
Shareholders' equity (EUR bn)



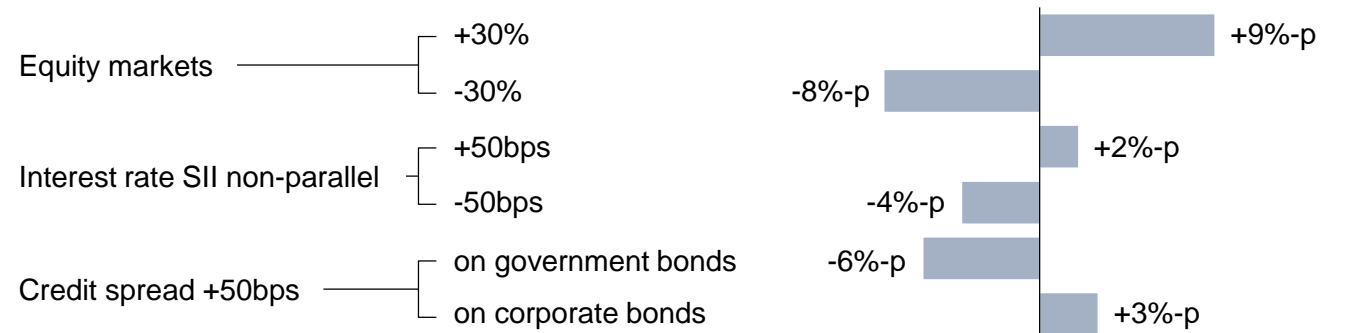
Key sensitivities (EUR bn)



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 3.7bn as of 31.12.17, EUR 3.9bn as of 30.09.18 and EUR 4.2bn as of 31.12.18
 2) Including F/X
 3) Management actions not considered in the disclosed sensitivities.



Group: outstanding capital strength and reduced sensitivities



Comments

- **Shareholders' equity – EUR 4.3bn lower after EUR 6.4bn capital distribution**

In 2018, shareholders' equity decreases by EUR -4.3bn. The positive impact from net income (EUR +7.5bn) and F/X (EUR +0.2bn) was more than offset by lower net unrealized gains (EUR -5.2bn), dividend payment (EUR -3.4bn) and EUR 3.0bn share buy-backs.

- **SII sensitivities**

Interest and credit spread sensitivities improved on a YTD view mainly due to the introduction of a model change in 4Q 2018 that improves the modeling of cross effects between risk types.

- **SII ratio – flat on excellent level**

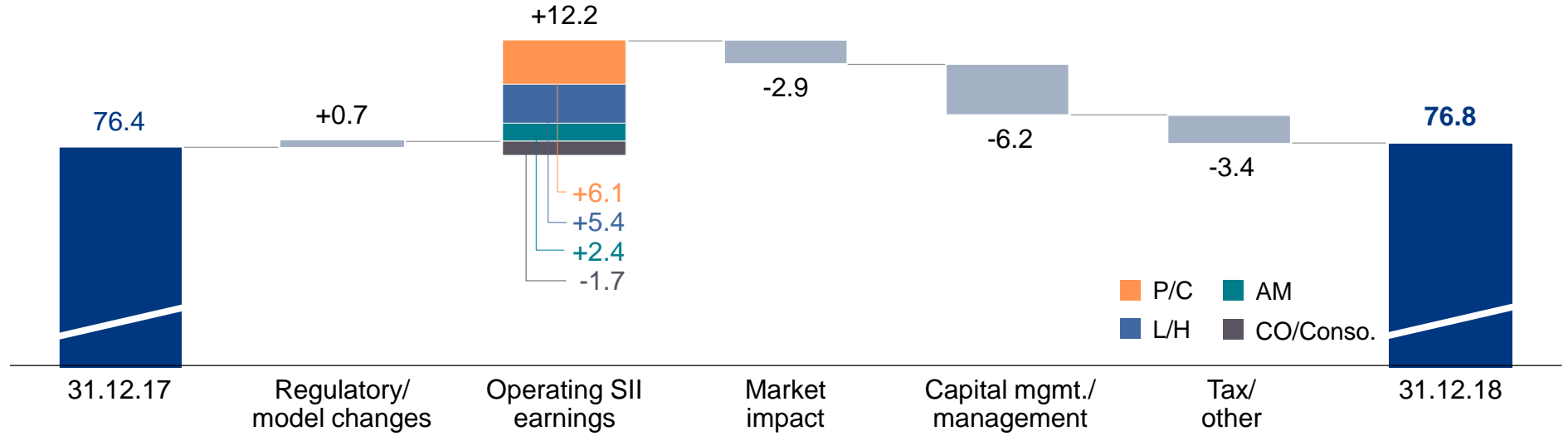
The SII ratio remains flat vs. FY 2017 as own funds and SCR rise modestly.

Pre-tax and pre-dividend operating capital generation is very strong at 35%-p, broadly neutralized by capital management & management actions with a combined effect of -13%-p, adverse markets and model changes of -9%-p and tax/other of -13%-p.



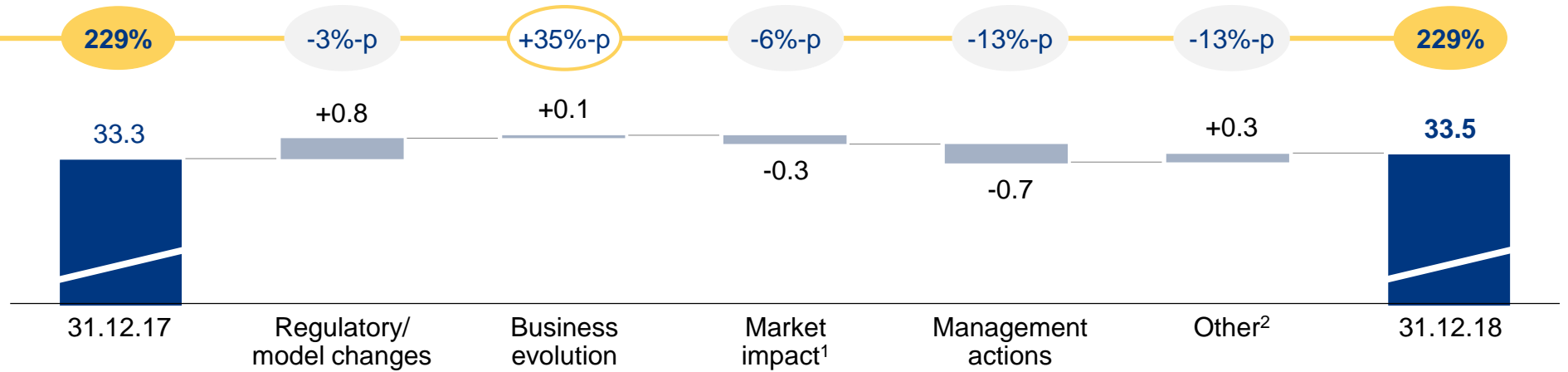
Group: excellent capital generation

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: excellent capital generation



Comments

- Excellent capital generation**
 SII capital generation – net of tax and dividend – amounts to ~15%-p for 2018 and ~4%-p for 4Q 2018. We expect 2019 capital generation net of tax and dividend to be >10%-p.
- Regulatory/model changes**
 Driven by a change in model scope (inclusion of Allianz Ayudhya Assurance into the standard model), UFR reduction and the impact from introducing a regulatory own funds transferability restriction at Allianz Life.
- 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 2.1bn). Earnings for the other operating segments are close to their respective IFRS results.
- Business evolution**
 L/H in-force capital release is broadly offset by good growth in P/C and L/H.
- Market impact**
 Mainly adverse market movements in 4Q 2018 largely driven by lower equity markets and interest rates.
- Capital management/management actions**
 Capital management of EUR -4.9bn is the main driver. The normal dividend accrual of ~50% of net income (EUR -3.8bn) and EUR 1bn share buy-back are the main components.

 The buy-out of Euler Hermes minorities, the OLB sale, the acquisition of Multiasistencia and the sale of our Taiwanese legacy book were the main management actions, affecting both the own funds and the SCR.
- Tax/other**
 Taxes amount to EUR -2.0bn, of which EUR -3.0bn relate to operating SII earnings. Change in transferability restrictions had a EUR -1.1bn impact.
- Anticipated changes in 1Q 2019**
 We currently anticipate that the UFR reduction and model changes could have an estimated 3-5%-p negative impact on our SII ratio in 1Q 2019.



P/C: internal growth strong at 5.7%

EUR mn

		Revenues			YTD change on renewals	
		2018	Total growth Δ p.y.	Internal growth Δ p.y.	2018	Momentum
Total P/C segment		53,636	+2.6%	+5.7%	+1.4%	n.a.
Selected OEs	Germany	10,477	+4.0%	+4.0%	+1.9%	stable
	Italy	4,559	+1.0%	+1.0%	-0.1%	positive
	France	4,517	+2.2%	+2.2%	+1.6%	stable
	CEE ¹	3,232	+5.6%	+6.1%	n.a.	n.a.
	Australia	3,123	-2.7%	+4.4%	-1.6%	positive
	Spain	2,507	+5.5%	+5.5%	+3.4%	positive
	United Kingdom	2,305	-7.7%	-0.5%	+3.3%	stable
	Latin America	1,835	-13.9%	+7.7%	n.a.	n.a.
	Turkey	1,021	-16.5%	+13.3%	n.a.	n.a.
	Global lines	AGCS	8,186	+10.5%	+11.9%	+1.3%
Allianz Partners		4,693	+1.8%	+4.7%	+2.2%	positive
Euler Hermes		2,538	+15.2%	+8.3%	-1.0%	stable

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



P/C: internal growth strong at 5.7%



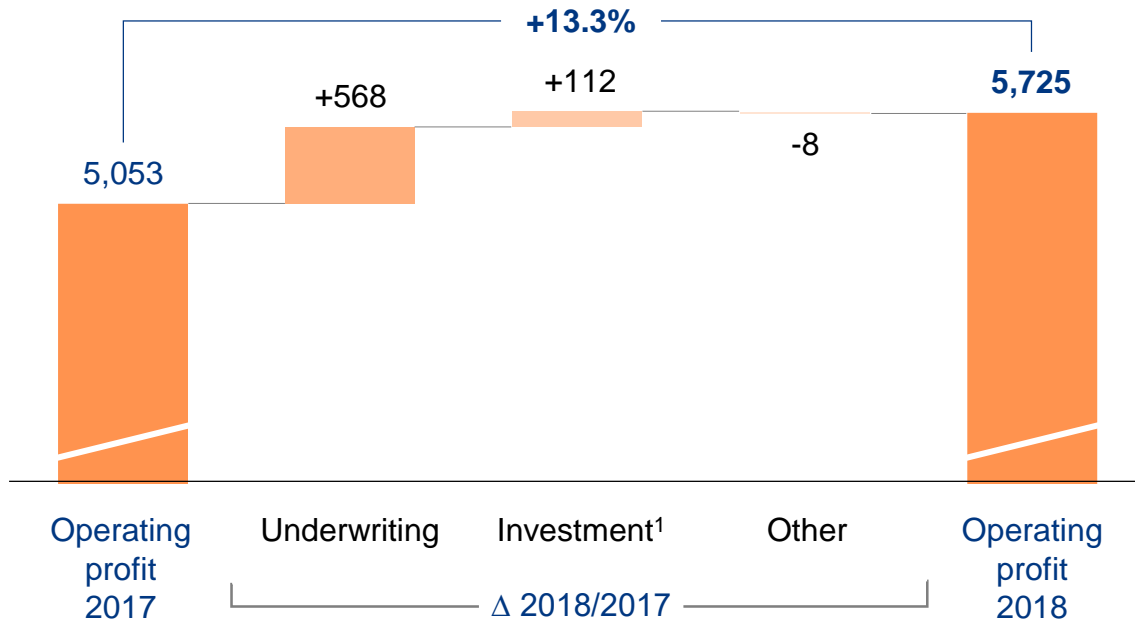
Comments

- Continued momentum**
 Strong internal growth of +5.7% (9M: +5.9%; 4Q: +5.1%) with volume (+4.0%) and price (+1.7%) positive. Growth drivers AGCS, Germany and AP. F/X -3.2% and consolidations +0.1% lead to +2.6% total growth. Internal NPE growth very good at +4.8%. 12M rate change on renewals +1.4% vs. +1.2% at 9M.
- Germany – volume and price positive**
 Very good growth, mainly driven by motor and property.
- Italy – return to growth**
 Motor and non-motor grow around +1.0%. Growth volume-driven.
- France – growth mainly price-driven**
 Retail & commercial motor is main growth contributor.
- CEE – excellent growth and good momentum**
 IG driven by Poland, Austria, Slovakia and Hungary. Good momentum: 1Q: +3.3%, 2Q: +6.0%, 3Q: +7.3%, 4Q: +8.6%.
- Australia – price- and volume-driven growth**
 Commercial motor and property main growth drivers.
- Spain – widespread growth**
 Commercial lines, personal and motor all contribute.
- UK – price effect more than offset by lower volume**
 Continued growth in commercial motor and Petplan but lower volumes in personal lines. Difference between total and internal growth partly driven by LV= portfolio transfers.
- LatAm – recovery remains on track**
 In Brazil (IG -1.8%), motor and retail property growth is more than offset by management actions in health and commercial property. IG Argentina +36.5% in a high-inflationary environment. F/X impact Argentina -59.9%.
- Turkey – price effect more than offsets lower volume**
 Health, property and MTPL growth drivers. F/X effect -29.3%.
- AGCS – volume and price positive**
 ART, midcorp and liability main growth drivers. IG ex ART +9.6%.
- Allianz Partners**
 Both, AP P/C and L/H, with good growth. Internal growth including service revenues +7.0%.
- Euler Hermes – volume-driven growth**
 Excellent growth spread across most regions.



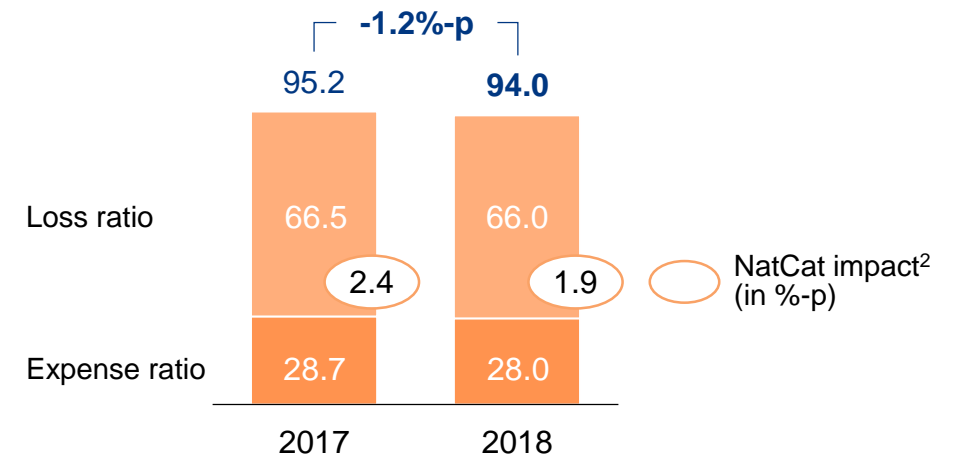
P/C: expense ratio better than target

Operating profit drivers (EUR mn)

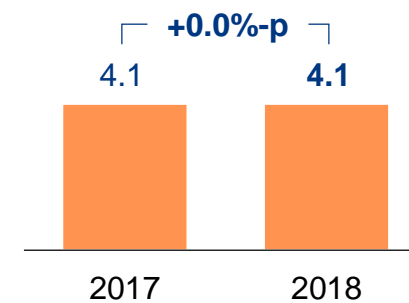


2018	2,578	3,017	130
2017	2,011	2,905	138

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation
 2) NatCat costs (without reinstatement premiums and run-off)



P/C: expense ratio better than target



Comments

- Operating profit – at 106% of FY outlook mid-point**
 OP rises mainly driven by a significantly better underwriting result. A strongly improved ER, lower NatCat and top-line growth are the main drivers. Investment result also higher. CR at target level of 94.0%.
- NatCat & weather – 0.5%-p better than last year**
 NatCat of EUR 934mn/1.9% down vs. prior year (EUR 1,111mn/2.4%) but broadly in line with 10Y average of 2.1%. Weather losses (ex NatCat) of 1.3% are near last year's level (1.4%) but slightly above multi-year average of 1.2%.
- Loss ratio – attritional LR broadly flat**
 Attritional LR (AY LR ex NatCat) is broadly flat at 68.1% (FY 2017: 68.2%). Modestly higher large losses are more than offset by underlying improvements and slightly lower weather claims.
- Run-off – on prior year's level**
 30bps above 10Y average of 3.8%.
- Expense ratio – FY target 28.4% overachieved**
 Widespread ER improvement leads to -0.6%-p yoy reduction. Acquisition (Δ -0.4%-p) and admin expense ratio (Δ -0.2%-p) better. We anticipate an ER just below 28% in 2019.
- 4Q 2018 – ER drives yoy improvement**
 CR improves -0.4%-p, driven by -0.6%-p improvement in the ER. Large losses and underlying developments lead to higher attritional LR in the quarter.

	4Q 2017	4Q 2018	Δ
Attritional LR	67.6%	68.8%	+1.2%-p
NatCat	2.8%	1.8%	-1.0%-p
Run-off	-4.9%	-5.0%	-0.1%-p
ER	29.0%	28.5%	-0.6%-p
CR	94.5%	94.1%	-0.4%-p
Underwriting result	575	623	8.3%
Investment result	699	836	19.7%
Other result	35	33	-4.3%
OP	1,309	1,493	14.0%



P/C: widespread CR improvements

EUR mn

		Operating profit		Combined ratio		NatCat impact on CR	
		2018	Δ p.y.	2018	Δ p.y.	2018	Δ p.y.
Total P/C segment		5,725	+13.3%	94.0%	-1.2%-p	1.9%-p	-0.4%-p
Selected OEs	Germany	1,090	+18.6%	94.0%	-1.3%-p	3.0%-p	-0.1%-p
	Italy	988	-11.0%	82.8%	+2.0%-p	0.4%-p	+0.4%-p
	France	420	-5.8%	97.4%	+1.6%-p	3.3%-p	+1.4%-p
	CEE ¹	355	+24.5%	90.3%	-2.1%-p	0.2%-p	-0.8%-p
	Australia	433	+26.5%	89.8%	-4.1%-p	2.9%-p	-1.2%-p
	Spain	226	+9.3%	90.9%	-0.5%-p	0.0%-p	-0.2%-p
	United Kingdom	153	+113.5%	96.3%	-4.2%-p	0.8%-p	+0.7%-p
	Latin America	102	+24.7%	103.0%	-1.5%-p	0.0%-p	-0.0%-p
Global lines	Turkey	111	-17.1%	105.5%	+5.4%-p	0.0%-p	+0.0%-p
	AGCS	282	+81.3%	101.5%	-3.8%-p	4.0%-p	-3.5%-p
	Allianz Partners	197	+12.8%	97.5%	-0.5%-p	0.1%-p	-0.1%-p
	Euler Hermes	431	+16.7%	81.1%	-2.2%-p	—	—

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



P/C: widespread CR improvements



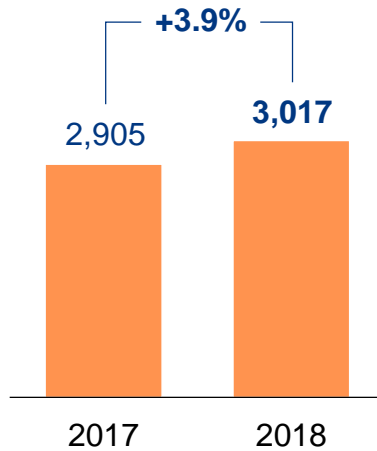
Comments

- Germany – on a good level**
 CR improvement mainly driven by higher run-off ($\Delta -0.8\%-p$) and better ER ($\Delta -0.4\%-p$).
- Italy – CR remains on excellent level**
 Better ER ($\Delta -0.8\%-p$) only partially compensating lower run-off ratio ($\Delta +2.4\%-p$).
- France – expense ratio strongly improved**
 Expense ratio improvement ($\Delta -1.2\%-p$) and higher run-off ($\Delta -0.8\%-p$) more than offset by higher NatCat and large losses.
- CEE – regional transformation fully on track**
 Excellent top-line growth and CR reduction drive very strong OP development. AY LR improves $-2.4\%-p$ and ER $-1.6\%-p$.
- Australia – a strong CR**
 CR improvement broadly equally split between AY LR, run-off and ER.
- Spain – ER even further improved**
 Deterioration in attritional LR (property) more than offset by better ER ($\Delta -0.4\%-p$), lower NatCat and higher run-off.
- UK – benefits from Ogden reserve release**
 CR improves mainly due to EUR 18mn / $1.4\%-p$ Ogden reserve release. Attritional LR also improves $-1.2\%-p$.
- LatAm – continuous CR improvement in Brazil**
 OP Brazil EUR +24mn (Δ EUR +20mn). AY LR drives $-3.9\%-p$ CR reduction to 102.5%. Argentina OP broadly flat at EUR +49mn. A higher investment result more than offsets a weaker underwriting result. Currency devaluation and inflation impact claims costs.
- Turkey – good performance in difficult environment**
 CR up due to adverse AY LR development, of which almost half is driven by higher large losses. Higher investment income partly offsets lower underwriting result. F/X and general inflation impact the CR negatively.
- AGCS – supported by lower NatCat**
 CR improves on lower NatCat and better ER, partly offset by less run-off, higher weather claims and large losses.
- Allianz Partners – good yoy development**
 CR improves on better ER.

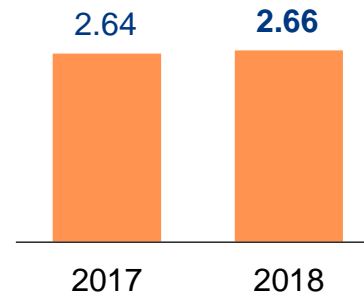


P/C: underlying operating investment result flat

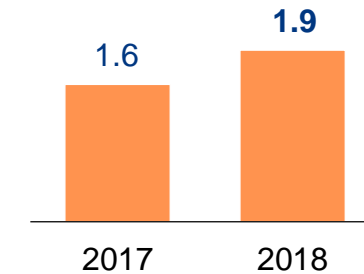
Operating investment result¹
(EUR mn)



Current yield
(debt securities; in %)

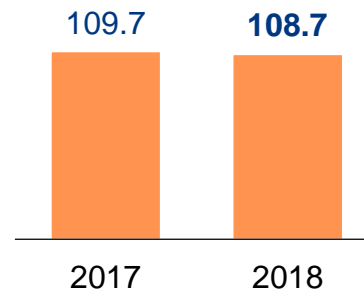


Economic reinvestment yield
(debt securities; in %)

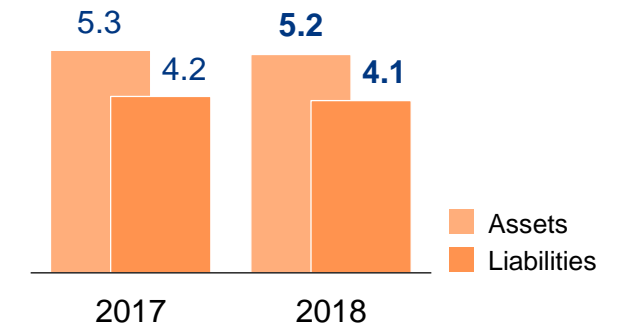


Interest & similar income ²	3,371	3,329	-42
Net harvesting and other ³	-67	85	152
Investment expenses	-399	-397	2

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: underlying operating investment result flat



Comments

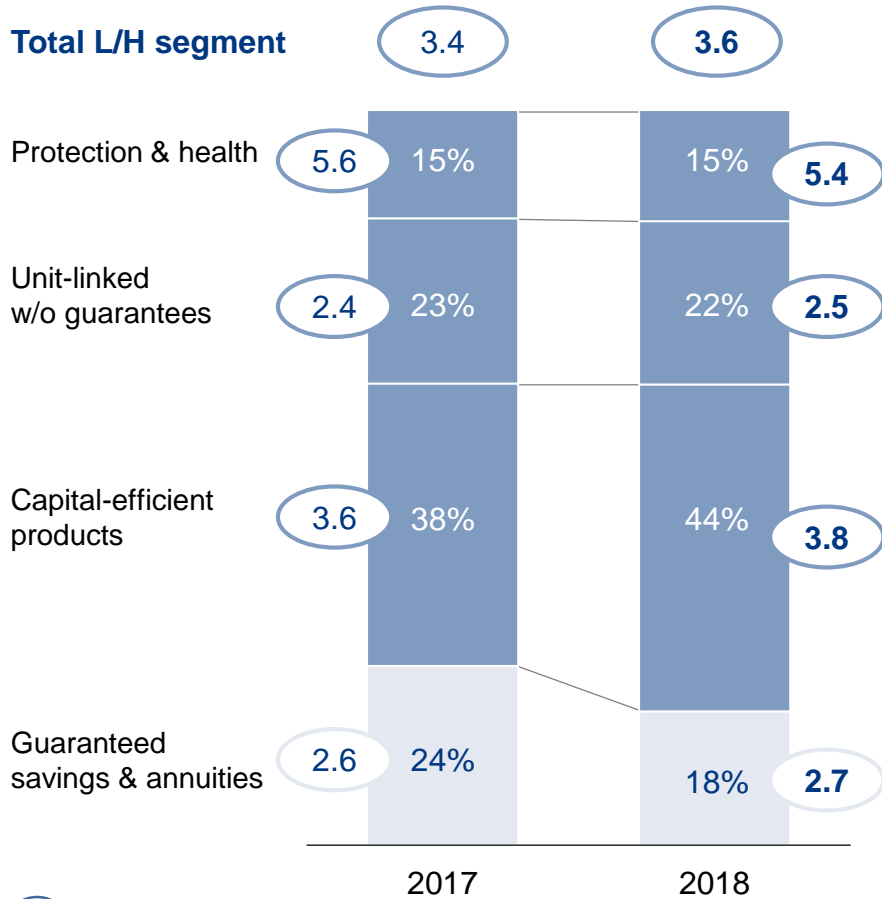
- **Interest & similar income**
Lower income on debt & other. Income from equities slightly up.
- **Net harvesting & other**
Benefits from a positive one-off effect related to APR business in Germany of ~EUR 0.1bn, partially offset in underwriting result.
- **Adjusted investment result**
Adjusted for above-mentioned one-off, the operating investment result amounts to ~EUR 2.9bn.
- **Current investment yield**
Positively impacted by F/X and yield movements in high-yielding countries like, e.g., Argentina or Turkey.
- **Economic reinvestment yield**
The FY 2018 reinvestment yield of 1.9% is only slightly below the 9M level of 2.0%.

Compared to FY 2017, the reinvestment yield increases 0.3%-p, driven by market movements and emerging market bonds.



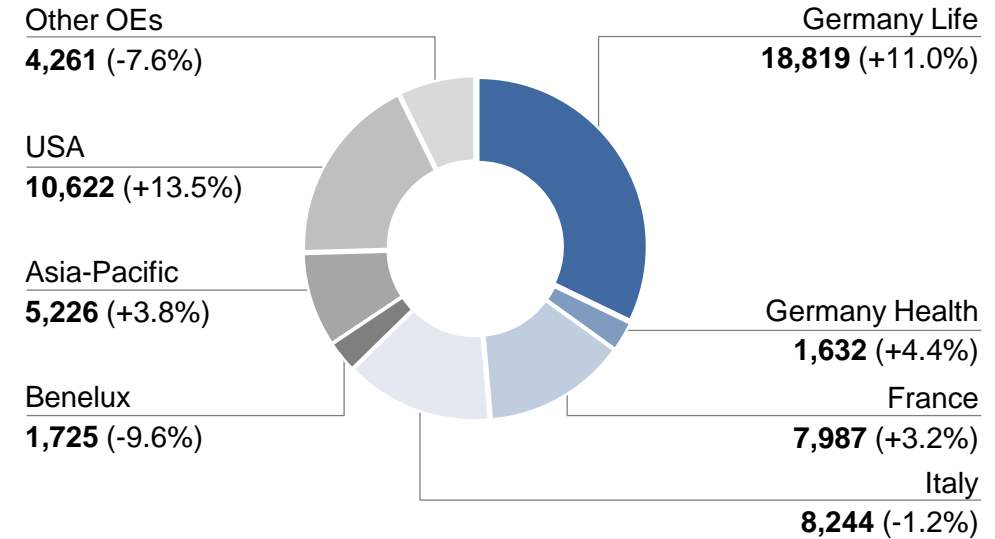
L/H: 5% new business growth with NBM 3.6%

PVNB share by line



○ NBM (in %)
■ Preferred LoBs

PVNB by OE (EUR mn)



EUR mn	2017	2018	Δ p.y.
PVNB	55,515	58,516	+5.4%
Single premium	34,263	36,691	+7.1%
Recurring premium	4,671	4,723	+1.1%
APE	8,097	8,392	+3.6%



L/H: 5% new business growth with NBM 3.6%



Comments

PVNBP by line

- **New business growth of 6.5% excluding F/X**
Adverse F/X impact leads to total growth of 5.4%.
- **Preferred lines grow 14% with NBM 3.8%**
New business with capital-efficient products is up 22%. Large volume increases in Germany (Δ EUR 2.8bn), USA (Δ EUR 1.3bn) and Italy (Δ EUR 0.5bn). Good growth also in protection & health (+8%) and UL (+4%).
- **NBM well above target level of 3.0%**
- **Business mix at target**
Share of preferred lines of business increases from 64% in 2015 to 82% in 2018.
- **Net flows increase by 17%**
Net flows of EUR 11.8bn equal 1.8% contribution to operating asset base. Net flows predominantly into preferred lines of business.

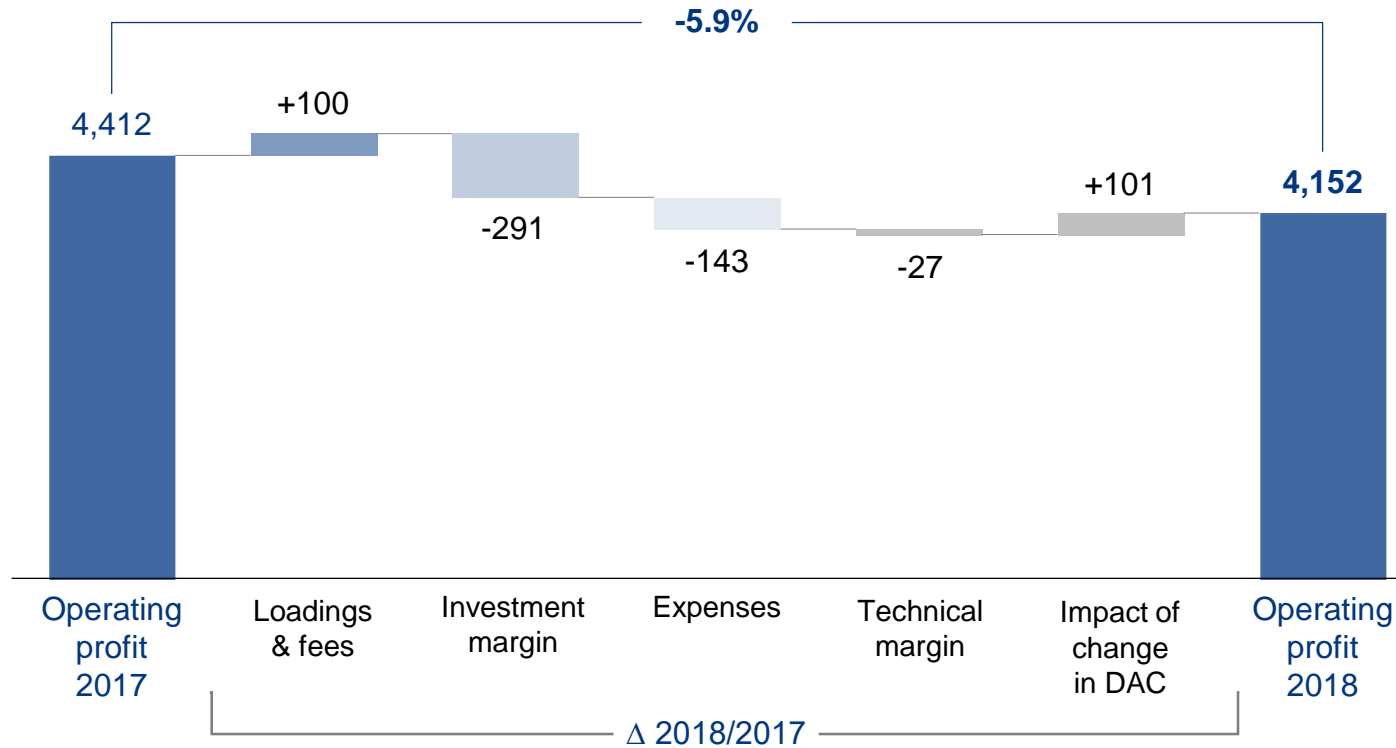
PVNBP by OE

- **Germany Life – preferred lines grow 25%**
Strong demand for capital-efficient products (+27%). Successful launch of several digitalization projects, e.g. FirmenOnline. Total market share in GPW up 1.3%-p to 24.2%.
- **USA – FIA up 21%**
FIA new business benefits from sales campaign and product changes. NBM FIA 3.7%.
- **Italy – share of preferred lines at 87%**
Lower UL sales (-11%) almost compensated by more business in capital-efficient products (+69%). Sales in protection & health up 40%.
- **Asia-Pacific – business mix at target**
Excluding F/X impact growth is 7.1%. New business in Taiwan increases by 7% driven by UL. Improved business mix reflected in 81% share of preferred lines in new business and 4.8% NBM.

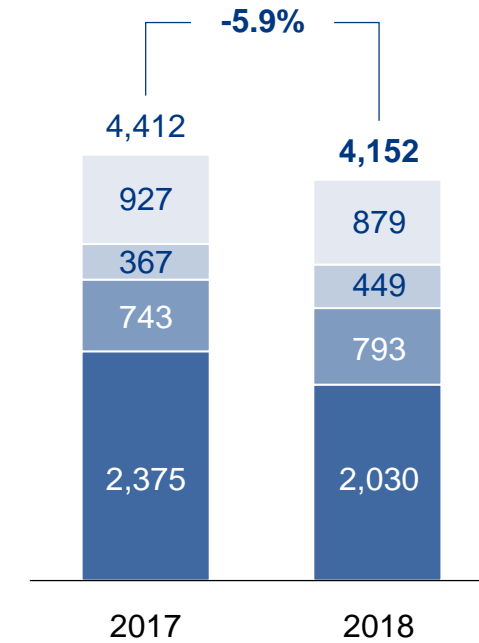


L/H: operating profit of EUR 4.2bn at target (EUR mn)

Operating profit by source



Operating profit by line



2018	6,090	3,821	-7,003	1,211	33
2017	5,989	4,112	-6,860	1,238	-68

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



L/H: operating profit of EUR 4.2bn at target



Comments

- Operating profit at target**
 Lower result from net harvesting and other explains decline of investment margin and operating profit.
- L/H RoE at 11.4%**
 Share of OEs with RoE \geq 10% at 97%. RoEs of Italy and Switzerland move to or above 10% target hurdle.
- Loadings and fees in line with business growth**
 Increase driven by new business and higher UL management fees in Taiwan (+29%) and Italy (+10%).
- Investment margin at 87bps**
 Slightly below expected range. Decline of 10bps mainly due to lower result from net harvesting and other.
- Expenses – driver is new business growth**
 Acquisition related expenses increase in line with new business. Admin expenses EUR 81mn below prior-year level.

Operating profit by line

- Protection & health**
 Lower contribution from France (Δ EUR -84mn) mainly due to higher claims experience and one-off effects.
- UL w/o guarantees**
 Increase driven by Italy (Δ EUR +29mn) and France due to reclassification of a UL product component from GS&A to UL w/o guarantees.
- Capital-efficient products**
 Main contributor to increase is improved result from Germany Life (Δ EUR +42mn).
- Guaranteed savings & annuities**
 Decline mainly due to lower contribution from USA VA business and France (reclassification to UL).

	4Q 2017	4Q 2018	Δ
PVNB (EUR mn)	15,168	16,074	+6.0%
NBM	3.6%	3.9%	+0.3%-p
VNB (EUR mn)	550	631	+14.7%
Investment margin	25bps	21bps	-4bps
Operating profit (EUR mn)	1,060	955	-9.9%



L/H: VNB up 11% to EUR 2.1bn

EUR mn

	Value of new business		New business margin		Operating profit	
	2018	Δ p.y.	2018	Δ p.y.	2018	Δ p.y.
Total L/H segment	2,087	+10.9%	3.6%	+0.2%-p	4,152	-5.9%
Germany Life	764	+19.6%	4.1%	+0.3%-p	1,125	-2.7%
USA	374	+15.9%	3.5%	+0.1%-p	852	-18.8%
Asia-Pacific	249	+9.8%	4.8%	+0.3%-p	289	+31.1%
Italy	199	+7.9%	2.4%	+0.2%-p	273	+12.1%
France	183	+25.6%	2.3%	+0.4%-p	599	-9.8%
Germany Health	59	+8.7%	3.6%	+0.1%-p	200	-4.8%
CEE ¹	44	+4.2%	5.8%	+0.4%-p	195	+2.6%
Spain	50	-20.7%	4.5%	-0.9%-p	218	-21.4%
Benelux	40	-7.0%	2.3%	+0.1%-p	156	+17.2%
Turkey	34	-34.9%	5.4%	-0.9%-p	73	+0.7%
Switzerland	18	-41.0%	2.3%	-1.2%-p	100	+13.5%

1) CEE including Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



L/H: VNB up 11% to EUR 2.1bn



Comments

New business

- **NBM above target level of 3.0%**
- **VNB at highest level**
For the first time VNB is above EUR 2bn. New business growth (+5.4%) and margin expansion (+0.2%-p) lead to 11% higher VNB. All top 5 OEs with significant growth of VNB.
- **VNB multiplier in the range of 3.0 – 3.5**
(conversion to undiscounted operating profit)
- **Germany Life with 20% VNB growth**
Almost entirely driven by capital-efficient products (VNB +36%) with NBM of 4.2%.
- **USA – strong VNB growth**
Mainly a result of higher FIA volume (+21%).
- **Asia-Pacific #3 contributor to VNB**
Margin improvement (Δ +0.3%-p) and business volume (+3.8%) driven by Taiwan.
- **France – significant increase**
Higher NBM (Δ +0.4%-p) mainly due to one-offs.

Operating profit

- **Germany Life – solid contribution**
Lower investment margin (Δ EUR -51mn).
- **USA – high prior year level**
Operating profit below prior year but still above USD 1bn. Contribution from VA business down by EUR 221mn to EUR 37mn driven by unfavorable market movements. RoE good at 11.9%.
- **Asia-Pacific #4 contributor to OP**
Driven by Taiwan (EUR +40mn) with higher UL fees and disposal of back book.
- **France – lower technical margin**
In protection & health higher claims experience and one-off effects.
- **Spain – lower investment margin**
Exceptionally high investment margin in the prior year. Operating profit contribution of EUR ~0.15bn from JV with Banco Popular. 40% minority share of Banco Popular reflected in non-controlling interests.



L/H: investment margin at 87bps

	Investment margin	
	2017	2018
Based on Ø book value of assets¹ (EUR bn)	521	533
Current yield	3.41%	3.34%
Based on Ø aggregate policy reserves (EUR bn)	425	441
Current yield	4.18%	4.03%
Net harvesting and other ^{2,3}	0.52%	-0.36%
Total yield	4.70%	3.67%
- Ø min. guarantee ⁴	2.06%	1.99%
Gross investment margin (in %)	2.64%	1.68%
- Profit sharing under IFRS ⁵	1.67%	0.82%
Investment margin (in %)³	0.97%	0.87%
Investment margin (EUR mn) ³	4,112	3,821

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

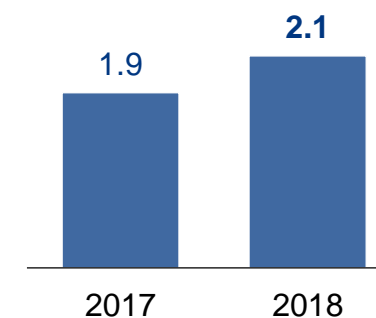
3) For 2018 it includes an FIA-related change

4) Based on technical interest

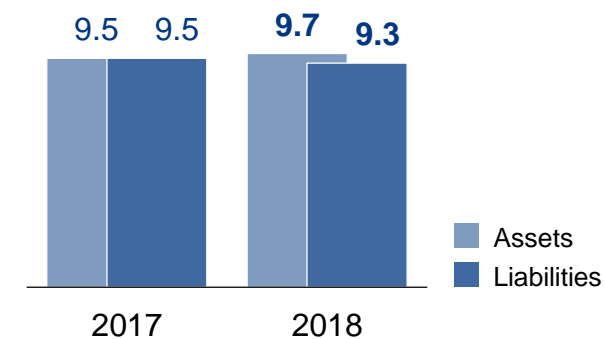
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

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

Economic reinvestment yield (debt securities; in %)



Duration⁶





L/H: investment margin at 87bps



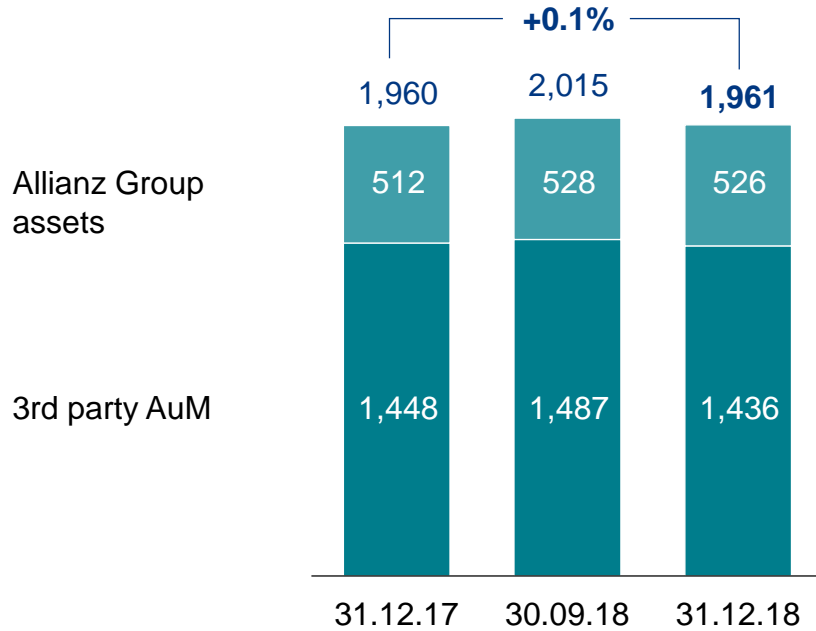
Comments

- **Investment margin down -7% (Δ EUR -291mn)**
Lower investment margin (-11% to 87bps) partially compensated by higher reserve base (+4%).
Decrease mainly due lower result from harvesting and other. PHP down by 3.0%-p to 76.4%.
Normal full-year level for 2019 expected at approx. 80-85bps.
- **Yield decline within expected range**
Current yield based on aggregate policy reserves down by -15bps. Impact from yield decline partially offset by lower average minimum guarantee (-7bps).
- **Net harvesting and other (in %) – down by 88bps**
Main drivers are higher impairments (-41bps) and lower result from trading (-33bps). The latter is driven by Germany Life (increase in F/X hedging costs due to higher interest rate differential (USD vs. EUR)) and USA (capital-efficient products, largely compensated by PHP).
- **Economic reinvestment yield up**
Increase driven by market movements.
- **Duration**
Increase in asset duration due to management actions. Decrease in liability duration due to market movements as well as model changes.

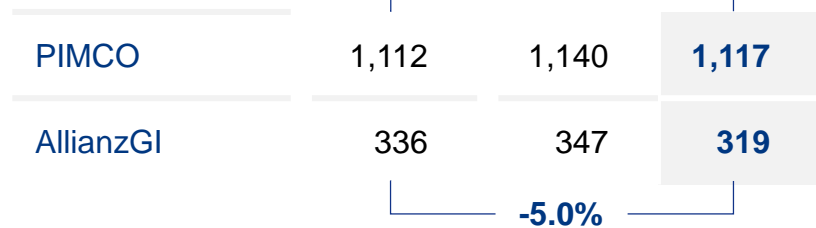


AM: AuM stable (EUR bn)

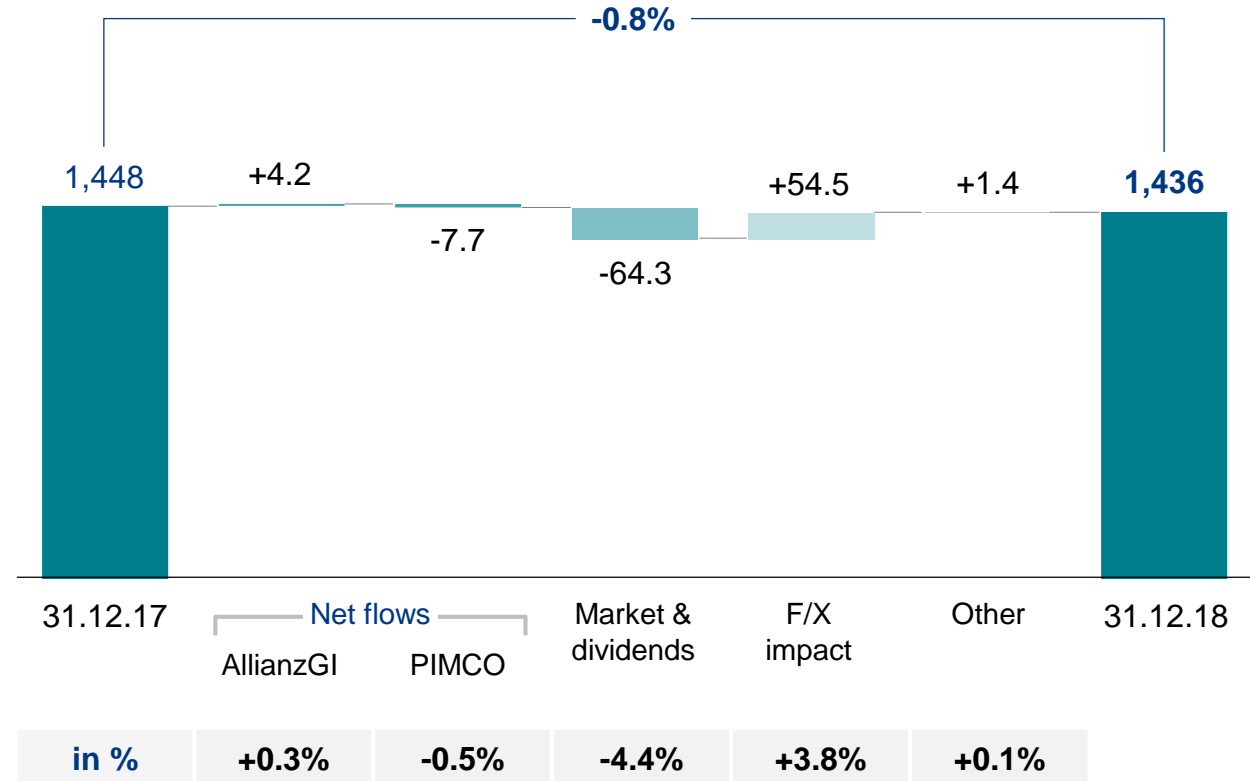
Total assets under management



3rd party AuM split



3rd party assets under management development





AM: AuM stable



Comments

- **3rd party AuM segment: -1%**
Favorable F/X impact and 3rd party net inflows at AllianzGI do not entirely compensate for significantly adverse market impact and PIMCO 3rd party net outflows.

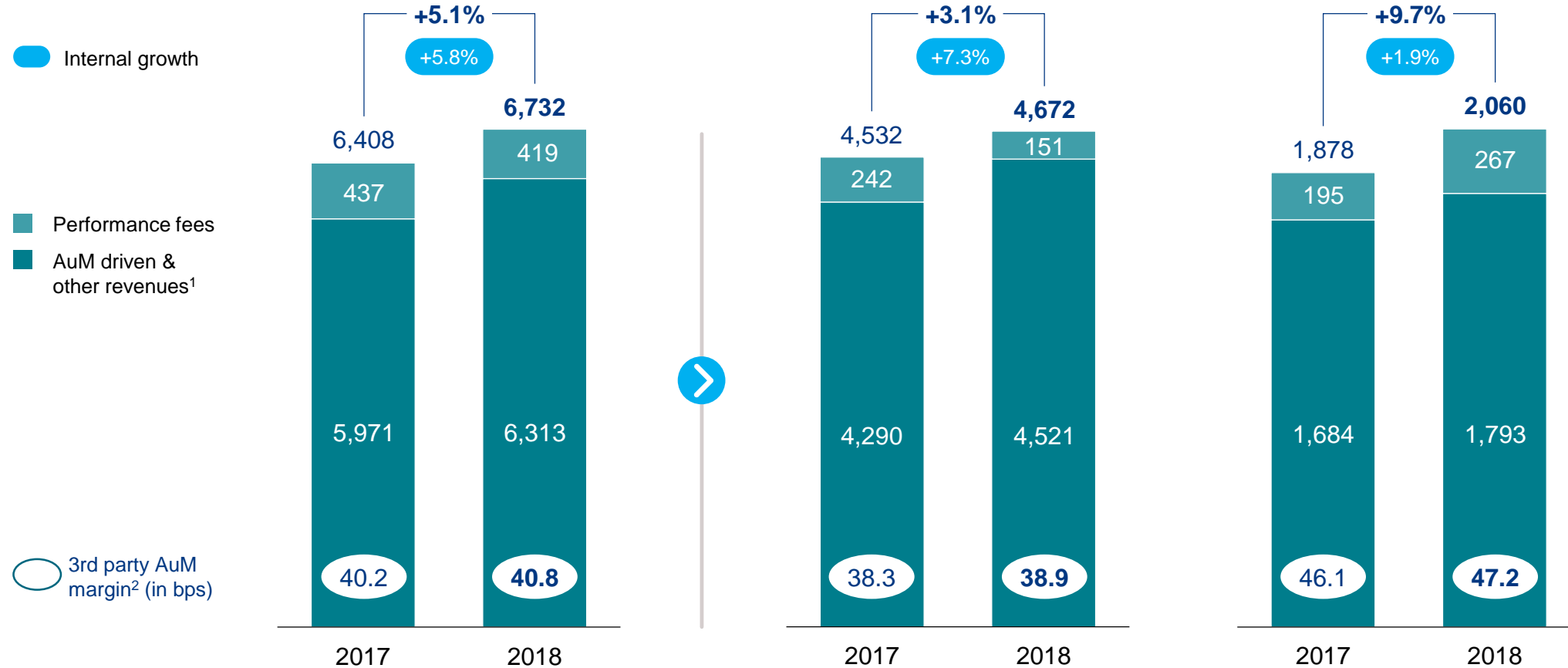
3rd party AuM 4Q 2018: -3%, driven by adverse markets and net outflows.
- **3rd party net flows segment: EUR -3bn**
3rd party net inflows in 9M 2018 (EUR +27bn), but net outflows in 4Q 2018 (EUR -31bn), driven by negative market trend, resulting in EUR 3bn net outflows in FY 2018.
- **3rd party net flows PIMCO: EUR -8bn**
3rd party net inflows in investment strategies like enhanced cash, long duration credit and global, but outflows particularly from investment grade credit, traditional fixed income and emerging markets strategies. EUR +21bn in 9M 2018, EUR -29bn in 4Q 2018.

Excellent investment performance: 93% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.
- **3rd party net flows AllianzGI: EUR +4bn**
3rd party net inflows driven by multi asset products. Outflows from fixed income and equity strategies. EUR 2bn net outflows in 4Q 2018.



AM: 5% revenue growth and increased margin (EUR mn)

Revenues development



1) Thereof other revenues: AM: 2017: EUR +33mn, 2018: EUR +19mn; PIMCO: 2017: EUR +20mn; 2018: EUR +7mn; AllianzGI: 2017: EUR +12mn; 2018: EUR +11mn

2) Excluding performance fees and other income



AM: 5% revenue growth and increased margin



Comments

- **Segment revenues up in a volatile environment**
AuM driven revenues rise by 6% due to higher average 3rd party AuM (+3%) and margin increase (+0.6bps).

Performance fees lower by 4% due to PIMCO (hedge fund business) and AllianzGI excl. ACP (structured alpha products). Overall performance fees of AllianzGI increase because ACP contributes EUR 101mn.

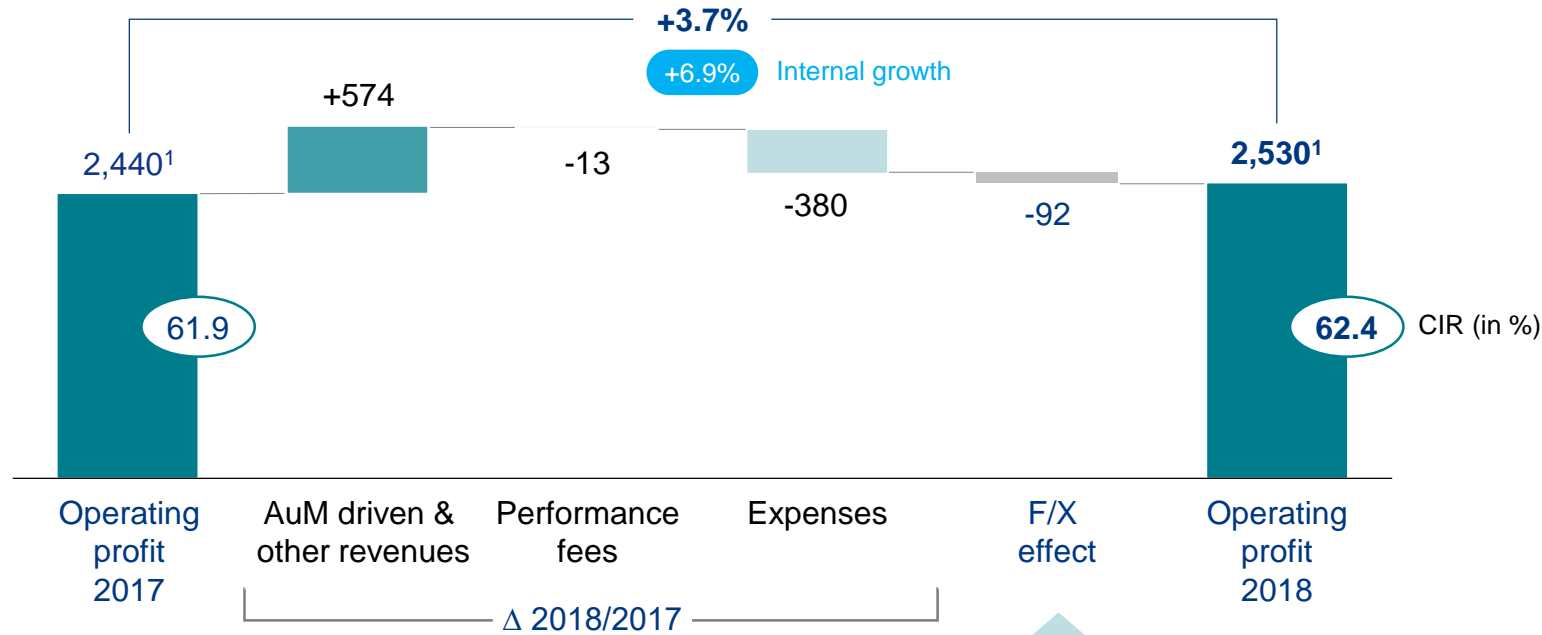
- **Revenue margins increase**
3rd party AuM margins of the segment, PIMCO and AllianzGI increase, primarily due to a higher average share of mutual fund business and, in case of AllianzGI, also due to sale of the subsidiary in Korea end of 3Q 2017.

- **Segment 4Q 2018 – revenues down, margin up**
Revenues decrease slightly by 1% due to lower performance fees at PIMCO (-50%) and AllianzGI (-18%). AuM driven revenues increase by 5% because of higher 3rd party AuM margin (up by 1.0bp from 40.3bps to 41.3bps) and higher average 3rd party AuM.



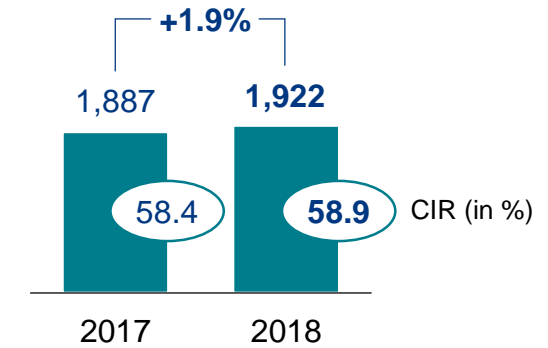
AM: OP at 105% of outlook midpoint (EUR mn)

Operating profit drivers

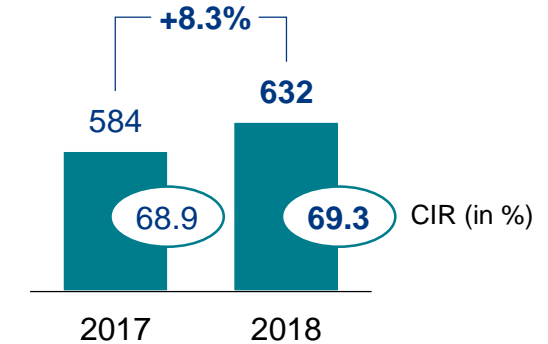


F/X impact	-232	-5	+145
2018	6,313	419	-4,202
2017	5,971	437	-3,968

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -31mn in 2017 and EUR -24mn in 2018



AM: OP at 105% of outlook midpoint



Comments

- **Segment – OP above outlook midpoint**

Operating profit increases by 4% despite difficult markets and EUR 92mn adverse F/X impact. Improvement is driven by growth of average AuM and margins.

CIR rises by 0.5%-p driven by ACP consolidation, lower performance fees and higher expenses. CIR adjusted for ACP improves by 0.2%-p to 61.7%.

- **PIMCO – OP up by 2%**

Operating profit increases by 2% (+7% excluding F/X) driven by higher average 3rd party AuM and higher margins, partly offset by lower performance fees and higher expenses.

CIR better than targeted 60%, although up by 0.5%-p primarily due to lower performance fees, investments in business growth (e.g. new office in Austin, Texas) and higher number of FTEs.

- **AllianzGI – record OP**

Operating profit rises by 8% due to higher AuM driven revenues which are driven by higher margins. Average 3rd party AuM stable.

CIR rises by 0.4%-p. CIR excluding ACP at 67.4%, 1.5%-p better than in FY 2017.

- **4Q 2018 performance – lower operating profit**

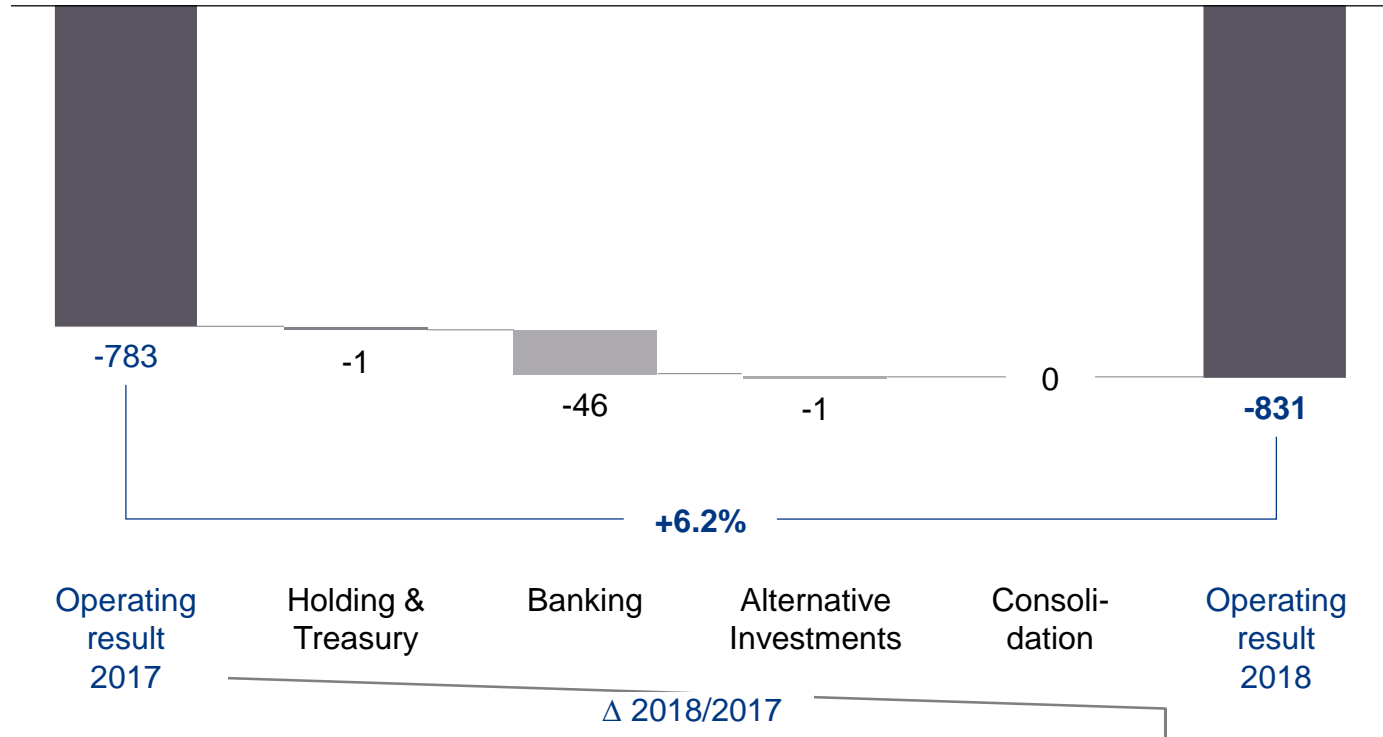
OP down by 9% from EUR 697mn to EUR 633mn, driven by lower performance fees and higher expenses at PIMCO. PIMCO OP down by 13% to EUR 475mn; AllianzGI OP up by 7% to EUR 168mn.

	4Q 2017	4Q 2018	Δ
Operating revenues (EUR mn)	1,750	1,741	-0.5%
Operating profit (EUR mn)	697	633	-9.1%
3rd party net flows (EUR bn)	+45	-31	n.m.
3rd party AuM margin (bps)	40.3	41.3	+1.0bp
CIR (%)	60.2%	63.6%	+3.4%-p



CO: in line with expectations (EUR mn)

Operating loss development and components



	Operating result 2017	Holding & Treasury	Banking	Alternative Investments	Consolidation	Operating result 2018
2018	-783	-1	-46	-1	0	-831
2017	-783					-783
Δ 2018/2017						-48



CO: in line with expectations

Comments

- **Operating loss in line with expectations**
Lower contribution from Banking is driven by sale of OLB. Operating profit contribution related to OLB in 2017 was EUR +51mn.



Group: s/h net income up 10%

EUR mn	2017	2018	Change
Operating profit	11,097	11,512	+415
Non-operating items	-949	-1,113	-163
Realized gains/losses (net)	1,033	951	-82
Impairments (net)	-504	-575	-71
Income from financial assets and liabilities carried at fair value (net)	-1	67	+68
Interest expenses from external debt	-838	-840	-2
Acquisition-related expenses	7	0	-7
Restructuring charges	-450	-339	+111
Amortization of intangible assets	-135	-355	-220
Change in reserves for insurance and investment contracts (net)	-61	-22	+39
Income before taxes	10,148	10,399	+251
Income taxes	-2,941	-2,696	+245
Net income	7,207	7,703	+496
Non-controlling interests	-404	-241	+163
Shareholders' net income	6,803	7,462	+659
Effective tax rate	29%	26%	-3%-p
EPS (EUR)	15.24	17.43	+2.19



Group: s/h net income up 10%



Comments

- Operating profit drives s/h net income**
 Higher operating profit (Δ EUR +415mn) and a better result from non-controlling interests (Δ EUR +163mn) more than offset decline in non-operating result (Δ EUR -163mn). Additional support from taxes, i.e. tax rate Δ -3%-p / tax expenses Δ EUR -245mn.
- Non-operating result impacted by disposals**
 Impact of EUR -225mn from the sale of a part of the life insurance portfolio in Taiwan (reflected in amortization of intangible assets). Prior-year result affected by sale of OLB (EUR -233mn included in impairments).
- Impairments driven by equities**
 Impairments on equities amount to EUR -485mn. Largest impairment was our equity stake in Autostrade per l'Italia (ASPI). Total ASPI net income impact after non-controlling interest and taxes at EUR -17mn.
- Restructuring charges**
 Investments in productivity and efficiency remain on high level, mainly Germany P/C, Allianz Technology and Italy.
- Tax rate at good level**
 Tax expenses benefit from US tax reform. Allianz Group tax rate for FY 2019 expected between 25%-27%.
- Non-controlling interests**
 Minority share in impairments on Autostrade per l'Italia reflected in non-controlling interests (EUR +97mn). Higher profit share in Euler Hermes (Δ EUR +98mn).
- EPS grow 14.4%**
 Execution of two share buy-backs (EUR 2bn and EUR 1bn) supports EPS growth of 14.4%. A total of 15.8mn shares were acquired representing 3.6% of outstanding capital.



Renewal agenda 1.0 results

2018			2018	
Actual	Ambition		Actual	Ambition
6.2% ¹	5% ¹	EPS Growth	74%	75%
		Businesses with NPS above market		
13.2%	13%	RoE Allianz Group	4%-p	<11%-p
		SII interest rate sensitivity		
94.0%	94%	P/C CR	58.9%	60%
		PIMCO CIR		
97%	100%	L/H OEs with RoE ≥10%	71%	72%
		IMIX		
3.6%	3.0%	L/H NBM	98%	~100%
		Share of newly launched digital products		

1) CAGR of EPS versus EPS for FY 2015.

Note: For more details on the RoE calculation please refer to the glossary



Outlook 2019 – operating profit (EUR bn)

	P/C	L/H	AM	Corp/Cons	Group
High	6.0	4.5	2.8	-0.8	12.0
Midpoint	5.7	4.2	2.5	-0.9	11.5
Low	5.4	3.9	2.2	-1.0	11.0
Midpoint 2018	5.4	4.2	2.4	-0.9	11.1
Actual 2018	5.7	4.2	2.5	-0.9	11.5

+4%

Disclaimer:

Impact from NatCat, financial markets and global economic development not predictable!

CONTENT

1

HIGHLIGHTS

2

ADDITIONAL INFORMATION

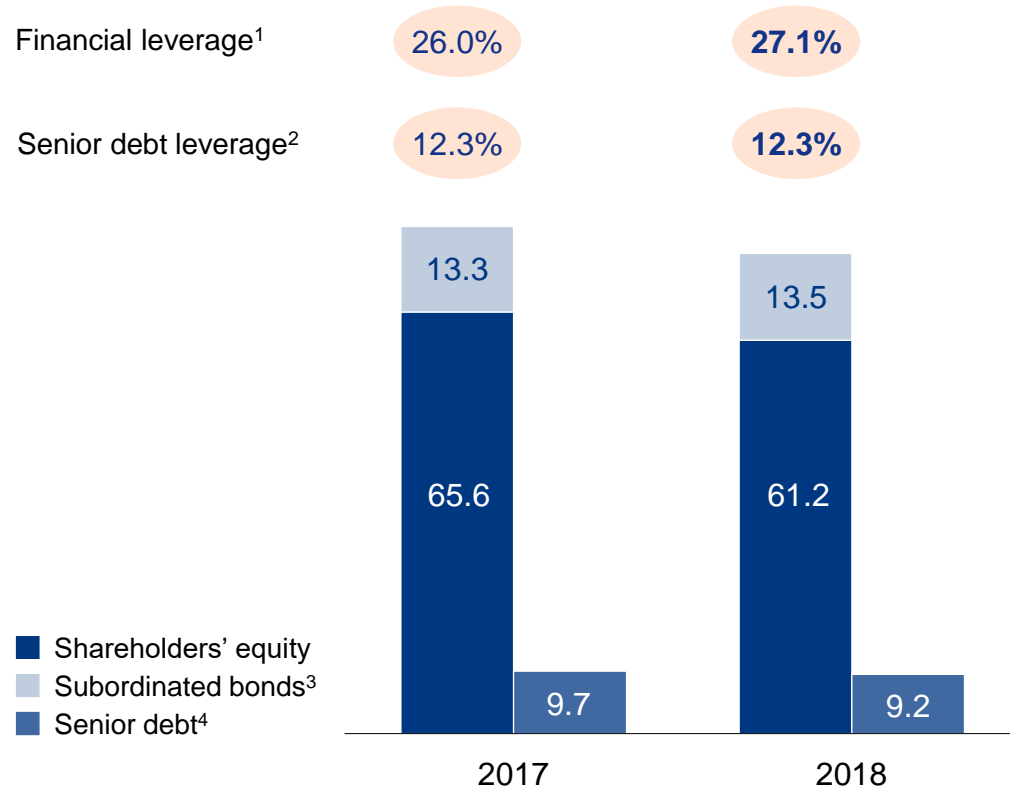


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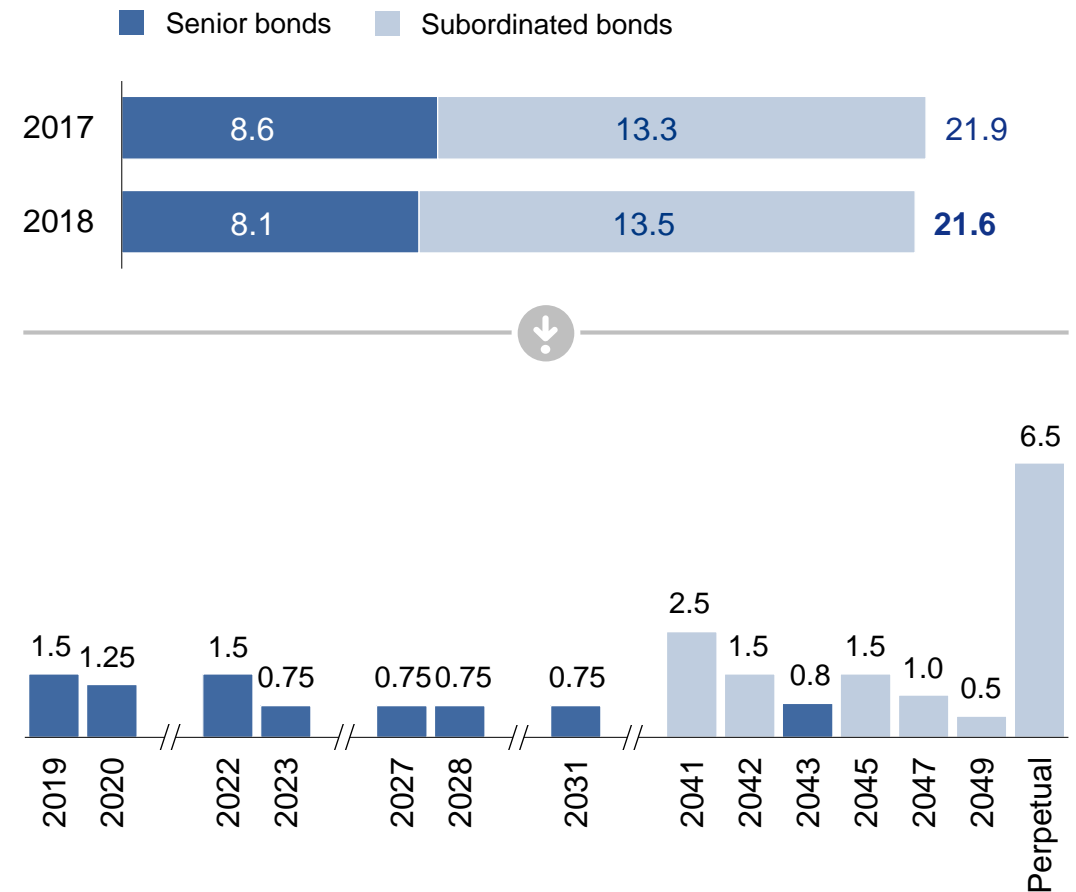


Group: financial leverage well in AA-range (EUR bn)

Leverage ratios



Outstanding bonds and maturity structure

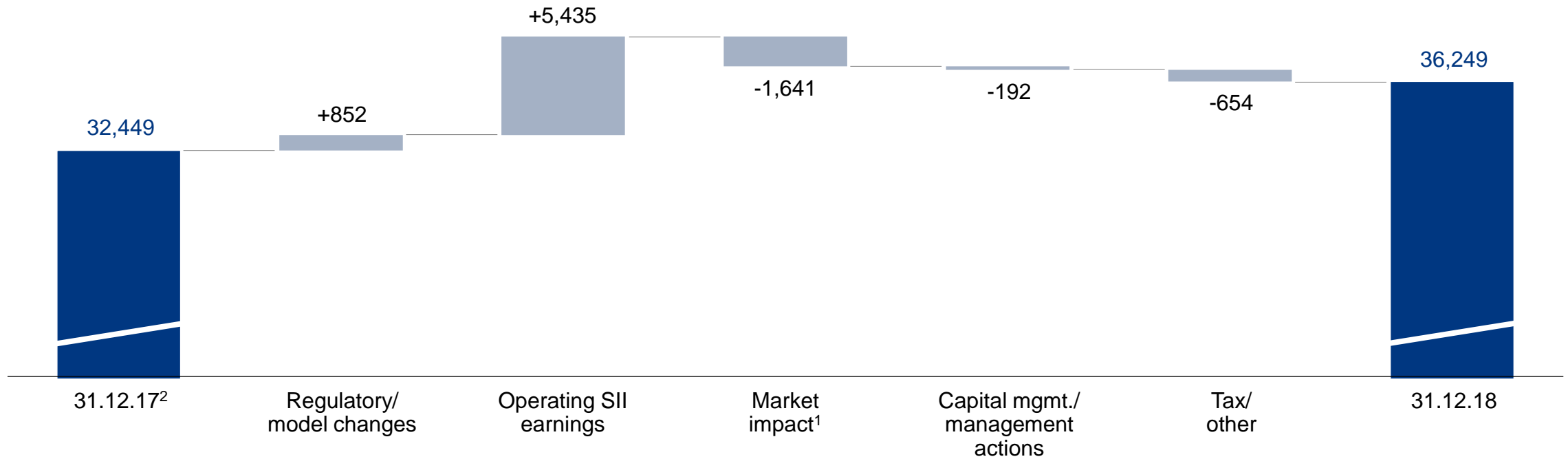


1) Senior debt and subordinated bonds divided by the sum of senior debt, subordinated bonds and shareholders' equity
 2) Senior debt divided by the sum of subordinated bonds and shareholders' equity
 3) Subordinated liabilities excluding bank subsidiaries; nominal value
 4) Certificated liabilities excluding bank subsidiaries; nominal value



L/H: MCEV based on SII balance sheet¹

(EUR mn)



1) Including cross effects and policyholder participation
 2) 2017: Change in scope for alignment to own Funds movements



AM: split of 3rd party AuM

EUR bn		AM		PIMCO		AllianzGI	
		31.12.17	31.12.18	31.12.17	31.12.18	31.12.17	31.12.18
3rd party AuM		1,448	1,436	1,112	1,117	336	319
Regions¹	America	53%	56%	62%	64%	24%	28%
	Europe	35%	32%	25%	22%	70%	67%
	Asia-Pacific	11%	12%	13%	13%	6%	5%
Investment vehicles	Mutual funds	59%	59%	57%	56%	68%	70%
	Separate accounts	41%	41%	43%	44%	32%	30%
Asset classes	Fixed income	76%	78%	91%	92%	28%	27%
	Equities	9%	8%	2%	2%	33%	30%
	Multi-assets	10%	10%	3%	3%	34%	37%
	Other	4%	4%	4%	3%	5%	6%

1) Based on the location of the asset management company

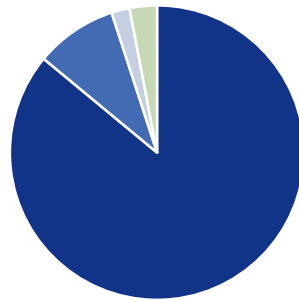


High quality investment portfolio

Asset allocation

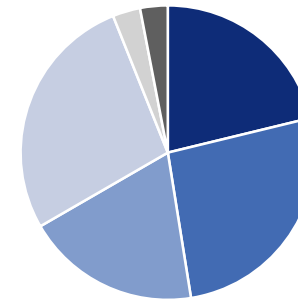
Total: EUR 672.8bn
(2017: EUR 664.4bn)

Debt instruments	86% (87%)
Equities	9% (9%)
Real estate ¹	2% (2%)
Cash/Other	3% (3%)



Debt instruments by rating²

AAA	21%
AA	26%
A	19%
BBB	27%
Non-investment grade	3%
Not rated ³	3%

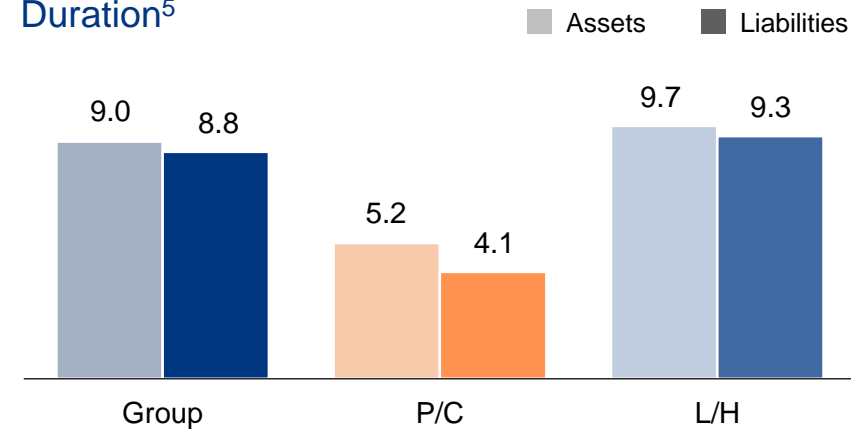


By segment (EUR bn)

	Group	P/C ⁴	L/H ⁴
Debt instruments	580.3	82.2	464.3
Equities	63.2	9.4	50.6
Real estate ¹	12.5	2.9	9.2
Cash/Other	16.9	4.6	7.4
Total	672.8	99.1	531.5

- 1) Excluding real estate held for own use and real estate held for sale
- 2) Excluding seasoned self-originated private retail loans
- 3) Mostly mutual funds and short-term investments
- 4) Consolidated on Group level

Duration⁵

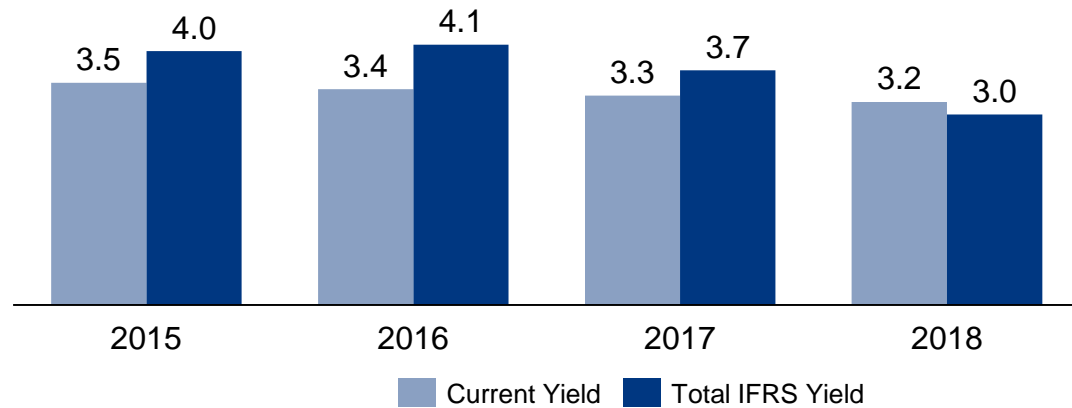


- 5) For the duration calculation a non-parallel shift in line with SII yield curves is used. Internal pensions are included in Group data, while they are excluded in P/C and L/H segments.

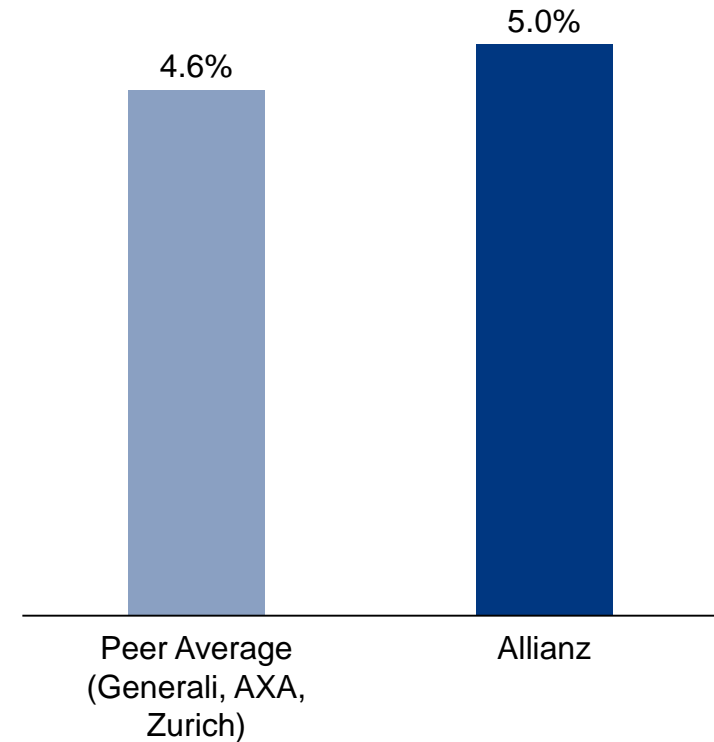


Overview investment result

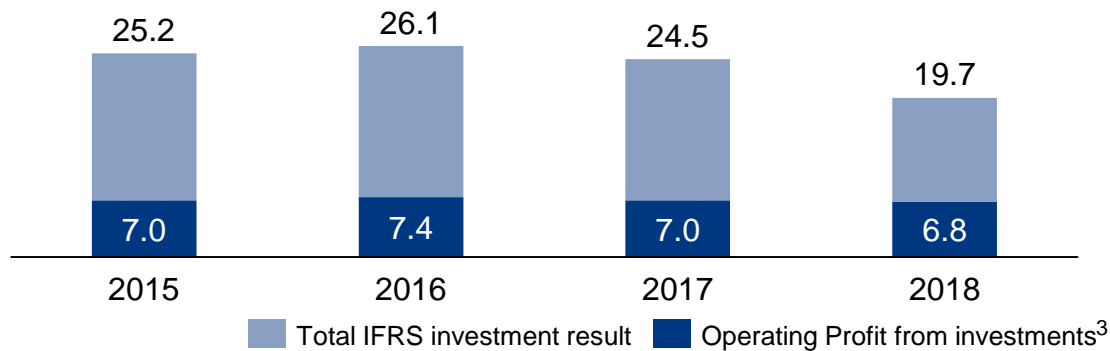
Current and Total IFRS Yield (%)¹



Total investment performance p.a.² amongst peers 2010 - 2017



Investment result (bn EUR)¹



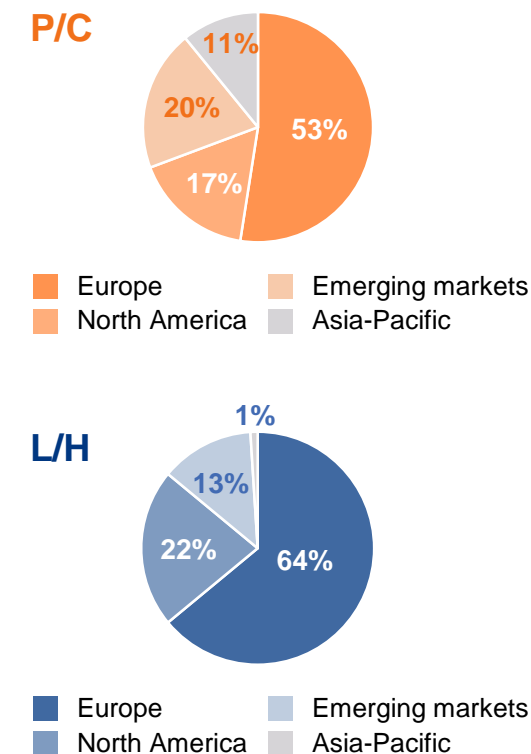
1) Figures may differ from figures published in prior years due to restatements; no adjustments for acquisitions and disposals. Operating profit from investments: insurance business only (P/C and L/H)
 2) IFRS investment performance per annum: including current income, realized gains and losses (net), impairments (net), trading/FX result, fair value option, investment expenses, and change in unrealized gains and losses
 3) Operating Profit from Investments after PHP only taking into account P/C and L/H Segment



Economic reinvestment yields 2018

		New F/I investments	Yield	Maturity in years
P/C	Government bonds ¹	53%	2.1%	8
	Covered ²	22%	1.6%	8
	Corporates	26%	1.9%	8
	Total F/I 2018	100%	1.9%	8
L/H	Government bonds ¹	48%	1.8%	17
	Covered ²	23%	2.2%	12
	Corporates	30%	2.5%	12
	Total F/I 2018	100%	2.1%	15
EUR bn		New investments	Current yield	
Group	Real assets	12.8	~4%	

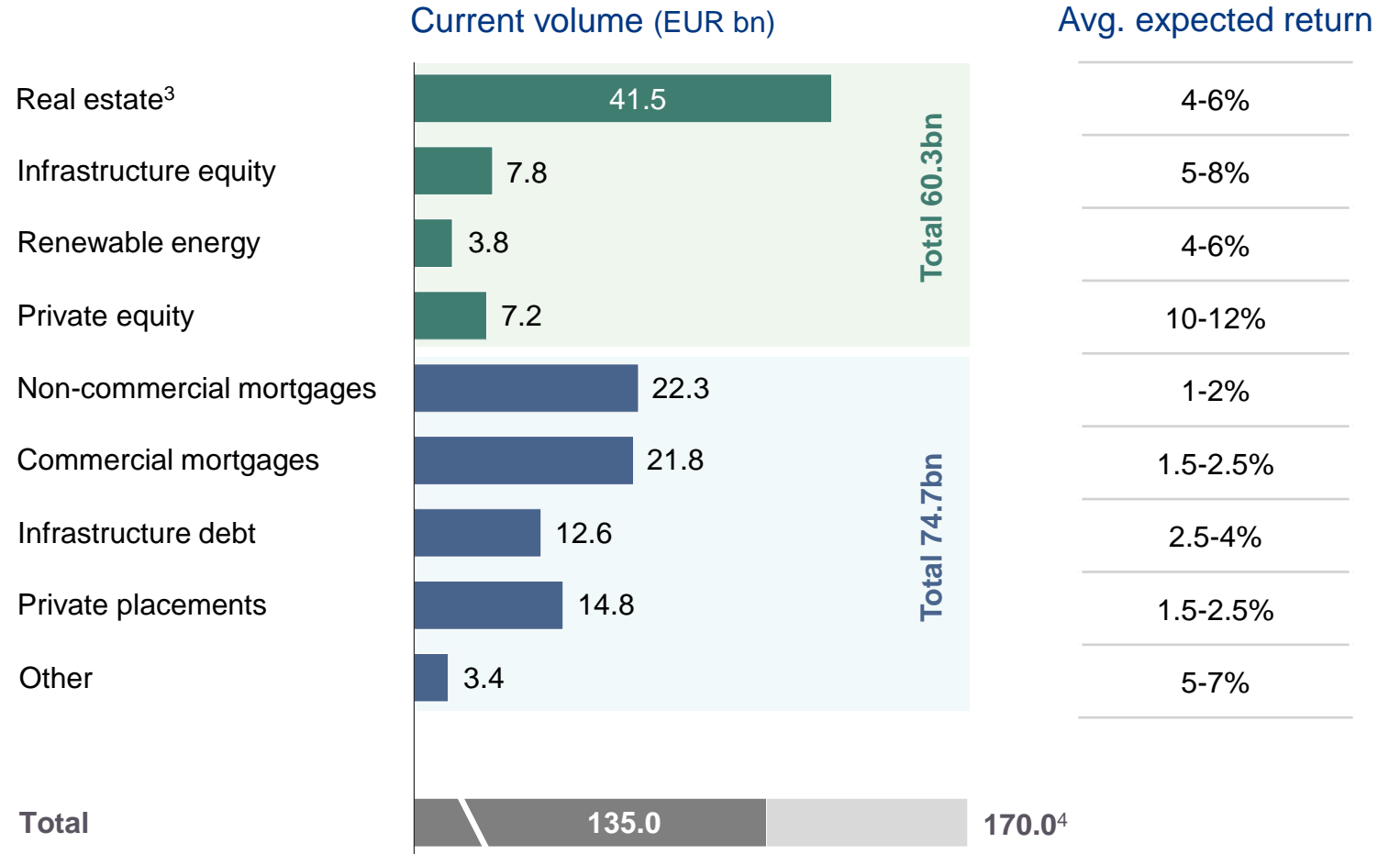
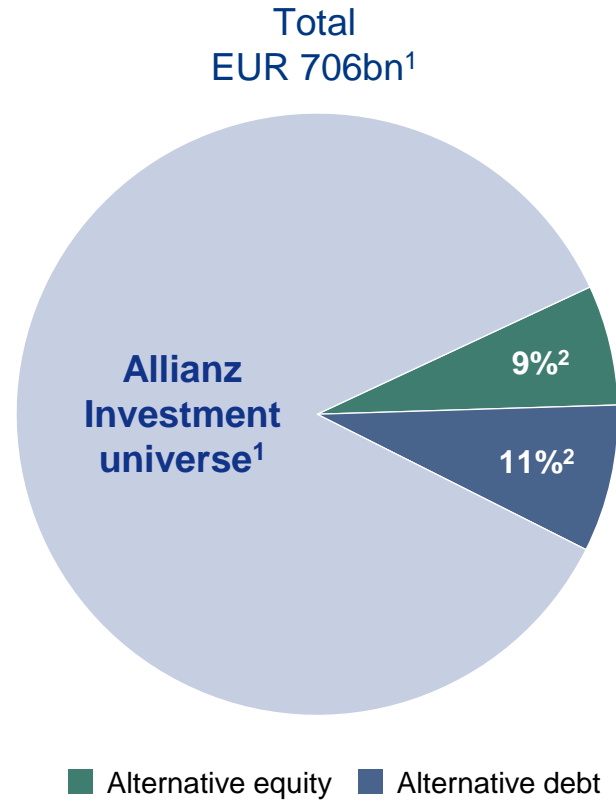
Regional allocation



1) Treasuries and government related
 2) Including ABS/MBS



Alternative asset quota of 19%; new mid-term target EUR 170bn

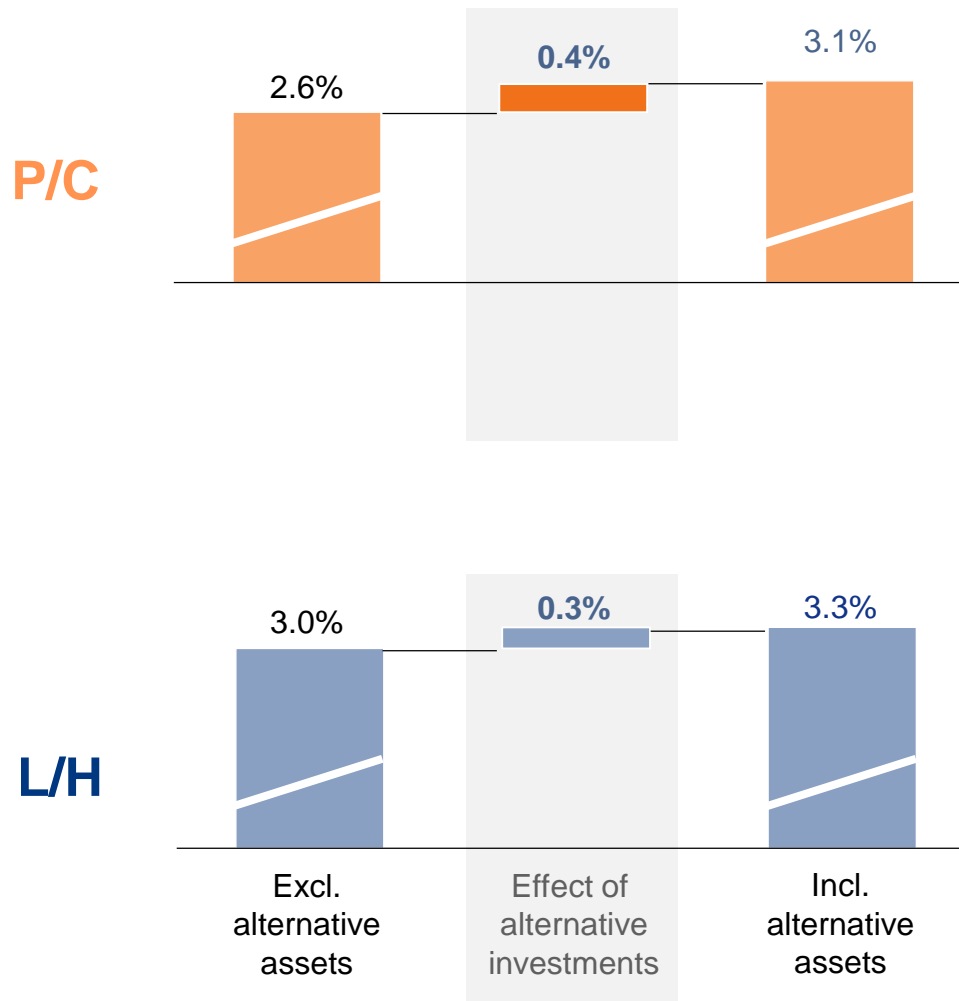


1) Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values and changed asset scope (e.g. including FVO, trading and real estate own-use)
 2) Alternative equity denoted in market value, alternative debt in book value
 3) Market value of real estate assets including EUR 26.2bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 15.3bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Including minorities on directly held real estate assets (EUR 0.5bn). 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
 4) Mid-term target



Alternative investments are driving performance

Current yield



Δ Current income (EUR)¹

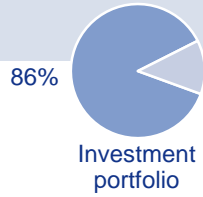
+0.5bn

+1.7bn

1) Before policyholder participation



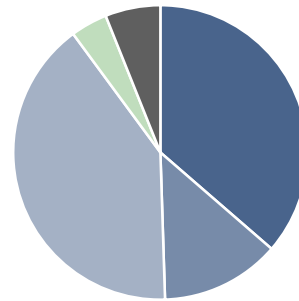
High quality fixed income portfolio



By type of issuer

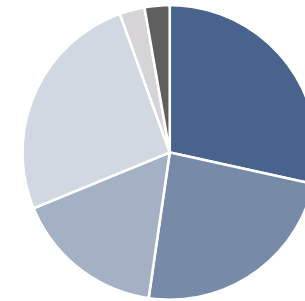
Government	36%
Covered	13%
Corporate	40%
<i>thereof Banking</i>	6%
ABS/MBS ¹	4%
Other ²	6%

Total
EUR 580.3bn



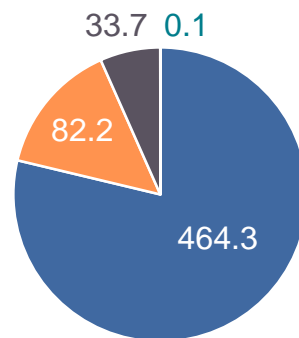
By rating³

AAA	21%
AA	26%
A	19%
BBB	27%
Non-investment grade	3%
Not rated ⁴	3%



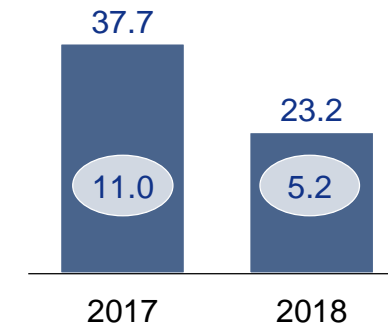
By segment (EUR bn)

L/H	80%
P/C	14%
Corporate and other	6%
Asset Management	0%



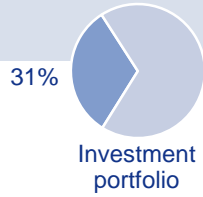
AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses ⁵



1) Including U.S. agency MBS investments (EUR 5.0bn)
 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

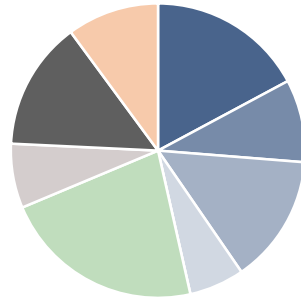


Government bond allocation concentrated in EMU core countries

By region

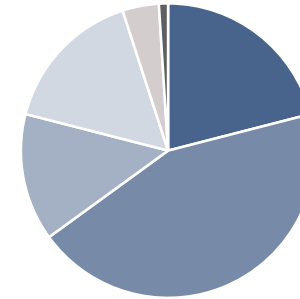
France	17%
Italy	9%
Germany	14%
Spain	6%
Rest of Europe	22%
USA	7%
Rest of World	14%
Supranational	10%

Total
EUR 211.6bn¹



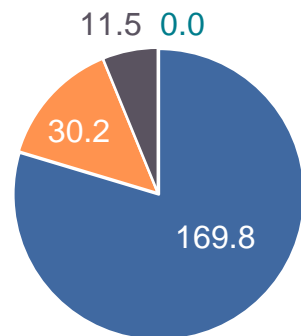
By rating

AAA	21%
AA	44%
A	14%
BBB	16%
Non-investment grade	4%
Not rated	1%



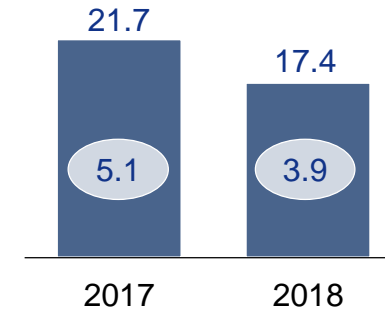
By segment (EUR bn)

L/H	80%
P/C	14%
Corporate and other	5%
Asset Management	0%



AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses ²



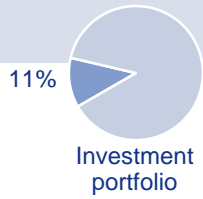
1) Government and government related (excl. U.S. agency MBS)
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC



Details sovereigns

(EUR bn)

	Group		L/H		P/C	
	BV	% of FI Group	BV	% of FI L/H	BV	% of FI P/C
France	36.7	6.3%	30.8	6.6%	3.5	4.3%
Germany	30.0	5.2%	24.5	5.3%	2.9	3.5%
Supranational	21.2	3.6%	19.1	4.1%	1.3	1.6%
Italy	18.7	3.2%	15.3	3.3%	2.4	2.9%
USA	15.6	2.7%	12.9	2.8%	2.3	2.8%
Spain	11.9	2.0%	9.7	2.1%	1.3	1.5%
Belgium	11.5	2.0%	9.8	2.1%	1.1	1.3%
Austria	8.1	1.4%	7.4	1.6%	0.4	0.5%
Switzerland	5.7	1.0%	4.4	1.0%	1.2	1.5%
Thailand	3.8	0.7%	3.7	0.8%	0.1	0.1%
Ireland	3.1	0.5%	2.6	0.6%	0.3	0.3%
Australia	3.0	0.5%	0.0	0.0%	2.9	3.6%
Netherlands	2.7	0.5%	1.9	0.4%	0.3	0.4%
Mexico	2.4	0.4%	2.1	0.5%	0.2	0.3%
Poland	2.0	0.3%	1.2	0.2%	0.8	1.0%
Malaysia	1.9	0.3%	1.3	0.3%	0.5	0.6%
Czech Republic	1.8	0.3%	1.5	0.3%	0.4	0.4%
Slovakia	1.8	0.3%	1.5	0.3%	0.3	0.3%
Canada	1.7	0.3%	0.8	0.2%	0.8	1.0%
Turkey	1.2	0.2%	0.7	0.1%	0.5	0.7%
Portugal	0.4	0.1%	0.2	0.0%	0.2	0.3%
Greece	0.0	0.0%	0.0	0.0%	0.0	0.0%
Other	26.6	4.6%	18.6	4.0%	6.4	7.8%
Total 2018	211.6	36.5%	169.8	36.6%	30.2	36.8%
Total 2017	213.6	37.1%	168.8	37.2%	31.6	37.5%

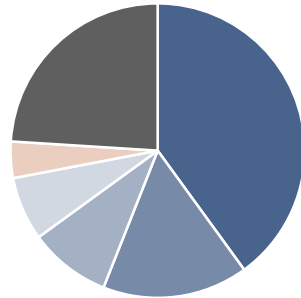


Fixed income portfolio: covered bonds

By country

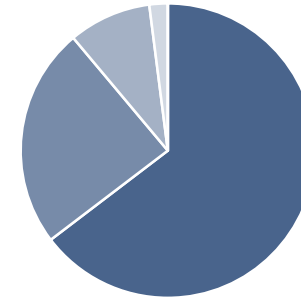
Germany	40%
France	16%
Spain	9%
Italy	7%
UK	4%
Rest of World	24%

Total
EUR 76.1bn



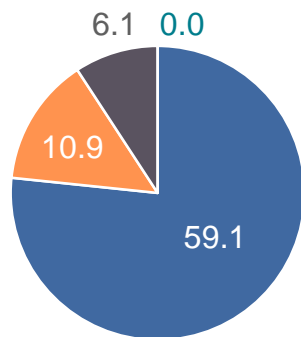
By rating

AAA	64%
AA	24%
A	9%
BBB	2%
Non-investment grade	0%
Not rated	0%



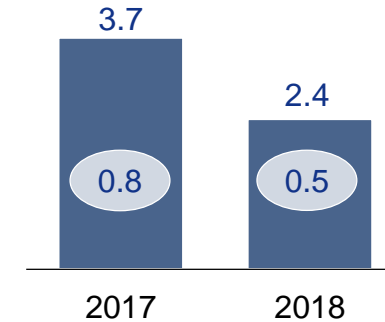
By segment (EUR bn)

L/H	78%
P/C	14%
Corporate and other	8%
Asset Management	0%

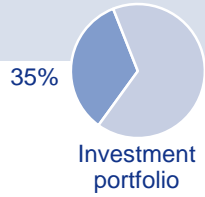


AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses ¹



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

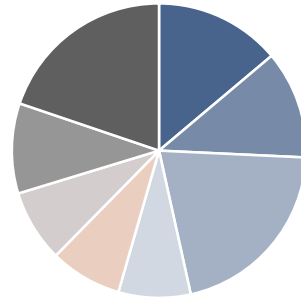


Fixed income portfolio: corporates

By sector

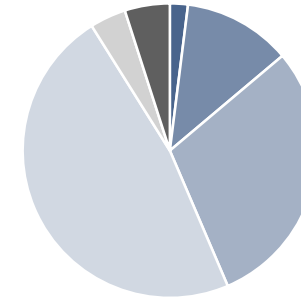
Banking ¹	14%
Other financials	12%
Consumer	21%
Communication	8%
Energy	8%
Industrial	8%
Utility	10%
Other	20%

Total
EUR 232.6bn



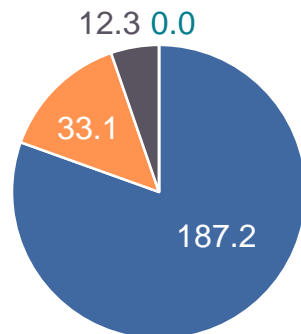
By rating

AAA	2%
AA	12%
A	30%
BBB	48%
Non-investment grade	4%
Not rated ²	5%



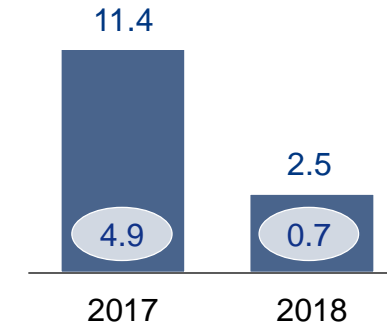
By segment (EUR bn)

L/H	80%
P/C	14%
Corporate and other	5%
Asset Management	0%

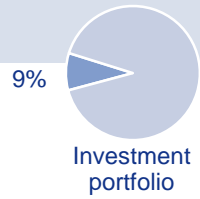


AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses ³



1) Including EUR 2.6bn 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

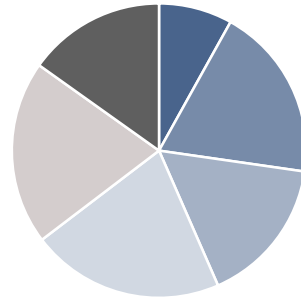


Equity portfolio

By region

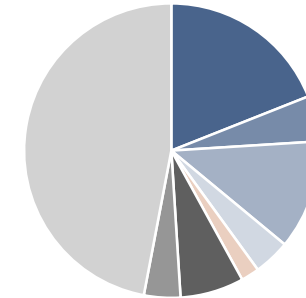
Germany	8%
Eurozone ex Germany	19%
Europe ex Eurozone	16%
NAFTA	21%
Rest of World	20%
Multinational ²	15%

Total EUR 63.2bn¹



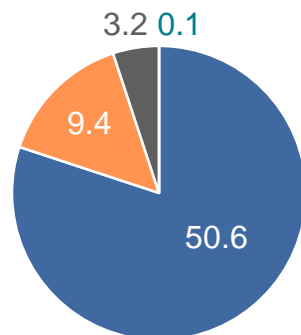
By industry

Consumer	19%
Banking	5%
Other financials	12%
Basic materials	4%
Utilities	2%
Industrial	7%
Energy	4%
Funds and other ³	47%



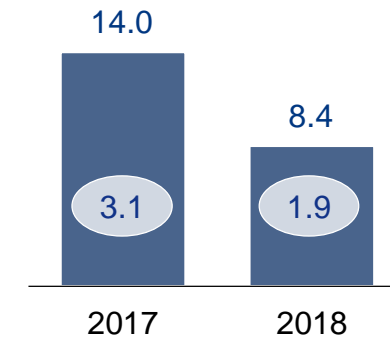
By segment (EUR bn)

L/H	80%
P/C	15%
Corporate and other	5%
Asset Management	0%

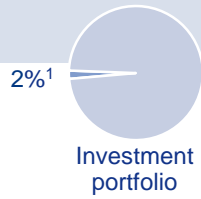


AFS unrealized gains/losses (EUR bn)

Gross unrealized gains/losses
Net unrealized gains/losses ⁴



1) Excl. equities designated at fair value through income (EUR 2.0bn)
 2) Incl. private equity limited partnership funds (EUR 6.2bn) and mutual stock funds (EUR 3.0bn)
 3) Diversified investment funds (EUR 3.5bn); private and unlisted equity (EUR 13.7bn)
 4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

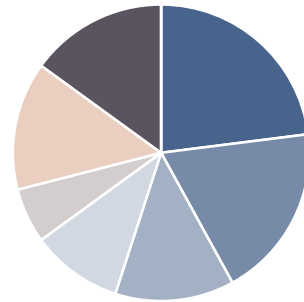


Real estate portfolio (incl. own use, market value)

By region

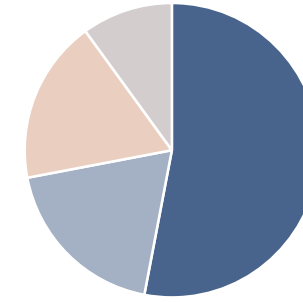
Germany	23%
France	19%
US	13%
Switzerland	10%
Italy	6%
Rest of Eurozone	14%
Rest of World	15%

Total
EUR 41.5bn²



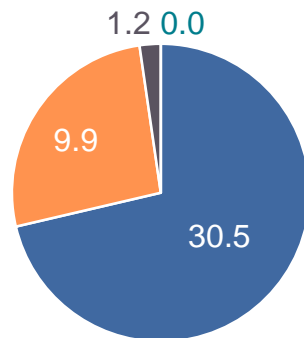
By sectors

Office	53%
Retail	19%
Residential	18%
Other/mixed	10%



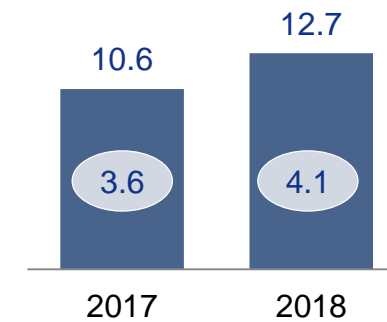
By segment (EUR bn)

L/H	73%
P/C	24%
Corporate and other	3%
Asset Management	0%



Unrealized gains/losses (EUR bn)

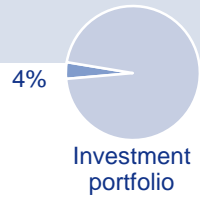
Gross unrealized gains/losses
Net unrealized gains/losses ³



1) Based on carrying value, 3rd party use only

2) Market value of real estate assets including EUR 26.2bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 15.3bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments). Including minorities on directly held real estate assets (EUR 0.5bn). 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, policyholders and before shadow DAC.

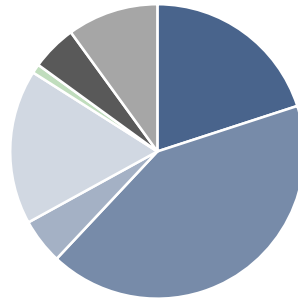


Fixed income portfolio: ABS

By type of issuer

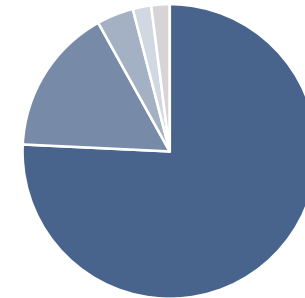
US Agency	20%
CMBS	42%
RMBS	5%
CMO/CDO	17%
Credit Card	1%
Auto	5%
Other	10%

Total
EUR 24.1bn



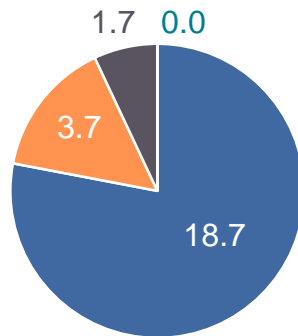
By rating

AAA	75%
AA	16%
A	4%
BBB	2%
Non-investment grade	2%
Not rated	0%



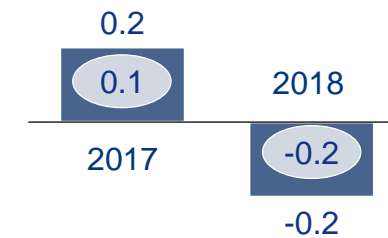
By segment (EUR bn)

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 ¹



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

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.



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 (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 charges, 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.
Reinsurance	Insurance companies transfer parts of the insurance risk they have assumed to reinsurance companies.



Glossary (7)

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> <p>For the computation of the Renewal Agenda 1.0 KPI "share of L/H OEs with RoE \geq 10%", the ratio is rounded to one decimal place in order to determine whether the OE reaches the threshold.</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)

Share of newly launched digital products	Newly launched digital products are conveniently available via digital means at key steps of the customer journey for end-customer or intermediary. A product will be considered digital once four digital features comprising a large part of the customer experience (quote, purchase, policy administration and claims) are implemented. In scope is retail as well as small and medium-sized entities, all channels, for Property-Casualty, Life and Health. The share of products is weighted by revenues.
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 gross premiums written, 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

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