

Report of the CEO

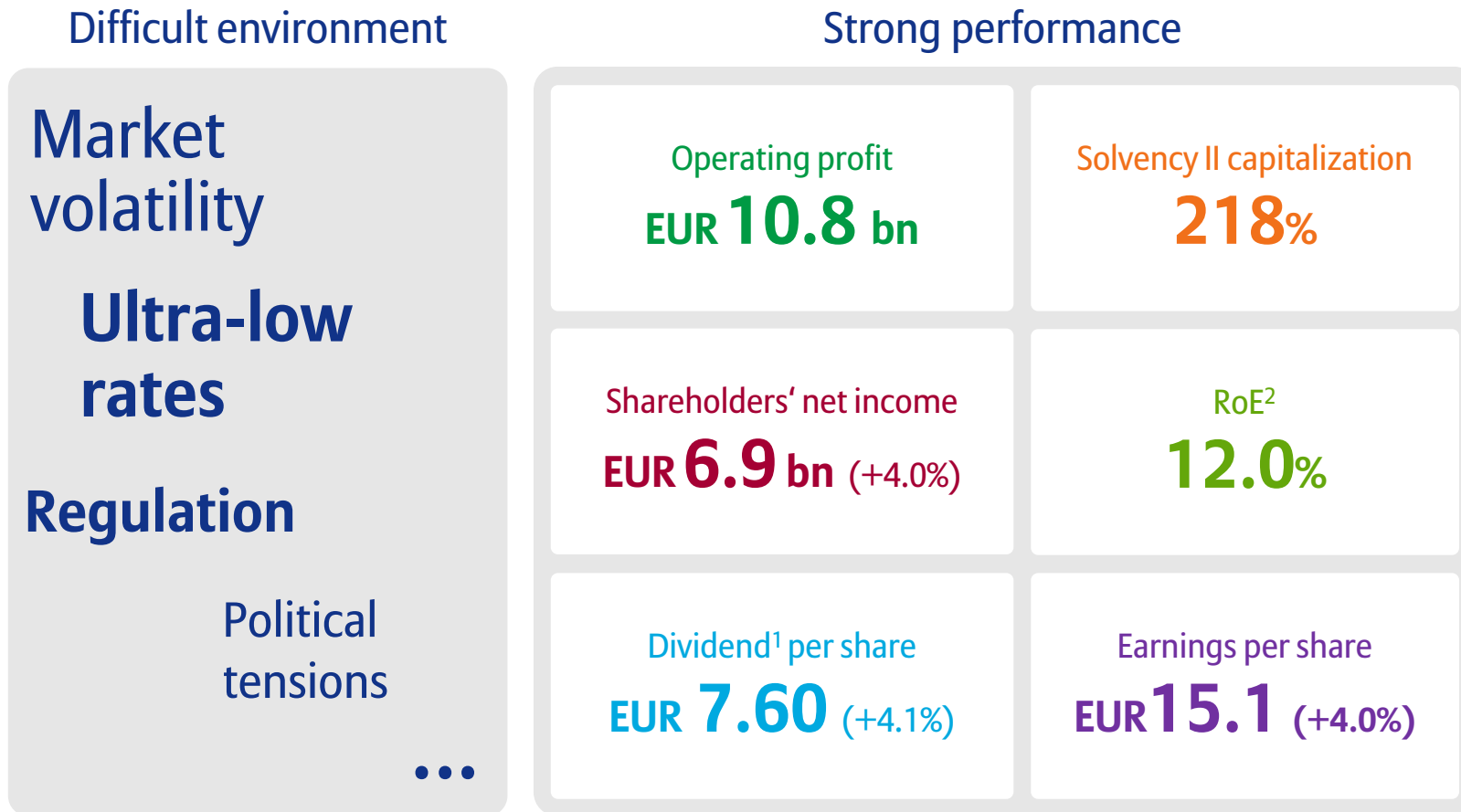
Oliver Bäte
Munich, May 3, 2017



Key messages 2016

- **Strong in core business:** Allianz delivered a strong performance in 2016 despite the difficult environment
- **Engaged in change:** implementation of Renewal Agenda accelerates
- **Attractive for shareholders:** total return in 2016 was significantly above peers. In addition, we reduce excess capital and would like to increase the dividend to EUR 7.60 per share
- **Significant contributions to all stakeholder groups:** in 2016, EUR 138bn of services and provisions were made to the benefit of customers, employees, sales, tax authorities and shareholders.

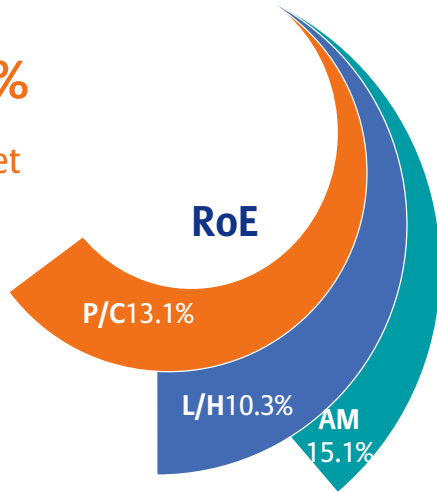
Strong performance of Allianz in a difficult environment



1) Proposal
2) Excluding unrealized gains/losses on bonds, net of shadow accounting

All segments contribute to a successful year

- Solid internal growth of **3.1%**
- **CoR 94.3%** close to target
- New management team in LatAm: improvement of **OP by EUR 79mn**

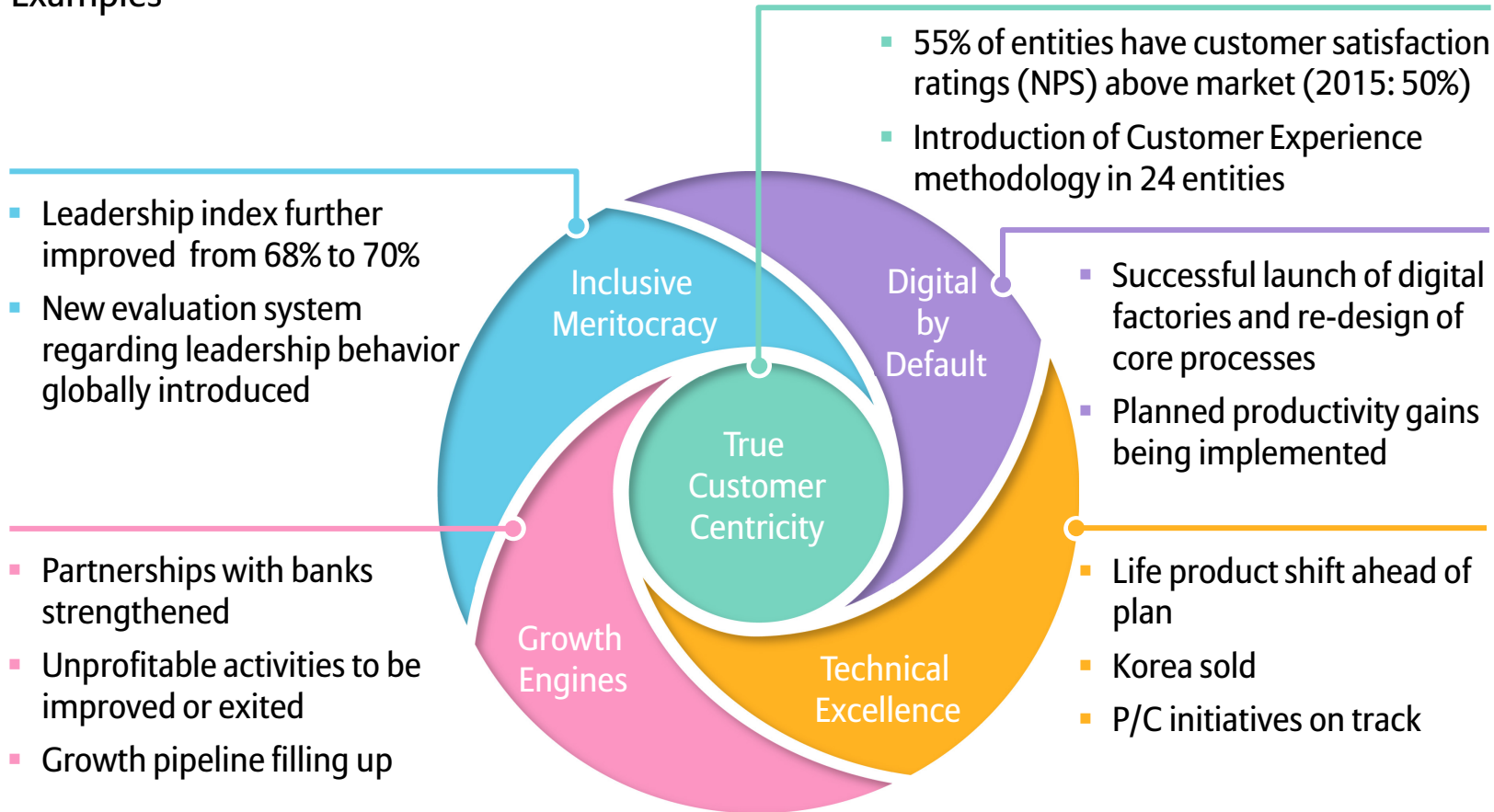


- PIMCO with **new top team** and strong investment performance
- PIMCO positive **net flows of EUR +11bn** in 2H
- AllianzGI **OP EUR 543mn** at all-time high

- **New business margin** up to 2.7% despite lower rates
- Disposal of **Korea** strongly benefits SII capitalization (+9%-p.) and profitability 2017ff
- Operating profit of **EUR 4.1bn** at record level

Implementation of Renewal Agenda accelerates

Examples

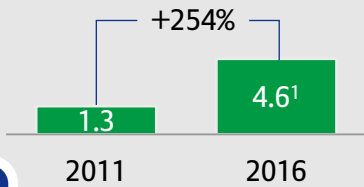


Sustainability continues to be important

Achievements and...

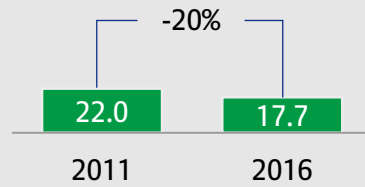
Environment

Renewable energy investments [EUR bn]



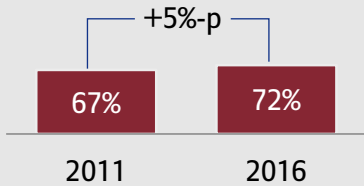
Environment

Energy consumption [GJ per employee]



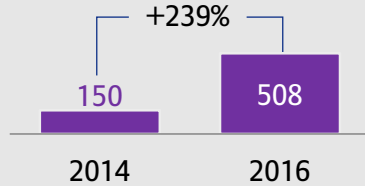
Social

Employee Engagement Index



Governance

Transactions with ESG assessment



... examples of acknowledgments

Gold Class

ROBECOSAM Sustainability Award Gold Class 2017

MEMBER OF Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

Top 3% (Sektor)

FTSE4Good

AAA Rating

MSCI

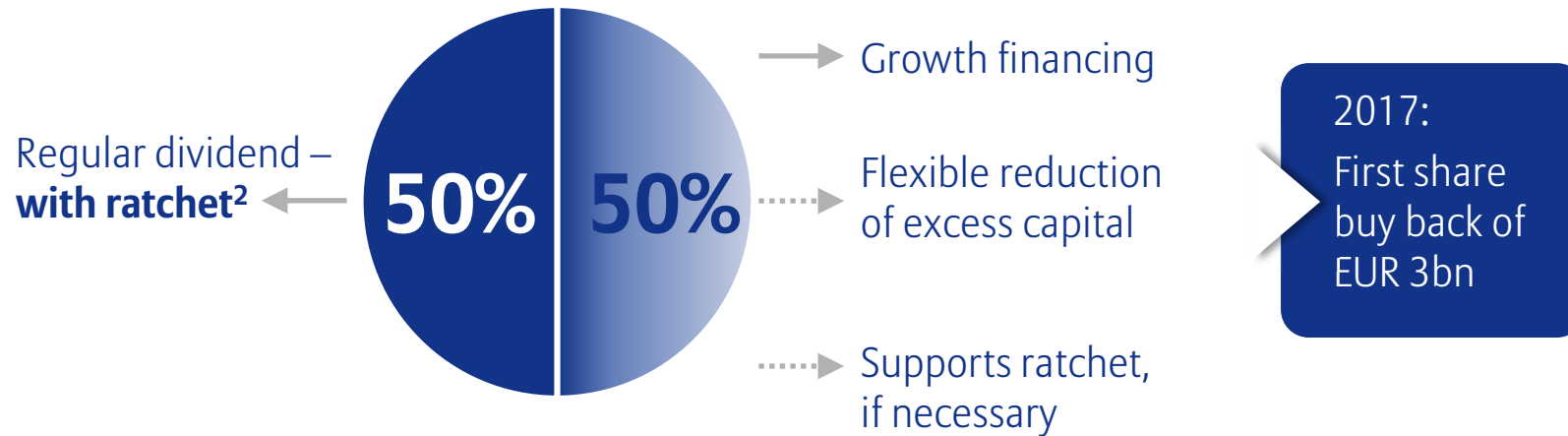
1) Thereof EUR 3.5bn equity and EUR 1.1bn debt investments

All value levers further strengthened in 2016

	Elements	Highlights 2016
<p>Upside potential</p>	<p>5% EPS growth</p>	<p>4% organic EPS growth, despite special challenges</p> <p>Digital investments help drive NPS (NPS +5%-p)</p> <p>> EUR 100bn alternative assets</p>
	<p>Renewal Agenda</p>	
	<p>Scale benefits</p>	
<p>Attractive dividend policy</p>	<p>50% payout with ratchet</p>	<p>Proposed dividend per share EUR 7.60 (+4.1%)</p> <p>EUR 3bn share buy back despite stricter capital requirements</p>
	<p>Capital discipline</p>	
<p>Downside protection</p>	<p>Excellent capital position</p>	<p>Solvency II capitalization 218%, partially due to sale of Korea</p> <p>Resilient earnings, across all segments</p> <p>94% of fixed income investments with investment grade rating</p>
	<p>Diversification</p>	
	<p>High quality debt portfolio</p>	

Attractive dividend policy¹

Allocation of shareholders' net income

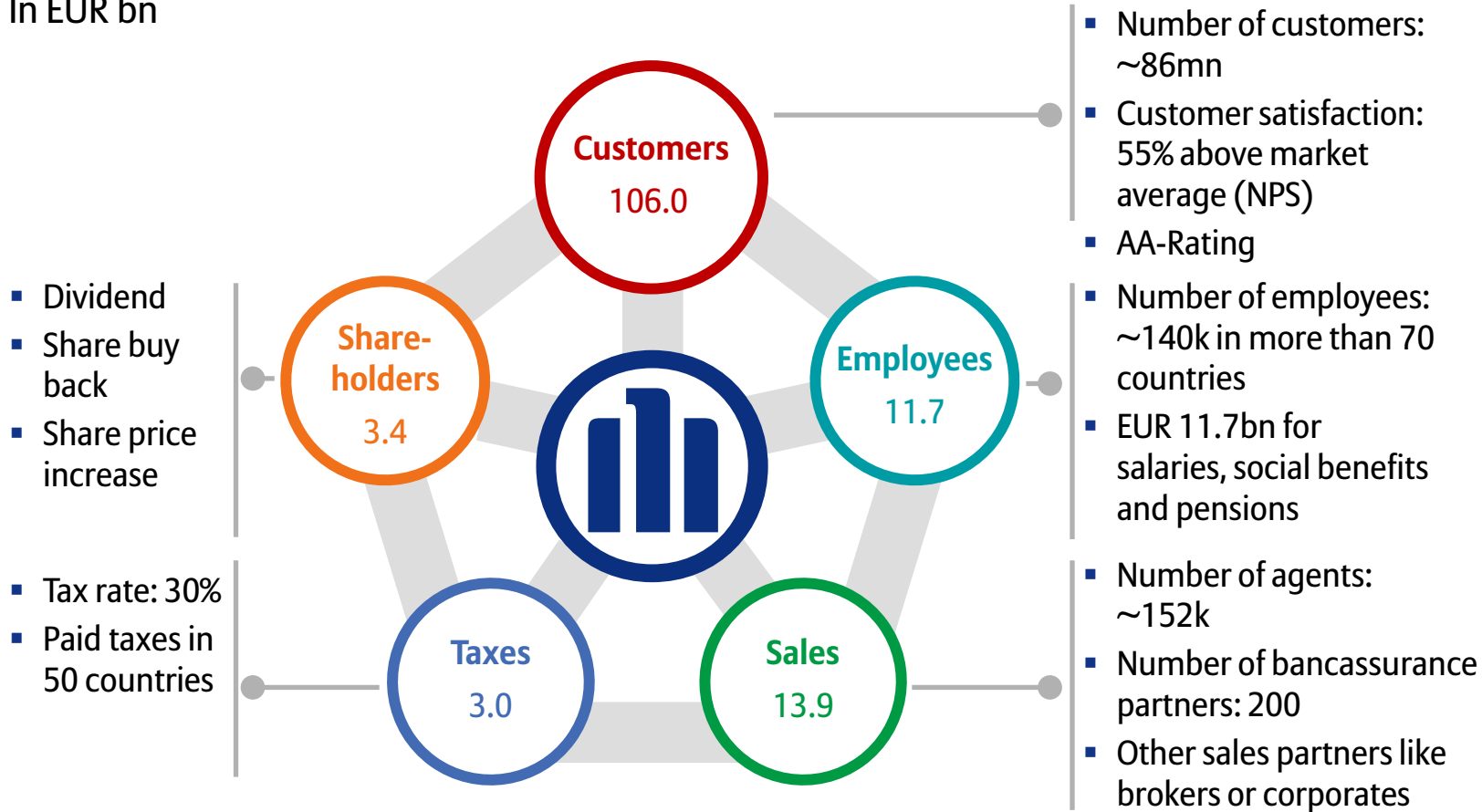


1) This dividend policy may be revised in the future. Dividend payments are subject to the proposals by the Board of Management and Supervisory Board. The entire dividend policy is subject to a sustainable SII ratio of > 160%

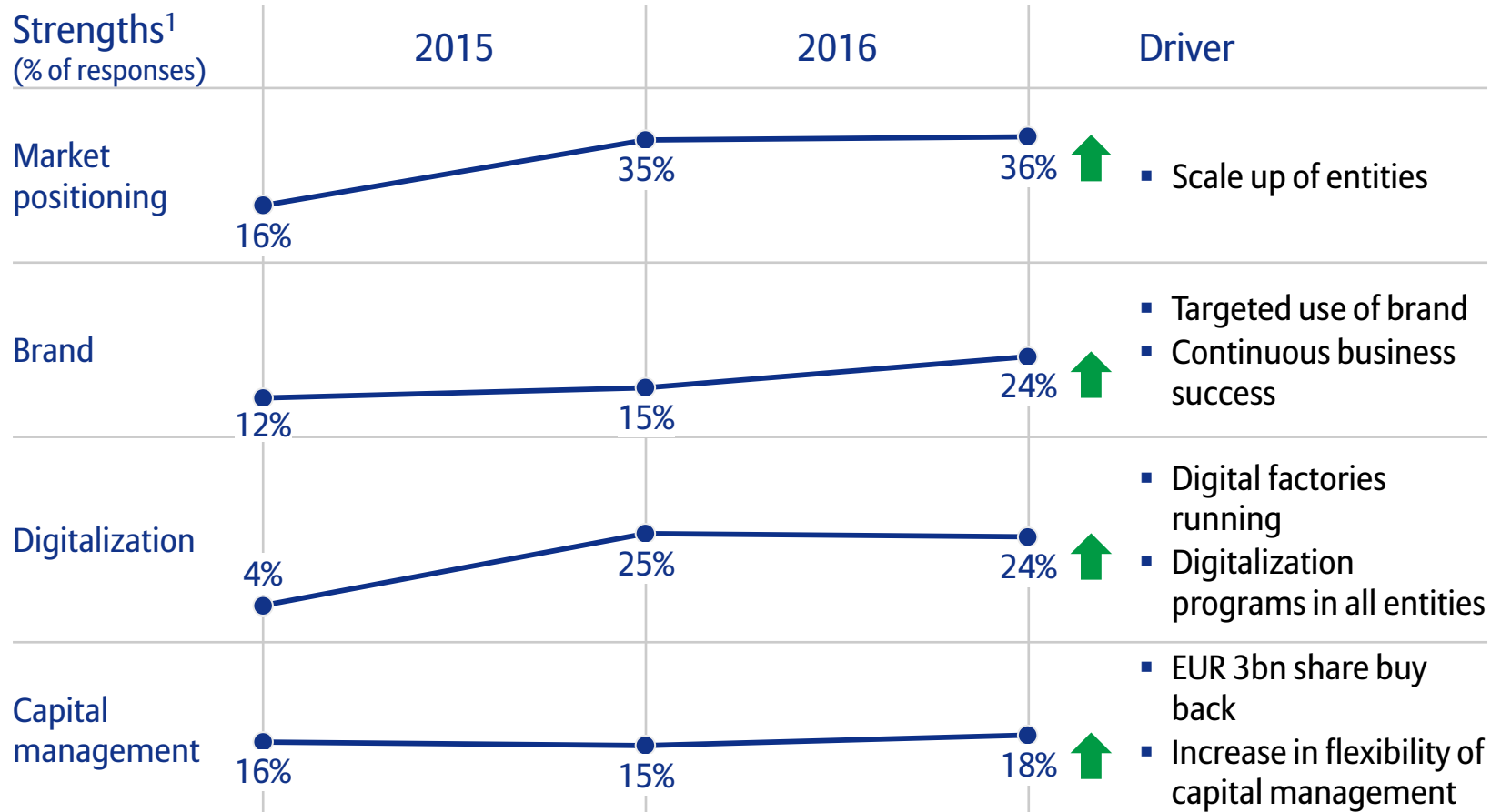
2) Absolute dividend per share at least at previous year's level intended

Successful Allianz contributes to all stakeholders

In EUR bn

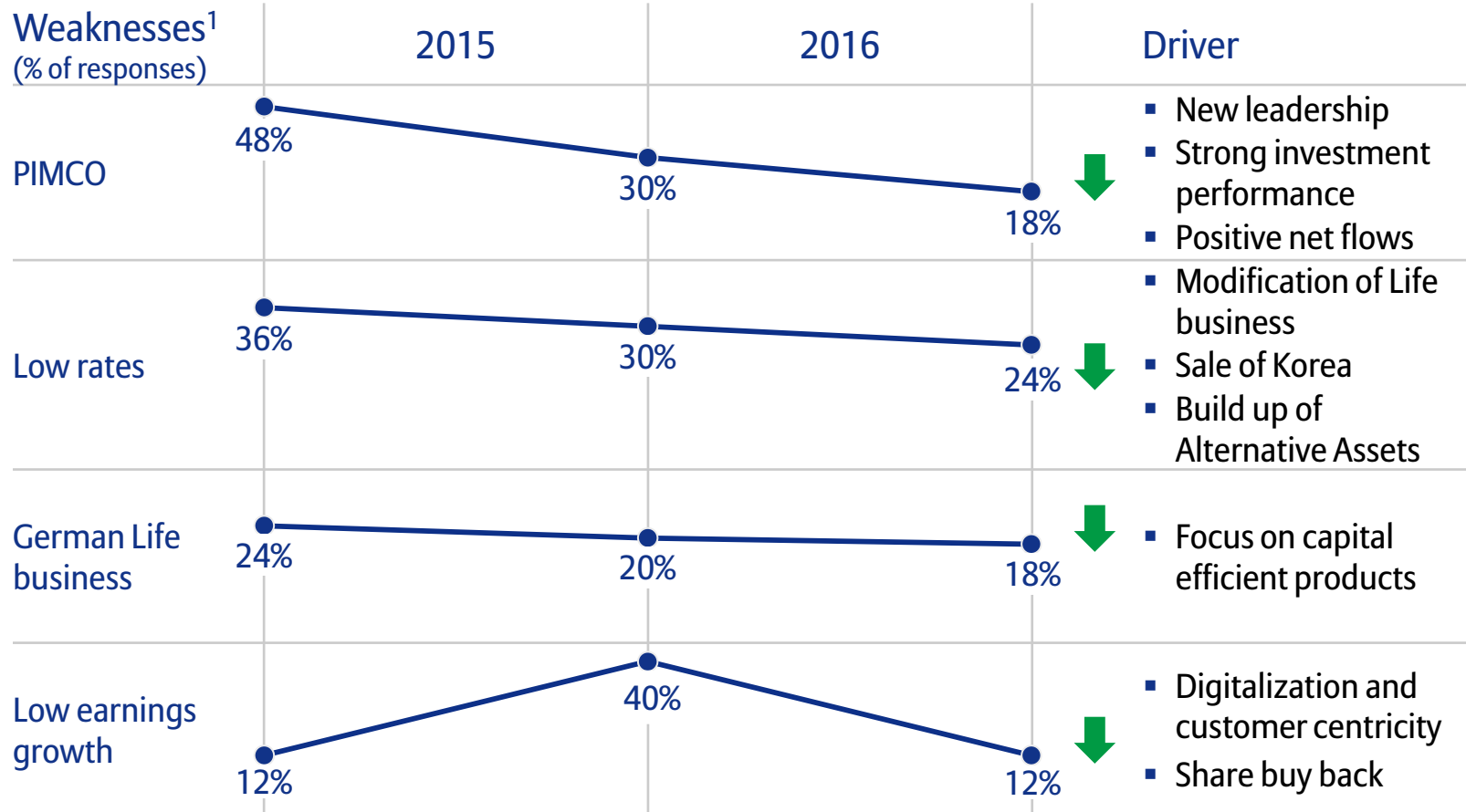


Investors' view: perceived strengths further improved ...



1) Strengths, perceived by analysts and investors, in % of responses
 Source: Allianz Perception Studies 2014, 2015 and 2016, unprompted responses

... and weaknesses clearly reduced



1) Weaknesses, perceived by analysts and investors, in % of responses
 Source: Allianz Perception Studies 2014, 2015 and 2016, unprompted responses

Total return significantly better than index



1) Total return incl. dividend, January 1, 2012 – April 25, 2017; Source: Datastream

Operating profit: EUR 10.8bn +/- EUR 500mn; outlook confirmed

Operating profit¹ in EUR bn

	P/C	L/H	AM	Corporate/ Consolidation	Group	
High	5.6	4.3	2.6	-0.7	11.3	
Midpoint	5.3	4.0	2.3	-0.8	10.8	1Q/2017: Operating profit of EUR 2.9bn
Low	5.0	3.7	2.0	-0.9	10.3	

1) 2016 figures have been restated due to accounting policy changes. Based on this, the operating profit 2016 amounts to EUR 11bn.

Environment continues to be challenging

Challenges (examples)

Low rates/
market volatility

Increasing
regulation

FinTechs/
new
competitors

Politics
USA

Solvency II

Growing
populism

Free trade
in danger

Instability in
the Middle East

Digitali-
zation

Brexit

Quo Vadis,
EU

Mass
immigration

We prepare our employees for the change

Examples

- ▶ Investments in training of our employees: **EUR 93mn** (+9.1% compared to 2015)
- ▶ **Focus areas:** IT, digitalization, customer centricity, new leadership skills
- ▶ Identification of the consequences of **digitalization** and ensuring that people are **qualified**



THANK YOU for both the **strong performance in the core business** and the **contribution to change**



Disclaimer

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

Forward-looking statements

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

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

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

No duty to update

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