AGCS Quarterly Results Briefing

Q4/12M 2016

February 17, 2017

Allianz Global Corporate & Specialty

12M 2016 Results Update

Briefing – February 2017

This document summarises the financial results for the full year 2016 ('12M 2016') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on February 17, 2017.

1. Allianz Group Results 12M 2016

In 2016, Allianz SE delivered the fifth consecutive increase in annual operating results. "Allianz had a great year in 2016, with efforts invested in our Renewal Agenda starting to bear fruit. All segments delivered well (…) and our robust capital base puts us in a position of strength," Oliver Bäte, Chief Executive Officer of Allianz SE, said.

Operating profit in 2016 rose 0.9 % to €10.8 billion year-on-year (12M 2015: €10.7 billion), with *total revenues* amounting to €122.4 billion (12M 2015: €125.2 billion). *Net income attributable* to shareholders grew 4.0 % to €6.9 billion (12M 2015: €6.6 billion). The *Group Solvency II ratio* rose to 218% at the end of 2016 compared to 200% on December 31,2015.

In the *Property and Casualty* insurance segment, *gross premiums written* held steady at €51.5 billion (12M 2015: €51.6 billion) for the full year. *Operating profit* for 2016 eased 4.2 % to €5.4 billion (12M 2015: €5.6 billion) year-on-year due to lower investment income. The *combined ratio* improved to 94.3 % (12M 2015: 94.6 %) in 2016.

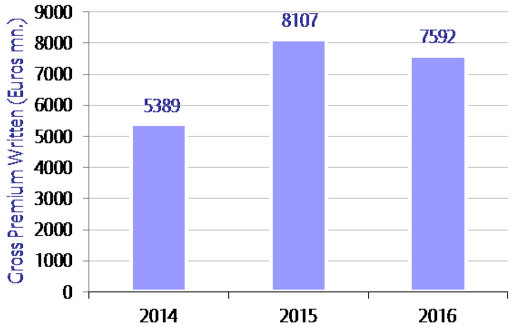
In *Life and Health* insurance, *operating profit* for the full year increased by 9.3% to €4.1 billion (12M 2015: €3.8 billion), driven by a higher investment margin. The targeted shift toward capital-efficient products was reflected in the rise of the *new business margin* to 2.7% (12M 2015: 2.2%).

In *Asset Management*, *third-party assets under management* increased by €85 billion in 2016 to €1.4 trillion, mostly due to positive market effects. *Operating profit* decreased 4.0 percent to €2.2 billion in 2016 (12M 2015: €2.3 billion), as a decline in revenues could only partially be compensated by a reduction of operating expenses.

2. AGCS[1] Results 12M 2016

In a challenging market environment, AGCS delivered a solid business performance in 2016, generating *gross premiums written* of €7.592 billion (12M 2015: €8.107 billion), which is €515 million lower than prior year. This revenue decline is largely driven by the exceptional effect of the sale of Personal Lines business of Fireman's Fund Insurance Company (FFIC) in 2015, but also the current competitive market environment with ongoing pressure on rates across various Lines of Business.

AGCS Gross Premiums Written 12M 2014-16[2]



The *combined ratio* for 12M 2016 was 101.6% (12M 2015: 102.9%), which is 1.4 percentage points better year-on-year. While overall claims activity in 2016 was more favorable than in 2015, the combined ratio still reflects major claims such as hail storms in North America and the Canadian wildfires as well as a number of large industry losses in Europe and South America.

Operating profit reached €376 million 2016 (12M 2015: €423 million) which is 11% lower year-on-year. In 2015, operating profit had benefitted from the gain on sale of the FFIC Personal Lines book. This extraordinary effect could not be offset by an improved underwriting result in 2016.

Further information

Full details of Allianz Group results for 12M 2016, including the analysts' presentation, are available at Allianz Group's Investor Relations web pages.

[1] Specifically, Allianz Global Corporate & Specialty SE, Allianz Risk Transfer Group, Allianz Global Corporate & Specialty North America (legal names Allianz Global Risks US Insurance Company, Allianz Underwriting Insurance and AGCS Marine Insurance Company), Fireman's Fund Insurance Company and subsidiaries, AGCS Japan (legal name Allianz Fire and Marine Insurance Japan Ltd.), AGCS Re Brazil (legal name Allianz Global Corporate & Specialty Resseguros Brasil S.A.) and Allianz Global Corporate & Specialty South Africa Ltd..

[2] Including Fireman's Fund business since 2015.

Solvency Ratios

AGCS shows solid local solvency ratios as of Q4 2016, which are listed below for the primary operating companies.

AGCS SE	212%
AGCS NA*	344%
ART AG	143%

*Still as a of year-end 2015, but year-end ratio 2016 to be expected similar.

**S&P rating for ART AG, ART Bermuda and ART N.V.; A.M. Best rating for ART AG and ART Bermuda.

AGCS Ratings (showing date rating published)

AGCS Company	Standard & Poor's	A. M. Best
AGCS SE	AA (May 16)	A+ (Aug 16)
AGCS NA	AA (May 16)	A+ (Aug 16)
FFIC	AA (May 16)	A+ (Aug 16)
ART**	AA- (May 16)	A+ (Aug 16)
AGCS Japan	AA (May 16)	(N/A)
AGCS Re Brazil	Rating withdrawn (March 2016)	A (Jan 2017)
AGCS South Africa	BBB global; zaAAA local (Dec 16)	(N/A)

In December 2016 Standard & Poor's (S&P) lowered the long-term local currency rating on the Republic of South Africa from BBB+ to BBB. As the global scale rating is capped by the sovereign rating, S&P also lowered the financial strength ratings on *AGCS South Africa* from BBB+ to BBB. S&P affirmed the South African national scale rating of zaAAA on AGCS SA.

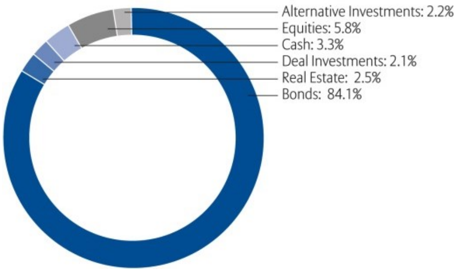
In January 2017 A. M. Best affirmed the financial strength rating of A for *AGCS Re Brasil* acknowledging "the benefits AGCS RE Brazil derives from its integration into AGCS Group (...) and the affiliation of AGCS Group within Allianz SE" as well as "AGCS RE Brazil's adequate risk-adjusted capitalization, diversified book of business and solid business plan".

Asset Allocation & Investments

In Q4 2016 the *market value* of our total invested assets, excluding strategic participations, decreased to €14.5 billion (Q3 2016: €15.6 billion). This decrease of approx. €1.1 billion assets is driven by €1.2 billion sales in the fixed income portfolio of AGCS SE to fund the purchase of 92% of the value of Allianz Global Risks US, the US operating company of AGCS, from Allianz of America, and making it a subsidiary of AGCS International Holding B.V., an intermediate holding company of AGCS SE. In addition, AGCS SE realized gains on ART AG by moving 60% of its shares under AGCS International Holding B.V., too. This new corporate structure allows AGCS SE to benefit from a more efficient consolidated capital base. As a result AGCS released excess capital of €1.6 billion that will finally be transferred back to its shareholder Allianz SE.

A further €0.3 billion decrease of the asset base is driven by a reduction of the value of the fixed income portfolio due to yield increases. The decrease of the portfolio has been offset by several effects incl. €0.5 billion from depreciation of the Euro against other currencies. In the current low yield environment, AGCS continues to focus its *investment strategy* on portfolio diversification across high quality liquid assets, and on yield enhancing measures within well-defined risk limits. Total assets continue to be primarily invested in interest-bearing securities (bonds). The *cash quota* decreased from 4.5% in Q3 2016 to 3.3%.

AGCS Asset Allocation 12M 2016



Changes in North American Leadership team

As announced in January 2017, *Vinko Markovina* (pictured left) assumed the role of Global Head of MidCorporate as well as Regional Head of Corporate Underwriting of AGCS North America. He succeeded *Hugh Burgess* who has left AGCS. *Henning Haagen* (right) took on Mr. Markovina's previous role of Northeast Zone Executive for North America in addition to his current role as Global Head of Aviation.

New Regional CEO in South Africa

As announced in February 2017, *Thusang Mahlangu* (pictured right) has succeeded *Delphine Traoré Maïdou* (left) as CEO of AGCS Africa effective February 1, 2017 subject to regulatory approval. He is also responsible for Market Management. Ms. Maïdou remains on the AGCS Africa Board as a non-executive director and extends her role within Allianz SE's Africa business.

Contact Us

For further information please contact your local AGCS manager or Hugo Kidston, AGCS Global Head of Communications, +44.203451.3891

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Results for first quarter 2017 for Allianz Group and Allianz Global Corporate & Specialty will be available on May 5, 2017. For further details please see Allianz Group's Investor Relations website pages.