

2Q 2020

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Analyst conference call
August 5, 2020





CONTENT

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**GROUP FINANCIAL RESULTS
2Q 2020**

2

**GLOSSARY
DISCLAIMER**



Group: resilient performance in 6M 2020

 COVID-19 impact

Group	Property-Casualty	Life/Health	Asset Management
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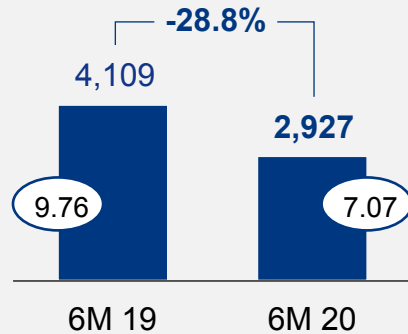
Total revenues 6M 20 in EUR bn (internal growth vs. prior year in %)

73.5 (-1.5%)	33.8 (+0.3%)	36.4 (-3.4%)	3.5 (+3.0%)
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Operating profit 6M 20 in EUR mn (vs. prior year in %)

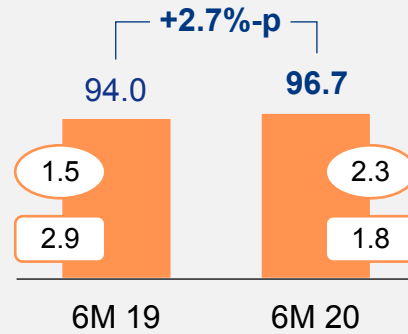
4,869 (-20.5%) -1.2bn	2,175 (-23.4%) -0.8bn	1,810 (-22.2%) -0.4bn	1,319 (+5.4%)
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Shareholders' net income
(in EUR mn)



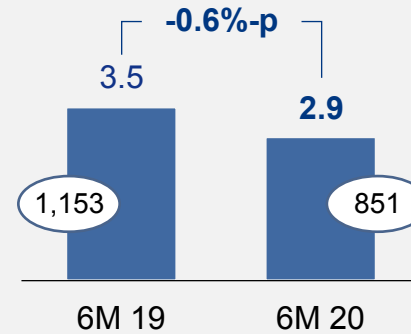
○ EPS (in EUR)

Combined ratio
(in %)



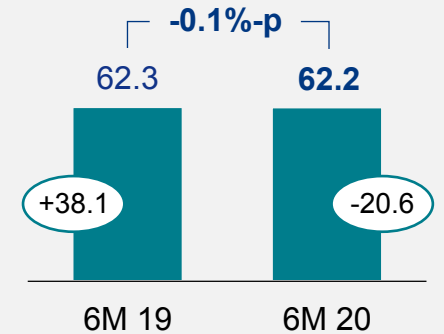
○ NatCat impact¹
□ Run-off ratio

New business margin
(in %)



○ VNB (EUR mn)

Cost-income ratio
(in %)



○ 3rd party net flows (EUR bn)

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



Group: resilient performance in 6M 2020



Comments

- **Stable revenues**

In P/C internal growth slows down to +0.3%. L/H segment was most impacted by social distancing – resulting in an internal growth of -3.4%. Volume-driven internal growth in AM (+3.0%). Positive impacts from F/X (+0.1%) and consolidation (+1.4%) lead to stable revenues (+0.0%).

- **COVID-19 impact on OP estimated at EUR -1.2bn**

P/C OP impacted by COVID-19 and lower investment result. Decline of operating profit L/H largely due to COVID-19 and a favorable prior-year DAC movement. Good operating profit growth in AM.

- **No new 2020 OP target due to COVID-19-related continuing uncertainty**

- **EUR 750mn share buy-back executed**

4.9mn shares acquired representing 1.2% of outstanding capital. The second EUR 750mn tranche of our ongoing share buy-back program was suspended.

- **P/C – COVID-19 main OP driver**

OP declines mainly due to a lower underwriting result (Δ EUR -0.6bn) driven by COVID-19 related effects (EUR -0.8bn).

The ‘Other’ result (Δ EUR +0.1bn) benefits from the gain on the sale of an own-used property in 1Q 2020.

- **L/H – OP impacted by capital market turbulences**

Better technical margin is more than offset by lower investment margin and higher amortization of DAC including a favorable prior-year DAC true-up. Impact from COVID-19 estimated at EUR -0.4bn. NBM strong at 2.9%. New business volume down 10% and VNB declines by 26%.

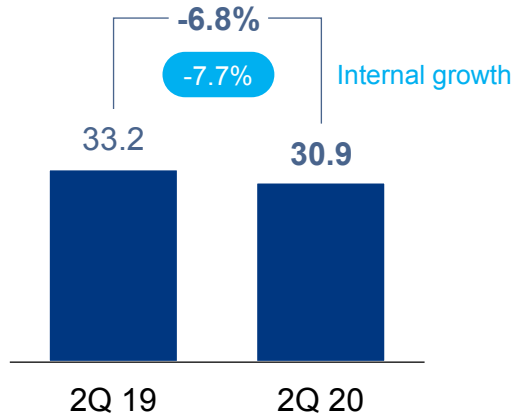
- **AM – volume growth drives OP**

Higher average 3rd party AuM drive increase in OP. 3rd party net outflows due to COVID-19 pandemic in 1Q 2020 mitigated by strong net inflows in 2Q 2020, overall resulting in EUR 21bn 3rd party net outflows in 6M 2020.

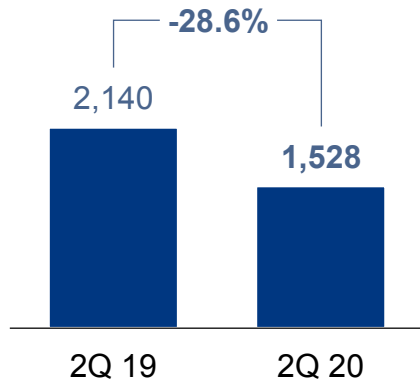


Group: 2Q operating profit solid at EUR 2.6bn

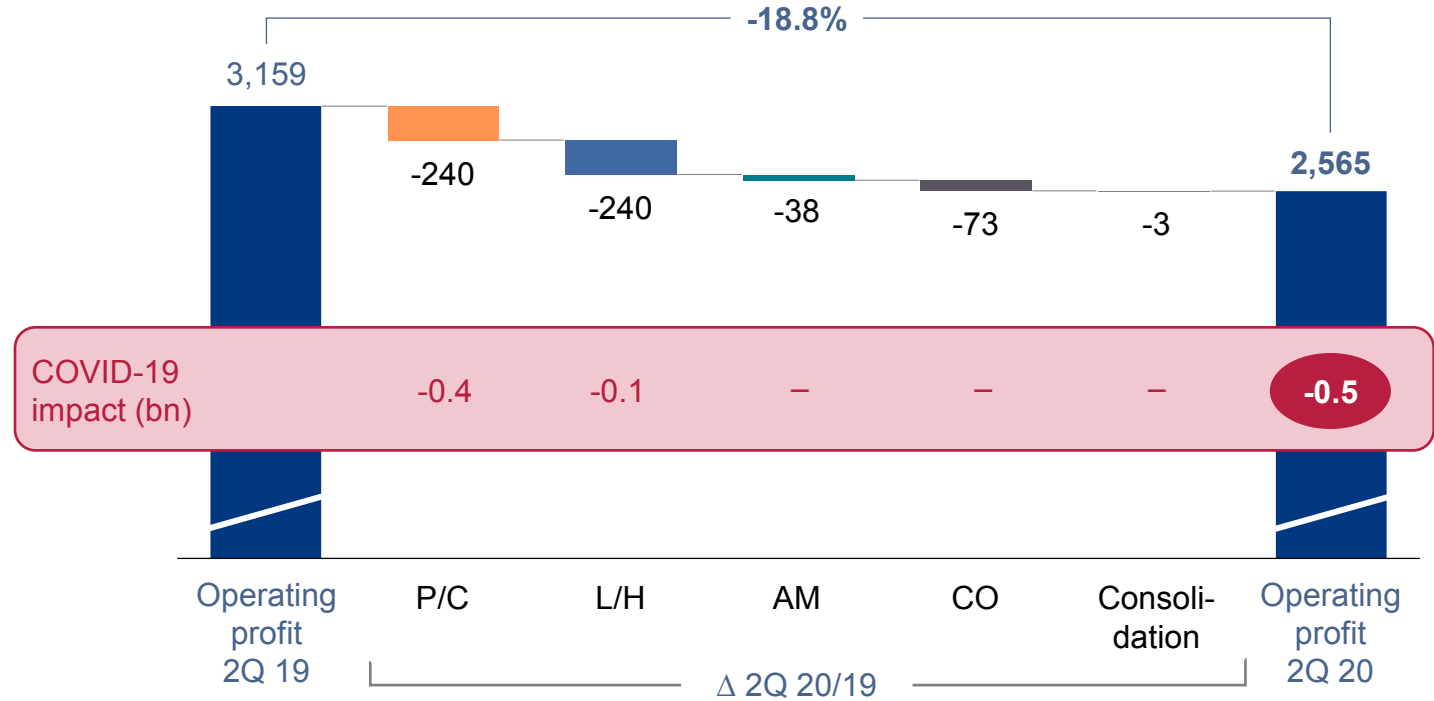
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



	2Q 20	2Q 19
P/C	1,143	1,383
L/H	991	1,231
AM	640	678
CO	-204	-131
Consolidation	-5	-2



Group: 2Q operating profit solid at EUR 2.6bn



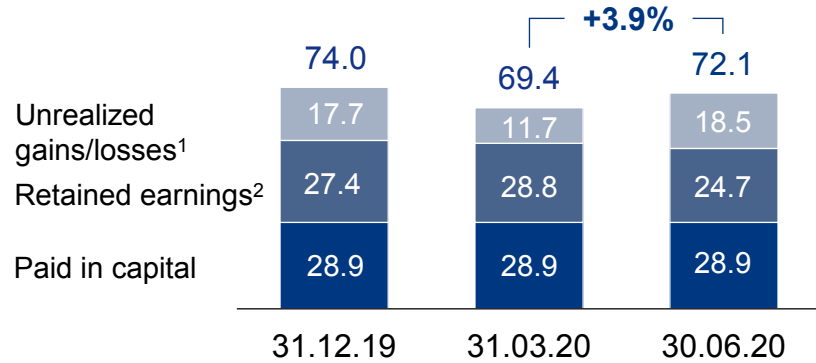
Comments

- **Revenues impacted by social distancing**
P/C internal growth was -1.6%. L/H segment was most impacted by social distancing – resulting in an internal growth of -12.6%. In AM, change in business mix and lower performance fees resulted in -3.1% internal growth. Impacts from F/X (-0.4%) and consolidation (+1.2%) lead to decrease of 6.8% in revenues.
- **COVID-19 impact on OP estimated at EUR -0.5bn**
Decline of operating profit in P/C largely due to COVID-19 and lower investment result. Good underlying development in L/H with lower impact from COVID-19 compared to 1Q 2020. Operating profit in AM down by 6% mainly driven by lower performance fees.
- **Shareholders' net income down by EUR 0.6bn**
Drivers are operating profit (Δ EUR -0.6bn) and non-operating result (Δ EUR -0.1bn).
- **P/C – COVID-19 as main result driver**
Operating profit declines mainly due to a lower underwriting result (Δ EUR -0.15bn) driven by COVID-19-related effects, partly offset by lower NatCat losses. Lower current income reduces the investment result.
- **L/H – OP at good level**
Decline due to favorable prior-year DAC movement, higher hedging expenses in U.S. traditional VA business and termination of Allianz Popular. Impact from COVID-19 estimated at EUR -0.1bn. NBM strong at 3.1%. New business volume down 24%, VNB declines by 34%.
- **AM – lower performance fees**
EUR 26bn 3rd party net inflows. OP decreases 6% with lower performance fees as the largest single driver.
- **CO – lower dividends**
Higher operating loss mainly due to lower dividends.

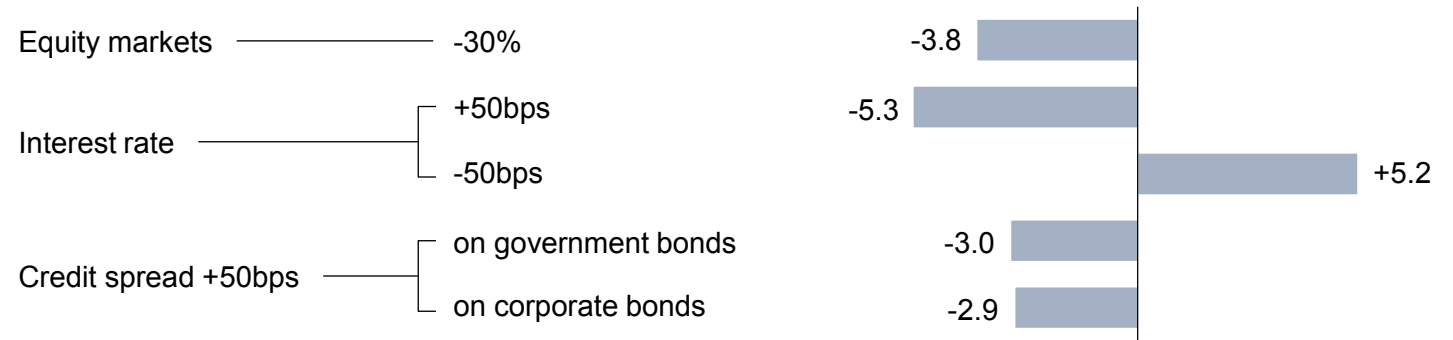


Group: SII ratio remains at a good level

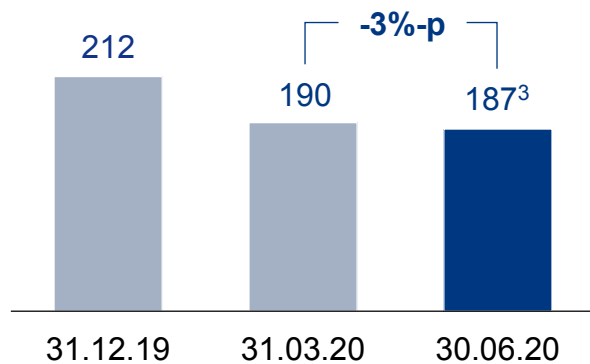
Shareholders' equity (EUR bn)



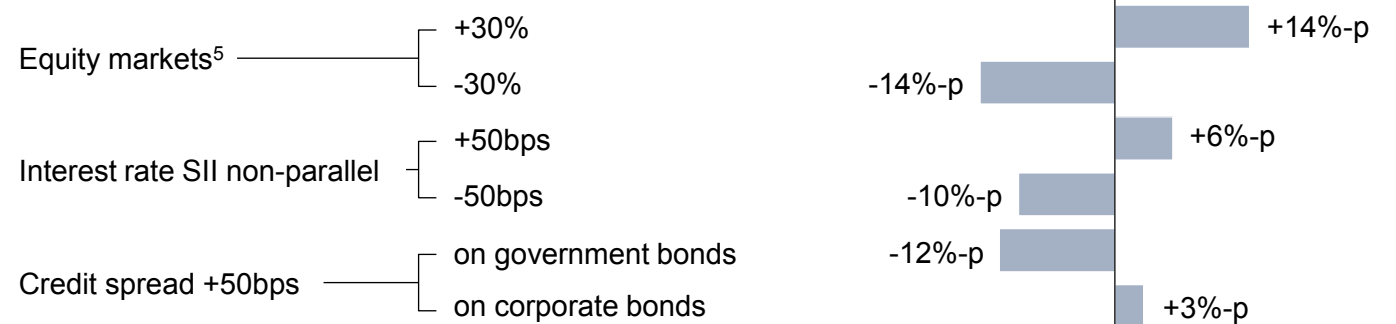
Key sensitivities (EUR bn)



SII capitalization (in %)



Key sensitivities⁴



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 4.5bn as of 31.12.19, EUR 4.6bn as of 31.03.20 and EUR 4.6bn as of 30.06.20
 2) Including F/X

3) Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 217%
 4) Management actions not considered in the disclosed sensitivities
 5) If stress applied to traded equities only, sensitivities would be +7%-p/-6%-p for a +/-30% stress



Group: SII ratio remains at a good level



Comments

- **Shareholders' equity – EUR 2.7bn increase**

In 2Q 2020, shareholders' equity increases by EUR 2.7bn. The main drivers are higher net unrealized gains (Δ EUR +6.8bn) and net income (EUR 1.5bn) partly offset by our dividend payment (EUR -4.0bn), the decrease in discount rate for defined benefit obligations / plans (Δ EUR -1.0bn) and the 2Q share of our share buy-back (EUR -0.4bn).

- **SII sensitivities**

The sensitivities are broadly unchanged to 1Q 2020. In a combined stress scenario, we estimate an additional impact due to cross effects of \sim -7%-p compared to the sum of the individual sensitivities.

- **SII ratio – at a good level**

In 2Q 2020, our SII ratio declines versus 1Q 2020 driven by an increase in SCR. At 187%, the SII ratio remains at a good level.

Main drivers: negative market effects (-10%-p pre-tax, -9%-p after tax) were only partly offset by positive impact from organic capital generation (+5%-p, \sim +1.5%-p after tax and dividend).

- **Transitionals**

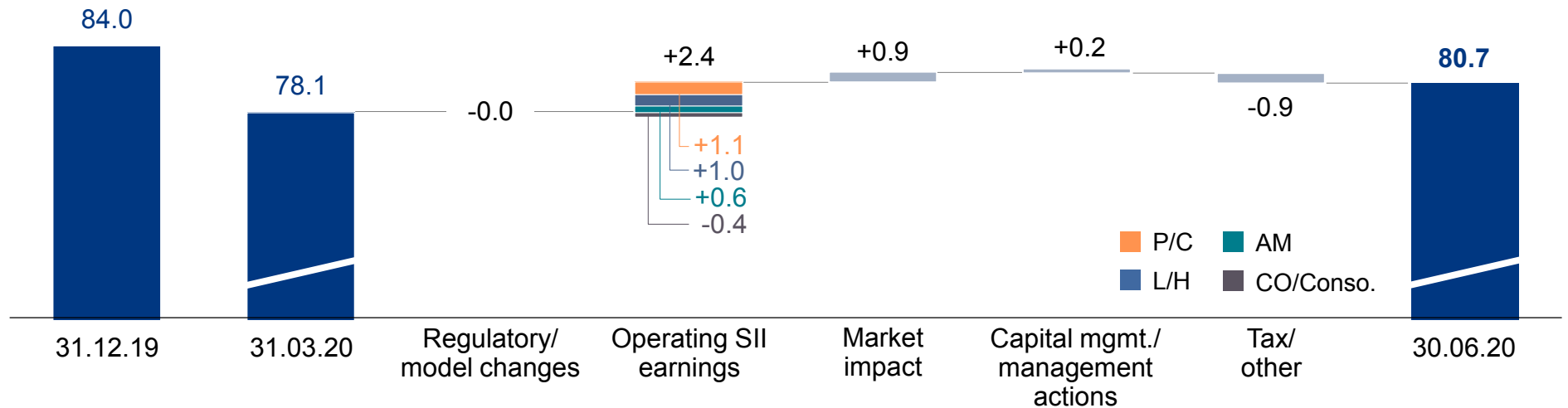
Allianz has been granted the application of transitionals on technical provisions for Allianz Lebensversicherung and for Allianz Private Krankenversicherung.

The Group SII ratio stands at 217% as per 2Q 2020 including transitionals. Our general capital steering will continue to focus on the past approach i.e. excluding the application of transitional measures for technical provisions.



Group: good organic capital generation offset by market impact

Own funds
(EUR bn)

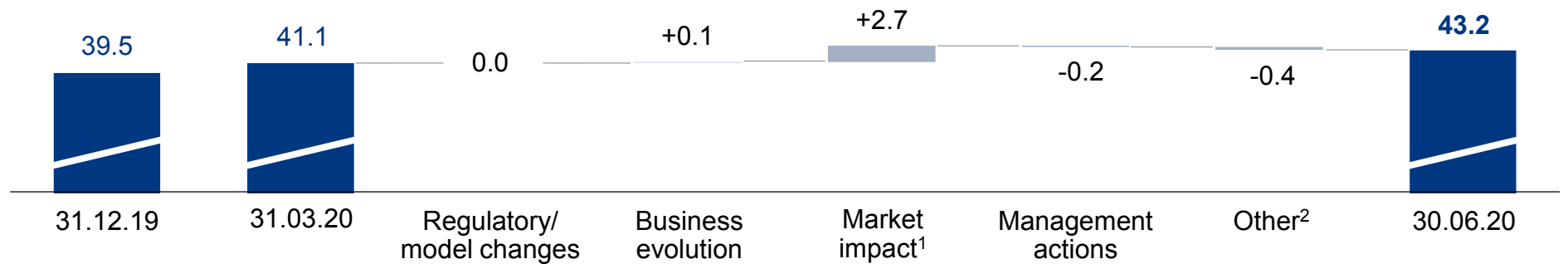


SII capitalization

○ Pre-tax operating capital generation



SCR
(EUR bn)



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



Group: good organic capital generation offset by market impact



Comments

- **SII capital generation**
SII capital generation – net of tax and dividend – amounts to ~+1.5%-p in 2Q 2020. We currently anticipate a capital generation net of tax and dividend of ~8%-p in 2020.
- **Regulatory/model changes**
No significant changes this quarter.
- **Operating SII earnings**
The operating SII earnings are largely in line with the IFRS segments.
- **Business evolution**
Business evolution at same level as in 1Q 2020.
- **Market impact**
Driven by lower risk-free rates, strongly contracting spreads and the associated decrease in VA levels which overcompensated spread movements on investments. This was partly offset by rising equity markets and reduced market volatility.
- **Capital management/management actions**
Main items are the 2Q 2020 dividend accrual (EUR -1.0bn), offset by our Tier 2 bond issuance in May (EUR +1.0bn). Management actions added ~+1%-p (for example asset duration lengthening).
- **Tax/other**
Tax on operating SII earnings amount to EUR -0.6bn.
- **Outlook 3Q 2020**
We currently anticipate the previously announced acquisitions of SulAmérica and ControlExpert to reduce our SII ratio by ~3%-p in 3Q 2020.



P/C: growth impacted by COVID-19 – rate changes accelerate

EUR mn		Revenues			YTD change on renewals	
		2Q 20	Total growth Δ p.y.	Internal growth Δ p.y.	6M 20	Momentum
Total P/C segment		13,469	+0.3%	-1.6%	+4.5%	n.a.
Selected OEs	Germany	2,008	+2.0%	+2.0%	+2.6%	stable
	United Kingdom	1,103	+81.8%	-10.1%	+5.5%	positive
	France	979	-2.3%	-2.3%	+0.7%	stable
	Italy	937	-8.0%	-5.4%	-1.0%	negative
	Australia	859	-8.7%	-4.8%	+2.1%	positive
	CEE	751	-6.3%	-3.7%	n.a.	n.a.
	Spain	533	-7.3%	-7.3%	+2.6%	stable
	Latin America	357	-18.2%	+6.1%	n.a.	n.a.
	Turkey	224	-7.4%	+6.1%	n.a.	n.a.
	Global lines	AGCS	2,516	+25.8%	+25.0%	+20.8%
Allianz Partners		1,088	-27.4%	-27.3%	+0.5%	stable
Euler Hermes		764	-1.8%	-1.8%	+2.7%	positive



P/C: growth impacted by COVID-19 – rate changes accelerate



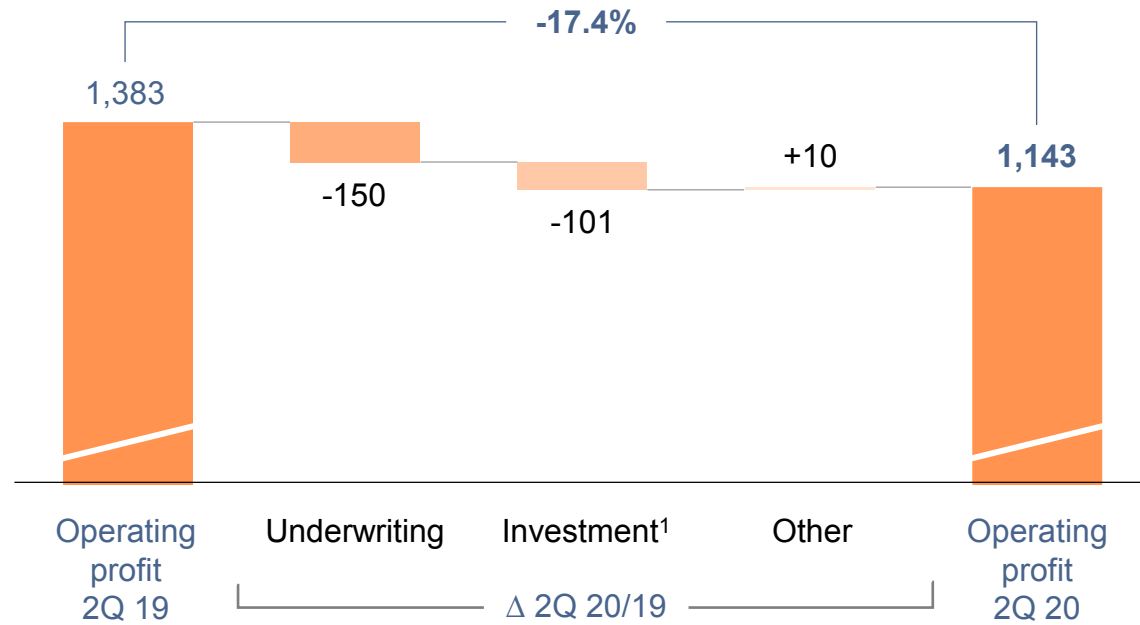
Comments

- Lower volume more than offsets strong price effect**
 Internal growth of -1.6%. A positive price effect was more than offset by COVID-19-driven lower volume, in particular at Allianz Partners (travel) and UK (commercial). Good internal growth at AGCS and in Germany. Consolidations (mainly LV GIG and LGIL; +3.3%) and F/X (-1.4%) lead to +0.3% total growth. Internal NPE growth -3.8%. 6M 2020 rate change on renewals +4.5% (3M 2020: +3.9%). AGCS +20.8% (3M 2020: +16.1%).
- Germany – price-driven growth**
 Retail motor main driver. Commercial business broadly flat.
- UK – lower volume, partly offset by price**
 Exit of selected corporate partnerships and COVID-19-driven lower volumes.
- France – lower volume, only partly offset by price**
 Growth in personal lines more than offset by reduction in commercial.
- Italy – price and volume lower**
 COVID-19 quarantine measures drive decline in MTPL (motor third party liability). MidCorp slightly up.
- Australia – volume-driven decline**
 COVID-19-driven lower volumes in workers' compensation and MTPL business.
- CEE – top-line reduction mainly volume-driven**
 Decline due to COVID-19-related lockdowns.
- Spain – positive price effect more than offset by volume**
 GPW reduction predominantly driven by motor.
- Turkey – positive price effect, partly offset by volume**
 Health and MOD (motor own damage) main growth drivers.
- AGCS – growth almost entirely price-driven**
 ART, financial lines and property as main growth drivers.
- Allianz Partners – growth impacted by COVID-19**
 COVID-19 related top-line decrease especially in travel and assistance business which is only partially offset by growth in other lines.
- Euler Hermes – impacted by economic slowdown**
 Lower policyholder turnover as a result of the economic slowdown drives top-line reduction.



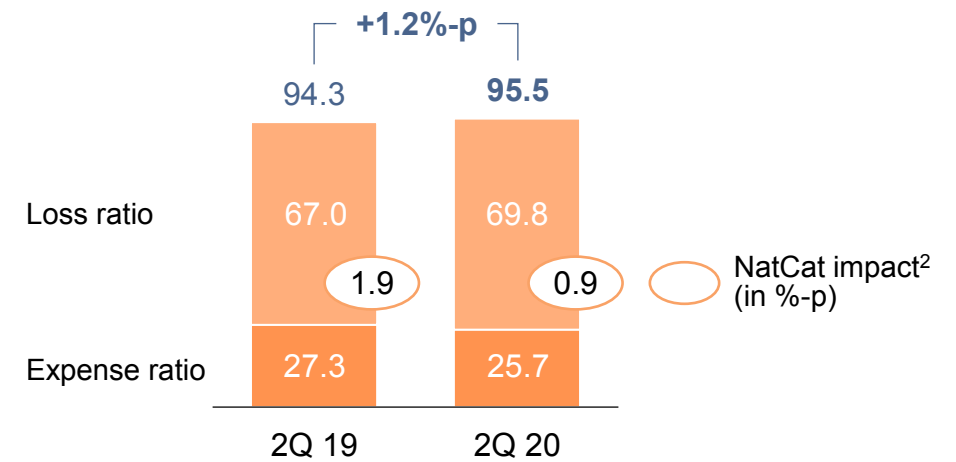
P/C: EUR -0.4bn COVID-19 impact on underwriting result

Operating profit drivers (EUR mn)

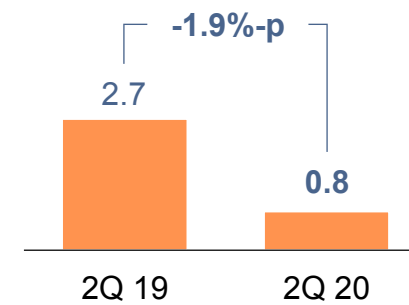


2Q 20	498	642	3
2Q 19	648	743	-8

Combined ratio (in %)



Run-off ratio (in %)



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



P/C: EUR -0.4bn COVID-19 impact on underwriting result



Comments

- Operating profit – materially impacted by COVID-19**
 OP reduces EUR 0.2bn to EUR 1.1bn. The decline is driven by lower underwriting (Δ EUR -0.15bn) and investment result (Δ EUR -0.1bn).
 COVID-19 impacts the underwriting result by EUR ~-0.4bn with business interruption (EUR ~-0.4bn), entertainment (EUR ~-0.25bn) and credit (EUR ~-0.15bn) as main drivers. Our normalized CR stands at <94%.
- Loss ratio – +3.6%-p COVID-19 impact**
 The AY LR increases to 70.6% (Δ +0.9%-p) due to COVID-19 effects (Δ +3.6%-p) and higher large losses, partly offset by lower NatCat. The attritional LR (AY LR ex NatCat) increases by 1.9%-p to 69.6%.
- NatCat & weather – NatCat below previous year**
 NatCat losses of EUR 0.1bn/0.9% are below last year's level of EUR 0.2bn/1.9% and also below 10Y FY average of 2.2%. Weather losses (ex NatCat) of 1.0% are broadly in line with the previous year (0.9%).

- Expense ratio – slightly better on underlying basis**
 Lower share of high-commission business at Allianz Partners and a one-off at Allianz UK more than offset the negative COVID-19-related NPE impact. Adjusted for these effects, the ER stands at ~27%.
- 6M 2020 – COVID-19 OP impact of EUR -0.8bn**

	6M 2019	6M 2020	Δ
Attritional LR	67.8%	69.6%	+1.7%-p
NatCat	1.5%	2.3%	+0.8%-p
Run-off	-2.9%	-1.8%	+1.2%-p
ER	27.6%	26.5%	-1.0%-p
CR	94.0%	96.7%	+2.7%-p
Underwriting result (EUR mn)	1,346	717	-46.7%
Investment result (EUR mn)	1,454	1,287	-11.5%
Other result (EUR mn)	37	171	n.m.
OP (EUR mn)	2,838	2,175	-23.4%



P/C: widely diverging COVID-19 impact across OEs

EUR mn

		Operating profit		Combined ratio		NatCat impact on CR	
		2Q 20	Δ p.y.	2Q 20	Δ p.y.	2Q 20	Δ p.y.
Total P/C segment		1,143	-17.4%	95.5%	+1.2%-p	0.9%-p	-1.0%-p
Selected OEs	Germany	225	+6.0%	94.8%	-0.8%-p	1.1%-p	-6.6%-p
	United Kingdom	201	+593.1%	73.3%	-23.5%-p	1.1%-p	+1.1%-p
	France	131	+44.5%	93.4%	-4.6%-p	0.1%-p	-1.7%-p
	Italy	247	+23.2%	77.6%	-6.4%-p	0.0%-p	0.0%-p
	Australia	52	-60.4%	95.2%	+10.5%-p	1.3%-p	-1.4%-p
	CEE	135	+25.0%	84.2%	-4.2%-p	0.1%-p	+0.3%-p
	Spain	51	+104.0%	92.2%	-4.5%-p	0.1%-p	+0.1%-p
	Latin America	50	+17.0%	95.7%	-4.3%-p	0.0%-p	0.0%-p
	Turkey	48	+48.8%	91.9%	-12.4%-p	0.0%-p	0.0%-p
	Global lines	AGCS	-154	n.m. ¹	116.8%	+15.7%-p	4.9%-p
Allianz Partners		48	-21.1%	94.4%	-1.5%-p	0.0%-p	0.0%-p
Euler Hermes		32	-72.8%	100.8%	+20.9%-p	—	—

1) In 2Q 2019 OP of AGCS was at EUR 79mn (Δ EUR -233mn).



P/C: widely diverging COVID-19 impact across OEs



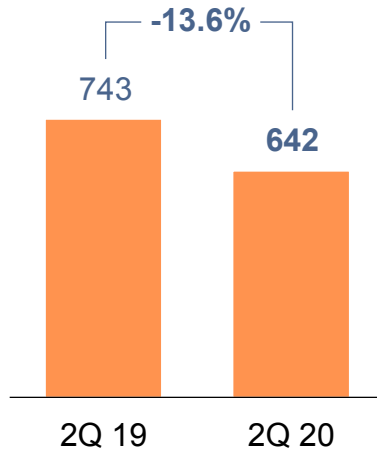
Comments

- **Material COVID-19 impact at most OEs**
COVID-19 materially affected most OEs but the impacts differed widely. While top-line was negatively impacted across our businesses, claims activity increased in a number of commercial lines, partly offset by lower claims frequency in retail lines.
- **Germany – lower NatCat main driver**
Partially offset by run-off development and higher CR in commercial lines (business interruption).
- **UK – positive one-offs**
One-off (CR impact ~-16%-p) and improved CR in motor.
- **France – improved CR**
Lower NatCat and fewer large losses.
- **Italy – excellent CR**
Fewer weather claims, lower large losses and improved performance in motor.
- **Australia – run-off lower**
CR increase largely driven by lower run-off.
- **Spain – AY LR ex COVID-19 improved**
CR improvement driven by better AY LR (Δ -3.8%-p) and positive yoy run-off development.
- **AGCS – EUR 0.25bn COVID-19 impact**
AY LR higher on COVID-19 and NatCat while ER lower. CR ex-COVID-19 ~99%.
- **Allianz Partners – CR better but OP down**
AY LR increases due to higher travel claims ratio, more than offset by better ER (lower acquisition costs). OP declines on lower top-line.
- **Euler Hermes – further COVID-19 impact expected**
Expected increase in small- to mid-size claims plus some larger claims.



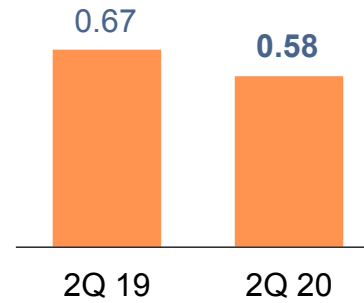
P/C: lower income from equities and debt

Operating investment result¹
(EUR mn)

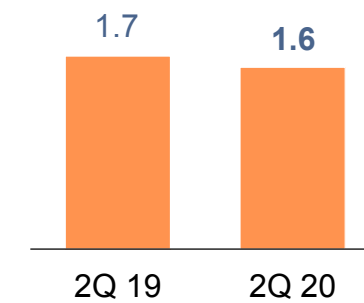


Interest & similar income ²	874	732	-141
Net harvesting and other ³	-37	4	+41
Investment expenses	-94	-95	-1

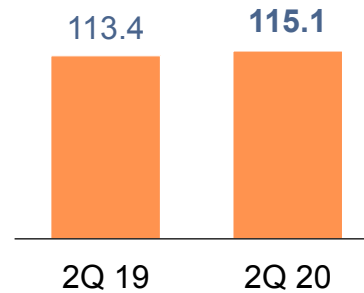
Current yield
(debt securities; in %)



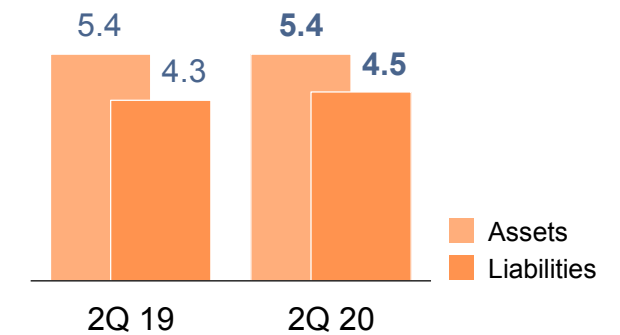
Economic reinvestment yield
(debt securities; in %)



Total average asset base⁴
(EUR bn)



Duration⁵



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

4) Asset base includes health business France, fair value option and trading
 5) The durations are based on a non-parallel shift in line with SII yield curves and scaled by Fixed Income assets. Data excludes internal pensions residing in the P/C segment.



P/C: lower income from equities and debt

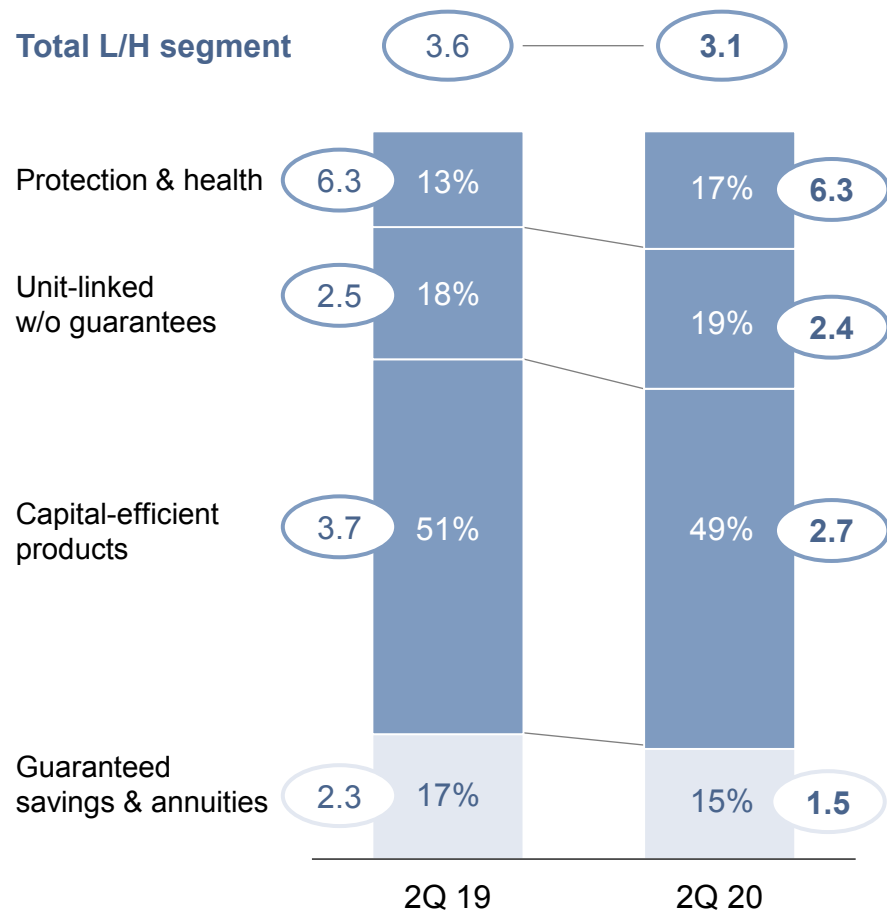
Comments

- **Interest & similar income**
Lower income from equities and debt. Dividend income decline is due to reduced exposure as well as dividend postponements / cancellations.
- **Net harvesting & other**
Driven by higher F/X result net of hedges.
- **Current yield**
Impacted by market movements and a higher average asset base / higher cash allocation.



L/H: new business volume impacted by lockdown measures

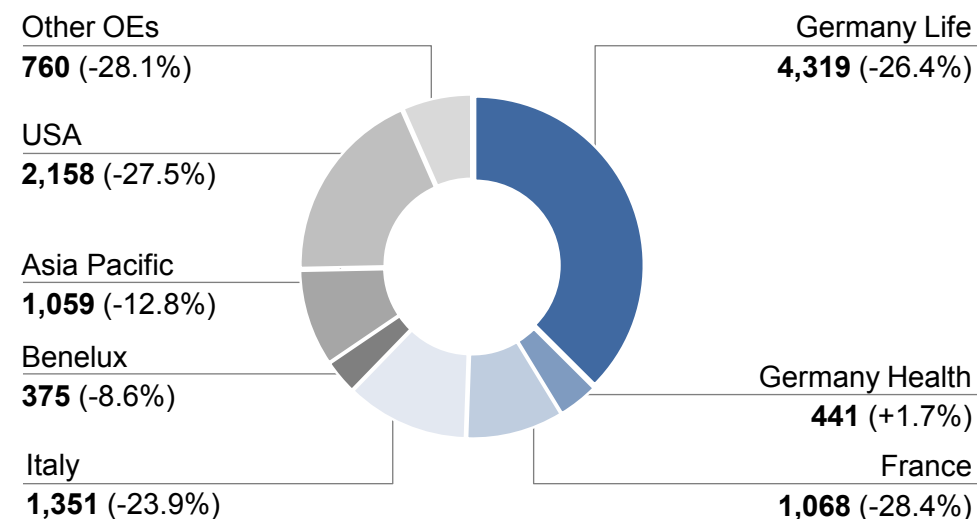
PVNB share by line



■ Preferred LoBs
○ NBM (in %)

EUR mn	2Q 19	2Q 20	Δ p.y.
PVNB	15,229	11,531	-24.3%
Single premium	9,891	7,443	-24.7%
Recurring premium	747	607	-18.7%
APE	1,736	1,352	-22.2%

PVNB by OE (EUR mn)





L/H: new business volume impacted by lockdown measures



Comments

PVNB by line

- **New business impacted by lockdown measures**
New business volume drop of 24.3% driven by social distancing. Largest volume declines in Germany (Δ EUR -1.6bn), USA (Δ EUR -0.8bn), Italy and France (Δ EUR -0.4bn each). P&H new business resilient with slightly higher volume and 4%-p higher share in new business.
6M 2020 new business volume down 10%.
- **Business recovery in June**
Many countries with higher new business volume in June compared to April/May.
- **NBM strong at 3.1%**
Stable NBM in UL w/o guarantees and P&H. NBM of capital-efficient products declines mainly due to lower interest rates but still at a good level. Further management actions underway to support NBM.

PVNB by OE

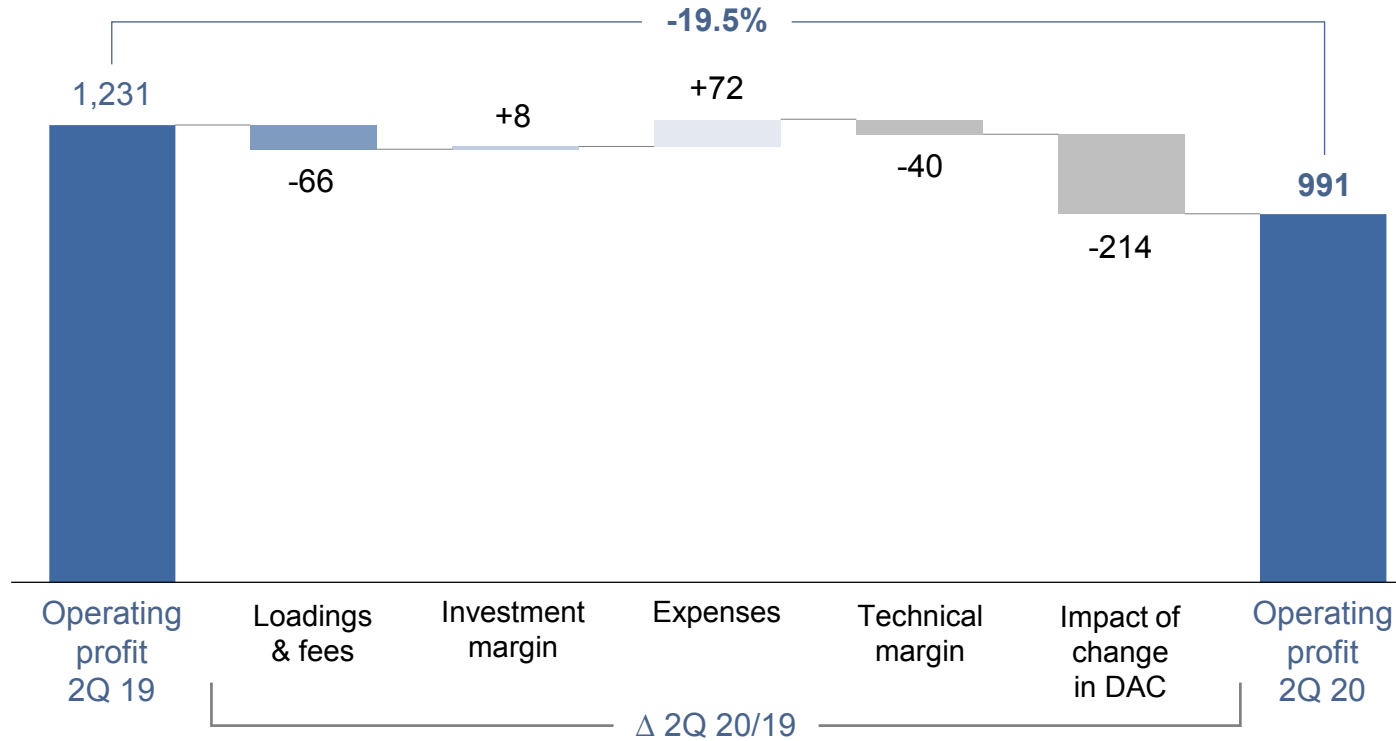
- **Germany Life – share of preferred lines at 80%**
Capital-efficient business declines by 29% with favorable business mix shift. P&H more resilient with 7% drop in new business.
- **USA – better business mix**
FIA business down by EUR 1.0bn. Capital-efficient VA business stable at NBM 3.2% and accounts for 34% of new business. P&H share in new business is up to 15% with NBM of 4.1%.
- **Italy – good performance in difficult environment**
UL sales down 27%. Capital-efficient business up 25%.
- **Asia Pacific – mild impact from COVID-19**
NBM remains at healthy level of 5.1%.
- **France – P&H business grows 13%**
Preferred lines of business with 2% new business growth. GS&A business down 54%.
- **Germany Health – lower discount rates**
Growth due to positive impact from lower discount rates on PV of recurrent premiums.



L/H: operating profit good at EUR 1.0bn

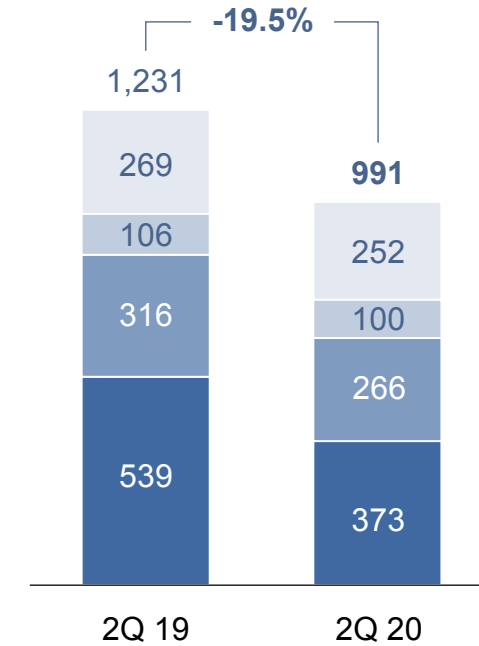
(EUR mn)

Operating profit by source¹



2Q 20	1,558	879	-1,737	278	13
2Q 19	1,624	871	-1,809	318	227

Operating profit by line



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

1) Prior year figures changed in order to reflect the refinement of profit source reporting in the USA



L/H: operating profit good at EUR 1.0bn



Comments

- Operating profit at good level**
 Decline due to favorable prior-year DAC movement, higher hedging expenses in the U.S. traditional VA business and termination of Allianz Popular. Impact from COVID-19 estimated at EUR -0.1bn.
- Loadings & fees driven by new business**
 Loadings & fees from premiums in line with new business. UL management fees decline due to deconsolidation of Allianz Popular.
- Investment margin stable at EUR 879mn**
 Growth in reserve base (+5.8%) more than offsets decline in investment margin by 1bp to 18bps.
- Expenses – lower new business volume**
- Technical margin – Germany Health**
 Better claims experience in Asia Pacific more than offset by higher PHP in Germany Health and deconsolidation of Allianz Popular.
- Impact of change in DAC driven by U.S. business**
 Prior-year change in DAC due to extension of DAC amortization period for FIA (EUR +156mn).

Operating profit by line

- Capital-efficient products**
 Favorable prior-year change in DAC in the U.S. business. Better contribution from Germany Life.
- Guaranteed savings & annuities**
 Lower contribution from U.S. traditional VA business due to higher hedging expenses and lower result from Spain.
- 6M 2020 – COVID-19 OP impact of EUR -0.4bn**

	6M 2019	6M 2020	Δ
PVNB (EUR mn)	32,854	29,576	-10.0%
NBM	3.5%	2.9%	-0.6%-p
VNB (EUR mn)	1,153	851	-26.2%
Investment margin	38bps	33bps	-5bps
Operating profit (EUR mn)	2,327	1,810	-22.2%



L/H: NBM strong at 3.1%

EUR mn

	Value of new business		New business margin		Operating profit	
	2Q 20	Δ p.y.	2Q 20	Δ p.y.	2Q 20	Δ p.y.
Total L/H segment	357	-34.3%	3.1%	-0.5%-p	991	-19.5%
Germany Life	141	-39.1%	3.3%	-0.7%-p	281	+5.2%
Asia Pacific	55	-24.4%	5.1%	-0.8%-p	120	+8.6%
USA	45	-52.5%	2.1%	-1.1%-p	169	-54.9%
Italy	28	-36.3%	2.0%	-0.4%-p	72	-4.5%
France	22	+0.9%	2.1%	+0.6%-p	133	+2.3%
Germany Health	14	-2.3%	3.3%	-0.1%-p	38	-21.1%
Benelux	11	-9.4%	2.9%	-0.0%-p	41	-9.0%
CEE	9	-28.1%	5.0%	-0.8%-p	60	+9.6%
Turkey	8	+14.7%	5.7%	+1.2%-p	19	+6.1%
Spain	4	-50.9%	2.9%	-0.3%-p	18	-68.7%
Switzerland	2	-46.2%	2.1%	-0.1%-p	27	+6.2%



L/H: NBM strong at 3.1%



Comments

New business

- **NBM strong at 3.1%**
NBM decline mainly due to unfavorable market movements (-1.4%-p) largely offset by better business mix (+1.0%-p).
- **VNB declines 34%**
Lower sales (-24%) due to social distancing in almost all OEs. Combination with lower margin leads to drop of 34% in VNB.
- **France – stable VNB due to margin improvement**
Margin increase due to better business mix and better profitability of P&H business.
- **Turkey – margin driven VNB growth**
New business volume broadly stable due to strong recovery in June. Better business mix supports NBM.
- **Spain – termination of Allianz Popular**

Operating profit

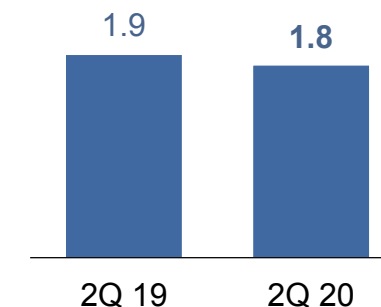
- **Germany Life – very good level**
Higher contribution from capital-efficient products.
- **USA – profitability impacted by market turbulences**
OP from traditional VA business down by EUR 94mn mainly due to higher hedging expenses. Favorable prior-year change in DAC resulting from extension of DAC amortization period for FIA (EUR +156mn).
- **Asia Pacific – OP accounts for 12% of segment OP**
Better results from Thailand (EUR +13m) and Malaysia (EUR +6mn) driven by better claims experience.
- **German Health – higher PHP**
- **Spain – termination of Allianz Popular**
In addition lower level of net harvesting.
- **CEE – widespread improvement**



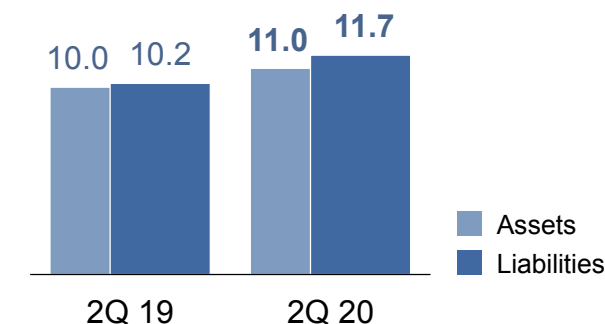
L/H: stable investment margin

	Investment margin	
	2Q 19	2Q 20
Based on Ø book value of assets¹ (EUR bn)	577	610
Current yield	0.83%	0.73%
Based on Ø aggregate policy reserves (EUR bn)	465	492
Current yield	1.03%	0.90%
Net harvesting and other ²	0.02%	0.45%
Total yield	1.05%	1.35%
- Ø min. guarantee ³	0.48%	0.47%
Gross investment margin (in %)	0.58%	0.89%
- Profit sharing under IFRS ⁴	0.39%	0.71%
Investment margin (in %)	0.19%	0.18%
Investment margin ⁵ (EUR mn)	871	879

Economic reinvestment yield (debt securities; in %)



Duration⁶



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

- 5) Prior year figures changed in order to reflect the refinement of profit source reporting in the USA
- 6) The durations are based on a non-parallel shift in line with SII yield curves and scaled by Fixed Income assets. Data excludes internal pensions residing in the L/H segment.



L/H: stable investment margin



Comments

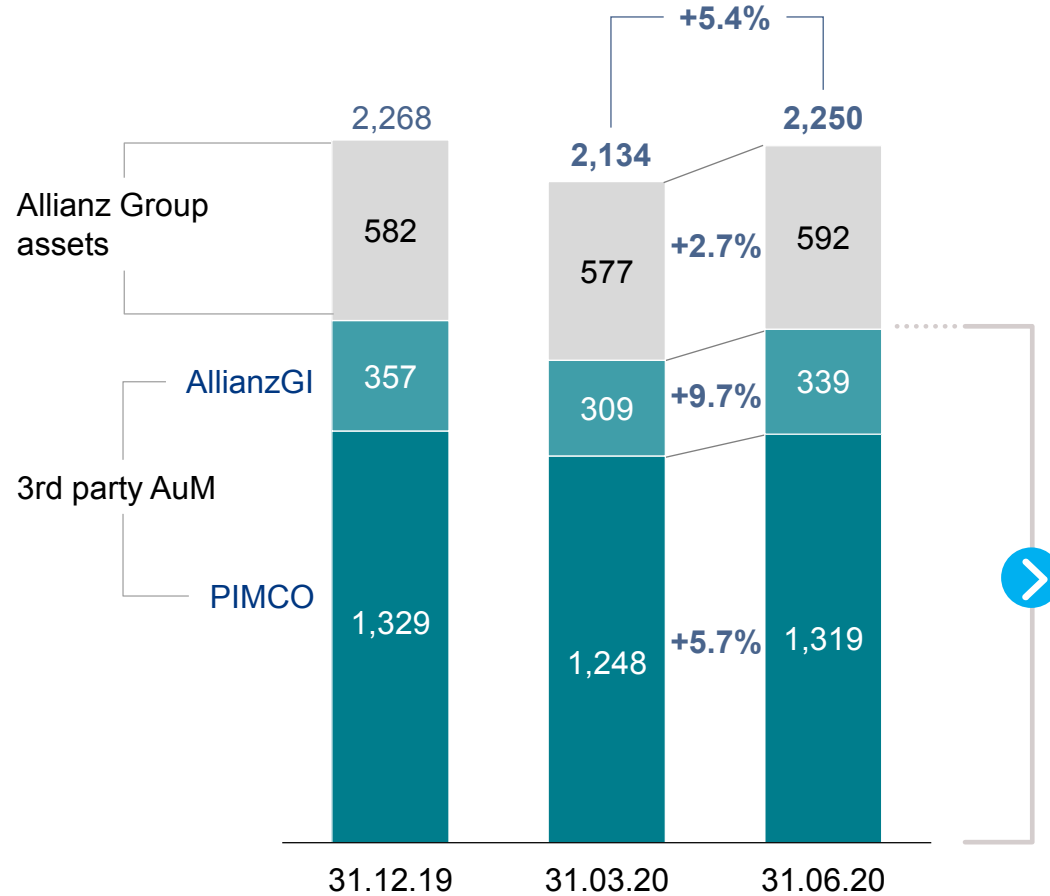
- **Investment margin up 1% to EUR 879mn**
Higher reserve base (+5.8%) more than offsets lower investment margin (Δ -1bp to 18bps).
- **Yield decline affected by dividends**
Current yield based on aggregate policy reserves down by 13bps, affected by lower dividends (Δ -6bps). Current yield from other sources in line with expectations. Average minimum guarantee down by -1bp.
- **Result from net harvesting and other up 43bps**
Improvement mainly due to better net harvesting result.
- **Investment margin down 1bp to 18bps**
Higher gross investment margin and higher PHP lead to investment margin of 18bps.
- **Reinvestment yield broadly stable**
- **Change in duration**
Impact from lower interest rates partially mitigated by management action (increased asset duration).



AM: total AuM increase by 5%

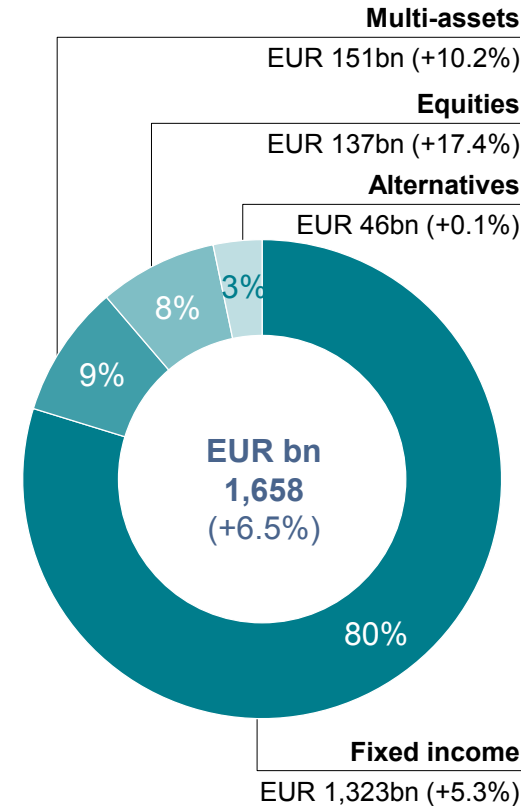
(EUR bn)

Total assets under management

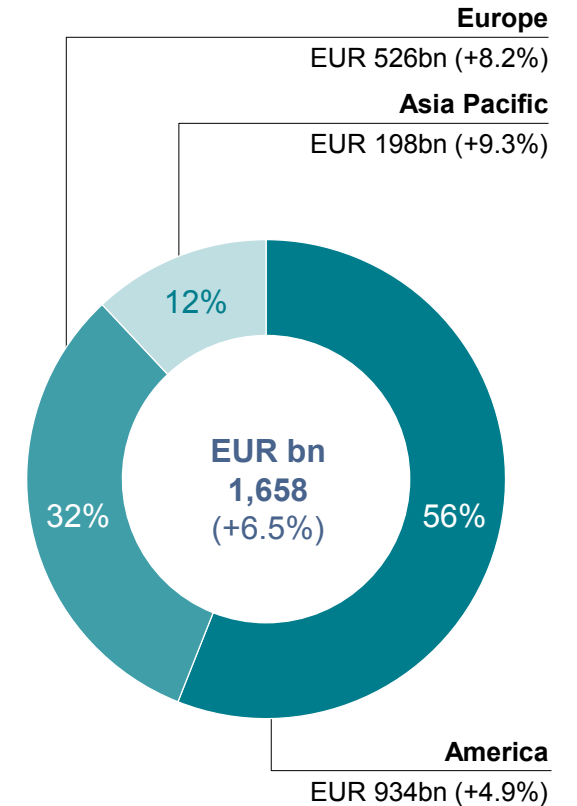


3rd party AuM split

Asset classes



Regions





AM: total AuM increase by 5%



Comments

- **Total AuM: +5%**

Increase to EUR 2.25tn primarily due to 3rd party assets, driven by positive market effects and 3rd party net inflows at PIMCO and AllianzGI.

- **Business highlights**

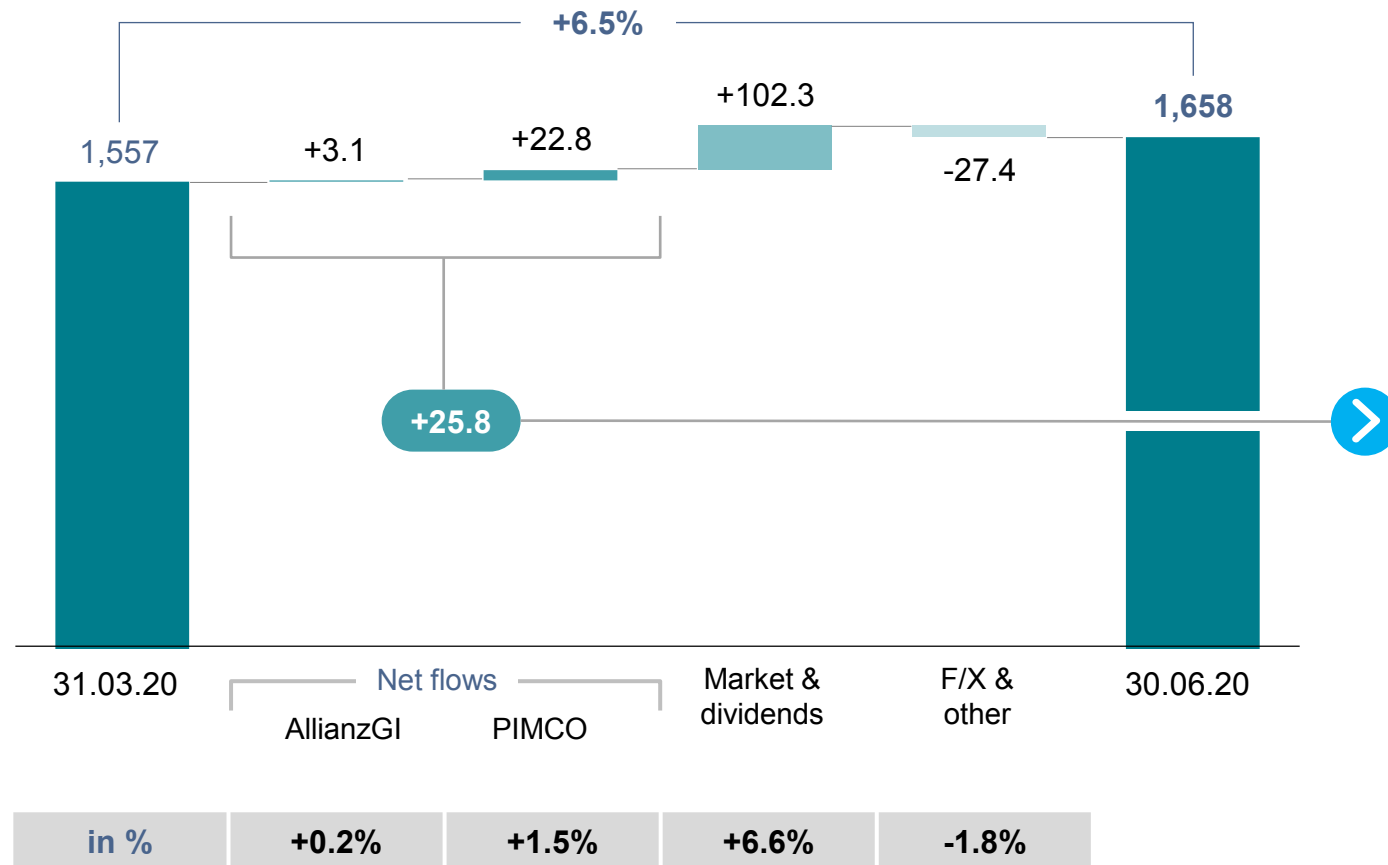
AllianzGI: Strategic partnership with Virtus Investment Partners announced. Virtus will become the investment adviser, distributor and/or administrator of AllianzGI's open-end, closed-end and retail separate account assets in the U.S.

AM segment: 67% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees.

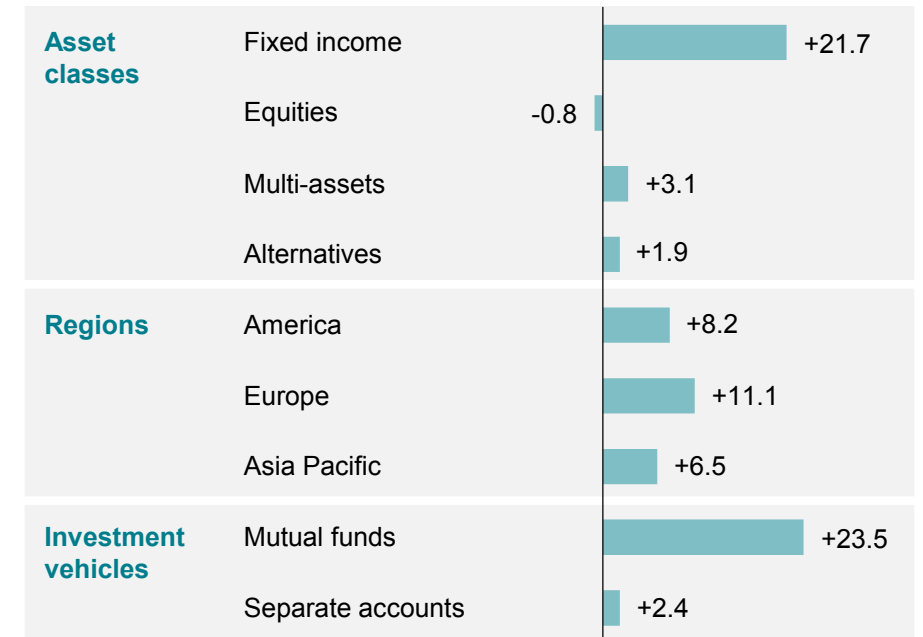


AM: 3rd party AuM up 6% due to markets and net flows (EUR bn)

3rd party assets under management development



3rd party net flow split





AM: 3rd party AuM up 6% due to markets and net flows



Comments

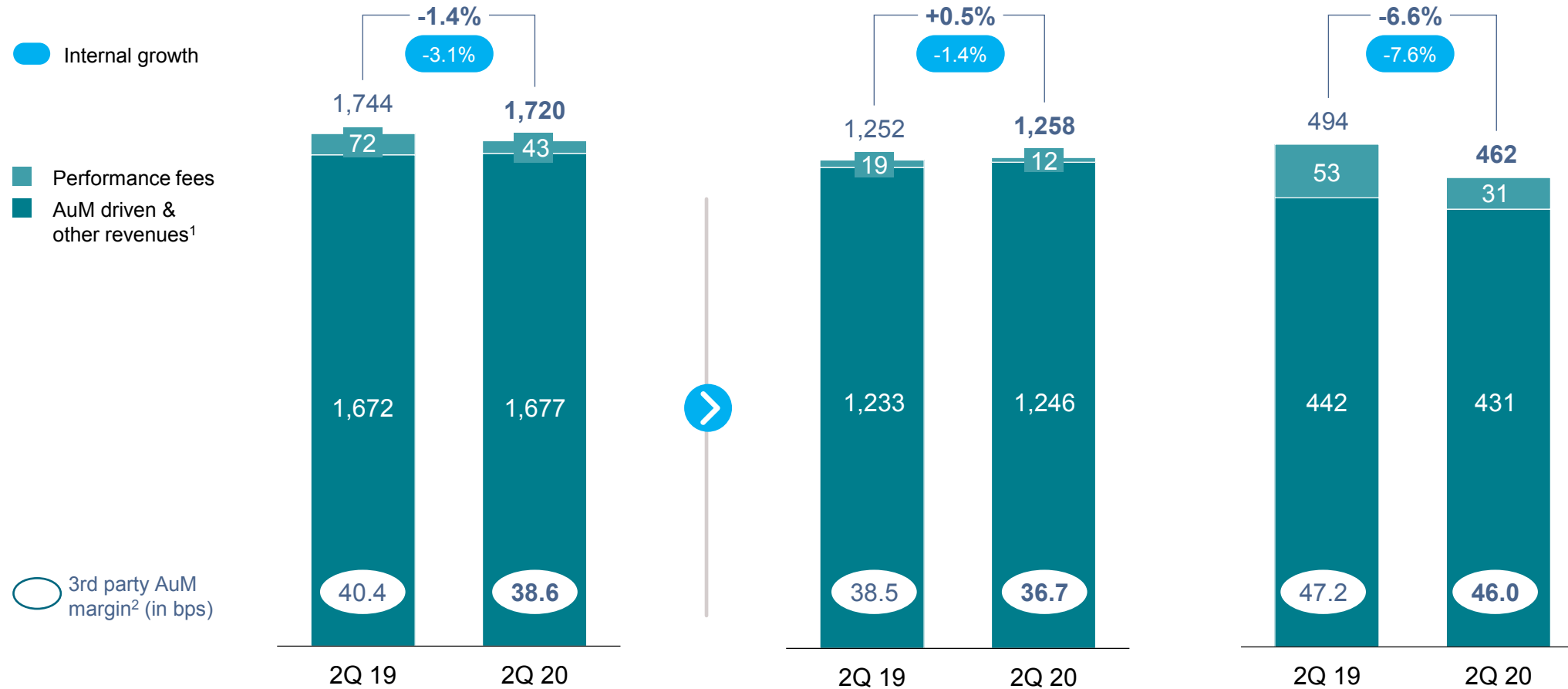
- **3rd party AuM: +6%**
Increase driven by capital market recovery and 3rd party net inflows at PIMCO and AllianzGI; F/X effects (e.g. depreciation of USD) contribute adversely.
- **3rd party net flows PIMCO: EUR +23bn**
3rd party net inflows from investment strategies like investment grade credit, high yield/bank loan, private fund and income.
- **3rd party net flows AllianzGI: EUR +3bn**
3rd party net inflows in multi-asset and fixed income products, net outflows from alternative and equity products.



AM: revenues resilient

(EUR mn)

Revenues development



1) Thereof other revenues: AM: 2Q 19: EUR 0mn, 2Q 20: EUR +8mn; PIMCO: 2Q 19: EUR +1mn; 2Q 20: EUR 0mn; AllianzGI: 2Q 19: EUR +2mn; 2Q 20: EUR +10mn
 2) Excluding performance fees and other income



AM: revenues resilient

Comments

- **Segment revenues – nearly stable, supported by F/X**
Revenues decrease slightly by 1%. Excluding F/X, revenues decrease by 3% driven by lower AuM driven revenues (-2%) and lower performance fees (-41%).

Due to COVID-19 related market volatility we expect performance fees to remain at a lower than usual level in FY 2020.

2Q 2020 average 3rd party AuM increase by 3% compared to 2Q 2019.

Average 3rd party AuM (EUR bn)		
2Q 2019	2Q 2020	Δ
1,569	1,620	+3.2%

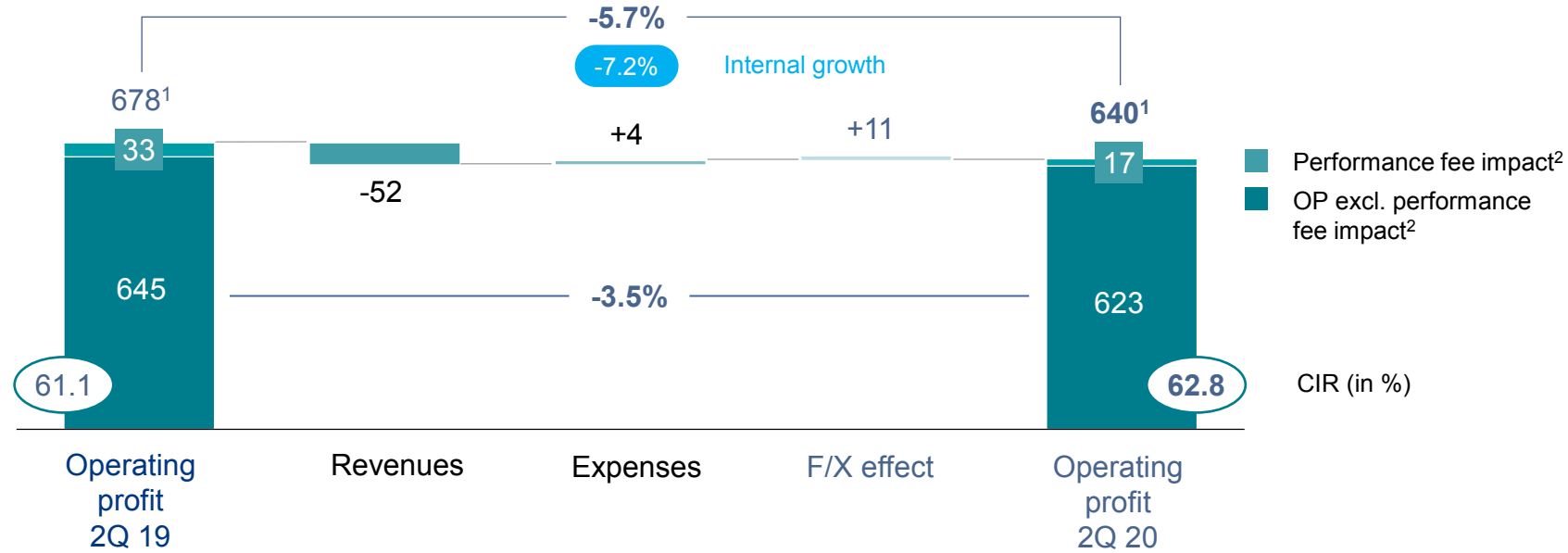
- **PIMCO margin**
Margin at 36.7bps (2Q 2019: 38.5bps). Decrease due to lower share of higher fee rate vehicles.
- **AllianzGI margin**
Margin at 46.0bps (2Q 2019: 47.2bps). Decrease driven by lower share of mutual funds and equity/multi-asset products.



AM: EUR 640mn operating profit

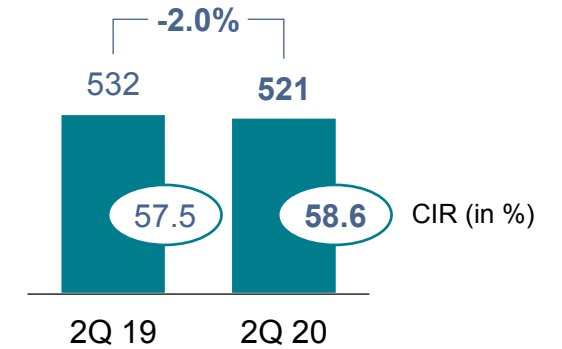
(EUR mn)

Operating profit drivers

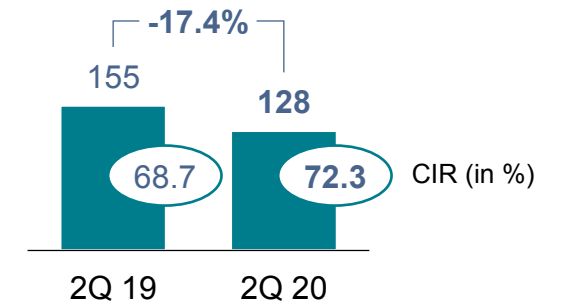


Δ 2Q 20/19		
F/X impact	+28	-18
2Q 20	1,720	-1,080
2Q 19	1,744	-1,065

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -8mn in 2Q 19 and EUR -9mn in 2Q 20
 2) Performance fees of PIMCO and AllianzGI (excl. Allianz Capital Partners), net of 30% variable compensation



AM: EUR 640mn operating profit

Comments

- **Segment – OP down by 6%**

OP decreases by 6%. Excluding F/X, lower AuM driven revenues due to business mix and lower level of performance fees are the main drivers of the OP decrease of 7%.

OP excluding impact of performance fees¹ decreases by 3.5%.

CIR increases by 1.7%-p mainly due to lower performance fees and a F/X driven increase of operating expenses.

- **PIMCO – OP down 2%**

Excluding F/X, OP decreases by 4% due to decline in AuM driven revenues and less performance fees.

CIR at 58.6%, an increase of 1.1%-p.

- **AllianzGI – OP down 17%**

Lower operating expenses do not compensate for lower AuM driven revenues and performance fees.

CIR at 72.3%, an increase of 3.6%-p. Recently launched restructuring program expected to improve CIR.

- **6M 2020 – OP up by 5%**

AM segment	6M 2019	6M 2020	Δ
Operating revenues (EUR mn)	3,320	3,493	+5.2%
Operating profit (EUR mn)	1,251	1,319	+5.4%
Average 3rd party AuM (EUR bn)	1,534	1,660	+8.2%
3rd party net flows (EUR bn)	+38.1	-20.6	n. m.
3rd party AuM margin (bps)	39.3	38.8	-0.5bps
CIR (%)	62.3%	62.2%	-0.1%-p

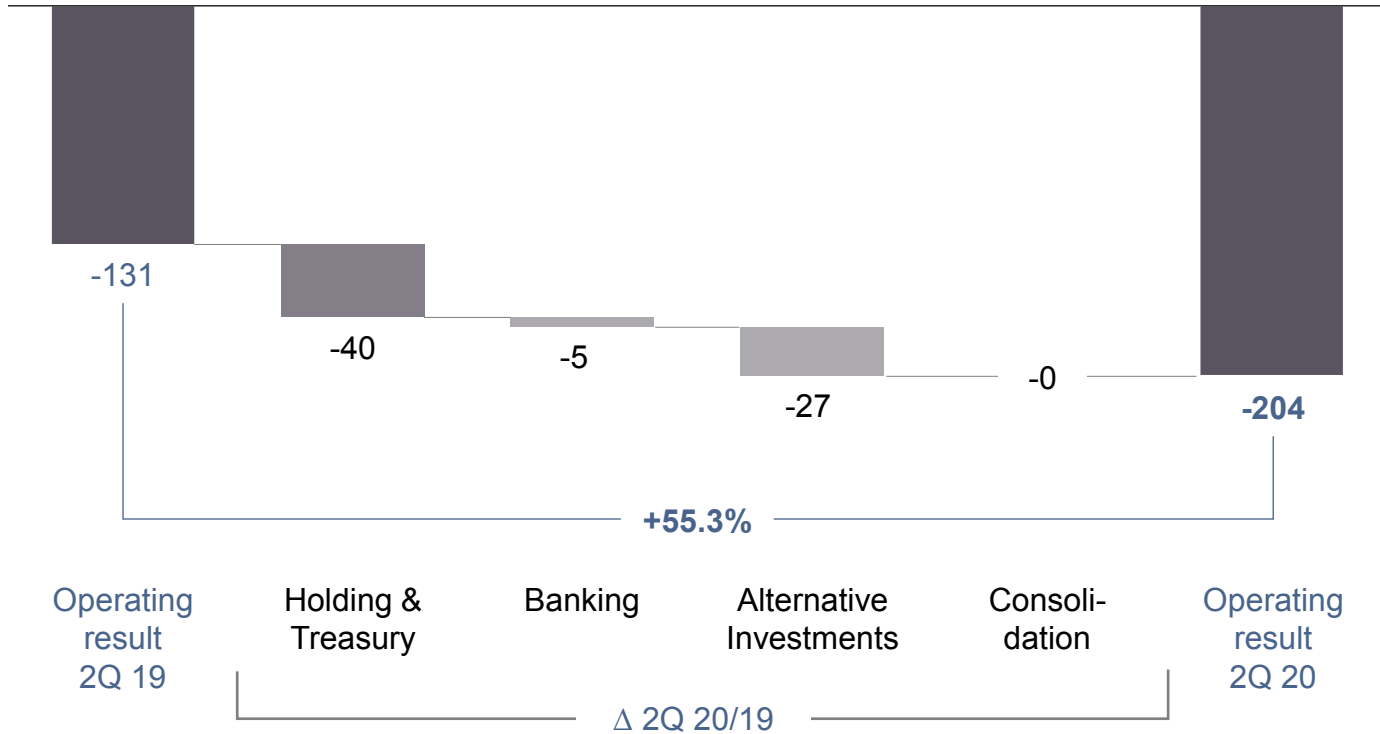
1) Performance fees of PIMCO and AllianzGI (excl. Allianz Capital Partners), net of 30% variable compensation



CO: result impacted by lower dividends

(EUR mn)

Operating loss development and components



2Q 20	-220	9	7	-1
2Q 19	-180	15	34	0



CO: result impacted by lower dividends

Comments

- **Operating loss at EUR -0.2bn**
Higher operating loss mainly due to lower dividends at Holding & Treasury and Alternative Investments.



Group: shareholders' net income at EUR 1.5bn

EUR mn	2Q 19	2Q 20	Δ p.y.
Operating profit	3,159	2,565	-594
Non-operating items	-226	-333	-107
Realized gains/losses (net)	203	254	+51
Impairments (net)	-80	-136	-55
Income from financial assets and liabilities carried at fair value (net)	7	-84	-92
Interest expenses from external debt	-214	-182	+32
Acquisition-related expenses	0	0	+0
Restructuring and integration expenses	-61	-141	-80
Amortization of intangible assets	-52	-49	+4
Change in reserves for insurance and investment contracts (net)	-29	5	+34
Income before taxes	2,933	2,232	-701
Income taxes	-668	-614	+54
Net income	2,265	1,618	-647
Non-controlling interests	-125	-90	+35
Shareholders' net income	2,140	1,528	-612
Effective tax rate	23%	28%	+5%-p



Group: shareholders' net income at EUR 1.5bn



Comments

- **Shareholders' net income down by EUR 0.6bn**
Decline due to lower operating and non-operating profit.
- **Non-OP down by EUR 0.1bn**
Lower interest expenses for external debt more than offset by increase in restructuring expenses and lower income from financial assets and liabilities.
- **Income from financial assets and liabilities**
Lower result from hedging instruments.
- **Restructuring expenses**
Higher investments in productivity and efficiency, of which EUR 59mn for IT-decommissioning.
- **Interest expenses from external debt**
Lower interest expenses mainly as a result of lower refinancing costs and slightly lower debt volume.
- **Tax rate**
Tax rate at 27.5% due to true-ups for prior quarters. Low prior-year tax rate was supported by release of tax liabilities and positive impact from DTA recognition. 6M 2020 tax rate at 25%.



Summary: robust performance in challenging environment

Facts
and figures
6M 2020
(EUR)

73bn

Revenues

4.9bn

Operating profit

4.0bn

Dividend paid

2.9bn

Shareholders'
net income

187%

Solvency II ratio

750mn

Share buy-back





CONTENT

1

GROUP FINANCIAL RESULTS
2Q 2020

2

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.
JV	Joint venture
KPI	Key performance indicator



Glossary (4)

L/H	(The Allianz business segment) Life and Health insurance
L/H lines of business	<p>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.</p> <p>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.</p> <p>Protection & health: Insurance products covering the risks associated with events that affect an individual's physical or mental integrity.</p> <p>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.</p>
L/H operating profit sources	<p>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.</p> <p>Loadings & fees: Includes premium and reserve-based fees, unit-linked management fees, and policyholder participation in expenses (if and as applicable).</p> <p>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.</p> <p>Expenses: Includes commissions, acquisition, and administration expenses.</p> <p>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).</p> <p>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.</p>
LatAm	Latin America: South America and Mexico



Glossary (5)

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



Glossary (6)

Operating SII earnings	<p>Operating SII earnings represent the change in own funds, before tax and dividend accrual, that is attributable to the Allianz Group's ongoing core operations. As such, operating SII earnings comprise: expected return from existing business, new business value, operating variances and changes in assumptions, and interest expense on external debt.</p> <p>Operating SII earnings exclude the following effects, which are disclosed separately in our analysis of own-funds movements: regulatory / model changes, economic variances driven by changes in capital market parameters, including F/X rates, taxes, non-operating restructuring charges, capital management (e.g. issuance or redemption of subordinated debt, dividend accruals and payments, share buy-back 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
PPE	Provision pour participation aux excédents: The portion of the profit participation that is unpaid and has to be credited to policyholders in the future – either by virtue of statutory or contractual obligations or at the insurer's discretion.
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>
PVNBP	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. PVNBP is shown after non-controlling interests, unless otherwise stated.



Glossary (7)

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



Glossary (8)

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



Disclaimer

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

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

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

No duty to update

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