Munich, February 16, 2017

oliver.schmidt@allianz.com +49 89 3800 3963
reinhard.lahusen@allianz.com +49 89 3800 17224
christian.lamprecht@allianz.com +49 89 3800 3892
frank.stoffel@allianz.com +49 89 3800 18124

investor.relations@allianz.com
www.allianz.com/investor-relations

Quarterly and Full Year Earnings Release 2016
Strong net income and balance sheet

Full-year highlights

- 2016 operating profit up 0.9 percent to 10.8 billion euros, near upper end of target range
- 2016 net income attributable to shareholders up 4.0 percent on year to 6.9 billion euros
- Solvency II capitalization rises to 218 percent at December 31, 2016 compared to 200 percent one year ago
- Board of Management proposes to raise the dividend further to 7.60 euros per share from 7.30 euros
- Allianz to launch a share buy-back program worth up to 3 billion euros
- Operating profit target for 2017 is 10.8 billion euros, plus or minus 500 million euros, barring unforeseen events

Fourth-quarter highlights

- 4Q operating profit up 9.3 percent on year to 2.8 billion euros
- 4Q net income attributable to shareholders up 23 percent on year to 1.7 billion euros
- 4Q combined ratio improves to 94.0 percent from 96.2 percent year-ago
- New business margin strong at 2.9 percent in 4Q
- PIMCO third-party net inflows at 5.9 billion euros in 4Q
- 4Q cost-income ratio in Asset Management improves by 1.7 percentage points to 61.4 percent

QUARTERLY AND FULL YEAR RESULTS

		three months ended 31 December			12 months ended 31 December		
		2016	2015	Change from previous year	2016	2015	Change from previous year
Total revenues	€ bn	30.0	29.7	0.9%	122.4	125.2	-2.2%
Operating profit	€ bn	2.8	2.6	9.3%	10.8	10.7	0.9%
Net income attributable to shareholders	€ bn	1.7	1.4	23.0%	6.9	6.6	4.0%

Allianz 2016: Another successful year

Allianz Group delivered 10.8 billion euros in operating profit in 2016, near the upper end of its target range and the fifth consecutive increase in annual operating results. Net income attributable to shareholders rose 4.0 percent compared to 2015, leading Allianz to raise its dividend further to 7.60 euros. Allianz will also launch a 12-month share buy-back plan worth up to 3 billion euros, representing around 4.2 percent of its market capitalization. Allianz, Europe's largest insurer by market value, saw further progress in implementing its Renewal Agenda in 2016, putting the company well on track to achieve its 2018 targets.

The Life and Health segment saw the strongest rise in operating profit – up 9.3 percent to 4.1 billion euros – with rising investment results as the key driver. The new business margin rose to 2.7 percent in 2016 compared to 2.2 percent in 2015, demonstrating Allianz's ability to implement strategic changes swiftly and profitably in response to the low interest rate environment.

The Property and Casualty segment saw operating result ease 4.2 percent in the year mainly due to weaker investment results, even as its underwriting performance improved. The segment's combined ratio, which measures underwriting profitability, improved 0.3 percentage points to 94.3 percent due in part to lower claims from natural catastrophes.

The Asset Management segment marked an important milestone as PIMCO generated two consecutive quarters of third-party net inflows in the second half of 2016. A 6.1 percent increase of total assets under management (AuM) to 1,871 billion euros at year-end was mainly due to positive market effects. A decline in AuM driven fees and performance fees, however, led to a 4.0 percent decrease in operating profit. Cost discipline led to an improvement in the cost-income ratio to 63.4 percent from 64.5 percent for the segment.

"Allianz had a great year in 2016, with efforts invested in our Renewal Agenda starting to bear fruit. All segments delivered well, thanks to the engagement of our excellent people, and our robust capital base puts us in a position of strength," Oliver Bäte, Chief Executive Officer of Allianz SE, said.

"The year was filled with surprises, not all of them welcome, that challenged many assumptions, fueled geopolitical uncertainty and market volatility, and that make 2017 difficult to predict. Nevertheless, we feel confident enough to raise our operating profit target range. The group aims to achieve an operating result of 10.8 billion euros, plus or minus 500 million euros, in 2017, barring unforeseen events, crises or natural catastrophes," Oliver Bäte stated.

Allianz returns unused capital to shareholders

Allianz SE has decided to launch a share buy-back program with a volume of up to 3 billion euros as part of a previously announced plan to return unused capital from the group's budget for external growth from the period 2014 to 2016. Based on the closing price of 156.85 euros per share on February, 10, 2017, this would represent approximately 19.1 million shares or 4.2 percent of share capital.

The share buy-back program is envisaged to start on February 17, 2017 and last no longer than 12 months. Allianz SE will cancel repurchased shares and regularly publish updates on the program. The full implementation of the program as scheduled is subject to a minimum sustainable Solvency II ratio of 160 percent.

Capital management becomes more flexible

Through capital management, Allianz Group aims for a healthy balance between an attractive yield and investment in profitable growth. In 2014, Allianz Group adjusted the payout ratio to shareholders to 50 percent of net income attributable to shareholders. The Group also set aside 20 percent of net attributable income each year for external growth and aimed to pay out any unused portion of this budget every three years starting at the end of 2016.

The Board of Management and the Supervisory Board have now decided to simplify Group capital management to make it more flexible. In future, 50 percent of Group net attributable income will still be returned to shareholders in the form of a regular dividend. Allianz also aims to keep the regular dividend per share at least at the level paid in the previous year.

However, Allianz no longer intends to link its budget for external growth to shareholder pay-outs in a three-year cycle. Rather, half of net income should be used as deemed appropriate to finance growth, or it will be returned to shareholders on a flexible basis. This remains subject to a sustainable Solvency II ratio above 160 percent. [1]

Group: Life and Health performance drives 2016 income growth

2016 EPS up 4% to €15.14

Operating profit in 2016 rose 0.9 percent compared to one year ago to 10.8 billion euros, near the upper end of the target range. Net income growth was driven by a 9.3 percent improvement in operating profit in the Life and Health segment, largely due to an increased investment margin. The non-operating loss was unchanged compared to one year ago, including the negative impact from the sale of the South Korean business. Overall, *net income attributable to shareholders* grew 4.0 percent to 6.9 billion euros. *Basic Earnings per Share (EPS)* rose 4.0 percent to 15.14 euros. *Return on equity* was at 12.0 percent in 2016 (2015: 12.5 percent), as capital strength grew faster than earnings.

[1] This represents the management's current intention and may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting.

4Q operating profit up 9.3% to €2.8bn

Operating profit increased 9.3 percent to 2.8 billion euros in the fourth quarter, largely due to a stronger underwriting result in the Property and Casualty segment, where operating profit rose 16.4 percent.

4Q net income up 23.0%

An improved non-operating result also supported the increase in *net income attributable to shareholders,* which rose 23.0 percent to 1.7 billion euros in the fourth quarter. *Basic Earnings per Share (EPS)* in the quarter increased to 3.83 (3.12) euros.

Solvency II capitalization ratio 218% at year-end

The Solvency II capitalization ratio rose to 218 percent at the end of 2016 compared to 200 percent on December 31, 2015. This was primarily due to operating capital generation and the sale of our Korean life insurance operations.

2016 management assessment

"Allianz enjoyed a stellar finish in 2016 despite tough market conditions, leading management to propose another dividend increase. The company recorded its fifth consecutive rise in annual operating profit, supported by continued positive developments in all business segments and putting the group on track to meet its 2018 Renewal Agenda targets," said Dieter Wemmer, Chief Financial Officer of Allianz SE.

Property and Casualty insurance: 2016 internal growth stays strong

---

Full Year 2016 internal growth at 3.1%

In 2016, *gross premiums written* held steady at 51.5 (51.6) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth was strong at 3.1 percent, mostly driven by positive developments in Turkey, Germany, and at Allianz Worldwide Partners. *Operating profit* for 2016 eased 4.2 percent to 5.4 billion euros compared to 2015 due to lower investment income. The *combined ratio* for the full year improved by 0.3 points to 94.3 percent.

4Q gross premiums written up 2.4%

Gross premiums written rose 2.4 percent to 11.2 billion euros in the fourth quarter in the segment. Adjusted for foreign exchange and consolidation effects, internal growth was 3.6 percent, driven by a positive volume effect of 2.0 percent and a positive price effect of 1.6 percent.

4Q combined ratio better at 94.0%

Operating profit increased 16.4 percent to 1.4 billion euros in the fourth quarter compared to the same quarter in the previous year in the segment. The underwriting result improved, benefiting from lower claims from natural catastrophes and large losses. The *combined ratio* improved 2.3 percentage points to 94.0 percent.

4Q management assessment

"Growth improved in Property and Casualty in the quarter with both volume and price contributing to a better result. Allianz Worldwide Partners and Turkey helped to drive growth, as did Germany," said Dieter Wemmer. "We are moving steadily toward our goal of a 94 percent combined ratio by 2018."

Life and Health insurance: 2016 investment margin drives rise in operating profit

Full Year 2016 shows sustainable gains in new business margin

In Life and Health insurance, *operating profit* for the year increased 9.3 percent to 4.1 billion euros. This was 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 percent for the full year. As a result, the *value of new business (VNB)* rose 21.7 percent to 1.4 billion euros compared to 2015.

4Q operating profit €1.1bn

Operating profit decreased 1.7 percent to 1.1 billion euros compared to the prior-year quarter in the segment, partly due to increased policyholder participation in Germany, offset by the higher investment margin in the United States.

VNB €420mn and NBM 2.9% in 4Q

The *value of new business (VNB)* increased 6.4 percent to 420 million euros in the quarter. The *new business margin* remained stable at 2.9 percent. Due to changes in strategy, premiums shifted to capital-efficient products, but lower market yields weighed on results.

4Q management assessment

"Allianz is quickly switching toward Life products that can produce better returns for customers. This strategic shift has benefited Allianz shareholders as well, as reflected in a new business margin of 2.9 percent in the last quarter of 2016," said Dieter Wemmer.

Asset Management: PIMCO flows stay positive in 4Q; efficiency improves

Full Year 2016 sees better cost-income ratio

Third-party assets under management (AuM) increased by 85 billion euros in 2016, mostly due to positive market effects. *Operating revenues* decreased 7.1 percent to 6.0 billion euros, mainly due to lower AuM driven fees, primarily affected by decreased fee margins. As expected, *operating profit* decreased 4.0 percent to 2.2 billion euros in 2016, as a decline in revenues could only partially be compensated by a reduction of operating expenses. Lower personnel costs at PIMCO contributed to an overall drop of 8.7 percent in operating expenses in the segment. The *cost-income ratio (CIR)* improved to 63.4 percent from 64.5 percent last year.

4Q operating profit at €640mn

Operating profit edged higher in the fourth quarter of the year, amounting to 640 million euros, as falling operating expenses more than compensated for lower operating revenues in the segment.

CIR at 61.4% in 4Q

The *cost-income ratio (CIR)* for the segment improved 1.7 percentage points to 61.4 percent in the quarter as cuts in operating expenses outpaced the fall in revenues. At PIMCO the cost-income ratio improved to 56.9 percent (4Q 2015: 60.2 percent).

3P net inflows at €1.7bn in 4Q

Compared to September 30, 2016, *third-party AuM* rose by 34 billion euros to 1,361 billion euros at the end of the fourth quarter, mostly due to favorable foreign exchange effects. The quarter saw third-party net inflows of 1.7 billion euros, driven by net inflows of 5.9 billion euros at PIMCO, partly offset by net outflows of 4.2 billion euros at Allianz Global Investors.

4Q management assessment

"The PIMCO turnaround is on track as the fourth quarter was the second consecutive reporting period with positive third-party net inflows. Cost cuts, especially in variable compensation, helped to make up for revenue declines and lift operating profit slightly in the quarter," said Dieter Wemmer.

Allianz Group - preliminary key figures 4th quarter and fiscal year 2016

			4Q 2016	4Q 2015	Δ	12M 2016	12M 2015	Δ
Total revenues		**€ bn**	**30.0**	**29.7**	**0.9%**	**122.4**	**125.2**	**-2.2%**
- Property-Casualty		€ bn	11.2	10.9	2.4%	51.5	51.6	-0.1%
- Life/Health		€ bn	17.1	17.0	0.5%	64.6	66.9	-3.4%
- Asset Management		€ bn	1.7	1.7	-3.8%	6.0	6.5	-7.1%
- Corporate and Other		€ bn	0.2	0.2	-5.6%	0.6	0.6	-4.4%
- Consolidation		€ bn	-0.1	-0.1	-2.5%	-0.3	-0.4	-10.0%
Operating profit / loss[1]		**€ mn**	**2,826**	**2,586**	**9.3%**	**10,833**	**10,735**	**0.9%**
- Property-Casualty		€ mn	1,421	1,221	16.4%	5,370	5,603	-4.2%
- Life/Health[1]		€ mn	1,083	1,101	-1.7%	4,148	3,796	9.3%
- Asset Management		€ mn	640	637	0.5%	2,205	2,297	-4.0%
- Corporate and Other		€ mn	-302	-368	-18.1%	-867	-945	-8.2%
- Consolidation		€ mn	-16	-5	215%	-23	-16	39.7%
Net income		**€ mn**	**1,826**	**1,499**	**21.8%**	**7,250**	**6,987**	**3.8%**
- attributable to non-controlling interests		€ mn	82	81	1.1%	367	371	-1.0%
- attributable to shareholders		€ mn	1,744	1,418	23.0%	6,883	6,616	4.0%
Basic earnings per share		**€**	**3.83**	**3.12**	**22.9%**	**15.14**	**14.56**	**4.0%**
Diluted earnings per share		**€**	**3.83**	**3.12**	**23.0%**	**15.00**	**14.55**	**3.1%**
Dividend per share		**€**	–	–	–	**7.60[2]**	**7.30**	**4.1%**
Additional KPIs								
- Group	Return on equity[3,4]	%	–	–	–	12.0%	12.5%	-0.5% -p
- Property-Casualty	Combined ratio	%	94.0%	96.2%	-2.3% -p	94.3%	94.6%	-0.3% -p
- Life/Health	New business margin[5]	%	2.9%	2.9%	0.0% -p	2.7%	2.2%	0.5% -p
- Life/Health	Value of new business[5]	€ mn	420	395	6.4%	1,448	1,190	21.7%
- Asset Management	Cost-income ratio	%	61.4%	63.0%	-1.7% -p	63.4%	64.5%	-1.1% -p
						12/31/16	12/31/15	
Shareholders' equity[3]		**€ bn**	–	–	–	**67.3**	**63.1**	**6.6%**
Solvency II capitalization ratio[6]		**%**	–	–	–	**218%**	**200%**	**18% -p**
Third-party assets under management		**€ bn**	–	–	–	**1,361**	**1,276**	**6.7%**

Please note: The figures are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

1 From the classification of our Korean life business as "held for sale" in 2Q 2016 until its disposal in 4Q 2016, the total result was considered as non-operating.

2 Proposal.

3 Excluding non-controlling interests.

4 Excluding unrealized gains/losses on bonds net of shadow accounting.

5 Current and prior year figures are presented excluding effects from the Korean life business.

6 Risk capital figures are group diversified at 99.5% confidence level. Allianz Life US included based on third country equivalence with 150% of RBC CAL since September 30, 2015. Changed regulatory tax treatment of German life sector reduced year-end SII capitalization ratio from 200% to 196% on January 1, 2016.

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 EUR/USD 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 maybe more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required be disclosed by law.

Other

The figures regarding the net assets, financial position and results of operations have been prepared in conformity with International Financial Reporting Standards (IFRS).

Information is based on preliminary figures. Final results for fiscal year 2016 will be released on March 10, 2017 (publication of the Annual Report).

This is a translation of the German Quarterly and Full Year Earnings Release of Allianz Group. In case of any divergences, the German original is binding.