

Quarterly Earnings Release

Allianz 3Q net income rises 36.5 percent, supported by all business segments

- Total revenues rise 0.5 percent to 27.7 billion euros in 3Q; internal revenue growth of 1.7 percent, adjusted for currencies and consolidation
- 3Q operating profit up 18.2 percent at 2.9 billion euros from year-ago
- Net income attributable to shareholders up 36.5 percent at 1.9 billion euros in 3Q from year-ago
- Combined ratio improves to 93.5 percent in 3Q from 94.1 percent year-ago
- Operating profit in Life/Health rises 53 percent in 3Q from year-ago
- New business margin resilient at 2.8 percent in 3Q
- PIMCO third-party net flows at 4.7 billion euros in 3Q, first positive net flows since 2Q 2013
- Cost-income ratio in Asset Management improves by 2.5 percentage points to 60.8 percent
- Solvency II capitalization ratio at 186 percent as of September 30, 2016
- Operating profit outlook for 2016 confirmed at 10.5 billion euros, plus or minus 500 million euros

QUARTERLY AND NINE MONTH RESULTS

		three months ended 30 September			nine months ended 30 September		
		2016	2015	Change from previous year	2016	2015	Change from previous year
Total revenues	€ bn	27.7	27.5	0.5%	92.4	95.5	-3.2%
Operating profit	€ bn	2.9	2.5	18.2%	8.0	8.1	-1.7%
Net income attributable to shareholders	€ bn	1.9	1.4	36.5%	5.1	5.2	-1.1%

Allianz Group, Europe’s largest insurer and asset manager, saw operating profit in the third quarter rise 18.2 percent to 2.9 billion euros, driven by contributions from all business segments. The Life and Health segment produced the strongest results with contributions from all large operating entities.

Net income attributable to shareholders climbed 36.5 percent in the quarter to 1.9 billion euros due partly to better performance across its business segments. Property and Casualty insurance saw robust internal revenue growth of 3.1 percent when adjusted for currency and consolidation effects.

“Efforts to develop our business in a very difficult environment are paying off,” said Dieter Wemmer, chief financial officer of Allianz SE. “We’re seeing sustainable profitable growth in many businesses. Improvements from our Renewal Agenda are bearing fruit and keeping us on track to reach our operating profit target for the full year of 10.5 billion euros, give or take 500 million euros.”

Key performance indicators also improved in the quarter, with the combined ratio strengthening to 93.5 percent from 94.1 percent one year ago and the cost-income ratio in asset management improving to 60.8 percent from 63.3 percent. In the life segment, the new business margin weakened by 0.3 percentage points to 2.8 percent on the year but improved from the second quarter by nearly the same amount despite a decline in market rates.

Group: 9M performance keeps Allianz on track for full-year profit target

9M 2016
overview

Total revenues decreased by 3.2 percent to 92.4 billion euros for the first nine months of 2016. *Operating profit* eased 1.7 percent to 8.0 billion euros, driven by the Property and Casualty segment, and, to a lesser extent, Asset Management. The Life and Health segment, however, posted an increase in operating profit. The non-operating result was impacted by a lower investment result and the classification of the South Korean business as held for sale. Overall, *net income attributable to shareholders* was 5.1 billion euros, down 1.1 percent from the first nine months of 2015.

3Q revenues
up 0.5%

In the third quarter of 2016, *total revenues* edged higher to 27.7 (previous year: 27.5) billion euros. A decline in revenues from the Asset Management segment was offset by revenue growth in the Life and Health segment.

3Q operating
profit up 18.2% to
€2.9bn

Operating profit grew 18.2 percent to 2.9 billion euros in the third quarter, largely due to a higher investment margin in the Life and Health segment. The Property and Casualty segment delivered a 4.3 percent rise in operating profit due to stronger underwriting and investment results, while Asset Management operating profit rose 0.5 percent.

3Q net income up
36.5%

Lower impairments and higher realized gains led to an improvement in the non-operating result. *Net income attributable to shareholders* increased by 36.5 percent to 1.9 billion euros in the third quarter of the year. *Basic Earnings per Share (EPS)* rose to 4.08 (2.99) euros.

Annualized RoE
12.4%
in 9M

Annualized *Return on Equity (RoE)* was 12.4 percent for the first nine months of the year 2016 (full year 2015: 12.5 percent). Annualized figures are not a forecast for full-year numbers.

Solvency II
capitalization
ratio 186% at
30.9.2016

Solvency II capitalization ratio remained robust at 186 percent at the end of the third quarter, demonstrating the resilience of the group despite the current low interest rate environment.

3Q management
assessment

“Allianz improved its performance in the quarter despite punishingly low interest rates and the currency costs from Brexit,” said Dieter Wemmer, chief financial officer of Allianz SE.

Property and Casualty insurance: internal growth strong at 3.1 percent in 3Q

9M 2016
overview

In the first nine months of 2016, *gross premiums written* held mostly steady at 40.4 (40.7) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth remained strong at 3.1 percent, mostly due to positive developments in Turkey, Germany and Argentina driving the increase. *Operating profit* fell 9.9 percent to 3.9 billion euros compared to the first nine months of 2015, partly due to high claims from natural catastrophes in the second quarter and lower investment income. In addition, the year-ago period was supported by the net gain from the sale of the Fireman’s Fund personal insurance business. The *combined ratio* was 94.4 (94.1) percent.

3Q gross
premiums written
hold steady

Gross premiums written held steady at 11.5 billion euros in the third quarter in the segment. Adjusted for foreign exchange and consolidation effects, internal growth remained strong at 3.1 percent, mostly due to positive developments in Turkey, Allianz Worldwide Partners and Australia. Of that, price and volume effects contributed 1.6 percent and 1.5 percent, respectively.

3Q combined
ratio improves to
93.5%

Operating profit increased by 4.3 percent to 1.4 billion euros in the third quarter in the segment. The underwriting result benefited from a benign natural catastrophe environment and lower large losses. The investment result also improved after an unfavorable foreign currency result net of hedges in the third quarter of 2015. This positive effect was partially offset by a lower net interest result. The *combined ratio* improved to 93.5 (94.1) percent.

3Q management
assessment

“The rate of internal growth at over 3 percent is a clear signal that the Property and Casualty business is robust,” said Dieter Wemmer, chief financial officer of Allianz SE.

Life and Health insurance: higher investment margin drives profit growth

9M 2016
overview

In Life and Health insurance, *operating profit* for the first nine months of 2016 increased by 13.8 percent to 3.1 billion euros. *Statutory premiums* decreased by 4.7 percent to 47.5 billion euros. The targeted shift toward capital-efficient products lifted the *new business margin* to 2.6 (1.9) percent. As a result, the *value of new business (VNB)* increased by 29.2 percent to 1.0 billion euros compared to the first nine months of 2015.

3Q statutory
premiums up
1.6%

Statutory premiums in the third quarter increased 1.6 percent to 14.5 (14.3) billion euros, driven by higher sales of capital-efficient products in Germany and the United States. This was partially offset by lower unit-linked premiums in Italy and Taiwan. Adjusted for foreign exchange and consolidation effects, statutory premiums increased by 1.5 percent.

3Q operating
profit rises 53% to
€1.1bn

Operating profit increased by 53.0 percent to 1.1 billion euros from the third quarter of 2015 mainly due to higher investment margins in the United States and France. In addition, operating profit in the third quarter of 2015 was burdened by loss recognition in South Korea.

VNB €318mn and
NBM 2.8%
in 3Q

The *value of new business (VNB)* decreased by 1.0 percent to 318 million euros in the third quarter of 2016 compared to year-ago. Premiums shifted to capital-efficient products due to changes in product strategy, but unfavorable economic conditions in U.S. and European markets had a negative effect. The *new business margin* decreased by 0.3 percentage points to 2.8 percent from

one year ago, mainly as a result of lower interest rates, but increased when compared to the second quarter of 2016.

3Q management
assessment

“We have enjoyed a great success shifting our business mix toward capital efficient products as reflected in a robust new business margin of 2.8 percent,” said Dieter Wemmer. “Life results benefited from a stronger investment margin in the quarter despite the historically low interest rates seen today.”

Asset Management: PIMCO attracts first positive net flows in over 3 years

9M 2016
overview

In Asset Management, third-party net outflows and negative foreign currency translation effects were more than offset by a strong positive market return and the acquisition of Rogge Global Partners, which together led to a 4.0 percent increase in *third-party assets under management (AuM)* from December 31, 2015. *Operating profit* decreased by 5.8 percent to 1.6 billion euros in the first nine months of 2016, mainly as a result of lower margins and lower average third-party AuM, leading to declined AuM driven revenues. In addition, a decrease of performance fees also had a negative impact on the operating profit. Lower operating expenses partially offset the operating revenue decline. The *cost-income ratio (CIR)* improved to 64.2 (65.1) percent.

3Q operating
profit €604mn

Operating profit edged slightly higher to 604 (600) million euros. Lower operating expenses more than offset a decrease in third-party AuM-driven revenues and lower performance fees. When compared to the second quarter of this year, operating profit grew 21.2 percent.

CIR at 60.8%
in 3Q

The *cost-income ratio (CIR)* improved by 2.5 percentage points to 60.8 percent from the year-earlier quarter, mainly due to a decrease in personnel expenses and restructuring expenses. Both PIMCO and Allianz Global Investors contributed to the improvement, with the latter reaching its most efficient level of operations since the set-up of its current structure in 2012.

3P net inflows at
€6bn in 3Q

Compared to June 30, 2016, *third-party AuM* grew by 20 billion euros to 1,327 billion euros as a result of positive market effects and third-party net inflows, partly offset by negative foreign currency translation effects. PIMCO saw positive third-party net flows of 4.7 billion euros, the first since the second quarter of 2013. Allianz Global Investors saw positive third-party net flows of

1.5 billion euros, making it the fourteenth quarter out of fifteen to see positive net flows.

3Q management
assessment

“The 4.7 billion euros in positive net flows at PIMCO confirm the attractiveness of PIMCO products,” said Dieter Wemmer.

Allianz Group - key figures 3rd quarter and first nine month of 2016

		3Q 2016	3Q 2015	Δ	9M 2016	9M 2015	Δ	
Total revenues	€ bn	27.7	27.5	0.5%	92.4	95.5	-3.2%	
- Property-Casualty	€ bn	11.5	11.5	0.0%	40.4	40.7	-0.8%	
- Life/Health	€ bn	14.5	14.3	1.6%	47.5	49.9	-4.7%	
- Asset Management	€ bn	1.5	1.6	-6.0%	4.4	4.8	-8.2%	
- Corporate and Other	€ bn	0.1	0.1	-12.5%	0.4	0.4	-3.9%	
- Consolidation	€ bn	-0.1	-0.1	-27.0%	-0.2	-0.3	-13.0%	
Operating profit / loss¹	€ mn	2,898	2,452	18.2%	8,007	8,149	-1.7%	
- Property-Casualty	€ mn	1,410	1,352	4.3%	3,949	4,382	-9.9%	
- Life/Health ¹	€ mn	1,129	738	53.0%	3,065	2,695	13.8%	
- Asset Management	€ mn	604	600	0.5%	1,565	1,661	-5.8%	
- Corporate and Other	€ mn	-242	-246	-1.3%	-566	-577	-1.9%	
- Consolidation	€ mn	-2	8	-	-7	-11	-38.0%	
Net income	€ mn	1,945	1,440	35.1%	5,424	5,488	-1.2%	
- attributable to non-controlling interests	€ mn	91	81	12.1%	285	290	-1.7%	
- attributable to shareholders	€ mn	1,855	1,359	36.5%	5,139	5,198	-1.1%	
Basic earnings per share	€	4.08	2.99	36.5%	11.30	11.44	-1.2%	
Diluted earnings per share	€	4.08	2.98	36.8%	11.11	11.43	-2.8%	
Additional KPIs								
- Group	Return on equity ^{2,3}	%	13.6%	12.5%	1.1% -p	12.4%	12.5%	-0.2% -p
- Property-Casualty	Combined ratio	%	93.5%	94.1%	-0.6% -p	94.4%	94.1%	0.3% -p
- Life/Health	New business margin ⁴	%	2.8%	3.0%	-0.3% -p	2.6%	1.9%	0.7% -p
- Life/Health	Value of new business ⁴	€ mn	318	322	-1.0%	1,028	796	29.2%
- Asset Management	Cost-income ratio	%	60.8%	63.3%	-2.5% -p	64.2%	65.1%	-0.9% -p
					09/30/16	12/31/15		
Shareholders' equity²	€ bn	-	-	-	70.1	63.1	10.9%	
Solvency II capitalization ratio⁵	%	-	-	-	186%	200%	-13% -p	
Third-party assets under management	€ bn	-	-	-	1,327	1,276	4.0%	

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 2Q 2016 onwards, the total result of our South Korean business is considered as non-operating since it has been classified as "held for sale".

² Excluding non-controlling interests.

³ Excluding unrealized gains/losses on bonds net of shadow DAC. Return on equity for 3Q 2016 and 9M 2016 is annualized. For 3Q 2015 and 9M 2015, the return on equity for the full year 2015 is shown. Annualized figures are not a forecast for full year numbers.

⁴ Current and prior year figures are presented excluding effects from the South Korean business.

⁵ 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 Sol capitalization ratio from 200% to 196% on January 1, 2016.

Munich, November 11, 2016

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

About Allianz

Allianz represents one of the world's strongest financial communities, offering a broad range of insurance and asset management services. In 2015, Allianz employed around 142,000 staff in some 70 countries and achieved total revenues of 125.2 billion euros and an operating profit of 10.7 billion euros. Allianz Group managed an investment portfolio of around 640 billion euros. Additionally our asset managers AllianzGI and PIMCO managed 1.3 trillion euros of third-party assets under management. Allianz is active in a wide variety of sectors including real estate, infrastructure, renewable energy and equity and debt. Allianz's long-term value strategies maximize risk-adjusted returns.

Cautionary note regarding 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/US-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

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to 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. This Quarterly Earnings Release is not an Interim Financial Report within the meaning of International Accounting Standard (IAS) 34.

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