

# Quarterly and Half-Year Earnings Release

## Allianz delivers 83.4 percent rise in 2Q 2017 net income to 2.0 billion euros

- Total 2Q 2017 revenues rise 2.0 percent to 30.0 billion euros
- 2Q 2017 operating profit up 22.9 percent to 2.9 billion euros
- 2Q 2017 net income attributable to shareholders up 83.4 percent to 2.0 billion euros
- All business segments contribute to stronger results in 1H and 2Q 2017
- Solvency II capitalization ratio rises to 219 percent at end of 2Q compared to 212 percent at end of 1Q 2017
- Operating profit for 2017 now expected near the upper end of target range of 10.8 billion euros, plus or minus 500 million euros

---

### Management Summary: All segments contribute to Group success

Allianz achieved very good results in the second quarter of 2017. *Total revenues* grew by 2.0 percent to 30.0 (second quarter of 2016: 29.4) billion euros. All business segments contributed to this increase with the majority coming from our Life and Health business segment. *Operating profit* amounted to 2.9 (2.3) billion euros, an increase of 22.9 percent, supported by all business segments, in particular by our Property and Casualty business. *Net income attributable to shareholders* increased by 83.4 percent to 2.0 (1.1) billion euros, driven by both the higher operating profit and improved non-operating result. The non-operating result in the prior year was burdened by the negative impact from our South Korean life business.

*Basic Earnings per Share (EPS)* amounted to 4.45 (2.39) euros. Annualized *Return on Equity (RoE)* was 13.4 percent (full year 2016: 12.3 percent). Annualized figures are not a forecast for full year numbers. The *Solvency II capitalization ratio* rose to 219 percent at the end of the quarter, compared to 212 percent at the end of the first quarter of 2017, mostly driven by favorable market developments.

The first half of 2017 was also a success, with all business segments contributing. *Total revenues* increased in all segments in the first six months of 2017. *Operating profit* in the half-year period rose 15.7 percent to 5.9 billion euros, well past the middle point of our earnings target for the full year. During the first half of the year, *net income attributable to shareholders* increased by an impressive 17.9 percent to 3.8 billion euros. The strongest growth was achieved by our Life and Health business, which alone saw a 78 percent increase in net income attributable to shareholders in the six-month period to 1.5 billion euros. Just as importantly, the Asset Management segment saw a 19.5 percent increase to 700 million euros while the Property & Casualty insurance segment saw a 7.7 percent increase in net income attributable to shareholders to 1.98 billion euros.

“We’re half way through our three-year Renewal Agenda plan, and at this stage it is clear that those efforts are bearing fruit for all our stakeholders,” said Oliver Bäte, Chief Executive Officer of Allianz SE. “We had a very good half-year with double-digit growth in operating profit and net income. Our diversified portfolio across business segments and regions can clearly deliver outstanding results. The strong capitalization reinforces the resilience and flexibility of Allianz. We can now say that we expect operating result for 2017 near the upper end of the target range of 10.8 billion euros, plus or minus 500 million euros.”

---

## Property and Casualty insurance: Strong profitability

- *Gross premiums written* amounted to 11.7 (11.6) billion euros in the second quarter of 2017. Adjusted for foreign exchange and consolidation effects, internal growth totaled 0.5 percent, with price and volume effects contributing 1.0 percent and -0.4 percent respectively. Allianz Worldwide Partners, Spain and Germany were the main growth drivers.
- *Operating profit* increased by 28.0 percent to 1.4 billion euros in the second quarter of 2017 compared to the prior-year quarter. This increase was due to a higher underwriting result driven by lower losses from natural catastrophes and lower attritional losses.
- As a result of the lower loss ratio the *combined ratio* improved to 93.7 (96.4) percent in the second quarter of 2017.

“We made excellent progress in underwriting and by stabilizing investment income in the property and casualty segment. The jump in quarterly operating profit growth is a clear sign that our efforts are paying off,” said Dieter Wemmer, Chief Financial Officer of Allianz SE.

In the first half-year of 2017, *gross premiums written* increased slightly to 29.4 (28.9) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth amounted to 1.2 percent, mostly driven by positive developments at Allianz Worldwide Partners, in Germany and Spain. *Operating profit* improved 5.2 percent to 2.7 billion euros compared to the same period of the prior year due to a higher underwriting result. The *combined ratio* for the first half-year improved by 0.2 percentage points to 94.6 percent.

---

## Life and Health insurance: Abundant growth on rising customer demand

- *Statutory premiums* increased by 2.6 percent to 16.7 (16.3) billion euros in the second quarter of 2017 due to higher sales of capital-efficient products in Germany and growth in unit-linked premiums in Taiwan and Italy. This more than offset the decrease in our business with fixed-income annuities in the United States. Adjusted for foreign exchange and consolidation effects, statutory premiums rose by 4.3 percent.
- *Operating profit* grew by 12.0 percent to 1.1 (1.0) billion euros in the second quarter of 2017, mainly because of a higher technical margin largely in France and an increased investment margin in line with growing reserves. All lines of business contributed with higher operating profit. Capital-efficient products showed the biggest jump with an increase of 16 percent.
- The *value of new business (VNB)* went up by 37.6 percent to 469 million euros in the second quarter of 2017 as a result of the continued shift to capital-efficient products.
- The *new business margin (NBM)* improved to 3.4 (2.6) percent in the second quarter of 2017, driven by our efforts to adjust products to the current market environment thereby improving the business mix.

“The Life and Health business segment has experienced ample growth in this difficult environment. Because we are shifting to a new product mix that offer customers the chance of higher returns without overly burdening our balance sheet, our new business margin is well ahead of target and the value of new business jumped by more than a third in the second quarter alone,” said Dieter Wemmer.

In the first half year of 2017, *operating profit* increased to 2.3 (1.9) billion euros.

*Statutory premiums* amounted to 33.6 billion euros, a growth of 2.0 percent. The *new business margin* for the first six months reflects the targeted shift toward capital-efficient products, bringing it to 3.3 (2.6) percent. As a result, the *value of new business (VNB)* increased by 29.9 percent to 922 million euros compared to the first half year of 2016.

---

## Asset Management: Strong inflows support further growth of operating profit

- *Operating profit* increased by 16.8 percent to 584 (500) million euros in the second quarter of 2017 in the Asset Management business segment. This was driven by an increase in operating revenues, mainly as a result of higher average third-party assets under management.
- The *cost-income ratio (CIR)* improved by 2.8 percentage points to 62.5 percent in the second quarter of 2017, as the increase in revenues outpaced an increase in expenses.
- During the second quarter of 2017, *third-party assets under management* grew by 3 billion euros to 1,406 billion euros compared to the end of the first quarter of 2017. Record quarterly third-party net inflows of 55 billion euros, mainly at PIMCO, as well as positive market effects were largely offset by negative foreign currency impacts, mostly driven by the depreciation of the U.S. dollar against the euro.

“PIMCO saw 33 billion euros in net inflows across a broad customer base plus a single, 19 billion euro mandate. This brought PIMCO’s total third party net inflows to a record 52 billion euros for the quarter. PIMCO has become a performance engine again,” said Dieter Wemmer.

In the first half of 2017, operating revenues increased by 10.1 percent to 3.1 billion euros, mainly due to a large increase in average third-party assets under management. As operating expenses only went up 4.9 percent, the cost-income-ratio decreased by 3.2 percentage points to 62.9 percent. Furthermore, strong third-party net inflows and positive market effects outweighed negative foreign currency effects, resulting in 1,915 billion euros of total assets under management – an increase of 44 billion euros compared to year-end 2016.

**Technical Note:** Prior-year figures have been adjusted due to an updated operating profit definition and an accounting policy change, as already described in the first quarter of 2017.

## Allianz Group - key figures 2nd quarter and 1st half year of 2017

		2Q 2017	2Q 2016	Δ	6M 2017	6M 2016	Δ	
<b>Total revenues</b>	€ bn	<b>30.0</b>	<b>29.4</b>	<b>2.0%</b>	<b>66.2</b>	<b>64.8</b>	<b>2.3%</b>	
- Property-Casualty	€ bn	11.7	11.6	0.6%	29.4	28.9	1.8%	
- Life/Health	€ bn	16.7	16.3	2.6%	33.6	33.0	2.0%	
- Asset Management	€ bn	1.6	1.4	8.1%	3.1	2.8	10.1%	
- Corporate and Other	€ bn	0.1	0.1	0.9%	0.3	0.3	1.0%	
- Consolidation	€ bn	-0.1	-0.1	40.8%	-0.2	-0.2	8.2%	
<b>Operating profit / loss<sup>1,2,3</sup></b>	€ mn	<b>2,928</b>	<b>2,383</b>	<b>22.9%</b>	<b>5,860</b>	<b>5,063</b>	<b>15.7%</b>	
- Property-Casualty <sup>2</sup>	€ mn	1,446	1,130	28.0%	2,705	2,572	5.2%	
- Life/Health <sup>1,2,3</sup>	€ mn	1,128	1,007	12.0%	2,282	1,859	22.7%	
- Asset Management <sup>2</sup>	€ mn	584	500	16.8%	1,156	960	20.4%	
- Corporate and Other <sup>2</sup>	€ mn	-224	-249	-10.2%	-265	-323	-18.0%	
- Consolidation	€ mn	-5	-5	21.2%	-18	-5	274.4%	
<b>Net income<sup>1</sup></b>	€ mn	<b>2,093</b>	<b>1,182</b>	<b>77.1%</b>	<b>4,013</b>	<b>3,425</b>	<b>17.2%</b>	
- attributable to non-controlling interests	€ mn	99	95	4.4%	203	194	4.3%	
- attributable to shareholders <sup>1</sup>	€ mn	1,994	1,087	83.4%	3,810	3,231	17.9%	
<b>Basic earnings per share<sup>1</sup></b>	€	<b>4.45</b>	<b>2.39</b>	<b>86.4%</b>	<b>8.45</b>	<b>7.10</b>	<b>18.9%</b>	
<b>Diluted earnings per share<sup>1</sup></b>	€	<b>4.45</b>	<b>2.34</b>	<b>89.8%</b>	<b>8.44</b>	<b>6.92</b>	<b>21.9%</b>	
<b>Additional KPIs</b>								
- Group	Return on equity <sup>1,4,5</sup>	%	14.0%	12.3%	1.7% -p	13.4%	12.3%	1.2% -p
- Property-Casualty	Combined ratio	%	93.7%	96.4%	-2.7% -p	94.6%	94.9%	-0.2% -p
- Life/Health	New business margin <sup>6</sup>	%	3.4%	2.6%	0.9% -p	3.3%	2.6%	0.7% -p
- Life/Health	Value of new business <sup>6</sup>	€ mn	469	341	37.6%	922	710	29.9%
- Asset Management	Cost-income ratio <sup>2</sup>	%	62.5%	65.3%	-2.8% -p	62.9%	66.1%	-3.2% -p
					<b>06/30/17</b>	<b>12/31/16</b>		
<b>Shareholders' equity<sup>1,4</sup></b>	€ bn	-	-	-	<b>64.2</b>	<b>67.1</b>	<b>-4.3%</b>	
<b>Solvency II capitalization ratio<sup>7</sup></b>	%	-	-	-	<b>219%</b>	<b>218%</b>	<b>2% -p</b>	
<b>Third-party assets under management</b>	€ bn	-	-	-	<b>1,406</b>	<b>1,361</b>	<b>3.3%</b>	

**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.

- Prior year figures have been adjusted in order to reflect the impact resulting from an accounting policy change to measure the Guaranteed Minimum Income Benefit (GMIB) liability at fair value for our life business.
- In light of the new operating profit definition, restructuring charges are reported outside of operating profit unless shared with policyholders. Prior year figures have been adjusted accordingly.
- From the classification of the Korean life business as "held for sale" in 2Q 2016 until its disposal in 4Q 2016, the total result was considered as non-operating.
- Excluding non-controlling interests.
- Excluding unrealized gains/losses on bonds net of shadow accounting. Return on equity for 2Q 2017 and 6M 2017 is annualized. For 2Q 2016 and 6M 2016, the return on equity for the full year 2016 is shown. Annualized figures are not a forecast for full year numbers.
- Current and prior year figures are presented excluding effects from the Korean life business.
- 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 (Risk Based Capital Company Action Level) since September 30, 2015.

Munich, August 4, 2017

### For further information please contact:

Thomas Atkins                      Tel. +49 89 3800 2960  
Daniela Markovic                    Tel. +49 89 3800 2063

**About Allianz**

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 million retail and corporate customers. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.3 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold a leading position in the Dow Jones Sustainability Index. In 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

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

**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 quarterly 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.