

Quarterly Earnings Release

Allianz reports operating profit of 3.0 billion euros in 1Q 2019

- Internal revenue growth of 7.5 percent in 1Q 2019
- 1Q 2019 operating profit increases 7.5 percent to 3.0 billion euros
- 1Q 2019 net income attributable to shareholders reaches 2.0 billion euros
- Solvency II capitalization ratio at a comfortable level of 218 percent
- 1Q 2019 results put Allianz Group on track to meet its 2019 full-year targets
- Operating profit outlook for 2019 confirmed at 11.5 billion euros, plus or minus 500 million euros

Management Summary: Good start into 2019

Allianz Group continued its successful course from 2018 with a strong first quarter 2019. The results demonstrate the resilience of our business segments and continued progress in executing our Renewal Agenda. **Internal revenue growth**, which adjusts for currency and consolidation effects, was 7.5 percent. **Total revenues** grew 9.1 percent to 40.3 (2018: 36.9) billion euros. **Operating profit** increased by 7.5 percent to 3.0 (2.8) billion euros, mostly due to our Property-Casualty business segment as a result of strong premium growth, lower claims from natural catastrophes and an improved expense ratio. Our Life/Health business segment operating profit grew slightly as higher loadings and fees and favorable true-ups more than offset a lower investment margin. Higher expenses due to investments in business growth led to a small decline in the Asset Management business segment's operating profit.

Net income attributable to shareholders grew 1.6 percent to 2.0 (1.9) billion euros. Higher operating profit was largely offset by lower non-operating investment income and, to a lesser extent, higher taxes.

Basic Earnings per Share (EPS) increased 4.5 percent to 4.65 (4.46) euros. Annualized **Return on Equity (RoE)** amounted to 13.7 percent (full year 2018: 13.2 percent). The **Solvency II capitalization ratio** stood at a comfortable level of 218 percent at the end of the first quarter 2019, compared to 229 percent at year-end 2018, driven primarily by the effects of the current share buy-back program (minus 4 percentage points) and following previously announced regulatory and model changes (minus 4 percentage points).

On February 14, 2019, Allianz announced a new share buy-back program of up to 1.5 billion euros. 2.8 million shares have been acquired by March 31, 2019, representing 0.7 percent of outstanding capital.

"Allianz achieved strong results in the first quarter putting the group on track to meet its 2019 full-year targets," said Oliver Bäte, Chief Executive Officer of Allianz SE. "Our customers continue to seek quality and service, both of which we are consistently focusing on. Despite economic and political volatility, we are very well positioned to further develop our franchise."

Property-Casualty insurance: Continued strong revenue growth and productivity improvements

- **Total revenues** increased by 6.3 percent to 19.5 billion euros in the first quarter of 2019. Adjusted for foreign currency translation and consolidation effects, internal growth totaled 4.6 percent, with volume and price effects contributing 2.8 percent and 1.8 percent respectively. Internal growth was observed in many countries with main drivers being AGCS, Germany, and Allianz Partners.
- **Operating profit** increased by 14.2 percent to 1.455 billion euros compared to the first quarter of 2018. This increase was primarily due to a higher underwriting result driven by strong premium growth in combination with fewer losses from natural catastrophes and improvements in our expense ratio. The operating investment result also had a positive impact.
- The **combined ratio** improved by 1.1 percentage points to 93.7 percent.

"I am pleased by the healthy revenue growth of the Property-Casualty business segment in the quarter, which reflects the good positioning of our global franchise," said Giulio Terzariol, Chief Financial Officer of Allianz SE. "The strong combined ratio is well supported by our ongoing efforts to improve productivity."

Life/Health insurance: Value of new business up 25 percent

- **PVNB¹**, the present value of new business premiums, increased to 17.6 (15.0) billion euros in the first quarter of 2019, mainly driven by higher sales in the German and U.S. life insurance business. Together with a higher **new-business margin (NBM)** of 3.5 (3.3) percent, the **value of new business (VNB)** increased by 25 percent to 609 (489) million euros.
- **Operating profit** grew slightly to 1.096 (1.069) billion euros as higher loadings and fees and favorable true-ups more than offset a lower investment margin.

"Growth in our Life and Health business was excellent and with continued strong new business margins," said Giulio Terzariol. "Increasing value of new business and operating profit show that we are on track to meet our full-year targets."

Asset Management: 18 billion euros of third-party net inflows

- **Third-party assets under management (AuM)** increased by 112 billion euros to 1,548 billion euros in the first quarter of 2019, compared to December 31, 2018 and reached an all-time high. The drivers were positive market effects of 60.9 billion euros and solid net inflows of 17.8 billion euros. Favorable foreign currency translation effects and completion of Gurtin Municipal Bond Management acquisition further contributed to the increase. **Total assets under management** rose to 2,101 billion euros, also reaching an all-time high.

¹ PVNB¹ is shown after non-controlling interests, unless otherwise stated.

- The **cost-income ratio (CIR)** went up by 1.8 percentage points to 63.7 percent driven by investments in business growth which led to a decline of the **operating profit** by 3.7 percent to 573 (595) million euros in the first quarter of 2019.

“Our Asset Management business segment has shown good resilience also underpinned by our positive net inflow development,” said Giulio Terzariol. “I am pleased that total assets under management reached the highest level ever at the end of the quarter since this bodes well for a strong revenue development.”

Allianz Group - key figures 1st quarter 2019

		1Q 2019	1Q 2018	Delta	
Total revenues¹	€ bn	40.3	36.9	9.1%	
- Property-Casualty ¹	€ bn	19.5	18.3	6.3%	
- Life/Health	€ bn	19.3	17.1	12.9%	
- Asset Management	€ bn	1.6	1.6	1.0%	
- Corporate and Other	€ bn	0.1	0.1	-31.9%	
- Consolidation	€ bn	-0.1	-0.2	-14.0%	
Operating profit / loss	€ mn	2,962	2,756	7.5%	
- Property-Casualty	€ mn	1,455	1,274	14.2%	
- Life/Health	€ mn	1,096	1,069	2.5%	
- Asset Management	€ mn	573	595	-3.7%	
- Corporate and Other	€ mn	-164	-182	-9.7%	
- Consolidation	€ mn	4	1	304.1%	
Net income	€ mn	2,051	2,030	1.0%	
- attributable to non-controlling interests	€ mn	82	91	-10.5%	
- attributable to shareholders	€ mn	1,969	1,939	1.6%	
Basic earnings per share	€	4.65	4.46	4.5%	
Diluted earnings per share	€	4.65	4.40	5.5%	
Additional KPIs					
- Group	Return on equity ^{2,3}	%	13.7%	13.2%	0.5% -p
- Property-Casualty	Combined ratio	%	93.7%	94.8%	-1.1% -p
- Life/Health	New business margin	%	3.5%	3.3%	0.2% -p
- Life/Health	Value of new business	€ mn	609	489	24.5%
- Asset Management	Cost-income ratio	%	63.7%	61.9%	1.8% -p
		03/31/2019	12/31/2018	Delta	
Shareholders' equity²	€ bn	67.2	61.2	9.7%	
Solvency II capitalization ratio	%	218%	229%	-11% -p	
Third-party assets under management	€ bn	1,548	1,436	7.8%	

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_ Total revenues comprise P/C GWP & fee and commission income. Prior year figures have been adjusted accordingly.

2_ Excluding non-controlling interests.

3_ Excluding unrealized gains/losses on bonds, net of shadow accounting. RoE for 1Q 2019 is annualized. For 1Q 2018, the return on equity for the respective full year is shown. Annualized figures are not a forecast for full year numbers.

Munich, May 14, 2019

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About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 92 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 around 708 billion euros on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage more than 1.5 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 the leading position for insurers in the Dow Jones Sustainability Index. In 2018, over 142,000 employees in more than 80 countries achieved total revenues of 132 billion euros and an operating profit of 11.5 billion euros for the group.

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

Cautionary note regarding forward-looking statements

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.

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.

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