

# 6M 2016 Results Update

## Briefing – August 2016

This document summarises the financial results for the second quarter 2016 ('6M 2016') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on August 5, 2016.

### Further information

Full details of Allianz Group results for 6M 2016, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

### 1. Allianz Group Results 6M 2016

Allianz Group produced a solid result in the first half of the year that reflected difficult market conditions and intensified efforts to increase capital efficiency. Earnings were burdened by claims from natural catastrophes, higher large and weather-related losses and lower returns on investments due to market turbulence.

*Total revenues* of Allianz Group in the first half of the year decreased 4.7 % to €64.8 billion (6M 2015: €67.9 billion). *Operating profit* decreased by 10.3 % to €5.1 billion (6M 2015: €5.7 billion). *Net income attributable to shareholders* fell by 14.5% to €3.3 billion (6M 2015: €3.8 billion). The *Group Solvency II ratio* held steady at 186 % at the end of the second quarter, demonstrating the resilience of the group despite ultra-low interest rates.

In the *Property and Casualty* insurance segment, *gross premiums written* declined slightly to €28.9 billion (6M 2015: €29.2 billion) in the first half of 2016. *Operating profit* fell by 16.2 % to €2.5 billion (6M 2015: €3.03 billion). "Operating profit was burdened by European floods and storms, wildfires in Canada, hailstorms in the United States, as well as lower investment income," said Dieter Wemmer, CFO of Allianz SE. The *combined ratio* worsened by 0.8 percentage points to 94.9 % (6M 2015: 94.1 %).

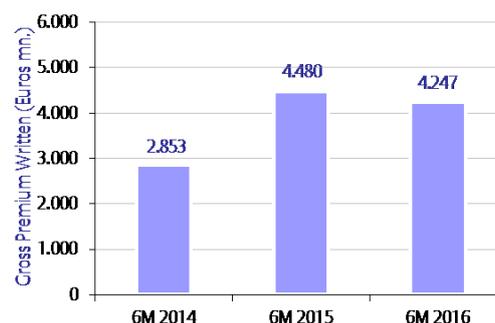
In *Life and Health* insurance, operating profit for the first six months of 2016 was stable at €1.9 billion. *Statutory premiums* amounted to €33.0 billion, a decrease of 7.2 % (6M 2015: €35.5 billion).

In *Asset Management*, operating profit in the first half of 2016 declined by 9.3 % to €961 million (6M 2015: €1.06 billion) due to lower average third-party assets under management, partly mitigated by lower operating expenses.

### 2. AGCS Results 6M 2016

AGCS *gross premiums written* for 6M 2016 totaled €4.247 billion (6M 2015: €4.480). This decline is driven by ongoing pressure on rates across various Lines of Business in a competitive market environment, but also reflects top line results before the sale of FFIC's Personal Lines business to ACE in the second quarter of 2015.

#### AGCS Gross Premiums Written 6M 2014-16<sup>2</sup>



The *combined ratio* for 6M 2016 was 102.9% (6M 2015: 104.9%), which is 2 percentage points lower year-on-year. Higher favorable run-off from prior years' business was only partly offset by major Nat Cat losses in Q2 2016 caused by United States hailstorms, Canadian wildfires, floods in Germany, and by other losses.

*Operating profit* of €158 million in 6M 2016 is impacted by negative underwriting result mainly due to Nat Cat and large losses. Compared to prior year, operating profit is €114 million lower, reflecting special effects in 2015 related to the FFIC integration, such as the positive impact from the gain on sale of FFIC's Personal Lines business.

<sup>1</sup> Specifically, Allianz Global Corporate & Specialty SE, Allianz Risk Transfer Group, Allianz Global Corporate & Specialty North America (legal names Allianz Global Risks US Insurance Company, Allianz Underwriting Insurance and AGCS Marine Insurance Company), Fireman's Fund Insurance Company and subsidiaries, AGCS Japan (legal name Allianz Fire and Marine Insurance Japan Ltd.), AGCS Re Brazil (legal name Allianz Global Corporate & Specialty Resseguros Brasil S.A.) and Allianz Global Corporate & Specialty South Africa Ltd..

<sup>2</sup> Including Fireman's Fund business for 2015.

## Solvency Ratios

AGCS shows solid local solvency ratios as of Q4 2015, which are listed below for the primary operating companies:

AGCS SE	271%
AGCS NA	344%
ART*	310%

## AGCS Ratings (showing date rating published)

AGCS Company	Standard & Poor's	A.M. Best
AGCS SE	AA (May 16)	A+ (Aug 15)
AGCS NA	AA (May 16)	A+ (Aug 15)
FFIC	AA (May 16)	A+ (Aug 15)
ART**	AA- (May 16)	A+ (Aug 15)
AGCS Japan	AA (May 16)	(N/A)
AGCS Re Brazil	Rating withdrawn (March 2016)	A (Oct 15)
AGCS South Africa	BBB+ global; zaAAA local (May 16)	(N/A)

In May 2016 Standard & Poor's (S&P) confirmed the "AA" rating with stable outlook for *AGCS SE*, *AGCS North America and AGCS Japan*. According to S&P "AGCS has a very strong market position" and the capital level of the company is expected to "remain solid over the next two years".

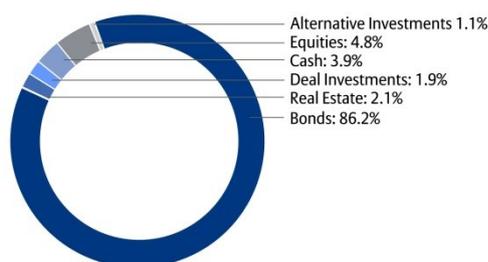
S&P also affirmed the "AA-" rating on *ART and its subsidiaries*. With its highly strategic group status ART is rated one notch below Allianz SE's "AA".

In May 2016 S&P confirmed the "BBB+" in global and "zaAAA" in national scale ratings for *AGCS South Africa*. The global scale rating is capped by the sovereign rating of South Africa. Both ratings are top-notch in the South African market.

## Asset Allocation & Investments

In Q2 2016 the *market value* of our total invested assets, excluding strategic participations, decreased to €15.7 billion (Q1 2016: €15.9 billion). The major driver is the dividend payment to Allianz SE (€-0.7bn). In the current low yield environment, AGCS continues to focus its *investment strategy* on portfolio diversification across high quality liquid assets, and on yield enhancing measures within well-defined risk limits. Total assets continue to be primarily invested in interest-bearing securities (bonds). The *cash quota* decreased from 4.2% in Q1 2016 to 3.9%, following the dividend payment.

AGCS Asset Allocation 6M 2016



## New AGCS Board Member: Paul O'Neill

As announced end of June, *Paul O'Neill* (left) will become Chief Underwriting Officer Specialty, with effect from October 1, 2016. As a new AGCS Board of Management member based in London, he will oversee AGCS' business in the Energy, Marine, Aviation and Entertainment lines of business. Currently Global Head of Marine and Energy, Mr. O'Neill succeeds *Bill Scaldaferrri* (right) who, as previously announced, has taken over AGCS Board responsibility for North America from *Art Moossmann*. AGCS Board Member *Hartmut Mai* will oversee Allianz Risk Transfer, in addition to his current responsibilities as Chief Underwriting Officer Corporate.



## Senior leadership appointments



From left to right: Thierry Portevin, Chris van Gend, Tina Baacke, Simon Buxton.

AGCS has announced several major appointments in global and regional management functions:

Effective Oct.1, 2015, *Thierry Portevin* will take over the role of Global Head of Property succeeding *Rachel Conran* who has left AGCS. *Chris van Gend* has been appointed new Global Head of Engineering succeeding Mr. Portevin.

*Tina Baacke* has been appointed Global Head of Risk Consulting taking over this responsibility from *Paul Carter* who will retire at the end of the year.

*Simon Buxton* will succeed Paul O'Neill in his previous role as Global Head of Marine and Energy in October.



*Corinne Cipièrre* has been appointed *Deputy Country Manager* for AGCS' French branch. She will succeed *Thierry van Santen* later in 2017, subject to regulatory approval. She is also Head of Market Management of AGCS' Mediterranean Region.

## Contact Us

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Follow AGCS: [www.agcs.allianz.com](http://www.agcs.allianz.com)

\*After dividend payment.

\*\*S&P rating for ART AG, ART Bermuda and ART N.V.; A.M. Best rating for ART AG and ART Bermuda.