

9M 2016 Results Update

Briefing – November 2016

This document summarises the financial results for the first nine months of 2016 ('9M 2016') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on November 11, 2016.

Further information

Full details of Allianz Group results for 9M 2016, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

1. Allianz Group Results 9M 2016

Allianz Group improved its performance in Q3 2016 despite very low interest rates and the currency cost from Brexit, with Q3 net income rising by 36.5 %, supported by all business segments. "Efforts to develop our business in a very difficult environment are paying off," said Dieter Wemmer, CFO of Allianz SE. "We're seeing sustainable profitable growth in many businesses."

For the first nine months of 2016, *total revenues* decreased by 3.2 % to €92.4 billion (9M 2015: €95.5 billion). *Operating profit* eased 1.7 % to €8.0 billion (9M 2015: €8.1 billion). *Net income attributable* to shareholders was €5.1 billion, down 1.1 % from the first nine months of 2015 (9M 2015: €5.2 billion). The *Group Solvency II ratio* remained robust at 186 % at the end of Q3.

In the *Property and Casualty* insurance segment, *gross premiums written* held mostly steady at €40.4 billion (9M 2015: €40.7 billion) in the first nine months of 2016. *Operating profit* fell by 9.9 % to €3.9 billion (9M 2015: €4.4 billion) year-on-year, partly due to high claims from natural catastrophes in the second quarter and lower investment income. The *combined ratio* was at 94.4 % (9M 2015: 94.1 %).

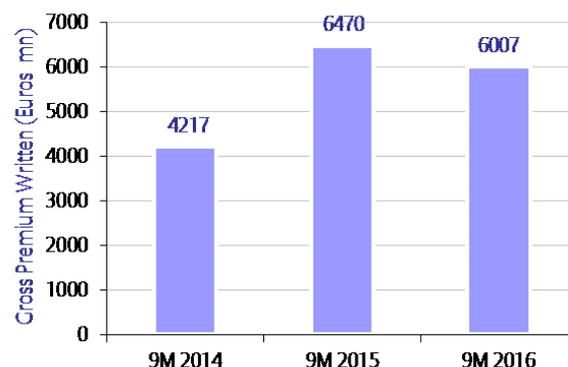
In *Life and Health* insurance, operating profit for the first nine months of 2016 increased by 13.8 % to €3.1 billion (9M 2015: €2.7 billion). *Statutory premiums* decreased by 4.7 % to €47.5 billion (9M 2015: €49.9 billion).

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. *Operating profit* decreased by 5.8 % to €1.6 billion (9M 2015: €1.7 billion), mainly as a result from lower margins and lower average third-party assets under management.

2. AGCS¹ Results 9M 2016

AGCS *gross premiums written* for 9M 2016 amounted to €6.007 billion (9M 2015: €6.470 billion), which is €463 million lower than prior year. This reflects the exceptional effect of the sale of Personal Lines business of Fireman's Fund Insurance Company (FFIC) in 2015, but also the current competitive market environment with ongoing pressure on rates across various Lines of Business.

AGCS Gross Premiums Written 9M 2014-16²



The *combined ratio* for 9M 2016 was 99.0% (9M 2015: 102.8%), which is 3.8 percentage points better year-on-year. While this benefits from higher favorable run-off from prior years' business, it was impacted by increased claims activity including major claims in North and South America.

Operating profit reached €371 million in 9M 2016 which is €11 million higher year-on-year. This result is driven by a higher underwriting result in 2016, and reflects the extraordinary effects seen in 2015 from restructuring in the US and the sale of the FFIC's Personal Lines business.

¹ 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..

² Including Fireman's Fund business since 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 16)
AGCS NA	AA (May 16)	A+ (Aug 16)
FFIC	AA (May 16)	A+ (Aug 16)
ART**	AA- (May 16)	A+ (Aug 16)
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 August 2016 A. M. Best affirmed the financial strength rating of A+ (Superior) with stable outlook of *Allianz SE* and its subsidiaries *AGCS SE*, *AGCS NA*, *FFIC*, *ART AG* and *ART Bermuda*. A. M. Best acknowledged Allianz's "excellent risk-adjusted capitalization, strong operating performance, diversified business profile and robust risk management framework". The ratings of Allianz SE have been extended to AGCS SE based on the company's importance as the corporate and specialty lines provider of Allianz SE group.

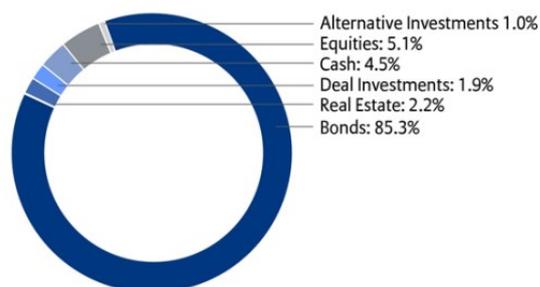
Asset Allocation & Investments

In Q3 2016 the *market value* of our total invested assets, excluding strategic participations, decreased to €15.6 billion (Q2 2016: €15.7 billion).

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* increased from 3.9% in Q2 2016 to 4.5% and is driven by higher cash holdings at AGCS North America.

AGCS Asset Allocation 9M 2016



Global strengthening of Entertainment team

AGCS continues to expand its Entertainment offering globally with recent senior appointments in the US, Australia, France and Germany as well as the UK. The existing [UK Entertainment team](#) was strengthened with the appointment of *Clare Dowling* as senior underwriter. In Germany, *Christina Mertens* and *Florian Sellckau*, have been recruited to establish a local Entertainment underwriting team in Hamburg and Cologne. "Our global expansion means that AGCS now offers a truly global Entertainment product suite in Film, Live Entertainment and Contingency to serve clients worldwide with global expertise and local products and market know-how," added Lauren Bailey, Global Head of Entertainment (pictured).



Expansion of Environmental Impairment Liability team

As environmental risks continue to grow around the world, AGCS has expanded its global Environment Impairment Liability (EIL) team with new senior hires in the North American and Mediterranean region. *Nicole Baker* and *Steve Target* joined as Executive Underwriters and *Ken Baker* as dedicated claims specialist. In the Mediterranean region, *Dámaso Alvarez Peña* was appointed Head of EIL.

"Environmental claims pose an immense financial and reputational risk for companies today and we will continue investing in the best people and resources to best serve our customers," stated Arthur Lu, Head of Global EIL for AGCS (pictured) based in New York.



Contact Us

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*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.