

3M 2017 Results Update

Briefing – May 2017

This document summarises the financial results for the first quarter of 2017 ('3M 2017') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on May 12, 2017.

Further information

Full details of Allianz Group results for 3M 2017, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

1. Allianz Group Results 3M 2017

Allianz reports a strong start into 2017. In the first quarter of 2017 *total revenues* rose to €36.2 billion (3M 2016: €35.4 billion), with all segments contributing to the 2.5% increase.

Operating profit grew by 9.4% to €2.9 billion (3M 2016: €2.7 billion), driven by a strong performance of the Life and Health and Asset Management business segments. *Net income attributable to shareholders* fell by 15.3% to €1.8 billion (3M 2016: €2.1 billion). The *Group solvency II capitalization ratio* went from 218% at the end of 2016 to 212% at the end of the first quarter 2017, reflecting the impact from the share buy-back program.

In the *Property and Casualty* insurance segment, *gross premiums written* increased by 2.7% to €17.7 billion (3M 2016: €17.2 billion) for the first quarter. *Operating profit* decreased by 12.7% to €1.3 billion (3M 2016: €1.4 billion) compared to the prior-year quarter. This decrease was due to a lower underwriting result primarily driven by higher large losses and claims from natural catastrophes. The *combined ratio* rose by 2.3 percentage points to 95.6% (3M 2016: 93.3%).

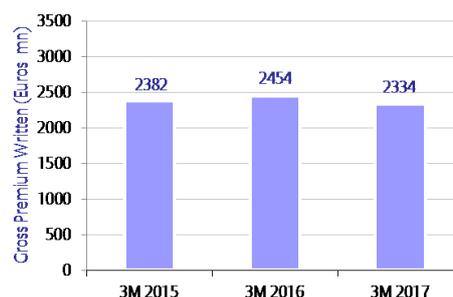
The *Life and Health* insurance segment enjoyed an outstanding start to the year with *operating profit* rising by more than a third to €1.2 billion (3M 2016: €0.9 billion), mostly driven by a higher investment margin in the United States. *Statutory premiums* grew by 1.3% to €16.9 billion (3M 2016: €16.7 billion).

In *Asset Management*, *third-party assets under management* increased by €42 billion to €1,403 billion compared to December 31, 2016. *Operating profit* increased 24.4% to €572 million (3M 2016: €460 million), primarily driven by an increase in operating revenues as a result of higher average third-party assets under management.

2. AGCS¹ Results 3M 2017

In a very competitive market environment, AGCS generated *gross premiums written* of €2.334 billion (3M 2016: €2.454 billion), which is €120 million lower than prior year. This revenue decline is largely driven by ongoing pressure on rates across various Lines of Business as well as adjusted portfolio strategies in some segments.

AGCS Gross Premiums Written 3M 2015-17²



The *combined ratio* for 3M 2017 was 100.3% (3M 2016: 95.5%). The loss ratio deteriorated due to significant large man-made losses across various industries.

Operating profit reached €109 million in the first quarter of 2017 (3M 2016: €152 million) which is €43 million lower year-on-year. This result is driven by a lower underwriting result, partly counterbalanced by higher investment income.

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 2016, which are listed below for the primary operating companies.

AGCS SE	212%
AGCS NA	327%
ART AG	143%

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	(N/A)	A (Jan 2017)
AGCS South Africa	BBB- global; zaAA- local (April 17)	(N/A)

In April 2017 Standard & Poor's (S&P) lowered the long-term local currency rating on the Republic of South Africa from BBB to BBB-. As the global scale rating is capped by the sovereign rating, S&P also lowered the financial strength rating on *AGCS South Africa* from BBB to BBB-. At the same time S&P lowered the South African national scale rating from zaAAA to zaAA-.

After the merger with ART AG the S&P rating of *ART N.V.* (Netherlands) has been discontinued in April 2017. This has no impact on the rating of ART AG and its subsidiary ART Bermuda, which stays at AA- as affirmed in May 2016.

*S&P rating for ART AG and ART Bermuda; A.M. Best rating for ART AG and ART Bermuda.

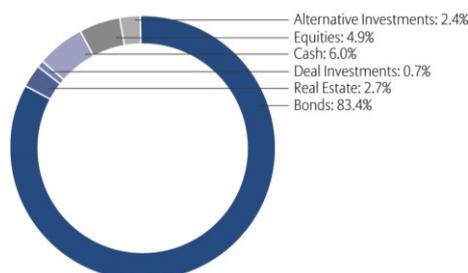
Asset Allocation & Investments

In Q1 2017 the *market value* of our total invested assets, excluding strategic participations, remained stable at €14.5 billion (Q4 2016: €14.5 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 3.3% in Q4 2016 to 6.0%, due to cash inflows and preparations to fund the dividend payment to AZSE.

AGCS Asset Allocation 3M 2017



Change of Board Responsibilities

Effective May 1 2017, the reporting line for the AGCS Asia region has changed from Chief Regions & Markets Officer I, *Andreas Berger* (pictured left) to Chief Regions & Markets Officer III, *Carsten Scheffel*. In



addition to his broader responsibility as Chief Regions & Markets Officer overseeing AGCS's business in Central & Eastern Europe, the Mediterranean

region and Africa, Mr. Berger has also taken on the role of CEO for AGCS Central & Eastern Europe. In addition, the change enables all countries in Asia Pacific to fall under one Board Member's responsibility, as Mr. Scheffel already oversees Australia and New Zealand within AGCS' Regional Unit London.

New Global Head of Cyber

As announced in March 2017, *Emy R. Donovan* (pictured) has been promoted to Global Head of Cyber reporting to Bernard Poncin, Global Head of Financial Lines at AGCS. Ms. Donovan, who was Regional Head of Cyber for AGCS North America, succeeded Nigel Pearson who has left AGCS to pursue other opportunities. Based in San Francisco, she oversees cyber insurance for both commercial companies and financial institutions as well as IT Tech Professional Indemnity insurance. With Ms. Donovan becoming Global Head of Cyber her regional role has not been replaced. Jenny Soubra and



Terri Mason who have country responsibility for cyber and IT Tech PI products for the United States and Canada respectively will maintain their current focus.

Contact Us

For further information please contact your local AGCS manager or [Hugo Kidston](#), AGCS Global Head of Communications, +44.203451.3891

Follow AGCS: www.agcs.allianz.com