

9M 2018 RESULTS UPDATE

BRIEFING November 2018

This document summarizes the financial results for the first nine months of 2018 ('9M 2018') for Allianz Global Corporate & Specialty (AGCS), as well as for Allianz Group, both of which were announced on November 9, 2018.

FURTHER INFORMATION

Full details of Allianz Group results for 9M 2018, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

¹ Specifically, Allianz Global Corporate & Specialty SE, Allianz Risk Transfer AG, Allianz Risk Transfer (Bermuda) Ltd., 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..

1. ALLIANZ GROUP RESULTS 9M 2018

"Allianz showed a strong performance across the board, now also supported by substantial productivity gains", said Oliver Bäte, Chief Executive Officer of Allianz SE.

In the first nine months of 2018, **total revenues** of Allianz Group increased 3.6% to €97.8 billion (9M 2017: €94.5 billion). **Internal revenue growth**, which adjusts for currency and consolidation effects, amounted to 6.8%. **Operating profit** grew 4.8% to €8.7 billion (9M 2017: €8.3 billion), due to a higher underwriting result from the Property & Casualty (P&C) business, as well as increased operating revenues from the Asset Management business. **Net income attributable to shareholders** increased to €5.8 billion (9M 2017: €5.4 billion). Allianz maintained a strong capitalization, with the **Solvency II capitalization ratio** of 229% at the end of the quarter (230% recorded at the end of second quarter 2018).

In the **P&C** business, **gross premiums written** increased by 2.5% to €41.9 billion (9M 2017: €40.9 billion). **Internal revenue growth** amounted to 5.9%, driven by AGCS, Allianz Germany, and Allianz Partners. **Operating profit** rose by 13% to €4.2 billion (9M 2017: €3.7 billion). The **combined ratio** improved by 1.4 percentage points to 94.0% (9M 2017: 95.4%).

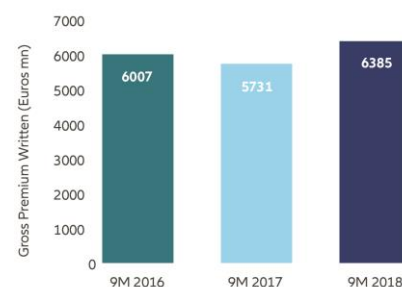
In the **Life and Health** insurance business, **statutory premiums** rose by 4.8% to €51.1 billion (9M 2017: €48.7 billion). **Operating profit** decreased slightly to €3.2 billion (9M 2017: €3.4 billion).

In **Asset Management**, **third-party assets under management** grew 2.7% to €1,487 billion (9M 2017: €1,448 billion). **Operating profit** rose 8.8% to €1.9 billion (9M 2017: €1.7 billion).

2. AGCS¹ RESULTS 9M 2018

AGCS **gross premium written** for 9M 2018 amounted to €6.385 billion (9M 2017: €5.731 billion), which is an increase of €655 million year on year. The premium growth is mainly driven by AGCS's fronting business as well as growth in several Corporate Lines of Business, in particular MidCorporate, Liability and Financial Lines.

AGCS GROSS WRITTEN PREMIUM 9M 2016-18



The **combined ratio** for 9M 2018 stands at 99.8% (9M 2017: 103.5%) which is 3.7 percentage points better than prior year. Although claims levels in the first three quarters of 2018 have been relatively high, this development reflects the exceptional loss environment of 2017, when many AGCS clients suffered severe losses in the hurricane season. The combined ratio also reflects a better expense ratio driven by productivity improvements across the business.

Operating profit reached €274 million for 9M 2018 (9M 2017: €172 million), increasing by €102 million compared to prior year. The positive underwriting performance compared to 2017 has been partly offset by a lower investment income.

SOLVENCY RATIOS

AGCS shows solid local solvency ratios as of Q4 2017, which are listed below for the primary operating companies.

AGCS SE	174%
AGCS NA	315%
ART AG	130%

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

AGCS RATINGS (showing date rating published)

AGCS Company	Standard & Poor's	A. M. Best
AGCS SE	AA (Jun 18)	A+ (Aug 18)
AGCS NA	AA (Jun 18)	A+ (Aug 18)
FFIC	AA (Jun 18)	A+ (Aug 18)
ART*	AA- (Jun 18)	A+ (Aug 18)
AGCS Japan	AA (Jun 18)	(N/A)
AGCS Re Brazil	(N/A)	A+ (Aug 2018)
AGCS South Africa	BB+ global; zaAA+ local (Jun 18)	(N/A)

On August 30 2018, **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, ART Bermuda** and **AGCS Re Brazil**.

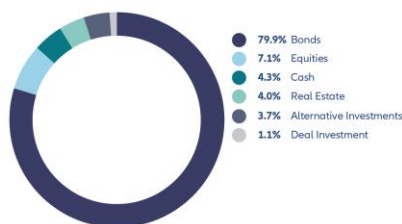
ASSET ALLOCATION & INVESTMENTS

In Q3 2018 the **market value** of our total invested assets, excluding strategic participations, slightly increased to a value of €13.0 billion (Q2 2018: €12.8 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** in Q3 2018 remained stable at 4.3% compared to Q2 2018.

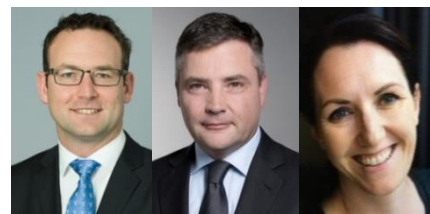
AGCS ASSET ALLOCATION 9M 2018



Results for Q4/full year 2018 for Allianz Group and Allianz Global Corporate & Specialty will be available on February 15, 2019. For further details please see Allianz Group's [Investor Relations](#) website pages.

ALTERNATIVE RISK TRANSFER: NEW GLOBAL SET-UP ...

AGCS has reshaped its Alternative Risk Transfer (ART) line of business into two new specialist teams. With effect from November 1, 2018, the Insurance-Linked-Markets team became a standalone line of business known as Capital Solutions, led by current ART Chief Underwriting Officer **Richard Boyd**. The remaining ART practice groups providing Corporate Solutions, Reinsurance, and Climate Solutions continue under the existing name of Alternative Risk Transfer (ART), led by **Michael Hohmann** who moved to ART from his position as Global Head of Liability. **Ciara Brady** will join AGCS from January 1, 2019 as new Global Head of Liability, moving on from her current role as Head Casualty Treaty Global and International for Swiss Re.



Richard Boyd, Michael Hohmann, Ciara Brady (pictured from left to right)

... AND EXPANSION IN ASIA

AGCS is expanding its ART line of business to the Asia Pacific region, and in a related move, appointed Richard Green as Regional Head of ART, Asia Pacific, in October 2018. Mr. Green has over 20 years of experience in alternative risk transfer and related fields and most recently worked at a global broker. At AGCS, he is responsible for underwriting execution of both the new ART line of business as well as Capital Solutions in Asia Pacific.

CONTACT US

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