

# 3M 2016 Results Update

## Briefing – May 2016

This document summarises the financial results for the first quarter 2016 ('3M 2016') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on May 11, 2016.

### Further information

Full details of Allianz Group results for 3M 2016, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

### 1. Allianz Group 3M 2016

Allianz Group achieved strong results in the first quarter of 2016 in a continued challenging environment, [as published on May 11, 2016](#).

**Total revenues** in the first quarter fell by 6.4 % to €35.4 (2015: €37.8) billion. Operating profit decreased by 3.5 % to €2.8 (€2.9) billion. Net income attributable to shareholders rose by 20.5% to €2.2 (€1.8) billion.

The **Group Solvency II ratio** eased to 186 percent at the end of the first quarter 2016 compared to 200 percent at the end of 2015 due to capital market developments, partly offset by risk management actions. The decrease was also due in part to a changed regulatory tax treatment of the German life sector that took effect on January 1, 2016.

In the **Property & Casualty (P&C)** segment, gross premiums written reached €17.2 (€17.3) billion in the first quarter of 2016, a slight decrease of 0.5% year-on-year due to negative foreign exchange effects. P&C operating profit grew 12.0% to €1.4 (€1.3) billion compared to the prior-year quarter. The combined ratio improved by 1.3 percentage points to 93.3% (94.6%), benefitting from fewer natural catastrophes in the quarter.

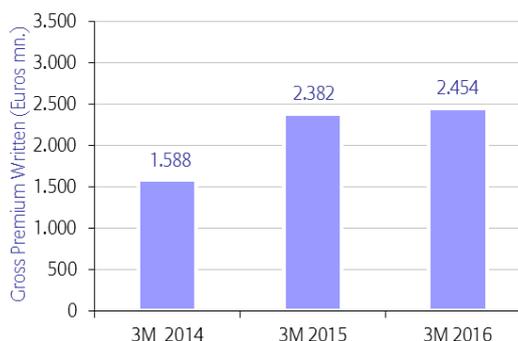
In the **Life & Health** insurance segment, statutory premiums decreased 11.4% year-on-year, amounting to €16.7 (€18.8) billion. Operating profit declined by 16.0% to €0.9 (€1.1) billion.

In **Asset Management**, net outflows of third-party assets slowed, but continued to weigh on assets under management. The segment's operating profit declined by 16.5 % to €463 (€555) million.

### 2. AGCS<sup>1</sup> Results 3M 2016

AGCS continued with solid **top line growth** in the first quarter of 2016, generating a premium income of €2.454 billion, exceeding last year's result by €72 million. Major drivers are increased fronting activity via Allianz Risk Transfer AG and foreign exchange effects.

#### AGCS Gross Premiums Written 3M 2014-16<sup>2</sup>



The **combined ratio** for 3M 2016 is 95.5% (2015: 99.6%) supported by favorable claims activity despite hailstorm NatCat losses in the US in March, and further assisted by positive run-off from prior years' business.

**Operating profit** for 3M 2016 totaled €152 million (2015: €45 million) reflecting the solid underwriting results.

<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, 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 SE shows a solid local solvency ratio 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 (Dec 15)	A+ (Aug 15)
AGCS NA	AA (Dec 15)	A+ (Aug 15)
FFIC	AA (March 2016)	A+ (Aug 15)
ART**	AA- (Oct 15)	A+ (Aug 15)
AZFM (Japan)	AA (Dec 15)	(N/A)
AGCS Re Brazil	Rating withdrawn (March 2016)	A (Oct 15)
AGCS South Africa	BBB+ global zaAAA local (Dec 15)	(N/A)

In March 2016, *Standard & Poor's* (S&P) raised its long-term credit and financial strength rating on *Fireman's Fund Insurance Company* (FFIC) and its affiliated companies to AA from A and changed the outlook to stable. The upgrade reflects the change in FFIC's group status to "core" from "strategically important". S&P in particular appreciated that "insurance regulators have approved the addition of FFIC into the AGCS North America (AGCS NA) pooling agreement".

In March 2016, AGCS decided to terminate the rating of *AGCS RE Brazil* by S&P as it is capped by the sovereign rating on the Federative Republic of Brazil which has been lowered to BB in February 2016. Upon withdrawing the rating at AGCS's request, S&P confirmed that they consider AGCS RE Brazil to be a "top player in Brazil's reinsurance market" whom they expect "to continue to grow despite a weak economy". AGCS Re Brazil's A.M. Best rating of A remains unchanged.

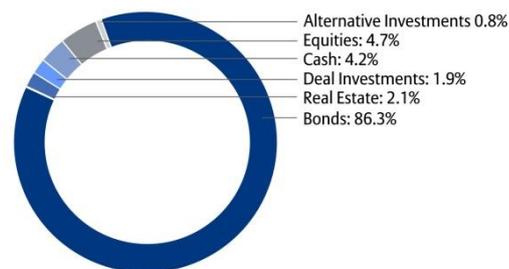
### Asset Allocation & Investments

In the first quarter 2016, the *market value of total invested assets* decreased to €15.9 billion (Q4 2015: €16.3 billion). This movement is largely driven by foreign exchange effects, Allianz Global Risks US dividend payment to Allianz of America and FFIC portfolio transfer to San Francisco RE, offset by unrealized gains and current income.

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% (Q4 2015) to 4.2%, before the dividend payment to Allianz SE in April.

## AGCS Asset Allocation 3M 2016



## Change in Leadership for AGCS North America

As announced in March 2016, *Art Moosmann*, Board of Management member and President & CEO for AGCS North America (pictured, left) will hand over his leadership responsibility for AGCS NA to *Bill Scaldaferrri* (right) from July 1, 2016, and will step down from the AGCS SE Board as of December 31, 2016. AGCS Board of Management member Bill Scaldaferrri, who is based in New York, will continue as Chief Underwriting Officer Specialty, in addition to his new North American role.



## New CEO for AGCS Pacific

*Willem van Wyk* (left), current CEO for AGCS Dubai, will succeed *Holger Schaefer* (right) as CEO of AGCS Pacific overseeing the company's business in Australia and New Zealand. Effective June 1, *Holger Schaefer* will take on the role of Regional CEO of Asia Pacific for Allianz Group company Euler Hermes. With more than 25 years' insurance experience in different functions, companies and regions, Willem van Wyk has started his Allianz career as Head of Market Management in Australia in 2008 and moved to AGCS Dubai in 2015.



## 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.