

3M 2018 RESULTS UPDATE

BRIEFING MAY 2018

This document summarizes the financial results for the first quarter 2018 ('3M 2018') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on May 15, 2018.

FURTHER INFORMATION

Full details of Allianz Group results for 3M 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 3M 2018

Allianz Group had a good start into 2018. "We had increases in both the top and the bottom lines, even if market volatility was visible at an operating level in the first quarter," said Oliver Baete, Chief Executive Officer of Allianz SE.

Total revenues of Allianz Group increased 0.7% to €36.5 billion (3M 2017: €36.2 billion). **Operating profit** decreased by 6.0% to €2.8 billion (3M 2017: €2.9 billion). The main driver for the decrease were €142 million currency translations and €148 million benefit in the prior year related to the corporate pension administration. **Net income attributable to shareholders** rose to €1.9 billion (3M 2017: €1.8 billion). The **Group solvency II capitalization ratio** remained a strong 225% at the end of the quarter, compared to 229% recorded at the end of 2017.

In the **Property and Casualty** insurance segment, **gross premiums written** increased 1.1% to €17.9 billion (3M 2017: €17.7 billion) in 2017. **Operating profit** rose by 1.2% to €1.27 billion (3M 2017: €1.26 billion). The **combined ratio** improved by 0.8 percentage points to 94.8% (3M 2017: 95.6%).

The **Life and Health** business benefitted from rising sales of capital-efficient products. **Statutory premiums** rose to €17.1 billion (3M 2017: €16.9 billion). **Operating profit** decreased by 7.4% to €1.1 billion (3M 2017: €1.2 billion).

In **Asset Management**, **third-party assets under management** eased 1.3% to €1,429 billion (3M 2017: €1,448 billion), mainly due to negative foreign currency translation effects. **Operating profit** rose 4.1% to €595 million (3M 2017: €572 million).

2. AGCS¹ RESULTS 3M 2018

In the first quarter 2018, AGCS increased **gross premium written** to €2.467 billion (3M 2017: €2.334 billion), which is €133 million higher year on year. This growth is driven by seasonality factors in AGCS's fronting business as well as growth in several Lines of Business, in particular Liability and MidCorp.

AGCS GROSS WRITTEN PREMIUM 3M 2016-18



The **combined ratio** for 3M 2018 stands at 94.6% compared to 100.3% for 3M 2017. The loss ratio benefitted from a benign loss environment compared to the first quarter 2017 when AGCS was impacted by several high severity claims.

Operating profit reached €139 million in 3M 2018 (3M 2017: €109 million) which is €31 million higher than prior year. The rise in operating profit is attributed to a profitable Underwriting result, which has been partly offset by 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%

*Solvency ratios not yet audited.

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

Results for Q2 2018 for Allianz Group and Allianz Global Corporate & Specialty will be available on August 3, 2018. For further details please see Allianz Group's [Investor Relations](#) website pages.

AGCS RATINGS (showing date rating published)

AGCS Company	Standard & Poor's	A. M. Best
AGCS SE	AA (May 17)	A+ (Aug 17)
AGCS NA	AA (May 17)	A+ (Aug 17)
FFIC	AA (May 17)	A+ (Aug 17)
ART**	AA- (May 17)	A+ (Aug 17)
AGCS Japan	AA (Oct 17)	(N/A)
AGCS Re Brazil	(N/A)	A+ (Aug 2017)
AGCS South Africa	BB+ global; zaAA+ local (Nov 17)	(N/A)

In the first quarter 2018, there are no changes in ratings for AGCS SE or one of its legal entities.

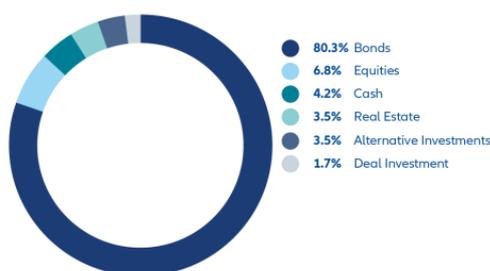
ASSET ALLOCATION & INVESTMENTS

In Q1 2018 the *market value* of our total invested assets, excluding strategic participations, slightly decreased to a value of €12.9 billion (Q3 2017: €13.2 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 Q1 2018 slightly decreased to 4.2% compared to 5.0% for Q4 2017.

AGCS ASSET ALLOCATION 3M 2018



CYBER COOPERATION

In February 2018, Cisco, Apple, Aon and Allianz announced a new cyber risk management solution for businesses in North America, comprised of cyber resilience evaluation services from Aon, the most secure technology from Cisco and Apple, and options for enhanced cyber insurance coverage from Allianz. The new solution is designed to help a wider range of organizations better manage and protect themselves from cyber risk associated with ransomware and other malware-related threats, which are the most common threats faced by organizations today.

PORTFOLIO EXPANSION

With effect from Jan 30, 2018, AGCS North America has acquired the renewal portfolio of Liberty Mutual Insurance's United States Product Recall and Special Contingency business, written through Liberty International Underwriters (LIU) U.S. AGCS began offering product recall insurance in North America in 2016 and is committed to further expanding its business in this segment, with a focus on larger corporate clients.

In March 2018, AGCS has announced to expand its marine cargo insurance business in its regional unit Central & Eastern Europe. The new team, which is based in Munich, consists of five underwriters, all of whom have many years of proven experience in marine and industrial insurance, and will serve the extensive customer base in southern Germany.

CONTACT US

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