

6M 2017 Results Update

Briefing – August 2017

This document summarises the financial results for first half of 2017 ('6M 2017') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on August 4, 2017.

1. Allianz Group Results 6M 2017

The first half of 2017 was a success for Allianz. "We are half way through our three-year Renewal Agenda plan, and at this stage it is clear that those efforts are bearing fruit for all stakeholders," said Oliver Bäte, CEO of Allianz SE. In the half year of 2017 *total revenues* increased to €66.2 billion (6M 2016: €64.8 billion), with all segments contributing to the 2.3% increase.

Operating profit in the half-year period rose 15.7% to €5.9 billion (6M 2016: €5.1 billion). *Net income attributable to shareholders* increased by an impressive 17.9% to €3.8 billion (6M 2016: €3.2 billion). The *Group solvency II capitalization ratio* rose to 219% at the end of the quarter, compared to 212% at the end of the first quarter of 2017, mostly driven by favorable market developments.

The *Property and Casualty* insurance segment made "excellent progress in underwriting and by stabilizing investment income" according to Allianz CFO Dieter Wemmer. *Gross premiums written* increased slightly to €29.4 billion (6M 2016: €28.9 billion) in the first half-year of 2017. *Operating profit* improved 5.2% to €2.7 billion (6M 2016: €2.6 billion) compared to same period of the prior year. The *combined ratio* for the first half year improved to 94.6% (6M 2016: 94.9%).

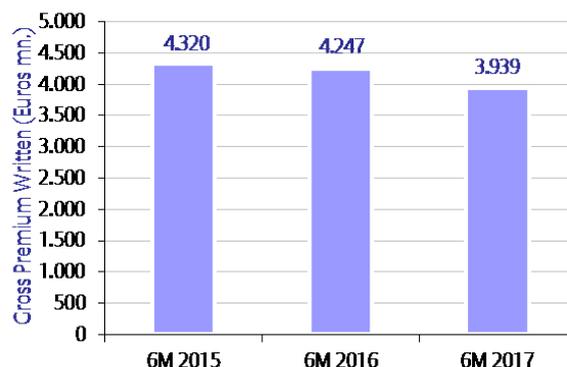
The *Life and Health* insurance segment experienced ample growth in a difficult environment. *Operating profit* increased to €2.3 billion (6M 2016: €1.9 billion). *Statutory premiums* amounted to €33.6 billion (6M 2016: €33.0 billion).

In *Asset Management*, *third-party assets under management* increased by €3 billion to €1,406 billion compared to the end of the first quarter of 2017. *Operating profit* increased 20.4% to €1.2 billion (6M 2016: €960 million).

AGCS¹ Results 6M 2017

AGCS *gross premiums written* for 6M 2017 totaled €3.939 billion (6M 2016: €4.247 billion). In a highly competitive market environment premiums are €307 million lower year on 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 6M 2015-17²



The *combined ratio* for 6M 2017 improved to 98.8% which is 4.1 percentage points better compared to 102.9% for 6M 2016. The main driver is a lower loss ratio which benefitted from a relatively low number of natural catastrophe claims.

Operating profit reached €225million in 6M 2017 (6M 2016: €157 million) which is €68 million higher than prior year. The rise in underwriting profitability was partly counterbalanced by a lower investment income.

Further information

Full details of Allianz Group results for 6M 2017, 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..

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)

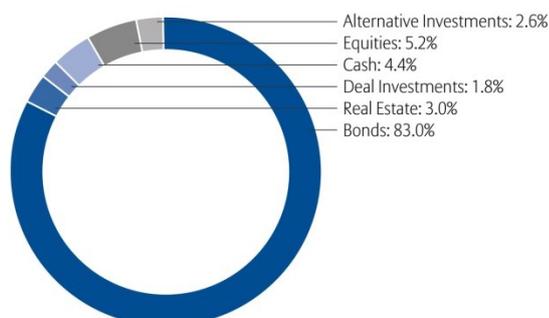
AGCS Ratings remained unchanged across all entities in the second quarter of 2017.

Asset Allocation & Investments

In Q2 2017 the *market value* of our total invested assets, excluding strategic participations, reduced to a value of €13.6 billion (Q1 2017: €14.5 billion). The major driver of this decrease in the last quarter is the €0.7 billion dividend payment to Allianz SE.

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.

AGCS Asset Allocation 6M 2017



Total assets continue to be primarily invested in interest-bearing securities (bonds). The *cash quota* decreased from 6.0% in Q1 2017 to 4.4%, due to the dividend payment to Allianz SE.

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

New Branch Office in South Korea as Cornerstone of Expansion in Asia

As announced on June 29, AGCS SE has become the first foreign non-life insurer in almost a decade to receive regulatory approval from South Korea's Financial Services Commission to open a branch in Seoul operating with a local insurance license. *Noh Chang Tae* assumed the role of CEO of AGCS South Korea. AGCS has been active in the South Korean market for several years providing reinsurance capacity for local insurers.



The South Korea branch in Seoul is the latest addition to AGCS Asia's regional footprint which currently includes Singapore, Hong Kong, Japan, China, India, Brunei and Myanmar. AGCS Asia continues to build its presence across the region, further expanding in China, India and Indonesia in the course of this year.

The growing presence of AGCS in Asia serves both Asian companies looking to expand overseas as well as the growing pool of global corporations with Asian interests.

New Global Head of Aviation

Effective May 25, 2017 *Mike Hansen* has been named Global Head of Aviation reporting to *Paul O'Neill*, AGCS Board Member and Chief Underwriting Officer,



Specialty. He took over this responsibility from *Henning Haagen* who was appointed Northeast Zone Executive for North America earlier this year. Mr. Hansen, who had overseen the North American aviation business of AGCS before, will be

relocating from Canada to London later this year. He joined AGCS in June 2016 bringing with him almost 35 years international aviation insurance industry experience from both an underwriting and broking background.

Contact Us

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

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