

6M 2018 RESULTS UPDATE

BRIEFING August 2018

This document summarizes the financial results for the second quarter 2018 ('6M 2018') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on August 3, 2018.

FURTHER INFORMATION

Full details of Allianz Group results for 6M 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 6M 2018

After a successful start into 2018, Allianz Group continued to achieve good performance in the second quarter.

In the first half-year of 2018, **total revenues** of Allianz Group increased 1.7% to €67.3 billion (6M 2017: €66.2 billion). **Internal revenue growth**, which adjusts for currency and consolidation effects, was 5.6%.

Operating profit decreased by 1.8% to €5.8 billion (6M 2017: €5.9 billion), mostly driven by the Life/Health business segment due to a normalization of the investment margin and due to unfavourable foreign exchange. **Net income attributable to shareholders** remained at €3.8 billion (6M 2017: €3.8 billion). Allianz maintained a strong capitalization, with the **Solvency II capitalization ratio** of 230% at the end of the quarter, compared to 225% recorded at the end of first quarter 2018.

In the **Property and Casualty** insurance segment, **gross premiums written** increased by 2.0% to €30.0 billion (6M 2017: €29.4 billion) in the first half of 2018. **Internal revenue growth** amounted to 5.9%, mostly driven by AGCS, in Germany, and at Allianz Partners. **Operating profit** rose by 0.9% to €2.7 billion (6M 2017: €2.7 billion). The **combined ratio** improved by 0.2 percentage points to 94.4% (6M 2017: 94.6%).

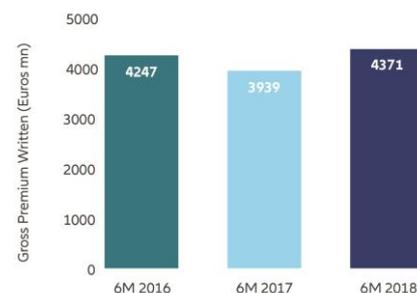
In the **Life and Health** insurance business, **statutory premiums** rose by 1.8% to €34.2 billion (6M 2017: €33.6 billion). **Operating profit** decreased by 6.0% to €2.1 billion (6M 2017: €2.3 billion).

In **Asset Management**, **third-party assets under management** grew 1.2% to €1,464 billion (6M 2017: €1,448 billion). **Operating profit** rose 7.9% to €1.2 billion (6M 2017: €1.2 billion).

2. AGCS¹ RESULTS 6M 2018

In the first half year 2018, AGCS **gross premium written** rose to €4.371 billion (6M 2017: €3.939 billion), which is an increase of €432 million year on year. Much as in the first quarter 2018, the revenue growth is mainly driven by seasonality factors in AGCS's fronting business as well as growth in several Lines of Business, in particular Liability and MidCorporate.

AGCS GROSS WRITTEN PREMIUM 6M 2016-18



The **combined ratio** for 6M 2018 improved by 1.2 percentage points and now stands at 97.7% (6M 2017: 98.8%). This ratio benefitted from a relatively benign loss environment in the first half of 2018, but also from lower expenses as result of productivity improvements across the business.

Operating profit reached €233 million for 6M 2018 (6M 2017: €225 million). The moderate increase of €8 million in operating profit year on year is driven by better underwriting performance, 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 Q3 2018 for Allianz Group and Allianz Global Corporate & Specialty will be available on September 11, 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 (Jun 18)	A+ (Aug 17)
AGCS NA	AA (Jun 18)	A+ (Aug 17)
FFIC	AA (Jun 18)	A+ (Aug 17)
ART**	AA- (Jun 18)	A+ (Aug 17)
AGCS Japan	AA (Jun 18)	(N/A)
AGCS Re Brazil	(N/A)	A+ (Aug 2017)
AGCS South Africa	BB+ global; zaAA+ local (Jun 18)	(N/A)

In June 2018 *Standard & Poor's (S&P)* published the rating report for AGCS and confirmed the core status and the AA rating with stable outlook for **AGCS SE, AGCS NA and AGCS Japan** as well as the AA- ratings on the highly strategic subsidiaries **ART AG and ART Bermuda**. The S&P rating is based on "AGCS's role as Allianz Group's dedicated carrier for corporate and specialty insurance lines and its status as the group's second-largest property and casualty insurer". According to S&P, AGCS is "one of the largest industrial lines insurers worldwide with a strong market position" benefitting from AZSE's strong brand and global footprint.

In July 2018 *S&P* raised its national scale ratings on South African insurers from zaAA+ to zaAAA after the revision of its criteria. Therefore, **AGCS South Africa** is now rated with zaAAA+ as well. The global scale rating was approved in June 2018 and remains BB+ as it is capped by the sovereign rating.

ASSET ALLOCATION & INVESTMENTS

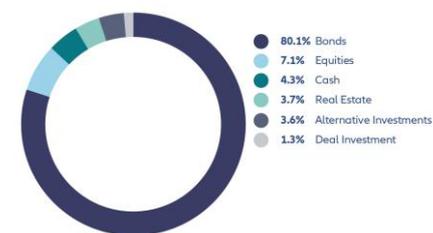
In Q2 2018 the *market value* of our total invested assets, excluding strategic participations, slightly decreased to a value of €12.8 billion (Q1 2018: €12.9 billion).

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 Q2 2018

slightly increased to 4.3% compared to 4.2% for Q1 2018.

AGCS ASSET ALLOCATION 6M 2018



RELAUNCH REPUTATION PROTECT

In June 2018, AGCS relaunched its reputational risk policy "**Allianz Reputation Protect**" in Germany and Austria. Other markets in Europe and Asia will follow in the coming months. The new solution offers crisis communications support and media monitoring in any situation a company considers to negatively impact its reputation. As a new cover element, loss of earnings as a result of a crisis incident is indemnified as well.

NEW HEAD OF MARKET MANAGEMENT FOR LONDON

AGCS has appointed **Jennifer Rex** to the role of Head of Market Management for Regional Unit London (RUL). She will join in mid-October with responsibility to lead Key Account Management and Broker Distribution throughout the RUL Region, which includes UK, Ireland, Nordic Region, Dubai and Russia. She has over 25 years' experience in insurance and has worked in New Zealand and Ireland, as well as the London market.

CONTACT US

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