1. ALLIANZ GROUP RESULTS 12M 2017

Allianz Group reported strong results for the full year 2017 despite very high natural catastrophe activity. “Hurricanes, storms and wildfires hit the insurance industry hard in 2017, making it the costliest natural catastrophe year ever for the insurance sector”, said Oliver Bäte, CEO of Allianz SE.

Total revenues of Allianz Group rose 3.0% to €126.1 billion (12M 2016: €122.4 billion), driven by improvements in all business segments. Operating profit increased slightly by 0.4% to €11.1 billion (12M 2016: €11.1 billion). Net income attributable to shareholders declined by 2.3% to €6.8 billion (12M 2016: €6.96 billion). The Group solvency II capitalization ratio rose to 229% at end-2017, compared to 218% at the end of 2016.

The Property and Casualty insurance segment was overshadowed by a series of severe natural catastrophes which caused some €1.1 billion in losses. Gross premiums written rose to €52.3 billion (12M 2016: €51.5 billion) in 2017. Operating profit decreased by 7.5% to €5.1 billion (12M 2016: €5.5 billion). The combined ratio rose 0.9 percentage points to 95.2% (12M 2016: 94.3%).

The Life and Health business benefitted from increased sales of more capital-efficient products. Statutory premiums rose to €67.3 billion (12M 2016: €64.6 billion). Operating profit increased by 3.1% to €4.4 billion (12M 2016: €4.3 billion).

In Asset Management, third-party assets under management grew by €87 billion to €1,448 billion compared to the end of 2016. In 2017, operating profit rose 10.6% to €2.4 billion (12M 2016: €2.2 billion).

2. AGCS\(^1\) RESULTS 12M 2017

In 2017 AGCS generated gross premium written of €7.406 billion (12M 2016: €7.592 billion), which is €186 million lower year on year. This revenue decline is largely driven by the discontinuation of the Crop business in the United States, but also reflects adjusted portfolio strategies in selected Specialty segments which could not be completely compensated by growth in the Corporate segment and fronting business.

AGCS GROSS WRITTEN PREMIUM
12M 2015-17\(^2\)

The combined ratio for 12M 2017 rose by 3.7 percentage points to 105.2% compared to 101.6% for 12M 2016. The loss ratio suffered from high claims activity caused by the 2017 hurricanes and wildfires in the US as well as other natural catastrophes and man-made losses.

Operating profit decreased to €156 million in 12M 2017 (12M 2016: €382 million) which is €226 million lower than prior year. The decline of operating profit is driven by lower income from Underwriting and Investments.

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\(^1\) 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 2017*, which are listed below for the primary operating companies.

<table>
<thead>
<tr>
<th>Company</th>
<th>Solvency Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGCS SE</td>
<td>174%</td>
</tr>
<tr>
<td>AGCS NA</td>
<td>327%</td>
</tr>
<tr>
<td>ART AG</td>
<td>130%</td>
</tr>
</tbody>
</table>

*Solvency ratios not yet audited; AGCS NA still as of year-end 2016.

**AGCS RATINGS** (showing date rating published)

<table>
<thead>
<tr>
<th>AGCS Company</th>
<th>Standard &amp; Poor's</th>
<th>A. M. Best</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGCS SE</td>
<td>AA (May 17)</td>
<td>A+ (Aug 17)</td>
</tr>
<tr>
<td>AGCS NA</td>
<td>AA (May 17)</td>
<td>A+ (Aug 17)</td>
</tr>
<tr>
<td>FTIC</td>
<td>AA (May 17)</td>
<td>A+ (Aug 17)</td>
</tr>
<tr>
<td>ART**</td>
<td>AA- (May 17)</td>
<td>A+ (Aug 17)</td>
</tr>
<tr>
<td>AGCS Japan</td>
<td>AA (Oct 17)</td>
<td>(N/A)</td>
</tr>
<tr>
<td>AGCS Re Brazil</td>
<td>(N/A)</td>
<td>A+ (Aug 2017)</td>
</tr>
<tr>
<td>AGCS South Africa</td>
<td>BB+ global; zaAA+ local (Nov 17)</td>
<td>(N/A)</td>
</tr>
</tbody>
</table>

In October 2017 Standard & Poor’s (S&P) confirmed the rating of **AGCS Japan** at AA with stable outlook. The rating is based on the company’s core status within the Allianz Group.

In November 2017 S&P lowered the long-term local currency rating on the Republic of South Africa from BBB- to BB+. As the global scale rating is capped by the sovereign rating, S&P also lowered the financial strength ratings on **AGCS South Africa** from BBB- to BB+. At the same time S&P lowered the South African national scale rating from zaAAA- to zaAA+ on AGCS SA.

**ASSET ALLOCATION & INVESTMENTS**

In Q4 2017 the **market value** of our total invested assets, excluding strategic participations, remained stable at a value of €13.2 billion (Q3 2017: €13.4 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 Q4 2017 slightly increased to 5.0% compared to 4.3% for Q3 2017.

**BOARD AND LEADERSHIP CHANGES**

In December 2017 AGCS SE announced changes to its Board of Management, which take effect in 2018. From July 1, 2018, Chief Operating Officer (COO) Sinéad Browne (pictured left) moves to a new Board-level role at AGCS, taking over from Chief Regions and Markets Officer Carsten Scheffel, who retires from his role at the end of June. Based in London, Ms. Browne will oversee AGCS Regional Unit London, including the United Kingdom, Ireland, Nordics, Russia, Dubai and Australia, plus Asia and South America regions. Bettina Dietsche, currently Head of Group Operations at Allianz SE in Munich, joins AGCS on April 1, 2018 to succeed Ms. Browne as COO from July onwards, subject to approvals of the regulator and the Supervisory Board.

In addition, Chief Claims Officer Alexander Mack will retire from AGCS on June 30, 2018, with Philipp Cremer taking on the non-Board level role of Global Head of Claims, reporting to AGCS CEO Chris Fischer Hirs.

**ASIAN EXPANSION**

Following the opening of a new branch office in South Korea in June 2017, AGCS expanded its presence in China and Indonesia. In November 2017 AGCS has commenced operations in Beijing as a division of Allianz China’s new office in the country’s capital. The Beijing division is AGCS’s third in the country, after Guangzhou and Shanghai, and marks full network coverage across China’s tier-one cities. In Indonesia, AGCS operates as a division of Allianz Utama in Jakarta.

**CONTACT US**

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