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Allianz achieves 3.2 billion euros operating profit

Group on track to meet full-year targets

1Q 2022:

- Total revenues rise 6.2 percent to 44.0 billion euros
- Operating profit remains strong at 3.2 billion euros. Slight decline of 2.9 percent reflects impact of higher claims from natural catastrophes
- Net income attributable to shareholders 0.6 billion euros, down 78.1 percent following an additional after-tax provision of 1.6 billion euros related to the AllianzGI U.S. Structured Alpha proceedings. Excluding the provision, net income was 2.2 billion euros, down 16.0 percent mainly due to a lower non-operating result
- Robust Solvency II capitalization ratio of 199 percent¹

Outlook:

- 2022 operating profit target confirmed at 13.4 billion euros, plus or minus 1 billion euros²

Other:

- Share buy-back program of 1 billion euros on track: 2.4 million shares acquired for 500 million euros until the end of April 2022

¹ Excluding the application of transitional measures for technical provisions.

² As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements may severely affect the operating profit and/or net income of our operations and the results of the Allianz Group.

“The results of this quarter demonstrate that our business can withstand significant geopolitical and economic pressures. This is matched by the strength of our people. Allianz has taken clear business decisions in response to the Russian invasion of Ukraine. Also, we worked hard to achieve fair settlements with investors in the Structured Alpha funds in the U.S. and move toward a final resolution.”

- Oliver Bäte, Chief Executive Officer of Allianz SE

FINANCIAL HIGHLIGHTS

Revenues

1Q 2022: Total revenues rose by 6.2 percent to 44.0 billion euros. The Property-Casualty business segment benefited from higher prices and volumes while the Asset Management business recorded higher assets under management-driven revenues. Increased sales in the United States and Germany contributed to revenue growth in the Life/Health business segment.

Internal revenue growth, which adjusts for foreign currency translation and consolidation effects, increased to a strong 3.8 percent, driven by all business segments.

Earnings

1Q 2022: Operating profit 3.2 (1Q 2021: 3.3) billion euros, down 2.9 percent as claims from natural catastrophes nearly quadrupled, leading to a decline in the underwriting result in the Property-Casualty business segment. This was partly offset by a strong operating result in the Asset Management business segment due to higher average third-party assets under management (AuM). In the Life/Health business segment, operating profit remained stable.

Net income attributable to shareholders was 0.6 billion euros, down 78.1 percent. The decline reflects the impact of an additional pre-tax provision of 1.9 billion euros related to the AllianzGI U.S. Structured Alpha proceedings, which reduced the group’s first-quarter net income by 1.6 billion euros.

Annualized Return on Equity (RoE) was 3.5 percent (full year 2021: 10.6 percent).

Basic Earnings per Share (EPS) was 1.38 (6.23) euros, down 77.9 percent.

Solvency II Capitalization Ratio

The Solvency II capitalization ratio was 199 percent at the end of 1Q 2022 compared with 209 percent at the end of 4Q 2021. Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio was 226 percent at the end of the first quarter of 2022 compared with 239 percent at the end of 2021.

SEGMENTAL HIGHLIGHTS

“Even in a quarter marked by severe economic and geopolitical challenges, we maintained our first-quarter operating profit close to the strong level of the prior year. We have achieved nearly a fourth of our full-year target, which shows our operating performance remains on track.

- In our Property-Casualty business, we witnessed strong internal growth, driven by healthy pricing and robust volume growth as our business benefits from its solid position in a recovering economy. Our operating profit was affected by the highest level of claims from natural catastrophes for a first-quarter in a decade.
- In Life/Health, the strong improvement in our new business margin and value reflects an improved business mix and increase in volumes across most entities. This bodes very well for our future profitability.
- Our Asset Management business had a very strong first-quarter in terms of operating profit. The net income of the segment was impacted by a provision related to the Structured Alpha matter to address the remaining financial exposure in relation to compensation payments to investors and any resolution of governmental proceedings. The provision will not affect our dividend policy and payout.

We confirm our full-year outlook of operating profit of 13.4 billion euros, plus or minus 1 billion euros.”

- Giulio Terzariol, Chief Financial Officer of Allianz SE

Property-Casualty insurance: Good underlying result

1Q 2022: Total revenues rose by 9.1 percent to 21.5 (19.7) billion euros. Adjusted for foreign currency translation and consolidation effects, internal growth was strong at 6.6 percent due to a price effect of 4.1 percent, a volume effect of 2.0 percent as well as a service effect of 0.4 percent. This increase reflected a healthy growth across entities and geographies.

Operating profit was 1.4 (1.5) billion euros, down by 9.0 percent from the year-earlier period due to a lower underwriting result, which was affected by considerably higher claims from natural catastrophes and to a lower extent by attritional losses. A favorable contribution from run-off result had a partially offsetting effect. The expense ratio increased slightly to 27.1 percent (27.0 percent) due to higher acquisition costs mainly from a change in business mix at Allianz Partners.

The combined ratio rose by 1.7 percentage points to 94.7 percent (93.0 percent). While the combined ratio in our retail business³ increased, mostly due to the impact of higher natural catastrophes and the normalization of motor claims frequency, it improved significantly in our commercial business³.

³ Our retail business comprises retail, small- and medium-sized enterprises (SME) and fleet while our commercial business contains MidCorp and large business.

Life/Health insurance: Excellent new business margin

1Q 2022: PVNBP⁴, the present value of new business premiums, was stable at 19.4 (19.5) billion euros. Germany recorded lower sales volumes for capital-efficient products, while Italy had lower sales of unit-linked products. Higher sales volumes for fixed index annuities in the United States and for hybrid products in France mostly offset this development.

Operating profit remained unchanged at 1.2 (1.2) billion euros. The consolidation of the acquired Aviva operations in Poland had a positive contribution as did Taiwan, Spain and Germany Life. This was offset by a lower result in the United States.

The new business margin (NBM) jumped to 3.5 percent (2.9 percent), driven by an improved business mix. Favorable market developments also supported the improvement in margin. The value of new business (VNB) rose by a strong 20 percent to 671 (558) million euros, also supported by higher volumes in most operating entities.

Asset Management: Strong operating profit

1Q 2022: Operating revenues increased by 12.5 percent to 2.1 billion euros as a result of higher AuM-driven revenues. Operating profit surged by 11.2 percent from the prior-year period to 831 (747) million euros. Adjusted for foreign currency translation effects, operating profit increased by 5.5 percent. The cost-income ratio (CIR) rose to 59.8 percent (59.3 percent).

Third-party assets under management were 1.878 trillion euros as of March 31, 2022, a decrease of 89 billion euros from the end of the fourth quarter of 2021. This was due to an unfavorable market impact of 110.0 billion euros and net outflows of 9.0 billion euros, partly offset by a positive impact of 30.1 billion euros from favorable foreign currency translation effects.

Total assets under management were 2.478 trillion euros at the end of the first quarter of 2022, reflecting the trend in the third-party assets under management.

⁴ PVNBP is shown after non-controlling interests, unless otherwise stated.

Allianz Group - key figures 1st quarter 2022

		1Q 2022	1Q 2021	Delta	
Total revenues	€ bn	44.0	41.4	6.2%	
- Property-Casualty ¹	€ bn	21.5	19.7	9.1%	
- Life/Health	€ bn	20.7	20.0	3.0%	
- Asset Management	€ bn	2.1	1.8	12.5%	
- Corporate and Other	€ bn	0.1	0.1	4.8%	
- Consolidation	€ bn	-0.2	-0.2	28.7%	
Operating profit / loss	€ mn	3,238	3,336	-2.9%	
- Property-Casualty	€ mn	1,377	1,513	-9.0%	
- Life/Health	€ mn	1,213	1,212	0.1%	
- Asset Management	€ mn	831	747	11.2%	
- Corporate and Other	€ mn	-184	-135	36.0%	
- Consolidation	€ mn	1	-1	n.m.	
Net income	€ mn	669	2,686	-75.1%	
- attributable to non-controlling interests	€ mn	107	120	-10.3%	
- attributable to shareholders	€ mn	561	2,566	-78.1%	
Basic earnings per share²	€	1.38	6.23	-77.9%	
Diluted earnings per share²	€	1.36	6.20	-78.0%	
Additional KPIs					
- Group	Return on equity ^{3,4}	%	3.5%	10.6%	-7.2% -p
- Property-Casualty	Combined ratio	%	94.7%	93.0%	1.7% -p
- Life/Health	New business margin	%	3.5%	2.9%	0.6% -p
- Life/Health	Value of new business	€ mn	671	558	20.3%
- Asset Management	Cost-income ratio	%	59.8%	59.3%	0.5% -p
			03/31/2022	12/31/2021	Delta
Shareholders' equity⁴	€ bn	69.8	80.0	-12.7%	
Solvency II capitalization ratio⁵	%	199%	209%	-10% -p	
Third-party assets under management	€ bn	1,878	1,966	-4.5%	

Please note: The figures are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

- Total revenues comprise gross premiums written and fee and commission income.
- Calculated by dividing the respective period's net income attributable to shareholders, adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity, by the weighted average number of shares outstanding (basic EPS).
- Represents the annualized ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds classified as shareholders' equity and unrealized gains/losses on bonds net of shadow accounting are excluded. Annualized figures are not a forecast for full year numbers. For 1Q 2021, the return on equity for the respective full year is shown.
- Excluding non-controlling interests.
- Risk capital figures are group diversified at 99.5% confidence level. Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio is 226% as of 31 March 2022.

These assessments are, as always, subject to the disclaimer provided below:

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements. Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies and the financial services industry generally, (iv) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (v) mortality and morbidity levels and trends, (vi) persistency levels, (vii) the extent of credit defaults, (viii) interest rate levels, (ix) currency exchange rates, most notably the EUR/USD exchange rate, (x) changes in laws and regulations, including tax regulations, (xi) the impact of acquisitions including and related integration issues and reorganization measures, and (xii) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

Allianz assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

Other

The figures regarding the net assets, financial position and results of operations have been prepared in conformity with International Financial Reporting Standards. This Quarterly Earnings Release is not an Interim Financial Report within the meaning of International Accounting Standard (IAS) 34.

This is a translation of the German Quarterly Earnings Release of the Allianz Group. In case of any divergences, the German original is binding.

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