Allianz stays well on course in second quarter 2013

- Revenues increase 6.3 percent to 26.8 billion euros
- Operating profit rises 5.2 percent to 2.4 billion euros
- Net income attributable to shareholders grows 26.8 percent to 1.6 billion euros
- Allianz confirms operating profit outlook for 2013 of 9.2 billion euros plus/minus 0.5 billion euros – upper end of target range in reach

In the second quarter of 2013, Allianz Group again showed healthy growth. Quarterly revenues of 26.8 billion euros were 6.3 percent above the 25.2 billion euros achieved in the second quarter of 2012. Operating profit rose 5.2 percent to 2.4 billion euros from 2.3 billion euros in the same quarter the year before.

All three business segments of Allianz mastered the challenges in the second quarter. Property and Casualty insurance produced stable revenues and strong profits despite several natural catastrophes. In the Life and Health insurance segment, revenues grew strongly by nearly ten percent, whereas operating profit fell amid the changing interest rate environment. Asset Management remained very strong. Despite high bond market volatility and a sudden uptick in key interest rates, the segment saw net inflows and once again recorded double-digit increases in operating profit for the quarter.

The result from non-operating items improved during the second quarter of 2013 to plus 132 million euros from minus 151 million euros the year before due to lower impairments and higher realized gains. Income taxes rose to 824 million euros from 761 million euros the year before. The effective tax rate for the second quarter of 2013 was 33 percent, compared to 36 percent in the same period the previous year. Net income attributable to shareholders amounted to 1.6 billion euros in the second quarter of 2013, a year-on-year increase of 26.8 percent from 1.3 billion euros.

The conglomerate solvency ratio declined four percentage points to 177 percent on June 30, 2013, from 181 percent on December 31, 2012. This change was mainly due to the redemption of a two billion US-dollar subordinated bond. Over the same period, shareholders’ equity declined 5.0 percent to 47.866 billion euros from 50.388 billion euros. This difference stems mainly from a dividend payment in May of 2.039 billion euros and from a decrease in unrealized gains mainly related to debt securities.

1 Restated pro forma to reflect change in accounting for pensions.
"We can look back on a very successful first half year overall," said Michael Diekmann, CEO of Allianz SE. "Although we faced record floods in Central Europe, persistent low interest rates and erratic capital markets, our business continued to grow profitably."

"In view of our good half-year results, we are maintaining our operating profit outlook for 2013 of 9.2 billion euros, plus or minus 500 million euros, although based on our current projections we see the figure more toward the upper end of this range," Michael Diekmann added. "As always, this forecast is under the caveat that natural catastrophes and capital market turbulence do not exceed expected levels."

**Property and Casualty insurance with high profitability**

Revenues in the Property and Casualty insurance business rose to 10.8 billion euros for the second quarter of 2013, 0.3 percent up in a year-on-year comparison from 10.7 billion euros. Strong growth in markets such as Australia, Latin America and Turkey as well as at Allianz Worldwide Partners offset declines in revenues especially from the industrial insurer Allianz Global Corporate & Specialty and the reduction of crop insurance business in the US. Excluding this crop business in the US, internal growth amounted to 2.3 percent.

Operating profit rose 12.3 percent in the second quarter of 2013 to 1.2 billion euros from 1.1 billion euros in the previous year’s second quarter. Australia, France, Italy and the US made strong contributions to this operating profit growth. Overall, the underwriting result increased to 357 million euros from 234 million euros, also driven by a favorable price environment in Australia, France, Germany and the US.

The combined ratio for the second quarter of 2013 improved to 96.0 percent, 1.2 percentage points down from 97.2 percent the year before. For Allianz, after reinsurance, the net impact of the June floods in Central Europe was approximately 330 million euros. Together with floods in France and Canada and hailstorms in Germany and Switzerland, the total impact from natural catastrophes on the loss ratio was 5.3 percentage points. However, the loss ratio ultimately improved to 67.3 percent from 69.4 percent for the previous year’s second quarter.

"Our efforts in recent years are paying off. We were able to help our customers and maintain our profitability, even during the many natural catastrophes in the second quarter," said Dieter Wemmer, Chief Financial Officer of Allianz SE. "That includes the record June floods in Central Europe – here we expect benefits to our customers to exceed 700 million euros. We have received flood claims from over 50,000 customers and have already settled more than 32,000 of them."

**Life and Health insurance solid**

Life and Health insurance saw revenues grow 9.8 percent in the second quarter of 2013 to 14.1 billion euros from 12.9 billion euros over the same period the year before. France and Italy in particular showed very healthy increases. Growth came largely from unit-linked products, continuing the trend from the first quarter.
Operating profit reached 669 million euros from April to June, declining 18.2 percent from 818 million euros the year before. The difference stemmed primarily from a lower investment result in Germany.

The new business margin in the second quarter of 2013 remained unchanged from the previous year at 1.7 percent. The value of new business increased due to higher volumes year-on-year by 16.6 percent to 190 million euros from 163 million euros.

"Life insurance remains under pressure from two sides: low interest rates and increased regulatory demands that are limiting our investment options. The environment is very difficult for savers. Allianz is responding to these conditions by providing our clients with innovative products and the chance of higher returns while retaining the very security they expect from us," said Dieter Wemmer.

**Asset Management going strong**

The Asset Management segment again produced strong results. Revenues grew 21.2 percent to 1.8 billion euros in the second quarter of 2013 from 1.5 billion euros for the same period in 2012.

In the second quarter of 2013, operating profit grew 39.8 percent to 804 million euros from 575 million euros the year before, driven by higher net fee and commission income. The cost-income ratio improved to 55.7 percent from 61.6 percent.

On June 30, 2013, total assets under management were 1,863 billion euros, 6.6 percent up from 1,748 billion euros at the end of the second quarter of 2012. Over the same period, third-party assets under management rose to 1,456 billion euros from 1,354 billion euros. The quarter saw third-party net inflows of 6.9 billion euros, compared to 18.6 billion euros the year before.

"Our Asset Management business has frequently demonstrated its ability to handle changing situations. With these good results, the segment shows why it is an important pillar of our diversified business model, ensuring attractive returns for our customers and shareholders," said Dieter Wemmer.
These assessments are, as always, subject to the disclaimer provided below.

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