Full Year and Quarterly Earnings Release 2020

Allianz delivers a strong finish to 2020

- Total revenues decreased by 1.3 percent to 140 billion euros in 2020
- 2020 operating profit of 10.8 billion euros incl. negative COVID-19 impact of 1.3 billion euros
- 2020 net income attributable to shareholders down 14.0 percent to 6.8 billion euros
- Strong Solvency II capitalization ratio of 207 percent[1] at the end of 2020
- Board of Management proposes a dividend at prior-year level, 9.60 euros per share
- 4Q 2020 total revenues stable year-on-year, 4Q 2020 operating profit up 8.2 percent; 4Q 2020 net income attributable to shareholders down 2.2 percent
- 2021 operating profit target of 12.0 billion euros, plus or minus 1 billion euros

Management Summary: Resilient performance in an unprecedented year

In the face of an extremely challenging environment in 2020, Allianz demonstrated resilience to an unprecedented health crisis and prolonged low interest rates. The financial performance in the fiscal year 2020 has been remarkably robust across all business segments, though the COVID-19 pandemic left its mark on the financial results, especially in the Property-Casualty commercial lines. Despite these major global challenges, Allianz completed its fiscal year with a strong fourth quarter.

Internal revenue growth, which adjusts for currency and consolidation effects, amounted to -1.8 percent in 2020, mostly driven by our Life/Health business segment. **Total revenues** declined 1.3 percent to 140.5 (2019: 142.4) billion euros and **operating profit** decreased 9.3 percent to 10.8 (11.9) billion euros, mostly due to the adverse impacts from COVID-19 amounting to approximately 1.3 billion euros. In our Property-Casualty business segment, operating profit fell due to COVID-19-related losses, lower run-off and a lower operating

[1] Excluding the application of transitional measures for technical provisions.

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Chairman of the Supervisory Board: Michael Diekmann.
Board of Management: Oliver Bäte, Chairman; Sergio Balbinot, Jacqueline Hunt, Dr. Barbara Karuth-Zelle, Dr. Klaus-Peter Röhler, Ivan de la Sota, Giulio Terzariol, Dr. Günther Thallinger, Christopher Townsend, Renate Wagner (Release / Stand 01.2021). For VAT-Purposes: VAT-Registration Number: DE 129 274 114; Insurance services are exempt from VAT. Allianz SE, Munich, Comm.Reg.: Munich HRB 164232.

investment result. In our Life/Health business segment, operating profit decreased but still remained on a strong level supported by a resilient investment margin. The decline was mainly due to a positive prior-year impact in the United States and the disposal of Allianz Popular S.L. in Spain. Our Asset Management business segment, on the other hand, registered operating profit growth from higher average AuM and continued cautious cost management. **Net income attributable to shareholders** decreased 14.0 percent to 6.8 (7.9) billion euros due to the lower operating profit and non-operating result.

Basic Earnings per Share (EPS) decreased 12.8 percent to 16.48 (18.90) euros in 2020. **Return on Equity (RoE)** amounted to 11.4 percent (13.6 percent). The **Solvency II capitalization ratio** was at 207 percent at the end of 2020, compared to 212 percent at the end of 2019.[2] The Board of Management will propose a dividend at prior-year level, 9.60 euros per share for 2020.

Aside from the financial results, the key indicator for the quality of our organization is the feedback we receive from our clients. 79 percent of our operating entities worldwide achieved a **Net Promoter Score (NPS™)** above market average compared to 70 percent in the previous year, which is an all-time high. The **Inclusive Meritocracy Index (IMIX)**, which measures leadership and performance culture, was at 78 percent in 2020, an improvement of 5 percentage points compared to 2019. These results prove that the Allianz strategy "Simplicity wins" is spot on – also, and especially in times of crisis.

"I am grateful for the trust and confidence that our stakeholders placed in Allianz during the challenging year 2020," said Oliver Bäte, Chief Executive Officer of Allianz SE. "Our resilient results prove that we continued to deliver value and security to our customers, thanks to our highly-engaged workforce and state-of-the-art operations. We are hence in a good position to deliver on our 2021 ambition."

In the **fourth quarter** of 2020, **total revenues** were stable compared to the previous year. **Operating profit** increased by 8.2 percent to a strong 3.0 (2.8) billion euros, driven by all business segments. Our Life/Health operating profit increased driven by a higher investment margin, operating profit from our Asset Management business grew due to higher AuM-driven revenues. The operating profit in our Property-Casualty business also increased. The operating profit growth was more than offset by a worsening of our non-operating result, which led to a 2.2 percent decline in the **net income attributable to shareholders** to 1.8 (1.9) billion euros.

"The Allianz team delivered a strong finish to a very challenging year, showing that Allianz is a reliable partner for all stakeholders", said Giulio Terzariol, Chief Financial Officer of Allianz SE. "Adjusted for adverse COVID-19 impacts, our operating profit stood above prior year's record level and shows how well diversified and healthy our underlying business performance is. Our capital position has remained strong throughout the pandemic. This is why we look towards 2021 with confidence."

Property-Casualty insurance: Operating profit impacted by COVID-19

– **Total revenues** rose slightly by 0.4 percent to 59.4 billion euros in 2020. Adjusted for foreign currency translation and consolidation effects, **internal growth** totaled -1.5 percent, mainly driven by a negative volume effect of 4.8 percent and a positive price effect of 3.8 percent. The main contributors

[2] Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 240 percent at the end of 2020 (224 percent at the end of the third quarter of 2020).

to this decline were Allianz Partners, Euler Hermes, and Italy, whereas AGCS, Turkey, and Germany recorded positive internal growth.
- Operating profit decreased by 13.4 percent to 4.4 billion euros in 2020 compared to the previous year. The underwriting result was heavily affected by the COVID-19 pandemic especially in the commercial lines of business, higher claims from natural catastrophes, and a lower contribution from run-off, partly offset by a strong improvement in our expense ratio. The operating investment income also declined.
- The combined ratio rose by 0.8 percentage points to 96.3 percent in 2020.

"The Property-Casualty business segment performed in line with our mid-point target for operating profit if COVID-19 related losses were excluded," said Giulio Terzariol, Chief Financial Officer of Allianz SE. "Our disciplined underwriting and steady productivity improvements should yield substantial progress towards a 93 percent combined ratio in 2021."

In the fourth quarter of 2020, total revenues decreased to 12.7 (13.1) billion euros. Adjusted for foreign currency translation and consolidation effects, internal growth totaled -3.5 percent, driven by Allianz Partners, Italy, and Euler Hermes. Despite negative COVID-19 effects, the operating profit rose by 2.4 percent to 881 million euros compared to 2019. This was caused by a significantly higher underwriting result. All in all, the combined ratio in the fourth quarter of 2020 improved by 2.2 percentage points to 97.4 percent compared to prior year.

Life/Health insurance: Strong operating profit and healthy sales

- PVNBP[3], the present value of new business premiums, decreased to 61.5 (67.0) billion euros in 2020, impacted by COVID-19 restrictions. The largest volume decreases were seen in Germany and in the United States. The negative effects were partly offset by increased volumes in Italy.
- The new business margin (NBM) declined to 2.8 (3.2) percent due to the strong decline of interest rates. This was largely offset by product repricing and an improved business mix, with a continued shift to preferred lines of business. The value of new business (VNB) dropped to 1.7 (2.2) billion euros in 2020, driven by a combination of lower volumes and decreased margins.
- Operating profit decreased to 4.4 (4.7) billion euros in 2020. This was mainly due to the disposal of Allianz Popular in Spain as well as loss recognition and a positive prior-year impact in the United States. We recorded, however, a positive contribution from a resilient investment margin.

"We witnessed a recovery in sales and margin resilience in the Life/Health business segment at the end of 2020," said Giulio Terzariol. "I am pleased that we continue to successfully meet customer expectations by innovating and adapting our business portfolio. Our operating performance has sound foundations and I look forward to a solid 2021 performance."

In the fourth quarter of 2020, the PVNBP grew to 19.0 (18.1) billion euros due to the sales growth in Italy and France. Operating profit increased to 1.4 (1.3) billion euros predominantly due to improved investment margins in the German life business and in the United States. NBM decreased to 2.7 (2.9) percent, due to the decreased interest rates while the VNB increased to 521 (519) million euros due to higher volumes.

[3] PVNBP is shown after non-controlling interests, unless otherwise stated.

Asset Management: Total assets under management at all-time high

- Third-party assets under management (AuM) increased by 26 billion euros to 1,712 billion euros in 2020. This was driven by positive market effects of 96.5 billion euros and net inflows of 32.8 billion euros. Unfavorable foreign currency translation effects of 104.3 billion euros had an offsetting impact.
- Total assets under management increased to 2,389 billion euros in 2020, an all-time high.
- Operating profit increased by 5.5 percent to 2.9 (2.7) billion euros in 2020 as revenues grew – mainly driven by higher average third-party assets under management. As a result, the cost-income ratio (CIR) went down 1.1 percentage points to 61.2 percent in 2020 compared to 2019. Adjusted for foreign currency translation effects, operating profit increased by 7.3 percent.

"Strong net inflows in the Asset Management business segment are testimony to our attractive customer value proposition," said Giulio Terzariol. "The new all-time high in assets under management and strong productivity bode very well for a good start in 2021."

In the fourth quarter of 2020, operating revenues grew by 3.4 percent to 2.1 billion euros, as a result of higher AuM-driven revenues. Given this increase in operating revenues and the fact that operating expenses decreased, the cost-income ratio went down to 58.7 (62.7) percent. Operating profit rose by 14.2 percent to 857 (750) million euros. Adjusted for foreign currency translation effects, operating profit increased by 20.7 percent. Third-party assets under management increased by 42 billion euros compared to the end of the third quarter of 2020: positive market effects of 61.6 billion euros and third-party net inflows of 27.7 billion euros were partly offset by negative effects from foreign currency translation of 47.7 billion euros.

Allianz Group - preliminary key figures fourth quarter and fiscal year 2020

			4Q 2020	4Q 2019	Delta	12M 2020	12M 2019	Delta
Total revenues		**€ bn**	**35.6**	**35.5**	**0.3%**	**140.5**	**142.4**	**-1.3%**
- Property-Casualty[1]		€ bn	12.7	13.1	-2.8%	59.4	59.2	0.4%
- Life/Health		€ bn	20.9	20.5	2.0%	74.0	76.4	-3.1%
- Asset Management		€ bn	2.1	2.0	3.4%	7.3	7.2	2.6%
- Corporate and Other		€ bn	0.1	0.0	48.3%	0.2	0.2	2.5%
- Consolidation		€ bn	-0.2	-0.2	13.6%	-0.6	-0.6	-3.7%
Operating profit / loss		**€ mn**	**2,975**	**2,751**	**8.2%**	**10,751**	**11,855**	**-9.3%**
- Property-Casualty		€ mn	881	861	2.4%	4,371	5,045	-13.4%
- Life/Health		€ mn	1,429	1,298	10.1%	4,359	4,708	-7.4%
- Asset Management		€ mn	857	750	14.2%	2,853	2,704	5.5%
- Corporate and Other		€ mn	-197	-158	24.8%	-831	-602	38.1%
- Consolidation		€ mn	4	0	n.m.	-1	0	n.m.
Net income		**€ mn**	**1,901**	**1,954**	**-2.7%**	**7,133**	**8,302**	**-14.1%**
- attributable to non-controlling interests		€ mn	84	96	-12.4%	326	387	-15.8%
- attributable to shareholders		€ mn	1,817	1,858	-2.2%	6,807	7,914	-14.0%
Basic earnings per share		**€**	**4.41**	**4.46**	**-1.1%**	**16.48**	**18.90**	**-12.8%**
Diluted earnings per share		**€**	**4.39**	**4.44**	**-1.2%**	**16.32**	**18.83**	**-13.4%**
Dividend per share		**€**	**–**	**–**	**–**	**9.60** [2]	**9.60**	**0.0%**
Additional KPIs								
- Group	Return on equity[3, 4]	%	–	–	–	11.4%	13.6%	-2.2% -p
- Property-Casualty	Combined ratio	%	97.4%	99.6%	-2.2% -p	96.3%	95.5%	0.8% -p
- Life/Health	New business margin	%	2.7%	2.9%	-0.1% -p	2.8%	3.2%	-0.4% -p
- Life/Health	Value of new business	€ mn	521	519	0.4%	1,743	2,167	-19.6%
- Asset Management	Cost-income ratio	%	58.7%	62.7%	-3.9% -p	61.2%	62.3%	-1.1% -p
						12/31/2020	12/31/2019	
Shareholders' equity[4]		**€ bn**				**80.8**	**74.0**	**9.2%**
Solvency II capitalization ratio[5]		**%**				**207%**	**212%**	**-5% -p**
Third-party assets under management		**€ bn**				**1,712**	**1,686**	**1.5%**

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.

1_ Total revenues comprise gross premiums written and fee and commission income.

2_ Proposal.

3_ Represents the 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.

4_ Excluding non-controlling interests.

5_ 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 240% as of 31 December 2020.

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About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 100 million[4] private and corporate customers in more than 70 countries. Allianz customers benefit from a broad range of personal and corporate insurance services, ranging from property, life and health insurance to assistance services to credit insurance and global business insurance. Allianz is one of the world's largest investors, managing around 790 billion euros on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage 1.7 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we are amongst the leaders in the insurance industry in the Dow Jones Sustainability Index. In 2020, over 150,000 employees achieved total revenues of 140 billion euros and an operating profit of 10.8 billion euros for the group.

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 Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) 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

The Allianz Group 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. Information is based on preliminary figures. Final results for fiscal year 2020 will be released on March 5, 2021 (publication of the Annual Report).
This is a translation of the German Quarterly and Full Year Earnings Release of the Allianz Group. In case of any divergences, the German original is binding.

Privacy Note

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[4] Including non-consolidated entities with Allianz customers.