

# Quarterly and Half-Year Earnings Release

## Allianz stays well on course in second quarter 2021

- Total revenue growth of 10.9 percent in 2Q 2021
- 2Q 2021 operating profit of 3.3 billion euros
- 2Q 2021 net income attributable to shareholders up 45.7 percent to 2.2 billion euros
- 6M 2021 operating profit of 6.7 billion euros reaches 55 percent of full-year outlook midpoint
- 6M 2021 net income attributable to shareholders increased 63.7 percent to 4.8 billion euros
- Solvency II capitalization ratio of 206 percent<sup>1</sup>
- 2021 operating profit outlook now expected to be in the upper half of the target range of 12 billion euros, plus or minus 1 billion euros<sup>2</sup>

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### Management Summary: A strong quarter for all business segments

Allianz Group has followed up its excellent start into 2021 with another strong performance in the second quarter of the year. With its diversified business portfolio, the Group benefited from the global economic recovery with strong growth in total revenues and operating profit; net income attributable to shareholders also improved compared to the second quarter of the previous year. All three business segments showed healthy growth. Our Property-Casualty insurance proved its resilience while coping with substantial natural catastrophes. High demand for our Life/Health insurance products resulted in dynamic revenue growth, and our Asset Management business continued to grow and reached a new historic high in assets under management.

**Internal revenue growth**, which adjusts for currency and consolidation effects, amounted to 12.6 percent in the second quarter of 2021, mostly driven by our Life/Health business segment. **Total revenues** increased 10.9 percent to 34.3 (2Q 2020: 30.9) billion euros. **Operating profit** increased 29.4 percent to 3.3 (2.6) billion

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<sup>1</sup> Excluding the application of transitional measures for technical provisions.

<sup>2</sup> 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.

euros due to strong operating profit growth from all our business segments. The Property-Casualty business segment operating profit grew due to an increased underwriting result, which benefited from a higher contribution from run-off, partly offset by higher claims from natural catastrophes. In addition, the prior year was negatively impacted by COVID-19. All regions contributed to the increase in operating profit in the Life/Health business segment with the United States being the main driver. In the Asset Management business segment, operating profit increased mostly due to higher assets under management driven revenues and an improved cost-income ratio. **Net income attributable to shareholders** increased 45.7 percent to 2.2 (1.5) billion euros in the second quarter of 2021 due to the increase in operating profit, an improved non-operating result, and a lower effective tax rate.

**Basic Earnings per Share (EPS)** increased 62.3 percent to 11.47 (7.07) euros in the first half-year of 2021. Annualized **Return on Equity (RoE)** amounted to 15.6 percent (full year 2020: 11.4 percent). The **Solvency II capitalization ratio** was at 206 percent at the end of the second quarter of 2021<sup>3</sup>, compared to 210 percent at the end of the first quarter 2021.

In the **first half-year** of 2021, **operating profit** grew by 36.7 percent to 6.7 (4.9) billion euros, driven by all business segments. Property-Casualty recorded a higher underwriting result while an improved investment margin led to an increase in our Life/Health business operating profit. Operating profit from our Asset Management business grew due to higher operating revenues and was supported by cost discipline. The increase in **net income attributable to shareholders** was driven by the operating profit growth as well as a higher non-operating investment result.

“Allianz had a very good half-year and achieved double-digit growth in operating profit. Our products and solutions have seen healthy demand,” said Oliver Bäte, Chief Executive Officer of Allianz SE. “During these past weeks, which have been marked by heavy natural catastrophes in Europe, I have been proud to witness the solidarity and outstanding engagement of so many Allianz representatives.”

“The second quarter once again underscores Allianz’ strong underlying performance, which was reflected in all key financial figures. I’m pleased that all our businesses are delivering very good results and that we’re growing profitably,” said Giulio Terzariol, Chief Financial Officer of Allianz SE. “On this basis, we are confident about the second half of 2021 and expect now an operating profit in the upper half of our target range.”

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## Property-Casualty insurance: Strong operating profit

- **Total revenues** increased by 3.4 percent to 13.9 (13.5) billion euros in the second quarter of 2021. Adjusted for foreign currency translation and consolidation effects, **internal growth** totaled 3.6 percent, mainly driven by a positive price effect of 1.6 percent and a positive volume effect of 1.5 percent. The highest price increase was recorded by AGCS while Allianz Partners, Italy, and Central & Eastern Europe were the main volume growth drivers.
- **Operating profit** rose strongly by 18.8 percent to 1.4 (1.1) billion euros in the second quarter of 2021 compared to the prior-year period. Higher claims from natural catastrophes were largely compensated by a better run-off result. The underwriting result increased significantly also due to

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<sup>3</sup> Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 236 percent at the end of the second quarter of 2021 (241 percent at the end of the first quarter of 2021).

the absence of COVID-19 related losses compared to the prior-year period. In addition, the operating investment income grew slightly.

- The **combined ratio** improved by 1.6 percentage points to 93.9 (95.5) percent in the second quarter of 2021.

"I am pleased by the continuous focus on underwriting discipline and productivity in our Property-Casualty business segment. Our balance sheet is strong and we are a reliable partner for our customers," said Giulio Terzariol. "While we witnessed in the second quarter a high level of natural catastrophes which continues in the third quarter, I am confident in a healthy operating profit contribution of the Property-Casualty business segment to the Group results."

In the **first half-year** of 2021, **total revenues** reached 33.6 (33.8) billion euros. Adjusted for foreign currency translation and consolidation effects, **internal growth** totaled 0.5 percent, mostly driven by Asia-Pacific, Turkey, and Australia. Despite a rise in losses from natural catastrophes, the **operating profit** increased considerably by 32.0 percent to 2.9 (2.2) billion euros compared to the same period of the prior year. This was caused by a significantly higher underwriting result, which was mostly due to the absence of COVID-19 related losses. Overall, the **combined ratio** for the first half-year improved by 3.2 percentage points to 93.4 (96.7) percent.

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## Life/Health insurance: Healthy sales and strong value creation

- **PVNB<sup>4</sup>**, the present value of new business premiums, increased to 19.7 (11.5) billion euros in the second quarter of 2021. This was largely attributable to higher sales of unit-linked products and a back-book renegotiation impact in Italy, and to an ongoing product transfer in France. We saw an overall recovery compared to the second quarter of 2020 which was burdened by COVID-19 impacts.
- The **new business margin (NBM)** increased to 3.2 (3.1) percent in the second quarter of 2021 due to an improved business mix mainly driven by the United States and the Asia-Pacific region. The **value of new business (VNB)** grew significantly to 633 (357) million euros in the second quarter of 2021.
- **Operating profit** increased to 1.3 (1.0) billion euros in the second quarter of 2021, predominantly driven by our business in the United States which led to an improved investment margin. Loadings and fees also increased as we recorded higher unit-linked management fees in Italy and benefited from an increased reserve base in Germany.

"Our Life/Health insurance business is performing very well. Sales have been dynamic and I see a strong recovery across all our major markets," said Giulio Terzariol. "The value of new business is outstanding and we continue to manage actively our in-force business which is the basis for the sustainable operating profitability of the Life/Health insurance segment."

In the **first half-year** of 2021, the **PVNB** increased to 39.2 (29.6) billion euros driven by a recovery in sales. **Operating profit** grew to 2.5 (1.8) billion euros largely due to an improved investment margin. The **new business margin** increased to 3.0 (2.9) percent, driving the **value of new business** to 1.2 (0.9) billion euros.

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<sup>4</sup> PVNB<sup>4</sup> is shown after non-controlling interests, unless otherwise stated.

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## Asset Management: Operating profit up 29 percent

- **Third-party assets under management (AuM)** increased by 56 billion euros to 1,830 billion euros in the second quarter of 2021, compared to the end of the first quarter of 2021. This development was driven by positive market effects of 41.8 billion euros and net inflows of 25.9 billion euros. Unfavorable foreign currency translation effects of 12.7 billion euros had an offsetting impact.
- **Total assets under management** increased to 2,488 billion euros in the second quarter of 2021, a development in line with the third-party assets under management. Growth has been driven by all regions and by all asset classes.
- **Operating profit** increased by 29 percent to 825 (640) million euros in the second quarter of 2021 compared to the prior-year period as revenues grew. Key drivers for this growth were higher average third-party AuM and increased performance fees, further supported by the integration of Allianz Real Estate. Adjusted for foreign currency translation effects, operating profit increased by 38.3 percent. The **cost-income ratio (CIR)** improved by 4.1 percentage points to 58.7 percent in the second quarter of 2021 compared to the second quarter of 2020.

"I am pleased that our Asset Management business segment continues to deliver very strong results with one of the best operating profit quarters in its history," said Giulio Terzariol. "Our focus continues to be on investment outperformance, net inflows and productivity."

In the **first half-year** of 2021, operating revenues grew by 9.8 percent to 3.8 billion euros, as a result of higher AuM-driven revenues and also higher performance fees. Our **cost-income ratio** improved to 59.0 (62.2) percent. **Operating profit** rose by 19.2 percent to 1,572 (1,319) million euros. Adjusted for foreign currency translation effects, operating profit increased by 27.8 percent. High net inflows, positive foreign currency translation effects as well as favorable market effects resulted in **third-party assets under management** of 1,830 billion euros – an increase of 118 billion euros or 6.9 percent, compared to year-end 2020.

## Allianz Group - key figures 2nd quarter and first half year 2021

		2Q 2021	2Q 2020	Delta	6M 2021	6M 2020	Delta	
<b>Total revenues</b>	€ bn	<b>34.3</b>	<b>30.9</b>	<b>10.9%</b>	<b>75.7</b>	<b>73.5</b>	<b>3.1%</b>	
- Property-Casualty <sup>1</sup>	€ bn	13.9	13.5	3.4%	33.6	33.8	-0.5%	
- Life/Health	€ bn	18.5	15.8	16.8%	38.5	36.4	6.0%	
- Asset Management	€ bn	2.0	1.7	16.2%	3.8	3.5	9.8%	
- Corporate and Other	€ bn	0.1	0.1	27.2%	0.1	0.1	18.0%	
- Consolidation	€ bn	-0.2	-0.1	50.3%	-0.4	-0.3	45.3%	
<b>Operating profit / loss</b>	€ mn	<b>3,319</b>	<b>2,565</b>	<b>29.4%</b>	<b>6,655</b>	<b>4,869</b>	<b>36.7%</b>	
- Property-Casualty	€ mn	1,358	1,143	18.8%	2,871	2,175	32.0%	
- Life/Health	€ mn	1,283	991	29.5%	2,495	1,810	37.9%	
- Asset Management	€ mn	825	640	29.0%	1,572	1,319	19.2%	
- Corporate and Other	€ mn	-143	-204	-29.8%	-278	-432	-35.5%	
- Consolidation	€ mn	-5	-5	-11.0%	-6	-3	73.7%	
<b>Net income</b>	€ mn	<b>2,355</b>	<b>1,618</b>	<b>45.6%</b>	<b>5,040</b>	<b>3,101</b>	<b>62.5%</b>	
- attributable to non-controlling interests	€ mn	129	90	43.3%	249	174	43.0%	
- attributable to shareholders	€ mn	2,225	1,528	45.7%	4,791	2,927	63.7%	
<b>Basic earnings per share</b>	€	<b>5.25</b>	<b>3.71</b>	<b>41.5%</b>	<b>11.47</b>	<b>7.07</b>	<b>62.3%</b>	
<b>Diluted earnings per share</b>	€	<b>5.22</b>	<b>3.68</b>	<b>41.8%</b>	<b>11.42</b>	<b>6.94</b>	<b>64.5%</b>	
<b>Additional KPIs</b>								
- Group	Return on equity <sup>2,3</sup>	%	13.8%	11.4%	2.4% -p	15.6%	11.4%	4.2% -p
- Property-Casualty	Combined ratio	%	93.9%	95.5%	-1.6% -p	93.4%	96.7%	-3.2% -p
- Life/Health	New business margin	%	3.2%	3.1%	0.1% -p	3.0%	2.9%	0.2% -p
- Life/Health	Value of new business	€ mn	633	357	77.1%	1,190	851	39.9%
- Asset Management	Cost-income ratio	%	58.7%	62.8%	-4.1% -p	59.0%	62.2%	-3.2% -p
					06/30/2021	12/31/2020	Delta	
<b>Shareholders' equity<sup>3</sup></b>	€ bn				<b>77.7</b>	<b>80.8</b>	<b>-3.9%</b>	
<b>Solvency II capitalization ratio<sup>4</sup></b>	%				<b>206%</b>	<b>207%</b>	<b>-1% -p</b>	
<b>Third-party assets under management</b>	€ bn				<b>1,830</b>	<b>1,712</b>	<b>6.9%</b>	

**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. 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 and currency translation effects 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 2Q 2020 and 6M 2020, the return on equity for the respective full year is shown.

3. Excluding non-controlling interests.

4. 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 236% as of 30 June 2021.

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For further information, please contact:

Holger Klotz	Tel. +49 89 3800 90921
Daniela Markovic	Tel. +49 89 3800 2063
Aurika von Nauman	Tel. +49 89 3800 16052

## About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 100 million<sup>5</sup> 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 793 billion euros on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage more than 1.8 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'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.

## Privacy Note

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<sup>5</sup> Including non-consolidated entities with Allianz customers.