

Quarterly and First Nine Months Earnings Release

Allianz reports strong operating profit of 3.0 billion euros in 3Q 2019. Full-year operating profit outlook in upper half of target range

- Internal revenue growth of 6.4 percent in 3Q 2019
- 3Q 2019 operating profit strong at 3.0 billion euros
- 3Q 2019 net income attributable to shareholders up 0.6 percent to 1.9 billion euros
- Solvency II ratio of 202 percent at comfortable level at the end of 3Q 2019
- 9M 2019 operating profit up 4.2 percent to 9.1 billion euros
- Operating profit outlook for 2019 expected in upper half of target range of 11.5 billion euros, plus or minus 500 million euros

Management Summary: Healthy revenue development and strong operating profit

Allianz Group closed another successful quarter with a strong business performance. Dynamic revenue development and robust profitability in all business segments are evidence of our strategy execution and support our full-year outlook. **Internal revenue growth**, which adjusts for currency and consolidation effects, was 6.4 percent with positive contributions from all business segments, in particular from our Life/Health business segment. **Total revenues** increased 8.1 percent to 33.4 (third quarter of 2018: 30.9) billion euros. **Operating profit** was strong at 3.0 (3.0) billion euros. In our Asset Management business segment assets under management (AuM) driven revenues increased, partly offset by higher administrative expenses, leading to an increase in operating profit. Our Life/Health business segment's operating profit went up as volume growth and an improved technical margin offset a lower investment margin. On the other hand, the operating profit in our Property-Casualty business segment decreased mostly due to a reduced contribution from run-off.

Net income attributable to shareholders slightly increased by 0.6 percent to 1.9 (1.9) billion euros compared to the third quarter of 2018; a higher non-operating investment result and a lower tax rate were offset by a normalization of the result attributable to non-controlling interests.

Basic Earnings per Share (EPS) increased 2.7 percent to 4.68 (4.55) euros in the third quarter of 2019. Annualized **Return on Equity (RoE)** was 14.1 percent (full-year 2018: 13.2 percent). The **Solvency II capitalization ratio** decreased to 202 percent at the end of the third quarter of 2019 compared to 213 percent recorded at the end of the second quarter of 2019.

In the **first nine months** of 2019, **operating profit** grew 4.2 percent to 9.1 (8.7) billion euros, mostly due to a one-off profit from our Life/Health business in the United States. Higher AuM-driven revenues from our Asset Management business also contributed to the increase, partly offset by higher administrative expenses. Operating profit from our Property-Casualty business decreased as a higher underwriting result could not compensate for the lower investment result and a decrease in the net fee and commission result. **Net income attributable to shareholders** grew to 6.1 (5.8) billion euros. This was primarily due to the increase in operating profit, which compensated for the normalization of the result attributable to non-controlling interests.

On July 30, 2019, Allianz completed its fourth share buy-back program, with a volume of 1.5 billion euros and 7.3 million shares. All repurchased shares will be cancelled by the end of the year.

"Allianz has once again delivered very solid results in challenging times. We are proud that so many customers trust in our products and in our brand," said Oliver Bäte, Chief Executive Officer of Allianz SE. "We are ready to reach the upper half of our operating profit outlook despite a significant increase in external challenges."

Property-Casualty insurance: Steady internal growth in 3Q 2019

- **Total revenues** rose by 6.3 percent to 13.2 (12.4) billion euros in the third quarter of 2019. Adjusted for foreign exchange and consolidation effects, **internal growth** totaled 4.8 percent, with price and volume effects contributing 2.5 percent and 2.4 percent, respectively.
- **Operating profit** decreased 10.4 percent to 1.3 billion euros compared to the third quarter of 2018. The underwriting result was pressured as the improvements in our expense ratio and our accident year loss ratio were offset by a lower contribution from run-off.
- The **combined ratio** rose 1.2 percentage points to 94.3 percent in the third quarter of 2019 compared to the year-earlier period.

"I am pleased with the ongoing progress in the productivity efforts within our Property-Casualty segment," said Giulio Terzariol, Chief Financial Officer of Allianz SE. "Our business is in good shape as shown by the strong revenue development. Our underwriting remains disciplined, while we benefit from a healthy price momentum which supports our profitability going forward."

In the **first nine months** of 2019, **total revenues** increased strongly to 46.1 (43.3) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth amounted to 4.4 percent. As a higher underwriting result was offset by a lower investment result and a decrease in net fee and commission income, **operating profit** declined by 1.1 percent to 4.2 billion euros compared to the same period of the prior year. The **combined ratio** for the first nine months of 2019 held mostly steady at 94.1 percent (94.0 percent).

Life/Health insurance: Dynamic new business growth and robust margins

- **PVNB¹**, the present value of new business premiums, grew 20.3 percent to 16.1 (13.4) billion euros in the third quarter of 2019. Main driver was the life insurance business in Germany, the United States, as well as in Italy. The **new business margin (NBM)** decreased to 3.1 (3.5) percent in the third quarter of 2019 due to the negative impact of the worsening economics that could be only partly compensated by the better business mix. The **value of new business (VNB)** increased by 3.9 percent to 494 (476) million euros.
- **Operating profit** went up to 1,083 (1,052) million euros in the third quarter of 2019, largely due to the volume growth in the German life insurance business and in the Asia-Pacific region, as well as due to an improved technical margin in most of our businesses. This development was partly offset by a lower investment margin.

“Our Life/Health business segment recorded a robust new business margin of 3.1 percent in a challenging interest rate environment,” said Giulio Terzariol. “We continue to work on our products to provide attractive solutions for both our policyholders and our shareholders. Our Life/Health business is clearly on track to achieve our full-year targets.”

In the **first nine months** of 2019, the **present value of new business premiums** increased to 49.0 (42.4) billion euros mainly driven by the higher sales in the German and U.S. life insurance business. The **NBM** remained stable at 3.4 percent. The **VNB** grew to 1.6 (1.5) billion euros. **Operating profit** went up to 3.4 (3.2) billion euros mainly due to the favorable effect from the change in DAC (deferred acquisition costs) amortization period in the second quarter of 2019 in the United States.

Asset Management: Strong net inflows continue – another record for assets under management

- **Third-party assets under management (AuM)** grew by 90 billion euros to 1,681 billion euros in the third quarter of 2019 compared to the end of the second quarter of 2019 and therefore again reached an all-time high. The increase was driven by favorable foreign currency translation effects of 49.5 billion euros, positive market effects of 22.7 billion euros and net inflows of 18.0 billion euros.
- **Total assets under management** increased to an all-time high of 2,280 billion euros.
- The **cost-income ratio (CIR)** improved by 0.8 percentage points to 61.7 percent compared to the third quarter of 2018. **Operating profit** increased to 703 (650) million euros in the third quarter of 2019 due to an increase in operating revenues, driven by higher average AuM, partly offset by higher administrative expenses. On an internal basis, operating profit grew by 4.3 percent.

“Once again, we hit another all-time high with 1,681 billion euros of third-party assets under management – also backed by consistently strong third-party net inflows year to date,” said Giulio Terzariol. “This supports well the future profitability of our business and clearly indicates we are well on track to achieve our full-year operating profit target.”

¹ PVNB¹ is shown after non-controlling interests, unless otherwise stated.

In the **first nine months** of 2019, operating revenues grew by 3.3 percent to 5.2 billion euros, driven by higher average third-party AuM. As performance fees decreased and investments in business growth were made, the **cost-income ratio** went up slightly by 0.1 percentage points to 62.1 percent. **Operating profit** rose by 3.0 percent to 1,954 (1,897) million euros. On an internal basis, operating profit declined by 1.7 percent, mainly due to lower performance fees, only partly offset by lower administrative expenses and increased AuM-driven fees. Furthermore, favorable market and foreign currency effects, net inflows, as well as the acquisition of Gurtin Municipal Bond Management resulted in **third-party assets under management** of 1,681 billion euros – an increase of 245 billion euros or 17.1 percent, compared to year-end 2018.

Allianz Group - key figures third quarter and first nine months 2019

		3Q 2019	3Q 2018	Delta	9M 2019	9M 2018	Delta	
Total revenues	€ bn	33.4	30.9	8.1%	106.9	99.1	7.8%	
- Property-Casualty ¹	€ bn	13.2	12.4	6.3%	46.1	43.3	6.6%	
- Life/Health	€ bn	18.5	16.8	9.9%	55.9	51.1	9.5%	
- Asset Management	€ bn	1.8	1.7	5.8%	5.2	5.0	3.3%	
- Corporate and Other	€ bn	0.1	0.1	10.8%	0.2	0.2	-10.1%	
- Consolidation	€ bn	-0.2	-0.1	58.1%	-0.5	-0.4	13.5%	
Operating profit / loss	€ mn	2,984	2,988	-0.1%	9,105	8,742	4.2%	
- Property-Casualty	€ mn	1,347	1,503	-10.4%	4,184	4,232	-1.1%	
- Life/Health	€ mn	1,083	1,052	2.9%	3,410	3,197	6.7%	
- Asset Management	€ mn	703	650	8.2%	1,954	1,897	3.0%	
- Corporate and Other	€ mn	-148	-210	-29.6%	-444	-588	-24.6%	
- Consolidation	€ mn	-1	-7	-86.1%	0	4	-95.6%	
Net income	€ mn	2,032	1,921	5.8%	6,348	5,946	6.8%	
- attributable to non-controlling interests	€ mn	84	-15	n.m.	292	181	61.6%	
- attributable to shareholders	€ mn	1,947	1,936	0.6%	6,056	5,765	5.0%	
Basic earnings per share	€	4.68	4.55	2.7%	14.44	13.42	7.6%	
Diluted earnings per share	€	4.66	4.54	2.6%	14.39	13.36	7.8%	
Additional KPIs								
- Group	Return on equity ^{2,3}	%	13.7%	13.2%	0.5% -p	14.1%	13.2%	0.9% -p
- Property-Casualty	Combined ratio	%	94.3%	93.1%	1.2% -p	94.1%	94.0%	0.1% -p
- Life/Health	New business margin	%	3.1%	3.5%	-0.5% -p	3.4%	3.4%	-0.1% -p
- Life/Health	Value of new business	€ mn	494	476	3.9%	1,648	1,456	13.2%
- Asset Management	Cost-income ratio	%	61.7%	62.5%	-0.8% -p	62.1%	62.0%	0.1% -p
					09/30/2019	12/31/2018		
Shareholders' equity³	€ bn				74.6	61.2	21.8%	
Solvency II capitalization ratio⁴	%				202%	229%	-27% -p	
Third-party assets under management	€ bn				1,681	1,436	17.1%	

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 excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning and at the end of the period. Annualized figures are not a forecast for full year numbers. For 3Q 2018 and 9M 2018, 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.

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About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 92 million retail and corporate customers. 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 764 billion euros on behalf of its insurance customers. Furthermore, our asset managers PIMCO and Allianz Global Investors manage more than 1.6 trillion euros of third-party assets. Thanks to our systematic integration of ecological and social criteria in our business processes and investment decisions, we hold the leading position for insurers in the Dow Jones Sustainability Index. In 2018, over 142,000 employees in more than 80 countries achieved total revenues of 132 billion euros and an operating profit of 11.5 billion euros for the group.

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

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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. 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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