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Allianz reports strong profitability in 2Q 2019. Operating profit outlook for full-year confirmed.

- Internal revenue growth of 4.1 percent in 2Q 2019
- 2Q 2019 operating profit up 5.4 percent to 3.2 billion euros
- 2Q 2019 net income attributable to shareholders up 13.1 percent to 2.1 billion euros
- 6M 2019 operating profit at 6.1 billion euros reaches 53 percent of full-year outlook midpoint
- 6M 2019 net income attributable to shareholders rises 7.3 percent to 4.1 billion euros
- Solvency II capitalization ratio at 213 percent at the end of 2Q 2019 compared to 218 percent at the end of 1Q 2019
- Operating profit outlook for 2019 confirmed at 11.5 billion euros, plus or minus 500 million euros

Management Summary: Strong total revenues and profitability

After a successful start into 2019, Allianz Group continued with a very strong operating performance in the second quarter of the year. At the heart of this result is Allianz' focused strategy, strong execution, and its diversified business portfolio. **Internal revenue growth**, which adjusts for currency and consolidation effects, was 4.1 percent in the second quarter of 2019. **Total revenues** increased 6.1 percent to 33.2 (second quarter of 2018: 31.3) billion euros. **Operating profit** grew 5.4 percent to 3.2 (3.0) billion euros in the second quarter of 2019, largely driven by our Life/Health business segment with a good underlying performance and a one-off profit in the United States. Our Asset Management business segment's operating profit increased mainly as a result of higher assets under management driven revenues. A lower investment result led to a decrease in our Property-Casualty business segment's operating profit.

Net income attributable to shareholders increased 13.1 percent to 2.1 (1.9) billion euros in the second quarter of 2019 due to operating profit growth and an improved non-operating result. The latter improved as the

second quarter of 2018 was burdened by a negative impact from the sale of our traditional life insurance portfolio in Taiwan.

Basic Earnings per Share (EPS) increased 10.2 percent to 9.76 (8.86) euros in the first half-year of 2019. Annualized **Return on Equity (RoE)** amounted to 14.7 percent (full year 2018: 13.2 percent). The **Solvency II capitalization ratio** decreased from 218 percent at the end of the first quarter 2019 to 213 percent at the end of the second quarter 2019. The decrease was predominantly driven by market movements and capital management actions, which were partially offset by positive operating Solvency II earnings.

In the **first half-year** of 2019, **operating profit** grew by 6.4 percent to 6.1 (5.8) billion euros, which is above the mid-point of our full-year target range. Our Life/Health business segment's operating profit increased, supported by a one-off profit in the United States. Property-Casualty business segment recorded an improved underwriting result while our Asset Management business segment operating profit was stable. Our operating profit growth was the main driver for the 7.3 percent increase of **net income attributable to shareholders** to 4.1 billion euros.

On February 14, 2019, Allianz announced a new share buy-back program of up to 1.5 billion euros. 6.2 million shares have been acquired by June 30, 2019, representing 1.5 percent of outstanding capital.

"I am proud that the Allianz team has once again delivered a healthy performance," said Oliver Bäte, Chief Executive Officer of Allianz SE. "Sustainable performance is the result of our rigorous strategy execution that provides desired solutions for our customers. Our half-year results testify that Allianz is on track to achieve its full-year targets."

Property-Casualty insurance: Strong revenue growth and solid underwriting result

- **Total revenues** grew by 7.3 percent to 13.4 billion euros in the second quarter of 2019. Adjusted for foreign currency translation and consolidation effects, internal growth totaled 4.3 percent. AGCS, Euler Hermes, and Germany were the main growth drivers.
- **Operating profit** declined by 5.0 percent to 1.4 billion euros compared to the second quarter of 2018. This was driven by a lower investment result while the underwriting result remained stable.
- The **combined ratio** was broadly flat at 94.3 percent in the second quarter of 2019, as a lower run-off result was partially offset by a strong improvement in our expense ratio.

"We are seeing a solid performance in our Property-Casualty segment despite a lower investment result," said Giulio Terzariol, Chief Financial Officer of Allianz SE. "Internal growth, supported by healthy rate changes, shows the strength of our business. Our underwriting remains disciplined while we keep on making progress with our productivity as shown by the improved expense ratio."

In the **first half-year** of 2019, **total revenues** increased to 32.9 (30.9) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth amounted to 4.5 percent, mostly driven by AGCS, Germany, and Euler Hermes. **Operating profit** improved by 4.0 percent to 2.8 billion euros compared to the same period of the prior year due to a higher underwriting result as we recorded lower claims from natural

catastrophes, as well as an improved expense ratio. The **combined ratio** for the first half-year improved by 0.4 percentage points to 94.0 percent.

Life/Health insurance: Double digit profit growth

- **PVNB¹**, the present value of new business premiums, went up to 15.2 (14.0) billion euros in the second quarter of 2019, mainly as a result of increased sales in the German and U.S. life insurance business. This was partly offset by weakened sales of unit-linked products in Italy and Taiwan. **New business margin (NBM)** increased to 3.6 (3.5) percent in the second quarter of 2019 due to a favorable business mix, driving the **value of new business (VNB)** up by 10.7 percent to 544 (491) million euros.
- **Operating profit** grew to 1.2 (1.1) billion euros in the second quarter of 2019, mainly driven by the change in the DAC amortization period for the fixed index annuities in the United States, and by volume growth. This development was partly offset by a lower investment margin.

“Our Life/Health segment continued holding up very well in the low-interest rate environment, as shown by our dynamic sales,” said Giulio Terzariol. “We kept on growing across geographies and in our preferred lines of business. Healthy new business margins will support our future operating profitability.”

In the **first half-year** of 2019, the **present value of new business premiums** increased to 32.9 (29.0) billion euros largely because of the higher sales in the German and U.S. life insurance business. **Operating profit** went up to 2.3 (2.1) billion euros driven mainly by the favorable effect from the change in DAC amortization period in the United States. The **new business margin** increased to 3.5 (3.4) percent bringing the **value of new business** to 1,153 (980) million euros.

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

Asset Management: Strong net inflows also in the second quarter – assets under management at all time high

- **Third-party assets under management (AuM)** grew by 44 billion euros to 1,591 billion euros in the second quarter of 2019 and again reached an all-time high. The increase was driven by positive market effects of 37.8 billion euros and net inflows of 20.3 billion euros. Unfavorable foreign currency translation effects of 14.4 billion euros had an offsetting impact.
- **Total assets under management** increased to 2,163 billion euros, also reaching again an all-time high.
- The **cost-income ratio (CIR)** improved by 0.5 percentage points to 61.1 percent compared to the second quarter of 2018. **Operating profit** increased to 678 (652) million euros in the second quarter of 2019 due to an increase in operating revenues, supported by higher average AuM. Adjusted for foreign currency translation effects, operating profit was stable.

“This quarter, Asset Management again delivered strong results,” said Giulio Terzariol. “With third-party assets under management at a new record level of 1,591 billion euros, we are on track to reach our operating profit full-year target.”

In the **first half-year** of 2019, operating revenues grew by 1.9 percent to 3.3 billion euros, supported by higher AuM-driven revenues. As performance fees decreased and investments in business growth were made, the **cost-income ratio** went up by 0.6 percentage points to 62.3 percent. **Operating profit** rose by 0.4 percent to 1,251 (1,247) million euros. On an internal basis, operating profit decreased by 4.9 percent. Furthermore, favorable market effects, third-party net inflows, as well as the acquisition of Gurtin Municipal Bond Management resulted in **third-party assets under management** of 1,591 billion euros – an increase of 155 billion euros or 10.8 percent, compared to year-end 2018.

Allianz Group - key figures 2nd quarter and first half year of 2019

		2Q 2019	2Q 2018	Delta	6M 2019	6M 2018	Delta	
Total revenues	€ bn	33.2	31.3	6.1%	73.5	68.2	7.7%	
- Property-Casualty ¹	€ bn	13.4	12.5	7.3%	32.9	30.9	6.7%	
- Life/Health	€ bn	18.1	17.1	5.7%	37.4	34.2	9.3%	
- Asset Management	€ bn	1.7	1.7	2.8%	3.3	3.3	1.9%	
- Corporate and Other	€ bn	0.1	0.1	-4.4%	0.1	0.1	-19.5%	
- Consolidation	€ bn	-0.1	-0.1	7.8%	-0.3	-0.3	-4.0%	
Operating profit / loss	€ mn	3,159	2,997	5.4%	6,121	5,753	6.4%	
- Property-Casualty	€ mn	1,383	1,455	-5.0%	2,838	2,729	4.0%	
- Life/Health	€ mn	1,231	1,075	14.5%	2,327	2,144	8.5%	
- Asset Management	€ mn	678	652	4.1%	1,251	1,247	0.4%	
- Corporate and Other	€ mn	-131	-196	-33.0%	-296	-378	-21.8%	
- Consolidation	€ mn	-2	11	n.m.	1	12	-89.8%	
Net income	€ mn	2,265	1,995	13.5%	4,316	4,025	7.2%	
- attributable to non-controlling interests	€ mn	125	104	20.5%	207	196	6.0%	
- attributable to shareholders	€ mn	2,140	1,891	13.1%	4,109	3,830	7.3%	
Basic earnings per share	€	5.11	4.41	15.9%	9.76	8.86	10.2%	
Diluted earnings per share	€	5.10	4.38	16.3%	9.75	8.78	11.0%	
Additional KPIs								
- Group	Return on equity ^{2,3}	%	15.0%	13.2%	1.8% -p	14.7%	13.2%	1.5% -p
- Property-Casualty	Combined ratio	%	94.3%	94.1%	0.2% -p	94.0%	94.4%	-0.4% -p
- Life/Health	New business margin	%	3.6%	3.5%	0.1% -p	3.5%	3.4%	0.1% -p
- Life/Health	Value of new business	€ mn	544	491	10.7%	1,153	980	17.6%
- Asset Management	Cost-income ratio	%	61.1%	61.6%	-0.5% -p	62.3%	61.7%	0.6% -p
					06/30/2019	12/31/2018		
Shareholders' equity³	€ bn				68.4	61.2	11.7%	
Solvency II capitalization ratio⁴	%				213%	229%	-17% -p	
Third-party assets under management	€ bn				1,591	1,436	10.8%	

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 2Q 2018 and 6M 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.

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. 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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