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Allianz achieves 3.5 billion euros operating profit in 2Q

Group confirms full-year outlook

2Q 2022:

- Total revenues rise 8.2 percent to 37.1 billion euros
- Operating profit increases 5.3 percent to 3.5 billion euros, driven by Property-Casualty business segment
- Net income attributable to shareholders amounts to 1.7 billion euros, down 23.3 percent
- Robust Solvency II capitalization ratio of 200 percent¹

6M 2022:

- Total revenues surge 7.2 percent to 81.2 billion euros
- Operating profit rises 1.2 percent to 6.7 billion euros
- Net income attributable to shareholders 2.3 billion euros, a decrease of 52.7 percent, mostly due to a provision booked in the first quarter in relation to the AllianzGI U.S. Structured Alpha proceedings

Outlook:

- 2022 operating profit target confirmed at 13.4 billion euros, plus or minus 1 billion euros²

Other:

- Share buy-back program of 1 billion euros completed: 5.1 million shares acquired by July 15, 2022

¹ Excluding the application of transitional measures for technical provisions.

² 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.

“Allianz delivered another quarter of robust financial performance, driven by strong growth in our Property-Casualty business. Our operating profit and group solvency ratio proved resilient against heightened volatility and a fundamentally weaker economic environment. We are well-positioned to manage the impact of high inflation and the economic pressures that are particularly evident in Europe. Allianz will continue to deploy our advantages of stability and scale for the benefit of our customers and shareholders.”

- Oliver Bäte, Chief Executive Officer of Allianz SE

FINANCIAL HIGHLIGHTS

Revenues

2Q 2022: Total revenues surged 8.2 percent to 37.1 (2Q 2021: 34.3) billion euros, driven by the Property-Casualty business segment with broad volume growth and positive price effects. Growth was supported further by the Life/Health business, which benefited from positive foreign currency translation effects and the acquisition of Aviva operations in Poland. The Asset Management business segment was stable, benefiting from higher assets under management (AuM)-driven revenues.

Internal revenue growth, which adjusts for foreign currency translation and consolidation effects, stood at 3.6 percent.

6M 2022: Total revenues jumped 7.2 percent to 81.2 (6M 2021: 75.7) billion euros, largely driven by the Property-Casualty business segment due to positive price and volume effects, and supported further by the Asset Management and Life/Health business segments.

Internal revenue growth increased to 3.7 percent.

Earnings

2Q 2022: Operating profit increased 5.3 percent to 3.5 (3.3) billion euros, driven by improved underwriting and investment results in the Property-Casualty segment. Growth was partially offset by the Life/Health business segment, reflecting the impact of volatile market conditions and a lower investment margin in Germany and the United States. Lower operating profit from the Asset Management business segment following adverse market movements and cautionary investor sentiment also had an offsetting effect.

Net income attributable to shareholders was 1.7 (2.2) billion euros, as a lower non-operating investment result more than offset the decrease in income taxes and higher operating profit.

Annualized Return on Equity (RoE) was 6.7 percent (full year 2021: 10.6 percent). Excluding the impact of the provision related to the AllianzGI U.S. Structured Alpha proceedings, the annualized RoE was 11.1 percent (full year 2021: 14.9 percent). Basic Earnings per Share (EPS) was 5.28 (6M 2021: 11.47) euros, down by 54.0 percent.

6M 2022: Operating profit increased 1.2 percent to 6.7 (6.7) billion euros, driven by higher operating profit in the Property-Casualty and Asset Management business segments. Operating profit growth was driven by positive developments in operating investment income and a modest rise in underwriting results in the Property-Casualty business as well as higher AuM-driven revenues in the Asset Management business. Growth in overall operating profit was largely offset by a decline in operating profit in the Life/Health business segment mainly due to unfavorable market developments.

Net income attributable to shareholders was 2.3 (4.8) billion euros, down from the prior-year period mostly due to a provision booked in the first quarter in relation to the AllianzGI U.S. Structured Alpha proceedings.

Solvency II Capitalization Ratio

The Solvency II capitalization ratio was 200 percent at the end of the second quarter of 2022 compared with 199 percent at the end of the first quarter of 2022. Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio was 227 percent at the end of the second quarter of 2022 compared with 226 percent at the end of the first quarter of 2022.

SEGMENTAL HIGHLIGHTS

“Our numbers highlight the strength and endurance of Allianz. In a quarter marked by heightened inflation and market volatility, we achieved a very strong operating profit in the second quarter, which emphasizes our ability to successfully navigate rapidly-evolving situations.

- Our Property-Casualty business showed robust internal growth again, driven by sound volume growth and healthy pricing across business lines and geographies. Supported by a good combined ratio, our operating profit benefited also from a higher reinvestment yield and an accelerated investment result.
- In our Life/Health segment, good growth, particularly in our capital-efficient business lines, contributed to a significant expansion of the new business margin. This bodes well for a sustained operating profitability in this segment.
- Our Asset Management operating profit showed good resilience in a business environment characterized by inflation-related uncertainties and capital market turbulence. We continue to steer our clients through these challenging terrains.

Having reached the halfway mark of our full-year outlook, we remain confident about our long-term growth trajectory. We confirm our full-year outlook of operating profit of 13.4 billion euros, plus or minus 1 billion euros.”

- Giulio Terzariol, Chief Financial Officer of Allianz SE

Property-Casualty insurance: Strong growth

2Q 2022: Total revenues rose by a strong 16.2 percent to 16.2 (13.9) billion euros. Adjusted for foreign currency translation and consolidation effects, the internal growth rate more than tripled to 11.1 percent due to a price effect of 5.8 percent, a volume effect of 3.9 percent and a service effect of 1.4 percent. The main contributors to the increase were Allianz Partners, AGCS and Türkiye.

Operating profit jumped 21.1 percent to 1.6 (1.4) billion euros, due to strong growth in the underwriting result and the operating investment result.

The combined ratio improved by 0.3 percentage points to 93.6 percent (93.9 percent). Lower claims from natural catastrophes and a favorable contribution from the run-off result more than offset higher attritional losses due to normalization of claims frequency and impact of inflation in Brazil and Türkiye as well as weather-related events. The expense ratio was 26.8 percent (26.4 percent), mainly due to higher acquisition costs amid a change in business mix at Allianz Partners.

6M 2022: Total revenues surged 12.1 percent to 37.7 (33.6) billion euros. Adjusted for foreign currency translation and consolidation effects, internal growth was strong at 8.5 percent, supported by a price effect of 4.8 percent as well as a volume effect of 2.8 percent and a service effect of 0.8 percent. While many entities added to that growth, the primary contributors were Allianz Partners, Türkiye and Germany.

Operating profit rose 5.2 percent to 3.0 (2.9) billion euros, largely driven by a significantly higher operating investment result.

The combined ratio was 94.1 percent (93.4 percent) as the impact of higher natural catastrophes as well as weather-related claims and normalization of claims frequency was partially offset by a favorable run-off result. The underwriting result remained stable.

Life/Health insurance: New business margin expands further

2Q 2022: PVNBP³, the present value of new business premiums, was 16.5 (19.7) billion euros, as higher sales volumes for fixed index annuities in the United States and higher sales in Taiwan did not fully offset the impact of a group contract renegotiation in Italy in 2021 and reduced transfer action for the Fidélité product in France.

Operating profit was 1.1 (1.3) billion euros, affected by volatile market conditions and a lower investment margin in Germany and the United States. The consolidation of the acquired Aviva operations in Poland had a partial offsetting impact.

The new business margin (NBM) jumped to 4.1 percent (3.2 percent), driven by an improved business mix, particularly in Germany and the United States. Higher interest rates also contributed to the margin expansion. The value of new business (VNB) rose 6.2 percent to 672 (633) million euros, mainly due to a better business mix.

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

6M 2022: PVNBP was 35.9 (39.2) billion euros, as higher sales volumes for fixed index annuities in the United States were more than offset by the impact of a group contract renegotiation in Italy in 2021.

Operating profit was 2.3 (2.5) billion euros due to an unfavorable market environment and a lower investment margin in Germany and the United States. Positive contributions came from higher loadings and fees and improved technical margin due to the Aviva acquisition in Poland.

The new business margin increased to 3.7 percent (3.0 percent), driven by a better business mix across entities. The value of new business grew to 1.3 (1.2) billion euros due to increased margins.

Asset Management: Performance reflects market developments

2Q 2022: Operating revenues increased by 0.8 percent to 2.0 billion euros as a result of higher AuM-driven revenues, partly offset by lower performance fees. Operating profit was 771 (825) million euros, down 6.6 percent from the prior-year period. Adjusted for foreign currency translation effects, operating profit was down by 14.8 percent. The cost-income ratio (CIR) rose to 61.8 percent (58.7 percent).

Third-party assets under management were 1.769 trillion euros as of June 30, 2022, a decrease of 109 billion euros from the end of the first quarter of 2022. A positive impact of 87.7 billion euros from favorable foreign currency translation effects was more than offset by an unfavorable market impact of 159.2 billion euros and net outflows of 33.8 billion euros.

Total assets under management were 2.319 trillion euros at the end of the second quarter of 2022, reflecting the trend in the third-party assets under management.

6M 2022: Operating revenues increased by 6.4 percent to 4.1 billion euros as a result of higher AuM-driven revenues. Operating profit rose by 1.8 percent from the prior-year period to 1.60 (1.57) billion euros. Adjusted for foreign currency translation effects, operating profit was down by 5.2 percent. The cost-income ratio (CIR) rose to 60.8 percent (59.0 percent). Third-party assets under management were 1.769 trillion euros as of June 30, 2022, down by 197 billion euros from the end of 2021.

Allianz Group - key figures 2nd quarter and first half year 2022

		2Q 2022	2Q 2021	Delta	6M 2022	6M 2021	Delta	
Total revenues	€ bn	37.1	34.3	8.2%	81.2	75.7	7.2%	
- Property-Casualty ¹	€ bn	16.2	13.9	16.2%	37.7	33.6	12.1%	
- Life/Health	€ bn	19.1	18.5	3.4%	39.8	38.5	3.2%	
- Asset Management	€ bn	2.0	2.0	0.8%	4.1	3.8	6.4%	
- Corporate and Other	€ bn	0.1	0.1	2.2%	0.1	0.1	3.5%	
- Consolidation	€ bn	-0.3	-0.2	38.4%	-0.5	-0.4	33.7%	
Operating profit / loss	€ mn	3,495	3,319	5.3%	6,733	6,655	1.2%	
- Property-Casualty	€ mn	1,645	1,358	21.1%	3,022	2,871	5.2%	
- Life/Health	€ mn	1,124	1,283	-12.5%	2,336	2,495	-6.4%	
- Asset Management	€ mn	771	825	-6.6%	1,601	1,572	1.8%	
- Corporate and Other	€ mn	-49	-143	-65.7%	-233	-278	-16.3%	
- Consolidation	€ mn	5	-5	n.m.	6	-6	n.m.	
Net income	€ mn	1,810	2,355	-23.1%	2,479	5,040	-50.8%	
- attributable to non-controlling interests	€ mn	104	129	-19.5%	211	249	-15.1%	
- attributable to shareholders	€ mn	1,706	2,225	-23.3%	2,267	4,791	-52.7%	
Basic earnings per share²	€	3.91	5.25	-25.5%	5.28	11.47	-54.0%	
Diluted earnings per share²	€	3.85	5.22	-26.3%	5.18	11.42	-54.6%	
Additional KPIs								
- Group	Return on equity ^{3,4}	%	9.8%	10.6%	-0.8% -p	6.7%	10.6%	-3.9% -p
- Property-Casualty	Combined ratio	%	93.6%	93.9%	-0.3% -p	94.1%	93.4%	0.7% -p
- Life/Health	New business margin	%	4.1%	3.2%	0.9% -p	3.7%	3.0%	0.7% -p
- Life/Health	Value of new business	€ mn	672	633	6.2%	1,342	1,190	12.8%
- Asset Management	Cost-income ratio	%	61.8%	58.7%	3.0% -p	60.8%	59.0%	1.8% -p
					06/30/2022	12/31/2021	Delta	
Shareholders' equity⁴	€ bn				56.4	80.0	-29.5%	
Solvency II capitalization ratio⁵	%				200%	209%	-9% -p	
Third-party assets under management	€ bn				1,769	1,966	-10.0%	

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.

- Total revenues comprise gross premiums written and fee and commission income.
- Calculated by dividing the respective period's net income attributable to shareholders, adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity, by the weighted average number of shares outstanding (basic EPS).
- 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 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 2021 and 6M 2021, the return on equity for the respective full year is shown.
- Excluding non-controlling interests.
- 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 227% as of 30 June 2022.

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.

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