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Allianz reports a strong start into 2017

- Total revenues up 2.5 percent to 36.2 billion euros in 1Q
- 1Q operating profit up 9.4 percent to 2.9 billion euros
- Net income attributable to shareholders down 15.3 percent to 1.8 billion euros, largely due to one-off gains one year ago from the sale of financial stakes
- Solvency II capitalization ratio 212 percent, including deduction of 3 billion euros for share buy-back
- Operating profit outlook for 2017 confirmed at 10.8 billion euros, plus or minus 500 million euros

Allianz's 1Q operating profit rises following strong contributions from Life/Health and Asset Management

Allianz Group recorded *total revenues* of 36.2 (first quarter of 2016: 35.4) billion euros in the first quarter of 2017, with all segments contributing to the 2.5 percent increase. *Operating profit* grew by 9.4 percent to 2.9 billion euros, driven by a strong performance of the Life and Health and Asset Management business segments. Operating profit in the Property and Casualty business segment decreased due to a lower underwriting result. *Net income attributable to shareholders* fell by 15.3 percent to 1.8 (2.1) billion euros, as the prior year quarter benefited from one-off gains from the sale of financial stakes, as well as significantly lower restructuring expenses and a lower effective tax rate. *Basic Earnings per Share (EPS)* amounted to 4.00 (4.71) euros. Annualized *Return on Equity (RoE)* was 12.4 percent (full year 2016: 12.3 percent). Annualized figures are not a forecast for full year numbers. The *solvency II capitalization ratio* went from 218 percent at the end of 2016 to 212 percent at the end of the first quarter of 2017, reflecting a 9 percentage point negative impact from the share buy-back and a positive 3 percentage point impact from business and market developments.

Allianz Group also marked a successful start to its share buy-back program with 6.7 million shares acquired by 5 May 2017, representing 1.5 percent of outstanding capital.

"Allianz saw a good start into 2017 with results putting the group on track to meet its operating profit target for the full year of 10.8 billion euros, plus or minus 500 million euros, barring unforeseen events, crises or natural catastrophes," said Dieter Wemmer, Chief Financial Officer of Allianz SE. "The group observed higher claims from large losses as well as natural catastrophes and still posted a strong rise in operating profit due to improvements in Life/Health and Asset Management business segments. The Group's net income was also solid in the quarter considering the exceptionally strong year-ago period, which benefited from the sale of financial stakes."

Property and Casualty insurance: on track for full-year target despite higher large losses, storm claims and Ogden

- *Gross premiums written* amounted to 17.7 (17.2) billion euros in the first quarter of 2017. Adjusted for foreign exchange and consolidation effects, internal growth totaled 1.7 percent, with price and volume effects contributing 1.2 percent and 0.5 percent respectively.
- *Operating profit* declined by 12.7 percent to 1.3 billion euros compared to the prior-year quarter. This decrease was due to a lower underwriting result driven by higher large losses, an increase in claims stemming from natural catastrophes and a negative impact from the Ogden discount rate change.
- As a result of the higher loss ratio, the *combined ratio* rose to 95.6 (93.3) percent.

"The Property and Casualty business segment is on track to meet its full-year target despite higher quarterly charges compared to prior year for large losses, storms in Europe and Australia, and the Ogden discount rate change," said Dieter Wemmer.

Life and Health insurance: operating profit jumps, profitability of new business rises

- *Statutory premiums* grew by 1.3 percent to 16.9 (16.7) billion euros due to strong single premium growth from the sale of capital-efficient products in Germany and higher unit-linked premiums in Taiwan, which compensated for the decline in premiums in the United States. Adjusted for foreign exchange and consolidation effects, statutory premiums grew by 2.7 percent.
- *Operating profit* increased by 35.5 percent to 1.2 (0.9) billion euros reflecting a higher investment margin in the United States due to more positive market effects.
- The *value of new business (VNB)* increased by 22.8 percent to 453 million euros in the first quarter reflecting the continued shift to capital-efficient products.
- The *new business margin (NBM)* strengthened to 3.1 (2.6) percent, driven by our efforts to improve the business mix.

"The Life and Health business segment enjoyed an outstanding start to the year with operating profit rising by more than third, mainly driven by a strong investment margin in the United States. Even with low interest rates, our new products create value for both our customers and shareholders," said Dieter Wemmer.

Asset Management: Strongest quarterly net inflows at PIMCO since 1Q 2013

- In the Asset Management business segment, *operating profit* increased by 24.4 percent to 572 (460) million euros, primarily driven by an increase in operating revenues as a result of higher average third-party assets under management.
- The *cost-income ratio (CIR)* improved by 3.6 percentage points to 63.3 percent, as revenue growth outpaced an increase in expenses.

- Compared to December 31, 2016, *third-party assets under management* grew by 42 billion euros to 1,403 billion euros, largely driven by third-party net inflows of 21 billion euros at PIMCO as well as positive market developments.
- *Third-party assets under management* at Allianz Global Investors increased by 4.4 percent to 339 billion euros compared to year-end 2016, primarily due to equity market development.

“Third-party net inflows at PIMCO picked up speed due to PIMCO’s strong outperformance in several investment strategies. This, combined with prudent cost management, helped drive a strong increase in operating profit in Asset Management in the quarter,” said Dieter Wemmer.

Technical Note: Prior-year figures have been restated due to an updated operating profit definition and an accounting policy change. The impact on full-year 2016 net income attributable to shareholders was, for example, a positive 79 million euros.

Allianz Group - key figures 1st quarter 2017

			1Q 2017	1Q 2016	Δ
Total revenues		**€ bn**	**36.2**	**35.4**	**2.5%**
- Property-Casualty		€ bn	17.7	17.2	2.7%
- Life/Health		€ bn	16.9	16.7	1.3%
- Asset Management		€ bn	1.6	1.4	12.3%
- Corporate and Other		€ bn	0.1	0.1	1.1%
- Consolidation		€ bn	-0.1	-0.1	-19.6%
Operating profit / loss[1,2,3]		**€ mn**	**2,932**	**2,680**	**9.4%**
- Property-Casualty[2]		€ mn	1,259	1,442	-12.7%
- Life/Health[1,2,3]		€ mn	1,155	852	35.5%
- Asset Management[2]		€ mn	572	460	24.4%
- Corporate and Other[2]		€ mn	-41	-74	-44.4%
- Consolidation		€ mn	-12	0	n.m.
Net income[1]		**€ mn**	**1,920**	**2,244**	**-14.4%**
- attributable to non-controlling interests		€ mn	104	100	4.3%
- attributable to shareholders[1]		€ mn	1,816	2,144	-15.3%
Basic earnings per share[1]		**€**	**4.00**	**4.71**	**-15.2%**
Diluted earnings per share[1]		**€**	**3.99**	**4.59**	**-13.0%**
Additional KPIs					
- Group	Return on equity[1,4,5]	%	12.4%	12.3%	0.1% -p
- Property-Casualty	Combined ratio	%	95.6%	93.3%	2.3% -p
- Life/Health	New business margin[6]	%	3.1%	2.6%	0.5% -p
- Life/Health	Value of new business[6]	€ mn	453	369	22.8%
- Asset Management	Cost-income ratio[2]	%	63.3%	66.9%	-3.6% -p
			3/31/17	**12/31/16**	
Shareholders' equity[1,4]		**€ bn**	**67.7**	**67.1**	**0.9%**
Solvency II capitalization ratio[7]		**%**	**212%**	**218%**	**-6% -p**
Third-party assets under management		**€ bn**	**1,403**	**1,361**	**3.1%**

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 Prior year figures have been adjusted in order to reflect the restatement impact resulting from an accounting policy change to measure the Guaranteed Minimum Income Benefit (GMIB) liability at fair value for our life business.

2 In light of the new operating profit definition, restructuring charges are reported outside of operating profit unless shared with policyholders. Prior year figures have been adjusted accordingly.

3 From the classification of our Korean life business as "held for sale" in 2Q 2016 until its disposal in 4Q 2016, the total result was considered as non-operating.

4 Excluding non-controlling interests.

5 Excluding unrealized gains/losses on bonds net of shadow accounting. Return on equity for 1Q 2017 is annualized. For 1Q 2016, the return on equity for the full year 2016 is shown. Annualized figures are not a forecast for full year numbers.

6 Current and prior year figures are presented excluding effects from the Korean life business.

7 Risk capital figures are group diversified at 99.5% confidence level. Allianz Life US included based on third country equivalence with 150% of RBC CAL since 09/30/2015.

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

Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including 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 including the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors maybe more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required be disclosed by law.

Other

The quarterly figures regarding the net assets, financial position and results of operations have been prepared in conformity with International Financial Reporting Standards (IFRS). 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.