

# 9M 2017 RESULTS UPDATE

BRIEFING NOVEMBER 2017

This document summarizes the financial results for first nine month of 2017 ('9M 2017') for Allianz Global Corporate & Specialty (AGCS) as well as for Allianz Group, both of which were announced on November 10, 2017.

## FURTHER INFORMATION

Full details of Allianz Group results for 9M 2017, including the analysts' presentation, are available at Allianz Group's Investor Relations [web pages](#).

<sup>1</sup> Specifically, Allianz Global Corporate & Specialty SE, Allianz Risk Transfer AG, Allianz Risk Transfer (Bermuda) Ltd., Allianz Global Corporate & Specialty North America (legal names Allianz Global Risks US Insurance Company, Allianz Underwriting Insurance and AGCS Marine Insurance Company), Fireman's Fund Insurance Company and subsidiaries, AGCS Japan (legal name Allianz Fire and Marine Insurance Japan Ltd.), AGCS Re Brazil (legal name Allianz Global Corporate & Specialty Resseguros Brasil S.A.) and Allianz Global Corporate & Specialty South Africa Ltd..

<sup>2</sup> Including Fireman's Fund business since 2015.

## 1. ALLIANZ GROUP RESULTS 9M 2017

Allianz Group reported good results for the third quarter of 2017. "The Group absorbed claims stemming from hurricanes, storms and earthquakes in the quarter and still increased operating earnings in the nine-month period", said Oliver Bäte, CEO of Allianz SE.

*Total revenues* of Allianz Group increased by 2.2% to €94.5 billion (9M 2016: €92.4 billion), with all business segments contributing. *Operating profit* in the nine month period rose 3.5% to €8.3 billion (9M 2016: €8.1 billion). *Net income attributable to shareholders* grew by 4.9% to €5.4 billion (9M 2016: €5.1 billion). The *Group solvency II capitalization ratio* strengthened to 227% at the end of the quarter, compared to 219% at the end of the second quarter 2017.

The *Property and Casualty* insurance segment held up well after a series of natural catastrophes which caused €529 million in losses. *Gross premiums written* increased slightly to €40.9 billion (9M 2016: €40.4 billion) for the nine-month period. *Operating profit* declined by 6.8% to 3.7 billion (9M 2016: €4.0 billion). The *combined ratio* rose to 95.4% (9M 2016: 94.4%).

The *Life and Health* business benefitted from new products in response to the low interest environment. *Statutory premiums* rose to €48.7 billion (9M 2016: €47.5 billion). *Operating profit* increased by 9.8% to €3.4 billion (9M 2016: €3.1 billion).

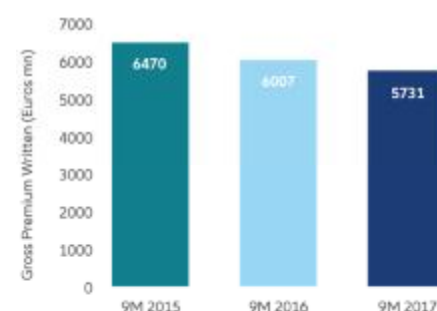
In *Asset Management, third-party assets under management* increased by €7 billion to €1,413 billion compared to the end of the second quarter. *Operating profit* grew by 11.5% to €1.7 billion (9M 2016: €1.6 billion).

## AGCS<sup>1</sup> RESULTS 9M 2017

AGCS *gross premiums written* for 9M 2017 amounted to €5.731 billion (9M 2016: €6.007 billion), which is €276 million lower year on year. This revenue decline reflects the highly competitive market environment with ongoing pressure on rates across various Lines of Business. It also driven by adjusted portfolio strategies in some segments as there is increasing pressure on profitability in the P&C insurance industry.

The *combined ratio* for 9M 2017 deteriorated to 103.5% which is 4.5 percentage points worse compared to 99.0% for 9M 2016. This is mainly caused by significant losses from natural catastrophes in the third quarter 2017 such as the hurricanes Harvey, Irma and Maria and the earthquake in Mexico.

## AGCS GROSS PREMIUMS WRITTEN 9M 2015-17<sup>2</sup>



*Operating profit* decreased to €172 million in 9M 2017 (9M 2016: €371 million) which is €198 million lower than prior year. The operating profit for the first nine months suffered from a negative underwriting result and a declining investment income.

## SOLVENCY RATIOS

AGCS shows solid local solvency ratios as of Q4 2016, which are listed below for the primary operating companies.

AGCS SE	212%
AGCS NA	327%
ART AG	143%

\*S&P rating for ART AG and ART Bermuda; A.M. Best rating for ART AG and ART Bermuda.

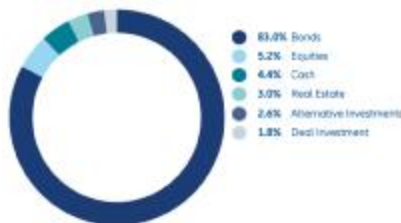
## AGCS RATINGS (showing date rating published)

AGCS Company	Standard & Poor's	A. M. Best
AGCS SE	AA (May 16)	A+ (Aug 17)
AGCS NA	AA (May 16)	A+ (Aug 17)
FFIC	AA (May 16)	A+ (Aug 17)
ART*	AA- (May 16)	A+ (Aug 17)
AGCS Japan	AA (May 16)	(N/A)
AGCS Re Brazil	(N/A)	A+ (Aug 2017)
AGCS South Africa	BBB- global; zaAA- local (April 17)	(N/A)

In August 2017, A. M. Best affirmed the Financial Strength Rating (FSR) of A+ (Superior) of *Allianz SE and most of its subsidiaries including AGCS*. The outlook of the FSR remains stable.

For *Allianz Global Corporate & Specialty Resseguros Brasil S.A.* (AGCS Re Brasil), A.M. Best has upgraded the FSR to A+ (Superior) from A (Excellent). The outlook of these ratings is stable. The FSR rating upgrade is based on the full integration of AGCS Re Brasil into the AGCS group through common management, enterprise risk management, reinsurance and capital support.

## AGCS ASSET ALLOCATION 9M 2017



Results for full year 2017 for Allianz Group and Allianz Global Corporate & Specialty will be available on February 16, 2018. For further details please see Allianz Group's [Investor Relations](#) website pages.

## ASSET ALLOCATION & INVESTMENTS

In Q3 2017 the *market value* of our total invested assets, excluding strategic participations, remained stable at a value of €13.4 billion (Q2 2017: €13.6 billion).

In the current low yield environment, AGCS continues to focus its *investment strategy* on portfolio diversification across high quality liquid assets, and on yield enhancing measures within well-defined risk limits.

Total assets continue to be primarily invested in interest-bearing securities (bonds). The *cash quota* in Q3 2017 stands rather unchanged at 4.3% compared to 4.4% for Q2 2017.

## BLOCKCHAIN SOLUTION FOR CAPTIVE PROGRAMS

AGCS has successfully [tried](#) [blockchain technology for a global 'captive' insurance program](#) including cash transfer between countries. AGCS teamed up with *Ernst & Young* as blockchain advisory service provider and digital agency *Ginetta* to successfully create a blockchain prototype ([click for demo video](#)) for the existing captive insurance program of a long-standing customer with global reach. AGCS also joined forces with *Citi Treasury and Trade Solutions* which provided the payment processing services. The results prove that blockchain technology can greatly improve the efficiency, speed and auditability of corporate insurance transactions internationally.



## ADVANCED CYBER RISK MODELING

[As announced in September 2017](#), AGCS has teamed up with Silicon Valley-based cyber risk analytics and modeling firm *Cyence* to boost its global cyber risk analysis capabilities. By combining Cyence's cyber analytics platform with AGCS's underwriting processes, the insurer will be able to analyze cyber exposures at company level for large businesses, creating a detailed understanding of their cyber risks and quickly allowing it to tailor coverage to fit specific customer profiles.

## CONTACT US

For further information please contact your local AGCS manager or [Hugo Kidston](#), AGCS Global Head of Communications, +44.203.451.3891

Follow AGCS:



[www.agcs.allianz.com](http://www.agcs.allianz.com)