Quarterly Earnings Release

Allianz reports 2.5 billion euros operating profit in 3Q 2017; on track for full-year target

- Total 3Q 2017 revenues rise 2.1 percent to 28.3 billion euros
- 3Q 2017 operating profit down 17.3 percent to 2.5 billion euros
- 3Q 2017 net income attributable to shareholders down 17.3 percent to 1.6 billion euros
- 9-month 2017 operating profit up 3.5 percent to 8.3 billion euros
- 9-month 2017 net income attributable to shareholders up 4.9 percent to 5.4 billion euros
- Solvency II capitalization ratio strengthens to 227 percent at end of 3Q from 219 percent at end of 2Q 2017
- Operating profit for 2017 expected in upper half of the target range of 10.8 billion euros, plus or minus 500 million euros

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Management Summary: Allianz resilient as natural catastrophe claims rise

Allianz Group reported good results for the third quarter of 2017 after a series of hurricanes, storms and other natural catastrophes drove claims higher. *Total revenues* rose 2.1 percent compared to the third quarter of 2016 to 28.3 (third quarter of 2016: 27.7) billion euros, mostly due to another strong performance in the Life and Health business segment. *Operating profit* declined to 2.5 (3.0) billion euros, largely due to 529 million euros losses from natural catastrophes. Operating profit also eased in the business segments Life and Health and Asset Management but remained at an overall high level. *Net income attributable to shareholders* decreased 17.3 percent to 1.6 (1.9) billion euros, affected by high claims from natural catastrophes and partly offset by lower tax expenses. Excluding the impact of natural catastrophes, the Group reported a strong performance similar to the preceding two quarters of the year.

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Board of Management: Oliver Bäte, Chairman;
Sergio Balbinot, Jacqueline Hunt, Dr. Helga Jung, Dr. Christof Mascher, Dr. Günther Thallinger, Dr. Axel Theis, Dr. Dieter Wemmer, Dr. Werner Zedelius (Release/Stand 05.2017).
For VAT-Purposes: VAT-Registration Number: DE 129 274 114; Insurance services are exempt from VAT.
Allianz SE, Munich, Comm.Reg.: Munich HRB 164232

Basic Earnings per Share (EPS) amounted to 3.53 (4.17) euros. Annualized *Return on Equity (RoE)* was 12.4 percent (full year 2016: 12.3 percent). The *Solvency II capitalization ratio* strengthened to 227 percent at the end of the quarter, compared to 219 percent at the end of the second quarter of 2017.

The first nine months of 2017 developed positively with all business segments, contributing to a 2.2 percent increase in *total revenues*. *Operating profit* increased by 3.5 percent to 8.3 billion euros, driven by the Life and Health and Asset Management segments. The Property and Casualty business saw a decline in operating profit due to claims from natural catastrophes during the third quarter. *Net income attributable to shareholders* in the nine-month period grew by 4.9 percent to 5.4 billion euros.

"Third quarter results were robust, given the massive natural catastrophe events that impacted our Property & Casualty segment. It was also very good to see how our experts were able to actively support our customers in these difficult circumstances," said Oliver Bäte, Chief Executive Officer of Allianz SE. "The group absorbed claims stemming from hurricanes, storms and earthquakes in the quarter and still increased operating earnings in the nine-month period. Our capitalization also strengthened further, as the rising solvency ratio shows. For the year as a whole, Allianz expects to deliver strong financial results with operating profit in the upper half of the target range of 10.8 billion euros, plus or minus 500 million euros."

Property and Casualty insurance: Allianz helping customers to recover from storms

- *Gross premiums written* amounted to 11.5 billion euros in the third quarter of 2017. Adjusted for foreign exchange and consolidation effects, internal growth totaled 2.2 percent, with price and volume effects contributing 0.9 percent and 1.3 percent respectively. Allianz Partners, AGCS, Latin America and UK were the main growth drivers.
- *Operating profit* decreased 28.0 percent to 1.0 billion euros in the third quarter compared to the same quarter in the previous year. The underwriting result was pressured by higher claims from natural catastrophes and higher large- and weather-related losses.
- The *combined ratio* rose 3.4 percentage points to 96.9 percent in the third quarter compared to the year-earlier period, due to natural catastrophes.

"The Property and Casualty segment held up very well after a series of hurricanes, storms and other events. Natural catastrophes caused 529 million euros in losses. This relatively low amount is testimony to the Group's underwriting skills and risk discipline. Setting aside claims from catastrophes, the segment is on track to meet its 2018 target of a combined ratio of 94 percent," said Dieter Wemmer, Chief Financial Officer of Allianz SE.

In the first nine months of 2017, *gross premiums written* increased slightly to 40.9 (40.4) billion euros. Adjusted for foreign exchange and consolidation effects, internal growth amounted to 1.5 percent, with price and volume effects contributing 1.0 percent and 0.5 percent respectively.

Operating profit declined by 6.8 percent to 3.7 billion euros compared to the same period of the prior year due to a lower underwriting result. The *combined ratio* for the first nine months of 2017 rose 1.0 percentage point to 95.4 percent.

Life and Health insurance: Value of new business up 29 percent

- *Statutory premiums* in the third quarter of 2017 rose 3.9 percent to 15.1 (14.5) billion euros due to stronger sales of capital-efficient products in Germany and higher unit-linked premiums in Italy, Taiwan, Belgium and Luxembourg. This more than compensated for softer sales of fixed-income annuities in the United States. Adjusted for foreign exchange and consolidation effects, statutory premiums increased by 8.2 percent.
- *Operating profit* decreased 10.3 percent to 1.1 (1.2) billion euros in the third quarter of 2017 mainly due to a lower investment margin. This resulted predominantly from a normalized level of realizations in the German life business and last year's one-off gain from the sale of real estate in France, as well as from unfavorable foreign currency translation effects in the United States.
- The *value of new business (VNB)* increased 28.8 percent to 410 million euros in the third quarter of 2017 as customers continue to shift to capital-efficient products.
- The *new business margin (NBM)* strengthened to 3.4 (2.8) percent in the third quarter of 2017, driven by favorable markets and management decisions to adapt the product mix to the low interest rates.

"The new business margin stayed at the high level of 3.4 percent for the second consecutive quarter, well above the 2.8 percent margin one year ago, partly due to a better business mix. Customers and shareholders are both benefiting from the new products we have generated in response to this very low interest rate environment," said Dieter Wemmer.

In the first nine months of 2017, *operating profit* increased nearly 10 percent to 3.4 (3.1) billion euros. *Statutory premiums* rose 2.6 percent to 48.7 billion euros. The *new business margin* rose to 3.3 (2.6) percent reflecting the targeted shift toward capital-efficient products. As a result, the *value of new business (VNB)* increased by 29.6 percent to 1.3 billion euros compared to the first nine months of 2016.

Asset Management: Growth continues - five straight quarters of third-party net inflows

- Compared to the end of the second quarter of 2017, *third-party assets under management (AuM)* grew by 7 billion euros to 1,413 billion euros. High third-party net inflows of 32 billion euros, marking the fifth consecutive quarter with third-party net inflows, and positive market effects, offset negative foreign currency and deconsolidation impacts.

- In the third quarter of 2017, *operating profit* decreased by 2.7 percent to 588 (604) million euros, mainly driven by lower performance fees and negative foreign currency effects. Adjusted for currencies, operating profit slightly increased.
- The *cost-income ratio (CIR)* rose 1.2 percentage points to 61.9 percent in the third quarter of 2017, mainly due to lower performance fees.

"The Asset Management segment broke the 100-billion-euro mark for third-party net inflows already in the first nine months, a remarkable achievement. The outstanding investment performance of our actively managed funds is the main reason for these strong inflows," said Dieter Wemmer.

In the first nine months of 2017, *operating profit* grew by 11.5 percent to 1,743 million euros, mainly due to higher AuM driven fees. Strong third-party net inflows of 106 billion euros and positive market effects outweighed negative foreign currency effects, resulting in 1,922 billion euros of total assets under management – an increase of 51 billion euros compared to year-end 2016.
The *cost-income ratio* improved by 1.6 percentage points to 62.6 percent.

Technical Notes: Prior-year figures have been adjusted due to an updated operating profit definition and an accounting policy change, as already described in the first quarter of 2017. Annualized figures are not a forecast for full year numbers.

Allianz Group - key figures 3rd quarter and first nine month of 2017

			3Q 2017	3Q 2016	Δ	9M 2017	9M 2016	Δ
Total revenues		**€ bn**	**28.3**	**27.7**	**2.1%**	**94.5**	**92.4**	**2.2%**
- Property-Casualty		€ bn	11.5	11.5	0.2%	40.9	40.4	1.4%
- Life/Health		€ bn	15.1	14.5	3.9%	48.7	47.5	2.6%
- Asset Management		€ bn	1.5	1.5	0.3%	4.7	4.4	6.7%
- Corporate and Other		€ bn	0.1	0.1	6.8%	0.4	0.4	2.8%
- Consolidation		€ bn	-0.1	-0.1	14.7%	-0.3	-0.2	10.0%
Operating profit / loss[1,2,3]		**€ mn**	**2,477**	**2,995**	**-17.3%**	**8,337**	**8,058**	**3.5%**
- Property-Casualty[2]		€ mn	1,039	1,443	-28.0%	3,744	4,016	-6.8%
- Life/Health[1,2,3]		€ mn	1,069	1,192	-10.3%	3,351	3,051	9.8%
- Asset Management[2]		€ mn	588	604	-2.7%	1,743	1,563	11.5%
- Corporate and Other[2]		€ mn	-211	-242	-13.0%	-476	-565	-15.9%
- Consolidation		€ mn	-8	-2	250%	-26	-7	266%
Net income[1]		**€ mn**	**1,670**	**1,986**	**-15.9%**	**5,683**	**5,411**	**5.0%**
- attributable to non-controlling interests		€ mn	104	91	14.5%	307	285	7.5%
- attributable to shareholders[1]		€ mn	1,566	1,895	-17.3%	5,376	5,126	4.9%
Basic earnings per share[1]		**€**	**3.53**	**4.17**	**-15.5%**	**11.98**	**11.27**	**6.3%**
Diluted earnings per share[1]		**€**	**3.52**	**4.17**	**-15.4%**	**11.98**	**11.08**	**8.0%**
Additional KPIs								
- Group	Return on equity[1,4,5]	%	11.2%	12.3%	-1.1% -p	12.4%	12.3%	0.1% -p
- Property-Casualty	Combined ratio	%	96.9%	93.5%	3.4% -p	95.4%	94.4%	1.0% -p
- Life/Health	New business margin[6]	%	3.4%	2.8%	0.6% -p	3.3%	2.6%	0.7% -p
- Life/Health	Value of new business[6]	€ mn	410	318	28.8%	1,332	1,028	29.6%
- Asset Management	Cost-income ratio[2]	%	61.9%	60.8%	1.2% -p	62.6%	64.2%	-1.6% -p
						09/30/17	12/31/16	
Shareholders' equity[1,4]		**€ bn**	–	–	–	**65.0**	**67.1**	**-3.1%**
Solvency II capitalization ratio[7]		**%**	–	–	–	**227%**	**218%**	**9% -p**
Third-party assets under management		**€ bn**	–	–	–	**1,413**	**1,361**	**3.8%**

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 Prior year figures have been adjusted in order to reflect the 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 3Q 2017 and 9M 2017 is annualized. For 3Q 2016 and 9M 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 (Risk Based Capital Company Action Level) since September 30, 2015.

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About Allianz

The Allianz Group is one of the world's leading insurers and asset managers with more than 86 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 over 650 billion euros on behalf of its insurance customers while our asset managers Allianz Global Investors and PIMCO manage an additional 1.4 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 2016, over 140,000 employees in more than 70 countries achieved total revenue of 122 billion euros and an operating profit of 11 billion euros for the group.

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

Cautionary note regarding 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 euro/US-dollar 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 may be 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 to 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. 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.