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Allianz posts strong third-quarter 2021 results

- Total revenue growth of 9.5 percent in 3Q 2021
- 3Q 2021 operating profit increases 11.3 percent to 3.2 billion euros
- 3Q 2021 net income attributable to shareholders up 2.3 percent at 2.1 billion euros
- 9M 2021 operating profit of 9.9 billion euros reaches 82 percent of full-year target of 12 billion euros
- 9M 2021 net income attributable to shareholders increases 38.3 percent to 6.9 billion euros
- Solvency II capitalization ratio of 207 percent¹
- 2021 operating profit now expected to be at the higher end of the target range of 12 billion euros, plus or minus 1 billion euros²

Management Summary: A strong quarter for all business segments

For the third consecutive quarter in 2021, the Allianz Group has delivered a strong operating performance across all business segments. This demonstrates that our business model is well-positioned to leverage the opportunities arising from a recovery in the global economic environment and in financial markets. In the first nine months of 2021, the Group has achieved 82 percent of the operating profit target of 12 billion euros for the year, driven by all three business lines. The Asset Management and the Life/Health business segments reported their best-ever third quarter operating results; the Property-Casualty business segment maintained its strong underlying profitability, even in an environment marked by intense natural catastrophes.

Internal revenue growth, which adjusts for currency and consolidation effects, was 9.0 percent in the third quarter of 2021, driven by all business segments. **Total revenues** increased 9.5 percent to 34.4 (3Q 2020: 31.4) billion euros. **Operating profit** grew 11.3 percent to 3.2 (2.9) billion euros, driven by our Asset Management and

¹ Excluding the application of transitional measures for technical provisions.

² As always, 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.

Life/Health business segments. In the Asset Management business segment, operating profit increased due to higher assets under management driven revenues and an improved cost-income ratio. Our Life/Health business segment recorded an increase in operating profit, to a significant extent due to a higher investment margin. The Property-Casualty business segment operating profit was largely stable as the improvement in the underwriting result was offset by a lower investment result. **Net income attributable to shareholders** increased 2.3 percent to 2.1 (2.1) billion euros in the third quarter of 2021. The strong growth in operating profit was offset to a major extent by a decrease in the non-operating investment result.

Basic Earnings per Share (EPS) increased 37.8 percent to 16.64 (12.07) euros in the first nine months of 2021. Annualized **Return on Equity (RoE)** was 14.8 percent (full year 2020: 11.4 percent). The **Solvency II capitalization ratio** was at 207 percent at the end of the third quarter of 2021³, compared to 206 percent at the end of the second quarter 2021.

In the **first nine months** of 2021, **operating profit** increased by 27.2 percent to 9.9 (7.8) billion euros. Our Life/Health business segment's operating profit grew due to an improved investment margin and higher loadings and fees. The Property-Casualty business segment operating profit rose due to a higher underwriting result. In our Asset Management business segment, an increase in operating revenues and continued cost efficiency resulted in operating profit growth. There was a double-digit increase of 38.3 percent in **net income attributable to shareholders**, driven by the operating profit.

On August 5, 2021 Allianz announced a new share buy-back program of up to 750 million euros. 3.8 million shares have been acquired by October 22, 2021, representing 0.93 percent of outstanding capital.

"This was our strongest-ever third quarter. I see this as a confirmation of our ability to serve customers and investors alike," said **Oliver Bäte**, Chief Executive Officer of Allianz SE. "Extreme weather events and rapid macroeconomic shifts highlight the important contribution that insurers and asset managers can make to society. And our solid numbers prove that we can do so with a healthy financial performance."

"These results demonstrate the good momentum in all our business segments. Our franchise is in an excellent shape," said **Giulio Terzariol**, Chief Financial Officer of Allianz SE. "I see Allianz as being on track to reach an operating profit at the higher end of our target range."

Property-Casualty insurance: Strong internal growth

- **Total revenues** rose by 9.0 percent to 14.1 (12.9) billion euros in the third quarter of 2021. Adjusted for foreign currency translation and consolidation effects, **internal growth** was 7.2 percent, mostly driven by a positive volume effect of 5.0 percent and a positive price effect of 1.5 percent. The main contributors to the increase were Allianz Partners, AGCS and Euler Hermes.
- **Operating profit** was broadly unchanged at 1.3 (1.3) billion euros in the third quarter of 2021. The slight rise in underwriting result was offset by a lower operating investment result. Higher claims from natural catastrophes were mostly compensated by a higher contribution from run-off and a lower level of attritional losses. The expense ratio was stable at 26.7 percent (26.7 percent).

³ Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 236 percent as of June 30, 2021 and to 236 percent as of September 30, 2021.

- The **combined ratio** increased slightly by 0.2 percentage points to 94.7 (94.5) percent in the third quarter of 2021.

"I am proud of our ability to provide considerable financial support to our customers affected by the extreme weather events this year even while delivering a good operating performance," said **Giulio Terzariol**. "Our Property-Casualty franchise is strong and we continue to focus on underwriting discipline and productivity to remain on our growth and margin trajectory."

In the **first nine months** of 2021, **total revenues** increased to 47.7 (46.7) billion euros. Adjusted for foreign currency translation and consolidation effects, **internal growth** was 2.3 percent, driven by Allianz Partners, AGCS and China. The **operating profit** jumped by 19.2 percent to 4.2 (3.5) billion euros compared to the same period of the prior year. The underwriting result rose significantly, even after taking into account higher claims from natural catastrophes. This was mostly due to negligible COVID-19 related losses and a considerably better run-off result. Overall, the **combined ratio** for the first nine months improved by 2.1 percentage points to 93.9 (96.0) percent.

Life/Health insurance: Dynamic sales and strong operating profit

- **PVNB⁴**, the present value of new business premiums, jumped to 19.7 (12.9) billion euros in the third quarter of 2021. Positive impacts came from a recovery in sales in the United States, back-book management in France and continued higher sales of unit-linked products in Italy.
- The **new business margin (NBM)** expanded to 3.4 (2.9) percent in the third quarter of 2021 due to an improved business mix in Germany and France as well as a better economic environment. The **value of new business (VNB)** surged to 665 (371) million euros in the third quarter of 2021.
- **Operating profit** increased to 1.3 (1.1) billion euros in the third quarter of 2021, driven by a rise in investment margin and improved technical margin. Higher loadings and fees from the unit-linked business in Italy contributed further to this result.

"Our Life and Health business is showing dynamic growth and margins continue to expand as we efficiently manage our business in an improving economic environment," said **Giulio Terzariol**. "This bodes well for a sustainable and strong contribution to our Group results."

In the **first nine months** of 2021, the **PVNB** increased to 58.9 (42.5) billion euros, driven by a recovery in sales and back-book management in France and Italy. **Operating profit** leaped to 3.7 (2.9) billion euros, largely due to an improved investment margin and higher loadings and fees. The **new business margin** increased to 3.2 (2.9) percent, boosting the **value of new business** to 1.9 (1.2) billion euros.

⁴ PVNB⁴ is shown after non-controlling interests, unless otherwise stated.

Asset Management: Excellent performance and record AuM

- **Third-party assets under management (AuM)** increased by 51 billion euros to 1,881 billion euros at the end of the third quarter of 2021, compared to the end of the second quarter of 2021. This development was predominantly due to strong net inflows of 25.7 billion euros and favorable foreign currency translation effects of 29.5 billion euros. Market effects of 4.7 billion euros had an offsetting impact.
- **Total assets under management** rose to 2,548 billion euros at the end of the third quarter of 2021, in line with the growth in third-party assets under management. Growth was driven by all regions and asset classes.
- **Operating profit** surged by 30.2 percent to 882 (677) million euros in the third quarter of 2021 compared to the prior-year period. Revenue growth was mainly due to higher average third-party AuM and was supported also by the integration of Allianz Real Estate. Adjusted for foreign currency translation effects, operating profit increased by 31.0 percent. The **cost-income ratio (CIR)** improved by 4.2 percentage points to 57.7 percent in the third quarter of 2021 compared to the third quarter of 2020.

“Both PIMCO and Allianz Global Investors are recording strong net inflows while assets under management have reached another record level,” said **Giulio Terzariol**. “Continuously improving investment performance, strong revenue growth and productivity gains support the earnings power of our asset management business.”

In the **first nine months** of 2021, operating revenues grew by 12.3 percent to 5.9 billion euros, as a result of higher AuM-driven revenues as well as higher performance fees. Our **cost-income ratio** improved to 58.5 (62.1) percent. **Operating profit** rose by 23.0 percent to 2,454 (1,996) million euros. Adjusted for foreign currency translation effects, operating profit increased by 28.9 percent. **Third-party assets under management** rose by 9.9 percent, or 169 billion euros, from the end of 2020 to 1,881 billion euros, driven by high net inflows as well as favorable foreign currency translation effects and market effects.

Allianz Group - key figures third quarter and first nine months 2021

		3Q 2021	3Q 2020	Delta	9M 2021	9M 2020	Delta	
Total revenues	€ bn	34.4	31.4	9.5%	110.1	104.9	5.0%	
- Property-Casualty ¹	€ bn	14.1	12.9	9.0%	47.7	46.7	2.1%	
- Life/Health	€ bn	18.3	16.8	9.1%	56.8	53.1	7.0%	
- Asset Management	€ bn	2.1	1.8	17.3%	5.9	5.3	12.3%	
- Corporate and Other	€ bn	0.1	0.1	17.5%	0.2	0.2	17.8%	
- Consolidation	€ bn	-0.2	-0.2	24.2%	-0.6	-0.4	37.2%	
Operating profit / loss	€ mn	3,236	2,907	11.3%	9,891	7,776	27.2%	
- Property-Casualty	€ mn	1,287	1,315	-2.1%	4,158	3,490	19.2%	
- Life/Health	€ mn	1,252	1,119	11.8%	3,747	2,930	27.9%	
- Asset Management	€ mn	882	677	30.2%	2,454	1,996	23.0%	
- Corporate and Other	€ mn	-186	-203	-8.1%	-464	-634	-26.8%	
- Consolidation	€ mn	1	-2	n.m.	-5	-5	-11.9%	
Net income	€ mn	2,229	2,131	4.6%	7,269	5,232	38.9%	
- attributable to non-controlling interests	€ mn	119	68	73.9%	367	242	51.7%	
- attributable to shareholders	€ mn	2,111	2,063	2.3%	6,902	4,990	38.3%	
Basic earnings per share²	€	5.09	5.01	1.5%	16.64	12.07	37.8%	
Diluted earnings per share²	€	5.01	4.89	2.6%	16.51	11.86	39.3%	
Additional KPIs								
- Group	Return on equity ^{3,4}	%	13.3%	11.4%	1.9% -p	14.8%	11.4%	3.4% -p
- Property-Casualty	Combined ratio	%	94.7%	94.5%	0.2% -p	93.9%	96.0%	-2.1% -p
- Life/Health	New business margin	%	3.4%	2.9%	0.5% -p	3.2%	2.9%	0.3% -p
- Life/Health	Value of new business	€ mn	665	371	79.5%	1,856	1,222	51.9%
- Asset Management	Cost-income ratio	%	57.7%	61.9%	-4.2% -p	58.5%	62.1%	-3.6% -p
					09/30/2021	12/31/2020	Delta	
Shareholders' equity⁴	€ bn				81.6	80.8	1.0%	
Solvency II capitalization ratio⁵	%				207%	207%	-1% -p	
Third-party assets under management	€ bn				1,881	1,712	9.9%	

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 3Q 2020 and 9M 2020, 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 236% as of 30 September 2021.

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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