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Operating profit grows by 7.4 percent to 3.5 billion euros in 3Q

Group confirms full-year outlook

3Q 2022:

- Total revenues rise 1.3 percent to 34.8 billion euros
- Operating profit increases 7.4 percent to 3.5 billion euros, driven by excellent performance in the Property-Casualty business segment
- Net income attributable to shareholders rises 16.7 percent to 2.5 billion euros
- Solvency II capitalization ratio comfortable at 199 percent¹

9M 2022:

- Total revenues increase 5.3 percent to 116.0 billion euros
- Operating profit rises 3.2 percent to 10.2 billion euros
- Net income attributable to shareholders at 4.7 billion euros, a decrease of 31.5 percent, mainly due to a provision booked in the first quarter in relation to the AllianzGI U.S. Structured Alpha proceedings

Outlook:

- 2022 operating profit outlook expected in the upper half of the target range of 13.4 billion euros, plus or minus 1 billion euros²

Other:

- New share buy-back program of up to 1 billion euros announced

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.

“Our excellent results this quarter again prove the resilience and strength of Allianz amid a dramatic geopolitical and market environment. Buoyed by outperformance in our Property-Casualty business, our operating profit and net income demonstrate to our stakeholders the benefits of our global scale and diversification, as well as our customer-centric strategy. Further, our capital management capabilities and balance sheet create valuable optionality for Allianz, allowing us to confidently confront a changing economic landscape.”

- Oliver Bäte, Chief Executive Officer of Allianz SE

FINANCIAL HIGHLIGHTS

Revenues

3Q 2022: Total revenues increased 1.3 percent to 34.8 (3Q 2021: 34.4) billion euros, driven by the Property-Casualty business segment, with positive price effect and volume growth. This was partially offset by the Life/Health business segment, primarily due to softer sales in Italy and Germany. The Asset Management business segment was slightly down as a result of lower assets under management (AuM)-driven revenues and performance fees.

Internal revenue growth, which adjusts for foreign currency translation and consolidation effects, was minus 3.7 percent.

9M 2022: Total revenues increased 5.3 percent to 116.0 (9M 2021: 110.1) billion euros, largely driven by the Property-Casualty business segment due to positive price and volume effects. This was supported further by the Asset Management business segment as a result of higher AuM-driven revenues, while the Life/Health business segment remained stable.

Internal revenue growth was 1.6 percent, driven by the Property-Casualty business segment.

Earnings

3Q 2022: Operating profit increased 7.4 percent to 3.5 (3.2) billion euros, driven by improved investment and underwriting results in the Property-Casualty segment. This was partially offset by the Life/Health business segment, impacted by variable-annuity products in the United States as well as a softer net harvesting result in Germany. Operating profit from the Asset Management business segment was also impacted by market developments.

Net income attributable to shareholders grew to a notable 2.5 (2.1) billion euros, as a result of operating profit growth and higher realized gains, primarily driven by the Voya transaction.

Annualized Return on Equity (RoE) was 9.4 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 12.0 percent (full year 2021: 14.9 percent). Basic Earnings per Share (EPS) was 11.37 (9M 2021: 16.64) euros.

On November 9, 2022, Allianz has announced a new share buy-back program of up to 1 billion euros. The program shall start mid-November 2022 and be finalized by December 31, 2023, at the latest.

9M 2022: Operating profit increased 3.2 percent to 10.2 (9.9) billion euros, driven by higher operating profit in the Property-Casualty business segment. Operating profit growth was driven by a strong rise in the investment result and further improvement in the underwriting result. Growth was partially offset by the impact of unfavorable market developments on the Life/Health and Asset Management business segments.

Net income attributable to shareholders was 4.7 (6.9) billion euros, reflecting the provision booked in the first quarter in relation to the AllianzGI U.S. Structured Alpha proceedings and a lower non-operating investment result.

Solvency II Capitalization Ratio

The Solvency II capitalization ratio was 199 percent at the end of the third quarter of 2022 compared with 200 percent at the end of the second 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 third quarter compared with 227 percent at the end of the second quarter.

SEGMENTAL HIGHLIGHTS

“Our strong set of results highlight the underlying operational strength of Allianz’s business model, which has the ability to deliver sustainable value even in a rapidly-evolving economic and geopolitical environment.

- Our Property-Casualty business had a record third-quarter operating profit, marked by an increase in premium and in underwriting and investment results. Also, thanks to our focus on productivity, we have reduced the expense ratio once again.
- In Life/Health segment, the expansion in new business margin shows our future profitability remains strong. Although customers are cautious in these economic conditions, their interest in Allianz’s preferred lines of business is robust.
- In Asset Management we have again achieved a solid operating result in a very challenging environment.

Allianz’s resilient earnings power bodes well for our long-term growth trajectory. We expect our full-year operating profit to reach the upper half of the target range of 13.4 billion euros, plus or minus 1 billion euros.”

- Giulio Terzariol, Chief Financial Officer of Allianz SE

Property-Casualty insurance: Strong operating profit

3Q 2022: Total revenues jumped 14.2 percent to 16.1 (14.1) billion euros. Adjusted for foreign currency translation and consolidation effects, the internal growth was 8.8 percent due to a strong price effect of 6.7 percent, a volume effect of 1.7 percent and a service effect of 0.4 percent.

Operating profit surged 32.0 percent to 1.7 (1.3) billion euros, due to strong growth in the operating investment result, driven by inflation-linked bonds and higher interest rates. A further rise in the underwriting result, mainly due to growth in premiums, lower claims from natural catastrophes and a favorable contribution from the run-off result, also contributed to growth. These developments more than offset higher attritional losses, largely due to higher claims inflation as well as higher large and weather-related losses.

In line with these developments, the combined ratio improved by 0.7 percentage points to 94.0 percent (94.7 percent). The expense ratio improved slightly to 26.6 percent (26.7 percent), driven by a lower administrative expense ratio.

9M 2022: Total revenues jumped 12.7 percent to 53.8 (47.7) billion euros. Adjusted for foreign currency translation and consolidation effects, internal growth was strong at 8.8 percent, supported by a price effect of 5.3 percent, a volume effect of 2.9 percent and a service effect of 0.6 percent.

Operating profit surged 13.5 percent to 4.7 (4.2) billion euros, mostly driven by a significantly higher operating investment result and further improvement in the underwriting result.

The combined ratio was 94.1 percent (93.9 percent) as the impact of higher attritional losses related to claims inflation as well as higher weather-related losses was partially offset by a favorable run-off result. The expense ratio rose slightly to 26.8 percent (26.7 percent) due to higher acquisition costs.

Life/Health insurance: New business margin expansion continues

3Q 2022: PVNBP³, the present value of new business premiums, was 13.7 (19.7) billion euros, mainly due to the absence of a one-off reinsurance treaty worth 3.7 billion euros at Allianz Reinsurance in the prior year. Softer sales of unit-linked products in Italy and single premium business in Germany also had an impact.

Operating profit was 1.0 (1.3) billion euros, as the impact of traditional and non-traditional variable-annuity products in the United States as well as lower net harvesting results in Germany more than offset the positive contribution from the acquired Aviva operations in Poland.

The new business margin (NBM) jumped to 4.0 percent (3.4 percent), driven by an improved business mix, particularly in Germany, and positive changes in our fixed index annuities business in the United States. Higher interest rates also contributed to the margin expansion. The value of new business (VNB) was 550 (665) million euros, reflecting the impact of a large reinsurance treaty at Allianz Reinsurance in the prior year.

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

9M 2022: PVNBP was 49.6 (58.9) billion euros, reflecting the impact of two events – a group contract renegotiation in Italy and a one-off reinsurance treaty at Allianz Reinsurance – in the prior year as well as lower single premium business in Germany.

Operating profit was 3.4 (3.7) billion euros, mainly due to the reasons mentioned above.

The new business margin increased to 3.8 percent (3.2 percent), driven by a better business mix across entities. The value of new business was unchanged at 1.9 (1.9) billion euros, as the positive effect of a better business mix was offset by softer volumes.

Asset Management: Results resilient amid market volatility

3Q 2022: Operating revenues were 2.1 billion euros, down 1.4 percent, reflecting the impact of lower AuM-driven revenues and performance fees. Operating profit was 792 (882) million euros, down 10.2 percent from the prior-year period. Adjusted for foreign currency translation effects, operating profit was down 19.8 percent. The cost-income ratio (CIR) rose to 61.5 percent (57.7 percent).

Third-party assets under management⁴ were 1.726 trillion euros as of September 30, 2022, a decrease of 43 billion euros from the end of the second quarter of 2022. A positive impact of 99.6 billion euros from favorable foreign currency translation effects was more than offset by an unfavorable market impact of 97.0 billion euros, Voya partnership-related adjustments of 26.1 billion euros and net outflows of 19.9 billion euros.

Total assets under management⁴ were 2.245 trillion euros at the end of the third quarter of 2022, reflecting the trend in the third-party assets under management.

9M 2022: Operating revenues increased 3.7 percent to 6.1 billion euros as a result of higher AuM-driven revenues. Operating profit was 2.4 (2.5) billion euros, down 2.5 percent from the prior-year period. Adjusted for foreign currency translation effects, operating profit was down 10.4 percent. The cost-income ratio (CIR) rose to 61.0 percent (58.5 percent). Third-party assets under management⁴ were 1.726 trillion euros as of September 30, 2022, down by 241 billion euros from the end of 2021.

⁴Please refer to footnote 6 in the 3Q & 9M results table below.

Allianz Group - key figures third quarter and first nine months 2022

		3Q 2022	3Q 2021	Delta	9M 2022	9M 2021	Delta	
Total revenues	€ bn	34.8	34.4	1.3%	116.0	110.1	5.3%	
- Property-Casualty ¹	€ bn	16.1	14.1	14.2%	53.8	47.7	12.7%	
- Life/Health	€ bn	16.8	18.3	-8.0%	56.6	56.8	-0.4%	
- Asset Management	€ bn	2.1	2.1	-1.4%	6.1	5.9	3.7%	
- Corporate and Other	€ bn	0.1	0.1	0.7%	0.2	0.2	2.5%	
- Consolidation	€ bn	-0.2	-0.2	21.0%	-0.7	-0.6	29.2%	
Operating profit / loss	€ mn	3,476	3,236	7.4%	10,209	9,891	3.2%	
- Property-Casualty	€ mn	1,700	1,287	32.0%	4,722	4,158	13.5%	
- Life/Health	€ mn	1,045	1,252	-16.5%	3,381	3,747	-9.8%	
- Asset Management	€ mn	792	882	-10.2%	2,393	2,454	-2.5%	
- Corporate and Other	€ mn	-60	-186	-67.7%	-293	-464	-36.9%	
- Consolidation	€ mn	-1	1	n.m.	6	-5	n.m.	
Net income	€ mn	2,595	2,229	16.4%	5,074	7,269	-30.2%	
- attributable to non-controlling interests	€ mn	132	119	10.9%	343	367	-6.7%	
- attributable to shareholders	€ mn	2,464	2,111	16.7%	4,731	6,902	-31.5%	
Basic earnings per share²	€	6.11	5.09	20.2%	11.37	16.64	-31.7%	
Diluted earnings per share²	€	6.02	5.01	20.0%	11.17	16.51	-32.4%	
Additional KPIs								
- Group	Return on equity ^{3,4}	%	15.1%	10.6%	4.5% -p	9.4%	10.6%	-1.2% -p
- Property-Casualty	Combined ratio	%	94.0%	94.7%	-0.7% -p	94.1%	93.9%	0.2% -p
- Life/Health	New business margin	%	4.0%	3.4%	0.6% -p	3.8%	3.2%	0.7% -p
- Life/Health	Value of new business	€ mn	550	665	-17.3%	1,893	1,856	2.0%
- Asset Management	Cost-income ratio	%	61.5%	57.7%	3.8% -p	61.0%	58.5%	2.5% -p
					09/30/2022	12/31/2021	Delta	
Shareholders' equity⁴	€ bn				51.9	80.0	-35.0%	
Solvency II capitalization ratio⁵	%				199%	209%	-10% -p	
Third-party assets under management⁶	€ bn				1,726	1,966	-12.2%	

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 2021 and 9M 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 September 2022.
- From 3Q 2022 onwards, amounts are presented in accordance with the amended definition of assets under management and include portfolios sub-managed by third-party investment firms. Comparative periods are not affected by the amendment.

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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