

# Allianz Group Fiscal Year 2015

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Chief Financial Officer

Annual results media conference  
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Based on  
preliminary figures

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Allianz Group  
Fiscal Year  
2015

1 **Highlights**

2 Glossary

# Business highlights

## Inclusive Meritocracy

- Executive pay and promotion linked to people factors like customer satisfaction, collaboration and other leadership behaviors starting in 2016

## Growth Engines

- Allianz to establish a nationwide digital insurance company in China with internet company Baidu
- Allianz Global Investors to acquire global fixed income manager Rogge Global Partners

## True Customer Centricity

- Allianz UK claims adjusters arrive on site before storm Desmond hit in December, allowing the team to assist 95 percent of customers within two hours of making a claim
- Allianz ranks as only insurance brand in Top 50 of Brand Finance Global 500 Ranking 2016

## Technical Excellence

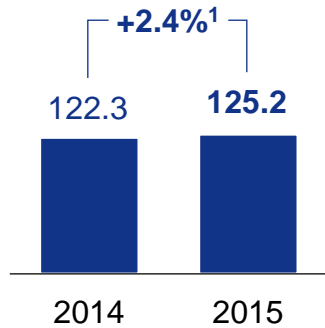
- Allianz Germany's motor retail insurance business is first to be certified according to a new global standard for technical price calculation, allowing for more transparent and risk-adequate pricing
- Alternative investment portfolio expands to include two onshore wind parks in New Mexico, USA

## Digital by Default

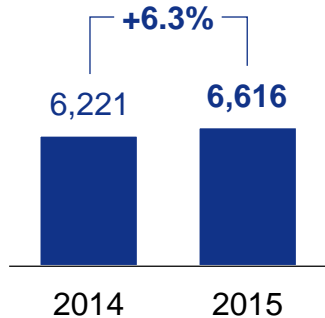
- New role of Chief Digital Officer established to foster digital transformation within Allianz Group
- Allianz1 Business, the extension of Allianz Italy's digital modular offer to small companies, has sold over 9,000 policies since launch in November 2015
- All 8,300 Allianz Germany agents are able to offer their customers advice via online-video chat since mid-2015

# Revenues and profits continue to grow ...

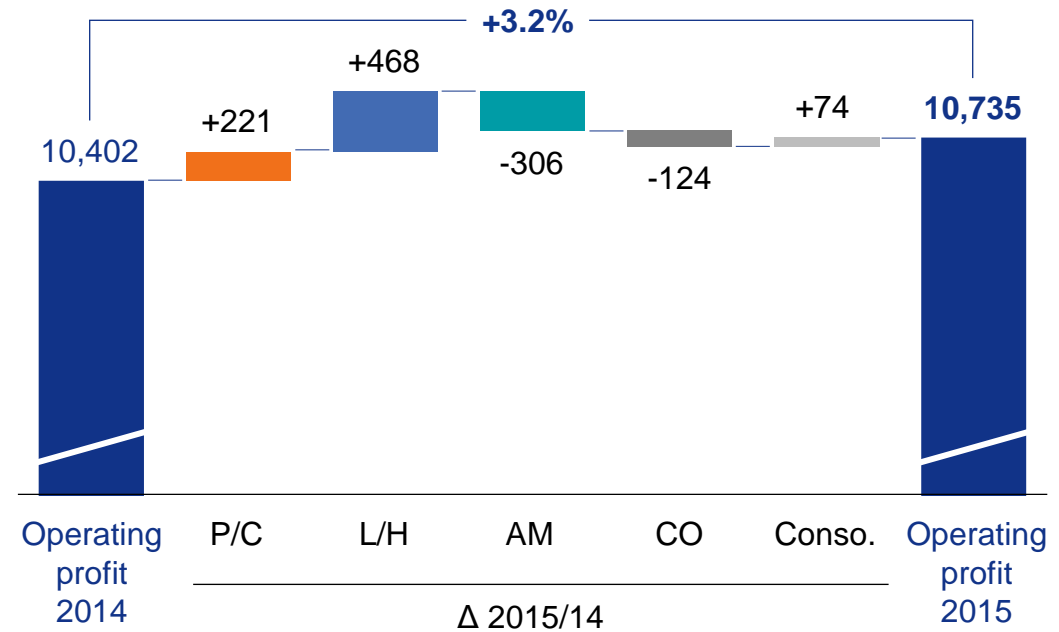
Total revenues (EUR bn)



Net income<sup>2</sup> (EUR mn)



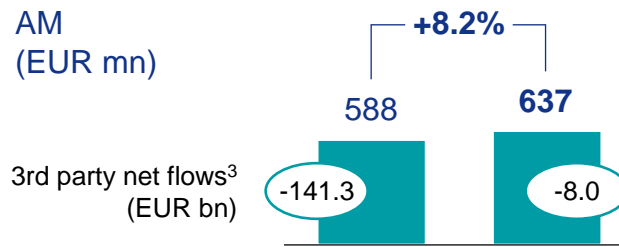
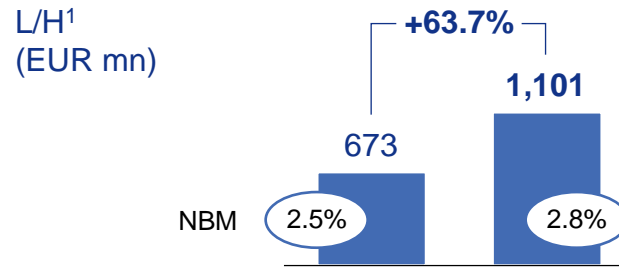
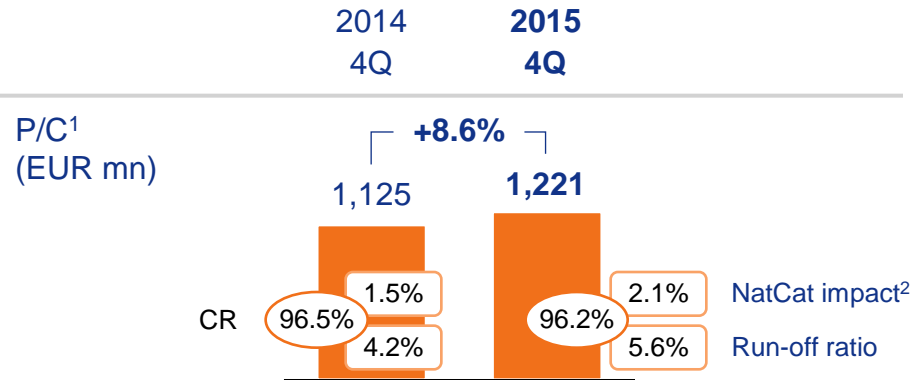
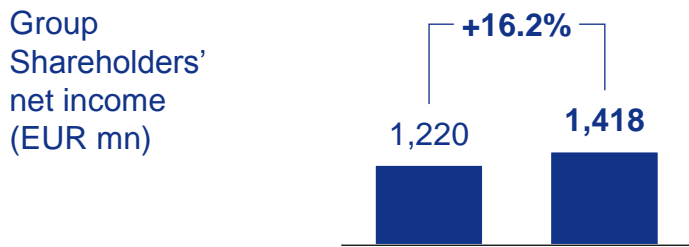
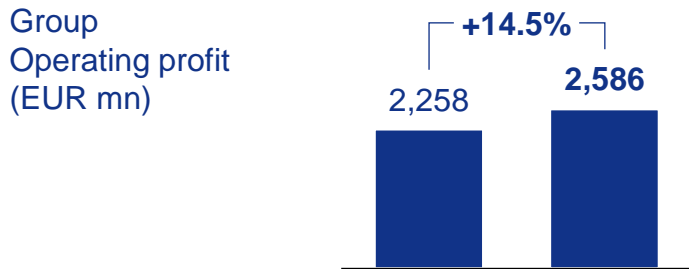
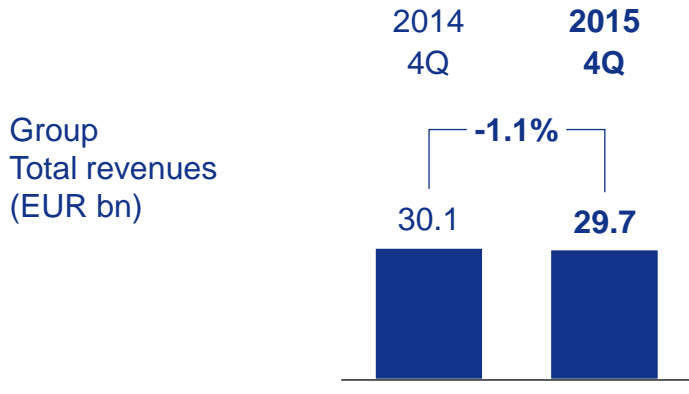
Operating profit drivers (EUR mn)



2015	5,603	3,796	2,297	-945	-16
2014	5,382	3,327	2,603	-820	-91

1) Internal growth of -2.1%, adjusted for F/X and consolidation effects  
 2) Net income attributable to shareholders

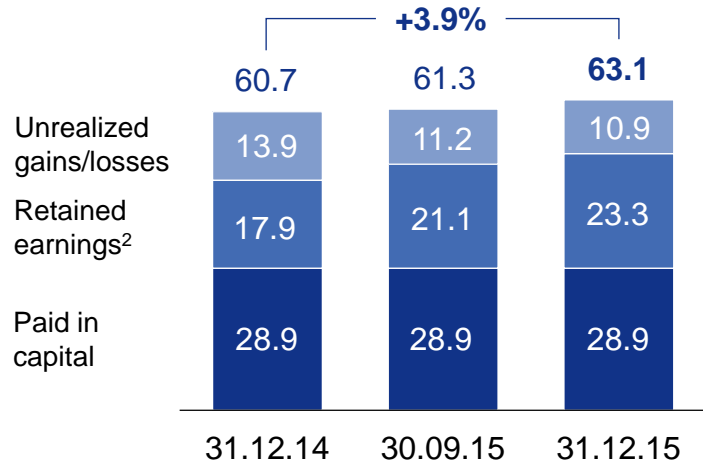
# ... driven by strong 4Q 2015



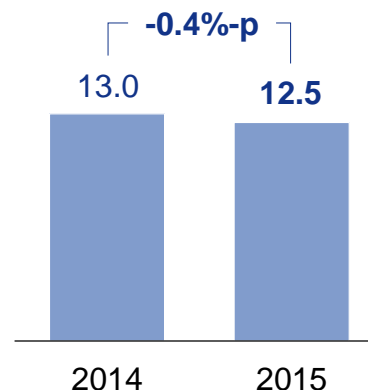
1) In 4Q 14 the French International Health business was reclassified from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014  
 2) NatCat costs (without reinstatement premiums and run-off)  
 3) Effective 2015, 3rd party net flows contain re-invested dividends (incl. capital gains) from existing clients (EUR +9.9bn for 4Q 15). Those have been recognized as market return until 31.12.2014

# Dividend up 6.6%

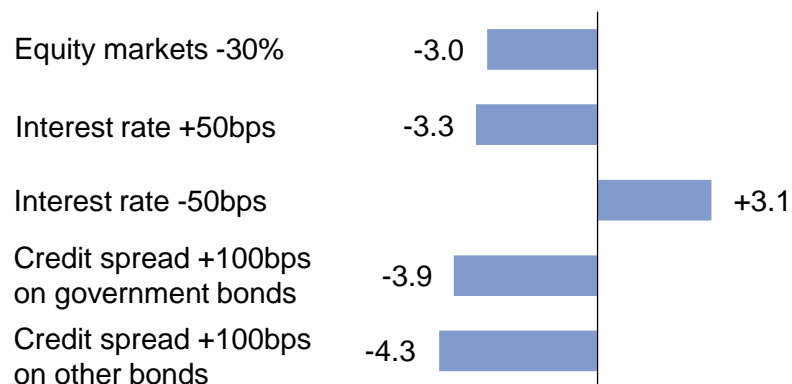
## Shareholders' equity<sup>1</sup> (EUR bn)



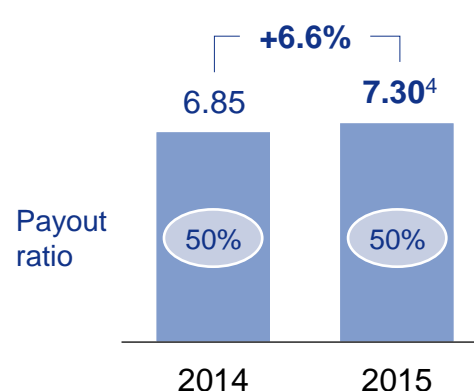
## Return on equity<sup>3</sup> (in %)



## Estimation of stress impact (EUR bn)



## Dividend per share (EUR)

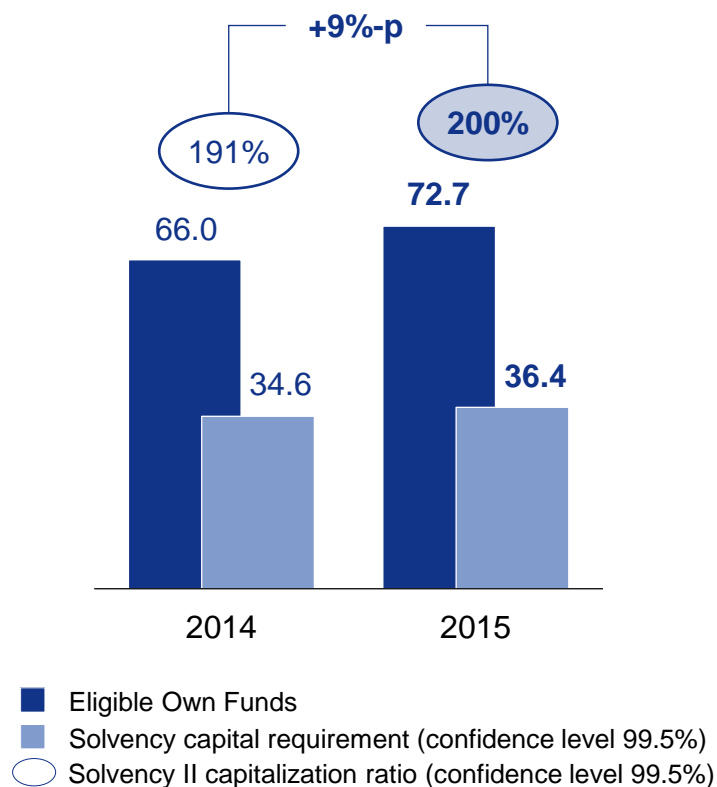


1) Excluding non-controlling interests  
2) Including F/X

3) RoE excluding unrealized gains/losses on bonds net of shadow DAC  
4) Proposal

## Strong SII capitalization

### SII capitalization<sup>1</sup> (EUR bn)



1) AZ Life included in the SII capital requirement based on third country equivalence with 100% of RBC CAL in 2014 and with 150% of RBC CAL in 2015

### Estimation of stress impact<sup>2</sup>

	2014	2015
Equity markets +30%	+9%-p	<b>+9%-p</b>
Equity markets -30%	-12%-p	<b>-9%-p</b>
Interest rate +50bps SII non-parallel	+15%-p	<b>+9%-p</b>
Interest rate -50bps SII non-parallel	-21%-p	<b>-14%-p</b>
Credit spread +100bps on government bonds	-17%p	<b>-11%-p</b>
Credit spread +100bps on other bonds	-13%-p	<b>-8%-p</b>

2) Second order effects to other risk types and to own funds transferability restrictions are not considered

## Internal growth strong at 2.9%

(EUR mn)

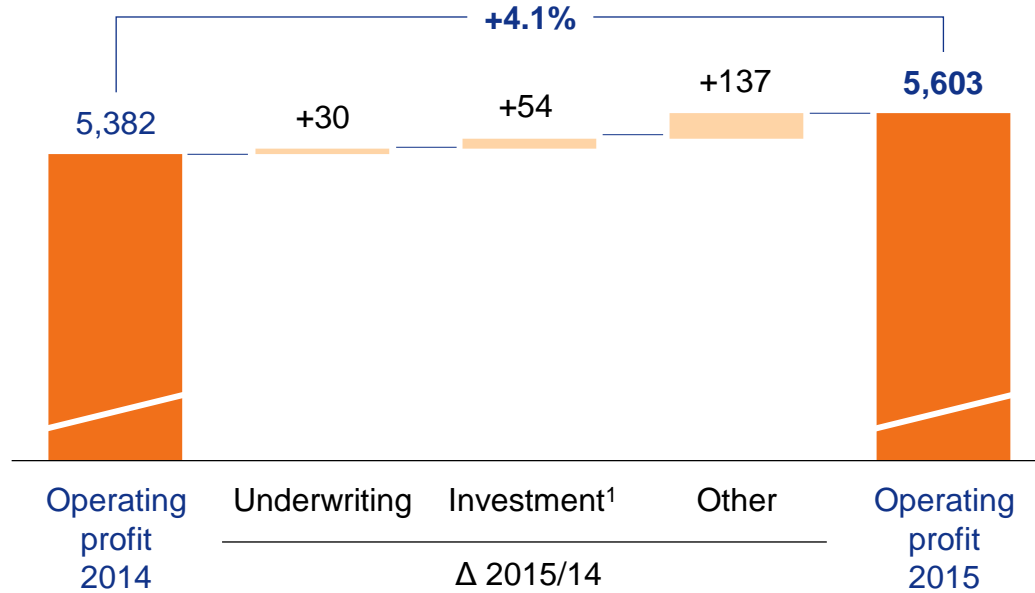
2015		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	Price effect	Volume effect
<b>Total P/C segment</b>		<b>51,597</b>	<b>+6.8%</b>	<b>+2.9%</b>	<b>+0.8%</b>	<b>+2.1%</b>
<b>Large OEs</b>	Germany	9,629	+1.0%	+1.0%		
	Italy	4,755	+13.3%	-1.6%		
	France	4,330	+1.9%	+1.8%		
<b>Global lines</b>	AGCS <sup>1</sup>	8,107	+50.4%	+1.0%		
	Allianz Worldwide Partners	3,975	+19.0%	+10.8%		
	Credit Insurance	2,241	+3.8%	-0.1%		
<b>Selected OEs</b>	United Kingdom	3,055	+13.8%	+2.6%		
	Australia	2,991	+8.3%	+4.9%		
	Spain	2,138	+6.1%	+6.1%		
	Latin America	2,086	-0.7%	+8.0%		

1) Effective 1 January 2015, FFIC was integrated into AGCS Group. Previous period figures were not adjusted. The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of FFIC, have been reported within Reinsurance PC since 1 January 2015



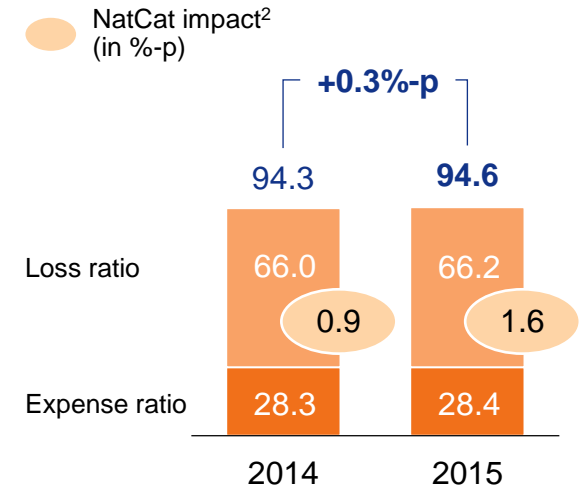
# Underwriting and investment results up

## Operating profit drivers (EUR mn)

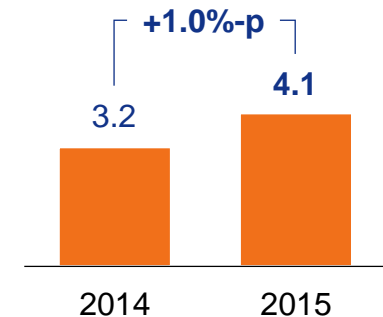


2015	2,281	3,120	202
2014	2,251	3,066	66

## Combined ratio (in %)



## Run-off ratio<sup>3</sup> (in %)



1) Including policyholder participation  
 2) NatCat costs (without reinstatement premiums and run-off): EUR 400mn (2014) and EUR 738mn (2015)  
 3) Positive run-off, run-off ratio calculated as run-off result in percent of net premiums earned

## Italy and France drive OP growth (EUR mn)

2015		Operating profit	Δ p.y.	Combined ratio	Δ p.y.	NatCat impact in CR <sup>1</sup>	Δ p.y. <sup>1</sup>
<b>Total P/C segment</b>		<b>5,603</b>	<b>+4.1%</b>	<b>94.6%</b>	<b>+0.3%-p</b>	<b>1.6%-p</b>	<b>+0.7%-p</b>
<b>Large OEs</b>	Germany	1,216	-6.7%	91.9%	+0.3%-p	2.5%-p	+1.5%-p
	Italy	1,075	+15.4%	83.1%	+0.6%-p	0.0%-p	0.0%-p
	France	465	+8.6%	95.9%	-0.4%-p	1.0%-p	-1.1%-p
<b>Global lines</b>	AGCS <sup>2</sup>	423	-24.5%	102.9%	+9.8%-p	3.1%-p	+2.8%-p
	Allianz Worldwide Partners	128	+21.7%	97.4%	+0.8%-p	0.0%-p	0.0%-p
	Credit Insurance	400	-0.4%	83.2%	+4.6%-p	–	–
<b>Selected OEs</b>	United Kingdom	56	-68.4%	102.6%	+5.0%-p	4.6%-p	+3.6%-p
	Australia	307	-13.1%	96.2%	+1.6%-p	3.0%-p	+1.8%-p
	Spain	208	-18.6%	92.7%	+2.8%-p	0.0%-p	0.0%-p
	Latin America	-154	n.m. <sup>3</sup>	116.6%	+0.5%-p	0.0%-p	0.0%-p

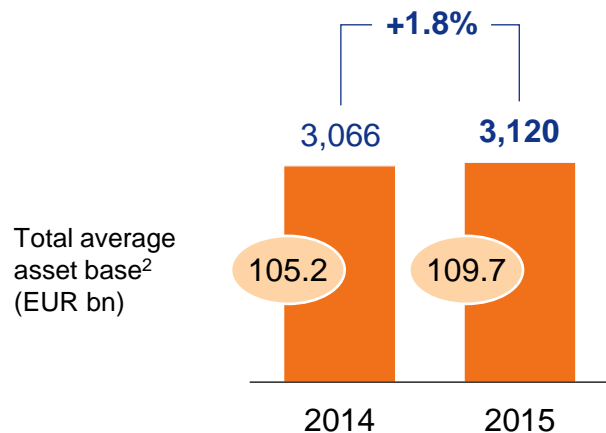
1) Excluding reinstatement premiums and run-off

2) Effective 1 January 2015, FFIC was integrated into AGCS Group. Previous period figures were not adjusted. The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of FFIC, have been reported within Reinsurance PC since 1 January 2015

3) Operating profit for Latin America decreased by EUR 6mn from EUR -147mn in 2014

# Investment result slightly up

## Operating investment result<sup>1</sup> (EUR mn)



Interest & similar income <sup>3</sup>	3,525	3,529
Net harvesting and other <sup>4</sup>	-136	-73
Investment expenses	-323	-337

- 1) Including policyholder participation
- 2) Asset base includes health business France, fair value option and trading
- 3) Net of interest expenses
- 4) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation

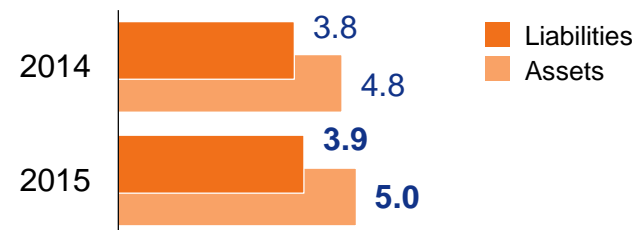
## Current yield (debt securities; in %)



## Reinvestment yield<sup>5</sup> (debt securities; in %)



## Duration<sup>6</sup>



- 5) On an annual basis
- 6) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

## Shifting away from capital intensive products (EUR mn)

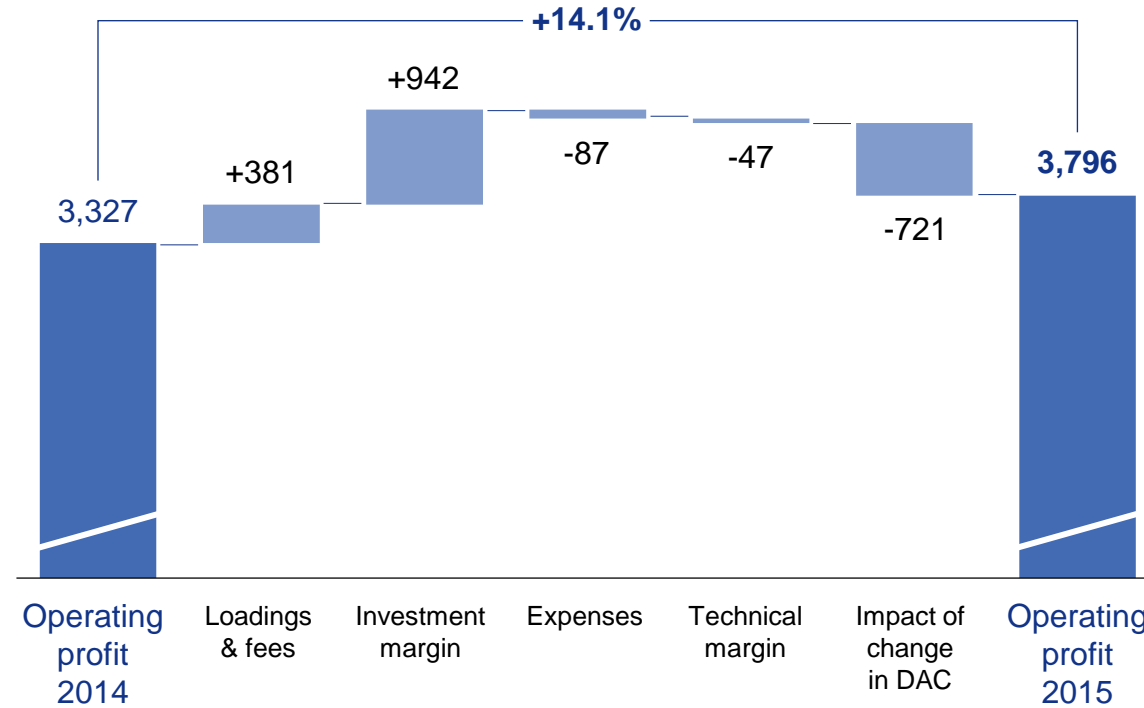
2015		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	PVNBP	Δ p.y. <sup>1</sup>
<b>Total L/H segment</b>		<b>66,903</b>	<b>-0.6%</b>	<b>-4.9%</b>	<b>56,323</b>	<b>-1.5%</b>
<b>Large OEs</b>	Germany Life	17,742	-6.7%	-6.7%	14,376	-3.2%
	Italy	11,936	+5.3%	+5.3%	9,538	-10.3%
	USA	10,475	-11.5%	-26.1%	10,417	-13.1%
	France	8,053	-2.3%	-2.3%	7,269	-2.5%
<b>Selected OEs</b>	Asia Pacific	6,769	+18.1%	+5.8%	6,059	+17.8%
	Germany Health	3,257	+0.4%	+0.4%	1,287	+32.8%
	Benelux <sup>2</sup>	2,239	-11.1%	-11.1%	1,575	+25.2%
	Switzerland	1,842	+11.3%	-2.3%	1,537	+31.0%
	Spain	1,375	+9.2%	+9.2%	1,709	+44.5%
	Central and Eastern Europe	818	-4.6%	-4.7%	630	-13.4%

1) New business figures were restated by the impact of contract boundaries, removal of holding expenses and the replacement of CNHR and CReC by RM after tax to be aligned with SII balance sheet

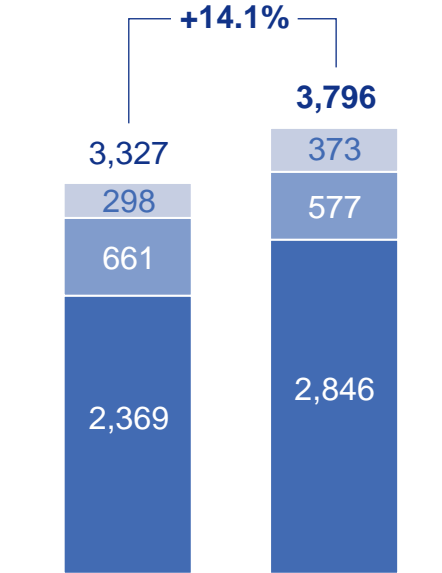
2) Revenues from investment-oriented products in Luxembourg of EUR 389mn in 2015 (EUR 842mn in 2014) are reinsured by France. The PVNBP of Luxembourg business reinsured with France is included in France (EUR 339mn) and not included in Benelux

# Operating profit up 14% (EUR mn)

Operating profit by source<sup>1,2</sup>



Operating profit by line<sup>2</sup>



- Unit-linked w/o guarantees
- Protection & health
- Guaranteed savings & annuities

Δ 2015/14

2015	5,667	3,915	-6,610	1,156	-332
2014	5,285	2,973	-6,522	1,203	388

1) For a description of the L/H operating profit sources please refer to the glossary  
 2) Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia

## NBM with significant improvement in 2H 2015 (EUR mn)

2015		VNB	Δ p.y. <sup>1</sup>	NBM	Δ p.y. <sup>1</sup>	Operating profit	Δ p.y.
<b>Total L/H segment</b>		<b>1,196</b>	<b>-18.5%</b>	<b>2.1%</b>	<b>-0.4%-p</b>	<b>3,796</b>	<b>+14.1%</b>
<b>Large OEs</b>	Germany Life	304	-16.8%	2.1%	-0.3%-p	1,257	+16.4%
	Italy	111	-32.2%	1.2%	-0.4%-p	268	+55.3%
	USA	318	-30.6%	3.1%	-0.8%-p	841	+28.3%
	France	35	-36.8%	0.5%	-0.3%-p	550	+20.9%
<b>Selected OEs</b>	Asia Pacific	194	+18.7%	3.2%	0.0%-p	-83	n.m. <sup>2</sup>
	Germany Health	28	-9.7%	2.2%	-1.0%-p	214	+2.4%
	Benelux	7	-79.6%	0.5%	-2.4%-p	121	-8.5%
	Switzerland	26	-19.2%	1.7%	-1.0%-p	75	-9.7%
	Spain	41	-10.6%	2.4%	-1.5%-p	196	+2.9%
	Central and Eastern Europe	32	+0.5%	5.1%	+0.7%-p	129	+8.8%

1) New business figures were restated by the impact of contract boundaries, removal of holding expenses and the replacement of CNHR and CRcC by RM after tax to be aligned with SII balance sheet

2) Operating profit for Asia Pacific decreased by EUR 187mn from EUR 104mn in 2014

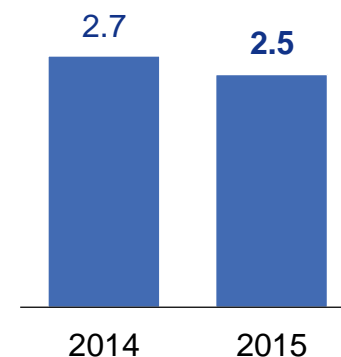
## Investment margin very strong at 98bps

(yields are pro-rata)

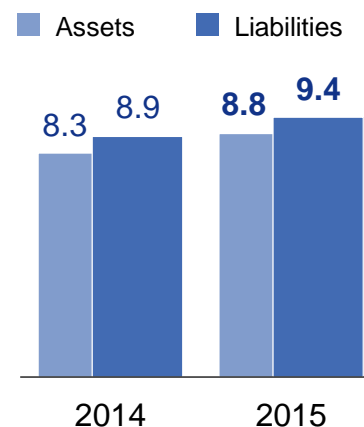
Based on Ø book value of assets <sup>1</sup>	2014	2015
Current yield <sup>2</sup>	3.9%	3.8%
<b>Based on Ø aggregate policy reserves</b>		
Current yield <sup>2</sup>	4.6%	4.6%
Net harvesting and other	0.1%	0.5%
<b>Total yield</b>	<b>4.7%</b>	<b>5.1%</b>
- Ø min. guarantee <sup>3</sup>	2.4%	2.3%
<b>Gross investment margin (in %)</b>	<b>2.3%</b>	<b>2.8%</b>
- Profit sharing under IFRS <sup>4</sup>	1.5%	1.8%
<b>Investment margin<sup>5</sup> (in %)</b>	<b>0.8%</b>	<b>1.0%</b>
Investment margin (EUR mn)	2,973	3,915
Ø book value of assets <sup>1</sup> (EUR bn)	440	484
Ø aggregate policy reserves (EUR bn)	370	400

- 1) Asset base under IFRS which excludes unit-linked, FVO and trading
- 2) Based on interest and similar income (net of interest expenses)
- 3) Based on technical interest
- 4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
- 5) Investment margin divided by the average of the current year-end and previous year-end aggregate policy reserves. Prior year figure changed in order to reflect the roll out of profit source reporting to Malaysia
- 6) On an annual basis
- 7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the L/H segment

### Reinvestment yield<sup>6</sup> (debt securities; in %)

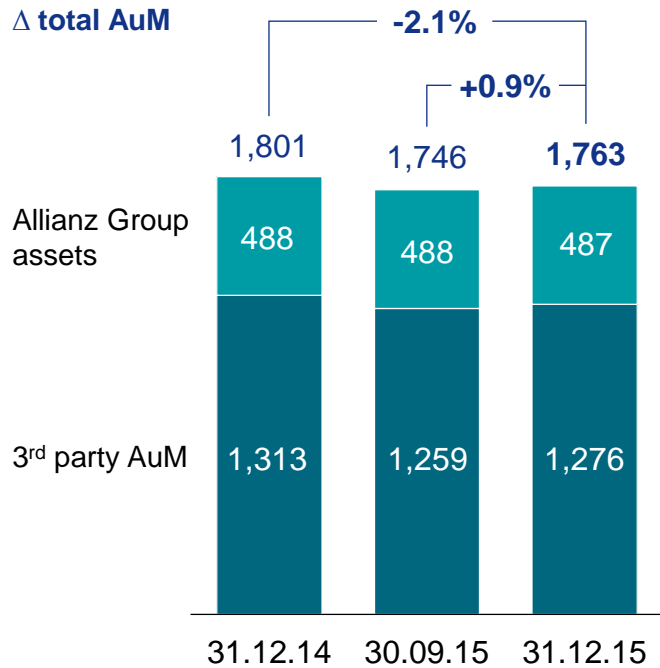


### Duration<sup>7</sup>

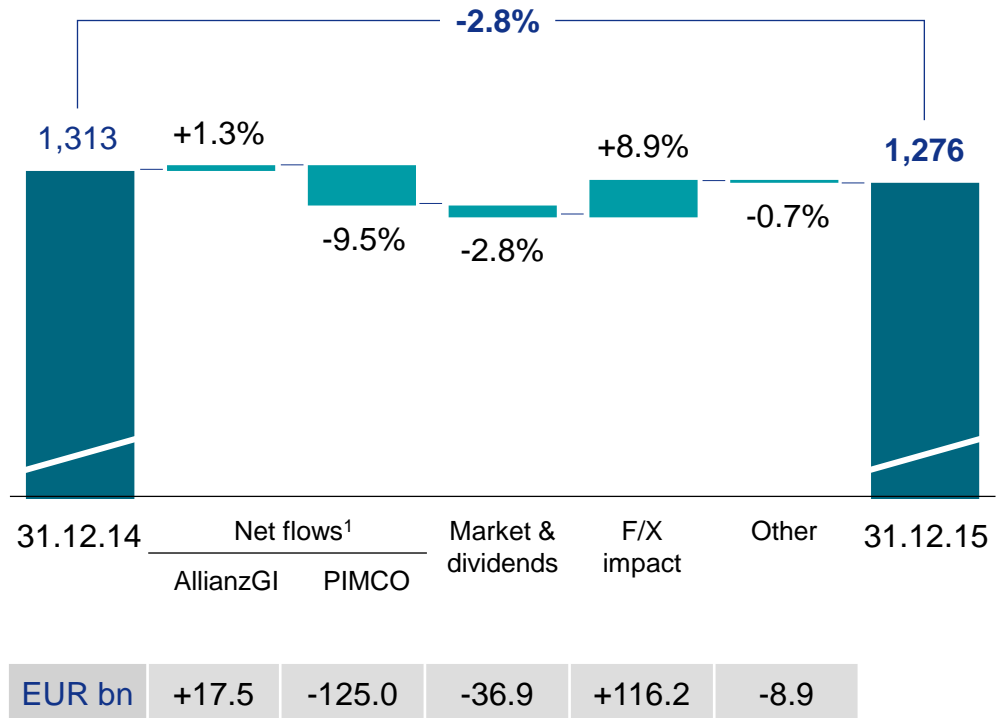


# USD largely compensates for net outflows (EUR bn)

Δ total AuM



Δ 3rd party AuM



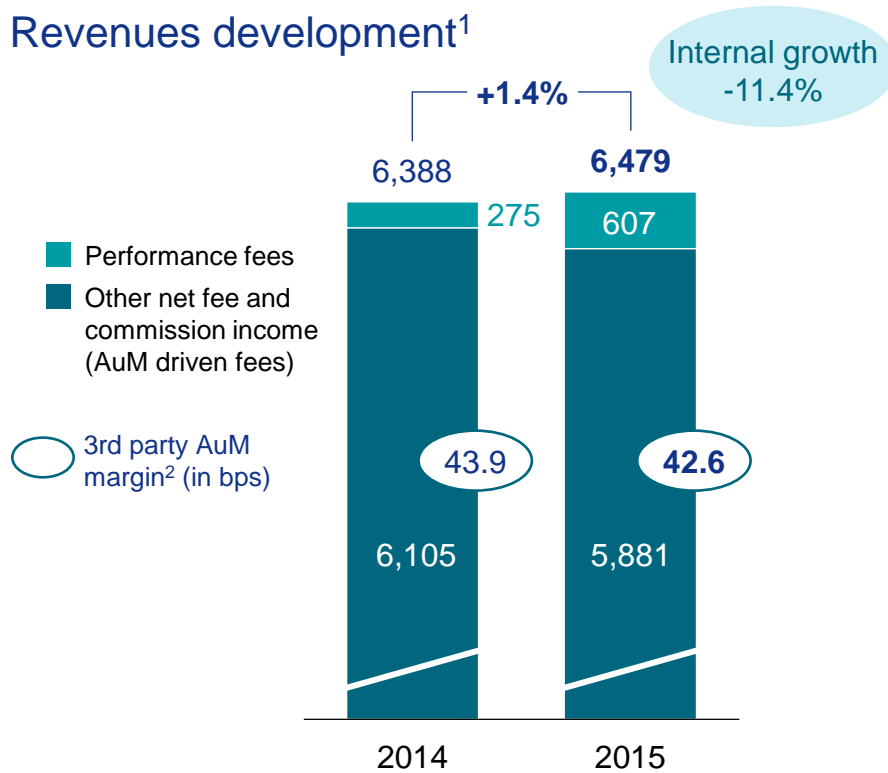
EUR bn	+17.5	-125.0	-36.9	+116.2	-8.9
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1) Effective 2015, 3rd party net flows contain re-invested dividends (incl. capital gains) from existing clients (EUR +16.6bn for PIMCO and EUR +1.8bn for AllianzGI in 2015). Those have been recognized as market return until 31.12.2014

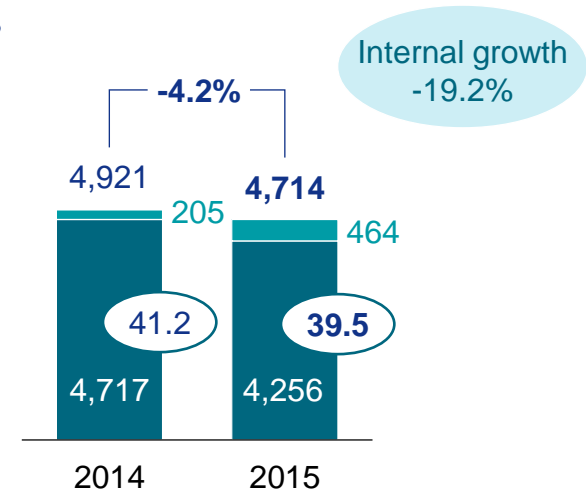


# Strong performance drives fees (EUR mn)

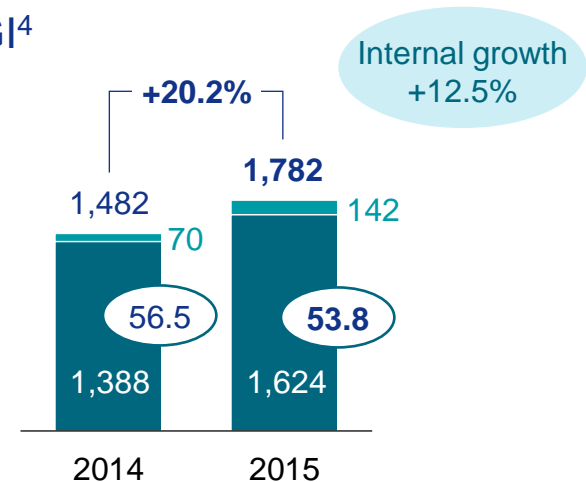
## Revenues development<sup>1</sup>



## PIMCO<sup>3</sup>



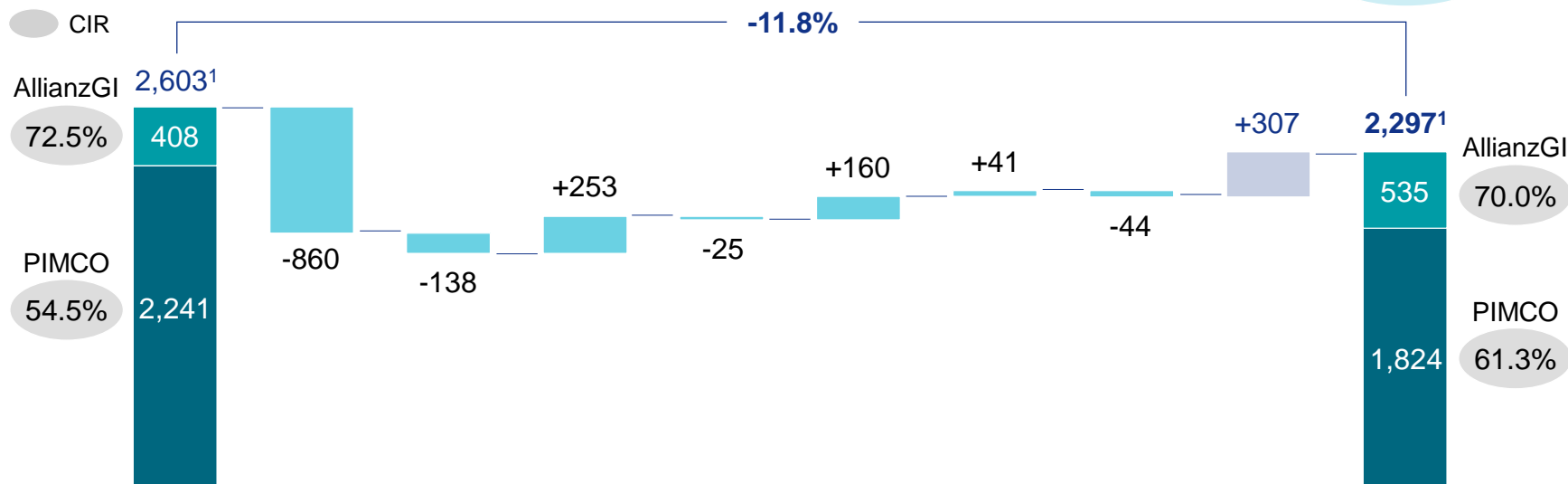
## AllianzGI<sup>4</sup>



1) "Other" AM revenues of EUR 8mn (2014) and EUR -8mn (2015) are not shown in the chart  
 2) Excluding performance fees and other income, 12 months  
 3) "Other" PIMCO revenues of EUR -1mn (2014) and EUR -6mn (2015) are not shown in the chart  
 4) "Other" AllianzGI revenues of EUR 24mn (2014) and EUR 16mn (2015) are not shown in the chart

# Operating profit in line with expectations

## Operating profit drivers (EUR mn)

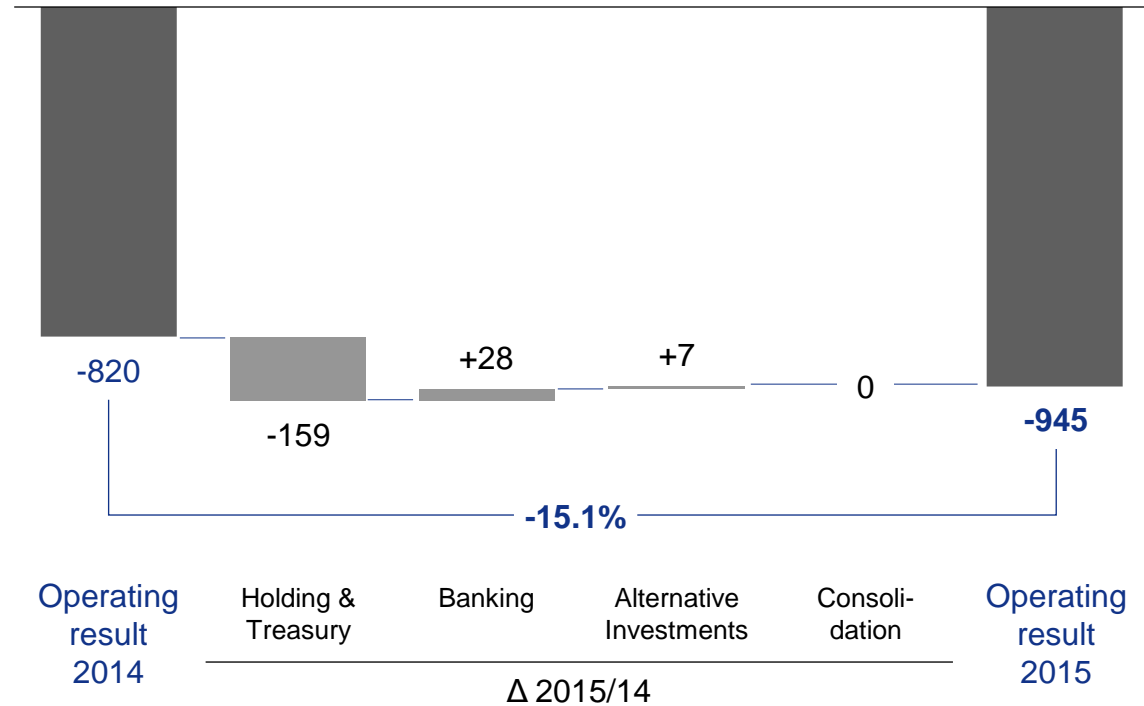


Operating profit 2014	Revenues				Expenses			F/X effect	Operating profit 2015
	Volume <sup>2</sup>	Margin <sup>2</sup>	Performance fees	Other	Personnel	Non-personnel	Re-structuring		
F/X impact	+774	+79	+9		-344	-211	0		CIR
2015	5,881 <sup>2</sup>	607	-8		-2,556	-1,585	-41		64.5%
2014	6,105 <sup>2</sup>	275	8		-2,372	-1,415	3		59.2%

1) Including operating loss from other entities of EUR -46mn in 2014 and EUR -62mn in 2015  
 2) Calculation based on currency adjusted average Allianz AuM / Allianz AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins

# Operating result at target (EUR mn)

## Operating loss development and components



2015	-1,076	94	37	0
2014	-917	66	30	0

## Shareholders' net income up 6.3 percent (EUR mn)

	2014	2015	Change
Operating profit	10,402	10,735	+333
Non-operating items	-1,554	-539	+1,015
Realized gains/losses (net)	812	1,211	+399
Impairments (net)	-197	-268	-72
Income from fin. assets and liabilities carried at fair value (net)	-303	-219	+84
Interest expenses from external debt	-846	-849	-3
Fully consolidated private equity inv. (net)	-23	-60	-37
Acquisition-related expenses	7	12	+4
Amortization of intangible assets	-104	-304	-199
Reclassification of tax benefits	-901	-62	+839
Income before taxes	8,848	10,196	+1,348
Income taxes	-2,245	-3,209	-964
Net income	6,603	6,987	+384
Non-controlling interests	381	371	-10
Shareholders' net income	6,221	6,616	+394
Effective tax rate	32% <sup>1</sup>	31%	-1%-p

1) Calculated shareholders' effective tax rate based on income taxes w/o tax benefits for prior years allocated to policyholders resulting from favorable Federal Fiscal Court decision

# Status quo 2015 and ambitions for 2018

2015	2018		2015	2018
8.0%	5%	3-year EPS CAGR	Businesses with NPS above market	50% 75%
12.5%	13%	RoE Allianz Group	SII interest rate sensitivity	14%-p < 11%-p
94.6%	94%	P/C CR	PIMCO CIR	61.3% 60%
65%	100%	L/H OEs with RoE ≥10%	IMIX	68% 72%
2.1%	3.0%	L/H NBM	Share of new digital retail products (P/C)	< 10% ~100%

## Financial reporting from 1Q 2016 onwards

	1Q	2Q	3Q	4Q
Earnings release incl. financial supplement	✓	✓	✓	✓
Analyst Presentation	✓	✓	✓	✓
Interim / Annual Report		✓		✓

▶ Following the change in the EU Transparency Directive,  
Allianz adjusts its reporting

# 2

Allianz Group  
Fiscal Year  
2015

1 Highlights

2 **Glossary**

# Glossary (1)

<b>AAM</b>	Allianz Asset Management, mainly the holding company of PIMCO and AllianzGI
<b>ABS</b>	Asset-backed securities: Structured bonds or notes collateralized by a pool of assets such as loans, bonds or mortgages. As characteristics of the collaterals vary considerably (with regard to asset class, quality, maturity, etc.), so do asset-backed securities.
<b>AFS</b>	Available-for-sale: Securities which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
<b>AGCS</b>	Allianz Global Corporate & Specialty
<b>AllianzGI</b>	Allianz Global Investors
<b>AM</b>	Asset Management – AM segment
<b>APR</b> (accident insurance with premium refund)	Special form of accident insurance (in German: “Unfallversicherung mit garantierter Beitragsrückzahlung” (UBR)) where the policyholder, in addition to insurance coverage for accidents (accident insurance), has a guaranteed claim to refund from premiums on the agreed maturity date or in the event of death (endowment insurance).
<b>AuM</b>	<p>Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.</p> <p><b>Net flows:</b> Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors.</p> <p><b>Market and dividends:</b> Market and dividends represents current income earned on, and changes in fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.</p>



## Glossary (2)

### AuM splits by asset classes

**Multi-assets:** A combination of several asset classes (e.g. bonds, stocks, cash and real property) used as an investment. Multi-assets class investments increase the diversification of an overall portfolio by distributing investments throughout several asset classes.

**Other:** Composed of other asset classes than equity, fixed income and multi-assets, e.g. money markets, commodities, real estate investment trusts, infrastructure investments, private equity investments, hedge funds.

### AuM splits by investment vehicle

**Mutual funds:** Investment vehicles (in the US, investment companies, subject to the US code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds.

**Separate accounts:** Investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals, corporates)

### Bps

Basis point = 0.01%

### Businesses for NPS

Operating entities at segment level (Life, Health, P/C), unweighted, excluding Global Lines, Russia and USA P/C for monoliners second level segment considered (e.g. UK personal, commercial)

### CEE

Central and Eastern Europe. From 3Q 15 onwards CEE is reported excluding Russia and Ukraine.

### CNHR

Cost of residual non-hedgeable risk: The allowance made in the MCEV for non-hedgeable risks. This allowance should include the impact of non-hedgeable non-financial risks and non-hedgeable financial risks.

### CO

Corporate and Other

### Combined ratio (CR)

Represents the total of acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

### Cost-income ratio (CIR)

Operating expenses divided by operating revenues

### Covered bonds

Debt securities covered by a pool of mortgage loans or by public-sector loans with investors having a preferential claim in case of a default

### CRcC

Frictional cost of required capital: The allowance made in the MCEV for the frictional costs of required capital. Frictional costs should reflect the taxation and investment costs on the assets backing required capital. Further, frictional costs may be due to any sharing of investment income on required capital with policyholders.

## Glossary (3)

<b>Current yield</b>	Represents interest and similar income divided by average asset base at book value (excluding income from financial assets and liabilities carried at fair value); current yield on debt securities adjusted for interest expenses; yield on debt securities including cash components.
<b>DAC</b>	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. These typically include commissions paid and the costs of processing proposals.
<b>Earnings per share (EPS)</b>	Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>Expense ratio (ER)</b>	Acquisition and administrative expenses (net) divided by premiums earned (net)
<b>F/X</b>	Foreign exchange
<b>Fair value (FV)</b>	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
<b>FCD</b>	Financial conglomerates directive: European regulation for the supervision of financial conglomerates and financial groups involved in cross-sectoral business operations.
<b>Financial assets carried at fair value through income</b>	Financial assets carried at fair value through income include financial assets held for trading and financial assets designated at fair value through income.
<b>Financial liabilities carried at fair value through income</b>	Financial liabilities carried at fair value through income include financial liabilities held for trading and financial liabilities designated at fair value through income.
<b>Fixed index annuity (FIA)</b>	Annuity contract whereby the policyholder is credited based on movements in stated equity or bond market indices with protection of principal

## Glossary (4)

<b>FVO</b>	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement. The recognized net gains and losses include dividends and interest of the financial instruments. A financial instrument may only be designated at inception as held at fair value through income and cannot be subsequently changed.
<b>Goodwill</b>	Difference between the cost of acquisition and the fair value of the net assets acquired
<b>Government bonds</b>	Government bonds include government and government agency bonds.
<b>Gross/Net</b>	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
<b>Harvesting rate</b>	$(\text{Realized gains and losses (net)} + \text{impairments on investments (net)}) / \text{average investments and loans at book value (excluding income from financial assets/ liabilities carried at fair value)}$
<b>IFRS</b>	International Financial Reporting Standards: Since 2002, the designation of IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Standards already approved before will continue to be cited as International Accounting Standards (IAS).
<b>Inclusive Meritocracy Index (IMIX)</b>	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture
<b>Internal growth</b>	Enhances the understanding of our total revenue performance by excluding the effects of foreign currency translation as well as of acquisitions and disposals
<b>IRR</b>	Internal rate of return: The discount rate which gives a zero value of new business under real-world projections after allowing for any acquisition expense overrun or underrun
<b>L/H</b>	Life and health insurance

## Glossary (5)

### L/H lines of business

**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and/or death coverage of the insured in the form of single or multiple payments to a beneficiary.

**Protection & health:** Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.

**Unit-linked without guarantees:** Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.

### L/H operating profit sources

The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a L/H segment consolidated basis.

**Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses

**Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation

**Expenses:** Includes commissions, acquisition expenses and administration expenses

**Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission claw-backs) and reinsurance result

**Impact of change in DAC:** Includes effects of change in DAC, URR and VOBA and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit

### Latin America

South America and Mexico

### Loss frequency

Number of accident year claims reported divided by number of risks in-force

### Loss ratio (LR)

Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).

### Loss severity

Average claim size (accident year gross claims reported divided by number of claims reported)

### MBS

Mortgage-backed securities: Securities backed by mortgage loans

## Glossary (6)

<b>MCEV</b>	<p>Market consistent embedded value is a measure of the consolidated value of shareholders' interests in the covered business. It is defined as:</p> <p>Net asset value (NAV)</p> <ul style="list-style-type: none"> <li>– Present value of future profits (PVFP)</li> <li>– Time value of options and guarantees (O&amp;G)</li> <li>– Cost of residual non-hedgeable risk (CNHR)</li> <li>– Frictional cost of required capital (CReC)</li> </ul>
<b>MCEV on SII balance sheet</b>	Represents market consistent embedded value based on SII balance sheet
<b>MoR</b>	Margin on reserves: Represents annualized operating profit (loss) divided by the average of (a) current quarter-end and prior quarter-end net reserves and (b) current quarter-end and prior year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets
<b>NatCat</b>	Accumulation of claims that are all related to the same natural or weather/atmospheric event during a certain period of time and where AZ Group's estimated gross loss exceeds EUR 20mn if one country is affected (respectively EUR 50mn if more than one country is affected); or if event is of international media interest
<b>NAV</b>	Net asset value: Capital not backing local statutory liabilities, valued at market value
<b>NBM</b>	New business margin: Value of new business divided by present value of new business premiums
<b>Non-controlling interests</b>	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group
<b>NPE</b>	Net premiums earned
<b>Net promoter score (NPS)</b>	A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
<b>OAB</b>	Operating asset base: Represents all operating investment assets within the L/H segment. This includes investments & loans, financial assets and liabilities carried at fair value as well as unit-linked investments. Market value liability option is excluded.

## Glossary (7)

<b>OE</b>	Operating entity
<b>Operating profit (OP)</b>	Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective segment, all or some of the following items: Income from financial assets and liabilities carried at fair value (net), realized gains/losses (net), impairments on investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses and income from fully consolidated private equity investments (net) as this represents income from industrial holdings outside the scope of operating business
<b>P/C</b>	Property and casualty insurance
<b>PHP</b>	Policyholder participation
<b>PIMCO</b>	Pacific Investment Management Company Group
<b>Premiums written/earned (IFRS)</b>	Premiums written represent all premium revenues in the year under review. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only that part of the premiums used to cover the risk insured and costs involved is treated as premium income.
<b>PVFP</b>	Present value of future profits: Future (statutory) shareholder profits after tax projected to emerge from operations and assets backing liabilities, including value of unrealized gains on assets backing policy reserves
<b>PVNBP</b>	Present value of new business premiums: Present value of projected new regular premiums, discounted with risk-free rates, plus the total amount of single premiums received
<b>Reinsurance</b>	An insurance company transfers part of its insurance risk assumed to another insurance company.
<b>Required capital</b>	The market value of assets attributed to the covered business over and above that required to back liabilities for covered business whose distribution to shareholders is restricted
<b>Retained earnings</b>	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

## Glossary (8)

<b>Return on equity (RoE)</b>	<p><b>RoE Group:</b> Represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds (net of shadow DAC) at begin of the period and at end of the period.</p> <p><b>RoE L/H OE:</b> Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of Shadow DAC) and excluding goodwill at begin of the period and at end of the period.</p>
<b>RfB</b>	Reserves for premium refunds (in German: "Rückstellung für Beitragsrückerstattung"): That part of the surplus which will be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.
<b>Risk capital</b>	Minimum capital required to ensure solvency over the course of one year with a certain probability which is also linked to our rating ambition
<b>RM</b>	Risk margin: A component of the technical provisions (TP) under Solvency II and represents the additional amount on top of the fair value of liabilities (best estimate liabilities) that insurance and reinsurance obligations are expected to require in order to take over and meet the insurance and reinsurance obligations related to non-hedgeable risks.
<b>Run-off ratio</b>	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
<b>RWA</b>	Risk-weighted assets: All assets of a bank multiplied by the respective risk-weight according to the degree of risk of each type of asset
<b>SE</b>	Societas Europaea: European stock company
<b>Solvency ratio</b>	Ratio indicating the capital adequacy of a company comparing eligible funds to required capital
<b>Sovereign bonds</b>	Sovereign bonds include government and government agency bonds.
<b>Statutory premiums</b>	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction
<b>TIO</b>	Territory Insurance Office

## Glossary (9)

<b>Total equity</b>	Represents the sum of shareholders' equity and non-controlling interests
<b>Total revenues</b>	Represent the sum of P/C segment's gross premiums written, L/H segment's statutory premiums, operating revenues in Asset Management and total revenues in Corporate and Other (Banking)
<b>Unrealized gains and losses</b> (net) (as part of shareholders' equity)	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation
<b>URR</b>	The unearned revenue reserve contains premium components that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
<b>Variable annuity</b> (VA)	Annuity contract whose value fluctuates based on performance of an underlying investment portfolio of funds; benefit payouts will vary based on account value of the contract.
<b>VIF</b>	Value of in-force: Present value of future profits from in-force business (PVFP) minus the time value of financial options and guarantees (O&G) granted to policyholders, minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital (CReC)
<b>VNB</b>	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits (PVFP) after acquisition expense overrun or underrun, minus the time value of financial option and guarantees (O&G), minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital (CReC), all determined at issue date.
<b>VOBA</b>	Value of the business acquired: It refers to the present value of future profits (PVFP) associated with a block of business purchased.
<b>3-year-outperformance AM</b>	Three-year rolling investment performance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by AAM's portfolio-management units. For separate accounts and mutual funds the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).



# Disclaimer

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 Euro/U.S. 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.

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