

# Group financial results 3Q 2014

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Chief Financial Officer

Press conference call  
November 7, 2014

# 1

Group financial  
results 3Q 2014

- 1** Highlights
- 2** Additional information
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management
  - e) Corporate and Other
- 3** Glossary

# Business highlights from the third quarter of 2014

## Property-Casualty

- Germany: More than 48,000 policies sold since launch of cooperation with Media-Saturn in September to offer device repair cost insurance “PlusSchutz”
- Italy: More than 1.5 million quotes requested on modular cover “Allianz1” since launch in April. In total, more than 85,000 policies sold

## Life/Health

- Italy: New unit-linked product “Life Selection” generates premiums of more than EUR 250mn in 3Q and unit-linked GPW achieve a share of 74% of bancassurance production
- US: Allianz Life continues strong sales of fixed-indexed annuities, 9M premiums up 160% to USD 9.7bn
- Taiwan: Premiums rise 76% to EUR 611mn in 3Q driven by distribution partners E-Sun bank and HSBC

## Asset Management

- New investment leadership team appointed at PIMCO: D. Ivascyn as Group CIO; A. Balls, M. Kiesel, V. Maisonneuve, S. Mather and M. Worah as CIOs
- AllianzGI expands advisory business winning mandates from two DAX companies to conduct risk management for pension trusts with a volume of EUR 1.5bn

## Cooperations

- Allianz and BMW renew and expand their global automotive cooperation for another five years

## Investments

- Allianz invests in UK rolling stock company Porterbrook

## Digitalization

- Allianz Germany launches new website to offer products like “digital+”, allowing customers to buy motor insurance online, combining self-service on the Internet and service with agents

## Branding

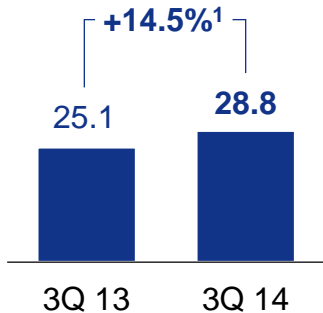
- Allianz brand value rises 15% to USD 7.7bn compared to previous year according to Interbrand

## Awards

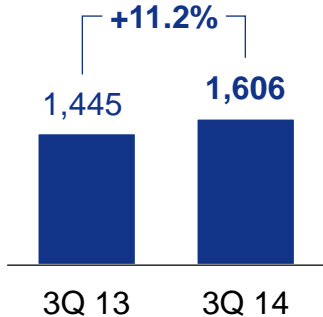
- Allianz Australia wins both major independent Australian insurance awards of “General Insurance Company of the Year” and of “Large General Insurance Company of the Year”
- United Kingdom: Allianz Insurance named “General Insurer of the Decade”

# Double digit revenue and net income growth

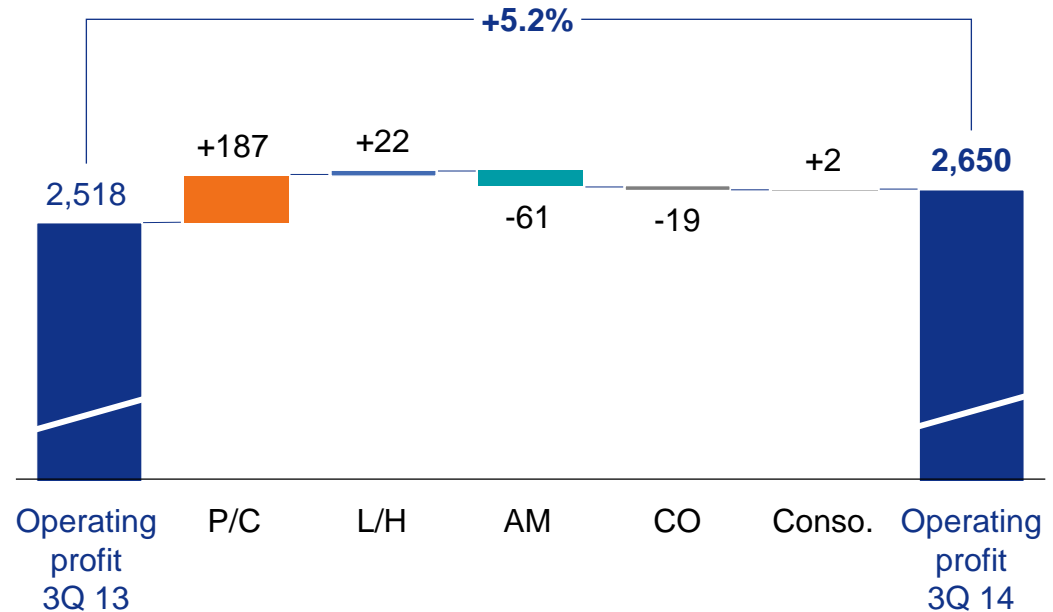
Total revenues (EUR bn)



Net income<sup>3</sup> (EUR mn)



Operating profit drivers<sup>2</sup> (EUR mn)



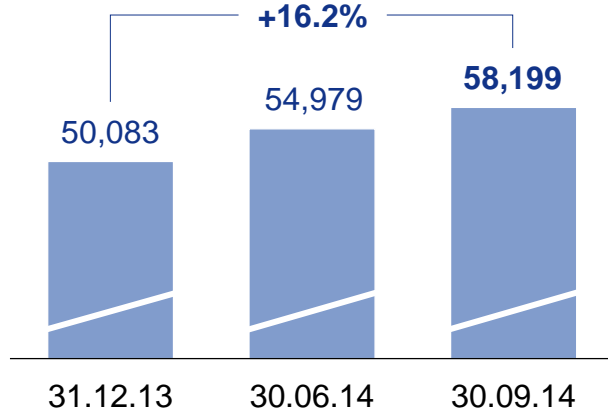
3Q 14	1,422	790	694	-248	-9
3Q 13	1,235	769	755	-229	-11

**! Please note:** The condensed consolidated interim financial statements 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. Previously published figures have been adjusted accordingly

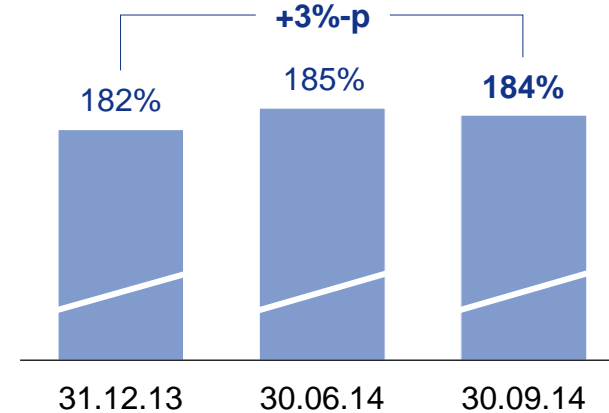
- 1) Internal growth of +14.3%, adjusted for F/X and consolidation effects
- 2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking
- 3) Net income attributable to shareholders

# Shareholders' equity at new high

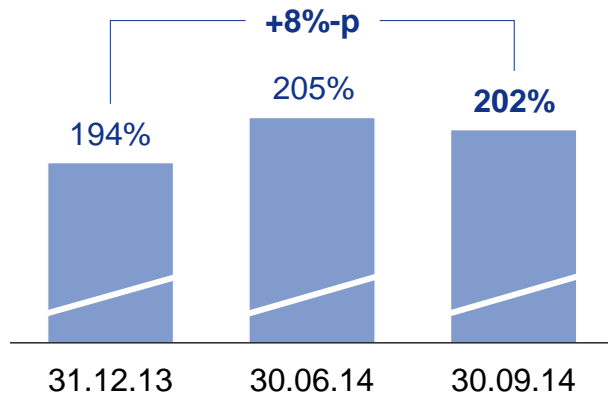
Shareholders' equity (EUR mn)



Conglomerate solvency<sup>1,2</sup> (%)



Economic solvency<sup>2</sup> (%)



S&P capital adequacy

Allianz' rating at "AA" with "stable" outlook

1) Includes off-balance sheet reserves. For details, please refer to the "Additional information" section

2) Hybrid capital has been adjusted by EUR 1.4bn due to potential calls in 2015.

Excluding this adjustment, the conglomerate solvency ratio would be 190% and the economic solvency ratio 207% as of 30 September 2014

## Strong internal growth of 4.7 percent (EUR mn)

3Q 2014		Revenues	Total growth Δ p.y.	Internal growth <sup>1</sup> Δ p.y.	Price effect	Volume effect
<b>Total P/C segment</b>		<b>11,254</b>	<b>+5.7%</b>	<b>+4.7%</b>	<b>+0.8%</b>	<b>+4.0%</b>
<b>Large OEs</b>	Germany	1,979	+5.0%	+4.1%		
	France	962	-0.1%	-0.1%		
	Italy	933	+9.4%	-0.6%		
<b>Global lines</b>	AGCS	1,365	+10.1%	+10.3%		
	Allianz Worldwide Partners <sup>2</sup>	656	+9.4%	+9.2%		
	Credit Insurance	530	+12.3%	+7.9%		
<b>Selected OEs</b>	United Kingdom	690	+27.1%	+18.1%		
	USA	612	-6.1%	-6.0%		
	Latin America <sup>3</sup>	581	+7.1%	+14.7%		
	Central and Eastern Europe	522	-15.6%	-12.3%		

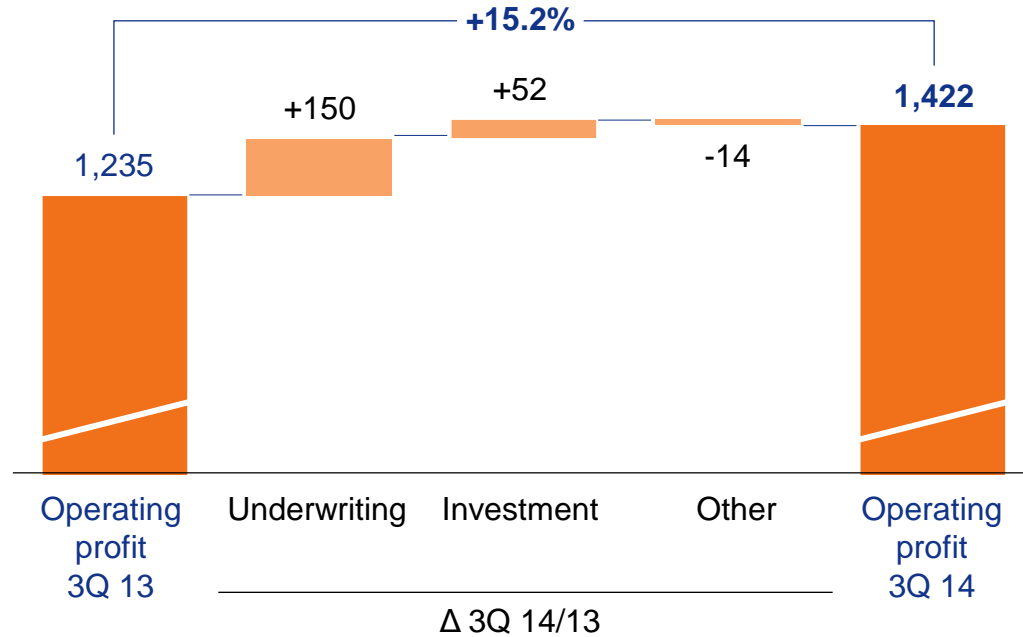
1) Adjusted for F/X and consolidation effects

2) Allianz Worldwide Partners includes the business of Allianz Global Assistance, Allianz Worldwide Care, the management holding as well as the reinsurance business of Allianz Global Automotive

3) South America and Mexico

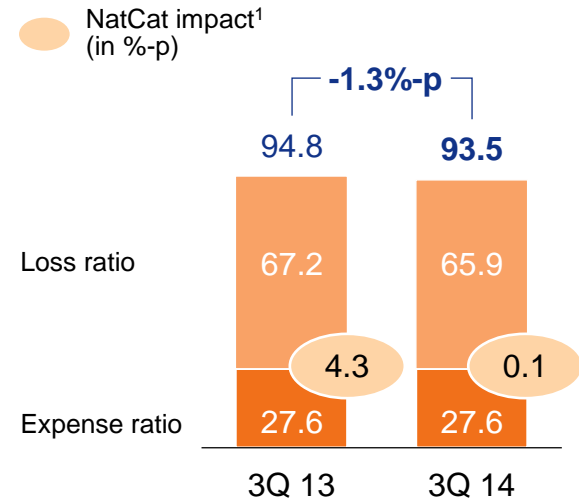
# Absence of cat losses drives underwriting result

Operating profit drivers (EUR mn)

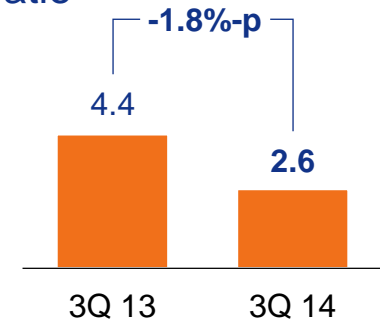


3Q 14	650	770	2
3Q 13	501	718	16

Combined ratio (in %)



Run-off ratio<sup>2</sup> (in %)



1) NatCat costs (without reinstatement premiums and run-off): EUR 464mn (3Q 13) and EUR 7mn (3Q 14)  
 2) Positive run-off, run-off ratio calculated as run-off result in percent of net premiums earned

## Germany and France drive 15 percent operating profit growth (EUR mn)

3Q 2014		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>1,422</b>	<b>+15.2%</b>	<b>93.5%</b>	<b>-1.3%-p</b>	<b>0.1%-p</b>	<b>-4.2%-p</b>
<b>Large OEs</b>	Germany	350	n.m. <sup>2</sup>	90.3%	-14.9%-p	0.1%-p	-13.9%-p
	France	141	+71.0%	92.1%	-7.4%-p	-0.4%-p	-0.4%-p
	Italy	274	-22.3%	78.4%	+7.0%-p	0.0%-p	0.0%-p
<b>Global lines</b>	AGCS	172	+5.0%	89.7%	+1.6%-p	0.5%-p	-0.8%-p
	Allianz Worldwide Partners <sup>3</sup>	28	-3.1%	97.1%	+0.1%-p	0.0%-p	0.0%-p
	Credit Insurance	71	-12.7%	80.1%	-1.7%-p	–	–
<b>Selected OEs</b>	United Kingdom	67	+33.4%	94.7%	-0.8%-p	0.0%-p	0.0%-p
	USA	-151	n.m. <sup>4</sup>	136.5%	+33.1%-p	-0.2%-p	-0.2%-p
	Latin America <sup>5</sup>	-38	n.m. <sup>6</sup>	113.2%	+15.3%-p	0.0%-p	0.0%-p
	Central and Eastern Europe	6	-90.0%	104.6%	+11.0%-p	0.0%-p	+0.5%-p

1) Excluding reinstatement premiums and run-off

2) Operating profit improved by EUR 326mn from EUR 23mn in 3Q 13

3) Allianz Worldwide Partners includes the business of Allianz Global Assistance, Allianz Worldwide Care, the management holding as well as the reinsurance business of Allianz Global Automotive

4) Operating profit decreased by EUR 187mn from EUR 36mn in 3Q 13

5) South America and Mexico

6) Operating profit decreased by EUR 67mn from EUR 30mn in 3Q 13



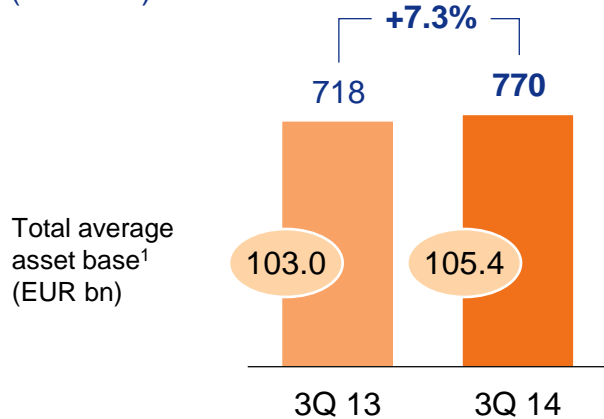
## Future improvement potential as underperforming units are being addressed<sup>1</sup>

Combined ratio	< 95%	> 95% <100%	> 100%
<b>Key contributors</b>  <b>(9M 2014)</b>	<b>Germany</b> <ul style="list-style-type: none"> <li>CR of 91.0% well ahead of 95% FY 2014 target. Attritional LR improves further. Above-average internal growth of 3.4%. ER of 25.7% below FY 2014 target of 26.0%</li> </ul> <b>Italy</b> <ul style="list-style-type: none"> <li>CR 81.7%. Continued outstanding performance. AY LR increase driven by declining average motor premium</li> </ul> <b>France</b> <ul style="list-style-type: none"> <li>CR of 94.3% is the lowest since we bought AGF in 1998. Combined ratios continue to improve</li> </ul>	<b>UK</b> <ul style="list-style-type: none"> <li>CR 96.8%. Strong internal growth of 12.4%</li> </ul> <b>Australia</b> <ul style="list-style-type: none"> <li>CR 95.7%. Good internal growth of 3.0% in a profitable but slowing market</li> </ul> <b>AWP</b> <ul style="list-style-type: none"> <li>CR 96.8%. Strong internal growth of 8.3%. Global Assistance and Worldwide Care are the main drivers</li> </ul>	<b>FFIC</b> <ul style="list-style-type: none"> <li>CR 123.4%. Extensive restructuring ongoing: commercial business to be integrated into AGCS; strategic options considered for personal lines business</li> </ul> <b>Russia</b> <ul style="list-style-type: none"> <li>CR 141.8%. Major restructuring underway: focus on corporate, retail exposure reduction and L/H consolidation</li> </ul> <b>Brazil</b> <ul style="list-style-type: none"> <li>CR 110.5%. Weak performance driven by IT platform issues. Detailed action plan initiated and implementation ongoing</li> </ul>
Share of GPW	69%	22%	9%
Ø internal growth	3.1%	7.1%	-5.4%

1) Analysis based on OEs as reported. Exception LatAm where analysis is based on individual country performances. Excludes consolidation effects

# Interest income holding up well

## Operating investment result (EUR mn)



Interest & similar income <sup>2</sup>	876	878
Net harvesting and other <sup>3</sup>	-70	-19
Investment expenses	-88	-88

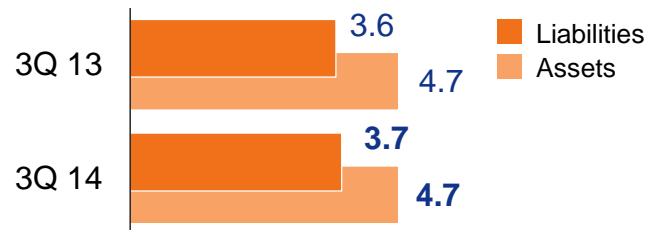
## Current yield (debt securities; in %)



## Reinvestment yield<sup>4</sup> (debt securities; in %)



## Duration<sup>5</sup>



1) Asset base includes health business France, fair value option and trading  
2) Net of interest expenses

3) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation. Thereof related to APR in Germany: 3Q 13: EUR -31mn, 3Q 14: EUR -8mn

4) On an annual basis

5) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used from 1Q 14 onwards

# High growth continues...

(EUR mn)

3Q 2014		Revenues	Total growth Δ p.y.	Internal growth <sup>1</sup> Δ p.y.	PVNB <sup>2</sup>	Δ p.y.
<b>Total L/H segment</b>		<b>15,853</b>	<b>+24.9%</b>	<b>+25.0%</b>	<b>12,384</b>	<b>+35.0%</b>
<b>Large OEs</b>	Germany Life	4,292	+4.0%	+4.0%	3,091	+12.3%
	USA	2,901	+73.5%	+73.7%	3,029	+86.8%
	Italy	2,789	+76.7%	+76.7%	1,875	+76.6%
	France	1,975	+1.4%	+1.4%	1,555	-7.5%
<b>Selected OEs</b>	Asia-Pacific	1,575	+34.9%	+34.5%	1,463	+48.0%
	Germany Health	816	-1.9%	-1.9%	227	+22.4%
	Benelux <sup>3</sup>	368	-13.0%	-13.0%	277	+23.2%
	Central and Eastern Europe	204	+7.2%	+9.2%	156	+4.9%
	Switzerland	201	+9.3%	+7.3%	135	+17.5%
	Spain	188	-2.7%	-3.9%	177	-0.4%

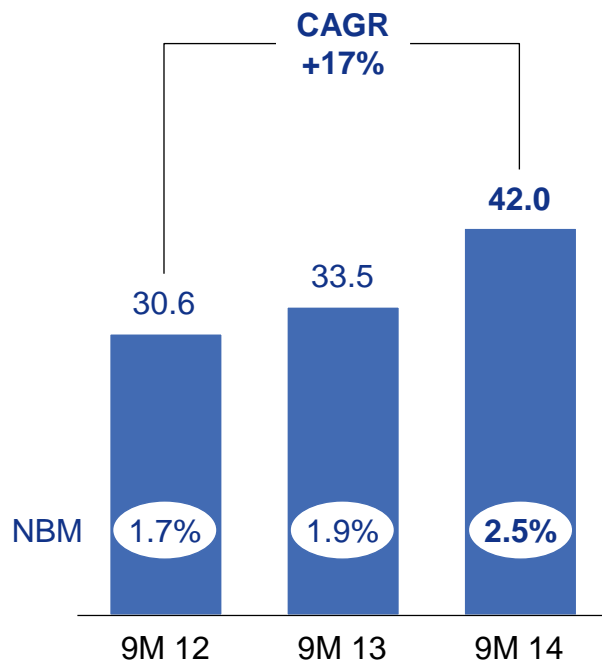
1) Adjusted for F/X and consolidation effects

2) After non-controlling interests

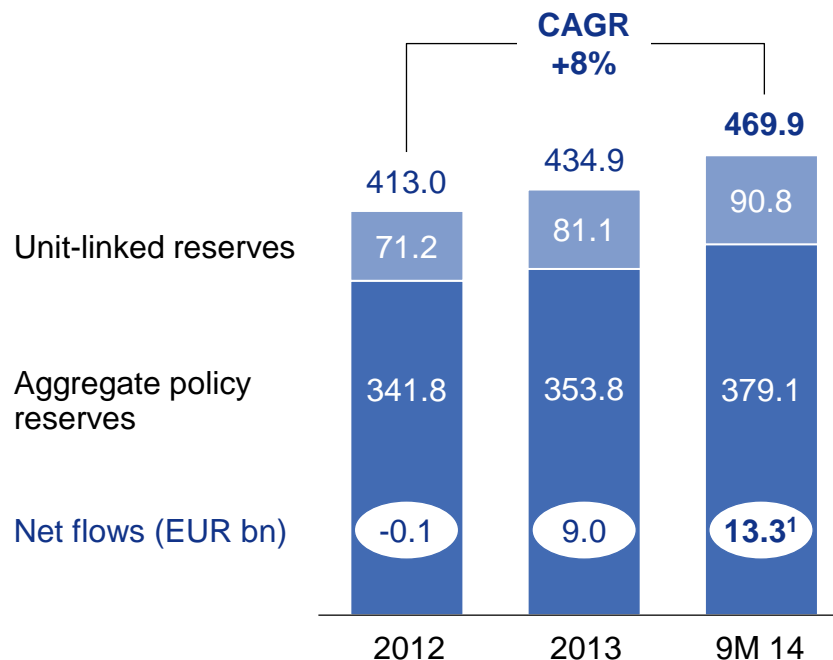
3) Revenues from investment-oriented products in Luxembourg of EUR 65mn in 3Q 14 (EUR 140mn in 3Q 13) are reinsured by France. For 3Q 14, the PVNB of Luxembourg business reinsured with France is included in France (EUR 87mn) and not included in Benelux

# ...and profit targets are met

PVNB (EUR bn)



Reserves (EUR bn)



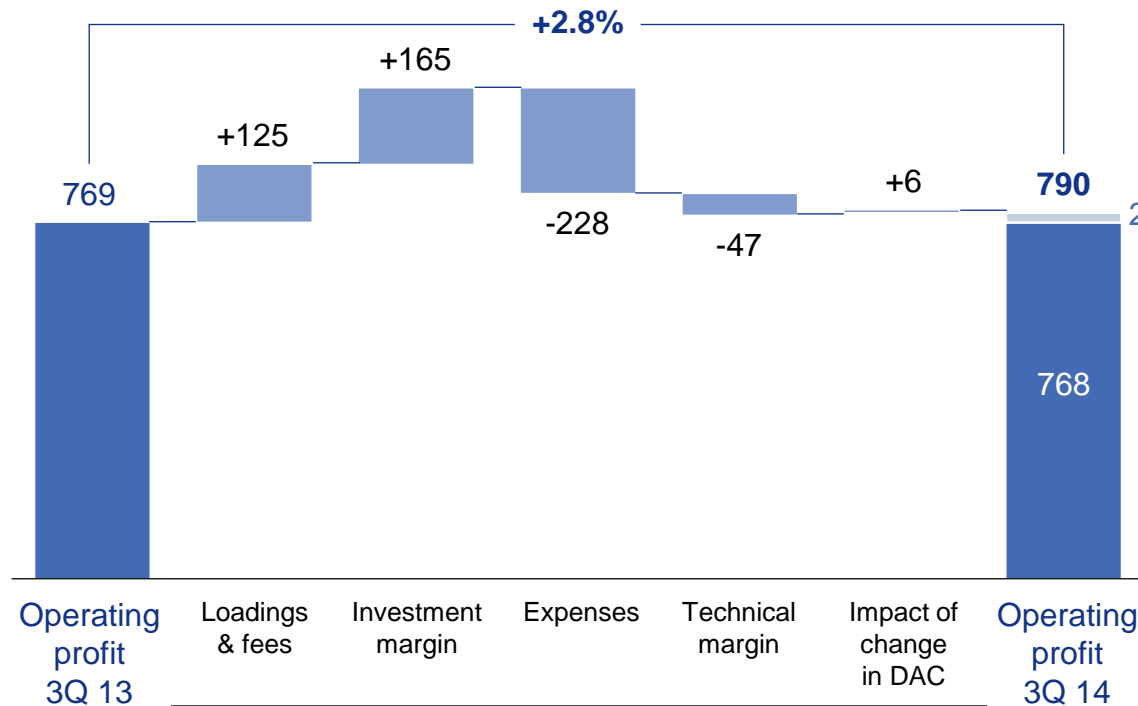
Ø min. guarantee	n.a.	1.2%	1.2%
IRR	11.8%	12.3%	12.5%
RoRC	n.a.	18% <sup>4</sup>	19% <sup>5</sup>

UL res. as % of reserves	17.2%	18.6%	19.3%
Net flows as % of reserves	0.0%	2.2%	3.1% <sup>2</sup>
Margin on reserves <sup>3</sup>	67	58	70

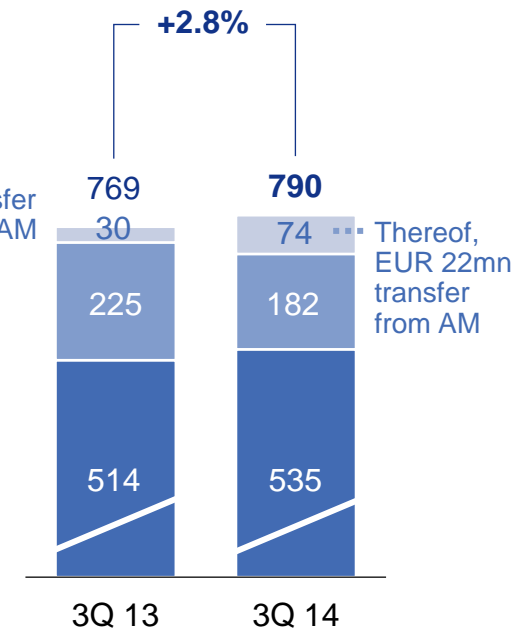
- 1) Effective 2014, certain entities were allocated prospectively from Asset Management to Life/Health. First time inclusion in 1Q 2014 leads to inflows of EUR +1.9bn
- 2) Based on 9M figures, not annualized
- 3) Represents annualized operating profit divided by the average of a) current and previous year-end net reserves and b) current quarter-end and previous 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.
- 4) FY 2013
- 5) FY 2014e

# Operating profit at solid level (EUR mn)

## Operating profit by sources<sup>1,2</sup>



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



### Δ 3Q 14/13

3Q 14	1,285	701	-1,558	314	48
3Q 13	1,160	536	-1,330	361	42

1) For a description of the L/H operating profit sources please refer to the glossary

2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking. The impact on operating profit in 3Q 14 is EUR 22mn. In addition, prior year figures changed in order to reflect the roll out of profit source reporting to some Asian companies and the lines of business split in Germany

■ Unit linked w/o guarantee  
■ Protection & health  
■ Guaranteed savings & annuities

## Value of new business up 36 percent (EUR mn)

3Q 2014		VNB <sup>1</sup>	Δ p.y.	NBM <sup>1</sup>	Δ p.y.	Operating profit	Δ p.y.
<b>Total L/H segment<sup>2</sup></b>		<b>293</b>	<b>+36.5%</b>	<b>2.4%</b>	<b>+0.0%-p</b>	<b>790</b>	<b>+2.8%</b>
<b>Large OEs</b>	Germany Life	75	-0.5%	2.4%	-0.3%-p	218	+24.6%
	USA	96	+56.2%	3.2%	-0.6%-p	158	-14.1%
	Italy	31	+72.6%	1.6%	+0.0%-p	46	+30.6%
	France	22	+2.1%	1.4%	+0.1%-p	140	+19.4%
<b>Selected OEs</b>	Asia-Pacific	47	+130.7%	3.2%	+1.1%-p	28	-37.5%
	Germany Health	7	+3.1%	3.2%	-0.6%-p	62	+3.7%
	Benelux <sup>2</sup>	8	+8.1%	2.7%	-0.4%-p	25	+7.6%
	Central and Eastern Europe <sup>2</sup>	10	-8.2%	6.5%	-0.9%-p	28	+40.6%
	Switzerland	4	+34.9%	3.3%	+0.4%-p	20	+3.1%
	Spain <sup>2</sup>	9	+51.2%	5.0%	+1.7%-p	47	+44.9%

1) After non-controlling interests

2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking.

Impact on operating profit L/H segment in 3Q 14 is EUR +22mn. Thereof: Spain EUR +16mn and CEE EUR +4mn

## Margin at strong level of 19bps

(yields are pro-rata)

Based on Ø book value of assets <sup>1</sup>	3Q 13	3Q 14
Current yield <sup>2</sup>	1.0%	0.9%
<b>Based on Ø aggregate policy reserves</b>		
Current yield <sup>2</sup>	1.2%	1.1%
Net harvesting and other	-0.1%	0.1%
<b>Total yield</b>	<b>1.1%</b>	<b>1.2%</b>
- Ø min. guarantee for one quarter	0.6%	0.6%
<b>Gross investment margin (in %)</b>	<b>0.5%</b>	<b>0.6%</b>
- Profit sharing under IFRS <sup>3</sup>	0.3%	0.4%
<b>Investment margin<sup>4</sup> (in %)</b>	<b>0.2%</b>	<b>0.2%</b>
Investment margin (EUR mn)	536	701
Ø book value of assets <sup>1</sup> (EUR bn)	400	449
Ø aggregate policy reserves (EUR bn)	349	374

1) Asset base under IFRS which excludes unit-linked, FVO and trading

2) Based on interest and similar income (net of interest expenses)

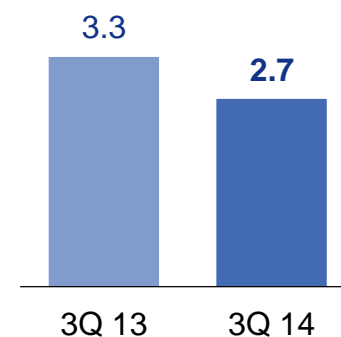
3) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

4) Investment margin divided by the average of the current quarter-end and previous quarter-end aggregate policy reserves

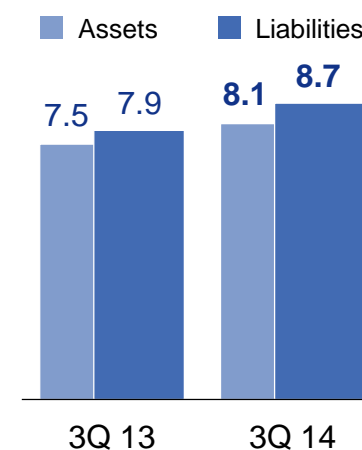
5) On an annual basis

6) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used from 1Q 14 onwards

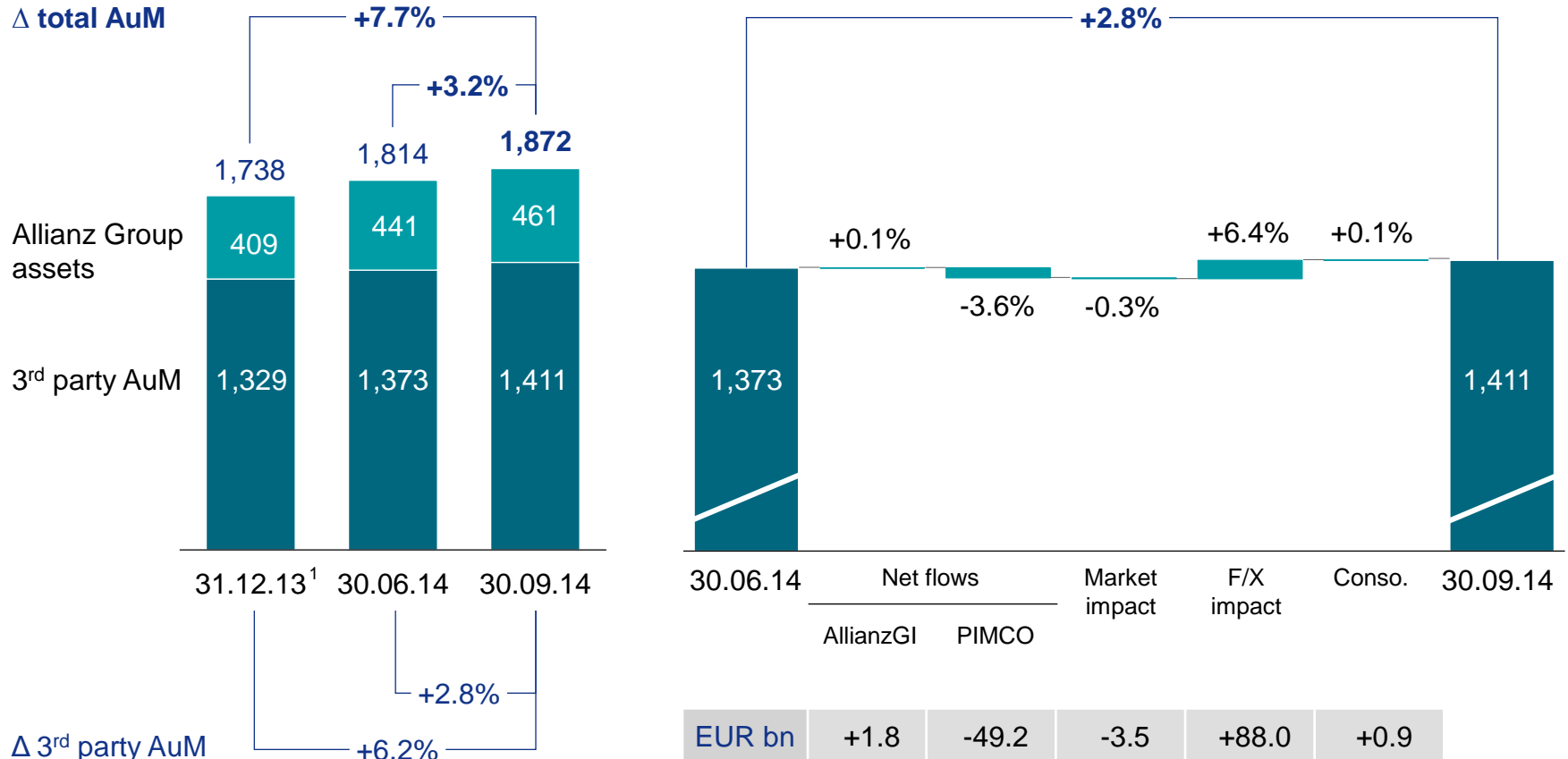
### Reinvestment yield<sup>5</sup> (debt securities; in %)



### Duration<sup>6</sup>



# AuM benefit from USD exchange rate (EUR bn)

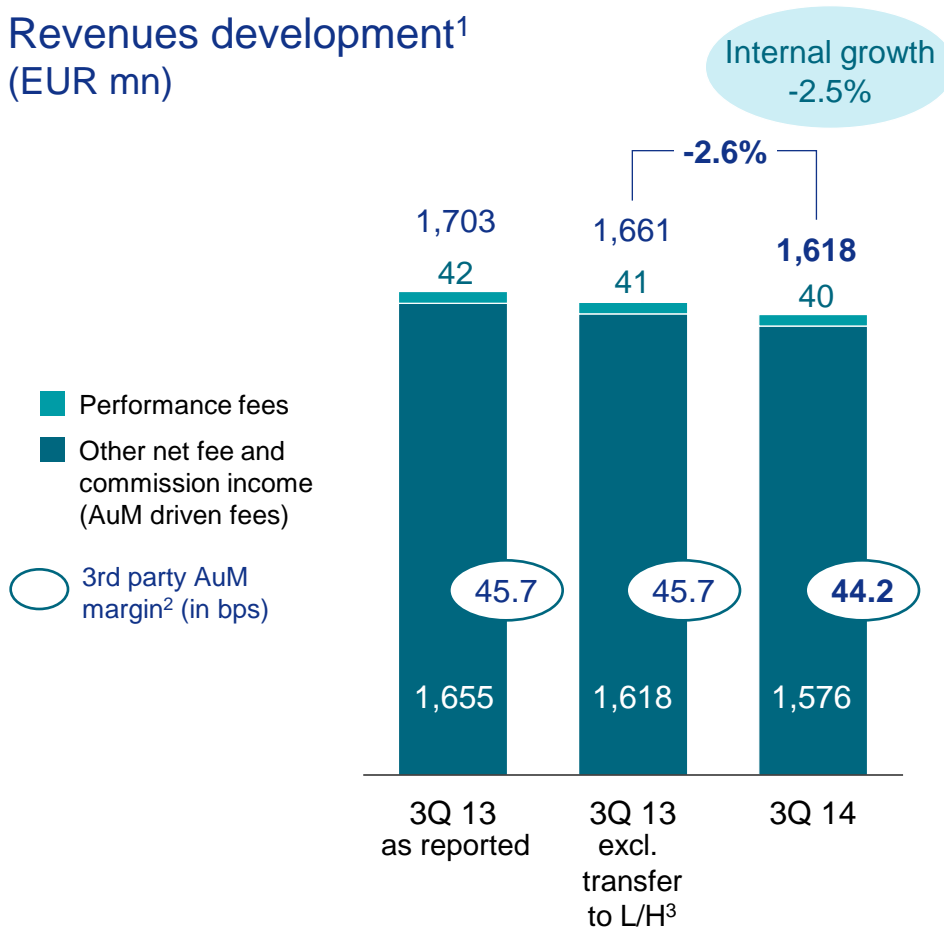


1) Adjusted for certain entities allocated from Asset Management to Life/Health and Banking effective 2014

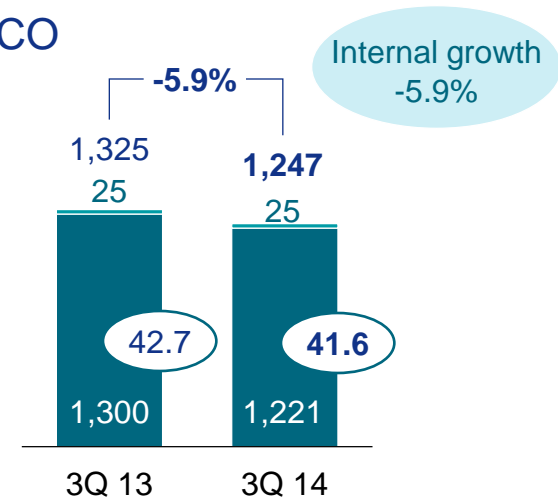


# Revenues decline 2.6 percent

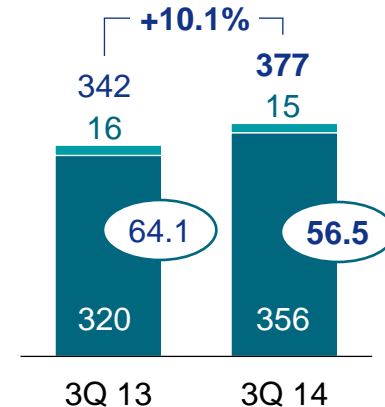
Revenues development<sup>1</sup>  
(EUR mn)



PIMCO



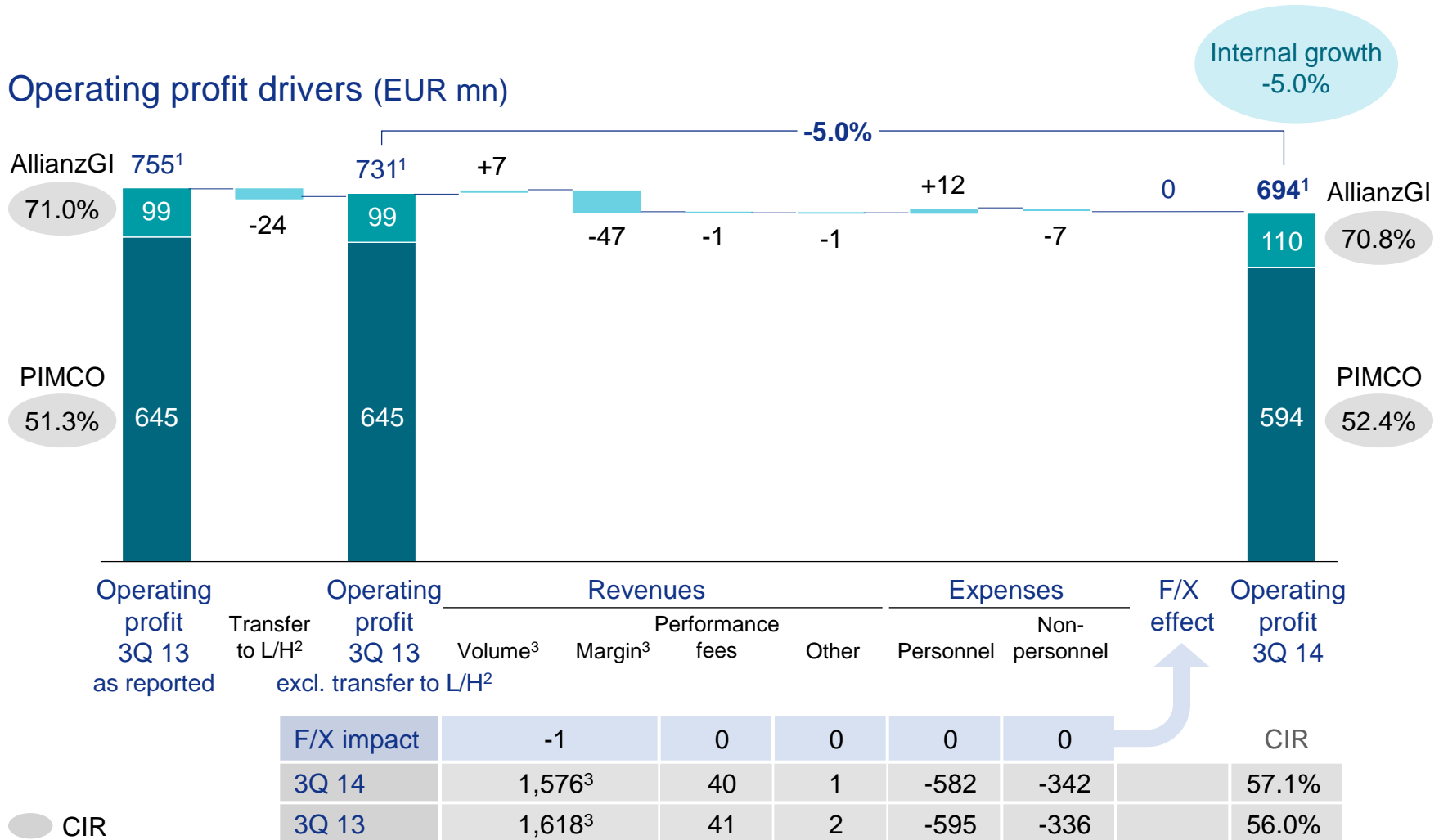
AllianzGI<sup>4</sup>



1) "Other" revenues of EUR 6mn (3Q 13), excl. transfer to L/H EUR 2mn (3Q 13) and EUR 1mn (3Q 14) are not shown in the chart  
 2) Excluding performance fees and other income, 3 months  
 3) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking  
 4) "Other" AllianzGI revenues of EUR 6mn (3Q 13) and EUR 6mn (3Q 14) are not shown in the chart

# Operating profit at target

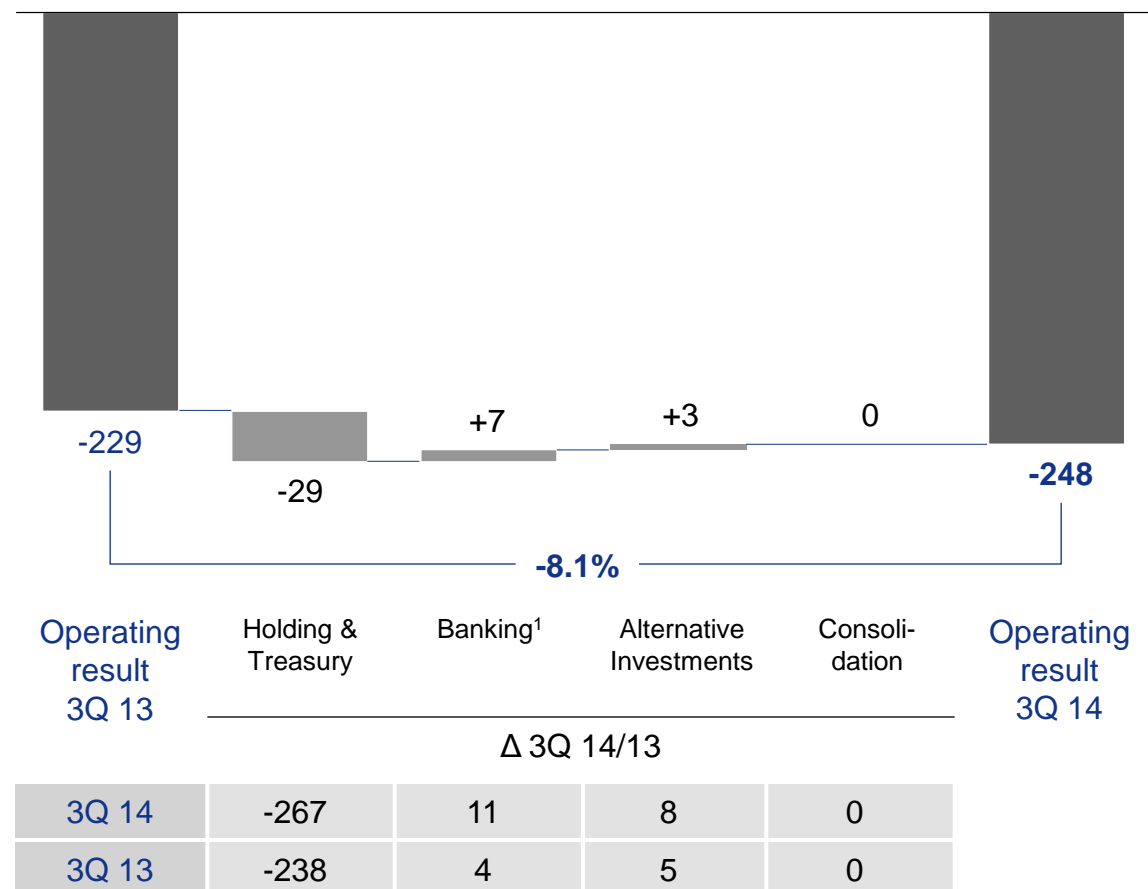
## Operating profit drivers (EUR mn)



1) Including operating profit/loss from other entities of EUR 10mn (3Q 13), excl. transfer to L/H EUR -14mn (3Q 13) and EUR -10mn (3Q 14), which is not shown in the chart  
 2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking  
 3) Calculation based on currency adjusted average AZ AuM / AZ AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins

# Operating result ahead of target (EUR mn)

## Operating loss development and components



1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking

## Shareholders' net income up 11 percent (EUR mn)

	3Q 13	3Q 14	Change
Operating profit	2,518	2,650	+132
Non-operating items	-242	-331	-89
Realized gains/losses	133	184	+51
Impairments (net)	-135	-50	+85
Income from fin. assets and liabilities carried at fair value	-1	-54	-54
Interest expenses from external debt	-207	-212	-5
Fully consolidated private equity inv. (net)	-3	-11	-8
Amortization of intangible assets	-30	-29	+0
Reclassification of tax benefits	0	-158	-158
Income before taxes	2,277	2,319	+42
Income taxes	-746	-632	+114
Net income	1,530	1,687	+157
Non-controlling interests	-85	-81	+5
Shareholders' net income	1,445	1,606	+161
Effective tax rate	33%	27%	-6%-p

# Summary



- Total revenues at EUR 28.8bn (+14.5%)
- Operating profit of EUR 2,650mn (+5.2%)
- Shareholders' net income of EUR 1,606mn (+11.2%)
- Strong capital and balance sheet position

## Outlook<sup>1</sup> confirmed:

Operating profit outlook EUR 10bn, +/- 0.5bn

Upper end of the target range in reach

1) Impact from NatCat, financial markets and global economic development not predictable

# New Dividend Policy<sup>1</sup> going forward

**1** **50% pay-out**

- Regular pay-out ratio of 50% (up from 40%)

➔ Healthy balance between dividend yield and investments in profitable growth

**2** **Dividend continuity**

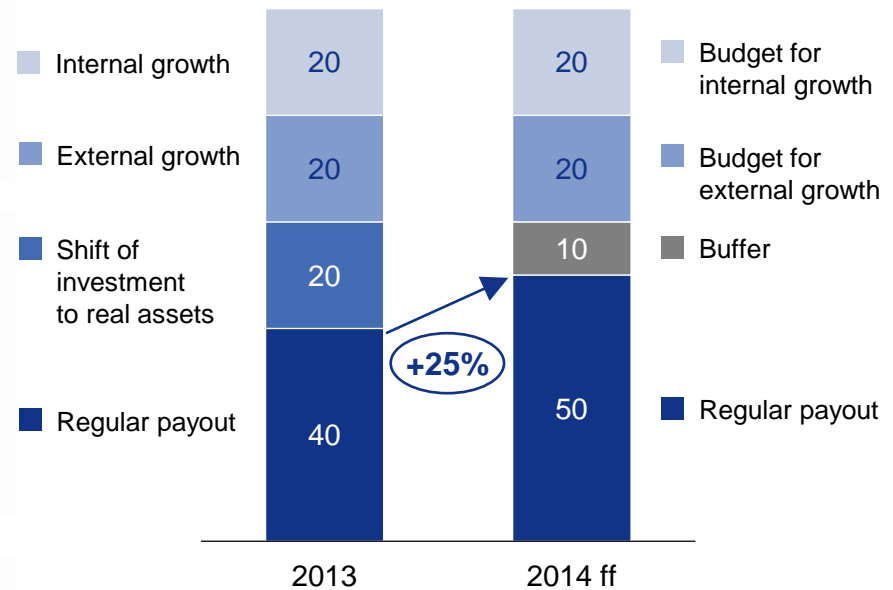
- Dividend no less than previous year's level

➔ Predictable income for investors

**3** **Discipline**

- Payout of unused external growth budget every 3 years
- Entire dividend policy subject to sustainable Solvency II ratio > 160%

Allocation of net income<sup>2</sup> 2014ff (in %)



Evaluation of unused budget for external growth every 3 years, starting end of 2016

1) This dividend policy represents the management's current intention and may be revised in the future. Also, the decision regarding dividend payments in any given year is subject to specific dividend proposals by the management and supervisory boards, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the approval of the annual general meeting.

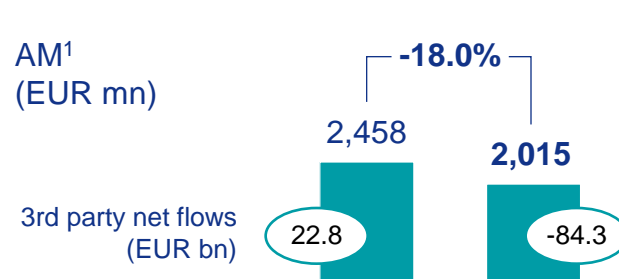
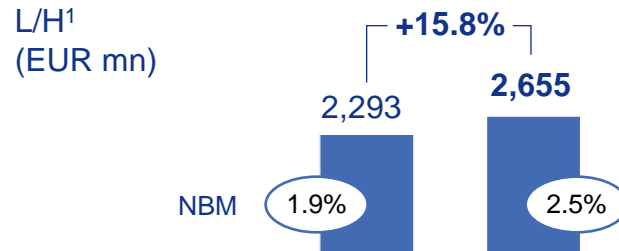
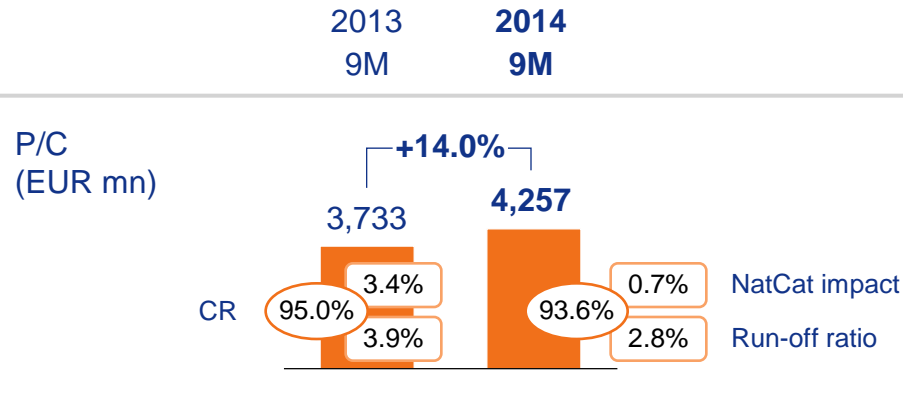
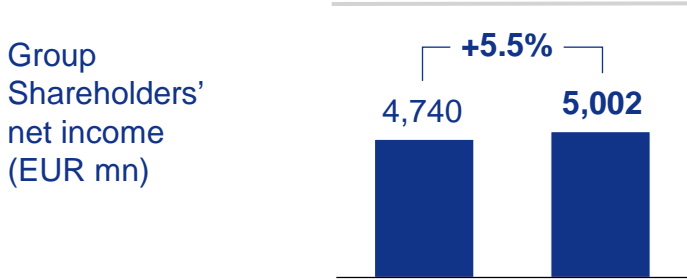
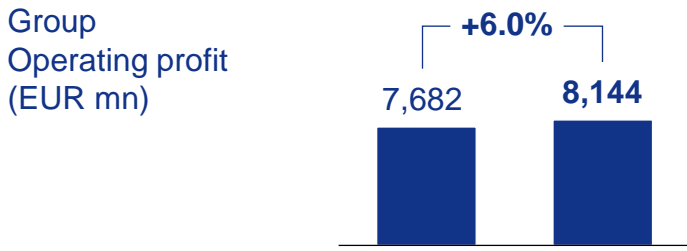
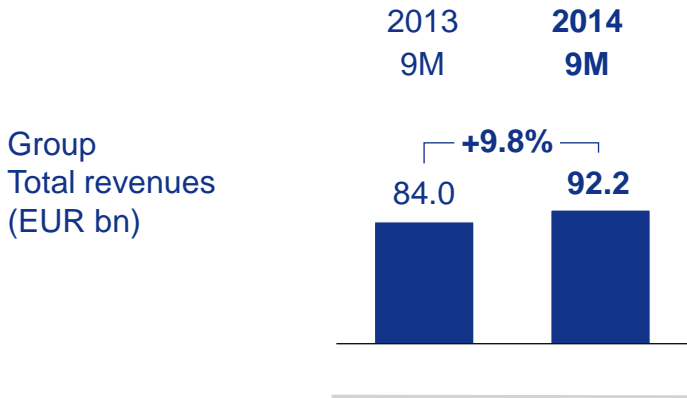
2) Net income attributable to shareholders

# 2a

Group financial  
results 3Q 2014

- 1** Highlights
- 2** **Additional information**
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management
  - e) Corporate and Other
- 3** Glossary

# Group: highlights 9M 2014



1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking



## Group: key figures<sup>1</sup>

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>Total revenues (EUR bn)</b>	<b>32.0</b>	<b>26.8</b>	<b>25.1</b>	<b>26.8</b>	<b>34.0</b>	<b>29.5</b>	<b>28.8</b>	<b>+3.6</b>	<b>84.0</b>	<b>92.2</b>	<b>+8.2</b>
- Property-Casualty	15.2	10.8	10.7	10.0	15.2	10.8	11.3	+0.6	36.6	37.3	+0.7
- Life / Health	14.8	14.1	12.7	15.1	17.2	17.0	15.9	+3.2	41.7	50.0	+8.3
- Asset Management	1.9	1.8	1.7	1.7	1.5	1.6	1.6	-0.1	5.4	4.7	-0.7
- Corporate and Other	0.1	0.1	0.1	0.1	0.1	0.1	0.1	+0.0	0.4	0.4	-0.0
- Consolidation	0.0	-0.1	0.0	-0.2	-0.1	-0.1	-0.1	-0.0	-0.1	-0.2	-0.1
<b>Operating profit</b>	<b>2,796</b>	<b>2,367</b>	<b>2,518</b>	<b>2,384</b>	<b>2,723</b>	<b>2,770</b>	<b>2,650</b>	<b>+132</b>	<b>7,682</b>	<b>8,144</b>	<b>+461</b>
- Property-Casualty	1,319	1,179	1,235	1,534	1,489	1,345	1,422	+187	3,733	4,257	+524
- Life / Health	854	670	769	417	880	985	790	+22	2,293	2,655	+362
- Asset Management	900	803	755	703	646	676	694	-61	2,458	2,015	-443
- Corporate and Other	-239	-274	-229	-261	-222	-219	-248	-19	-742	-689	+53
- Consolidation	-38	-11	-11	-9	-69	-16	-9	+2	-59	-94	-35
Non-operating items	-119	132	-242	-194	-117	-37	-331	-89	-229	-485	-256
Income before taxes	2,678	2,499	2,277	2,190	2,607	2,733	2,319	+42	7,453	7,658	+205
Income taxes	-877	-824	-746	-853	-867	-875	-632	+114	-2,447	-2,373	+74
<b>Net income</b>	<b>1,801</b>	<b>1,676</b>	<b>1,530</b>	<b>1,337</b>	<b>1,740</b>	<b>1,858</b>	<b>1,687</b>	<b>+157</b>	<b>5,007</b>	<b>5,285</b>	<b>+279</b>
Non-controlling interests	94	87	85	81	100	103	81	-5	267	283	+17
<b>Shareholders' net income</b>	<b>1,707</b>	<b>1,588</b>	<b>1,445</b>	<b>1,256</b>	<b>1,640</b>	<b>1,755</b>	<b>1,606</b>	<b>+161</b>	<b>4,740</b>	<b>5,002</b>	<b>+262</b>
Group financial assets <sup>2,3</sup> (EUR bn)	542.1	528.8	532.5	537.5	556.0	572.8	595.8	+63.3	532.5	595.8	+63.3

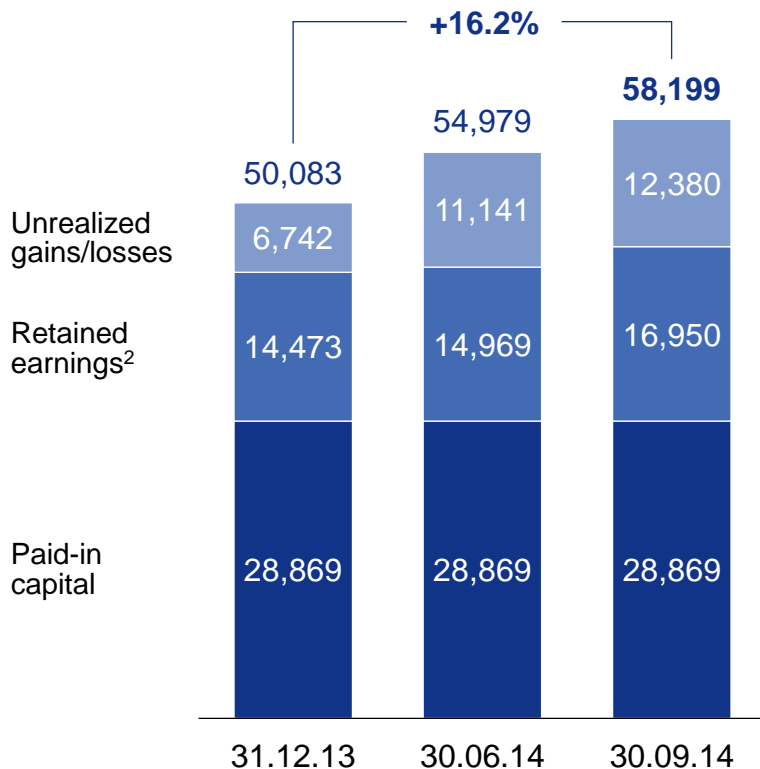
1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking

2) Group own assets including financial assets carried at fair value through income, cash and cash pool assets net of liabilities from securities lending, derivatives and liabilities from cash pooling

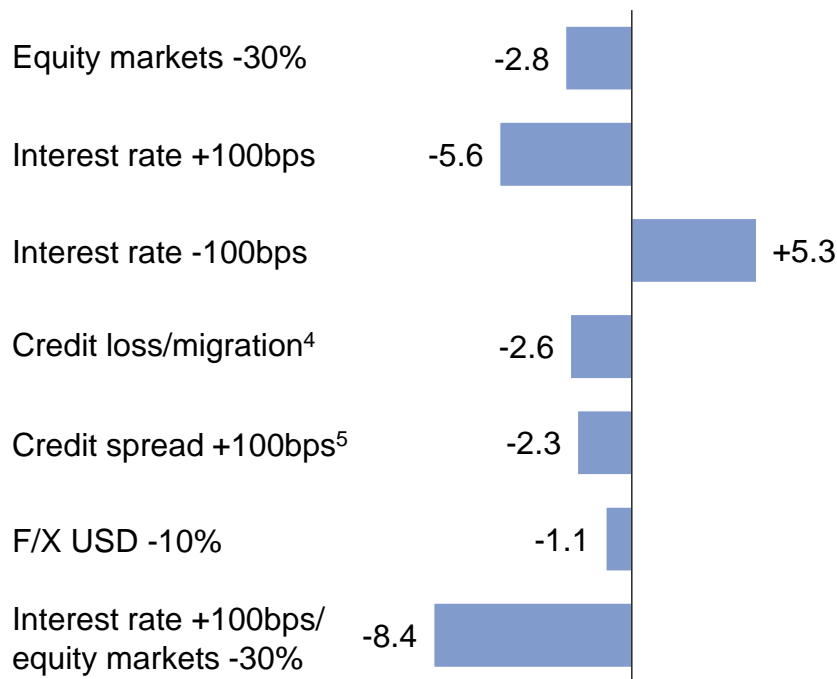
3) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

# Group: shareholders' equity and stress tests

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



## Estimation of stress impact<sup>3</sup> (EUR bn)

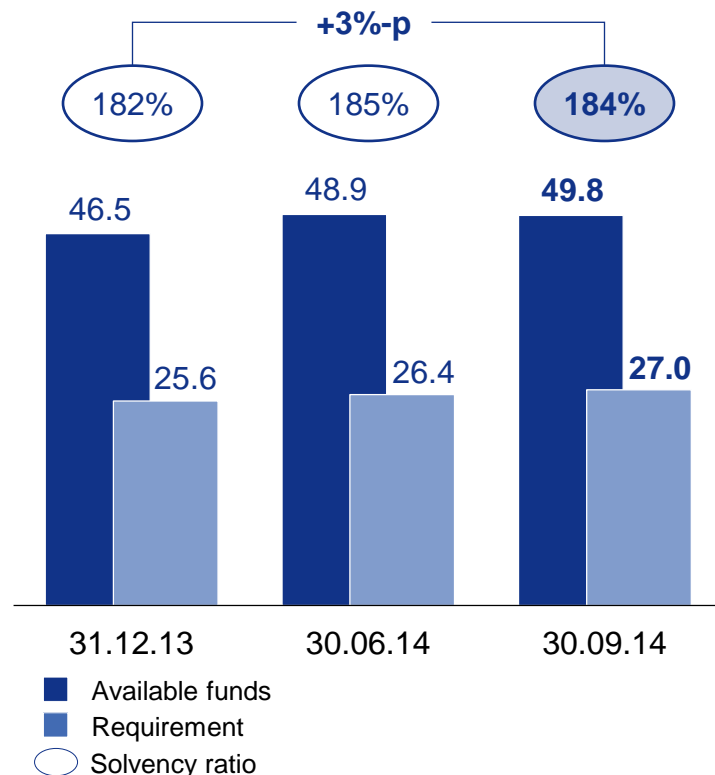


1) Excluding non-controlling interests  
(31.12.13: EUR 2,765mn, 30.06.14: EUR 2,833mn, 30.09.14: EUR 2,890mn)  
2) Including F/X  
3) After non-controlling interests, policyholder participation, tax and shadow DAC

4) Corporate credit loss/migration: scenario based on probabilities of default in 1932, migrations adjusted to mimic recession and assumed recovery rate of 30%  
5) Credit spread stress on AFS corporate / ABS bond portfolio

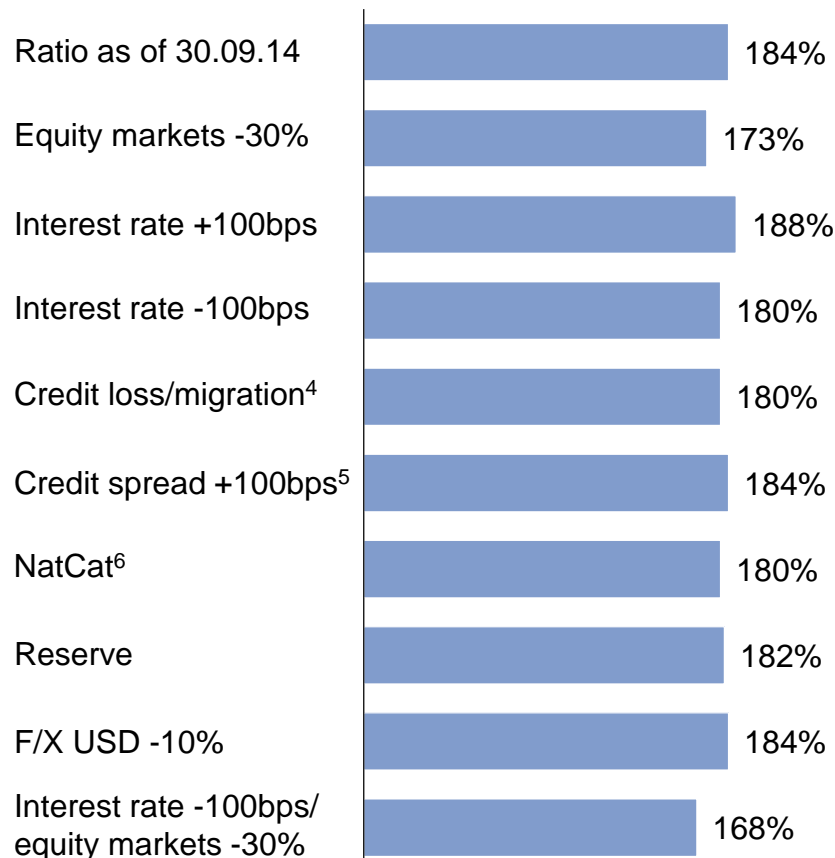
# Group: conglomerate solvency ratio and stress tests

## Conglomerate solvency<sup>1,2</sup> (EUR bn)



- Off-balance sheet reserves are accepted as eligible capital only upon request. Allianz SE has not submitted an application so far. Off-balance sheet reserves amounted to: 31.12.13: EUR 2.3bn, 30.06.14: EUR 2.2bn and 30.09.14: EUR 2.2bn. The solvency ratio excluding off-balance sheet reserves would be 173% for 31.12.13, 177% for 30.06.14 and additionally adjusted for the potential calls of hybrid capital of EUR 1.4bn in the coming year 176% for 30.09.14
- Hybrid capital has been adjusted by EUR 1.4bn due to potential calls in 2015. Excluding this adjustment, the conglomerate solvency ratio would be 190% as of 30 September 2014

## Estimation of stress impact<sup>1,2,3</sup>



- After non-controlling interests, policyholder participation, tax and shadow DAC
- Corporate credit loss/migration: scenario based on probabilities of default in 1932, migrations adjusted to mimic recession and assumed recovery rate of 30%
- Credit spread stress on AFS corporate / ABS bond portfolio
- Loss due to catastrophe events, both natural and man-made, leading to claims of EUR 1.6bn. Applies to P/C business only

# Group: investment result

## (EUR mn)

	Property-Casualty		Life / Health		Asset Management		Corporate and Other		Consolidation		Group	
	3Q 2013	3Q 2014	3Q 2013	3Q 2014	3Q 2013	3Q 2014	3Q 2013	3Q 2014	3Q 2013	3Q 2014	3Q 2013	3Q 2014
<b>Operating investment result</b>												
Interest and similar income <sup>1</sup>	876	878	4,111	4,233	3	-2	51	77	-6	11	5,036	5,196
Inc. fr. fin. assets and liab. carried at FV <sup>2</sup>	19	-138	183	-1,495	3	0	59	-57	-6	10	258	-1,679
Realized gains/losses (net)	14	74	541	746	0	0	0	0	2	-111	557	709
Impairments of investments (net)	-2	-4	-25	-102	0	0	0	0	0	0	-27	-106
F/X result	-53	142	-720	1,288	-2	2	-44	70	0	0	-820	1,502
Investment expenses	-88	-88	-198	-219	0	0	-20	-19	78	64	-227	-261
<b>Subtotal</b>	<b>767</b>	<b>864</b>	<b>3,892</b>	<b>4,451</b>	<b>4</b>	<b>0</b>	<b>46</b>	<b>72</b>	<b>69</b>	<b>-26</b>	<b>4,777</b>	<b>5,360</b>
<b>Non-operating investment result</b>												
Inc. fr. fin. assets and liab. carried at FV	-6	-15	6	-17	0	0	-7	-11	6	-11	-1	-54
Realized gains/losses (net)	78	158	29	19	1	5	26	36	0	-34	133	184
Impairments of investments (net)	-129	-42	-3	-7	0	0	-2	-1	0	0	-135	-50
<b>Subtotal</b>	<b>-58</b>	<b>101</b>	<b>32</b>	<b>-5</b>	<b>1</b>	<b>5</b>	<b>17</b>	<b>23</b>	<b>6</b>	<b>-45</b>	<b>-3</b>	<b>79</b>
<b>Net investment income</b>	<b>709</b>	<b>965</b>	<b>3,924</b>	<b>4,447</b>	<b>4</b>	<b>5</b>	<b>63</b>	<b>95</b>	<b>75</b>	<b>-71</b>	<b>4,774</b>	<b>5,440</b>
<i>Investment return in % of avg. investm.<sup>3</sup></i>	0.7%	0.9%	1.0%	1.0%	n/m	n/m	0.2%	0.2%	n/m	n/m	0.9%	0.9%
Movements in unrealized gains/losses on equities	189	11	582	204	0	0	88	180	n/m	n/m	859	395
<i>Total investment return in % of avg. inv.<sup>3</sup></i>	0.9%	0.9%	1.1%	1.0%	n/m	n/m	0.4%	0.6%	n/m	n/m	1.1%	1.0%

1) Net of interest expenses, excluding interest expenses from external debt

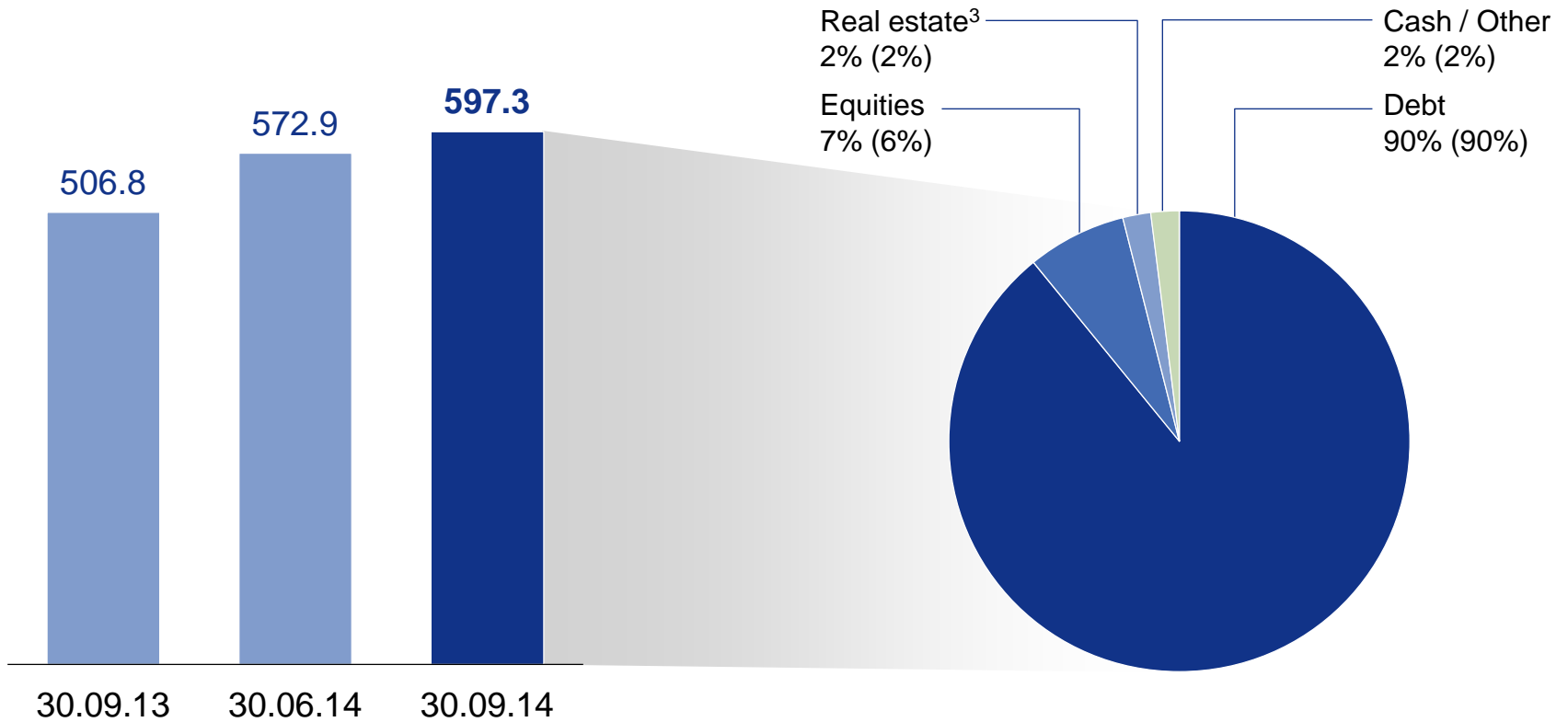
2) Contains income from financial assets/liabilities carried at fair value and operating trading result excluding F/X result

3) Investment return calculation is based on total assets

# Group: overview investment portfolio

Group investments and loans<sup>1,2</sup>  
(EUR bn)

Asset allocation as of 30.09.14 (30.09.13)



1) Starting 4Q 13 portfolio discussion is based on investments of insurance segments, Banking operations and Asset Management (excluding unit-linked)  
 2) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10  
 3) Excluding real estate own use and real estate held for sale

# 2b

Group financial  
results 3Q 2014

- 1** Highlights
- 2** **Additional information**
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management
  - e) Corporate and Other
- 3** Glossary

## P/C: key figures (EUR mn)

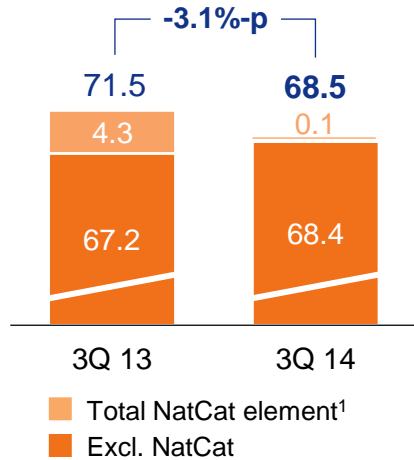
	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>Gross premiums written (EUR bn)</b>	15.2	10.8	10.7	10.0	15.2	10.8	11.3	+0.6	36.6	37.3	+0.7
<b>Operating profit</b>	1,319	1,179	1,235	1,534	1,489	1,345	1,422	+187	3,733	4,257	+524
<i>Underwriting result</i>	541	355	501	773	704	516	650	+150	1,397	1,871	+473
<i>Investment result</i>	762	786	718	783	748	805	770	+52	2,266	2,323	+57
<i>Other</i>	16	38	16	-22	38	24	2	-14	70	64	-6
Non-operating items	128	212	-74	31	-576	85	86	+161	265	-405	-670
Income before taxes	1,447	1,391	1,161	1,565	913	1,430	1,509	+348	3,999	3,852	-146
Income taxes	-430	-390	-365	-562	-268	-461	-426	-61	-1,185	-1,155	+30
<b>Net income</b>	1,017	1,001	796	1,003	645	969	1,083	+287	2,814	2,697	-117
Non-controlling interests	43	44	36	44	44	42	31	-4	123	117	-7
<b>Shareholders' net income</b>	974	956	761	959	601	928	1,051	+291	2,691	2,581	-110
<b>Combined ratio (in %)</b>	94.3	96.0	94.8	92.2	92.6	94.6	93.5	-1.3%-p	95.0	93.6	-1.4%-p
<i>Loss ratio</i>	66.1	67.3	67.2	63.1	64.6	66.2	65.9	-1.3%-p	66.8	65.6	-1.3%-p
<i>Expense ratio</i>	28.2	28.7	27.6	29.1	28.0	28.4	27.6	-0.0%-p	28.2	28.0	-0.2%-p
Segment financial assets <sup>1,2</sup> (EUR bn)	108.7	103.2	102.8	101.1	104.6	104.2	106.6	+3.8	102.8	106.6	+3.8

1) Segment own assets including financial assets carried at fair value through income, cash and cash pool assets net of liabilities from securities lending, derivatives and liabilities from cash pooling

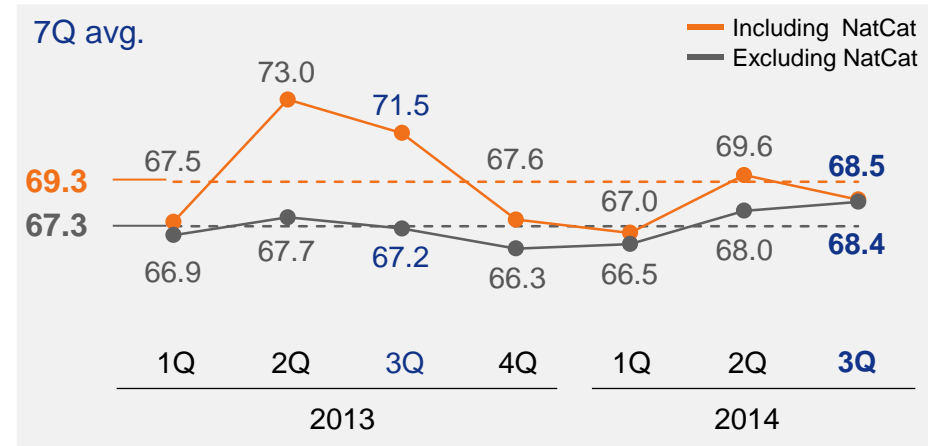
2) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

# P/C: loss ratio and run-off (in %)

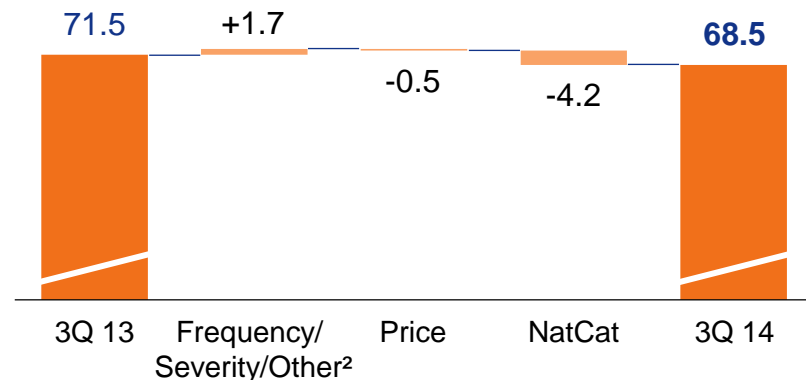
## Accident year loss ratio



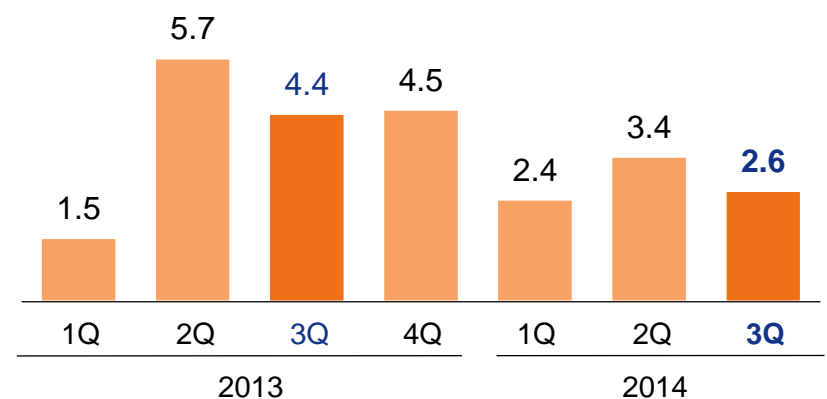
## 7-quarter overview accident year loss ratio



## Development 3Q 14/13



## Run-off ratio<sup>3</sup> (7Q-average: 3.5%)



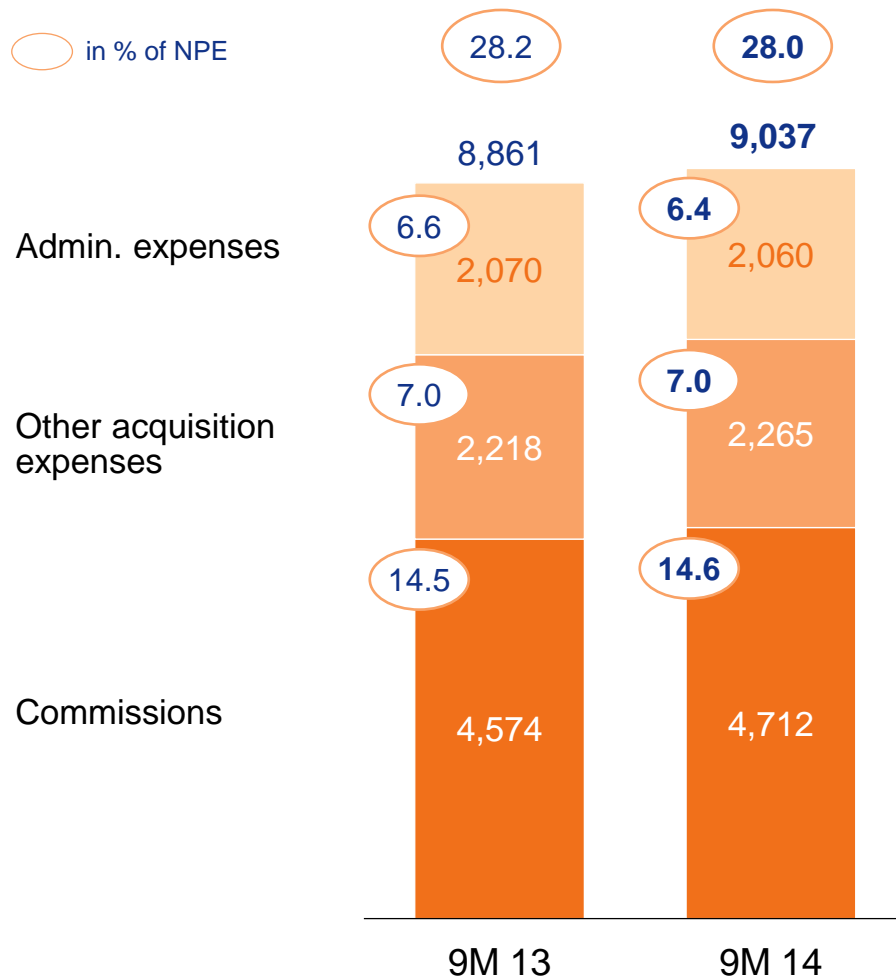
1) NatCat costs (without reinstatement premiums): EUR 464mn (3Q 13) and EUR 7mn (3Q 14)

2) Including large claims, reinsurance, credit insurance

3) Positive values indicate positive run-off; run-off ratio is calculated as run-off result in percent of net premiums earned

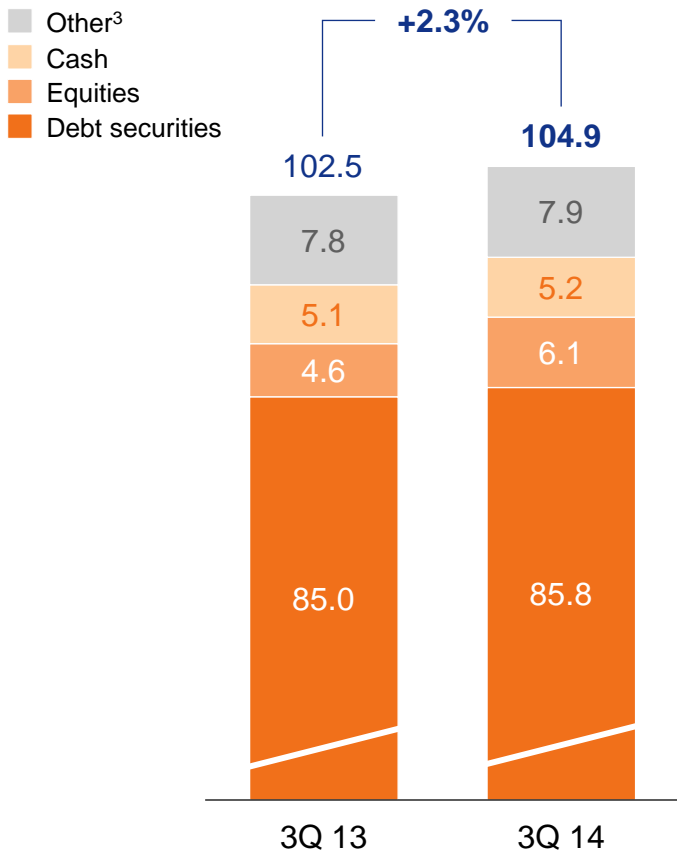


# P/C: expense ratio (EUR mn)

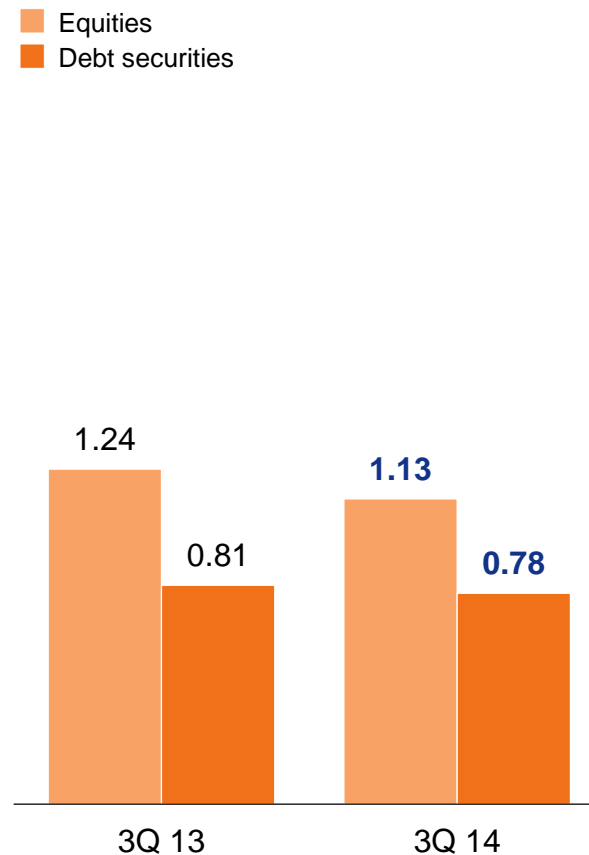


# P/C: average asset base and yields

Average asset base<sup>1</sup> (EUR bn)

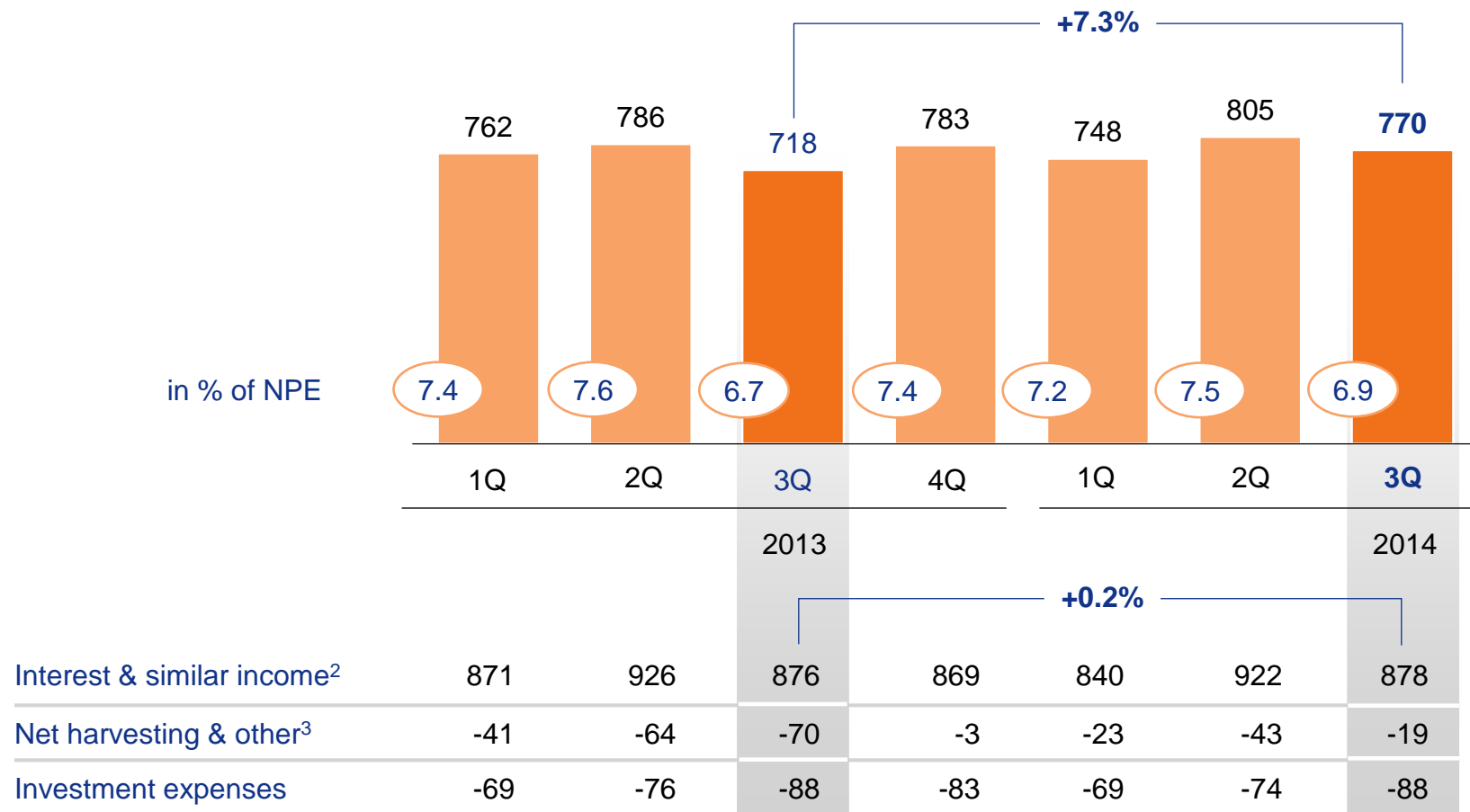


Current yield<sup>2</sup> (in %)



1) Average asset base includes health business France and liabilities from cash pooling, excludes fair value option and trading  
 2) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10  
 3) Real estate investments and funds held by others under reinsurance contracts assumed

# P/C: operating investment result<sup>1</sup> (EUR mn)



1) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

2) Net of interest expenses

3) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation. Thereof related to APR in Germany: 3Q 13: EUR -31mn, 3Q 14: EUR -8mn

# 2c

Group financial  
results 3Q 2014

- 1 Highlights
- 2 **Additional information**
  - a) Group
  - b) Property-Casualty
  - c) **Life/Health**
  - d) Asset Management
  - e) Corporate and Other
- 3 Glossary

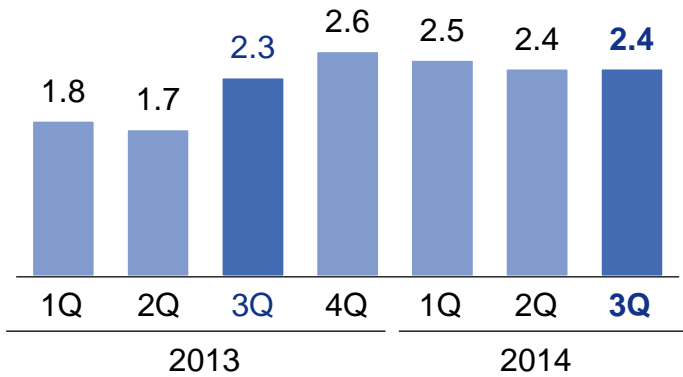
## L/H: key figures<sup>1</sup> (EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>Statutory premiums (EUR bn)</b>	<b>14.8</b>	<b>14.1</b>	<b>12.7</b>	<b>15.1</b>	<b>17.2</b>	<b>17.0</b>	<b>15.9</b>	<b>+3.2</b>	<b>41.7</b>	<b>50.0</b>	<b>+8.3</b>
<b>Operating profit</b>	<b>854</b>	<b>670</b>	<b>769</b>	<b>417</b>	<b>880</b>	<b>985</b>	<b>790</b>	<b>+22</b>	<b>2,293</b>	<b>2,655</b>	<b>+362</b>
Non-operating items	41	10	27	6	4	54	-15	-41	77	44	-34
Income before taxes	895	680	795	423	884	1,039	776	-20	2,370	2,698	+328
Income taxes	-267	-206	-233	-146	-255	-308	-245	-12	-706	-808	-102
<b>Net income</b>	<b>628</b>	<b>474</b>	<b>562</b>	<b>277</b>	<b>629</b>	<b>731</b>	<b>530</b>	<b>-32</b>	<b>1,664</b>	<b>1,891</b>	<b>+227</b>
Non-controlling interests	23	20	23	14	31	32	24	+0	67	87	+20
<b>Shareholders' net income</b>	<b>605</b>	<b>453</b>	<b>539</b>	<b>263</b>	<b>598</b>	<b>699</b>	<b>507</b>	<b>-32</b>	<b>1,597</b>	<b>1,804</b>	<b>+207</b>
<b>Margin on reserves<sup>2</sup> (in bps)</b>	<b>74</b>	<b>58</b>	<b>66</b>	<b>35</b>	<b>73</b>	<b>79</b>	<b>61</b>	<b>-5</b>	<b>66</b>	<b>70</b>	<b>+4</b>
Segment financial assets <sup>3,4</sup> (EUR bn)	405.3	398.1	401.0	405.4	422.7	438.5	456.4	+55.3	401.0	456.4	+55.3
Unit-linked investments (EUR bn)	75.2	75.4	78.7	81.1	82.9	86.9	90.8	+12.1	78.7	90.8	+12.1
Operating asset base <sup>4,5</sup> (EUR bn)	484.7	477.5	483.6	490.7	509.6	529.8	551.8	+68.2	483.6	551.8	+68.2
<i>Loadings &amp; fees</i>	<i>1,170</i>	<i>1,145</i>	<i>1,160</i>	<i>1,236</i>	<i>1,241</i>	<i>1,257</i>	<i>1,285</i>	<i>+125</i>	<i>3,474</i>	<i>3,783</i>	<i>+309</i>
<i>Investment margin</i>	<i>710</i>	<i>607</i>	<i>536</i>	<i>533</i>	<i>671</i>	<i>920</i>	<i>701</i>	<i>+165</i>	<i>1,853</i>	<i>2,292</i>	<i>+440</i>
<i>Expenses</i>	<i>-1,377</i>	<i>-1,387</i>	<i>-1,330</i>	<i>-1,658</i>	<i>-1,496</i>	<i>-1,630</i>	<i>-1,558</i>	<i>-228</i>	<i>-4,093</i>	<i>-4,683</i>	<i>-590</i>
<i>Technical margin</i>	<i>289</i>	<i>344</i>	<i>361</i>	<i>294</i>	<i>264</i>	<i>266</i>	<i>314</i>	<i>-47</i>	<i>995</i>	<i>844</i>	<i>-151</i>
<b>Operating profit before change in DAC</b>	<b>792</b>	<b>709</b>	<b>727</b>	<b>405</b>	<b>680</b>	<b>814</b>	<b>742</b>	<b>+15</b>	<b>2,228</b>	<b>2,236</b>	<b>+8</b>

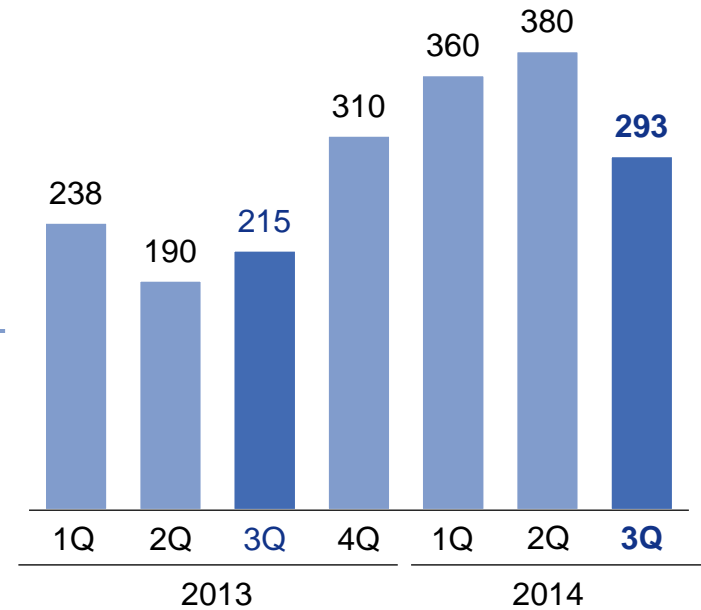
- 1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking.  
Prior year figures changed in order to reflect the roll out of profit source reporting to some Asian companies and the lines of business split in Germany
- 2) Represents annualized operating profit (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, whereby 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
- 3) Segment own assets (incl. financial assets carried at fair value through income).  
Including cash and cash pool assets net of liabilities from securities lending, derivatives and liabilities from cash pooling
- 4) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10
- 5) Grossed up for insurance liabilities which are netted within the trading book (market value liability option).  
Including cash and cash pool assets net of liabilities from securities lending and derivatives

## L/H: key metrics

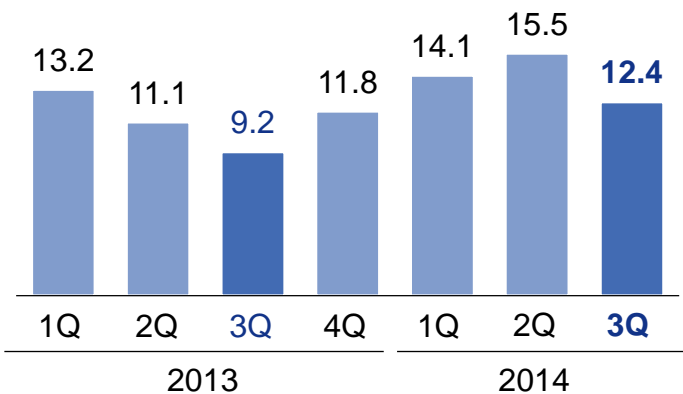
**New business margin<sup>1</sup>**  
(VNB in % of PV of NB premiums)



**Value of new business<sup>1</sup>**  
(EUR mn)



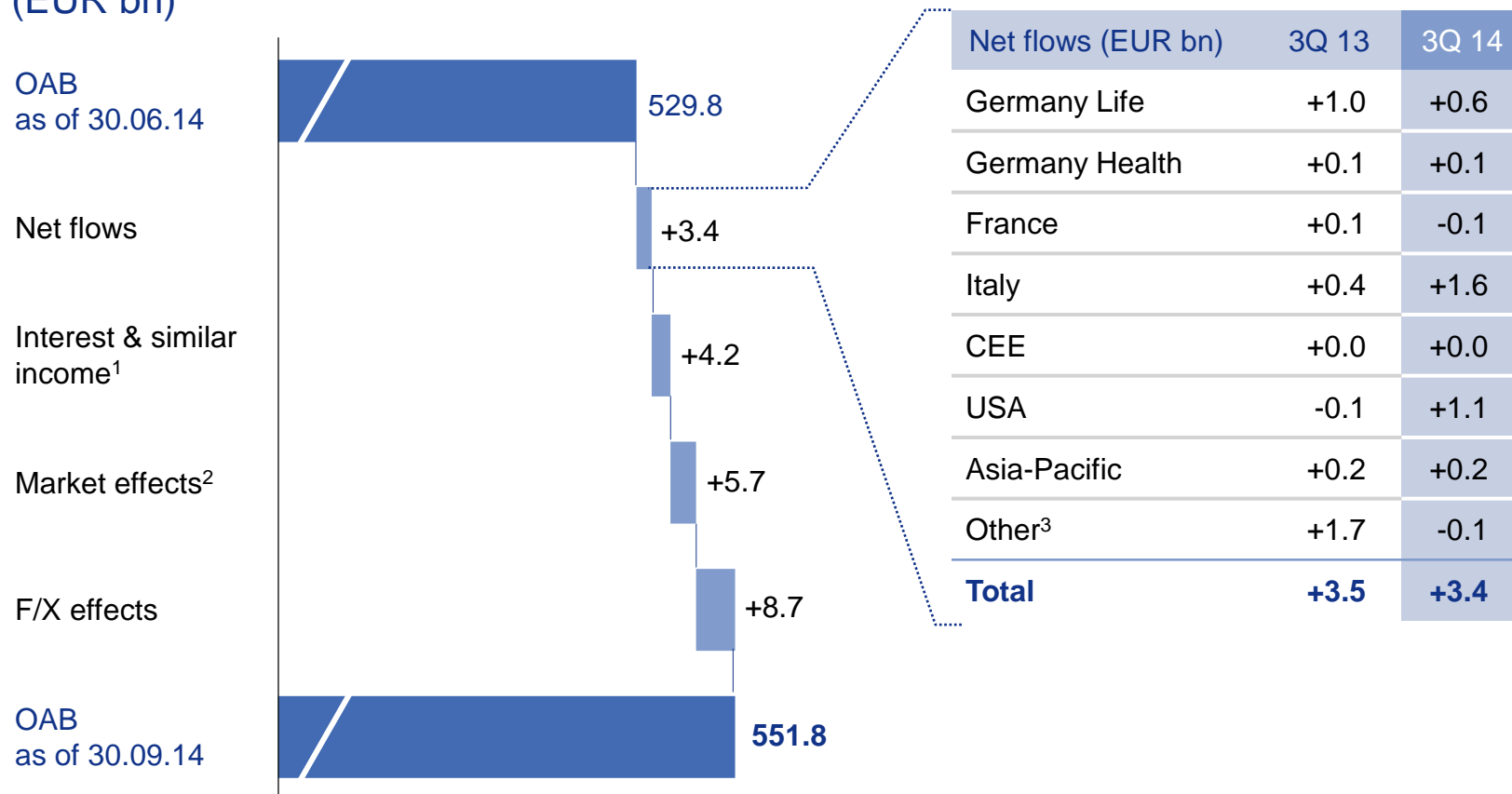
**PV of NB premiums<sup>1</sup>**  
(EUR bn)



1) After non-controlling interests, including holding expenses and internal reinsurance. All values using F/X rates as of valuation date

# L/H: operating asset base

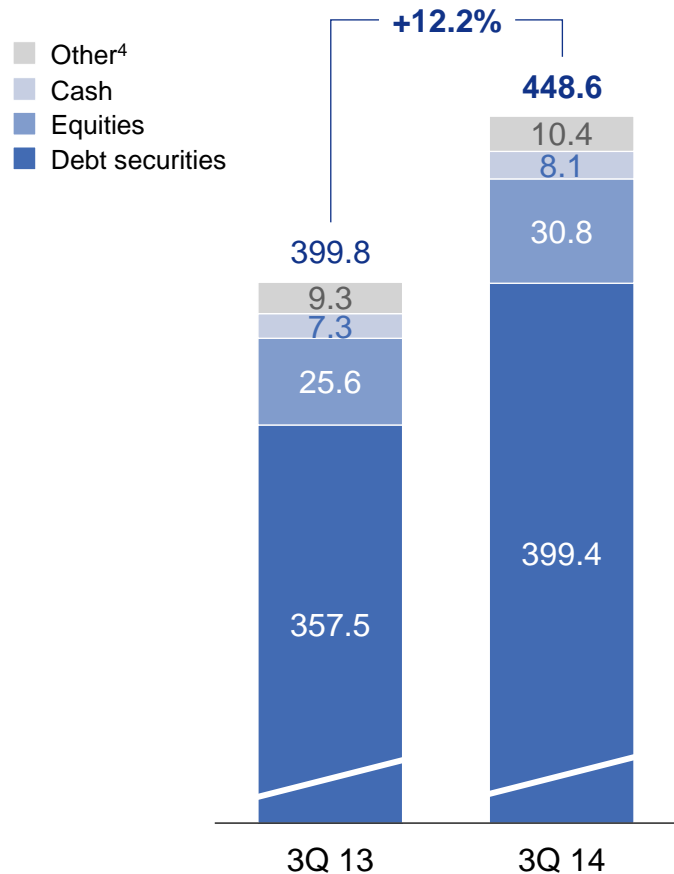
## Operating asset base (EUR bn)



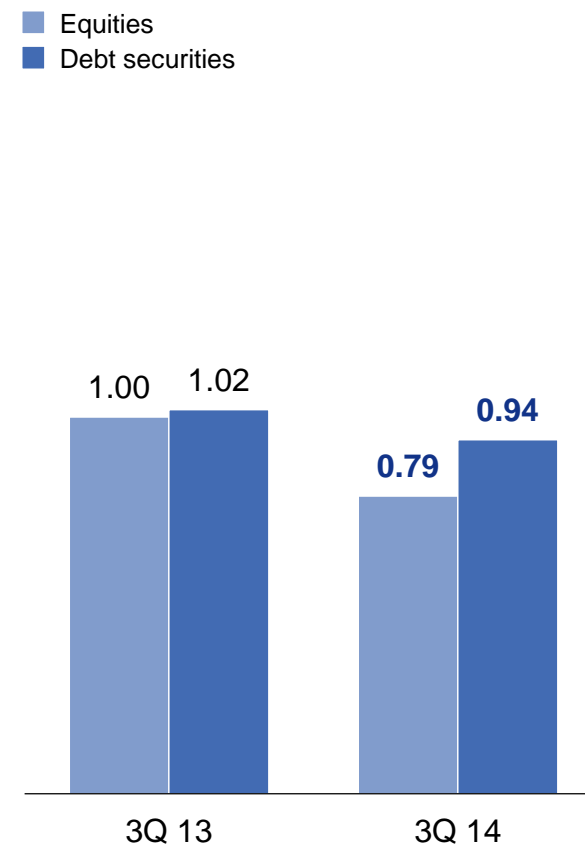
1) Net of interest expenses  
 2) Includes changes in other assets and liabilities of EUR +1.4bn  
 3) 3Q 13 contains first time inclusion of Yapi Kredi

# L/H: average asset base and yields

Average asset base<sup>1,2,3</sup> (EUR bn)



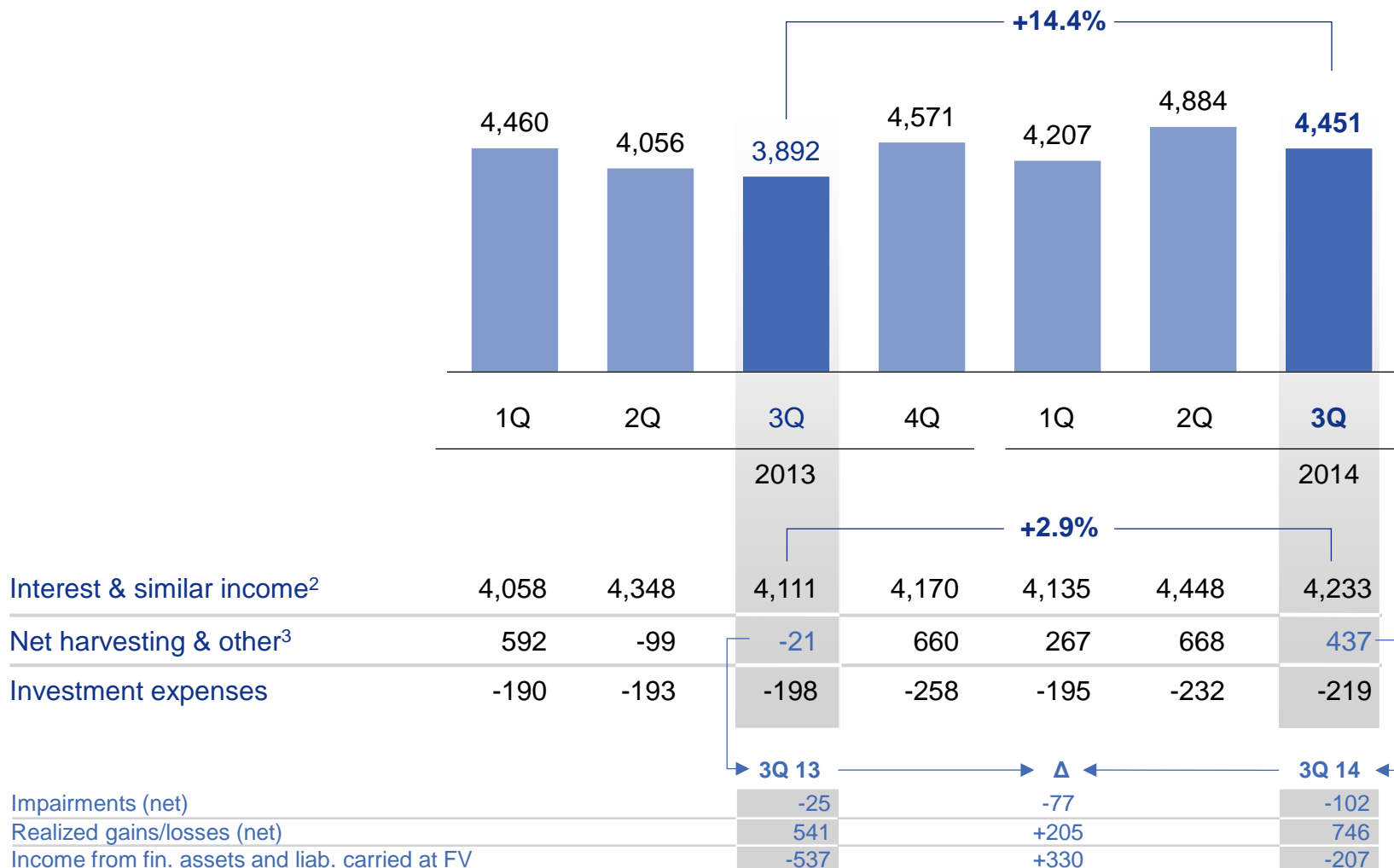
Current yield<sup>2</sup> (in %)



1) Average asset base includes liabilities from cash pooling, excludes fair value option, trading, unit-linked assets  
 2) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10  
 3) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking. The impact on the average asset base in 3Q 14 is EUR 1.4bn  
 4) Real estate investments and funds held by others under reinsurance contracts assumed



# L/H: operating investment result<sup>1</sup>



1) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

2) Net of interest expenses

3) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses

# 2d

Group financial  
results 3Q 2014

- 1** Highlights
- 2** **Additional information**
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management**
  - e) Corporate and Other
- 3** Glossary

## AM: AAM key figures<sup>1</sup> (1/2)

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>Operating revenues</b>	<b>1,870</b>	<b>1,772</b>	<b>1,661</b>	<b>1,682</b>	<b>1,517</b>	<b>1,607</b>	<b>1,618</b>	<b>-43</b>	<b>5,303</b>	<b>4,742</b>	<b>-561</b>
<b>Performance fees</b>	<b>273</b>	<b>75</b>	<b>41</b>	<b>110</b>	<b>19</b>	<b>67</b>	<b>40</b>	<b>-1</b>	<b>390</b>	<b>126</b>	<b>-263</b>
<b>Operating profit</b>	<b>877</b>	<b>781</b>	<b>731</b>	<b>671</b>	<b>646</b>	<b>676</b>	<b>694</b>	<b>-37</b>	<b>2,389</b>	<b>2,015</b>	<b>-374</b>
Non-operating items	-28	-18	-2	6	-14	-3	2	+4	-48	-15	+33
Income before taxes	849	763	729	678	631	673	696	-33	2,341	2,000	-340
Income taxes	-296	-288	-263	-312	-225	-254	-258	+4	-847	-738	+110
<b>Net income</b>	<b>552</b>	<b>475</b>	<b>466</b>	<b>365</b>	<b>406</b>	<b>419</b>	<b>438</b>	<b>-28</b>	<b>1,493</b>	<b>1,263</b>	<b>-230</b>
Non-controlling interests	21	18	17	16	22	23	22	+5	56	67	+11
<b>Shareholders' net income</b>	<b>532</b>	<b>457</b>	<b>449</b>	<b>349</b>	<b>385</b>	<b>396</b>	<b>415</b>	<b>-34</b>	<b>1,437</b>	<b>1,196</b>	<b>-241</b>
<b>Cost-income ratio (in %)</b>	<b>53.1</b>	<b>55.9</b>	<b>56.0</b>	<b>60.1</b>	<b>57.4</b>	<b>57.9</b>	<b>57.1</b>	<b>+1.1%-p</b>	<b>55.0</b>	<b>57.5</b>	<b>+2.5%-p</b>
<b>3rd party AuM<sup>2</sup> (EUR bn)</b>	<b>1,491</b>	<b>1,427</b>	<b>1,374</b>	<b>1,329</b>	<b>1,342</b>	<b>1,373</b>	<b>1,411</b>	<b>+37</b>	<b>1,374</b>	<b>1,411</b>	<b>+37</b>
Allianz AuM <sup>2</sup> (EUR bn)	417	407	407	409	423	441	461	+54	407	461	+54
Total AuM <sup>2</sup> (EUR bn)	1,908	1,834	1,781	1,738	1,765	1,814	1,872	+91	1,781	1,872	+91
<b>3rd party net flows (EUR bn)</b>	<b>41.8</b>	<b>6.0</b>	<b>-27.5</b>	<b>-35.5</b>	<b>-19.8</b>	<b>-17.2</b>	<b>-47.4</b>	<b>-19.9</b>	<b>20.3</b>	<b>-84.3</b>	<b>-104.7</b>
Net flows in 3rd party AuM eop (in %)	3.0	0.4	-1.9	-2.6	-1.5	-1.3	-3.5	-1.5%-p	1.4	-6.3	-7.8%-p

1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking. Therefore, only AAM figures are shown in the table and on the following page

2) Assets under Management are end of period values

## AM: AAM key figures (2/2)

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>PIMCO</b>											
<b>Operating profit</b>	<b>796</b>	<b>700</b>	<b>645</b>	<b>599</b>	<b>563</b>	<b>597</b>	<b>594</b>	<b>-51</b>	<b>2,140</b>	<b>1,754</b>	<b>-387</b>
Performance fees	252	40	25	89	11	46	25	+0	317	83	-234
Cost-income ratio (in %)	48.4	51.2	51.3	54.9	52.2	51.8	52.4	+1.0%-p	50.2	52.1	+1.9%-p
3rd party AuM <sup>1</sup> (EUR bn)	1,301	1,238	1,178	1,114	1,116	1,135	1,162	-15	1,178	1,162	-15
3rd party net flows (EUR bn)	40.4	4.3	-28.8	-35.6	-21.7	-20.4	-49.2	-20.4	15.9	-91.3	-107.2
3-yr. outperformance (in %)	95	94	93	90	88	89	93	+0%-p	93	93	+0%-p
<b>AllianzGI</b>											
<b>Operating profit</b>	<b>87</b>	<b>95</b>	<b>99</b>	<b>83</b>	<b>96</b>	<b>89</b>	<b>110</b>	<b>+11</b>	<b>281</b>	<b>295</b>	<b>+13</b>
Performance fees	22	35	16	20	8	20	15	-1	73	43	-30
Cost-income ratio (in %)	73.7	72.4	71.0	76.6	72.1	76.1	70.8	-0.2%-p	72.3	73.0	+0.7%-p
3rd party AuM <sup>1</sup> (EUR bn)	190	189	196	215	226	238	248	+52	196	248	+52
3rd party net flows (EUR bn)	1.4	1.7	1.3	0.1	2.0	3.2	1.8	+0.5	4.5	6.9	+2.5
3-yr. outperformance (in %)	66	59	53	55	53	51	58	+5%-p	53	58	+5%-p

1) 3rd party Assets under Management are end of period values

## AM: splits of 3rd party AuM<sup>1</sup>

	AAM		PIMCO		AllianzGI	
	30.09.13	30.09.14	30.09.13	30.09.14	30.09.13	30.09.14
<b>Regions (in %)<sup>2</sup></b>						
America	62.9	62.2	68.0	69.0	31.7	30.5
Europe	26.9	27.7	21.7	20.7	58.3	60.3
Asia-Pacific	10.2	10.1	10.3	10.3	10.0	9.2
<b>Clients (in %)<sup>3</sup></b>						
Institutional	64	64	65	67	59	51
Retail	36	36	35	33	41	49
<b>Products (in %)<sup>4</sup></b>						
Fixed income	88	86	100	100	17	22
Equity	12	14	0	0	83	78

1) Comprises 3rd party AuM managed by AAM

2) Based on the origination of the assets by the asset management company

3) Classification is driven by vehicle types

4) Based on legal entity view

**2e**

Group financial  
results 3Q 2014

- 1** Highlights
- 2** **Additional information**
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management
  - e) **Corporate and Other**
- 3** Glossary

# Corporate and Other: key figures<sup>1</sup>

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	3Q 2014	Delta 3Q 14/13	9M 2013	9M 2014	Delta 9M 14/13
<b>Total revenues (Banking)</b>	<b>148</b>	<b>133</b>	<b>131</b>	<b>138</b>	<b>139</b>	<b>132</b>	<b>135</b>	<b>+3</b>	<b>412</b>	<b>405</b>	<b>-7</b>
<b>Operating profit</b>											
<i>  Holding &amp; Treasury</i>	-167	-277	-238	-257	-248	-245	-267	-29	-682	-760	-77
<i>  Banking</i>	-83	-1	4	-12	18	17	11	+7	-80	46	+125
<i>  Alternative Investments</i>	11	4	5	4	8	8	8	+3	20	24	+4
<i>  Consolidation</i>	0	0	0	3	0	0	0	+0	0	0	+1
<b>Corporate and Other operating profit</b>	<b>-239</b>	<b>-274</b>	<b>-229</b>	<b>-261</b>	<b>-222</b>	<b>-219</b>	<b>-248</b>	<b>-19</b>	<b>-742</b>	<b>-689</b>	<b>+53</b>
<b>Non-operating items</b>											
<i>  Holding &amp; Treasury</i>	-250	-68	-203	-220	484	-177	-194	+9	-521	113	+634
<i>  Banking</i>	3	4	11	4	-1	4	3	-8	18	6	-12
<i>  Alternative Investments</i>	-54	-6	-4	-47	-11	-5	-19	-15	-65	-35	+30
<i>  Consolidation</i>	27	0	0	-3	0	0	0	-0	27	0	-28
<b>Corporate and Other non-operating items</b>	<b>-274</b>	<b>-70</b>	<b>-196</b>	<b>-265</b>	<b>472</b>	<b>-177</b>	<b>-211</b>	<b>-14</b>	<b>-541</b>	<b>84</b>	<b>+625</b>
Income before taxes	-514	-344	-426	-527	249	-397	-458	-33	-1,283	-606	+677
Income taxes	117	66	119	174	-118	148	147	+28	302	177	-125
<b>Net income</b>	<b>-397</b>	<b>-278</b>	<b>-307</b>	<b>-353</b>	<b>131</b>	<b>-249</b>	<b>-311</b>	<b>-5</b>	<b>-981</b>	<b>-429</b>	<b>+553</b>
Non-controlling interests	2	0	4	1	4	6	3	-1	6	13	+7
<b>Shareholders' net income</b>	<b>-399</b>	<b>-278</b>	<b>-311</b>	<b>-354</b>	<b>127</b>	<b>-255</b>	<b>-315</b>	<b>-4</b>	<b>-987</b>	<b>-442</b>	<b>+545</b>
<b>Cost-income ratio Banking (in %)</b>	<b>146.4</b>	<b>89.7</b>	<b>83.3</b>	<b>80.0</b>	<b>80.7</b>	<b>75.8</b>	<b>86.6</b>	<b>+3.3%-p</b>	<b>108.0</b>	<b>81.1</b>	<b>-26.9%-p</b>
RWA <sup>2</sup> Banking (EUR bn)	9	9	9	9	9	9	9	-0	9	9	-0

1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking

2) RWA data is preliminary; based on Basel approach

# 3

Group financial  
results 3Q 2014

- 1** Highlights
- 2** Additional information
  - a) Group
  - b) Property-Casualty
  - c) Life/Health
  - d) Asset Management
  - e) Corporate and Other
- 3** **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>AGCS</b>	Allianz Global Corporate & Specialty
<b>AllianzGI</b>	Allianz Global Investors
<b>AM</b>	Asset Management – AM segment
<b>Bps</b>	Basis point = 0.01%
<b>CEE</b>	Central and Eastern Europe
<b>Combined ratio (CR)</b>	Sum of loss ratio and expense ratio, represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
<b>Cost-income ratio (CIR)</b>	Represents operating expenses divided by operating revenues.
<b>Current yield</b>	Interest and similar income/ 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: Commissions, underwriting expenses and policy issuance costs, which vary with and are primarily related to the acquisition and renewal of insurance contracts. These acquisition costs are deferred, to the extent that they are recoverable, and are subject to recoverability testing at the end of each accounting period.
<b>Expense ratio (ER)</b>	Acquisition and administrative expenses (net) divided by premiums earned (net).
<b>Fair value (FV)</b>	The amount for which an asset could be or is exchanged between knowledgeable, willing parties in an arm's length transaction.
<b>FCD</b>	Financial conglomerates directive: European regulation for the supervision of financial conglomerates and financial groups involved in cross-sectoral business operations.

## Glossary (2)

<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>F/X</b>	Foreign exchange
<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>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
<b>L/H operating profit sources</b>	<p>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.</p> <p><b>Loadings &amp; fees:</b> Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses.</p> <p><b>Investment margin:</b> Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation.</p> <p><b>Expenses:</b> Includes commissions, acquisition expenses and administration expenses.</p> <p><b>Technical margin:</b> 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.</p> <p><b>Impact of change in DAC:</b> 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.</p>
<b>Loss frequency</b>	Number of accident year claims reported divided by number of risks in-force.
<b>Loss ratio</b>	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.).

## Glossary (3)

<b>MCEV</b>	<p>Market consistent embedded value is a measure of the consolidated value of shareholders' interest in a life portfolio. The Market Consistent Embedded Value is defined as Net asset value (NAV)</p> <ul style="list-style-type: none"> <li>+ Present value of future profits</li> <li>- Time value of financial options and guarantees (O&amp;G)</li> <li>- Frictional cost of required capital</li> <li>- Cost of residual non-hedgeable risk (CNHR)</li> </ul>
<b>NatCat</b>	<p>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.</p>
<b>NBM</b>	<p>New business margin: Value of new business divided by present value of new business premiums.</p>
<b>OAB</b>	<p>Operating asset base: Represents all operating investment assets within the L/H segment. This includes investments &amp; loans, financial assets and liabilities carried at fair value as well as unit-linked investments. Market value liability option is excluded.</p>
<b>Operating profit</b>	<p>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.</p>
<b>P/C</b>	<p>Property and casualty insurance</p>
<b>PIMCO</b>	<p>Pacific Investment Management Company Group</p>
<b>Premiums written/ earned (IFRS)</b>	<p>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.</p>

## Glossary (4)

<b>PVNB</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>RoRC</b>	Return on Risk Capital: Measures the expected profit from new business relative to its projected risk capital with real-world economic assumptions until run-off.
<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>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>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>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 (net)</b>	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation.
<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 expenses minus the cost of option and guarantees (O&G), minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital, all determined at issue date.
<b>3-year-outperformance AM</b>	The investment performance is based on Allianz Asset Management account-based, asset-weighted three-year investment performance of third-party assets versus the primary target including all accounts managed by portfolio managers of Allianz Asset Management. For some retail funds, the net of fee performance is compared to the median performance of the corresponding Morningstar peer group (first and second quartile mean outperformance). For all other retail funds and for all institutional accounts, the gross of fee performance (revaluated based on closing prices) is compared to the respective benchmark based on different metrics.

# 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.

## 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.