

# Group financial results 2Q 2015

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Analyst conference call  
August 7, 2015

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Group financial  
results 2Q 2015

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# Business highlights from the second quarter of 2015

## Property-Casualty

- Sharing economy: Allianz France partners with Drivy for private car rentals and Tripndrive, which offers free parking at airports in return for private rentals. Allianz Italy insures scooter sharing service in Milan
- Claims assessment: Optical hail damage scanning in Germany halves time for claims settlement
- Modular products: Allianz1 in Italy continues to increase sales, reaching 46,000 policies sold in 2Q

## Life/Health

- Germany: New product “KomfortDynamik” launched, offering customers potentially greater returns by combining opportunity-oriented components with a 100-percent protection of paid premiums
- International Healthcare: Since the MyHealth app was launched in August 2014, the number of medical claims submitted through the app is now almost double that of postal submissions

## Asset Management

- Allianz Global Investors: Equity investment strategy “Best Styles” assets surpassed EUR 30bn in 2Q and now enters the US market for further expansion
- PIMCO: Enhanced Equity Suite expanded with new funds based on partnership with Research Affiliates

## Investments

- Following acquisition of four Austrian wind farms, investments in renewable energy now exceed EUR 2.5bn. Allianz is now invested in a total of 54 wind farms and 7 solar parks
- New investments in real estate reach EUR 2.1bn for 2015
- First infrastructure debt deal in the United States, bringing total transactions to EUR 3bn

## Digitalization

- Austria: Fast quote “Allianz Now” implemented – four clicks to receive an offer for motor insurance
- Germany: PrivatSchutz Konfigurator on allianz.de simplifies online product selection for customers
- France: Mon AllianzGI app for advisors now used by more than 1,000 agents
- Allianz Italy named most innovative insurer and front runner in digital transformation in the Italian market by Milano Finanza magazine

## Branding

- Allianz Arena in Munich celebrates 10th anniversary. Top Bundesliga matches reach 750 million households in 200 countries
- Allianz named one of top ten most valuable brands in Germany for the first time by Interbrand

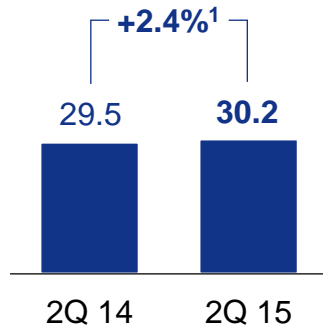
# Business highlights from the second quarter of 2015

## Comments

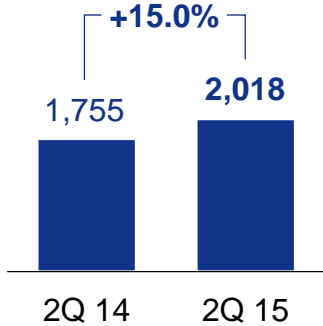
- **France: insuring the sharing economy**  
Allianz France is a partner of the sharing economy, a growing market. Drivy is the leading private car rental platform in France and Europe with 600,000 members and 40,000 registered vehicles.
- **Claims settlement: technology speeds up payments to customers**  
Allianz used for the first time an optical scanning system to assess damages on vehicles caused by hailstorms. A total of 20 cameras scan the car's surface, allowing up to 12 cars to be assessed per hour.
- **Life insurance: new product launched in Germany**  
The hybrid product "KomfortDynamik" includes an automatic re-balancing between general accounts and unit-linked components. For a 30-year pension insurance policy with recurring premiums, the equity ratio is currently at 30 percent.
- **Asset Management: equity strategy expanded**  
Both Allianz Global Investors and PIMCO have expanded their product offers in equity investments, further diversifying their product portfolio.
- **Investments: enough renewable energy for 800,000 households**  
Allianz' current renewable energy portfolio is now located in France, Germany, Italy, Sweden and Austria. The wind farms and solar parks can supply enough electricity for a city the size of Barcelona.
- **Branding: Allianz among top ten German brands of 2015**  
With a brand value of EUR 5.7bn, Allianz is the only financial services provider ranked among the top ten by brand consultancy Interbrand.

# Group: good performance continues

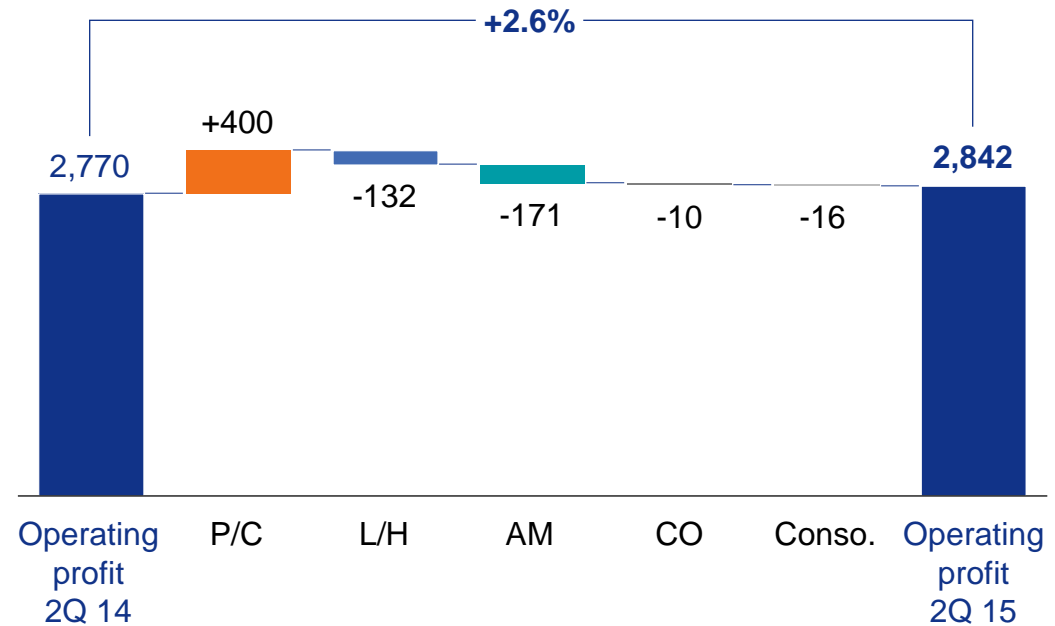
Total revenues (EUR bn)



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



Operating profit drivers (EUR mn)



2Q 15	1,745	853	505	-230	-32
2Q 14	1,345	985	676	-219	-16

1) Internal growth of -3.8%, adjusted for F/X and consolidation effects

2) Net income attributable to shareholders

## Group: good performance continues

### Comments

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- **Revenues – selective growth**

Total revenues up 2.4%. Internal growth of -3.8% driven by selective growth in L/H (-6.0%), where we continued product actions to protect profitability. P/C continues to deliver good growth (1.6%). AM shows a decline of -17.7%.

- **P/C – strong OP increase**

Operating profit up 29.7%, driven by lower NatCat and net gain (after related expenses) from sale of FFIC retail business to ACE (EUR 0.2bn, 1H in total EUR 0.1bn). Attritional AY loss ratio stable at 68.0%.

- **L/H – good underlying operating result**

Accounting effects from interest rate hedging negatively impact comparison to previous and last year's quarter.

- **AM – in line with budget**

Operating profit down 25.2%, in line with run-rate of target range. Bulk of performance fees expected in fourth quarter. Again very strong result from AllianzGI.

- **Shareholders' net income – strong**

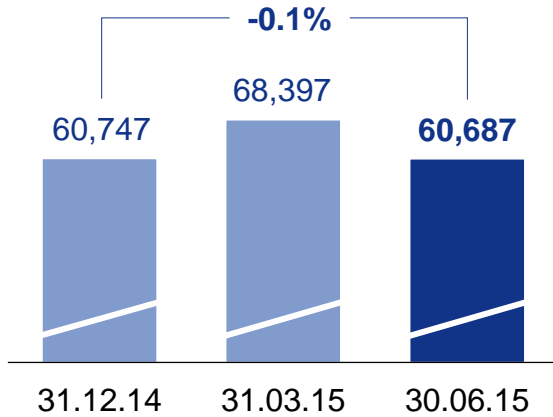
Double-digit increase driven by improved non-operating result and lower tax rate.

- **Outlook 2015**

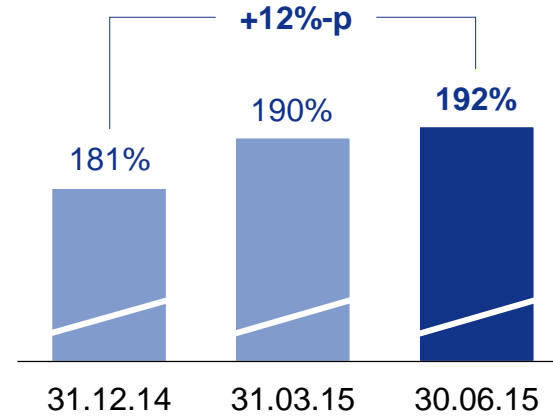
Full year outlook of EUR 10.4bn plus/minus EUR 400mn. First half 2015 operating profit of EUR 5.7bn represents already 55% of the mid-point of our full-year outlook. We confirm our operating profit outlook at upper end of target range at EUR 10.8bn.

# Group: well prepared for Solvency II

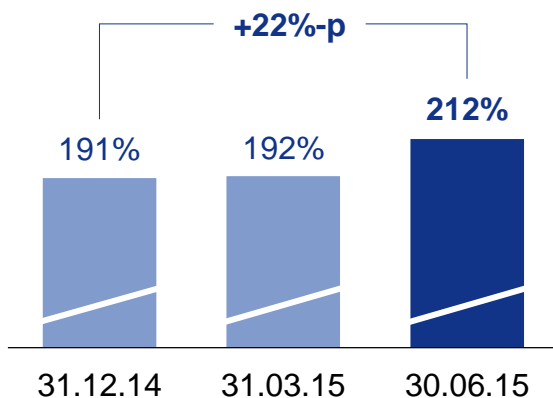
Shareholders' equity (EUR mn)



Conglomerate solvency<sup>1</sup> (in %)



Solvency II capitalization (in %)



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

## Group: well prepared for Solvency II

### Comments

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- **Shareholders' equity down**  
Net income (EUR 2.0bn) and lower actuarial losses for defined benefit pension plans (EUR 0.7bn) by far overcompensated by dividend payment (EUR -3.1bn), negative F/X effects (EUR -0.7bn) and lower net unrealized gains (EUR -6.8bn).
- **Conglomerate solvency further up**  
Slightly higher required funds due to growth in P/C segment overcompensated by rising available funds driven by net income net of dividend accrual. Reduction of unrealized gains on fixed income investments in s/h equity neutralized in solvency calculation.
- **Favorable markets drive Solvency II ratio**  
Lower capital requirements from higher yields combined with stable own funds drive SII ratio up. Ratio develops along published sensitivities, additionally impacted by the steepening of the yield curve. Some regulatory uncertainties remain.
- **Attractive dividend policy**  
50% of shareholders' net income has been accrued for dividend.



## P/C: good internal growth despite portfolio pruning (EUR mn)

2Q 2015		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	Price effect	Volume effect
<b>Total P/C segment<sup>1</sup></b>		<b>11,843</b>	<b>+9.2%</b>	<b>+1.6%</b>	<b>-0.2%</b>	<b>+1.7%</b>
<b>Large OEs</b>	Germany	1,755	-1.6%	-1.4%		
	Italy	1,204	+19.0%	-1.9%		
	France	913	+1.0%	+1.0%		
<b>Global lines</b>	AGCS <sup>2</sup>	2,098	+65.9%	+2.0%		
	Allianz Worldwide Partners <sup>1</sup>	852	+23.7%	+9.4%		
	Credit Insurance	575	+8.5%	+3.5%		
<b>Selected OEs</b>	United Kingdom	808	+16.5%	+3.2%		
	Australia	783	+11.3%	+2.7%		
	Latin America	554	+5.9%	+8.7%		
	Central and Eastern Europe	465	-16.3%	-14.8%		

1) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

2) Effective 1 January 2015, FFIC was integrated into AGCS. Previous period figures were not adjusted. The sale of the renewal rights for personal lines was effective 1 April 2015. 2Q figures include the gain on the sale of personal lines to ACE. 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

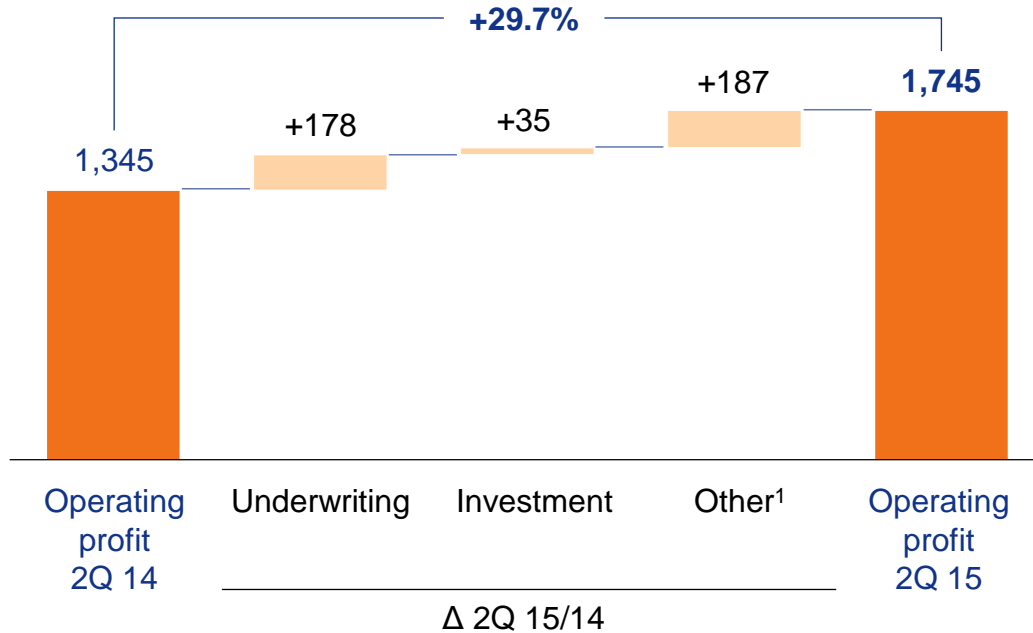
## P/C: good internal growth despite portfolio pruning

### Comments

- **Revenues – good internal growth**  
Excellent total growth of 9.2%. Volume-driven internal growth of 1.6% good in light of portfolio pruning in Russia and in Brazil. Unipol added 2.0%-p to the top-line and F/X contributed 5.3%-p.
- **Germany – price effect continues to be positive**  
Strong growth in motor (+4.2%) offset by volume decline in APR business (-22.0%). Non-motor ex APR flat. New business increases +8.3%.
- **France – personal lines strong**  
Strong growth in personal lines (+2.3%), in particular motor while commercial lines growth slowed down compared to strong 1Q in mid-corp. Internal growth entirely price-driven.
- **Italy – continued good performance**  
W/o Unipol, decline in motor (-2.0%) and non-motor retail. At 5.5%, our direct business continues to grow strongly. Unipol contributed EUR 212mn GPW.
- **AGCS – impacted by FFIC business**  
GPW excluding FFIC business up strongly (internal growth +6.1%). Engineering key growth driver (mainly fronting). Internal growth volume driven.
- **AWP – continued strong growth**  
All lines of business continue to contribute to strong growth.
- **Australia – strong growth**  
Strong growth in particular in motor and property driven by account wins and growth in dealer channel. TIO contribution to total growth EUR 29mn.
- **CEE – Russian restructuring on track**  
Internal growth ex Russia +2.4%. Internal growth Russia -62.0% due to downscaling of retail business as planned. Total GPW in Russia EUR 46mn in 2Q (2Q 2014: EUR 148mn).
- **Latin America – impacted by Brazil**  
Internal growth ex Brazil 30.5%. GPW Brazil -8.0% in local currency. This reflects the previously announced health portfolio cleaning.

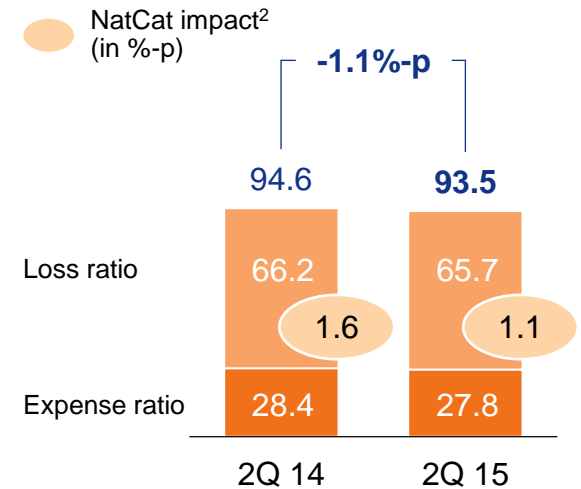
# P/C: strong OP growth as all profit components contribute

Operating profit drivers (EUR mn)

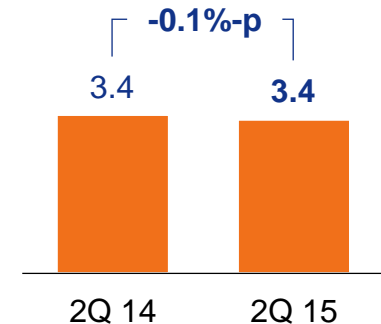


2Q 15	694	840	212
2Q 14	516	805	24

Combined ratio (in %)



Run-off ratio³ (in %)



1) 2Q 15 figures include the net gain on the sale of personal lines to ACE of EUR 0.2bn  
 2) NatCat costs (without reinstatement premiums and run-off): EUR 172mn (2Q 14) and EUR 122mn (2Q 15)  
 3) Positive run-off, run-off ratio calculated as run-off result in percent of net premiums earned

# P/C: strong OP growth as all profit components contribute

## Comments

- **Good operating profit**  
Strong operating profit growth of 29.7%. Underwriting and investment results contributed. The quarter also benefited to the tune of EUR 0.2bn from FFIC personal insurance sale net of related expenses (EUR 0.1bn). 6M OP of EUR 3.0bn slightly ahead of pro-rata FY outlook mid-point of EUR 5.5bn.
- **Claims environment**  
NatCat losses of EUR 122mn (1.1%-p) below last year (EUR 172mn / 1.6%-p). Large claims lower.
- **Run-off – at healthy level**  
Run-off of 3.4% at last year's level. Reserve releases across most OEs, partly offset by reserve strengthening for former FFIC portfolio at AGCS to the tune of EUR 0.1bn.
- **AY LR – better on lower NatCat**  
AY LR improves 0.6%-p to 69.1% on lower NatCat losses. Attritional LR is unchanged at 68.0%. Positive developments e.g. at AGCS ex FFIC (lower large losses) and CEE (downscaling of motor business in Russia) were offset by Unipol transaction, higher MTPL frequency and higher direct share in Italy as well as increasing attritional severity in motor and property in Australia.
- **Expense ratio**  
Strong improvement of 0.6%-p mainly driven by lower administrative expenses, partly one-off effects. Main contributors Germany and French International Health business (transferred from Life segment in 4Q 2014), partially offset by LatAm due to lower business volumes in Brazil.

## P/C: Germany and CEE with strong OP growth (EUR mn)

2Q 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<sup>2</sup></b>		<b>1,745</b>	<b>+29.7%</b>	<b>93.5%</b>	<b>-1.1%-p</b>	<b>1.1%-p</b>	<b>-0.5%-p</b>
<b>Large OEs</b>	Germany	385	+18.8%	86.3%	-5.7%-p	-0.3%-p	-4.0%-p
	Italy	263	+7.0%	85.8%	+3.0%-p	0.0%-p	0.0%-p
	France	131	+21.8%	95.3%	-1.7%-p	0.0%-p	-6.7%-p
<b>Global lines</b>	AGCS <sup>3</sup>	227	+121.6%	110.9%	+13.5%-p	5.5%-p	+5.3%-p
	Allianz Worldwide Partners <sup>2</sup>	31	+12.5%	97.0%	+0.6%-p	0.0%-p	0.0%-p
	Credit Insurance	123	-1.3%	75.7%	+0.7%-p	–	–
<b>Selected OEs</b>	United Kingdom	37	-24.5%	98.4%	+1.9%-p	0.8%-p	+1.1%-p
	Australia	80	-23.8%	95.3%	+4.7%-p	8.8%-p	+8.8%-p
	Latin America	-22	n.m. <sup>4</sup>	111.9%	+7.5%-p	0.0%-p	0.0%-p
	Central and Eastern Europe	43	n.m. <sup>5</sup>	96.0%	-19.9%-p	0.3%-p	+0.3%-p

1) Excluding reinstatement premiums and run-off

2) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

3) Effective 1 January 2015, FFIC was integrated into AGCS. Previous period figures were not adjusted. The sale of the renewal rights for personal lines was effective 1 April 2015. 2Q figures include the gain on the sale of personal lines to ACE. 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

4) Operating profit for Latin America decreased by EUR 26mn from EUR 4mn in 2Q 14

5) Operating profit for Central and Eastern Europe increased by EUR 96mn from EUR -52mn in 2Q 14

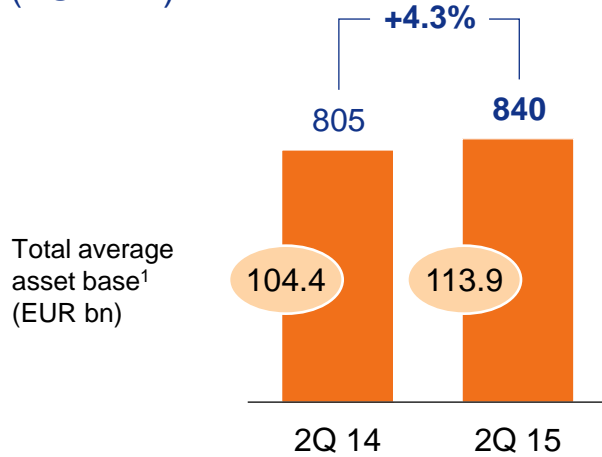
## P/C: Germany and CEE with strong OP growth

### Comments

- **Germany – outstanding CR**  
CR benefits from lower NatCat, large losses and ER. AY LR excl. NatCat unchanged.
- **France – good performance**  
CR excellent. NatCat, large losses and admin expense ratio lower. Partly offset by less run-off.
- **Italy – good profit growth**  
CR remains at outstanding level including Unipol transaction. AY LR increases due to former Unipol business, lower average premium, higher MTPL frequency and strong growth in direct in motor.
- **AGCS – US integration on track**  
AGCS ex FFIC portfolio CR 94.8%. AY LR decreases 6.6%-p as lower large losses and improved underlying LR outweigh higher NatCat. Combined OP negatively impacted by reserve strengthening for former FFIC portfolio which added 11%-p to the reported CR. This was more than offset by a EUR 0.2bn net gain from sale of FFIC's personal lines business to ACE.
- **UK – OP impacted by internal RI transaction**  
CR negatively impacted by motor, increasing claims inflation and adverse NatCat development. EUR 5.5mn OP is shown under AZ Re due to an internal reinsurance transaction.
- **Australia – NatCat and higher severity**  
Higher NatCat losses and increasing attritional severity are main reasons for CR increase, partially mitigated by substantial positive run-off triggered by periodic reserve review. ER up due to higher commissions.
- **CEE – significant improvement**  
Downscaling of Russian retail business leads to significant improvement of CR and OP. OP Russia EUR 3mn (2Q 2014: EUR -83mn).
- **Latin America – driven by Brazil**  
OP decline largely driven by Brazil. OP Brazil EUR -26mn (2Q 2014: EUR -9mn). Turn-around program in progress, but the challenging economic environment creates temporary headwinds.

# P/C: higher dividend income drives operating investment result increase

## Operating investment result (EUR mn)



Interest & similar income <sup>2</sup>	922	961
Net harvesting and other <sup>3</sup>	-43	-35
Investment expenses	-74	-87

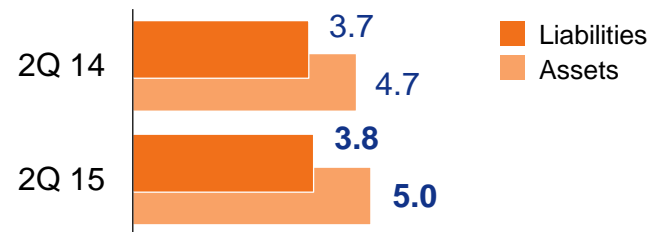
## Current yield (debt securities; in %)



## 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

4) On an annual basis  
 5) 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

## P/C: higher dividend income drives operating investment result increase

### Comments

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- **Operating investment result up**  
Increase in operating investment result is mainly driven by higher dividend income from equities.
- **Investment expenses**  
Increase triggered by higher investment management expenses, partly related to performance fees, as well as by increased expenses related to real estate investments.
- **Reinvestment yield**  
Up to 2.2% from 2.1% in 1Q. Driven by market developments given higher yield and spread levels compared to 1Q.



## L/H: targeted growth (EUR mn)

2Q 2015		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	PVNB <sup>1</sup>	Δ p.y.
<b>Total L/H segment<sup>2</sup></b>		<b>16,719</b>	<b>-1.4%</b>	<b>-6.0%</b>	<b>14,004</b>	<b>-7.0%</b>
<b>Large OEs</b>	Germany Life	4,063	-8.7%	-8.7%	3,184	+2.9%
	Italy	3,366	+9.7%	+9.7%	2,814	-32.5%
	USA	2,592	-22.7%	-37.6%	2,525	-24.4%
	France <sup>2</sup>	1,955	-5.7%	+0.9%	1,503	+0.1%
<b>Selected OEs</b>	Asia-Pacific	1,931	+45.3%	+23.0%	1,734	+47.3%
	Germany Health	816	+0.4%	+0.4%	336	+52.6%
	Benelux <sup>3</sup>	543	-4.9%	-4.9%	461	+30.4%
	Spain	345	+19.1%	+19.1%	556	+83.7%
	Switzerland	262	-4.8%	-18.7%	245	+20.3%
	Central and Eastern Europe	219	-11.4%	-10.5%	154	-29.8%

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) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

3) Revenues from investment-oriented products in Luxembourg of EUR 42mn in 2Q 15 (EUR 113mn in 2Q 14) are reinsured by France. For 2Q 15, the PVNB of Luxembourg business reinsured with France is included in France (EUR 67mn) and not included in Benelux

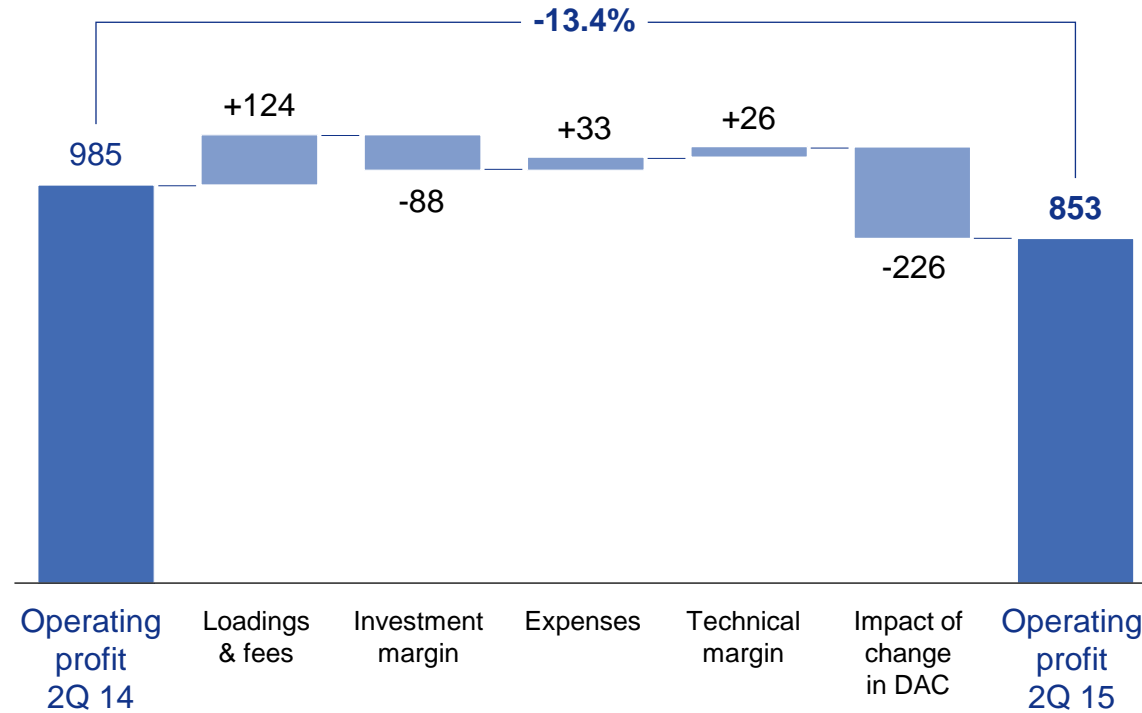
## L/H: targeted growth

### Comments

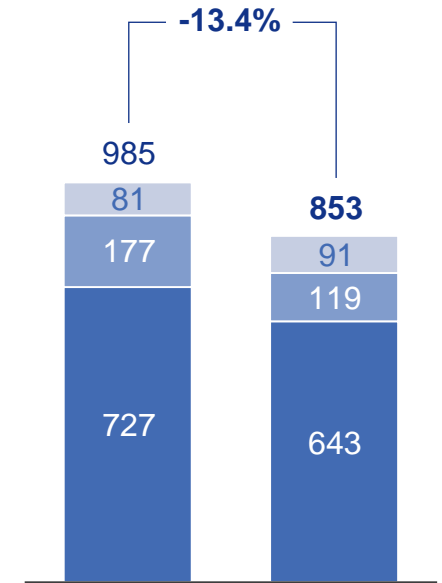
- **Growth reflects change in product strategy**  
Less single premiums from classic annuities trigger premium drop in Germany (EUR -0.4bn). More UL w/o guarantees drive premiums in Italy (EUR +0.3bn) and Taiwan (EUR +0.4bn). US production (EUR -0.8bn) impacted by pricing actions and high base in 2Q 2014.
- **New business mix shift in line with plan**  
Rigid product management results in shift of new business mix. Share of UL w/o guarantee and protection & health up from 23% to 34%. More product actions underway to address low interest rate environment.
- **Net flows reflect change in business mix**  
Net flows at EUR 3.2bn, >95% stem from UL business.
- **Germany – traditional products retreat**  
Share of traditional savings & annuities in new business down by 9%-p to 34%. Launch of alternative guarantee product “KomfortDynamik” in July 2015 to offer customers attractive participation in equity markets.
- **Italy – less traditional business**  
Large group contract in 2Q 2014, 37.7% premium reduction in traditional products.
- **USA – high base in 2Q 2014**  
Continuous pricing changes and base effect (2Q 2014 FIA sales extremely high) trigger drop which is broadly in line with expectations. Overall NBM recovers by 0.2%-p to 2.6% compared to 1Q 2015.
- **Asia – Taiwan drives growth**  
New business increases in several countries with Taiwan as main contributor (+99%). In Taiwan biggest impact from UL w/o guarantee products.

# L/H: operating profit strong at EUR 0.9bn (EUR mn)

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



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



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

	Δ 2Q 15/14				
2Q 15	1,411	834	-1,624	295	-63
2Q 14	1,287	922	-1,657	269	163

1) For a description of the L/H operating profit sources please refer to the glossary  
 2) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014. Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia

## L/H: operating profit strong at EUR 0.9bn

### Comments

- **Operating profit well on track**  
 Operating profit at strong level despite establishment of premium deficiency reserve in Korea (EUR -95mn).  
 6M 2015 operating profit with EUR 2.0bn at 59% of FY target range mid-point and EUR 150-200mn above normalized level.
- **Loadings and fees up – new business mix**  
 Increase due to growth in Taiwan (EUR +14mn), higher AuM in Italy (EUR +20mn), lower sales of US FIA bonus products and F/X.
- **Investment margin still at strong level**  
 Decrease by EUR 88mn due to Germany (EUR -249mn, mainly due to negative fair value changes, neutralizing positive impact in 1Q 2015) and establishment of premium deficiency reserve in Korea (EUR -95mn). Partially offset by USA (EUR +227mn, favorable variance in FIA and VA but also F/X) and higher average aggregate policy reserves for the segment (+11.4%).
- **Expenses in line with production**  
 Higher acquisition expenses in Asia more than offset by impact from lower production in USA and less expenses in France.
- **Technical margin slightly improved**  
 Increased margin in Switzerland.
- **Impact of change in DAC driven by USA**  
 Decrease due to lower DAC capitalization for FIA (lower sales) and higher DAC amortization from VA (favorable interest rate development), the latter being compensated by investment margin.
- **Operating profit by line of business**  
 Result from guaranteed savings & annuities down due to investment margin in Germany. Operating profit from protection & health impacted by Korea.

## L/H: mix change stabilizes NBM (EUR mn)

2Q 2015		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>210</b>	<b>-45.4%</b>	<b>1.5%</b>	<b>-1.1%-p</b>	<b>853</b>	<b>-13.4%</b>
<b>Large OEs</b>	Germany Life	30	-60.3%	0.9%	-1.5%-p	95	-70.3%
	Italy	29	-45.8%	1.0%	-0.3%-p	102	+32.8%
	USA	64	-54.7%	2.6%	-1.7%-p	297	+46.8%
	France <sup>2</sup>	4	-71.7%	0.3%	-0.7%-p	165	+77.1%
<b>Selected OEs</b>	Asia-Pacific	53	+40.7%	3.0%	-0.1%-p	-39	n.m. <sup>3</sup>
	Germany Health	4	-49.9%	1.2%	-2.4%-p	55	+5.1%
	Benelux	-5	n.m. <sup>4</sup>	-1.0%	-3.5%-p	34	-4.2%
	Spain	-1	n.m. <sup>5</sup>	-0.2%	-4.3%-p	49	+5.1%
	Switzerland	3	-37.3%	1.4%	-1.3%-p	24	+12.6%
	Central and Eastern Europe	8	-5.1%	5.2%	+1.4%-p	28	-24.0%

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) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

3) Operating profit for Asia-Pacific decreased by EUR 86mn from EUR 47mn in 2Q 14

4) Value of new business for Benelux decreased by EUR 14mn from EUR 9mn in 2Q 14

5) Value of new business for Spain decreased by EUR 14mn from EUR 13mn in 2Q 14

# L/H: mix change stabilizes NBM

## Comments

### New Business

- **VNB affected by interest rates**  
Decrease of VNB mainly due to low interest rate environment. Change in business mix contributed +0.4%-p to NBM.
- **NBM stable versus 1Q 2015**  
NBM unchanged versus 1Q underlining effectiveness of product management. NBM 2Q 2015 recalculated with end-of-quarter assumptions at 2.6%.
- **Business in Europe/USA mostly affected**  
Most OEs across Europe and USA show a decline in VNB, mainly driven by lower NBM as a consequence of lower rates. Compared to 1Q 2015 significant improvement of NBM in France (+0.9%-p) and Italy (+0.5%-p).
- **Asia-Pacific defy negative trend**  
VNB in Asia-Pacific benefits from growing UL business both in Taiwan and China. VNB in Taiwan more than doubled with NBM at 2.7%. VNB in China more than tripled with NBM at 5.1%.

### Operating profit

- **Germany Life – lower investment margin**  
Decline entirely driven by investment margin (EUR -249mn) – mainly due to negative fair value changes (i.e. fixed income derivatives).
- **USA – further strong contribution**  
Higher result from FIA (Δ EUR +11mn, F/X adjusted) due to an increased asset base. VA result (Δ EUR +37mn, F/X adjusted) benefits from positive basis risk and favorable interest rate development. Positive impact from F/X (EUR +57mn).
- **France – higher investment margin**  
Higher investment margin, more loadings & fees due to higher AuM and improved risk result.
- **Asia-Pacific – Korea triggers decrease**  
Establishment of premium deficiency reserve (EUR -95mn) in Korea triggers decline.

## L/H: strong investment margin of 21bps

(yields are pro-rata)

Based on Ø book value of assets <sup>1</sup>	2Q 14	2Q 15
Current yield <sup>2</sup>	1.0%	1.0%
<b>Based on Ø aggregate policy reserves</b>		
Current yield <sup>2</sup>	1.2%	1.2%
Net harvesting and other	0.1%	0.0%
<b>Total yield</b>	<b>1.3%</b>	<b>1.2%</b>
- Ø min. guarantee <sup>3</sup>	0.6%	0.6%
<b>Gross investment margin (in %)</b>	<b>0.7%</b>	<b>0.6%</b>
- Profit sharing under IFRS <sup>4</sup>	0.5%	0.4%
<b>Investment margin<sup>5</sup> (in %)</b>	<b>0.3%</b>	<b>0.2%</b>
Investment margin (EUR mn)	922	834
<b>Ø book value of assets<sup>1</sup> (EUR bn)</b>		
	431	499
<b>Ø aggregate policy reserves (EUR bn)</b>		
	364	406

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

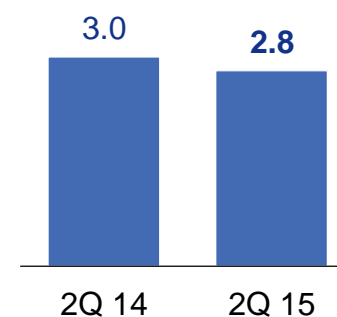
4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

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

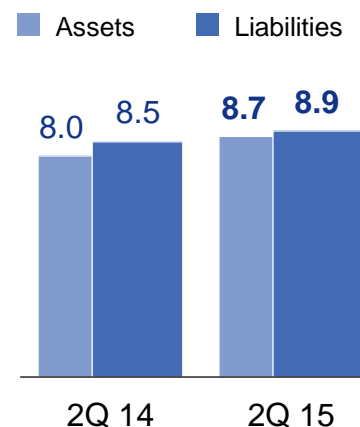
6) On an annual basis

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>



## L/H: strong investment margin of 21bps

### Comments

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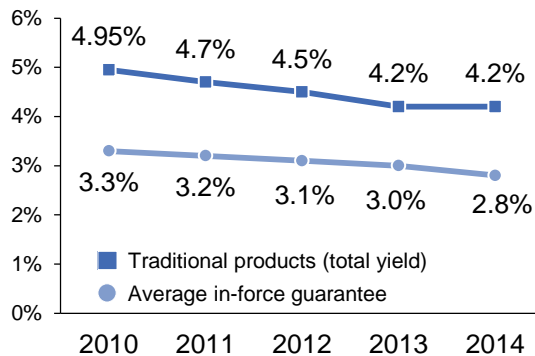
- **Current yield quite resilient**  
Current yield based on aggregate policy reserves down by 3bps only. Negative impact partially offset by lower average minimum guarantee (-1bp).
- **Negative fair value changes**  
Decrease of net harvesting and other from 12bps to 0bp mainly due to negative fair value changes in Germany (i.e. fixed income derivatives and F/X net result).
- **Investment margin still at strong level**  
Investment margin at strong level of 21bps despite muted result from harvesting and establishment of premium deficiency reserve in Korea (EUR -95mn).
- **PHP driven by investment result**  
Different pattern of investment result leads to 1.5%-p higher PHP ratio.
- **Reinvestment yield recovers**  
2Q 2015 reinvestment yield 0.6%-p higher compared to 1Q 2015.
- **Duration gap substantially narrowed**  
Duration gap significantly lower due to active asset duration extension in 1Q 2015. Compared to 1Q 2015 no major change of duration gap.



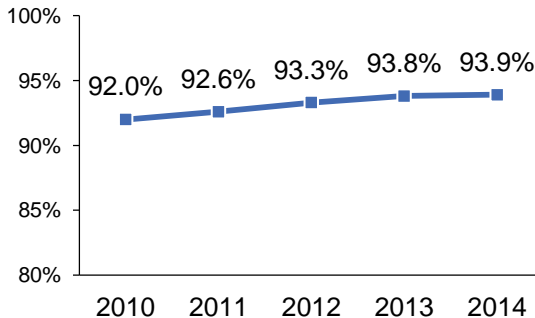
# Our German Life business sustainable and highly performing

## Attractive for customers

### Annual crediting<sup>1</sup>

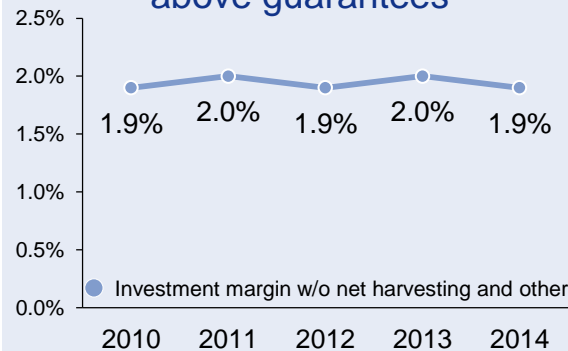


### Policyholder participation<sup>1</sup>



## Sustainable business model

### Healthy investment margin above guarantees

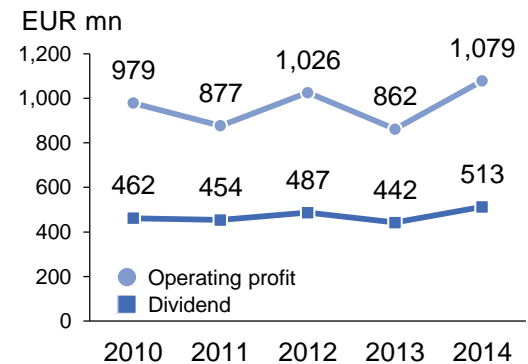


**>300%<sup>2</sup>** High solo SII ratio without transitionals

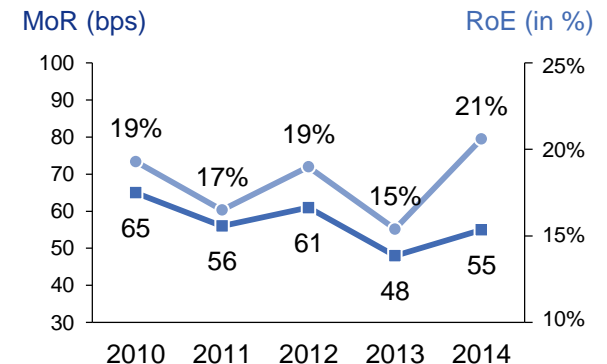
**~0.8%<sup>2</sup>** Low break-even reinvestment yield

## Attractive for shareholders

### Operating profit and dividend



### Margin on reserves and RoE



1) Based on local GAAP  
2) 2Q 2015

# Our German Life business sustainable and highly performing

## Comments

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- **Win-win situation**

Specific German Life business model creates win-win situation:

- attractive crediting for customers and
- compelling RoE for shareholders

2014 dividend of EUR 0.5bn compares with EUR 8.8bn benefits for customers.

- **Very strong SII ratio**

SII ratio of the stand-alone legal entity as filed with regulator in internal model; without application of transitional rules.

- **Break-even reinvestment yield**

Reinvestment yield necessary to pay all guarantees without P&L losses. 2Q 2015 reinvestment yield (debt securities) at 3.2%.

- **Healthy investment margin**

Current yield minus average minimum guarantee; net harvesting and other not included.

- **Operating profit**

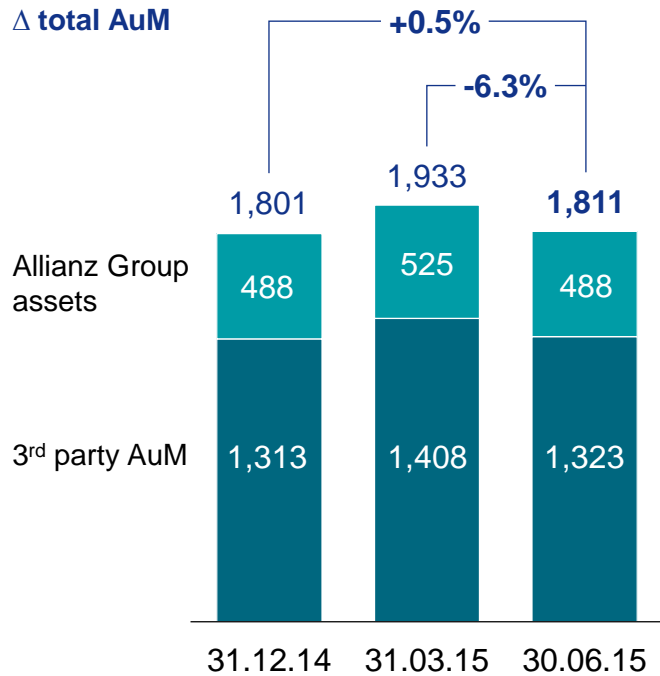
6M 2015 operating profit at strong level of EUR 519mn.

- **Margin on reserves**

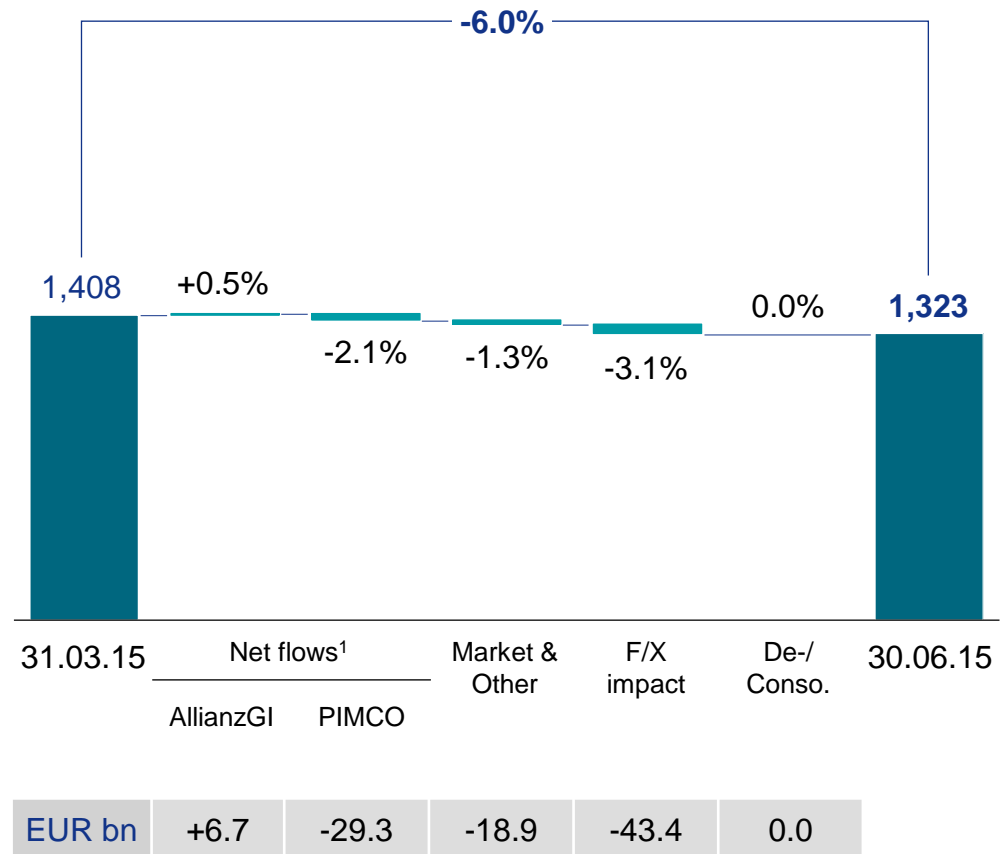
Based on annualized operating profit 6M 2015 margin on reserves at 50bps.

# AM: AuM flat in 1H 2015 (EUR bn)

Δ total AuM



Δ 3rd party AuM



1) Effective 2015, 3rd party net flows contain re-invested dividends (incl. capital gains) from existing clients (EUR +1.9bn for PIMCO and EUR +0.2bn for AllianzGI in 2Q 15). Those have been recognized as market return until 31.12.14

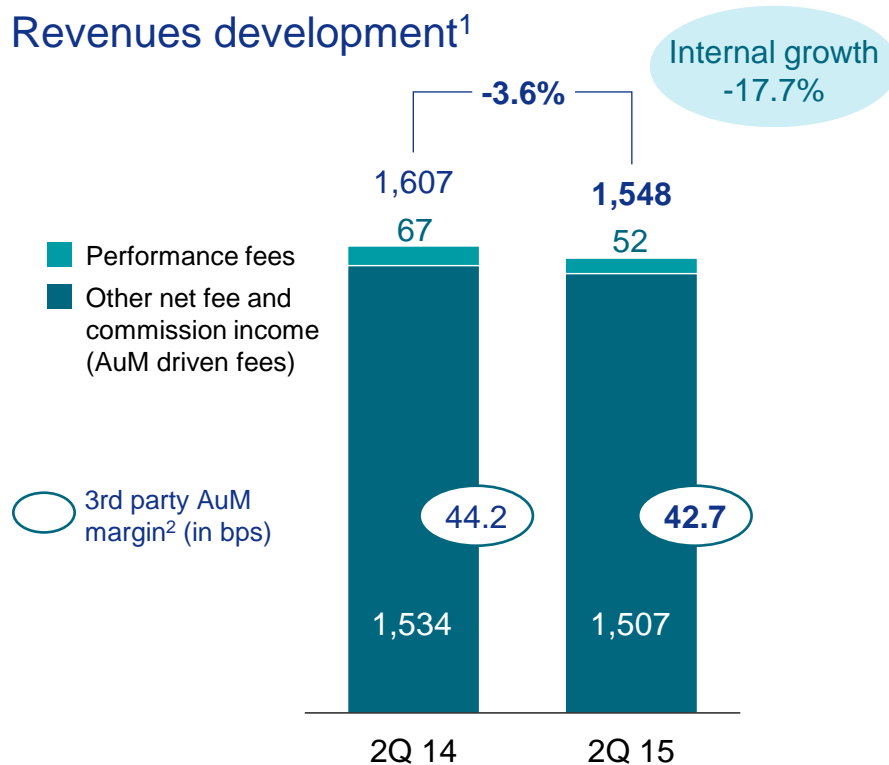
## AM: AuM flat in 1H 2015

### Comments

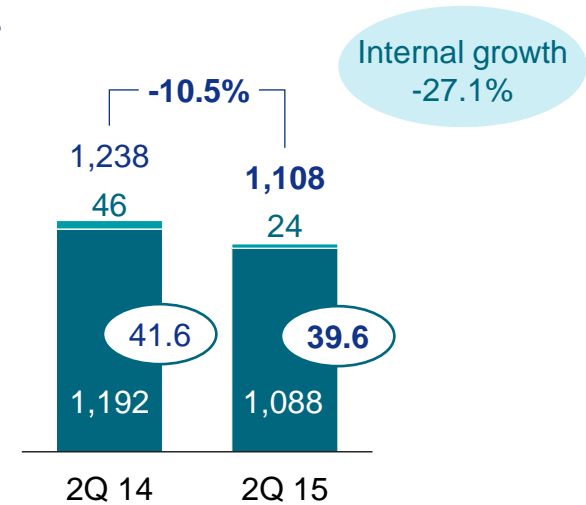
- **Segment – 3rd party AuM increase vs 4Q 2014, but decrease vs 1Q 2015**  
F/X impact, PIMCO net outflows and market effects lead to decrease of 3rd party AuM in 2Q 2015. USD weakened from 1.07 USD/EUR end of March to 1.11 USD/EUR end of June 2015.
- **PIMCO – 3rd party AuM down 7%**  
Decrease in 2Q 2015 from EUR 1,114bn to 1,032bn primarily driven by USD weakening, but also due to net outflows and market impact. Share of non-traditional products further increases to 77% from 75% end of 1Q 2015 and 73% end of 2014.
- **AllianzGI – 3rd party AuM down 1%**  
3rd party AuM of EUR 292bn close to all-time-high of EUR 294bn which was achieved a quarter ago. Adverse market and F/X effects outweigh net inflows in 2Q 2015.
- **PIMCO – strong investment performance**  
84% of 3rd party AuM outperformed their benchmarks on a trailing 3-year basis before fees.
- **PIMCO – net outflows significantly reduced**  
Quarterly 3rd party net outflows reduced by 80% vs 4Q 2014 and by 57% vs 1Q 2015. Monthly outflows continue to decline; trend confirmed in July. Net outflows stem mainly from traditional fixed income business. Net inflows in Japan, Germany and Canada mitigate net outflows which are related predominantly to the US.
- **AllianzGI – net inflows at new record level**  
10th consecutive quarter with 3rd party net inflows. Net inflows of EUR 6.7bn at the highest quarterly level since implementation of new structure in 2012.

# AM: strong revenue growth at AllianzGI (EUR mn)

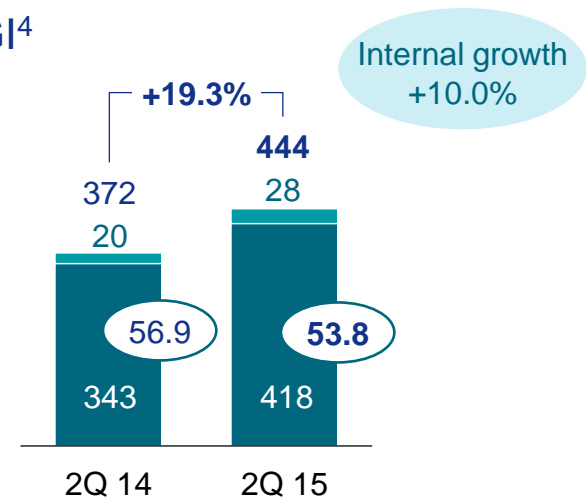
## Revenues development<sup>1</sup>



## PIMCO<sup>3</sup>



## AllianzGI<sup>4</sup>



1) "Other" revenues of EUR 6mn (2Q 14) and EUR -10mn (2Q 15) are not shown in the chart  
 2) Excluding performance fees and other income, 3 months  
 3) "Other" PIMCO revenues of EUR 0mn (2Q 14) and EUR -4mn (2Q 15) are not shown in the chart  
 4) "Other" AllianzGI revenues of EUR 9mn (2Q 14) and EUR -2mn (2Q 15) are not shown in the chart

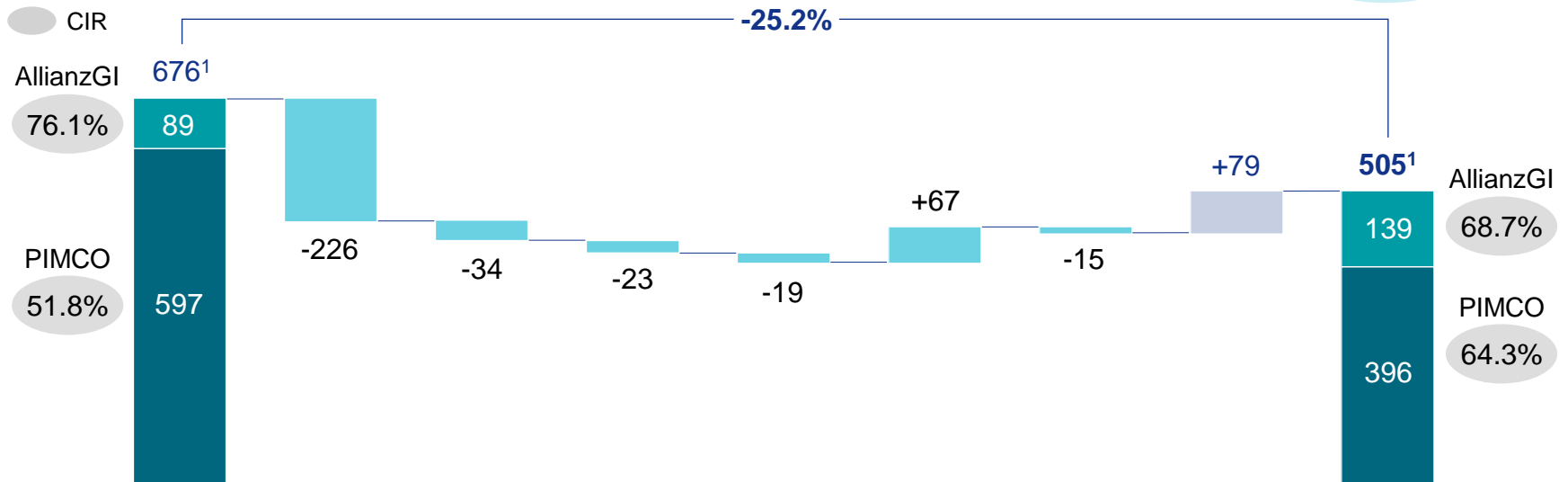
## AM: strong revenue growth at AllianzGI

### Comments

- **Segment – revenues supported by AllianzGI and USD**  
Significantly strengthened USD (1.37 USD/EUR average in 2Q 2014, 1.11 USD/EUR in 2Q 2015) supports revenue development, but lower F/X adjusted average 3rd party AuM, margins and performance fees result in net revenue decline.
- **PIMCO – AuM driven revenues down 9%**  
Decline due to lower average 3rd party AuM and a lower 3rd party AuM margin. Decrease mitigated by strong USD.
- **AllianzGI – AuM driven revenues up 22%**  
Significantly higher average 3rd party AuM and positive F/X more than compensate for lower 3rd party AuM margin.
- **PIMCO – 3rd party AuM margin driven by business mix**  
Lower share of mutual fund business leads to decrease of 3rd party AuM margin vs 2Q 2014. Margin stable vis-à-vis 1Q 2015.
- **AllianzGI – comparable 3rd party AuM margin stable**  
Reduction vs 2Q 2014 driven by technical effects (e.g. adjustments in reporting of unit-linked products) and structural business changes (e.g. change of fee models). Margin stable compared to 1Q 2015.

# AM: full-year operating profit target range confirmed

## Operating profit drivers (EUR mn)



Operating profit 2Q 14	Revenues				Expenses		F/X effect	Operating profit 2Q 15
	Volume <sup>2</sup>	Margin <sup>2</sup>	Performance fees	Other	Personnel	Non-personnel <sup>3</sup>		
F/X impact	+233	+8	+2	-98	-66		CIR	
2Q 15	1,507 <sup>2</sup>	52	-10	-624	-419		67.4%	
2Q 14	1,534 <sup>2</sup>	67	6	-592	-339		57.9%	

1) Including operating loss from other entities of EUR -10mn in 2Q 14 and EUR -29mn in 2Q 15  
 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  
 3) Including restructuring expenses

## AM: full-year operating profit target range confirmed

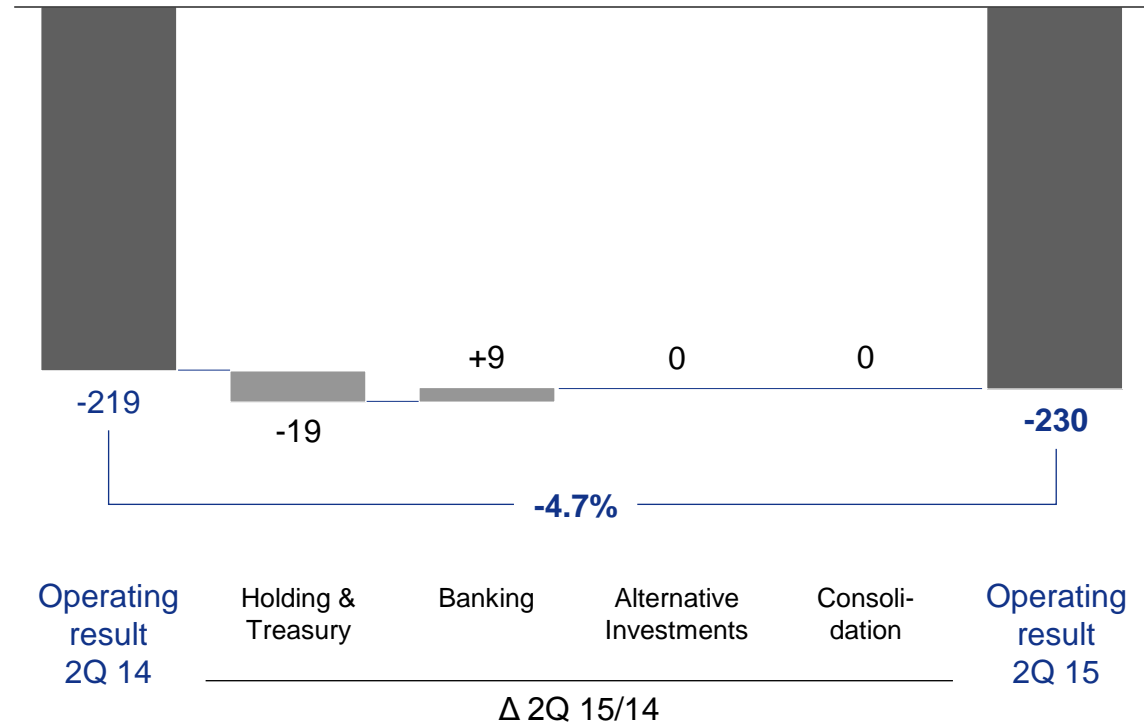
### Comments

- **Segment – operating profit in line with expectations**  
Decline in local currency average 3rd party AuM drives decrease of OP. Extraordinary expenses at PIMCO and Corporate contribute negatively. First half 2015 operating profit represents 42% of full-year outlook midpoint. Bulk of performance fees expected in 4Q 2015.
- **PIMCO – declining AuM drive OP**  
Declining average 3rd party AuM reduce revenues and OP. Adjusted for F/X, operating expenses decline by 9% and personnel expenses by 14%. EUR -36mn net contribution from deferred cash retention program introduced in 4Q 2014. Impact from retention program will be approximately 2/3 lower in 1Q 2016 – 2Q 2017.
- **AllianzGI – fourth record operating profit in a row**  
Increase of 56% driven by strong growth in 3rd party AuM, supported by F/X, higher performance fees and absence of negative one-off expenses charged in 2Q 2014.
- **Segment – CIR increases driven by PIMCO**  
Increase primarily driven by loss of scale at PIMCO and – to a lower extent – by extraordinary expenses.
- **PIMCO – CIR temporarily elevated**  
CIR increases due to lower average 3rd party AuM and extraordinary expenses. 3%-p increase due to retention program. These and other special expenses (e.g. higher marketing and consulting costs) were only partly offset by lower variable compensation. Improvement of CIR expected in 2H 2015 and further recovery in 2016.
- **AllianzGI – CIR strongly improved**  
Lowest CIR level since implementation of new structure in 2012. AllianzGI impact on segment CIR: -2%-p.
- **AAM Corporate – driven by one-off**  
Impact on segment CIR: +1%-p due to one-off expenses resulting from relocation within the U.S.



# CO: operating result in line with expectations (EUR mn)

## Operating loss development and components



2Q 15	-264	26	8	0
2Q 14	-245	17	8	0

## CO: operating result in line with expectations

### Comments

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- **Holding & Treasury – higher loss**  
Mainly due to higher costs for pensions due to lower discount rate and slightly higher marketing expenses.
- **Banking – improvement**  
Improved operating result mainly due to lower expenses in Italy and Germany (decrease in personnel expenses).

## Group: shareholders' net income up 15 percent (EUR mn)

	2Q 14	2Q 15	Change
Operating profit	2,770	2,842	+72
Non-operating items	-37	137	+174
Realized gains/losses (net)	243	424	+181
Impairments (net)	-24	-43	-20
Income from fin. assets and liabilities carried at fair value (net)	-31	13	+44
Interest expenses from external debt	-206	-213	-7
Fully consolidated private equity inv. (net)	0	-6	-6
Acquisition-related expenses	1	3	+2
Amortization of intangible assets	-20	-41	-21
Income before taxes	2,733	2,979	+246
Income taxes	-875	-867	+7
Net income	1,858	2,112	+254
Non-controlling interests	103	94	-9
Shareholders' net income	1,755	2,018	+263
Effective tax rate	32%	29%	-3%-p

## Group: shareholders' net income up 15 percent

### Comments

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- **Non-operating items improved**  
Positive development driven by higher realized gains/losses (net) in equities (EUR 154mn) and debt securities (EUR 261mn), overcompensating slightly higher impairments.
- **Tax rate better than expected**  
2Q tax rate shows improvement helped by higher tax exempt income.
- **Shareholders' net income up**  
Increase of 15.0% mainly driven by non-operating result, further supported by lower tax burden.

# Summary

- 
- Total revenues at EUR 30.2bn (+2.4%)
  - Operating profit of EUR 2,842mn (+2.6%)
  - Shareholders' net income of EUR 2,018mn (+15.0%)
  - Strong capital position and balance sheet

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

Allianz confirms operating profit outlook for 2015 at upper end of target range at EUR 10.8bn

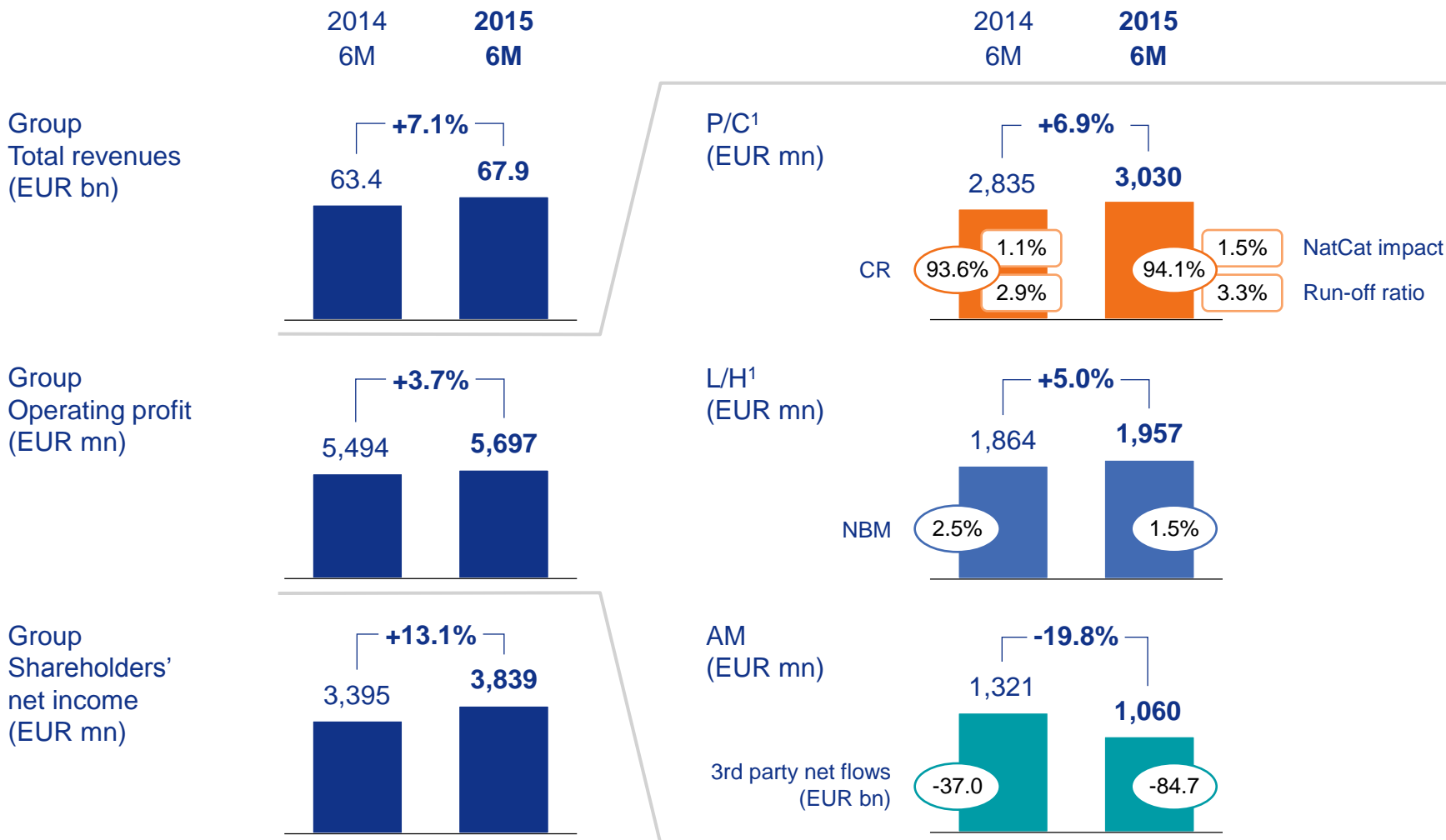
1) Impact from NatCat, financial markets and global economic development not predictable

# 2a

Group financial  
results 2Q 2015

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

# Financial highlights 6M 2015



1) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

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

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>Total revenues (EUR bn)</b>	<b>34.0</b>	<b>29.5</b>	<b>28.8</b>	<b>30.1</b>	<b>37.8</b>	<b>30.2</b>	<b>+0.7</b>	<b>63.4</b>	<b>67.9</b>	<b>+4.5</b>
<i>Property-Casualty</i>	15.2	10.8	11.3	11.0	17.3	11.8	+1.0	26.1	29.2	+3.1
<i>Life / Health</i>	17.2	17.0	15.9	17.4	18.8	16.7	-0.2	34.1	35.5	+1.4
<i>Asset Management</i>	1.5	1.6	1.6	1.6	1.6	1.5	-0.1	3.1	3.1	0.0
<i>Corporate and Other</i>	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.3	0.3	0.0
<i>Consolidation</i>	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	-0.2	-0.2	0.0
<b>Operating profit</b>	<b>2,723</b>	<b>2,770</b>	<b>2,650</b>	<b>2,258</b>	<b>2,855</b>	<b>2,842</b>	<b>+72</b>	<b>5,494</b>	<b>5,697</b>	<b>+204</b>
<i>Property-Casualty</i>	1,489	1,345	1,422	1,125	1,285	1,745	+400	2,835	3,030	+195
<i>Life / Health</i>	880	985	790	673	1,104	853	-132	1,864	1,957	+92
<i>Asset Management</i>	646	676	694	588	555	505	-171	1,321	1,060	-261
<i>Corporate and Other</i>	-222	-219	-248	-131	-101	-230	-10	-442	-331	+111
<i>Consolidation</i>	-69	-16	-9	3	13	-32	-16	-85	-19	+66
Non-operating items	-117	-37	-331	-1,069	-61	137	+174	-154	76	+230
Income before taxes	2,607	2,733	2,319	1,189	2,794	2,979	+246	5,339	5,773	+434
Income taxes	-867	-875	-632	128	-858	-867	+7	-1,741	-1,725	+17
<b>Net income</b>	<b>1,740</b>	<b>1,858</b>	<b>1,687</b>	<b>1,318</b>	<b>1,937</b>	<b>2,112</b>	<b>+254</b>	<b>3,598</b>	<b>4,048</b>	<b>+450</b>
Non-controlling interests	100	103	81	98	115	94	-9	203	209	+6
<b>Shareholders' net income</b>	<b>1,640</b>	<b>1,755</b>	<b>1,606</b>	<b>1,220</b>	<b>1,822</b>	<b>2,018</b>	<b>+263</b>	<b>3,395</b>	<b>3,839</b>	<b>+444</b>
Group financial assets <sup>2</sup> (EUR bn)	556.0	572.8	595.8	612.0	662.0	630.1	+57.3	572.8	630.1	+57.3

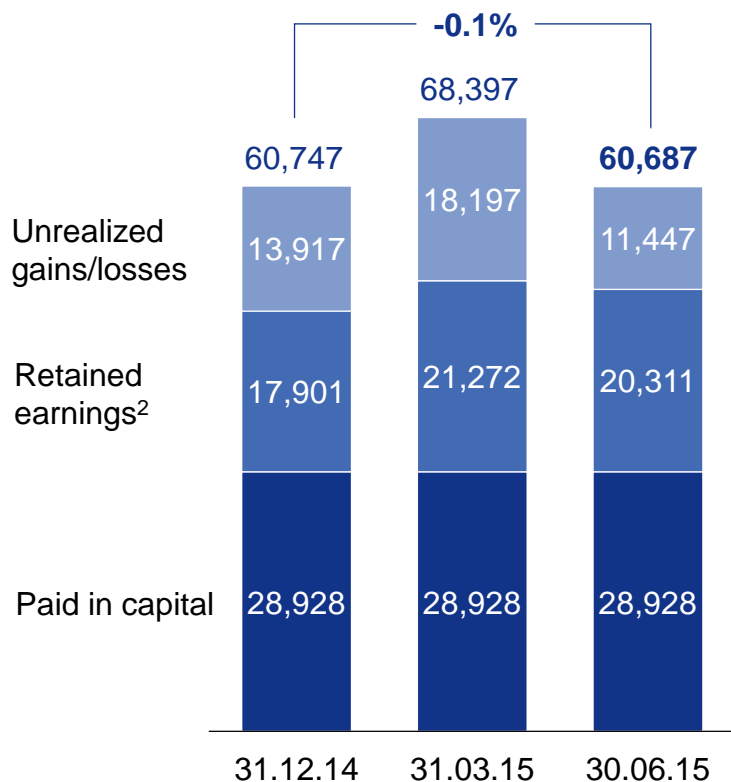
1) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

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

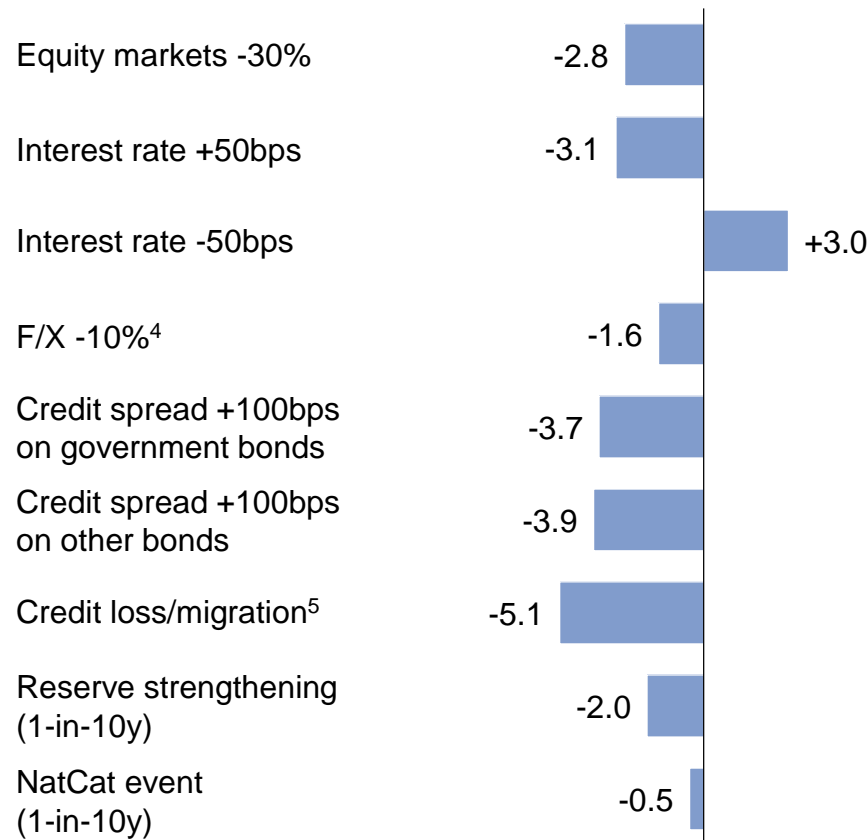


## Group: shareholders' equity and stress tests

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



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



1) Excluding non-controlling interests  
 (31.12.14: EUR 2,955mn; 31.03.15: EUR 3,103mn; 30.06.15: EUR 2,824mn)  
 2) Including F/X  
 3) After non-controlling interests, policyholder participation, tax and shadow DAC

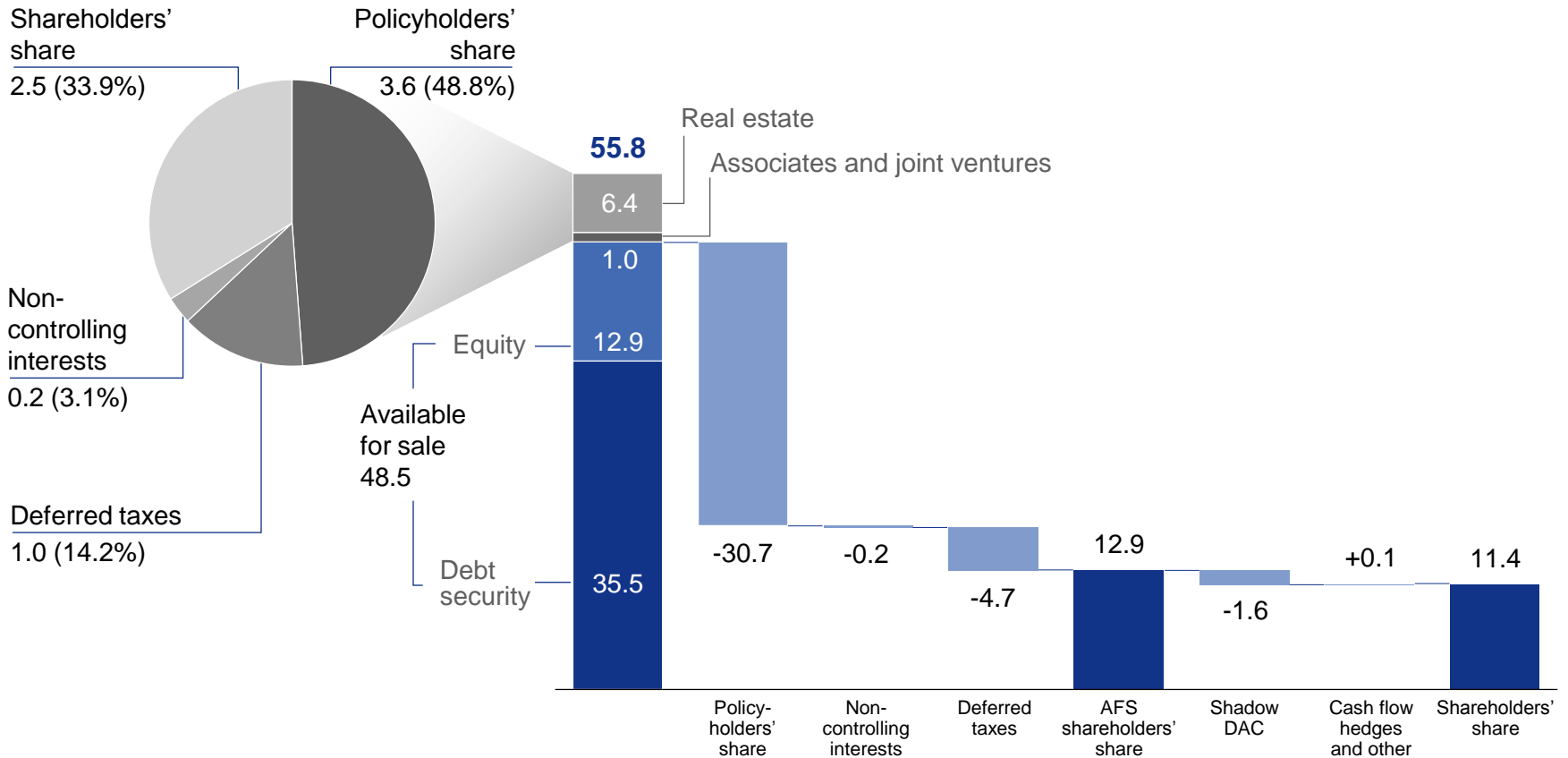
4) Weakening all currencies against EUR  
 5) Credit loss/migration: scenario based on probabilities of default in 1932, migrations adjusted to mimic recession and assumed recovery rate of 30%

# Group: revaluation reserve (EUR bn)

Off-balance sheet

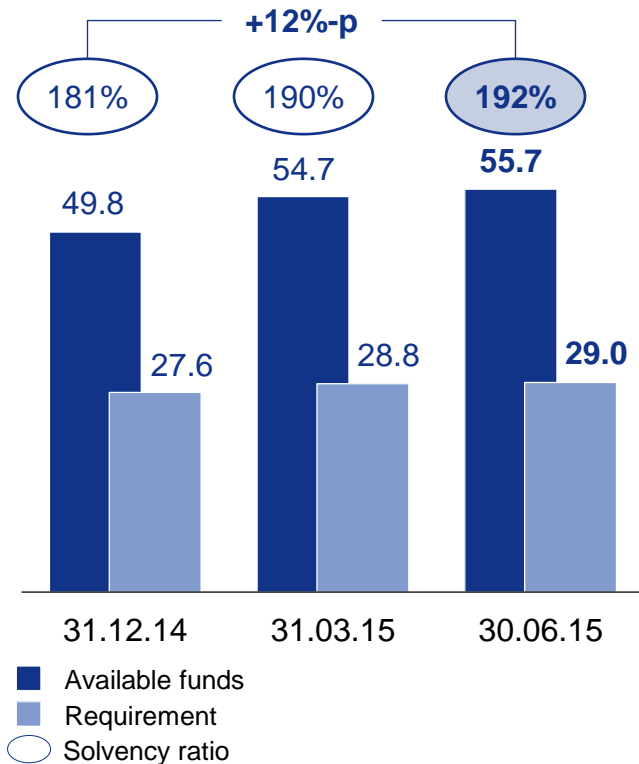
Revaluation  
reserve

On-balance sheet



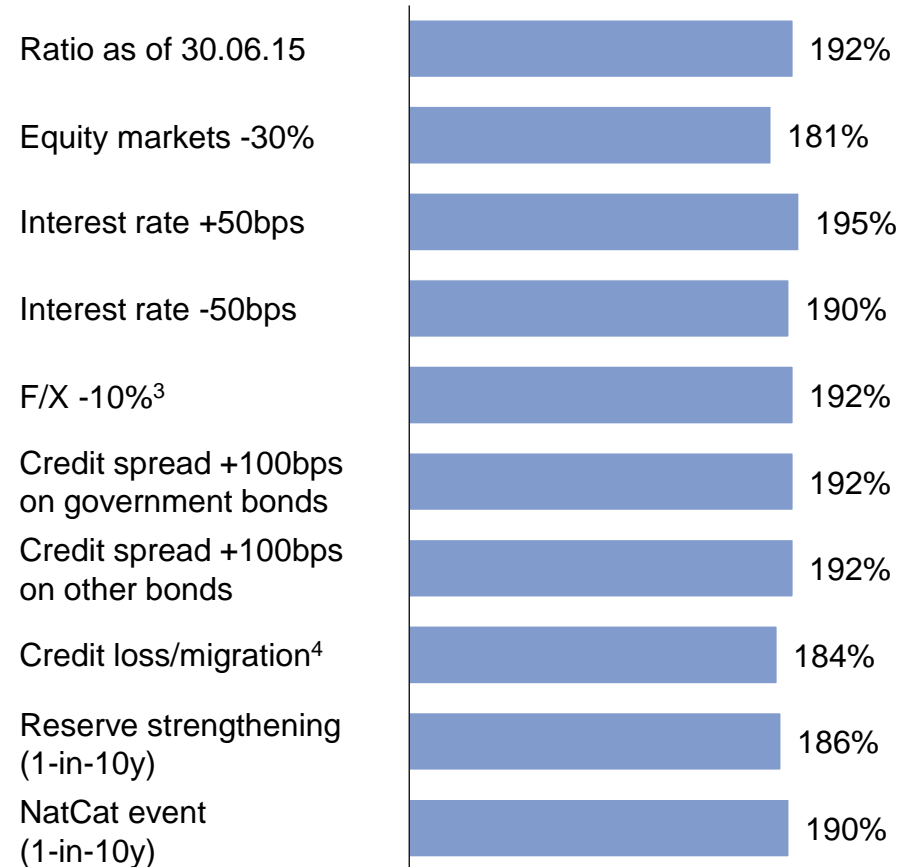
# Group: conglomerate solvency ratio and stress tests

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



1) 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: 31.12.14: EUR 2.3bn, 31.03.15: EUR 2.4bn and 30.06.15: EUR 2.4bn. The solvency ratio excluding off-balance sheet reserves would be 172% for 31.12.14, 182% for 31.03.15 and 184% for 30.06.15

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



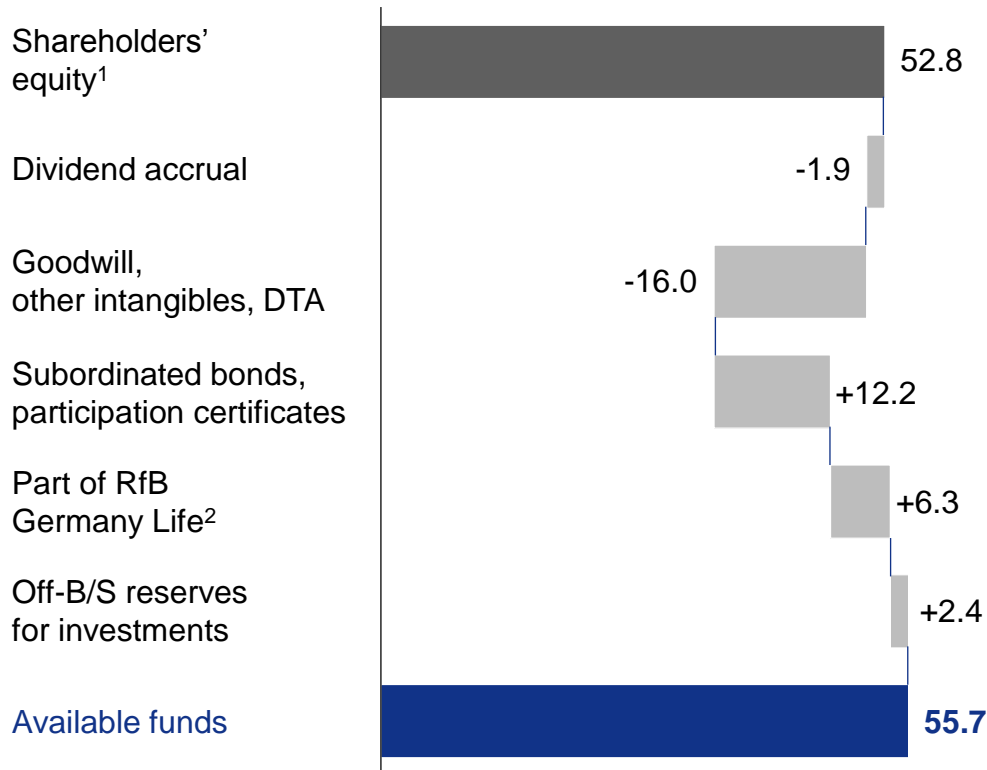
2) After non-controlling interests, policyholder participation, tax and shadow DAC

3) Weakening all currencies against EUR

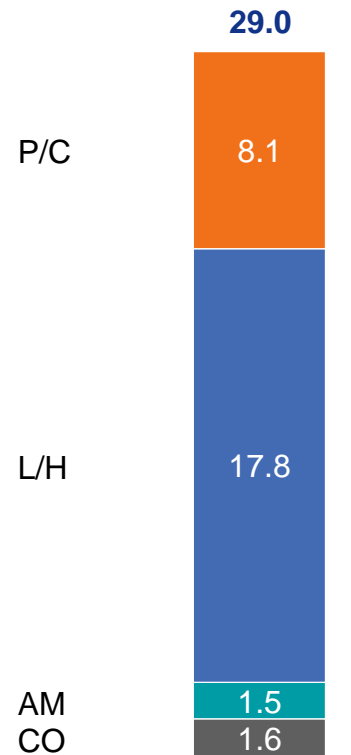
4) Corporate credit loss/migration: scenario based on probabilities of default in 1932, migrations adjusted to mimic recession and assumed recovery rate of 30%

# Group: conglomerate solvency details as of 30.06.15 (EUR bn)

## Available funds



## Required capital

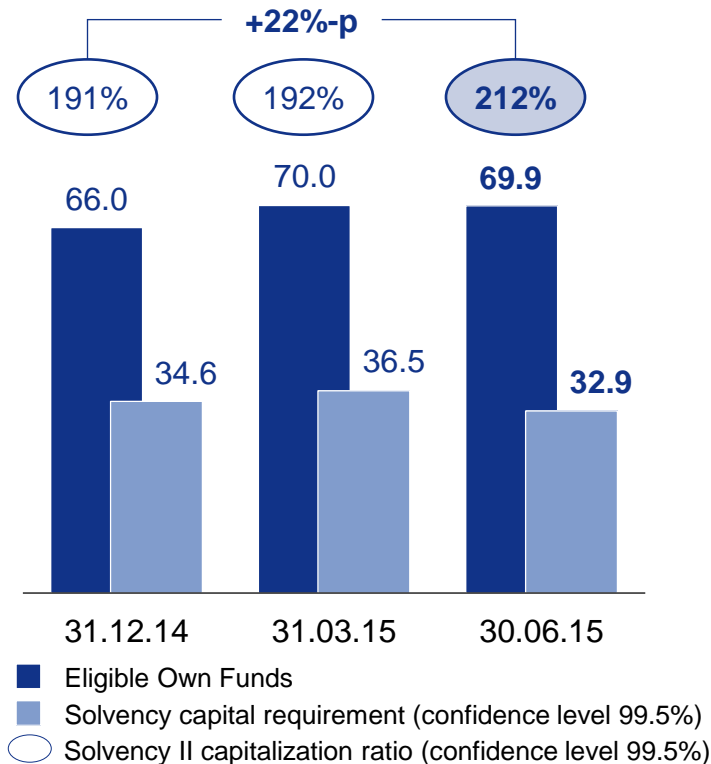


1) Adjusted for unrealized gains/losses on bonds net of shadow DAC (negative effect of EUR 7.9bn)

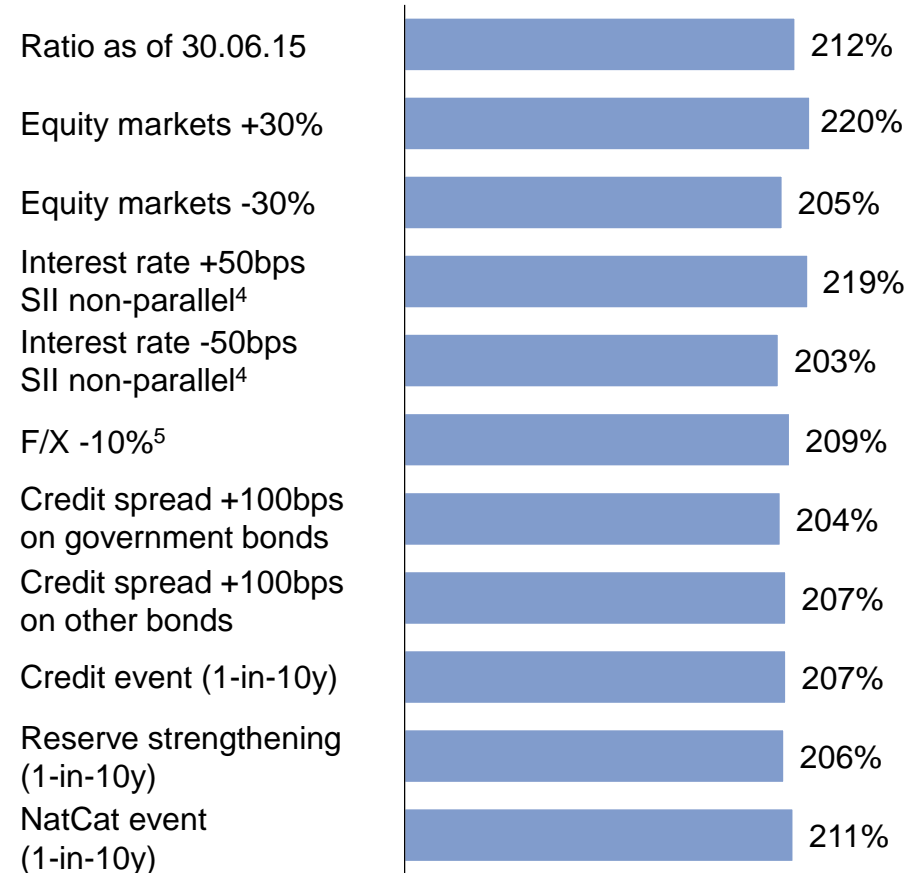
2) Part of the RfB of Germany Life, which counts as FCD available funds

# Group: Solvency II capitalization and stress tests

## SII capitalization<sup>1,2</sup> (EUR bn)



## Estimation of stress impact<sup>3</sup>



1) Including sovereign credit risk based on the domestic light approach. AZ Life included based on third country equivalence with 100% of RBC CAL  
 2) Eligible Own Funds include anchoring in line with EIOPA approach  
 3) Estimated Solvency II capitalization ratio changes in case of stress scenarios (stress applied on both Eligible Own Funds and Solvency capital requirement) Second order effects to other risk types and to own funds transferability restrictions are not considered

4) IR stresses based on non-parallel shifts of the interest rate curve in line with anchoring based on the EIOPA approach  
 5) Weakening all currencies against EUR

## Group: asset allocation (EUR bn)

		Property-Casualty		Life / Health		Asset Management		Corporate and Other		Consolidation		Group	
		30.06.14	30.06.15	30.06.14	30.06.15	30.06.14	30.06.15	30.06.14	30.06.15	30.06.14	30.06.15	30.06.14	30.06.15
Investments	<i>Equities<sup>1</sup></i>	6.0	7.0	30.4	36.8	0.0	0.0	1.8	2.7	0.0	0.0	38.3	46.5
	<i>Debt securities</i>	69.6	75.5	300.6	340.0	0.1	0.2	27.9	30.6	0.0	0.0	398.1	446.2
	<i>Cash and cash pool assets<sup>2</sup></i>	5.0	4.6	8.7	6.0	2.1	2.0	-4.6	-2.2	-1.0	-0.5	10.1	9.9
	<i>Other<sup>3</sup></i>	7.8	9.8	10.2	10.5	0.0	0.0	0.3	0.3	-6.3	-7.5	12.0	13.1
	<b>Total Investments</b>	<b>88.4</b>	<b>96.9</b>	<b>349.9</b>	<b>393.4</b>	<b>2.2</b>	<b>2.2</b>	<b>25.4</b>	<b>31.4</b>	<b>-7.3</b>	<b>-8.0</b>	<b>458.6</b>	<b>515.8</b>
Loans and advances	Debt securities	15.3	14.0	89.2	92.1	0.1	0.1	17.0	16.5	-7.3	-6.9	114.4	115.8
<b>Investments &amp; loans</b>		<b>103.7</b>	<b>110.8</b>	<b>439.1</b>	<b>485.4</b>	<b>2.3</b>	<b>2.3</b>	<b>42.4</b>	<b>47.9</b>	<b>-14.6</b>	<b>-14.9</b>	<b>572.9</b>	<b>631.6</b>
Financial assets and liabilities designated at fair value <sup>4</sup>		0.1	0.1	3.7	4.4	0.1	0.0	0.4	0.3	0.0	0.0	4.3	4.8
Financial assets and liabilities held for trading <sup>4</sup>		0.4	0.4	-4.4	-6.2	0.0	0.0	-0.4	-0.5	0.0	0.0	-4.4	-6.3
<b>Group financial assets</b>		<b>104.2</b>	<b>111.3</b>	<b>438.5</b>	<b>483.6</b>	<b>2.4</b>	<b>2.4</b>	<b>42.4</b>	<b>47.7</b>	<b>-14.6</b>	<b>-14.9</b>	<b>572.8</b>	<b>630.1</b>
Equities AFS		5.4	6.2	28.4	33.8	0.0	0.0	1.3	2.0	0.0	0.0	35.1	42.0
Equities associated ent. / joint ventures		0.6	0.8	2.0	3.0	0.0	0.0	0.5	0.7	0.0	0.0	3.2	4.5
<b>Equities</b>		<b>6.0</b>	<b>7.0</b>	<b>30.4</b>	<b>36.8</b>	<b>0.0</b>	<b>0.0</b>	<b>1.8</b>	<b>2.7</b>	<b>0.0</b>	<b>0.0</b>	<b>38.3</b>	<b>46.5</b>
Affiliated enterprises		8.9	9.0	0.1	0.2	0.0	0.0	77.0	76.4	-86.0	-85.6	0.0	0.0
<b>Investments &amp; loans incl. affiliated enterprises</b>		<b>112.6</b>	<b>119.8</b>	<b>439.3</b>	<b>485.6</b>	<b>2.3</b>	<b>2.3</b>	<b>119.4</b>	<b>124.3</b>	<b>-100.7</b>	<b>-100.5</b>	<b>572.9</b>	<b>631.6</b>
Real estate held for investment		3.0	3.2	7.7	8.3	0.0	0.0	0.3	0.3	0.0	0.0	10.9	11.8
Funds under reins. contr. assumed		4.9	6.6	2.5	2.2	0.0	0.0	0.0	0.0	-6.3	-7.5	1.1	1.3
<b>Other</b>		<b>7.8</b>	<b>9.8</b>	<b>10.2</b>	<b>10.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>0.3</b>	<b>-6.3</b>	<b>-7.5</b>	<b>12.0</b>	<b>13.1</b>

1) Equities incl. associated enterprises / joint ventures, excl. affiliated enterprises

2) Net of liabilities from securities lending and including liabilities from cash pooling

3) Other incl. real estate held for investment and funds held by others under reinsurance contracts assumed

4) Net of liabilities

# Group: investment result

## (EUR mn)

	Property-Casualty		Life / Health		Asset Management		Corporate and Other		Consolidation		Group	
	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015
<b>Operating investment result</b>												
Interest and similar income <sup>1</sup>	922	961	4,448	4,821	-1	-2	81	108	-14	-20	5,436	5,868
Inc. fr. fin. assets and liab. carried at FV <sup>2</sup>	-15	61	-228	-460	3	-1	11	48	0	-9	-228	-362
Realized gains/losses (net)	29	58	754	1,606	0	0	0	0	0	6	783	1,670
Impairments of investments (net)	-1	-5	-49	-108	0	0	0	0	0	0	-50	-113
F/X result	17	-90	191	-812	1	-8	-3	-59	0	0	206	-968
Investment expenses	-74	-87	-232	-245	0	0	-19	-19	93	86	-232	-265
<b>Subtotal</b>	<b>877</b>	<b>899</b>	<b>4,884</b>	<b>4,802</b>	<b>4</b>	<b>-11</b>	<b>71</b>	<b>78</b>	<b>79</b>	<b>62</b>	<b>5,914</b>	<b>5,830</b>
<b>Non-operating investment result</b>												
Inc. fr. fin. assets and liab. carried at FV	-3	-20	-25	39	0	0	-1	-15	-2	9	-31	13
Realized gains/losses (net)	114	207	90	64	0	0	38	152	1	0	243	424
Impairments of investments (net)	-20	-39	-3	-3	0	0	-1	-1	0	0	-24	-43
<b>Subtotal</b>	<b>91</b>	<b>147</b>	<b>63</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>136</b>	<b>-1</b>	<b>10</b>	<b>188</b>	<b>393</b>
<b>Net investment income</b>	<b>968</b>	<b>1,046</b>	<b>4,947</b>	<b>4,903</b>	<b>3</b>	<b>-11</b>	<b>106</b>	<b>214</b>	<b>78</b>	<b>72</b>	<b>6,102</b>	<b>6,224</b>
<i>Investment return in % of avg. investm.<sup>3</sup></i>	<i>0.9%</i>	<i>0.9%</i>	<i>1.1%</i>	<i>1.0%</i>	<i>n/m</i>	<i>n/m</i>	<i>0.3%</i>	<i>0.4%</i>	<i>n/m</i>	<i>n/m</i>	<i>1.1%</i>	<i>1.0%</i>
Movements in unrealized gains/losses on equities	61	-251	456	-1,783	0	0	-36	-135	n/m	n/m	481	-2,170
<i>Total investment return in % of avg. inv.<sup>3</sup></i>	<i>1.0%</i>	<i>0.7%</i>	<i>1.3%</i>	<i>0.6%</i>	<i>n/m</i>	<i>n/m</i>	<i>0.2%</i>	<i>0.2%</i>	<i>n/m</i>	<i>n/m</i>	<i>1.2%</i>	<i>0.6%</i>

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

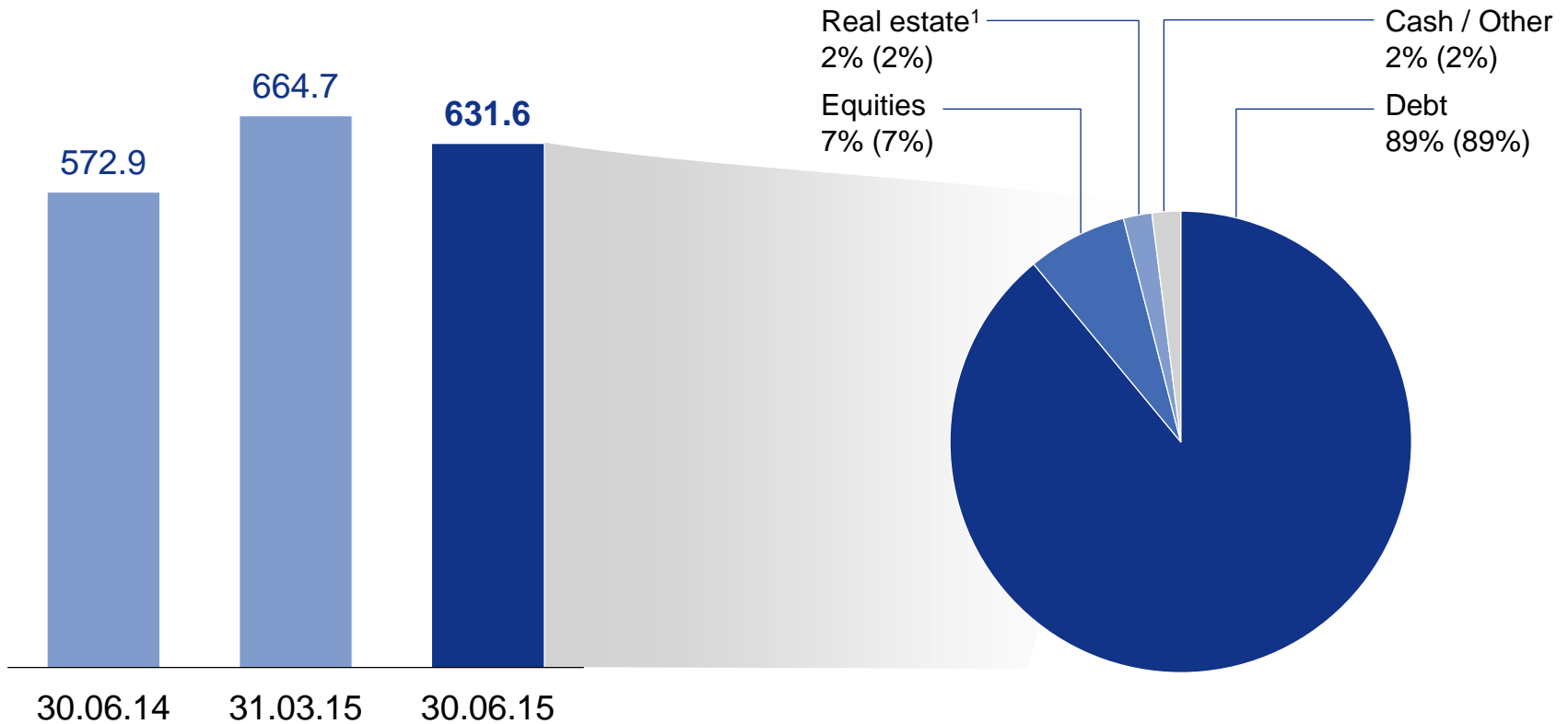
2) Contains income from financial assets/liabilities carried at fair value and operating trading result excluding F/X result

3) Investment return calculation is based on total assets

# Group: overview investment portfolio

Group investments and loans  
(EUR bn)

Asset allocation as of 30.06.15 (30.06.14)



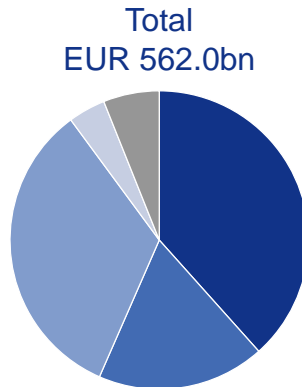
1) Excluding real estate own use and real estate held for sale



# Group: fixed income portfolio (30.06.15)

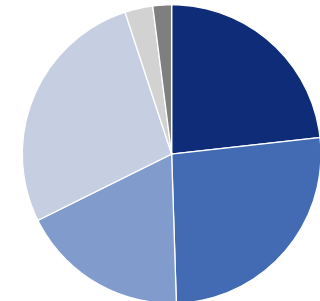
## By type of issuer

Government	38%
Covered	18%
Corporate	33%
<i>thereof Banking</i>	6%
ABS/MBS <sup>1</sup>	4%
Other <sup>2</sup>	6%



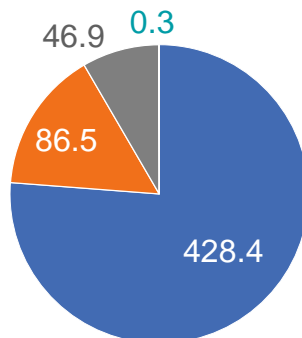
## By rating<sup>3</sup>

AAA	23%
AA	26%
A	18%
BBB	27%
Non-investment grade	3%
Not rated <sup>4</sup>	2%

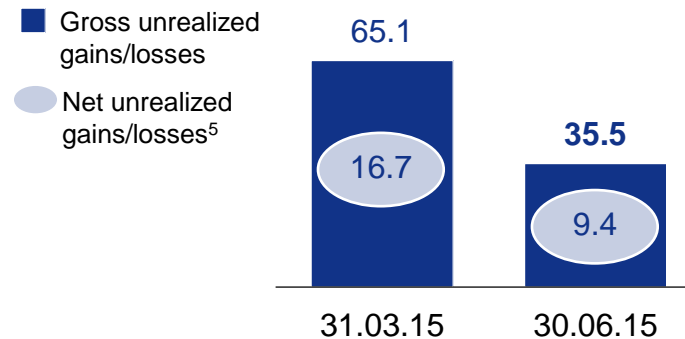


## By segment (EUR bn)

L/H	76%
P/C	15%
Corporate and Other	8%
Asset Management	0%



## AFS unrealized gains/losses (EUR bn)



1) Including U.S. agency MBS investments (EUR 3.9bn)

2) Including seasoned self-originated private retail loans and short-term deposits at banks

3) Excluding seasoned self-originated private retail loans

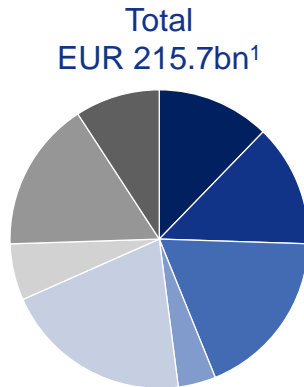
4) Mostly mutual funds and short-term investments

5) On-balance sheet unrealized gains/ losses after tax, non-controlling interests, policyholders and before shadow DAC

# Group: fixed income portfolio – Government and government related (30.06.15)

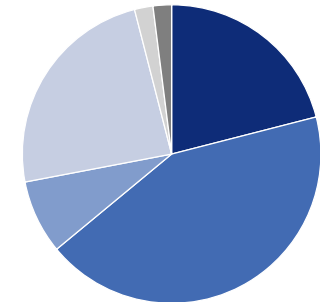
## By region

Germany	12%
Italy	13%
France	18%
Spain	4%
Rest of Europe	20%
USA	6%
Rest of World	16%
Supranational	9%



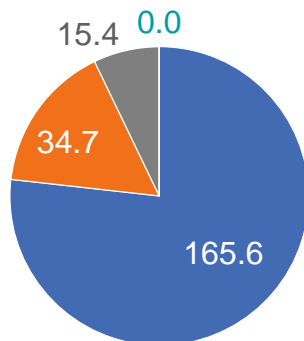
## By rating

AAA	21%
AA	43%
A	8%
BBB	24%
Non-investment grade	2%
Not rated	2%

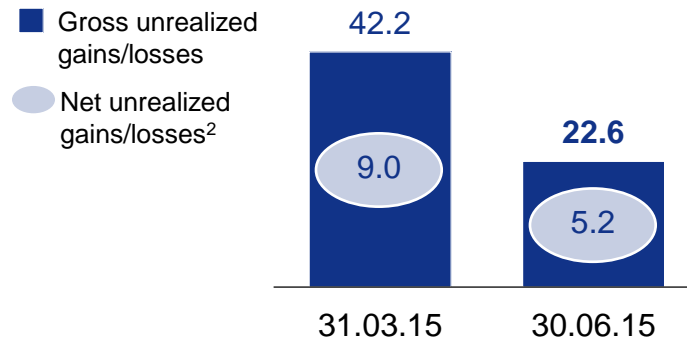


## By segment (EUR bn)

L/H	77%
P/C	16%
Corporate and Other	7%
Asset Management	0%



## AFS unrealized gains/losses (EUR bn)



1) Government and government related (excl. U.S. agency MBS)

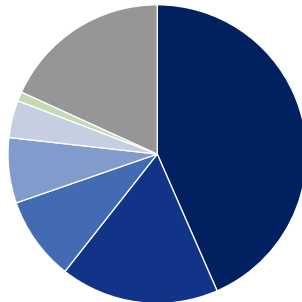
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

# Group: fixed income portfolio – Covered bonds (30.06.15)

## By country

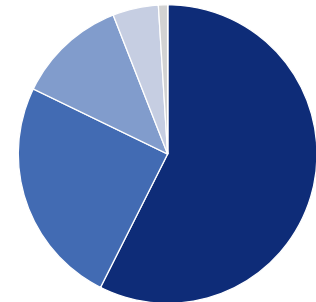
Germany	43%
France	17%
Spain	9%
Italy	7%
UK	4%
Ireland	1%
Rest of World	18%

Total  
EUR 102.0bn



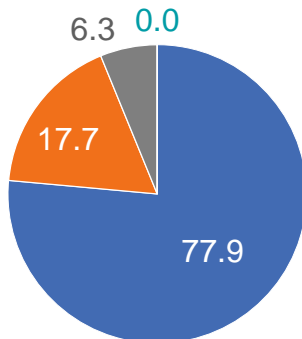
## By rating

AAA	58%
AA	25%
A	12%
BBB	5%
Non-investment grade	1%
Not rated	0%

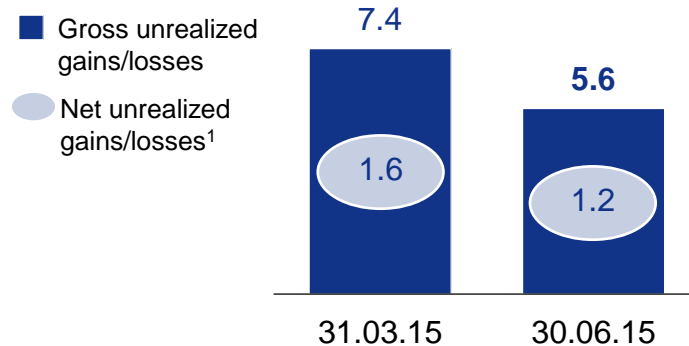


## By segment (EUR bn)

L/H	76%
P/C	17%
Corporate and Other	6%
Asset Management	0%



## AFS unrealized gains/losses (EUR bn)



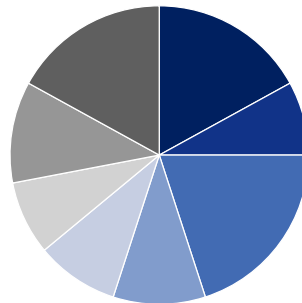
1) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

# Group: fixed income portfolio – Corporate (30.06.15)

## By sector

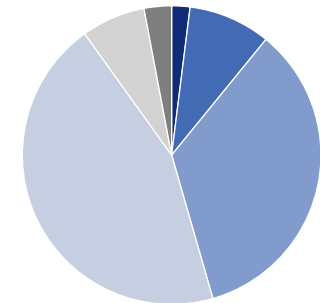
Banking	17%
Other financials	8%
Consumer	20%
Communication	10%
Energy	9%
Industrial	8%
Utility	11%
Other	17%

Total  
EUR 187.6bn



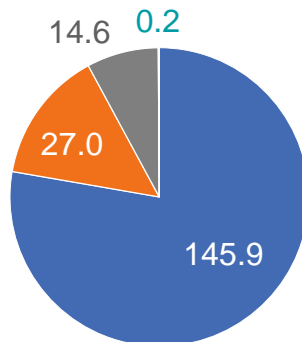
## By rating

AAA	2%
AA	9%
A	35%
BBB	45%
Non-investment grade	7%
Not rated <sup>1</sup>	3%

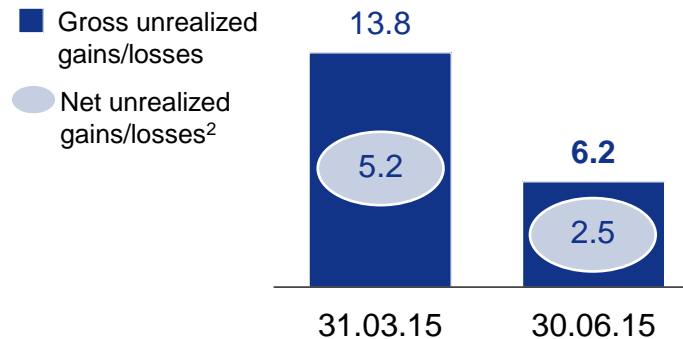


## By segment (EUR bn)

L/H	78%
P/C	14%
Corporate and Other	8%
Asset Management	0%



## AFS unrealized gains/losses (EUR bn)



1) Including Eurozone loans/bonds (1%)

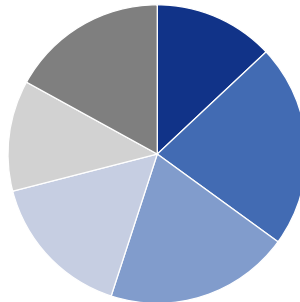
2) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

# Group: equity portfolio (30.06.15)

## By region

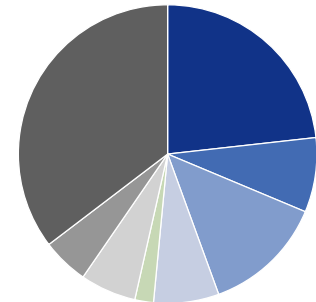
Germany	13%
Eurozone ex Germany	22%
Europe ex Eurozone	20%
NAFTA	16%
Rest of World	12%
Multinational <sup>2</sup>	17%

Total  
EUR 46.5bn<sup>1</sup>



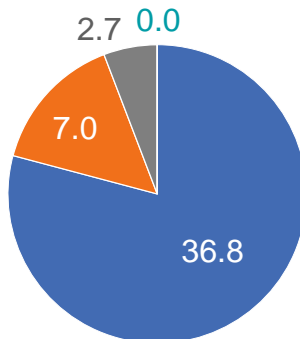
## By industry

Consumer	23%
Banking	8%
Other Financials	13%
Basic materials	7%
Utilities	2%
Industrial	6%
Energy	5%
Funds and Other <sup>3</sup>	35%

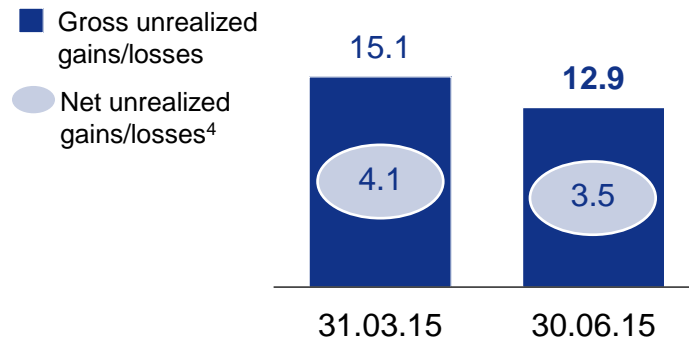


## By segment (EUR bn)

L/H	79%
P/C	15%
Corporate and Other	6%
Asset Management	0%



## AFS unrealized gains/losses (EUR bn)



1) Incl. non-equity retail funds (EUR 0.0bn), excl. equities designated at fair value through income (EUR 2.4bn)

2) Incl. private equity funds (EUR 4.2bn) and mutual stock funds (EUR 3.1bn)

3) Diversified investment funds (EUR 3.3bn); private and unlisted equity (EUR 7.3bn)

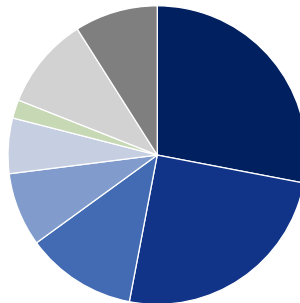
4) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

# Group: real estate portfolio<sup>1</sup>

## By region

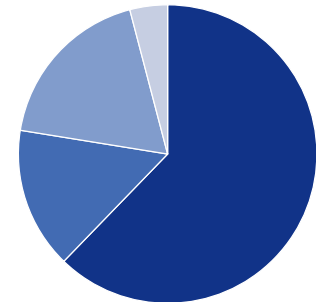
France	28%
Germany	25%
Switzerland	12%
Italy	8%
USA	6%
Poland	2%
Rest of Eurozone	10%
Rest of World	9%

Total  
EUR 24.7bn<sup>2,3</sup>



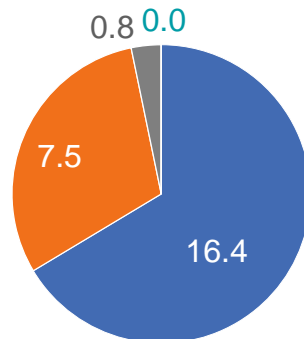
## By sectors

Office	61%
Residential	15%
Retail	18%
Other/mixed	6%

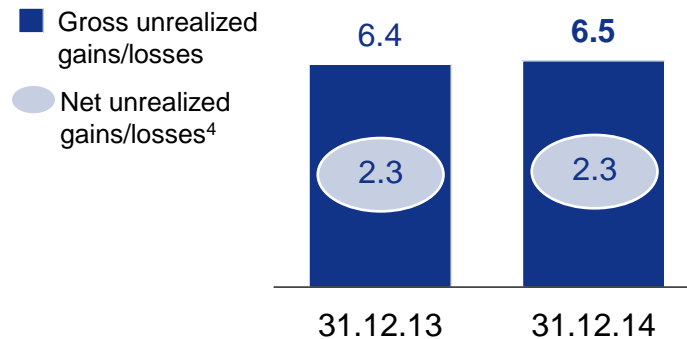


## By segment (EUR bn)

L/H	66%
P/C	30%
Corporate and Other	3%
Asset Management	0%



## Unrealized gains/losses (EUR bn)<sup>3</sup>



1) Based on market values as of 31.12.14

2) Market value of real estate assets including EUR 20.1bn directly held real estate assets (e.g. held for investment, held for own use) and EUR 4.6bn indirectly held real estate assets (e.g. associates and joint ventures, available-for-sale investments)

3) Associates and joint ventures as well as available-for-sale indirectly held real estate investments are also part of the equity portfolio and fixed income portfolio

4) Unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC, based on external and internal real estate valuations

# 2b

Group financial  
results 2Q 2015

- 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<sup>1</sup>

(EUR mn)

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>Gross premiums written (EUR bn)</b>	15.2	10.8	11.3	11.0	17.3	11.8	+1.0	26.1	29.2	+3.1
<b>Operating profit</b>	1,489	1,345	1,422	1,125	1,285	1,745	+400	2,835	3,030	+195
<i>Underwriting result</i>	704	516	650	380	555	694	+178	1,220	1,249	+29
<i>Investment result</i>	748	805	770	743	799	840	+35	1,552	1,638	+86
<i>Other<sup>2</sup></i>	38	24	2	2	-69	212	+187	62	143	+81
Non-operating items	-576	85	86	-1	0	130	+45	-491	130	+621
Income before taxes	913	1,430	1,509	1,124	1,284	1,876	+446	2,343	3,160	+817
Income taxes	-268	-461	-426	-373	-362	-532	-71	-729	-894	-165
<b>Net income</b>	645	969	1,083	751	922	1,344	+374	1,614	2,266	+651
Non-controlling interests	44	42	31	42	52	37	-4	85	89	+4
<b>Shareholders' net income</b>	601	928	1,051	709	870	1,306	+379	1,529	2,177	+647
<b>Combined ratio (in %)</b>	92.6	94.6	93.5	96.5	94.6	93.5	-1.1%-p	93.6	94.1	+0.4%-p
<i>Loss ratio</i>	64.6	66.2	65.9	67.1	66.4	65.7	-0.5%-p	65.4	66.1	+0.6%-p
<i>Expense ratio</i>	28.0	28.4	27.6	29.3	28.2	27.8	-0.6%-p	28.2	28.0	-0.2%-p
Segment financial assets <sup>3</sup> (EUR bn)	104.6	104.2	106.6	109.2	116.5	111.3	+7.1	104.2	111.3	+7.1

1) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

2) 2Q 15 figures include the net gain on the sale of personal lines to ACE of EUR 0.2bn

3) 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



## P/C: portfolio split<sup>1</sup>

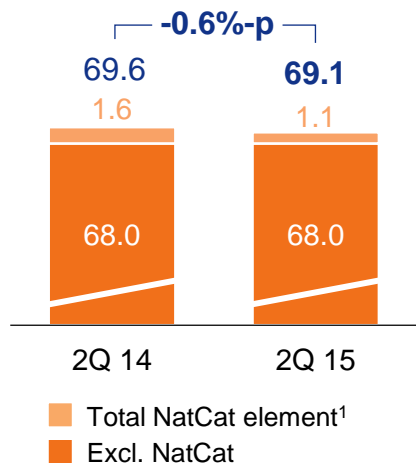
Combined ratio	< 95%	> 95% <100%	> 100%
<b>Key contributors (6M 2015)</b>  <b>Italy</b> <ul style="list-style-type: none"> <li>CR 84.6%. Ongoing excellent performance in a softening market. Declining average motor premium, strong 'Direct' growth and Unipol acquisition lead to AY LR increase. Unipol adds EUR 428mn to top-line.</li> </ul> <b>Germany</b> <ul style="list-style-type: none"> <li>CR 92.1%. Benefitting from positive price momentum and a favorable large loss and expense development. Despite higher NatCat vs py.</li> </ul> <b>AGCS excl. FFIC<sup>2</sup></b> <ul style="list-style-type: none"> <li>Excellent CR of 93.6% supported by run-off in combination with a strong internal growth of 7.7%.</li> </ul>	<b>France</b> <ul style="list-style-type: none"> <li>Favorable CR of 95.0% combined with an internal growth of 1.0% driven by our retail business.</li> </ul> <b>AWP</b> <ul style="list-style-type: none"> <li>CR 97.1%. Our B2B2C business continues with excellent internal growth of 9.1% supported by all lines of business.</li> </ul> <b>Australia</b> <ul style="list-style-type: none"> <li>CR of 99.2% affected by severe NatCat losses, partly mitigated by significant run-off after reserve review. Strong internal growth of 5.1% supported by both positive volume and price effects.</li> </ul>	<b>FFIC<sup>2</sup></b> <ul style="list-style-type: none"> <li>CR of 130.1% affected by EUR 0.1bn reserve strengthening and 1Q NatCat losses. Integration into AGCS on track.</li> </ul> <b>Russia</b> <ul style="list-style-type: none"> <li>CR of 108.8% is 43.1%-p better than prior year driven by both a lower loss and expense ratio. Downscaling of retail business in progress.</li> </ul> <b>Brazil</b> <ul style="list-style-type: none"> <li>CR of 115.7% with turn-around program underway. GPW behind ambition due to faster than planned progress in health portfolio cleaning, whereas motor portfolio back on growth track.</li> </ul>	
Share of GPW	63%	27%	9%
Ø internal growth	3.3%	4.5%	-3.6%

1) Analysis based on OEs as reported. Exception LatAm where analysis is based on individual country performance and Reinsurance PC which is based on Group external business only for calculation of internal growth. Excludes consolidation effects

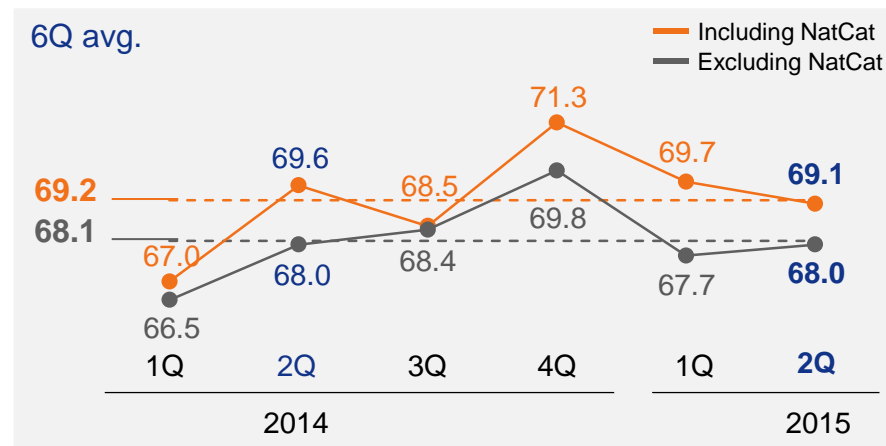
2) Effective 1 January 2015 FFIC was integrated into AGCS Group. Previous period figures were not adjusted. The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of FFIC, are reported within Reinsurance PC since January 1, 2015

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

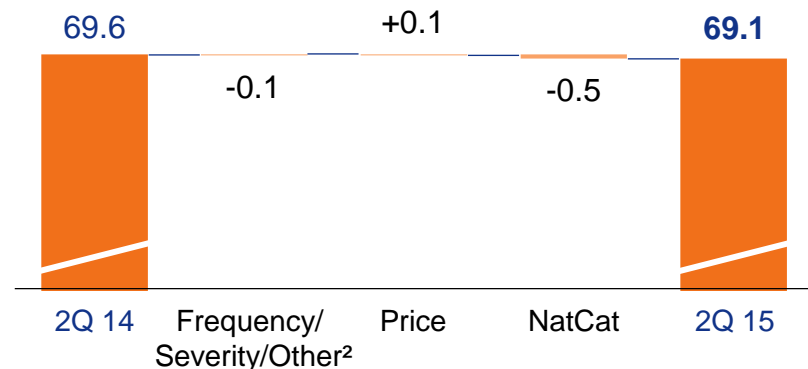
## Accident year loss ratio



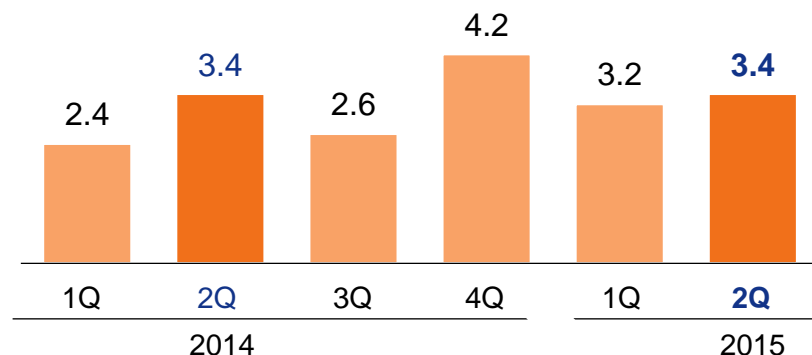
## 6-quarter overview accident year loss ratio



## Development 2Q 15/14 (in %-p)



## Run-off ratio<sup>3</sup> (6Q-average: 3.2%)

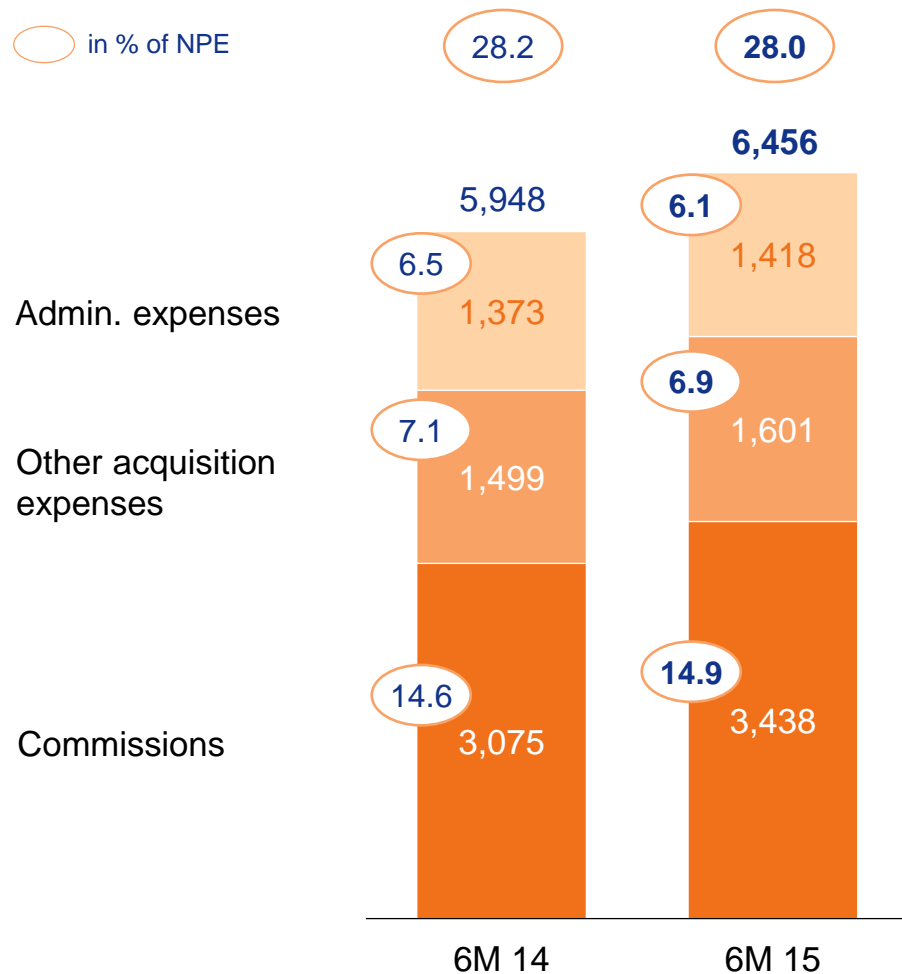


1) NatCat costs (without reinstatement premiums): EUR 172mn (2Q 14) and EUR 122mn (2Q 15)

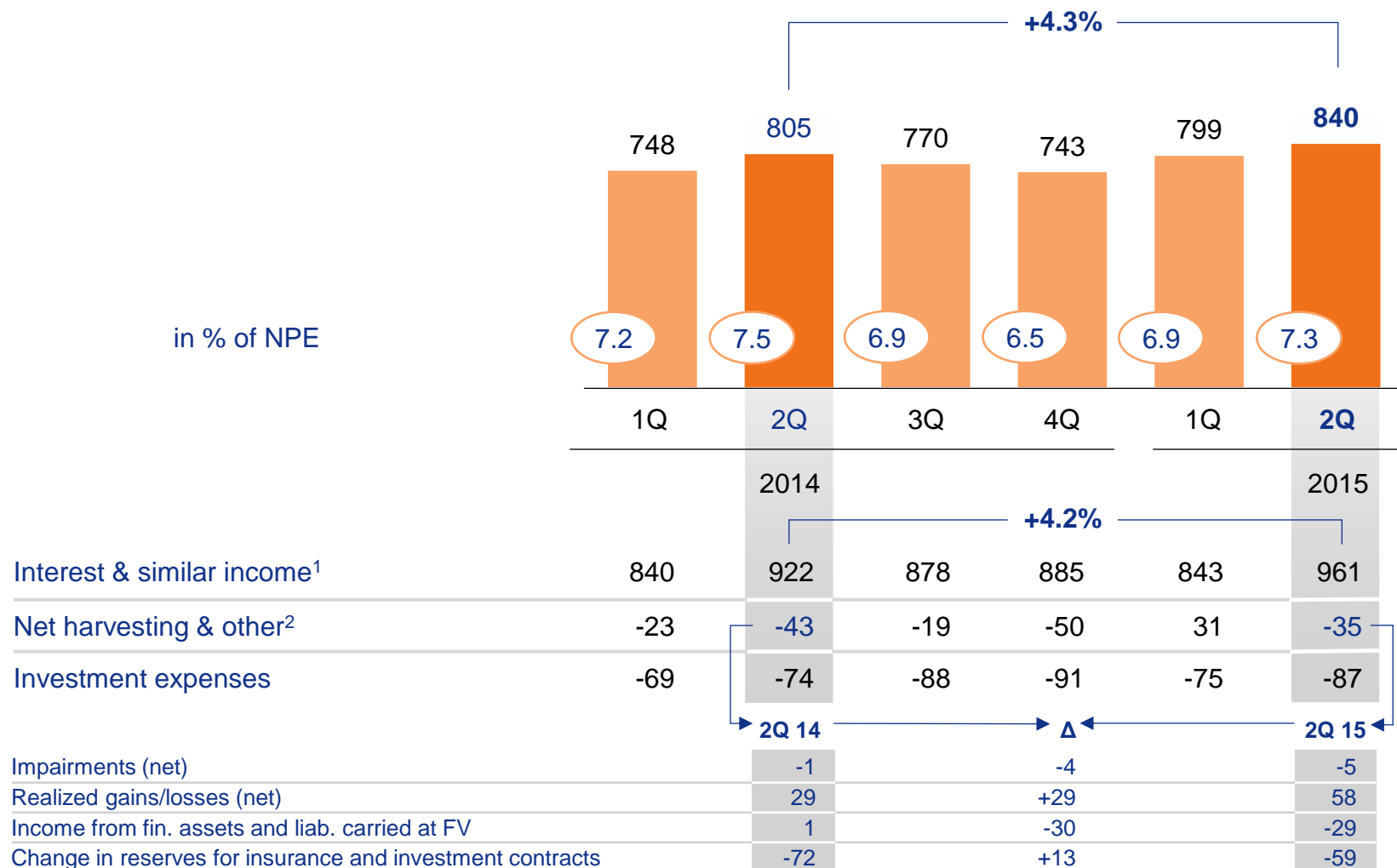
2) Including large claims, reinsurance, credit insurance

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: operating investment result (EUR mn)

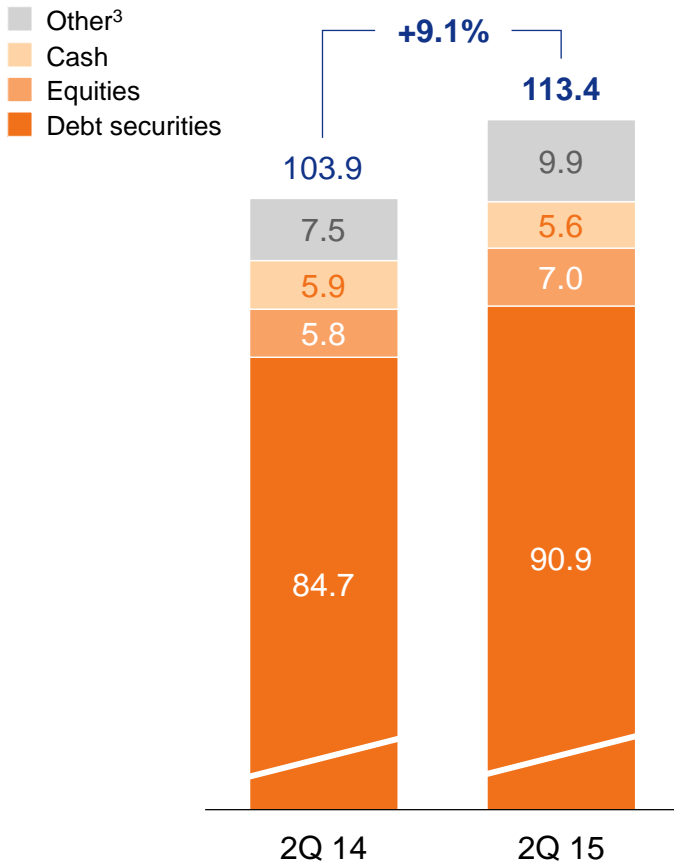


1) Net of interest expenses

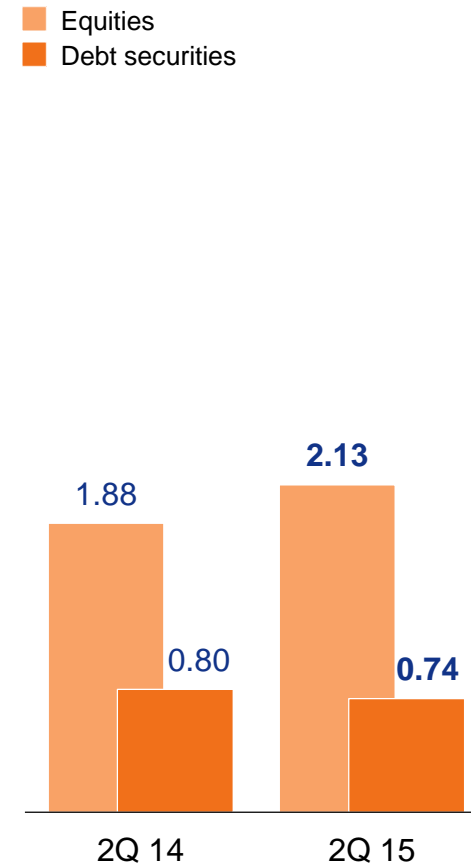
2) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation

# P/C: average asset base and yields

Average asset base<sup>1,2</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) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014  
 3) Real estate investments and funds held by others under reinsurance contracts assumed

## P/C: price effects on renewals

### Pricing overview for selected operating entities<sup>1</sup> (in %)

Selected OEs	Actual rate change on renewals and momentum	Assessment/trends of rate change on renewals
Germany	+1.7%	<ul style="list-style-type: none"> <li>▪ Ongoing hard market in motor expected with stable but flattening rate increases</li> <li>▪ Stable prices in commercial lines and hardening trend in unprofitable segments</li> <li>▪ Ongoing price increases in private lines especially in homeowner and legal protection</li> </ul>
Austria	+1.5%	<ul style="list-style-type: none"> <li>▪ Price stabilization in motor at point of sale; consumer price index at low level in 2015; introduction of new index (KVLPI) leads to higher indexation</li> <li>▪ Weak market situation in non-motor; price index at low level</li> </ul>
Italy	-3.1%	<ul style="list-style-type: none"> <li>▪ Motor still in a soft phase, strong competitiveness and persistent premium decrease</li> <li>▪ Non-motor retail trend driven by indexation and premium adjustments. Market remains soft</li> </ul>
France	+1.3%	<ul style="list-style-type: none"> <li>▪ Retail motor pricing trend remains stable</li> <li>▪ All other lines' pricing trends are softer</li> </ul>
Spain	+2.4%	<ul style="list-style-type: none"> <li>▪ Positive momentum in pricing development of main lines of business</li> <li>▪ Rate influenced by repricing actions in motor commercial and health</li> </ul>
UK	+1.2%	<ul style="list-style-type: none"> <li>▪ Commercial rates falling with market results supported by property lines of business due to an absence of weather and major losses</li> <li>▪ Private motor rates with sustained increases. Higher rates result in lower volume</li> </ul>
Australia	+0.2%	<ul style="list-style-type: none"> <li>▪ Market conditions soft with pressure on rates across most commercial lines, particularly in large end of property risks, casualty, construction and fleet motor</li> <li>▪ Flat rates in retail</li> </ul>
Credit Insurance	-2.0%	<ul style="list-style-type: none"> <li>▪ Renewal rates still negative due to the benign claims environment</li> </ul>
AGCS <sup>2</sup>	0.0%	<ul style="list-style-type: none"> <li>▪ Rate increases in FFIC commercial lines and marine offset by decreases in energy and engineering</li> <li>▪ Generally soft market conditions driven by abundant capacity in large parts of business</li> <li>▪ Strong competition with competitors compensating low yield with aggressive underwriting</li> </ul>
<b>6M 2015<sup>3</sup></b>	<b>+0.6%</b>	

1) Estimates based on 6M 2015 survey as communicated by our operating entities; coverage of P/C segment 72%

2) AGCS excluding ART; incl. FFIC

3) Total actual rate change on YTD renewals also including Ireland

# 2c

Group financial  
results 2Q 2015

- 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 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>Statutory premiums (EUR bn)</b>	<b>17.2</b>	<b>17.0</b>	<b>15.9</b>	<b>17.4</b>	<b>18.8</b>	<b>16.7</b>	<b>-0.2</b>	<b>34.1</b>	<b>35.5</b>	<b>+1.4</b>
<b>Operating profit</b>	<b>880</b>	<b>985</b>	<b>790</b>	<b>673</b>	<b>1,104</b>	<b>853</b>	<b>-132</b>	<b>1,864</b>	<b>1,957</b>	<b>+92</b>
<i>Loadings &amp; fees</i>	1,272	1,287	1,320	1,407	1,441	1,411	+124	2,559	2,852	+293
<i>Investment margin</i>	670	922	701	680	1,002	834	-88	1,592	1,836	+244
<i>Expenses</i>	-1,522	-1,657	-1,586	-1,757	-1,659	-1,624	+33	-3,178	-3,283	-105
<i>Technical margin</i>	270	269	318	346	301	295	+26	539	596	+57
<i>Impact of change in DAC</i>	189	163	39	-2	19	-63	-226	352	-44	-396
Non-operating items	4	54	-15	-55	-39	81	+27	58	43	-15
Income before taxes	884	1,039	776	617	1,065	935	-104	1,923	2,000	+77
Income taxes	-255	-308	-245	-188	-326	-273	+35	-562	-599	-36
<b>Net income</b>	<b>629</b>	<b>731</b>	<b>530</b>	<b>429</b>	<b>739</b>	<b>662</b>	<b>-70</b>	<b>1,360</b>	<b>1,401</b>	<b>+41</b>
Non-controlling interests	31	32	24	35	40	37	+5	63	78	+15
<b>Shareholders' net income</b>	<b>598</b>	<b>699</b>	<b>507</b>	<b>394</b>	<b>699</b>	<b>624</b>	<b>-75</b>	<b>1,297</b>	<b>1,323</b>	<b>+26</b>
<b>Margin on reserves (in bps)</b>	<b>73</b>	<b>79</b>	<b>61</b>	<b>50</b>	<b>77</b>	<b>58</b>	<b>-20</b>	<b>76</b>	<b>70</b>	<b>-6</b>
Segment financial assets <sup>2</sup> (EUR bn)	422.7	438.5	456.4	470.8	510.4	483.6	+45.1	438.5	483.6	+45.1
Unit-linked investments (EUR bn)	82.9	86.9	90.8	94.6	106.2	104.9	+18.0	86.9	104.9	+18.0
Operating asset base <sup>3</sup> (EUR bn)	509.6	529.8	551.8	571.0	622.7	594.1	+64.3	529.8	594.1	+64.3

1) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014.

Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia

2) 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

3) 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: operating profit details<sup>1</sup> (EUR mn)

	L/H segment <sup>2</sup>			Guaranteed savings & annuities		Protection & health		Unit-linked w/o guarantee	
	2Q 2014	2Q 2015	Delta 2Q 15/14	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015
<b>Loadings &amp; fees</b>	<b>1,287</b>	<b>1,411</b>	<b>+124</b>	<b>714</b>	<b>774</b>	<b>404</b>	<b>433</b>	<b>169</b>	<b>203</b>
Loadings from premiums	865	932	+67	416	449	385	408	65	75
as % of statutory premiums	5.1%	5.6%	+0.5%-p	3.5%	4.3%	16.1%	17.0%	2.4%	1.9%
Loadings from reserves	266	287	+21	236	244	19	25	11	18
as % of avg. reserves <sup>3,4</sup>	0.06%	0.06%	0.00%-p	0.06%	0.06%	0.06%	0.07%	0.03%	0.04%
Unit-linked management fees	156	192	+36	63	81	0	0	93	110
as % of avg. unit-linked reserves <sup>4,5</sup>	0.14%	0.15%	+0.01%-p	0.12%	0.13%	N/A	N/A	0.17%	0.19%
<b>Investment margin</b>	<b>922</b>	<b>834</b>	<b>-88</b>	<b>857</b>	<b>857</b>	<b>48</b>	<b>-38</b>	<b>18</b>	<b>15</b>
Investment margin net of PHP	922	834	-88	857	857	48	-38	18	15
as % of avg. aggregate policy reserves <sup>4</sup>	0.25%	0.21%	-0.05%-p	0.26%	0.23%	0.14%	-0.10%	7.14%	5.46%
<b>Expenses</b>	<b>-1,657</b>	<b>-1,624</b>	<b>+33</b>	<b>-1,114</b>	<b>-1,001</b>	<b>-413</b>	<b>-438</b>	<b>-129</b>	<b>-185</b>
Acquisition expenses and commissions	-1,238	-1,185	+53	-829	-722	-314	-317	-95	-146
as % of PVNBP	-7.7%	-7.8%	-0.1%-p	-6.9%	-7.6%	-26.1%	-22.7%	-3.3%	-3.4%
Admin and other expenses	-419	-439	-20	-286	-279	-99	-120	-34	-40
as % of avg. reserves <sup>3,4</sup>	-0.09%	-0.09%	+0.01%-p	-0.07%	-0.06%	-0.29%	-0.32%	-0.11%	-0.09%
<b>Technical margin</b>	<b>269</b>	<b>295</b>	<b>+26</b>	<b>128</b>	<b>121</b>	<b>123</b>	<b>150</b>	<b>18</b>	<b>25</b>
<b>Operating profit before change in DAC</b>	<b>822</b>	<b>916</b>	<b>+95</b>	<b>585</b>	<b>751</b>	<b>162</b>	<b>107</b>	<b>75</b>	<b>58</b>
<b>Impact of change in DAC<sup>6</sup></b>	<b>163</b>	<b>-63</b>	<b>-226</b>	<b>142</b>	<b>-108</b>	<b>15</b>	<b>12</b>	<b>6</b>	<b>33</b>
Capitalization of DAC	558	440	-118	401	276	127	99	31	66
Amortization, unlocking and true-up of DAC	-395	-503	-108	-259	-383	-112	-87	-25	-33
<b>Operating profit</b>	<b>985</b>	<b>853</b>	<b>-132</b>	<b>727</b>	<b>643</b>	<b>177</b>	<b>119</b>	<b>81</b>	<b>91</b>
Statutory premiums	16,961	16,719	-242	11,927	10,351	2,395	2,407	2,639	3,961
Avg. unit-linked reserves	84,882	105,554	+20,671	53,461	64,030	0	0	31,422	41,523
Avg. aggregate policy reserves	364,415	405,875	+41,460	330,478	368,558	33,692	37,037	246	280
Avg. reserves <sup>3</sup>	449,298	511,429	+62,131	383,939	432,589	33,692	37,037	31,667	41,803
PVNBP <sup>7</sup>	16,154	15,170	-984	12,047	9,448	1,204	1,399	2,903	4,323

1) Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia. In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

2) Profit sources are based on 20 in scope OEs with a coverage of 97.0% revenues. Operating profit from OEs that are not in scope is included in "Investment margin"

3) Aggregate policy reserves + unit-linked reserves

4) Yields are pro-rata

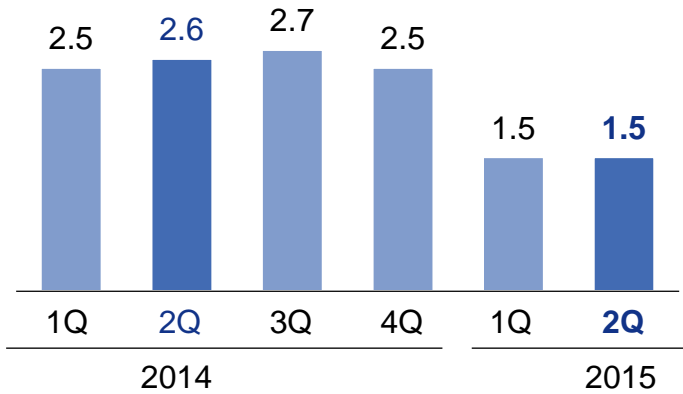
5) Calculation based on only unit-linked fees on unit-linked reserves

6) 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

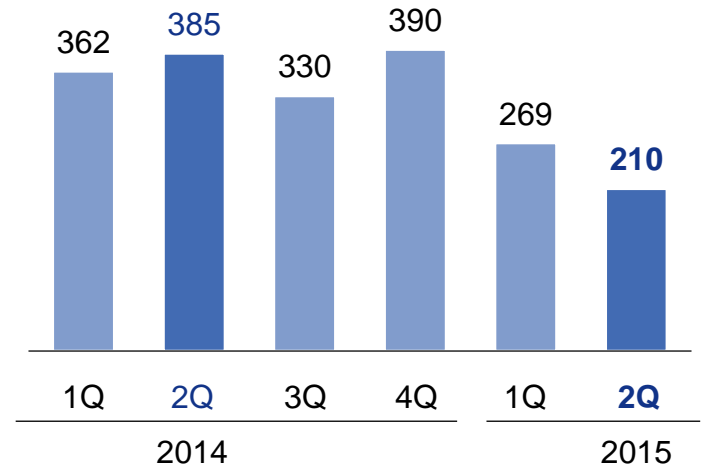
7) PVNBP is before non-controlling interests

# L/H: key new business metrics

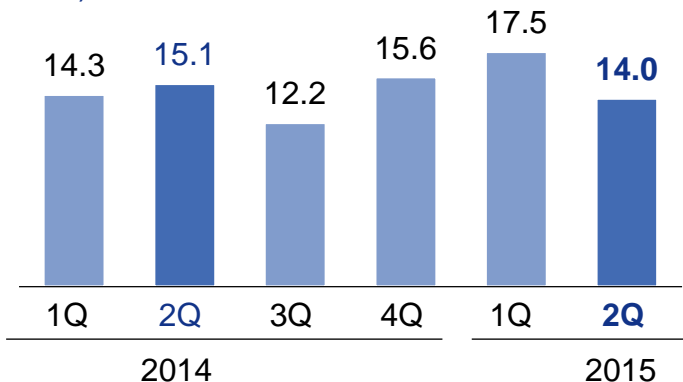
**New business margin<sup>1</sup>**  
(VNB in % of PV of NB premiums)



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



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



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

## L/H: new business profitability by region (1/2)<sup>1,2</sup> (EUR mn)

	Value of new business		New business margin (in %)		Present value of new business premium			Recurring premium		Single premium		Internal rate of return <sup>3</sup> (in %)		Payback period (yrs) <sup>3</sup>	
	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	Delta 2Q 15/14 <sup>4</sup>	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015	2Q 2014	2Q 2015
<b>German speaking countries</b>	<b>89</b>	<b>38</b>	<b>2.5%</b>	<b>1.0%</b>	<b>3,568</b>	<b>3,817</b>	<b>+6.0%</b>	<b>137</b>	<b>144</b>	<b>1,815</b>	<b>1,595</b>	<b>17.8%</b>	<b>13.8%</b>	<b>5.2</b>	<b>7.1</b>
<i>Germany Life<sup>5</sup></i>	74	30	2.4%	0.9%	3,093	3,184	+2.9%	107	109	1,725	1,528	18.1%	13.8%	5.2	7.2
<b>Western &amp; Southern Europe</b>	<b>87</b>	<b>37</b>	<b>1.4%</b>	<b>0.7%</b>	<b>6,232</b>	<b>5,060</b>	<b>-21.4%</b>	<b>512</b>	<b>253</b>	<b>3,218</b>	<b>3,998</b>	<b>9.5%</b>	<b>9.3%</b>	<b>9.2</b>	<b>6.7</b>
<i>France</i>	15	4	1.0%	0.3%	1,502	1,503	-33.8%	60	15	1,062	1,404	8.4%	4.6%	9.3	11.9
<i>Italy</i>	53	29	1.3%	1.0%	4,167	2,814	-26.4%	398	136	1,796	2,145	8.5%	15.3%	11.0	4.6
<b>Iberia &amp; Latin America</b>	<b>17</b>	<b>4</b>	<b>4.1%</b>	<b>0.6%</b>	<b>425</b>	<b>686</b>	<b>+59.9%</b>	<b>21</b>	<b>50</b>	<b>254</b>	<b>255</b>	<b>10.1%</b>	<b>9.7%</b>	<b>8.7</b>	<b>9.3</b>
<b>Growth markets</b>	<b>47</b>	<b>62</b>	<b>3.3%</b>	<b>3.2%</b>	<b>1,415</b>	<b>1,915</b>	<b>+19.8%</b>	<b>181</b>	<b>353</b>	<b>668</b>	<b>1,046</b>	<b>14.5%</b>	<b>15.7%</b>	<b>5.6</b>	<b>4.6</b>
<i>Asia-Pacific</i>	37	53	3.2%	3.0%	1,177	1,734	+27.9%	137	155	595	1,017	14.1%	15.0%	5.9	4.9
<i>CEE</i>	8	8	3.9%	5.2%	220	154	-30.3%	38	190	73	29	16.6%	21.6%	4.6	2.0
<b>USA</b>	<b>142</b>	<b>64</b>	<b>4.3%</b>	<b>2.6%</b>	<b>3,342</b>	<b>2,525</b>	<b>-38.5%</b>	<b>16</b>	<b>37</b>	<b>3,211</b>	<b>2,383</b>	<b>12.2%</b>	<b>13.0%</b>	<b>5.5</b>	<b>5.8</b>
<b>Total</b>	<b>385</b>	<b>210</b>	<b>2.6%</b>	<b>1.5%</b>	<b>15,060</b>	<b>14,004</b>	<b>-13.8%</b>	<b>866</b>	<b>837</b>	<b>9,166</b>	<b>9,278</b>	<b>11.4%</b>	<b>12.2%</b>	<b>7.1</b>	<b>6.1</b>

- 1) After non-controlling interests, including internal reinsurance. All values using F/X rates as of valuation date. 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) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014
- 3) Both IRR and payback period are real world metrics, using an expected over-return on certain assets and capturing risks in the discount rate
- 4) Internal growth (adjusted for F/X and consolidation effects)
- 5) Single premium for Germany Life does not include Parkdepot business (2Q 14: EUR 492mn, 2Q 15: EUR 261mn)

## L/H: new business profitability by region (2/2)<sup>1,2,3</sup>

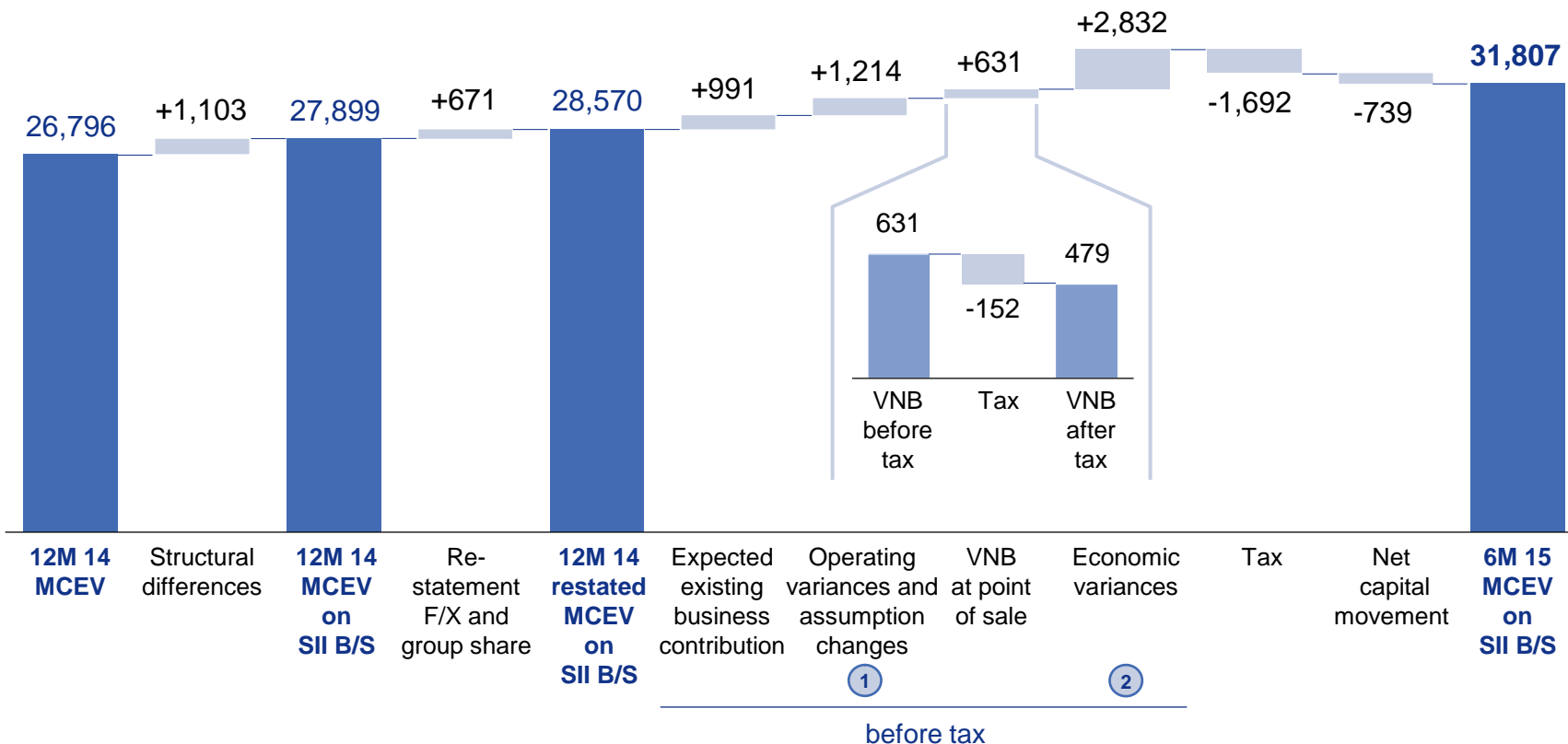
	Value of new business (EUR mn)				New business margin (in %)								
	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015							
<b>German speaking countries</b>	<b>114</b>	<b>89</b>	<b>86</b>	<b>142</b>	<b>98</b>	<b>38</b>	<b>2.6</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>2.5</b>	<b>1.8</b>	<b>1.0</b>
<i>Germany Life</i>	88	74	74	128	73	30	2.6	2.4	2.4	2.5	1.8	0.9	
<b>Western &amp; Southern Europe</b>	<b>67</b>	<b>87</b>	<b>64</b>	<b>79</b>	<b>18</b>	<b>37</b>	<b>1.2</b>	<b>1.4</b>	<b>1.7</b>	<b>1.7</b>	<b>0.3</b>	<b>0.7</b>	
<i>France</i>	15	15	16	9	-17	4	0.5	1.0	1.2	0.6	-0.6	0.3	
<i>Italy</i>	30	53	30	50	17	29	1.5	1.3	1.5	2.0	0.5	1.0	
<b>Iberia &amp; Latin America</b>	<b>20</b>	<b>17</b>	<b>14</b>	<b>16</b>	<b>19</b>	<b>4</b>	<b>4.8</b>	<b>4.1</b>	<b>4.9</b>	<b>3.0</b>	<b>3.1</b>	<b>0.6</b>	
<b>Growth markets</b>	<b>42</b>	<b>47</b>	<b>56</b>	<b>56</b>	<b>63</b>	<b>62</b>	<b>3.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.7</b>	<b>3.5</b>	<b>3.2</b>	
<i>Asia-Pacific</i>	33	37	47	46	53	53	2.8	3.2	3.2	3.5	3.3	3.0	
<i>CEE</i>	8	8	8	8	9	8	4.2	3.9	4.9	4.8	4.9	5.2	
<b>USA</b>	<b>115</b>	<b>142</b>	<b>108</b>	<b>93</b>	<b>65</b>	<b>64</b>	<b>4.6</b>	<b>4.3</b>	<b>3.6</b>	<b>3.0</b>	<b>2.4</b>	<b>2.6</b>	
<b>Total</b>	<b>362</b>	<b>385</b>	<b>330</b>	<b>390</b>	<b>269</b>	<b>210</b>	<b>2.5</b>	<b>2.6</b>	<b>2.7</b>	<b>2.5</b>	<b>1.5</b>	<b>1.5</b>	

1) After non-controlling interests, including internal reinsurance. All values using F/X rates as of valuation date. 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) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014

3) Based on beginning of quarter economic assumptions. For the USA we use point of sale assumptions

# L/H: MCEV on SII balance sheet (EUR mn)



MCEV on SII balance sheet represents shareholders' equity in the L/H segment

# L/H: MCEV on SII balance sheet development highlights (EUR mn, after non-controlling interests)

## ① Operating variances and assumption changes

+1,214

thereof

+138

+757

Experience variance mainly from positive variance in European entities

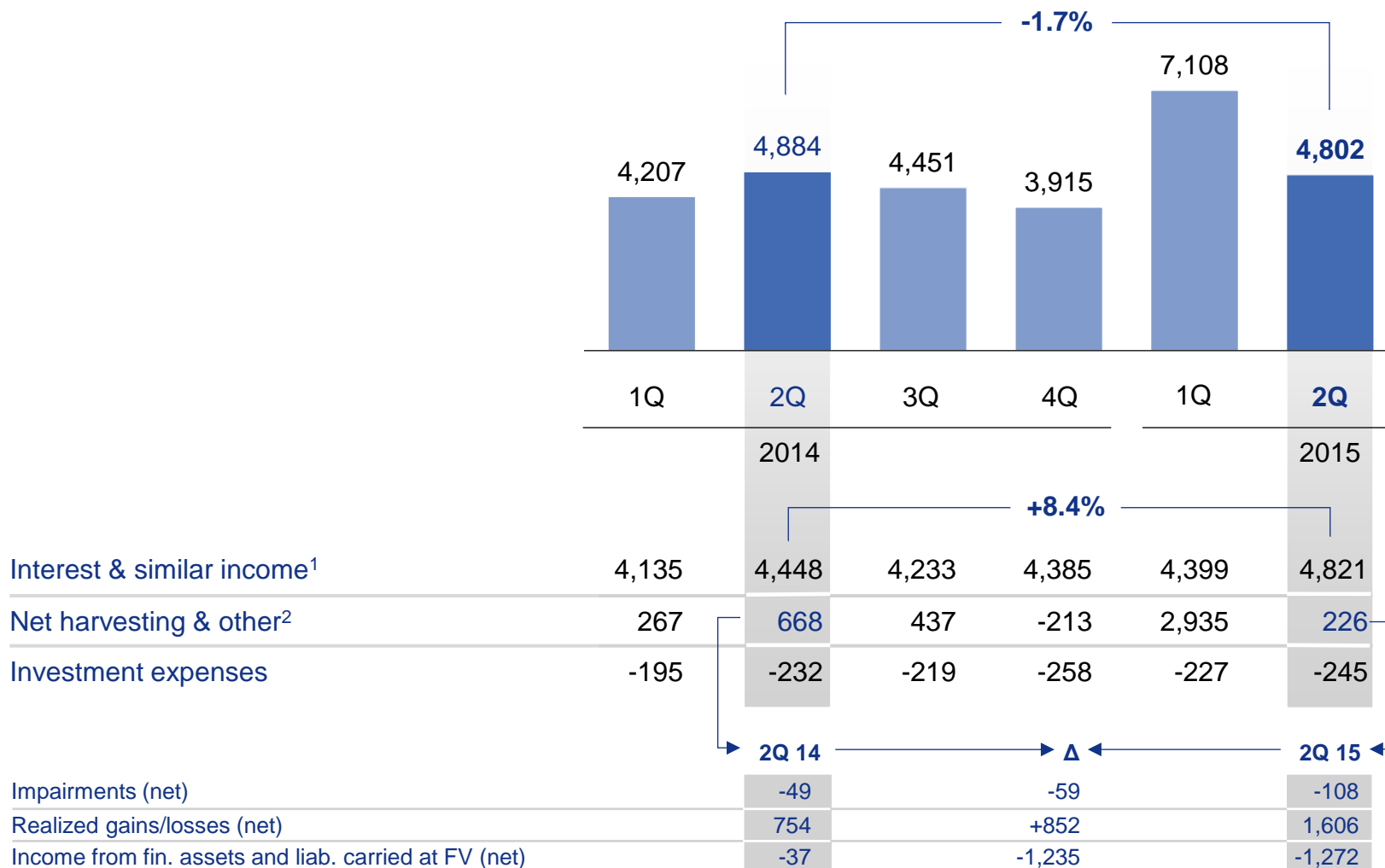
Operating variance/assumption changes reflecting mainly updated investment strategies and portfolio true-ups

## ② Economic variances

(EUR mn) Estimates based on sensitivities and other approximations	German speaking countries	Western & Southern Europe	Iberia & Latin America	Growth markets	USA	Total <sup>1</sup>
<b>Economic variances</b>	<b>2,447</b>	<b>812</b>	<b>-45</b>	<b>-9</b>	<b>-422</b>	<b>2,832</b>
Driven by changes in interest rate	1,569	515	-69	-57	-141	1,866
Driven by changes in equity value	442	123	0	19	80	663
Driven by changes in credit spreads and other	437	174	23	29	-361	303

1) Total includes reinsurance

## L/H: operating investment result (EUR mn)

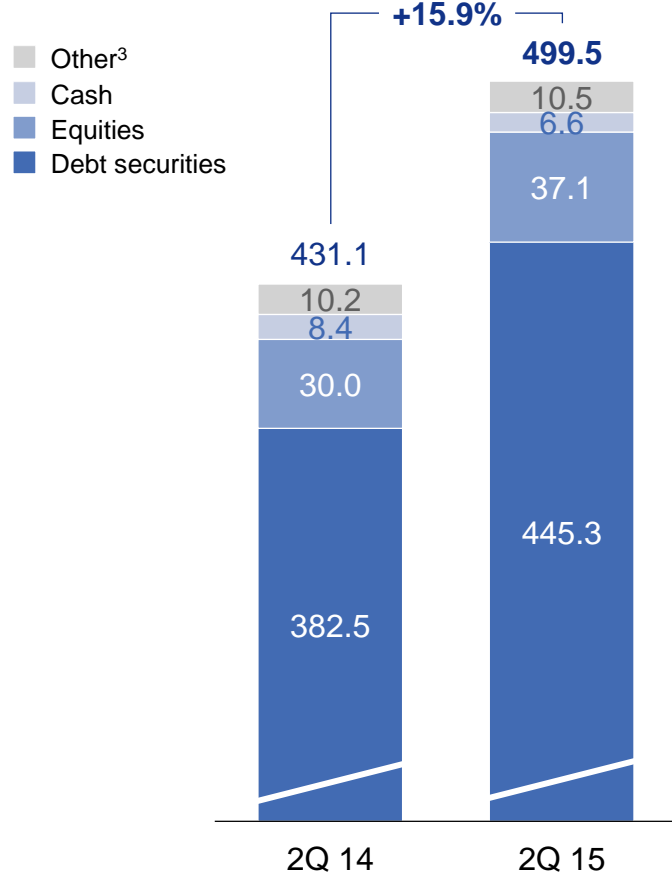


1) Net of interest expenses

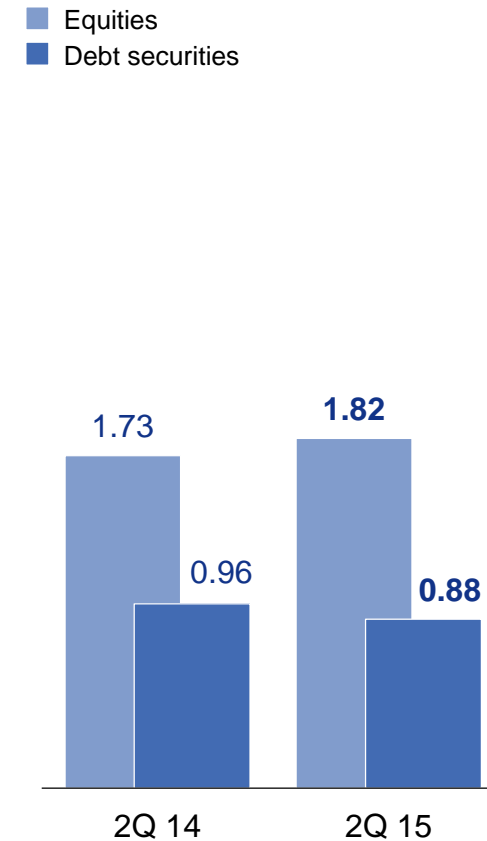
2) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses

# L/H: average asset base and yields

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



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

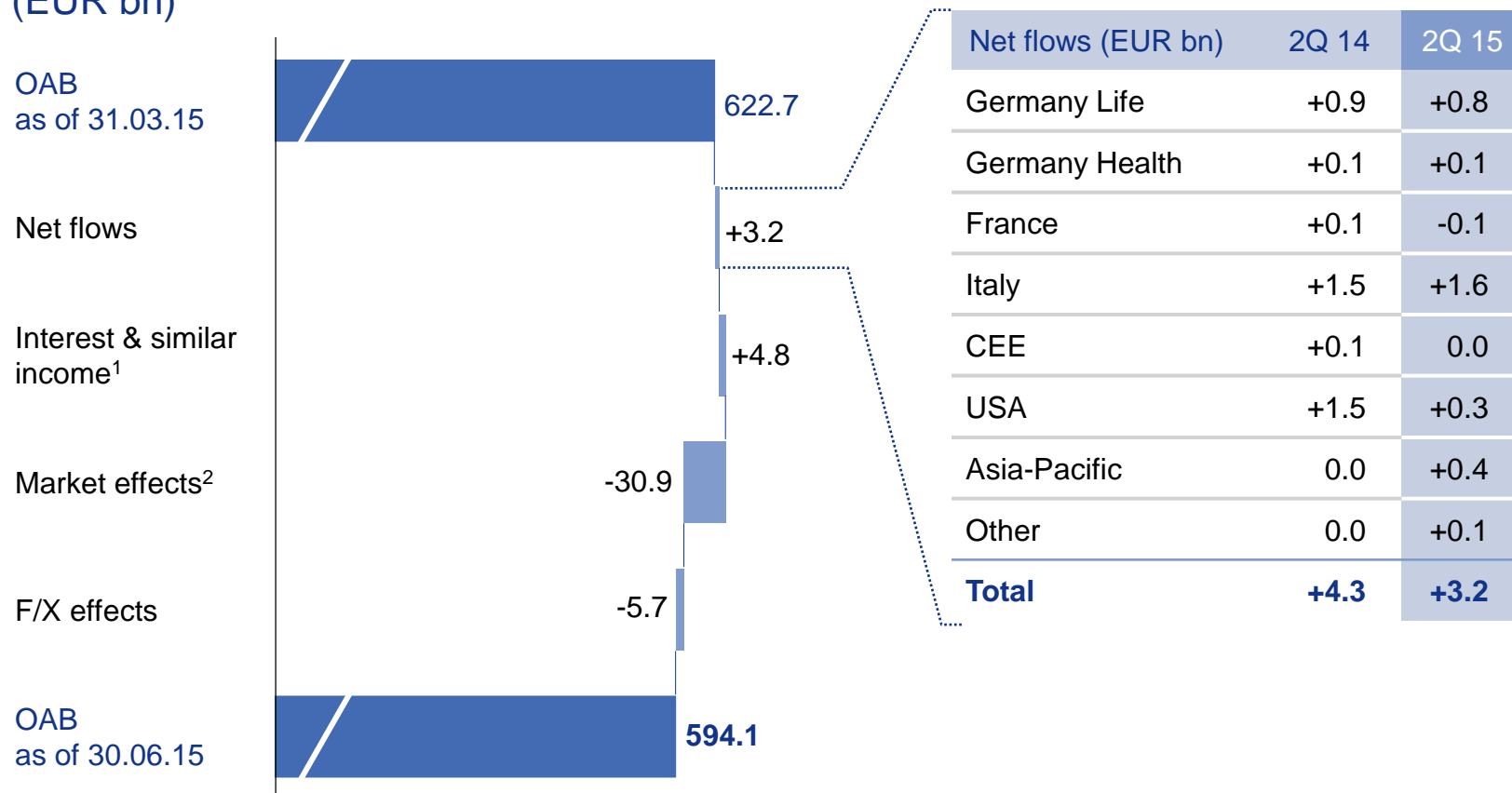


1) Average asset base includes liabilities from cash pooling, excludes fair value option, trading, unit-linked assets  
 2) In 4Q 14 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 1 January 2014  
 3) Real estate investments and funds held by others under reinsurance contracts assumed



# 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 -1.1bn

# 2d

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## AM: AAM key figures (1/2)

(EUR mn)

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>Operating revenues</b>	<b>1,517</b>	<b>1,607</b>	<b>1,618</b>	<b>1,646</b>	<b>1,573</b>	<b>1,548</b>	<b>-59</b>	<b>3,124</b>	<b>3,121</b>	<b>-3</b>
<b>Performance fees</b>	<b>19</b>	<b>67</b>	<b>40</b>	<b>149</b>	<b>59</b>	<b>52</b>	<b>-15</b>	<b>86</b>	<b>111</b>	<b>+25</b>
<b>Operating profit</b>	<b>646</b>	<b>676</b>	<b>694</b>	<b>588</b>	<b>555</b>	<b>505</b>	<b>-171</b>	<b>1,321</b>	<b>1,060</b>	<b>-261</b>
Non-operating items	-14	-3	2	0	-27	0	+3	-17	-27	-10
Income before taxes	631	673	696	588	528	505	-168	1,304	1,034	-271
Income taxes	-225	-254	-258	-230	-199	-176	+78	-479	-375	+104
<b>Net income</b>	<b>406</b>	<b>419</b>	<b>438</b>	<b>358</b>	<b>329</b>	<b>329</b>	<b>-90</b>	<b>825</b>	<b>658</b>	<b>-167</b>
Non-controlling interests	22	23	22	19	17	16	-7	45	32	-12
<b>Shareholders' net income</b>	<b>385</b>	<b>396</b>	<b>415</b>	<b>340</b>	<b>312</b>	<b>314</b>	<b>-83</b>	<b>781</b>	<b>626</b>	<b>-155</b>
<b>Cost-income ratio (in %)</b>	<b>57.4</b>	<b>57.9</b>	<b>57.1</b>	<b>64.3</b>	<b>64.7</b>	<b>67.4</b>	<b>+9.4%-p</b>	<b>57.7</b>	<b>66.0</b>	<b>+8.3%-p</b>
<b>3rd party AuM (EUR bn)</b>	<b>1,342</b>	<b>1,373</b>	<b>1,411</b>	<b>1,313</b>	<b>1,408</b>	<b>1,323</b>	<b>-50</b>	<b>1,373</b>	<b>1,323</b>	<b>-50</b>
Allianz AuM (EUR bn)	423	441	461	488	525	488	+47	441	488	+47
Total AuM (EUR bn)	1,765	1,814	1,872	1,801	1,933	1,811	-3	1,814	1,811	-3
<b>3rd party net flows<sup>1</sup> (EUR bn)</b>	<b>-19.8</b>	<b>-17.2</b>	<b>-47.4</b>	<b>-141.3</b>	<b>-62.1</b>	<b>-22.5</b>	<b>-5.3</b>	<b>-37.0</b>	<b>-84.7</b>	<b>-47.7</b>
Net flows in 3rd party AuM eop (in %)	-1.5	-1.3	-3.5	-10.0	-4.7	-1.6	-0.3%-p	-2.8	-6.4	-3.7%-p

1) Effective 2015, 3rd party net flows contain re-invested dividends (incl. capital gains) from existing clients (EUR +2.1bn in 2Q 15). Those have been recognized as market return until 31.12.14

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

(EUR mn)

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>PIMCO</b>										
<b>Operating profit</b>	<b>563</b>	<b>597</b>	<b>594</b>	<b>488</b>	<b>428</b>	<b>396</b>	<b>-201</b>	<b>1,160</b>	<b>823</b>	<b>-336</b>
Performance fees	11	46	25	122	26	24	-22	58	50	-8
Cost-income ratio (in %)	52.2	51.8	52.4	61.2	62.5	64.3	+12.5%-p	52.0	63.4	+11.4%-p
3rd party AuM (EUR bn)	1,116	1,135	1,162	1,053	1,114	1,032	-103	1,135	1,032	-103
3rd party net flows <sup>1</sup> (EUR bn)	-21.7	-20.4	-49.2	-144.8	-68.3	-29.3	-8.9	-42.1	-97.6	-55.5
3-yr. outperformance (in %)	88	89	93	88	87	84	-5%-p	89	84	-5%-p
<b>AllianzGI</b>										
<b>Operating profit</b>	<b>96</b>	<b>89</b>	<b>110</b>	<b>113</b>	<b>135</b>	<b>139</b>	<b>+50</b>	<b>185</b>	<b>274</b>	<b>+89</b>
Performance fees	8	20	15	27	33	28	+7	28	61	+32
Cost-income ratio (in %)	72.1	76.1	70.8	70.9	68.9	68.7	-7.3%-p	74.2	68.8	-5.3%-p
3rd party AuM (EUR bn)	226	238	248	260	294	292	+53	238	292	+53
3rd party net flows <sup>1</sup> (EUR bn)	2.0	3.2	1.8	3.5	6.2	6.7	+3.6	5.1	12.9	+7.8
3-yr. outperformance (in %)	53	51	58	55	58	64	+13%-p	51	64	+13%-p

1) Effective 2015, 3rd party net flows contain re-invested dividends (incl. capital gains) from existing clients (EUR +1.9bn for PIMCO and EUR +0.2bn for AllianzGI in 2Q 15). Those have been recognized as market return until 31.12.14

## AM: splits of 3rd party AuM<sup>1</sup> (EUR bn)

	AAM		PIMCO		AGI	
	30.06.14	30.06.15	30.06.14	30.06.15	30.06.14	30.06.15
<b>Regions<sup>2</sup></b>						
America	853	765	780	680	72	85
Europe	385	416	240	232	145	185
Asia-Pacific	135	142	114	120	21	22
<b>Investment vehicles<sup>3</sup></b>						
Mutual funds	842	784	666	570	176	214
Separate accounts	531	539	468	462	62	77
<b>Asset classes<sup>4</sup></b>						
Fixed income	1,184	978	1,135	918	50	60
Equity	189	154	0	23	189	130
Multi-Assets	n.a.	146	n.a.	54	n.a.	92
Other	n.a.	46	n.a.	37	n.a.	10

1) Comprises 3rd party AuM managed by AAM

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

3) Effective 2015, the split of AuM into clients has been replaced by a split into investment vehicles. Mutual funds pool the money of several individual investors into one account. At separate accounts, the money of a single investor is directly managed in a separate dedicated account

4) Effective 2015, the split of AuM into asset classes has been enhanced with two additional asset classes for a more granular breakdown. Multi-Assets is a combination of several different asset classes. Other comprises money market instruments with short maturity as well as alternative investments. Therefore, 2015 and 2014 figures are not comparable

**2e**

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## CO: key figures (EUR mn)

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	Delta 2Q 15/14	6M 2014	6M 2015	Delta 6M 15/14
<b>Total revenues (Banking)</b>	<b>139</b>	<b>132</b>	<b>135</b>	<b>151</b>	<b>140</b>	<b>131</b>	<b>-1</b>	<b>270</b>	<b>270</b>	<b>0</b>
<b>Operating profit</b>	<b>-222</b>	<b>-219</b>	<b>-248</b>	<b>-131</b>	<b>-101</b>	<b>-230</b>	<b>-10</b>	<b>-442</b>	<b>-331</b>	<b>+111</b>
<i>  Holding &amp; Treasury</i>	-248	-245	-267	-157	-143	-264	-19	-493	-407	+85
<i>  Banking</i>	18	17	11	21	32	26	+9	35	58	+23
<i>  Alternative Investments</i>	8	8	8	6	10	8	0	16	19	+3
<i>  Consolidation</i>	0	0	0	0	0	0	0	0	0	0
<b>Non-operating items</b>	<b>472</b>	<b>-177</b>	<b>-211</b>	<b>-276</b>	<b>27</b>	<b>-89</b>	<b>+89</b>	<b>294</b>	<b>-62</b>	<b>-356</b>
<i>  Holding &amp; Treasury</i>	484	-177	-194	-271	23	-82	+94	307	-60	-367
<i>  Banking</i>	-1	4	3	5	6	5	+1	3	11	+8
<i>  Alternative Investments</i>	-11	-5	-19	-11	-2	-11	-6	-16	-13	+3
<i>  Consolidation</i>	0	0	0	0	0	0	0	0	0	0
Income before taxes	249	-397	-458	-407	-74	-318	+78	-147	-393	-245
Income taxes	-118	148	147	179	25	113	-35	30	138	+108
<b>Net income</b>	<b>131</b>	<b>-249</b>	<b>-311</b>	<b>-228</b>	<b>-49</b>	<b>-205</b>	<b>+43</b>	<b>-117</b>	<b>-254</b>	<b>-137</b>
Non-controlling interests	4	6	3	2	6	4	-2	10	10	0
<b>Shareholders' net income</b>	<b>127</b>	<b>-255</b>	<b>-315</b>	<b>-231</b>	<b>-55</b>	<b>-209</b>	<b>+46</b>	<b>-127</b>	<b>-264</b>	<b>-137</b>
<b>Cost-income ratio Banking (in %)</b>	<b>80.7</b>	<b>75.8</b>	<b>86.6</b>	<b>76.8</b>	<b>71.7</b>	<b>67.0</b>	<b>-8.8%-p</b>	<b>78.3</b>	<b>69.5</b>	<b>-8.8%-p</b>
RWA <sup>1</sup> Banking (EUR bn)	8.9	8.9	9.0	8.9	8.9	8.6	-0.3	8.9	8.6	-0.3

1) RWA data is preliminary; based on Basel approach

# 3

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# 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 other:</b> Market and other 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>
<b>AuM splits by asset classes</b>	<p><b>Multi-assets:</b> 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.</p> <p><b>Other:</b> 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.</p>

## Glossary (2)

### 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%

### CEE

Central and Eastern Europe

### 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

### CReC

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.

### Current yield

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.

### DAC

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.

## Glossary (3)

<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>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).

## Glossary (4)

<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 lines of business</b>	<p><b>Guaranteed savings &amp; annuities:</b> 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.</p> <p><b>Protection &amp; health:</b> Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.</p> <p><b>Unit-linked without guarantee:</b> 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.</p>
<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>Latin America</b>	South America and Mexico
<b>Loss frequency</b>	Number of accident year claims reported divided by number of risks in-force

## Glossary (5)

<b>Loss ratio (LR)</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.).
<b>Loss severity</b>	Average claim size (accident year gross claims reported divided by number of claims reported)
<b>MBS</b>	Mortgage-backed securities: Securities backed by mortgage loans
<b>MCEV</b>	Market consistent embedded value is a measure of the consolidated value of shareholders' interests in the covered business. It is defined as:  Net asset value (NAV) – Present value of future profits (PVFP) – Time value of options and guarantees (O&G) – Cost of residual non-hedgeable risk (CNHR) – Frictional cost of required capital (CReC)
<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.

## Glossary (6)

<b>NPE</b>	Net premiums earned
<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.
<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>Payback period</b>	Payback period is the period from the point of sale of new business to the first point in time when the undiscounted sum of distributable earnings, under real world assumptions, is positive.
<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

## Glossary (7)

<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.
<b>Return on equity (RoE)</b>	<p><b>RoE Group:</b> Represents net income attributable to shareholders divided by the average shareholders' equity beginning of the period and end of the period</p> <p><b>RoE OE/Segment:</b> Represents net income divided by the average equity excluding unrealized gains/losses on bonds (net of Shadow DAC) beginning of the period and 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>Total equity</b>	Represents the sum of shareholders' equity and non-controlling interests

## Glossary (8)

<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>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>	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.