

# Group financial results 2Q 2014

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Chief Financial Officer

Press' conference call  
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# 1

Group financial  
results 2Q 2014

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  - b) Property-Casualty
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# Business highlights from the second quarter of 2014

## Property-Casualty

- France: “Tarif Express Auto” launched end of April leading to more than 100,000 quotes
- Germany: Number of policies of modular offer “Privatschutz” increased by 170,000 in 2Q
- Italy: Modular cover “Allianz1” meets high demand in 2Q - 30,000 policies sold
- Italy: Fast Quote Non-Motor launched in April leading to 240,000 quotes and 6,000 policies sold

## Life / Health

- USA: Fixed-indexed annuity products by Allianz Life US triple sales in 2Q vs prior year to USD 3.8bn
- Germany: “Perspektive” most successful product launch ever in Germany - share of retail business via agents rose to 27 percent in 2Q
- France: New unit linked product “vie génération” launched on July 1st

## Asset Management

- AllianzGI records highest quarterly third party net inflows of the company’s history with EUR 3.2bn in 2Q, leading to total third party net inflows of EUR 5.1bn in first half of 2014

## Investments

- Investments in real assets: Acquisition of a shopping center in Italy (Genova) and one wind park; in total, 44 wind parks and 7 solar parks in Allianz portfolio

## Transactions

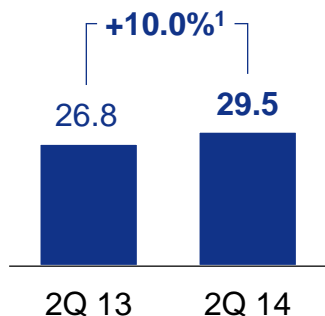
- Successful closing of first part of acquisition of property-casualty portfolio of UnipolSai; 725 agencies transferred to Allianz Italy
- First cross-border merger of operating entities within Allianz Group completed in Belgium / Netherlands

## Branding

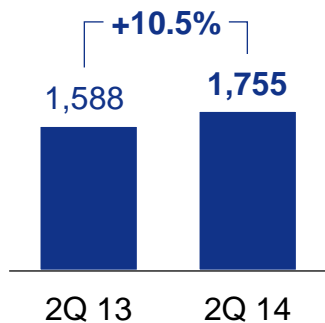
- Signing of long-term naming rights for new home stadium of Austrian football club SK Rapid; Allianz family of stadiums now include stadiums in London, Munich, Nice, Sao Paulo, Sydney and Vienna

# Double-digit revenue and profit growth

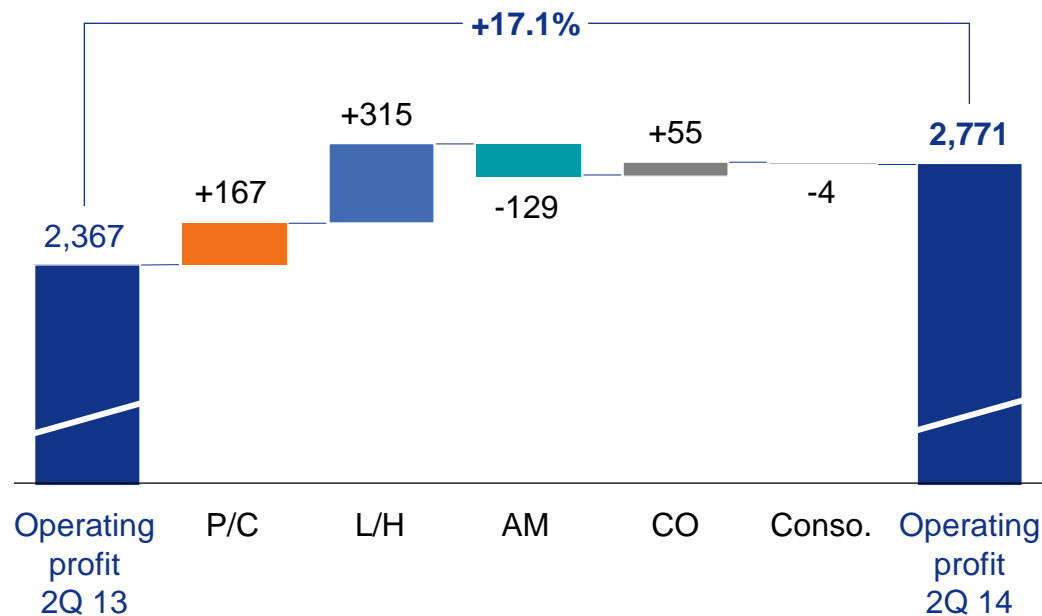
Total revenues (EUR bn)



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



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

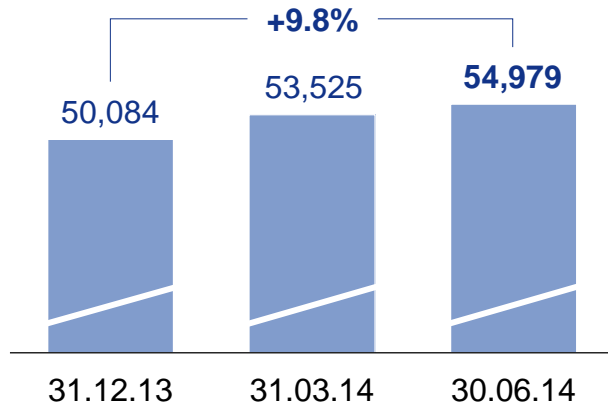


2Q 14	1,346	984	675	-219	-15
2Q 13	1,179	669	804	-274	-11

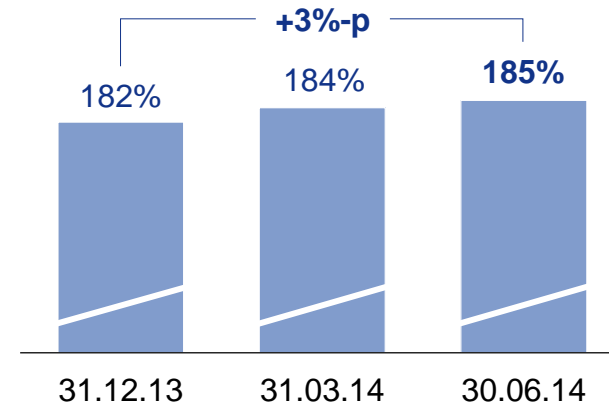
1) Internal growth of +11.5%, adjusted for F/X and consolidation effects  
 2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking  
 3) Net income attributable to shareholders

# Shareholders' equity reaching EUR 55bn for the first time

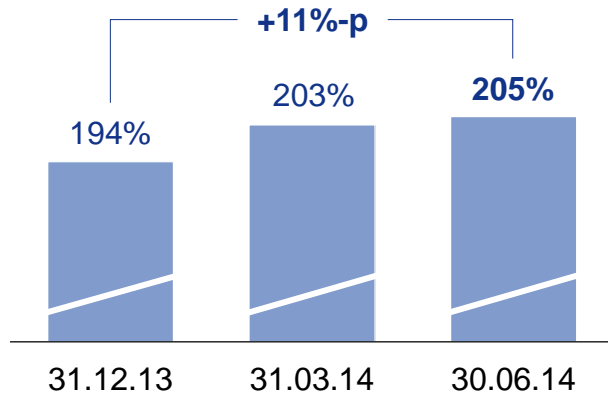
Shareholders' equity (EUR mn)



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



Economic solvency (%)



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

## Internal growth of 2.6 percent (EUR mn)

2Q 2014		Revenues	Total growth Δ p.y.	Internal growth <sup>1</sup> Δ p.y.	Price effect	Volume effect
<b>Total P/C segment</b>		<b>10,846</b>	<b>+0.9%</b>	<b>+2.6%</b>	<b>-0.4%</b>	<b>+3.0%</b>
<b>Large OEs</b>	Germany	1,785	+7.0%	+6.0%		
	France	903	+1.0%	+1.0%		
	Italy	1,011	-2.2%	-2.2%		
<b>Global lines</b>	AGCS	1,264	+2.2%	+3.8%		
	Credit Insurance	530	-1.7%	-0.6%		
	Allianz Worldwide Partners <sup>2</sup>	689	+7.7%	+7.0%		
<b>Selected OEs</b>	Central and Eastern Europe	555	-4.6%	+0.9%		
	Latin America <sup>3</sup>	524	-16.8%	-1.3%		
	USA	496	-4.6%	+0.4%		
	Turkey	257	+14.2%	-11.1%		

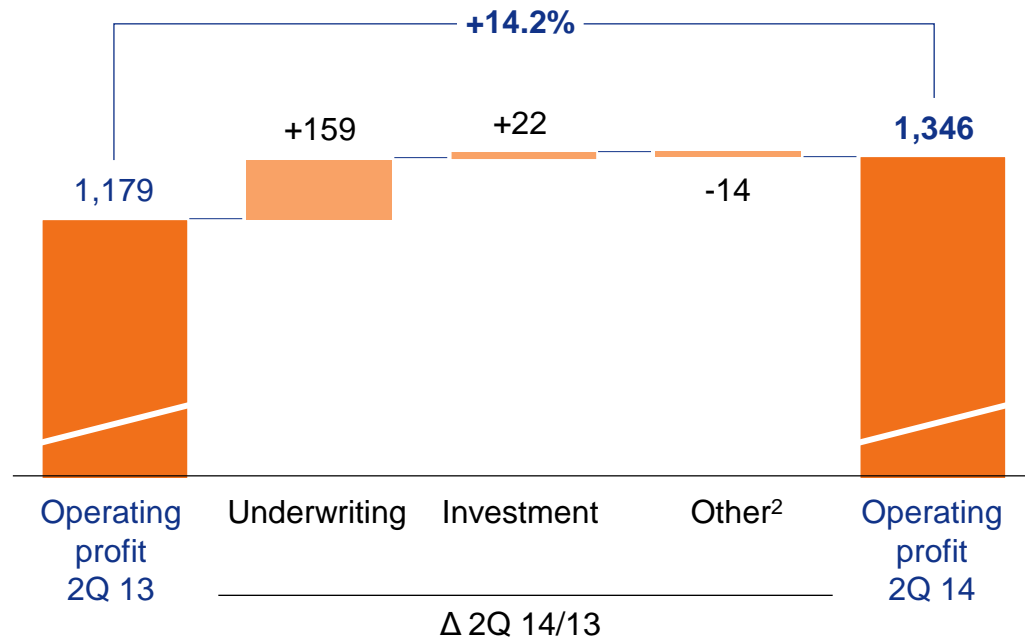
1) Adjusted for F/X and consolidation effects

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

3) South America and Mexico

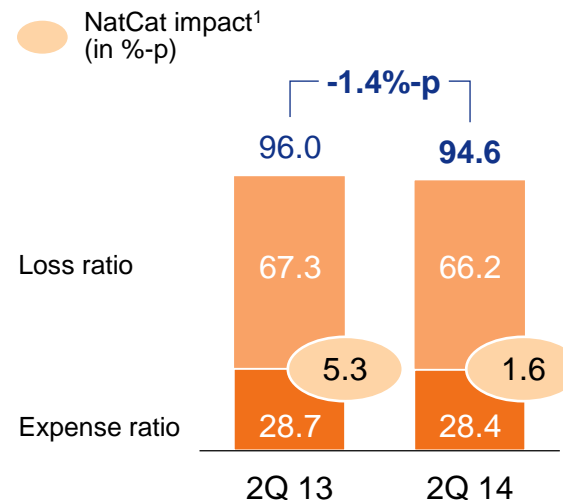
# Underwriting result drives profit growth

Operating profit drivers (EUR mn)

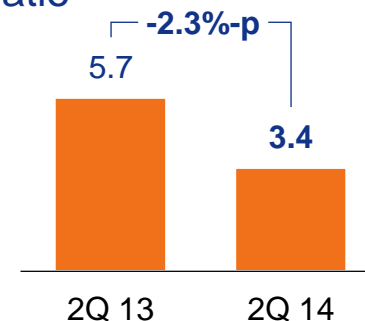


2Q 14	516	806	24
2Q 13	357	784	38

Combined ratio (in %)



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



1) NatCat costs (without reinstatement premiums and run-off): EUR 549mn (2Q 13) and EUR 172mn (2Q 14)

2) Including restructuring charges

3) Positive run-off, run-off ratio calculated as run-off result in percent of net premiums earned

## Operating profit up 14 percent (EUR mn)

2Q 2014		Operating profit	Δ p.y.	Combined ratio	Δ p.y.	NatCat impact in CR <sup>1</sup>	Δ p.y. <sup>1</sup>
<b>Total P/C segment</b>		<b>1,346</b>	<b>+14.2%</b>	<b>94.6%</b>	<b>-1.4%-p</b>	<b>1.6%-p</b>	<b>-3.7%-p</b>
<b>Large OEs</b>	Germany	324	n.m. <sup>2</sup>	92.0%	-18.6%-p	3.7%-p	-13.1%-p
	France	107	-10.8%	97.0%	+0.7%-p	6.7%-p	+3.0%-p
	Italy	246	-23.6%	82.8%	+6.4%-p	0.0%-p	0.0%-p
<b>Global lines</b>	AGCS	102	+18.6%	97.4%	-0.7%-p	0.2%-p	-8.3%-p
	Credit Insurance	124	+6.9%	75.0%	-2.8%-p	–	–
	Allianz Worldwide Partners <sup>3</sup>	28	+16.7%	96.5%	-0.5%-p	0.0%-p	0.0%-p
<b>Selected OEs</b>	Central and Eastern Europe	-52	n.m. <sup>4</sup>	116.0%	+13.9%-p	0.0%-p	-1.1%-p
	Latin America <sup>5</sup>	4	-88.2%	104.4%	+5.7%-p	0.0%-p	0.0%-p
	USA	-33	n.m. <sup>6</sup>	121.2%	+21.0%-p	1.3%-p	+1.3%-p
	Turkey	16	+23.1%	101.2%	+4.4%-p	0.0%-p	0.0%-p

1) Excluding reinstatement premiums and run-off

2) Operating profit improved by EUR 377mn from EUR -53mn in 2Q 13

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

4) Operating profit decreased by EUR 75mn from EUR 23mn in 2Q 13

5) South America and Mexico

6) Operating profit decreased by EUR 89mn from EUR 56mn in 2Q 13



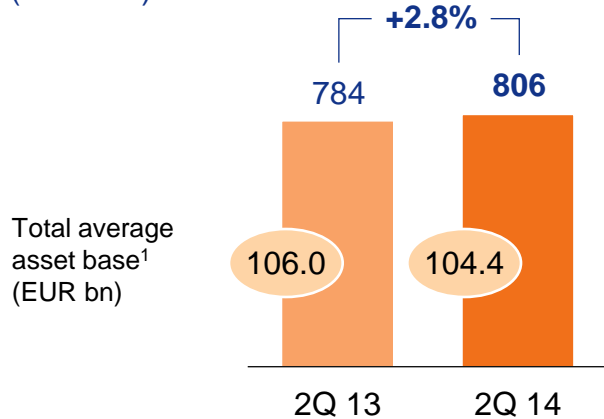
## Ongoing optimization of P/C portfolio drives underwriting result<sup>1</sup> (6M 2014)

Combined ratio	< 95%	> 95% <100%	> 100%
<b>Key contributors</b>	<p><b>Germany</b></p> <ul style="list-style-type: none"> <li>Excellent 1H CR of 91.3% (101.1%). Attritional LR improves further. Above-average internal growth of 3.3%. ER of 25.6% below FY 2014 target of 26.0%</li> </ul> <p><b>Italy</b></p> <ul style="list-style-type: none"> <li>Continued outstanding performance. AY LR improves further despite a soft market</li> </ul> <p><b>AGCS</b></p> <ul style="list-style-type: none"> <li>AY LR decreases strongly, mainly driven by lower NatCat. Internal growth strong at +3.1%</li> </ul>	<p><b>UK</b></p> <ul style="list-style-type: none"> <li>Strong profitable internal growth in a difficult market (+9.7%)</li> </ul> <p><b>France</b></p> <ul style="list-style-type: none"> <li>1H CR of 95.3% is the best since we acquired 58% of AGF in 1998. AY and CY CRs continue to decline</li> </ul> <p><b>AWP</b></p> <ul style="list-style-type: none"> <li>Strong internal growth of 8.0%. Global Assistance and Worldwide Care are the main drivers</li> </ul>	<p><b>FFIC</b></p> <ul style="list-style-type: none"> <li>FY target of &lt;100% CR out of reach. Management is developing accelerated improvement plan</li> </ul> <p><b>Russia</b></p> <ul style="list-style-type: none"> <li>Impacted by market issues. Material reduction of branch network has already started</li> </ul> <p><b>Brazil</b></p> <ul style="list-style-type: none"> <li>Weak performance driven by IT platform issues. Detailed action plan initiated, gradual improvement expected</li> </ul>
<b>Share of GPW</b>	63%	30%	7%
<b>Ø internal growth</b>	2.5%	4.6%	-6.4%

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

# Operating investment result holding up well

## Operating investment result (EUR mn)



Interest & similar income <sup>2</sup>	925	923
Net harvesting and other <sup>3</sup>	-64	-42
Investment expenses	-77	-75

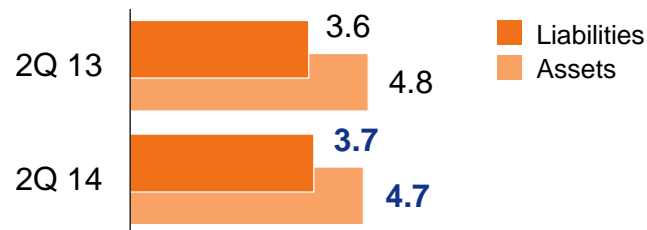
## Current yield (debt securities; in %)



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



## Duration<sup>5</sup>



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

3) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation. Thereof related to APR in Germany: 2Q 13: EUR -38mn, 2Q 14: EUR -36mn  
 4) On an annual basis

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

## Strong profitable growth (EUR mn)

2Q 2014		Revenues	Total growth Δ p.y.	Internal growth <sup>1</sup> Δ p.y.	PVNBP <sup>2</sup>	Δ p.y.
<b>Total L/H segment</b>		<b>16,961</b>	<b>+20.1%</b>	<b>+20.9%</b>	<b>15,518</b>	<b>+39.8%</b>
<b>Large OEs</b>	Germany Life	4,447	+21.0%	+21.0%	3,093	+39.8%
	France	2,076	-2.9%	-2.9%	2,272	-1.4%
	Italy	3,069	+17.1%	+17.1%	3,848	+101.8%
	USA	3,352	+87.5%	+96.9%	3,342	+86.0%
<b>Selected OEs</b>	Asia-Pacific	1,328	-1.3%	+5.3%	1,177	-1.9%
	Switzerland	275	+9.1%	+8.3%	204	-22.4%
	Germany Health	813	-2.3%	-2.3%	220	+31.0%
	Benelux <sup>3</sup>	570	-15.8%	-15.8%	437	+12.3%
	Spain	289	-26.3%	-26.8%	305	-17.1%
	Central and Eastern Europe	247	+29.3%	+34.0%	222	+31.4%

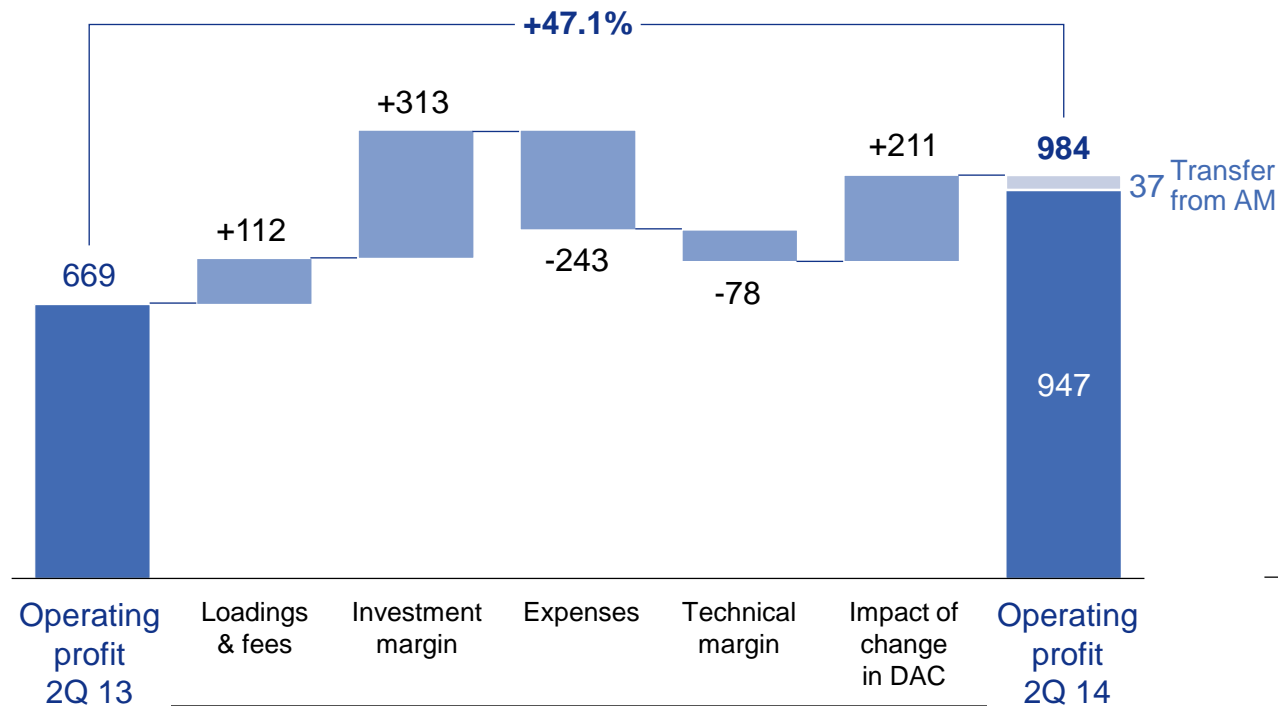
1) Adjusted for F/X and consolidation effects

2) After non-controlling interests

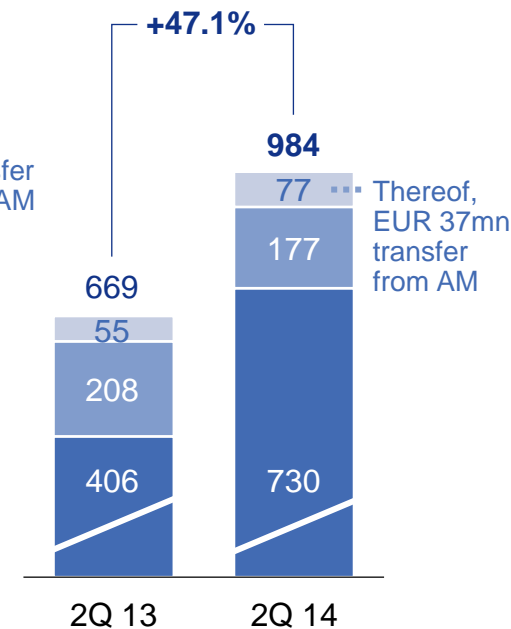
3) Revenues from investment-oriented products in Luxembourg of EUR 113mn in 2Q 14 (EUR 217mn in 2Q 13) are reinsured by France. For 2Q 14, the PVNBP of Luxembourg business reinsured with France is included in France (EUR 79mn) and not included in Benelux

# Operating profit at record level (EUR mn)

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



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



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

	Δ 2Q 14/13				
2Q 14	1,257	920	-1,630	266	171
2Q 13	1,145	607	-1,387	344	-40

1) For a description of the L/H operating profit sources please refer to the glossary  
 2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking. The impact on operating profit in 2Q 14 is EUR 37mn. In addition, prior year figures changed in order to reflect the roll out of profit source reporting to some Asian companies and the lines of business split in Germany

## Value of new business doubles (EUR mn)

2Q 2014		VNB <sup>1</sup>	Δ p.y.	NBM <sup>1</sup>	Δ p.y.	Operating profit	Δ p.y.
<b>Total L/H segment<sup>2</sup></b>		<b>380</b>	<b>+100.0%</b>	<b>2.4%</b>	<b>+0.7%-p</b>	<b>984</b>	<b>+47.1%</b>
<b>Large OEs</b>	Germany Life	76	+18.8%	2.4%	-0.5%-p	320	+97.5%
	France	38	n.m. <sup>3</sup>	1.7%	+1.6%-p	93	-24.4%
	Italy	61	+96.8%	1.6%	0.0%-p	78	+5.4%
	USA	126	+207.3%	3.8%	+1.5%-p	203	+103.0%
<b>Selected OEs</b>	Asia-Pacific	37	+32.1%	3.2%	+0.8%-p	47	+20.5%
	Switzerland	6	+20.0%	2.9%	+0.9%-p	21	0%
	Germany Health	8	+100.0%	3.7%	+1.4%-p	52	-1.9%
	Benelux <sup>2</sup>	12	+20.0%	2.8%	+0.2%-p	35	+6.1%
	Spain <sup>2</sup>	13	+85.7%	4.1%	+2.2%-p	46	+35.3%
	Central and Eastern Europe <sup>2</sup>	12	0.0%	5.2%	-1.6%-p	37	+60.9%

1) After non-controlling interests

2) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking.  
Impact on operating profit L/H segment in 2Q 14 is EUR +37mn. Thereof: Spain EUR +15mn, and CEE EUR +21mn

3) Value new business for France increased by EUR 37mn from EUR 1mn in 2Q 13

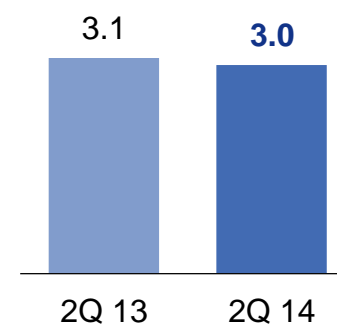
# Investment margin at 25bps

(yields are pro-rata)

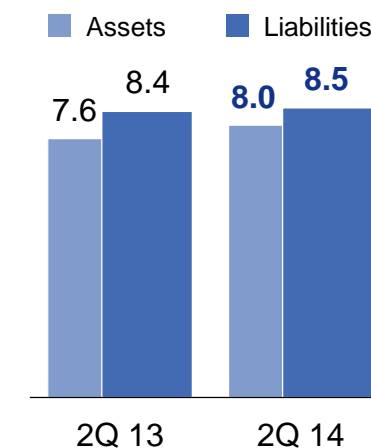
Based on Ø book value of assets <sup>1</sup>	2Q 13	2Q 14
Current yield <sup>2</sup>	1.1%	1.0%
<b>Based on Ø aggregate policy reserves</b>		
Current yield <sup>2</sup>	1.3%	1.2%
Net harvesting and other	-0.1%	0.1%
<b>Total yield</b>	<b>1.2%</b>	<b>1.3%</b>
- Ø min. guarantee for one quarter	0.6%	0.6%
<b>Gross investment margin (in %)</b>	<b>0.5%</b>	<b>0.7%</b>
- Profit sharing under IFRS <sup>3</sup>	0.4%	0.5%
<b>Investment margin<sup>4</sup> (in %)</b>	<b>0.2%</b>	<b>0.3%</b>
Investment margin (EUR mn)	607	920
Ø book value of assets <sup>1</sup> (EUR bn)	402	431
Ø aggregate policy reserves (EUR bn)	348	364

- 1) Asset base under IFRS which excludes unit-linked, FVO and trading
- 2) Based on interest and similar income (net of interest expenses)
- 3) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
- 4) Investment margin divided by the average of the current quarter-end and previous quarter-end aggregate policy reserves
- 5) On an annual basis
- 6) For the duration calculation non-parallel shift in line with Solvency II yield curves is used from 1Q 14 onwards

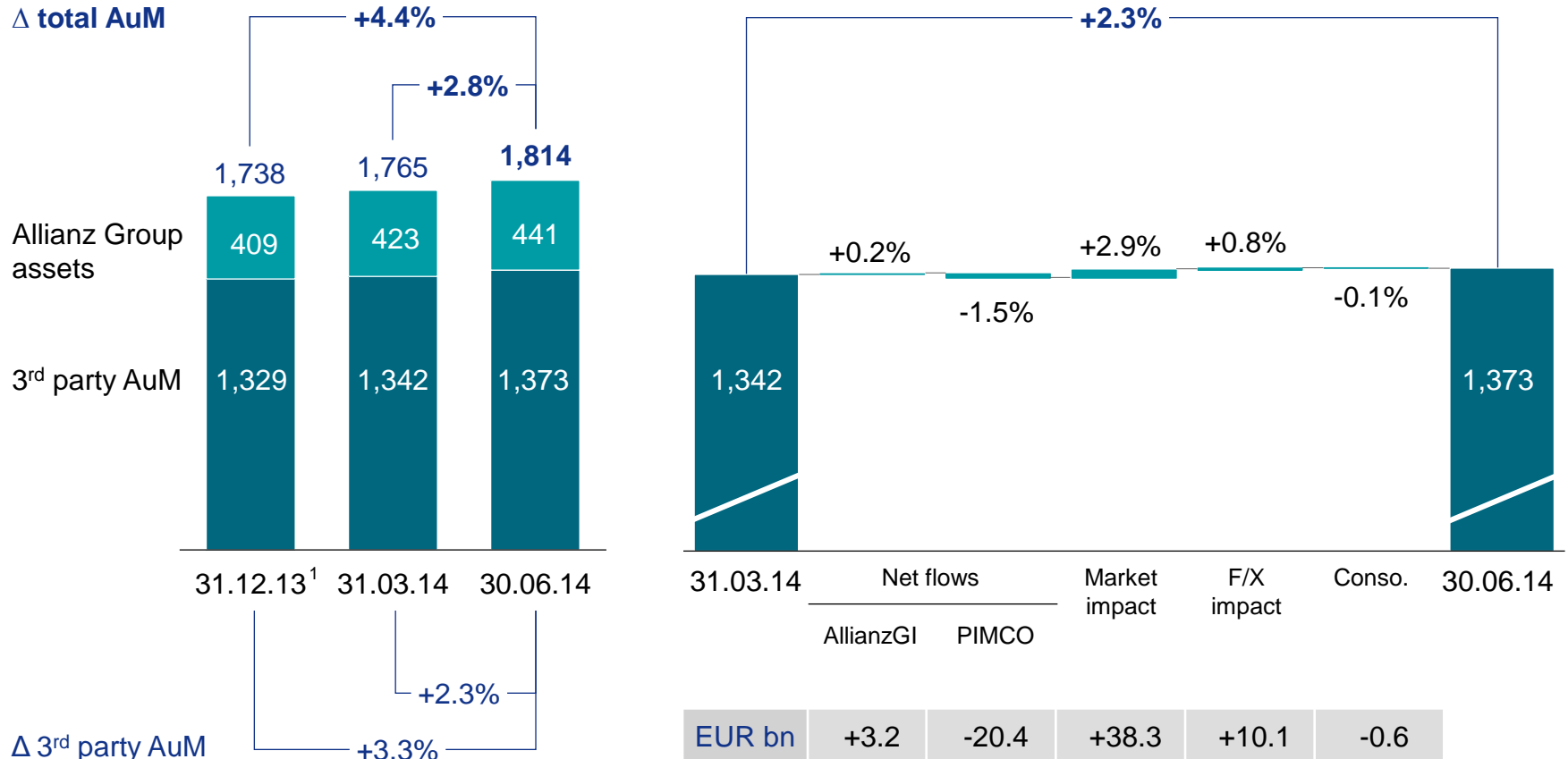
## Reinvestment yield<sup>5</sup> (debt securities; in %)



## Duration<sup>6</sup>



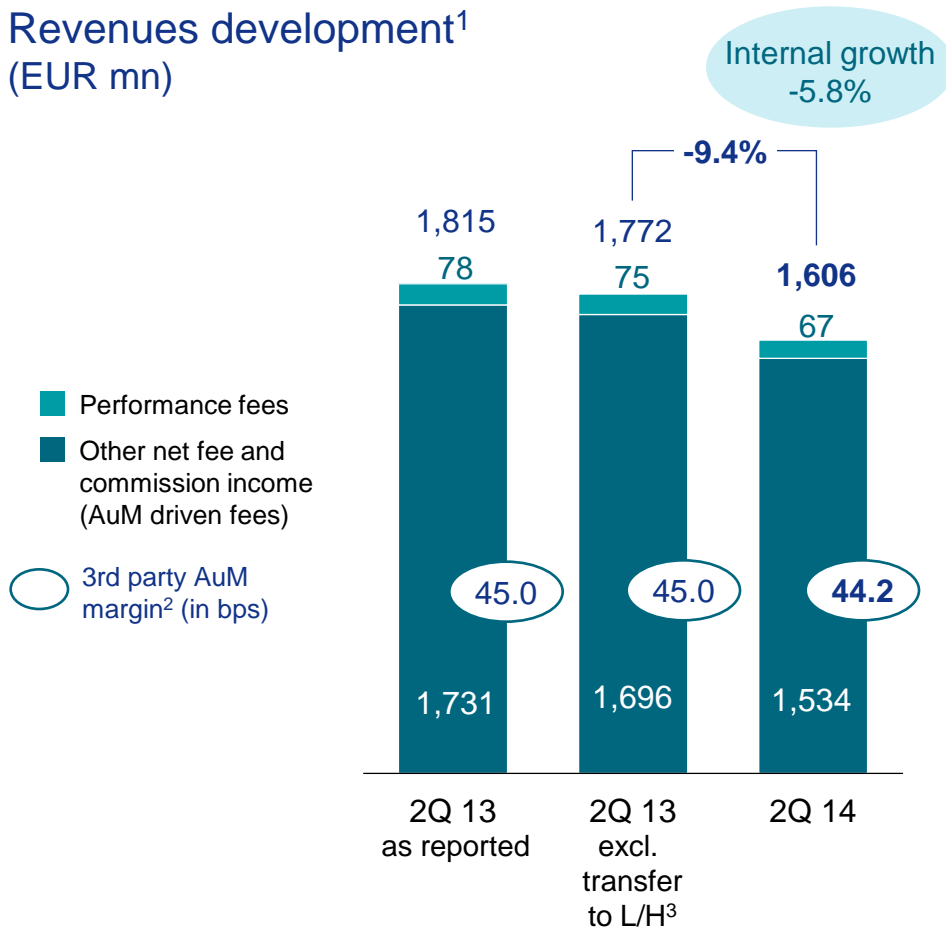
# Assets under management are up in 2014 (EUR bn)



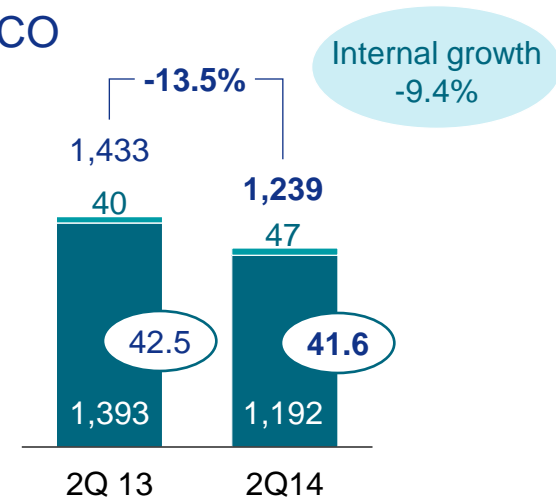
1) Adjusted for certain entities allocated from Asset Management to Life/Health and Banking effective 2014

# Revenues trailing 2013 and better than first quarter 2014

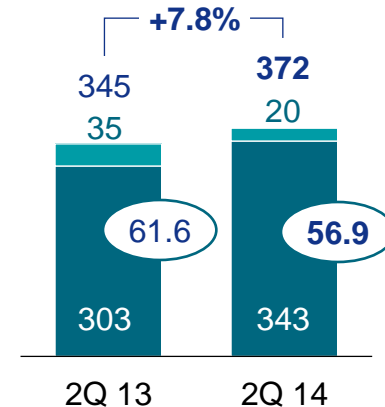
## Revenues development<sup>1</sup> (EUR mn)



## PIMCO



## AllianzGI<sup>4</sup>

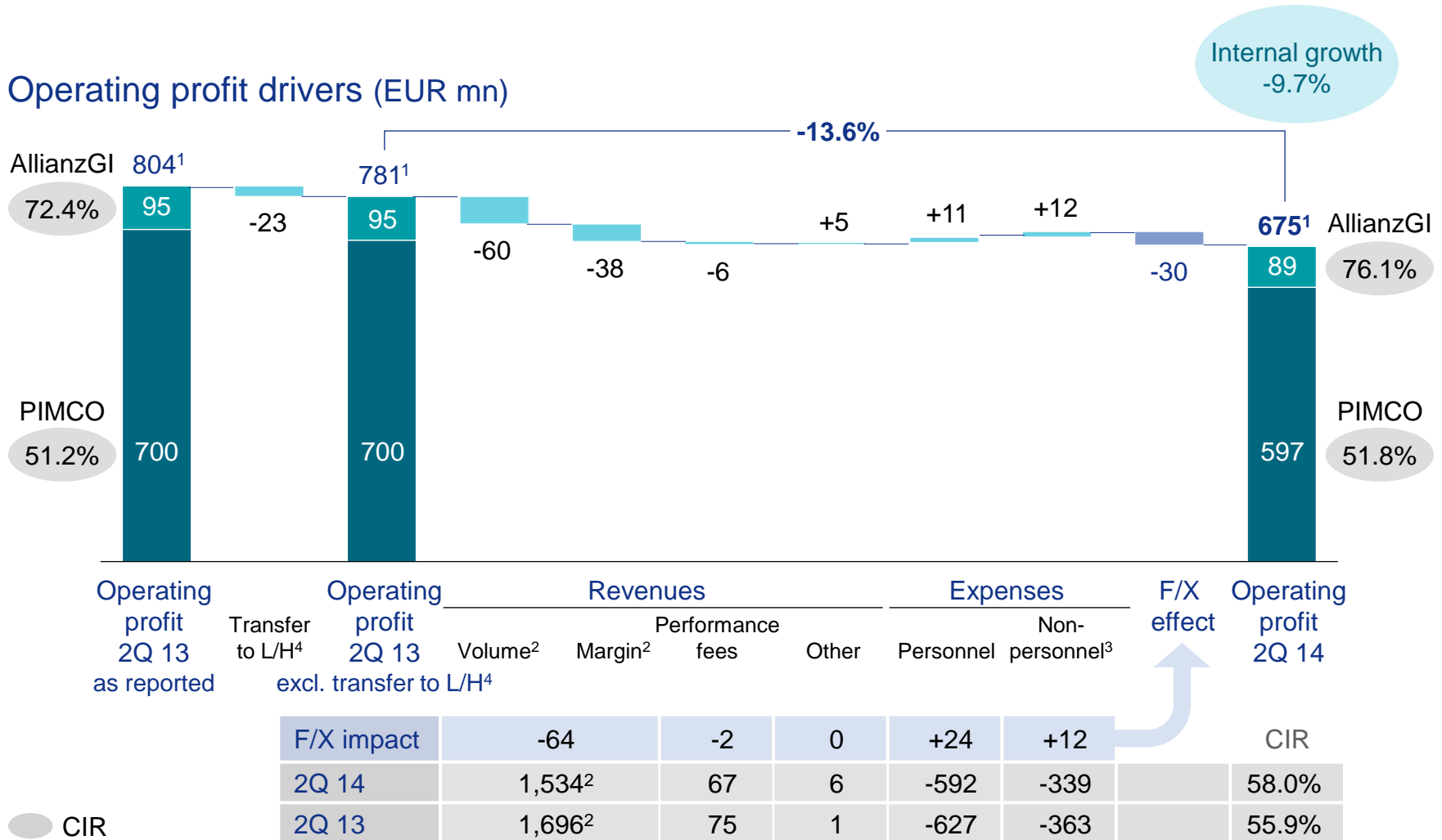


1) "Other" revenues of EUR 6mn (2Q 13), excl. transfer to L/H EUR 1mn (2Q 13) and EUR 5mn (2Q 14) are not shown in the chart  
 2) Excluding performance fees and other income, 3 months  
 3) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking  
 4) "Other" AllianzGI revenues of EUR 7mn (2Q 13) and EUR 9mn (2Q 14) are not shown in the chart



# Operating profit at target

## Operating profit drivers (EUR mn)

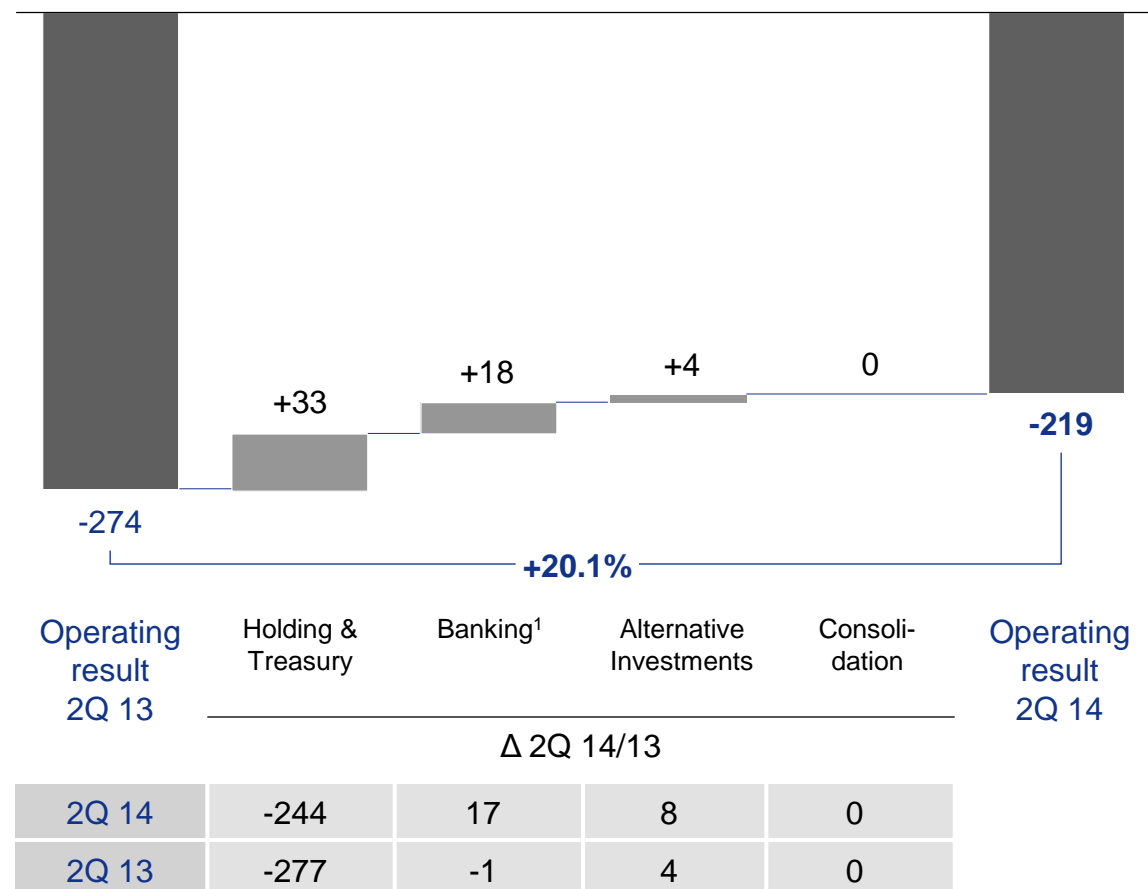


● CIR

1) Including operating profit/loss from other entities of EUR 9mn (2Q 13), excl. transfer to L/H EUR -14mn (2Q 13) and EUR -11mn (2Q 14), which is not shown in the chart  
 2) Calculation based on currency adjusted average AZ AuM / AZ AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins  
 3) Including restructuring expenses  
 4) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking

# Operating result significantly better (EUR mn)

## Operating loss development and components



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

## Shareholders' net income of EUR 1.8bn (EUR mn)

	2Q 13	2Q 14	Change
Operating profit	2,367	2,771	+404
Non-operating items	132	-39	-171
Realized gains/losses	458	243	-215
Impairments (net)	-64	-23	+41
Income from fin. assets and liabilities carried at fair value	7	-33	-40
Interest expenses from external debt	-233	-207	+26
Fully consolidated private equity inv. (net)	-4	0	+4
Acquisition-related expenses	-16	2	+18
Amortization of intangible assets	-16	-21	-5
Income before taxes	2,499	2,732	+233
Income taxes	-824	-874	-50
Net income	1,675	1,858	+183
Non-controlling interests	87	103	+16
Shareholders' net income	1,588	1,755	+167
Effective tax rate	33%	32%	-1%-p

## Summary



- Total revenues at EUR 29.5bn (+10.0%)
- Operating profit of EUR 2,771mn (+17.1%)
- Shareholders' net income of EUR 1,755mn (+10.5%)
- Strong capital and balance sheet growth

# 2a

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## Key figures<sup>1</sup> (EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>Total revenues (EUR bn)</b>	<b>32.0</b>	<b>26.8</b>	<b>25.1</b>	<b>26.8</b>	<b>34.0</b>	<b>29.5</b>	<b>+2.7</b>	<b>58.8</b>	<b>63.4</b>	<b>+4.6</b>
- Property-Casualty	15.2	10.8	10.7	10.0	15.2	10.8	+0.0	26.0	26.1	+0.1
- Life / Health	14.8	14.1	12.7	15.1	17.2	17.0	+2.9	29.0	34.1	+5.1
- Asset Management	1.9	1.8	1.7	1.7	1.5	1.6	-0.2	3.7	3.1	-0.6
- Corporate and Other	0.1	0.1	0.1	0.1	0.1	0.1	+0.0	0.3	0.3	+0.0
- Consolidation	0.0	-0.1	0.0	-0.2	-0.1	-0.1	+0.0	-0.1	-0.2	-0.1
<b>Operating profit</b>	<b>2,797</b>	<b>2,367</b>	<b>2,519</b>	<b>2,383</b>	<b>2,723</b>	<b>2,771</b>	<b>+404</b>	<b>5,164</b>	<b>5,494</b>	<b>+330</b>
- Property-Casualty	1,319	1,179	1,236	1,534	1,489	1,346	+167	2,498	2,835	+337
- Life / Health	855	669	769	416	880	984	+315	1,524	1,864	+340
- Asset Management	900	804	754	703	646	675	-129	1,704	1,321	-383
- Corporate and Other	-239	-274	-230	-261	-222	-219	+55	-513	-441	+72
- Consolidation	-38	-11	-10	-9	-70	-15	-4	-49	-85	-36
Non-operating items	-119	132	-242	-193	-116	-39	-171	13	-155	-168
Income before taxes	2,678	2,499	2,277	2,190	2,607	2,732	+233	5,177	5,339	+162
Income taxes	-877	-824	-746	-853	-867	-874	-50	-1,701	-1,741	-40
<b>Net income</b>	<b>1,801</b>	<b>1,675</b>	<b>1,531</b>	<b>1,337</b>	<b>1,740</b>	<b>1,858</b>	<b>+183</b>	<b>3,476</b>	<b>3,598</b>	<b>+122</b>
Non-controlling interests	94	87	86	81	100	103	+16	181	203	+22
<b>Shareholders' net income</b>	<b>1,707</b>	<b>1,588</b>	<b>1,445</b>	<b>1,256</b>	<b>1,640</b>	<b>1,755</b>	<b>+167</b>	<b>3,295</b>	<b>3,395</b>	<b>+100</b>
Group financial assets <sup>2,3</sup> (EUR bn)	542.1	528.8	532.5	537.5	556.0	572.8	+44.0	528.8	572.8	+44.0

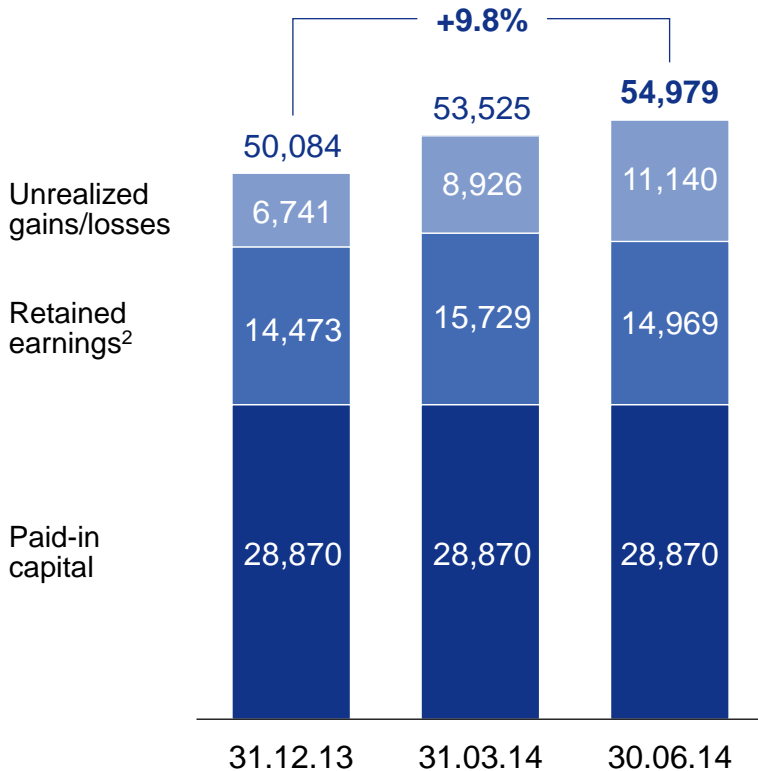
1) Effective 2014, certain entities were allocated from Asset Management to Life/Health and Banking

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

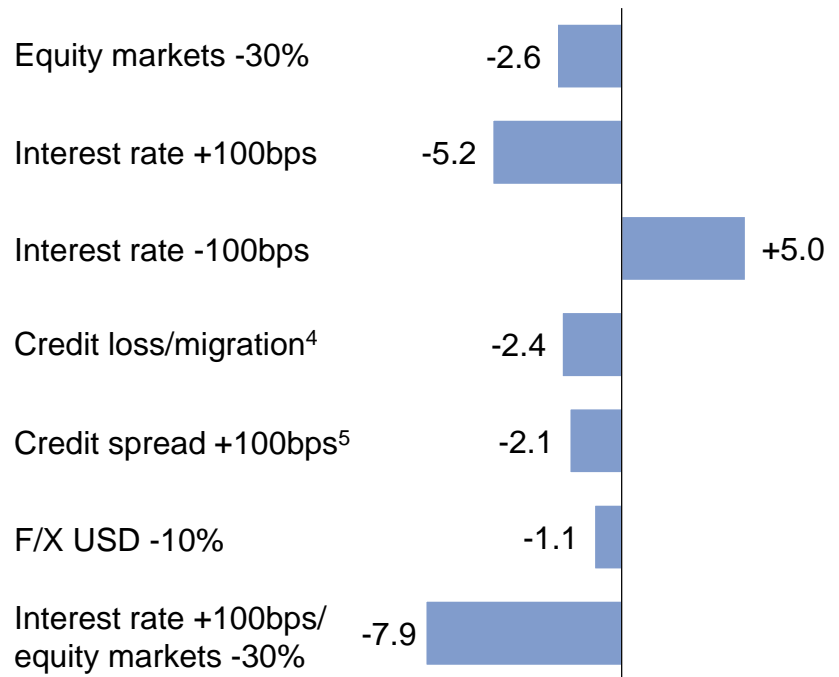
3) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

# Shareholders' equity and stress tests

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



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

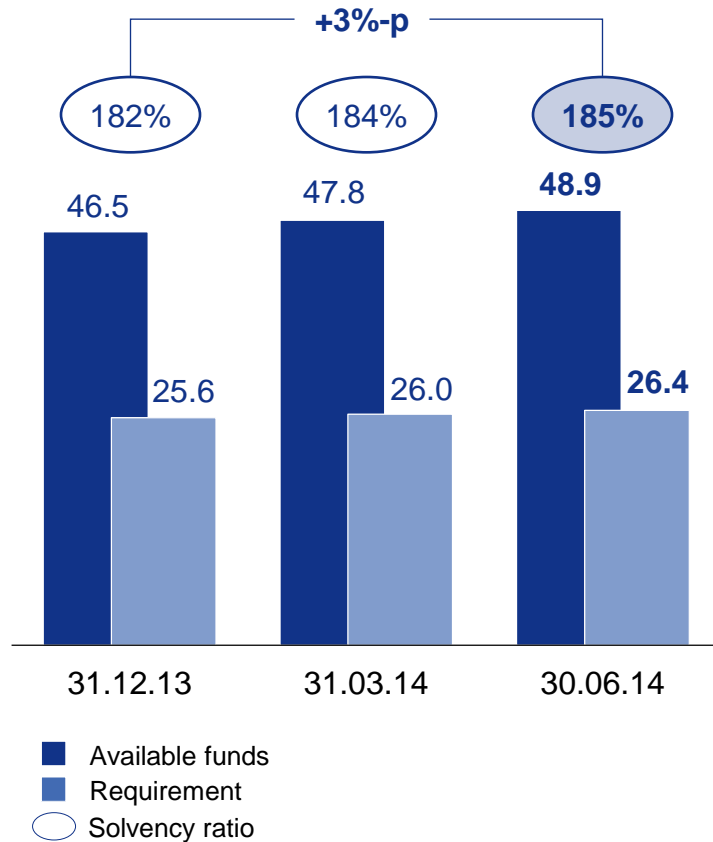


1) Excluding non-controlling interests  
(31.12.13: EUR 2,765mn, 31.03.14: EUR 2,835mn, 30.06.14: EUR 2,833mn)  
2) Including F/X  
3) After non-controlling interests, policyholder participation, tax and shadow DAC

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

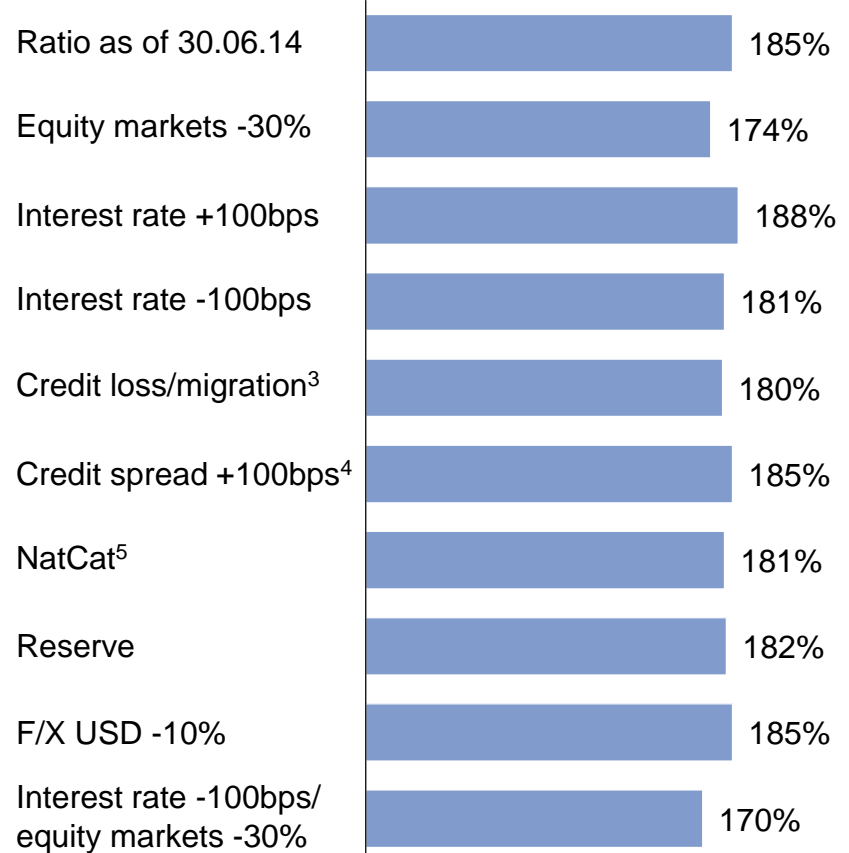
# Conglomerate solvency ratio and stress tests

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



- Off-balance sheet reserves are accepted as eligible capital only upon request. Allianz SE has not submitted an application so far. Off-balance sheet reserves amounted to: 31.12.13: EUR 2.3bn, 31.03.14: EUR 2.3bn and 30.06.14: EUR 2.2bn. The solvency ratio excluding off-balance sheet reserves would be 173% for 31.12.13, 175% for 31.03.14 and 177% for 30.06.14
- After non-controlling interests, policyholder participation, tax and shadow DAC

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



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



# Investment result

## (EUR mn)

	Property-Casualty		Life / Health		Asset Management		Corporate and Other		Consolidation		Group	
	2Q 2013	2Q 2014	2Q 2013	2Q 2014	2Q 2013	2Q 2014	2Q 2013	2Q 2014	2Q 2013	2Q 2014	2Q 2013	2Q 2014
<b>Operating investment result</b>												
Interest and similar income <sup>1</sup>	925	923	4,348	4,448	4	-1	49	81	-15	-14	5,311	5,437
Inc. fr. fin. assets and liab. carried at FV <sup>2</sup>	10	-15	-157	-228	0	3	-87	12	4	1	-230	-227
Realized gains/losses (net)	15	29	718	754	0	0	0	0	0	0	733	783
Impairments of investments (net)	-7	-1	-132	-50	0	0	0	0	21	0	-118	-51
F/X result	-45	17	-530	192	0	1	97	-3	0	0	-478	207
Investment expenses	-77	-75	-193	-232	0	0	-20	-18	73	93	-217	-232
<b>Subtotal</b>	<b>821</b>	<b>878</b>	<b>4,054</b>	<b>4,884</b>	<b>4</b>	<b>3</b>	<b>39</b>	<b>72</b>	<b>83</b>	<b>80</b>	<b>5,001</b>	<b>5,917</b>
<b>Non-operating investment result</b>												
Inc. fr. fin. assets and liab. carried at FV	23	-3	-5	-25	0	0	-9	-2	-2	-3	7	-33
Realized gains/losses (net)	229	114	24	90	0	-1	206	39	-1	1	458	243
Impairments of investments (net)	-35	-20	-6	-2	0	0	-23	-1	0	0	-64	-23
<b>Subtotal</b>	<b>217</b>	<b>91</b>	<b>13</b>	<b>63</b>	<b>0</b>	<b>-1</b>	<b>174</b>	<b>36</b>	<b>-3</b>	<b>-2</b>	<b>401</b>	<b>187</b>
<b>Net investment income</b>												
<b>Net investment income</b>	<b>1,038</b>	<b>969</b>	<b>4,067</b>	<b>4,947</b>	<b>4</b>	<b>2</b>	<b>213</b>	<b>108</b>	<b>80</b>	<b>78</b>	<b>5,402</b>	<b>6,104</b>
<i>Investment return in % of avg. investm.<sup>3</sup></i>	<i>1.0%</i>	<i>0.9%</i>	<i>1.0%</i>	<i>1.1%</i>	<i>n/m</i>	<i>n/m</i>	<i>0.5%</i>	<i>0.3%</i>	<i>n/m</i>	<i>n/m</i>	<i>1.0%</i>	<i>1.1%</i>
Movements in unrealized gains/losses on equities	-185	61	-696	456	0	0	-119	-36	n/m	n/m	-1,000	481
<i>Total investment return in % of avg. inv.<sup>3</sup></i>	<i>0.8%</i>	<i>1.0%</i>	<i>0.8%</i>	<i>1.3%</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>0.8%</i>	<i>1.2%</i>

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

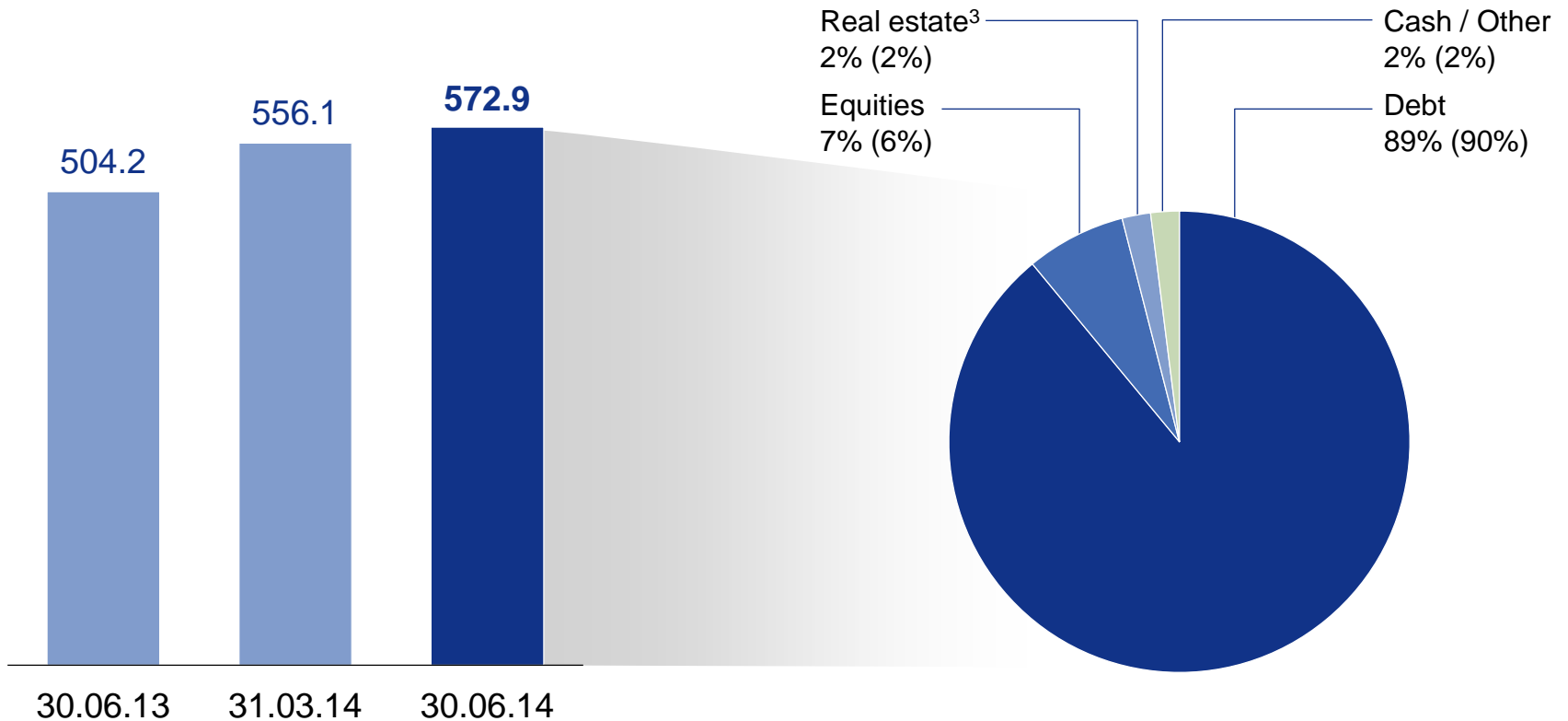
2) Contains income from financial assets/liabilities carried at fair value and operating trading result excluding F/X result

3) Investment return calculation is based on total assets

# Overview investment portfolio

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

Asset allocation as of 30.06.14 (30.06.13)



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

# 2b

Group financial  
results 2Q 2014

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

## Key figures (EUR mn)

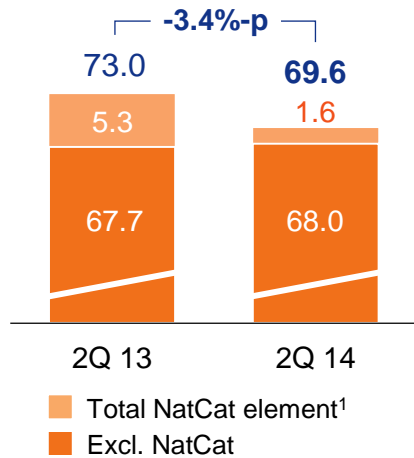
	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>Gross premiums written (EUR bn)</b>	<b>15.2</b>	<b>10.8</b>	<b>10.7</b>	<b>10.0</b>	<b>15.2</b>	<b>10.8</b>	<b>+0.0</b>	<b>26.0</b>	<b>26.1</b>	<b>+0.1</b>
<b>Operating profit</b>	<b>1,319</b>	<b>1,179</b>	<b>1,236</b>	<b>1,534</b>	<b>1,489</b>	<b>1,346</b>	<b>+167</b>	<b>2,498</b>	<b>2,835</b>	<b>+337</b>
<i>Underwriting result</i>	540	357	501	772	705	516	+159	897	1,221	+324
<i>Investment result</i>	763	784	719	782	747	806	+22	1,547	1,553	+6
<i>Other</i>	16	38	16	-20	37	24	-14	54	61	+7
Non-operating items	128	212	-75	31	-576	84	-128	340	-492	-832
Income before taxes	1,447	1,391	1,161	1,565	913	1,430	+39	2,838	2,343	-495
Income taxes	-430	-390	-365	-561	-268	-461	-71	-820	-729	+91
<b>Net income</b>	<b>1,017</b>	<b>1,001</b>	<b>796</b>	<b>1,004</b>	<b>645</b>	<b>969</b>	<b>-32</b>	<b>2,018</b>	<b>1,614</b>	<b>-404</b>
Non-controlling interests	43	45	35	45	44	41	-4	88	85	-3
<b>Shareholders' net income</b>	<b>974</b>	<b>956</b>	<b>761</b>	<b>959</b>	<b>601</b>	<b>928</b>	<b>-28</b>	<b>1,930</b>	<b>1,529</b>	<b>-401</b>
<b>Combined ratio (in %)</b>	<b>94.3</b>	<b>96.0</b>	<b>94.8</b>	<b>92.2</b>	<b>92.6</b>	<b>94.6</b>	<b>-1.4%-p</b>	<b>95.1</b>	<b>93.6</b>	<b>-1.5%-p</b>
<i>Loss ratio</i>	66.1	67.3	67.2	63.1	64.6	66.2	-1.1%-p	66.7	65.4	-1.3%-p
<i>Expense ratio</i>	28.2	28.7	27.6	29.1	28.0	28.4	-0.3%-p	28.4	28.2	-0.2%-p
Segment financial assets <sup>1,2</sup> (EUR bn)	108.7	103.2	102.8	101.1	104.6	104.2	+1.0	103.2	104.2	+1.0

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

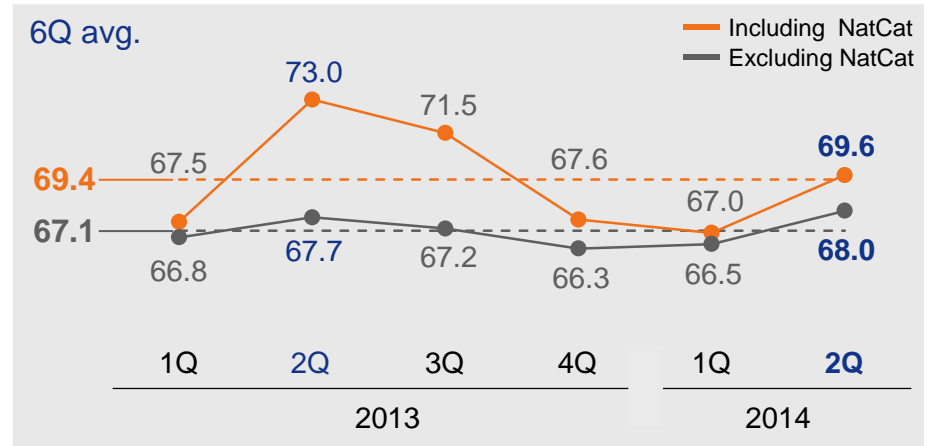
2) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

# Loss ratio and run-off (in %)

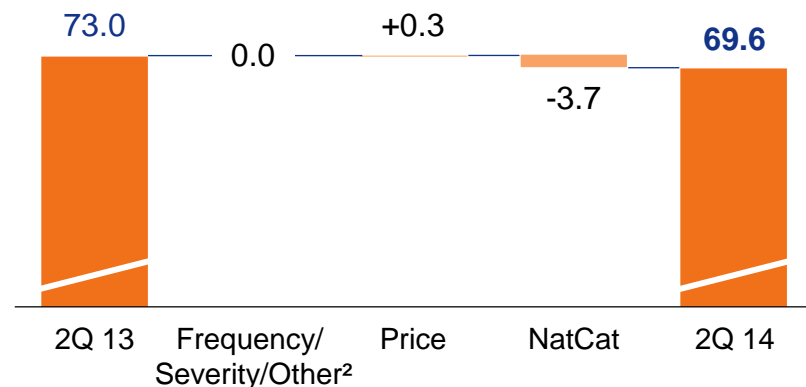
## Accident year loss ratio



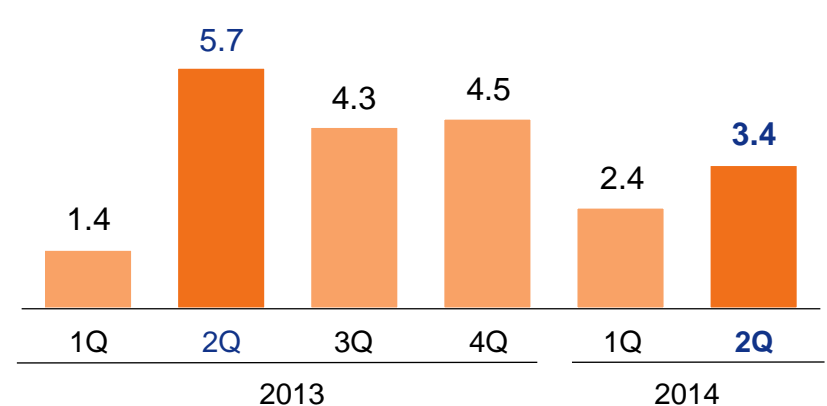
## 6-quarter overview accident year loss ratio



## Development 2Q 14/13



## Run-off ratio<sup>3</sup> (6Q-average: 3.6%)

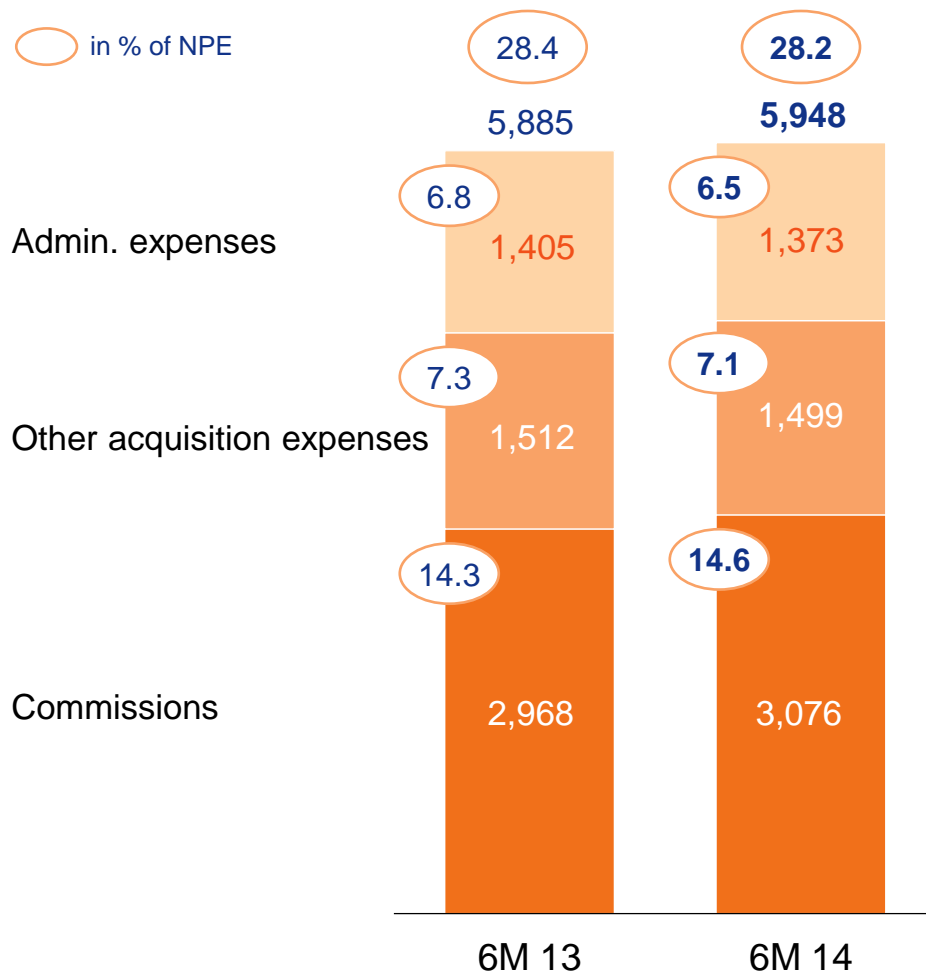


1) NatCat costs (without reinstatement premiums): EUR 549mn (2Q 13) and EUR 172mn (2Q 14)

2) Including large claims, reinsurance, credit insurance

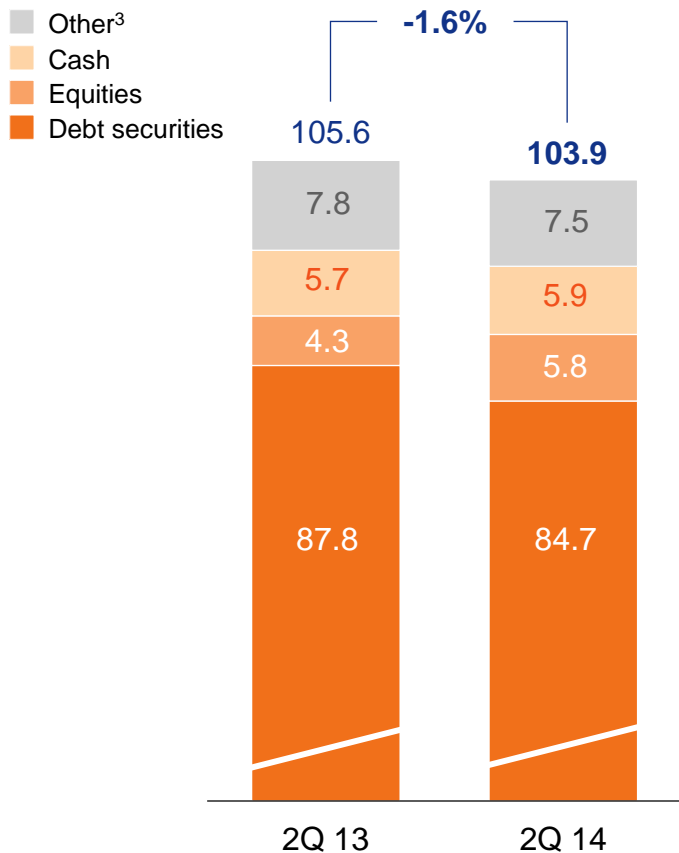
3) Positive values indicate positive run-off; run-off ratio is calculated as run-off result in percent of net premiums earned

# Expense ratio (EUR mn)

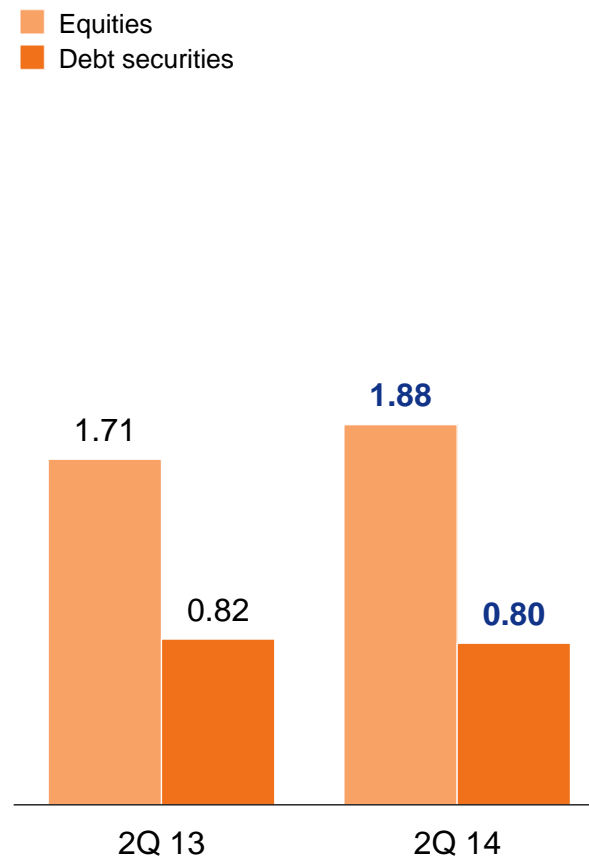


# Average asset base and yields

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

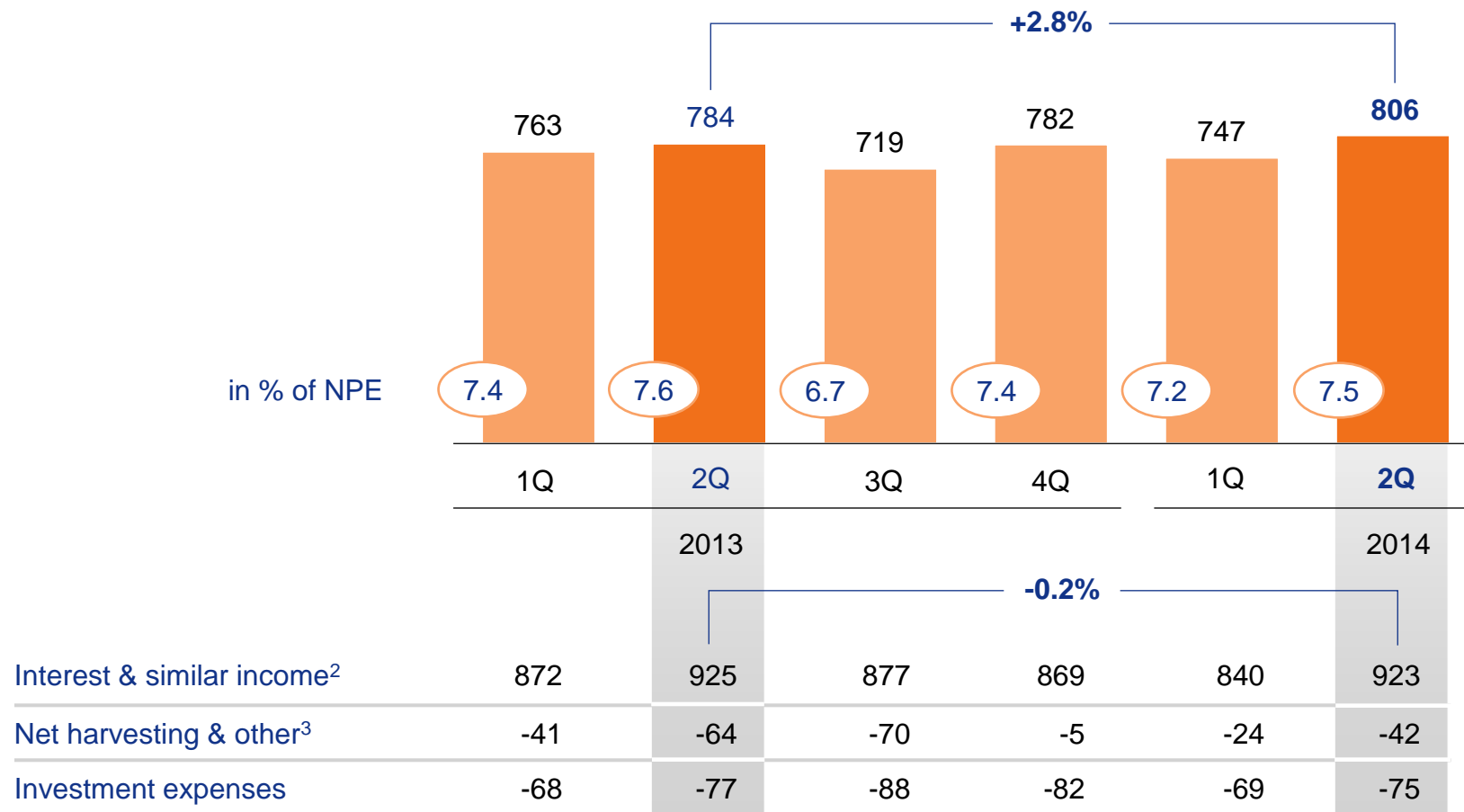


Current yield<sup>2</sup> (in %)



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

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



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

2) Net of interest expenses

3) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation. Thereof related to APR in Germany: 2Q 13: EUR -38mn, 2Q 14: EUR -36mn



# 2c

Group financial  
results 2Q 2014

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

## Key figures<sup>1</sup> (EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>Statutory premiums (EUR bn)</b>	<b>14.8</b>	<b>14.1</b>	<b>12.7</b>	<b>15.1</b>	<b>17.2</b>	<b>17.0</b>	<b>+2.9</b>	<b>29.0</b>	<b>34.1</b>	<b>+5.1</b>
<b>Operating profit</b>	<b>855</b>	<b>669</b>	<b>769</b>	<b>416</b>	<b>880</b>	<b>984</b>	<b>+315</b>	<b>1,524</b>	<b>1,864</b>	<b>+340</b>
Non-operating items	40	11	26	7	4	54	+43	51	58	+7
Income before taxes	895	680	795	423	884	1,038	+358	1,575	1,922	+347
Income taxes	-267	-206	-233	-146	-255	-307	-101	-473	-562	-89
<b>Net income</b>	<b>628</b>	<b>474</b>	<b>562</b>	<b>277</b>	<b>629</b>	<b>731</b>	<b>+257</b>	<b>1,102</b>	<b>1,360</b>	<b>+258</b>
Non-controlling interests	23	20	24	13	31	32	+12	43	63	+20
<b>Shareholders' net income</b>	<b>605</b>	<b>454</b>	<b>538</b>	<b>264</b>	<b>598</b>	<b>699</b>	<b>+245</b>	<b>1,059</b>	<b>1,297</b>	<b>+238</b>
<b>Margin on reserves<sup>2</sup> (in bps)</b>	<b>74</b>	<b>58</b>	<b>66</b>	<b>35</b>	<b>73</b>	<b>79</b>	<b>+21</b>	<b>66</b>	<b>76</b>	<b>+10</b>
Segment financial assets <sup>3,4</sup> (EUR bn)	405.3	398.1	401.0	405.4	422.7	438.4	+40.3	398.1	438.4	+40.3
Unit-linked investments (EUR bn)	75.2	75.4	78.7	81.1	82.9	86.9	+11.5	75.4	86.9	+11.5
Operating asset base <sup>4,5</sup> (EUR bn)	484.7	477.5	483.6	490.7	509.6	529.8	+52.3	477.5	529.8	+52.3
<i>Loadings &amp; fees</i>	<i>1,170</i>	<i>1,145</i>	<i>1,160</i>	<i>1,236</i>	<i>1,241</i>	<i>1,257</i>	<i>+112</i>	<i>2,315</i>	<i>2,498</i>	<i>+183</i>
<i>Investment margin</i>	<i>710</i>	<i>607</i>	<i>536</i>	<i>533</i>	<i>671</i>	<i>920</i>	<i>+313</i>	<i>1,317</i>	<i>1,591</i>	<i>+274</i>
<i>Expenses</i>	<i>-1,377</i>	<i>-1,387</i>	<i>-1,330</i>	<i>-1,658</i>	<i>-1,496</i>	<i>-1,630</i>	<i>-243</i>	<i>-2,764</i>	<i>-3,126</i>	<i>-362</i>
<i>Technical margin</i>	<i>289</i>	<i>344</i>	<i>361</i>	<i>294</i>	<i>264</i>	<i>266</i>	<i>-78</i>	<i>633</i>	<i>530</i>	<i>-103</i>
<b>Operating profit before change in DAC</b>	<b>792</b>	<b>709</b>	<b>727</b>	<b>405</b>	<b>680</b>	<b>814</b>	<b>+105</b>	<b>1,502</b>	<b>1,494</b>	<b>-8</b>

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

Prior year figures changed in order to reflect the roll out of profit source reporting to some Asian companies and the lines of business split in Germany

2) Represents annualized operating profit (loss) divided by the average of (a) current quarter-end and prior quarter-end net reserves and (b) current quarter-end and prior year-end net reserves, whereby net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets

3) Segment own assets (incl. financial assets carried at fair value through income).

Including cash and cash pool assets net of liabilities from securities lending, derivatives and liabilities from cash pooling

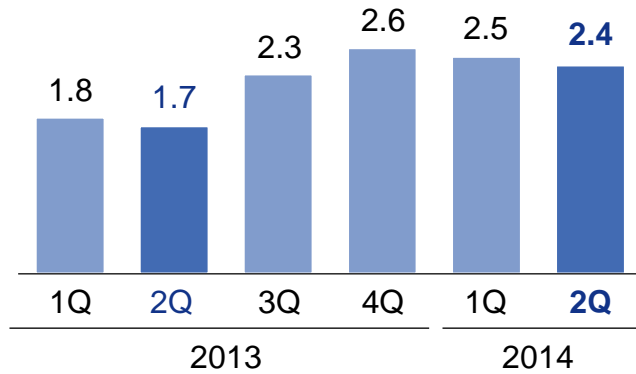
4) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10

5) Grossed up for insurance liabilities which are netted within the trading book (market value liability option).

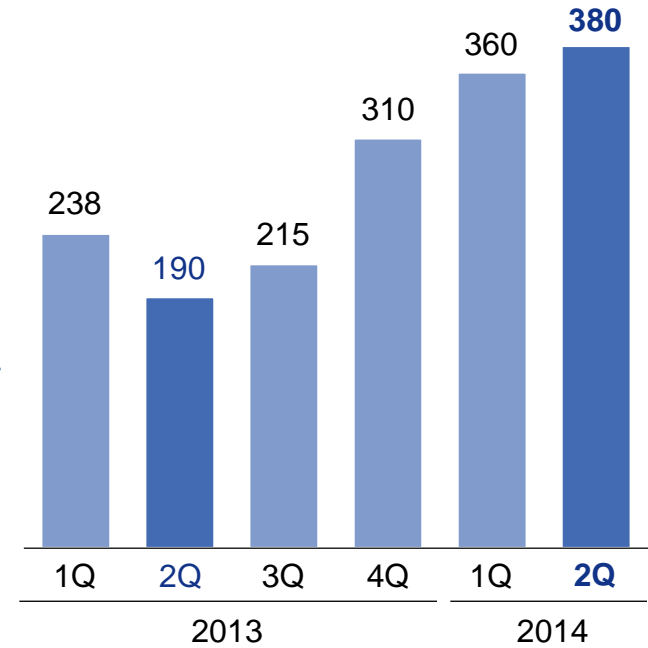
Including cash and cash pool assets net of liabilities from securities lending and derivatives

# Key metrics

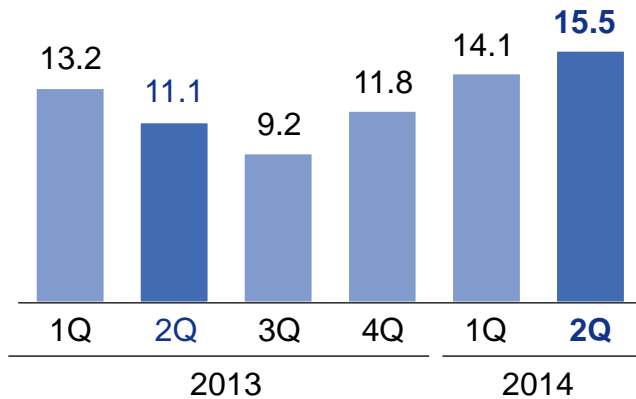
**New business margin<sup>1</sup>**  
(VNB in % of PV of NB premiums)



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



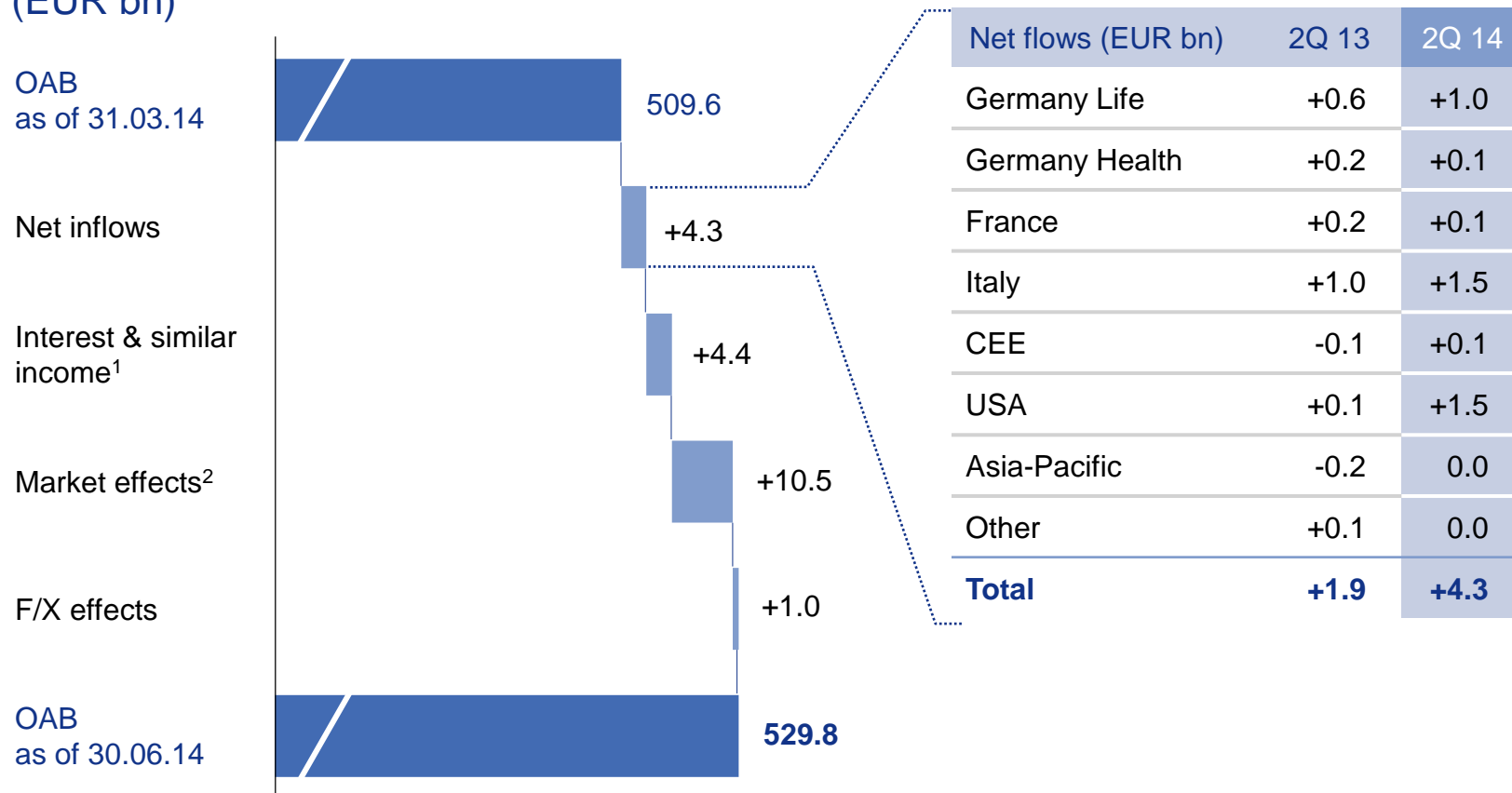
**PV of NB premiums<sup>1</sup>**  
(EUR bn)



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

# Operating asset base

## Operating asset base (EUR bn)

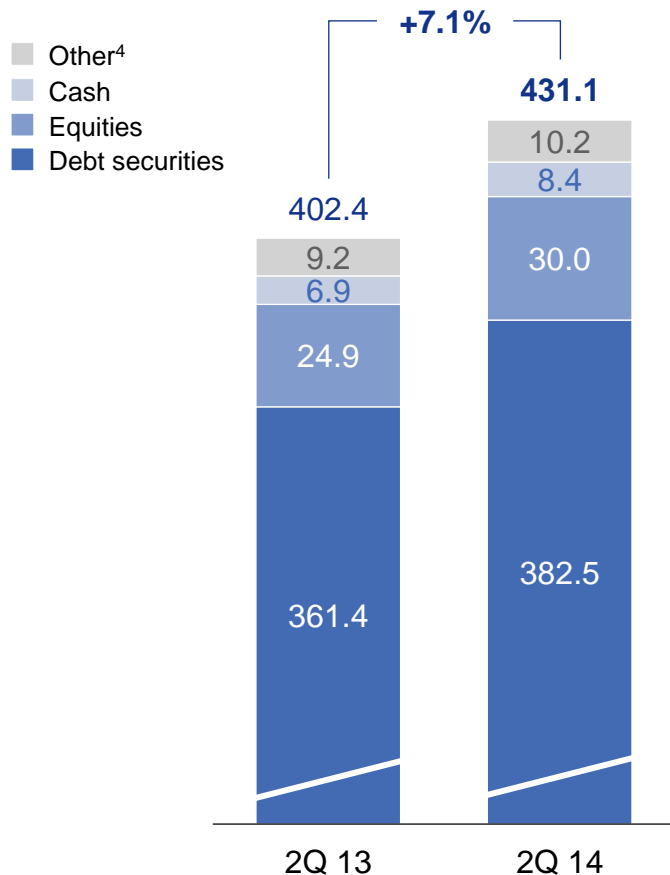


1) Net of interest expenses

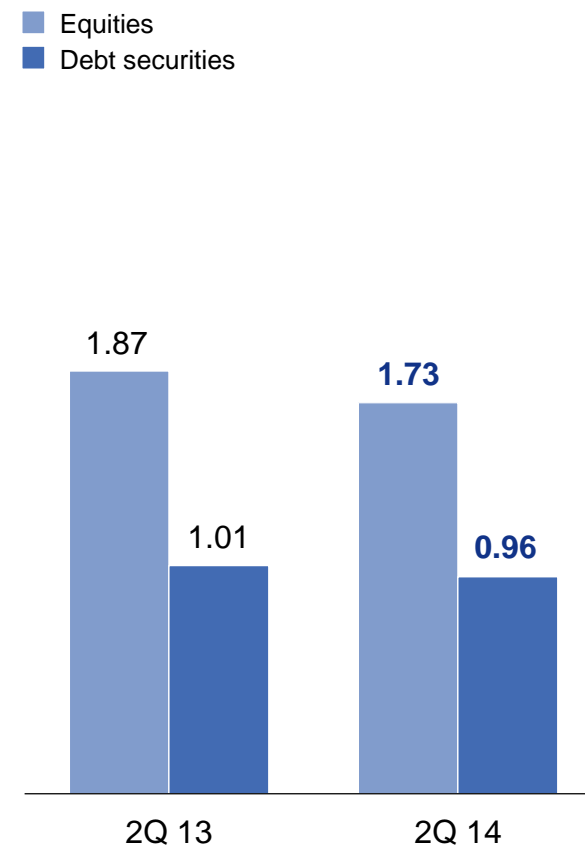
2) Includes changes in other assets and liabilities of EUR -0.4bn

# L/H: average asset base and yields

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

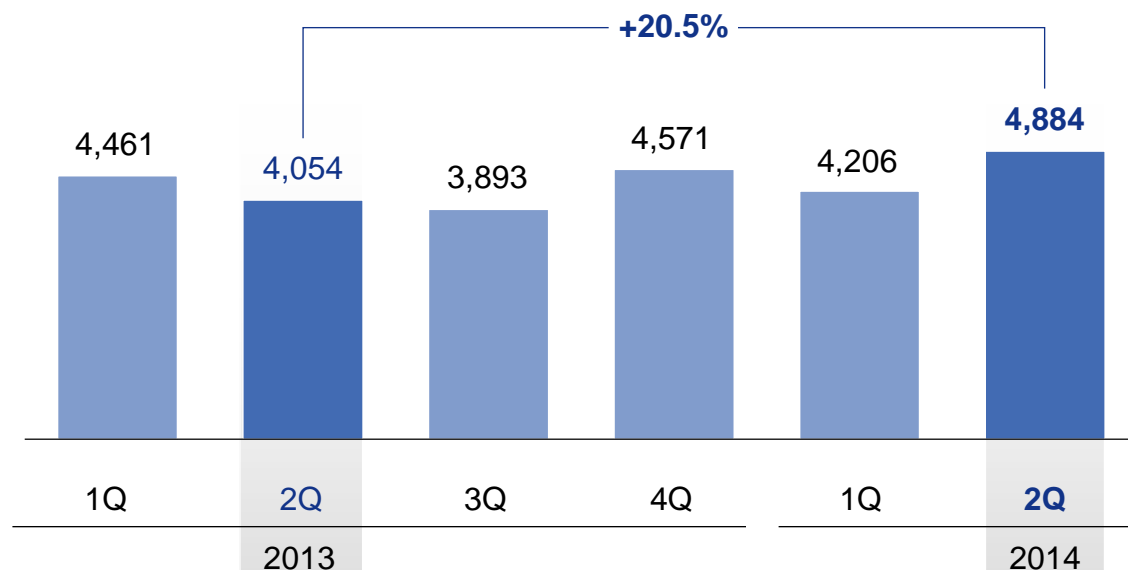


Current yield<sup>2</sup> (in %)



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

# Operating investment result<sup>1</sup>



	1Q	2Q	3Q	4Q	1Q	2Q
	2013				2014	
Interest & similar income <sup>2</sup>	4,058	4,348	4,111	4,169	4,134	4,448
Net harvesting & other <sup>3</sup>	593	-101	-20	660	267	668
Investment expenses	-190	-193	-198	-258	-195	-232
		2Q 13		Δ		2Q 14
Impairments (net)		-132		+82		-50
Realized gains/losses (net)		718		+36		754
Income from fin. assets and liab. carried at FV		-687		+651		-36

1) Prior year figures have been restated to reflect the retrospective application of the amended standard IFRS 10  
 2) Net of interest expenses  
 3) Comprises realized gains/losses, impairments (net), fair value option, trading and F/X gains and losses

# 2d

Group financial  
results 2Q 2014

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

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

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>Operating revenues</b>	<b>1,870</b>	<b>1,772</b>	<b>1,661</b>	<b>1,682</b>	<b>1,517</b>	<b>1,606</b>	<b>-166</b>	<b>3,642</b>	<b>3,123</b>	<b>-519</b>
Performance fees	274	75	41	109	19	67	-8	349	86	-263
<b>Operating profit</b>	<b>877</b>	<b>781</b>	<b>731</b>	<b>671</b>	<b>646</b>	<b>675</b>	<b>-106</b>	<b>1,658</b>	<b>1,321</b>	<b>-337</b>
Non-operating items	-28	-18	-2	6	-14	-3	+15	-46	-17	+29
Income before taxes	849	763	729	677	632	672	-91	1,612	1,304	-308
Income taxes	-296	-288	-263	-312	-226	-253	+35	-584	-479	+105
<b>Net income</b>	<b>553</b>	<b>475</b>	<b>466</b>	<b>365</b>	<b>406</b>	<b>419</b>	<b>-56</b>	<b>1,028</b>	<b>825</b>	<b>-203</b>
Non-controlling interests	21	18	17	16	21	24	+6	39	45	+6
<b>Shareholders' net income</b>	<b>532</b>	<b>457</b>	<b>449</b>	<b>349</b>	<b>385</b>	<b>395</b>	<b>-62</b>	<b>989</b>	<b>780</b>	<b>-209</b>
<b>Cost-income ratio (in %)</b>	<b>53.1</b>	<b>55.9</b>	<b>56.0</b>	<b>60.1</b>	<b>57.4</b>	<b>58.0</b>	<b>+2.1%-p</b>	<b>54.5</b>	<b>57.7</b>	<b>+3.2%-p</b>
<b>3rd party AuM<sup>2</sup> (EUR bn)</b>	<b>1,491</b>	<b>1,427</b>	<b>1,374</b>	<b>1,329</b>	<b>1,342</b>	<b>1,373</b>	<b>-54</b>	<b>1,427</b>	<b>1,373</b>	<b>-54</b>
<b>Allianz AuM<sup>2</sup> (EUR bn)</b>	<b>417</b>	<b>407</b>	<b>407</b>	<b>409</b>	<b>423</b>	<b>441</b>	<b>+34</b>	<b>407</b>	<b>441</b>	<b>+34</b>
<b>Total AuM<sup>2</sup> (EUR bn)</b>	<b>1,908</b>	<b>1,834</b>	<b>1,781</b>	<b>1,738</b>	<b>1,765</b>	<b>1,814</b>	<b>-20</b>	<b>1,834</b>	<b>1,814</b>	<b>-20</b>
<b>3rd party net flows (EUR bn)</b>	<b>41.8</b>	<b>6.0</b>	<b>-27.5</b>	<b>-35.4</b>	<b>-19.8</b>	<b>-17.2</b>	<b>-23.2</b>	<b>47.8</b>	<b>-37.0</b>	<b>-84.8</b>
Net flows in 3rd party AuM eop (in %)	3.0	0.4	-1.9	-2.6	-1.5	-1.3	-1.7%-p	3.4	-2.8	-6.2%-p

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

Therefore, only AAM figures are shown in the table and on the following page

2) Assets under Management are end of period values



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

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>PIMCO</b>										
<b>Operating profit</b>	<b>796</b>	<b>700</b>	<b>645</b>	<b>599</b>	<b>563</b>	<b>597</b>	<b>-103</b>	<b>1,496</b>	<b>1,160</b>	<b>-336</b>
Performance fees	252	40	25	89	11	47	+7	292	58	-234
Cost-income ratio (in %)	48.4	51.2	51.3	54.9	52.2	51.8	+0.6%-p	49.7	52.0	+2.3%-p
3rd party AuM <sup>1</sup> (EUR bn)	1,301	1,238	1,178	1,114	1,116	1,135	-103	1,238	1,135	-103
3rd party net flows (EUR bn)	40.4	4.3	-28.8	-35.6	-21.7	-20.4	-24.7	44.7	-42.1	-86.8
3-yr. outperformance (in %)	95	94	93	90	88	89	-5%-p	94	89	-5%-p
<b>AllianzGI</b>										
<b>Operating profit</b>	<b>87</b>	<b>95</b>	<b>99</b>	<b>83</b>	<b>96</b>	<b>89</b>	<b>-6</b>	<b>182</b>	<b>185</b>	<b>+3</b>
Performance fees	22	35	16	20	8	20	-15	57	28	-29
Cost-income ratio (in %)	73.7	72.4	71.0	76.6	72.1	76.1	+3.7%-p	73.0	74.2	+1.2%-p
3rd party AuM <sup>1</sup> (EUR bn)	190	189	196	215	226	238	+49	189	238	+49
3rd party net flows (EUR bn)	1.4	1.7	1.3	0.2	1.9	3.2	+1.5	3.1	5.1	+2.0
3-yr. outperformance (in %)	66	59	53	55	53	51	-8%-p	59	51	-8%-p

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

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

	AAM		PIMCO		AllianzGI	
	30.06.13	30.06.14	30.06.13	30.06.14	30.06.13	30.06.14
<b>Regions (in %)<sup>2</sup></b>						
America	63.6	62.1	68.5	68.8	31.3	30.3
Europe	26.1	28.1	21.2	21.2	58.1	61.1
Asia-Pacific	10.3	9.8	10.3	10.0	10.6	8.6
<b>Clients (in %)<sup>3</sup></b>						
Institutional	64	64	65	67	59	50
Retail	36	36	35	33	41	50
<b>Products (in %)<sup>4</sup></b>						
Fixed Income	89	86	100	100	17	21
Equity	11	14	0	0	83	79

1) Comprises 3rd party AuM managed by AAM

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

3) Classification is driven by vehicle types

4) Based on legal entity view

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- 3 Glossary

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

(EUR mn)

	1Q 2013	2Q 2013	3Q 2013	4Q 2013	1Q 2014	2Q 2014	Delta 2Q 14/13	6M 2013	6M 2014	Delta 6M 14/13
<b>Total revenues (Banking)</b>	<b>148</b>	<b>132</b>	<b>132</b>	<b>139</b>	<b>139</b>	<b>132</b>	<b>+0</b>	<b>280</b>	<b>271</b>	<b>-9</b>
<b>Operating profit</b>										
<i>  Holding &amp; Treasury</i>	-167	-277	-239	-256	-248	-244	+33	-444	-492	-48
<i>  Banking</i>	-83	-1	4	-11	18	17	+18	-84	35	+119
<i>  Alternative Investments</i>	11	4	5	4	8	8	+4	15	16	+1
<i>  Consolidation</i>	0	0	0	2	0	0	+0	0	0	+0
<b>Corporate and Other operating profit</b>	<b>-239</b>	<b>-274</b>	<b>-230</b>	<b>-261</b>	<b>-222</b>	<b>-219</b>	<b>+55</b>	<b>-513</b>	<b>-441</b>	<b>+72</b>
<b>Non-operating items</b>										
<i>  Holding &amp; Treasury</i>	-251	-67	-202	-221	484	-177	-110	-318	307	+625
<i>  Banking</i>	3	4	11	4	-2	5	+1	7	3	-4
<i>  Alternative Investments</i>	-54	-6	-5	-47	-11	-5	+1	-60	-16	+44
<i>  Consolidation</i>	27	0	0	-2	0	0	+0	27	0	-27
<b>Corporate and Other non-operating items</b>	<b>-275</b>	<b>-69</b>	<b>-196</b>	<b>-266</b>	<b>471</b>	<b>-177</b>	<b>-108</b>	<b>-344</b>	<b>294</b>	<b>+638</b>
Income before taxes	-514	-343	-426	-527	249	-396	-53	-857	-147	+710
Income taxes	117	66	119	174	-118	148	+82	183	30	-153
<b>Net income</b>	<b>-397</b>	<b>-277</b>	<b>-307</b>	<b>-353</b>	<b>131</b>	<b>-248</b>	<b>+29</b>	<b>-674</b>	<b>-117</b>	<b>+557</b>
Non-controlling interests	2	0	4	1	4	6	+6	2	10	+8
<b>Shareholders' net income</b>	<b>-399</b>	<b>-277</b>	<b>-311</b>	<b>-354</b>	<b>127</b>	<b>-254</b>	<b>+23</b>	<b>-676</b>	<b>-127</b>	<b>+549</b>
<b>Cost-income ratio Banking (in %)</b>	<b>146.6</b>	<b>89.6</b>	<b>83.2</b>	<b>80.0</b>	<b>80.3</b>	<b>75.8</b>	<b>-13.8%-p</b>	<b>119.5</b>	<b>78.1</b>	<b>-41.4%-p</b>
RWA <sup>2</sup> Banking (EUR bn)	9	9	9	9	9	9	+0	9	9	+0

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

2) RWA data is preliminary; based on Basel approach

# 3

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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>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>	Assets under Management: The total of all investments, valued at current market value, which the Group has under management with responsibility for their performance. In addition to the Group’s own investments, AuM include investments managed on behalf of third parties.
<b>Bps</b>	Basis point = 0.01%
<b>CEE</b>	Central and Eastern Europe
<b>Combined ratio</b> (CR)	Sum of loss ratio and expense ratio, represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
<b>Cost-income ratio</b> (CIR)	Represents operating expenses divided by operating revenues.
<b>Covered bonds</b>	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.
<b>Current yield</b>	Interest and similar income/ average asset base at book value (excluding income from financial assets and liabilities carried at fair value); current yield on debt securities adjusted for interest expenses; yield on debt securities including cash components.

## Glossary (2)

<b>DAC</b>	Deferred acquisition costs: Commissions, underwriting expenses and policy issuance costs, which vary with and are primarily related to the acquisition and renewal of insurance contracts. These acquisition costs are deferred, to the extent that they are recoverable, and are subject to recoverability testing at the end of each accounting period.
<b>Expense ratio (ER)</b>	Acquisition and administrative expenses (net) divided by premiums earned (net).
<b>Fair value (FV)</b>	The amount for which an asset could be or is exchanged between knowledgeable, willing parties in an arm's length transaction.
<b>F/X</b>	Foreign exchange
<b>Goodwill</b>	Difference between a subsidiary's purchase price and the relevant proportion of its net assets valued at the current value of all assets and liabilities at the time of acquisition.
<b>Government bonds</b>	Government bonds include government and government agency bonds.
<b>Gross/Net</b>	In insurance terminology the terms "gross" and "net" mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term "net" is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
<b>Harvesting rate</b>	$(\text{Realized gains and losses (net)} + \text{impairments on investments (net)}) / \text{average investments and loans at book value (excluding income from financial assets/ liabilities carried at fair value)}$ .
<b>IFRS</b>	International Financial Reporting Standards. Since 2002, the designation of IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Standards already approved before will continue to be cited as International Accounting Standards (IAS).
<b>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>L/H</b>	Life and health insurance
<b>L/H operating profit sources</b>	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. <b>Loadings &amp; fees:</b> Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses.

## Glossary (3)

<b>L/H operating profit sources (II)</b>	<p><b>Investment margin:</b> Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation.</p> <p><b>Expenses:</b> Includes commissions, acquisition expenses and administration expenses.</p> <p><b>Technical margin:</b> Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission claw-backs) and reinsurance result.</p> <p><b>Impact of change in DAC:</b> Includes effects of change in DAC, URR and VOBA and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit.</p>
<b>Loss frequency</b>	Number of accident year claims reported divided by number of risks in-force.
<b>Loss ratio</b>	Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).
<b>Loss severity</b>	Average claim size (accident year gross claims reported divided by number of claims reported)
<b>MCEV</b>	Market consistent embedded value is a measure of the consolidated value of shareholders' interest in a life portfolio. The Market Consistent Embedded Value is defined as Net asset value (NAV)
<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>NBM</b>	New business margin: Value of new business divided by present value of new business premiums.
<b>Non-controlling interests</b>	Represent the proportion of equity of affiliated enterprises not owned by Group companies.
<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.



## Glossary (4)

<b>OE</b>	Operating entity
<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>	Where an insurer transfers part of the risk which he has assumed to another insurer.
<b>Required capital</b>	The market value of assets attributed to the covered business over and above that required to back liabilities for covered business whose distribution to shareholders is restricted.
<b>Retained earnings</b>	Retained earnings comprise the net income of the current year, not yet distributed earnings of prior years and treasury shares as well as any amounts directly recognized in equity according to IFRS such as consolidation differences from minority buyouts.
<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>Operating profit</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>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>Run-off ratio</b>	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
<b>SE</b>	Societas Europaea: European stock company

## Glossary (5)

<b>Shadow DAC</b>	Shadow accounting is applied in order to include the effect of unrealized gains or losses from the debt or equity securities classified as available for sale in the measurement of Deferred Acquisition Costs in the same way as it is done for realized gains or losses. Due to virtual (shadow) realization of unrealized gains or losses Deferred Acquisition Costs are adjusted with corresponding charges or credits recognized directly to shareholders' equity.
<b>Solvency ratio</b>	Ratio indicating the capital adequacy of a company comparing eligible funds to required capital.
<b>Statutory premiums</b>	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
<b>Total equity</b>	Represents the sum of shareholders' equity and non-controlling interests.
<b>Total revenues</b>	Represent the sum of P/C segment's gross premiums written, L/H segment's statutory premiums, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
<b>Unrealized gains and losses (net) (as part of shareholders' equity)</b>	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation.
<b>VNB</b>	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits (PVFP) after acquisition expenses minus the cost of option and guarantees (O&G), minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital, all determined at issue date.
<b>3-year-outperformance AM</b>	The investment performance is based on Allianz Asset Management account-based, asset-weighted three-year investment performance of third-party assets versus the primary target including all accounts managed by portfolio managers of Allianz Asset Management. For some retail funds, the net of fee performance is compared to the median performance of the corresponding Morningstar peer group (first and second quartile mean outperformance). For all other retail funds and for all institutional accounts, the gross of fee performance (revaluated based on closing prices) is compared to the respective benchmark based on different metrics.

# Disclaimer

These assessments are, as always, subject to the disclaimer provided below.

## Forward-looking statements

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

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extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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