2Q

Allianz Group

Interim Report Second Quarter and First Half Year of 2015

Allianz

Allianz at a glance

QUARTERLY AND HALF-YEAR RESULTS

		three months ended 30 June			six months ended 30 June			
		2015	2014	Change from previous year	2015	2014	Change from previous year	More details on page
Income statement								
Total revenues[1]	€ MN	30,170	29,457	2.4 %	67,939	63,420	7.1 %	6
Operating profit[2]	€ MN	2,842	2,770	2.6 %	5,697	5,494	3.7 %	7
Net income[2]	€ MN	2,112	1,858	13.6 %	4,048	3,598	12.5 %	8
thereof: attributable to shareholders	€ MN	2,018	1,755	15.0 %	3,839	3,395	13.1 %	8
Business segments[3]								
Property-Casualty								
Gross premiums written	€ MN	11,843	10,846	9.2 %	29,182	26,063	12.0 %	12
Operating profit[2]	€ MN	1,745	1,345	29.7 %	3,030	2,835	6.9 %	13
Net income[2]	€ MN	1,344	969	38.6 %	2,266	1,614	40.3 %	15
Combined ratio	%	93.5	94.6	(1.1) %-p	94.1	93.6	0.4 %-p	13
Life/Health								
Statutory premiums	€ MN	16,719	16,961	(1.4) %	35,540	34,124	4.2 %	20
Operating profit[2]	€ MN	853	985	(13.4) %	1,957	1,864	5.0 %	22
Net income[2]	€ MN	662	731	(9.5) %	1,401	1,360	3.0 %	25
Margin on reserves	BPS	58	79	(20)	70	76	(6)	24
Asset Management								
Operating revenues	€ MN	1,548	1,607	(3.6) %	3,121	3,124	(0.1) %	31
Operating profit[2]	€ MN	505	676	(25.2) %	1,060	1,321	(19.8) %	32
Net income[2]	€ MN	329	419	(21.4) %	658	825	(20.2) %	32
Cost-income ratio	%	67.4	57.9	9.4 %-p	66.0	57.7	8.3 %-p	32
Corporate and Other								
Total revenues	€ MN	131	132	(0.8) %	270	270	–	–
Operating result[2]	€ MN	(230)	(219)	(4.7) %	(331)	(442)	25.1 %	34
Net income (loss)[2]	€ MN	(205)	(249)	17.4 %	(254)	(117)	(116.6) %	34
Balance sheet as of 30 June[4]								
Total assets	€ MN	841,648	805,787	4.5 %	841,648	805,787	4.5 %	39
Shareholders' equity	€ MN	60,687	60,747	(0.1) %	60,687	60,747	(0.1) %	38
Non-controlling interests	€ MN	2,824	2,955	(4.4) %	2,824	2,955	(4.4) %	38
Share information								
Basic earnings per share	€	4.44	3.87	14.8 %	8.45	7.48	12.9 %	108
Diluted earnings per share	€	4.38	3.84	14.0 %	8.45	7.41	14.0 %	108
Share price as of 30 June[4]	€	139.70	137.35	1.7 %	139.70	137.35	1.7 %	1
Market capitalization as of 30 June[4]	€ MN	63,843	62,769	1.7 %	63,843	62,769	1.7 %	–
Other data								
Standard & Poor's rating[5]		AA Stable outlook	AA Stable outlook	–	AA Stable outlook	AA Stable outlook	–	–
Conglomerate solvency ratio[4,6]	%	192	181	12 %-p	192	181	12 %-p	38
Total assets under management as of 30 June[4]	€ BN	1,811	1,801	0.5 %	1,811	1,801	0.5 %	29
thereof: third-party assets under management as of 30 June[4]	€ BN	1,323	1,313	0.8 %	1,323	1,313	0.8 %	29

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
2 — The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and the Group as a whole.
3 — The Allianz Group operates and manages its activities through four business segments: Property-Casualty, Life/Health, Asset Management and Corporate and Other. For further information, please refer to note 4 to the condensed consolidated interim financial statements.
4 — 2014 figures as of 31 December 2014.
5 — Insurer financial strength rating, affirmed on 22 December 2014.
6 — Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 June 2015 would be 184 % (31 December 2014: 172 %).

▸ To go directly to any chapter, simply click on the headline or the page number

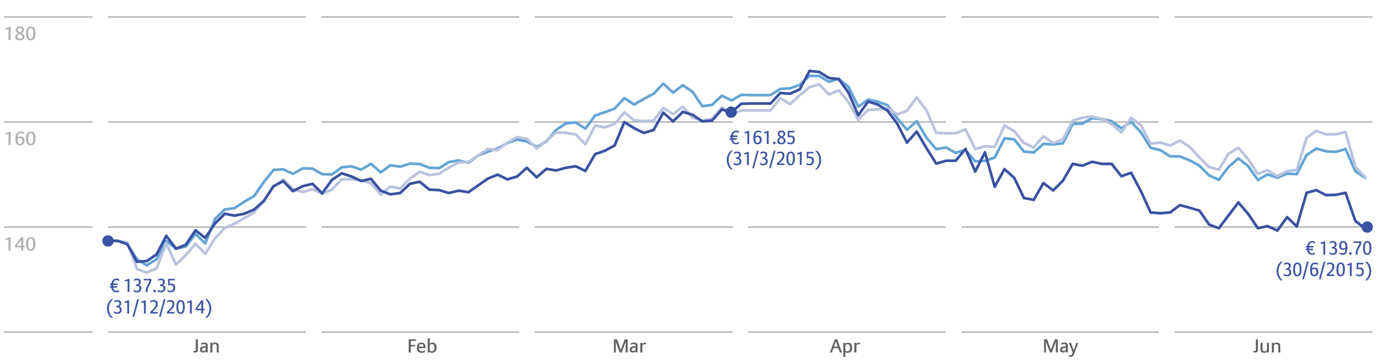
All references to chapters, pages, notes, internet pages, etc. within this report are also linked.

Content

Allianz Share

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS STOXX EUROPE 600 INSURANCE AND EURO STOXX 50

indexed to the Allianz share price in €



Allianz STOXX Europe 600 Insurance EURO STOXX 50

Source: Thomson Reuters Datastream

Allianz Share price (6M 2015):
High: € 169.70 (10 April 2015)   Low: € 133.35 (5 January 2015)

BASIC SHARE INFORMATION

Security codes	WKN 840 400
	ISIN DE 000 840 400 5
Bloomberg	ALV GR
Reuters	0#ALVG.DEU

Disclaimer regarding roundings

The condensed consolidated interim financial statements are presented in millions of Euros (€ MN), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Previously published figures have been adjusted accordingly.

INTERIM GROUP MANAGEMENT REPORT

A

INTERIM GROUP MANAGEMENT REPORT

Pages **4 – 48**

Executive Summary

SECOND QUARTER 2015

– Total revenues of € 30.2 BN – an increase of 2.4 %.
– Operating profit rose 2.6 % to € 2,842 MN.
– Net income grew to € 2,112 MN.
– Conglomerate solvency ratio strengthened from 181 % to 192 %.[1]

Allianz Group overview

Allianz SE and its subsidiaries (the Allianz Group) have operations in over 70 countries. The Group's results are reported by business segment: Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other.

Key figures

KEY FIGURES ALLIANZ GROUP

€ MN three months ended 30 June	2015	2014
Total revenues	30,170	29,457
Operating profit	2,842	2,770
Net income	2,112	1,858
Conglomerate solvency ratio[1,2] in %	192	181

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT IN THE SECOND QUARTER OF 2015

Growth dynamics in the global economy took different directions in the first half of this year. Most of the industrialized countries registered fairly solid growth. Following a weak start to the year, the U.S. economy got back into stride in the second quarter. The Eurozone experienced an acceleration in economic activity, benefiting from lower oil prices and the depreciation of the Euro. By contrast, major emerging markets like China showed signs of weakness or, in the case of Brazil and Russia, actually slipped into recession. Overall, global economic activity continued to trend moderately upwards.

Despite the European Central Bank's (ECB) ongoing bond purchasing program, yields on 10-year German government bonds rose significantly and closed the second quarter at 0.8 %, 60 basis points higher than at the beginning of the quarter. Spreads on government bonds in the Eurozone periphery widened. This was most pronounced in Greece amid the standstill in negotiations with the ECB, the European Commission and the International Monetary Fund, the end of the second bail-out program on 30 June and the call for a referendum in Greece. The negotiations between Greece and its creditors were also reflected in increased volatility in equity markets. While many equity markets outside Europe registered gains in the second quarter, most markets in Europe declined. Additionally Asian emerging market equities were impacted by a plunge in Chinese indices. Following preceding strong losses, influenced not least by the divergent monetary policies of the ECB and the Federal Reserve Bank, the Euro stabilized in the second quarter. The U.S. Dollar to Euro exchange rate was 1.11 at the end of the second quarter (end of first quarter: 1.07).

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 June 2015 and 31 December 2014 would be 184 % and 172 %, respectively.
2 — 2014 figure as of 31 December 2014.

From an insurance industry point of view, the first half of 2015 was rather mixed. On the one hand, loss activity was generally modest as global catastrophe losses were benign; top-line growth was more or less stable. On the other hand, despite the recent pickup, yields remained very low, keeping reinvestment yields well below running yields. Furthermore, pricing pressure continued to grow. The upshot is an increasing need to manage expenses. Unsurprisingly, industry consolidation is already in full swing.

MANAGEMENT'S ASSESSMENT OF SECOND QUARTER 2015 RESULTS

Our *total revenues* increased 2.4 % to € 30.2 BN (internal growth[1]: (3.8) %). The increase in total revenues was driven by our Property-Casualty business segment. However, developments in our business segments Life/Health and Asset Management partly offset this growth.

Our *operating profit* grew € 72 MN – or 2.6 % – to € 2,842 MN. This was mainly due to a strong underwriting result, as well as a net gain from the sale of the Fireman's Fund personal insurance business in our Property-Casualty business segment. Mainly a lower investment margin and reserve strengthening in South Korea in our Life/Health business segment as well as an increase in operating expenses – which was strongly driven by foreign currency translation effects – in our Asset Management business segment lowered the upswing.

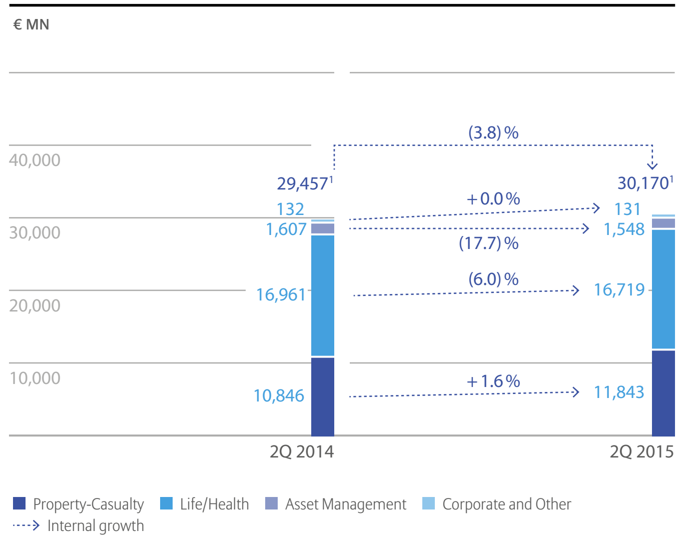
Net income was up 13.6 % to € 2,112 MN – a strong increase primarily due to an improvement in our non-operating result. *Net income attributable to shareholders* and *non-controlling interests* were at € 2,018 MN (2Q 2014: € 1,755 MN) and € 94 MN (2Q 2014: € 103 MN), respectively.

Our *shareholders' equity* was stable at € 60.7 BN, compared to 31 December 2014. In the same period, our *conglomerate solvency ratio* strengthened from 181 % to 192 %[2].

Total revenues[3]

2015 to 2014 second quarter comparison

TOTAL REVENUES – BUSINESS SEGMENTS



1 — Total revenues include € (72) MN (2Q 2014: € (89) MN) from consolidation for 2Q 2015.

Property-Casualty gross premiums written amounted to € 11.8 BN – an increase of € 1.0 BN compared to the second quarter of 2014. This equals a growth of 1.6 % on an internal basis[1], driven by favorable volume effects. We recorded strong growth at Allianz Worldwide Partners, in Turkey and at AGCS excl. Fireman's Fund.

Life/Health statutory premiums amounted to € 16.7 BN, a decrease of 6.0 % on an internal basis[1]. An increase in unit-linked business stemming from Taiwan and Italy partly offset the drop in fixed-indexed annuity sales in the United States and the decrease in traditional life business in Germany, as a result of the change in product strategy.

Asset Management operating revenues dropped by € 59 MN to € 1,548 MN. On an internal basis[1], excluding the strong effects from foreign currency translation, mainly resulting from the appreciation of the U.S. Dollar against the Euro, operating revenues decreased by 17.7 %. The main cause for this was a drop in our third-party assets under management (AuM) and the corresponding AuM-related income.

Total revenues in our Banking operations (reported in our *Corporate and Other* business segment) were almost flat at € 131 MN.

1 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 46 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 June 2015 and 31 December 2014 would be 184 % and 172 %, respectively.

3 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

2015 to 2014 first half-year comparison

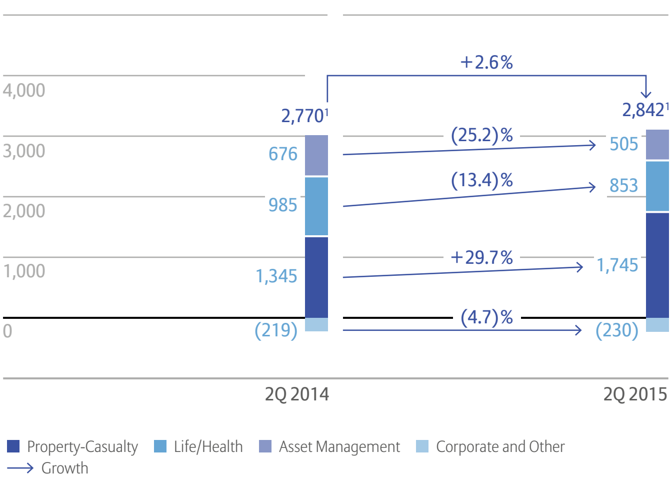
In the first six months of 2015, our *total revenues* grew 7.1 % compared to the corresponding period in 2014 and amounted to € 67.9 BN. On an internal basis[1] total revenues increased slightly by 0.2 %. Volume driven growth in our Property-Casualty business segment was mostly offset by lower third-party AuM-driven revenues from our Asset Management business segment, and – to a lesser extent – by a decline in our Life/Health statutory premiums.

Operating profit

2015 to 2014 second quarter comparison

OPERATING PROFIT – BUSINESS SEGMENTS

€ MN



1 — Total operating profit includes € (32) MN (2Q 2014: € (16) MN) from consolidation for 2Q 2015.

Our *Property-Casualty* operating profit increased by € 400 MN to € 1,745 MN, largely due to the strong underwriting result compared to the second quarter of 2014 and a net gain from the sale of the Fireman's Fund personal insurance business. Our investment result improved by € 35 MN to € 840 MN.

Life/Health operating profit decreased by € 132 MN to € 853 MN. This was driven by the German life business, mainly due to a lower investment margin as a result of negative fair value changes, and reserve strengthening in South Korea. It was partly offset by a higher investment spread margin due to an increased asset base in the United States and favorable foreign currency translation effects.

Asset Management operating profit went down 25.2 % to € 505 MN, which is a contraction of 36.9 % on an internal basis[2], mainly due to lower third-party AuM-related revenues and – to a lesser extent – a dip of our third-party AuM margin. We also recorded a slight drop in administrative expenses, which was mostly driven by lower personnel expenses.

Our operating result in *Corporate and Other* decreased by € 10 MN to a loss of € 230 MN. An increase in the operating result of our Banking operations could only partially compensate for the drop of € 19 MN in Holding & Treasury.

2015 to 2014 first half-year comparison

Operating profit went up € 204 MN – or 3.7 % – to € 5,697 MN. The main drivers for this were higher loadings and fees and a better investment margin in our Life/Health business segment and – in the second quarter – a strong underwriting result and a net gain from the sale of the Fireman's Fund personal insurance business in our Property-Casualty business segment. An improvement in the result of our Corporate and Other business segment also contributed to this development. However, operating profit in our Asset Management business segment declined, largely reflecting an increase in operating expenses, which was strongly driven by foreign currency translation effects.

1 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 46 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

2 — Operating profit adjusted for foreign currency translation and (de-)consolidation effects.

Non-operating result

2015 to 2014 second quarter comparison

Our *non-operating result* increased by € 174 MN to € 137 MN, mainly driven by a higher non-operating investment result due to increased non-operating realized gains and losses (net) and higher non-operating income from financial assets and liabilities carried at fair value through income (net).

Non-operating income from financial assets and liabilities carried at fair value through income (net) increased by € 44 MN to € 13 MN, mainly due to favorable impacts from hedging-related activities.

Non-operating realized gains and losses (net) increased by € 181 MN to € 424 MN, driven by higher realized gains on equity investments and debt securities.

Non-operating impairments of investments (net) increased by € 20 MN to € 43 MN, mainly due to impairments on debt funds.

2015 to 2014 first half-year comparison

Our *non-operating result* increased by € 230 MN to € 76 MN. This was mainly driven by higher *non-operating realized gains and losses (net)* partly offset by the absence of a positive one-off effect from a pension revaluation of € 117 MN, as reported in the first quarter of 2014.

Income taxes

2015 to 2014 second quarter comparison

Income taxes decreased by € 7 MN to € 867 MN and the effective tax rate amounted to 29.1 % (2Q 2014: 32.0 %). This was mostly due to higher tax exempt income.

2015 to 2014 first half-year comparison

Income taxes were down by € 17 MN to € 1,725 MN, driven by higher tax exempt income compared to the first six months of 2014. The effective tax rate decreased to 29.9 % (6M 2014: 32.6 %).

Net income

2015 to 2014 second quarter comparison

Net income increased by € 254 MN to € 2,112 MN, driven primarily by our higher non-operating result. *Net income attributable to shareholders* and *non-controlling interests* amounted to € 2,018 MN (2Q 2014: € 1,755 MN) and € 94 MN (2Q 2014: € 103 MN), respectively. The largest non-controlling interests in net income related to Euler Hermes and PIMCO.

Basic earnings per share increased from € 3.87 to € 4.44 and *diluted earnings per share* increased from € 3.84 to € 4.38. For further information on earnings per share, please refer to note 39 to the condensed consolidated interim financial statements.

2015 to 2014 first half-year comparison

Net income grew by € 450 MN to € 4,048 MN, driven by both our higher non-operating result and operating result. *Net income attributable to shareholders* and *non-controlling interests* amounted to € 3,839 MN (6M 2014: € 3,395 MN) and € 209 MN (6M 2014: € 203 MN), respectively.

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Total revenues[1]	**30,170**	**29,457**	**67,939**	**63,420**
Premiums earned (net)	17,263	16,700	35,535	33,386
Operating investment result				
Interest and similar income	5,964	5,538	11,368	10,677
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,330)	(22)	(647)	(272)
Operating realized gains/losses (net)	1,670	783	4,189	1,563
Interest expenses, excluding interest expenses from external debt	(96)	(102)	(199)	(199)
Operating impairments of investments (net)	(113)	(50)	(202)	(347)
Investment expenses	(265)	(232)	(502)	(431)
Subtotal	**5,830**	**5,914**	**14,007**	**10,991**
Fee and commission income	2,673	2,537	5,317	4,945
Other income	279	46	356	123
Claims and insurance benefits incurred (net)	(12,294)	(12,257)	(25,098)	(24,066)
Change in reserves for insurance and investment contracts (net)[2]	(3,560)	(3,598)	(9,699)	(7,038)
Loan loss provisions	(17)	(15)	(24)	(24)
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(6,286)	(5,704)	(12,590)	(11,156)
Fee and commission expenses	(949)	(830)	(1,890)	(1,613)
Operating amortization of intangible assets	(5)	(5)	(9)	(9)
Restructuring charges	(61)	9	(151)	9
Other expenses	(32)	(26)	(60)	(56)
Reclassification of tax benefits	–	–	5	–
Operating profit	**2,842**	**2,770**	**5,697**	**5,494**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	13	(31)	(112)	(101)
Non-operating realized gains/losses (net)	424	243	742	369
Non-operating impairments of investments (net)	(43)	(24)	(63)	(89)
Subtotal	**393**	**188**	**568**	**179**
Income from fully consolidated private equity investments (net)	(6)	–	(4)	(5)
Interest expenses from external debt	(213)	(206)	(425)	(411)
Acquisition-related expenses	3	1	10	6
One-off effects from pension revaluation	–	–	–	117
Non-operating amortization of intangible assets	(41)	(20)	(68)	(39)
Reclassification of tax benefits	–	–	(5)	–
Non-operating items	**137**	**(37)**	**76**	**(154)**
Income before income taxes	**2,979**	**2,733**	**5,773**	**5,339**
Income taxes	(867)	(875)	(1,725)	(1,741)
Net income	**2,112**	**1,858**	**4,048**	**3,598**
Net income attributable to:				
Non-controlling interests	94	103	209	203
Shareholders	2,018	1,755	3,839	3,395
Basic earnings per share in €	4.44	3.87	8.45	7.48
Diluted earnings per share in €	4.38	3.84	8.45	7.41

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the three months ended 30 June 2015, expenses for premium refunds (net) in Property-Casualty of € (59) MN (2Q 2014: € (72) MN) are included. For the six months ended 30 June 2015, expenses for premium refunds (net) in the business segment Property-Casualty of € (168) MN (6M 2014: € (131) MN) are included.

Risk management

Risk management is an integral part of our business and supports our value-based management. For further information about our approach, please refer to the Risk and Opportunity Report in our Annual Report 2014. The Allianz Group's management feels comfortable with the Group's overall risk profile and has confidence in the effectiveness of its risk management framework to meet the challenges of a rapidly changing environment as well as day-to-day business needs. The risk profile described in the latest Risk and Opportunity Report remains largely unchanged. We consider the current state of the economy, combined with the persisting low interest rate environment in the Eurozone –fueled by an expansive monetary policy – as a rising risk for achieving our investment targets. Also, continuing geopolitical uncertainties represent risks we are monitoring closely. In addition, Allianz continues to be exposed to regulatory developments – especially the European solvency directive (Solvency II) and the designation of Allianz as a global systemically important insurer (a so-called G-SIIs).

FINANCIAL MARKET AND OPERATING ENVIRONMENT DEVELOPMENTS

Many countries within the Eurozone currently face weak economic growth and low inflation rates. However, there is a fair chance of economic recovery. The economic malaise is being addressed by the European Central Bank through its expansive monetary policy. As a result, financial markets are characterized by historically low interest rates and risk premia, prompting investors to look for higher yielding – and potentially higher risk – investments. In addition to sustained low interest rates, the challenges of implementing long-term structural reforms in key Eurozone countries, ongoing discussions about Greece and the uncertainty about the future path of monetary policy may lead to higher market volatility accompanied by a flight to quality and a scenario with falling equity and bond prices due to rising spread levels accompanied by even lower interest rates. Also, the potential for asset bubbles (as observed in the Chinese equity market) might spill over to other markets, contributing to increasing volatility.

The persisting geopolitical risks, including the conflicts in the Middle East as well as between Russia and Ukraine and the resulting international sanctions against Russia, are manageable for the Allianz Group since our direct investment exposure to this region remains relatively small in the context of our overall investment portfolio. Nevertheless, we are monitoring these developments since a significant deterioration may lead to spillover effects on global financial markets, triggering indirect effects that may have a negative impact on our business and risk profile. Over the past years, Allianz Group and its operating entities have developed operational contingency plans for various crisis scenarios. We continue to conduct scenario analyses on a regular basis to bolster our financial and operational resilience to strong shock scenarios. In addition, we continue to optimize our product design and pricing in the Life/Health business segment with respect to guarantees and surrender conditions. Continuous monitoring as well as prudent risk positions and contingency planning remain priorities for our management.

REGULATORY DEVELOPMENTS

In March 2014, the European Parliament approved the Solvency II "Omnibus II" directive, allowing the new risk-based solvency capital framework for the E.U. to proceed with a planned introduction date of January 2016. Although the European Commission's draft for the delegated regulation of Solvency II was approved and published in January 2015, the interpretation of some of the important final requirements remains unclear. This situation creates some uncertainty regarding Allianz's ultimate Solvency II capital requirements, especially under the application of our internal model in case the final rules deviate from our current understanding of these rules, e.g. the application of third country equivalence for the United States. Also the possibility of regulatory capital add-ons in the context of the approval process for Allianz's internal model, which was submitted to regulators in the second quarter, increases the uncertainty surrounding future Solvency capital requirements.

In addition to Solvency II uncertainty, the future capital requirements applicable for G-SIIs are also unclear, contributing to uncertainty in terms of the ultimate capital requirements for Allianz. Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational complexity and costs.

In any case, the Solvency II regime will lead to higher volatility in solvency ratios compared to Solvency I, due to the market value balance sheet approach.

Events after the balance sheet date

For information on events after the balance sheet date, please refer to note 41 to the condensed consolidated interim financial statements.

Other information

RECENT ORGANIZATIONAL CHANGES

For more information on recent organizational changes, please refer to note 4 to the condensed consolidated interim financial statements.

STRATEGY

The Allianz Group's strategy is described in the Strategy and Steering chapter in our Annual Report 2014. There have been no material changes to our Group strategy.

PRODUCTS, SERVICES AND SALES CHANNELS

For an overview of the products and services offered by the Allianz Group as well as of sales channels, please refer to the Business Operations and Markets chapter in our Annual Report 2014. Information on our brand can also be found in the Progress in Sustainable Development chapter in our Annual Report 2014.

SALE OF FIREMAN'S FUND PERSONAL INSURANCE BUSINESS

On 1 April 2015, the Allianz Group closed the sale of the Fireman's Fund personal insurance business to ACE Limited. The sale was an integral part of the reorganization of Allianz Group's Property-Casualty insurance business in the United States.

Property-Casualty Insurance Operations

SECOND QUARTER 2015

– Gross premiums written up by 9.2 % to € 11.8 BN.
– Operating profit grew 29.7 % to € 1,745 MN due to a strong underwriting result and the net gain from the sale of the Fireman's Fund personal insurance business.
– Combined ratio improved to 93.5 %.

Business segment overview

Our Property-Casualty business offers a wide range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as motor, accident/disability, property and general liability. We conduct business worldwide in more than 70 countries. We are also a global leader in travel insurance, assistance services and credit insurance. We distribute our products via a broad network of agents, brokers, banks and other strategic partners, as well as through direct channels.

Key figures

KEY FIGURES PROPERTY-CASUALTY

€ MN three months ended 30 June	2015	2014
Gross premiums written	11,843	10,846
Operating profit	1,745	1,345
Net income	1,344	969
Loss ratio in %	65.7	66.2
Expense ratio in %	27.8	28.4
Combined ratio in %	93.5	94.6

Gross premiums written[1]

2015 to 2014 second quarter comparison

On a nominal basis, *gross premiums written* amounted to € 11,843 MN. Compared to the second quarter of 2014, we recorded a plus of € 997 MN, or 9.2 %. Favorable foreign currency effects were at € 574 MN, mainly due to the appreciation of the U.S. Dollar, the British Pound and the Swiss Franc against the Euro.[2] Consolidation/deconsolidation effects were positive at € 253 MN, largely due to the acquisition of a part of the insurance business of UnipolSai and the takeover of the Property-Casualty insurance business of the Territory Insurance Office in Australia.

On an internal basis, our gross premiums written increased by 1.6 %. We experienced a positive volume effect of 1.7 %, which was partly offset by a negative price effect of 0.2 %. We recorded strong growth at Allianz Worldwide Partners, in Turkey and at AGCS excl. Fireman's Fund.

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 2Q 2015 internal growth over 2Q 2014:

Cluster 1:
Overall growth – both price and volume effects are positive.

Cluster 2:
Overall growth – either price or volume effects are positive.

Cluster 3:
Overall decline – either price or volume effects are negative.

Cluster 4:
Overall decline – both price and volume effects are negative.

1 — We comment on the development of our gross premiums written on an internal basis; meaning adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.
2 — Based on the average exchange rates in 2015 compared to 2014.

CLUSTER 1

In *Asia-Pacific,* gross premiums increased to € 214 MN. The strong growth of 15.5 % on an internal basis was mainly driven by higher volumes in our motor and fire insurance business in Malaysia.

At *Allianz Worldwide Partners,* we recorded gross premiums of € 852 MN – up 9.4 % on an internal basis. This mainly reflected positive volume effects in all our lines of business, in particular the U.S. travel business.

In *Portugal,* gross premiums went up to € 70 MN. The internal growth of 4.6 % was largely due to positive price effects particularly in our workers compensation and motor business.

In *Australia,* gross premiums were at € 783 MN. The main contributors to the 2.7 % increase on an internal basis were positive effects from our domestic motor and property business.

CLUSTER 2

In *Turkey,* gross premiums grew to € 309 MN. We expanded by 22.8 % on an internal basis, driven by a strong volume growth in our motor third-party liability insurance business and favorable effects in our health insurance business.

In *Latin America,* gross premiums were at € 554 MN. The increase of 8.7 % on an internal basis was largely due to strong volume growth in our motor business in Argentina. Lower volumes in our health business in Brazil partly offset these effects.

In *Switzerland,* gross premiums rose to € 189 MN. The internal growth of 5.9 % resulted from positive volume effects in our motor and legal assistance businesses.

In *Credit Insurance,* gross premiums were at € 575 MN – an increase of 3.5 % on an internal basis. Positive volume effects in our growth markets were partly offset by negative price effects.

At *AGCS incl. FFIC*, gross premiums stood at € 2,098 MN. The internal growth of 2.0 % was entirely driven by positive volume effects, particularly from new business in our engineering lines and at ART. This was burdened by negative volume impacts from the former Fireman's Fund business portfolio.

CLUSTER 3

In *Central and Eastern Europe,* gross premiums declined by 14.8 % to € 465 MN on an internal basis. This was mostly driven by negative volume effects due to the downscaling of our motor business in Russia.

In *Germany,* gross premiums went down to € 1,755 MN. The decrease of 1.4 % on an internal basis was mainly caused by volume losses in our APR (accident insurance with premium refunds) business. However, this was partially offset by price effects in our motor business.

CLUSTER 4

In *Italy,* gross premiums decreased by 1.9 % to € 1,204 MN on an internal basis. The main drivers were negative price and volume impacts from our motor and non-motor business, respectively.

2015 to 2014 first half-year comparison

On a nominal basis, *gross premiums written* grew by 12.0 %. Adjusted for foreign currency translation and (de-)consolidation effects, this represents an increase of 2.8 %. This included a positive volume effect of 2.4 % and a positive price effect of 0.4 %.

Operating profit

OPERATING PROFIT

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Underwriting result	694	516	1,249	1,220
Operating investment income (net)	840	805	1,638	1,552
Other result[1]	212	24	143	62
Operating profit	**1,745**	**1,345**	**3,030**	**2,835**

1 — Consists of fee and commission income/expenses, other income/expenses and restructuring charges.

2015 to 2014 second quarter comparison

Operating profit increased by € 400 MN to € 1,745 MN. This was mainly driven by a higher underwriting result and the net gain of € 0.2 BN from the sale of the Fireman's Fund personal insurance business to ACE Limited.

Based on lower losses from natural catastrophes and lower administrative expenses, our *underwriting result* grew by € 178 MN to € 694 MN and our *combined ratio* improved by 1.1 percentage points to 93.5 %.

UNDERWRITING RESULT

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Premiums earned (net)	11,553	10,701	23,072	21,111
Accident year claims	(7,980)	(7,453)	(16,004)	(14,432)
Previous year claims (run-off)	388	367	761	619
Claims and insurance benefits incurred (net)	(7,592)	(7,086)	(15,243)	(13,813)
Acquisition and administrative expenses (net)	(3,208)	(3,036)	(6,456)	(5,948)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(59)	(63)	(123)	(129)
Underwriting result	**694**	**516**	**1,249**	**1,220**

1 — Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Our *accident year loss ratio* stood at 69.1 % – a 0.6 percentage point improvement compared to the previous year's second quarter. This was driven by a decrease in losses from natural catastrophes from € 172 MN to € 122 MN resulting in a lower impact on our combined ratio amounting to 1.1 percentage points compared to 1.6 percentage points in the same period of 2014.

Excluding losses from natural catastrophes, our accident year loss ratio was stable at 68.0 %. This was the result of favorable developments in our global lines and Central and Eastern Europe, offset by an attritional loss ratio deterioration in our Property-Casualty portfolios in Australia and the United Kingdom.

The following operations contributed positively to the development of our accident year loss ratio:

Germany: 0.7 percentage points. This was heavily driven by lower losses from natural catastrophes, as the second quarter of 2014 had been affected by losses caused by the storm Ela. In addition, large losses remained below last year's level.

Reinsurance: 0.4 percentage points. This improvement was due to a lower impact from natural catastrophes and large single losses.

AGCS excl. FFIC: 0.4 percentage points. This was largely because of a lower impact from large losses that compensated for the higher losses from natural catastrophes.

Credit Insurance: 0.3 percentage points. This improvement was the result of an overall favorable loss development due to the absence of larger single losses.

The following operations contributed negatively to the development of our accident year loss ratio:

Australia: 0.9 percentage points. Australia's accident year loss ratio was heavily affected by claims from natural catastrophes, including storms and hail. Furthermore, attritional severity deteriorated in motor and property.

United Kingdom: 0.5 percentage points. This stemmed from an increased attritional severity in our motor portfolio and a higher impact from natural catastrophes compared to the second quarter of 2014.

Latin America: 0.2 percentage points. This was mainly driven by Brazil, but a comprehensive turn-around program is ongoing.

Our *run-off result* amounted to € 388 MN, compared to € 367 MN in the previous year's second quarter – resulting in an unchanged run-off ratio of 3.4 %. This includes reserve releases across most of the portfolio and an offsetting 1.2 % negative impact from a strengthening of reserves for the former Fireman's Fund portfolio – which is now integrated into AGCS.

Total expenses amounted to € 3,208 MN in the second quarter of 2015 compared to € 3,036 MN in the same period of the previous year. Our *expense ratio* improved significantly by 0.6 percentage points to 27.8 %. This was mainly driven by a lower administrative expense ratio and partly due to one-off effects.

OPERATING INVESTMENT INCOME (NET)[1]

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Interest and similar income (net of interest expenses)	961	922	1,804	1,762
Operating income from financial assets and liabilities carried at fair value through income (net)	(29)	1	33	16
Operating realized gains/losses (net)	58	29	138	55
Operating impairments of investments (net)	(5)	(1)	(7)	(6)
Investment expenses	(87)	(74)	(162)	(144)
Expenses for premium refunds (net)[2]	(59)	(72)	(168)	(131)
Operating investment income (net)	**840**	**805**	**1,638**	**1,552**

1 — The operating investment income (net) for our Property-Casualty business segment consists of the operating investment result – as shown in note 4 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation) as shown in note 29 to the condensed consolidated interim financial statements.

2 — Refers to policyholder participation, mainly from APR (accident insurance with premium refunds) business, and consists of the investment-related part of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Operating investment income (net) increased by € 35 MN to € 840 MN due to higher interest and similar income, partly offset by a less favorable foreign currency result net of hedging.

Interest and similar income (net of interest expenses) grew by € 39 MN to € 961 MN. This was mainly driven by higher income from equities. The average asset base[1] grew by 9.1 % from € 103.9 BN in the second quarter of 2014 to € 113.4 BN in the second quarter of 2015.

Operating income from financial assets and liabilities carried at fair value through income (net) decreased by € 30 MN to a loss of € 29 MN following a negative development in the foreign currency result net of hedging.

Operating realized gains and losses (net) went up by € 29 MN to € 58 MN, largely due to higher realizations on debt instruments from the APR business in Germany compared to the second quarter in the previous year.

Expenses for premium refunds (net) were down by € 13 MN to € 59 MN compared to the second quarter of the previous year. This improvement was mainly generated by lower policyholder participation from our APR business.

1 — Including French health business, excluding fair value option and trading.

OTHER RESULT

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Fee and commission income	358	302	715	608
Other income	237	11	251	39
Fee and commission expenses	(336)	(280)	(680)	(571)
Other expenses	(7)	(8)	(14)	(14)
Restructuring charges	(40)	–	(130)	(1)
Other result	**212**	**24**	**143**	**62**

We recorded a € 0.2 BN net gain from the sale of the Fireman's Fund personal insurance business, which is reported as other income.

2015 to 2014 first half-year comparison

Operating profit rose by € 195 MN to € 3,030 MN, which includes the aforementioned net sales gain of € 0.2 BN in the second quarter of 2015, partly offset by restructuring charges of € 93 MN for the Fireman's Fund reorganization, mainly in the first quarter of 2015. The operating investment income (net) increased by € 86 MN to € 1,638 MN.

Our *combined ratio* worsened by 0.4 percentage points to 94.1 %. This was the result of a 0.4 percentage points higher impact from natural catastrophes as well as a deterioration in the attritional loss ratio. This negative development in the combined ratio was partially compensated for by a lower expense ratio and a higher contribution from run-off.

Net income

2015 to 2014 second quarter comparison

Net income was at € 1,344 MN – an increase of € 374 MN – mostly driven by the strong operating profit growth.

2015 to 2014 first half-year comparison

Net income grew by € 651 MN to € 2,266 MN benefiting from a lower one-off expense from the pension revaluation.

PROPERTY-CASUALTY BUSINESS SEGMENT INFORMATION

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Gross premiums written[1]	**11,843**	**10,846**	**29,182**	**26,063**
Ceded premiums written	(1,660)	(936)	(3,159)	(2,163)
Change in unearned premiums	1,369	791	(2,951)	(2,789)
Premiums earned (net)	**11,553**	**10,701**	**23,072**	**21,111**
Interest and similar income	983	939	1,847	1,792
Operating income from financial assets and liabilities carried at fair value through income (net)	(29)	1	33	16
Operating realized gains/losses (net)	58	29	138	55
Fee and commission income	358	302	715	608
Other income	237	11	251	39
Operating revenues	**13,159**	**11,983**	**26,056**	**23,621**
Claims and insurance benefits incurred (net)	(7,592)	(7,086)	(15,243)	(13,813)
Change in reserves for insurance and investment contracts (net)	(118)	(135)	(291)	(260)
Interest expenses	(21)	(17)	(43)	(29)
Operating impairments of investments (net)	(5)	(1)	(7)	(6)
Investment expenses	(87)	(74)	(162)	(144)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(3,208)	(3,036)	(6,456)	(5,948)
Fee and commission expenses	(336)	(280)	(680)	(571)
Restructuring charges	(40)	–	(130)	(1)
Other expenses	(7)	(8)	(14)	(14)
Operating expenses	**(11,413)**	**(10,638)**	**(23,026)**	**(20,787)**
Operating profit	**1,745**	**1,345**	**3,030**	**2,835**
Non-operating items	130	85	130	(491)
Income before income taxes	**1,876**	**1,430**	**3,160**	**2,343**
Income taxes	(532)	(461)	(894)	(729)
Net income	**1,344**	**969**	**2,266**	**1,614**
Loss ratio[2] in %	65.7	66.2	66.1	65.4
Expense ratio[3] in %	27.8	28.4	28.0	28.2
Combined ratio[4] in %	**93.5**	**94.6**	**94.1**	**93.6**

1 — For the Property-Casualty business segment, total revenues are measured based upon gross premiums written.
2 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty insurance operations by reportable segments – second quarter

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
three months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014
Germany	1,755	1,784	1,760	1,784	1,958	1,972	385	324
Switzerland	189	153	162	153	411	350	47	48
Austria	222	222	222	222	208	209	23	25
German Speaking Countries	**2,166**	**2,159**	**2,143**	**2,159**	**2,577**	**2,531**	**455**	**397**
Italy[2]	1,204	1,012	992	1,012	1,182	970	263	245
France	913	904	913	904	993	976	131	108
Benelux	263	261	263	261	267	267	31	20
Turkey	309	257	316	257	235	227	21	15
Greece	26	27	26	27	21	22	5	3
Africa	18	14	18	14	16	14	–	(1)
Western & Southern Europe[3]	**2,734**	**2,475**	**2,528**	**2,475**	**2,714**	**2,475**	**452**	**393**
Latin America	554	524	569	524	407	437	(22)	4
Spain	518	501	518	501	470	454	60	64
Portugal	70	67	70	67	71	68	7	7
Iberia & Latin America	**1,142**	**1,092**	**1,157**	**1,092**	**948**	**959**	**44**	**75**
Allianz Global Corporate & Specialty[4]	2,098	1,265	1,795	1,760	1,166	744	227	102
AGCS excl. Fireman's Fund	1,534	1,265	1,340	1,263	874	744	125	102
Fireman's Fund	564	–	455	497	292	–	102	–
Reinsurance PC[5]	936	684	918	684	1,023	756	227	130
Reinsurance PC excl. San Francisco RE	936	684	918	684	1,023	756	219	130
San Francisco RE	–	–	–	–	–	–	9	–
United Kingdom	808	694	716	694	583	587	37	49
Credit Insurance	575	530	549	530	390	365	123	124
Ireland	123	116	123	116	104	94	(5)	8
United States[6]	–	497	–	–	–	420	–	(32)
Global Insurance Lines & Anglo Markets	**4,540**	**3,785**	**4,101**	**3,783**	**3,265**	**2,968**	**608**	**382**
Russia	46	148	56	148	65	139	3	(83)
Poland	103	103	101	103	88	87	4	5
Hungary	62	61	62	61	57	57	8	7
Slovakia	77	74	77	74	66	67	13	11
Czech Republic	80	74	80	74	69	61	7	6
Romania	51	46	51	46	42	38	5	2
Bulgaria	26	23	26	23	18	14	2	1
Croatia	19	22	19	22	17	19	3	2
Ukraine	1	4	1	4	1	2	–	–
Central and Eastern Europe[7]	465	555	473	555	422	484	43	(52)
Asia-Pacific	214	165	190	165	131	107	28	16
Australia[8]	783	704	723	704	593	536	80	105
Middle East and North Africa	23	19	19	19	15	12	4	2
Growth Markets	**1,485**	**1,442**	**1,405**	**1,442**	**1,162**	**1,140**	**155**	**71**
Allianz Worldwide Partners[9]	**852**	**689**	**753**	**689**	**887**	**628**	**31**	**28**
Consolidation[10]	(1,075)	(795)	(1,071)	(792)	–	–	–	–
Total	**11,843**	**10,846**	**11,016**	**10,846**	**11,553**	**10,701**	**1,745**	**1,345**

1 — This reflects gross premiums written on an internal basis, adjusted for foreign currency translation and (de-)consolidation effects.

2 — Effective 1 July 2014, the Allianz Group acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A., Bologna.

3 — Contains € 1 MN and € 2 MN operating profit for 2015 and 2014, respectively, from a management holding located in Luxembourg.

4 — Effective 1 January 2015, Fireman's Fund Insurance Company was integrated into AGCS Group. Previous period figures were not adjusted. The sale of the renewal rights for the personal insurance business was effective 1 April 2015. 2Q 2015 figures include the net gain on the sale of the personal insurance business to ACE Limited of € 0.2 BN.

5 — The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of Fireman's Fund Insurance Company, have been reported within Reinsurance PC since 1 January 2015.

%	Combined ratio		Loss ratio		Expense ratio	
three months ended 30 June	2015	2014	2015	2014	2015	2014
Germany	86.3	92.0	62.9	66.6	23.4	25.4
Switzerland	93.4	91.8	69.0	68.4	24.4	23.5
Austria	92.5	91.8	66.5	66.0	26.0	25.8
German Speaking Countries	**87.9**	**92.0**	**64.2**	**66.8**	**23.7**	**25.1**
Italy[2]	85.8	82.8	59.2	55.9	26.6	27.0
France	95.3	97.0	66.8	67.0	28.6	30.0
Benelux	97.9	100.3	69.9	69.8	28.0	30.5
Turkey	99.8	101.2	76.4	78.6	23.4	22.7
Greece	78.4	91.5	50.0	55.5	28.4	36.0
Africa	105.1	112.9	60.4	56.8	44.7	56.2
Western & Southern Europe[3]	**91.7**	**92.2**	**64.4**	**63.8**	**27.3**	**28.4**
Latin America	111.9	104.4	74.4	72.7	37.5	31.7
Spain	91.0	90.0	70.5	69.5	20.5	20.5
Portugal	94.5	94.3	70.6	70.9	23.9	23.4
Iberia & Latin America	**100.2**	**96.9**	**72.2**	**71.1**	**28.0**	**25.8**
Allianz Global Corporate & Specialty[4]	110.9	97.4	80.6	70.3	30.3	27.1
AGCS excl. Fireman's Fund	94.8	97.4	67.4	70.3	27.4	27.1
Fireman's Fund	159.0	–	120.3	–	38.8	–
Reinsurance PC[5]	83.2	86.4	55.6	59.1	27.6	27.3
Reinsurance PC excl. San Francisco RE	82.9	86.4	55.6	59.1	27.3	27.3
San Francisco RE	–	–	–	–	–	–
United Kingdom	98.4	96.4	68.6	63.9	29.8	32.5
Credit Insurance	75.7	75.0	45.2	44.4	30.5	30.6
Ireland	110.7	98.3	82.7	68.5	28.0	29.9
United States[6]	–	121.1	–	81.9	–	39.2
Global Insurance Lines & Anglo Markets	**95.8**	**95.1**	**66.5**	**64.6**	**29.4**	**30.5**
Russia	106.7	165.3	60.9	118.1	45.9	47.2
Poland	100.4	99.0	66.7	64.2	33.7	34.8
Hungary	99.5	100.7	59.6	63.1	39.9	37.5
Slovakia	83.5	87.9	51.9	57.4	31.6	30.5
Czech Republic	91.0	93.2	63.9	64.5	27.1	28.6
Romania	93.5	100.8	64.0	71.6	29.5	29.2
Bulgaria	92.7	96.9	56.6	68.1	36.2	28.8
Croatia	88.5	95.0	53.9	53.8	34.6	41.2
Ukraine	115.8	116.3	63.0	58.4	52.8	57.9
Central and Eastern Europe[7]	96.0	116.0	60.8	79.0	35.2	37.0
Asia-Pacific	91.5	93.4	57.9	64.3	33.6	29.1
Australia[8]	95.3	90.7	68.5	65.4	26.9	25.3
Middle East and North Africa	90.3	98.4	60.6	67.1	29.7	31.3
Growth Markets	**95.1**	**101.8**	**64.4**	**71.1**	**30.7**	**30.7**
Allianz Worldwide Partners[9]	**97.0**	**96.5**	**66.1**	**64.6**	**30.9**	**31.9**
Consolidation[10]	–	–	–	–	–	–
Total	**93.5**	**94.6**	**65.7**	**66.2**	**27.8**	**28.4**

6 — Previous period figures for United States were not adjusted and include the prior year's business of Fireman's Fund Insurance Company.

7 — Contains income and expense items from a management holding and consolidations between countries in this region.

8 — Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO business), Darwin.

9 — The reportable segment Allianz Worldwide Partners includes the Global Assistance business as well as the business of Allianz Worldwide Care and the reinsurance business of Allianz Global Automotive in addition to income and expenses from a management holding. At year-end 2014, our French International Health business was reclassified from Life/Health to the Property-Casualty business segment.

10 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Property-Casualty insurance operations by reportable segments – first half year

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
six months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014
Germany	5,974	5,874	5,956	5,874	3,867	3,842	603	654
Switzerland	1,259	1,096	1,098	1,096	833	719	116	109
Austria	574	572	574	572	412	418	45	41
German Speaking Countries	**7,806**	**7,543**	**7,628**	**7,543**	**5,113**	**4,980**	**764**	**805**
Italy[2]	2,379	1,973	1,951	1,973	2,358	1,928	511	459
France	2,443	2,346	2,436	2,412	1,986	1,952	247	235
Benelux	668	660	668	660	533	534	48	42
Turkey	627	547	605	547	474	441	46	39
Greece	54	58	54	58	41	45	8	10
Africa	63	56	63	56	34	30	5	3
Western & Southern Europe[3]	**6,233**	**5,639**	**5,776**	**5,705**	**5,426**	**4,928**	**867**	**792**
Latin America	1,071	923	1,077	923	821	846	(16)	45
Spain	1,173	1,115	1,173	1,115	933	894	116	130
Portugal	196	184	196	184	140	135	12	12
Iberia & Latin America	**2,440**	**2,221**	**2,445**	**2,221**	**1,894**	**1,875**	**112**	**187**
Allianz Global Corporate & Specialty[4]	4,480	2,853	3,902	3,759	2,491	1,465	272	245
AGCS excl. Fireman's Fund	3,454	2,853	3,066	2,847	1,722	1,465	282	245
Fireman's Fund	1,026	–	836	912	769	–	(10)	–
Reinsurance PC[5]	3,040	2,252	3,012	2,252	2,011	1,504	349	292
Reinsurance PC excl. San Francisco RE	3,040	2,252	3,012	2,252	2,011	1,504	332	292
San Francisco RE	–	–	–	–	–	–	16	–
United Kingdom	1,555	1,332	1,388	1,332	1,144	1,147	77	78
Credit Insurance	1,226	1,142	1,172	1,142	793	744	239	236
Ireland	262	235	262	235	206	184	39	14
United States[6]	–	912	–	–	–	825	–	(9)
Global Insurance Lines & Anglo Markets[7]	**10,564**	**8,727**	**9,735**	**8,721**	**6,645**	**5,870**	**974**	**856**
Russia	127	379	173	379	133	290	–	(133)
Poland	212	215	210	215	171	173	5	9
Hungary	148	149	148	149	110	111	12	11
Slovakia	183	181	183	181	132	131	29	30
Czech Republic	161	148	161	148	130	118	16	20
Romania	106	99	106	99	81	73	8	4
Bulgaria	43	39	43	39	36	30	5	6
Croatia	53	51	53	51	36	38	5	5
Ukraine	3	9	4	9	2	4	–	(1)
Central and Eastern Europe[8]	1,034	1,268	1,081	1,268	830	967	76	(53)
Asia-Pacific	426	348	378	348	259	207	54	39
Australia[9]	1,469	1,278	1,343	1,278	1,178	1,056	112	156
Middle East and North Africa	48	39	40	39	31	24	6	3
Growth Markets	**2,977**	**2,933**	**2,843**	**2,933**	**2,299**	**2,255**	**248**	**146**
Allianz Worldwide Partners[10]	**2,453**	**1,474**	**2,246**	**2,059**	**1,696**	**1,204**	**65**	**49**
Consolidation[11]	(3,290)	(2,473)	(3,283)	(2,533)	–	–	–	–
Total	**29,182**	**26,063**	**27,389**	**26,648**	**23,072**	**21,111**	**3,030**	**2,835**

1 — This reflects gross premiums written on an internal basis, adjusted for foreign currency translation and (de-)consolidation effects.
2 — Effective 1 July 2014, the Allianz Group acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A., Bologna.
3 — Contains € 3 MN and € 4 MN operating profit for 2015 and 2014, respectively, from a management holding located in Luxembourg.
4 — Effective 1 January 2015, Fireman's Fund Insurance Company was integrated into AGCS Group. Previous period figures were not adjusted. The sale of the renewal rights for the personal insurance business was effective 1 April 2015. 6M 2015 figures include the net gain on the sale of the personal insurance business to ACE Limited of € 0.2 BN.
5 — The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of Fireman's Fund Insurance Company, have been reported within Reinsurance PC since 1 January 2015.

%	Combined ratio		Loss ratio		Expense ratio	
six months ended 30 June	2015	2014	2015	2014	2015	2014
Germany	92.1	91.3	67.6	65.7	24.4	25.6
Switzerland	91.3	90.4	68.1	67.6	23.2	22.8
Austria	93.4	93.9	66.8	67.4	26.6	26.6
German Speaking Countries	**92.1**	**91.4**	**67.7**	**66.1**	**24.4**	**25.3**
Italy[2]	84.6	83.3	58.0	56.7	26.6	26.6
France	95.0	95.3	66.7	67.0	28.3	28.3
Benelux	97.6	99.2	69.1	69.1	28.5	30.1
Turkey	100.4	98.7	76.6	75.8	23.8	22.9
Greece	85.2	81.1	53.1	47.3	32.1	33.7
Africa	92.2	93.5	58.4	55.3	33.8	38.3
Western & Southern Europe[3]	**91.2**	**91.2**	**63.9**	**63.8**	**27.3**	**27.4**
Latin America	108.9	103.0	73.4	71.4	35.5	31.5
Spain	91.3	89.6	70.7	69.1	20.5	20.5
Portugal	95.2	95.3	71.8	72.5	23.4	22.7
Iberia & Latin America	**99.2**	**96.0**	**72.0**	**70.4**	**27.2**	**25.6**
Allianz Global Corporate & Specialty[4]	104.9	94.7	73.5	67.4	31.4	27.3
AGCS excl. Fireman's Fund	93.6	94.7	65.5	67.4	28.2	27.3
Fireman's Fund	130.1	–	91.4	–	38.7	–
Reinsurance PC[5]	87.3	84.1	58.5	56.2	28.8	28.0
Reinsurance PC excl. San Francisco RE	87.1	84.1	58.5	56.2	28.6	28.0
San Francisco RE	–	–	–	–	–	–
United Kingdom	98.0	98.0	67.7	66.0	30.3	32.0
Credit Insurance	77.0	76.4	48.1	46.8	29.0	29.6
Ireland	87.9	99.6	58.8	67.8	29.0	31.8
United States[6]	–	114.3	–	76.4	–	37.8
Global Insurance Lines & Anglo Markets[7]	**94.6**	**93.3**	**64.5**	**62.9**	**30.1**	**30.4**
Russia	108.8	152.0	68.3	104.3	40.6	47.7
Poland	101.8	99.3	68.1	64.9	33.7	34.5
Hungary	101.3	102.9	59.8	62.6	41.5	40.3
Slovakia	83.2	82.0	52.5	51.4	30.7	30.6
Czech Republic	91.2	84.9	64.1	56.8	27.1	28.1
Romania	95.7	101.5	66.1	71.6	29.6	29.8
Bulgaria	89.9	83.7	56.6	57.6	33.3	26.1
Croatia	93.3	93.0	56.7	54.1	36.6	38.8
Ukraine	110.5	122.2	58.9	60.7	51.6	61.5
Central and Eastern Europe[8]	97.1	111.0	62.7	73.5	34.4	37.6
Asia-Pacific	91.8	89.0	60.0	59.6	31.8	29.4
Australia[9]	99.2	95.1	72.7	70.3	26.5	24.8
Middle East and North Africa	91.8	98.5	59.6	64.2	32.1	34.3
Growth Markets	**97.5**	**101.4**	**67.5**	**70.6**	**30.0**	**30.8**
Allianz Worldwide Partners[10]	**97.1**	**96.6**	**66.1**	**64.4**	**31.0**	**32.2**
Consolidation[11]	–	–	–	–	–	–
Total	**94.1**	**93.6**	**66.1**	**65.4**	**28.0**	**28.2**

6 — Previous period figures for United States were not adjusted and include the prior year's business of Fireman's Fund Insurance Company.
7 — Contains € (2) MN and € 0 MN operating loss for 2015 and 2014, respectively, from AGF UK.
8 — Contains income and expense items from a management holding and consolidations between countries in this region.
9 — Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO business), Darwin.
10 — The reportable segment Allianz Worldwide Partners includes the Global Assistance business as well as the business of Allianz Worldwide Care and the reinsurance business of Allianz Global Automotive in addition to income and expenses from a management holding. At year-end 2014, our French International Health business was reclassified from Life/Health to the Property-Casualty business segment.
11 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Life/Health Insurance Operations

SECOND QUARTER 2015

– Statutory premiums decreased 1.4 % to € 16.7 BN.
– Operating profit decreased by € 132 MN to € 853 MN.

Business segment overview

Allianz offers a broad range of life, health, savings and investment-oriented products, including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers and bank partnerships – we offer life and health products to both retail and corporate clients. As one of the worldwide market leaders in life business, we serve customers in more than 45 countries.

Key figures

KEY FIGURES LIFE/HEALTH

€ MN three months ended 30 June	2015	2014
Statutory premiums[1]	16,719	16,961
Operating profit[1]	853	985
Net income[1]	662	731
Margin on reserves (BPS)[1,2]	58	79

Statutory premiums[3,4]

2015 to 2014 second quarter comparison

In the second quarter of 2015, our *statutory premiums* amounted to € 16,719 MN, a decrease of € 242 MN. On an internal basis[4], premiums decreased by 6.0 % or € 1,013 MN. This excludes favorable foreign currency translation effects of € 907 MN and adverse consolidation/deconsolidation effects of € 137 MN from the transfer – effective 1 January 2014 – of our French International Health business to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty in the fourth quarter of 2014.

Overall, we recorded a drop in fixed-indexed annuity premiums in the United States and lower premiums in the traditional life business in Germany. This more than offset the premium growth in the unit-linked business stemming from Taiwan and Italy. As a result of the change in product strategy, premiums shifted towards unit-linked and capital efficient products.

In our *German* life business, premiums decreased 8.7 % to € 4,063 MN. This was due to lower single premium business, with reduced sales of traditional life products – comprising interest rate guarantees – and capitalization products partly offset by slightly increased business with regular premiums. Statutory premiums in our German health business grew 0.4 % to € 816 MN. This was mainly because of premium rate increases in full health care coverage in January 2015 and was supported by a slight increase in our supplementary coverage insurance.

Premiums in the *United States* amounted to € 2,592 MN, representing a decline of 37.6 %. This was driven by lower fixed-indexed annuity sales due to the impact of pricing changes in response to the decreasing interest rate environment in the first half of 2015. We also recorded exceptionally high premiums resulting from an innovative index strategy and strong penetration into the broker and dealer channel in the second quarter of 2014.

1 — In the fourth quarter of 2014, we transferred our French International Health business to the reportable segment Allianz Worldwide Partners effective 1 January 2014.

2 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-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.

3 — Statutory premiums are gross premiums written from sales of life and health 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.

4 — In the following section, we comment on the development of our statutory gross premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.

Premiums in *Italy* increased 9.7 % to € 3,366 MN. This was particularly due to the strong growth of our unit-linked business across all distribution channels. Along with a decrease in traditional life business, the share of unit-linked premiums of total statutory premiums increased significantly.

Premiums in *France* increased 0.9 % to € 1,955 MN. This was largely attributable to our individual life business where we recorded growth in unit-linked products, while business resulting from cooperation between Allianz companies in France and Luxembourg decreased compared to the second quarter of 2014.

In *Asia-Pacific,* premiums grew 23.0 % to € 1,931 MN. This was mainly due to increased sales of single premium unit-linked products distributed via bancassurance in Taiwan.

In *Switzerland,* premiums totaled € 262 MN. The decrease of 18.7 % was primarily driven by lower single premium business in group life.

In *Benelux,* we recorded premiums of € 543 MN, a decrease of 4.9 %. This was mainly because of lower single premium business associated with the cooperation between Allianz companies in France and Luxembourg.

Premiums in *Spain* increased 19.1 % to € 345 MN. We recorded strong growth in regular premiums in all business lines mainly driven by traditional life products distributed via the bancassurance channel. This growth was also supported by risk and unit-linked products.

Premiums in *Central and Eastern Europe* decreased 10.5 % to € 219 MN. This was mainly driven by lower unit-linked business in the Czech Republic and Hungary, partly offset by higher unit-linked business in Poland.

2015 to 2014 first half-year comparison

Statutory premiums were 4.2 % above the first half year of 2014 and amounted to € 35,540 MN. This represents a decrease of 0.5 % on an internal basis. It was largely driven by decreased single premium fixed-indexed annuity sales in the United States, lower traditional life business in Germany and reduced business resulting from cooperation between Allianz companies in France and Luxembourg. This was largely offset by increased unit-linked business in Italy and Taiwan.

Premiums earned (net)

2015 to 2014 second quarter comparison

Premiums earned (net) decreased by € 288 MN to € 5,710 MN. This was in particular due to lower business with traditional life products in Germany and the transfer of our French International Health business to the reportable segment Allianz Worldwide Partners. Favorable foreign currency translation effects from most major currencies (U.S. Dollar and Asian currencies) partly compensated for the decrease.

2015 to 2014 first half-year comparison

Premiums earned (net) increased by € 188 MN to € 12,463 MN. This was mainly due to higher sales in Asia-Pacific. Favorable foreign currency translation effects from most major currencies also contributed to this growth.

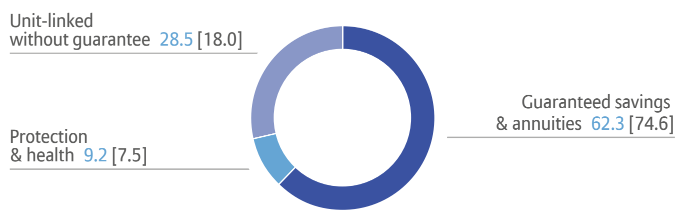
Present value of new business premiums (PVNBP)[1]

2015 to 2014 second quarter comparison

PVNBP decreased by € 984 MN to € 15,170 MN. This was driven by a drop in our guaranteed savings & annuities line of business primarily due to some large contracts in the second quarter of 2014 in Italy and decreased fixed-indexed annuity sales in the United States. The PVNBP share of guaranteed savings & annuities decreased mainly in favor of the unit-linked without guarantee line of business, where we recorded an increase mainly in Italy.

PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP) BY LINES OF BUSINESS

three months ended 30 June 2015 [30 June 2014] in %



2015 to 2014 first half-year comparison

PVNBP increased by € 2,890 MN to € 34,145 MN. This was mainly driven by an increase in our unit-linked without guarantee line of business, where we recorded higher single premiums in Italy and Asia-Pacific. This was partly offset by a decrease in our guaranteed savings & annuities line of business in the second quarter of 2015. The PVNBP share of unit-linked without guarantee line of business increased to 25.1 % of total PVNBP.

1 — PVNBP before non-controlling interests.

Operating profit

OPERATING PROFIT BY PROFIT SOURCES

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

OPERATING PROFIT BY PROFIT SOURCES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Loadings and fees	1,411	1,287	2,852	2,559
Investment margin	834	922	1,836	1,592
Expenses	(1,624)	(1,657)	(3,283)	(3,178)
Technical margin	295	269	596	539
Impact of change in DAC	(63)	163	(44)	352
Operating profit	**853**	**985**	**1,957**	**1,864**

2015 to 2014 second quarter comparison

Our *operating profit* decreased by € 132 MN to € 853 MN. This was driven by the German life business, mainly due to a lower investment margin as a result of negative fair value changes, and reserve strengthening in South Korea. It was partly offset by a higher investment spread margin due to an increased asset base in the United States and favorable foreign currency translation effects.

2015 to 2014 first half-year comparison

Our *operating profit* increased by € 92 MN to € 1,957 MN. This was mainly due to higher loadings and fees in the first half year of 2015 – a result of increased sales in Asia-Pacific and increased fees earned in Italy. It was also because of a higher investment spread margin, due to an increased asset base, and favorable interest rate movements in the United States. Unfavorable impacts of change in DAC – largely due to the higher DAC amortization associated with our variable annuity business in the United States – partly offset this increase.

Loadings and fees

Loadings and fees includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses.

LOADINGS AND FEES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Loadings from premiums	932	865	1,883	1,723
Loadings from reserves	287	266	571	532
Unit-linked management fees	192	156	398	303
Loadings and fees	**1,411**	**1,287**	**2,852**	**2,559**
Loadings from premiums as % of statutory premiums	5.6	5.1	5.3	5.0
Loadings from reserves as % of average reserves[1,2]	0.1	0.1	0.1	0.1
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.2	0.1	0.3	0.3

1 — Aggregate policy reserves and unit-linked reserves.
2 — Yields are pro-rata.
3 — Unit-linked management fees, excluding Asset Management fees, divided by unit-linked reserves.

2015 to 2014 second quarter comparison

Our *loadings and fees* increased by € 124 MN to € 1,411 MN. This was driven by favorable foreign currency translation effects, sales growth in Taiwan and increased unit-linked management fees in Italy.

The increase in *loadings from premiums* by € 67 MN to € 932 MN was largely due to increased premiums in Taiwan, favorable foreign currency translation effects and the positive impact of lower volumes of products with sales inducements in the United States. Loadings from premiums as a percentage of statutory premiums increased by 47 basis points, mainly due to a higher weight of regular premiums in Germany.

The increase in *loadings from reserves* by € 21 MN to € 287 MN was primarily due to favorable foreign currency translation effects.

The growth in *unit-linked management fees* by € 36 MN to € 192 MN was largely driven by higher assets under management in Italy.

2015 to 2014 first half-year comparison

Our *loadings and fees* increased by € 293 MN to € 2,852 MN. This was primarily due to higher sales in Asia-Pacific, the positive impact of lower volumes of products with sales inducements in the United States and increased unit-linked management fees earned in Italy. Favorable foreign currency translation effects supported the increase.

Investment margin

The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).

INVESTMENT MARGIN

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Interest and similar income	4,846	4,472	9,272	8,631
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,272)	(37)	(688)	(305)
Operating realized gains/losses (net)	1,606	754	4,044	1,581
Interest expenses	(25)	(24)	(52)	(48)
Operating impairments of investments (net)	(108)	(49)	(195)	(340)
Investment expenses	(245)	(232)	(472)	(427)
Other[1]	(33)	112	191	219
Technical interest	(2,379)	(2,161)	(4,661)	(4,323)
Policyholder participation	(1,556)	(1,913)	(5,604)	(3,394)
Investment margin	**834**	**922**	**1,836**	**1,592**
Investment margin[2,3] in basis points	21	25	46	44

1 — Other comprises the delta of out-of-scope entities, which are added here with their respective operating profit and different line item definitions compared to the financial statements, such as interest paid on deposits for reinsurance, fee and commission income and expenses excluding unit-linked management fees.
2 — Investment margin divided by the average of current end-of-period and previous end-of-period aggregate policy reserves.
3 — Yields are pro-rata.

2015 to 2014 second quarter comparison

Our *investment margin* decreased by € 88 MN to € 834 MN. This was mainly due to a lower operating investment result and higher policyholder participation ratio in Germany as well as reserve strengthening in South Korea. Partly offset by a higher investment spread margin due to an increased asset base in the United States and positive foreign currency translation effects this resulted in a decrease to 21 basis points in the investment margin as a percentage of reserves.

In Germany, higher realized gains on debt and equity investments partly compensated for a negative valuation impact related to duration management derivatives due to increased interest rates and unfavorable impacts from the net of foreign currency effects and financial derivatives to manage respective foreign currency fluctuations. In addition, a different pattern of investment result led to a higher policyholder participation ratio in our German life business.

2015 to 2014 first half-year comparison

Our *investment margin* increased by € 244 MN to € 1,836 MN. This was largely driven by a higher investment spread margin, due to an increased asset base, and favorable interest rate movements in the United States, aside from positive foreign currency translation effects.

Expenses

Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.

EXPENSES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Acquisition expenses and commissions	(1,185)	(1,238)	(2,434)	(2,389)
Administrative and other expenses	(439)	(419)	(849)	(789)
Expenses	**(1,624)**	**(1,657)**	**(3,283)**	**(3,178)**
Acquisition expenses and commissions as % of PVNBP[1]	(7.8)	(7.7)	(7.1)	(7.6)
Administrative and other expenses as % of average reserves[2,3]	(0.1)	(0.1)	(0.2)	(0.2)

1 — PVNBP before non-controlling interests.
2 — Aggregate policy reserves and unit-linked reserves.
3 — Yields are pro-rata.

2015 to 2014 second quarter comparison

Our *expenses* decreased by € 33 MN to € 1,624 MN. Lower expenses due to decreased business in the United States and fewer expenses in France more than offset higher expenses due to increased sales in Taiwan and adverse foreign currency translation effects.

2015 to 2014 first half-year comparison

Our *expenses* increased by € 105 MN to € 3,283 MN. This was largely due to an increase in line with sales growth in Italy and Taiwan.

Technical margin

Technical margin comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.

2015 to 2014 second quarter comparison

Our *technical margin* improved from € 269 MN to € 295 MN. This was driven by a favorable development of the disability result in Switzerland and a positive base effect – the total effect of the first six months of 2014 was recorded in the second quarter of 2014 – of a regulatory change ("Lebensversicherungsreformgesetz") for the German life business to increase policyholder participation in the technical margin.

2015 to 2014 first half-year comparison

Our *technical margin* increased from € 539 MN to € 596 MN, mainly driven by an improved risk margin in Switzerland.

Impact of change in DAC

Impact of change in DAC (deferred acquisition costs) includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA), and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates to the financial statements.

IMPACT OF CHANGE IN DAC

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Capitalization of DAC	440	558	897	1,004
Amortization, unlocking and true-up of DAC	(503)	(395)	(941)	(652)
Impact of change in DAC	**(63)**	**163**	**(44)**	**352**

2015 to 2014 second quarter comparison

The *impact of change in DAC* turned from € 163 MN to minus € 63 MN. This was primarily driven by our business in the United States, with lower capitalization of DAC due to decreased sales in our fixed-indexed annuity business and a higher DAC amortization in relation to our variable annuity business as a result of increased interest rates.

2015 to 2014 first half-year comparison

The *impact of change in DAC* turned from € 352 MN to minus € 44 MN. This change was largely due to higher DAC amortization associated with our variable annuity business and a lower capitalization of DAC in the fixed-indexed annuity business in the United States.

OPERATING PROFIT BY LINES OF BUSINESS

OPERATING PROFIT BY LINES OF BUSINESS

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Guaranteed savings & annuities	643	727	1,401	1,358
Protection & health	119	177	343	353
Unit-linked without guarantee	91	81	214	154
Operating profit	**853**	**985**	**1,957**	**1,864**

2015 to 2014 second quarter comparison

The operating profit decrease in the *guaranteed savings & annuities* line of business was largely driven by a lower operating investment result in Germany.

Operating profit in the *protection & health* line of business declined, mainly driven by South Korea.

Operating profit in the *unit-linked without guarantee* line of business increased, primarily due to higher fees earned in Italy.

2015 to 2014 first half-year comparison

Our operating profit in the *unit-linked without guarantee* line of business increased, primarily due to higher unit-linked management fees in Italy. Growth in the *guaranteed savings & annuities* line of business was mainly driven by Italy, due to higher realized gains.

MARGIN ON RESERVES

2015 to 2014 second quarter comparison

In the second quarter of 2015, our annualized *margin on reserves* dropped from 79 to 58 basis points. This was mainly due to the decreased investment margin.

2015 to 2014 first half-year comparison

Our annualized *margin on reserves* decreased to 70 basis points (6M 2014: 76 basis points) in the first six months of 2015.

Net income

2015 to 2014 second quarter comparison

Our *net income* decreased by € 70 MN to € 662 MN. This was mainly driven by lower operating profit and slightly offset by higher non-operating income due to a risk capital hedge in the United States. The effective tax rate was 29.2 % (2Q 2014: 29.6 %).

2015 to 2014 first half-year comparison

Our *net income* increased by € 41 MN to € 1,401 MN. This was mainly driven by higher operating profit in the first quarter of 2015. The effective tax rate was 29.9 % (6M 2014: 29.3 %).

LIFE/HEALTH BUSINESS SEGMENT INFORMATION[1]

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Statutory premiums[2]	**16,719**	**16,961**	**35,540**	**34,124**
Ceded premiums written	(263)	(225)	(417)	(386)
Change in unearned premiums	(62)	(57)	(135)	(240)
Statutory premiums (net)	**16,394**	**16,679**	**34,989**	**33,497**
Deposits from insurance and investment contracts	(10,684)	(10,680)	(22,526)	(21,222)
Premiums earned (net)	**5,710**	**5,999**	**12,463**	**12,275**
Loadings and fees	**1,411**	**1,287**	**2,852**	**2,559**
Loadings from premiums	932	865	1,883	1,723
Loadings from reserves	287	266	571	532
Unit-linked management fees	192	156	398	303
Investment margin (net of policyholder participation)	**834**	**922**	**1,836**	**1,592**
Expenses	**(1,624)**	**(1,657)**	**(3,283)**	**(3,178)**
Acquisition expenses and commissions	(1,185)	(1,238)	(2,434)	(2,389)
Administrative and other expenses	(439)	(419)	(849)	(789)
Technical margin	**295**	**269**	**596**	**539**
Operating profit before change in DAC	**916**	**822**	**2,001**	**1,512**
Impact of change in DAC[3]	**(63)**	**163**	**(44)**	**352**
Capitalization of DAC	440	558	897	1,004
Amortization, unlocking and true-up of DAC	(503)	(395)	(941)	(652)
Operating profit	**853**	**985**	**1,957**	**1,864**
Non-operating items	81	54	43	58
Income before income taxes	**935**	**1,039**	**2,000**	**1,923**
Income taxes	(273)	(308)	(599)	(562)
Net income	**662**	**731**	**1,401**	**1,360**
Margin on reserves[4] in basis points	58	79	70	76

1 — Profit sources are based on in-scope operating entities with coverage of 97.0 % of statutory premiums in the first half year of 2015. Operating profit from operating entities that are not in scope is included in investment margin.
2 — Statutory premiums are gross premiums written from sales of life and health 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.
3 — 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 and therefore deviates from the financial statements.
4 — Represents annualized operating profit divided by the average of (a) the current quarter-end and previous quarter-end net reserves and (b) the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

LIFE/HEALTH OPERATING PROFIT BY PROFIT SOURCES AND LINES OF BUSINESS[1]

€ MN

	Life/Health		Guaranteed savings & annuities		Protection & health		Unit-linked without guarantee	
three months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014
Loadings from premiums	932	865	449	416	408	385	75	65
Loadings from reserves	287	266	244	236	25	19	18	11
Unit-linked management fees	192	156	81	63	–	–	110	93
Loadings and fees	**1,411**	**1,287**	**774**	**714**	**433**	**404**	**203**	**169**
Investment margin (net of policyholder participation)	**834**	**922**	**857**	**857**	**(38)**	**48**	**15**	**18**
Acquisition expenses and commissions	(1,185)	(1,238)	(722)	(829)	(317)	(314)	(146)	(95)
Administrative and other expenses	(439)	(419)	(279)	(286)	(120)	(99)	(40)	(34)
Expenses	**(1,624)**	**(1,657)**	**(1,001)**	**(1,114)**	**(438)**	**(413)**	**(185)**	**(129)**
Technical margin	**295**	**269**	**121**	**128**	**150**	**123**	**25**	**18**
Operating profit before change in DAC	**916**	**822**	**751**	**585**	**107**	**162**	**58**	**75**
Capitalization of DAC	440	558	276	401	99	127	66	31
Amortization, unlocking and true-up of DAC	(503)	(395)	(383)	(259)	(87)	(112)	(33)	(25)
Impact of change in DAC[2]	**(63)**	**163**	**(108)**	**142**	**12**	**15**	**33**	**6**
Operating profit	**853**	**985**	**643**	**727**	**119**	**177**	**91**	**81**

1 — Profit sources are based on in-scope operating entities with coverage of 97.0% of statutory premiums in the first half year of 2015. Operating profit from operating entities that are not in scope is included in investment margin.

2 — 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 and therefore deviates from the financial statements.

LIFE/HEALTH OPERATING PROFIT BY PROFIT SOURCES AND LINES OF BUSINESS[1]

€ MN

	Life/Health		Guaranteed savings & annuities		Protection & health		Unit-linked without guarantee	
six months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014
Loadings from premiums	1,883	1,723	939	861	794	737	150	124
Loadings from reserves	571	532	487	472	50	39	34	21
Unit-linked management fees	398	303	159	125	–	–	239	179
Loadings and fees	**2,852**	**2,559**	**1,585**	**1,458**	**844**	**776**	**423**	**324**
Investment margin (net of policyholder participation)	**1,836**	**1,592**	**1,772**	**1,492**	**32**	**74**	**32**	**26**
Acquisition expenses and commissions	(2,434)	(2,389)	(1,519)	(1,600)	(634)	(607)	(281)	(183)
Administrative and other expenses	(849)	(789)	(542)	(534)	(225)	(189)	(81)	(66)
Expenses	**(3,283)**	**(3,178)**	**(2,062)**	**(2,133)**	**(859)**	**(796)**	**(362)**	**(249)**
Technical margin	**596**	**539**	**238**	**238**	**306**	**261**	**52**	**40**
Operating profit before change in DAC	**2,001**	**1,512**	**1,533**	**1,055**	**323**	**315**	**145**	**142**
Capitalization of DAC	897	1,004	572	741	199	204	127	59
Amortization, unlocking and true-up of DAC	(941)	(652)	(705)	(439)	(179)	(166)	(58)	(48)
Impact of change in DAC[2]	**(44)**	**352**	**(133)**	**302**	**20**	**38**	**69**	**12**
Operating profit	**1,957**	**1,864**	**1,401**	**1,358**	**343**	**353**	**214**	**154**

1 — Profit sources are based on in-scope operating entities with coverage of 97.0% of statutory premiums in the first half year of 2015. Operating profit from operating entities that are not in scope is included in investment margin.

2 — 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 and therefore deviates from the financial statements.

Life/Health insurance operations by reportable segments – second quarter

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2] (BPS)	
			internal[3]							
three months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Germany Life	4,063	4,448	4,063	4,448	2,364	2,658	95	321	18	67
Germany Health	816	813	816	813	815	812	55	52	76	78
Switzerland	262	275	224	275	87	120	24	21	56	61
Austria	92	89	92	89	65	65	(2)	11	(12)	99
German Speaking Countries	**5,232**	**5,624**	**5,194**	**5,624**	**3,331**	**3,654**	**172**	**405**	**26**	**68**
Italy	3,366	3,069	3,366	3,069	111	108	102	77	66	59
France[4]	1,955	2,075	1,955	1,938	785	911	165	93	75	46
Benelux	543	571	543	571	123	130	34	36	80	91
Greece	27	22	27	22	15	13	(4)	(1)	(573)	(107)
Turkey	243	205	248	205	47	35	14	8	187	144
Africa	19	14	19	14	11	6	1	2	161	240
Western & Southern Europe	**6,153**	**5,955**	**6,158**	**5,818**	**1,093**	**1,203**	**312**	**215**	**73**	**57**
Latin America	106	90	102	90	57	50	2	2	84	94
Spain	345	289	345	289	129	123	49	46	236	253
Portugal	44	72	44	72	21	21	6	6	377	411
Iberia & Latin America	**494**	**452**	**491**	**452**	**207**	**193**	**57**	**54**	**227**	**247**
United States	2,592	3,352	2,092	3,352	286	232	297	202	117	108
USA	**2,592**	**3,352**	**2,092**	**3,352**	**286**	**232**	**297**	**202**	**117**	**108**
Reinsurance LH	158	142	90	142	96	102	13	18	295	380
Global Insurance Lines & Anglo Markets	**158**	**142**	**90**	**142**	**96**	**102**	**13**	**18**	**295**	**380**
South Korea	469	410	404	410	137	134	(94)	10	(291)	40
Taiwan	867	436	717	436	69	42	1	–	7	–[6]
Indonesia	176	170	161	170	78	86	20	16	498	525
Malaysia	115	106	105	106	50	48	4	3	94	95
Japan	–	–	–	–	2	2	–	–	–[6]	–[6]
Other	303	206	248	206	179	135	26	18	226	214
Asia-Pacific[5]	1,931	1,329	1,634	1,329	514	446	(39)	47	(53)	82
Poland	53	37	52	37	22	17	7	14	460	1,060
Slovakia	61	63	61	63	51	50	5	8	146	247
Hungary	28	43	28	43	13	12	5	3	457	348
Czech Republic	28	56	28	56	16	18	3	4	224	243
Russia	16	13	19	13	16	13	1	–	132	–[6]
Croatia	16	18	16	18	16	18	5	5	519	569
Bulgaria	11	10	11	10	10	8	2	3	544	732
Romania	7	7	7	7	4	3	2	1	782	685
Central and Eastern Europe[5]	219	248	222	248	146	141	28	37	304	422
Middle East and North Africa	51	39	43	39	38	27	7	6	335	357
Global Life	–	–	–	–	–	–	(1)	–	–[6]	–[6]
Growth Markets	**2,201**	**1,615**	**1,899**	**1,615**	**698**	**614**	**(4)**	**90**	**(5)**	**133**
Consolidation[7]	(111)	(179)	(111)	(179)	–	–	6	–	–[6]	–[6]
Total	**16,719**	**16,961**	**15,811**	**16,824**	**5,710**	**5,999**	**853**	**985**	**58**	**79**

1 — Statutory premiums are gross premiums written from sales of life and health 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.
2 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-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.
3 — Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
4 — In the fourth quarter of 2014, we transferred our French International Health business to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty effective 1 January 2014.
5 — Contains income and expense items from management holdings, an associated entity in Asia-Pacific and consolidations between countries in these regions.
6 — Presentation not meaningful.
7 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Life/Health insurance operations by reportable segments – first half year

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Statutory premiums[1]				Premiums earned (net)		Operating profit (loss)		Margin on reserves[2] (BPS)	
			internal[3]							
six months ended 30 June	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Germany Life	8,851	9,427	8,851	9,427	5,501	5,588	519	596	50	63
Germany Health	1,630	1,621	1,630	1,621	1,630	1,621	108	76	76	58
Switzerland	1,369	1,226	1,195	1,226	327	354	41	42	53	63
Austria	210	206	210	206	168	154	21	23	84	105
German Speaking Countries	**12,060**	**12,480**	**11,885**	**12,480**	**7,625**	**7,717**	**688**	**737**	**53**	**63**
Italy	7,072	5,438	7,072	5,438	237	239	185	124	62	48
France[4]	4,095	4,547	4,095	4,265	1,638	1,751	299	237	70	60
Benelux	1,330	1,654	1,330	1,654	254	260	72	67	87	87
Greece	54	46	54	46	29	27	(6)	(1)	(402)	(70)
Turkey	503	366	485	366	93	66	24	12	168	112
Africa	34	30	34	30	17	14	3	3	176	228
Western & Southern Europe	**13,088**	**12,082**	**13,070**	**11,800**	**2,269**	**2,356**	**577**	**444**	**70**	**60**
Latin America	194	162	185	162	84	77	7	3	130	63
Spain	747	642	747	642	230	224	95	94	238	265
Portugal	130	124	130	124	41	41	10	9	333	317
Iberia & Latin America	**1,071**	**928**	**1,062**	**928**	**355**	**342**	**112**	**106**	**232**	**247**
United States	5,291	5,908	4,308	5,908	567	459	461	372	97	100
USA	**5,291**	**5,908**	**4,308**	**5,908**	**567**	**459**	**461**	**372**	**97**	**100**
Reinsurance LH	293	267	142	267	212	184	30	29	329	302
Global Insurance Lines & Anglo Markets	**293**	**267**	**142**	**267**	**212**	**184**	**30**	**29**	**329**	**302**
South Korea	915	802	780	802	270	254	(92)	15	(152)	30
Taiwan	1,529	938	1,287	938	135	82	6	3	19	11
Indonesia	358	304	323	304	150	139	37	33	500	568
Malaysia	230	202	208	202	110	98	11	9	155	161
Japan	–	–	–	–	4	3	1	–	7	–[6]
Other	602	422	495	422	398	296	52	38	240	229
Asia-Pacific[5]	3,634	2,668	3,093	2,668	1,065	872	21	98	15	86
Poland	103	86	102	86	42	35	12	18	397	658
Slovakia	124	128	124	128	100	99	16	16	247	258
Hungary	57	81	57	81	24	23	9	7	454	365
Czech Republic	62	89	63	89	33	37	7	7	233	256
Russia	24	28	33	28	24	28	4	–	414	–[6]
Croatia	39	41	39	41	39	40	10	8	566	527
Bulgaria	28	19	28	19	19	16	7	6	741	830
Romania	13	12	13	12	7	7	4	3	1,010	776
Central and Eastern Europe[5]	451	483	459	483	289	285	66	64	363	365
Middle East and North Africa	103	79	89	79	78	58	14	11	344	345
Global Life	2	2	2	2	2	1	–	–	–[6]	–[6]
Growth Markets	**4,189**	**3,231**	**3,643**	**3,231**	**1,435**	**1,216**	**101**	**173**	**63**	**128**
Consolidation[7]	(451)	(773)	(451)	(773)	–	–	(12)	3	–[6]	–[6]
Total	**35,540**	**34,124**	**33,660**	**33,842**	**12,463**	**12,275**	**1,957**	**1,864**	**70**	**76**

1 — Statutory premiums are gross premiums written from sales of life and health 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.
2 — Represents annualized operating profit divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
3 — Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
4 — In the fourth quarter of 2014, we transferred our French International Health business to the reportable segment Allianz Worldwide Partners in the business segment Property-Casualty effective 1 January 2014.
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6 — Presentation not meaningful.
7 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Asset Management

SECOND QUARTER 2015

- Operating profit of € 505 MN – a decrease of 25.2 %.
- Cost-income ratio at 67.4 %.
- Third-party net outflows of € 23 BN, significantly lower than in the first quarter of 2015.
- Total assets under management almost flat at € 1,811 BN.

Business segment overview

Allianz offers asset management products and services for third-party investors and the Allianz Group's insurance operations. We serve a wide range of retail and institutional clients worldwide with investment and distribution capacities in all major markets. Based on total assets under management, we are one of the largest asset managers in the world that manage third-party assets with active investment strategies.

Key figures

KEY FIGURES ASSET MANAGEMENT

€ MN three months ended 30 June	2015	2014
Operating revenues	1,548	1,607
Operating profit	505	676
Cost-income ratio in %	67.4	57.9
Net income	329	419
Total assets under management as of 30 June in € BN	1,811	1,814
thereof: Third-party assets under management as of 30 June in € BN	1,323	1,373

Assets under management

Total assets under management (AuM) amounted to € 1,811 BN as of 30 June 2015. Of this, € 1,323 BN related to third-party AuM and € 488 BN to Allianz Group assets.

We recorded net outflows of total AuM of € 88 BN in the first six months of 2015. Net outflows from third-party AuM amounted to € 85 BN, strongly driven by PIMCO in the United States, primarily from traditional fixed income products. However, since the end of 2014, third-party AuM net outflows have significantly decreased, amounting to € 62 BN in the first quarter and € 23 BN in the second quarter of 2015. AllianzGI recorded strong third-party net inflows in Europe, resulting in third-party net inflows for the tenth consecutive quarter.

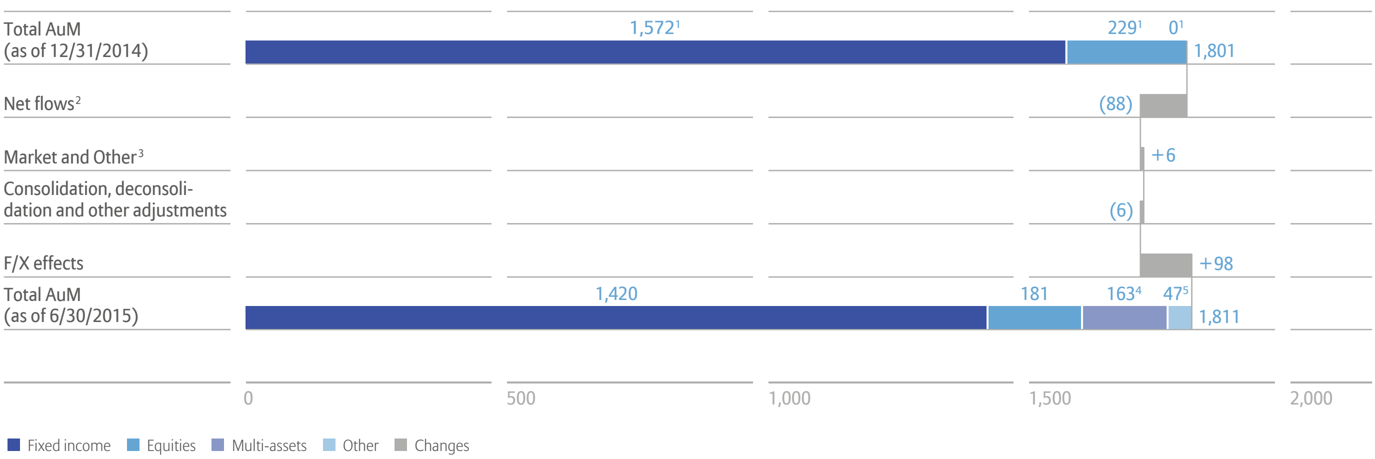
Market and Other contributed € 6 BN to total AuM, with negative effects of € 12 BN at PIMCO and positive effects of € 18 BN at AllianzGI.

Third-party AuM were adjusted for AuM related to a joint venture. This was the main cause of the decline in total AuM of € 6 BN, which is reported as consolidation, deconsolidation and other adjustments.

We recorded favorable foreign currency translation effects of € 98 BN, mainly as a result of the depreciation of the Euro to the U.S. Dollar, which declined from 1.21 at the beginning of the year to 1.11 at the end of the second quarter.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT

€ BN



1 — Fixed income and equity definitions based on legal entity view as of 31 December 2014. Therefore, 2014 and 2015 figures are not comparable.
2 — From the first quarter of 2015, 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. Reinvested dividends amounted to € 4.4 BN.
3 — From the first quarter of 2015, Market and Other represents current income earned on, and changes in the 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.
4 — Multi-assets is 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.
5 — Other is 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, etc.

In the following section we focus on the development of third-party AuM.

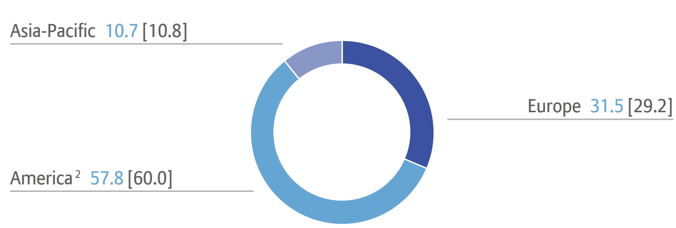
As of 30 June 2015, the share of third-party AuM by business unit was 78.0 % attributable to PIMCO and 22.0 % to AllianzGI.

At the beginning of 2015 we enhanced our asset class reporting from a legal entity view to a more granular asset class split composed of fixed income, equities, multi-assets, and other. Furthermore, we replaced the retail and institutional asset split by an investment vehicle view, comprised of mutual funds and separate accounts.[1]

Based on the asset class split on 30 June 2015, the share of fixed income amounted to 74 %, reflecting the high share of fixed income assets at PIMCO. 12 % in equity assets was due to the notable equity share at AllianzGI. Multi-assets and other accounted for 11 % and 4 %, respectively.

THIRD-PARTY ASSETS UNDER MANAGEMENT BY REGION/COUNTRY[1]

as of 30 June 2015 [31 December 2014] in %

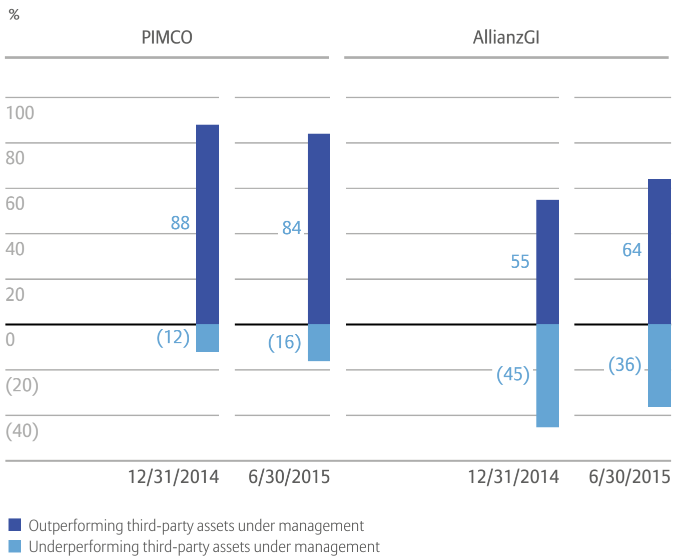


1 — Based on the location of the asset management company.
2 — "America" consists of the United States, Canada and Brazil (approximately € 747 BN, € 16 BN and € 2 BN third-party AuM as of 30 June 2015, respectively).

The regional allocation of third-party AuM shifted slightly in favor of Europe, mainly due to strong net outflows at PIMCO in the United States, combined with a negative market effect. This was only partially offset by positive foreign currency translation effects in the first six months of 2015.

1 — Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. 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 are 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 and corporates).

THREE-YEAR ROLLING INVESTMENT PERFORMANCE OF PIMCO AND ALLIANZGI[1]



1 — 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.

The overall three-year rolling investment performance of our Asset Management business remained at a high level, with 81 % of our third-party assets outperforming their respective benchmarks (31 December 2014: 84 %). 84 % of PIMCO third-party assets and 64 % of AllianzGI third-party assets outperformed their respective benchmarks.

Operating revenues

2015 to 2014 second quarter comparison

Our *operating revenues* declined by € 59 MN – or 3.6 % – to € 1,548 MN. Before the positive effect from foreign currency translation, which was mainly driven by the sharp appreciation of the U.S. Dollar against the Euro, operating revenues decreased by 17.7 % on an internal basis[1]. Compared to the second quarter of 2014, average third-party AuM were almost flat, but fell by 16.4 % if we exclude the positive foreign currency translation effect.

Net fee and commission income was down by € 42 MN – or 2.6 % – to € 1,559 MN. This equals a decrease of 17.7 % before foreign currency translation effects. The downturn was mostly driven by our AuM-driven revenues, which dropped by 16.9 % before foreign currency translation effects. This was mostly due to lower average third-party AuM and – to a lesser extent – a slight decline in our third-party AuM-driven margin. Our *performance fees* fell by € 15 MN – or € 23 MN excluding foreign currency translation effects. This was driven by PIMCO, while AllianzGI recorded an increase in performance fees.

Our *income from financial assets and liabilities carried at fair value through income (net)* was down by € 13 MN, mainly due to valuation effects, mostly driven by foreign currency translation on certain assets.

2015 to 2014 first half-year comparison

Operating revenues went down slightly by € 3 MN – or 0.1 % – to € 3,121 MN. On an internal basis[1], operating revenues fell by 14.3 %, mainly because of a decline of 15.4 % in third-party AuM-driven revenues but also by a slight dip in our third-party AuM-driven margin.

1 — Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects. In the second quarter of 2015 the average exchange rate of the U.S. Dollar to Euro was 1.11 (2Q 2014: 1.37), in the first six months of 2015, the average exchange rate was 1.12 (first six months of 2014: 1.37).

Operating profit

2015 to 2014 second quarter comparison

Our *operating profit* reduced by € 171 MN – or 25.2 % – to € 505 MN. Before positive foreign currency translation effects, operating profit dropped by 36.9 % on an internal basis[1]. This was mainly due to decreased AuM-driven revenues and – to a lesser extent – lower margins and performance fees. In the fourth quarter of 2014, PIMCO introduced the Special Performance Award (SPA) to secure performance and retain talent. Therefore the SPA also had an impact on operating profit in the second quarter of 2015.

Administrative expenses rose by € 111 MN – or 11.9 % – to € 1,043 MN, only driven by foreign currency translation effects. Adjusted for these, administrative expenses decreased by 5.7 %. The main cause for this development were lower personnel expenses, driven by a drop of 16.2 % in variable compensation, despite the impact of the SPA in the second quarter of 2015.

Our *cost-income ratio* went up 9.4 percentage points to 67.4 %. However, adjusted for foreign currency translation effects and the effect from the SPA, our cost-income ratio would be at 65.1 %. Before foreign currency translation effects, this reflects a decrease in operating expenses, which is overcompensated by the drop in operating revenues.

2015 to 2014 first half-year comparison

Operating profit decreased by € 261 MN – or 19.8 % – to € 1,060 MN, which equals a drop of 31.9 % on an internal basis[1]. This was mainly due to lower AuM-driven revenues and the impact of the SPA on our operating expenses.

Our *cost-income ratio* rose by 8.3 percentage points.

Net income

In the second quarter of 2015, our *net income* dropped by € 90 MN – or 21.4 % – to € 329 MN. For the first half of 2015, the decrease was € 167 MN – or 20.2 %. Before foreign currency translation effects, this equals a drop of 33.6 % for the second quarter and 32.6 % for the first half of 2015, respectively. These developments are largely consistent with our operating profit development.

ASSET MANAGEMENT BUSINESS SEGMENT INFORMATION

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Management and loading fees	1,915	1,891	3,786	3,716
Performance fees	52	67	111	86
Other	8	15	17	31
Fee and commission income	**1,975**	**1,972**	**3,914**	**3,833**
Commissions	(377)	(313)	(731)	(620)
Other	(39)	(58)	(58)	(95)
Fee and commission expenses	**(416)**	**(371)**	**(788)**	**(716)**
Net fee and commission income	**1,559**	**1,601**	**3,126**	**3,117**
Net interest income[1]	(2)	(1)	(3)	(1)
Income from financial assets and liabilities carried at fair value through income (net)	(9)	5	(4)	3
Other income	1	2	2	4
Operating revenues	**1,548**	**1,607**	**3,121**	**3,124**
Administrative expenses (net), excluding acquisition-related expenses	(1,043)	(932)	(2,060)	(1,805)
Restructuring charges	–	1	–	3
Operating expenses	**(1,043)**	**(931)**	**(2,060)**	**(1,802)**
Operating profit	**505**	**676**	**1,060**	**1,321**
Non-operating items	–	(3)	(27)	(17)
Income before income taxes	**505**	**673**	**1,034**	**1,304**
Income taxes	(176)	(254)	(375)	(479)
Net income	**329**	**419**	**658**	**825**
Cost-income ratio[2] in %	67.4	57.9	66.0	57.7

1 — Represents interest and similar income less interest expenses.
2 — Represents operating expenses divided by operating revenues.

1 — Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects. In the second quarter of 2015 the average exchange rate of the U.S. Dollar to Euro was 1.11 (2Q 2014: 1.37), in the first six months of 2015, the average exchange rate was 1.12 (first six months of 2014: 1.37).

Corporate and Other

SECOND QUARTER 2015

Operating loss increased by € 10 MN to € 230 MN, driven by Holding & Treasury.

Business segment overview

Corporate and Other encompasses the reportable segments Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management of and support for the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology and other functions. Our banking products offered in Germany, Italy, France, the Netherlands and Bulgaria complement our insurance product portfolio. We also provide global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group.

Key figures

KEY FIGURES CORPORATE AND OTHER[1]

€ MN three months ended 30 June	2015	2014
Operating revenues	416	416
Operating expenses	(646)	(635)
Operating result	(230)	(219)
Net income (loss)	(205)	(249)

KEY FIGURES REPORTABLE SEGMENTS

€ MN three months ended 30 June	2015	2014
HOLDING & TREASURY		
Operating revenues	87	95
Operating expenses	(351)	(340)
Operating result	(264)	(245)
BANKING		
Operating revenues	280	277
Operating expenses	(254)	(260)
Operating result	26	17
ALTERNATIVE INVESTMENTS		
Operating revenues	48	45
Operating expenses	(40)	(36)
Operating result	8	8

1 — Consolidation included. For further information about our Corporate and Other business segment, please refer to note 4 to the condensed consolidated interim financial statements.

Earnings summaries

2015 to 2014 second quarter comparison

Our *operating result* decreased by € 10 MN to a loss of € 230 MN. A € 19 MN decline in our operating result in Holding & Treasury was only partly compensated for by a € 9 MN improvement in Banking. Alternative Investments' operating profit remained unchanged at € 8 MN.

Our *net loss* improved by € 43 MN to a loss of € 205 MN due to higher realized gains.

2015 to 2014 first half-year comparison

Our *operating result* strengthened by € 111 MN to a loss of € 331 MN. This improvement was primarily due to a € 148 MN increase in other income recorded in the first quarter and was related to the adapted cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE.[1]

Our *net loss* more than doubled from € 117 MN to € 254 MN, mainly due to lower positive one-off effects from a pensions revaluation with our German subsidiaries,[2] which were only partly offset by higher realized gains.

Operating earnings summaries by reportable segments

HOLDING & TREASURY

2015 to 2014 second quarter comparison

Our *operating loss* increased by € 19 MN to € 264 MN. Unfavorable developments in administrative expenses and operating income from financial assets and liabilities carried at fair value through income (net) were only partly offset by a decrease in interest expenses and an improvement in our net fee and commission result.

Administrative expenses (net), excluding acquisition-related expenses, were up by € 47 MN to € 208 MN. A large part of this increase was related to higher pension costs induced by lower discount rates, while the remainder was driven by numerous smaller effects.

Operating income from financial assets and liabilities carried at fair value through income (net) dropped by € 20 MN to a loss of € 13 MN. This decrease was equally driven by both lower fair values of certain fund investments and a negative net effect (after hedges) resulting from foreign currency movements.

Our *net interest result* turned from a loss of € 10 MN to income of € 21 MN. *Interest and similar income* increased by € 4 MN to € 78 MN. The absence of income from associated companies, which is recognized within the insurance business segments from 2015 onwards as well as a decrease in interest income from debt securities were more than offset by higher dividend income. Our *interest expenses, excluding interest expenses from external debt,* decreased by € 28 MN to € 57 MN as a result of lower internal borrowing and lower interest rates.

Our *net fee and commission result* increased by € 17 MN to a loss of € 47 MN. This reduction in losses was mainly due to higher revenues generated by our internal IT service provider.

Investment expenses remained unchanged at € 17 MN.

2015 to 2014 first half-year comparison

Our *operating result* improved by € 85 MN to a loss of € 407 MN. This improvement was driven by the first quarter benefiting from a positive effect of € 148 MN in *other income,* as described earlier. Lower interest expenses – down from € 162 MN to € 128 MN – also contributed to this improved operating result. These positive effects were partly offset by an increase in administrative expenses from € 316 MN to € 390 MN. This was mainly due to higher pension costs as a result of lower discount rates.

BANKING

2015 to 2014 second quarter comparison

Our *operating result* increased by € 9 MN to € 26 MN. This increase was largely driven by lower expenses for variable remuneration schemes.

Our *net interest, fee and commission result* remained flat at € 125 MN (2Q 2014: € 128 MN). Our *net interest result* dipped by € 2 MN to € 82 MN as a € 13 MN decrease in interest and similar income was largely offset by decreased interest expenses. Both developments reflect lower interest yields. Our *fee and commission result* stood unchanged at € 44 MN.

Administrative expenses were down by € 16 MN to € 84 MN, mainly due to lower expenses for variable remuneration schemes.

Our *loan loss provisions* remained rather flat at € 17 MN (2Q 2014: € 15 MN).

Our *operating income from financial assets and liabilities carried at fair value through income (net),* including trading income, remained the same at € 3 MN.

1 — For further information on the adapted cost allocation scheme for the pension provisions, please refer to note 4 to the condensed consolidated interim financial statements.

2 — Respective offsetting effects were recorded within our other business segments, mainly within Property-Casualty. For further information on the one-off effects from pension revaluation, please refer to note 4 to the condensed consolidated interim financial statements.

2015 to 2014 first half-year comparison

Our *operating result* increased by € 23 MN to € 58 MN. While the first quarter contributed with a higher operating profit due to higher management and performance fees – which were driven by growth in assets under management and positive market developments – the second quarter benefited from lower administrative expenses.

ALTERNATIVE INVESTMENTS

2015 to 2014 second quarter comparison

Our *operating profit* stood unchanged at € 8 MN as an uptick in administrative expenses was offset by an increase in fee and commission income. Both developments were in line with increased assets under management.

2015 to 2014 first half-year comparison

Our *operating profit* went up from € 16 MN to € 19 MN. This was mainly due to the net effect of € 17 MN higher fee and commission income and € 12 MN increased administrative expenses. Both developments were in line with increased assets under management.

Outlook

– Global economic activity is likely to expand moderately in 2015.
– Operating profit outlook expected to be at upper end of target range.

Economic outlook 2015[1]

As we move into the second half of 2015, the economic picture is somewhat mixed. On the one hand, economic activity in industrialized countries is likely to remain quite solid. In the United States, private consumption is being boosted by the improved labor market situation. In the Eurozone, the economic recovery is likely to continue this year, supported by the depreciation of the Euro and lower energy prices. We expect growth in most member states to outpace last year's performance. Supported by brighter economic conditions in the Eurozone and a favorable environment for private consumption, the German economy could expand by 2 % in 2015. On the other hand, growth prospects for many major emerging market countries remain subdued – in many cases not solely for cyclical, but also for structural reasons. The Brazilian and Russian economies will shrink in real terms this year. Overall, global output is likely to grow by about 2.5 % in 2015 – as in 2014. Industrialized countries will register GDP growth of close to 2 %, while emerging markets will see their lowest economic expansion since the Great Recession of 2009, with a GDP increase of just below 4 %. Inflation is likely to remain subdued at a global level, not least due to the still dire unemployment situation in many industrialized countries, which keeps the lid on wages.

For the remainder of this year, financial markets will primarily be driven by monetary policy, further developments in the Greek debt crisis, and geopolitical tensions. Despite lowering the probability of Grexit, the third bailout program is unlikely to draw a line under the Greek crisis as too many pitfalls remain. At the end of the day it is by no means certain that, when the bailout program expires in 2018, Greece will have regained access to the capital market on the scale needed. Risks stemming from the instability of Greek politics are even more serious. Flawed implementation of the reform and consolidation program would once again raise the question of whether Greece can stay in the Euro.

Regarding monetary policy, barring major downside surprises in economic data, the Federal Reserve Bank is likely to start pushing up interest rates later this year. In contrast, the European Central Bank will most likely stick to its very expansionary monetary policy stance, keeping key interest rates at the very low current levels and continuing its bond purchasing program with a monthly volume of € 60 BN. With short-term rates practically at zero and the ECB's bond purchasing program exerting downward pressure on European government benchmark bond yields, there are limited prospects of markedly higher yields on longer-term bonds. We expect yields on 10-year German and U.S. government bonds to climb only modestly to slightly above 1 % and 2.5 %, respectively, by the end of 2015. In the second half of 2015 a number of factors, including a rate hike by the Fed, will weigh on the Euro. However, with the economic recovery in the Eurozone on a firmer footing, the Euro will gain support. All in all, we expect the Euro to move sideways against the U.S. Dollar.

Insurance industry outlook

2015 is on course to be another year of solid growth for the insurance industry. In advanced markets, economic activity is gaining momentum, boosting demand for insurance; and in emerging markets, despite more challenging economic conditions than in the past, pent-up demand for insurance underpins strong growth. However, the outlook for profitability remains subdued as the headwinds of low investment returns and regulatory changes continue to blow.

In the ***property-casualty*** sector, 2014 was a solid year. Global premium revenue grew by 4.5 % (in nominal terms, adjusted for foreign currency translation effects) with the notable exception of Western Europe where markets barely grew at all. For 2015, we expect growth to strengthen in Western Europe, too, as almost all markets will return to positive growth. Most other markets will continue to expand solidly, with an improved economy as a supporting factor but rate developments as a possible drag. As in previous years, we expect very strong performances in emerging Asia where governments' efforts, particularly in China, to raise insurance penetration across the board pay off. Overall, we expect global premium revenue to rise by 4 – 5 % in 2015 (in nominal terms, adjusted for foreign currency translation effects). Underwriting profitability should remain more or less stable as reduced pricing power is offset by low claims inflation. However, low investment returns will have a negative impact on overall profitability.

1 — The Information presented in the sections Economic outlook, Insurance industry outlook and Asset management industry outlook is based on our own estimates.

In 2014, the *life* sector registered its highest growth since the outbreak of the financial crisis: Global premium revenue grew by 7.1 % (in nominal terms, adjusted for foreign currency translation effects). However, this growth was rather uneven and driven by exceptional momentum in some markets such as Italy and Australia. This year, we expect premium growth to be more moderate but also more broad-based. In particular, we expect that growth in Eastern Europe will resume – albeit at a low level. However, emerging Asia will see another year of high, double-digit growth with China in the lead: Rising incomes and social security reforms remain strong engines for rising insurance demand. All in all, we expect global premium revenue to expand by 4 – 5 % in 2015 (in nominal terms, adjusted for foreign currency translation effects).

Looking at profitability, the insurance industry faces some headwinds in 2015. Low yields continue to impact savings behaviors, investment returns remain under pressure, and regulatory burdens will increase further. Therefore, companies cannot afford to relax their efforts to adapt their business models to the new environment.

Asset management industry outlook

Markets have shown some volatility in recent months, a trend exacerbated by the ongoing Greek government debt crisis. With investors also anticipating an increase in U.S. interest rates we expect this volatility to continue in equity as well as in fixed income markets. However, if the longer-term trend is indeed towards moderately higher interest rates – especially in the United States – coupled with global demographic developments, bonds should remain attractive. This holds true in particular for liability-driven investors and for the growing number of retirees in the developed world looking for a stable stream of income. Due to continuous inflows, equities reached all-time highs in the first half of 2015 in many countries, making them vulnerable to negative economic developments.

A continuing improvement in economic conditions – in particular in the United States – as well as trends in client demand still represent a positive environment for further asset management industry growth. Nevertheless, the industry has to deal with several challenges that will also put pressure on profitability: flows into passive products as well as rising distribution or marketing costs will tighten operating margins. Increased regulatory oversight and reporting will also take their toll.

Therefore, several factors are of vital importance for an asset manager's ability to grow – notably above benchmark investment results and innovative client-focused investment solutions and products. In addition, appropriate responses to clients' needs as well as efficient operations and a sufficient business volume are important.

Outlook for the Allianz Group

We are confident about staying on course towards profitable growth during the rest of 2015. Currently, we see no need to adjust our published Allianz Group operating profit outlook for 2015 of € 10.4 BN, plus or minus € 0.4 BN – but we expect it to be at the upper end of the target range at € 10.8 BN. However, unfavorable developments in the business environment can have adverse impacts on aspects of our performance. It would therefore be inappropriate to simply annualize the current half year's operating profit and net income to arrive at an expected result for the full year.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements, may severely affect the results of our operations.

Cautionary note regarding 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.

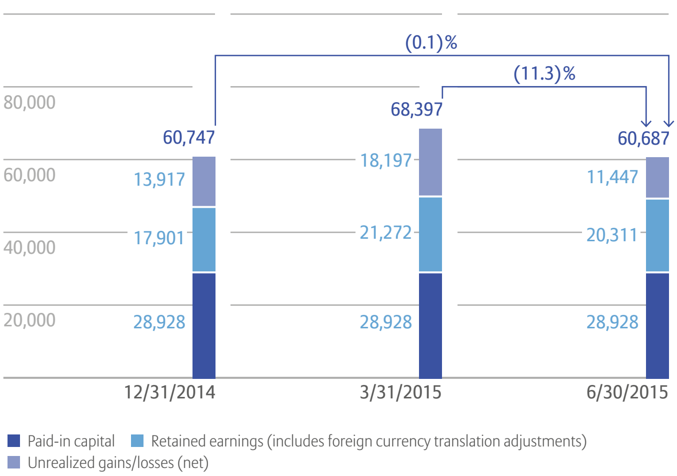
Balance Sheet Review

– Shareholders' equity stable at € 60.7 BN.
– Conglomerate solvency ratio up from 181 % to 192 %.[1]

Shareholders' equity[2]

SHAREHOLDERS' EQUITY

€ MN



Compared to year-end, *shareholders' equity* decreased by € 60 MN to € 60,687 MN as of 30 June 2015. Mainly as a result of the higher interest rates in the second quarter, the fair value of debt securities decreased and led to € 2,470 MN lower unrealized gains in shareholders' equity. Realizations on both debt securities and equities also contributed to this development. In addition, shareholders' equity was lowered by the € 3,112 MN dividend payout in May 2015. However, these effects were largely offset by our net income attributable to shareholders of € 3,839 MN and the € 1,092 MN increase in foreign currency translation adjustments that resulted from the depreciation of the Euro against various currencies – in particular the U.S. Dollar, but also the Swiss Franc – over the first half of 2015.

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios as of 30 June 2015 and 31 December 2014 would be 184 % and 172 %, respectively.

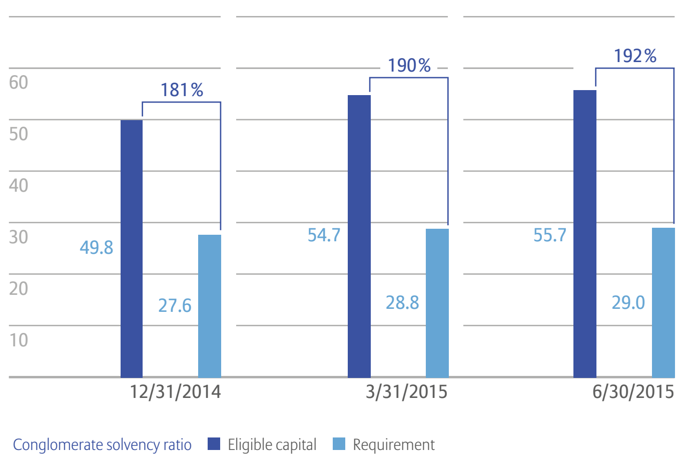
2 — This does not include non-controlling interests of € 2,824 MN, € 3,103 MN and € 2,955 MN as of 30 June 2015, 31 March 2015 and 31 December 2014, respectively. For further information, please refer to note 20 to the condensed consolidated interim financial statements. Retained earnings include foreign currency translation adjustments of € (885) MN, € (219) MN and € (1,977) MN as of 30 June 2015, 31 March 2015 and 31 December 2014, respectively.

Regulatory capital adequacy

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet their solvency requirements on a consolidated basis, which we refer to as "eligible capital".

CONGLOMERATE SOLVENCY[1]

€ BN



1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratio would be 184 % as of 30 June 2015 (31 March 2015: 182 %; 31 December 2014: 172 %).

Compared to 31 December 2014, our *conglomerate solvency ratio* strengthened from 181 % to 192 %. The Group's eligible capital for solvency purposes went up by € 5.8 BN to € 55.7 BN, including off-balance sheet reserves of € 2.4 BN (31 December 2014: € 2.3 BN). This increase was mainly driven by our net income (net of accrued dividends) of € 1.9 BN and the issuance of a new subordinated bond (€ 1.5 BN). To a lesser extent, favorable foreign currency translation adjustments also contributed to this. The required funds were up by € 1.4 BN to € 29.0 BN, mainly because of higher aggregate policy reserves in the Life/Health business segment, but also due to the strong nominal growth in our Property-Casualty business segment. As a result, our eligible capital surpassed the minimum legally stipulated level by € 26.7 BN.

Total assets and total liabilities

As of 30 June 2015, total assets amounted to € 841.6 BN and total liabilities were € 778.1 BN. Compared to year-end 2014, total assets and total liabilities increased by € 35.9 BN and € 36.1 BN, respectively.

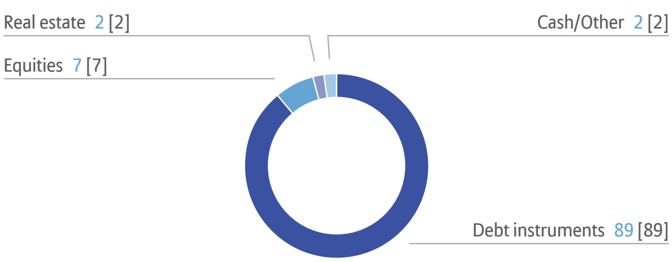
The following section mainly focuses on our financial investments in debt instruments, equities, real estate and cash, since these reflect the major developments in our asset base.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The following portfolio overview covers the Allianz Group assets held for investment, which are mainly driven by our insurance businesses.

ASSET ALLOCATION

Investment portfolio as of 30 June 2015: € 631.6 BN
[as of 31 December 2014: € 614.6 BN] in %



Compared to year-end 2014, our investment portfolio grew by € 17.0 BN to € 631.6 BN as of 30 June 2015, with no relative change in our overall asset allocation despite some major realizations.

Our direct gross exposure to *equities* amounted to € 46.5 BN – up by € 5.3 BN – as fair value increases resulting from the very positive market developments in the first quarter of 2015 more than offset realizations. The overall upswing in equity markets over the first six months of 2015 was accompanied by an increased hedged portion of this grown direct gross exposure against share price declines. Against the background of a virtually unchanged shareholders' equity these effects almost offset each other leading to a one percentage point downtick in equity gearing[1], which amounted to 23 %.

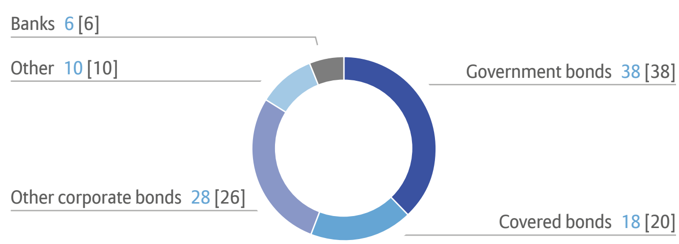
Our direct exposure to *real estate* increased by € 0.5 BN to € 11.8 BN mainly due to new investments.

Our *cash and other investments* decreased by € 1.0 BN to € 11.2 BN.

Our exposure to *debt instruments* increased by € 12.3 BN to € 562.0 BN. Positive foreign currency effects, new investments and reinvested interest flows more than offset fair value declines triggered by higher interest rates in the second quarter of 2015. This exposure still represented 89 % of our investment portfolio.

FIXED INCOME PORTFOLIO

Total fixed income portfolio as of 30 June 2015: € 562.0 BN
[as of 31 December 2014: € 549.8 BN] in %



The allocation of our well-diversified fixed income portfolio remained rather stable, with a modest increase in the share of corporate bonds accompanied by a minor reduction in the portion of covered bonds. About 94 % of this portfolio of debt instruments was invested in investment-grade bonds and loans.[2]

Over the first half year, our *government bond exposure* was up by € 6.4 BN to € 215.7 BN and still accounted for 38 % of our fixed income portfolio. The fair value increases seen in the first quarter largely disappeared over the second quarter as a result of the increase in interest rates. The slight increase in absolute terms was mainly driven by new investments and positive foreign currency effects. The allocation of our government and government-related direct bond exposure showed marginal changes in the portfolio weightings, all of which were below two percentage points. The portfolio shares of Italian, French and German government bonds decreased marginally, while the share of government bonds from Spain and the United States increased marginally. Our sovereign debt exposure in Italy and Spain equaled 5.1 % and 1.6 % of our fixed income portfolio, respectively. The corresponding unrealized gains (gross) amounted to € 3,916 MN in Italy and to € 212 MN in Spain. Our government bond exposure in Portugal remained limited, with small unrealized gains. We continued to have virtually no exposure to Greek or Ukrainian government bonds. The respective exposure to Russia was relatively small in the context of our overall portfolio and the greatest part of this exposure was denominated in U.S. Dollar.

1 — Equity gearing is defined as the ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholders' equity plus off-balance sheet reserves less goodwill.

2 — Excluding self-originated German private retail mortgage loans. For 2 %, no ratings were available.

Our *covered bond exposure* decreased by € 5.7 BN to € 102.0 BN, representing 18 % (31 December 2014: 20 %) of our fixed income portfolio. This decrease was mainly due to matured bonds which have not been reinvested within this asset class. It was also driven by lower fair values resulting from the increase in interest rates. 43 % (31 December 2014: 44 %) of this portfolio was German Pfandbriefe, backed by either public sector loans or mortgage loans. Almost unchanged, another 17 %, 9 % and 7 % of the covered bonds were attributable to France, Spain and Italy, respectively. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and overcollateralization.

The value of our *corporate bonds* increased by € 9.8 BN to € 154.9 BN and in relative terms one percentage point to 28 %. This was primarily driven by positive currency effects as well as new investments. The slight regional shift from Eurozone corporate bonds to North-American ones, as reported for 2014, continued in the first half year of 2015. This was again mainly driven by value increases in U.S. Dollar-denominated exposures due to the respective exchange rate movement and new investments.

Our exposure to *bank securities* – including exposure to subordinated securities in banks – remained almost unchanged at € 32.8 BN (31 December 2014: € 32.4 BN) and still represented 6 % of our fixed income portfolio. The exposure to subordinated securities in banks decreased from € 5.3 BN to € 4.9 BN.

Our exposure to asset-backed securities (ABS) remained almost unchanged at € 23.2 BN (31 December 2014: € 22.9 BN). This exposure still accounted for 4 % of our fixed income portfolio. About 71 % of our ABS portfolio was related to mortgage backed securities (MBS). MBS issued by U.S. agencies, which are backed by the U.S. government, accounted for 16 % of the ABS portfolio. Overall, 97 % of the ABS portfolio received an investment grade rating, with 87 % rated "AA" or better.

INVESTMENT RESULT

INVESTMENT INCOME (NET)

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Operating investment result				
Interest and similar income (net)[1]	5,868	5,436	11,169	10,478
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,330)	(22)	(647)	(272)
Operating realized gains/losses (net)	1,670	783	4,189	1,563
Operating impairments of investments (net)	(113)	(50)	(202)	(347)
Investment expenses	(265)	(232)	(502)	(431)
Subtotal	**5,830**	**5,914**	**14,007**	**10,991**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	13	(31)	(112)	(101)
Non-operating realized gains/losses (net)	424	243	742	369
Non-operating impairments of investments (net)	(43)	(24)	(63)	(89)
Subtotal	**393**	**188**	**568**	**179**
Total investment income (net)	**6,224**	**6,102**	**14,574**	**11,170**

1 — Net of interest expenses (excluding interest expenses from external debt).

2015 to 2014 second quarter comparison

Our *total investment income (net)* increased by € 122 MN to € 6,224 MN as a significant decrease in the operating income from financial assets and liabilities carried at fair value through income (net) was more than offset by increases in realized gains and interest and similar income (net)[1].

2015 to 2014 first half-year comparison

Our *total investment income (net)* increased by € 3,404 MN to € 14,574 MN. This increase was mainly related to first quarter developments. In total, operating and non-operating realized gains contributed most to this growth. In addition, the total investment income (net) benefited from higher interest and similar income (net)[1].

Operating investment result

2015 to 2014 second quarter comparison

Our *operating investment income (net)* declined by € 84 MN – or 1.4 % – to € 5,830 MN. This was the net effect of a decrease in operating income from financial assets and liabilities carried at fair value

1 — Net of interest expenses (excluding interest expenses from external debt).

through income (net) and an increase in realized gains and, to a lesser extent, in interest and similar income (net)[1].

Operating income from financial assets and liabilities carried at fair value through income (net) fell by € 1,308 MN to a loss of € 1,330 MN. This was mainly due to losses from the net of foreign currency translation effects and financial derivatives that are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures. To a large extent, the deterioration was related to the increase in interest rates and only to a lesser extent to the appreciation of the Euro against the U.S. Dollar and several emerging market currencies.

Operating realized gains and losses (net) more than doubled to € 1,670 MN. This was due to higher realizations on both debt securities and equities to manage duration and the overall asset allocation.

Interest and similar income (net)[1] increased by € 432 MN to € 5,868 MN. This increase was almost equally driven by higher interest income from debt securities, as a result of favorable currency effects and supported by a higher asset base, as well as by increased dividend income.

Our *operating impairments of investments (net)* increased from a low level of € 50 MN to € 113 MN. These impairments were largely related to equities.

Investment expenses were up by € 32 MN to € 265 MN. This was mainly due to higher management fees resulting from increased asset values.

2015 to 2014 first half-year comparison

Our *operating investment income (net)* went up by € 3,015 MN to € 14,007 MN. Of this increase, € 2,626 MN was attributable to higher operating realized gains while the remainder was driven by increased interest and similar income (net)[1] and lower operating impairments of investments (net). These effects were only partly offset by a worsening in operating income from financial assets and liabilities carried at fair value through income (net) for the reasons described above.

Non-operating investment result

2015 to 2014 second quarter comparison

Our *non-operating investment income (net)* more than doubled from € 188 MN to € 393 MN, primarily as a result of higher non-operating realized gains, mainly on equities.

2015 to 2014 first half-year comparison

Our *non-operating investment income (net)* grew by € 389 MN to € 568 MN, mainly because of higher non-operating realized gains.

1 — Net of interest expenses (excluding interest expenses from external debt).

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY BUSINESS SEGMENT

Property-Casualty assets

Compared to year-end, the Property-Casualty asset base increased by € 2.1 BN to € 111.3 BN. This was largely driven by higher debt securities and to a lesser extent by equities. It was partly offset by slight decreases in cash and cash pool assets as well as loans and advances.

COMPOSITION OF ASSET BASE – FAIR VALUES[1]

€ BN

	as of 30 June 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	0.4	0.4
Debt securities	0.1	0.1
Other[2]	–	–
Subtotal	**0.5**	**0.5**
Investments[3]		
Equities	7.0	6.3
Debt securities	75.5	72.4
Cash and cash pool assets[4]	4.6	5.6
Other	9.8	9.5
Subtotal	**96.9**	**93.8**
Loans and advances to banks and customers	**14.0**	**15.0**
Property-Casualty asset base	**111.3**	**109.2**

1 — Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.
2 — This comprises assets of € 0.1 BN and € 0.1 BN and liabilities of € (0.1) BN and € (0.1) BN as of 30 June 2015 and 31 December 2014, respectively.
3 — These do not include affiliates of € 9.0 BN and € 8.9 BN as of 30 June 2015 and 31 December 2014, respectively.
4 — Including cash and cash equivalents, as stated in our business segment balance sheet of € 3.3 BN and € 3.7 BN and receivables from cash pooling amounting to € 3.0 BN and € 4.2 BN, net of liabilities from securities lending and derivatives of € (0.1) BN and € (0.1) BN, as well as liabilities from cash pooling of € (1.7) BN and € (2.1) BN as of 30 June 2015 and 31 December 2014, respectively.

ABS within the Property-Casualty business segment asset base decreased by € 0.3 BN to € 3.7 BN as of 30 June 2015 and represented 3.3 % (31 December 2014: 3.7 %) of the business segment's asset base.

Property-Casualty liabilities

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES[1]

€ BN

	Gross	Ceded	Net
As of 1 January 2015	58.9	(6.6)	52.3
Balance carry forward of discounted loss reserves[2]	3.6	(0.3)	3.3
Subtotal	**62.5**	**(6.9)**	**55.6**
Loss and loss adjustment expenses paid in current year relating to previous years	(9.3)	0.8	(8.5)
Loss and loss adjustment expenses incurred in previous years	(0.9)	0.2	(0.8)
Foreign currency translation adjustments and other changes	2.1	(0.6)	1.5
Changes in reserves for loss and loss adjustment expenses in current year	11.1	(1.1)	9.9
Subtotal	**65.4**	**(7.6)**	**57.8**
Ending balance of discounted loss reserves[2]	(3.8)	0.3	(3.5)
As of 30 June 2015	**61.6**	**(7.3)**	**54.3**

1 — For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 15 to the condensed consolidated interim financial statements.
2 — Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet in 2013, the underlying business development of these Property-Casualty reserves is still considered in the loss and loss adjustment expenses and in the loss ratio and is therefore included in the development of the reserves above.

As of 30 June 2015, the business segment's gross reserves for loss and loss adjustment expenses and discounted loss reserves amounted to € 65.4 BN – an increase of € 2.9 BN compared to year-end 2014. On a net basis, our reserves – including discounted loss reserves – increased from € 55.6 BN to € 57.8 BN. Foreign currency translation effects and other changes amounted to € 1.5 BN on a net basis.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH BUSINESS SEGMENT

Life/Health assets

The Life/Health business segment asset base increased by € 23.1 BN to € 588.5 BN. This was largely driven by an increased volume of debt securities and financial assets for unit-linked contracts and was also supported by higher equities. Lower cash and cash pool assets only marginally offset those developments.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN

	as of 30 June 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	2.5	1.8
Debt securities	2.5	2.0
Other[1]	(6.9)	(6.8)
Subtotal	**(1.9)**	**(3.0)**
Investments[2]		
Equities	36.8	32.2
Debt securities	340.0	331.8
Cash and cash pool assets[3]	6.0	8.0
Other	10.5	10.4
Subtotal	**393.4**	**382.4**
Loans and advances to banks and customers	**92.1**	**91.4**
Financial assets for unit-linked contracts[4]	**104.9**	**94.6**
Life/Health asset base	**588.5**	**565.4**

1 — This comprises assets of € 1.4 BN and € 1.4 BN and liabilities (including the market value liability option) of € (8.3) BN and € (8.2) BN as of 30 June 2015 and 31 December 2014, respectively.
2 — These do not include affiliates of € 0.2 BN and € 0.2 BN as of 30 June 2015 and 31 December 2014, respectively.
3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 6.4 BN and € 7.6 BN and receivables from cash pooling amounting to € 2.1 BN and € 3.1 BN, net of liabilities from securities lending and derivatives of € (2.1) BN and € (2.6) BN, as well as liabilities from cash pooling of € (0.3) BN and € (0.0) BN as of 30 June 2015 and 31 December 2014, respectively.
4 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

ABS within the Life/Health business segment asset base was up by € 0.6 BN to € 17.4 BN and represented an unchanged 3.0 % of the business segment's asset base.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS[1]

€ BN

	Unit-linked insurance contracts	Unit-linked investment contracts	Total
As of 1 January 2015	**62.7**	**31.9**	**94.6**
Net premium inflows (outflows)	1.7	3.7	5.4
Changes in fund value	2.3	1.0	3.3
Foreign currency translation adjustments	3.0	–	3.0
Other changes	(1.5)	0.2	(1.3)
As of 30 June 2015	**68.1**	**36.8**	**104.9**

1 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

Financial assets for unit-linked contracts increased by € 10.4 BN – or 11.0 % – to € 104.9 BN. Unit-linked insurance contracts increased by € 5.4 BN to € 68.1 BN due to good fund performance (€ 2.3 BN) and premium inflows exceeding outflows by € 1.7 BN. This was partly offset by transfers to the general account in France (€ (0.6) BN). Unit-linked investment contracts were up by € 4.9 BN to € 36.8 BN, with premium inflows significantly exceeding outflows (net € 3.7 BN). Currency effects were driven by the stronger U.S. Dollar (€ 2.2 BN) and Asian currencies (€ 0.7 BN).[1]

Life/Health liabilities

Life/Health reserves for insurance and investment contracts increased by € 15.4 BN – or 3.4 % – to € 464.6 BN in the first six months of 2015. The € 10.3 BN increase in aggregate policy reserves was mainly driven by our operations in Germany (€ 5.1 BN), the United States (€ 3.1 BN before currency effects) and Switzerland (€ 0.7 BN before currency effects). Reserves for premium refund decreased by € 3.9 BN as higher interest rates led to lower unrealized gains to be shared with policyholders. Currency impacts resulted from the stronger U.S. Dollar (€ 5.8 BN), Swiss Franc (€ 1.9 BN) and Asian currencies (€ 1.1 BN).[1]

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT BUSINESS SEGMENT

Asset Management assets

The Asset Management business segment's results are derived primarily from asset management for third-party investors and the Allianz Group's insurance operations.[2] In this section, we refer only to the business segment's own assets.

The business segment's asset base decreased from € 2.6 BN to € 2.4 BN, mainly due to lower cash and cash pool assets – the main component of the business segment's asset base.

Asset Management liabilities

Liabilities in our Asset Management business segment increased by € 0.6 BN to € 3.0 BN.

1 — Based on the closing rates on the respective balance sheet dates.
2 — For further information on the development of these assets, please refer to the Asset Management chapter.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER BUSINESS SEGMENT

Corporate and Other assets

The Corporate and Other asset base increased by € 3.0 BN to € 47.7 BN. A slight decrease in loans and advances to banks and customers was more than offset by an increase in debt securities and a lower negative synthetic cash position.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN

	as of 30 June 2015	as of 31 December 2014
Financial assets and liabilities carried at fair value through income		
Equities	0.1	0.1
Debt securities	0.2	0.2
Other[1]	(0.5)	(0.5)
Subtotal	**(0.2)**	**(0.1)**
Investments[2]		
Equities	2.7	2.7
Debt securities	30.6	28.4
Cash and cash pool assets[3]	(2.2)	(4.1)
Other	0.3	0.3
Subtotal	**31.4**	**27.3**
Loans and advances to banks and customers	**16.5**	**17.5**
Corporate and Other asset base	**47.7**	**44.7**

1 — This comprises assets of € 0.1 BN and € 0.2 BN and liabilities of € (0.7) BN and € (0.6) BN as of 30 June 2015 and 31 December 2014, respectively.
2 — These do not include affiliates of € 76.4 BN and € 77.2 BN as of 30 June 2015 and 31 December 2014, respectively.
3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 1.4 BN and € 2.0 BN and receivables from cash pooling amounting to € 1.6 BN and € 1.7 BN, net of liabilities from securities lending and derivatives of € (0.1) BN and € (0.0) BN, as well as liabilities from cash pooling of € (5.2) BN and € (7.9) BN as of 30 June 2015 and 31 December 2014, respectively.

ABS remained almost unchanged at € 2.1 BN (31 December 2014: € 2.0 BN) and represented 4.3 % of the segment's asset base, a downtick of 0.2 percentage points compared to year-end 2014.

Corporate and Other liabilities

In comparison to year-end 2014, other liabilities decreased by € 3.9 BN to € 24.1 BN, resulting from lower liabilities from cash pooling and other provisions mainly related to pension obligations. Subordinated liabilities increased by € 0.2 BN to € 12.2 BN. This was mainly related to the net effect of the issuance and redemptions of subordinated bonds.[3] Certificated liabilities dipped by € 0.2 BN to € 12.0 BN.[4]

3 — This net effect also includes the redemption of a subordinated bond of € 400 MN issued by Allianz France S.A., which was and is not listed separately in the bonds table shown on the next page.
4 — For further information on Allianz SE debt as of 30 June 2015, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

ALLIANZ SE BONDS[1] OUTSTANDING AS OF 30 JUNE 2015 AND INTEREST EXPENSES FOR THE FIRST SIX MONTHS OF 2015

1. SENIOR BONDS[2]		
4.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expenses		€ 31 MN
1.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.5 BN	
Year of issue	2013	
Maturity date	3/13/2018	
ISIN	DE 000 A1H G1J 8	
Interest expenses		€ 4 MN
4.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expenses		€ 36 MN
3.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	2/14/2022	
ISIN	DE 000 A1G 0RU 9	
Interest expenses		€ 27 MN
3.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.75 BN	
Year of issue	2013	
Maturity date	3/13/2028	
ISIN	DE 000 A1H G1K 6	
Interest expenses		€ 12 MN
4.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	GBP 0.75 BN	
Year of issue	2013	
Maturity date	3/13/2043	
ISIN	DE 000 A1H G1L 4	
Interest expenses		€ 27 MN
Total interest expenses for senior bonds		**€ 136 MN**
2. SUBORDINATED BONDS[3]		
5.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 2.0 BN	
Year of issue	2011	
Maturity date	7/8/2041	
ISIN	DE 000 A1G NAH 1	
Interest expenses		€ 58 MN
5.625 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	10/17/2042	
ISIN	DE 000 A1R E1Q 3	
Interest expenses		€ 43 MN
2.241 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2015	
Maturity date	7/7/2045	
ISIN	DE 000 A14 J9N 8	
Interest expenses		€ 8 MN
4.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.4 BN	
Year of issue	2005	
Maturity date	PERPETUAL BOND	
ISIN	XS 021 163 783 9	
Interest expenses		€ 31 MN
5.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.8 BN	
Year of issue	2006	
Maturity date	PERPETUAL BOND	
ISIN	DE 000 A0G NPZ 3	
Interest expenses		€ 21 MN
5.5 % bond issued by Allianz SE		
Volume	USD 1.0 BN	
Year of issue	2012	
Maturity date	PERPETUAL BOND	
ISIN	XS 085 787 250 0	
Interest expenses		€ 27 MN
4.75 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2013	
Maturity date	PERPETUAL BOND	
ISIN	DE 000 A1Y CQ2 9	
Interest expenses		€ 36 MN
3.25 % bond issued by Allianz SE		
Volume	CHF 0.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL BOND	
ISIN	CH 023 483 337 1	
Interest expenses		€ 9 MN
3.375 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL BOND	
ISIN	DE 000 A13 R7Z 7	
Interest expenses		€ 26 MN
Total interest expenses for subordinated bonds		**€ 258 MN**
3. ISSUES REDEEMED IN 2015		
6.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.0 BN	
Year of issue	2002	
Maturity date	1/13/2025	
ISIN	XS 015 952 750 5	
Interest expenses		€ 2 MN
Sum of interest expenses[1]		**€ 397 MN**
Interest expenses from external debt not presented in the table		€ 29 MN
Total interest expenses from external debt		**€ 425 MN**

1 — For further information on Allianz SE debt (issued or guaranteed) as of 30 June 2015, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

2 — Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency.

3 — The terms of the subordinated bonds do not explicitly provide for early termination rights in favor of the bondholder. Interest payments are subject to certain conditions which are linked, inter alia, to our net income, and may have to be deferred. Nevertheless, the terms of the relevant bonds provide for alternative settlement mechanisms which allow us to avoid an interest deferral using cash raised from the issuance of specific newly issued instruments.

Reconciliations

The previous analysis is based on our condensed consolidated interim financial statements and should be read in conjunction with them. In addition to our stated figures according to the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRS.

For further information, please refer to note 4 to the condensed consolidated interim financial statements.

Composition of total revenues

Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

COMPOSITION OF TOTAL REVENUES

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Property-Casualty				
Gross premiums written	**11,843**	**10,846**	**29,182**	**26,063**
Life/Health				
Statutory premiums	**16,719**	**16,961**	**35,540**	**34,124**
Asset Management				
Operating revenues	**1,548**	**1,607**	**3,121**	**3,124**
consisting of:				
Net fee and commission income	1,559	1,601	3,126	3,117
Net interest income[1]	(2)	(1)	(3)	(1)
Income from financial assets and liabilities carried at fair value through income (net)	(9)	5	(4)	3
Other income	1	2	2	4
Corporate and Other				
thereof: Total revenues (Banking)	**131**	**132**	**270**	**270**
consisting of:				
Interest and similar income	136	148	275	298
Income from financial assets and liabilities carried at fair value through income (net)[2]	3	3	9	6
Fee and commission income	141	125	280	241
Interest expenses, excluding interest expenses from external debt	(54)	(64)	(112)	(131)
Fee and commission expenses	(97)	(81)	(182)	(146)
Consolidation effects within Corporate and Other	2	–	2	2
Consolidation	**(72)**	**(89)**	**(175)**	**(161)**
Allianz Group total revenues	**30,170**	**29,457**	**67,939**	**63,420**

1 — Represents interest and similar income less interest expenses.
2 — Includes trading income.

Composition of total revenue growth

We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals and transfers (or "changes in scope of consolidation") are analyzed separately. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

%	three months ended 30 June 2015				six months ended 30 June 2015			
	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	1.6	2.3	5.3	9.2	2.8	4.3	4.9	12.0
Life/Health	(6.0)	(0.8)	5.3	(1.4)	(0.5)	(0.8)	5.5	4.2
Asset Management	(17.7)	–	14.1	(3.6)	(14.3)	–	14.2	(0.1)
Corporate and Other	–	(0.8)	–	(0.8)	0.7	(0.7)	–	–
Allianz Group	**(3.8)**	**0.4**	**5.8**	**2.4**	**0.2**	**1.3**	**5.7**	**7.1**

Life/Health Insurance Operations

OPERATING PROFIT

The reconciling item *scope* comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are not in-scope entities is included in the investment margin. Currently, 20 entities comprising 97.0% of Life/Health total statutory premiums are in scope.

Expenses

Expenses comprise acquisition expenses and commissions as well as administrative and other expenses.

The delta shown as *definitions* in acquisition expenses and commissions represents commission clawbacks, which are allocated to the technical margin. The delta shown as *definitions* in administrative and other expenses mainly represents restructuring charges, which are stated in a separate line item in the group income statement.

ACQUISITION, ADMINISTRATIVE, COMMISSIONS AND OTHER EXPENSES

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Acquisition expenses and commissions[1]	(1,185)	(1,238)	(2,434)	(2,389)
Definitions	8	7	15	15
Scope	(122)	(101)	(205)	(172)
Acquisition costs incurred[2]	**(1,299)**	**(1,331)**	**(2,624)**	**(2,547)**
Administrative and other expenses[1]	(439)	(419)	(849)	(789)
Definitions	(37)	(22)	(65)	(53)
Scope	39	14	60	45
Administrative expenses on reinsurance business ceded	1	4	3	6
Administrative and other expenses (net)[2,3]	**(436)**	**(424)**	**(851)**	**(791)**

1 — As per Interim Group Management Report.
2 — As per notes to the condensed consolidated interim financial statements.
3 — Excluding one-off effect from pension revaluation. For further details, please refer to note 4 to the condensed consolidated interim financial statements.

Impact of change in Deferred Acquisition Costs (DAC)

Impact of change in DAC includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA) and is the net impact of the deferral and amortization of acquisition costs and front-end loadings on operating profit.

URR capitalized: Capitalization amount of unearned revenue reserves (URR) and deferred profit liabilities (DPL) for FAS 97 LP.

URR amortized: Total amount of URR amortized includes scheduled URR amortization, true-up and unlocking.

Both capitalization and amortization is included in the line item premiums earned (net) in the group income statement.

Policyholder participation is included within change in reserves for insurance and investment contracts (net) in the group income statement.

CAPITALIZATION AND AMORTIZATION OF DAC

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Capitalization of DAC[1]	440	558	897	1,004
Definition: URR capitalized	158	125	314	245
Definition: policyholder participation[2]	169	184	426	427
Scope	58	46	93	72
Capitalization of DAC[3]	**825**	**914**	**1,730**	**1,748**
Amortization, unlocking and true-up of DAC[1]	(503)	(395)	(941)	(652)
Definition: URR amortized	(74)	(39)	(206)	(55)
Definition: policyholder participation[2]	(209)	(168)	(520)	(399)
Scope	(30)	(25)	(62)	(51)
Amortization, unlocking and true-up of DAC[3]	**(816)**	**(628)**	**(1,728)**	**(1,157)**

1 — As per Interim Group Management Report.
2 — For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
3 — As per notes to the condensed consolidated interim financial statements.

RECONCILIATION TO NOTES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Acquisition expenses and commissions[1]	(1,185)	(1,238)	(2,434)	(2,389)
Administrative and other expenses[1]	(439)	(419)	(849)	(789)
Capitalization of DAC[1]	440	558	897	1,004
Amortization, unlocking and true-up of DAC[1]	(503)	(395)	(941)	(652)
Acquisition and administrative expenses	**(1,687)**	**(1,494)**	**(3,327)**	**(2,826)**
Definitions	15	87	(35)	178
Scope	(55)	(66)	(114)	(106)
Commissions and profit received on reinsurance business ceded	28	22	54	46
Administrative expenses on reinsurance business ceded	1	4	3	6
Acquisition and administrative expenses (net)[2,3]	**(1,698)**	**(1,447)**	**(3,420)**	**(2,701)**

1 — As per Interim Group Management Report.
2 — As per notes to the condensed consolidated interim financial statements.
3 — Excluding one-off effect from pension revaluation. For further details, please refer to note 4 to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

B

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

€ MN

	note	as of 30 June 2015	as of 31 December 2014
ASSETS			
Cash and cash equivalents		12,259	13,863
Financial assets carried at fair value through income	5	7,121	5,875
Investments	6	505,930	486,445
Loans and advances to banks and customers	7	115,796	117,075
Financial assets for unit-linked contracts		104,944	94,564
Reinsurance assets	8	15,695	13,587
Deferred acquisition costs	9	24,455	22,262
Deferred tax assets		1,184	1,046
Other assets	10	39,831	37,080
Non-current assets and assets of disposal groups classified as held for sale	11	165	235
Intangible assets	12	14,266	13,755
Total assets		**841,648**	**805,787**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	13	8,633	8,496
Liabilities to banks and customers	14	25,373	23,015
Unearned premiums		24,281	19,800
Reserves for loss and loss adjustment expenses	15	72,101	68,989
Reserves for insurance and investment contracts	16	478,874	463,334
Financial liabilities for unit-linked contracts		104,944	94,564
Deferred tax liabilities		4,199	4,932
Other liabilities	17	38,747	38,609
Liabilities of disposal groups classified as held for sale	11	–	102
Certificated liabilities	18	8,777	8,207
Subordinated liabilities	19	12,208	12,037
Total liabilities		**778,137**	**742,085**
Shareholders' equity		60,687	60,747
Non-controlling interests		2,824	2,955
Total equity	20	**63,511**	**63,702**
Total liabilities and equity		**841,648**	**805,787**

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

€ MN

		three months ended 30 June		six months ended 30 June	
	note	2015	2014	2015	2014
Gross premiums written		**17,849**	**17,096**	**42,124**	**38,908**
Ceded premiums written		(1,893)	(1,130)	(3,504)	(2,492)
Change in unearned premiums		1,307	734	(3,086)	(3,030)
Premiums earned (net)	**21**	**17,263**	**16,700**	**35,535**	**33,386**
Interest and similar income	22	5,964	5,538	11,368	10,677
Income from financial assets and liabilities carried at fair value through income (net)	23	(1,317)	(53)	(758)	(373)
Realized gains/losses (net)	24	2,094	1,026	4,931	1,932
Fee and commission income	25	2,673	2,537	5,317	4,945
Other income	26	279	46	356	123
Income from fully consolidated private equity investments	27	184	174	355	343
Total income		**27,139**	**25,967**	**57,103**	**51,035**
Claims and insurance benefits incurred (gross)		(13,130)	(12,962)	(26,475)	(25,294)
Claims and insurance benefits incurred (ceded)		835	705	1,377	1,228
Claims and insurance benefits incurred (net)	**28**	**(12,294)**	**(12,257)**	**(25,098)**	**(24,066)**
Change in reserves for insurance and investment contracts (net)	29	(3,560)	(3,598)	(9,699)	(7,038)
Interest expenses	30	(309)	(308)	(624)	(610)
Loan loss provisions	31	(17)	(15)	(24)	(24)
Impairments of investments (net)	32	(156)	(74)	(265)	(436)
Investment expenses	33	(265)	(232)	(502)	(431)
Acquisition and administrative expenses (net)	34	(6,283)	(5,703)	(12,579)	(11,034)
Fee and commission expenses	35	(949)	(830)	(1,890)	(1,613)
Amortization of intangible assets		(45)	(24)	(77)	(49)
Restructuring charges		(61)	9	(151)	9
Other expenses	36	(32)	(26)	(60)	(56)
Expenses from fully consolidated private equity investments	27	(190)	(174)	(359)	(348)
Total expenses		**(24,160)**	**(23,235)**	**(51,330)**	**(45,695)**
Income before income taxes		**2,979**	**2,733**	**5,773**	**5,339**
Income taxes	37	(867)	(875)	(1,725)	(1,741)
Net income		**2,112**	**1,858**	**4,048**	**3,598**
Net income attributable to:					
Non-controlling interests		94	103	209	203
Shareholders		2,018	1,755	3,839	3,395
Basic earnings per share (€)	39	4.44	3.87	8.45	7.48
Diluted earnings per share (€)	39	4.38	3.84	8.45	7.41

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Net income	**2,112**	**1,858**	**4,048**	**3,598**
Other comprehensive income				
Items that may be reclassified to profit or loss in future periods				
Foreign currency translation adjustments				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(707)	231	1,146	248
Subtotal	**(707)**	**231**	**1,146**	**248**
Available-for-sale investments				
Reclassifications to net income	(448)	(177)	(955)	(272)
Changes arising during the period	(6,110)	2,375	(1,405)	4,688
Subtotal	**(6,557)**	**2,197**	**(2,360)**	**4,416**
Cash flow hedges				
Reclassifications to net income	(2)	15	(3)	13
Changes arising during the period	(228)	30	(137)	35
Subtotal	**(230)**	**45**	**(140)**	**48**
Share of other comprehensive income of associates and joint ventures				
Reclassifications to net income	7	–	7	–
Changes arising during the period	(39)	(8)	89	1
Subtotal	**(33)**	**(8)**	**96**	**1**
Miscellaneous				
Reclassifications to net income	–	–	–	–
Changes arising during the period	5	12	5	(16)
Subtotal	**5**	**12**	**5**	**(17)**
Items that may never be reclassified to profit or loss				
Actuarial gains and losses on defined benefit plans	661	(334)	277	(691)
Total other comprehensive income	**(6,861)**	**2,143**	**(977)**	**4,007**
Total comprehensive income	**(4,749)**	**4,002**	**3,071**	**7,605**
Total comprehensive income attributable to:				
Non-controlling interests	65	136	241	278
Shareholders	(4,814)	3,865	2,830	7,327

For further details concerning income taxes relating to components of the other comprehensive income, please see note 37.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

€ MN	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2014	**28,869**	**17,786**	**(3,313)**	**6,742**	**50,083**	**2,765**	**52,849**
Total comprehensive income[1]	–	2,693	234	4,399	7,327	278	7,605
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	4	–	–	4	–	4
Transactions between equity holders	–	(32)	1	–	(31)	(5)	(36)
Dividends paid	–	(2,405)	–	–	(2,405)	(205)	(2,610)
Balance as of 30 June 2014	**28,869**	**18,046**	**(3,078)**	**11,141**	**54,979**	**2,833**	**57,812**
Balance as of 1 January 2015	28,928	19,878	(1,977)	13,917	60,747	2,955	63,702
Total comprehensive income[1]	–	4,205	1,095	(2,470)	2,830	241	3,071
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	6	–	–	6	–	6
Transactions between equity holders	–	219	(3)	–	216	(190)	26
Dividends paid	–	(3,112)	–	–	(3,112)	(183)	(3,295)
Balance as of 30 June 2015	**28,928**	**21,196**	**(885)**	**11,447**	**60,687**	**2,824**	**63,511**

1 — Total comprehensive income in shareholders' equity for the six months ended 30 June 2015 comprises net income attributable to shareholders of € 3,839 MN (2014: € 3,395 MN).

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN six months ended 30 June	2015	2014
SUMMARY		
Net cash flow provided by operating activities	13,908	19,210
Net cash flow used in investing activities	(13,006)	(13,339)
Net cash flow used in financing activities	(3,045)	(4,420)
Effect of exchange rate changes on cash and cash equivalents	541	44
Change in cash and cash equivalents	**(1,604)**	**1,497**
Cash and cash equivalents at beginning of period	13,863	11,207
Cash and cash equivalents at end of period	**12,259**	**12,704**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**4,048**	**3,598**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(162)	(94)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(4,666)	(1,496)
Other investments, mainly financial assets held for trading and designated at fair value through income	2,471	185
Depreciation and amortization	684	579
Loan loss provisions	24	24
Interest credited to policyholder accounts	3,026	2,061
Net change in:		
Financial assets and liabilities held for trading	(2,813)	984
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(542)	475
Repurchase agreements and collateral received from securities lending transactions	2,016	284
Reinsurance assets	(1,495)	(601)
Deferred acquisition costs	(264)	(980)
Unearned premiums	4,015	3,351
Reserves for loss and loss adjustment expenses	1,563	721
Reserves for insurance and investment contracts	10,262	11,986
Deferred tax assets/liabilities	380	56
Other (net)	(4,640)	(1,923)
Subtotal	**9,859**	**15,612**
Net cash flow provided by operating activities	**13,908**	**19,210**

CONSOLIDATED STATEMENTS OF CASH FLOWS – CONTINUED

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN six months ended 30 June	2015	2014
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	701	415
Available-for-sale investments	85,219	65,247
Held-to-maturity investments	1,539	379
Investments in associates and joint ventures	868	257
Non-current assets and disposal groups classified as held for sale	128	16
Real estate held for investment	160	210
Loans and advances to banks and customers (purchased loans)	6,195	5,602
Property and equipment	58	76
Subtotal	**94,868**	**72,203**
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(1,251)	(587)
Available-for-sale investments	(99,556)	(80,041)
Held-to-maturity investments	(1,378)	(218)
Investments in associates and joint ventures	(839)	(333)
Non-current assets and disposal groups classified as held for sale	(2)	(21)
Real estate held for investment	(495)	(365)
Loans and advances to banks and customers (purchased loans)	(2,611)	(2,297)
Property and equipment	(1,050)	(628)
Subtotal	**(107,181)**	**(84,491)**
Business combinations (note 3)[1]:		
Proceeds from sale of subsidiaries, net of cash disposed	–	–
Acquisitions of subsidiaries, net of cash acquired	–	–
Change in other loans and advances to banks and customers (originated loans)	**(317)**	**(952)**
Other (net)	**(376)**	**(99)**
Net cash flow used in investing activities	**(13,006)**	**(13,339)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	(202)	(696)
Proceeds from the issuance of certificated liabilities and subordinated liabilities	3,181	1,387
Repayments of certificated liabilities and subordinated liabilities	(2,652)	(2,463)
Cash inflow from capital increases	–	–
Transactions between equity holders	26	(36)
Dividends paid to shareholders	(3,295)	(2,610)
Net cash from sale or purchase of treasury shares	8	5
Other (net)	(111)	(7)
Net cash flow used in financing activities	**(3,045)**	**(4,420)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(1,345)	(1,312)
Dividends received	1,095	891
Interest received	10,392	10,068
Interest paid	(559)	(622)

1 — The consideration for the Property-Casualty business of the Territory Insurance Office (TIO) in Darwin has already been paid in 2014 and was therefore already included in the consolidated statement of cash flows for the year ended 31 December 2014. As a consequence, the cash flow for the six months ended 30 June 2015 included in the line "Acquisition of subsidiaries, net of cash acquired" is not reconcilable with note 3.

Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

1 — Basis of presentation

The condensed consolidated interim financial statements of the Allianz Group – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and selected explanatory notes – are presented in accordance with the requirements of IAS 34, Interim Financial Reporting, and have been prepared in conformity with International Financial Reporting Standards (IFRSs), as adopted under European Union (E.U.) regulations in accordance with § 315a of the German Commercial Code (HGB). IFRSs comprise the International Financial Reporting Standards (IFRSs), the International Accounting Standards (IASs) and the interpretations developed by the IFRS Interpretations Committee (formerly called the IFRIC) or the former Standing Interpretations Committee (SIC).

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRSs issued by the IASB that are endorsed by the E.U. and are compulsory as of 1 January 2015. For further information, please see note 2.

For existing and unchanged IFRSs, the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended 31 December 2014. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2014.

IFRSs do not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005 have been applied.

The condensed consolidated interim financial statements are presented in millions of Euros (€ MN), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Previously published figures have been adjusted accordingly.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 6 August 2015.

2 — Recently adopted accounting pronouncements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

effective 1 January 2015

The following interpretation as well as the amendments to and revisions of existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2015:

- IFRIC 21, Levies,
- IAS 19, Defined Benefit Plan: Employee Contributions,
- Annual Improvements to IFRSs 2010 – 2012 Cycle,
- Annual Improvements to IFRSs 2011 – 2013 Cycle.

These changes had no material impact on the financial results or financial position of the Allianz Group.

3 — Consolidation

SIGNIFICANT ACQUISITION

Property-Casualty insurance business of the Territory Insurance Office (TIO), Darwin

Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO business), Darwin, and entered into a 10-year agreement to manage the compulsory motor accidents compensation scheme (MAC contract). The acquired TIO business includes, inter alia, all relevant insurance assets and liabilities, operations, employees and the brand name related to the TIO business.

The acquired TIO business represents insurance activities with premiums equal to approximately € 88 MN (for the year 2014). As a result of the acquisition, the Allianz Group expects to increase its presence in the Australian market. It also expects to reduce costs through economies of scale and through synergies in the reinsurance area.

The final consideration paid in cash amounts to € 150 MN.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed in the context of the TIO business and the MAC contract:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – IDENTIFIABLE ASSETS AND LIABILITIES

€ MN	Fair value
Cash and cash equivalents	11
Financial assets carried at fair value through income	79
Investments	50
Loans and advances to banks and customers	2
Reinsurance assets	32
Deferred tax assets	2
Other assets	72
Intangible assets	37
Total assets	**285**
Unearned premiums	(45)
Reserves for loss and loss adjustment expenses	(107)
Deferred tax liabilities	(18)
Other liabilities	(13)
Total liabilities	**(183)**
Total net identifiable assets	**102**

Intangible assets mainly consist of the fair values of the MAC contract, the TIO brand name, the customer relationships related to the acquired insurance portfolio and the present value of the transferred in-force business.

The fair values of other assets, intangible assets, deferred taxes and goodwill are provisional as the receipt of the final valuations for those assets is still pending.

The acquired TIO business comprises a preliminary goodwill which was determined as follows as of 1 January 2015:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – DETERMINATION OF GOODWILL

€ MN	Fair value
Consideration transferred	150
Total net identifiable assets	102
Goodwill	**48**

The goodwill of € 48 MN of the business combination largely reflects the benefits associated with cost and reinsurance synergies as well as the ability to revert to an existing infrastructure in a new geographical market.

None of this goodwill is expected to be deductible for income tax purposes.

In administrative expenses, acquisition-related costs in the amount of € 1 MN were included in fiscal year 2014 and in the amount of € 3 MN in fiscal year 2015.

The impact of the acquired Property-Casualty insurance business of the Territory Insurance Office on the Allianz Group's total revenues and net income since the acquisition was € 46 MN and € (2) MN, respectively.

4 — Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

- German Speaking Countries,
- Western & Southern Europe,
- Iberia & Latin America,
- USA (Life/Health only),
- Global Insurance Lines & Anglo Markets,
- Growth Markets,
- Allianz Worldwide Partners (Property-Casualty only).

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 16 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which the reportable segments derive revenues are described below.

Property-Casualty

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

Life/Health

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health and long-term care insurance.

Asset Management

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

Corporate and Other

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology and other functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy, the Netherlands and Bulgaria. The banks offer a wide range of products for corporate and retail clients, with a primary focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group's insurance operations. The reportable segment Alternative Investments also includes a fully consolidated private equity investment. The income and expenses of this investment are included in the non-operating result.

GENERAL SEGMENT REPORTING INFORMATION

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in the Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses. Financial information is recorded based on reportable segments. Cross-segmental country-specific information is not determined.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations,
- interest expenses from external debt, as these relate to the capital structure of the Allianz Group,
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business,
- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance,
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can vary, sometimes materially, over time,
- one-off effects from pension revaluation. Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries. Service costs incurred in this context are borne by the German subsidiaries and disbursed to Allianz SE. In the financial year 2014, the German subsidiaries of Allianz SE changed the application of the option provided by article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB) to distribute the conversion expenses due to the first-time application of the German Accounting Law Modernization Act (BilMoG) in 2010 over a period of up to 15 years in the way that the conversion expenses were fully recognized in the first quarter of 2014. Additionally, effective 1 January 2015, the cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE was adapted to reflect the changed interest rate environment. For both effects, the resulting one-off expenses at the German subsidiaries and one-off income at Allianz SE are shown as non-operating items. In case of policyholder participation within the Life/Health insurance business, the one-off expenses and the corresponding one-off income at Allianz SE are presented within operating profit. On the Allianz Group level, the one-off expenses and income offset each other. The only impact on the Allianz Group level is the related policyholder participation, which had a positive impact on income before income taxes of € 148 MN in 2015 and of € 116 MN in 2014.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.
- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even though these belong to policyholders. In the segment reporting, the tax benefits are reclassified and shown within operating profit in order to adequately reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

RECENT ORGANIZATIONAL CHANGES

Effective 1 January 2015, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The property-casualty insurance operations of the former reportable segment USA have been allocated to the reportable segment Global Insurance Lines & Anglo Markets. Furthermore, Australia has been reallocated from the reportable segment Global Insurance Lines & Anglo Markets to the reportable segment Growth Markets. Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments. Additionally, some minor reallocations between the reportable segments have been made.

BUSINESS SEGMENT INFORMATION — CONSOLIDATED BALANCE SHEETS

BUSINESS SEGMENT INFORMATION — CONSOLIDATED BALANCE SHEETS

€ MN

	Property-Casualty		Life/Health	
	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014
ASSETS				
Cash and cash equivalents	3,333	3,668	6,388	7,555
Financial assets carried at fair value through income	568	601	6,431	5,238
Investments	101,262	97,129	387,507	374,589
Loans and advances to banks and customers	13,965	14,963	92,069	91,411
Financial assets for unit-linked contracts	–	–	104,944	94,564
Reinsurance assets	10,048	8,466	5,716	5,176
Deferred acquisition costs	4,962	4,595	19,493	17,667
Deferred tax assets	1,163	1,013	347	240
Other assets	23,894	23,494	17,895	18,723
Non-current assets and assets of disposal groups classified as held for sale	165	61	–	92
Intangible assets	2,810	2,722	3,219	3,063
Total assets	**162,169**	**156,710**	**644,008**	**618,318**

€ MN

	Property-Casualty		Life/Health	
	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	84	129	8,283	8,240
Liabilities to banks and customers	970	878	4,134	4,273
Unearned premiums	20,833	16,595	3,471	3,222
Reserves for loss and loss adjustment expenses	61,584	58,925	10,542	10,081
Reserves for insurance and investment contracts	14,458	14,276	464,620	449,263
Financial liabilities for unit-linked contracts	–	–	104,944	94,564
Deferred tax liabilities	2,403	2,681	3,672	4,226
Other liabilities	17,687	19,445	14,605	13,739
Liabilities of disposal groups classified as held for sale	–	–	–	–
Certificated liabilities	13	38	13	13
Subordinated liabilities	–	–	95	95
Total liabilities	**118,032**	**112,969**	**614,380**	**587,714**

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014
1,662	1,449	1,436	2,028	(559)	(838)	12,259	13,863
39	46	516	511	(433)	(521)	7,121	5,875
238	106	110,030	108,669	(93,107)	(94,048)	505,930	486,445
101	72	16,522	17,547	(6,861)	(6,917)	115,796	117,075
–	–	–	–	–	–	104,944	94,564
–	–	–	–	(68)	(55)	15,695	13,587
–	–	–	–	–	–	24,455	22,262
362	177	1,381	1,782	(2,068)	(2,167)	1,184	1,046
2,463	2,951	8,080	8,595	(12,500)	(16,684)	39,831	37,080
–	–	–	83	–	–	165	235
7,566	7,286	672	685	–	–	14,266	13,755
12,431	**12,087**	**138,636**	**139,900**	**(115,596)**	**(121,229)**	**841,648**	**805,787**

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014	as of 30 June 2015	as of 31 December 2014
–	–	697	648	(431)	(521)	8,633	8,496
174	174	23,571	20,749	(3,476)	(3,057)	25,373	23,015
–	–	–	–	(23)	(17)	24,281	19,800
–	–	–	–	(25)	(18)	72,101	68,989
–	–	–	–	(203)	(205)	478,874	463,334
–	–	–	–	–	–	104,944	94,564
6	2	185	189	(2,068)	(2,167)	4,199	4,932
2,838	2,231	24,113	28,028	(20,496)	(24,834)	38,747	38,609
–	–	–	102	–	–	–	102
–	–	12,047	12,231	(3,296)	(4,075)	8,777	8,207
–	–	12,163	11,992	(50)	(50)	12,208	12,037
3,018	**2,407**	**72,777**	**73,938**	**(30,070)**	**(34,943)**	**778,137**	**742,085**
				Total equity		**63,511**	**63,702**
				Total liabilities and equity		**841,648**	**805,787**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

€ MN	Property-Casualty		Life/Health	
three months ended 30 June	2015	2014	2015	2014
Total revenues[1]	**11,843**	**10,846**	**16,719**	**16,961**
Premiums earned (net)	11,553	10,701	5,710	5,999
Operating investment result				
Interest and similar income	983	939	4,846	4,472
Operating income from financial assets and liabilities carried at fair value through income (net)	(29)	1	(1,272)	(37)
Operating realized gains/losses (net)	58	29	1,606	754
Interest expenses, excluding interest expenses from external debt	(21)	(17)	(25)	(24)
Operating impairments of investments (net)	(5)	(1)	(108)	(49)
Investment expenses	(87)	(74)	(245)	(232)
Subtotal	**899**	**877**	**4,802**	**4,884**
Fee and commission income	358	302	332	261
Other income	237	11	42	33
Claims and insurance benefits incurred (net)	(7,592)	(7,086)	(4,703)	(5,173)
Change in reserves for insurance and investment contracts (net)[2]	(118)	(135)	(3,433)	(3,457)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(3,208)	(3,036)	(1,698)	(1,447)
Fee and commission expenses	(336)	(280)	(145)	(93)
Operating amortization of intangible assets	–	–	(5)	(5)
Restructuring charges	(40)	–	(20)	8
Other expenses	(7)	(8)	(29)	(26)
Operating profit (loss)	**1,745**	**1,345**	**853**	**985**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(20)	(3)	39	(25)
Non-operating realized gains/losses (net)	207	114	64	90
Non-operating impairments of investments (net)	(39)	(20)	(3)	(3)
Subtotal	**147**	**91**	**100**	**63**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Non-operating amortization of intangible assets	(17)	(6)	(19)	(8)
Non-operating items	**130**	**85**	**81**	**54**
Income (loss) before income taxes	**1,876**	**1,430**	**935**	**1,039**
Income taxes	(532)	(461)	(273)	(308)
Net income (loss)	**1,344**	**969**	**662**	**731**
Net income (loss) attributable to:				
Non-controlling interests	37	42	37	32
Shareholders	1,306	928	624	699

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the three months ended 30 June 2015, includes expenses for premium refunds (net) in Property-Casualty of € (59) MN (2014: € (72) MN).

Asset Management		Corporate and Other		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
1,548	**1,607**	**131**	**132**	**(72)**	**(89)**	**30,170**	**29,457**
–	–	–	–	–	–	17,263	16,700
1	2	219	230	(85)	(105)	5,964	5,538
(9)	5	(11)	9	(9)	–	(1,330)	(22)
–	–	–	–	6	–	1,670	783
(3)	(3)	(111)	(149)	65	91	(96)	(102)
–	–	–	–	–	–	(113)	(50)
–	–	(19)	(19)	86	93	(265)	(232)
(11)	**4**	**78**	**71**	**62**	**79**	**5,830**	**5,914**
1,975	1,972	207	177	(199)	(174)	2,673	2,537
1	2	–	–	(1)	(1)	279	46
–	–	–	–	1	2	(12,294)	(12,257)
–	–	–	–	(9)	(6)	(3,560)	(3,598)
–	–	(17)	(15)	–	–	(17)	(15)
(1,043)	(932)	(331)	(294)	(7)	5	(6,286)	(5,704)
(416)	(371)	(166)	(158)	114	72	(949)	(830)
–	–	–	–	–	–	(5)	(5)
–	1	(1)	–	–	–	(61)	9
–	–	(1)	–	6	7	(32)	(26)
505	**676**	**(230)**	**(219)**	**(32)**	**(16)**	**2,842**	**2,770**
–	–	(15)	(1)	9	(2)	13	(31)
–	–	152	38	–	1	424	243
–	–	(1)	(1)	–	–	(43)	(24)
–	**–**	**136**	**36**	**10**	**(1)**	**393**	**188**
–	–	(10)	(5)	4	5	(6)	–
–	–	(213)	(206)	–	–	(213)	(206)
3	–	1	1	–	–	3	1
(3)	(3)	(2)	(2)	–	–	(41)	(20)
–	**(3)**	**(89)**	**(177)**	**14**	**4**	**137**	**(37)**
505	**673**	**(318)**	**(397)**	**(18)**	**(13)**	**2,979**	**2,733**
(176)	(254)	113	148	1	(1)	(867)	(875)
329	**419**	**(205)**	**(249)**	**(17)**	**(13)**	**2,112**	**1,858**
16	23	4	6	–	–	94	103
314	396	(209)	(255)	(17)	(13)	2,018	1,755

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

€ MN

	Property-Casualty		Life/Health	
six months ended 30 June	2015	2014	2015	2014
Total revenues[1]	**29,182**	**26,063**	**35,540**	**34,124**
Premiums earned (net)	23,072	21,111	12,463	12,275
Operating investment result				
Interest and similar income	1,847	1,792	9,272	8,631
Operating income from financial assets and liabilities carried at fair value through income (net)	33	16	(688)	(305)
Operating realized gains/losses (net)	138	55	4,044	1,581
Interest expenses, excluding interest expenses from external debt	(43)	(29)	(52)	(48)
Operating impairments of investments (net)	(7)	(6)	(195)	(340)
Investment expenses	(162)	(144)	(472)	(427)
Subtotal	**1,806**	**1,683**	**11,910**	**9,091**
Fee and commission income	715	608	679	490
Other income	251	39	105	82
Claims and insurance benefits incurred (net)	(15,243)	(13,813)	(9,858)	(10,254)
Change in reserves for insurance and investment contracts (net)[2]	(291)	(260)	(9,394)	(6,771)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(6,456)	(5,948)	(3,420)	(2,701)
Fee and commission expenses	(680)	(571)	(296)	(180)
Operating amortization of intangible assets	–	–	(9)	(9)
Restructuring charges	(130)	(1)	(20)	8
Other expenses	(14)	(14)	(203)	(166)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**3,030**	**2,835**	**1,957**	**1,864**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(38)	(62)	(11)	(25)
Non-operating realized gains/losses (net)	434	197	100	116
Non-operating impairments of investments (net)	(56)	(77)	(5)	(8)
Subtotal	**340**	**58**	**84**	**82**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
One-off effects from pension revaluation	(181)	(537)	(13)	(7)
Non-operating amortization of intangible assets	(30)	(13)	(28)	(17)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**130**	**(491)**	**43**	**58**
Income (loss) before income taxes	**3,160**	**2,343**	**2,000**	**1,923**
Income taxes	(894)	(729)	(599)	(562)
Net income (loss)	**2,266**	**1,614**	**1,401**	**1,360**
Net income (loss) attributable to:				
Non-controlling interests	89	85	78	63
Shareholders	2,177	1,529	1,323	1,297

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the six months ended 30 June 2015, includes expenses for premium refunds (net) in Property-Casualty of € (168) MN (2014: € (131) MN).

Asset Management		Corporate and Other		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
3,121	**3,124**	**270**	**270**	**(175)**	**(161)**	**67,939**	**63,420**
–	–	–	–	–	–	35,535	33,386
3	4	412	438	(167)	(187)	11,368	10,677
(4)	3	–	11	12	4	(647)	(272)
–	–	–	–	7	(73)	4,189	1,563
(6)	(5)	(241)	(293)	143	176	(199)	(199)
–	–	–	–	–	–	(202)	(347)
–	–	(37)	(34)	168	174	(502)	(431)
(7)	**2**	**134**	**121**	**163**	**94**	**14,007**	**10,991**
3,914	3,833	407	344	(398)	(330)	5,317	4,945
2	4	148	–	(150)	(3)	356	123
–	–	–	–	3	1	(25,098)	(24,066)
–	–	–	–	(13)	(6)	(9,699)	(7,038)
–	–	(24)	(24)	–	–	(24)	(24)
(2,060)	(1,805)	(652)	(590)	(1)	(112)	(12,590)	(11,156)
(788)	(716)	(340)	(293)	214	146	(1,890)	(1,613)
–	–	–	–	–	–	(9)	(9)
–	3	(1)	–	–	–	(151)	9
–	–	(2)	–	159	124	(60)	(56)
–	–	–	–	5	–	5	–
1,060	**1,321**	**(331)**	**(442)**	**(19)**	**(85)**	**5,697**	**5,494**
–	–	(55)	(8)	(8)	(6)	(112)	(101)
–	(1)	207	56	1	1	742	369
–	–	(1)	(4)	–	–	(63)	(89)
–	**(1)**	**151**	**44**	**(7)**	**(5)**	**568**	**179**
–	–	(7)	(11)	3	6	(4)	(5)
–	–	(425)	(411)	–	–	(425)	(411)
9	3	1	3	–	–	10	6
(31)	(14)	224	675	–	–	–	117
(5)	(5)	(4)	(4)	–	–	(68)	(39)
–	–	–	–	(5)	–	(5)	–
(27)	**(17)**	**(62)**	**294**	**(9)**	**1**	**76**	**(154)**
1,034	**1,304**	**(393)**	**(147)**	**(28)**	**(84)**	**5,773**	**5,339**
(375)	(479)	138	30	6	(1)	(1,725)	(1,741)
658	**825**	**(254)**	**(117)**	**(22)**	**(84)**	**4,048**	**3,598**
32	45	10	10	–	–	209	203
626	781	(264)	(127)	(22)	(84)	3,839	3,395

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

€ MN

three months ended 30 June	German Speaking Countries 2015	German Speaking Countries 2014	Western & Southern Europe 2015	Western & Southern Europe 2014
Gross premiums written	**2,166**	**2,159**	**2,734**	**2,475**
Ceded premiums written	(340)	(334)	(159)	(165)
Change in unearned premiums	752	707	139	166
Premiums earned (net)	**2,577**	**2,531**	**2,714**	**2,475**
Interest and similar income	284	299	259	238
Operating income from financial assets and liabilities carried at fair value through income (net)	(32)	4	8	1
Operating realized gains/losses (net)	58	29	–	–
Fee and commission income	35	31	–	9
Other income	8	7	4	2
Operating revenues	**2,932**	**2,902**	**2,985**	**2,725**
Claims and insurance benefits incurred (net)	(1,655)	(1,692)	(1,749)	(1,580)
Change in reserves for insurance and investment contracts (net)	(101)	(120)	(10)	(9)
Interest expenses	(2)	(1)	(3)	(4)
Operating impairments of investments (net)	(5)	(1)	–	–
Investment expenses	(29)	(22)	(28)	(25)
Acquisition and administrative expenses (net)	(612)	(636)	(741)	(703)
Fee and commission expenses	(33)	(28)	–	(9)
Restructuring charges	(35)	–	–	–
Other expenses	(6)	(5)	(2)	(1)
Operating expenses	**(2,477)**	**(2,505)**	**(2,533)**	**(2,332)**
Operating profit	**455**	**397**	**452**	**393**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(2)	(8)	–	5
Non-operating realized gains/losses (net)	63	16	63	42
Non-operating impairments of investments (net)	(14)	(5)	(19)	(10)
Amortization of intangible assets	(1)	(1)	(11)	(3)
Non-operating items	**48**	**3**	**33**	**34**
Income before income taxes	**502**	**400**	**485**	**427**
Income taxes	(140)	(108)	(157)	(165)
Net income	**362**	**292**	**328**	**262**
Net income attributable to:				
Non-controlling interests	(1)	(1)	3	3
Shareholders	363	293	325	259
Loss ratio[2] in %	64.2	66.8	64.4	63.8
Expense ratio[3] in %	23.7	25.1	27.3	28.4
Combined ratio[4] in %	**87.9**	**92.0**	**91.7**	**92.2**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the three months ended 30 June 2014 was not adjusted.
2 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net) divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
5 — Presentation not meaningful.

	Iberia & Latin America		Global Insurance Lines & Anglo Markets		Growth Markets		Allianz Worldwide Partners[1]		Consolidation		Property-Casualty	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	1,142	**1,092**	**4,540**	**3,785**	**1,485**	**1,442**	**852**	**689**	**(1,075)**	**(795)**	**11,843**	**10,846**
	(203)	(158)	(1,719)	(780)	(288)	(275)	(25)	(19)	1,075	795	(1,660)	(936)
	8	25	444	(38)	(35)	(28)	61	(41)	–	–	1,369	791
	948	**959**	**3,265**	**2,968**	**1,162**	**1,140**	**887**	**628**	**–**	**–**	**11,553**	**10,701**
	50	50	282	250	100	94	11	9	(4)	–	983	939
	1	–	(4)	(1)	1	(1)	(3)	(2)	–	–	(29)	1
	–	–	–	–	–	–	–	–	–	–	58	29
	–	–	117	112	53	48	174	126	(22)	(25)	358	302
	1	–	224	–	–	1	–	–	–	–	237	11
	1,000	**1,009**	**3,884**	**3,328**	**1,315**	**1,282**	**1,069**	**762**	**(26)**	**(25)**	**13,159**	**11,983**
	(684)	(682)	(2,170)	(1,916)	(748)	(810)	(586)	(406)	–	–	(7,592)	(7,086)
	(1)	(1)	(4)	(4)	(2)	(2)	–	–	–	–	(118)	(135)
	–	(1)	(17)	(9)	(1)	(1)	(1)	–	3	–	(21)	(17)
	–	–	–	–	–	–	–	–	–	–	(5)	(1)
	(4)	(3)	(12)	(11)	(13)	(13)	–	–	–	–	(87)	(74)
	(266)	(247)	(959)	(906)	(357)	(350)	(274)	(200)	1	7	(3,208)	(3,036)
	–	–	(110)	(100)	(39)	(34)	(176)	(127)	22	18	(336)	(280)
	–	–	(5)	–	–	–	–	–	–	–	(40)	–
	–	–	–	–	–	(1)	–	–	–	–	(7)	(8)
	(955)	**(934)**	**(3,276)**	**(2,947)**	**(1,160)**	**(1,211)**	**(1,038)**	**(734)**	**26**	**25**	**(11,413)**	**(10,638)**
	44	**75**	**608**	**382**	**155**	**71**	**31**	**28**	**–**	**–**	**1,745**	**1,345**
	(1)	1	(11)	(2)	(7)	–	(1)	1	–	–	(20)	(3)
	4	2	34	46	43	8	–	–	–	–	207	114
	–	–	(6)	(4)	–	–	–	–	–	–	(39)	(20)
	–	–	(2)	(1)	(4)	(2)	–	–	–	1	(17)	(6)
	3	**3**	**15**	**38**	**32**	**6**	**(1)**	**1**	**–**	**1**	**130**	**85**
	48	78	623	420	187	77	30	28	–	1	1,876	1,430
	(6)	(21)	(172)	(126)	(49)	(34)	(7)	(8)	–	–	(532)	(461)
	42	**57**	**451**	**294**	**138**	**43**	**23**	**20**	**–**	**1**	**1,344**	**969**
	2	2	24	31	8	6	2	2	–	–	37	42
	40	55	427	264	130	37	21	19	–	1	1,306	928
	72.2	71.1	66.5	64.6	64.4	71.1	66.1	64.6	–[5]	–[5]	65.7	66.2
	28.0	25.8	29.4	30.5	30.7	30.7	30.9	31.9	–[5]	–[5]	27.8	28.4
	100.2	**96.9**	**95.8**	**95.1**	**95.1**	**101.8**	**97.0**	**96.5**	**–[5]**	**–[5]**	**93.5**	**94.6**

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

€ MN

six months ended 30 June	German Speaking Countries 2015	German Speaking Countries 2014	Western & Southern Europe 2015	Western & Southern Europe 2014
Gross premiums written	**7,806**	**7,543**	**6,233**	**5,639**
Ceded premiums written	(1,184)	(1,151)	(456)	(410)
Change in unearned premiums	(1,509)	(1,412)	(351)	(301)
Premiums earned (net)	**5,113**	**4,980**	**5,426**	**4,928**
Interest and similar income	554	582	454	432
Operating income from financial assets and liabilities carried at fair value through income (net)	14	8	6	1
Operating realized gains/losses (net)	138	55	–	–
Fee and commission income	68	60	22	19
Other income	19	16	6	4
Operating revenues	**5,906**	**5,700**	**5,913**	**5,384**
Claims and insurance benefits incurred (net)	(3,459)	(3,291)	(3,465)	(3,142)
Change in reserves for insurance and investment contracts (net)	(259)	(226)	(20)	(22)
Interest expenses	(8)	(4)	(8)	(8)
Operating impairments of investments (net)	(7)	(6)	–	–
Investment expenses	(51)	(45)	(51)	(47)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(1,248)	(1,261)	(1,480)	(1,352)
Fee and commission expenses	(64)	(55)	(19)	(18)
Restructuring charges	(35)	–	–	–
Other expenses	(11)	(9)	(3)	(2)
Operating expenses	**(5,142)**	**(4,896)**	**(5,047)**	**(4,592)**
Operating profit	**764**	**805**	**867**	**792**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(42)	(33)	24	(18)
Non-operating realized gains/losses (net)	199	51	77	60
Non-operating impairments of investments (net)	(27)	(14)	(20)	(54)
One-off effects from pension revaluation	(166)	(530)	–	–
Amortization of intangible assets	(1)	(1)	(19)	(6)
Non-operating items	**(37)**	**(526)**	**61**	**(18)**
Income before income taxes	**726**	**279**	**928**	**774**
Income taxes	(185)	(63)	(317)	(290)
Net income	**542**	**216**	**612**	**484**
Net income attributable to:				
Non-controlling interests	(2)	(1)	6	8
Shareholders	544	217	606	476
Loss ratio[2] in %	67.7	66.1	63.9	63.8
Expense ratio[3] in %	24.4	25.3	27.3	27.4
Combined ratio[4] in %	**92.1**	**91.4**	**91.2**	**91.2**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the six months ended 30 June 2014 was not adjusted.
2 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
5 — Presentation not meaningful.

Iberia & Latin America		Global Insurance Lines & Anglo Markets		Growth Markets		Allianz Worldwide Partners[1]		Consolidation		Property-Casualty	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
2,440	2,221	10,564	8,727	2,977	2,933	2,453	1,474	(3,290)	(2,473)	29,182	26,063
(417)	(326)	(3,618)	(2,111)	(621)	(589)	(154)	(49)	3,290	2,473	(3,159)	(2,163)
(130)	(20)	(301)	(746)	(58)	(89)	(603)	(221)	–	–	(2,951)	(2,789)
1,894	1,875	6,645	5,870	2,299	2,255	1,696	1,204	–	–	23,072	21,111
104	99	520	482	199	184	22	15	(6)	(1)	1,847	1,792
4	8	13	–	1	–	(3)	(1)	–	–	33	16
–	–	–	–	–	–	–	–	–	–	138	55
–	–	229	223	98	100	346	242	(48)	(36)	715	608
1	17	224	–	1	3	–	–	–	–	251	39
2,002	1,999	7,630	6,575	2,598	2,541	2,061	1,459	(54)	(36)	26,056	23,621
(1,363)	(1,320)	(4,283)	(3,693)	(1,551)	(1,592)	(1,121)	(775)	–	–	(15,243)	(13,813)
(3)	(2)	(8)	(8)	(1)	(3)	–	–	–	–	(291)	(260)
(1)	(1)	(29)	(13)	(1)	(2)	(1)	–	5	1	(43)	(29)
–	–	–	–	–	–	–	–	–	–	(7)	(6)
(8)	(7)	(24)	(20)	(27)	(25)	(1)	–	–	–	(162)	(144)
(516)	(481)	(2,003)	(1,783)	(690)	(695)	(527)	(388)	7	12	(6,456)	(5,948)
–	–	(213)	(199)	(78)	(76)	(346)	(247)	41	24	(680)	(571)
–	–	(95)	(1)	–	–	–	–	–	–	(130)	(1)
–	(1)	–	–	–	(2)	–	–	–	–	(14)	(14)
(1,890)	(1,812)	(6,656)	(5,719)	(2,350)	(2,395)	(1,996)	(1,410)	54	36	(23,026)	(20,787)
112	187	974	856	248	146	65	49	–	–	3,030	2,835
1	2	(14)	(11)	(6)	(2)	(1)	–	–	–	(38)	(62)
10	5	89	71	60	10	–	–	–	–	434	197
–	(1)	(8)	(8)	–	(1)	–	–	–	–	(56)	(77)
–	–	(13)	(7)	–	–	(1)	–	–	–	(181)	(537)
(1)	(1)	(3)	(3)	(6)	(4)	–	–	–	2	(30)	(13)
10	6	51	42	47	3	(3)	–	–	2	130	(491)
122	193	1,026	898	296	149	62	49	–	2	3,160	2,343
(28)	(55)	(272)	(254)	(77)	(54)	(16)	(14)	–	–	(894)	(729)
94	139	753	644	218	95	47	35	–	2	2,266	1,614
3	3	65	58	15	15	2	2	–	–	89	85
91	136	688	585	203	81	44	33	–	2	2,177	1,529
72.0	70.4	64.5	62.9	67.5	70.6	66.1	64.4	–[5]	–[5]	66.1	65.4
27.2	25.6	30.1	30.4	30.0	30.8	31.0	32.2	–[5]	–[5]	28.0	28.2
99.2	96.0	94.6	93.3	97.5	101.4	97.1	96.6	–[5]	–[5]	94.1	93.6

REPORTABLE SEGMENTS – LIFE/HEALTH

REPORTABLE SEGMENTS – LIFE/HEALTH

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three months ended 30 June	German Speaking Countries 2015	German Speaking Countries 2014	Western & Southern Europe[1] 2015	Western & Southern Europe[1] 2014
Statutory premiums[2]	**5,232**	**5,624**	**6,153**	**5,955**
Ceded premiums written	(35)	(34)	(85)	(184)
Change in unearned premiums	(63)	(48)	16	4
Statutory premiums (net)	**5,134**	**5,542**	**6,083**	**5,776**
Deposits from insurance and investment contracts	(1,804)	(1,888)	(4,990)	(4,574)
Premiums earned (net)	**3,331**	**3,654**	**1,093**	**1,203**
Interest and similar income	2,468	2,397	1,059	1,047
Operating income from financial assets and liabilities carried at fair value through income (net)	(1,133)	157	(7)	(24)
Operating realized gains/losses (net)	1,330	603	263	144
Fee and commission income	26	21	189	129
Other income	36	27	6	5
Operating revenues	**6,056**	**6,859**	**2,603**	**2,505**
Claims and insurance benefits incurred (net)	(3,117)	(3,498)	(943)	(1,052)
Changes in reserves for insurance and investment contracts (net)	(2,017)	(2,329)	(681)	(594)
Interest expenses	(19)	(20)	(4)	(4)
Operating impairments of investments (net)	(93)	(36)	(12)	(12)
Investment expenses	(160)	(151)	(62)	(63)
Acquisition and administrative expenses (net)	(418)	(384)	(486)	(504)
Fee and commission expenses	(11)	(9)	(98)	(58)
Operating amortization of intangible assets	(5)	(5)	–	–
Restructuring charges	(20)	–	–	–
Other expenses	(25)	(21)	(5)	(4)
Operating expenses	**(5,884)**	**(6,453)**	**(2,291)**	**(2,290)**
Operating profit (loss)	**172**	**405**	**312**	**215**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(2)	–
Non-operating realized gains/losses (net)	–	–	34	88
Non-operating impairments of investments (net)	–	–	(3)	(2)
Non-operating amortization of intangible assets	–	–	(12)	(3)
Non-operating items	**–**	**–**	**17**	**84**
Income before income taxes	**172**	**405**	**329**	**298**
Income taxes	(77)	(141)	(74)	(74)
Net income	**95**	**264**	**255**	**224**
Net income attributable to:				
Non-controlling interests	–	–	13	12
Shareholders	95	264	242	212
Margin on reserves[3] in basis points	**26**	**68**	**73**	**57**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the three months ended 30 June 2014 was not adjusted.
2 — Statutory premiums are gross premiums written from sales of life and health 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.
3 — Represents annualized operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
4 — Presentation not meaningful.

Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
494	452	2,592	3,352	158	142	2,201	1,615	(111)	(179)	16,719	16,961
(2)	(4)	(36)	(27)	(68)	(46)	(149)	(108)	111	179	(263)	(225)
3	4	(6)	(3)	6	7	(17)	(21)	–	–	(62)	(57)
496	451	2,550	3,322	96	102	2,035	1,486	–	–	16,394	16,679
(289)	(258)	(2,264)	(3,090)	–	–	(1,336)	(872)	–	–	(10,684)	(10,680)
207	193	286	232	96	102	698	614	–	–	5,710	5,999
87	91	953	709	15	14	275	224	(11)	(10)	4,846	4,472
8	16	(136)	(183)	–	–	(11)	(2)	6	(1)	(1,272)	(37)
8	2	2	2	–	–	4	3	–	1	1,606	754
47	35	31	28	–	–	41	48	(1)	–	332	261
–	–	–	–	–	–	–	1	–	–	42	33
357	336	1,136	788	111	116	1,007	889	(6)	(11)	11,265	11,482
(168)	(157)	(28)	(21)	(71)	(78)	(376)	(367)	–	–	(4,703)	(5,173)
(52)	(51)	(371)	(305)	2	(1)	(314)	(178)	–	–	(3,433)	(3,457)
–	–	(3)	(2)	–	–	(9)	(8)	11	10	(25)	(24)
–	–	–	–	–	–	(2)	(1)	–	–	(108)	(49)
(2)	(2)	(13)	(9)	–	–	(9)	(7)	–	–	(245)	(232)
(52)	(54)	(416)	(246)	(29)	(19)	(298)	(241)	–	–	(1,698)	(1,447)
(26)	(17)	(7)	(5)	–	–	(4)	(4)	1	–	(145)	(93)
–	–	–	–	–	–	–	–	–	–	(5)	(5)
–	–	–	–	–	–	–	8	–	–	(20)	8
–	–	–	–	–	–	–	(2)	–	–	(29)	(26)
(300)	(282)	(839)	(586)	(98)	(98)	(1,011)	(799)	12	11	(10,411)	(10,497)
57	54	297	202	13	18	(4)	90	6	–	853	985
–	–	41	(25)	–	–	–	–	–	–	39	(25)
–	–	23	–	–	–	7	2	–	–	64	90
–	–	–	–	–	–	–	–	–	–	(3)	(3)
(4)	(4)	–	–	–	–	(2)	(2)	–	–	(19)	(8)
(4)	(4)	64	(25)	–	–	5	–	–	–	81	54
53	50	361	177	13	18	1	90	6	–	935	1,039
(15)	(15)	(109)	(54)	(2)	(4)	5	(20)	–	–	(273)	(308)
38	36	252	123	11	14	5	70	6	–	662	731
11	9	–	–	–	–	14	11	–	–	37	32
27	26	252	123	11	14	(8)	60	6	–	624	699
227	247	117	108	295	380	(5)	133	–[4]	–[4]	58	79

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

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	German Speaking Countries		Western & Southern Europe[1]	
six months ended 30 June	2015	2014	2015	2014
Statutory premiums[2]	**12,060**	**12,480**	**13,088**	**12,082**
Ceded premiums written	(65)	(74)	(392)	(780)
Change in unearned premiums	(61)	(109)	29	(10)
Statutory premiums (net)	**11,934**	**12,297**	**12,724**	**11,292**
Deposits from insurance and investment contracts	(4,309)	(4,580)	(10,455)	(8,937)
Premiums earned (net)	**7,625**	**7,717**	**2,269**	**2,356**
Interest and similar income	4,720	4,662	1,952	1,938
Operating income from financial assets and liabilities carried at fair value through income (net)	(239)	188	(43)	(73)
Operating realized gains/losses (net)	3,215	1,100	779	451
Fee and commission income	47	41	405	247
Other income	92	69	14	10
Operating revenues	**15,459**	**13,775**	**5,376**	**4,928**
Claims and insurance benefits incurred (net)	(6,675)	(7,017)	(1,908)	(2,050)
Changes in reserves for insurance and investment contracts (net)	(6,355)	(4,595)	(1,569)	(1,083)
Interest expenses	(38)	(45)	(8)	(9)
Operating impairments of investments (net)	(180)	(149)	(11)	(188)
Investment expenses	(307)	(280)	(117)	(113)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(970)	(769)	(969)	(924)
Fee and commission expenses	(21)	(19)	(208)	(111)
Operating amortization of intangible assets	(9)	(9)	–	–
Restructuring charges	(20)	–	–	–
Other expenses	(195)	(155)	(8)	(6)
Operating expenses	**(14,771)**	**(13,038)**	**(4,798)**	**(4,484)**
Operating profit	**688**	**737**	**577**	**444**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	–	(5)
Non-operating realized gains/losses (net)	2	–	55	113
Non-operating impairments of investments (net)	–	–	(5)	(7)
One-off effects from pension revaluation	(13)	(7)	–	–
Non-operating amortization of intangible assets	–	–	(15)	(5)
Non-operating items	**(11)**	**(8)**	**34**	**97**
Income before income taxes	**677**	**730**	**611**	**540**
Income taxes	(249)	(249)	(157)	(132)
Net income	**428**	**480**	**455**	**408**
Net income attributable to:				
Non-controlling interests	–	–	29	21
Shareholders	428	480	426	387
Margin on reserves[3] in basis points	**53**	**63**	**70**	**60**

1 — In the fourth quarter of 2014, the French International Health business was reclassified from the reportable segment Western & Southern Europe (Life/Health) to the reportable segment Allianz Worldwide Partners. Previously reported information for the six months ended 30 June 2014 was not adjusted.

2 — Statutory premiums are gross premiums written from sales of life and health 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.

3 — Represents annualized operating profit divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

4 — Presentation not meaningful.

Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
1,071	928	5,291	5,908	293	267	4,189	3,231	(451)	(773)	35,540	34,124
(8)	(8)	(71)	(56)	(84)	(59)	(248)	(182)	451	773	(417)	(386)
(30)	(31)	(14)	(7)	3	(24)	(62)	(60)	–	–	(135)	(240)
1,034	889	5,206	5,846	212	184	3,879	2,989	–	–	34,989	33,497
(679)	(546)	(4,638)	(5,386)	–	–	(2,444)	(1,773)	–	–	(22,526)	(21,222)
355	342	567	459	212	184	1,435	1,216	–	–	12,463	12,275
177	185	1,876	1,401	29	34	539	438	(21)	(26)	9,272	8,631
25	16	(412)	(428)	(1)	(5)	(6)	(5)	(12)	2	(688)	(305)
26	5	8	11	–	–	16	14	–	1	4,044	1,581
86	69	58	52	–	–	84	83	(1)	(1)	679	490
–	–	–	–	–	–	–	3	–	–	105	82
668	618	2,098	1,495	241	213	2,068	1,749	(34)	(24)	25,876	22,753
(333)	(296)	(58)	(46)	(139)	(153)	(744)	(692)	–	–	(9,858)	(10,254)
(69)	(73)	(769)	(642)	(20)	14	(613)	(392)	–	–	(9,394)	(6,771)
(1)	(1)	(6)	(4)	(1)	(1)	(19)	(15)	21	26	(52)	(48)
–	(1)	(1)	–	–	–	(3)	(2)	–	–	(195)	(340)
(3)	(3)	(26)	(18)	–	–	(17)	(13)	–	–	(472)	(427)
(103)	(104)	(764)	(404)	(51)	(43)	(563)	(458)	–	–	(3,420)	(2,701)
(47)	(34)	(14)	(9)	–	–	(8)	(7)	–	1	(296)	(180)
–	–	–	–	–	–	–	–	–	–	(9)	(9)
–	–	–	–	–	–	–	8	–	–	(20)	8
–	–	–	–	–	–	–	(5)	–	–	(203)	(166)
(556)	(512)	(1,637)	(1,123)	(211)	(183)	(1,967)	(1,576)	22	27	(23,919)	(20,889)
112	106	461	372	30	29	101	173	(12)	3	1,957	1,864
–	–	(11)	(21)	–	–	–	–	–	–	(11)	(25)
–	–	34	–	–	–	9	3	–	–	100	116
–	–	–	–	–	–	–	(1)	–	–	(5)	(8)
–	–	–	–	–	–	–	–	–	–	(13)	(7)
(8)	(8)	–	–	–	–	(5)	(3)	–	–	(28)	(17)
(8)	(8)	23	(21)	–	–	4	(2)	–	–	43	58
104	98	484	351	30	29	105	171	(12)	3	2,000	1,923
(28)	(29)	(146)	(108)	(6)	(7)	(13)	(37)	–	–	(599)	(562)
76	69	339	243	24	22	92	135	(12)	3	1,401	1,360
20	18	–	–	–	–	29	23	–	–	78	63
56	51	339	243	24	22	63	111	(12)	3	1,323	1,297
232	247	97	100	329	302	63	128	–[4]	–[4]	70	76

REPORTABLE SEGMENTS — ASSET MANAGEMENT

REPORTABLE SEGMENTS — ASSET MANAGEMENT

€ MN three months ended 30 June	2015	2014
Net fee and commission income[1]	1,559	1,601
Net interest income[2]	(2)	(1)
Income from financial assets and liabilities carried at fair value through income (net)	(9)	5
Other income	1	2
Operating revenues	**1,548**	**1,607**
Administrative expenses (net), excluding acquisition-related expenses	(1,043)	(932)
Restructuring charges	–	1
Operating expenses	**(1,043)**	**(931)**
Operating profit	**505**	**676**
Acquisition-related expenses	3	–
Amortization of intangible assets	(3)	(3)
Non-operating items	**–**	**(3)**
Income before income taxes	**505**	**673**
Income taxes	(176)	(254)
Net income	**329**	**419**
Net income attributable to:		
Non-controlling interests	16	23
Shareholders	314	396
Cost-income ratio[3] in %	**67.4**	**57.9**

1 — Represents fee and commission income less fee and commission expenses.
2 — Represents interest and similar income less interest expenses.
3 — Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS — ASSET MANAGEMENT (CONTINUED)

REPORTABLE SEGMENTS — ASSET MANAGEMENT (CONTINUED)

€ MN six months ended 30 June	2015	2014
Net fee and commission income[1]	3,126	3,117
Net interest income[2]	(3)	(1)
Income from financial assets and liabilities carried at fair value through income (net)	(4)	3
Other income	2	4
Operating revenues	**3,121**	**3,124**
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(2,060)	(1,805)
Restructuring charges	–	3
Operating expenses	**(2,060)**	**(1,802)**
Operating profit	**1,060**	**1,321**
Realized gains/losses (net)	–	(1)
Acquisition-related expenses	9	3
One-off effects from pension revaluation	(31)	(14)
Amortization of intangible assets	(5)	(5)
Non-operating items	**(27)**	**(17)**
Income before income taxes	**1,034**	**1,304**
Income taxes	(375)	(479)
Net income	**658**	**825**
Net income attributable to:		
Non-controlling interests	32	45
Shareholders	626	781
Cost-income ratio[3] in %	**66.0**	**57.7**

1 — Represents fee and commission income less fee and commission expenses.
2 — Represents interest and similar income less interest expenses.
3 — Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS — CORPORATE AND OTHER

REPORTABLE SEGMENTS — CORPORATE AND OTHER

€ MN

	Holding & Treasury	
three months ended 30 June	2015	2014
Interest and similar income	78	74
Operating income from financial assets and liabilities carried at fair value through income (net)	(13)	7
Fee and commission income	22	14
Operating revenues	**87**	**95**
Interest expenses, excluding interest expenses from external debt	(57)	(85)
Loan loss provisions	–	–
Investment expenses	(17)	(17)
Administrative expenses (net), excluding acquisition-related expenses	(208)	(161)
Fee and commission expenses	(69)	(77)
Restructuring charges	–	–
Other expenses	–	–
Operating expenses	**(351)**	**(340)**
Operating profit (loss)	**(264)**	**(245)**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(14)	(1)
Realized gains/losses (net)	147	34
Impairments of investments (net)	(1)	(1)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(213)	(206)
Acquisition-related expenses	1	1
Amortization of intangible assets	(2)	(2)
Non-operating items	**(82)**	**(177)**
Income (loss) before income taxes	**(346)**	**(421)**
Income taxes	122	163
Net income (loss)	**(224)**	**(258)**
Net income (loss) attributable to:		
Non-controlling interests	–	–
Shareholders	(224)	(258)
Cost-income ratio[1] for the reportable segment Banking in %		

1 — Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, interest expenses, excluding interest expenses from external debt, and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2015	2014	2015	2014	2015	2014	2015	2014
136	148	5	8	–	–	219	230
3	3	(1)	(2)	–	–	(11)	9
141	125	44	39	1	–	207	177
280	**277**	**48**	**45**	**1**	**(1)**	**416**	**416**
(54)	(64)	–	(1)	–	–	(111)	(149)
(17)	(15)	–	–	–	–	(17)	(15)
–	–	(2)	(2)	1	–	(19)	(19)
(84)	(100)	(37)	(34)	(1)	–	(331)	(294)
(97)	(81)	–	–	–	–	(166)	(158)
(1)	–	–	–	–	–	(1)	–
(1)	–	–	–	–	–	(1)	–
(254)	**(260)**	**(40)**	**(36)**	**(1)**	**1**	**(646)**	**(635)**
26	**17**	**8**	**8**	**–**	**–**	**(230)**	**(219)**
–	–	(1)	–	–	–	(15)	(1)
5	5	–	–	–	–	152	38
–	–	–	–	–	–	(1)	(1)
–	–	(10)	(5)	–	–	(10)	(5)
–	–	–	–	–	–	(213)	(206)
–	–	–	–	–	–	1	1
–	–	–	–	–	–	(2)	(2)
5	**4**	**(11)**	**(5)**	**–**	**–**	**(89)**	**(177)**
31	**21**	**(3)**	**3**	**–**	**–**	**(318)**	**(397)**
(9)	(7)	(1)	(7)	–	–	113	148
22	**14**	**(3)**	**(4)**	**–**	**–**	**(205)**	**(249)**
2	2	2	5	–	–	4	6
20	12	(5)	(9)	–	–	(209)	(255)
67.0	**75.8**						

REPORTABLE SEGMENTS — CORPORATE AND OTHER (CONTINUED)

REPORTABLE SEGMENTS — CORPORATE AND OTHER (CONTINUED)

€ MN

six months ended 30 June	Holding & Treasury 2015	Holding & Treasury 2014
Interest and similar income	127	128
Operating income from financial assets and liabilities carried at fair value through income (net)	(7)	7
Fee and commission income	35	29
Other income	148	–
Operating revenues	**302**	**164**
Interest expenses, excluding interest expenses from external debt	(128)	(162)
Loan loss provisions	–	–
Investment expenses	(33)	(31)
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(390)	(316)
Fee and commission expenses	(158)	(147)
Restructuring charges	–	–
Other expenses	–	–
Operating expenses	**(709)**	**(656)**
Operating profit (loss)	**(407)**	**(493)**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(55)	(7)
Realized gains/losses (net)	195	52
Impairments of investments (net)	(1)	(4)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(425)	(411)
Acquisition-related expenses	1	3
One-off effects from pension revaluation	230	679
Amortization of intangible assets	(4)	(4)
Non-operating items	**(60)**	**307**
Income (loss) before income taxes	**(467)**	**(185)**
Income taxes	161	49
Net income (loss)	**(306)**	**(136)**
Net income (loss) attributable to:		
Non-controlling interests	–	–
Shareholders	(306)	(136)
Cost-income ratio[1] for the reportable segment Banking in %		

1 — Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt, and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2015	2014	2015	2014	2015	2014	2015	2014
275	298	11	12	–	(1)	412	438
9	6	(2)	(2)	–	–	–	11
280	241	92	75	–	(1)	407	344
–	–	–	–	–	–	148	–
563	**545**	**101**	**85**	**–**	**(1)**	**967**	**793**
(112)	(131)	(1)	(1)	–	1	(241)	(293)
(24)	(24)	–	–	–	–	(24)	(24)
–	–	(4)	(4)	1	1	(37)	(34)
(184)	(210)	(77)	(65)	(1)	–	(652)	(590)
(182)	(146)	–	–	–	–	(340)	(293)
(1)	–	–	–	–	–	(1)	–
(2)	–	–	–	–	–	(2)	–
(506)	**(510)**	**(82)**	**(69)**	**–**	**1**	**(1,297)**	**(1,235)**
58	**35**	**19**	**16**	**–**	**–**	**(331)**	**(442)**
–	–	–	(1)	–	–	(55)	(8)
12	4	–	–	–	–	207	56
–	–	–	–	–	–	(1)	(4)
–	–	(7)	(11)	–	–	(7)	(11)
–	–	–	–	–	–	(425)	(411)
–	–	–	–	–	–	1	3
(1)	(1)	(5)	(4)	–	–	224	675
–	–	–	–	–	–	(4)	(4)
11	**3**	**(13)**	**(16)**	**–**	**–**	**(62)**	**294**
69	**37**	**6**	**–**	**–**	**–**	**(393)**	**(147)**
(21)	(13)	(2)	(6)	–	–	138	30
47	**25**	**4**	**(6)**	**–**	**–**	**(254)**	**(117)**
4	4	5	6	–	–	10	10
43	21	(1)	(12)	–	–	(264)	(127)
69.5	**78.3**						

NOTES TO THE CONSOLIDATED BALANCE SHEETS

5 — Financial assets carried at fair value through income

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

€ MN	as of 30 June 2015	as of 31 December 2014
Financial assets held for trading		
Debt securities	491	402
Equity securities	222	195
Derivative financial instruments	1,613	1,618
Subtotal	**2,327**	**2,214**
Financial assets designated at fair value through income		
Debt securities	2,404	1,887
Equity securities	2,390	1,773
Subtotal	**4,794**	**3,660**
Total	**7,121**	**5,875**

6 — Investments

INVESTMENTS

€ MN	as of 30 June 2015	as of 31 December 2014
Available-for-sale investments	484,261	465,914
Held-to-maturity investments	3,993	3,969
Funds held by others under reinsurance contracts assumed	1,311	1,154
Investments in associates and joint ventures	4,536	4,059
Real estate held for investment	11,829	11,349
Total	**505,930**	**486,445**

AVAILABLE-FOR-SALE INVESTMENTS

AVAILABLE-FOR-SALE INVESTMENTS

€ MN

	as of 30 June 2015				as of 31 December 2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	3,858	161	(12)	4,008	3,548	192	(2)	3,738
Corporate mortgage-backed securities (residential and commercial)	14,129	418	(90)	14,457	13,685	546	(44)	14,186
Other asset-backed securities	4,336	261	(73)	4,524	4,313	284	(46)	4,552
Government and government agency bonds								
France	31,366	7,630	(83)	38,913	31,113	9,509	(21)	40,601
Italy	24,211	4,094	(206)	28,099	25,203	5,557	(5)	30,755
Germany	12,489	1,792	(61)	14,221	12,900	2,152	(5)	15,048
United States	12,812	596	(90)	13,318	10,574	875	(34)	11,415
South Korea	7,169	982	(3)	8,147	6,156	882	–	7,038
Belgium	6,836	1,550	(85)	8,300	5,866	1,818	–	7,684
Austria	5,346	1,290	(13)	6,622	5,476	1,698	(1)	7,173
Spain	8,817	631	(421)	9,027	5,055	944	(1)	5,997
Switzerland	5,337	722	(5)	6,055	4,695	610	–	5,305
Netherlands	4,384	425	(24)	4,786	4,102	506	(1)	4,607
Hungary	864	93	(1)	956	868	105	–	972
Ireland	1,302	10	(71)	1,242	620	28	–	648
Russia	370	2	(30)	342	472	–	(71)	401
Portugal	215	27	–	242	198	29	–	227
Greece	1	1	–	2	1	2	–	3
Supranationals	16,256	2,731	(76)	18,911	15,726	3,202	(3)	18,925
All other countries	39,079	1,641	(472)	40,247	33,401	2,013	(196)	35,217
Subtotal	**176,854**	**24,216**	**(1,641)**	**199,429**	**162,426**	**29,928**	**(338)**	**192,016**
Corporate bonds[1]	204,278	14,201	(2,380)	216,099	193,315	18,807	(837)	211,284
Other	3,290	481	(32)	3,739	2,471	499	(2)	2,968
Subtotal	**406,745**	**39,740**	**(4,229)**	**442,256**	**379,757**	**50,255**	**(1,269)**	**428,744**
Equity securities[2]	29,065	13,234	(294)	42,005	26,113	11,313	(255)	37,171
Total	**435,810**	**52,974**	**(4,523)**	**484,261**	**405,870**	**61,568**	**(1,524)**	**465,914**

1 — Include bonds issued by Spanish banks with a fair value of € 611 MN (2014: € 472 MN), thereof subordinated bonds with a fair value of € 141 MN (2014: € 134 MN).

2 — Include shares invested in Spanish banks with a fair value of € 470 MN (2014: € 408 MN).

7 — Loans and advances to banks and customers

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

€ MN

	as of 30 June 2015			as of 31 December 2014		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	3,435	–	3,435	3,622	–	3,622
Loans	52,976[1]	57,861	110,838	56,414[1]	55,950	112,363
Other	1,819	12	1,832	1,372	16	1,388
Subtotal	**58,230**	**57,874**	**116,104**	**61,407**	**55,966**	**117,373**
Loan loss allowance	–	(308)	(308)	–	(298)	(298)
Total	**58,230**	**57,566**	**115,796**	**61,407**	**55,668**	**117,075**

1 — Primarily include covered bonds.

8 — Reinsurance assets

REINSURANCE ASSETS

€ MN

	as of 30 June 2015	as of 31 December 2014
Unearned premiums	2,367	1,519
Reserves for loss and loss adjustment expenses	7,702	6,947
Aggregate policy reserves	5,512	4,998
Other insurance reserves	115	123
Total	**15,695**	**13,587**

9 — Deferred acquisition costs

DEFERRED ACQUISITION COSTS

€ MN

	as of 30 June 2015	as of 31 December 2014
Deferred acquisition costs		
Property-Casualty	4,962	4,595
Life/Health	17,879	16,089
Subtotal	**22,842**	**20,685**
Present value of future profits[1]	689	870
Deferred sales inducements	925	708
Total	**24,455**	**22,262**

1 — In the second quarter of 2015, € 145 MN were reclassified from present value of future profits to intangible assets.

10 — Other assets

OTHER ASSETS

€ MN

	as of 30 June 2015	as of 31 December 2014
Receivables		
Policyholders	6,480	5,846
Agents	5,081	4,348
Reinsurers	2,531	1,951
Other	5,423	4,711
Less allowance for doubtful accounts	(685)	(693)
Subtotal	**18,829**	**16,163**
Tax receivables		
Income taxes	1,693	1,996
Other taxes	1,499	1,426
Subtotal	**3,192**	**3,422**
Accrued dividends, interest and rent	7,323	7,836
Prepaid expenses		
Interest and rent	22	25
Other prepaid expenses	363	256
Subtotal	**385**	**281**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	336	477
Property and equipment		
Real estate held for own use	2,751	2,566
Software	2,215	2,142
Equipment	1,385	1,291
Fixed assets of alternative investments	1,712	1,465
Subtotal	**8,063**	**7,464**
Other assets	1,704	1,437
Total	**39,831**	**37,080**

11 — Non-current assets and disposal groups classified as held for sale

NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

€ MN	as of 30 June 2015	as of 31 December 2014
Assets of disposal groups classified as held for sale		
Münsterländische Bank Thie & Co. KG, Münster	–	83
Subtotal	**–**	**83**
Non-current assets classified as held for sale		
Real estate held for investment	83	92
Real estate held for own use	82	61
Subtotal	**165**	**152**
Total	**165**	**235**
Liabilities of disposal groups classified as held for sale		
Münsterländische Bank Thie & Co. KG, Münster	–	102
Total	**–**	**102**

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

In May 2015, the Allianz Group completed the sale of Münsterländische Bank Thie & Co. KG, Münster, which was classified as a disposal group held for sale during the fourth quarter of 2014. Upon measurement of the disposal group at fair value less costs to sell, no impairment losses were recognized until the disposal.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Real estate held for investment classified as held for sale comprised as of 31 December 2014 several office buildings allocated to the reportable segment German Speaking Countries (Life/Health), which were sold as expected during the first quarter of 2015.

As of 30 June 2015, real estate held for investment (€ 83 MN) and held for own use (€ 19 MN) classified as held for sale comprised a large number of buildings in different portfolios allocated to the reportable segment Western & Southern Europe (Property-Casualty). Upon measurement of these buildings at fair value less costs to sell, no impairment losses were recognized for the six months ended 30 June 2015. The sale of these buildings will be completed by the end of the third quarter of 2015.

In addition, real estate held for own use (€ 63 MN) classified as held for sale comprised several office buildings allocated to the reportable segment Global Insurance Lines & Anglo Markets (Property-Casualty). Upon measurement of these buildings at fair value less costs to sell, no further impairment losses were recognized for the six months ended 30 June 2015. The sale of these buildings will be completed by the end of the third and fourth quarter of 2015, respectively.

12 — Intangible assets

INTANGIBLE ASSETS

€ MN	as of 30 June 2015	as of 31 December 2014
Intangible assets with indefinite useful lives		
Goodwill	12,555	12,166
Brand names[1]	294	289
Subtotal	**12,849**	**12,455**
Intangible assets with finite useful lives		
Distribution agreements[2]	902	948
Customer relationships[3]	201	231
Other[4]	314	121
Subtotal	**1,417**	**1,300**
Total	**14,266**	**13,755**

1 — Include primarily the brand name of Selecta AG, Muntelier.
2 — Include primarily the long-term distribution agreements with Commerzbank AG of € 317 MN (2014: € 335 MN), Banco Popular S.A. of € 345 MN (2014: € 353 MN), Yapı Kredi Bank of € 134 MN (2014: € 147 MN) and HSBC Asia, HSBC Turkey and BTPN Indonesia of € 87 MN (2014: € 90 MN).
3 — Include primarily customer relationships from acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A. of € 88 MN (2014: € 100 MN), and from the acquisition of Selecta of € 69 MN (2014: € 85 MN), Assurances Médicales S.A. of € 17 MN (2014: € 18 MN) and Yapı Kredi of € 7 MN (2014: € 8 MN).
4 — Include primarily acquired business portfolios of € 209 MN (2014: € 64 MN), heritable building rights of € 39 MN (2014: € 17 MN) and lease rights of € 10 MN (2014: € – MN). In the second quarter of 2015, € 145 MN were reclassified from present value of future profits to intangible assets.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill

GOODWILL

€ MN	2015	2014
Cost as of 1 January	13,156	12,534
Accumulated impairments as of 1 January	(990)	(990)
Carrying amount as of 1 January	**12,166**	**11,544**
Additions	67	6
Disposals	–	–
Foreign currency translation adjustments	323	24
Impairments	–	–
Carrying amount as of 30 June	**12,555**	**11,574**
Accumulated impairments as of 30 June	990	990
Cost as of 30 June	13,545	12,564

For the six months ended 30 June 2015, additions are mainly related to goodwill arising from the acquisition of the Property-Casualty insurance business of the Territory Insurance Office, Darwin, as well as from the acquisition of several windparks. For further information, please refer to note 3.

13 — Financial liabilities carried at fair value through income

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

€ MN	as of 30 June 2015	as of 31 December 2014
Financial liabilities held for trading		
Derivative financial instruments	8,631	8,493
Other trading liabilities	2	3
Total	**8,633**	**8,496**

14 — Liabilities to banks and customers

LIABILITIES TO BANKS AND CUSTOMERS

€ MN	as of 30 June 2015			as of 31 December 2014		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	200	5,208	5,408	69	4,803	4,872
Savings deposits	–	2,492	2,492	–	2,846	2,846
Term deposits and certificates of deposit	1,069	1,374	2,443	971	1,946	2,916
Repurchase agreements	3,781	–	3,781	1,197	–	1,197
Collateral received from securities lending transactions and derivatives	2,315	–	2,315	2,715	–	2,715
Other	4,314	4,620	8,934	4,278	4,191	8,469
Total	**11,678**	**13,695**	**25,373**	**9,230**	**13,786**	**23,015**

15 — Reserves for loss and loss adjustment expenses

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

€ MN	as of 30 June 2015	as of 31 December 2014
Property-Casualty	61,584	58,925
Life/Health	10,542	10,081
Consolidation	(25)	(18)
Total	**72,101**	**68,989**

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The following table reconciles the beginning and ending reserves of the Allianz Group, including the effect of reinsurance ceded, for the Property-Casualty business segment for the six months ended 30 June 2015 and 2014.

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES IN THE PROPERTY-CASUALTY BUSINESS SEGMENT

€ MN	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	**58,925**	**(6,577)**	**52,348**	**56,614**	**(6,070)**	**50,544**
Balance carry forward of discounted loss reserves	3,597	(326)	3,271	3,207	(306)	2,901
Subtotal	**62,522**	**(6,903)**	**55,619**	**59,821**	**(6,376)**	**53,445**
Loss and loss adjustment expenses incurred						
Current year	17,371	(1,367)	16,004	15,515	(1,083)	14,432
Prior years	(945)	184	(761)	(703)	84	(619)
Subtotal	**16,426**	**(1,183)**	**15,243**	**14,812**	**(999)**	**13,813**
Loss and loss adjustment expenses paid						
Current year	(6,313)	252	(6,061)	(5,853)	222	(5,631)
Prior years	(9,312)	780	(8,532)	(8,709)	672	(8,037)
Subtotal	**(15,625)**	**1,032**	**(14,593)**	**(14,562)**	**894**	**(13,668)**
Foreign currency translation adjustments and other changes	2,076	(565)	1,510	717	(127)	590
Subtotal	**65,398**	**(7,619)**	**57,779**	**60,787**	**(6,608)**	**54,180**
Ending balance of discounted loss reserves	(3,814)	344	(3,470)	(3,449)	300	(3,149)
As of 30 June	**61,584**	**(7,275)**	**54,309**	**57,339**	**(6,308)**	**51,031**

16 — Reserves for insurance and investment contracts

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

€ MN	as of 30 June 2015	as of 31 December 2014
Aggregate policy reserves	418,242	399,227
Reserves for premium refunds	59,444	63,026
Other insurance reserves	1,188	1,081
Total	**478,874**	**463,334**

17 — Other liabilities

OTHER LIABILITIES

€ MN	as of 30 June 2015	as of 31 December 2014
Payables		
Policyholders	4,008	4,934
Reinsurance	1,642	1,460
Agents	1,713	1,615
Subtotal	**7,363**	**8,009**
Payables for social security	405	420
Tax payables		
Income taxes	1,390	1,801
Other taxes	1,498	1,387
Subtotal	**2,888**	**3,187**
Accrued interest and rent	688	613
Unearned income		
Interest and rent	24	24
Other	509	283
Subtotal	**533**	**307**
Provisions		
Pensions and similar obligations	9,400	9,765
Employee related	2,353	2,327
Share-based compensation plans	398	606
Restructuring plans	209	109
Loan commitments	8	12
Contingent losses from non-insurance business	150	134
Other provisions	1,489	1,684
Subtotal	**14,007**	**14,637**
Deposits retained for reinsurance ceded	1,923	1,843
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	702	281
Financial liabilities for puttable equity instruments	2,526	1,793
Other liabilities	7,713	7,520
Total	**38,747**	**38,609**

The change in the restructuring provisions is mainly driven by the reorganization of Fireman's Fund Insurance Company (FFIC) in the United States, started in the first quarter of 2015, and by a new restructuring program at Allianz Beratungs- und Vertriebs-AG, Germany (ABV), started in the second quarter of 2015.

For the reorganization of FFIC, restructuring charges of € 93 MN, thereof restructuring provisions of € 73 MN, were recorded in the Global Insurance Lines & Anglo Markets (Property-Casualty) reportable segment for the six months ended 30 June 2015.

ABV reorganizes its sales and distribution organization to meet changing client expectations as well as new regulatory requirements and to strengthen sustainability and competitiveness. In this regard, restructuring charges of € 53 MN, which were fully recognized in restructuring provisions, were recorded for the six months ended 30 June 2015.

18 — Certificated liabilities

CERTIFICATED LIABILITIES

€ MN

	as of 30 June 2015	as of 31 December 2014
Allianz SE[1]		
Senior bonds	6,748	6,653
Money market securities	1,573	1,041
Subtotal	**8,321**	**7,694**
Banking subsidiaries		
Senior bonds	456	513
Subtotal	**456**	**513**
Total	**8,777**	**8,207**

1 — Includes senior bonds issued by Allianz Finance II B.V., guaranteed by Allianz SE as well as money market securities issued by Allianz Finance Corporation, a wholly-owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

19 — Subordinated liabilities

SUBORDINATED LIABILITIES

€ MN

	as of 30 June 2015	as of 31 December 2014
Allianz SE[1]		
Subordinated bonds[2]	11,923	11,371
Subtotal	**11,923**	**11,371**
Banking subsidiaries		
Subordinated bonds	241	221
Subtotal	**241**	**221**
All other subsidiaries		
Subordinated bonds[3]	–	400
Hybrid equity	45	45
Subtotal	**45**	**445**
Total	**12,208**	**12,037**

1 — Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.
2 — Change due to the redemption of a € 1.0 BN bond and the issuance of a € 1.5 BN bond in the first quarter of 2015.
3 — Change due to the redemption of a € 0.4 BN bond in the second quarter of 2015.

20 — Equity

EQUITY

€ MN

	as of 30 June 2015	as of 31 December 2014
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1]	21,196	19,878
Foreign currency translation adjustments	(885)	(1,977)
Unrealized gains and losses (net)[2]	11,447	13,917
Subtotal	**60,687**	**60,747**
Non-controlling interests	2,824	2,955
Total	**63,511**	**63,702**

1 — As of 30 June 2015, include € (216) MN (2014: € (222) MN) related to treasury shares.
2 — As of 30 June 2015, include € 149 MN (2014: € 288 MN) related to cash flow hedges.

DIVIDENDS

In the second quarter of 2015, a total dividend of € 3,112 MN (2014: € 2,405 MN) or € 6.85 (2014: € 5.30) per qualifiying share was paid to the shareholders.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

21 — Premiums earned (net)

PREMIUMS EARNED (NET)

€ MN

three months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2015				
Premiums written				
Direct	10,824	5,840	–	16,663
Assumed	1,020	188	(21)	1,186
Subtotal	**11,843**	**6,027**	**(21)**	**17,849**
Ceded	(1,660)	(255)	21	(1,893)
Net	**10,184**	**5,772**	**–**	**15,956**
Change in unearned premiums				
Direct	1,155	(63)	–	1,092
Assumed	(135)	1	(9)	(144)
Subtotal	**1,019**	**(62)**	**(9)**	**948**
Ceded	349	–	9	359
Net	**1,369**	**(62)**	**–**	**1,307**
Premiums earned				
Direct	11,978	5,777	–	17,755
Assumed	884	188	(30)	1,042
Subtotal	**12,863**	**5,965**	**(30)**	**18,797**
Ceded	(1,310)	(255)	30	(1,534)
Net	**11,553**	**5,710**	**–**	**17,263**
2014				
Premiums written				
Direct	10,102	6,053	–	16,155
Assumed	745	220	(24)	941
Subtotal	**10,846**	**6,274**	**(24)**	**17,096**
Ceded	(936)	(218)	24	(1,130)
Net	**9,910**	**6,056**	**–**	**15,966**
Change in unearned premiums				
Direct	953	(71)	–	883
Assumed	(222)	6	4	(213)
Subtotal	**731**	**(65)**	**4**	**670**
Ceded	60	7	(4)	64
Net	**791**	**(57)**	**–**	**734**
Premiums earned				
Direct	11,055	5,983	–	17,038
Assumed	523	226	(20)	728
Subtotal	**11,577**	**6,209**	**(20)**	**17,766**
Ceded	(876)	(210)	20	(1,066)
Net	**10,701**	**5,999**	**–**	**16,700**

PREMIUMS EARNED (NET) (CONTINUED)

€ MN

six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2015				
Premiums written				
Direct	26,936	12,668	–	39,604
Assumed	2,246	331	(57)	2,520
Subtotal	**29,182**	**12,999**	**(57)**	**42,124**
Ceded	(3,159)	(401)	57	(3,504)
Net	**26,023**	**12,598**	**–**	**38,621**
Change in unearned premiums				
Direct	(3,324)	(140)	–	(3,464)
Assumed	(463)	(1)	13	(451)
Subtotal	**(3,787)**	**(141)**	**13**	**(3,915)**
Ceded	836	6	(13)	829
Net	**(2,951)**	**(135)**	**–**	**(3,086)**
Premiums earned				
Direct	23,612	12,528	–	36,140
Assumed	1,783	330	(44)	2,069
Subtotal	**25,395**	**12,858**	**(44)**	**38,209**
Ceded	(2,323)	(395)	44	(2,675)
Net	**23,072**	**12,463**	**–**	**35,535**
2014				
Premiums written				
Direct	24,556	12,507	–	37,063
Assumed	1,507	382	(45)	1,845
Subtotal	**26,063**	**12,889**	**(45)**	**38,908**
Ceded	(2,163)	(373)	45	(2,492)
Net	**23,900**	**12,516**	**–**	**36,416**
Change in unearned premiums				
Direct	(2,866)	(228)	–	(3,094)
Assumed	(316)	(19)	7	(328)
Subtotal	**(3,182)**	**(247)**	**7**	**(3,422)**
Ceded	393	7	(7)	392
Net	**(2,789)**	**(240)**	**–**	**(3,030)**
Premiums earned				
Direct	21,690	12,279	–	33,969
Assumed	1,191	363	(37)	1,516
Subtotal	**22,882**	**12,642**	**(37)**	**35,486**
Ceded	(1,771)	(366)	37	(2,099)
Net	**21,111**	**12,275**	**–**	**33,386**

22 — Interest and similar income

INTEREST AND SIMILAR INCOME

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Interest from held-to-maturity investments	38	39	78	83
Dividends from available-for-sale investments	766	594	1,108	892
Interest from available-for-sale investments	3,632	3,364	7,104	6,659
Share of earnings from investments in associates and joint ventures	85	56	162	94
Rent from real estate held for investment	221	215	438	422
Interest from loans to banks and customers	1,174	1,219	2,376	2,435
Other interest income	49	51	102	93
Total	**5,964**	**5,538**	**11,368**	**10,677**

23 — Income from financial assets and liabilities carried at fair value through income (net)

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

€ MN

three months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
Income (expenses) from financial assets and liabilities held for trading (net)	41	(416)	(1)	41	–	(334)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	–	(122)	(1)	(9)	–	(132)
Income (expenses) from financial liabilities for puttable equity instruments (net)	–	116	–	1	–	117
Foreign currency gains and losses (net)	(90)	(812)	(8)	(59)	–	(968)
Total	**(49)**	**(1,234)**	**(9)**	**(26)**	**–**	**(1,317)**
2014						
Income (expenses) from financial assets and liabilities held for trading (net)	(19)	(292)	–	8	(1)	(305)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	1	90	3	2	–	95
Income (expenses) from financial liabilities for puttable equity instruments (net)	–	(50)	–	–	–	(50)
Foreign currency gains and losses (net)	17	191	1	(3)	–	206
Total	**(2)**	**(62)**	**5**	**7**	**(2)**	**(53)**

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) (CONTINUED)

€ MN six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
Income (expenses) from financial assets and liabilities held for trading (net)	(135)	(2,173)	–	(167)	5	(2,471)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	–	156	3	6	(1)	166
Income (expenses) from financial liabilities for puttable equity instruments (net)	–	(106)	–	–	–	(106)
Foreign currency gains and losses (net)	130	1,424	(7)	105	–	1,653
Total	**(5)**	**(698)**	**(4)**	**(55)**	**4**	**(758)**
2014						
Income (expenses) from financial assets and liabilities held for trading (net)	(77)	(664)	(1)	9	(1)	(735)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	–	142	3	2	(1)	148
Income (expenses) from financial liabilities for puttable equity instruments (net)	1	(78)	–	–	–	(78)
Foreign currency gains and losses (net)	30	269	1	(8)	–	292
Total	**(46)**	**(331)**	**3**	**3**	**(2)**	**(373)**

Further explanations for the three months ended 30 June

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net) (2015: expenses of € 968 MN; 2014: income of € 206 MN). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income. The Allianz Group uses freestanding derivatives, included in the line item income (expenses) from financial assets and liabilities held for trading (net), to hedge against foreign currency fluctuations (2015: income of € 678 MN; 2014: expenses of € 204 MN).

Additionally included in the business segment Life/Health are derivative financial instruments from German entities which relate to duration management (2015: expenses of € 877 MN; 2014: income of € 148 MN) and protection against equity fluctuations (2015: income of € 27 MN; 2014: expenses of € 27 MN), as well as from U.S. entities which relate to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts (2015: expenses of € 99 MN; 2014: expenses of € 218 MN).

24 — Realized gains/losses (net)

REALIZED GAINS/LOSSES (NET)

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
REALIZED GAINS				
Available-for-sale investments				
Equity securities	941	415	2,345	837
Debt securities	1,144	499	2,503	974
Subtotal	**2,084**	**914**	**4,847**	**1,811**
Investments in associates and joint ventures[1]	32	11	32	20
Real estate held for investment	22	66	71	83
Loans and advances to banks and customers	218	113	394	183
Non-current assets classified as held for sale	–	1	29	1
Subtotal	**2,356**	**1,104**	**5,373**	**2,098**
REALIZED LOSSES				
Available-for-sale investments				
Equity securities	(54)	(26)	(113)	(51)
Debt securities	(202)	(49)	(323)	(104)
Subtotal	**(256)**	**(75)**	**(435)**	**(155)**
Investments in associates and joint ventures[2]	(4)	(1)	(4)	(5)
Real estate held for investment	–	(2)	(1)	(5)
Loans and advances to banks and customers	(1)	(1)	(2)	(1)
Subtotal	**(262)**	**(78)**	**(442)**	**(166)**
Total	**2,094**	**1,026**	**4,931**	**1,932**

1 — For the three and the six months ended 30 June 2015, include realized gains from the disposal of subsidiaries and businesses of € 1 MN (2014: € – MN).
2 — For the three and the six months ended 30 June 2015, include no realized losses from the disposal of subsidiaries and businesses.

25 — Fee and commission income

FEE AND COMMISSION INCOME

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Fees from credit and assistance business	254	192	491	389
Service agreements	104	109	225	219
Subtotal	**358**	**302**	**715**	**608**
LIFE/HEALTH				
Service agreements	24	28	46	51
Investment advisory	308	232	633	438
Other	–	1	–	1
Subtotal	**332**	**261**	**679**	**490**
ASSET MANAGEMENT				
Management fees	1,745	1,701	3,472	3,356
Loading and exit fees	170	190	314	360
Performance fees	52	67	111	86
Other	8	15	17	31
Subtotal	**1,975**	**1,972**	**3,914**	**3,833**
CORPORATE AND OTHER				
Service agreements	25	16	41	33
Investment advisory and banking activities	182	161	365	311
Subtotal	**207**	**177**	**407**	**344**
CONSOLIDATION	(199)	(174)	(398)	(330)
Total	**2,673**	**2,537**	**5,317**	**4,945**

26 — Other income

OTHER INCOME

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Income from real estate held for own use				
Realized gains from disposals of real estate held for own use	1	2	9	22
Other income from real estate held for own use	1	–	1	–
Subtotal	**3**	**2**	**11**	**22**
Income from non-current assets classified as held for sale	–	1	–	1
Income from alternative investments	52	41	121	98
Other	224[1]	2	224[1]	2
Total	**279**	**46**	**356**	**123**

1 — Includes for the three and the six months ended 30 June 2015 a net gain of € 0.2 BN on the sale of the personal insurance business of Firemans's Fund Insurance Company to ACE Limited. The sale was an integral part of the reorganization of Allianz Group's Property-Casualty insurance business in the United States.

27 — Income and expenses from fully consolidated private equity investments

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Income				
Sales and service revenues	184	174	355	343
Subtotal	**184**	**174**	**355**	**343**
Expenses				
Cost of goods sold	(57)	(53)	(110)	(107)
General and administrative expenses	(117)	(118)	(207)	(233)
Interest expenses	(20)	(7)	(45)	(15)
Subtotal	**(194)**	**(179)**	**(362)**	**(355)**
Consolidation[1]	4	5	3	6
Total	**(6)**	**–**	**(4)**	**(5)**

1 — This consolidation effect results from the deferred policyholder participation recognized in the result from fully consolidated private equity investments within operating profit in the Life/Health business segment that was reclassified to expenses from fully consolidated private equity investments in non-operating profit to ensure the consistent presentation of the Allianz Group's operating profit.

28 — Claims and insurance benefits incurred (net)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET)

€ MN three months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Claims and insurance benefits paid	(7,978)	(4,688)	14	(12,651)
Change in loss and loss adjustment expenses	(338)	(144)	4	(478)
Subtotal	**(8,316)**	**(4,832)**	**18**	**(13,130)**
Ceded				
Claims and insurance benefits paid	687	98	(13)	771
Change in loss and loss adjustment expenses	38	31	(4)	64
Subtotal	**724**	**128**	**(17)**	**835**
Net				
Claims and insurance benefits paid	(7,291)	(4,590)	1	(11,880)
Change in loss and loss adjustment expenses	(300)	(114)	–	(414)
Total	**(7,592)**	**(4,703)**	**1**	**(12,294)**
2014				
Gross				
Claims and insurance benefits paid	(7,252)	(5,071)	12	(12,310)
Change in loss and loss adjustment expenses	(427)	(224)	(1)	(652)
Subtotal	**(7,679)**	**(5,295)**	**11**	**(12,962)**
Ceded				
Claims and insurance benefits paid	492	114	(11)	595
Change in loss and loss adjustment expenses	101	8	1	110
Subtotal	**593**	**122**	**(10)**	**705**
Net				
Claims and insurance benefits paid	(6,760)	(4,957)	1	(11,715)
Change in loss and loss adjustment expenses	(326)	(216)	–	(542)
Total	**(7,086)**	**(5,173)**	**2**	**(12,257)**

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) (CONTINUED)

€ MN six months ended 30 June	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Claims and insurance benefits paid	(15,625)	(9,928)	27	(25,526)
Change in loss and loss adjustment expenses	(801)	(157)	9	(949)
Subtotal	**(16,426)**	**(10,085)**	**36**	**(26,475)**
Ceded				
Claims and insurance benefits paid	1,032	188	(24)	1,195
Change in loss and loss adjustment expenses	151	40	(9)	182
Subtotal	**1,183**	**227**	**(33)**	**1,377**
Net				
Claims and insurance benefits paid	(14,593)	(9,740)	3	(24,331)
Change in loss and loss adjustment expenses	(650)	(117)	–	(767)
Total	**(15,243)**	**(9,858)**	**3**	**(25,098)**
2014				
Gross				
Claims and insurance benefits paid	(14,562)	(10,255)	21	(24,796)
Change in loss and loss adjustment expenses	(250)	(249)	1	(498)
Subtotal	**(14,812)**	**(10,504)**	**22**	**(25,294)**
Ceded				
Claims and insurance benefits paid	894	228	(18)	1,104
Change in loss and loss adjustment expenses	105	22	(3)	124
Subtotal	**999**	**250**	**(21)**	**1,228**
Net				
Claims and insurance benefits paid	(13,668)	(10,027)	3	(23,693)
Change in loss and loss adjustment expenses	(145)	(227)	(1)	(374)
Total	**(13,813)**	**(10,254)**	**1**	**(24,066)**

29 — Change in reserves for insurance and investment contracts (net)

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET)

€ MN

three months ended 30 June	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Gross				
Aggregate policy reserves	(61)	(2,012)	–	(2,074)
Other insurance reserves	–	(132)	–	(132)
Expenses for premium refunds	(59)	(1,452)	(8)	(1,519)
Subtotal	**(120)**	**(3,596)**	**(8)**	**(3,725)**
Ceded				
Aggregate policy reserves	2	160	–	162
Other insurance reserves	–	1	–	2
Expenses for premium refunds	–	1	–	1
Subtotal	**2**	**163**	**–**	**165**
Net				
Aggregate policy reserves	(59)	(1,852)	–	(1,912)
Other insurance reserves	–	(130)	–	(130)
Expenses for premium refunds	(59)	(1,451)	(8)	(1,518)
Total	**(118)**	**(3,433)**	**(9)**	**(3,560)**
2014				
Gross				
Aggregate policy reserves	(64)	(1,709)	(1)	(1,774)
Other insurance reserves	(1)	(36)	–	(37)
Expenses for premium refunds	(72)	(1,801)	(5)	(1,877)
Subtotal	**(137)**	**(3,546)**	**(6)**	**(3,689)**
Ceded				
Aggregate policy reserves	1	82	–	84
Other insurance reserves	–	3	–	3
Expenses for premium refunds	–	4	–	4
Subtotal	**1**	**89**	**–**	**90**
Net				
Aggregate policy reserves	(63)	(1,627)	(1)	(1,691)
Other insurance reserves	(1)	(33)	–	(34)
Expenses for premium refunds	(72)	(1,797)	(5)	(1,874)
Total	**(135)**	**(3,457)**	**(6)**	**(3,598)**

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) (CONTINUED)

€ MN

six months ended 30 June	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Gross				
Aggregate policy reserves	(127)	(4,324)	(1)	(4,452)
Other insurance reserves	–	(135)	–	(134)
Expenses for premium refunds	(168)	(5,191)	(12)	(5,372)
Subtotal	**(295)**	**(9,650)**	**(13)**	**(9,958)**
Ceded				
Aggregate policy reserves	3	250	–	253
Other insurance reserves	–	3	–	3
Expenses for premium refunds	–	3	–	3
Subtotal	**3**	**256**	**–**	**259**
Net				
Aggregate policy reserves	(123)	(4,074)	(1)	(4,199)
Other insurance reserves	–	(131)	–	(131)
Expenses for premium refunds	(168)	(5,189)	(12)	(5,369)
Total	**(291)**	**(9,394)**	**(13)**	**(9,699)**
2014				
Gross				
Aggregate policy reserves	(129)	(3,703)	(1)	(3,832)
Other insurance reserves	(4)	(90)	–	(94)
Expenses for premium refunds	(131)	(3,124)	(6)	(3,261)
Subtotal	**(263)**	**(6,917)**	**(7)**	**(7,187)**
Ceded				
Aggregate policy reserves	3	133	1	137
Other insurance reserves	–	6	–	6
Expenses for premium refunds	–	5	–	6
Subtotal	**3**	**145**	**–**	**149**
Net				
Aggregate policy reserves	(126)	(3,569)	–	(3,695)
Other insurance reserves	(4)	(83)	–	(87)
Expenses for premium refunds	(131)	(3,119)	(6)	(3,256)
Total	**(260)**	**(6,771)**	**(6)**	**(7,038)**

30 — Interest expenses

INTEREST EXPENSES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Liabilities to banks and customers	(52)	(62)	(110)	(123)
Deposits retained for reinsurance ceded	(16)	(10)	(28)	(22)
Certificated liabilities	(73)	(71)	(148)	(138)
Subordinated liabilities	(147)	(141)	(290)	(282)
Other interest expenses	(21)	(24)	(49)	(45)
Total	**(309)**	**(308)**	**(624)**	**(610)**

31 — Loan loss provisions

LOAN LOSS PROVISIONS

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Additions to allowances including direct impairments	(32)	(45)	(69)	(73)
Amounts released	15	23	43	36
Recoveries on loans previously impaired	1	7	2	14
Total	**(17)**	**(15)**	**(24)**	**(24)**

32 — Impairments of investments (net)

IMPAIRMENTS OF INVESTMENTS (NET)

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
IMPAIRMENTS				
Available-for-sale investments				
Equity securities	(117)	(53)	(151)	(188)
Debt securities	(32)	(18)	(93)	(244)
Subtotal	**(149)**	**(72)**	**(244)**	**(432)**
Investments in associates and joint ventures	(4)	–	(4)	–
Real estate held for investment	(1)	(1)	(5)	(1)
Loans and advances to banks and customers	(5)	(1)	(16)	(2)
Non-current assets classified as held for sale	–	(1)	–	(2)
Subtotal	**(158)**	**(74)**	**(268)**	**(436)**
REVERSALS OF IMPAIRMENTS				
Real estate held for investment	1	–	1	–
Loans and advances to banks and customers	1	–	2	–
Subtotal	**2**	**–**	**3**	**1**
Total	**(156)**	**(74)**	**(265)**	**(436)**

33 — Investment expenses

INVESTMENT EXPENSES

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Investment management expenses	(163)	(138)	(308)	(251)
Depreciation of real estate held for investment	(62)	(56)	(123)	(112)
Other expenses from real estate held for investment	(40)	(38)	(72)	(68)
Total	**(265)**	**(232)**	**(502)**	**(431)**

34 — Acquisition and administrative expenses (net)

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET)

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Acquisition costs				
Incurred	(2,566)	(2,330)	(5,674)	(5,095)
Commissions and profit received on reinsurance business ceded	141	76	249	193
Deferrals of acquisition costs	1,560	1,433	3,657	3,261
Amortization of deferred acquisition costs	(1,656)	(1,513)	(3,271)	(2,934)
Subtotal	**(2,521)**	**(2,333)**	**(5,039)**	**(4,574)**
Administrative expenses	(686)	(703)	(1,598) [1]	(1,910) [1]
Subtotal	**(3,208)**	**(3,036)**	**(6,637)**	**(6,485)**
LIFE/HEALTH				
Acquisition costs				
Incurred	(1,299)	(1,331)	(2,624)	(2,547)
Commissions and profit received on reinsurance business ceded	28	22	54	46
Deferrals of acquisition costs	825	914	1,730	1,748
Amortization of deferred acquisition costs	(816)	(628)	(1,728)	(1,157)
Subtotal	**(1,262)**	**(1,024)**	**(2,568)**	**(1,910)**
Administrative expenses	(436)	(424)	(864) [1]	(799) [1]
Subtotal	**(1,698)**	**(1,447)**	**(3,432)**	**(2,709)**
ASSET MANAGEMENT				
Personnel expenses	(621)	(592)	(1,294) [1]	(1,167) [1]
Non-personnel expenses	(419)	(340)	(788)	(649)
Subtotal	**(1,040)**	**(932)**	**(2,082)**	**(1,816)**
CORPORATE AND OTHER				
Administrative expenses	(330)	(293)	(427) [1]	87 [1]
Subtotal	**(330)**	**(293)**	**(427)**	**87**
CONSOLIDATION	(7)	5	(1)	(112) [1]
Total	**(6,283)**	**(5,703)**	**(12,579)**	**(11,034)**

1 — Include one-off effects from pension revaluation. Please refer to note 4 for further details.

35 — Fee and commission expenses

FEE AND COMMISSION EXPENSES

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
PROPERTY-CASUALTY				
Fees from credit and assistance business	(261)	(198)	(507)	(401)
Service agreements	(74)	(82)	(173)	(169)
Subtotal	**(336)**	**(280)**	**(680)**	**(571)**
LIFE/HEALTH				
Service agreements	(9)	(10)	(21)	(22)
Investment advisory	(137)	(82)	(275)	(158)
Subtotal	**(145)**	**(93)**	**(296)**	**(180)**
ASSET MANAGEMENT				
Commissions	(377)	(313)	(731)	(620)
Other	(39)	(58)	(58)	(95)
Subtotal	**(416)**	**(371)**	**(788)**	**(716)**
CORPORATE AND OTHER				
Service agreements	(70)	(79)	(160)	(149)
Investment advisory and banking activities	(96)	(80)	(180)	(144)
Subtotal	**(166)**	**(158)**	**(340)**	**(293)**
CONSOLIDATION	114	72	214	146
Total	**(949)**	**(830)**	**(1,890)**	**(1,613)**

36 — Other expenses

OTHER EXPENSES

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Realized losses from disposals of real estate held for own use	–	(3)	–	(7)
Expenses from alternative investments	(31)	(23)	(58)	(48)
Expenses from non-current assets classified as held for sale	–	–	–	(1)
Other	(1)	–	(2)	–
Total	**(32)**	**(26)**	**(60)**	**(56)**

37 — Income taxes

INCOME TAXES

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Current income taxes	(580)	(803)	(1,307)	(1,791)
Deferred income taxes	(287)	(71)	(418)	50
Total	**(867)**	**(875)**	**(1,725)**	**(1,741)**

For the three and the six months ended 30 June 2015 and 2014, the income taxes relating to components of other comprehensive income consist of the following:

INCOME TAXES RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Items that may be reclassified to profit or loss in future periods				
Foreign currency translation adjustments	(35)	12	113	13
Available-for-sale investments	2,719	(896)	1,450	(1,816)
Cash flow hedges	106	(18)	65	(20)
Share of other comprehensive income of associates and joint ventures	(1)	(1)	(3)	(2)
Miscellaneous	(3)	3	(10)	(27)
Items that may never be reclassified to profit or loss				
Actuarial gains (losses) on defined benefit plans	(301)	137	(142)	296
Total	**2,485**	**(763)**	**1,473**	**(1,555)**

OTHER INFORMATION

38 — Financial instruments and fair value measurement

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table compares the carrying amount with the fair value of the Allianz Group's financial assets and financial liabilities:

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

€ MN	as of 30 June 2015		as of 31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	12,259	12,259	13,863	13,863
Financial assets held for trading	2,327	2,327	2,214	2,214
Financial assets designated at fair value through income	4,794	4,794	3,660	3,660
Available-for-sale investments	484,261	484,261	465,914	465,914
Held-to-maturity investments	3,993	4,649	3,969	4,710
Investments in associates and joint ventures	4,536	5,500	4,059	4,820
Real estate held for investment	11,829	17,065	11,349	16,323
Loans and advances to banks and customers	115,796	135,231	117,075	140,238
Financial assets for unit-linked contracts	104,944	104,944	94,564	94,564
Derivative financial instruments and firm commitments included in other assets	336	336	477	477
Real estate held for own use	2,751	3,880	2,566	3,646
FINANCIAL LIABILITIES				
Financial liabilities held for trading	8,633	8,633	8,496	8,496
Liabilities to banks and customers	25,373	25,692	23,015	23,607
Financial liabilities for unit-linked contracts	104,944	104,944	94,564	94,564
Derivative financial instruments and firm commitments included in other liabilities	702	702	281	281
Financial liabilities for puttable equity instruments	2,526	2,526	1,793	1,793
Certificated liabilities	8,777	9,621	8,207	9,293
Subordinated liabilities	12,208	13,130	12,037	13,253

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of most other assets and liabilities. The fair value of an asset or liability is defined as 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. The maximum exposure to credit risk of financial assets, without taking collateral into account, is represented by their carrying amount, except for available-for-sale financial assets, for which it is represented by the amortized cost amount.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the level of non-market observable inputs. The Allianz Group maximizes the use of observable inputs and minimizes the use of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity as well as general market conditions.

If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values. As of 30 June 2015, fair values could not be reliably measured for equity investments with carrying amounts totaling € 202 MN (31 December 2014: € 189 MN). These investments are primarily investments in privately held corporations and partnerships.

FAIR VALUE HIERARCHY

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

In general, the subsidiaries assume responsibility for assessing fair values and hierarchies of assets and liabilities. This is consistent with the decentralized organizational structure of the Allianz Group and reflects market insights of local managers. Estimates and assumptions are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified within level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers. If no sufficient market information is available, management's best estimate of a particular input is used to determine the value.

Quoted prices in active markets – Fair value level 1:

The level 1 inputs of financial instruments that are traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the balance sheet date, if the latter is a trading day.

Valuation techniques – Market observable inputs – Fair value level 2:

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters. Such market inputs are observable substantially over the full term of the asset or liability and include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities and foreign currency exchange rates.

Valuation techniques – Non-market observable inputs – Fair value level 3:

Where observable market inputs are not available, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which observable market prices exist and other valuation models. Appropriate adjustments are made for credit risks. In particular, when observable market inputs are not available, the use of estimates and assumptions may have a high impact on the valuation outcome.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts,
- Derivative financial instruments and firm commitments included in other assets and other liabilities, and
- Financial liabilities for puttable equity instruments.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 30 June 2015 and 31 December 2014.

FAIR VALUE HIERARCHY AS OF 30 JUNE 2015 (ITEMS CARRIED AT FAIR VALUE)

€ MN

	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	127	364	–	491
Equity securities	65	142	16	222
Derivative financial instruments	141	1,362	110	1,613
Subtotal	**332**	**1,869**	**126**	**2,327**
Financial assets designated at fair value through income				
Debt securities	1,478	902	25	2,404
Equity securities	2,246	34	110	2,390
Subtotal	**3,724**	**935**	**135**	**4,794**
Subtotal	**4,056**	**2,804**	**261**	**7,121**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	15	3,993	–	4,008
Corporate mortgage-backed securities (residential and commercial)	59	14,346	52	14,457
Other asset-backed securities	196	4,060	268	4,524
Government and government agency bonds	43,740	155,654	35	199,429
Corporate bonds	26,885	181,327	7,886	216,099
Other debt securities	532	1,875	1,333	3,739
Equity securities	34,156	1,012	6,839	42,005
Subtotal	**105,582**	**362,267**	**16,414**	**484,261**
Financial assets for unit-linked contracts	101,800	2,982	163	104,944
Derivative financial instruments and firm commitments included in other assets	–	336	–	336
Total	**211,438**	**368,388**	**16,838**	**596,663**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	19	1,415	7,197	8,631
Other trading liabilities	–	2	–	2
Subtotal	**19**	**1,417**	**7,197**	**8,633**
Financial liabilities for unit-linked contracts	101,800	2,982	163	104,944
Derivative financial instruments and firm commitments included in other liabilities	–	702	–	702
Financial liabilities for puttable equity instruments	2,439	68	19	2,526
Total	**104,258**	**5,168**	**7,379**	**116,805**

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2014 (ITEMS CARRIED AT FAIR VALUE)

€ MN

	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	79	323	–	402
Equity securities	47	133	15	195
Derivative financial instruments	260	1,336	22	1,618
Subtotal	**385**	**1,792**	**38**	**2,214**
Financial assets designated at fair value through income				
Debt securities	887	981	19	1,887
Equity securities	1,624	38	110	1,773
Subtotal	**2,512**	**1,018**	**129**	**3,660**
Subtotal	**2,897**	**2,810**	**167**	**5,875**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	43	3,695	–	3,738
Corporate mortgage-backed securities (residential and commercial)	–	14,146	40	14,186
Other asset-backed securities	259	4,075	218	4,552
Government and government agency bonds	29,810	162,166	39	192,016
Corporate bonds	15,885	188,946	6,452	211,284
Other debt securities	273	1,966	729	2,968
Equity securities	30,077	868	6,226	37,171
Subtotal	**76,347**	**375,862**	**13,704**	**465,914**
Financial assets for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other assets	2	476	–	477
Total	**171,131**	**381,659**	**14,037**	**566,830**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	49	1,315	7,129	8,493
Other trading liabilities	–	3	–	3
Subtotal	**49**	**1,319**	**7,129**	**8,496**
Financial liabilities for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other liabilities	–	281	–	281
Financial liabilities for puttable equity instruments	1,754	24	15	1,793
Total	**93,688**	**4,135**	**7,310**	**105,134**

Valuation methodologies of financial instruments carried at fair value

For fair value measurements categorized within level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used classes of valuation techniques listed in IFRS 13:

- *Market approach:* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

- *Cost approach:* Amount that would currently be required to replace the service capacity of an asset (replacement cost).

- *Income approach:* Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether the valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

Financial assets carried at fair value through income

Financial assets held for trading – Debt and equity securities
The fair value is mainly determined using the market approach. In some cases, the fair value is determined based on the income approach using interest rates and yield curves observable at commonly quoted intervals.

Financial assets held for trading – Derivative financial instruments
For level 2, the fair value is mainly determined based on the income approach using present value techniques and the Black-Scholes-Merton model. Primary inputs to the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals.

For level 3, derivatives are mainly priced by third-party vendors. Controls are in place to monitor the valuations of these derivatives. Valuations are mainly derived based on the income approach.

Financial assets designated at fair value through income – Debt securities
The fair value is mainly determined using net asset value techniques for funds and the market approach.

Financial assets designated at fair value through income – Equity securities
For level 2, the fair value is determined using the market approach. For level 3, equity securities mainly represent unlisted equity securities measured at cost.

Available-for-sale investments

Available-for-sale investments – Debt securities
Debt securities include:

- Government and agency mortgage-backed securities (residential and commercial),
- Corporate mortgage-backed securities (residential and commercial),
- Other asset-backed securities,
- Government and government agency bonds,
- Corporate bonds, and
- Other debt securities.

The valuation techniques for these debt securities are similar. For level 2 and level 3, the fair value is determined using the market and the income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a present value technique where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Available-for-sale investments – Equity securities
For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants.

For level 3, the fair value is mainly determined using net asset values. The net asset values are based on the fair value measurement of the underlying investments and are mainly provided by fund managers. For certain level 3 equity securities, the capital invested is considered to be a reasonable proxy for the fair value.

Financial assets for unit-linked contracts

For level 2, the fair value is determined using the market or the income approach. For the income approach, primary observable inputs include yield curves observable at commonly quoted intervals.

For level 3, the fair value is mainly determined based on the net asset value.

Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

Derivative financial instruments and firm commitments included in other assets

The fair value of the derivatives is mainly determined based on the income approach using present value techniques. Primary inputs include yield curves observable at commonly quoted intervals. The derivatives are mainly used for hedging purposes. Certain derivatives are priced by Bloomberg functions, such as Black-Scholes Option Pricing or the swap manager tool.

Financial liabilities held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined using the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals and credit spreads observable in the market.

For level 3, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. A significant proportion of derivative liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates.

Financial liabilities held for trading – Other trading liabilities

The fair value is mainly determined based on the income approach using present value techniques. Primary inputs comprise swap curves, share prices and dividend estimates.

Derivative financial instruments and firm commitments included in other liabilities

For level 2, the fair value is mainly determined using the income approach. Primary inputs include interest rates and yield curves observable at commonly quoted intervals.

Financial liabilities for puttable equity instruments

Financial liabilities for puttable equity instruments are generally required to be recorded at the redemption amount with changes recognized in income. For level 2, the fair value is mainly determined using net asset value techniques.

Significant transfers of financial instruments carried at fair value

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Significant level 3 portfolios – Narrative description and sensitivity analysis

Available-for-sale investments – Equity securities

Equity securities within available-for-sale investments classified as level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group and are in most cases delivered as net asset values by the fund managers (€ 5.8 BN). The net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

Available-for-sale investments – Corporate bonds

Corporate bonds within available-for-sale investments classified as level 3 are mainly priced based on the income approach (€ 5.4 BN). The primary non-market observable input used in the discounted cash flow method is an option adjusted spread taken from a benchmark security. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10% stress of the main non-market observable inputs has only an immaterial impact on fair value.

Financial liabilities held for trading

Financial liabilities held for trading mainly include embedded derivative financial instruments relating to annuity products that are priced internally using discounted cash flow models (€ 7.0 BN). A significant decrease (increase) in surrender rates, mortality rates or the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect. However, a 10 % stress of the main non-market observable inputs has only an immaterial impact on fair value.

Quantification of significant non-market observable inputs

The following table shows the quantitative description of valuation technique(s) and input(s) used for the level 3 portfolios described above.

QUANTITATIVE DESCRIPTION OF VALUATION TECHNIQUE(S) AND NON-MARKET OBSERVABLE INPUT(S) USED

€ MN

Description	Fair value as of 30 June 2015	Valuation technique(s)	Non-market observable input(s)	Range
Available-for-sale investments				
Equity securities	5,758	Net asset value	n/a	n/a
Corporate bonds	5,397	Discounted cash flow method	Option adjusted spread	16 BPS – 800 BPS
Financial liabilities held for trading				
Derivative financial instruments	6,987			
Fixed-indexed annuities	5,562	Discounted cash flow method	Annuitizations	0 % – 25 %
			Surrenders	0 % – 25 %
			Mortality	n/a[1]
			Withdrawal benefit election	0 % – 50 %
			Volatility	n/a
Variable annuities	1,425	Discounted cash flow method	Surrenders	0.5 % – 35 %
			Mortality	n/a[1]

1 — Presentation not meaningful. Mortality assumptions are mainly derived from the Annuity 2000 Mortality Table.

Reconciliation of level 3 financial instruments

The following tables show a reconciliation of the financial instruments carried at fair value and classified as level 3.

RECONCILIATION OF LEVEL 3 FINANCIAL ASSETS

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	–	–	–	–
Equity securities	15	–	–	–
Derivative financial instruments	22	17	–	(89)
Subtotal	**38**	**17**	**–**	**(89)**
Financial assets designated at fair value through income				
Debt securities	19	7	–	(2)
Equity securities	110	–	–	–
Subtotal	**129**	**7**	**–**	**(2)**
Available-for-sale investments				
Corporate mortgage-backed securities (residential and commercial)	40	–	–	(2)
Other asset-backed securities	218	53	–	(63)
Government and government agency bonds	39	3	–	(11)
Corporate bonds	6,452	1,372	(10)	(190)
Other debt securities	729	585	–	(24)
Equity securities	6,226	571	–	(487)
Subtotal	**13,704**	**2,585**	**(9)**	**(776)**
Financial assets for unit-linked contracts	166	2	–	(3)
Total financial assets at fair value	**14,037**	**2,610**	**(9)**	**(870)**

RECONCILIATION OF LEVEL 3 FINANCIAL LIABILITIES

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	7,129	875	22	(400)
Financial liabilities for unit-linked contracts	166	2	–	(3)
Financial liabilities for puttable equity instruments	15	4	–	(1)
Total financial liabilities at fair value	**7,310**	**881**	**22**	**(403)**

Net gains (losses) recognized in consolidated income statement	Net gains (losses) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 June 2015	Net gains (losses) in profit or loss attributable to a change in unrealized gains or losses for financial assets held at the reporting date
–	–	–	–	–	–	–
1	–	–	–	–	16	–
157	–	–	3	–	110	22
158	**–**	**–**	**3**	**–**	**126**	**22**
–	–	–	–	–	25	–
–	–	–	–	–	110	–
–	**–**	**–**	–	**–**	**135**	**–**
3	–	–	3	8	52	–
18	(6)	–	13	35	268	–
–	–	–	3	–	35	–
15	(181)	–	428	–	7,886	–
1	36	(1)	2	3	1,333	–
11	495	(37)	28	32	6,839	–
48	**344**	**(38)**	**477**	**79**	**16,414**	–
(2)	–	–	–	–	163	–
204	**344**	**(38)**	**481**	**79**	**16,838**	**22**

Net losses (gains) recognized in consolidated income statement	Net losses (gains) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 June 2015	Net losses (gains) in profit or loss attributable to a change in unrealized gains or losses for financial liabilities held at the reporting date
(1,029)	–	–	600	–	7,197	(253)
(2)	–	–	–	–	163	–
1	–	–	–	–	19	–
(1,030)	**–**	**–**	**600**	–	**7,379**	**(253)**

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 32 – Impairments of investments (net) or note 36 – Other expenses.

RECLASSIFICATION OF FINANCIAL ASSETS

On 31 January 2009, certain U.S. Dollar denominated CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39.

As of 31 December 2014, the carrying amount and fair value of the CDOs was € 167 MN and € 169 MN, respectively. As of 30 June 2015, the carrying amount and fair value of the CDOs was reduced to € 4 MN and € 5 MN, respectively. This reduction was driven by the circumstance that one CDO vehicle was restructured during the second quarter of 2015. In the course of this, the underlying assets of the CDO vehicle were recognized as available-for-sale investments. For the six months ended 30 June 2015, the net profit related to the CDOs was € 18 MN.

39 — Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period.

BASIC EARNINGS PER SHARE

€ MN	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Net income attributable to shareholders used to calculate basic earnings per share	2,018	1,755	3,839	3,395
Weighted average number of common shares outstanding	454,278,679	453,761,276	454,265,060	453,750,731
Basic earnings per share (€)	**4.44**	**3.87**	**8.45**	**7.48**

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. These effects arise from various share-based compensation plans of the Allianz Group.

DILUTED EARNINGS PER SHARE

€ MN

	three months ended 30 June		six months ended 30 June	
	2015	2014	2015	2014
Net income attributable to shareholders	2,018	1,755	3,839	3,395
Effect of potentially dilutive common shares	(19)	(10)	(1)	(11)
Net income used to calculate diluted earnings per share	**1,998**	**1,745**	**3,838**	**3,385**
Weighted average number of common shares outstanding	454,278,679	453,761,276	454,265,060	453,750,731
Potentially dilutive common shares resulting from assumed conversion of:				
Share-based compensation plans	2,095,413	715,550	192,840	3,006,849
Weighted average number of common shares outstanding after assumed conversion	**456,374,091**	**454,476,826**	**454,457,901**	**456,757,580**
Diluted earnings per share (€)	**4.38**	**3.84**	**8.45**	**7.41**

For the six months ended 30 June 2015, the weighted average number of common shares excludes 2,734,940 (2014: 2,749,269) treasury shares.

40 — Other information

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES

	as of 30 June 2015	as of 31 December 2014
Germany	40,589	40,692
Other countries	107,173	106,733
Total	**147,762**	**147,425**

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 June 2015, there were no significant changes in contingent liabilities compared to the consolidated financial statements for the year ended 31 December 2014.

As of 30 June 2015, outstanding commitments to invest in private equity funds and similar financial instruments amounted to € 5,101 MN (31 December 2014: € 4,388 MN) and outstanding commitments to invest in real estate and infrastructure amounted to € 2,300 MN (31 December 2014: € 1,209 MN). Other commitments – mainly referring to sponsoring – decreased from € 743 MN as of 31 December 2014 to € 506 MN as of 30 June 2015. All other commitments showed no significant changes.

INSURANCE LAWS (AMENDMENT) BILL IN INDIA

The Insurance Laws (Amendment) Bill has become legally effective in the first quarter of 2015 and provides for raising the foreign investment cap in India from 26 % to 49 %. As per the 2001 joint venture agreement between the Allianz Group and Bajaj, the Allianz Group has the right to increase the stakes in Bajaj at pre-determined prices, if allowed under applicable laws, and subject to regulatory approvals. The Allianz Group is currently in the process of evaluating the contractual situation against the prevailing regulatory background.

41 — Subsequent events

The Allianz Group was not subject to any subsequent events that significantly impacted the Group financial results after the balance sheet date and before the financial statements were authorized for issue.

Munich, 6 August 2015

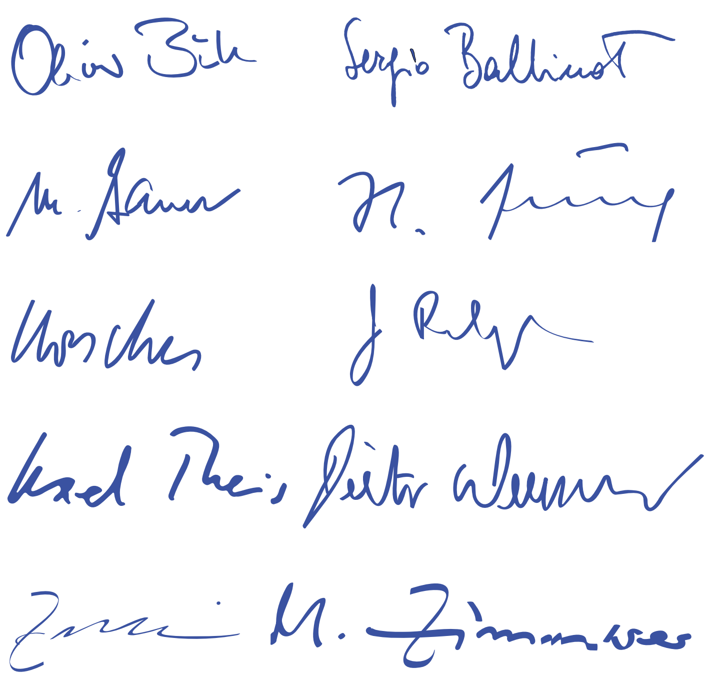
Allianz SE
The Board of Management

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group in accordance with generally accepted accounting principles, and the interim group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Munich, 6 August 2015

Allianz SE
The Board of Management



REVIEW REPORT

To Allianz SE, Munich

We have reviewed the condensed interim consolidated financial statements of Allianz SE, Munich – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows and selected explanatory notes – together with the interim group management report of Allianz SE, Munich, for the period from 1 January to 30 June 2015 that are part of the semi annual financial report according to § 37w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 6 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klaus Becker Wirtschaftsprüfer (Independent Auditor)	Dr. Frank Pfaffenzeller Wirtschaftsprüfer (Independent Auditor)

Financial calendar

Important dates for shareholders and analysts[1]

Interim Report/Financial Results 3Q	6 November 2015
Financial Results 2015	19 February 2016
Annual Report 2015	11 March 2016
Annual General Meeting	4 May 2016
Interim Report/Financial Results 1Q	11 May 2016
Interim Report/Financial Results 2Q	5 August 2016

1 — The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.

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