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Allianz continues to grow in revenues and profits

- **Revenues up 10.4 percent to 122.25 billion euros**
- **Operating profit grows 3.3 percent to 10.40 billion euros**
- **Net income attributable to shareholders rises 3.8 percent to 6.22 billion euros**
- **New dividend policy leads to proposed dividend of 6.85 euros per share**
- **Operating profit outlook for 2015: 10.4 billion euros, plus/minus 400 million euros**

Allianz Group again delivered very good results in 2014. For the first time, revenues surpassed the 120 billion-euro mark. Based on preliminary figures, Group total revenues rose 10.4 percent to 122.25 (previous year: 110.77) billion euros. Over the same period, the total number of customers insured by Allianz increased by 2 million to 85 million.

Operating profit increased 3.3 percent to 10.40 (10.07) billion euros. The result is in the upper end of the target range as forecast in November 2014. The projected range for the 2014 operating profit was 10.0 billion euros, plus/minus 500 million euros. Net income attributable to shareholders increased by 3.8 percent to 6.22 (6.00) billion euros.

"Geopolitical tensions, continued market volatility and a further decline in interest rates in 2014 led to lower global economic growth than expected," said Michael Diekmann, CEO of Allianz SE. „Despite these challenges, Allianz achieved very good results in revenues, operating profit and net income."

Operating profit in the Property and Casualty insurance segment increased in 2014 compared to the previous year and delivered more than half of the total Group operating profit. Strong internal growth, in particular in the global insurance lines and the UK, drove premiums in this segment. Major natural catastrophes were much lower than in the prior year.

In the Life and Health insurance segment, both statutory premiums and operating profit grew at double-digit rates, reflecting a high demand for Allianz products in the low-interest rate environment. Operating profit was at the upper end of the forecast range following a better investment result.

Asset Management generated lower operating profit in line with expectations amid the change in management at PIMCO. Allianz Global Investors achieved a record operating profit and experienced positive net inflows over the course of 2014. The conglomerate solvency ratio stood at 181 (182) percent at the end of 2014. Shareholders' equity reached a new high of 60.7 (50.1) billion euros at year end.

Property and Casualty with strong internal growth

In the Property and Casualty insurance segment, gross written premiums increased 3.7 percent to 48.32 (46.58) billion euros in 2014. Internal growth reached 3.0 percent. The main internal growth drivers in 2014 were the global lines as well as high growth in Allianz UK's retail business.

Strong demand for new products continued in 2014, including the modular household cover products "PrivatSchutz" in Germany and "Allianz1" in Italy. The acquisition of a part of the insurance business of the Italian insurance company UnipolSai and the takeover of the general insurance business of the Australian Territory Insurance Office expanded the Property and Casualty business in key markets.

Operating profit and the combined ratio both benefitted in 2014 from a benign natural catastrophe environment, but were impacted by certain effects, including reserve strengthening in Brazil, at Fireman's Fund and in Russia. In the United States, Allianz will realign the set-up of Fireman's Fund by consolidating the corporate insurance activities and divesting the retail insurance line. Retail insurance business in Russia and Ukraine was readjusted in reaction to difficult economic conditions in those markets.

Operating profit in the Property and Casualty segment rose 2.2 percent to 5.38 (5.27) billion euros, driven mainly by a better underwriting result while the investment result remained stable. The combined ratio remained unchanged at 94.3 percent.

"Strong volume-driven internal growth in the Property and Casualty segment is supported by the continued high demand for our new modular products in the core markets," said Dieter Wemmer, Chief Financial Officer of Allianz SE. "Our acquisitions as well as the readjustments in the United States, Russia and Brazil are important portfolio measures to continue the positive development of our property and casualty business."

Life and Health insurance: operating profit at upper end of target range

Statutory premiums in the Life and Health insurance business grew in 2014 by 18.6 percent to 67.33 (56.78) billion euros. The main sources of premium growth were the Allianz entities in the United States, Italy and Germany.

Fixed-indexed annuity products were the main growth driver in the United States, where total statutory premiums increased by 4.5 billion euros. The life product "Perspektive" has now sold more than 93,000 policies in Germany since it was introduced in 2013. The unit-linked single-premium product "Progetto Reddito" continued its success in Italy and generated over 1 billion euros in gross written premiums in 2014.

Operating profit in the Life and Health segment increased 22.8 percent to 3.33 (2.71) billion euros. The new business margin rose to 2.4 (2.1) percent. The value of new business increased over the same period to 1,378 (952) million euros, reflecting enhanced profitability management.

"The growth in market share in the Life and Health insurance segment reflects the success of our products designed for the interest rate environment," said Dieter Wemmer. "However, low interest rates in the euro zone and the United States will put pressure on new business margins and volume in the coming quarters."

Asset Management: net outflows offset by market returns and foreign currency effects

Revenues in the segment declined overall by 10.8 percent to 6.39 (7.16) billion euros. This includes the allocation of certain entities from Asset Management to Life/Health and Banking.

Operating profit was down 17.6 percent to 2.60 (3.16) billion euros. This development is driven by lower third-party average assets under management and high non-recurring performance fees from one private fund in 2013.

Total assets under management reached 1,801 (1,770) billion euros as of December 31, 2014, increasing 1.8 percent. Third-party assets under management declined over the same period to 1,313 (1,361) billion euros. The third-party net outflows of 226 billion euros were offset to a large extent by a strong market return and favorable foreign currency exchange effects.

The three-year outperformance ratio of Asset Management remained outstanding at 84 (85) percent as of December 31, 2014. The cost-income ratio increased to 59.2 (55.9) percent.

A new investment management team is now in place at PIMCO following the exit of the company's founder Bill Gross in September 2014. Third-party net outflows reached their highest point after the announcement of his departure, amounting to a total of 236 billion euros for the full year.

Allianz Global Investors, the second pillar of Allianz Asset Management, saw net inflows for the eighth consecutive quarter and surpassed 400 million euros in operating profit for the first time since the set-up of the new structure in 2012.

"After weekly net outflows at PIMCO peaked around the end of the third quarter of 2014, we saw a clear trend of receding outflows that has continued in 2015," said Dieter Wemmer. "PIMCO's strong and stable investment management team and their continued excellent investment performance will be the basis for further stabilization in 2015. PIMCO's Total Return Fund recently regained its five-star rating from the investment research company Morningstar. This is evidence that we are on the right track."

New dividend policy amounts to proposed dividend of 6.85 euros

The clarification of capital requirements under the new regulation Solvency II allowed a redefinition of the Allianz SE dividend policy. In November 2014, the Management Board and the Supervisory Board passed the new policy.

Starting with fiscal year 2014, 50 percent of net income attributable to shareholders will be paid out, compared to 40 percent previously. Following the new policy, the Management Board has proposed to the Supervisory Board of Allianz SE a dividend of 6.85 euros per share, an increase of 29 percent compared to the previous year. For fiscal year 2013, Allianz paid a dividend of 5.30 euros in accordance with the previous policy.

"The revised dividend policy reflects our successful efforts to prepare Allianz for the future," said Michael Diekmann. "We expect the economic environment to remain challenging in 2015. Our current operating profit outlook for 2015 is 10.4 billion euros, plus/minus 400 million euros."

Allianz Group - preliminary key figures 4th quarter and fiscal year 2014¹

		4Q 2013	4Q 2014	Δ	12M 2013	12M 2014	Δ
Total revenues	€ bn	26.8	30.1	12.1%	110.8	122.3	10.4%
Operating profit / loss	€ mn	2,384	2,258	-5.3%	10,066	10,402	3.3%
- Property-Casualty	€ mn	1,534	1,125	-26.7%	5,267	5,382	2.2%
- Life/Health	€ mn	417	673	61.5%	2,709	3,327	22.8%
- Asset Management	€ mn	703	588	-16.4%	3,161	2,603	-17.6%
- Corporate and Other	€ mn	-261	-131	-49.9%	-1,004	-820	-18.3%
- Consolidation	€ mn	-9	3	-	-68	-91	33.0%
Income before income taxes	€ mn	2,190	1,189	-45.7%	9,643	8,848	-8.2%
Income taxes ²	€ mn	-853	128	-	-3,300	-2,245	-32.0%
Net income / loss	€ mn	1,337	1,318	-1.4%	6,343	6,603	4.1%
- Property-Casualty	€ mn	1,003	751	-25.1%	3,817	3,448	-9.7%
- Life/Health	€ mn	277	429	55.0%	1,941	2,320	19.5%
- Asset Management	€ mn	387	358	-7.4%	1,925	1,621	-15.8%
- Corporate and Other	€ mn	-353	-228	-35.2%	-1,334	-657	-50.7%
- Consolidation	€ mn	22	8	-65.8%	-6	-129	2076%
Net income	€ mn	1,337	1,318	-1.4%	6,343	6,603	4.1%
- attributable to non-controlling interests	€ mn	81	98	21.4%	347	381	9.8%
- attributable to shareholders	€ mn	1,256	1,220	-2.9%	5,996	6,221	3.8%
Basic earnings per share	€	2.77	2.69	-3.0%	13.23	13.71	3.6%
Diluted earnings per share	€	2.72	2.67	-2.0%	13.05	13.64	4.5%
Dividend per share	€	-	-	-	5.30	6.85 ³	29.2%
Ratios							
- Property-Casualty Combined ratio	%	92.2%	96.5%	4.2% -p	94.3%	94.3%	0.0% -p
- Life/Health Margin on reserves	bps	35	50	15 bps	58	65	7 bps
- Asset Management Cost-income ratio	%	59.4%	64.3%	4.8% -p	55.9%	59.2%	3.4% -p
					12/31/13	12/31/14	Δ
Shareholders' equity ⁴	€ bn	-	-	-	50.1	60.7	21.3%
Conglomerate solvency ratio ^{5,6}	%	-	-	-	182%	181%	-1% -p
Third-party assets under management	€ bn	-	-	-	1,361	1,313	-3.5%

! Please note: The consolidated financial statements are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Previously published figures have been adjusted accordingly.

¹ Effective 01/01/14, the Allianz Group allocated certain entities from Asset Management to Life/Health and Banking. In 4Q 2014 the French International Health business was transferred from L/H France to Allianz Worldwide Partners (P/C) effective 01/01/14.

² Thereof tax benefits for prior years allocated to policyholders of € 627mn, resulting from favorable Federal Fiscal Court decision in Germany. Excluding this extraordinary effect the income taxes for 12M 2014 amounted to € -2,872mn.

³ Proposal.

⁴ Excluding non-controlling interests.

⁵ As of 12/31/14 hybrid capital has been adjusted by € 0.4bn due to potential calls in 2015. Excluding this adjustment, the conglomerate solvency ratio would be 182%.

⁶ Including off-balance sheet reserves (12/31/13: € 2.3bn, 12/31/14: € 2.3bn). The solvency ratio excluding off-balance sheet reserves would amount to 173% as of 12/31/13 and additionally adjusted for the potential calls of hybrid capital of € 0.4bn in 2015 to 172% as of 12/31/14.

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

Forward-looking statements

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

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.