

Investments

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Member of the Board of Management
Allianz SE

Annual Results Media
Conference
February 19, 2016

Based on
preliminary figures



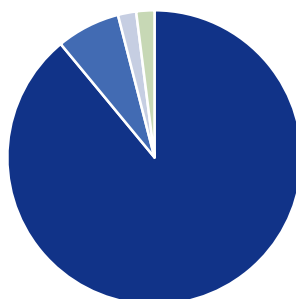
- 1 Allianz Investment Management 2015**
- 2 Portfolio information

High quality investment portfolio

Asset allocation

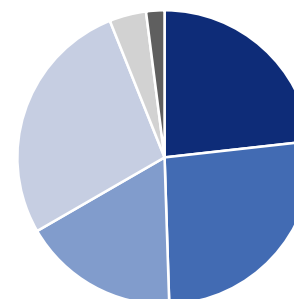
Total: EUR 638.3bn
(2014: EUR 614.6bn)

Debt instruments	89%	(89%)
Equities	7%	(7%)
Real estate ¹	2%	(2%)
Cash/Other	2%	(2%)



Debt instruments by rating²

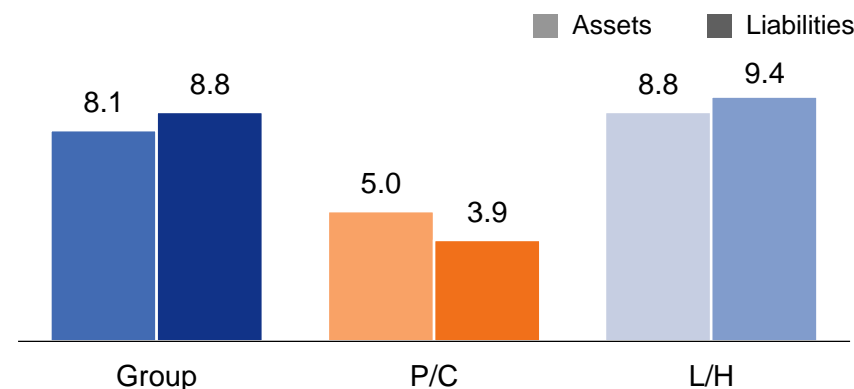
AAA	23%
AA	26%
A	17%
BBB	27%
Non-investment grade	4%
Not rated ³	2%



By segment (EUR bn)

	Group	P/C ⁴	L/H ⁴
Debt instruments	568.1	85.6	435.1
Equities	45.7	6.7	36.0
Real estate ¹	12.0	2.9	8.7
Cash/Others	12.5	3.6	6.0
Total	638.3	98.8	485.9

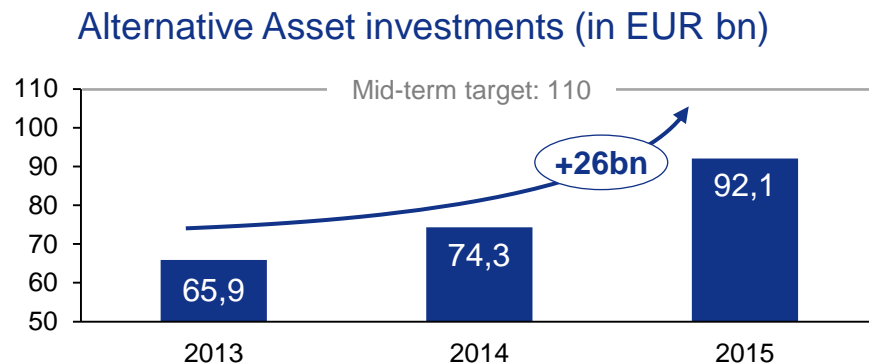
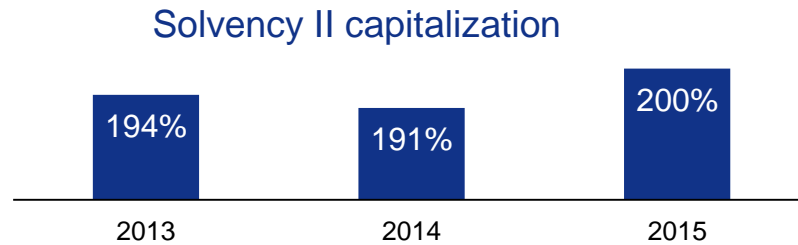
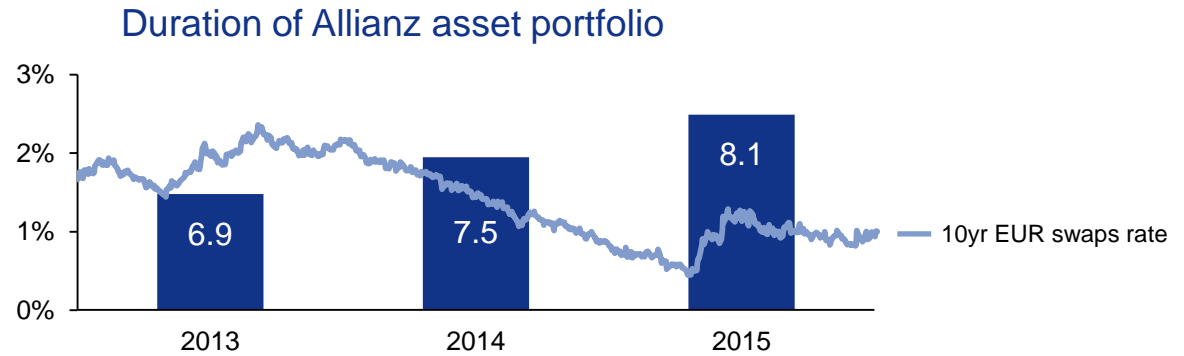
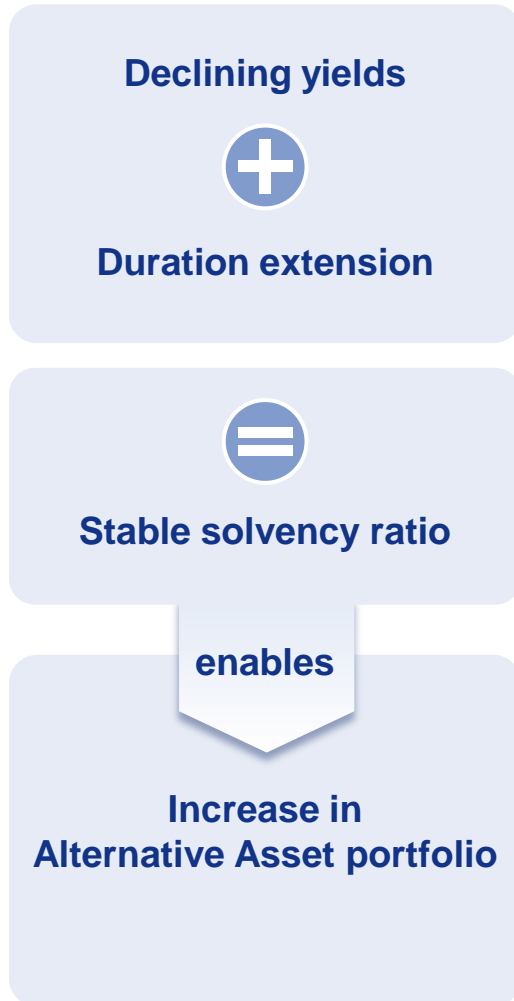
Duration⁵



1) Excluding real estate held for own use and real estate held for sale
 2) Excluding seasoned self-originated private retail loans
 3) Mostly mutual funds and short-term investments
 4) Consolidated on Group level

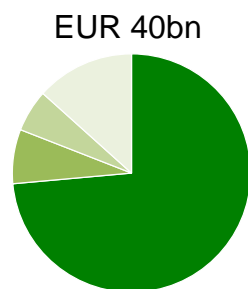
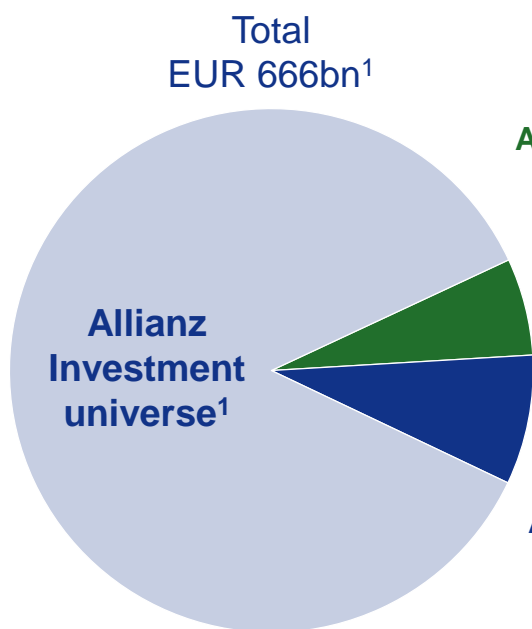
5) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data includes internal pensions for Group, while excluding internal pensions residing in P/C and L/H segments

Increased capital efficiency enables Allianz to increase its investments in alternative assets

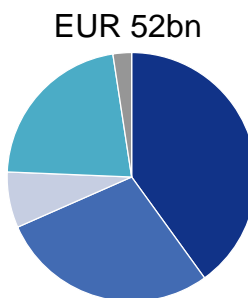


Alternative asset quota currently at 14% – up from 11% in 2014

Alternative investment portfolio 2015: EUR 92 bn
 Mid-term target: EUR 110 bn



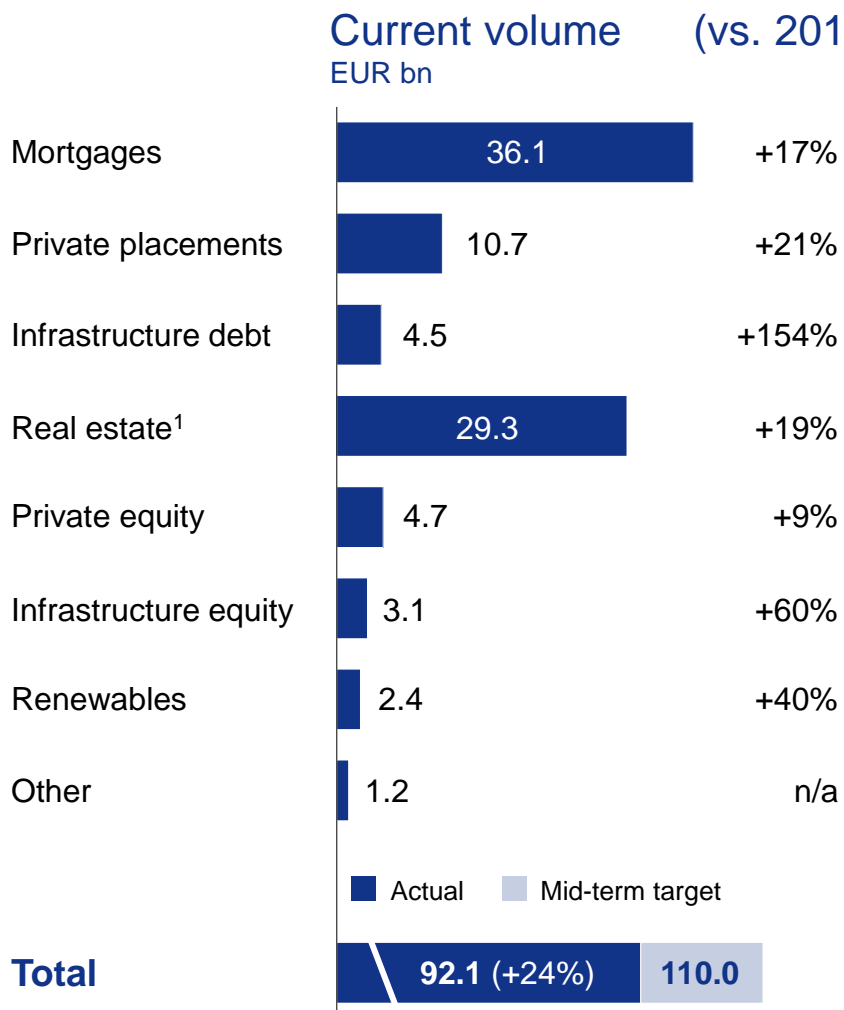
Alternative equity	Avg. expected return
Real estate	4-6%
Infrastructure equity	5-8%
Renewable energy	5-6%
Private equity	10-12%



Alternative debt	Avg. expected return
Non-commercial mortgages	1.5-2%
Commercial mortgages	1.5-2%
Infrastructure debt	3%
Private placements	2-4%
Other	6-8%

1) Based on economic view. Compared to accounting view it reflects a volume increase due to switch from book to market values (real estate and loan exposure) and changed asset scope (e.g. including FVO, trading, real estate own-use and alternative assets). Also changes in classification are made related to economically focused investment management

Strong growth of 24% and increased diversification within alternative assets



Investment examples

Shopping Center Dublin

- EUR 900mn investment in real estate portfolio close to Dublin. It includes *Dundrum Town Centre*, Ireland's pre-eminent shopping and leisure destination with ca. 18 million visitors p.a.

Tank & Rast

- Germany's largest and leading owner and concessionaire of a network of motorway service areas providing essential services to 500 million visitors each year.



Wind energy USA

- Onshore windfarms located in New Mexico as attractive opportunity for diversifying Allianz' US investment portfolio

1) Market value of real estate assets including EUR 22.5bn directly held real estate assets (e.g. held for investment, held for own use) and EUR 6.9bn indirectly held real estate assets (e.g. associates and joint ventures, available-for-sale investments)

Superior investment management within peer group

IFRS investment performance p.a.¹ amongst core peers 2007 - 2014



■ Core peers average (Generali, AXA, Zurich)
 ■ Allianz

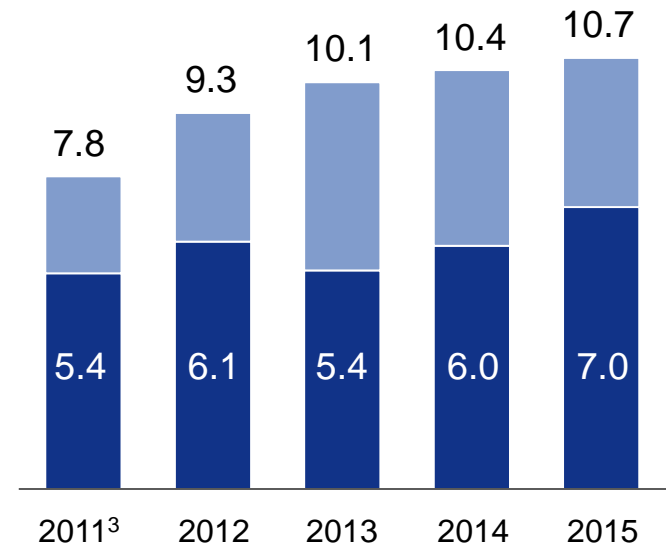
Allianz with **high credit quality** and low expected loss compared to peers

Current yield of Allianz **above all core peers**

Professional **in-house asset management** with continuous outperformance

Strict focus on **diversification**: best diversified sovereign portfolio vs core peers

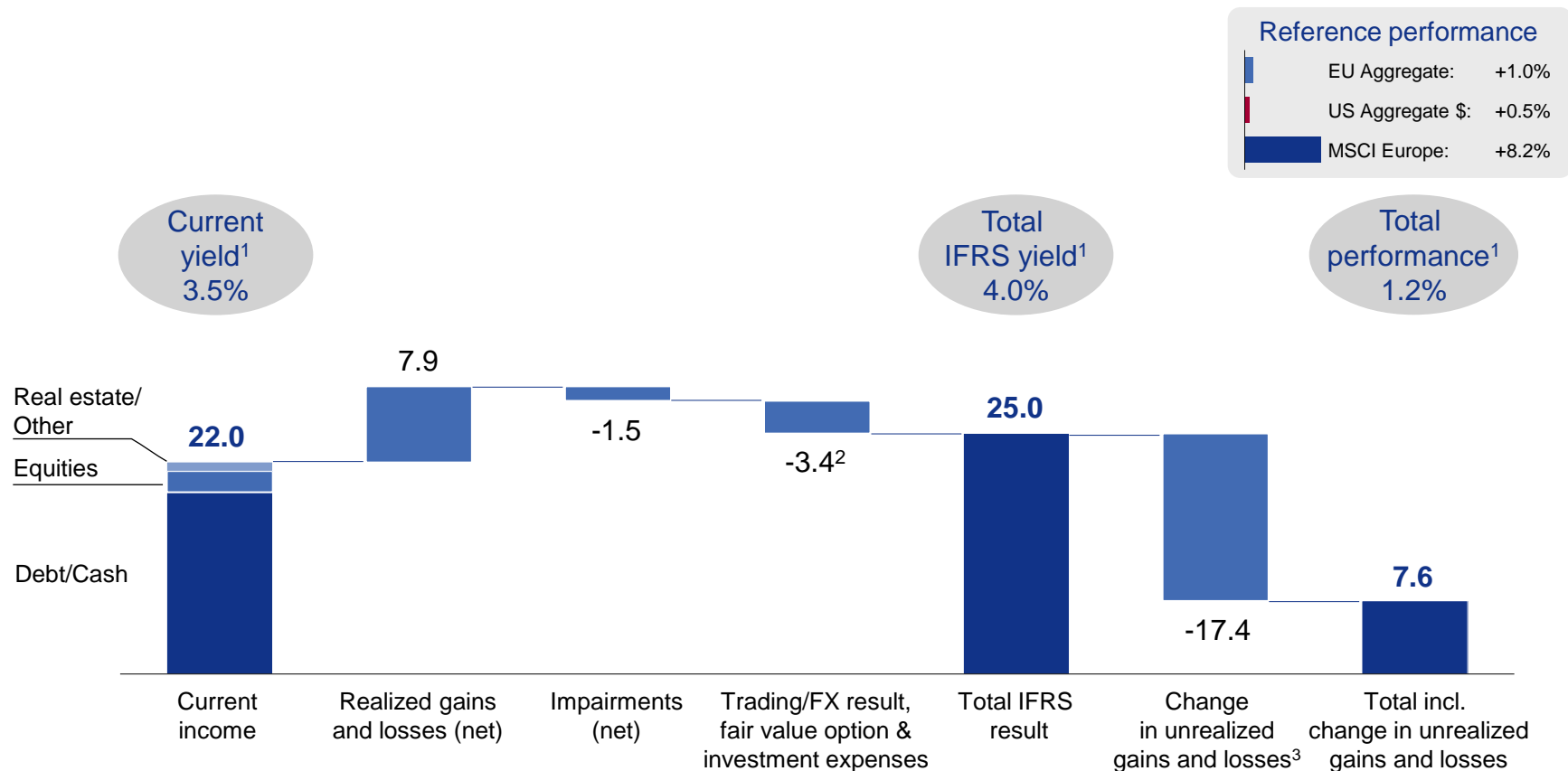
Allianz Group operating profit and thereof investment result² (EUR bn)



■ Operating profit
 ■ Investment result

1) IFRS investment performance per annum: including current income, realized gains and losses (net), impairments (net), trading/FX result, fair value option, investment expenses, and change in unrealized gains and losses
 2) Investment result: insurance business only (P/C and L/H)
 3) L/H investment margin in 2011 is restated for the new reporting format of operating profit sources introduced in 2012

4% total IFRS yield provides strong basis for distribution to stakeholders



- Current income yield of 3.5% reflects long portfolio duration
- Unrealized gains negatively affected by increases in rates and spreads by end of 2015

1) Yield calculation is based on the average asset base (IFRS)

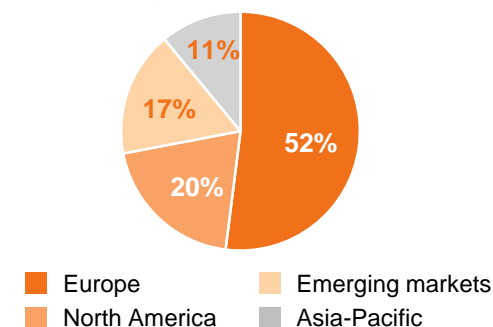
2) Includes hedging result from fixed index and variable annuities fully offset in insurance P&L

3) Includes AFS equity and debt, held-to-maturity investments, loans and advances to banks and customers acc. to IFRS, as well as an offsetting position to hedging result from fixed index and variable annuities. Not included FX-effect on US insurance companies

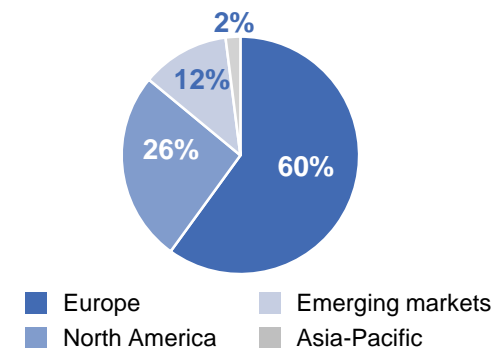
New investment yields 2015

P/C	New F/I investments	Yield	Maturity (in years)
Government ¹	52%	2.4%	8
Covered	16%	1.3%	8
Corporate	29%	2.3%	9
ABS/MBS	3%	3.4%	5 ²
Total F/I 2015	100%	2.2%	8

Regional allocation



L/H	New F/I investments	Yield	Maturity (in years)
Government	49%	2.3%	17
Covered	16%	2.3%	12
Corporate	32%	2.8%	13
ABS/MBS	4%	3.4%	8 ²
Total F/I 2015	100%	2.5%	15



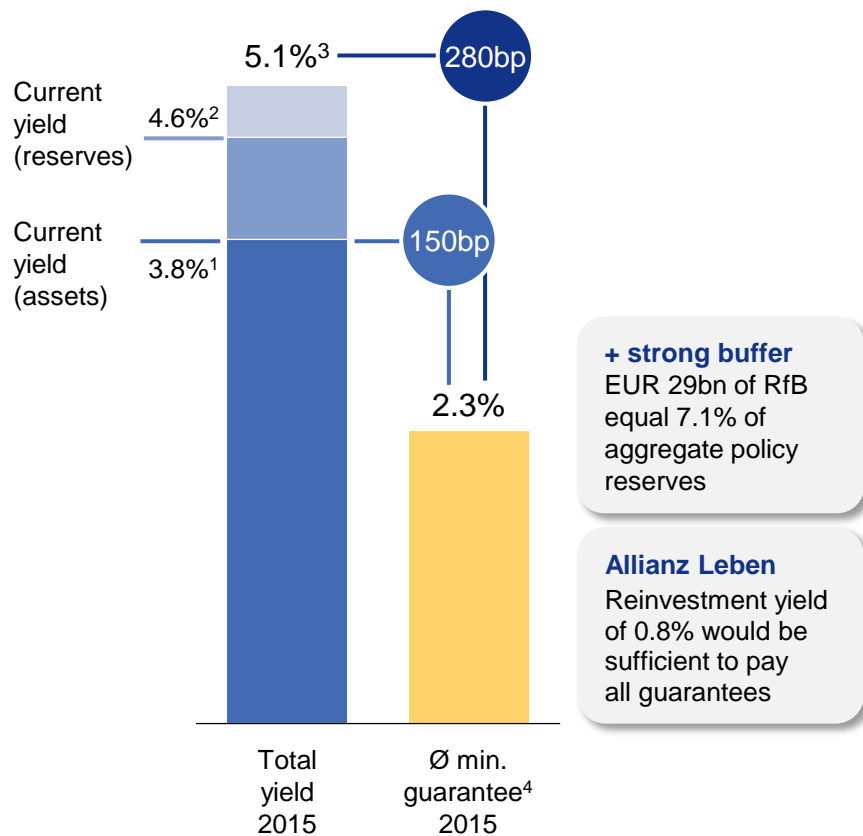
Group	New investments (in EUR bn)	Current Yield
Real assets	6.8	~4%

1) Treasuries and government related

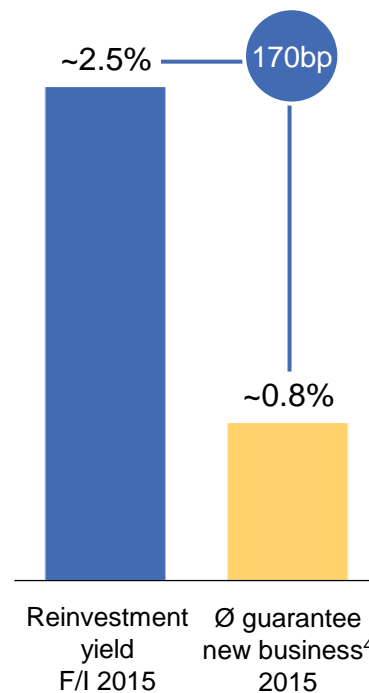
2) Based on time to expected maturity

Strong buffers and resilient margins in L/H

Business in force



New business

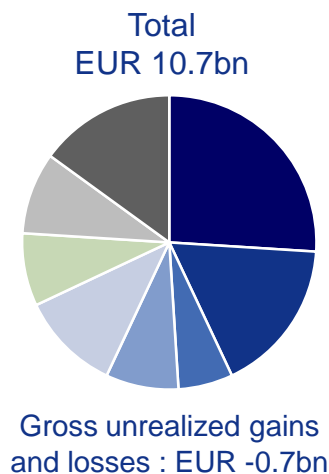


1) IFRS current interest and similar income (net of interest expenses) relative to average asset base (IFRS) which excludes unit-linked, FVO and trading
 2) IFRS current interest and similar income (net of interest expenses) relative to average aggregate policy reserves
 3) IFRS current interest and similar income (net of interest expenses) + net harvesting and other (operating) relative to average aggregate policy reserves
 4) Weighted by aggregate policy reserves

Exposure to Oil and Gas sector – 2% of investment portfolio

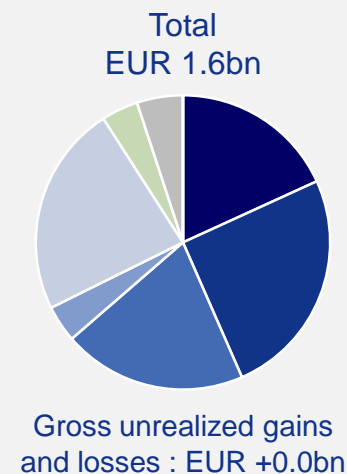
Fixed income by region

USA	26%
UK	17%
France	6%
Italy	8%
Rest of Eurozone	11%
Rest of Europe	8%
Asia-Pacific	9%
Rest of World	15%



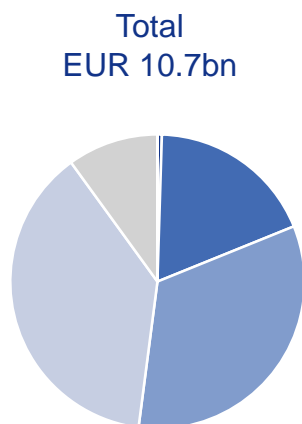
Equity by region

USA	18%
UK	25%
France	20%
Italy	4%
Rest of Eurozone	23%
Rest of Europe	4%
Asia-Pacific	5%
Rest of World	0%



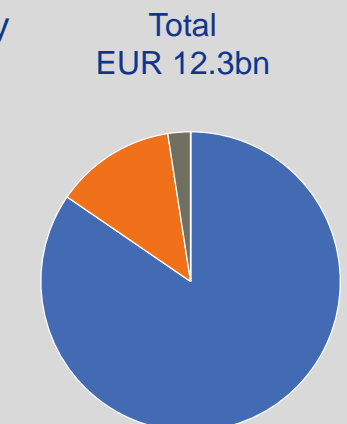
Fixed income by rating

AAA	0%
AA	18%
A	33%
BBB	38%
Non-investment grade	10%
Not rated	0%



Fixed income and equity by segment (EUR bn)

L/H	84%
P/C	13%
Corporate and other	2%
Asset Management	0%



Underlying trends 2015/16 and Allianz' strategic response

Trends and market environment

Geopolitical tensions continue to drive **volatility**

Slowing growth in China puts pressure on global financial markets

Weak Euro and cheap oil price support European growth prospects while being negative for some emerging markets

Globally low yield levels despite diverging monetary policies



Investment strategy

Distinguish between temporary fluctuations and long-term developments

Differentiation and active portfolio management is key

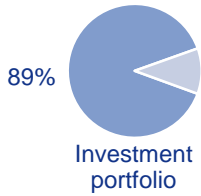
Diversification via high quality alternative asset portfolio

Manage duration and products in light of rates environment



- 1 Allianz Investment Management 2014
- 2 Portfolio information**

C. Investments

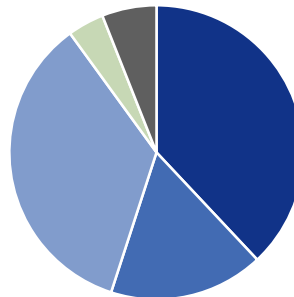


High quality fixed income portfolio

By type of issuer

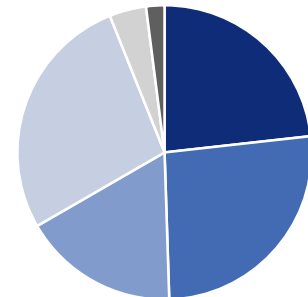
Government	38%
Covered	17%
Corporate	35%
<i>thereof Banking</i>	6%
ABS/MBS ¹	4%
Other ²	6%

Total
EUR 568.1bn



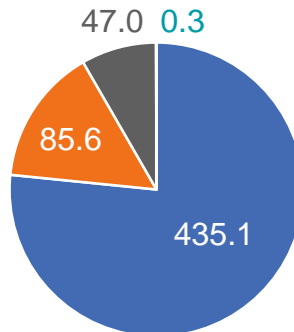
By rating³

AAA	23%
AA	26%
A	17%
BBB	27%
Non-investment grade	4%
Not rated ⁴	2%

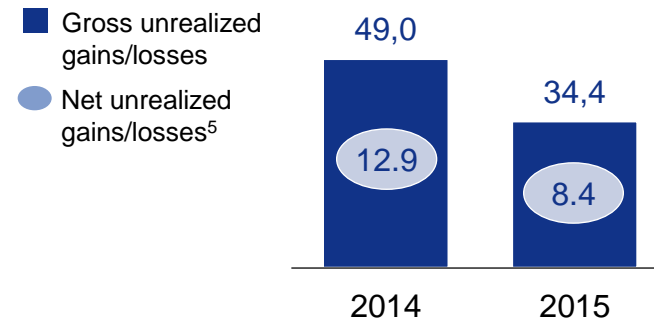


By segment (EUR bn)

L/H	77%
P/C	15%
Corporate and other	8%
Asset Management	0%



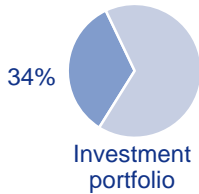
AFS unrealized gains/losses (EUR bn)



1) Including U.S. agency MBS investments (EUR 3.9bn)
 2) Including seasoned self-originated private retail loans and short-term deposits at banks
 3) Excluding seasoned self-originated private retail loans

4) Mostly mutual funds and short-term investments
 5) On-balance sheet unrealized gains/losses after tax, non-controlling interests, policyholders and before shadow DAC

C. Investments

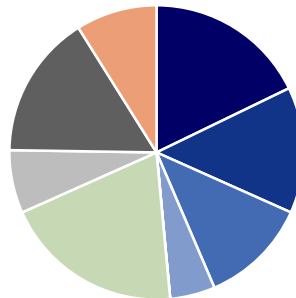


Government bond allocation concentrated in EMU core countries

By region

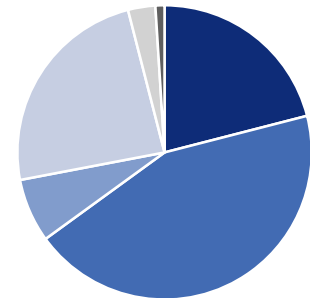
France	18%
Italy	14%
Germany	12%
Spain	5%
Rest of Europe	20%
USA	7%
Rest of World	16%
Supranational	9%

Total
EUR 217.5bn¹



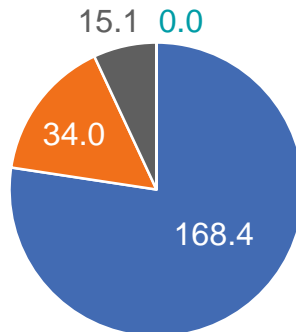
By rating

AAA	21%
AA	44%
A	7%
BBB	24%
Non-investment grade	3%
Not rated	1%

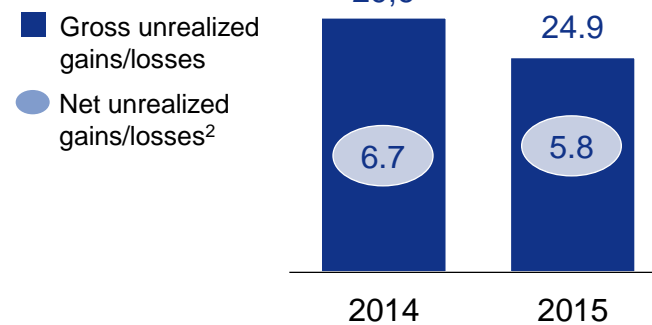


By segment (EUR bn)

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



AFS unrealized gains/losses (EUR bn)



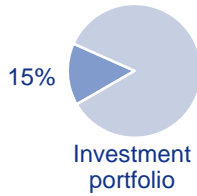
1) Government and government related (excl. U.S. agency MBS)

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

Details sovereigns (EUR bn)

	Group			L/H			P/C		
	Book value	% of F/I	thereof domestic	Book value	% of F/I (L/H)	thereof domestic	Book value	% of F/I (P/C)	thereof domestic
France	39.2	6.9%	19.5	32.7	7.5%	17.0	4.3	5.1%	2.4
Italy	29.3	5.2%	16.4	24.9	5.7%	14.0	3.5	4.0%	2.3
Germany	26.4	4.6%	23.5	19.8	4.5%	18.0	3.0	3.5%	2.0
Supranational	19.6	3.4%	0.0	16.2	3.7%	0.0	1.8	2.1%	0.0
USA	15.2	2.7%	13.3	10.9	2.5%	10.3	3.7	4.3%	3.0
Spain	9.9	1.7%	3.0	7.6	1.8%	2.7	1.1	1.3%	0.3
South Korea	9.2	1.6%	8.7	9.0	2.1%	8.7	0.1	0.1%	0.0
Belgium	9.0	1.6%	3.9	7.4	1.7%	3.4	0.9	1.1%	0.5
Austria	7.5	1.3%	0.4	6.4	1.5%	0.3	0.6	0.7%	0.1
Switzerland	6.3	1.1%	6.2	4.9	1.1%	4.9	1.3	1.6%	1.3
Netherlands	4.0	0.7%	0.3	2.5	0.6%	0.2	0.7	0.8%	0.1
Australia	3.2	0.6%	3.0	0.0	0.0%	0.0	3.2	3.7%	3.0
Mexiko	3.1	0.5%	0.4	2.6	0.6%	0.0	0.5	0.5%	0.1
Thailand	2.8	0.5%	2.2	2.7	0.6%	2.2	0.1	0.1%	0.0
Poland	2.4	0.4%	0.6	1.6	0.4%	0.2	0.7	0.8%	0.4
Malaysia	1.8	0.3%	1.1	1.2	0.3%	0.6	0.6	0.7%	0.5
Finland	1.8	0.3%	0.0	1.2	0.3%	0.0	0.3	0.3%	0.0
Ireland	1.4	0.2%	0.1	0.9	0.2%	0.0	0.3	0.3%	0.1
Russia	0.4	0.1%	0.2	0.3	0.1%	0.1	0.1	0.1%	0.0
Portugal	0.2	0.0%	0.2	0.0	0.0%	0.0	0.1	0.2%	0.1
Greece	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Ukraine	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0
Other	25.0	4.4%	n.a.	15.5	3.6%	n.a.	7.3	8.5%	n.a.
Total 2015	217.5	38.3%	n.a.	168.4	38.7%	n.a.	34.0	39.7%	n.a.
Total 2014	209.3	38.1%	n.a.	161.8	38.6%	n.a.	32.3	38.3%	n.a.

C. Investments

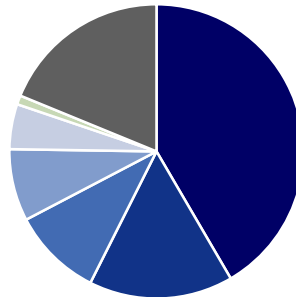


Fixed income portfolio: covered bonds

By country

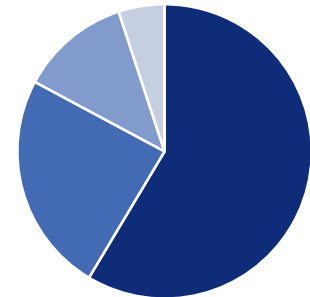
Germany	42%
France	16%
Spain	10%
Italy	8%
UK	5%
Ireland	1%
Rest of World	19%

Total
EUR 98.7bn



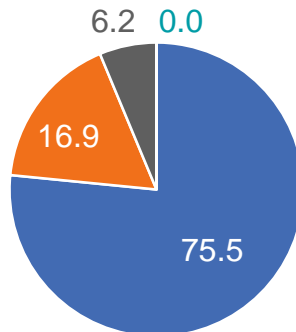
By rating

AAA	58%
AA	24%
A	12%
BBB	5%
Non-investment grade	0%
Not rated	0%

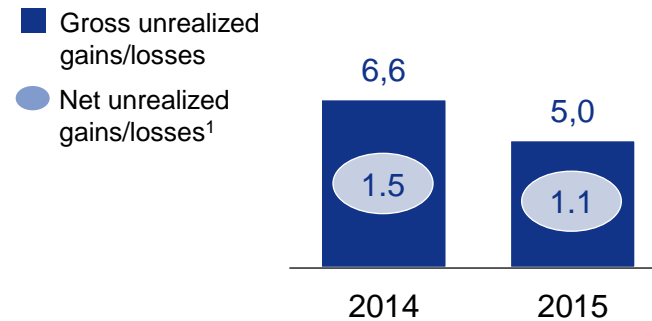


By segment (EUR bn)

L/H	77%
P/C	17%
Corporate and other	6%
Asset Management	0%

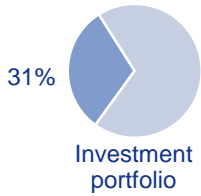


AFS unrealized gains/losses (EUR bn)



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

C. Investments

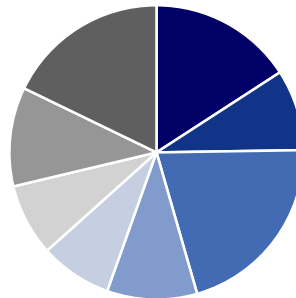


Fixed income portfolio: corporates

By sector

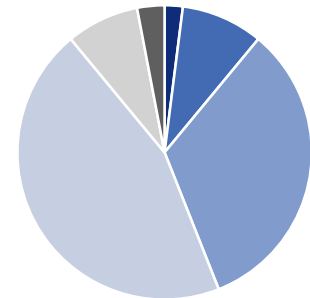
Banking ¹	16%
Other financials	9%
Consumer	21%
Communication	10%
Energy	8%
Industrial	8%
Utility	11%
Other	18%

Total
EUR 196.2bn



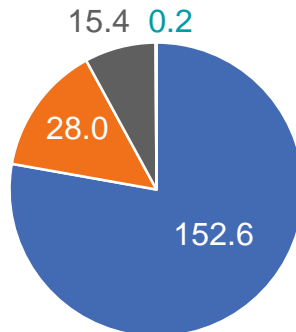
By rating

AAA	2%
AA	9%
A	33%
BBB	45%
Non-investment grade	8%
Not rated ²	3%

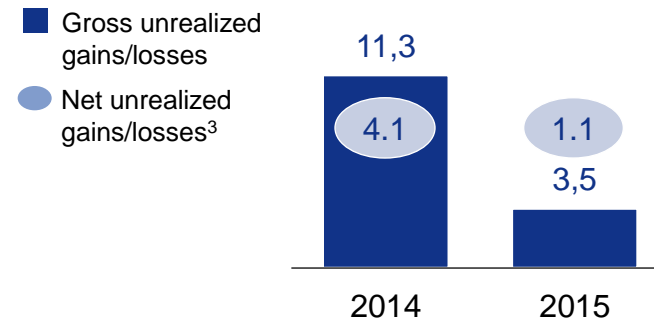


By segment (EUR bn)

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



AFS unrealized gains/losses (EUR bn)

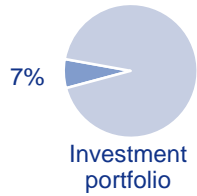


1) Including EUR 4.6bn subordinated bonds (thereof EUR 0.3bn Tier 1)

2) Including Eurozone loans/ bonds (1%)

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

C. Investments

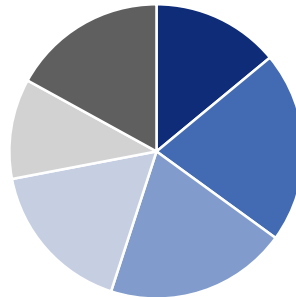


Equity portfolio

By region

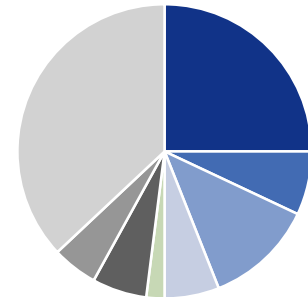
Germany	14%
Eurozone ex Germany	21%
Europe ex Eurozone	20%
NAFTA	17%
Rest of World	11%
Multinational ²	17%

Total
EUR 45.7bn¹



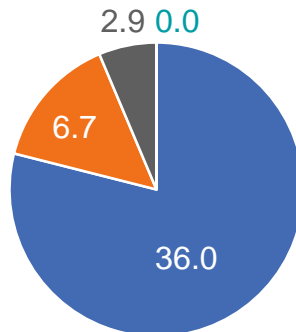
By industry

Consumer	25%
Banking	7%
Other Financials	12%
Basic materials	6%
Utilities	2%
Industrial	6%
Energy	5%
Funds and other ³	37%

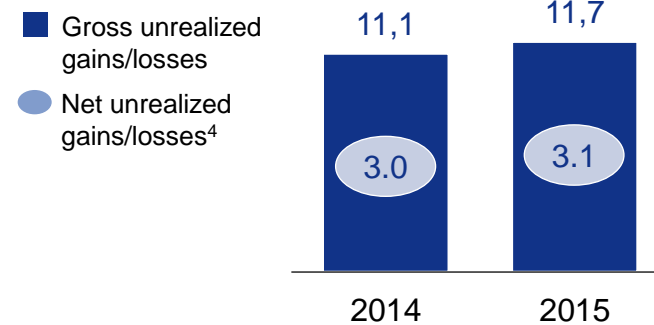


By segment (EUR bn)

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

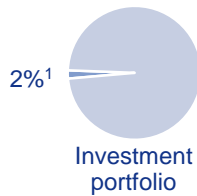


AFS unrealized gains/losses (EUR bn)



1) Incl. non-equity retail funds (EUR 0.0bn), excl. equities designated at fair value through income (EUR 2.4bn)
 2) Incl. private equity limited partnership funds (EUR 4.3bn) and mutual stock funds (EUR 2.8bn)
 3) Diversified investment funds (EUR 3.0bn); private and unlisted equity (EUR 7.2bn)
 4) On-balance sheet unrealized gains/losses after tax, non-controlling interests and policyholders, and before shadow DAC

C. Investments

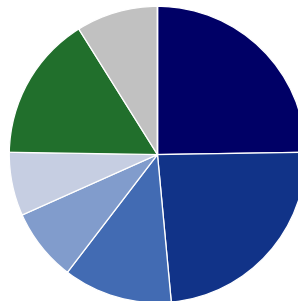


Real estate portfolio (market value)

By region

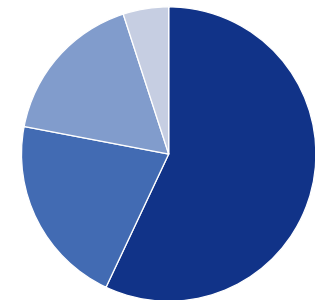
France	25%
Germany	24%
Switzerland	12%
USA	8%
Italy	7%
Rest of Eurozone	16%
Rest of World	9%

Total
EUR 29.3bn^{2,3}



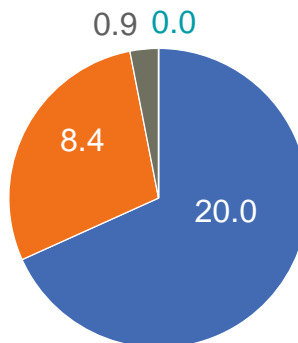
By sectors

Office	57%
Retail	21%
Residential	17%
Other/mixed	5%

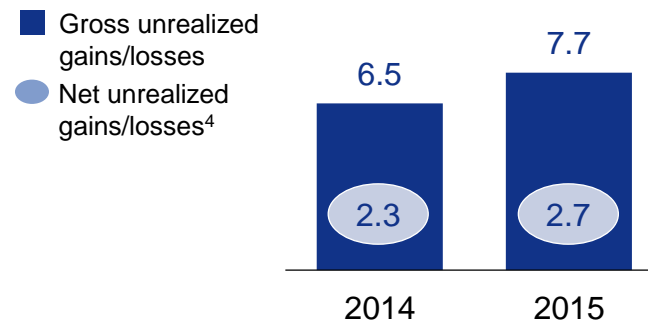


By segment (EUR bn)

L/H	68%
P/C	29%
Corporate and other	3%
Asset management	0%



Unrealized gains/ losses (EUR bn)



1) Based on carrying value, 3rd party use only

2) Market value of real estate assets including EUR 22.5bn directly held real estate assets (e.g., held for investment, held for own use) and EUR 6.9bn indirectly held real estate assets (e.g., associates and joint ventures, available-for-sale investments)

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

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

Glossary

Analyst conference call
February 19, 2016

Glossary (1)

AAM	Allianz Asset Management, mainly the holding company of PIMCO and AllianzGI
ABS	Asset-backed securities: Structured bonds or notes collateralized by a pool of assets such as loans, bonds or mortgages. As characteristics of the collaterals vary considerably (with regard to asset class, quality, maturity, etc.), so do asset-backed securities.
AFS	Available-for-sale: Securities which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	Asset Management – AM segment
APR (accident insurance with premium refund)	Special form of accident insurance (in German: “Unfallversicherung mit garantierter Beitragsrückzahlung” (UBR)) where the policyholder, in addition to insurance coverage for accidents (accident insurance), has a guaranteed claim to refund from premiums on the agreed maturity date or in the event of death (endowment insurance).
AuM	<p>Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.</p> <p>Net flows: Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors.</p> <p>Market and dividends: Market and dividends represents current income earned on, and changes in fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.</p>

Glossary (2)

AuM splits by asset classes

Multi-assets: 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.

Other: 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.

AuM splits by investment vehicle

Mutual funds: Investment vehicles (in the US, investment companies, subject to the US code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds.

Separate accounts: Investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals, corporates)

Bps

Basis point = 0.01%

Businesses for NPS

Operating entities at segment level (Life, Health, P/C), unweighted, excluding Global Lines, Russia and USA P/C for monoliners second level segment considered (e.g. UK personal, commercial)

CEE

Central and Eastern Europe. From 3Q 15 onwards CEE is reported excluding Russia and Ukraine.

CNHR

Cost of residual non-hedgeable risk: The allowance made in the MCEV for non-hedgeable risks. This allowance should include the impact of non-hedgeable non-financial risks and non-hedgeable financial risks.

CO

Corporate and Other

Combined ratio (CR)

Represents the total of acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

Cost-income ratio (CIR)

Operating expenses divided by operating revenues

Covered bonds

Debt securities covered by a pool of mortgage loans or by public-sector loans with investors having a preferential claim in case of a default

Glossary (3)

CReC	Frictional cost of required capital: The allowance made in the MCEV for the frictional costs of required capital. Frictional costs should reflect the taxation and investment costs on the assets backing required capital. Further, frictional costs may be due to any sharing of investment income on required capital with policyholders.
Current yield	Represents interest and similar income divided by average asset base at book value (excluding income from financial assets and liabilities carried at fair value); current yield on debt securities adjusted for interest expenses; yield on debt securities including cash components.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. These typically include commissions paid and the costs of processing proposals.
Earnings per share (EPS)	Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
EIOPA	European Insurance and Occupational Pensions Authority
Expense ratio (ER)	Acquisition and administrative expenses (net) divided by premiums earned (net)
F/X	Foreign exchange
Fair value (FV)	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.
FCD	Financial conglomerates directive: European regulation for the supervision of financial conglomerates and financial groups involved in cross-sectoral business operations.
Financial assets carried at fair value through income	Financial assets carried at fair value through income include financial assets held for trading and financial assets designated at fair value through income.
Financial liabilities carried at fair value through income	Financial liabilities carried at fair value through income include financial liabilities held for trading and financial liabilities designated at fair value through income.

Glossary (4)

Fixed index annuity (FIA)	Annuity contract whereby the policyholder is credited based on movements in stated equity or bond market indices with protection of principal
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement. The recognized net gains and losses include dividends and interest of the financial instruments. A financial instrument may only be designated at inception as held at fair value through income and cannot be subsequently changed.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired
Government bonds	Government bonds include government and government agency bonds.
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
Harvesting rate	$(\text{Realized gains and losses (net)} + \text{impairments on investments (net)}) / \text{average investments and loans at book value (excluding income from financial assets/ liabilities carried at fair value)}$
IFRS	International Financial Reporting Standards: Since 2002, the designation of IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Standards already approved before will continue to be cited as International Accounting Standards (IAS).
Inclusive Meritocracy Index (IMIX)	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture
Internal growth	Enhances the understanding of our total revenue performance by excluding the effects of foreign currency translation as well as of acquisitions and disposals
IRR	Internal rate of return: The discount rate which gives a zero value of new business under real-world projections after allowing for any acquisition expense overrun or underrun
L/H	Life and health insurance

Glossary (5)

L/H lines of business

Guaranteed savings & annuities: Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and/or death coverage of the insured in the form of single or multiple payments to a beneficiary.

Protection & health: Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.

Unit-linked without guarantees: Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.

L/H operating 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 L/H segment consolidated basis.

Loadings & fees: Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses

Investment margin: Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation

Expenses: Includes commissions, acquisition expenses and administration expenses

Technical margin: Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission claw-backs) and reinsurance result

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

Latin America

South America and Mexico

Loss frequency

Number of accident year claims reported divided by number of risks in-force

Loss ratio (LR)

Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).

Loss severity

Average claim size (accident year gross claims reported divided by number of claims reported)

MBS

Mortgage-backed securities: Securities backed by mortgage loans

Glossary (6)

MCEV	Market consistent embedded value is a measure of the consolidated value of shareholders' interests in the covered business. It is defined as: Net asset value (NAV) – Present value of future profits (PVFP) – Time value of options and guarantees (O&G) – Cost of residual non-hedgeable risk (CNHR) – Frictional cost of required capital (CReC)
MCEV on SII balance sheet	Represents market consistent embedded value based on SII balance sheet
MoR	Margin on reserves: Represents annualized operating profit (loss) divided by the average of (a) current quarter-end and prior quarter-end net reserves and (b) current quarter-end and prior year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets
NatCat	Accumulation of claims that are all related to the same natural or weather/atmospheric event during a certain period of time and where AZ Group's estimated gross loss exceeds EUR 20mn if one country is affected (respectively EUR 50mn if more than one country is affected); or if event is of international media interest
NAV	Net asset value: Capital not backing local statutory liabilities, valued at market value
NBM	New business margin: Value of new business divided by present value of new business premiums
Non-controlling interests	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group
NPE	Net premiums earned
Net promoter score (NPS)	A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OAB	Operating asset base: Represents all operating investment assets within the L/H segment. This includes investments & loans, financial assets and liabilities carried at fair value as well as unit-linked investments. Market value liability option is excluded.

Glossary (7)

OE	Operating entity
Operating profit (OP)	Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective segment, all or some of the following items: Income from financial assets and liabilities carried at fair value (net), realized gains/losses (net), impairments on investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses and income from fully consolidated private equity investments (net) as this represents income from industrial holdings outside the scope of operating business
P/C	Property and casualty insurance
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the year under review. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only that part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVFP	Present value of future profits: Future (statutory) shareholder profits after tax projected to emerge from operations and assets backing liabilities, including value of unrealized gains on assets backing policy reserves
PVNBP	Present value of new business premiums: Present value of projected new regular premiums, discounted with risk-free rates, plus the total amount of single premiums received
Reinsurance	An insurance company transfers part of its insurance risk assumed to another insurance company.
Required capital	The market value of assets attributed to the covered business over and above that required to back liabilities for covered business whose distribution to shareholders is restricted
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

Glossary (8)

Return on equity (RoE)	<p>RoE Group: Represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds (net of shadow DAC) at begin of the period and at end of the period.</p> <p>RoE L/H OE: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of Shadow DAC) and excluding goodwill at begin of the period and at end of the period.</p>
RfB	Reserves for premium refunds (in German: "Rückstellung für Beitragsrückerstattung"): That part of the surplus which will be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.
Risk capital	Minimum capital required to ensure solvency over the course of one year with a certain probability which is also linked to our rating ambition
RM	Risk margin: A component of the technical provisions (TP) under Solvency II and represents the additional amount on top of the fair value of liabilities (best estimate liabilities) that insurance and reinsurance obligations are expected to require in order to take over and meet the insurance and reinsurance obligations related to non-hedgeable risks.
Run-off ratio	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
RWA	Risk-weighted assets: All assets of a bank multiplied by the respective risk-weight according to the degree of risk of each type of asset
SE	Societas Europaea: European stock company
Solvency ratio	Ratio indicating the capital adequacy of a company comparing eligible funds to required capital
Sovereign bonds	Sovereign bonds include government and government agency bonds.
Statutory premiums	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction
TIO	Territory Insurance Office

Glossary (9)

Total equity	Represents the sum of shareholders' equity and non-controlling interests
Total revenues	Represent the sum of P/C segment's gross premiums written, L/H segment's statutory premiums, operating revenues in Asset Management and total revenues in Corporate and Other (Banking)
Unrealized gains and losses (net) (as part of shareholders' equity)	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation
URR	The unearned revenue reserve contains premium components that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
Variable annuity (VA)	Annuity contract whose value fluctuates based on performance of an underlying investment portfolio of funds; benefit payouts will vary based on account value of the contract.
VIF	Value of in-force: Present value of future profits from in-force business (PVFP) minus the time value of financial options and guarantees (O&G) granted to policyholders, minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital (CReC)
VNB	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits (PVFP) after acquisition expense overrun or underrun, minus the time value of financial option and guarantees (O&G), minus the cost of residual non-hedgeable risk (CNHR), minus the frictional cost of holding required capital (CReC), all determined at issue date.
VOBA	Value of the business acquired: It refers to the present value of future profits (PVFP) associated with a block of business purchased.
3-year-outperformance AM	Three-year rolling investment performance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by AAM's portfolio-management units. For separate accounts and mutual funds the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

Disclaimer

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

Forward-looking statements

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

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the

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

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