

# 2Q 2016

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Analyst conference call  
August 5, 2016

**1**

Group financial  
results 2Q 2016

**1** Highlights

**2** Glossary

# Group: solid first half in volatile environment

Group	P/C	L/H	AM
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Total revenues (EUR bn) vs. prior year

**64.8** (-4.7%)

**28.9** (-1.1%)

**33.0** (-7.2%)

**2.8** (-9.4%)

Operating profit (EUR mn) vs. prior year

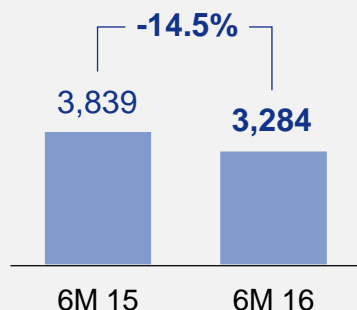
**5,109<sup>1</sup>** (-10.3%)

**2,539** (-16.2%)

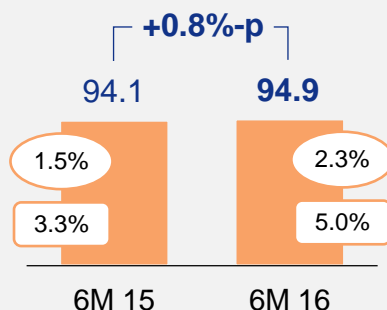
**1,936<sup>1</sup>** (-1.0%)

**961** (-9.3%)

S/h net income (EUR mn)

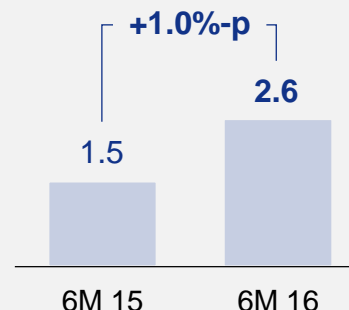


Combined ratio (in %)

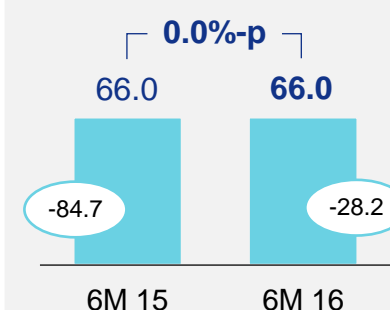


○ NatCat impact<sup>2</sup>  
 □ Run-off ratio

New business margin<sup>3</sup> (in %)



Cost-income ratio (in %)



○ 3rd party net flows (EUR bn)

1) Total 2Q 16 result of the Korean life business considered as non-operating since it has been classified as held for sale

2) NatCat costs (without reinstatement premiums and run-off)

3) Current and prior year figures are presented excluding the effects from the Korean life business

## Group: solid first half in volatile environment

### Comments

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- **Revenues – selected growth**

Revenues driven by strategic product shift in L/H (reduction of traditional product sales) and a decrease at PIMCO. P/C with strong internal growth of 3.1%.

- **Operating profit – at target**

Operating profit of EUR 5.1bn at 49% of FY OP outlook mid-point.

- **P/C – NatCat and large losses**

Operating profit development impacted by an accumulation of higher NatCat, weather-related claims and large losses, only partly offset by higher run-off. Last year includes EUR 0.2bn positive one-off from FFIC personal lines sale. OP of EUR 2.5bn at 46% of FY OP outlook mid-point.

- **L/H – excellent**

Strategic product shift results in significant improvement of NBM. Operating profit of EUR 1.9bn at 54% of FY OP outlook mid-point.

- **Asset Management – stabilizing**

Operating profit below previous year, but up quarter on quarter in 2016. Bulk of performance fees expected in second half of the year.

- **Net income – at 50% of full year 2015**

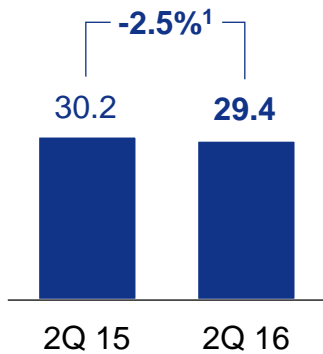
1H 2015 at exceptionally high level. Compared to full-year 2015 first half of 2016 reaches 50% despite headwinds, including classification of Korea as held for sale. As already indicated in 1Q 2016, the accounting impact of Korea reduces net income by EUR 352mn in 2Q 2016.

- **Outlook 2016 – confirmed**

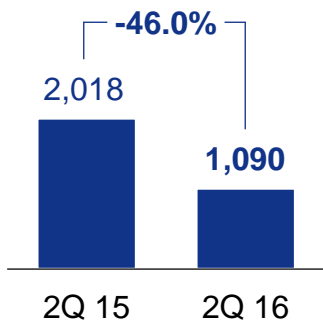
Full year operating profit outlook of EUR 10.5bn plus/minus EUR 500mn confirmed.

# Group: lackluster result overshadows strategic progress

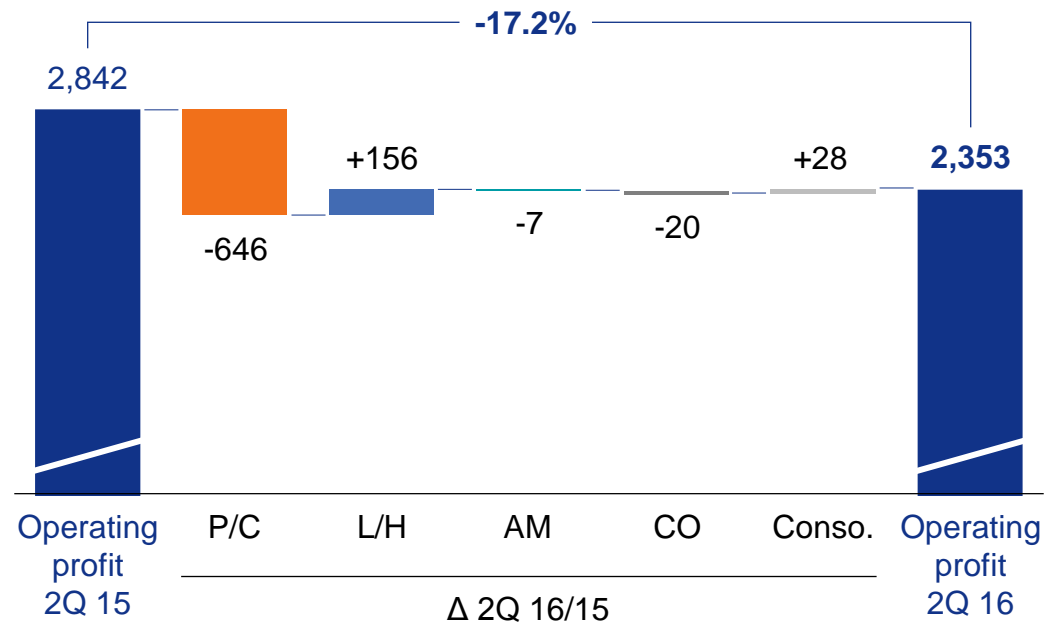
Total revenues  
(EUR bn)



Shareholders' net income  
(EUR mn)



Operating profit drivers (EUR mn)



2Q 16	1,099	1,009	498	-249	-5
2Q 15	1,745	853	505	-230	-32

1) Internal growth of +0.4%, adjusted for F/X and consolidation effects

## Group: lackluster result overshadows strategic progress

### Comments

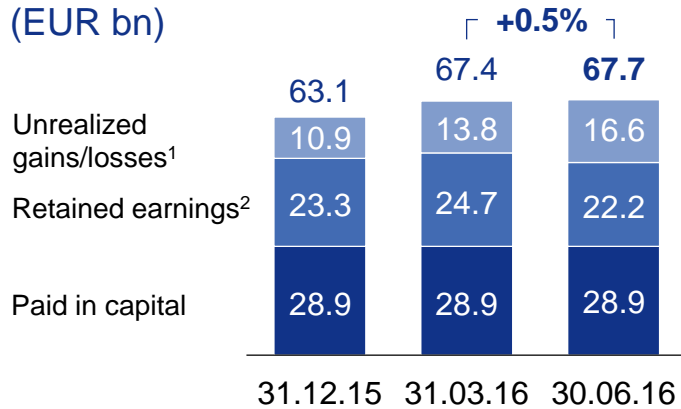
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- **Revenues – internal growth of +0.4%**  
Internal growth in P/C accelerates to +3.7%. L/H shows good growth in capital-efficient products, total revenues down due to lower sales of traditional products. AM down but increasing compared to 1Q 2016.
- **P/C – 94% CR target unchanged**  
Operating profit impacted by higher NatCat, weather-related claims and large losses. Non-repetition of EUR 0.2bn net FFIC gain.
- **L/H – strategic shift pays off**  
Strong operating profit driven by investment margin and change in DAC. Result of Korea considered as non-operating since Korea has been classified as held for sale.

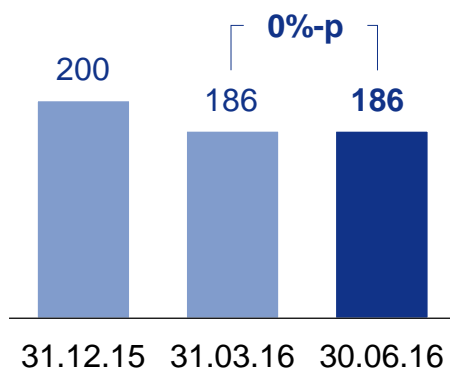
- **Asset Management – back on track**  
Adjusted for F/X effects operating profit stable versus last year and higher than 1Q 2016.
- **Net income – distorted in 2Q 2016**  
Driven by lower operating profit, reduced net realized gains and EUR 352mn negative impact of Korea.

# Group: balance sheet in good shape

## Shareholders' equity (EUR bn)



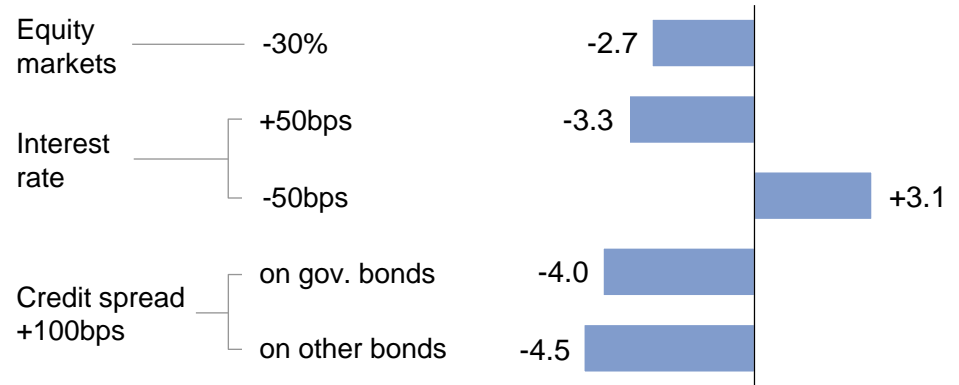
## SII capitalization<sup>3</sup> (in %)



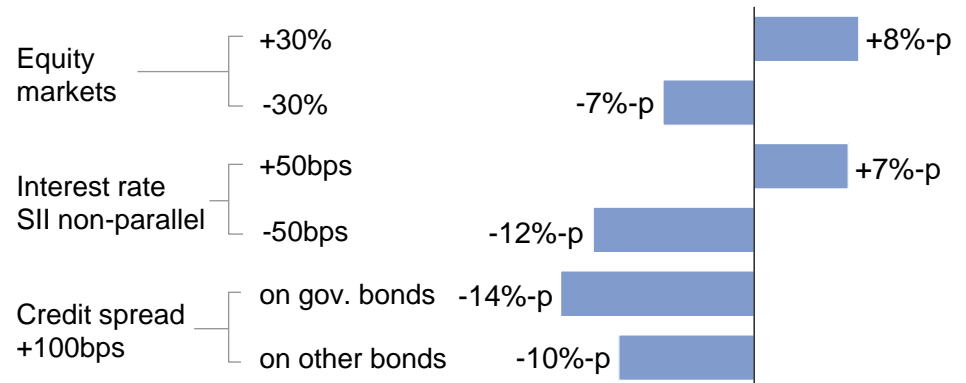
1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 2.8bn as of 31.12.15, EUR 2.7bn as of 31.03.16 and EUR 2.7bn as of 30.06.16

2) Including F/X

## Key sensitivities (EUR bn)



## Key sensitivities<sup>4</sup>



3) Changed regulatory tax treatment of German life sector reduced year-end SII ratio from 200% to 196% on January 1, 2016

4) Second order effects to other risk types and to own funds transferability restrictions are not considered

## Group: balance sheet in good shape

### Comments

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- **Shareholders' equity further up**

In 2Q 2016, net income (EUR 1.1bn), higher net unrealized gains (EUR 2.8bn) and positive F/X effects (EUR 0.2bn) slightly overcompensate the dividend payment (EUR -3.3bn) and higher actuarial losses for defined benefit pension plans (EUR -0.3bn).

- **Solvency II ratio stable – supported by management actions**

Solvency II own funds and SCR supported by conservative positioning in preparation for a potential Brexit (e.g. currency and sovereign spread hedging, reduction of European banking exposure). Lower interest rates and equity markets were compensated by credit spread movements, capital generation and other effects.

- **Sensitivities – basically unchanged**

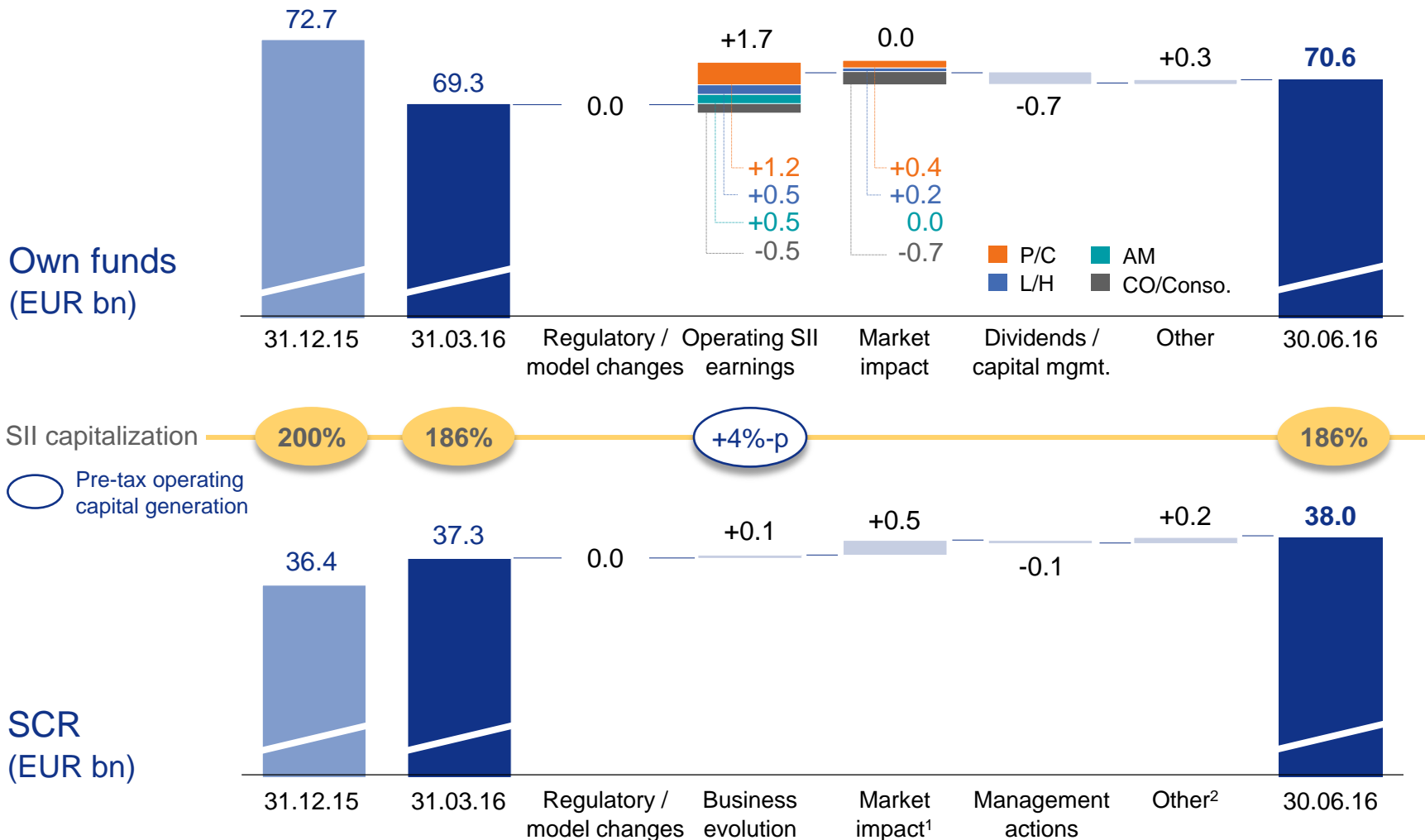
The sensitivity to a 50bps decrease of interest rates remained at -12%-p. Credit spread sensitivities are slightly up versus 1Q 2016 due to increased market values of bonds.

- **Attractive dividend policy**

50% of shareholders' net income have been accrued for dividend.



# Group: solid pre-tax operating capital generation



1) Including cross effects and policyholder participation  
 2) Other effects on SCR include diversification effects and third country equivalence

## Group: solid pre-tax operating capital generation

### Comments

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- **Sale of Korea not considered**

The expected positive effect of the sale of our Korean life entity on our SII ratio and its sensitivity is not included in the 2Q 2016 numbers yet.

- **Solid pre-tax operating capital generation**

Adjusted for market effects, capital management activities and other our Solvency II ratio shows a pre-tax increase of +4%-p after +9%-p in 1Q 2016.

- **Operating SII earnings**

P/C and AM are close to their operating results. The L/H contribution is lower than in 1Q 2016 due to a negative impact from operating variances and assumption changes.

- **Business evolution**

Ongoing business mix change towards capital-efficient products in L/H keeps net SCR expansion at very moderate level.

- **Market impact**

Conservative positioning in preparation for a potential Brexit helped to keep own funds stable in a volatile market environment. SCR movement mainly driven by higher equity and underwriting risks.

- **Capital management / management actions**

Own funds impact includes EUR 0.55bn dividend accrual. Management actions driven by hedging activities.

- **Other**

Positive own funds impact from life entities mainly driven by valuation differences that are not already reflected in respective MCEV changes. Taxes EUR -0.8bn.

## P/C: internal growth accelerates to +3.7% in 2Q (EUR mn)

2Q 2016		Revenues	Total growth Δ p.y.	Internal growth Δ p.y.	Price effect	Volume effect
<b>Total P/C segment</b>		<b>11,611</b>	<b>-2.0%</b>	<b>+3.7%</b>	<b>+0.7%</b>	<b>+3.0%</b>
<b>Large OEs</b>	Germany	1,811	+3.2%	+3.2%		
	Italy	1,147	-4.7%	-4.7%		
	France	947	+3.7%	+3.7%		
<b>Global lines</b>	AGCS	1,792	-14.6%	-3.5%		
	Allianz Worldwide Partners	888	+4.3%	+9.1%		
	Credit Insurance	532	-7.5%	-5.1%		
<b>Selected OEs</b>	Australia	772	-1.5%	+4.9%		
	United Kingdom	700	-13.4%	-5.6%		
	Spain	550	+6.3%	+6.3%		
	Latin America	495	-10.7%	+16.6%		

## P/C: internal growth accelerates to +3.7% in 2Q

### Comments

- **Strong growth continues**

Internal growth of +3.7% driven by volume (+3.0%) and price (+0.7%). F/X -3.8% and de-consolidations -1.8% lead to -2.0% top-line decline. Adjusted for FFIC retail fronting for ACE in 2015, retention +0.5%-p to 91.3%. 6M rate change on renewals +1.3%.

- **Germany – very good growth continues**

Volume and price increases in motor main driver of very good growth, supported by non-motor retail. New business rises +11.9%.

- **Italy – motor remains difficult**

With a -6.9% decline in a weak market, motor business is main culprit behind top-line development. Non-motor -0.4% in 2Q. Pure direct +5.9% in 2Q against a negative market (as per 3M 2016).

- **France – recovery in commercial lines**

Continued good growth in personal and strong recovery in mid-corp lead to above-market growth in 1H. Growth overall volume-driven.

- **AGCS – profitability over volume**

Re-underwriting initiatives impact top-line.

- **AWP – accelerating growth in 2Q**

Sales rebound strongly in 2Q despite a continued difficult global economic and geopolitical climate, exacerbated by increasing competition.

- **Australia – excellent growth**

Broad-based growth driven by retail business mainly in motor and assistance.

- **UK – positive price effect offset by volume**

Premiums below prior year due to exit from direct channel and continuing underwriting actions in retail motor.

- **Spain – excellent growth continues**

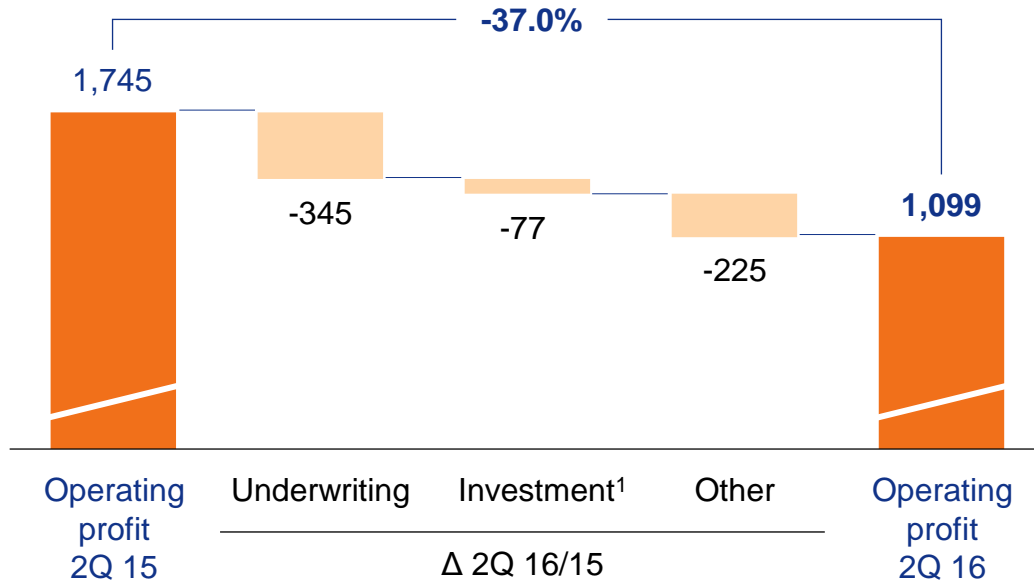
Price- and volume-driven growth. Both, personal and commercial lines grow in excess of 5%, outgrowing the market.

- **LatAm – Argentina in the driving seat**

Motor business in Argentina main growth driver while Brazil hampered by recession and impacted by portfolio cleaning in health.

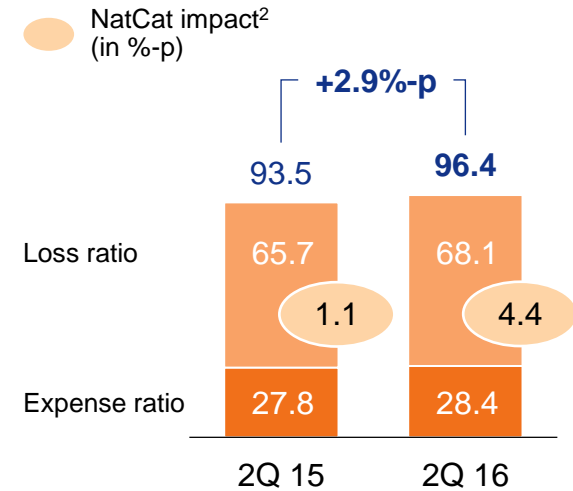
# P/C: underwriting result suffers from NatCat, weather & large losses

Operating profit drivers (EUR mn)

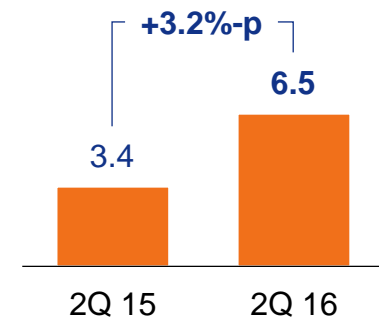


2Q 16	350	766	-16
2Q 15	694	843	208

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation

2) NatCat costs (without reinstatement premiums and run-off): EUR 122mn (2Q 15) and EUR 501mn (2Q 16)

# P/C: underwriting result suffers from NatCat, weather & large losses

## Comments

- **Operating profit – strong NatCat impact and non-repetition of FFIC net gain**  
 OP EUR -0.6bn lower driven by higher NatCat ( $\Delta$  EUR -0.4bn), higher large losses ( $\Delta$  EUR -0.1bn), non-repetition of EUR 0.2bn FFIC net gain from sale of personal insurance to ACE in 2Q 2015 and lower investment result ( $\Delta$  EUR -0.1bn).  
 1H OP of EUR 2.5bn at 46% of FY OP outlook mid-point.
- **Claims environment – extreme**  
 NatCat losses of EUR 0.5bn/4.4%-p almost twice the 2Q average of the last 10 years. European floods and storms with EUR 0.3bn in terms of losses.  
 1H level of EUR 0.5bn/2.3% broadly in line with average historic experience. Large losses in 2Q above prior year as well as above 5-year average.
- **Run-off – very high**  
 Very high at EUR 750mn/6.5% with contribution spread across many OEs. Last year's run-off of EUR 388mn/3.4% negatively impacted to the tune of -1.2%-p by reserve strengthening for former FFIC portfolio. 1H run-off of 5.0% above 10-year 1H average.
- **AY LR – higher NatCat and large losses**  
 AY LR +5.5%-p mainly due to higher NatCat ( $\Delta$  +3.3%-p), large losses ( $\Delta$  +1.3%-p) – in particular in Germany and France –, and weather ( $\Delta$  +0.2%-p). Delayed improvements in LatAm.
- **Expense ratio**  
 Increase of +0.6%-p driven by higher acquisition expenses (business mix change).

## P/C: high NatCat impact in many flagship OEs (EUR mn)

2Q 2016		Operating profit	Δ p.y.	Combined ratio	Δ p.y.	NatCat impact in CR <sup>1</sup>	Δ p.y.
<b>Total P/C segment</b>		<b>1,099</b>	<b>-37.0%</b>	<b>96.4%</b>	<b>+2.9%-p</b>	<b>4.4%-p</b>	<b>+3.3%-p</b>
<b>Large OEs</b>	Germany	126	-67.3%	99.7%	+13.4%-p	8.1%-p	+8.4%-p
	Italy	221	-16.0%	86.2%	+0.4%-p	0.0%-p	0.0%-p
	France	54	-59.1%	101.7%	+6.4%-p	7.4%-p	+7.4%-p
<b>Global lines</b>	AGCS	6	-97.4%	110.4%	-0.5%-p	14.8%-p	+9.4%-p
	Allianz Worldwide Partners	45	+46.3%	96.1%	-0.9%-p	0.0%-p	0.0%-p
	Credit Insurance	92	-25.0%	83.2%	+7.5%-p	–	–
<b>Selected OEs</b>	Australia	91	+13.1%	91.9%	-3.4%-p	0.0%-p	-8.8%-p
	United Kingdom	38	+3.3%	96.6%	-1.8%-p	0.0%-p	-0.8%-p
	Spain	55	-8.0%	90.9%	-0.1%-p	0.0%-p	0.0%-p
	Latin America	-9	n.m. <sup>2</sup>	109.4%	-2.5%-p	0.0%-p	0.0%-p

1) NatCat costs (without reinstatement premiums and run-off)

2) Operating profit in Latin America increased by EUR 13mn from EUR -22mn in 2Q 15

## P/C: high NatCat impact in many flagship OEs

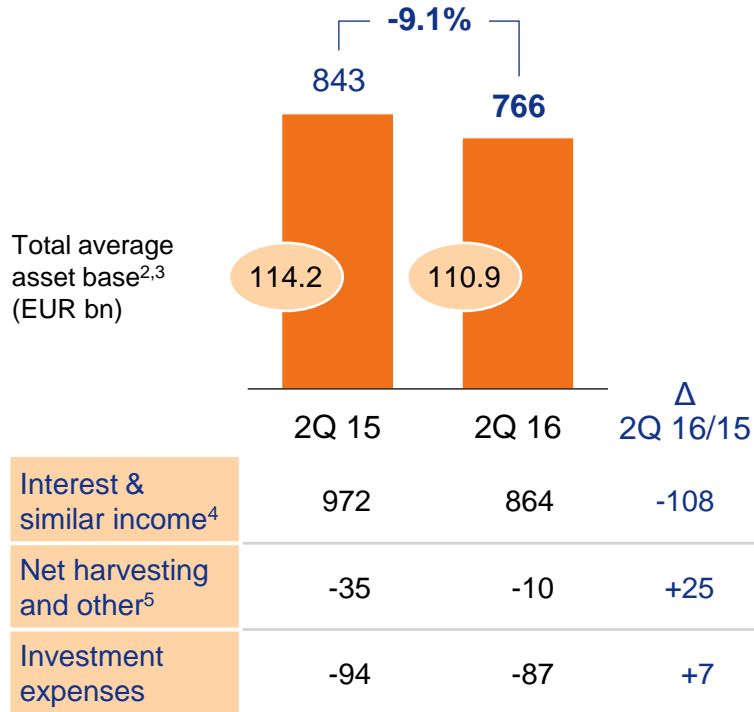
### Comments

- **Germany – high NatCat and large losses**  
AY LR increases +11.7%-p mainly as a result of higher NatCat and large losses. Adjusted for extraordinary effect in 2Q 2015 ER basically flat.
- **Italy – CR remains at outstanding level**  
Run-off above last year's level, offset by higher attritional loss ratio. Latter mainly driven by lower average premiums in MTPL. Genialloyd CR good at 93.9%.
- **France – impacted by NatCat**  
NatCat losses of EUR 0.1bn (floods & hail) as well as large losses are main driver of CR increase. Development exacerbated by increased attritional claims frequency in property.
- **AGCS – heavy loss quarter**  
Significant negative impact from higher NatCat while weather-related and large losses are also higher than last year. Effects partly offset by higher run-off. Last year's OP was boosted by net gain from sale of FFIC's personal lines business to ACE to the tune of EUR 0.2bn.
- **Australia – strong CR improvement**  
Lower NatCat and large losses are main reason for CR improvement. Run-off below last year.
- **UK – good performance in commercial**  
CR improvement driven by lower underlying LR, largely offset by higher large losses. Both, commercial and retail business with CRs below 100%.
- **Spain – CR remains excellent**  
CR largely flat as better large claims are offset by higher attritional frequency and severity in motor as well as weather-related losses.
- **LatAm – restructuring ongoing**  
Macro environment continues to be challenging. Brazil CR of 113.7% still unsatisfactory, but LR and CR showing meaningful improvements compared to 2Q 2015 as well as 1Q 2016. OP EUR -9mn vs. EUR -26mn last year. CR in Argentina improves slightly to 107.7% vs. 2Q 2015. OP EUR -2mn vs. EUR -3mn last year.



# P/C: interest & similar income lower

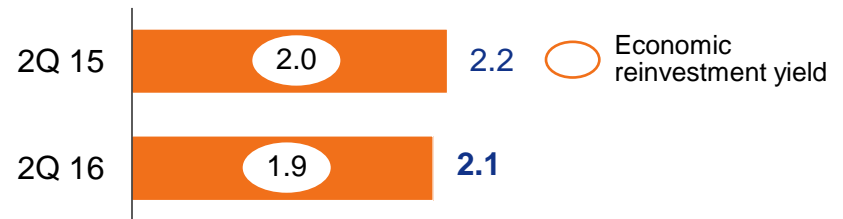
## Operating investment result<sup>1,2</sup> (EUR mn)



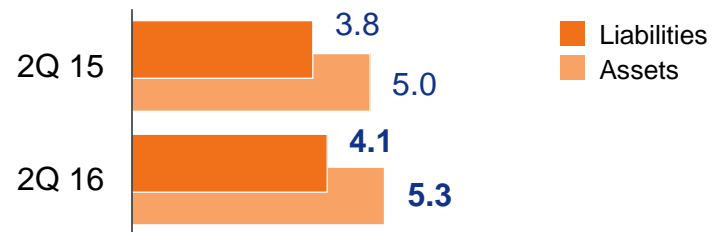
## Current yield (debt securities; in %)



## Reinvestment yield<sup>6</sup> (debt securities; in %)



## Duration<sup>7</sup>



1) Including policyholder participation  
 2) Effective 2016, fixed assets of renewable energy investments are disclosed as investments. Prior year figures have been restated accordingly  
 3) Asset base includes health business France, fair value option and trading  
 4) Net of interest expenses

5) Comprises real. gains/losses, impairments (net), fair value option, trading and F/X gains and losses and policyholder participation  
 6) On an annual basis  
 7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

## P/C: interest & similar income lower

### Comments

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- **Interest and similar income**

Current income down mainly driven by lower income on debt. This is primarily the result of lower yields, exacerbated by a lower asset base. The latter is partly the result of capital upstreaming initiatives last year.

- **Net harvesting & other**

F/X result net of hedges higher than last year mainly due to emerging markets F/X development.

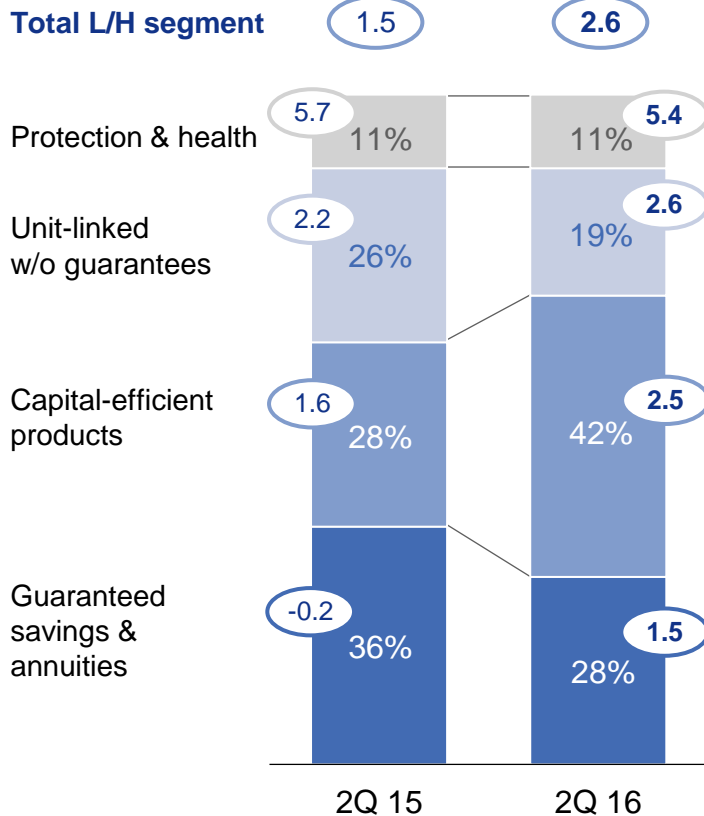
- **Economic reinvestment yield**

Alternative calculation methodology incorporates long-term F/X costs.

# L/H: new business strategy on track

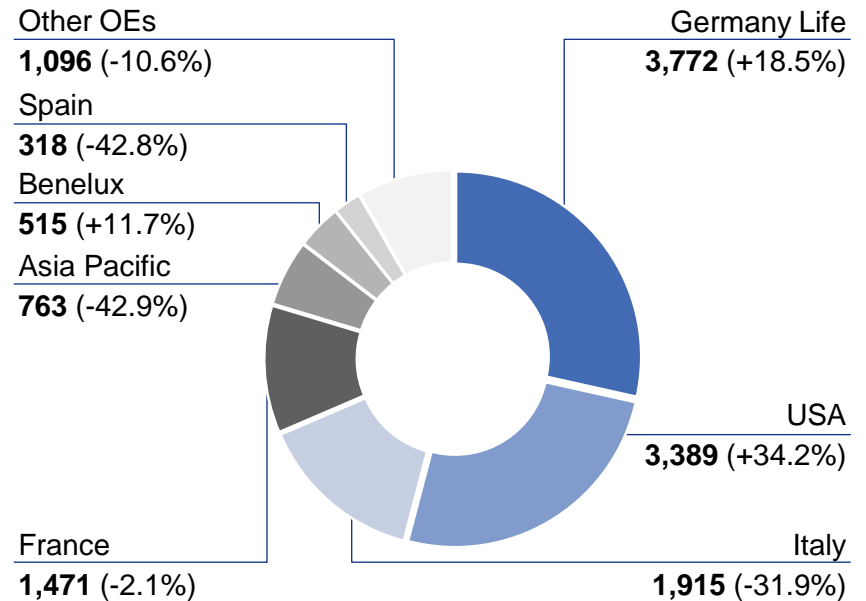
## PVNB share by line<sup>1</sup>

○ NBM (in %)



## PVNB by OE<sup>1</sup>

Operating entity  
PVNB in EUR mn (Δ p.y.)



EUR mn	2Q 15	2Q 16	Δ p.y.
PVNB	13,606	13,240	-2.7%
Single premium	9,132	8,796	-3.7%
Recurring premium	671	643	-4.0%
APE	1,584	1,523	-3.8%

1) Current and prior year figures are presented excluding the effects from the Korean life business

# L/H: new business strategy on track

## Comments

### PVNBP share by line

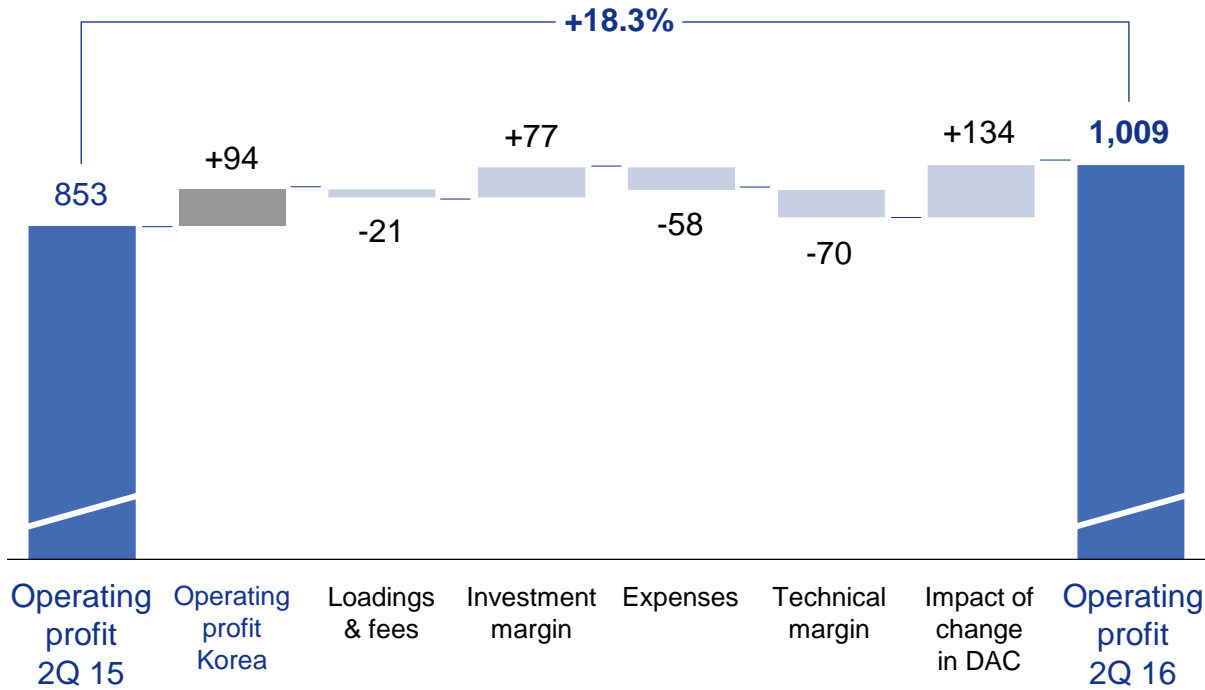
- **Continuing improvement of business mix**  
PVNBP of guaranteed savings & annuities was reduced by 24%, whereas PVNBP of all other three lines increased by 9%. As a result total PVNBP was almost stable (-2.7%). Share of capital-efficient products up 14%-p to 42% with PVNBP +47%. Repricing, business mix change and higher interest rates lead to enhancement of NBM by 1.0%-p to 2.6%.
- **Three lines with much better NBM**  
Capital-efficient products with improved margins but below 1Q (3.3%), mainly due to adverse market development in the US. Guaranteed savings & annuities with 1.7%-p improvement and further product actions underway. Protection & health remains very profitable. NBM UL w/o guarantees improved by 0.4%-p with RoRC (6M 2016) at 39% due to low capital intensity.
- **Strong net flows**  
Net flows excluding Korea at EUR 2.7bn – mainly from capital-efficient products – add 0.5% to operating asset base.

### PVNBP by OE

- **GER Life – Protection & health up 30%**  
Market share in risk riders with 28% at new high (1Q 2016). Capital-efficient products up 47% with share in new business increasing by 10%-p to 54%.
- **USA – FIA and hybrid VA on the rise**  
PVNBP increase of 34% driven by capital-efficient products, i.e. FIA (EUR +0.8bn due to marketing campaign) and hybrid VA product “Index Advantage” (EUR +0.2bn with NBM 2.4%).
- **Italy – UL share at 76%**  
New business volumes also affected by repricing of traditional business (EUR -0.5bn).
- **Taiwan – UL business volatile**  
Market conditions weigh on sentiment for UL (EUR -0.6bn).
- **Benelux – UL drives growth**  
Increase of UL production (EUR +0.1bn) in Luxembourg.

# L/H: operating profit strong at EUR 1 billion (EUR mn)

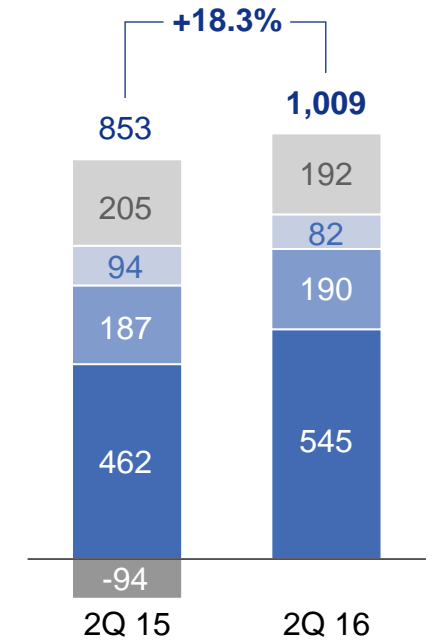
Operating profit by source<sup>1</sup>



Δ 2Q 16/15 excl. Korea

2Q 16	0	1,343	1,011	-1,628	198	87
2Q 15	-94	1,364	933	-1,570	267	-47

Operating profit by line<sup>1</sup>



- Protection & health
- Unit-linked w/o guarantees
- Capital-efficient products
- Guaranteed savings & annuities
- Operating profit Korea

1) Prior year figures changed in order to reflect the roll out of profit source reporting to China

## L/H: operating profit strong at EUR 1 billion

### Comments

- **Korean 2Q results reclassified**  
Total 2Q 2016 result of Korea considered as non-operating since Korea has been classified as held for sale.
- **1H OP at 54% of FY target range mid-point**  
1H 2016 operating profit of EUR 1.9bn at excellent level.
- **Loadings & fees – new business mix**  
Decline mainly due to lower UL sales in Italy.
- **Investment margin – Germany Life up**  
Investment margin in Germany Life up by EUR 169mn due to higher result of fixed income derivatives and a normalization of PHP. US traditional VA declines EUR 81mn from exceptionally strong 2Q 2015.
- **Expenses driven by USA and Germany Life**  
Higher PVNBP in US (EUR +0.8bn), mainly driven by FIA, and more single premium business in Germany Life (PVNBP up EUR +0.6bn).
- **Technical margin – France**  
Lower result from France (EUR -48mn) impacted by one-off charges and changes in labor law affecting the protection and health business. Lower contribution from Switzerland (EUR -11mn).
- **Impact of change in DAC – USA**  
Driver is USA (EUR +122mn). Strong new business triggers higher DAC capitalization. Lower amortization of VA DAC partially offsets decline in investment margin (less favorable interest rate development).
- **Protection & health**  
Lower result from technical margin in France (EUR -29mn) partially offset by improvement in CEE (EUR +12mn).
- **UL w/o guarantees – Italy**  
Lower loadings and performance fees in Italy.
- **Guaranteed savings & annuities – GER Life**  
Improved investment margin Germany Life (EUR +145mn) main driver.

## L/H: VNB up 62 percent (EUR mn)

2Q 2016		VNB <sup>1</sup>	Δ p.y.	NBM <sup>1</sup>	Δ p.y.	Operating profit	Δ p.y.
<b>Total L/H segment</b>		<b>341</b>	<b>+62.2%</b>	<b>2.6%</b>	<b>+1.0%-p</b>	<b>1,009</b>	<b>+18.3%</b>
<b>Large OEs</b>	Germany Life	105	+257.4%	2.8%	+1.9%-p	261	+174.1%
	USA	79	+21.9%	2.3%	-0.2%-p	234	-21.3%
	Italy	36	+24.1%	1.9%	+0.8%-p	81	-20.3%
	France	15	+255.8%	1.0%	+0.8%-p	148	-10.3%
<b>Selected OEs</b>	Asia Pacific	39	-24.9%	5.2%	+1.2%-p	47	n.m. <sup>2</sup>
	Switzerland	1	-71.0%	0.5%	-0.9%-p	21	-13.0%
	Germany Health	7	+81.3%	1.8%	+0.7%-p	37	-32.8%
	Benelux	5	n.m. <sup>3</sup>	0.9%	+1.9%-p	40	+16.2%
	Spain	16	n.m. <sup>4</sup>	5.1%	+5.2%-p	49	+0.1%
	Turkey	14	+99.1%	7.4%	+4.5%-p	15	+11.7%

1) Current and prior year figures are presented excluding the effects from the Korean life business

2) Total 2Q 16 result of the Korean life business considered as non-operating since it has been classified as held for sale

3) Value of new business in Benelux increased by EUR 9mn from EUR -5mn in 2Q 15

4) Value of new business in Spain increased by EUR 17mn from EUR -1mn in 2Q 15

## L/H: VNB up 62 percent

### Comments

- **Management actions lead to better NBM**  
Impact from business mix change accounts for +0.6%-p. 4th consecutive quarter with NBM  $\geq$ 2.5%.
- **Higher NBM drives VNB**  
VNB 13% ahead of avg. quarterly VNB 2015.
- **Main OEs with higher NBM**  
Germany Life NBM benefits from new tariffs and growth in capital-efficient products. Italy NBM enhances due to better business mix. NBM Asia Pacific at outstanding level of 5.2% with strong contribution from Indonesia and Malaysia. NBM USA impacted by lower interest rates and higher volatilities, partially offset by changes in product features in FIA and business shift to hybrid VA products.
- **USA – operating profit still at strong level**  
Stable result from FIA offset by lower contribution from VA business ( $\Delta$  EUR -60mn) due to less favorable interest rate movement.
- **Germany Life – better investment margin**  
Investment margin improved by EUR 169mn due to higher result of fixed income derivatives and normalization of high PHP in 2Q 2015.  
  
Introduction of new model for calculation of technical provision is expected to lift NBM of Germany Life in 3Q. Main change is better reflection of product features of capital-efficient products.
- **Italy – less investment margin and fees**  
Lower level of capital gains and performance fees.
- **Germany Health – investment margin**  
Investment margin ( $\Delta$  EUR -16mn) impacted by impairments on equities.
- **Benelux – Belgium health business**  
Operating profit benefits from strong performance of Health business in Belgium.



## L/H: healthy investment margin of 25bps

	(yields are pro-rata)	
	2Q 15 <sup>1</sup>	2Q 16 <sup>1</sup>
<b>Based on Ø book value of assets<sup>2</sup></b>		
Current yield <sup>3</sup>	1.0%	0.9%
<b>Based on Ø aggregate policy reserves</b>		
Current yield <sup>3</sup>	1.2%	1.1%
Net harvesting and other	0.0%	0.0%
<b>Total yield</b>	<b>1.2%</b>	<b>1.1%</b>
- Ø min. guarantee <sup>4</sup>	0.6%	0.5%
<b>Gross investment margin (in %)</b>	<b>0.6%</b>	<b>0.6%</b>
- Profit sharing under IFRS <sup>5</sup>	0.4%	0.4%
<b>Investment margin (in %)</b>	<b>0.2%</b>	<b>0.2%</b>
Investment margin (EUR mn)	933	1,011
Ø book value of assets <sup>2</sup> (EUR bn)	489	507
Ø aggregate policy reserves (EUR bn)	395	407

1) Current and prior year figures are presented excluding the effects from the Korean life business

2) Asset base under IFRS which excludes unit-linked, FVO and trading

3) Based on interest and similar income (net of interest expenses)

4) Based on technical interest

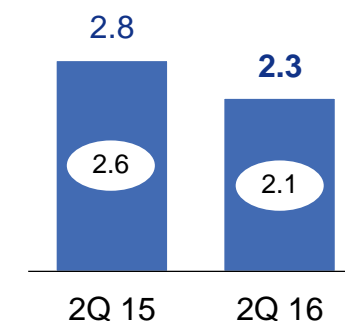
5) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS

6) On an annual basis

7) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the L/H segment

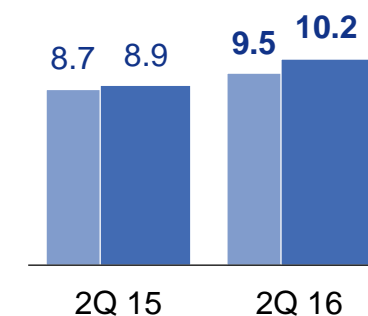
### Reinvestment yield<sup>1,6</sup> (debt securities; in %)

○ Economic reinvestment yield



### Duration<sup>7</sup>

■ Assets ■ Liabilities



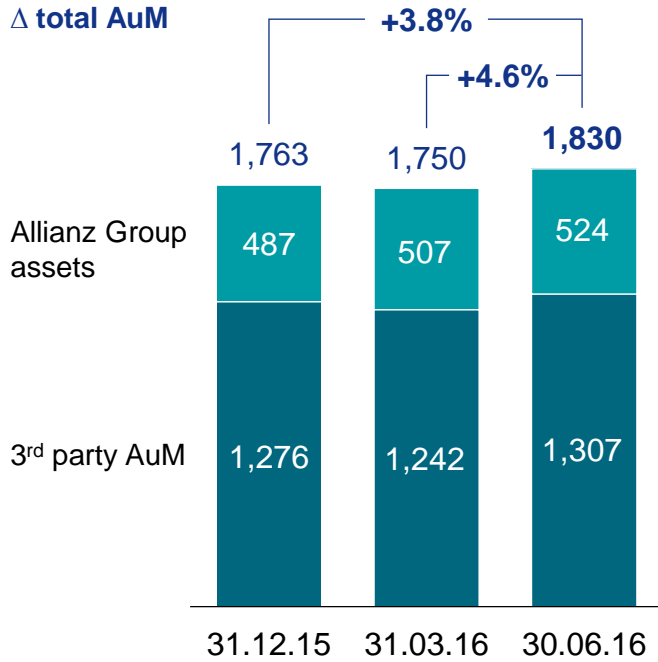
## L/H: healthy investment margin of 25bps

### Comments

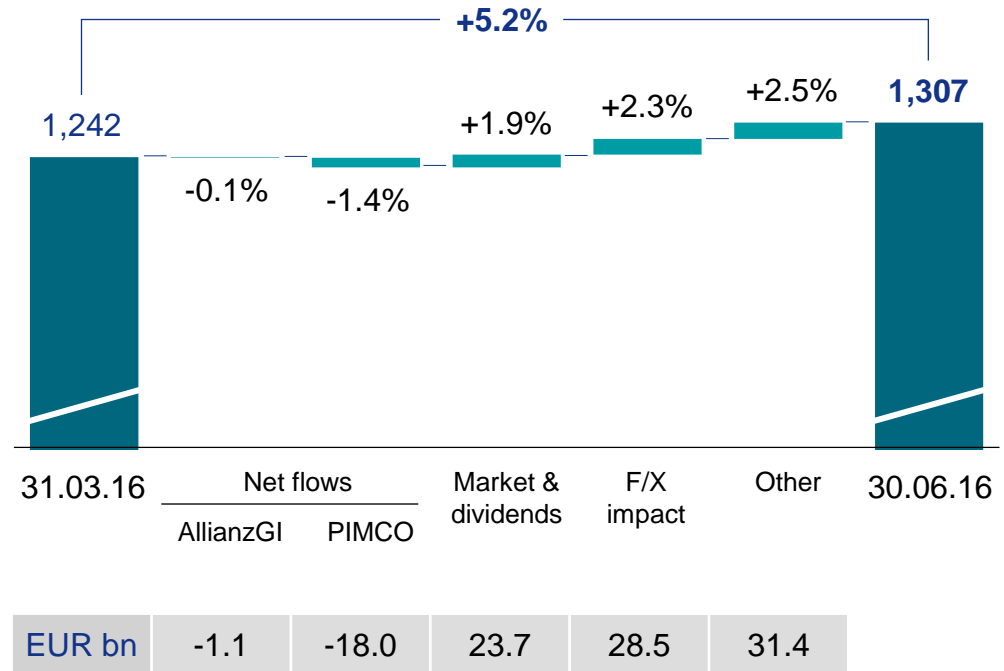
- **Current yield decline as expected**  
Current yield based on aggregate policy reserves down 10bps due to lower income from fixed income and equities. Seasonal volatility of dividend payments from private equity investments is major reason for declining income from equities. Average minimum guarantee drops 2bps.
- **Net harvesting and other – normal level**  
Result of 4bps is close to normal level. Lower net capital gains more than compensated by higher result from favorable market movements.
- **Investment margin remains strong**  
Investment margin strong at 25bps (+1bp). 2016 YTD investment margin at 48bps. Normal full-year level (excluding Korea) approx. 90bps.
- **Investment margin > EUR 1bn**  
3% higher reserve base and 5% better investment margin lead to a plus of 8% in absolute terms.
- **PHP ratio slightly down**  
PHP (-2%-p) normalizes from high level in 2Q 2015.
- **Reinvestment yield**  
Almost stable compared to 1Q 2016 (2.2%). Alternative calculation methodology incorporates long-term F/X costs.
- **Duration gap slightly higher vs. 1Q 2016**  
Slightly higher duration gap vs. 1Q 2016 (+0.1) driven by market development. Duration gap vs. 2Q 2015 widened mainly due to negative impact from EIOPA curve update in 4Q 2015.

# AM: 3rd party AuM up 5 percent (EUR bn)

Δ total AuM



Δ 3rd party AuM



EUR bn	-1.1	-18.0	23.7	28.5	31.4
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## AM: 3rd party AuM up 5 percent

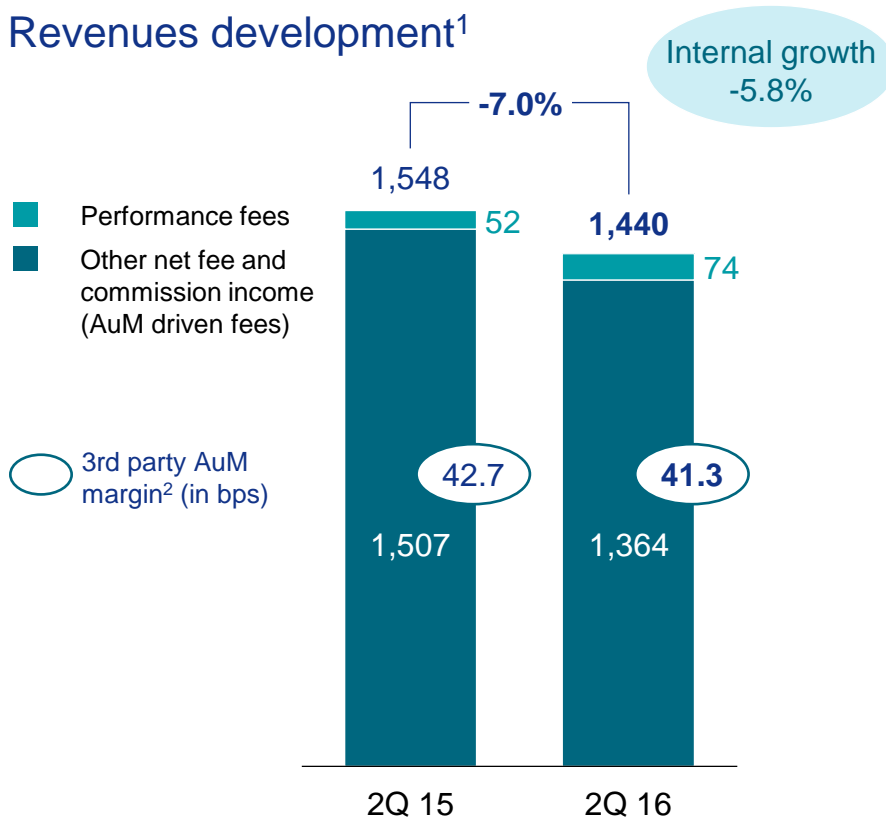
### Comments

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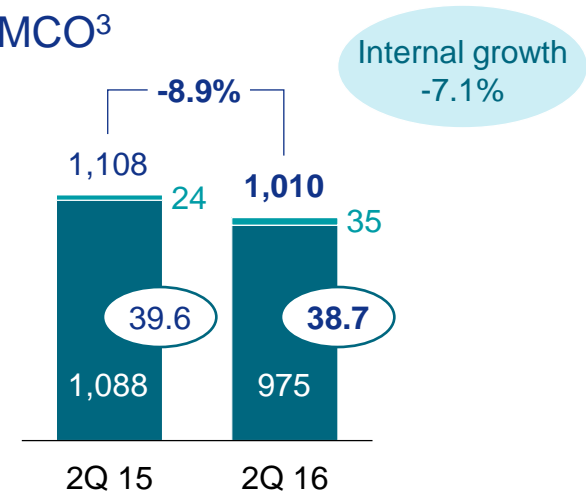
- **Segment – 3rd party AuM up 5%**  
Increase driven by first time consolidation of Rogge Global Partners, appreciation of the USD (1.11 USD/EUR end of 2Q 2016, 1.14 USD/EUR end of 1Q 2016) and favorable bond markets.
- **PIMCO – 3rd party AuM up 3%**  
Increase from EUR 963bn end of 1Q 2016 to EUR 995bn end of 2Q 2016 due to F/X and favorable bond markets, more than compensating net outflows.
- **AllianzGI – 3rd party AuM up 12%**  
First time consolidation of Rogge Global Partners (impact: EUR 31bn) drives increase of 3rd party AuM from EUR 279bn end of 1Q 2016 to EUR 311bn end of 2Q 2016. Positive F/X effects, small net outflows.
- **PIMCO – net outflows**  
3rd party net outflows (EUR 18bn) reduced versus 2Q 2015 (EUR 29bn), but increased compared with 1Q 2016 (EUR 10bn). Mutual fund flows almost flat. Expected strategic asset re-allocation of a few large institutional customers crystallized in larger negative flows in April. May and June in line with trend of continuously declining net outflows.
- **AllianzGI – marginal net outflows**  
3rd party net inflows in Europe and Asia Pacific but outflows in the US, overall EUR -1bn due to volatile equity markets. Mutual fund flows flat.

# AM: 2Q margin below PY, but slightly better than in 1Q 2016 (EUR mn)

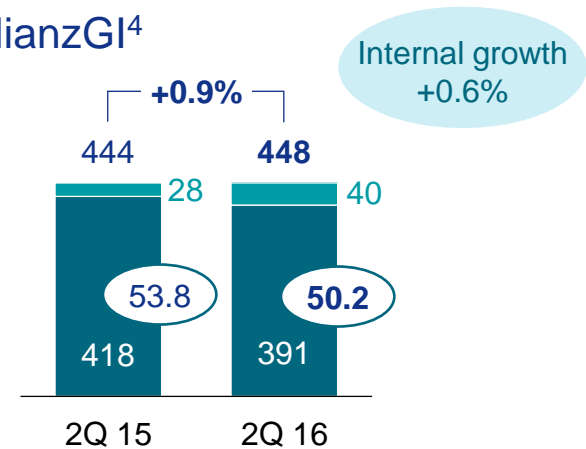
## Revenues development<sup>1</sup>



## PIMCO<sup>3</sup>



## AllianzGI<sup>4</sup>



1) "Other" AM revenues of EUR -10mn in 2Q 15 and EUR 1mn in 2Q 16 are not shown in the chart  
 2) Excluding performance fees and other income, 3 months  
 3) "Other" PIMCO revenues of EUR -4mn in 2Q 15 and EUR 0mn in 2Q 16 are not shown in the chart  
 4) "Other" AllianzGI revenues of EUR -2mn in 2Q 15 and EUR 18mn in 2Q 16 are not shown in the chart

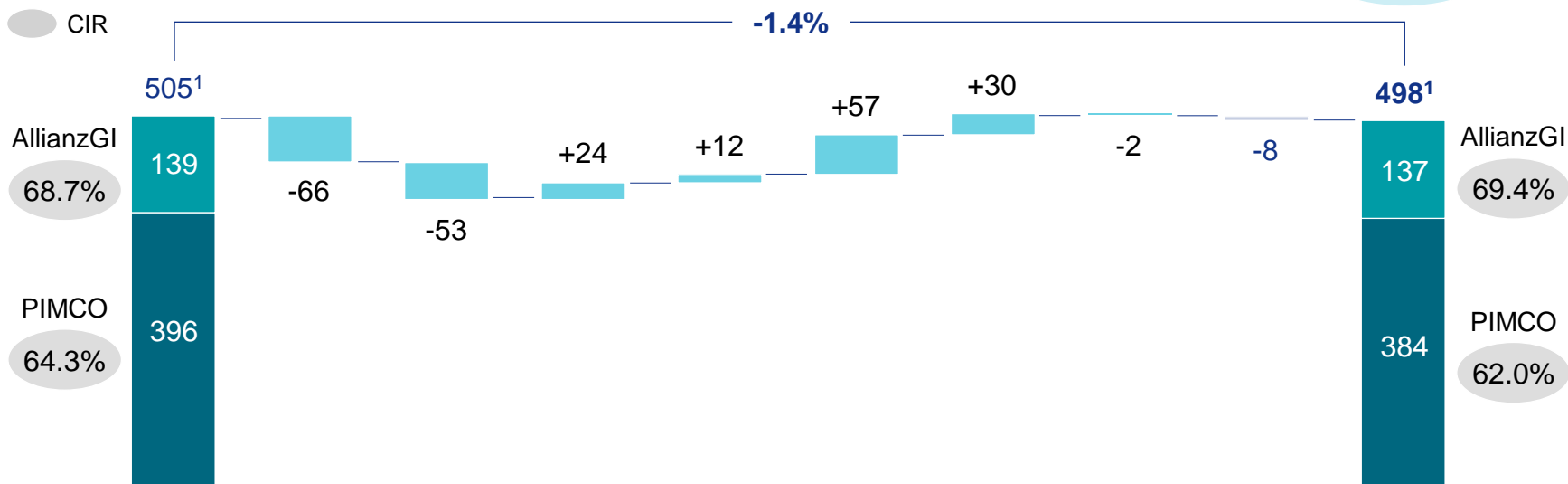
## AM: 2Q margin below PY, but slightly better than in 1Q 2016

### Comments

- **Segment – lower operating revenues**  
Compared with 2Q 2015, lower average 3rd party AuM (-7%) and reduced 3rd party AuM margins (-1.4 bps) lead to lower AuM driven revenues (-9%). Decrease mitigated by higher performance fees. Impact from first time consolidation of Rogge end of May negligible.
- **PIMCO – lower AuM driven revenues**  
Lower average 3rd party AuM (-9%) as well as a reduced 3rd party AuM margin cause the decrease of revenues (-9%). Performance fees up. A higher level is expected for 2H 2016.
- **AllianzGI – higher revenues**  
Higher performance fees and a one-off item in other revenues lead to increase in operating revenues (+1%).
- **PIMCO – 3rd party AuM margin up versus 1Q 2016**  
Current margin (38.7 bps) higher than in 1Q 2016 (38.2 bps). Decrease versus 2Q 2015 due to outflows from mutual fund business with above-average margin.
- **AllianzGI – 3rd party AuM margin stable versus 1Q 2016**  
Current margin (50.2 bps) stable compared with 1Q 2016 (50.1 bps). Reduction versus 2Q 2015 (53.8 bps) mainly driven by technical items with an impact of ~1.9 bps, e.g. a reclassification of revenue components from AuM driven fees to other revenues. Additional impact from lower share of equity and mutual fund business.

# AM: stable operating profit

## Operating profit drivers (EUR mn)



Operating profit 2Q 15	Revenues				Expenses			F/X effect	Operating profit 2Q 16
	Volume <sup>2</sup>	Margin <sup>2</sup>	Performance fees	Other	Personnel	Non-personnel	Re-structuring		
F/X impact		-23	-1	0	+9	+7	0		CIR
2Q 16	1,364		74	1	-557	-382	-2		65.4%
2Q 15	1,507		52	-10	-624	-419	0		67.4%

1) Including operating loss from other entities of EUR -29mn in 2Q 15 and EUR -23mn in 2Q 16  
 2) Calculation based on currency adjusted average Allianz AuM / Allianz AuM driven margins and based on currency adjusted average third party AuM / third party AuM driven margins

## AM: stable operating profit

### Comments

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- **Segment – OP 8% above 1Q 2016**

OP 8% above level in 1Q 2016 and, F/X adjusted, 0.2% higher than in 2Q 2015. Development versus 2Q 2015 indicates successful cost management: Operating expenses -10%, operating revenues -7%, leading to a significantly improved CIR (-2%-p).

- **PIMCO – F/X adjusted OP stable**

OP improved by 9% versus 1Q 2016 and – F/X adjusted – only 1% lower than previous year's second quarter, driven by significant reduction of personnel costs (F/X adjusted -14%). CIR 2%-p better than 1Q 2016 and 2Q 2015.

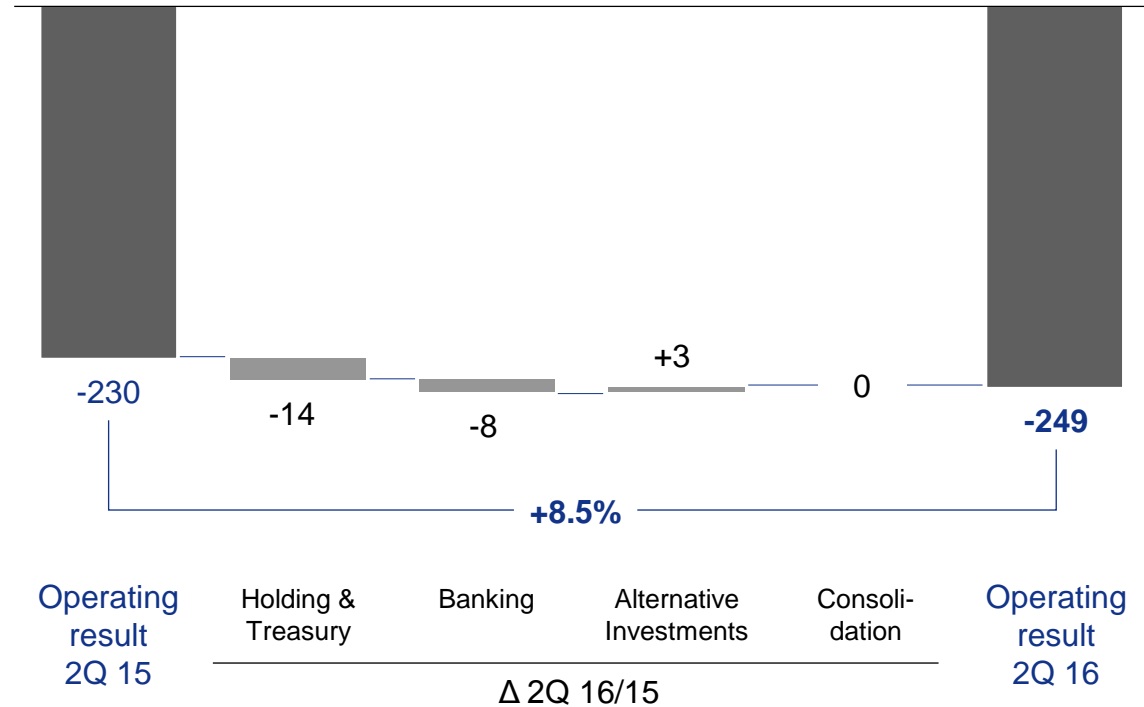
- **AllianzGI – OP 15% above 1Q 2016**

OP significantly better than in previous quarter, which was adversely impacted by turbulent equity markets. Improvement supported by a technical one-off item. Consolidation of Rogge Global Partners on May 31 impacted quarter only negligibly.



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

## Operating loss development and components



2Q 16	-278	17	11	0
2Q 15	-264	26	8	0

## CO: operating result in line with expectations

### Comments

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- **Operating profit**  
1H result, adjusted for one-offs, leaves us fully in line with full year outlook.
- **Holding & Treasury – slightly down**  
Main drivers are slightly higher administrative expenses and a lower net interest result.
- **Banking – lower operating profit**  
Driven by higher bank levies and slightly lower net interest income in Italy and Germany.

## Group: shareholders' net income and non-operating result (EUR mn)

	2Q 15	2Q 16	Change
Operating profit	2,842	2,353	-489
Non-operating items	137	-573	-710
Realized gains/losses (net)	424	267	-157
Impairments (net)	-43	-383	-339
Income from fin. assets and liabilities carried at fair value (net)	13	28	+15
Interest expenses from external debt	-213	-211	+2
Fully consolidated private equity inv. (net)	-6	0	+6
Acquisition-related expenses	3	0	-3
Amortization of intangible assets	-41	-28	+12
Reclassifications	0	-246	-246
Income before taxes	2,979	1,780	-1,199
Income taxes	-867	-595	+272
Net income	2,112	1,185	-927
Non-controlling interests	94	95	0
Shareholders' net income	2,018	1,090	-928
Effective tax rate	29%	33%	+4%-p

*Total impact Korea on net income: EUR -352mn*

Annotations in the table:  
 - Realized gains/losses (net): 5  
 - Impairments (net): -209  
 - Reclassifications: -247  
 - Income taxes: +100

## Group: shareholders' net income and non-operating result

### Comments

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- **Korea distorts result**

Following the sales-agreement for our Korean Life Insurance subsidiary (subject to regulatory approval) the entity was classified as held for sale. Therefore, the Korean result, including the accounting impact from disposal, is now shown in non-operating.

- **Non-operating result**

Negative result largely driven by Korean reclassification.

- **Tax rate**

Lower tax exempt capital gains and higher non-tax deductible equity impairments than in 2Q 2015 result in higher effective tax rate. Limited benefit from Korean loss due to low Korean corporate tax rate of 22%.

- **Shareholders' net income**

Shareholders' net income reflects lower operating profit (NatCat, absence of FFIC gain), reduced net realized gains and negative impact of Korea (EUR 352mn, as already announced in 1Q 2016). Half-year shareholder's net income of EUR 3,284mn at 50% of last year's result.

# Status quo and ambitions for 2018

6M 16	2018		6M 16	2018
-0.8% <sup>1</sup>	5% <sup>1</sup>	EPS Growth	Businesses with NPS above market	50% <sup>5</sup> / 75%
12.0% <sup>2</sup>	13%	RoE Allianz Group	SII interest rate sensitivity	12%-p / <11%-p
94.9%	94%	P/C CR	PIMCO CIR	63.1% / 60%
34% <sup>2,3</sup>	100%	L/H OEs with RoE ≥10%	IMIX	68% <sup>5</sup> / 72%
2.6% <sup>4</sup>	3.0%	L/H NBM	Share of new digital retail products (P/C)	<10% <sup>5</sup> / ~100%

1) 6M 16: Growth rate of annualized EPS for 6M 16 vs. EPS for FY 2015; Ambition for 2018: 3-year CAGR. Annualized figures are not a forecast for full year numbers

2) RoE for 6M 16 annualized. Annualized figures are not a forecast for full year numbers

3) Weighted by average equity (total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill)

4) Figure presented excluding the effects from the Korean life business

5) Based on latest available data

2

1 Highlights

**2 Glossary**

# Glossary (1)

<b>AFS</b>	Available-for-sale: Securities which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
<b>AGCS</b>	Allianz Global Corporate & Specialty
<b>AllianzGI</b>	Allianz Global Investors
<b>AM</b>	Asset Management – AM segment
<b>APE</b>	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums.
<b>APR</b>	Accident insurance with premium refund: Special form of accident insurance (in German: “Unfallversicherung mit garantierter Beitragsrückzahlung” (UBR)) where the policyholder, in addition to insurance coverage for accidents (accident insurance), has a guaranteed claim to refund from premiums on the agreed maturity date or in the event of death (endowment insurance).
<b>AuM</b>	<p>Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.</p> <p><b>Net flows:</b> Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors.</p> <p><b>Market and dividends:</b> 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>
<b>AWP</b>	Allianz Worldwide Partners
<b>AY LR</b>	Accident year loss ratio – please refer to “LR” (loss ratio)
<b>AZ</b>	Allianz
<b>Bps</b>	Basis points = 0.01%
<b>CEE</b>	Central and Eastern Europe excluding Russia and Ukraine

## Glossary (2)

<b>CIR</b>	Cost-income ratio: Operating expenses divided by operating revenues
<b>CO</b>	Corporate and Other – CO segment
<b>CR</b>	Combined ratio: 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).
<b>Current yield</b>	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; current yield on debt securities including cash components.
<b>DAC</b>	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.
<b>Economic reinvestment yield</b>	The economic reinvestment yields reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
<b>EIOPA</b>	European Insurance and Occupational Pensions Authority
<b>EPS</b>	Earnings per share: 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).
<b>ER</b>	Expense ratio: Acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, divided by premiums earned (net).
<b>F/X</b>	Foreign exchange rate
<b>FFIC</b>	Fireman's Fund Insurance Company
<b>FIA</b>	Fixed index annuity: Annuity contract whereby the policyholder is credited based on movements in stated equity or bond market indices with protection of principal.



## Glossary (3)

<b>FV</b>	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
<b>FVO</b>	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement. The recognized income (net) includes dividends and interest income of the financial instruments. A financial instrument may only be designated at fair value through income at inception and cannot be subsequently changed.
<b>Goodwill</b>	Difference between the cost of acquisition and the fair value of the net assets acquired.
<b>Government bonds</b>	Government bonds include government and government agency bonds.
<b>GPW</b>	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”
<b>Gross/Net</b>	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.
<b>Harvesting rate</b>	$(\text{Realized gains and losses (net)} + \text{impairments on investments (net)}) / \text{average investments and loans at book value (excluding income from financial assets/liabilities carried at fair value)}$
<b>Held for sale</b>	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell
<b>IFRS</b>	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
<b>IMIX</b>	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.
<b>Internal growth</b>	Enhances the understanding of our total revenue performance by excluding the effects of foreign currency translation as well as of acquisitions and disposals.
<b>KPI</b>	Key performance indicator

## Glossary (4)

<b>L/H</b>	Life and health insurance – L/H segment
<b>L/H lines of business</b>	<p><b>Guaranteed savings &amp; annuities:</b> Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary.</p> <p><b>Capital-efficient products:</b> Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee and hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment.</p> <p><b>Protection &amp; health:</b> Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.</p> <p><b>Unit-linked without guarantees:</b> Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.</p>
<b>L/H OEs with RoE <math>\geq 10\%</math></b>	Weighted by equity (total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill) – please also refer to Return on equity (RoE).
<b>L/H operating profit sources</b>	<p>The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a L/H segment consolidated basis.</p> <p><b>Loadings &amp; fees:</b> Includes premium and reserve based fees, unit-linked management fees and policyholder participation on expenses.</p> <p><b>Investment margin:</b> Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves less policyholder participation.</p> <p><b>Expenses:</b> Includes commissions, acquisition and administration expenses.</p> <p><b>Technical margin:</b> Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.</p> <p><b>Impact of change in DAC:</b> Includes effects of change in DAC, URR and value of new business acquired. It is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit.</p>

## Glossary (5)

<b>LatAm</b>	Latin America: South America and Mexico
<b>LoB</b>	Line of business
<b>LR</b>	Loss ratio: Claims and insurance benefits incurred (net) divided by premiums earned (net). Loss ratio calendar year (c.y.) includes the results of the prior year reserve development in contrast to the loss ratio accident year (a.y.).
<b>MCEV</b>	Market consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
<b>NatCat</b>	Accumulation of claims that are all related to the same natural or weather / atmospheric event during a certain period of time and where AZ Group's estimated gross loss exceeds EUR 20mn or if event is of international media interest.
<b>NBM</b>	New business margin: Performance indicator to measure the profitability of new business in Life/Health. It is calculated as value of new business divided by present value of new business premiums.
<b>Non-controlling interests</b>	Parts of the equity of affiliates which are not owned by companies of the Allianz Group.
<b>NPE</b>	Net premiums earned – please refer to “Premiums written/earned” as well as “Gross/Net”
<b>NPS</b>	Net promoter score: 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.
<b>OE</b>	Operating entity

## Glossary (6)

<b>OP</b>	Operating profit: 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, one-off effects from pension revaluation and profit/loss of substantial subsidiaries held for sale, but not yet sold.
<b>Own funds</b>	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement.
<b>P/C</b>	Property and casualty insurance – P/C segment
<b>PHP</b>	Policyholder participation
<b>PIMCO</b>	Pacific Investment Management Company Group
<b>Premiums written/earned (IFRS)</b>	Premiums written represent all premium revenues in the respective year. 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 the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
<b>PVNB</b>	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.
<b>Reinsurance</b>	An insurance company transfers part of its insurance risk assumed to another insurance company.
<b>Retained earnings</b>	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.
<b>RfB</b>	Reserves for premium refunds (“Rückstellung für Beitragsrückerstattung”): That part of the surplus to 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.

## Glossary (7)

<b>RoE</b>	<p><b>Return on equity Group:</b> Represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds (net of shadow DAC) at the beginning and at the end of the period.</p> <p><b>Return on equity L/H OE:</b> Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow DAC) and deducting goodwill at begin of the period and at end of the period.</p>
<b>RoRC</b>	Return on risk capital
<b>Run-off ratio</b>	Run-off ratio is calculated as run-off result (result from reserve releases in P/C business) in percent of net premiums earned.
<b>SII</b>	Solvency II
<b>SII capitalization</b>	Ratio indicating the capital adequacy of a company comparing own funds to SCR
<b>SCR</b>	Solvency capital requirement
<b>SE</b>	Societas Europaea: European stock company
<b>Share of new digital retail products</b>	New digital products are conveniently available online at each step of the customer journey, i.e. fast quote, easily purchasable online, online serviced (incl. policy correspondence, policy admin, claims). In scope is P/C retail and small and medium-sized entities, all channels. The share of products is weighted by revenues.
<b>Statutory premiums</b>	Represent gross premiums written from sales of life insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
<b>Total equity</b>	Represents the sum of shareholders' equity and non-controlling interests.
<b>Total revenues</b>	Represent the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).

## Glossary (8)

<b>UFR</b>	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macro-economic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
<b>UL</b>	Unit-linked – please refer to “L/H lines of business”
<b>Unrealized gains/losses</b> (net) (as part of shareholders’ equity)	Include primarily unrealized gains and losses from available-for-sale investments net of tax and policyholder participation.
<b>URR</b>	Unearned revenue reserve: The unearned revenue reserve contains premium components referring to future periods, which are reserved and released over the lifetime of the corresponding contracts.
<b>VA</b>	Variable annuity: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.
<b>VNB</b>	Value of new business: The additional value to shareholder created through the activity of writing new business. It is defined as present value of future profits after acquisition expense overrun or underrun, minus time value of financial option and guarantees, minus risk margin, all determined at issue date.

# Disclaimer

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

## Forward-looking statements

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

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

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

## No duty to update

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