

# Glossary

## Glossary (1)

<b>AFS</b>	Available-for-sale: Non-derivative financial assets 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>	(The business segment) Asset Management
<b>AP</b>	Allianz Partners
<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 of the respective period.
<b>APR</b>	Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.
<b>Attritional LR</b>	Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).
<b>AuM</b>	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. <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. <b>Market &amp; dividends:</b> Market & 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.
<b>AY LR</b>	Accident year loss ratio – please refer to “LR” (loss ratio).
<b>AZ</b>	Allianz

## Glossary (2)

<b>Bps</b>	Basis points. 1 Basis point = 0.01%.
<b>CEE</b>	Central and Eastern Europe excluding Russia and Ukraine
<b>CIR</b>	Cost-income ratio: Operating expenses divided by operating revenues
<b>CO</b>	(The business segment) Corporate and Other
<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.
<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 and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.
<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: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
<b>F/X</b>	Foreign exchange rate

## Glossary (3)

<b>FIA</b>	Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.
<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.
<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 have already been deducted.
<b>Harvesting</b>	Includes realized gains/losses (net) and impairments of investments (net).
<b>Held for sale</b>	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction 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>	Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.
<b>KPI</b>	Key performance indicator

## Glossary (4)

L/H

(The business segment) Life and Health insurance

L/H lines of business

**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance products that always relate to the length of human life. These products offer life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary and may include financial and non-financial guarantees.

**Capital-efficient products:** 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. This includes 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.

**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 as a separate account. 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 Life/Health business segment consolidated basis.

**Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses if any.

**Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation in the investment result.

**Expenses:** Includes commissions, acquisition and administration expenses.

**Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves), lapse result (surrender charges and commission clawbacks) and reinsurance result, all net of policyholder participation if any.

**Impact of change in DAC:** Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.

## Glossary (5)

<b>LatAm</b>	Latin America: South America and Mexico
<b>LoB</b>	Line of business
<b>LR</b>	Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net). The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.
<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 the estimated gross loss for the Allianz Group exceeds EUR 20mn.
<b>NBM</b>	New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health. It is calculated as value of new business divided by present value of new business premiums.
<b>Non-controlling interests</b>	Those 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
<b>Ogden rate</b>	Discount (Ogden) rate is used by British courts to calculate the discounted values of future losses in bodily injury claims paid out as lump-sum payments. It largely impacts motor, but also liability lines. Being set at 2.5% in 2001, the Lord Chancellor decreased the Ogden rate to -0.75% on 27th of February, 2017 – a much steeper reduction than was predicted by the industry earlier this year.

## 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 business segment, all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring charges 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>	(The business segment) Property and Casualty insurance
<b>PHP</b>	Policyholder participation
<b>PIMCO</b>	Pacific Investment Management Company Group
<b>Pre-tax operating capital generation</b>	Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.
<b>Premiums written/earned (IFRS)</b>	<p>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.</p> <p>In the case of life insurance products that are interest sensitive (e.g. universal life products) or 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.</p>
<b>PVNBP</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 a part of its assumed insurance risk to a reinsurance 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.

## Glossary (7)

<b>RfB</b>	Reserves for premium refunds (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.
<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 accounting) at the beginning and the end of the period.</p> <p><b>Return on equity P/C OE:</b> Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and 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 accounting) and deducting goodwill at the beginning and the end of the period.</p>
<b>RoRC</b>	Return on risk capital
<b>Run-off ratio</b>	The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).
<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>SFCR</b>	Solvency and financial condition report
<b>Share of newly launched digital products</b>	Newly launched digital products are conveniently available via digital means at key steps of the customer journey for end-customer or intermediary. A product will be considered digital once four digital features comprising a large part of the customer experience (quote, purchase, policy administration and claims) are implemented. In scope is retail as well as small and medium-sized entities, all channels, for Property-Casualty, Life and Health. The share of products is weighted by revenues.



## Glossary (8)

<b>Statutory premiums</b>	Represents gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
<b>Total equity</b>	Represents the sum of shareholders' equity and non-controlling interests.
<b>Total revenues</b>	Represents the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
<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 macroeconomic 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 (net)</b> (as part of shareholders' equity)	Include unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.
<b>URR</b>	Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
<b>VA</b>	Variable annuities: 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. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
<b>VNB</b>	Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options and guarantees, minus risk margin, all determined at issue date.