

# 1Q 2018

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Chief Financial Officer

Analyst conference call  
May 15, 2018





# CONTENT

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**GROUP FINANCIAL RESULTS**  
1Q 2018

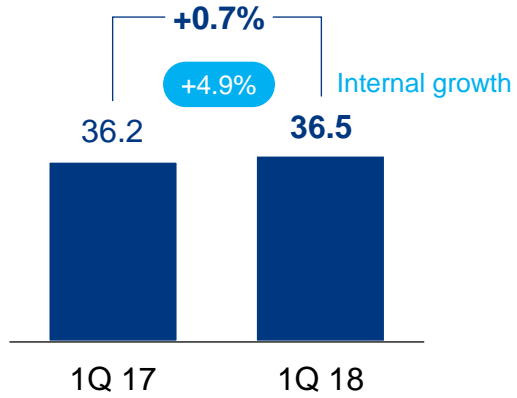
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**GLOSSARY**  
**DISCLAIMER**

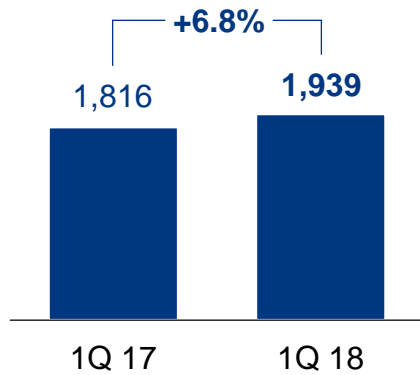


# Group: good start into 2018

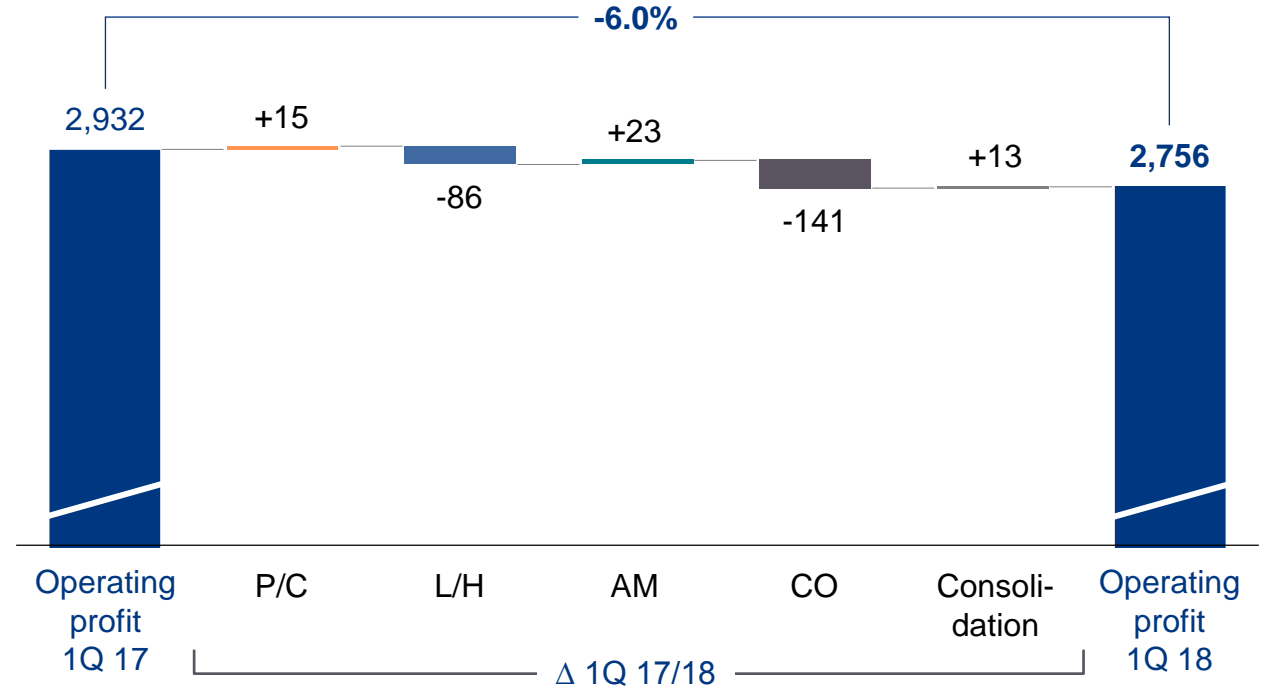
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



1Q 18	1,274	1,069	595	-182	1
1Q 17	1,259	1,155	572	-41	-12



# Group: good start into 2018



## Comments

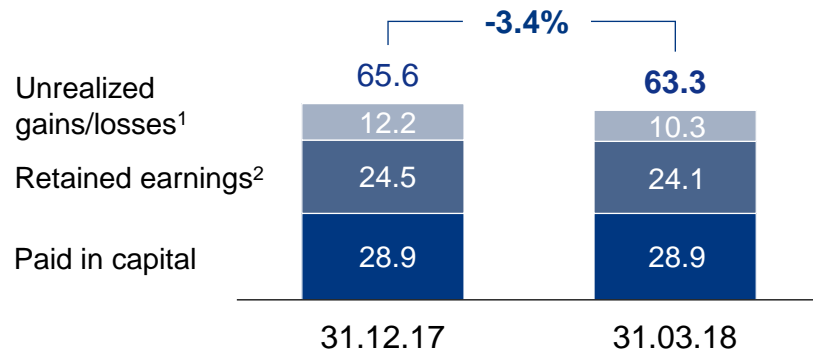
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- **Strong internal growth of 4.9%**  
High single-digit growth in AM +9.3%. Strong internal growth in P/C +4.9% and L/H +4.7%. Adverse impact from F/X (-4.1%) and consolidation (-0.1%) leads to total growth of 0.7%.
- **Operating profit at 25% of FY outlook midpoint**  
Adverse F/X impact of EUR -142mn. Operating profit in L/H and AM at very good level. Operating profit stable in P/C despite higher NatCat. Result from corporate segment within expected range.
- **S/h net income up 7%**  
Improved contribution from non-operating result and lower taxes (tax ratio 24%). S/h net income 29% of FY 2017 result.
- **EUR 2bn share buy-back successfully executed**  
Share buy-back finalized on May 3, 2018. A total of 10.4mn shares were acquired representing 2.4% of outstanding capital.
- **P/C – strong underlying development**  
A higher underwriting result is largely offset by lower investment income. The former benefits from lower large losses and a better underlying development. F/X impact on OP EUR -32mn.
- **L/H – good result**  
High prior year result. Decline due to F/X and volatile markets. Adverse impact from F/X was EUR -39mn.
- **AM – operating profit up 16% excluding F/X**  
Nominal operating profit rises 4% primarily due to solid net inflows and higher AuM driven revenues, despite EUR -70mn F/X effect.
- **CO – on track**  
Operating loss in line with FY outlook midpoint of EUR -0.9bn. In 1Q 2017 we recognized for the last time a positive impact related to the cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE (EUR 148mn).

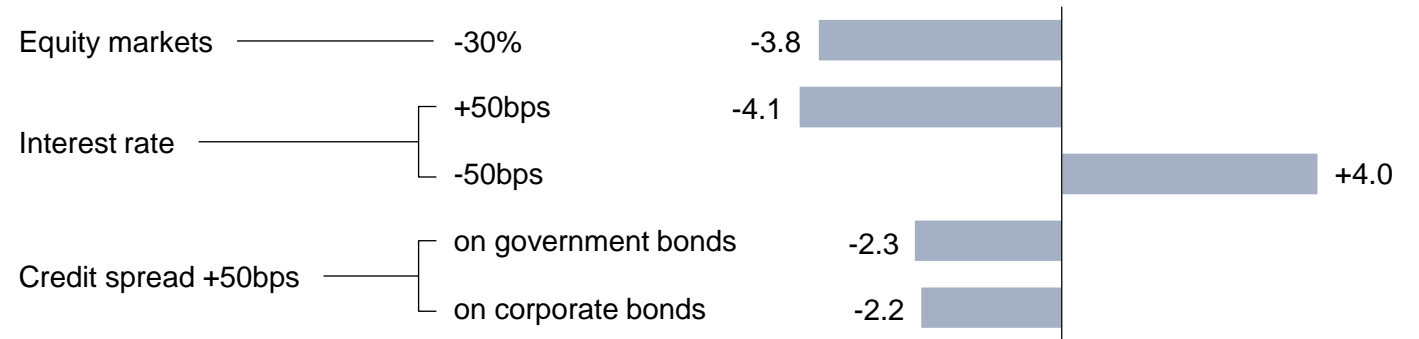


# Group: SII ratio strong and interest rate sensitivity reduced

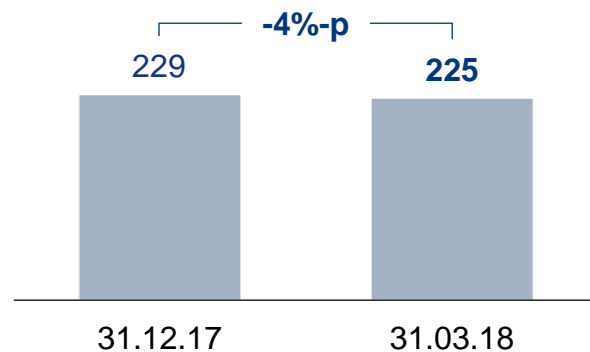
## Shareholders' equity (EUR bn)



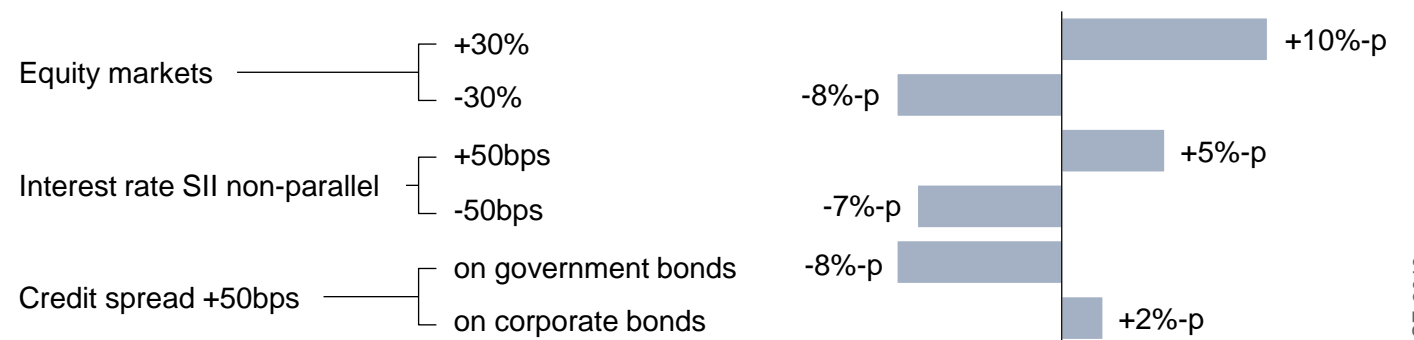
## Key sensitivities (EUR bn)



## SII capitalization (in %)



## Key sensitivities<sup>3</sup>



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 3.7bn as of 31.12.17 and EUR 3.5bn as of 31.03.18  
 2) Including F/X  
 3) Management actions not considered in the disclosed sensitivities. Second order effects are not considered



# Group: SII ratio strong and interest rate sensitivity reduced



## Comments

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- **Shareholders' equity – slightly down, including impact from EUR 1.5bn share buy-back**

In 1Q 2018, shareholders' equity decreases by EUR -2.3bn. The positive impact from net income (EUR +1.9bn) was more than offset by lower net unrealized gains (EUR -1.9bn), share buy-back (EUR -1.5bn), buy-out of Euler Hermes minorities (EUR -0.4bn) and negative F/X (EUR -0.4bn). Book value per share EUR 147.

- **SII sensitivities**

Interest rate sensitivities improve to a more symmetric profile mainly driven by a refinement of interest rate volatilities under stress scenarios, slightly higher interest rates and slightly higher asset duration.

Other than that, limited changes to FY 2017.

- **SII ratio – at a strong level**

The SII ratio decreases 4%-p in 1Q, driven by a EUR 1.0bn reduction in Own Funds to EUR 75.4bn, while the SCR increases slightly by EUR 0.2bn to EUR 33.5bn.

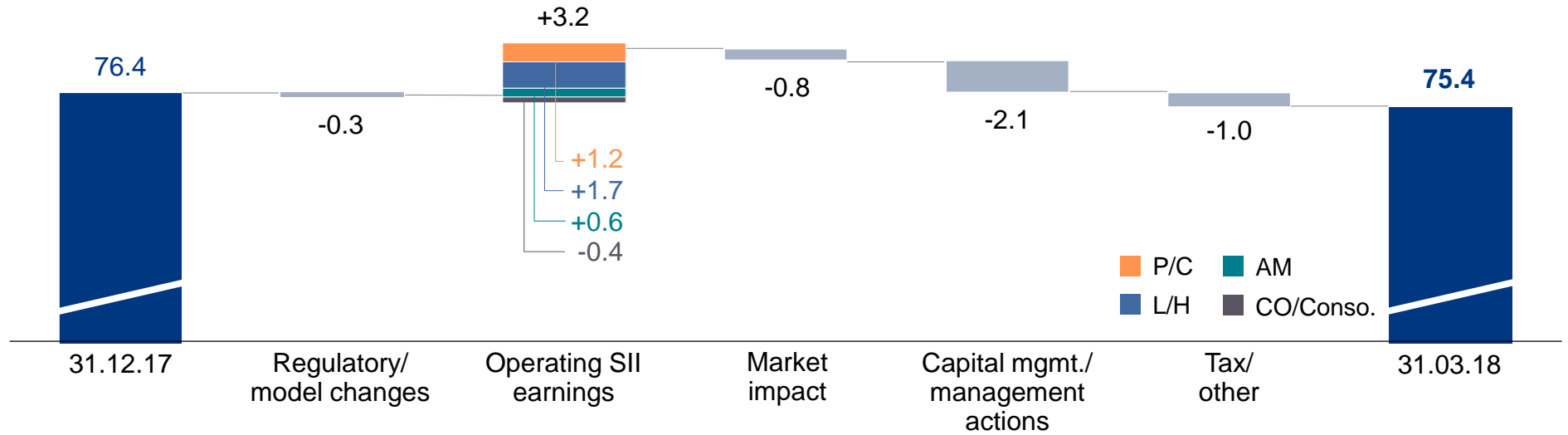
Pre-tax and pre-dividend operating capital generation of +10%-p is strong. Capital management & management actions (mainly dividend accrual and combined impact from Euler Hermes minorities buy-out and OLB sale) had an offsetting effect to the tune of -5%-p. Market effects are -2%-p in 1Q.

Regulatory and model changes have a negative impact of ~-4%-p on the SII ratio. Regulatory changes are the main driver.



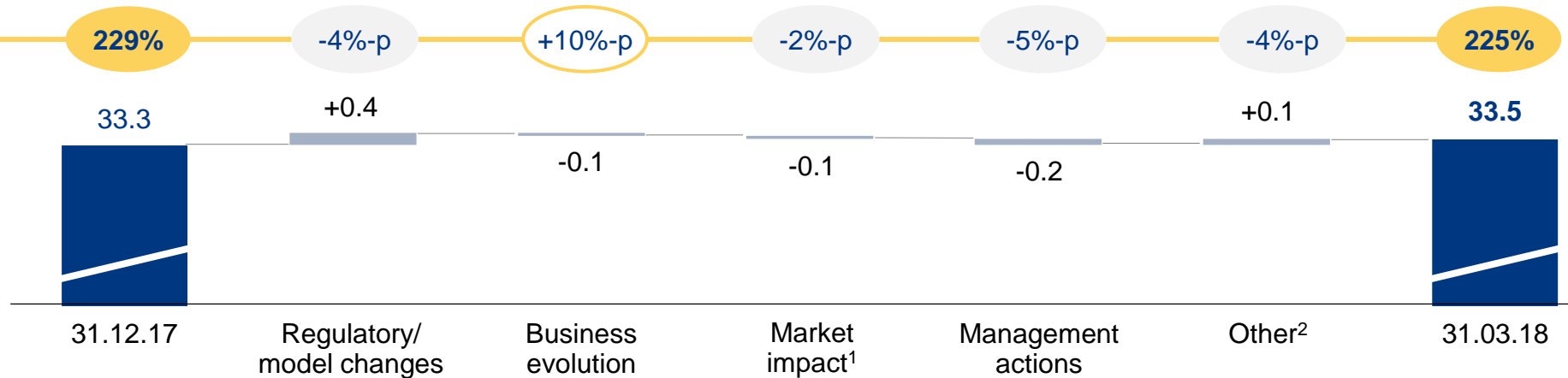
# Group: very good SII capital generation

Own funds  
(EUR bn)



SII capitalization

○ Pre-tax operating capital generation



SCR  
(EUR bn)

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



# Group: very good SII capital generation



## Comments

- Very good capital generation**  
 SII capital generation – net of tax and dividend – amounts to ~+5%-p, slightly above 1Q 2017 (+4%-p) and in line with our >10%-p outlook for FY 2018.
- Regulatory/model changes**  
 Total effect on the SII ratio of ~-4%-p. The previously communicated changes to the third-country equivalence treatment of AZ Life are the key negative own funds driver. The SCR effect is broadly equally related to the EIOPA-driven 15bps UFR reduction and to a number of minor model changes.
- Operating SII earnings**  
 Strong again and exceeding the operating IFRS results. L/H was the main driver, predominantly due to an excellent VNB contribution.
- Business evolution**  
 Business evolution shows a positive contribution, as L/H in-force release exceeds new business capital requirements, demonstrating the success of our focus on capital-efficient products.
- Market impact**  
 Minor impact on our SII ratio of ~-2%-p. Own funds impact broadly equally split between market movements (w/o F/X) and F/X-related effects.
- Capital management/management actions**  
 Total negative impact of ~-5%-p. Dividend accrual of 50% of net income (EUR ~1bn), Euler Hermes minority buyout as well as OLB deconsolidation (EUR ~1bn combined effect) are the biggest own funds drivers. The SCR relief is also related to the latter.
- Taxes/other**  
 Taxes amount to EUR ~-0.7bn giving an implied tax rate of 28%.
- Anticipated model changes in 2Q**  
 As previously flagged, we currently anticipate that the US tax reform could have a further negative impact on our SII ratio of -3 to -1%-p in 2Q 2018. We expect this effect to be broadly offset by the sale of our traditional life insurance portfolio in Taiwan.





# P/C: strong internal growth

EUR mn		Revenues			YTD change on renewals	
		1Q 18	Total growth Δ p.y.	Internal growth Δ p.y.	1Q 18	Momentum
<b>Total P/C segment</b>		<b>17,896</b>	<b>+1.1%</b>	<b>+4.9%</b>	<b>+1.3%</b>	n.a.
<b>Selected OEs</b>	Germany	4,609	+4.4%	+4.4%	+2.0%	stable
	France	1,513	+1.4%	+1.4%	+1.1%	stable
	Italy	1,083	-0.3%	-0.3%	-1.0%	positive
	CEE <sup>1</sup>	962	+3.9%	+3.3%	n.a.	n.a.
	Spain	777	+5.5%	+5.5%	+1.8%	positive
	Australia	717	-7.8%	+2.5%	-2.5%	stable
	United Kingdom	615	-3.0%	-0.4%	+3.0%	positive
	Latin America	437	-16.6%	+0.8%	n.a.	n.a.
	Turkey	307	-12.6%	+3.9%	n.a.	n.a.
	<b>Global lines</b>	AGCS	2,467	+5.7%	+15.2%	+0.3%
Allianz Partners		1,652	-1.2%	+4.6%	+2.6%	stable
Credit Insurance		642	+1.4%	+4.9%	-1.3%	stable

1) CEE incl. Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.



# P/C: strong internal growth



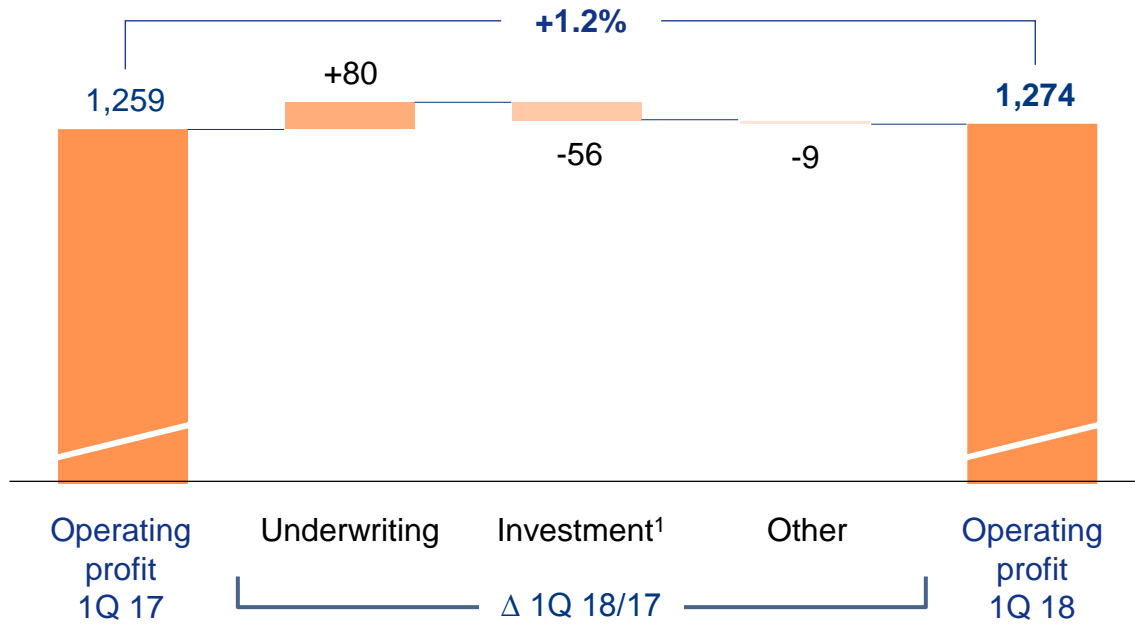
## Comments

- **Good start to the year**  
Strong internal growth of +4.9% with positive volume (+3.7%) and price (+1.2%) effects. Growth drivers AGCS, Germany and AP. F/X negative at -4.0% and consolidations +0.2% lead to +1.1% total growth.
- **Germany – volume- and price-driven growth**  
Excellent growth in almost all lines of business, in particular property commercial. Motor GPW +2.8%.
- **France – good growth in motor**  
Motor GPW up 6%, mainly driven by commercial. Property business also with solid growth.
- **Italy – motor trends improving**  
Reduction in motor largely offset by non-motor, however GPW motor only -1.2% after -4.2% for FY 2017. Genialloyd continues to grow nicely at +3.9%.
- **CEE – price and volume positive**  
Austria, Poland, Hungary and Slovakia main growth contributors.
- **Spain – growth mainly volume-driven**  
Commercial main growth driver. Motor GPW +4.4%.
- **Australia – price and volume positive**  
Key growth contributor commercial motor. Negative swing in renewals to -2.5% from +0.7% in 3M 2017 driven by regulatory action on compulsory motor business.
- **UK – price effect almost offsets lower volumes**  
Continued growth in commercial motor and Petplan. No business transfers from LV= in 1Q 2018.
- **LatAm – balanced recovery continues**  
Recovery in Brazil ongoing (IG +1.8%), driven by strong growth in motor. Slight reduction in top-line in Argentina (IG -1.7%), good growth in motor offset by commercial property.
- **Turkey – continued impact from MTPL price ceiling**  
Price ceiling-driven MTPL reduction more than offset by growth in health lines of business.
- **AGCS – very strong volume effect**  
Growth in liability and MidCorp lines of business as well as volatility in ART business.
- **AP – price and volume drive top-line growth**  
Strong new business in health and travel US. Internal growth including service revenues +6.5%.



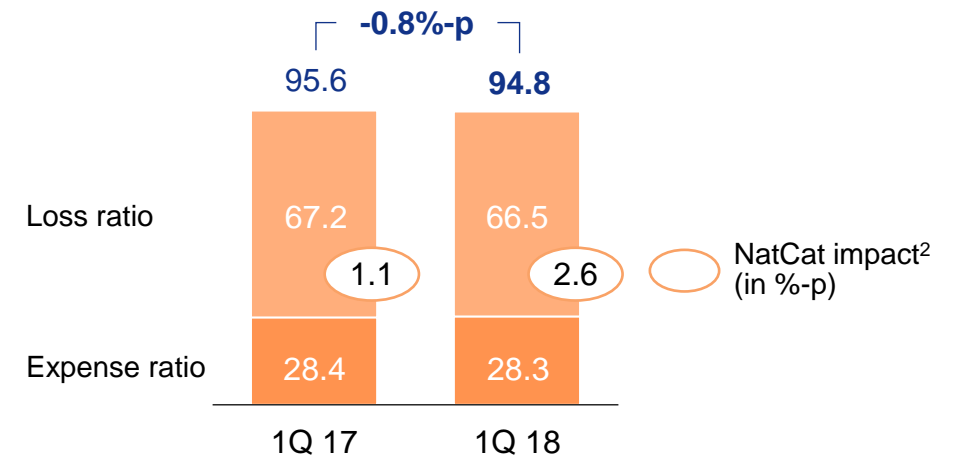
# P/C: attritional LR improves – on track for 94% CR

Operating profit drivers (EUR mn)

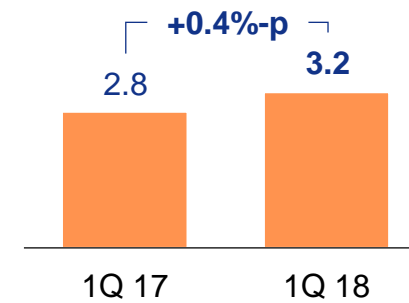


1Q 18	538	687	48
1Q 17	458	743	58

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation  
 2) NatCat costs (without reinstatement premiums and run-off)



# P/C: attritional LR improves – on track for 94% CR



## Comments

- Operating profit – at 24% of FY outlook mid-point**  
 OP on last year's level as a higher underwriting result is largely offset by a reduction in investment income. Within the underwriting result an increase in NatCat is overcompensated by an overall better underlying loss experience, lower large losses, higher run-off and an improved expense ratio.
- NatCat & weather – 1.5%-p higher than last year**  
 NatCat of EUR 311mn/2.6% more than twice the benign prior year (EUR 130mn/1.1%) and also above 10Y average of 2.2%. Storm Friederike (EUR ~220mn) was the major event. Weather losses (ex NatCat) of 1.0%-p broadly on last year's level.
- Loss ratio – attritional LR improves**  
 Attritional LR improves -1.8%-p to 67.0%, driven by underwriting improvements and -0.7%-p lower large losses.
- Run-off – back to normal**  
 At 3.2%, +0.4%-p above 1Q 2017 which was negatively impacted by Ogden-related additions to the tune of -0.8%-p.
- Expense ratio – delivering on targeted reduction**  
 Expense ratio improves -0.1%-p driven by better acquisition ratio. AGCS, Germany, LatAm and Spain main contributors. ER expected to decline ~-0.3%-p to 28.4% in full year 2018 supporting our 94% CR target.

	1Q 2017	1Q 2018	Δ
Attritional LR	68.8%	67.0%	-1.8%-p
NatCat	1.1%	2.6%	+1.5%-p
Run-off	-2.8%	-3.2%	-0.4%-p
ER	28.4%	28.3%	-0.1%-p
<b>CR</b>	<b>95.6%</b>	<b>94.8%</b>	<b>-0.8%-p</b>



# P/C: widespread improvements offset by NatCat in Germany

EUR mn		Operating profit		Combined ratio		NatCat impact on CR	
		1Q 18	Δ p.y.	1Q 18	Δ p.y.	1Q 18	Δ p.y.
<b>Total P/C segment</b>		<b>1,274</b>	<b>+1.2%</b>	<b>94.8%</b>	<b>-0.8%-p</b>	<b>+2.6%-p</b>	<b>+1.5%-p</b>
<b>Selected OEs</b>	Germany	100	-63.6%	100.9%	+7.3%-p	+8.0%-p	+7.6%-p
	France	91	-7.5%	97.4%	+0.8%-p	+3.6%-p	+0.0%-p
	Italy	283	-0.2%	80.0%	-1.8%-p	0.0%-p	+0.0%-p
	CEE <sup>1</sup>	83	+40.5%	90.8%	-3.8%-p	0.0%-p	+0.0%-p
	Spain	62	+2.8%	90.0%	+1.1%-p	0.0%-p	+0.0%-p
	Australia	58	n.m. <sup>2</sup>	96.5%	-11.9%-p	0.0%-p	-10.2%-p
	United Kingdom	32	n.m. <sup>3</sup>	95.0%	-13.1%-p	+0.4%-p	+0.4%-p
	Latin America	30	+52.2%	101.3%	-4.1%-p	0.0%-p	+0.0%-p
	Turkey	26	-21.6%	104.3%	+5.5%-p	0.0%-p	+0.0%-p
	<b>Global lines</b>	AGCS	139	+28.2%	94.6%	-5.7%-p	+2.3%-p
Allianz Partners		39	-2.7%	100.0%	+2.6%-p	0.0%-p	+0.0%-p
Credit Insurance		101	-0.6%	83.2%	+0.2%-p	—	—

1) CEE incl. Austria, Russia & Ukraine as of January 2018. Prior year figures have been adjusted.

2) Operating profit in Australia increased by 73mn from -15mn in 1Q 2017.

3) Operating profit in United Kingdom increased by 39mn from -7mn in 1Q 2017.



# P/C: widespread improvements offset by NatCat in Germany



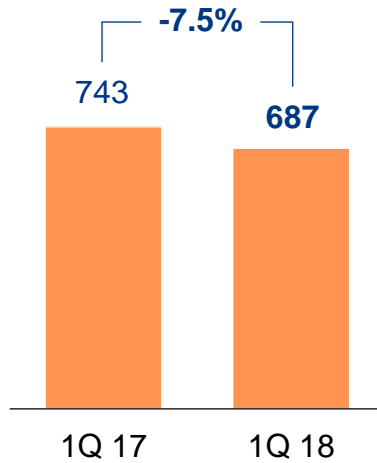
## Comments

- Germany – impacted by weather**  
 Higher NatCat main reason for CR increase. Better ER only partially offsets higher large losses.
- France – strong attritional LR improvement**  
 AY LR improves -2.5%-p mainly due to lower large losses and a better attritional LR. CR slightly up as improved AY LR is offset by less run-off.
- Italy – LR better on lower frequency**  
 AY LR improves further driven by better attritional LR. Run-off stable yoy.
- CEE – management initiatives are paying off**  
 CEE includes Austria, Russia & Ukraine as of January 2018. Strong improvement in AY LR.
- Spain – CR remains on excellent level**  
 AY CR improves slightly, supported by a -0.9%-p better ER. Run-off below last year.
- Australia – strongly improved**  
 CR benefits from lower NatCat, improved ER and lower attritional LR. Run-off ratio largely flat.
- UK – on good level**  
 CR on similar level as last year (adjusted for EUR 47mn Ogden effect in 1Q 2017).
- LatAm – improving further**  
 OP Brazil EUR +7mn ( $\Delta$  EUR +8mn). LR and ER improvements drive -7.0%-p CR reduction to 102.3%, more than offsetting a lower investment result. Argentina OP improves to EUR +15mn ( $\Delta$  EUR +8mn). Improvement in run-off result and better ER main drivers. CR 104.9% ( $\Delta$  -4.2%-p).
- Turkey – impacted by MTPL price ceiling**  
 MTPL main driver of CR development. Impact partly mitigated by -1.1%-p improvement in ER to 20.1%.
- AGCS – good performance**  
 AY LR improves ( $\Delta$  -5.8%-p) as lower large losses more than offset higher NatCat.
- AP – focus on growth**  
 Higher AY LR (partly mix-driven) and lower run-off.



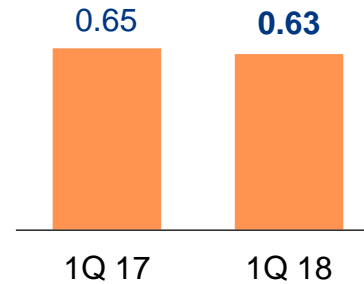
# P/C: F/X weighs on operating investment result

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

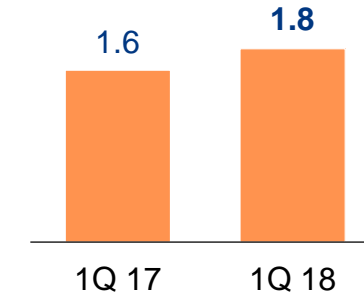


Interest & similar income <sup>2</sup>	828	<b>776</b>	-52
Net harvesting and other <sup>3</sup>	8	<b>2</b>	-6
Investment expenses	-93	<b>-91</b>	+2

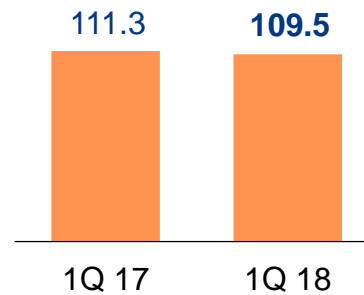
Current yield  
(debt securities; in %)



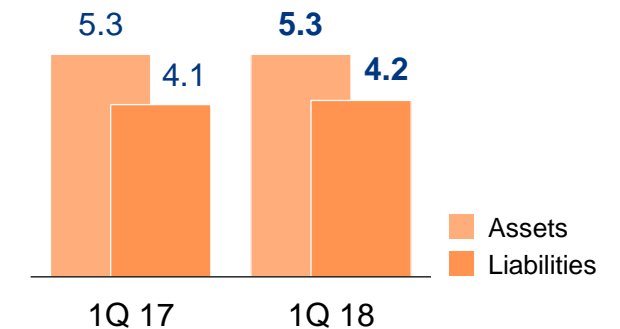
Economic reinvestment yield  
(debt securities; in %)



Total average asset base<sup>4</sup>  
(EUR bn)



Duration<sup>5</sup>



1) Including policyholder participation  
 2) Net of interest expenses  
 3) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation

4) Asset base includes health business France, fair value option and trading  
 5) 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: F/X weighs on operating investment result

## Comments

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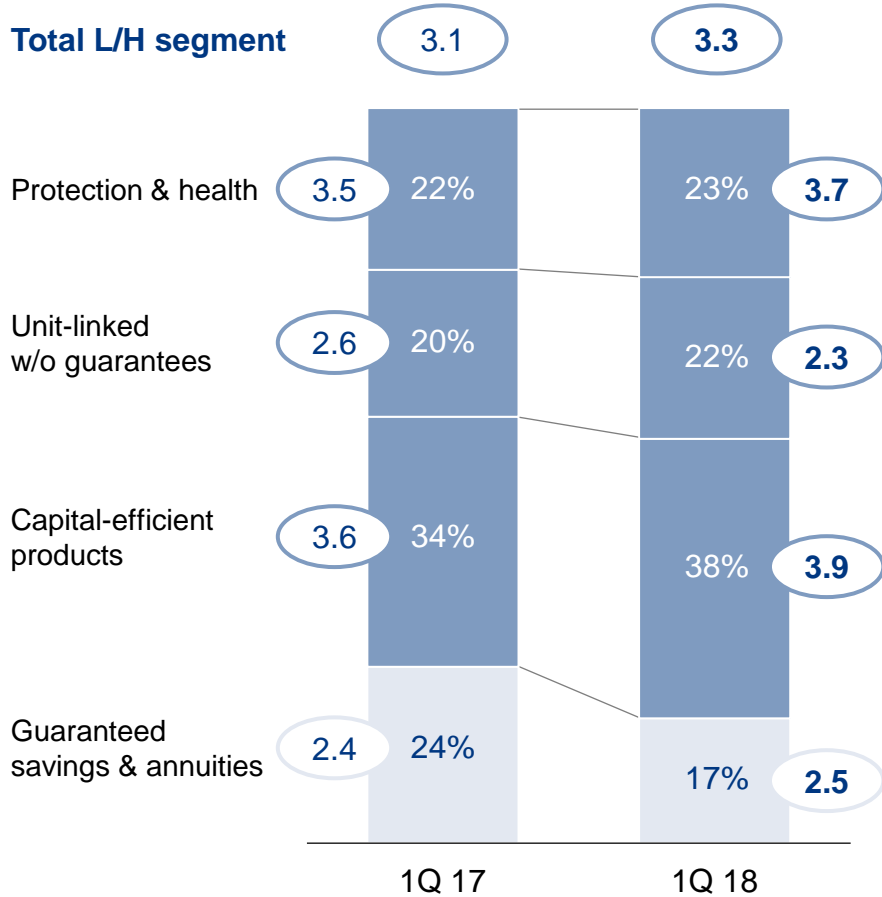
- **Interest & similar income**  
Lower income on debt main reason for decline.  
Current yield decline of 2bps in line with market environment.  
  
Interest & similar income negatively impacted by F/X to the tune of EUR -35mn.
- **Economic reinvestment yield**  
Reinvestment yield 0.2%-p above FY 2017.





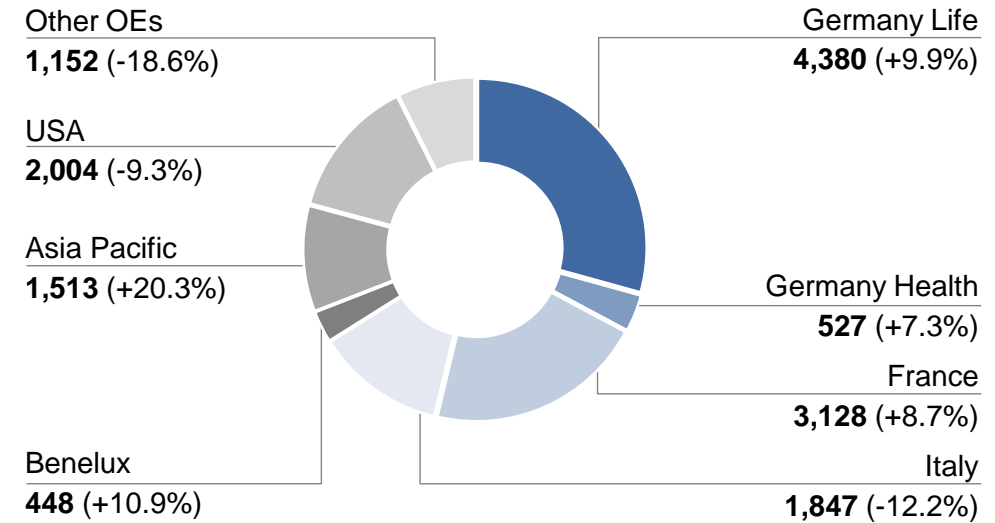
# L/H: NBM and business mix at target

## PVNB share by line



○ NBM (in %)  
■ Preferred LoB's

## PVNB by OE (EUR mn)



EUR mn	1Q 17	1Q 18	Δ p.y.
<b>PVNB</b>	14,748	<b>14,998</b>	+1.7%
Single premium	7,690	8,036	+4.5%
Recurring premium	2,466	2,514	+2.0%
<b>APE</b>	3,235	<b>3,318</b>	+2.6%



# L/H: NBM and business mix at target



## Comments

### PVNBP by line

- **New business growth of 5.4% excl. F/X**  
Adverse F/X impact leads to total growth of 1.7%.
- **Preferred lines grow 11%**  
Capital-efficient products at Germany Life increase by 28% or EUR 0.7bn in volume. UL sales in Taiwan up 78% or EUR 0.3bn.
- **NBM above target level of 3.0%**  
NBM improves 0.2%-p. Three business lines show improved NBMs.
- **Business mix at target**  
Share of preferred lines of business up 7%-p to 83%. This figure compares with 48% in 2013.
- **Net flows keep strong momentum**  
Net flows up 18% to EUR 2.2bn. Net flows foremost into preferred lines of business.

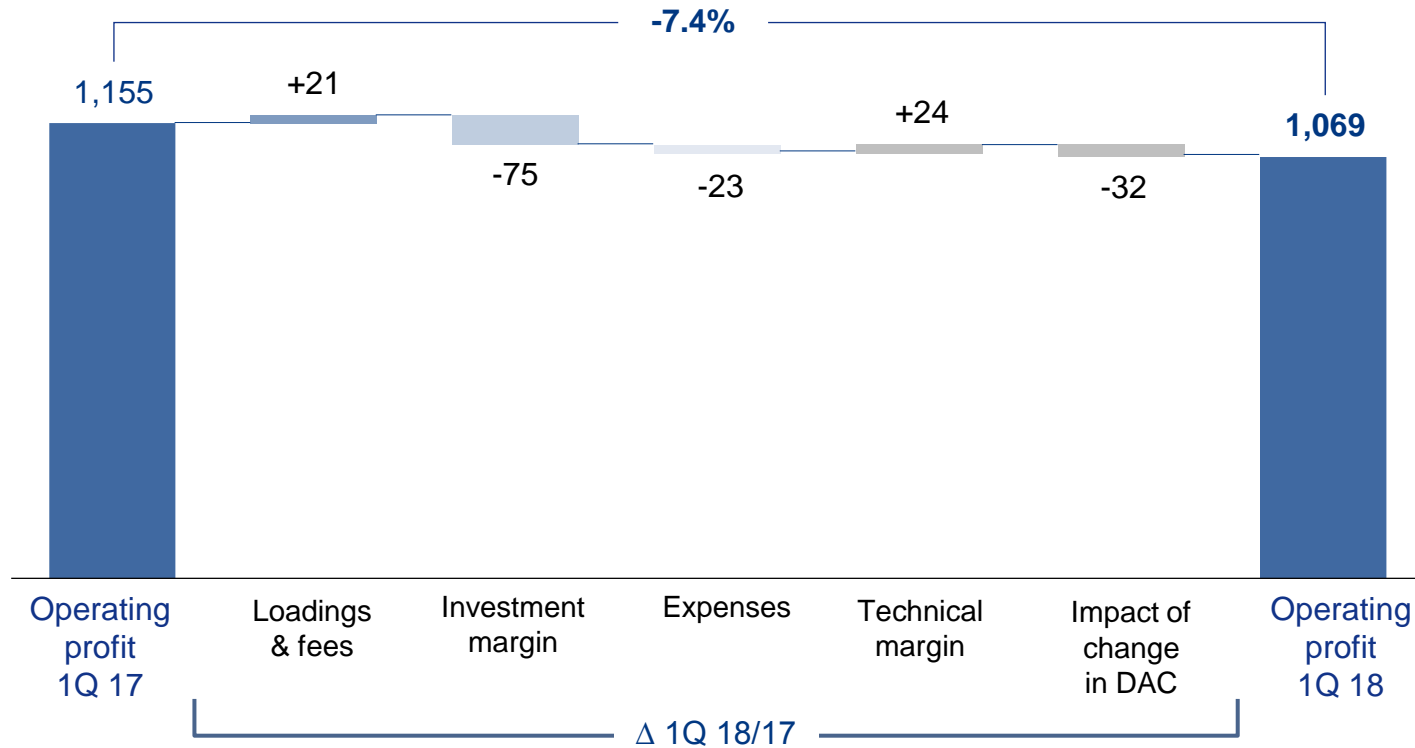
### PVNBP by OE

- **Germany Life – preferred lines grow 25%**  
Share of traditional products down to 20%.
- **USA – volume up 4% in USD**  
Decline entirely due to F/X. Within VA business capital-efficient products grow 23% in local currency.
- **France – improved business mix**  
All lines of business with better NBM. Share of traditional business at 24%.
- **Italy – capital-efficient products up 45%**  
Capital-efficient products gain traction with 11% share in business mix. UL business down 13% from high prior year base.
- **Asia Pacific – excl. F/X volume grows 32%**  
In local currency volume growth is 62% in Taiwan and 16% in Indonesia.
- **Other OEs – negative F/X and lower sales in Switzerland**

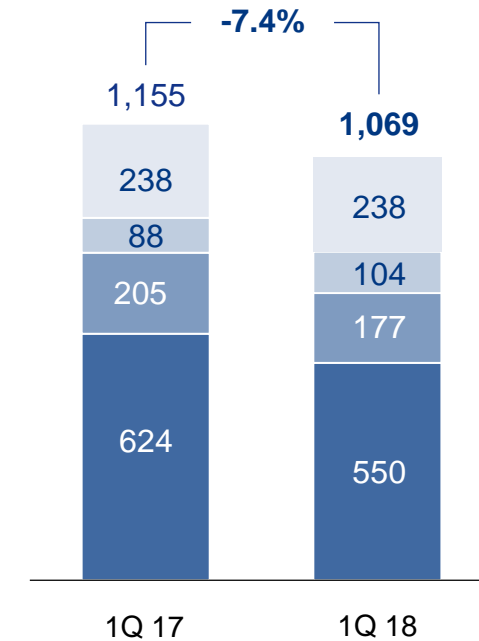


# L/H: OP at 25% of FY target range midpoint (EUR mn)

Operating profit by source



Operating profit by line



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

<b>1Q 18</b>	<b>1,525</b>	<b>972</b>	<b>-1,702</b>	<b>290</b>	<b>-16</b>
1Q 17	1,504	1,047	-1679	266	16



# L/H: OP at 25% of FY target range midpoint



## Comments

- **Operating profit at good level**  
Decline driven by F/X ( $\Delta$  EUR -39mn), lower harvesting and impact from volatile markets. Prior year result benefitted from favorable market movement. Operating profit at 25% of FY outlook midpoint.
- **L/H RoE (annualized) stable at 12.3%**  
Share of OEs with RoE  $\geq$  10% at 71%.  
RoE Italy improves 2.2%-p to 10.5%.  
RoE France (9.4%) slightly below 10%, but on track to reach target.
- **Investment margin strong at 23bps**  
Strong investment margin despite adverse F/X development, lower harvesting and negative impact from volatile markets.
- **Technical margin up 9%**  
US business ( $\Delta$  EUR +21mn) main driver due to favorable claims development and modelling change.

## Operating profit by line

- **UL increases 18%**  
Result of higher AuM in Italy and Taiwan.
- **Capital-efficient products driven by F/X**  
Lower contribution from our US business mainly due to F/X ( $\Delta$  EUR -23mn). Better result from Germany Life ( $\Delta$  EUR +8mn).
- **Guaranteed savings & annuities – US business**  
Result from our US traditional VA business down by EUR 83mn to EUR -6mn, driven by F/X and impact from volatile markets. Prior year VA result with favorable impact from basis risk (EUR +36mn).

	1Q 2017	1Q 2018	$\Delta$
PVNB (EUR mn)	14,748	14,998	+1.7%
NBM	3.1%	3.3%	+0.2%-p
VNB (EUR mn)	453	489	+7.9%
Investment margin	25bps	23bps	-2bps
Operating profit (EUR mn)	1,155	1,069	-7.4%



# L/H: VNB up 8%

EUR mn

	Value of new business		New business margin		Operating profit	
	1Q 18	Δ p.y.	1Q 18	Δ p.y.	1Q 18	Δ p.y.
<b>Total L/H segment</b>	<b>489</b>	<b>+7.9%</b>	<b>3.3%</b>	<b>+0.2%-p</b>	<b>1,069</b>	<b>-7.4%</b>
Germany Life	173	+29.1%	3.9%	+0.6%-p	334	+16.7%
USA	75	-12.3%	3.8%	-0.1%-p	171	-47.4%
Asia-Pacific	66	-10.3%	4.3%	-1.5%-p	78	+39.6%
Italy	42	+3.4%	2.3%	+0.3%-p	71	-1.0%
France	41	+152.1%	1.3%	+0.7%-p	159	-1.6%
Germany Health	20	+29.1%	3.7%	+0.6%-p	43	-17.2%
Spain	16	-28.7%	5.0%	-1.8%-p	67	+41.2%
Turkey	15	+11.0%	7.2%	+1.2%-p	20	+26.3%
Benelux	12	+31.8%	2.6%	+0.4%-p	26	-28.2%
CEE <sup>1</sup>	11	-7.3%	5.9%	-0.2%-p	47	-4.0%
Switzerland	5	-69.1%	1.7%	-1.8%-p	25	+6.2%

1) CEE incl. Austria, Russia &amp; Ukraine as of January 2018. Prior year figures have been adjusted.



# L/H: VNB up 8%



## Comments

### New business

- **Successful new business management**  
NBM and VNB prove that our products continue to create value even in a very low interest rate environment.
- **NBM above target level of 3.0%**  
For the 5th consecutive quarter NBM  $\geq$  3.0%.
- **VNB increases 13% excl. F/X**  
Adverse F/X impact. Adjusted VNB growth rate for USA is +1% and for Asia-Pacific -1%. 87% of VNB stem from preferred lines of business.
- **Germany Life with 29% VNB growth**  
Combination of strong new business growth (+9.9%) and margin improvement (+0.6%-p).
- **Asia-Pacific #3 contributor to VNB**  
32% new business growth in local currency. NBM down due to higher share of Taiwan (NBM 3.0%) in total production.

### Operating profit

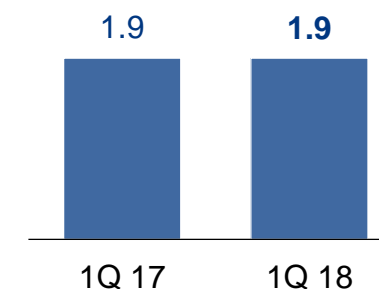
- **Germany Life – higher investment margin**  
Increase entirely driven by higher investment margin ( $\Delta$  EUR +54mn) as change in PHP more than offsets lower level of realized gains.
- **USA – volatile markets and F/X**  
Volatile markets and F/X weigh on operating profit. F/X impact was  $\Delta$  EUR -26mn. Prior year result included favorable result from VA basis risk (EUR +36mn).
- **Asia Pacific – improvement across most OEs**  
Adjusted for F/X operating profit is up 46%.
- **Spain – better investment margin**  
Mainly due to higher realized gains.
- **Turkey – strong underlying development**  
Business growth and higher reinvestment yields. In local currency operating profit is up 50%.
- **Benelux – lower investment margin**  
Mainly due to lower realized gains in Belgium.



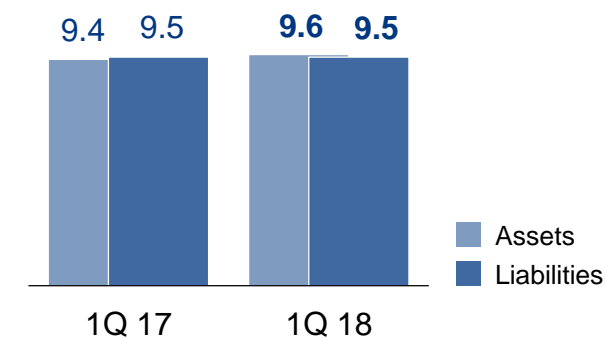
# L/H: investment margin on track at 23bps

(Yields are pro-rata)	Investment margin	
	1Q 17	1Q 18
<b>Based on Ø book value of assets<sup>1</sup> (EUR bn)</b>	<b>516</b>	<b>526</b>
Current yield	0.85%	0.80%
<b>Based on Ø aggregate policy reserves (EUR bn)</b>	<b>423</b>	<b>430</b>
<b>Current yield</b>	<b>1.04%</b>	<b>0.98%</b>
Net harvesting and other <sup>2</sup>	0.26%	0.02%
<b>Total yield</b>	<b>1.30%</b>	<b>1.00%</b>
- Ø min. guarantee <sup>3</sup>	0.52%	0.51%
<b>Gross investment margin (in %)</b>	<b>0.78%</b>	<b>0.50%</b>
- Profit sharing under IFRS <sup>4</sup>	0.53%	0.27%
<b>Investment margin (in %)</b>	<b>0.25%</b>	<b>0.23%</b>
Investment margin (EUR mn)	1,047	972

## Economic reinvestment yield (debt securities; in %)



## Duration<sup>5</sup>



- 1) Asset base under IFRS which excludes unit-linked, FVO and trading
- 2) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
- 3) Based on technical interest
- 4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
- 5) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment



# L/H: investment margin on track at 23bps



## Comments

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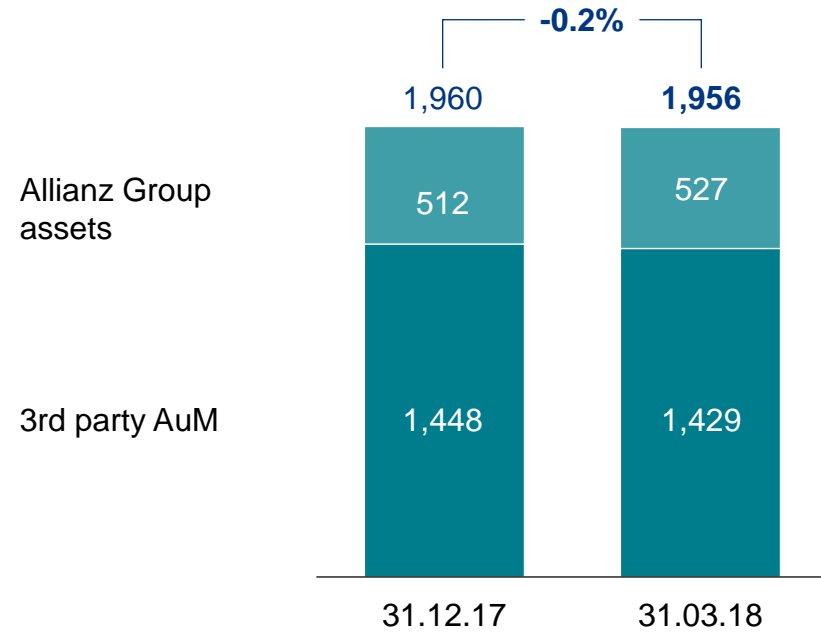
- **Yield decline within expected range**  
Current yield based on aggregate policy reserves down by 5bps. Impact partially offset by lower average minimum guarantee (-2bps).
- **Net harvesting and other – less harvesting**  
Result from net harvesting and other down by 24bps to 2bps. Main reason is lower contribution from harvesting ( $\Delta$  -18bps). Decrease in trading result ( $\Delta$  -6bps) reflects impact from volatile markets on our US business. Prior year trading result included favorable impact from VA basis risk.
- **Investment margin (in %) – on track**  
Investment margin at 23bps. Normal full-year level for 2018 expected at approx. 90-95bps.
- **Investment margin (EUR mn) – close to EUR 1bn**  
Negative F/X impact of EUR -58mn. Support from higher reserve base (+2%).
- **PHP at 77.5%**  
PHP below FY 2017 (79%).
- **Economic reinvestment yield and durations broadly stable**



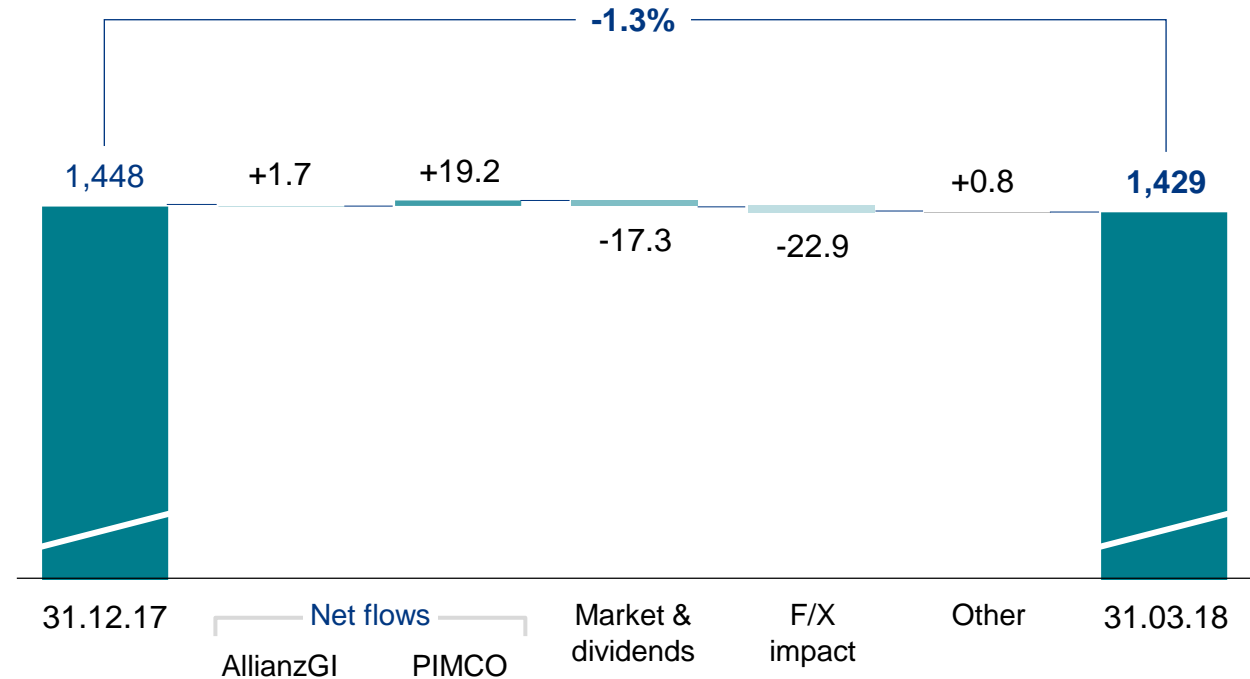


# AM: EUR 21bn 3rd party net inflows (EUR bn)

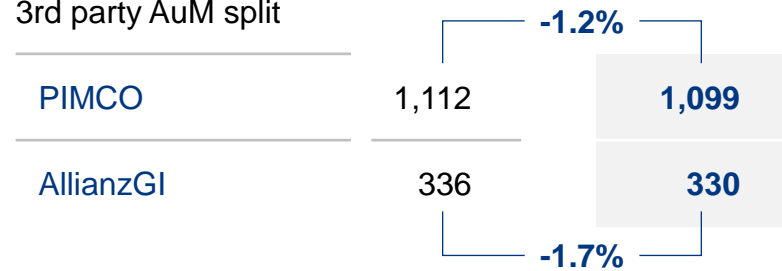
Total assets under management



3rd party assets under management development



3rd party AuM split



in %	AllianzGI	PIMCO	Market & dividends	F/X impact	Other
	+0.1%	+1.3%	-1.2%	-1.6%	+0.1%



# AM: EUR 21bn 3rd party net inflows



## Comments

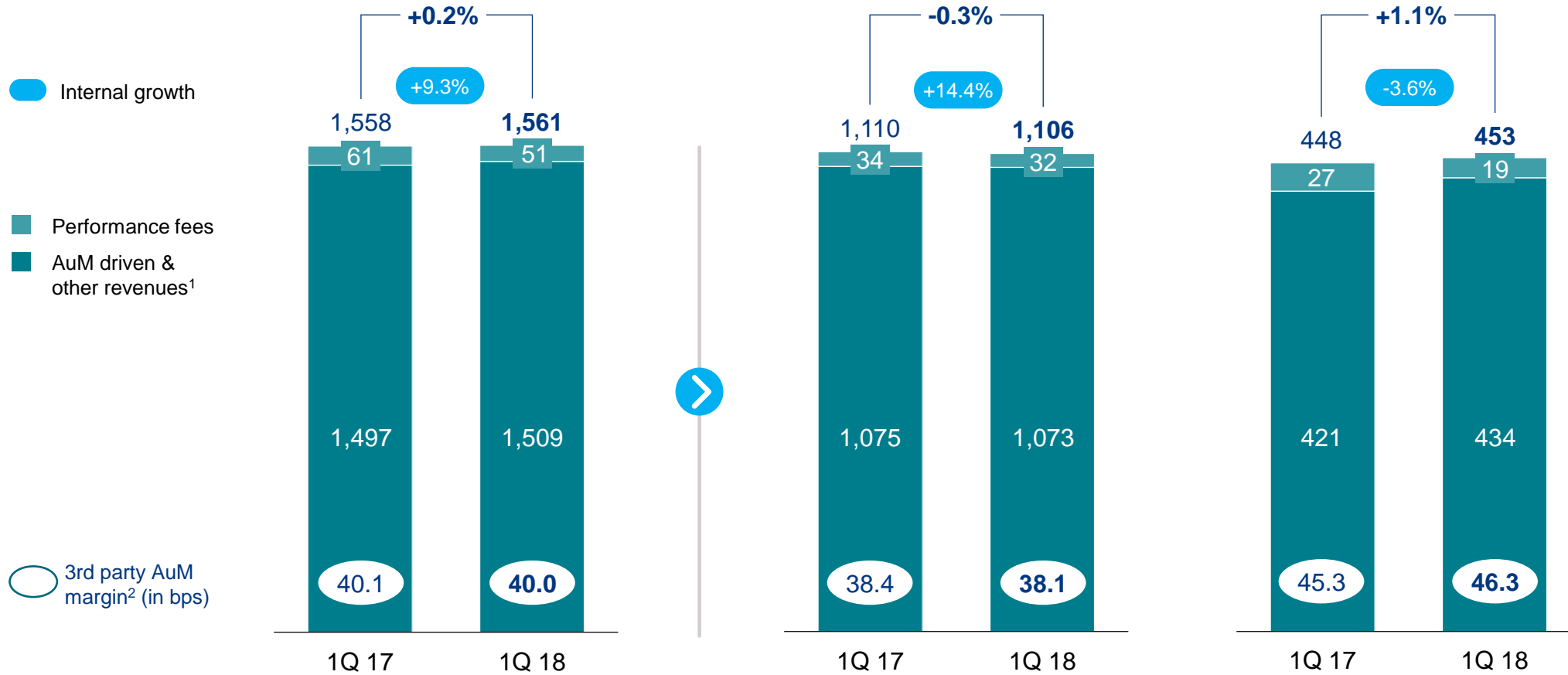
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- **3rd party AuM segment – adverse F/X & markets**  
Solid 3rd party net inflows in both entities, more than compensated by negative F/X and market impact.  
3rd party AuM overall down 1%.
- **3rd party AuM PIMCO – almost stable**  
EUR 19bn 3rd party net inflows, EUR -21bn F/X and EUR -11bn market impact, resulting in a decrease of EUR 13bn / 1%.
- **3rd party AuM AllianzGI – down 2%**  
EUR 2bn 3rd party net inflows, EUR -6bn market and EUR -2bn F/X impact lead to reduction of EUR 6bn / 2%.
- **Total AuM segment**  
Inclusion of Allianz Capital Partners (ACP), our asset manager specialized in alternative investments, contributed EUR 24bn to Allianz Group AuM end of 1Q 2018. ACP joined AllianzGI on January 1, 2018 (previously reported in CO segment).
- **Net inflows PIMCO: EUR 19bn**  
Strong 3rd party net inflows, driven by strategies like Income, Enhanced Cash and Long Duration.
- **Net inflows AllianzGI: EUR 2bn**  
3rd party net inflows in all regions despite volatile markets.



# AM: 9% internal growth at stable margin (EUR mn)

## Revenues development



1) Thereof other revenues: AM: 1Q 17: EUR 46mn, 1Q 18: EUR -7mn; PIMCO: 1Q 17: EUR 36mn; 1Q 18: EUR -4mn; AllianzGI: 1Q 17: EUR 10mn; 1Q 18: EUR -4mn  
 2) Excluding performance fees and other income



# AM: 9% internal growth at stable margin



## Comments

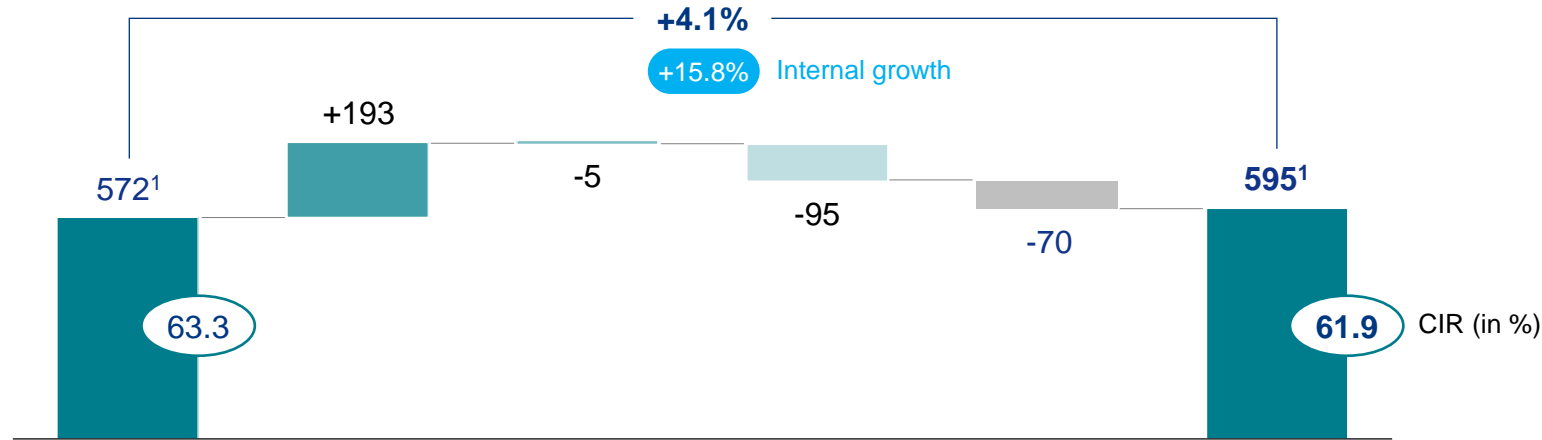
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- **Revenues segment – internal growth +9%**  
AuM driven revenues up 5% (+17% excluding F/X) particularly due to higher average 3rd party AuM (+4%). Adverse impact from performance fees and other revenues.
- **Performance fees PIMCO – impacted by F/X**  
Δ EUR -2mn / -5% because of adverse F/X effects (excluding F/X Δ EUR +3mn / +9%).
- **Performance fees AllianzGI – volatile markets**  
Less performance fees from Structured Alpha products in the US due to volatile market environment.  
Δ versus 1Q 2017: EUR -8mn / -30%. EUR 15mn performance fees in 1Q 2018 stem from ACP.
- **Other revenues segment – base effect**  
Down EUR 53mn mainly due to positive one-offs in 1Q 2017.
- **Stable margins**  
3rd party AuM margin of the segment is stable (Δ -0.1 bps).  
PIMCO's 3rd party AuM margin nearly unchanged (0.2bps below level of FY 2017).  
3rd party AuM margin of AllianzGI increases primarily due to higher share of mutual funds and sale of AllianzGI Korea (completed in 3Q 2017).



# AM: double-digit profit growth excluding F/X (EUR mn)

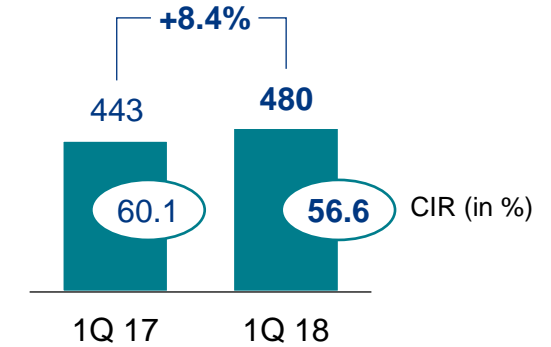
## Operating profit drivers



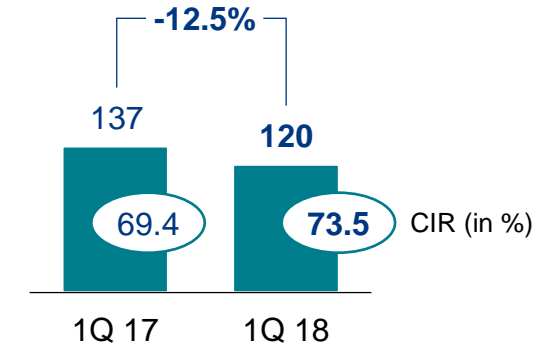
	AuM driven & other revenues	Performance fees	Expenses	F/X impact
<b>1Q 18</b>	<b>1,509</b>	<b>51</b>	<b>-966</b>	<b>-181</b>
1Q 17	1,497	61	-987	

Δ 1Q 18/17

## PIMCO



## AllianzGI



1) Including operating loss from other entities of EUR -8mn in 1Q 17 and EUR -5mn in 1Q 18



# AM: double-digit profit growth excluding F/X



## Comments

- **Segment – OP up despite adverse F/X**

F/X adjusted operating profit increases by 16%. Higher AuM driven revenues are the major driver of nominal operating profit growth of 4%, despite significantly negative F/X effect. 25% of OP outlook midpoint for FY 2018 achieved.

CIR improves 1.4%-p driven by PIMCO.

- **PIMCO – excellent OP**

F/X adjusted operating profit increases by 24%. Solid net inflows and higher average 3rd party AuM lead to nominal operating profit increase of 8%.

CIR improves 3.5%-p due to cost efficiency and base effect from retention program ended in 2Q 2017.

- **AllianzGI – OP resilient**

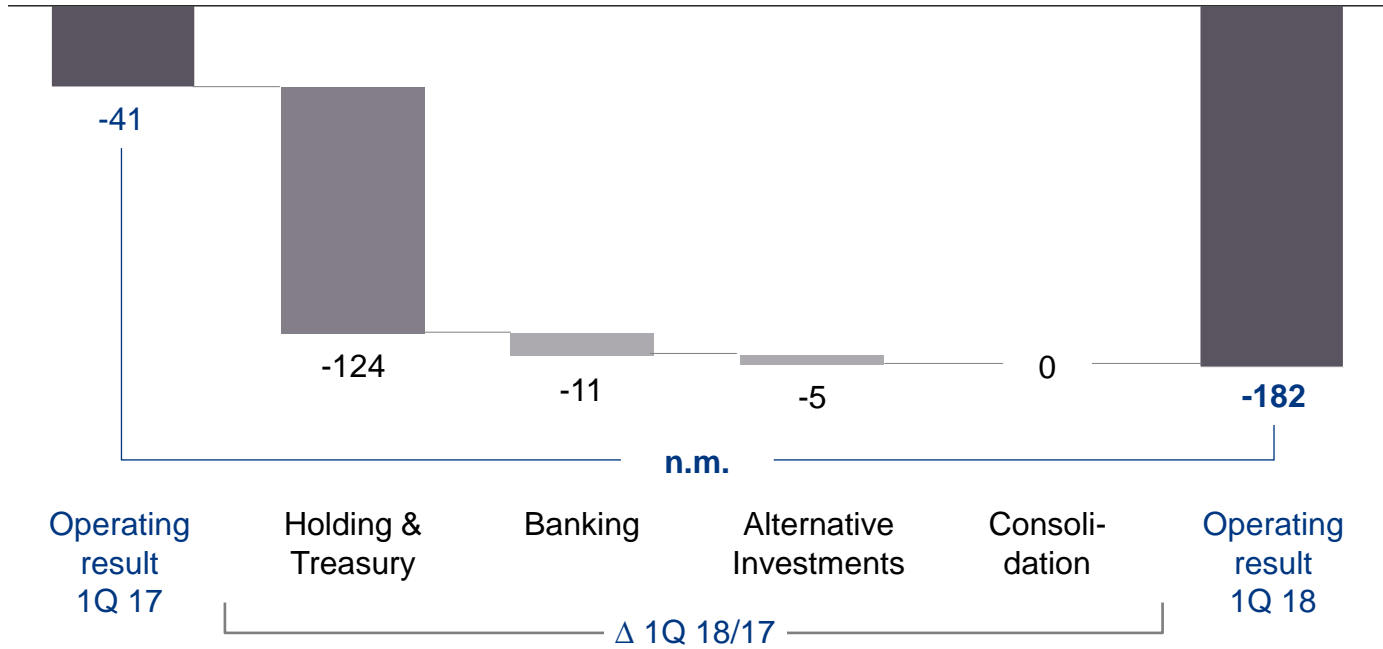
Operating profit down EUR 17mn, impacted by lower performance fees from Structured Alpha products. 4.1%-p increase in CIR, also affected by integration of ACP with a stand-alone CIR of 90%. Expected FY impact of ACP on AllianzGI CIR: +2%-p.

	1Q 2017	1Q 2018	Δ
Operating revenues (EUR mn)	1,558	1,561	+0.2%
Operating profit (EUR mn)	572	595	+4%
3rd party net flows (EUR bn)	+19	+21	+7%
3rd party AuM margin (bps)	40.1	40.0	-0.1bps
CIR (%)	63.3%	61.9%	-1.4%-p



# CO: on track

## Operating loss development and components



<b>1Q 18</b>	<b>-211</b>	<b>20</b>	<b>10</b>	<b>0</b>
1Q 17	-87	31	15	0



# CO: on track



## Comments

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- **Operating loss in line with FY target**  
Operating loss of EUR -0.2bn at 20% of FY outlook midpoint of EUR -0.9bn.
- **Holding & Treasury within expected range**  
In 1Q 2017 for the last time a positive impact related to the cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE (EUR 148mn) was recognized.
- **Alternative Investments**  
Lower contribution due to assignment of Allianz Capital Partners (ACP) to Asset Management segment from 2018 on.
- **Banking**  
Change is driven mainly by sale of OLB.





# Group: s/h net income up 7% to EUR 1.9bn

EUR mn	1Q 17	1Q 18	Change
Operating profit	2,932	2,756	-176
<b>Non-operating items</b>	<b>-220</b>	<b>-75</b>	<b>+145</b>
Realized gains/losses (net)	167	234	+68
Impairments (net)	-12	-69	-57
Income from financial assets and liabilities carried at fair value (net)	-3	34	+37
Interest expenses from external debt	-213	-206	+7
Acquisition-related expenses	1	0	-1
Restructuring charges	-120	-34	+86
Amortization of intangible assets	-36	-34	+2
Change in reserves for insurance and investment contracts (net)	-4	0	+4
<b>Income before taxes</b>	<b>2,712</b>	<b>2,682</b>	<b>-30</b>
Income taxes	-792	-651	+140
<b>Net income</b>	<b>1,920</b>	<b>2,030</b>	<b>+110</b>
Non-controlling interests	-104	-91	+13
<b>Shareholders' net income</b>	<b>1,816</b>	<b>1,939</b>	<b>+123</b>
Effective tax rate	29%	24%	-5%-p



# Group: s/h net income up 7% to EUR 1.9bn



## Comments

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- **S/h net income driven by non-OP result and taxes**  
Lower operating profit ( $\Delta$  EUR -176mn) more than offset by better non-operating result ( $\Delta$  EUR +145mn) and lower tax charges ( $\Delta$  EUR +140mn).
- **Non-OP result – lower restructuring charges**  
Restructuring lower than high prior year level. Contribution from harvesting result broadly stable ( $\Delta$  EUR +11mn).
- **Tax rate benefits from US tax reform**  
US tax reform lowers tax expenses by EUR -85mn and Group tax ratio by -3.2%-p. In addition tax ratio benefits -1.3%-p from other effects (especially tax-exempt capital gains).  
Allianz Group tax rate for FY 2018 expected at lower end of 26%-28% range.
- **Non-controlling interests – EH minority buy-out**  
Non-controlling interests down mainly due to increased stake in Euler Hermes. Squeeze-out completed on April 27, 2018. Positive net income impact of EUR ~0.1bn expected in 2018.
- **Deal previously announced, but not yet closed**  
In 4Q 2017 Allianz agreed to sell parts of its life insurance portfolio in Taiwan. Negative net income impact of EUR ~0.2bn expected in 2Q 2018.



# Status quo and ambitions

3M 18	2018			3M 18	2018
7.0% <sup>1</sup>	5% <sup>1</sup>	EPS Growth	Businesses with NPS above market	60% <sup>3</sup>	75%
13.8% <sup>2</sup>	13%	RoE Allianz Group	SII interest rate sensitivity	7%-p	<11%-p
94.8%	94%	P/C CR	PIMCO CIR	56.6%	60%
71% <sup>2</sup>	100%	L/H OEs with RoE ≥10%	IMIX	72% <sup>3</sup>	72%
3.3%	3.0%	L/H NBM	Share of newly launched digital products	77% <sup>3</sup>	~100%

1) CAGR of (annualized) EPS versus EPS for FY 2015. Annualized figures are not a forecast for full-year numbers  
 2) For more details on the RoE calculation please refer to the glossary  
 3) Based on latest available data



# CONTENT

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**GROUP FINANCIAL RESULTS**  
1Q 2018

2

**GLOSSARY**  
**DISCLAIMER**



# 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 February 27, 2017 – a much steeper reduction than was predicted by the industry earlier last 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>	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 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.
<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 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.



# 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 EUR/USD 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.