

# FIRST HALF-YEAR 2021

ALTERNATIVE PERFORMANCE  
MEASURES

**ALLIANZ GROUP**

**Allianz** 

# ALTERNATIVE PERFORMANCE MEASURES

The Allianz Group uses, throughout its financial publications, alternative performance measures (APMs) in addition to the figures which are prepared in accordance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. We believe that these measures provide useful information to investors and enhance the understanding of our results. These financial measures are designed to measure performance, growth, profit generation and capital efficiency.

The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRSs.

The Allianz Group uses the following major alternative performance measures:

- Total revenues
- Internal growth
- Operating profit
- Return on equity
- Combined ratio
- New business margin
- Cost-income ratio
- Total assets under management

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited.

In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regards to the above mentioned alternative performance measures:

- Section 1:  
Definition of the APM, its use and limitations on the usefulness.
- Section 2:  
Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements.

The Allianz Group's most recent financial publications at any time are available online at [www.allianz.com/results](https://www.allianz.com/results).

## Definitions, use and limitations

### TOTAL REVENUES

#### DEFINITION AND USEFULNESS

Total revenues are the "top line" figure from which costs and expenses are subtracted to determine operating profit and net income. According to our business segments, total revenues in the Allianz Group comprise gross premiums written and fee and commission income in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

$$\begin{aligned} \text{Total revenues}_{\text{Allianz Group}} &= \text{Total revenues}^1_{\text{Property-Casualty}} \\ &+ \text{Statutory premiums}_{\text{Life/Health}} \\ &+ \text{Operating revenues}_{\text{Asset Management}} \\ &+ \text{Total revenues}_{\text{Corporate and Other (Banking)}} \end{aligned}$$

<sup>1</sup>Comprising gross premiums written and fee and commission income.

We consider total revenues as a key performance indicator and believe that it is useful and meaningful to our external audience because it is an important financial measure for the performance and growth of the Allianz Group during a specific time period.

#### LIMITATIONS ON THE USEFULNESS

Total revenues do not provide any information as to the profitability of the Allianz Group. Therefore, total revenues should always be viewed in conjunction with e.g. operating profit or net income.

Furthermore, total revenues are subject to fluctuations which do not derive from the performance of the Allianz Group. These fluctuations result from effects of price changes, foreign currency translation as well as acquisitions, disposals and transfers. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes some of these effects.

### INTERNAL GROWTH

#### DEFINITION AND USEFULNESS

The Allianz Group presents the percentage change of total revenues adjusted for foreign currency translation and portfolio effects in addition to presenting the nominal total revenue growth. The adjusted percentage change is called internal growth.

The Allianz Group's Consolidated Financial Statements are presented in euro. As a significant portion of our total revenues results from countries outside the eurozone, the comparability between different periods is affected when exchange rates fluctuate. The comparability of our total revenues is further influenced by acquisitions, disposals as well as transfers (or "changes in scope of consolidation").

We believe that internal growth allows a meaningful analysis of revenue development as it makes data comparable from period to period and enhances the understanding of the underlying operating development.

Management uses internal growth in the steering of our business.

Internal growth of total revenues is determined by correcting nominal total revenue growth for the effects of foreign currency translation as well as acquisitions and disposals. Foreign currency translation effects are calculated as

$$\text{FX Effects} = \frac{\text{total revenues at CY FX rate} - \text{total revenues at PY FX rate}}{\text{PY total revenues at PY FX rate}}$$

CY = current year period  
PY = prior year period

The effects of acquisitions are calculated as the percentage change in total revenues attributable to the acquired business while the effects of disposals are determined as the percentage change in total revenues assuming the disposed business had not been part of the Allianz Group in the previous period.

## LIMITATIONS ON THE USEFULNESS

Internal growth rates are not adjusted for other effects, such as price changes.

## OPERATING PROFIT (OP)

### DEFINITION AND USEFULNESS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group.

The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

Operating profit is used as one of the decision metrics by Allianz Group's management.

Effective 1 January 2021, the Allianz Group has amended its operating profit definition by excluding income taxes related incidental benefits/expenses and litigation expenses. Both items are not attendant to the Allianz Group's sustainable performance. Therefore, the Allianz Group believes that the amended definition of operating profit provides more relevant information for investors with respect to Allianz Group's long-term profitability and its comparability over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- income from financial assets and liabilities carried at fair value through income (net),
- realized gains and losses (net) and impairments of investments (net),
- interest expenses from external debt,
- certain acquisition and administrative expenses (net), consisting of acquisition-related expenses, income taxes related incidental benefits/expenses and litigation expenses,
- amortization of intangible assets,
- restructuring and integration expenses, and
- profit (loss) of substantial subsidiaries classified as held for sale.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.
- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. There is one exception from this general rule with regard to policyholder participation in extraordinary tax benefits and expenses. As IFRSs require that the consolidated income statements present all tax benefits in the income taxes line item, even when they belong to policyholders, the corresponding expenses for premium refunds are shown as non-operating as well.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRSs.

## LIMITATIONS ON THE USEFULNESS

Operating profit is subject to fluctuations which do not derive from the performance of the Allianz Group such as changes in foreign currency rates or acquisitions, disposals and transfers between reportable segments.

## RETURN ON EQUITY (ROE)

### DEFINITION AND USEFULNESS

For the Allianz Group, return on equity represents the ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders is adjusted for net financial charges and currency translation effects related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds classified as shareholders' equity and unrealized gains/losses on bonds net of shadow accounting are excluded.

$$\text{RoE}_{\text{AZ Group}} = \frac{\text{Net income attributable to shareholders}^1}{(\text{Shareholders' equity}^2 \text{ begin of period} + \text{Shareholders' equity}^2 \text{ end of period})/2}$$

1\_Net income attributable to shareholders adjusted for net financial charges and currency translation effects related to undated subordinated bonds classified as shareholders' equity.

2\_Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and excluding unrealized gains/losses on bonds net of shadow accounting.

The Allianz Group also uses RoE as a performance measure for the Life/Health segment. For the Life/Health segment, RoE represents net income divided by the average total equity excluding unrealized gains/losses on bonds net of shadow accounting at the beginning of the period and at the end of the period.

$$\text{RoE}_{\text{LH Segment}} = \frac{\text{Total net income}}{(\text{Total equity}^1 \text{ begin of period} + \text{Total equity}^1 \text{ end of period})/2}$$

1\_Total equity excluding unrealized gains/losses on bonds net of shadow accounting.

The Allianz Group uses RoE as a key performance indicator. It combines the view on business profitability and capital efficiency. Therefore, management uses RoE in the steering of our business.

### LIMITATIONS ON THE USEFULNESS

The RoE of the Allianz Group or the Life/Health segment include items which are not indicative of management performance. Furthermore, RoE is not available at Line of Business or product level.

The performance indicator RoE is inherently limited by the fact that it represents a ratio and thus does not provide any information as to the absolute amount of net income or shareholders' equity<sup>1</sup>/total equity excluding unrealized gains/losses on bonds net of shadow accounting.

### COMBINED RATIO (CR)

#### DEFINITION AND USEFULNESS

The Allianz Group uses the combined ratio as a measure of underwriting profitability in the Property-Casualty segment. The combined ratio represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

$$CR_{PC\text{ Segment}} = \frac{\text{Acq. and admin expenses (net)}^1 + \text{Claims and ins. benefits inc. (net)}^1}{\text{Premiums earned (net)}^1}$$

<sup>1</sup>In insurance terminology, the term "net" means after reinsurance.

The combined ratio is typically expressed as a percentage. A ratio of below 100% indicates that the underwriting result is profitable, whereas a ratio of above 100% indicates an underwriting loss.

The combined ratio can be further broken down into the loss ratio and the expense ratio. The loss ratio represents claims and insurance benefits incurred (net) divided by premiums earned (net), and thus expresses the percentage of net earned premiums used to settle claims.

$$\text{Loss ratio}_{PC\text{ Segment}} = \frac{\text{Claims and insurance benefits incurred (net)}}{\text{Premiums earned (net)}}$$

The expense ratio represents acquisition and administrative expenses (net) divided by premiums earned (net). It expresses the percentage of net earned premiums used to cover underwriting expenses for the acquisition of new or renewal business and for administrative expenses.

$$\text{Expense ratio}_{PC\text{ Segment}} = \frac{\text{Acquisition and admin expenses (net)}}{\text{Premiums earned (net)}}$$

### LIMITATIONS ON THE USEFULNESS

The combined ratio is used to measure underwriting profitability, but it does not capture the profitability of the investment result or the non-operating result. Even in case of a combined ratio of above 100%, the operating profit and/or the net income can still be positive due to a positive investment income and/or a positive non-operating result.

<sup>1</sup>Excluding undated subordinated bonds classified as shareholders' equity.

Moreover, the usefulness of the combined ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the underwriting result.

### NEW BUSINESS MARGIN (NBM)

#### DEFINITION AND USEFULNESS

The new business margin is a common key performance indicator to measure the profitability of new business in our Life/Health segment. The NBM is calculated as the Value of new business (VNB) divided by the Present value of new business premiums (PVNBP). All three components are shown after non-controlling interests unless otherwise stated.

$$NBM_{LH\text{ Segment}} = \frac{\text{Value of new business (VNB)}}{\text{Present value of new business premium (PVNBP)}}$$

The VNB is the additional value to the shareholder which is created through the activity of writing new business in the current period. It is defined as the present value of future profits (PVFP) after acquisition expenses overrun or underrun, minus the time value of financial options and guarantees (O & G) and minus the risk margin (RM), all determined at the date of issue. Value of new business is calculated at point of sale, interpreted as at beginning of each quarter assumptions. In the case of the USA a more frequent valuation, using updated assumptions, is performed (bi-weekly).

The PVNBP is the present value of projected new regular premiums, discounted with risk-free rates, plus the total amount of single premiums received.

VNB and PVNBP are determined by using an actuarial platform. In the actuarial platform, insurance contracts are projected deterministically using best estimate assumptions for lapse, mortality, disability and expenses until maturity. Contracts are projected no longer than 60 years. Premiums are before reinsurance. To receive a valid and meaningful NBM, the calculation of VNB and PVNBP need to be based on the same assumptions.

### LIMITATIONS ON THE USEFULNESS

Limitations come from the best estimate assumptions, including risk-free rate, and the long projection period of up to 60 years. The best estimate assumptions are derived from historical data. That means that a different future customer behavior could lead to variances. The same is applicable for the risk-free rate, which is based on current market data. Furthermore, the long projection period is worthy of discussion, because changes such as regulatory changes or a new currency are not reflected in the projection.

## COST-INCOME RATIO (CIR)

### DEFINITION AND USEFULNESS

The Allianz Group uses the cost-income ratio as a key performance indicator in the Asset Management segment. The CIR sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{\text{AM Segment}} = \frac{\text{Operating expenses}^1}{\text{Operating revenues}^2}$$

1\_Operating expenses consist of administrative expenses (net), excluding acquisition-related expenses.

2\_Operating revenues are the sum of net fee and commission income, net interest income, income from financial assets and liabilities carried at fair value through income and other income. The term "net" means that the relevant expenses have already been deducted.

The Allianz Group uses CIR in order to measure the efficiency of its activities in the Asset Management segment. Changes in the ratio indicate a change in efficiency.

### LIMITATIONS ON THE USEFULNESS

The CIR in a given period of time can be influenced by special items, one-offs or foreign exchange effects on the revenue and/or expense side which lead to a change in CIR without a long-term change of efficiency.

Moreover, the usefulness of the cost-income ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the operating revenues and expenses.

## TOTAL ASSETS UNDER MANAGEMENT (TOTAL AUM)

### DEFINITION AND USEFULNESS

Total 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.

Total AuM are a key performance indicator in the Allianz Group and the underlying of the success of our asset management activities in comparison with prior periods as well as in comparison with other companies.

Changes in total AuM are driven by net flows, market and other, consolidation/deconsolidation effects and foreign exchange effects.

Net flows represent the sum of new clients' assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors.

Market and other represents current income earned on, and changes in the 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.

Net flows as well as market and other define the real growth of the total AuM base.

### LIMITATIONS ON THE USEFULNESS

The volume of total AuM reported is subject to fluctuations which do not derive from the success of our asset management activities. These fluctuations result from effects of foreign currency translation as well as acquisitions, disposals and transfers.

## Reconciliations

### TOTAL REVENUES

Total revenues comprise gross premiums written and fee and commission income in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

#### Composition of total revenues

€ mn

Six months ended 30 June	2021	2020
<b>PROPERTY-CASUALTY</b>		
<b>Total revenues</b>	<b>33,610</b>	<b>33,785</b>
consisting of:		
Gross premiums written	32,750	32,933
Fee and commission income	860	851
<b>LIFE/HEALTH</b>		
<b>Statutory premiums</b>	<b>38,536</b>	<b>36,356</b>
<b>ASSET MANAGEMENT</b>		
<b>Operating revenues</b>	<b>3,835</b>	<b>3,493</b>
consisting of:		
Net fee and commission income	3,836	3,495
Net interest and similar income	(3)	(8)
Income from financial assets and liabilities carried at fair value through income (net)	2	5
<b>CORPORATE AND OTHER</b>		
<b>thereof: Total revenues (Banking)</b>	<b>131</b>	<b>111</b>
consisting of:		
Interest and similar income	30	34
Income from financial assets and liabilities carried at fair value through income (net) <sup>1</sup>	1	1
Fee and commission income	325	265
Interest expenses, excluding interest expenses from external debt	(12)	(10)
Fee and commission expenses	(214)	(179)
<b>CONSOLIDATION</b>	<b>(364)</b>	<b>(250)</b>
<b>Allianz Group total revenues</b>	<b>75,749</b>	<b>73,495</b>

<sup>1</sup> Includes trading income.

### INTERNAL GROWTH

The IFRS financial measure most directly comparable to internal growth is the nominal growth of total revenue growth.

#### Reconciliation of nominal total revenue growth to internal total revenue growth

%

Six months ended 30 June	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
<b>2021</b>				
Property-Casualty	0.5	1.2	(2.2)	(0.5)
Life/Health	8.6	(0.1)	(2.4)	6.0
Asset Management	15.7	2.4	(8.2)	9.8
Corporate and Other	18.0	-	-	18.0
<b>Allianz Group</b>	<b>5.2</b>	<b>0.5</b>	<b>(2.6)</b>	<b>3.1</b>
<b>2020</b>				
Property-Casualty	0.3	2.9	(0.5)	2.6
Life/Health	(3.4)	0.2	0.5	(2.8)
Asset Management	3.0	-	2.2	5.2
Corporate and Other	(6.0)	-	-	(6.0)
<b>Allianz Group</b>	<b>(1.5)</b>	<b>1.4</b>	<b>0.1</b>	<b>-</b>

#### Reconciliation of Life/Health statutory premiums to premiums earned (net)

€ mn

Six months ended 30 June	2021	2020
<b>Statutory premiums</b>	<b>38,536</b>	<b>36,356</b>
Ceded premiums written	(391)	(531)
Change in unearned premiums	(242)	(326)
Deposits from insurance and investment contracts	(25,643)	(23,459)
<b>Premiums earned (net)</b>	<b>12,261</b>	<b>12,041</b>

## OPERATING PROFIT (OP)

### Business segment information – reconciliation of operating profit (loss) to net income (loss)

€ mn

Six months ended 30 June	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
<b>2021</b>						
<b>Operating profit (loss)</b>	<b>2,871</b>	<b>2,495</b>	<b>1,572</b>	<b>(278)</b>	<b>(6)</b>	<b>6,655</b>
<b>Non-operating investment result</b>						
Non-operating income from financial assets and liabilities carried at fair value through income (net) <sup>1</sup>	(69)	121	3	(28)	(2)	24
Non-operating realized gains/losses (net) <sup>1</sup>	271	(10)	85	268	6	621
Non-operating impairments of investments (net) <sup>1</sup>	(40)	(26)	-	(40)	-	(106)
Subtotal	162	85	88	200	4	538
Non-operating change in reserves for insurance and investment contracts (net) <sup>1</sup>	-	97	-	-	-	97
Interest expenses from external debt	-	-	-	(336)	-	(336)
Non-operating acquisition and administrative expenses (net) <sup>2</sup>	-	(18)	-	32	-	14
Non-operating amortization of intangible assets	(106)	(19)	(10)	(10)	-	(145)
Non-operating restructuring and integration expenses	(144)	(28)	(30)	(26)	-	(227)
Reclassifications	-	18	-	-	-	18
Non-operating items	(88)	136	49	(141)	4	(41)
Income (loss) before income taxes	2,783	2,631	1,621	(419)	(2)	6,614
Income taxes	(688)	(684)	(405)	204	(1)	(1,573)
<b>Net income (loss)</b>	<b>2,095</b>	<b>1,947</b>	<b>1,216</b>	<b>(214)</b>	<b>(3)</b>	<b>5,040</b>
<b>Net income (loss) attributable to:</b>						
Non-controlling interests	59	112	73	5	-	249
Shareholders	2,036	1,835	1,144	(219)	(3)	4,791
<b>2020</b>						
<b>Operating profit (loss)</b>	<b>2,175</b>	<b>1,810</b>	<b>1,319</b>	<b>(432)</b>	<b>(3)</b>	<b>4,869</b>
<b>Non-operating investment result</b>						
Non-operating income from financial assets and liabilities carried at fair value through income (net) <sup>1</sup>	(3)	(19)	(2)	(65)	(2)	(90)
Non-operating realized gains/losses (net) <sup>1</sup>	(31)	586	-	141	6	702
Non-operating impairments of investments (net) <sup>1</sup>	(463)	(118)	-	(64)	-	(645)
Subtotal	(497)	449	(2)	13	4	(33)
Non-operating change in reserves for insurance and investment contracts (net) <sup>1</sup>	-	27	-	-	-	27
Interest expenses from external debt	-	-	-	(362)	-	(362)
Non-operating acquisition and administrative expenses (net) <sup>2</sup>	-	-	-	-	-	-
Non-operating amortization of intangible assets	(55)	(23)	(8)	(9)	-	(95)
Non-operating restructuring and integration expenses	(133)	(28)	(86)	(36)	-	(282)
Reclassifications	-	-	-	-	-	-
Non-operating items	(685)	425	(96)	(394)	4	(745)
Income (loss) before income taxes	1,490	2,236	1,223	(825)	1	4,124
Income taxes	(563)	(433)	(317)	290	1	(1,023)
<b>Net income (loss)</b>	<b>926</b>	<b>1,802</b>	<b>906</b>	<b>(535)</b>	<b>2</b>	<b>3,101</b>
<b>Net income (loss) attributable to:</b>						
Non-controlling interests	54	79	53	(12)	-	174
Shareholders	872	1,724	853	(523)	2	2,927

1. In investment terminology the term "net" is used when the relevant expenses have already been deducted.

2. Include, if applicable, acquisition-related expenses, income taxes related incidental benefits/expenses and litigation expenses. Until 2020, income taxes related incidental benefits/expenses and litigation expenses were shown within operating acquisition and administrative expenses (net).

## RETURN ON EQUITY (ROE)

For the Allianz Group, return on equity represents the ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period.

$$\text{RoE}_{\text{AZ Group}} = \frac{\text{Net income attributable to shareholders}^1}{(\text{Shareholders' equity}^2 \text{ begin of period} + \text{Shareholders' equity}^2 \text{ end of period})/2}$$

1\_Net income attributable to shareholders adjusted for net financial charges and currency translation effects related to undated subordinated bonds classified as shareholders' equity.

2\_Shareholders' equity excluding undated subordinated bonds classified as shareholders' equity and excluding unrealized gains/losses on bonds net of shadow accounting.

### Reconciliation of return on equity for Allianz Group

€ mn

Six months ended 30 June	2021	2020 <sup>1</sup>
Net income attributable to shareholders	4,728	6,801
Shareholders' equity bop	78,557	74,002
Shareholders' equity eop	75,394	78,557
Unrealized gains/losses on bonds net of shadow accounting bop	19,257	13,796
Unrealized gains/losses on bonds net of shadow accounting eop	13,615	19,257
<b>Return on equity (excluding undated subordinated bonds classified as shareholders' equity and excluding unrealized gains/losses on bonds net of shadow accounting) in %</b>	<b>7.8</b>	<b>11.4</b>
annualized in %	15.6 <sup>2</sup>	

1\_For 2020, the return on equity for the full year is shown.

2\_Annualized figures are not a forecast for full-year numbers.

For the Life/Health segment, RoE represents net income divided by the average total equity at the beginning of the period and at the end of the period.

$$\text{RoE}_{\text{LH Segment}} = \frac{\text{Total net income}}{(\text{Total equity}^1 \text{ begin of period} + \text{Total equity}^1 \text{ end of period})/2}$$

1\_Total equity excluding unrealized gains/losses on bonds net of shadow accounting.

### Reconciliation of return on equity for the Life/Health segment

€ mn

Six months ended 30 June	2021	2020 <sup>1</sup>
Net income	1,947	3,766
Shareholders' equity bop	44,036	39,962
Shareholders' equity eop	41,110	44,036
Unrealized gains/losses on bonds net of shadow accounting bop	14,729	10,325
Unrealized gains/losses on bonds net of shadow accounting eop	10,463	14,729
<b>Return on equity (excluding unrealized gains/losses on bonds net of shadow accounting) in %</b>	<b>6.5</b>	<b>12.8</b>
annualized in %	13.0 <sup>2</sup>	

1\_For 2020, the return on equity for the full year is shown.

2\_Annualized figures are not a forecast for full-year numbers.

## COMBINED RATIO (CR)

The combined ratio represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

$$\text{CR}_{\text{PC Segment}} = \frac{\text{Acq. and admin expenses (net)}^1 + \text{Claims and ins. benefits inc. (net)}^1}{\text{Premiums earned (net)}^1}$$

1\_In insurance terminology, the term "net" means after reinsurance.

### Reconciliation of combined ratio

€ mn

Six months ended 30 June	2021	2020
Claims and insurance benefits incurred (net)	(17,107)	(18,250)
Acquisition and administrative expenses (net)	(6,834)	(6,909)
Premiums earned (net)	25,620	26,030
<b>Combined ratio in %</b>	<b>93.4</b>	<b>96.7</b>
Loss ratio in %	66.8	70.1
Expense ratio in %	26.7	26.5

## NEW BUSINESS MARGIN (NBM)

There is no comparable IFRS financial measure. Therefore, a reconciliation is not possible. However, our calculation of NBM is consistent with the accounting policies we apply in our financial statements prepared in accordance with IFRSs.

## COST-INCOME RATIO (CIR)

The cost-income ratio sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{\text{AM Segment}} = \frac{\text{Operating expenses}^1}{\text{Operating income}^2}$$

1\_Operating expenses consist of administrative expenses (net), excluding acquisition-related expenses.

2\_Operating revenues are the sum of net fee and commission income, net interest income, income from financial assets and liabilities carried at fair value through income and other income. The term "net" means that the relevant expenses have already been deducted.

### Reconciliation of cost-income ratio

€ mn

Six months ended 30 June	2021	2020
Operating expenses	(2,263)	(2,174)
Operating revenues	3,835	3,493
<b>Cost-income ratio in %</b>	<b>59.0</b>	<b>62.2</b>

## TOTAL ASSETS UNDER MANAGEMENT (TOTAL AUM)

There is no comparable IFRS financial measure. Therefore, a reconciliation is not possible. However, our calculation of total AuM is consistent with the accounting policies we apply in our financial statements prepared in accordance with IFRSs.

## FORWARD-LOOKING APMs

An APM may not be reconcilable because it is not derived from the financial statements, such as profit estimates, future projections or profit forecasts. However, all forward-looking APMs are consistent with the accounting policies we apply in our financial statements prepared in accordance with IFRSs.