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### IDS GmbH - Analysis and Reporting Services

Munich

#### Annual financial statements for the business year from 01/01/2018 to 12/31/2018

##### Management report for the 2018 financial year

###### Business activity

IDS GmbH - Analysis and Reporting Services (IDS) was founded on July 6, 2001 in Munich as a 100% subsidiary of Allianz SE. It offers services in connection with the operational controlling of capital investments at the Munich and Frankfurt locations.

IDS makes their global investment decisions transparent for its clients, from the individual transaction to the entire investment portfolio. With the help of the most suitable financial technology, a highly motivated, diverse and highly qualified team, the most modern project management approaches and excellent industry knowledge, IDS maps all information dimensions for investment portfolios: risk, performance and structural analyzes as well as regulatory reporting.

IDS services are available within Allianz to national and international investment management and asset management units, insurance companies in the group and third parties. The expansion of business for customers outside the group is being sustained.

###### General framework

###### Macroeconomic and industry-specific development

Overall, 2018 was characterized economically by a slowdown in growth with the corresponding adjustment of profit expectations. Weaker fundamentals on the one hand and ongoing political uncertainty on the other contributed to this development. In terms of monetary policy, some central banks have taken a normalization course, albeit with varying degrees of intensity, while others have stuck to the expansion course or are thinking about it accordingly. Apart from the bond markets, the asset classes were in the red last year. None of the factors mentioned are showing a clear trend at the moment, so uncertainty will continue to dominate.

###### Market and competitive conditions

In the service sector for the investment industry, a trend towards "managed service" can be observed: The market participants, who have so far acted more as tool or data providers, are building up appropriate capacities and trying to strengthen customer loyalty. A second trend is set by tool providers who rely on "advanced analytics" (essentially machine learning and natural language processing) that have to be adapted or calibrated for the respective service landscape. Thirdly, providers appear who cover specific thematic contexts (e.g. Regtech) and often use solutions from the artificial intelligence environment.

It is therefore increasingly difficult to derive clear competition definitions. What is certain is that the provision of the customer's own, high-quality investment data is and remains the necessary prerequisite. Ultimately, advanced analytics and alternative data, together with the right application to their own database, will be the competitive advantage that investment houses are looking for. The service provider's strategy must therefore ensure that in this context it fits seamlessly into the customer's data and analysis ecosystem.

IDS sees itself excellently positioned in this environment. The customer's data management can be easily inserted into their target image. This applies to the infrastructure dimension as well as to advanced analytics and alternative data.

###### Business development and situation of IDS

The annual financial statements show the asset, financial and earnings position of IDS. The company is set up within the Allianz Group as a cost center. The services to customers outside the group are based on remuneration agreements with a structure that is customary in the market.

###### Customers

In 2018, IDS maintained customer relationships with 103 (previous year: 107) companies, of which 38 (previous year: 37) did not belong to the Allianz Group.

###### Employee

As of December 31, 2018, IDS employed a total of 337 (previous year 330) people at the two German locations in Munich and Frankfurt.

80 (previous year: 65) employees had part-time contracts and 4 (previous year: 9) employees had fixed-term contracts. 17 (previous year 2) employees had a limited part-time contract.

###### sales

Sales revenues decreased slightly by 0.5% compared to the same period of the previous year to € 67.00 million (previous year: € 67.3 million). The decline is due to the lower volume of additional orders for services during the year under review.

###### expenditure

Personnel expenses increased in the financial year by 2.1% to € 33.1 million (previous year: € 32.4 million). The cost of purchased services and other operating expenses fell by 5.4% to € 37.5 million (previous year: € 39.7 million).

The increase in personnel expenses is mainly due to wage inflation in the financial year.

#### **accruals**

Significant provisions were made for special payments and for reimbursements to the shareholder and for outstanding invoices. The provision items represent short-term (<1 year) and the amount of uncertain liabilities.

#### **Result**

The company reports a balanced business result for this financial year.

#### **Financial condition**

Efficient liquidity management is one of the objectives of IDS financial management. Participation in AZ SE's group-wide cash pool ensures that excess liquidity is invested at customary market conditions and that short-term liquidity requirements can be offset.

#### **Financial position**

As a result of the business activities of IDS, the assets side of the receivables from affiliated companies in the amount of 17.8 million. (Previous year: € 16.0 million), while the liabilities are characterized by provisions of € 18.2 million (previous year: € 18.3 million), mainly for profit sharing and provisions for outstanding invoices.

### **Forecast report**

#### **Expected development 2019/2020**

Due to the annual budgeting process and the current customer inquiries, a comparable turnover is assumed for the following years (forecast for 2018: sideways movement). From the gradual expansion of business with customers outside the Allianz Group, IDS continues to expect a slight increase in earnings in the medium term (forecast for 2018: medium-term increase). The efficiency enhancement program started in 2018 will be continued to increase competitiveness.

#### **Future development and opportunities**

The development of the company essentially depends on strategic decisions made by the parent company and the individual customer divisions in the group. The influence of the "third party" customer segment, which is now making a substantial economic contribution, is becoming increasingly relevant.

Customer centricity, correct service and product positioning and adequate target pricing for the perception of the IDS brand remain absolutely dominant.

The so-called customer experience is the relevant topic when it comes to conversion rate and customer retention. To do this, it is necessary to fit the service offer exactly into the customer's outsourcing strategy and to support the customer's changes in a flexible manner. Therefore, constant and intensive customer contact is essential in order to anticipate changes in individual customer relationships or developments in the industry at an early stage.

Customer interest will again focus more on the data plane. The topics of alternative data and big data currently occupying the industry are the conceptual placeholders. Incidentally, the regulatory pressure will continue, the subjects of "green bonds" and ESG being mentioned as examples.

### **Risk report**

The IDS risk management system encompasses all relevant risk areas (business risk, operational risks, reputational risks, other risks).

#### **Business risk**

Business risk includes all risks that directly affect IDS's budget. This includes in particular the decision for decentralized data storage in the group or the development and implementation of an alternative platform for the group financial data. Excessive budget restrictions of one or more customers with the same entitlement to benefits can jeopardize the sustainable performance of IDS. In order to meet customer requirements as comprehensively as possible, the management of IDS therefore regularly coordinates the range of services with the advisory board and customers.

IDS is exposed to permanent competition, especially when it comes to products and services for asset management customers. We believe that an excellent knowledge of the needs of our customers and their data landscape gives us a competitive advantage. Nevertheless, we cannot rule out the possibility that current or future competitors may place their own products / services with our customers through aggressive pricing strategies. Our own off-shoring activities were successfully implemented in order to consolidate the competitive situation.

#### **Operational Risks**

Operational risks that can result from system processes and human behavior are countered, in particular, through a clear definition of processes, control procedures and responsibilities as well as an independent Allianz SE auditing unit, the Group Audit / Investments. As part of the group guidelines ("Operational Risk Management"), operational risks are thematically pre-structured and their occurrence / non-occurrence quantified by means of periodic reports.

Our customers trust in our ability to process substantial volumes of data efficiently and to make analyzes and data available on time via data networks. The IT infrastructure is largely provided by a sister company. Disruptions of any kind in the data centers can have material effects on our business processes. There are extensive precautions against a partial or total failure of the systems:

- Outsourcing of the hardware in spatially separate security and climate zones (different fire protection areas) with access controls;
- Separate data backup archives;
- Oracle-RAC (Real Application Cluster) - Exadata for data warehousing and analysis applications in a cluster for optimal scaling and availability;
- Quadruple data protection through mirroring, backup and storage array clusters;
- Monitoring arrangements such as safety and quality checks as well
- Regular back-ups of software and data.

Taking into account the internal IT security requirements, the data and programs managed by IDS are protected against unauthorized access and manipulation (authentication) by specific access protection systems or user authorization concepts. The data is mainly distributed via encrypted and appropriately secured network connections.

The IDS IT security manager checks the implementation of the group guidelines and works closely with the group. Regular risk analyzes and ongoing system monitoring enable IDS to identify critical developments at an early stage, analyze them and initiate suitable countermeasures. Since 2008, responsibility for "operations coordination" has been bundled in a team and the introduction of consistent ITIL-compliant operating processes (incident, problem, change and release management) and their support through a standard software application have been pushed forward.

In 2017, the IDS Information Security Management System was certified for the first time in accordance with ISO 27001 for the areas of data management, risk controlling, performance analysis and reporting and was confirmed in a monitoring audit in 2018. The scope of the certification includes the services provided by IDS and the support services provided by third parties (e.g. service providers, business partners). IDS is a provider of quantitative analysis, data and reporting for investment portfolios of institutional and retail clients. Customers either have direct access to the databases using tools, receive customized data sets for further processing, or have outsourced entire business processes to IDS. Certain data and analysis models are only made available by a few, in extreme cases a single market provider. Disruptions, errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers. Errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the

potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers. Errors or delivery difficulties on the part of these providers can have negative effects on our own ability to deliver and thus on the business model of our customers. This also applies to the potential violation of various license and usage agreements for data and models. That is why IDS is in close contact with its suppliers.

Our customers are companies in the financial industry, which is increasingly exposed to regulation. Business information that IDS provides for these customers for their portfolios is explicitly used by them for regulatory reporting or is implicitly included in such reports on the customer side. Inquiries from our customers initiated by the regulator can lead to cost-intensive and lengthy analyzes. Therefore IDS has certified core processes according to ISAE 3402.

The continuous development of an emergency and recovery concept by a BCM (Business Continuity Management) manager from IDS as well as regular internal training courses on capital market compliance, data privacy, anti-fraud and anti-corruption round off the risk management tools.

Operational risks of other group companies or the group parent whose service IDS makes use of are not explicitly subject to IDS risk management. The resulting claims against IDS or its organs due to faulty business processes of others are absorbed by appropriate structures or, in case of doubt, can lead to losses for the company.

In order to limit any legal risks, legal experts from the group or from external law firms are regularly involved in the drafting of contracts.

#### Reputational risks

The influences on the business relationship with our customers, business partners and owners that could lead to a negative perception are defined as reputational risk. Adequate risk monitoring is therefore necessary. Defined transparency and an intensive exchange of information with all "stakeholders" are an important pillar of risk management for existing business relationships. New activities are assessed in advance with regard to the reputational risk.

#### Other risks

Business success is based on a highly motivated and well-trained workforce. The competition in the relevant industry (including IT) for talent is very intense. Therefore, the long-term commitment and the recruiting of talented employees for the further development and provision of the existing services is essential. Major efforts by IDS therefore also relate to the creation of attractive working conditions and the further development of employees. In order to take this into account, a start has been made to implement specialist career paths.

Risks to the extent that they result from the obligation to refinance in the event of occupational disability have not yet been insurable with the sponsoring company.

On the basis of the domination and profit transfer agreement with Allianz SE, the shareholder undertakes to compensate IDS losses.

#### Overall assessment of the risk situation

Currently and for the current financial year, no risks could be identified which could jeopardize the continuation of the company's activities. All identified risks of the past financial year are stored with appropriate mitigation measures and coordinated with the management.

#### Reservation for statements about the future

As always, the assessments are subject to the reservations stated below.

Insofar as forecasts or expectations are expressed in this report or statements relate to the future, these may involve known and unknown risks and uncertainties. The actual results and developments can therefore differ significantly from the expectations and assumptions made. In addition to other reasons not listed here, there may be deviations from changes in the general economic situation and the competitive situation, especially in Allianz core business areas and markets, from acquisitions and the subsequent integration of companies and from restructuring measures. The developments in the financial markets and exchange rates, as well as national and international changes in law can have a corresponding influence. Terrorist attacks and their consequences can increase the likelihood and extent of deviations.

The company assumes no obligation to update statements about the future.

Munich, March 1, 2019

*The managing directors*

*Tatjana Ehrlich*

*Dr. Wolfgang Dietl*

#### Balance sheet as of December 31, 2018

#### ASSETS

	€	December 31, 2018 €	December 31, 2017 €
<b>A. FIXED ASSETS</b>			
<b>I. Intangible Assets</b>			
1. Self-created industrial property rights and similar rights and values	413,695.15		521,615.62
2. Concessions acquired against payment, industrial property rights and the like Rights and values as well as licenses to such rights and values	421,830.27		567,164.50
3. Advance payments made	13,637.01		0.00
		849,162.43	1,088,780.12
<b>II. Tangible assets</b>			
1. Other equipment, factory and office equipment		156,202.61	229,600.56
<b>III. Financial assets</b>			
1. Fixed asset securities		12,741.94	27,269.29
<b>B. CURRENT ASSETS</b>			
<b>I. Receivables and other assets</b>			
1. Trade accounts receivable	1,492,339.60		0.00 <sup>1)</sup>
2. Receivables from affiliated companies	17,831,419.00		16,001,084.85
3. other assets	1,495,665.14		2,756,787.88
		20,819,423.74	18,757,872.73
<b>II. Cash in hand, Bundesbank balances, credits at Credit-institutes and cheques</b>		113,916.25	128,927.09
<b>C. PREPAID EXPENSES</b>		655,822.74	689,336.43
<b>D. ACTIVE DIFFERENCE FROM THE ASSET SETTLEMENT</b>		137,435.66	117,827.67

	December 31, 2018	December 31, 2017
€	€	€
	22,744,705.37	21,039,613.89

<sup>1)</sup> In the previous year, trade receivables were still shown under other assets.

#### LIABILITIES

	December 31, 2018	December 31, 2017
€	€	€
<b>A. EQUITY</b>		
I. Drawn capital	36,000.00	36,000.00
<b>B. PROVISIONS</b>		
1. Provisions for pensions and similar obligations	96,611.00	83,620.41
2. Tax provision	300,240.00	1,935,195.20
3. other provisions	17,841,367.43	16,326,905.09
	18,238,218.43	18,345,720.70
<b>C. LIABILITIES</b>		
1. Trade accounts payable	357,579.85	311,669.33
2. Liabilities to affiliated companies	3,707,190.01	1,756,609.80
3. other liabilities	405,717.08	589,614.06
of which from taxes: € 391,047.45 (previous year: € 499,837.03)		
	4,470,486.94	2,657,893.19
	22,744,705.37	21,039,613.89

#### Income statement for the period from 01/01/2018 to 31/12/2018

	01.01. - 31.12.2018	01.01. - 31.12.2017
	€	€
1. Sales	67,012,108.73	67,333,749.71
2. other operating income	3,346,875.66	1,993,440.96
3. Cost of materials		
a) Expenses for purchased services	-35,224,123.87	-37,017,099.30
4. Personnel expenses		
a) Wages and salaries	-27,522,669.84	-27,252,446.36
b) social security and pension and support expenses	-5,549,089.00	-5,153,487.45
of which for pensions: -1,347,962.60 € (previous year -1,400,130.38 €)		
5. Depreciation		
a) on intangible fixed assets and property, plant and equipment	-379,353.94	-361,647.41
b) on assets of the current assets, insofar as these exceed the depreciation customary in the corporation	-497.39	-3.13
6. other operating expenses	-2,277,342.36	-2,640,305.15
7. other interest and similar income	94.50	30,998.87
of which from affiliated companies: € 7.48 (previous year: € 1,768.95)		
8. Interest and Similar Expenses	-58,435.24	-34,605.81
9. Profit after tax	-652,432.75	-3,101,405.07
10. other taxes	652,432.75	3,101,405.07
11. Annual net income	0.00	0.00

#### Appendix for the 2018 financial year

##### Information in accordance with Section 264 (1a) of the German Commercial Code (HGB)

IDS GmbH - Analysis and Reporting Services

Koeniginstrasse 28, 80802 Munich

Commercial Register B of the Local Court of Munich

Commercial register number HRB 136982

##### Relevant legislation

IDS prepares the annual financial statements in accordance with the provisions of the Commercial Code (HGB) and the GmbH Act. The rules for large corporations apply.

The income statement has been prepared using the total cost method.

##### Accounting and valuation methods

The following accounting and valuation methods were decisive for the preparation of the annual financial statements.

##### Intangible assets and property, plant and equipment

The assets recorded here are stated at acquisition or production cost and are reduced by scheduled straight-line depreciation in accordance with their useful life. In exceptional cases, there is an unscheduled depreciation. Depreciation on additions to fixed assets during the financial year is always pro rata temporis.

Wearable, movable assets, the acquisition or production costs of which amount to up to € 150.00, are recognized immediately as an expense. If the acquisition costs for the asset are more than € 150.00 and do not exceed € 1,000.00, a collective item is created in accordance with Section 6 (2a) EStG (old version), which increases by one fifth in each year of formation and the four following financial years is dissolved with a reduction in profit.

**Receivables and credit balances with banks** are shown at their nominal value .

**Other assets** are valued at their acquisition costs or, if applicable, at the lower market value. Possible risks are taken into account through impairment, provided that the assets are not included in a valuation unit.

#### Fixed asset securities

For securities that are intended to serve business operations on a permanent basis, the valuation is carried out in accordance with Section 253 (1), (3) and (5) of the German Commercial Code (HGB) at the cost of acquisition or, in the case of permanent impairment, at the lower value.

#### Securities to meet debts from pension obligations

In accordance with Section 253 (1) of the German Commercial Code (HGB), the securities are recognized at their fair value and, in conjunction with Section 246 (2) of the German Commercial Code, offset against the debts. If the debts exceed the fair value, the excess amount is shown under provisions. If the fair value exceeds the amount of the debts, the excess amount is shown under the item "Active difference from asset offsetting".

#### equity capital

Equity is shown at nominal value.

#### accruals

The **provisions** include all uncertain liabilities. Their scope is based on the necessary settlement amount.

The pension provisions are calculated according to actuarial principles. The conversion costs resulting from the first-time application of the Accounting Law Modernization Act in 2010 were already fully recognized as extraordinary expenses in the past. The provision for partial retirement is also determined according to actuarial principles and recognized in full.

According to Section 253 (2) sentence 1 of the German Commercial Code (HGB), the provisions for pension obligations are to be discounted using the average market interest rate from the past ten financial years and for other personnel obligations (e.g. value account model or partial retirement) using the average market interest rate from the previous seven financial years. A positive difference resulting from the valuation of the pension obligations with the seven-year average interest compared to the valuation with the ten-year average interest is subject to a distribution block in accordance with Section 253, Paragraph 6, Clause 2 of the German Commercial Code. This distribution block does not lead to a transfer block,

In 2018, the simplification regulation in Section 253 (2) sentence 2 HGB (remaining term of 15 years) will continue to be used, whereby, as in the previous year, an interest rate forecast as of the balance sheet date was used. The effect of a change in the discount rate is shown in income statement 8 "Interest and similar expenses".

Further explanations on the accounting for pension obligations can be found in the notes under "Pension provisions and similar obligations".

**Liabilities** are **stated** at the settlement amount.

#### Currency conversion

In principle, all business transactions are recorded in the original currency and converted into euros at the respective daily rate (mean spot exchange rate). In the case of receivables and liabilities with a remaining term of one year or less, the gains or losses from the translation are recognized in profit or loss in accordance with Section 256a of the German Commercial Code (HGB).

### Notes to the balance sheet

#### Capital assets

Asset grid in accordance with Section 284 (3) of the German Commercial Code (HGB):

Asset	Historical acquisition and manufacturing costs			
	As of December 31, 2017 €	Additions €	Disposals €	As of 12/31/2018 € 8
AI 1 intangible assets (self-created)	647,522.84	-	-	647,522.84
AI 2 intangible assets (acquired against payment)	1,630,433.53	48,298.24	60,944.53	1,617,787.24
AI 3 intangible assets (advance payments made)	-	13,637.01	-	13,637.01
A II: Property, plant and equipment	447,075.66	5,225.16	26,741.37	425,559.45
A III: Financial assets	27,269.29	-	14,527.35	12,741.94
Total fixed assets	2,752,301.32	53,523.40	102,213.25	2,703,611.47
accumulated depreciation				
Asset	Balance values			
	As of December 31, 2017 €	Additions €	Disposals €	As of 12/31/2018 € 8
AI 1 intangible assets (self-created)	125,907.22	107,920.47	-	233,827.69
AI 2 intangible assets (acquired against payment)	1,063,269.03	193,632.47	60,944.53	1,195,956.97
AI 3 intangible assets (advance payments made)	-	-	-	-
A II: Property, plant and equipment	217,475.10	77,801.00	25,919.26	269,356.84
A III: Financial assets	-	-	-	-
Total fixed assets	1,406,651.35	379,353.94	86,863.79	1,699,141.50
Balance values				
Asset	Balance values			
	As of December 31, 2017 €	Additions €	Disposals €	As of 12/31/2018 € 8
AI 1 intangible assets (self-created)			521,615.62	413,695.15
AI 2 intangible assets (acquired against payment)			567,164.50	421,830.27
AI 3 intangible assets (advance payments made)			-	13,637.01
A II: Property, plant and equipment			229,600.56	156,202.61
A III: Financial assets			27,269.29	12,741.94
Total fixed assets			1,345,649.97	1,018,106.98

Item AI 1 relates to part of the development costs for software developed in-house. The total amount of development costs for this software is € 2,644,064.23. Item AI 2 essentially contains software products that are used to provide customer-specific services. There were no changes to bookings or charges.

**Current assets****Receivables and other assets**

	December 31, 2018	December 31, 2017
	€	€
Requests from deliveries and services	1,612,717.31	1,523,834.19
Receivables from affiliated companies	17,831,419.00	16,001,084.85
Other assets	1,375,287.43	1,232,953.69
	20,819,423.74	18,757,872.73

The receivables all have a remaining term of up to one year. Of the receivables from affiliated companies, the shareholder (Allianz SE) accounts for € 15,960,986.11 (previous year: € 12,208,499.06), of which € 15,265,197.79 (previous year: € 10,675,184.59) are receivables Cash pool credit.

The other assets correspond to the hedges acquired for obligations of IDS from the Allianz Equity Incentive Plans.

**Valuation units****Allianz Equity Incentive Plans**

The restricted stock units (RSU) are hedged through forward transactions with Allianz SE, which are accounted for as a receivable from Allianz SE and as an equity swap. Forward transactions are combined with the corresponding underlying transactions as a valuation unit. The underlying transactions are shown under other provisions and the hedging transactions are shown under other assets. A micro-hedge is used for the valuation units created in order to completely exclude the risk of price changes due to market price fluctuations.

The effectiveness of the valuation units for the share-based compensation plans, which expire in 2022 at the latest, is proven prospectively and retrospectively by the agreement of the conditions, parameters and risks (critical term match method).

As of the balance sheet date, the included basic transactions, consisting of services expected to be offset in the future, had a volume of € 1,375,287.43 (previous year: € 1,232,953.69). The valuation units are used to hedge against risks in the form of changes in value amounting to € 321,525.62 (previous year: € 623,168.19). The valuation units are accounted for using the freezing method.

**Prepaid expenses**

In the year under review, prepayments for license fees and expenses for IT maintenance related to 2019 were mainly accrued.

**Deferred taxes**

Due to the existing income tax group, deferred taxes are taken into account at the level of the parent company with analogous application of §§274 HGB. There are significant deviations between the commercial and tax law valuations in the provisions for pensions and similar obligations, which each lead to deferred tax assets. The valuation of domestic tax deferrals is based on a tax rate of 31 percent.

**Pension provisions and similar obligations**

IDS has made pension commitments for which pension provisions are set up. Some of the pension commitments are secured within the framework of a "contractual trust arrangement" (Methuselah Trust eV). These trust assets represent plan assets that have to be netted, with the asset value or market value being taken as the basis for the fair value.

The settlement amount is determined on the basis of the projected unit credit method (this refers to a projected unit credit method, based on the earned part) or shown as the present value of the acquired entitlement. If the commitments are securities-linked, the current value of the assets is used. The calculation was based on the following assumptions:

	December 31, 2018	December 31, 2017
Discount rate (10-year average)	3.21%	3.68%
Discount rate (7-year average)	2.32%	2.81%
Pension trend	1.70%	1.50%
Salary trend (including average career trend)	3.25%	3.25%

In contrast to this, for some of the pension commitments, the guaranteed interest rate of the pension commitment of 2.75% pa and the guaranteed pension growth rate of 1% pa are used as a basis.

The current Heubeck RT2005G mortality tables, which have been adapted to company-specific circumstances with regard to mortality, disability and fluctuation, are used as the biometric calculation basis. The contractually stipulated age limit or the age limit resulting from the Pension Insurance Age Limit Adjustment Act 2007 is used as the retirement age.

The total amount of the pension provisions formed at IDS and the assets offset in accordance with Section 246 (2) sentence 2 of the German Commercial Code (HGB) is made up as follows (non-reported provisions in accordance with Article 67 (2) EGHGB negative report):

	December 31, 2018	December 31, 2017
	€	€
Acquisition costs of the offset assets	6,627,308	5,478,073
Fair value of the offset assets	6,674,779	5,700,810
Settlement amount of the offset debts	6,634,672	5,673,349

The fair value of a pension plan exceeds the settlement amount of the offset debt by € 135,499. This amount is shown on the assets side in item D. For some of the pension commitments, use is made of the option of Article 67 Paragraph 1 EGHGB. The resulting excess cover as of December 31, 2018 was € 192,905.

The settlement amount of the offset debts determined with the 7-year average interest rate as of December 31, 2018 is € 6,857,003 and exceeds the balance sheet value by € 222,331.

**Tax provisions**

This provision includes a provision of € 69,819.00 (previous year: € 1,716,127.20) for expenses that could result from the last tax audit. The remaining amount of € 230,421.00 (previous year: € 219,068.00) is attributable to sales tax.

**Other provisions**

Of the other provisions, € 6,532,554.00 (previous year: € 6,157,000.00) were set up for special payments. In addition, other provisions were made for vacation entitlements in the amount of € 778,819.00 (previous year € 720,376.00), for outstanding supplier invoices in the amount of € 5,976,581.62 (previous year: € 5,448,744.48) and for virtual shares (RSU) in the amount of € 954,058.66 (previous year: € 849,939.91).

The company has obligations from partial retirement contracts and from a value account model, which are reported under other provisions. The assets reserved in the Methuselah Trust eV for the partial retirement security credit (resulting from converted remuneration) and the assets reserved in the value account model represent plan assets that are subject to offsetting, whereby the asset value or the market value is taken as the basis as the fair value. The valuation of these obligations is essentially

analogous to the pension commitments and on the basis of the same assumptions (with the exception of the discount rate of 2.32%). The provisions are made up as follows (unrecognized provisions pursuant to Art.

	December 31, 2018	December 31, 2017
	€	€
Acquisition costs of the offset assets	1,013,820	755.751
Fair value of the offset assets	1,013,934	755.827
Settlement amount of the offset debts	1,026,551	784.670

In the case of the part of the provision for partial retirement that is subject to offsetting, the fair value of the plan assets exceeds the provision by € 1,936. This amount is shown on the assets side in item D.

#### liabilities

The liabilities (see table below) all have a remaining term of up to one year.

#### Liabilities table

Type of liability	December 31, 2018	December 31, 2017
	€	€
Liabilities from deliveries and services	357,579.85	311,669.33
Liabilities to affiliated companies	3,707,190.01	1,756,609.80
other liabilities	405,717.08	589,614.06
- of which from taxes	391,047.45	499,837.03
	4,470,486.94	2,657,893.19

The liabilities to affiliated companies are predominantly liabilities from clearing transactions for services provided. Of this, the shareholder accounted for € 1,500,815.68 (previous year: € 183,556.71).

#### Notes on the income statement

##### Sales

The sales revenues amount to € 67,012,108.73 (previous year: € 67,333,749.71) and are mainly attributable to services. Of the sales revenue, € 15,613,716.25 (previous year: € 11,390,810.82) is attributable to customers from abroad.

##### Other company income

The other operating income mainly consists of income from the reversal of provisions in the amount of € 3,148,793.41 (previous year: € 1,716,375.12).

##### Cost of materials

The cost of purchased services has been reported under this item since 2016.

##### Other operating expenses

The other operating expenses essentially include expenses for training and recruiting, travel expenses, fees and reimbursements to employees and service recipients.

##### Interest and similar expenses

The compounding of long-term provisions results in an expense of € 35,440.96 (previous year: € 27,120.00), of which € 20,776.84 (previous year: € 10,008.42) relates to pensions.

##### Financial result

Offsetting assets and debts in accordance with Section 246 (2) HGB resulted in the following expenses and income being netted:

	Pensions 31.12.2018	Pensions December 31, 2017	Other 12/31/2018	Other 12/31/2017
	€	€	€	€
Income from the fair value of the offset assets	154,407	202.268	13,103	10,635
Calculated interest on the settlement amount of the offset debts	-166.169	-183,722	-14,837	-15.204
Effect from the change in the discount rate for the settlement amount	-8,966	-6,518	-147	-600
Net amount of offset income and expenses	-20,728	12,028	-1,881	-5,169

The financial result amounts to € -58,340.74 (previous year: € -3,606.94) and includes, in addition to the above net amount, in particular the interest income / expenses from the cash pool.

##### Taxes on income and earnings

There is a fiscal unity with Allianz SE. The taxes are therefore passed on to Allianz SE.

##### Other taxes

In the case of other taxes, the income from the adjustment of the provision for the tax audit in the amount of € 1,906,840.82 was recorded in the previous year. The annual sales tax return for the previous year resulted in income of € 653,578.46 (previous year: € 1,297,141.96).

#### Other Information

##### Contingent liabilities

Contingent liabilities exist within the framework of the company pension scheme. The basis of the company pension scheme for the employees of the German subsidiaries who joined the company by December 31, 2014 is usually the membership in the Allianz pension fund VVaG (AVK), which, as a legally independent and regulated pension fund, is subject to the supervision of the Federal Financial Supervisory Authority. The services of the AVK are financed according to the single contribution system through contributions from the sponsoring companies to the fund through salary conversion. In addition to Allianz SE, Allianz Deutschland AG,

IDS is obliged to bear part of the administrative costs of the AVK and, if necessary, to make subsidies in accordance with the legal basis. In addition, the sponsoring companies make contributions to the Allianz Pensionsverein eV (APV) for employees who joined the company until December 31, 2014.

Both the AVK and the APV were closed to new entrants from 1.1.2015. For new entrants from January 1, 2015, the company pension scheme has been uniformly reorganized. IDS pays a monthly contribution to direct insurance with Allianz Lebensversicherungs-AG for new entrants from January 1, 2015, which is financed by the employee as part of the deferred compensation. In addition, a monthly employer contribution is made as part of a direct commitment.

Allianz SE has assumed joint and several liability for part of IDS' pension commitments by assuming debt. The IDS reimburses the costs; Allianz SE took over the fulfillment. Therefore, these pension obligations are accounted for by Allianz SE and not by the company. With effect from January 1, 2017, the companies will only reimburse their employees for the service costs. There is no longer any reimbursement for the risks arising from interest rates, inflation and biometrics. The joint and several liability of IDS from these pension commitments as well as the recourse claims against Allianz SE against these liability obligations amount to:

	December 31, 2018	December 31, 2017
	€	€
Settlement amount of the offset debts	4,749,914	4,195,883
Unrecognized provision amount in accordance with Article 67 Paragraph 2 EGHGB	0.00	0.00
Joint and several liability or right of recourse against Allianz SE	4,749,914	4,195,883

As of December 31, 2018, due to the change in the financing method of the Pensions -icherung-Verein VVaG in 2006, there is a joint and several liability of € 2,154 (previous year: € 2,830), which is not shown in the IDS balance sheet, as this liability is equivalent Claims of recourse against Allianz SE stands.

#### Other financial obligations

Apart from the contingent liabilities, there are no other financial obligations.

#### Managing directors

Tatjana Ehrlich, chairman of the management

Dr. Wolfgang Dietl, Commercial Director

#### Total remuneration of the management

In application of the regulations in Section 286 (4) of the German Commercial Code (HGB), the information on the remuneration of the active managing directors is omitted. The total remuneration for retired former managing directors was € 126,829.08 (previous year: € 125,659.80).

The pension obligations for former managing directors or their surviving dependents are as follows:

	December 31, 2018	December 31, 2017
	€	€
Acquisition costs of the offset assets	852.995	844.611
Fair value of the offset assets	852.995	844.611
Settlement amount of the offset debts	3,256,503	3,044,138
Unrecognized provision amount in accordance with Article 67 Paragraph 2 EGHGB	0	0
Pension provision	2,403,508	2,199,527

The asset value of the reinsurance is used as the basis for the fair value of the offset assets.

#### Average number of employees over the year

IDS had an average of 332 employees in 2018 (previous year: 328).

	2018	2017
Full-time employee	252	261
Part-time workers	80	65
Temporary help	0	2
	332	328

#### Supplementary report

Events that would have been of particular importance for the assessment of the asset, financial and earnings position of IDS did not occur between the end of the financial year and the management meeting at which the annual financial statements were drawn up.

#### Auditor's fee

The information on the total fee of the auditor in accordance with Section 285 No. 17 HGB for services to IDS is contained in the consolidated financial statements of Allianz SE, Munich.

#### Advisory Board

Dr. Claus Stickler, chairman

Managing Director of Allianz Investment Management SE (AIM)

Michael Peters

Chief Operating Officer, Allianz Global Investment GmbH

Dr. Roman Sauer

Head of Group Accounting & Reporting, Allianz SE

#### Group affiliation

IDS is part of the Allianz Group under the leadership of Allianz SE, Munich. Consolidated financial statements and management report are published in the Allianz SE annual report and submitted to the operator of the Federal Gazette after its general meeting and published there. They can be viewed in the company register or requested from IDS. IDS has been included in the consolidated financial statements since 2017. A domination and profit transfer agreement exists between IDS and Allianz SE.

Munich, March 1, 2019

*The managing directors*

*Tatjana Ehrlich*

*Dr. Wolfgang Dietl*

#### INDEPENDENT AUDITOR'S REPORT

To IDS GmbH - Analysis and Reporting Services, Munich

Examination Opinions

We have prepared the annual financial statements of IDS GmbH - Analysis and Reporting Services, Munich, - consisting of the balance sheet as of December 31, 2018 and the income statement for the financial year from January 1 to December 31, 2018 as well as the notes, including the Presentation of accounting and valuation methods - checked. In addition, we have audited the management report of IDS GmbH - Analysis and Reporting Services, Munich, for the financial year from January 1 to December 31, 2018.

According to our assessment based on the knowledge gained during the audit

- the attached annual financial statements comply in all material respects with German commercial law regulations and, in compliance with German generally accepted accounting principles, give a true and fair view of the company's assets and financial position as of December 31, 2018, as well as its earnings position for the financial year from January 1 to as of December 31, 2018 and
- the attached management report gives an overall accurate picture of the company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with Section 322, Paragraph 3, Clause 1 of the German Commercial Code (HGB), we declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the examination results

We carried out our audit of the annual financial statements and the management report in accordance with Section 317 of the German Commercial Code (HGB), taking into account the generally accepted German auditing principles established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Responsibility of the auditor for the audit of the annual financial statements and the management report" of our auditor's report. We are independent of the company in accordance with German commercial and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements.

Responsibility of the legal representatives for the annual financial statements and the management report

The legal representatives are responsible for the preparation of the annual financial statements, which comply with the German commercial law in all essential respects, and for ensuring that the annual financial statements provide a true and fair view of the assets, financial and earnings position of the in compliance with the German principles of proper bookkeeping Society mediates. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary in accordance with the German principles of proper accounting to enable the preparation of the annual financial statements,

When preparing the annual financial statements, the legal representatives are responsible for assessing the company's ability to continue business operations. Furthermore, they are responsible for disclosing matters relating to the going concern of the company, if relevant. In addition, they are responsible for accounting for the going concern basis on the basis of the accounting principle, unless actual or legal circumstances conflict with this.

In addition, the legal representatives are responsible for the preparation of the management report, which as a whole provides an accurate picture of the company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and appropriately presents the opportunities and risks of future development . Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a management report in accordance with the applicable German legal regulations,

Auditor's responsibility for the audit of the annual financial statements and the management report

Our objective is to obtain sufficient certainty as to whether the annual financial statements as a whole are free of material - intended or unintentional - misstatements, and whether the management report as a whole gives an accurate picture of the company's position and, in all material matters, with the annual financial statements as well is in line with the findings of the audit, complies with German legal requirements and correctly presents the opportunities and risks of future development, as well as issuing an auditor's report that includes our audit opinions on the annual financial statements and the management report.

Sufficient security is a high level of security, but no guarantee that an audit carried out in accordance with Section 317 of the German Commercial Code (HGB) and in compliance with the German principles of proper auditing established by the Institute of Auditors (IDW) will always reveal a material misrepresentation.

Misrepresentations can result from violations or inaccuracies and are regarded as material if it could reasonably be expected that they individually or collectively influence the economic decisions of addressees made on the basis of these annual financial statements and management report.

During the examination, we exercise our due discretion and maintain a critical attitude. Furthermore

- We identify and assess the risks of material - intentional or unintentional - misrepresentations in the annual financial statements and the management report, plan and carry out audit procedures in response to these risks and obtain audit evidence that is sufficient and suitable to serve as a basis for our audit opinions. The risk that material misrepresentations are not detected is higher in the case of violations than inaccuracies, since violations can involve fraudulent cooperation, forgeries, intentional incompleteness, misleading representations or the overriding of internal controls.
- We gain an understanding of the internal control system relevant to the audit of the annual financial statements and the precautions and measures relevant to the audit of the management report in order to plan audit procedures that are appropriate under the given circumstances, but not with the aim of providing an audit opinion on the effectiveness of these Systems of society.
- we assess the appropriateness of the accounting methods used by the legal representatives as well as the acceptability of the estimated values presented by the legal representatives and the related information.
- we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for going concern and, on the basis of the audit evidence obtained, whether there is any material uncertainty in connection with events or circumstances, the significant doubts about the company's ability to continue business can raise. If we come to the conclusion that there is material uncertainty, we are obliged to draw attention to the relevant information in the annual financial statements and in the management report in the auditor's report or, if this information is inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor's report. Future events or circumstances can, however, mean that the company can no longer continue its business activities.
- We assess the overall presentation, structure and content of the annual financial statements, including the information, as well as whether the annual financial statements present the underlying business transactions and events in such a way that the annual financial statements provide a true and fair view of the asset, financial and the company's earnings.
- we assess the consistency of the management report with the annual financial statements, its compliance with the law and the picture it provides of the company's position.
- we perform audit procedures on the future-oriented information presented by the legal representatives in the management report. On the basis of sufficient, suitable audit evidence, we particularly review the significant assumptions on which the future-oriented information is based on the legal representatives and assess the appropriate derivation of the future-oriented information from these assumptions. We do not issue an independent audit opinion on the future-oriented information or the underlying assumptions. There is a significant unavoidable risk

Among other things, we discuss with those responsible for monitoring the planned scope and timing of the audit as well as significant audit findings, including any deficiencies in the internal control system that we discover during our audit.

**Munich, May 3, 2019**

**PricewaterhouseCoopers GmbH  
auditing company**

*Christine Keller, auditor*

*Michael Kilbinger, auditor*

**Shareholder resolution of**

**IDS GmbH - Analysis and Reporting Services Munich**

The sole shareholder of IDS GmbH - Analysis and Reporting Services, based in Munich, decides not to hold a shareholders' meeting in writing:

1. The annual financial statements as of December 31, 2018 presented by the managing directors are adopted.

The balance sheet total is EUR 22,744,705.37

2. The company has concluded a domination and profit transfer agreement with Allianz SE.

Since the annual result is EUR 0, neither a profit is to be transferred to the shareholder, nor is a loss to be assumed by the latter.

3. Discharge is granted to the managing directors for the 2018 financial year.

**Munich, July 9, 2019**

**Allianz SE**

The annual financial statements as of December 31, 2018 were adopted on July 9, 2019.

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