



Economic Research

Allianz
**Global Wealth
Report 2015**

Allianz 

Allianz Global Wealth Report 2015

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Preface

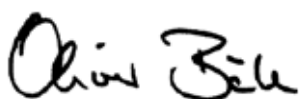
136,000,000,000,000 or 136 trillion euros: this vast amount of money is how much personal financial assets across the globe were worth at the end of 2014. In theory, it would be enough for private households to settle all of the world's sovereign debt roughly three times over. So is this the much talked about "flood of savings" that is engulfing the capital markets and pushing interest rates down to ever new lows?

It is true that personal financial assets showed very robust development last year, increasing by more than 7 percent for the third year running - and the strong growth was, indeed, fueled increasingly by moves taken by households to step up their savings efforts. This is a phenomenon that has swept across virtually the entire planet, with even US citizens setting more money aside again; crisis-ridden Europe is the only region that is still lagging behind a bit.

But these savings should not be denounced as a "flood". Instead, the trend is more of a "savings paradox": because what can, perhaps, be interpreted as an excess supply of savings capital on the macroeconomic side looks like something entirely different at the level of a specific individual. Faced with over-indebted governments and aging societies, each individual is being called upon to do more, and not less, to make provisions for his or her own future. After all, the high total amount of personal financial assets should not distract us from the fact that these assets remain very unevenly distributed. On average, the "poorer" half of the population holds only around five percent of the assets in the countries we have analyzed. In other words: every second person has very meager/insufficient reserves to fall back on in old age.

But if, from an individual perspective, we are actually still putting too little aside, then the current level of the capital supply should not be the problem. Rather, the question should be asked the other way round: why is the demand for capital still lagging behind the supply? The answer cannot really be a lack of investment opportunities, because the challenges that lie ahead are huge: climate change, poverty and migration, digital revolution, outdated infrastructure – to name but a few. Instead, the root of the problem seems to lie in the fact that the global capital markets are not currently performing their resource allocation function to the best of their ability. This is where action has to be taken, for example by enabling easier access to the market, strengthening the role of institutional investors and making the markets more efficient. After years in which security was the overarching goal of market regulation and supervision alike, the time has now come to focus more on ensuring fully functional markets.

I hope that the in-depth analysis of the global wealth situation of private households that this sixth issue of the "Allianz Global Wealth Report" offers will help us to tackle the tasks that lie ahead with a clear view of where we stand.



Oliver Bäte
Chairman of the Board of Management of Allianz SE

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Savers versus low interest rates

Across the globe, the gross financial assets of private households in 2014 were up by 7.1% on a year earlier. This means that the robust growth witnessed in previous years continued, albeit to a lesser extent, not least thanks to households moving up a gear with their savings efforts. All three asset classes - bank deposits, securities and insurance and pension funds - contributed equally to growth. This brought total global assets up to a new record high of EUR 135.7 trillion. This amount is higher than the value of all of the world's listed companies and all sovereign debt.

The unrivalled growth champion remains Asia (ex. Japan), where gross financial assets grew by 16.6% in 2014. The main driving force behind this trend was the stark increase in securities assets of 27%, particularly in China. In the world's other two emerging regions, Latin America and eastern Europe, on the other hand, developments were much more subdued: financial assets increased by "only" just under 8% in both regions which, from eastern Europe's perspective, meant that the pace of growth had dwindled by around four percentage points compared with 2013.

In 2014, western Europe was able to report higher growth than North America again for the first time since the financial crisis. The strong growth of 6.7% (compared with 4.8% in North America) was thanks largely to the marked increase in the "insurance and pensions" asset class in a small number of countries. As has traditionally been the case, Japan came bottom of the growth league again in 2014.

2014 saw households in the world's advanced economies setting much more of their money aside in savings, despite the low interest rate environment. Fund inflows increased by almost 16% in total. But while current savings in western Europe have only reached half the pre-crisis level

despite this increase, they have already bounced back to levels well above those seen in the pre-crisis years in other developed regions. The fact that western Europe is lagging behind here is a clear indication that the consequences of the euro crisis are still making themselves felt.

China overtakes Japan

The slow shift in weightings on the world asset map continued in 2014: the three emerging market regions of Latin America, eastern Europe and Asia (ex. Japan) accounted for just under 20% of the world's gross financial assets. This figure is up by 1.4 percentage points since 2013 and means that the proportion of assets held by these regions has almost trebled since 2000. Last year also saw a major landmark being passed as part of this catch-up process: China's total gross financial assets exceeded those of Japan for the first time at the end of 2014.

Debt growth returns to normal

The global liabilities of private households climbed by 4.3% to total EUR 35.2 trillion last year, bringing global debt growth up to the highest level seen since the outbreak of the crisis. In order words: debt growth is in the process of returning to normal. This also comes hand-in-hand with a split between the world's richer and poorer areas in terms of where the development is headed: whereas debt growth tailed off slightly in eastern Europe, Latin America and Asia (ex. Japan), it increased again ever so slightly in the world's developed regions. All in all, however, the rates of change were still down considerably on the pre-crisis years. Private households remained very cautious about borrowing and the trend certainly cannot be described as a return to the status quo ante. In no other region is this more evident than in western Europe, where households in many countries remained firmly focused on reducing their debt.

The global debt ratio, i.e. private household liabilities measured as a percentage of nominal economic output, remained at 64.4% in 2014, roughly on a par with the year before. Whereas in the period from 2010 to 2013, economic growth clearly outpaced personal debt growth - pushing the ratio down by around seven percentage points - debt and economic growth last year were pretty much neck-and-neck. The global deleveraging process that has been ongoing for a few years now gradually appears to be coming to an end.

Global net financial assets break through the 100-trillion-euro-mark

If we subtract debt from the gross financial assets, we arrive at a figure for net financial assets, which came in at a new high of EUR 100.6 trillion at the close of 2014. This figure is up by 8.1% on a year earlier - above-average development in a long-term comparison (average rate of +5.3% p.a.). In the regional ranking, households in North America are crowned the richest worldwide, with net financial assets averaging EUR 132,540 per capita. Eastern Europe is at the lower end of the scale (EUR 2,720 per capita).

Global wealth middle class swells considerably 3.5 billion people in the countries included in our analysis, or 71% of the total population, belong to the wealth lower class. This group's share of the world's net financial assets is in stark contrast to its size, with less than five percent of total net financial assets in their hands. The situation among the wealth upper class is the exact opposite: although only just under ten percent of the total population of the countries we analyzed (420 million people) can count themselves as members of this group, the wealth upper class holds around 80% of the world's total assets. Nevertheless, we are now witnessing a downward trend not just in the number of members of the wealth upper class, but also in their share of total

global net financial assets: since the turn of the millennium, their share has dwindled by twelve percentage points.

But it is not the wealth lower class that has reaped the most benefits from this development - their share has only grown by a percentage point or so over the past 14 years. The real winner is the middle class, which has upped its share by more than ten percent and now holds almost 17% of global assets. This is also reflected in the number of people who fall into this category: last year, the number of people that fall into the wealth middle class in global terms surpassed the 1 billion mark for the first time. Since 2000, almost 600 million people from the "low wealth" category have been promoted to the wealth middle class. All in all, membership of this group has trebled since the turn of the millennium. This development highlights the inclusive nature of asset growth in a global comparison: more and more people are managing to participate in global prosperity.

This momentum is, however, concentrated primarily in only one region, or rather actually in only one country: China. Around two-thirds of the global wealth middle class are now recruited from Asia - and 85% of them hail from China. This means that the Asian population that falls into the middle class bracket has increased almost tenfold since the start of the millennium.

USA = Unequal States of America

In order to show how wealth is distributed at national level, we have calculated a Gini coefficient for each country, based on the average net financial assets per population decile, for the first time in this report, namely for the past (period around 2000) and for the present day.

Looking at all of the countries in our analysis, the number of countries in which the Gini coefficient of wealth distribution has "improved" over time (i.e. showing more equal distribution) is roughly on a par with the number of countries in which it has deteriorated. This does not necessarily mean that the general trend is towards greater inequality.

The Gini wealth distribution coefficients for the emerging markets in Latin America, Asia and eastern Europe look more or less as one would expect: wealth distribution in the Latin American countries is, on average, less equal than in Asia and eastern Europe. At the same time, most of these countries have made progress in moving towards greater social participation in recent years, a trend that reflects the turbulent nature of asset growth that has affected large parts of society. But the same applies here: exceptions like Russia or Indonesia confirm the rule.

The world's developed countries, on the other hand, paint a much more heterogeneous picture, with exceptionally large gaps between both the levels of, and the rates of change in, the Gini coefficients. Most of these countries have seen a (sometimes considerable) increase in the inequality of distribution in recent years.

This holds true for the US in particular, where the crisis and the sluggish economic recovery that followed have caused a dramatic deterioration in wealth distribution. The increase in inequality is more pronounced here than in any other country during the period analyzed. The result:

the USA (= "Unequal States of America") has the highest Gini coefficient in our analysis. Developments have not been quite as dramatic in the other countries. It is, however, striking that trends towards a greater concentration of wealth are not found primarily in the European crisis countries, but rather in countries like Switzerland, France, Austria or Italy.





Development in global
financial assets

**Saving in the
face of low
interest rates**

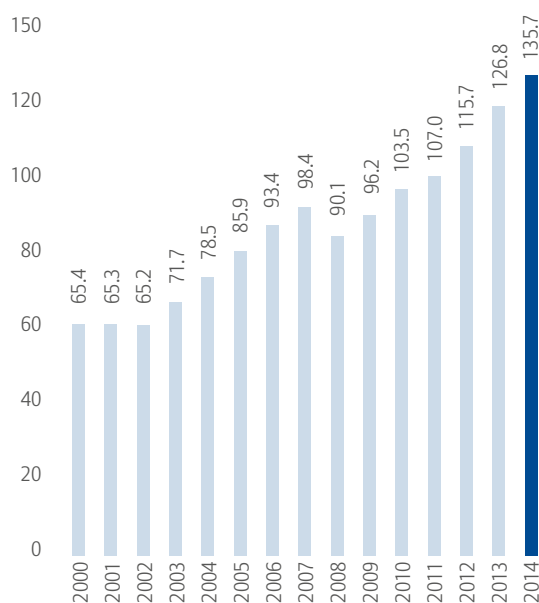
Seemingly unfazed by the record low interest rates and by what has, in some cases, been a marked slowdown on the stock markets, the global financial assets of private households showed extremely robust growth to the tune of 7.1% last year.¹ In present times, when the world's major central banks are keeping monetary policy looser than ever and the low-risk investments offering attractive returns that were once so sought-after among savers have been condemned to the history books, asset accumulation depends increasingly on fluctuations in value on the market as well as on how prepared individuals are to save and less on interest income.

¹ In order to rule out exchange rate distortions over time, the financial assets were converted into the national currency based on the fixed exchange rate at the end of 2014.

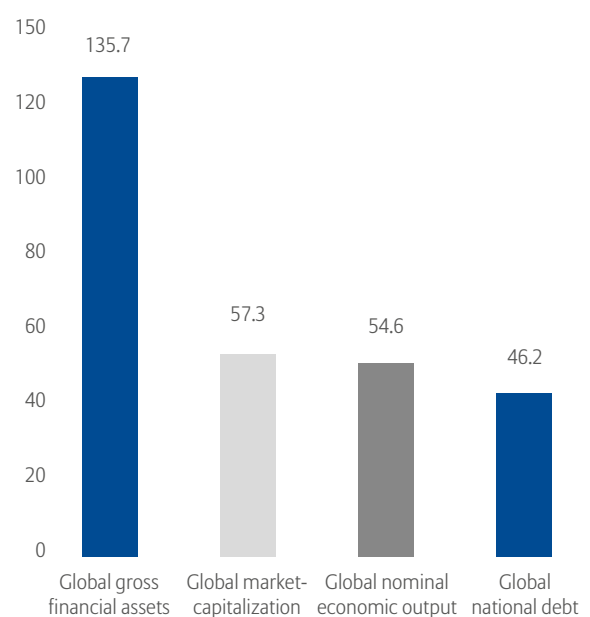
Private households have decided to up their savings efforts in response to the negative income effects of the low interest rates. In North America, western Europe, Japan and Australia alone - an area which accounted for almost four-fifths of the global asset base in total at the end of 2014 - financial asset accumulation was up by almost 16% on 2013 to total just shy of EUR 1.9 trillion. Although this puts the savings level roughly on a par with 2012, the rate of growth in global financial assets slowed ever so slightly last year compared with the two previous years, when the growth rate came in at 8.1% (2012) and 9.6% (2013). This is largely because investors reaped particular benefits from booming stock markets in 2012 and 2013.

Global financial assets at record level

Global gross financial assets, in EUR tn



Savings per household by comparison (2014, in EUR tn)



All in all, gross financial assets in the 53 countries included in our analysis came to EUR 135.7 trillion last year. This means that private savings accounted for almost 250% of global economic output and close to 240% of global market capitalization. In theory, households could use their financial assets to settle the aggregate sovereign debt of these countries almost three times over.

Private savings have more than doubled since the end of 2000, rising at an average annual growth rate of 5.3%. This means that the asset growth of 7.1% in 2014 was actually well above the historical average, a trend that can be seen across all asset classes. In a long-term analysis, asset growth has therefore been moving in tandem with nominal economic output, which has been rising at an average rate of 5.2% a year during the same period. Taking the continuous growth in the global population into account, the long-term growth rates in per capita terms drop back by almost one percentage point to 4.5% p.a. for wealth and 4.3% p.a. for economic output. Based on an average global inflation rate of 2.6% p.a., this results in average real asset growth of 1.9% per year and capita - meaning that more than half of annual asset growth has been eaten away by inflation. At the end of 2014, gross per capita financial assets at global level averaged EUR 27,480, with average nominal economic output of EUR 11,060 per capita.

Box 1: Introduction of the European System of Accounts 2010

The process associated with the introduction of the European System of Accounts 2010 (ESA 2010) in September 2014 involved updating and harmonizing the guidelines governing the preparation of many macroeconomic statistics. In terms of its concept, the ESA 2010 is largely consistent with the global recommendations made by the United Nations on national accounts, the System of National Accounts 2008 (SNA 2008).

The new requirements also apply to the national financial accounts. One change relates to private households: under the ESA 2010 regulations, the two sectors "Private households" and "non-profit institutions serving households" (NPISHs) are no longer grouped together, but are now reported separately. This also has implications for the Allianz Global Wealth Report, which takes data from the national financial accounts as a basis where available. For many countries, however – particularly those outside of the European Union – there is no separate data available for these sectors in general, or at least not at present. So in order to ensure global comparability, this publication analyzes both sectors together under the heading "Private households".

² These countries are Austria, Belgium, Bulgaria, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Latvia, Lithuania, the Netherlands, Poland, Portugal, Romania, Sweden, Slovakia, Slovenia, Spain and the Czech Republic.

But what would the impact be if the non-profit institutions serving households sector were no longer put in the same category as private households? To examine this question, the section below analyzes the data on these two sectors from those countries that publish separate statistics for private households and NPISHs. In addition to 22 EU member states², Japan, Canada and Norway all report these statistics separately.

In terms of the overall volumes in this group of countries, private households alone accounted for an average of 97.6% of gross financial assets and 96.9% of liabilities in the combined sector at the end of 2014. So the non-profit institutions serving households (churches, political parties, trade unions, etc.) only play a marginal role, albeit one that varies from country to country. Whereas NPISHs in Lithuania, for example, only accounted for 0.6% of gross financial assets, the same figure for Finland came in at 6.7%. In Poland, only 0.03% of liabilities were attributable to NPISHs, whereas in Romania these organizations accounted for a share of 11%.

Last year, the growth in both the assets and liabilities of private households lagged well behind the non-profit institutions serving households. On the assets side of the wealth balance sheet, households saw an increase of 4.8%, compared with as much as 8.2% for NPISHs. The growth differential was even more pronounced on the liabilities side: the outstanding debt volume of private households swelled by only 1.7% as against 2013, whereas the debt of non-profit institutions serving households increased by 6.4%. Looking at the two sectors combined, however, the higher rates of growth for the NPISHs had barely any impact: the rate of asset growth came in at 4.9%, almost exactly the same rate as that reported for private households, while the rate of change in liabilities was only marginally higher than the rate reported for private households alone, at 1.8%.

Visible differences were evident first and foremost in the portfolio structure. The asset portfolios of private households were dominated by bank deposits (38.2%) and receivables from insurance companies and pension institutions (32.5%). They invested 26.1% of their savings in securities, a much smaller proportion than that invested by non-profit institutions serving households (41.1%). The latter held just under half of their financial assets (48.8%) in bank deposits, with the rest attributable to other receivables (10.1%); the "insurance and pensions" asset class is the sole reserve of private households. Despite these significant differences, however, the portfolio weightings only change very slightly if we look only at private households as opposed to at the two sectors combined (see chart).

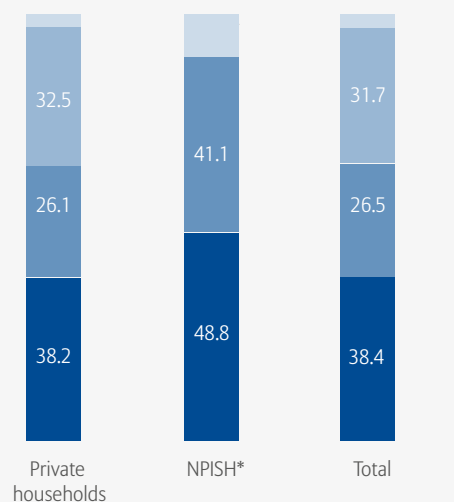
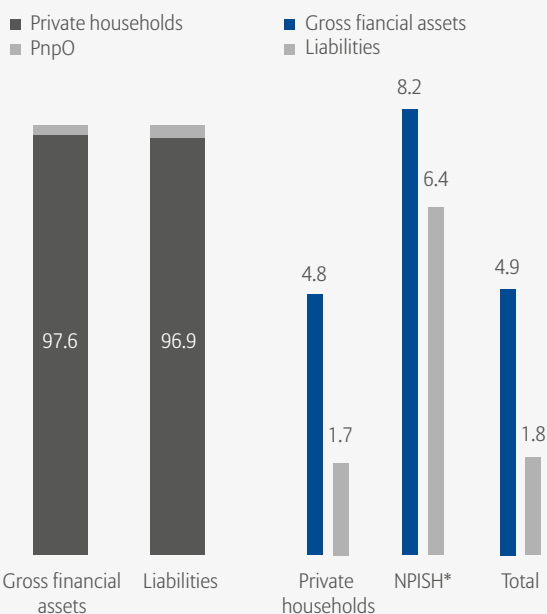
The conclusion is clear: reporting private households and non-profit institutions serving households separately is certainly an improvement on the status quo ante. An analysis of NPISHs, in particular, could well be of interest for certain individual countries. As far as understanding the asset situation of private households is concerned, however, the separation of the two sectors does not provide any new insights. Any shifts resulting from a separate analysis are confined to the digits after the decimal point.

Proportion of asset stock, growth and portfolio structure by sector

Proportion of wealth and liabilities as well as growth

Financial assets according to asset classes 2014, in %

y/y 2014, in %



* Non-profit Institutions Serving Households (NPISH).

Sources: National Central Banks and Statistical Offices, Allianz SE.

Securities: The tide turns against the stock markets

After two consecutive years of spectacular stock market developments, the tide started to turn on the capital market again last year. Geopolitical tensions stemming from the escalating Russia-Ukraine conflict unsettled market players, putting pressure on share prices in Europe, in particular. The Euro Stoxx 50 virtually stagnated as against 2013 (+1.2%) and even Germany's share index, the DAX, closed the stock market year having gained only 2.7%. In general, the European stock markets returned much poorer performance than their counterparts in the US and Japan, sometimes considerably so. The S&P 500, for example, gained 11.4% in the course of the year, with the Japanese Nikkei still rising by 7.1% after reporting a record increase of 56.7% in 2013.

At global level, securities assets expanded by 7.5% last year, with the bulk of the growth momentum coming from Asia. Japanese households benefited from value gains but also started investing in this asset class again after withdrawing money on the whole over the past two years. In the rest of Asia, assets held in equities and fixed-income securities rose by 27% in total. China was the undisputed front-runner in this respect, with the Shanghai stock exchange gaining around 53% last year alone; assets held in securities, which account for around 40% of household portfolios, grew by more than 36%.

Developments in other regions of the world were much less dynamic. Western Europe and North America were virtually neck-and-neck in the growth stakes, with an increase of 4.8% and 4.4% respectively, while Oceania's securities assets increased by 5.7%. In western Europe³, the growth was attributable to value gains alone - especially on bonds - with the asset class witnessing around EUR 100 billion in cash outflows on balance.

The share of the global asset portfolio that was attributable to securities remained stable in a year-on-year comparison at just under 39%. Due to the previous losses induced by the crisis and the resulting tendency to flee towards supposedly low-risk investments, this proportion was still three percentage points down on the 2007 level. It was not until 2013 that the value of securities assets held by private households living in the world's advanced economies bounced back to the pre-crisis level, whereas at global level, these losses had already been fully compensated for by 2012. Global securities assets totaled EUR 52.6 trillion at the end of 2014.

³ The cash inflows/outflows relate to the western Europe region, excluding Switzerland.

Bank deposits: Inflows despite low interest rates

As a “safe haven” and a source of guaranteed liquidity, bank deposits have become increasingly popular as an asset class since the outbreak of the economic and financial crisis. Global overnight money, term deposits and savings deposits totaled around EUR 38 trillion at the end of 2014, up by a good 52% on the level seen in 2007.

Despite rock-bottom interest rates and value losses in real terms, most savers once again handed over a large part of their savings to banks last year. This brought the global rate of growth to 6.5% in 2014, slightly ahead of the long-term average (6.0% p.a.) Compared with the previous year, growth picked up particular speed in North America, where it rose from 4.3% to 6.6%; the “fresh” investment funds that private households put into bank deposits were up by as much as 43% on 2013. In a global context this asset class also showed above-average growth in Oceania, where the rate of expansion came in at 8.7%. Fund inflows in Australia were up by a good 20% year-on-year. In western Europe and Japan, on the other hand, this asset class grew by only 3.0% and 2.0% respectively, with some European crisis countries, including Greece in particular but also Spain, still suffering from outflows. Latin America and Asia (ex Japan), on the other hand, achieved growth of 12.7% and 12.1% respectively last year, albeit from what was still a very low starting point. In per capita terms, Latin American households held an average of EUR 1,280, whereas the global overnight money, term deposits and savings deposits held by Japanese households, for example, averaged EUR 50,720 per capita.

Insurance policies and pensions: Unflagging popularity

The third-largest asset class in the asset portfolio, namely private household claims vis-à-vis insurance companies and pension institutions, experienced strong growth totaling 7.2% at global level in the course of 2014, up again in a year-on-year comparison. This growth, however, was driven not only by valuation gains, but also by substantial fund inflows. In fact, the inflow of funds into this asset class was higher than into any other for the second year running.

A look at this asset class once again reveals significant differences in the pace of growth in an interregional comparison. As expected, Latin America and Asia (ex Japan) topped the growth league last year, with 13.6% and 11.1% respectively. Western Europe also, however, achieved a double-digit increase (+11.1%), largely due to the strong development in the UK and the Netherlands. North America and Oceania were in the middle of the rankings, with growth rates of 4.8% and 8.9% respectively. Eastern Europe, on the other hand, was hit by a sizable slump of -7.9%, although this is due solely to the nationalization of some of the retirement provision funds managed by private pension funds in Poland.

The global rate of change last year was well ahead of the average growth rate for the past 14 years of 5.6% p.a. In a global analysis, private households have kept the share of their financial assets invested in insurance and pensions relatively constant throughout this period; 31% of their assets were tied up in these products last year. In total, private household claims vis-à-vis insurance companies and pension institutions tallied up to around EUR 42 trillion - a good two-fifths more than before the outbreak of the global economic and financial crisis.

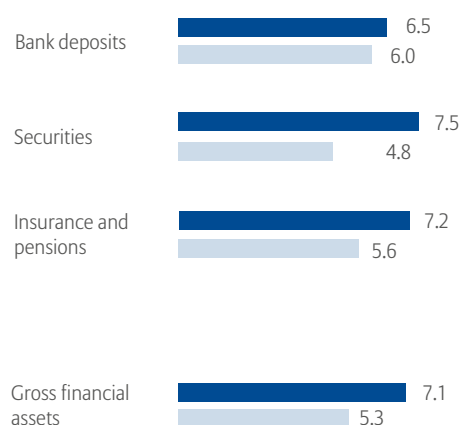
Latin America and eastern Europe fall behind

If we compare asset development in the individual regions, the fairly weak development in Latin America in a historical context is one trend that really stands out: after achieving asset growth of 6.5% in 2013, the region continued to lag well behind the emerging market average (+17% as against 2013) last year, too, when assets expanded by 7.7%.

The slowdown in asset development went hand-in-hand with a decline in economic activity. After adjustments for inflation, gross domestic product in the Latin American countries included in our analysis rose by only 1.2% last year.

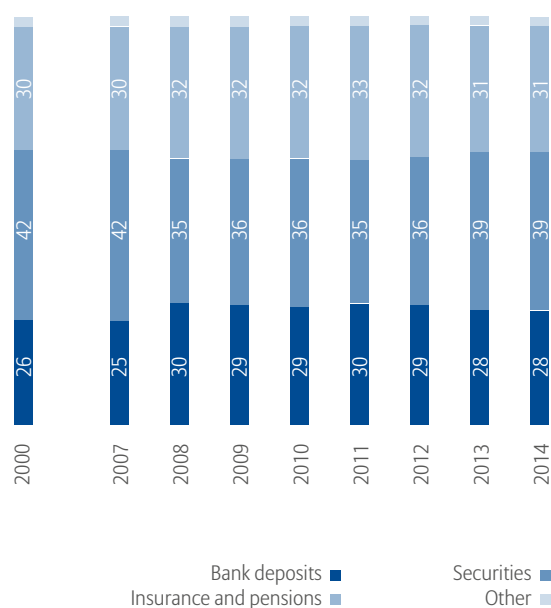
Robust growth in all asset classes

Change in asset classes, in %



2014/2013 ■
CAGR* 2001-2014 ■

Asset classes as % of gross financial assets



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

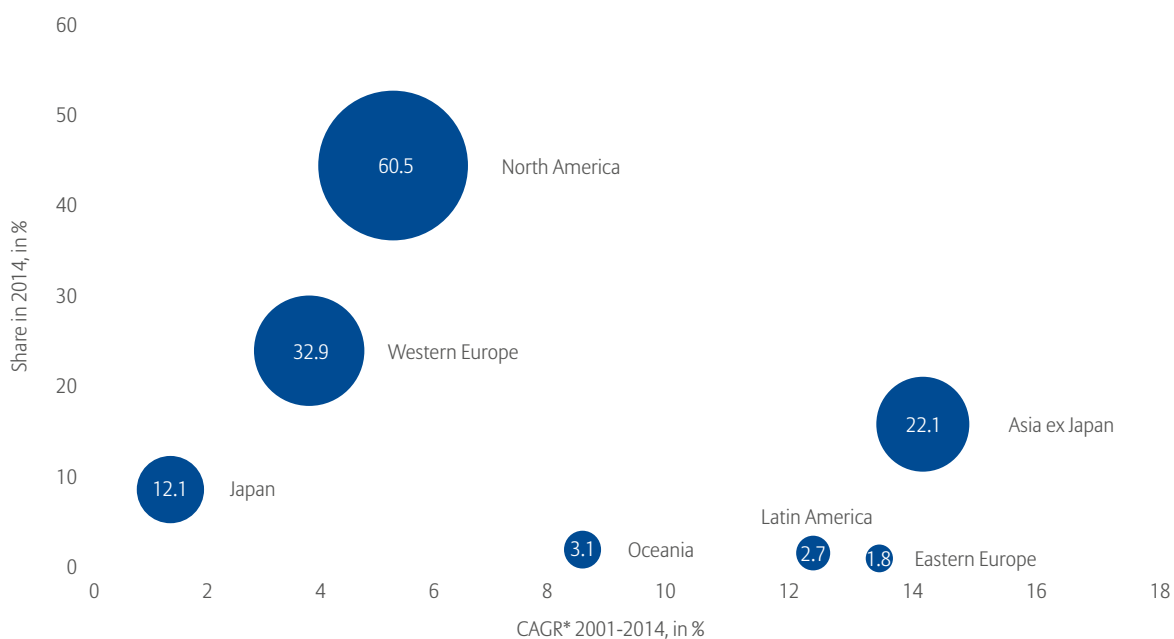
In a long-term comparison, however, the slowdown witnessed over the past two years starts to look less significant. The assets of Latin American households, which grew at an average annual rate of 12.2% in the period between 2001 and 2014, have increased fivefold since the end of 2000. During this period, the region's slice of the global gross financial asset cake has more than doubled, coming in at 2.0% at the end of 2014.

The pace of growth slowed in eastern Europe, too, in 2014, with household savings rising by 7.8% compared with 2013. The rate of growth in the previous year had come in at 11.7%. Generally, the asset accumulation process in the region has shifted back a gear, or in some cases two gears, since late 2007. In the eastern European EU member states, the average annual growth rate has slid from a total of 15.1% p.a. in the period between 2001 and 2007, to 5.8% p.a. over the last seven years.

Last year, in particular, brought a marked slowdown in the eastern European countries outside of the European Union as well. In Russia alone, a country which is home to more than two-fifths of the total financial assets in this group of countries, the rate of growth in 2014 was not even half as high as in the previous year, at 8.5%. Looking at the long-term trend, this group of countries tops the growth table with average asset growth of almost 24% p.a. - faster than in any other region. If, however, we include the eastern European EU members in the comparison, then the eastern European region as a whole is forced to hand the title of last year's growth champion over to Asia (ex Japan) - albeit in a close finish: in the Far East, assets have increased more than sixfold since the turn of the millennium with an average growth rate of 14.1% p.a., whereas the eastern European region as a whole has achieved average long-term growth of 13.3% p.a.

Wealth and growth by region

Share of global gross financial assets in 2014 and compound annual growth since 2001



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

Absolute amount of gross financial assets (in Euro tn) ■

Asia (ex Japan) came top of the table not just in a long-term comparison, but also in terms of developments last year. In 2014, asset growth in the region came in at 16.6%, which was not just ahead of the historical average but also outstripped the global growth rate by more than double. As explained above, the main driving force behind this trend was the stark increase in securities assets of 27%, particularly in China.

Households step up their savings efforts

The pace at which financial assets have grown since the turn of the millennium has been much more sedate in the richer parts of the world, where private households already have a substantial asset cushion behind them. Japan comes bottom of the league in this respect: the average growth rate for the period from 2001 to 2014 came in at 1.3% p.a., a long way off the average rate for the industrialized nations of 4.3%.

There are two main reasons behind the weak asset development in Japan: first, Japanese households hold the lion's share of their financial assets, or around 53%, in bank deposits. The low interest rates that have now been on the scene for decades, however, mean that this asset class does not provide savers with adequate nominal returns. Second, it has been virtually impossible to generate any value gains on the stock market; the first decade of the new millennium saw the Nikkei fall back to levels which, in some cases, were last seen in the early 1980s. This situation has, however, turned around over the past few years, which mark the start of what is known as "Abenomics". Whereas Japan's leading index was still down by almost 25% on the 2000 level at the end of 2012, only two years later - thanks to a spectacular increase of almost 57% in 2013 and robust develop-

ment last year - it had exceeded this level by almost 27%. Over the past two years alone, the assets of private households held in equities and fixed-income securities have shot up by a good 37% to total just under EUR 2.2 trillion.

In the Asia-Pacific region, households in Oceania enjoyed asset growth of 7.7% last year, ahead of the average for the world's advanced regions. This solid performance applied to all three major asset classes, with insurance policies and pensions witnessing the biggest increase, namely 8.9%. Thanks, not least, to the last commodities boom, the long-term average growth rate in the region is also fairly high, at 8.3%.

The development in gross financial assets in North America was positively subdued in comparison. In the period between 2001 and 2014, the assets of private households grew at an average rate of 5.1% a year. US households had to digest painful losses during the financial crisis of 2008 due to their more risk-prone asset structure. It ultimately took three years to make up again for the biggest asset slump of the post-war era.

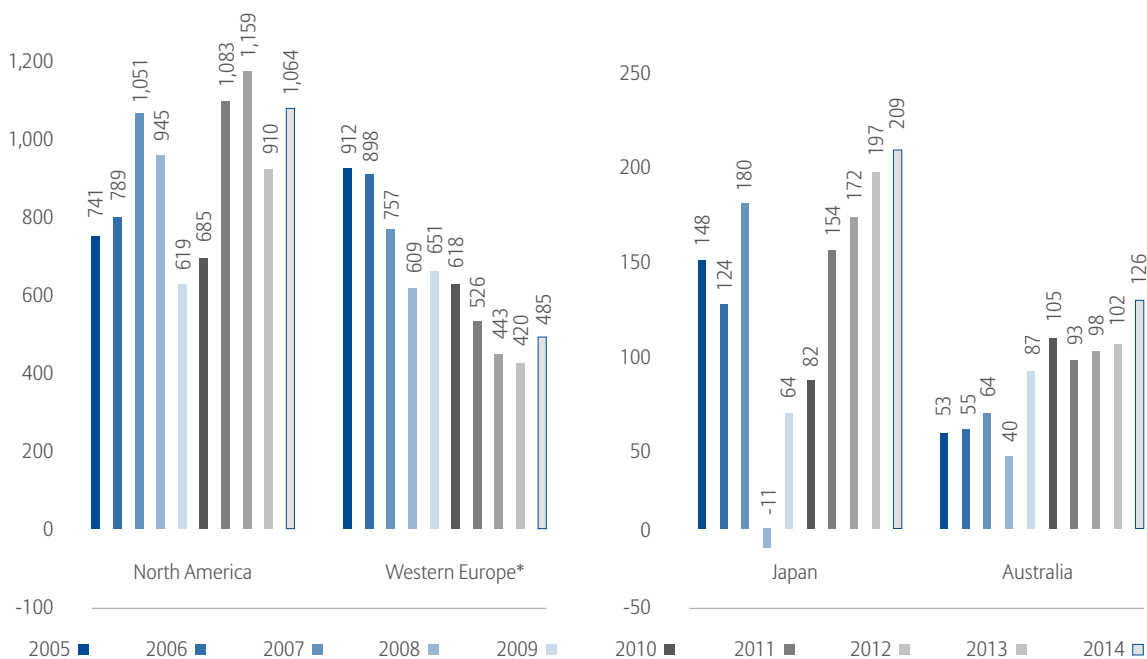
Bank deposits proved a popular choice among savers last year in North America as well, with this asset class witnessing greater growth than any other. All in all, the region achieved asset growth of 4.8% last year, with financial asset accumulation up by 17%. Among other things, this trend reflects the improved situation on the labor market and positive income development.

Whereas households started investing more in equities and other securities again in 2012 and 2013, fund inflows into overnight money, savings and term deposits increased by a good 43% last year. The proportion of total financial asset formation that was attributable to this asset class climbed from just under 36% in 2013 to almost 44% in 2014, whereas securities lost almost three percentage points compared with 2013, with their share of total financial assets slipping back to 17%. The return of US households to the "traditional" American way of saving which appeared to be on the cards in 2012 and 2013 would seem to have been put on hold for the time being. This trend suggests that the winding-down of the QE program in the US and the emerging debate about an imminent turnaround in interest rates has fanned the flames of uncertainty among investors again - investment behavior is starting to follow a "wait and see" pattern again, reflecting a greater preference for liquidity.

Financial asset formation increased in western Europe, too, in 2014 after four years of a continuous downward slide. Although total savings were up by almost 16% year-on-year in 2014, the figure was still sitting at just over half the level seen in the record year of 2005. This means that western Europe is lagging well behind North America, Japan and Australia, where savings have either bounced back to, or have already exceeded, the pre-crisis level: the consequences of the euro crisis are still making themselves felt on the whole. Fresh savings were destined primarily for banks, insurance companies and pension institutions, with western European households pulling money out of securities investments on balance for what is now the third year running - a further sign that the crisis has not yet been fully digested.

Households increase savings in 2014

Acquisition of financial assets by region/country in EUR bn



*excluding Switzerland.

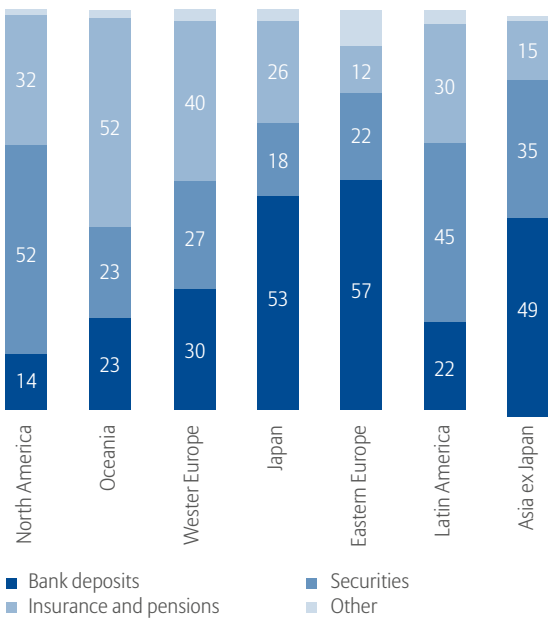
Sources: National Central Banks and Statistical Offices, Allianz SE.

The portfolio structure is also clear testimony to the continued western European preference for security over returns, which makes investors more likely to choose conservative investments for their financial assets: in 2014, they held 70% of their savings in bank deposits and receivables from insurers and pension institutions, with only 27% of the asset portfolio attributable to equities and other securities. As a result, it comes as little surprise that asset accumulation in western Europe was also

much more sluggish than on the other side of the Atlantic: over the past 14 years, the financial assets of private households have been growing at an average rate of 3.7% p.a. Last year, the total assets of western European households grew by 6.7%, largely due to a substantial increase in the “insurance and pensions” asset class in a handful of individual countries.

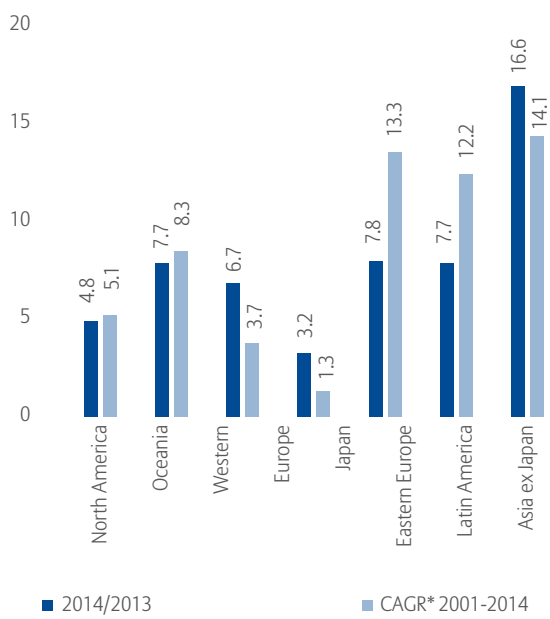
Asset structure and growth by region

Asset classes as % of gross financial assets, 2014



*CAGR = Compound Annual Growth Rate.
Sources: National Central Banks and Statistical Offices, Allianz SE.

Change of gross financial assets, in %



China overtakes Japan

Although the developed countries have shown much lower levels of asset growth, the weightings on the global asset map are only shifting very slowly. Since the end of 2000, the proportion of global gross financial assets that is attributable to North America and western Europe has fallen by around seven percentage points. That said, both regions still accounted for a combined total of almost 70% of the global asset base at the end of 2014. With a "global share" of almost 45%, North America was the richest region on the planet. In Asia-Pacific, a further 8.9% was concentrated in Japan, and 2.3% in Australia and New Zealand. This means that, all in all, a good four-fifths of global financial assets are still in the hands of private households living in the world's richer areas, even though these households make up less than one-fifth (19%) of the Earth's population.

The remaining 19.6% or so of the world's financial assets are distributed among Latin America (2.0%), eastern Europe (1.3%) and the other Asian countries (just under 16.3%), i.e. among a total of 3.96 billion people. Last year alone, however, their share of global financial assets rose by 1.4 percentage points and it has almost trebled in the space of the last 14 years. One particular development in Asia really stood out last year: China's total gross financial assets had exceeded those of Japan for the first time by the end of 2014. But the fact that Japan has been overtaken by China is not only due to China's better performance last year. The devaluation of the Japanese yen also had its part to play.

Compared with economic output, however, the gains made by the up-and-coming economies on the asset landscape start to look less impressive. In terms of gross domestic product, the weightings have already shifted further away from the richer regions and much further towards to the world's poorer regions. By way of example, the proportion of global gross domestic product attributable to the two heavyweights, North America and western Europe, was not only far lower than their share of global assets, coming in at a good 54% at the end of 2014; the decline to the tune of around 14 percentage points since the end of 2000 was also far more pronounced than the extent to which their share of the asset base has contracted. Vice versa, the world's poorer regions have upped their share of global economic activity by almost 21 percentage points, to 37.2%, during the same period, the share in assets rose by only 13 percentage points to a total of 19.6%. The increasing role

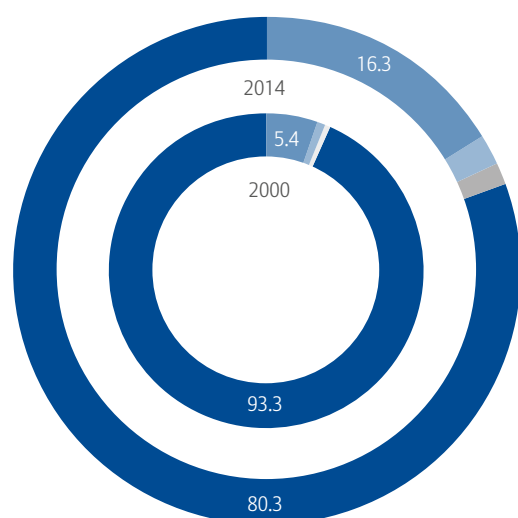
played by the up-and-coming economies in global economic growth is even more dramatic: whereas back in 2001, the regions of Asia (excl. Japan), Latin America and eastern Europe were still contributing just under 36% to the absolute growth in global gross domestic product, this figure had risen to 61% by 2014. This trend owes itself, to a large degree, to the rapid catch-up work done by Asia or, more precisely, by China: in 2014, the Middle Kingdom alone was responsible for almost 27% of global economic growth.

No fear of deflation

But it is not only the different starting points that have to be taken into consideration. Any assessment of the racing pace of asset growth in the world's up-and-coming regions cannot ignore factors such as inflation and demographic development. Admittedly, the latter does not have any major impact: in the emerging markets, population growth generally pushes the long-term average growth in gross financial assets down by 1.1 percentage points in per capita terms. In the world's developed countries, this "demographic effect" comes in at around 0.6 percentage points - so this does little to change the major differentials.

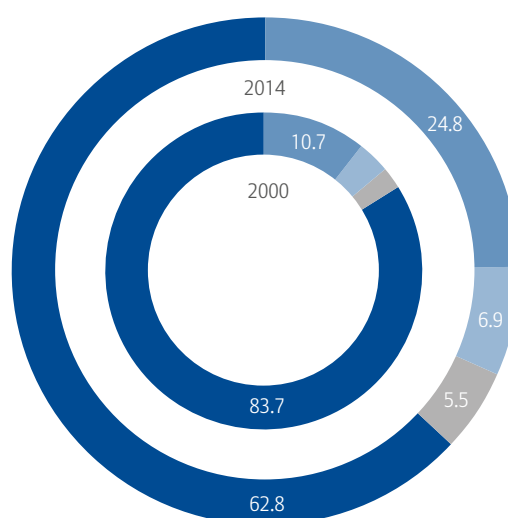
Slow catching-up process in wealth

Share of global gross financial assets, in %



■ Asia ex Japan
■ Latin America
■ Eastern Europe
■ Rest of world

Share of global GDP, in %



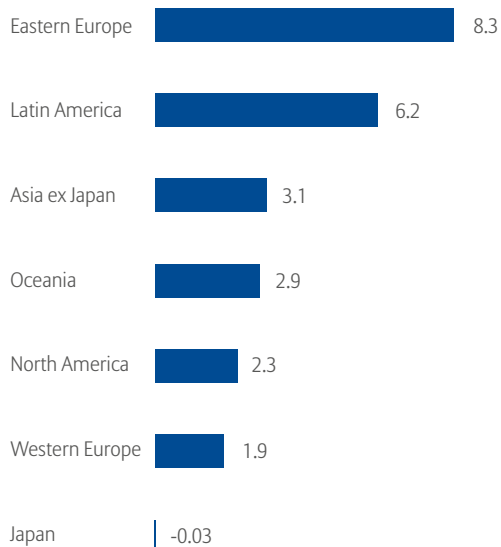
Sources: National Central Banks, Thomson Reuters, Allianz SE.

If we look at asset growth in real terms, i.e. less the general rate of inflation, the effects are, however, much more pronounced. This approach reduces the per capita asset growth rate significantly across the board, with the most pronounced drop seen in eastern Europe and Latin America: on average, the annual rate of growth falls to 4.9% (instead of 13.3%) and 4.8% (instead of 11.0%) respectively. Asia (excl. Japan) remains the clear leader of the pack in a long-term comparison, even if inflation is left out of the equation, and can still testify to growth of almost 10% p.a. since the turn of the millennium.

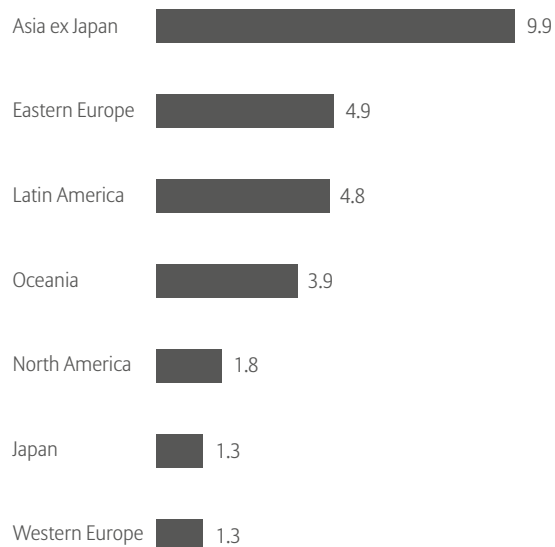
So in real terms, the growth differentials compared with the developed countries, mainly North America and western Europe, no longer look quite as pronounced, even if inflation is obviously putting a damper on asset accumulation in these regions, too. North America is now clocking up growth of 1.8% a year (real gross per capita financial assets since 2000), whereas western Europe can only manage to report a rate of 1.3% - putting it on a par with Japan after adjustments for inflation. This only goes to show once again that, while deflation is not necessarily a saver's best friend, it can help to at least preserve asset value in a stagnating economy with extremely low interest rates. Given the current environment, European savers, too, should be more concerned about the return of inflation than about falling prices. In this sort of scenario, financial repression would take on much more painful proportions.

Laggard: Western Europe

Average inflation rate (2000 – 2014), in %



Real growth * of global gross financial assets
per capita, in %



*Compound annual growth since end of 2000.

Sources: National Central Banks and Statistical Offices, Thomson Reuters, UN Population Division, Allianz SE.

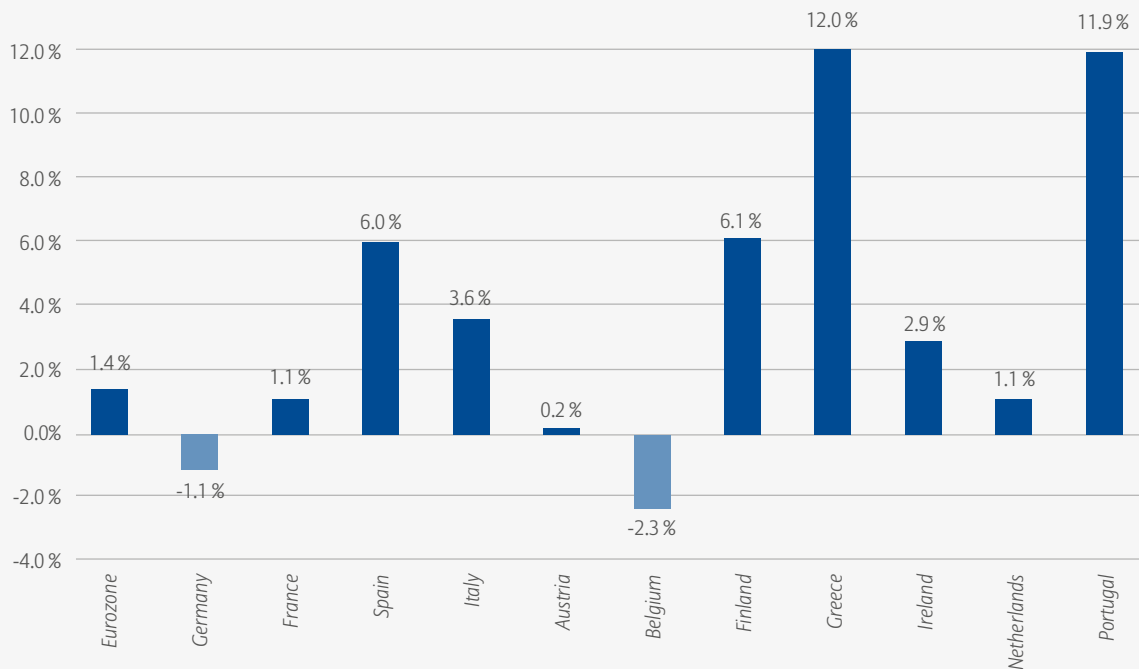
Box 2: Differences in the impact of the low interest rates within the eurozone

The zero interest rate policy pursued by the ECB and, in particular, the purchase of securities (QE) are having a direct and indirect impact on the incomes and assets of private households in the euro area. As a result, they automatically have implications for distribution policy, both within and between countries.

We had already looked at the impact the low interest rates were having on the incomes of private households in the eurozone last year. This time round, we have enhanced this analysis considerably. This year's report looks not only at the direct impact that changes in the interest rates for bank deposits and loans are having on incomes, but also at the effect the low interest rates are having on asset prices and the individual implications for the portfolios of different income groups.

When it comes to the direct income effects, i.e. the balance of interest losses on the deposit side and interest gains on the credit side, the situation is more or less the same as it has been in previous years. We are comparing the actual interest payments and income with hypothetical ones. To get those, on loans and deposits volumes we apply the reference interest rates at pre-crisis level (average 2003-2008). All in all, private households in the euro area are benefiting from the zero interest rate policy. Over the past six years (2010 to 2015, inclusive), the cumulative "gains" have come in at EUR 130 billion (1.4 percent of GDP) or EUR 400 per capita. Among the biggest winners are the peripheral countries such as Portugal, Greece and Spain. In all of these countries, the cumulative "interest gains" have exceeded EUR 1,200 per capita since 2010; in Portugal and Greece, these gains came in at around 12 percent of GDP, compared with six percent in Spain. Germany, on the other hand (together with Belgium and Slovakia), ranks among the losers: German households have certainly had to digest "losses" over the past six years, with the figure amounting to a total of EUR 367 per capita or EUR 29.8 billion (-1.1 percent of GDP).

Total income effects as percentage of GDP, 2014



Sources: ECB, Eurostat, own calculations.

This means that the ECB's zero interest rate policy is having a clear redistribution effect between the EMU countries via the income channels. In this respect, the idea of a "transfer union" is already a reality. It is a different story when it comes to the asset effects. These have not only been relatively limited over the entire period since 2010 - private households have only lost out on EUR 130 billion (one percent of the assets included in this analysis). Rather, the differences between the individual countries are also minimal. Whereas Italy, for instance, profited (+ EUR 36bn), the losses in the Netherlands were particularly high (- EUR 78bn); German households recorded a loss of EUR 55bn. The only changes emerge in a shorter-term analysis: since the ECB launched its explicit euro rescue policy in 2012, eurozone private households in all asset classes have been generating "gains" of EUR 1100 billion (8.2 percent); this is primarily due to the positive developments on the stock market.

To find out whether and to which extent the low interest rates are having the impact on distribution across different categories of households, we applied the same approach as for the overall income effect calculations. We used the weighted average interest rates on loans and deposits and a six-year pre-crisis average as a reference, and we applied them on the simple average volumes distributed according to households' average income.⁴

So how are the income effects, in particular, distributed among the individual income groups? At European level, while the positive income effects continue to increase the further up the income ladder we go, it is the upper-mid income group that is benefitting the most in relative terms. Nevertheless, the distribution effects vary considerably from country to country. In Germany, the upper income groups are also reaping the most benefits in relative terms, while the lower groups are either benefitting the least or actually losing out. No other EMU country shows the same sort of "redistribution from the bottom to the top". In Germany's neighboring country, the Netherlands, for example, the effect is the exact opposite: here, the lowest income group is enjoying by far the biggest income effects in relative terms, with the highest group benefitting the least. In Spain and (to a lesser extent) in France, on the other hand, the positive income effects are concentrated in the middle class, with the top ten percent of earners benefitting less from the zero interest rate policy. Finally, Italy stands out based on its relatively egalitarian distribution of income effects. So at the end of the day, although the zero interest rate policy is having a real impact in terms of distribution policy, the effects are not as prominent if we look at the EMU region as a whole. The differences at country level, on the other hand, are significant, although no uniform pattern can be identified. In some countries, the lower income groups are benefitting the most, whereas in others, it is the income groups in the mid-field that are reaping the benefits. But there is only one country in which the top income decile is benefitting the most in relative terms, and that country is Germany.

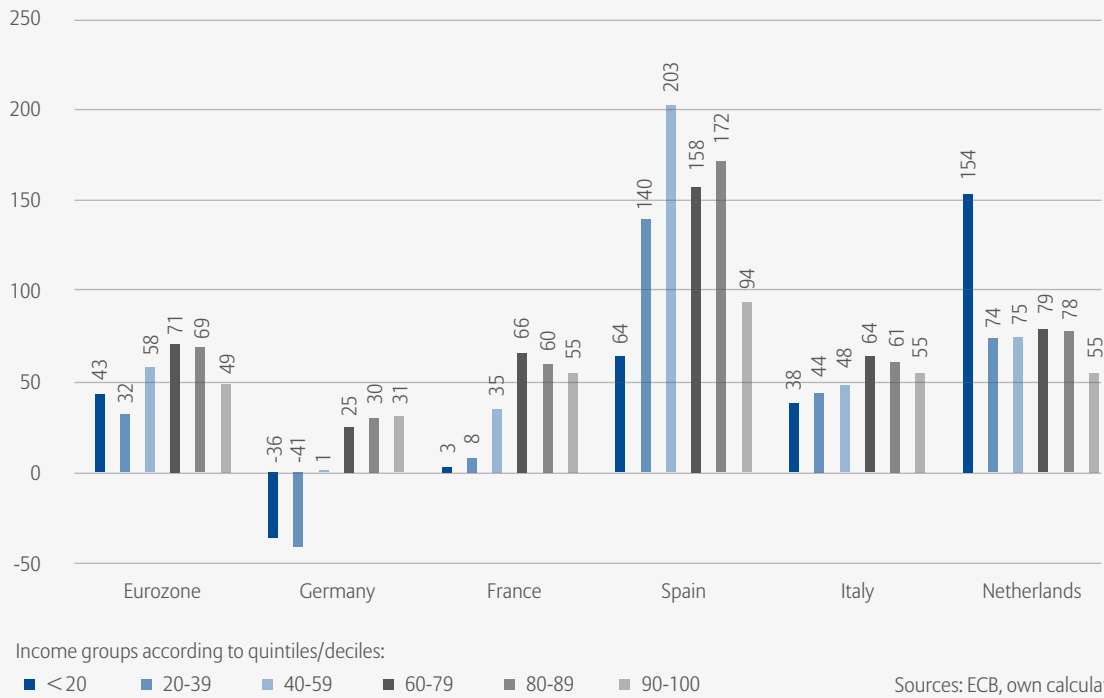
With regards to the wealth effect among households in the eurozone, all of the categories recorded a cumulative loss in 2010-2015. Bottom quintile households are affected to a much lower extent both absolutely, and relatively, having less of considered assets in their portfolio in comparison with the top decile household category. Thus, putting the income and wealth effects together, the distribution pattern is confirmed, with mid-income groups benefitting the most.⁵

So all in all, the impact of the ECB's zero interest rate policy is an inconsistent one. The policy's implications only emerge upon closer inspection, namely when we compare countries, wealth classes and income groups. The picture for Germany in particular, however, is a rather negative one: German households rank among the "losers" in terms of both income and asset effects; what is more, the zero interest rate policy is favoring the country's higher income groups - albeit not to too great an extent. So it comes as little surprise that the ECB is particularly criticized in Germany for its monetary policy.

⁴ The data come from the ECB's Eurosystem Household Finance and Consumption Survey.

⁵ However, in the shorter term since 2012, the highest income group – thanks to large equity holdings – is the clear "winner".

Distribution of average total income effects according to income group,
in basis points of average yearly income



For detailed information on the different ways in which the low interest rate policy is having an impact in the eurozone, please refer to "Low interest rates, incomes and assets – who are the winners and who are the losers?", Working Paper 190, Group Economic Research, Allianz SE, 2015.





Development in global
liabilities

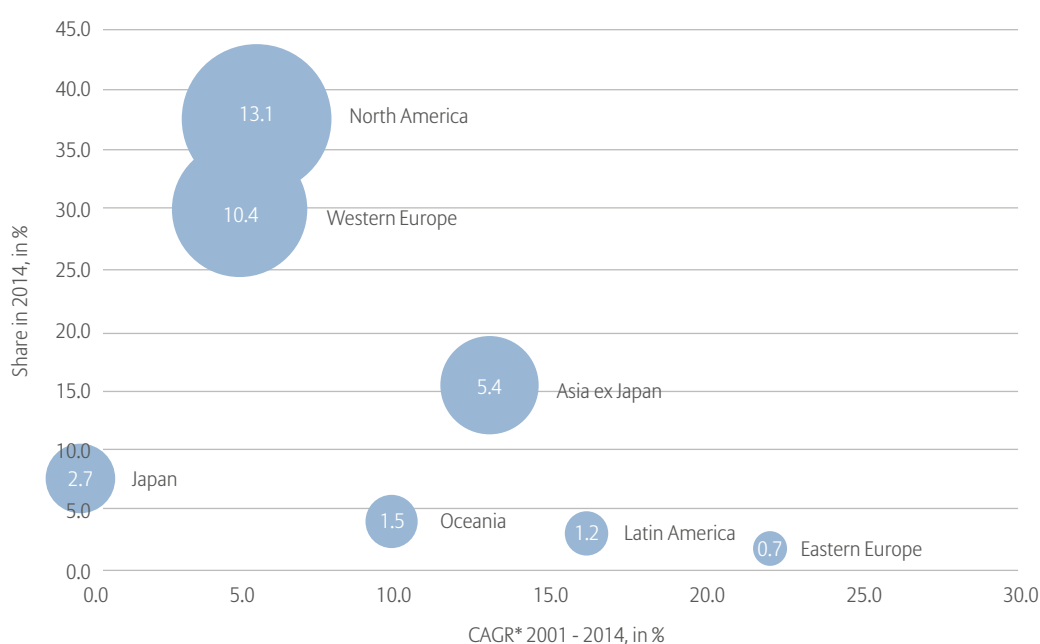
**Normalization in
debt growth**

As is to be expected, households in richer regions not only account for the lion's share of the world's financial assets, but also bear the majority of the global debt burden: at the end of 2014, around 71% of global debt was being carried on the collective shoulders of North America, western Europe and Oceania, which is almost exactly the same as the share of gross financial assets that is attributable to these regions. A further 7.8% is being borne by Japanese households, with 15.5% attributable to other Asian countries. With a share of 2.0%, eastern Europe is bottom of the debt league, followed by Latin America (3.3%) in second-last place. While this gives Asia (incl. Japan) a share of global debt that is slightly below average - compared with the continent's share of global assets - the situation is the other way round entirely in the other two regions.

All in all, global liabilities climbed by 4.3% year-on-year in 2014 to total EUR 35.2 trillion. This puts private household debt significantly below that shouldered by governments and the corporate sector. Last year, however, global debt growth reached the highest level seen since the outbreak of the crisis; it is in the process of gradually returning to normal. This also comes hand-in-hand with a split between the world's richer and poorer areas in terms of where the development is headed: whereas the high rate of debt growth tailed off slightly in eastern Europe, Latin America and Asia (ex. Japan) compared with 2013, it increased again ever so slightly in North America, Oceania, western Europe and Japan; with the exception of Japan, however, the rates of change were still at a much lower level than in the years prior to the crisis. As a result, private households in the world's developed countries remain

Liabilities and growth by region

Share of global debt burden 2014 and compound annual growth since 2001



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

Absolute amount of liabilities (in Euro tn) ■

very cautious about borrowing and the trend certainly cannot be described as a return to the status quo ante. This restraint is a global trend: the average global rate of change in liabilities has slowed to an average of 2.9% p.a. since the end of 2007, compared with a rate of 7.9% in the years between 2001 and 2007.

Emerging markets take their foot off the gas...

Although eastern Europe accounts for the smallest proportion of the global debt burden, at 2.0%, households in this region lead the growth pack on the liabilities side of the asset balance sheet: over the past 14 years, eastern European households have been upping their liabilities by an average of almost 22% a year, with the absolute debt level climbing by a factor of 16 since the end of 2000. It is, however, important to put these figures somewhat into perspective: the rapid growth is attributable primarily to the major non-EU countries in the region, namely Russia and Turkey, which started at an extremely low level; the region's EU member states "only" achieved growth of just under 17% a year.

The financial crisis did, nonetheless, trigger a marked slowdown in borrowing; in the whole region of eastern Europe the average annual growth rate has fallen from around 33% in the pre-crisis years to a good 11% since the end of 2007; in the eastern European EU countries, this rate has fallen to below 7%. In 2014, debt growth was actually almost sliced in two year-on-year, coming in at 6.7%. The major differences between the region's EU and non-EU members are also becoming less pronounced again: in the EU member states, growth picked up from 1.7% in 2013 to 3.2% last year, whereas the pace of growth in the eastern European countries outside of the European Union slipped back from 25.2% to 10.5%. This is a sign that the Russia-Ukraine crisis, in particular, is taking its toll.

Developments in eastern Europe are also moving in a very different direction to the other emerging regions of Latin America and Asia (excl. Japan), which were not hit as hard by the financial crisis as eastern Europe, whose economy is heavily reliant on the situation in the eurozone. Private households in Latin America have kept their average debt growth fairly constant in the period before and after 2007, at almost 16%. In Asia (excl. Japan), the average annual growth rate has actually increased from 10.1% in the period between 2001 and 2007 to 15.1% in the period between 2008 and 2014. But the increasing growth problems faced by the emerging markets also left their mark (at least to some extent) on private borrowing last year: in Latin America, debt growth slowed from 14.5% in 2013 to 12.8%, while in Asia (ex Japan), the drop was even more pronounced, with debt growth sliding from 15.8% to 12.1%. Nevertheless, this still puts debt growth ahead of the (nominal) economic growth rate, meaning that the region's private households are still a long way off a trend that could be described as "deleveraging".

In terms of average per capita debt, households in eastern Europe and Asia (ex Japan) were on an equal footing, with EUR 1,770 and EUR 1,760 respectively at the end of 2014. Latin American households were in the red to the tune of EUR 2,500 per capita on average, a good 70% higher than the average for the emerging markets.

... and the industrialized nations are taking their foot off the brake

In a long-term comparison, it was private households in the world's richer regions, in particular, that moved down a gear in terms of debt accumulation. US households made a particular effort to slash their borrowing: whereas liabilities were still growing at an average rate of 10% p.a. in the pre-crisis years, the debt burden had actually shrunk in absolute terms by the end of 2014, when it was down by a total of 1.6% compared with the record high seen in 2007 - also due to payment defaults and write-downs on mortgage loans.

Since 2012, however, the outstanding debt volume has been gradually creeping up again, with the rate of growth in the North American region as a whole doubling year-on-year in 2014 to come in at 2.9%. But this sort of debt accumulation is still light-years away from the excessive trends witnessed in the past, with debt still growing at a much slower rate than nominal economic output, at least in the US.

Down under, debt had been growing at an ever faster rate than in North America, with Australian households stepping up their liabilities by an average of 12.5% p.a. in the run-up to the crisis. Here, too, however, the population has been adopting a more restrained approach to further borrowing since the end of 2007. At 6.4%, the average annual growth rate has been sliced almost in half since then. The rate of change last year came in at 6.9% as against 2013, up slightly on the level seen in the prior year (6.2%). This still, however, means that personal debt is growing at around twice the rate of the economy as a whole.

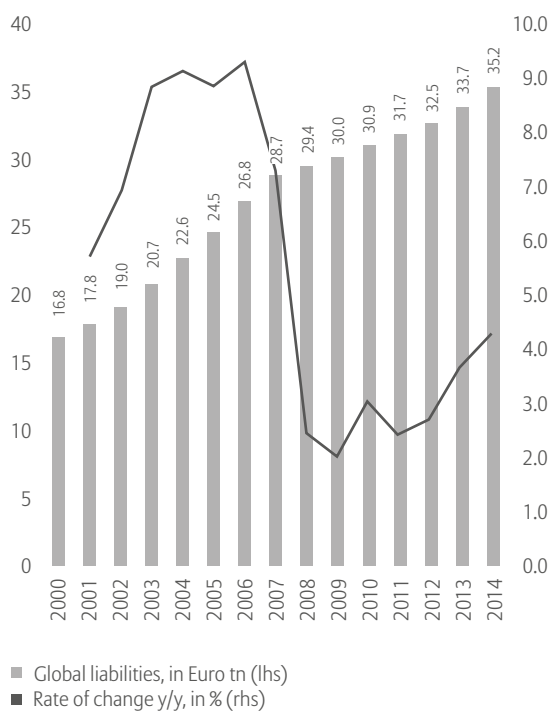
In western Europe, debt growth progressed at a slower pace than in North America and Oceania in the years between 2001 and 2007, with the rate of increase averaging 7.6% p.a. This trend is, however, primarily attributable to the region's largest economy in terms of economic output, Germany, where private households took an extremely disciplined approach to debt even in the years prior to the crisis. Leaving Germany out of the equation, the region's average rate of growth comes in at 9.7% p.a., putting it virtually neck-and-neck with North America. After the outbreak of the crisis, many private households were forced to follow the example set by Germany, pushing average annual debt growth in the region as a whole down to 1.5%. In 2014, the rate of growth accelerated to 1.3% after two years of virtual stagnation in the outstanding debt volume (+0.2% in both 2012

and 2013). This means, however, that western Europe had the lowest growth rate in a regional comparison - albeit with major differences between the individual countries: whereas personal debt is still on the decline in crisis countries like Greece, Ireland, Portugal or Spain, the Scandinavian countries, in particular, have already bounced back to - or indeed are still reporting - robust growth rates of 5 percent or more.

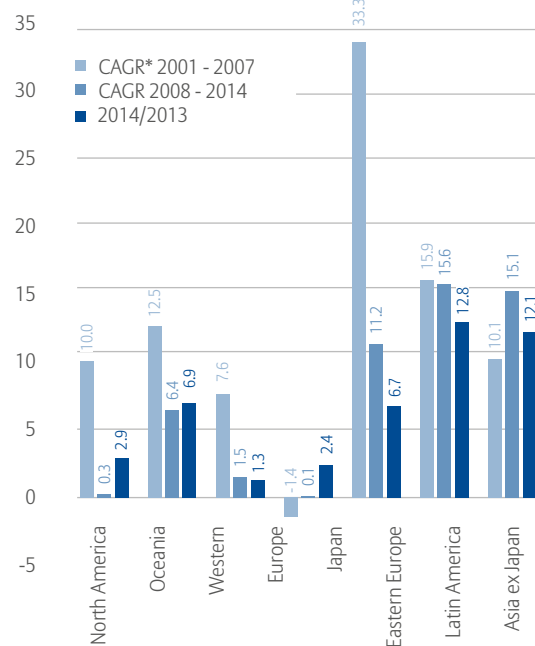
At the end of 2014, per capita debt in western Europe averaged EUR 25,170, meaning that western Europeans have far less debt, in per capita terms, than their counterparts in North America (EUR 36,490) and Oceania (EUR 53,690). Per capita debt levels in Japan (EUR 21,430), which have been on the wane for years now, are even lower than in western Europe: even before the financial crisis erupted, the liabilities of Japanese households were falling by an average of 1.4% a year, with virtual stagnation since the end of 2007 (an average of +0.1% a year). All in all, liabilities were down by 8.6% on 2000 at the end of 2014.

Highest increase in debt since the crisis

Development of global debt burden



Change in debt, in %



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

Global deleveraging on its last legs

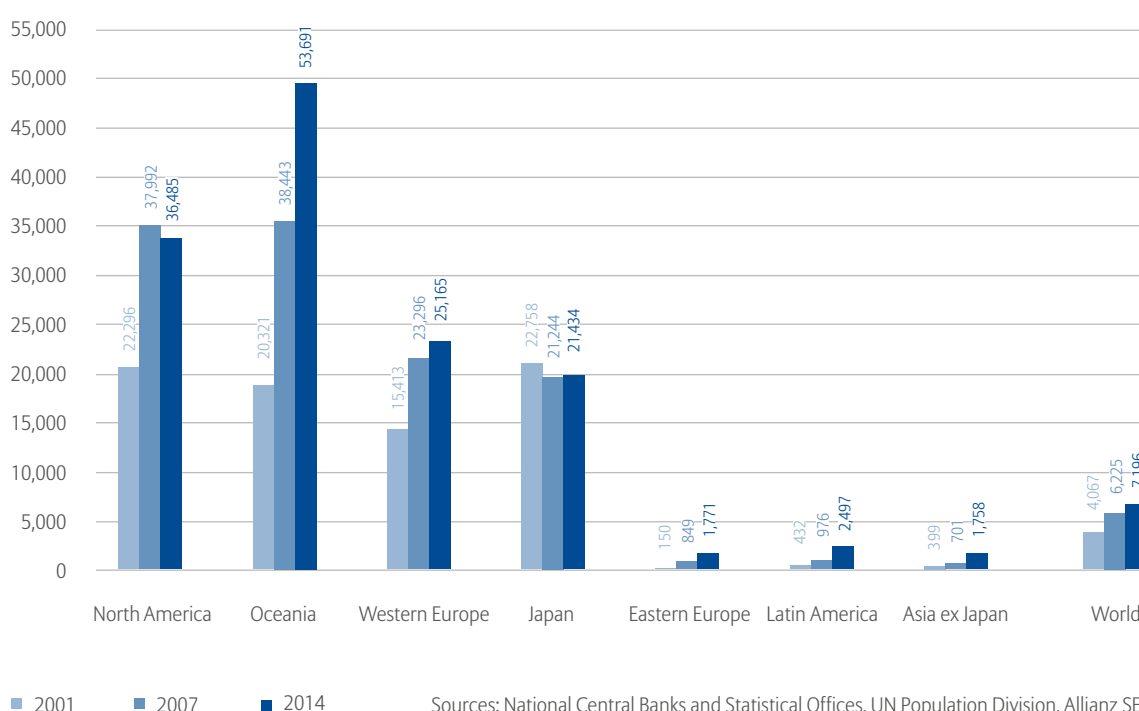
The global debt ratio, i.e. private household liabilities measured as a percentage of nominal economic output, at 64.4% in 2014, remained roughly on a par with the year before (64.8%). In the period from 2010 to 2013, economic growth clearly outpaced personal debt growth - pushing the ratio down by around seven percentage points compared with 2009. Last year, in contrast, debt and economic growth were pretty much neck-and-neck (+4.3% versus +4.9%). This would suggest that the global deleveraging process that has been ongoing for a few years now is coming to an end.

Although the debt ratio of eastern European households has more than trebled since the end of 2000 on the back of the rampant credit growth seen in the past, it remains the region with the lowest ratio of debt to general economic activity. After debt growth slowed considerably last year, the ratio re-

mained stable, at just under 24%, in a year-on-year comparison. In the region's EU member states, the ratio was - not surprisingly - much higher than in the rest of the region at almost 33% on average, although it was still the case that not one of the countries from this region that are included in our analysis overshoot the 50% mark. The ratio in Latin America is a good seven percentage points higher than in eastern Europe at 31%, with liabilities growing at a much faster rate (almost 16% a year on average) than economic output (just under 11% a year on average) since late 2000. That said, no country has overshoot the 50% mark to date in this region either. There is more cause for concern when it comes to Asia (excl. Japan). The highest debt ratio among the emerging regions can be found in this particular area, with the ratio climbing by another 1.4 percentage points to around 40% in 2014. In Thailand and Malaysia, for example, the debt ratios are already sitting at just under 80% and 85% respectively - a level that is comparable to the US (around 81%).

Regional differences in debt per capita

Liabilities, in EUR



The ratio for Japanese households came in at 81% at the end of 2014, up by 0.7 percentage points year-on-year and in line with the average for the advanced economies. Since 2000, however, the ratio of debt to economic output has dropped by almost four percentage points, whereas North America and western Europe reported an increase of twelve and around 15 percentage points respectively over the same period. Nevertheless, the global deleveraging process sparked by the outbreak of the financial crisis is attributable almost exclusively to these two regions. North America has made the most progress in this respect, having shaved almost 15 percentage points off the debt ratio since the end of 2009, bringing it down to just under 83%. In western Europe, the ratio has been slashed by a far from insignificant four percentage points during the same period, pushing it down to 76%.

In no other region of the world is the relative debt burden as high as in Oceania. Over the past 14 years, the debt ratio of private households has clim-

bed by a whopping 43 percentage points to total a good 122%. After dropping slightly for two years on the trot in 2010 and 2011, the ratio has since climbed back up by almost nine percentage points in total - largely due to the slowdown in economic growth.

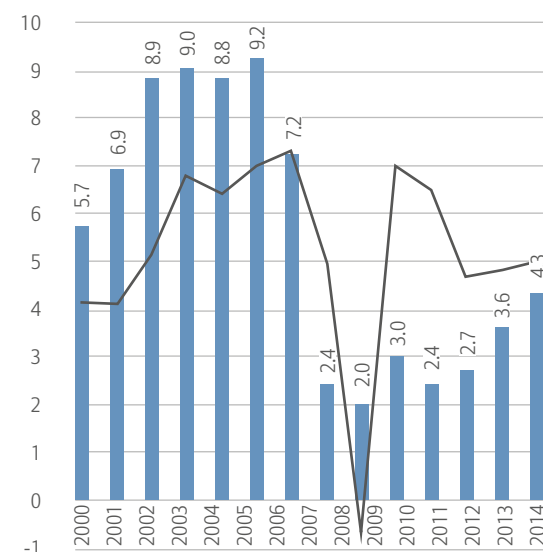
Global net financial assets break through the 100-trillion-euro mark

If we subtract debt from the gross financial assets, we arrive at a figure for net financial assets, which came in at a new record high of EUR 100.6 trillion at the close of last year. All in all, private household assets held in bank deposits, securities, insurance policies and pensions, as well as other receivables, grew at a rate that was 2.8 percentage points faster than debt in 2014. In net terms, this figure is up by 8.1% on a year earlier - above-average development in a long-term comparison (an average rate of +5.3% p.a.).

Economic growth now faster than debt growth – Global debt-to-GDP ratio shrinks

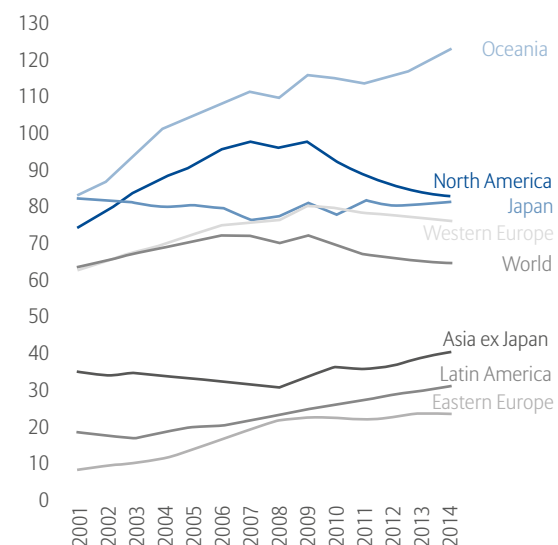
Economic growth vs. debt growth

y/y in %



■ Global liabilities
■ Global nominal GDP

Liabilities as % of nominal GDP



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

Huge wealth gap between the regions

A look at the world asset map tells a predictable story: the discrepancies between the savings of households in the richer regions and those in the world's poorer regions remain huge. Not surprisingly, households in North America are crowned the richest worldwide, with net financial assets averaging EUR 132,540 per capita at the end of 2014. Eastern Europe continues to languish at the lower end of the scale, with per capita assets tallying up to an average of only EUR 2,720, lower than in any other region, at the end of 2014, despite the rapid development seen in the past.⁶ This means that average per capita assets in North America amount to almost 49 times the per capita assets in eastern Europe, although this factor has, admittedly, more than halved since the start of the 21st century. In Asia-Pacific, Japanese households continued to lead the field as far as net financial as-

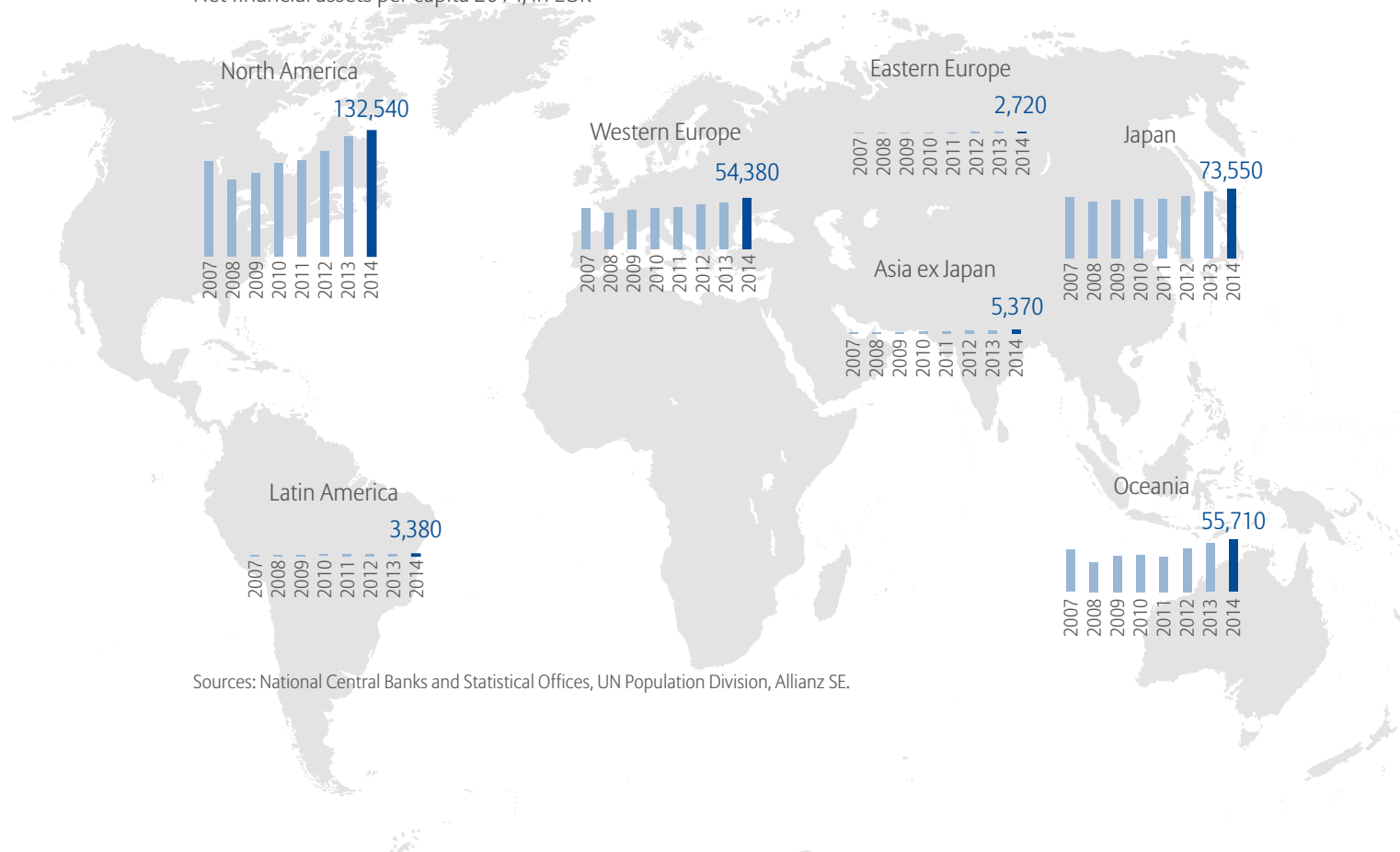
⁶ In the eastern European EU member states average net per capita financial assets of EUR 6,870 were significantly higher than in the other countries of the region (Kazakhstan, Russia, Serbia, Turkey and Ukraine); in this group of countries the average amount totaled EUR 1,200.

sets are concerned, with average per capita assets of EUR 73,550. When it comes to gross financial assets, however, Singapore again took first place. Despite the high total amount of financial assets, in per capita terms China is not among the top five within Asia: at EUR 7,990 on average, net financial assets per capita amount to a good tenth of the size in Japan.

It is not just in Oceania, where households hold average assets of EUR 55,710 per capita, that total assets are significantly lower than in North America and Japan. The asset level is also much lower in western Europe, where private households were left with assets averaging EUR 54,380 per capita at the end of 2014 after their liabilities were deducted. This means that the wealth gap between western Europe and North America narrowed slightly again last year, at least in relative terms. In a longer-term comparison, however, western Europe has slipped back significantly: back in the first half of the decade following the turn of the millennium, per capita net financial assets in Europe totaled a good 50% of the American

Global wealth map at a glance

Net financial assets per capita 2014, in EUR



Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.

level on average. This ratio now comes in at only 41%. There is no doubt that this development reflects the years marred by the euro crisis. Households in Asia (ex Japan) have average assets of EUR 5,370, putting them ahead of their Latin America counterparts, which have per capita assets averaging EUR 3,380.

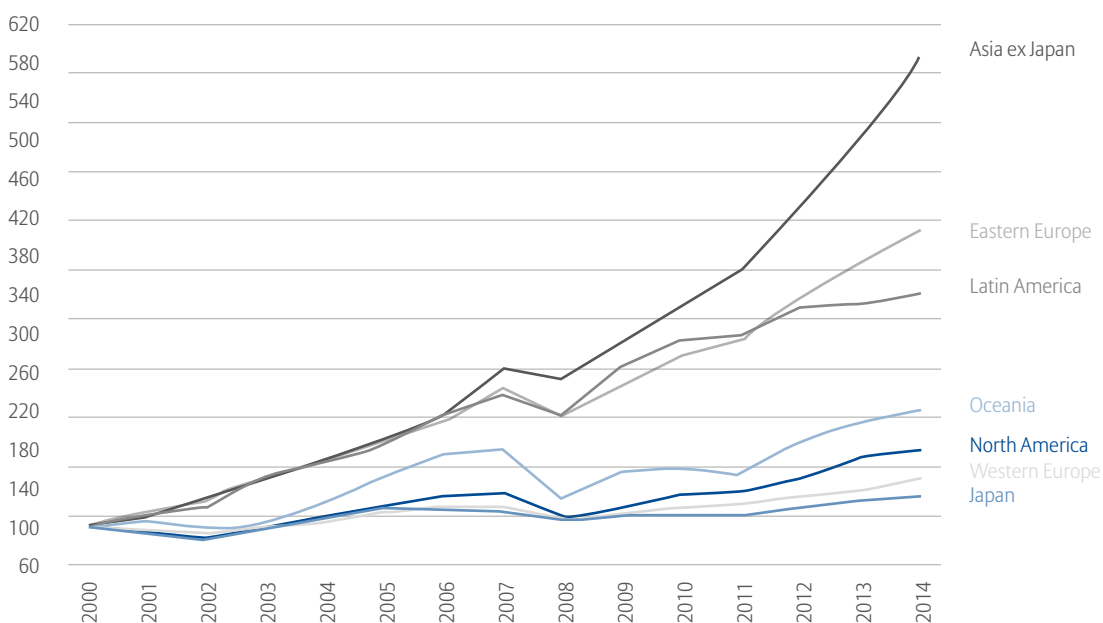
Japanese-style conditions in western Europe

Asia (ex Japan) remains the growth champion in net terms as well. Net per capita financial assets in this part of the world have been growing at an average rate of 13.5% p.a. over the past 14 years. Due to the rapid debt growth mentioned above, eastern Europe "only" comes in second, with average annual growth of 10.5%, followed by Latin America (9.1%). With an average growth rate of 5.9% p.a., Oceania is the best-performing prosperous region, with asset

growth proving to be much slower in North America and western Europe, at 4.2% and 2.9% respectively. Japan once again comes bottom of the league, with average growth of 2.0% a year. But the gap separating Japan from western Europe is no longer very large. Both regions increasingly seem to be playing in a league of their own, considerably behind the others. Asset development is another area in which fears of a "Japanese model" emerging in Europe cannot be dismissed entirely.

Japan and western Europe with weakest growth

Development of net financial assets per capita by region, index (2000=100)



Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.



The background of the slide is a piece of marbled paper with a complex, organic pattern of veins in shades of grey, beige, and light green. A solid blue rectangular box is positioned in the lower right corner, containing white text. The text is arranged in three lines: 'Wealth distribution' in a standard weight, 'Concentration' in a bold weight, and 'and density' in a standard weight.

Wealth distribution

Concentration
and density

The question of wealth distribution can be approached from two angles: first, it is obviously of interest to look at how wealth is concentrated - how big is the slice of the cake held by the richest households? – second, the question of participation is also significant – how many people have any wealth to speak of? As in previous years, we have made a distinction between the national and global level.

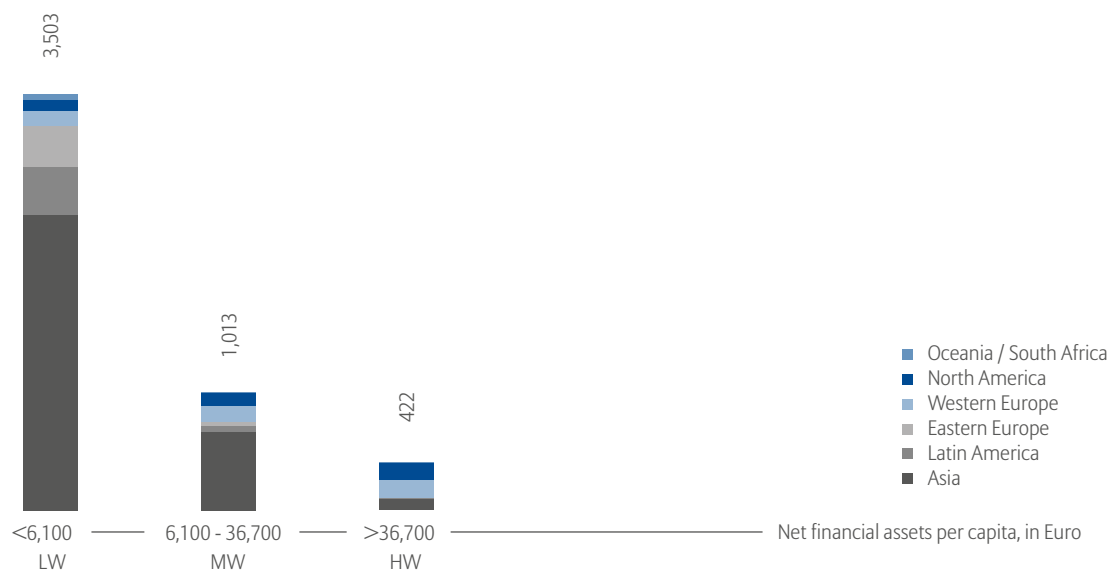
⁷ These asset bands can, of course, also be used for the purposes of country classification. Whether a country's average net financial assets come to less than EUR 6,100 or more than EUR 36,700 per capita determines whether it is classed as a "low wealth country" (LWC) or a "high wealth country" (HWC). This means that countries with per capita assets of between EUR 6,100 and EUR 36,700 are classed as "middle wealth countries" (MWCs).

Global wealth upper class gradually becoming less of a force

The division of all households/individuals into global wealth classes is based on the average global net per capita financial assets, which came in at EUR 20,360 in 2014. The middle wealth (MW) class encompasses all individuals with assets corresponding to between 30% and 180% of the global average. This means that for 2014, the asset thresholds for the global wealth middle class stand at EUR 6,100 and EUR 36,700. The "low wealth" (LW) category, on the other hand, includes those individuals with net financial assets that are below the EUR 6,100 threshold, while the term "high wealth" (HW) applies to those with net financial assets of more than EUR 36,700 (for details on how the asset thresholds are set, please refer to Appendix A).⁷

Global wealth middle class crosses the one-billion-mark

Population (53 countries analyzed), in million, 2014



Sources: ECB, National Central Banks, UN Population Division, UNU WIDER, World Bank, Allianz SE.

3.5 billion people, the vast majority of the five billion people living in the countries included in our analysis, still belong to the wealth lower class. Although the absolute figure has risen slightly compared with the previous year, it still corresponds - as in 2013 - to 71% of the total population, meaning that the increase is primarily due to population growth, largely in India. This group's share of the world's net financial assets is in stark contrast to its size, with less than 5% percent of assets in their hands. The situation among the wealth upper class is the exact opposite: although only just under 10% of the total population of the countries we analyzed (420 million people) can count themselves as members of this group, the wealth upper class holds around 80% of the world's total assets. This means that, in global terms, assets are still very highly concentrated.

The number of members of the wealth upper class is, however, on the decline in general. Last year alone, the figure fell by around 14 million - a trend that was primarily attributable to Italy and Japan; in Japan's case, one of the main factors at play here is the weak yen, which means that Japanese households are falling behind in an international comparison. But the downward trend is impossible to ignore in a longer-term comparison, too. There are now fewer people of "high wealth" than there were at the start of the millennium, particularly in those countries that have set the stage for a massive increase in debt in recent years and whose financial assets have been hit hard by the crisis. All in all, just under 60 million people have been demoted from the "wealth upper class" over the past few years. This exodus is not, however, concentrated exclusively in "typical" crisis countries such as Greece, Ireland or the US, but can also be seen in Austria, Switzerland, France, Italy and Japan. But all of these countries have something else in common other than the drop in the number of people assigned to the wealth upper class: the distribution of wealth within the countries themselves has also become significantly "less equal", with assets concentrated in the hands of ever fewer people.

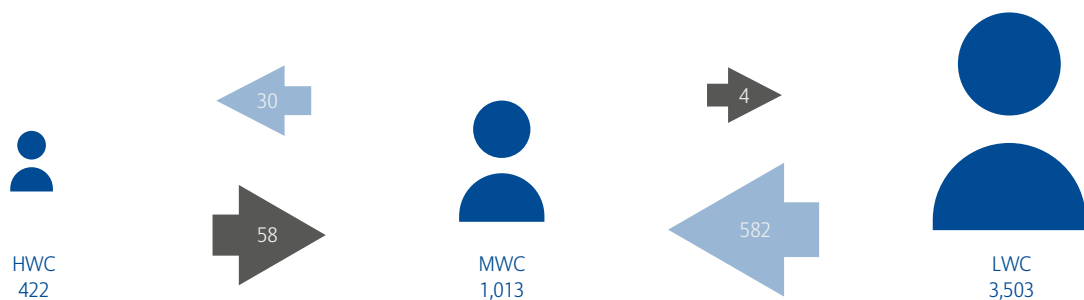
On the other hand, the shrinking of the wealth upper class has been cushioned by the - admittedly much smaller - group of people who have been "promoted" from the middle class; the positive population growth trend witnessed over the past 15 years is another factor. So it is not so much the number of people, but rather another parameter which provides more information on the dwindling significance of the wealth upper class. Their share of global net financial assets has shrunk by twelve percentage points since 2000. This tends to suggest, at least at global level, that financial assets are being more broadly distributed.

Global wealth middle class swells considerably

But it is not the wealth lower class that has reaped the most benefits from this development - their share of total global assets has only grown by a percentage point or so over the past 14 years. The real winner is the middle class, which has upped its share by more than ten percent and now holds almost 17% of global assets. This is also reflected in the number of people who fall into this category: last year, the number of people that fell into the wealth middle class surpassed the one-billion-mark for the first time as a result of population growth and the "relegation" of Japanese and Italian households from the high wealth category. In a longer-term analysis, however, it becomes clear that the growth in the middle class is being fed not only by "relegated" but primarily by "promoted" households: since 2000, almost 600 million people

Almost 600 million move up from the wealth lower class

Migratory movement, in million



from the "low wealth" category have been promoted to the wealth middle class. This means that, all in all, taking population growth into account, membership of this group has trebled since the turn of the millennium. The fact that the wealth lower class has not shrunk to the same extent can be explained by the strong population growth within this wealth category, which made up virtually in full for the number of people being promoted. Nevertheless, more than anything else, this development highlights the inclusive nature of asset growth in a global comparison: more and more people are managing to participate in global prosperity. So from this angle, inequality certainly cannot be said to be on the increase.

The development cannot, however, be described as an evenly distributed one, because the momentum is concentrated primarily in only one region, or actually in only one country: China. Around two-thirds of the global wealth middle class are now recruited from Asia - and 85% of them hail from China. The Asian population that falls into the middle class bracket in global terms has increased almost tenfold since the start of the millennium. Developments in other regions are lagging behind this spectacular growth. It is particularly striking that the middle class in the other two emerging regions, Latin America and eastern Europe, is growing at a much

more subdued rate. Although current growth problems are certainly a factor, especially in the most populous countries in these two regions, Brazil and Russia, the fact that these countries lag so far behind is testimony to the massive amount of catch-up work they need to do. Whereas in 2000, the percentage of the population that was considered to be middle-class in Asia was still much lower than in eastern Europe and Latin America, it is now almost twice as high as in these two regions at 20% - despite the fact that India, the second biggest country in Asia, is still light-years away from exploiting its potential in full. And finally, a word on the growth of the wealth middle class in western Europe and North America: alongside population growth, which mainly applies to the US, the growth seen here is attributable exclusively to households being demoted from the "high wealth" segment, meaning that it is much more a sign of "fallout" from the major financial crisis than reason to celebrate.

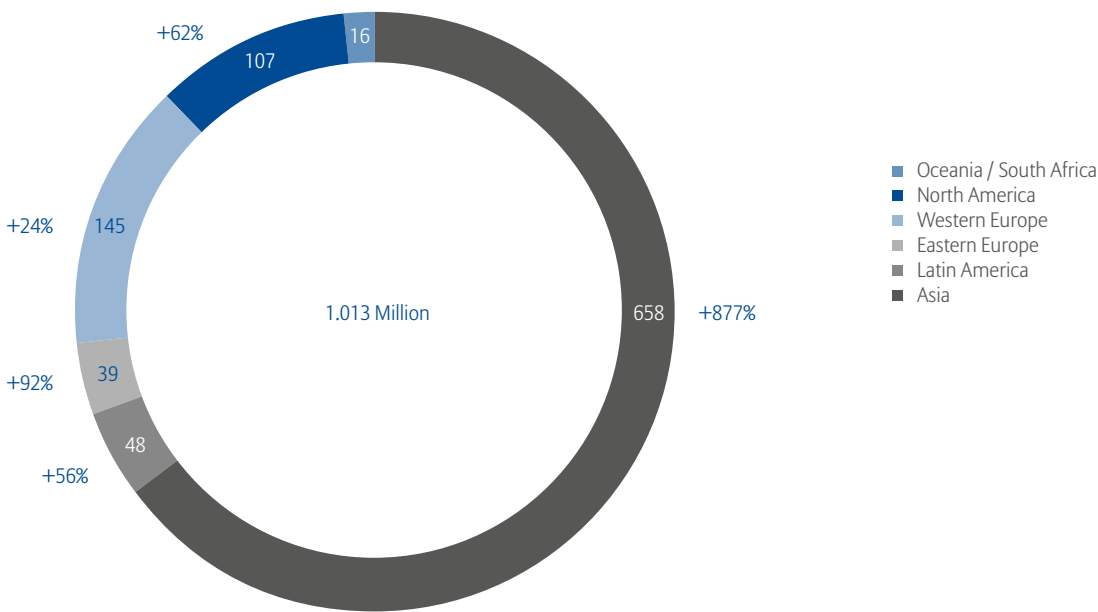
These changes have obviously also changed the face of the global wealth middle class considerably. In 2000, almost 60% of its members still hailed from North America or western Europe. Today, these two regions only account for around 25%. Two-thirds of the members of the global wealth middle class are now recruited from Asia.

The bright and the dark side to national distribution

Although splitting households into wealth classes is revealing when it comes to analyzing how the global weightings are shifting, they remain somewhat abstract for most of the people concerned. This is because the benchmark for most households is not the global average, but rather their national average - they are interested first and foremost in how much their neighbor has. This is why we have added a national component to our analysis of wealth distribution, as in the past.

Wealth middle class speaks Chinese

Wealth middle class by region, in million and percentage change since 2000



Sources: ECB, National Central Banks and Statistical Offices, UN Population Division, UNU WIDER, World Bank, Allianz SE.

In order to show how wealth is distributed at national level, we have, for the first time, calculated a Gini coefficient for each country, based on the average net financial assets per population decile. In order to see how things have developed, we have performed this calculation for the period around 2000 and for the present day. The higher the Gini coefficient, the greater the inequality of wealth distribution. This allows us not only to compare the individual countries with each other in terms of wealth distribution (in)equality, but also to see how things have developed in a national context. After all, it is not so much the absolute level, which is determined by a large number of social and historical development factors, but rather the change in distribution that determines whether the situation in a particular country is seen as being "fair" or "unfair".

Looking at all of the countries in our analysis, the number of countries in which the Gini coefficient of wealth distribution has fallen over time (i.e. showing an improvement towards more equal distribution) is roughly on a par with the number of countries in which the Gini coefficient has risen (i.e. deteriorated with a trend towards less equal distribution). This does not necessarily mean that the general trend is towards greater inequality. More than anything else, however, it highlights how important it is to analyze distribution trends by applying a differentiated approach.

Asia and Latin America: Moving in the right direction

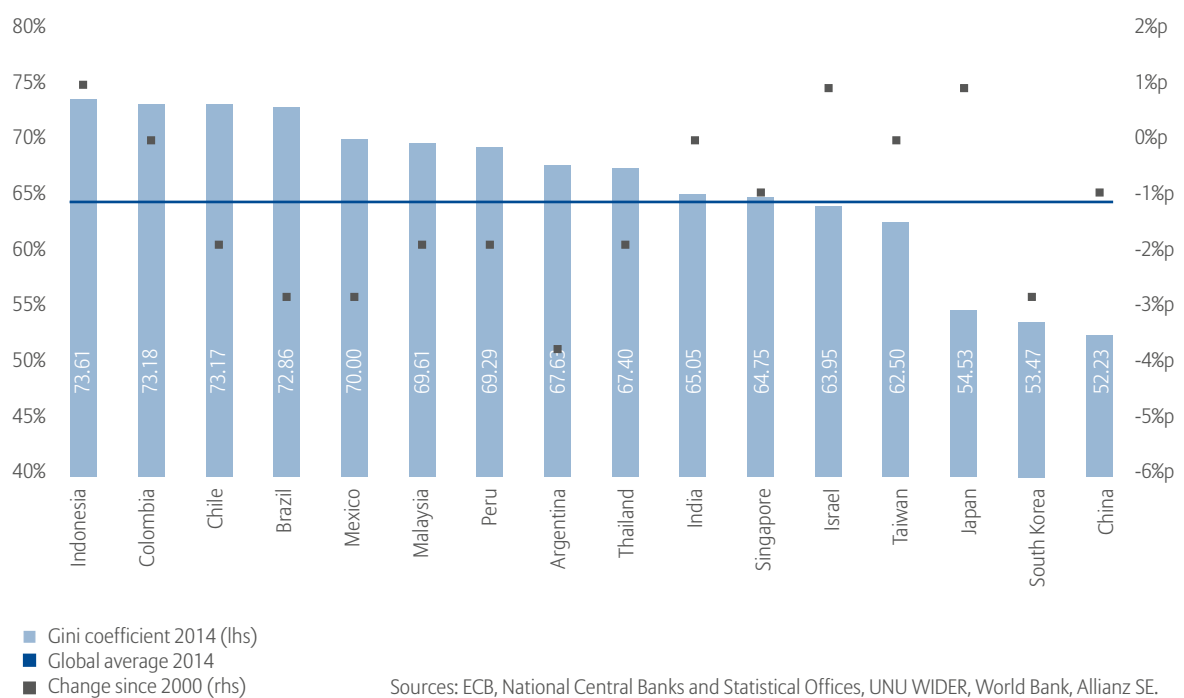
The Gini wealth distribution coefficients for the countries in Latin America, Asia and eastern Europe look more or less as one would expect: wealth distribution in the Latin American countries is, on average, less equal than in more egalitarian regions like Asia; exceptions like Indonesia confirm the rule. The Latin American Gini coefficients are also well above the international average. Developments in recent years, however, are unreservedly positive: with the exception of Colombia, where wealth distribution has barely changed since 2000, all other Latin American countries have made real progress in terms of moving towards greater social participation, i.e. the Gini coefficient has dropped. These positive changes are particularly pronounced in the two economies in the region that have made the most economic progress over the past decade: Mexico and Brazil. So while growth would appear to pay off when it comes to more equal distribution, the fact that the Gini coefficients remain high suggests that further action needs to be taken. The wealth picture in Asia, on the other hand, is not just a much more mixed one - while Gini coefficients in China, Japan and South Korea are below the international average, conditions in countries like Indonesia, Malaysia and Thailand are more "Latin American". The picture is equally mixed in terms of the progress made: in four of the countries in our analysis, there has been a deterioration over the past decade (=in-

crease in the Gini coefficient). Developments in Japan are particularly striking. There is no doubt that Japan is paying the price of the prolonged economic standstill, which slowly but surely threatens to leave what was once the most homogenous society in the world frayed around the edges. But the standstill in India and Indonesia also comes as a disappointment. Without substantial reform and growth impetus, wealth distribution in these countries is unlikely to see any long-term improvement in the future either. The new governments in both countries have huge challenges on their hands. Thailand, Malaysia and also South Korea, on the other hand, can look back on what has certainly been a successful decade. China, on the other hand, has seen a virtual standstill in wealth distribution, despite the many reports on new Chinese billionaires. This shows that the question of

wealth distribution is not determined solely by the top echelons of the population - where wealth accumulates at a rapid rate - but rather, first and foremost, among the broad sections of the population. And this is where the Chinese story of growth and ascent is still intact: over the past few years, millions of Chinese households have managed to go from having virtually nothing to accumulating a small (or more substantial) asset base, as is reflected in the relatively low Gini coefficients.

Improvement in Latin America and Asia

Gini coefficient of wealth distribution (in %), 2014 and change since 2000 (in percentage points)



Sources: ECB, National Central Banks and Statistical Offices, UNU WIDER, World Bank, Allianz SE.

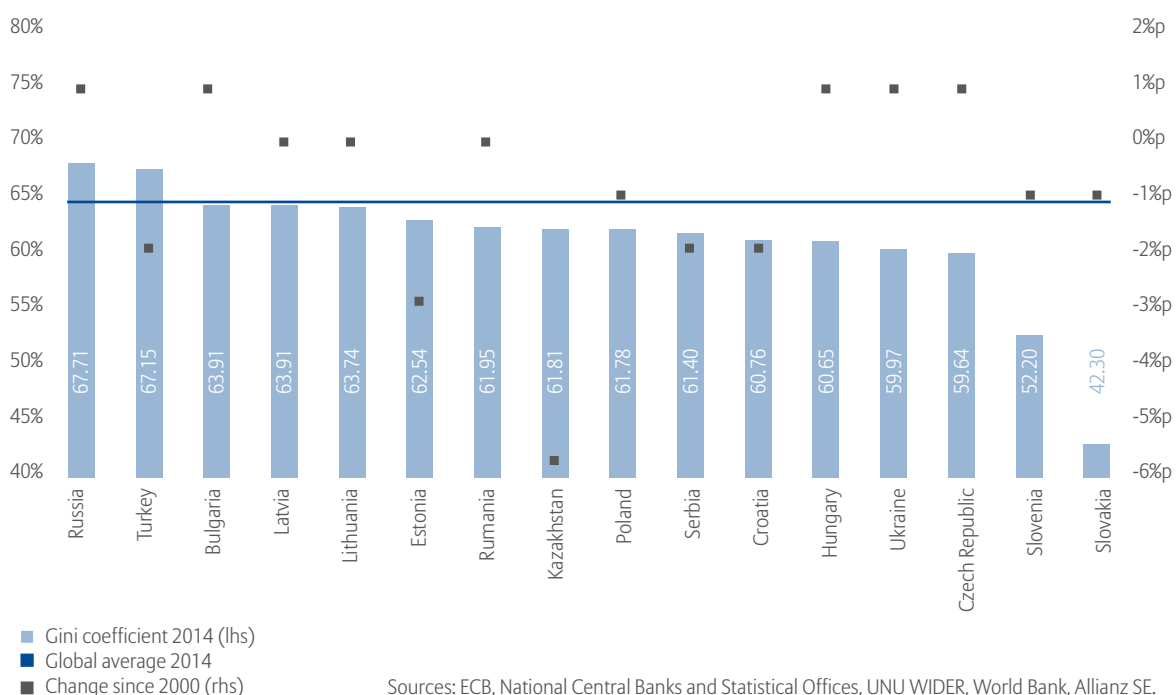
Eastern Europe: Freedom and equality

The Gini coefficients for wealth distribution in eastern Europe make a fairly uniform impression. Most countries are clustered closely together, slightly below the international average; the only countries that buck the trend are Russia and Turkey, where distribution is much less equal, and, at the other end of the scale, Slovenia and Slovakia; in the case of the latter, this is likely due largely to systematic privatization and reform measures in the past. The relatively homogenous distribution of wealth on the whole is likely to be a direct consequence of the fact that these countries only opened their doors to the West and embraced a free market economy 25 years ago; so there has not yet been much time to (legally) accumulate private assets which, as a result, means that no marked differences have emerged to date.

In many eastern European countries, distribution has also improved over the past decade. This is due to the turbulent nature of asset growth that has affected large parts of society. There are, however, a few exceptions, namely Hungary, Bulgaria and Russia. Although the deterioration in these countries' Gini coefficients remains within bounds, it highlights just how important economic growth and zest for reform are in ensuring balanced wealth development. The situation in Russia, where disparities in wealth are already the greatest in the region and risk becoming even more pronounced, is particularly concerning. Developments in Turkey, on the other hand, are more encouraging, with the ascent of the Turkish economy also reflected in wealth development and distribution. Nevertheless, "South American" conditions still tend to prevail in Turkey, too, as the country does not share the experience that the other countries in the region have had of re-setting the clock, so to speak, 25 years ago.

Egalitarian eastern Europe

Gini coefficient of wealth distribution (in %), 2014 and change since 2000 (in percentage points)



Sources: ECB, National Central Banks and Statistical Offices, UNU WIDER, World Bank, Allianz SE.

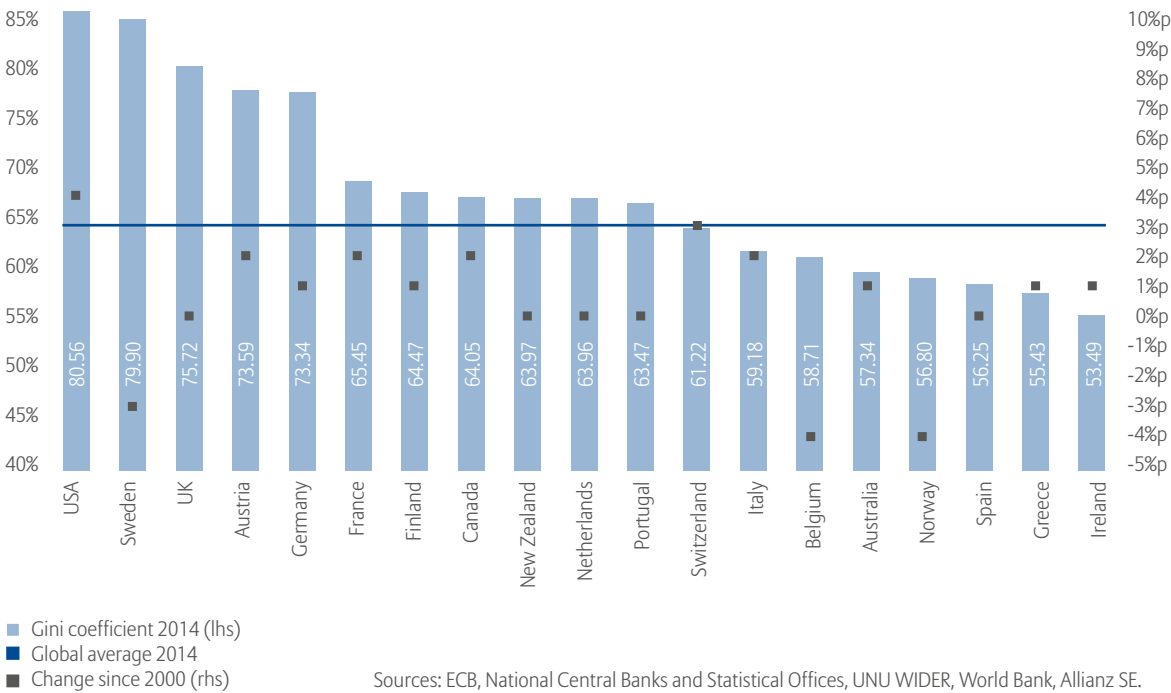
Unequal States of America

In terms of wealth distribution, the developed countries in Europe, North America and Oceania paint a very heterogeneous picture, with exceptionally large gaps between both the levels of, and the rates of change in, the Gini coefficients. Most of these countries, however, have seen a (sometimes considerable) increase in the inequality of distribution in recent years. Only three countries do not fit into the jigsaw: Belgium, Norway and Sweden. In Sweden's case, it is, at the same time, important to remember that the Gini coefficient remains very high, which certainly does not fit with the image of the "Folkhemmet", a welfare state for the people. Following the real estate and financial crisis back in the 1990s, developments over the past ten years can be better described as an arduous return to normal "Swedish" conditions.

The same cannot be said for the US, where the crisis and the sluggish economic recovery that followed have caused a dramatic deterioration in wealth distribution. The increase in inequality, i.e. the rise in the Gini coefficient, is more pronounced here than in any other country during the period analyzed. The result: the USA (which, the way things are going, could well be taken to stand for the "Unequal States of America") has the highest Gini coefficient in our analysis. It is, unfortunately, impossible to tell at this stage whether this is largely the result of asset accumulation setbacks brought on by the crisis, which hit smaller and medium-sized assets particularly hard, or whether the developments are already the result of the digital revolution which, at least for the main protagonists, is increasingly turning out to be a "wealth catalyst".

Unequal States of America

Gini coefficient of wealth distribution (in %), 2014 and change since 2000 (in percentage points)



Sources: ECB, National Central Banks and Statistical Offices, UNU WIDER, World Bank, Allianz SE.

Developments have not been quite as dramatic in the other countries. One aspect, however, is striking: the countries where the distribution of wealth is particularly unequal and has deteriorated drastically in recent years are certainly not the European crisis countries, such as Greece, Ireland and Spain. Rather, the countries that stand out as having suffered the biggest setbacks in recent years are Switzerland, France, Austria or Italy. A word on the situation in Germany: the distribution of wealth has barely changed since 2000; Germany is, however, one of the countries with relatively uneven wealth distribution in an international context. This is, however, likely to be one of the relics of the country's long division into East and West more than anything else.

Growth is the best medicine for distribution

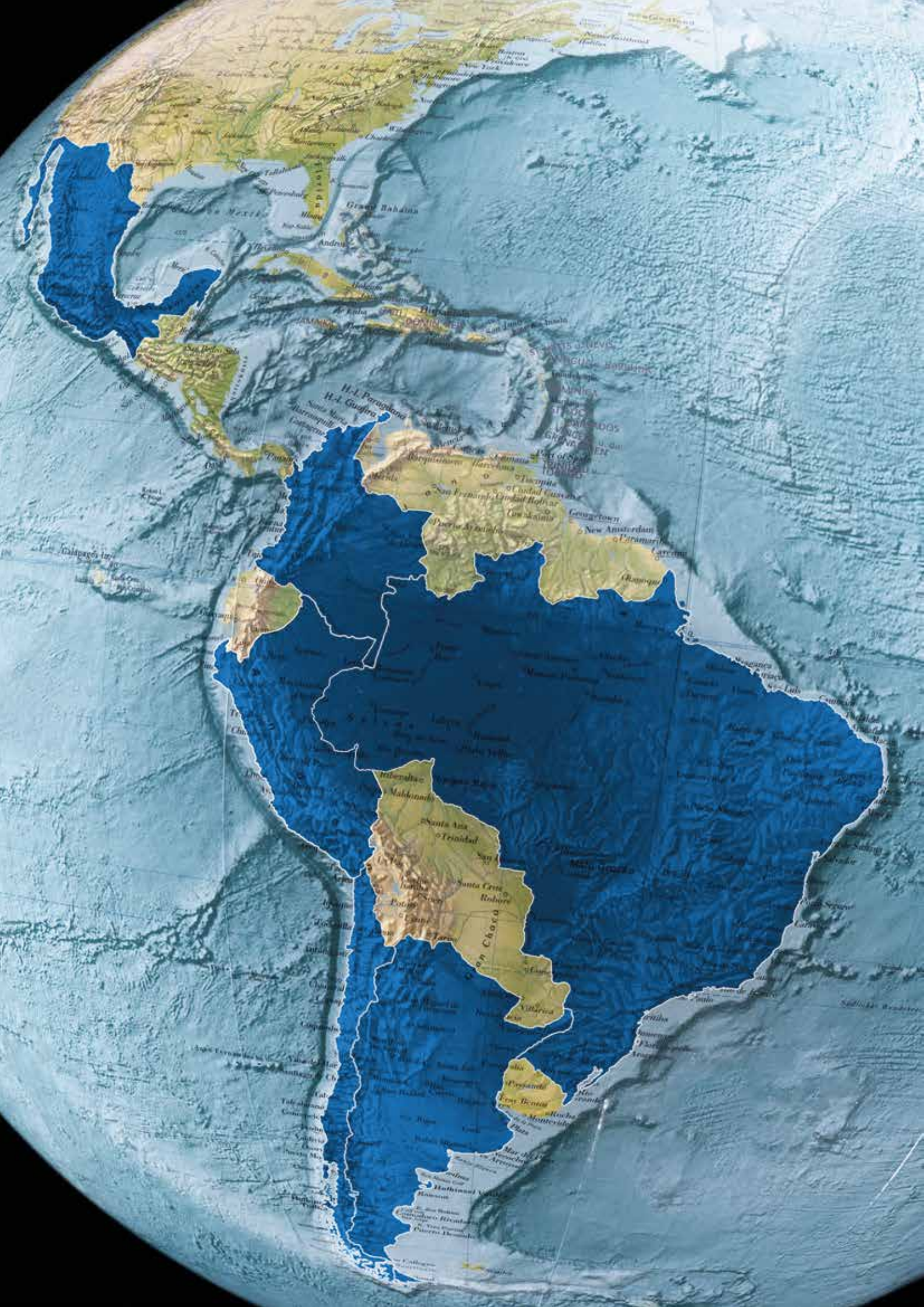
It is virtually impossible to draw a universally valid conclusion from our tour d'horizon through the national statistics on wealth distribution, since developments vary so much from country to country. Most importantly, there is no sign of any reversion to the mean: our analysis has identified countries with above-average inequality of distribution where the situation has deteriorated further in recent years, but also more egalitarian countries that have continued to make progress. In general, however, high asset growth would appear to go hand-in-hand with increasingly "equal" distribution, even if this is by no means an automatic mechanism. There is, however, no question that, whenever total assets experience rapid growth, there is a better chance of more and more people being able to participate in this prosperity. If you choose only to look at the (similarly meteoric) rise in the number of millionaires, you lose sight of the positive developments taking place "lower down", among the population at large. The progress made by many countries in Asia, Latin America and eastern Europe is, on the whole, a success story from a distribution policy perspective, too.

But the opposite holds true as well: low growth tends to be correlated with a (slow) erosion in equitable distribution, with Japan serving as a prime example of this. As a result, the best distribution policy is likely to be one that promotes asset development on the whole. Here, too, there is real truth in the theory that growth is the best way of achieving social justice.

Regional differences

Financial assets in individual regions

| | |
|-----|---------------------------|
| 57 | Latin America |
| 65 | North America |
| 73 | Western Europe |
| 85 | Eastern Europe |
| 97 | Asia |
| 109 | Australia and New Zealand |



Latin America

Population

| | |
|--|-------|
| In the analyzed countries | 465 m |
| Analyzed countries' share of the region as a whole | 76.5% |
| Analyzed countries' share of the global population | 6.5% |

GDP

| | |
|--|-------------|
| In the analyzed countries | EUR 3,740bn |
| Analyzed countries' share of the region as a whole | 86.6% |
| Analyzed countries' share of global GDP | 6.5% |

Gross financial assets of private households

| | |
|----------------------------------|----------------------|
| Total | EUR 2,735bn |
| Average | EUR 5,880 per capita |
| Share of global financial assets | 2.0% |

Debt of private households

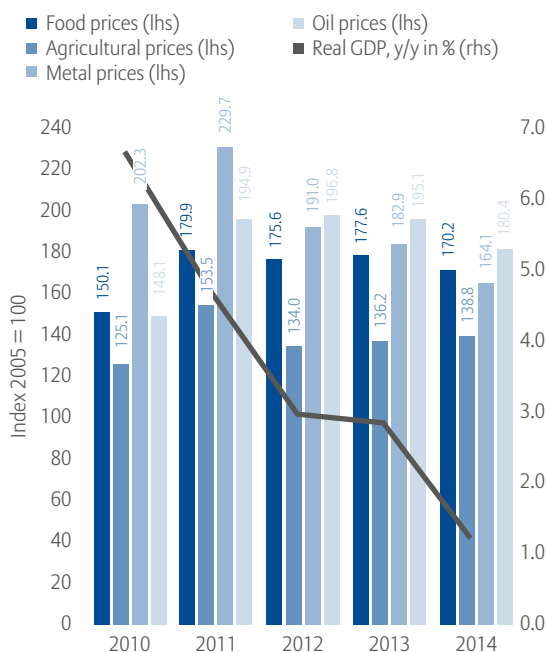
| | |
|-------------|----------------------|
| Total | EUR 1,162bn |
| Average | EUR 2,500 per capita |
| As % of GDP | 31.0% |

The commodities boom witnessed over the last decade ensured that the Latin American subcontinent, which is rich in natural resources, enjoyed high export revenues and capital inflows over a period of many years. In particular, China's increased appetite for raw materials sent prices surging and fueled a Latin American boom. As Chinese economic growth started to slow, so too did the demand for raw materials, and prices started to slide back down. Without the tailwind provided by the commodity markets, the South American growth engine, in turn, started to splutter. Economic growth in the countries included in our analysis has been on a constant downward trajectory over the last four years, coming in at only 1.2% in real terms in 2014. Consumers have also started to tighten their belts and the annual rate of change in consumer spending has been dropping continually since the end of 2010.

But it is not just plummeting commodity prices that have been plaguing Latin America of late. Signals sent out by the Fed regarding a possible reduction in the bond-purchasing program in May 2013 triggered a real sell-off of assets from up-and-coming economies across the globe. The pronounced uncertainty on the international financial markets translated into substantial corrections on the capital markets and currency weakening in the emerging markets. Financing conditions deteriorated considerably, putting added strain on the Latin American economy, which was already stalling. A second wave of selling came towards the end of the year, although unlike with the first wave, investors were paying more heed to fundamental data when making investment decisions. In particular, those countries faced with an increasingly gloomy economic outlook and substantial macroeconomic imbalances were hit by further capital outflows. The economies in question had to cope with repeated slides on the stock, bond and currency markets.

Sinking commodity prices weigh on economic growth

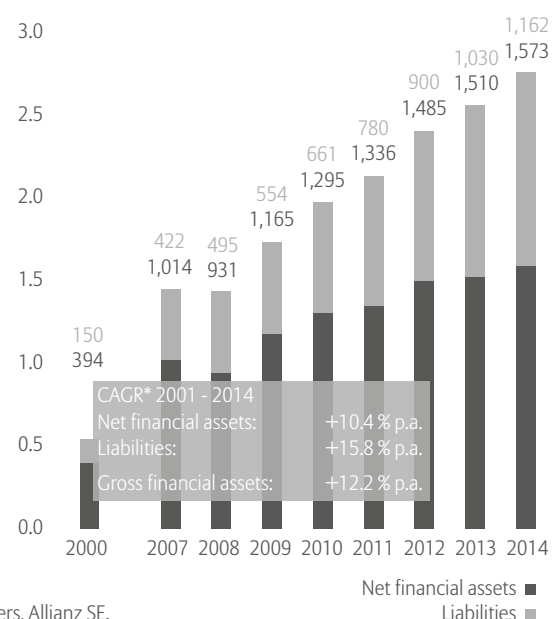
Commodity prices and economic growth since 2010



*CAGR = Compound Annual Growth Rate.

Sources: IMF, National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

Net financial assets and liabilities, in EUR tn



One of the South American countries to be hit particularly hard by this development was Brazil. In the largest country in Latin America in terms of area, population and economic output, real gross domestic product stagnated last year, while consumer prices were up by 6.3% on 2013. This put the rate of inflation at the upper end of the 4.5% target corridor (+/- 2%). In this environment, consumer spending among private households was also subdued, with the annual rate of change falling for the fourth consecutive year to only 0.9% in 2014.

After adjustments for inflation, households have been left with nothing to show for last year's asset growth: the savings of Brazilian households not only grew at a much slower rate (6.4% year-on-year) than the long-term average (12.6% p.a. since the end of 2000); the savings growth rate was the same as the rate of inflation.

The developments in Brazil are representative of the entire region. Boosted by a decade of high growth, Latin America had written an impressive story of advancement: starting at the turn of the millennium, savings in the region grew at an average rate of 12.2% p.a., more than doubling the region's share of global assets from 0.8% in 2000 to 2.0% 14 years later. At the end of last year, the gross financial assets of private households in Argentina, Brazil, Chile, Colombia, Mexico and Peru came to around EUR 2.7 trillion in total. But as economic momentum has recently tapered off, so too has the pace of growth in private savings, especially over the past two years. The annual growth rates, which came in at 6.5% in 2013 and 7.7% last year, are well below the historical average.

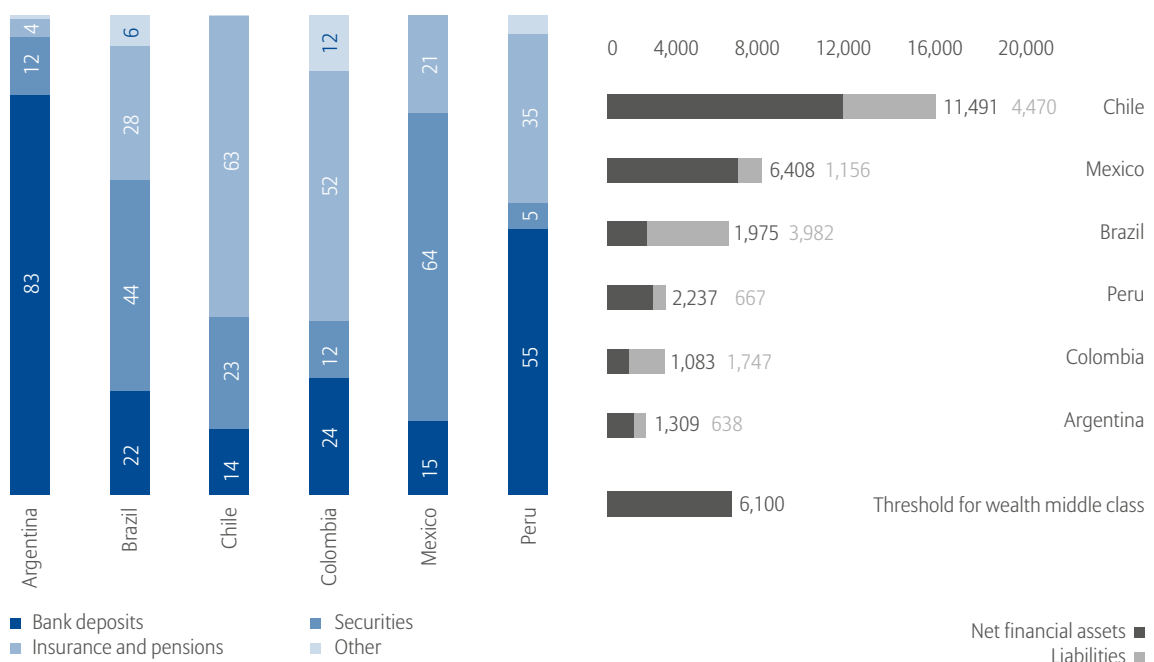
As far as regional gross financial assets are concerned, more than three quarters were attributable to the two heavyweights in the region, Brazil (44%) and Mexico (34%) at the end of 2014. The private savings of the region's second-largest economy also showed below-average growth in a historical comparison, expanding by only 5.6%, mainly due to poor stock market performance. The Mexican leading index closed the year having made only paltry gains of 1% and the total assets held by private households in securities only expanded by an estimated 2.0% year-on-year. Since, like their US neighbors, Mexicans have traditionally held the lion's share of their financial assets (64%) in shares and fixed-income securities, the poor performance of this asset class is pushing the growth rate for the total asset base down considerably. By contrast, both bank deposits and household receivables from insurers and pension institutions achieved strong growth of around 11% and 14% respectively.

One aspect that is somewhat surprising for an emerging region is the relatively large proportion of assets invested in life insurance and pensions in Latin America, namely almost 30%, streets ahead of the average level for the world's emerging markets, which comes in at just under 14%. Within the region, however, the role played by this asset class varies from country to country. Some economies, such as Chile, Colombia and Brazil, were very quick to supplement the state social security systems with private retirement provision. As a result, insurance policies and pensions play a dominant role in the asset structure in these countries. In Argentina, on the other hand, the portfolio is made up largely of bank deposits following the nationalization of private pension funds in 2008.

Significance of private pensions characteristic of the region – Chile by comparison clearly at the top

Asset classes as % of gross financial assets

Net financial assets and liabilities per capita 2014, in EUR



Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.

As far as the individual countries' asset shares are concerned, the situation on the liabilities side mirrors that on the assets side of the balance sheet: almost 82% of liabilities are attributable to Brazilian and Mexican households alone. Net financial assets, i.e. gross financial assets less liabilities, came in at just under EUR 1.6 trillion in the region as a whole. The region's share of global net financial assets has doubled from 0.8% at the end of 2000 to the current level of 1.6%. Since debt growth outpaced the accumulation of gross financial assets, net financial assets have reported slightly slower growth than their gross counterparts, increasing by a good 10% p.a. on average since the end of 2000.

The region's growth champion is Argentina, where net financial assets grew by an average of almost 27% p.a. in the period between 2001 and 2014. After adjustments for inflation, however, the average growth rate comes down to just under 10% p.a. Argentina is plagued by rampant inflation. While official statistics put the rate of inflation in the third quarter of 2014 at around 23%, independent experts believe that the rate for 2014 as a whole is closer to 40%. Since the last sovereign default of 2002, many of Argentina's citizens have lost faith in their peso and their government: the drastic slide in the national currency and the freezing of bank deposits have prompted Argentineans to seek refuge in secure foreign currencies. Anyone who has the choice opts to invest abroad or stash his dollars

or euros under his mattress. In circumstances like these, it is, of course, extremely difficult to put a figure on the financial assets of private households. If we leave liabilities out of the equation, per capita assets at the end of 2014 totaled an estimated EUR 1,310.

When it comes to Latin America's richest households, Chile remains at the upper end of the table. Chileans had average assets of EUR 11,490 per capita, compared with a Latin American average of only EUR 3,380. The only country other than Chile to have attained the status of a MWC is Mexico, where average per capita net financial assets tallied up to EUR 6,410. Despite what were, in some cases, double-digit average growth rates in the past, MWC status is still well out of reach for the rest of the continent.

In absolute terms, it is not with regard to per capita financial assets that the Chileans lead the Latin American field. Chile's average per capita debt of EUR 4,570 is also the highest in the region, followed by Brazil with EUR 3,980 per capita. If, however, we compare both countries based on the relative debt burden, Brazil's households are carrying far more weight on

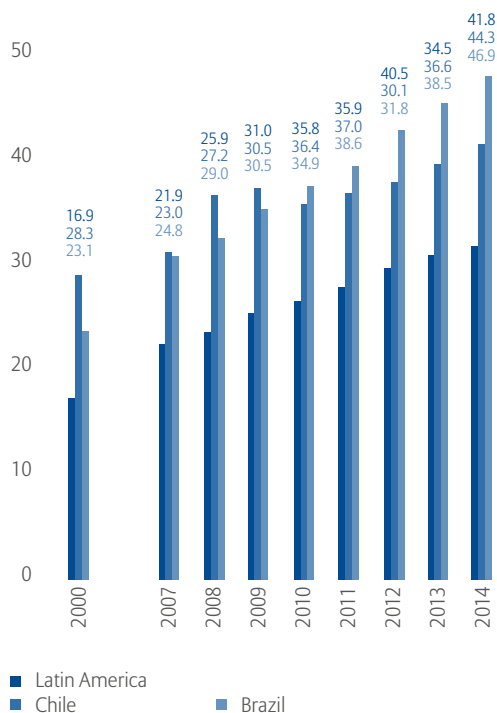
their shoulders: for each euro borrowed, households in Brazil have EUR 1.50 in assets, while households in Chile have more than twice as much, at EUR 3.50. Since the close of 2000, personal debt in Brazil has been swelling by around 17% a year on average, although this puts households in Brazil roughly on a par with the level of debt that is usual in the world's developing economies. The personal debt ratio of Latin American households on the whole, i.e. liabilities measured as a percentage of nominal economic output, climbed by just under one percentage point to 31% in the course of 2014. This put Latin America slightly below the level of the Asian emerging markets and below the average for the eastern European EU member states, which both had a debt ratio of around 33%.

Growing wealth middle class – inequality remains a problem

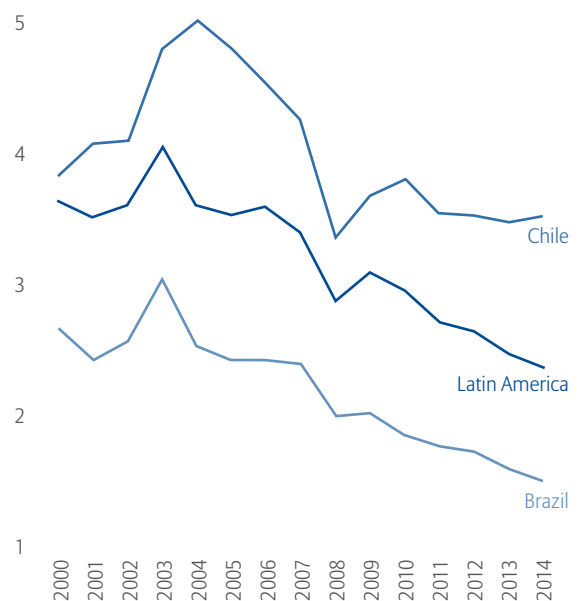
The proportion of the region's population that belongs to the "middle wealth category" in a global comparison (net per capita financial assets of between EUR 6,100 and EUR 36,700 per capita) came to a good 10% at the end of 2014. This means that almost 50 million Latin Americans can count themselves as members of the wealth middle class, compared with an estimated total of 30 million or so at the start of the millennium. A far from insignificant 14 million people had high net financial assets (more than EUR 36,700 per capita), although these individuals only accounted for a fraction of the total population as a whole, or 3.0% in 2014. 14 years ago, however, even the richest 10% of the population could not count themselves as members of the wealth upper class on average.

Relative debt burden highest in Brazil

Liabilities as % of nominal GDP



Gross financial assets as multiple of liabilities



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

Although more than six percentage points have been shaved off this group's share of the overall population since the end of 2000, almost 87% of Latin Americans, i.e. the vast majority of the population, still rank among the wealth lower class. This means that around 400 million Latin Americans had average assets of less than EUR 6,100.

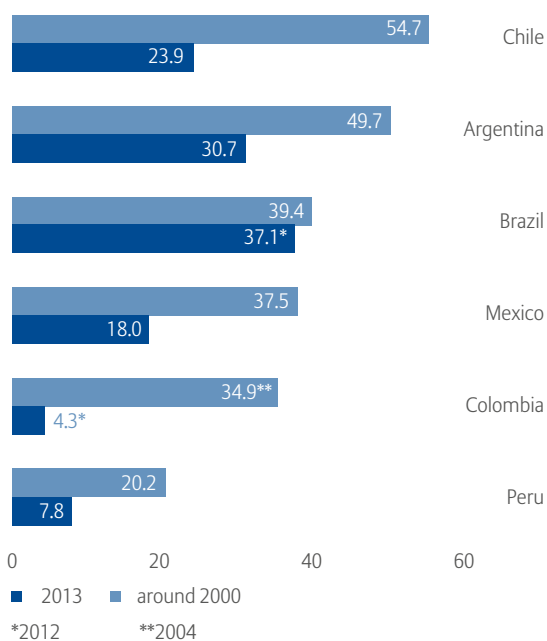
One of the biggest challenges facing the region will remain the quest to achieve a better distribution of income and wealth within the individual societies. Both in a global comparison and measured against other up-and-coming economies as a whole, incomes and wealth in Latin America are much more highly concentrated: the richest 20% in the region are on the receiving end of almost 54% of the total income and hold a good 76% of the total assets, compared with ratios of around 46% and approximately 70% respectively in the emerging markets as a whole, and averaging 42% and 68% respectively in a global comparison.

It is, however, important to mention that significant progress has been made in the fight against poverty in recent years. In Chile, for example, the poverty rate has been more than sliced in two compared to the level seen in the early 2000s.

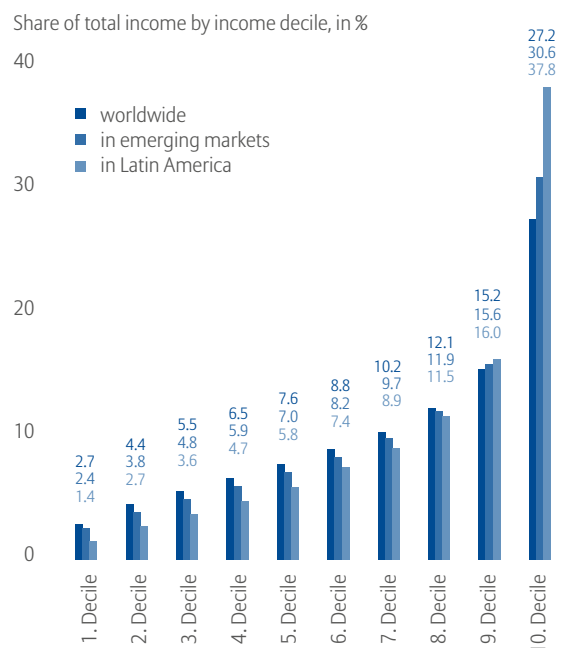
Brazil and Colombia, countries with income concentration levels that are similarly high to those in Chile, have also been successful in the fight against poverty. The poverty rate has been slashed by around 19 percentage points in both countries since the early years of the new millennium. Nevertheless, almost one in five Brazilians and more than 30% of the Colombian population were still living in poverty in 2013.

Clear progress in fight against poverty – but inequality remains enormous

Poverty rate around 2000 and 2013, in %



Average income distribution in comparison



Sources: Economic Commission for Latin America and the Caribbean (ECLAC), National Statistical Offices and Central Banks, UNU WIDER, World Bank, Allianz SE.



North America

Population

| | |
|--------------------------------|-------|
| Total | 358 m |
| Share of the global population | 5.0% |

GDP

| | |
|---------------------|--------------|
| Total | EUR 15,804bn |
| Share of global GDP | 24.8% |

Gross financial assets of private households

| | |
|----------------------------------|------------------------|
| Total | EUR 60,530bn |
| Average | EUR 169,030 per capita |
| Share of global financial assets | 44.8% |

Debt of private households

| | |
|-------------|-----------------------|
| Total | EUR 13,066bn |
| Average | EUR 36,480 per capita |
| As % of GDP | 82.7% |

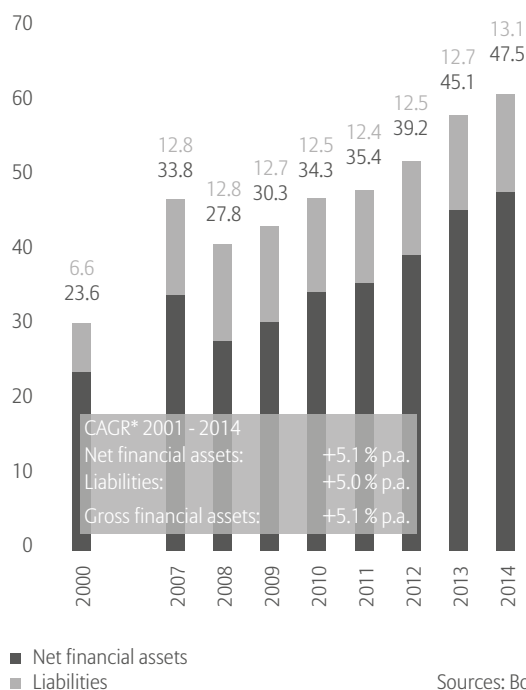
North America remains the richest region on the planet. When 2014 came to a close, just under 45% of the world's gross financial assets were attributable to the almost 360 million inhabitants of Canada and the US. In absolute terms, private savings in the region came to a total of around EUR 60.5 trillion. Nevertheless, at 4.8%, the growth rate lagged behind the global asset development trend (+7.1%) last year.

But the two countries that make up this region certainly did not move in lockstep with each other: the financial assets of Canadian households grew by 8.7%, almost twice the rate seen in the US (+4.5%). Canadian assets held in securities topped the growth stakes, swelling by 10.5%. This trend reflects both value gains on the stock market, which worked in investors' favor, and rising fund inflows. Households ploughed the bulk of their "fresh" savings into this asset class, investing a total of around EUR 63 billion or an average of just under EUR 1,800 per capita. By the end of 2014,

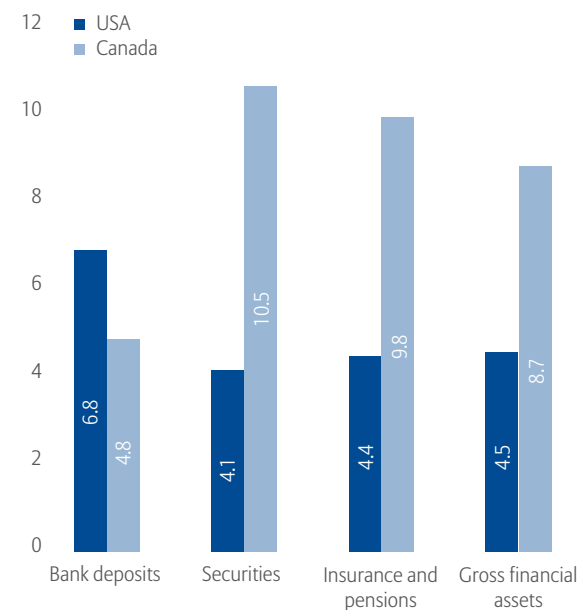
securities accounted for 39.1% of total financial assets, bringing Canadian households into line with the average for the world's industrialized nations. In the US, on the other hand, private households held more than half of their financial assets (53.1%) in securities, although this asset class saw much lower growth (+4.1%) than in Canada. Despite the fact that the S&P 500 gained a good 11% in the course of the year, securities only accounted for a tenth or so of total financial asset formation. Compared with 2013, inflows into this asset class were down by 17.1% to EUR 117 billion, or a per capita average of around EUR 360. In terms of the volume of these flows, however, US households were still at a relatively high level in a historical comparison. This is not the first time that the securities asset class has been hit by cash outflows – sometimes significant ones running into the treble digit billions – on balance. Rather, this scenario has in fact occurred several times before in the past.

North America: Asset development remains on growth course

Net financial assets and liabilities, in EUR tn



Asset classes, percentage change 2014 over 2013



*CAGR = Compound Annual Growth Rate.

Sources: Board of Governors of the Federal Reserve System, Statistics Canada, Allianz SE.

The volume held in insurance policies and pension funds grew by 4.4% in the US last year, expanding by as much as 9.8% in Canada, where the average long-term growth rate of 5.3% (since the end of 2000) was virtually doubled. 2014 saw US households invest EUR 491 billion, the lion's share of their savings (almost 47%), in this form of investment. In both countries, household claims vis-à-vis insurance companies and pension funds made up around one-third of the asset portfolio at the end of the year.

Despite interest rates being at an all-time low, US banks managed to attract a greater volume of savings than in 2013. Fund inflows climbed by almost 54% from EUR 277 billion to EUR 425 billion in 2014, putting them almost one quarter ahead of the average value for the past ten years. This means that, in relation to the asset structure, a disproportionately large chunk of total financial asset accumulation (just shy of 41%) was attributable to bank deposits, which achieved the

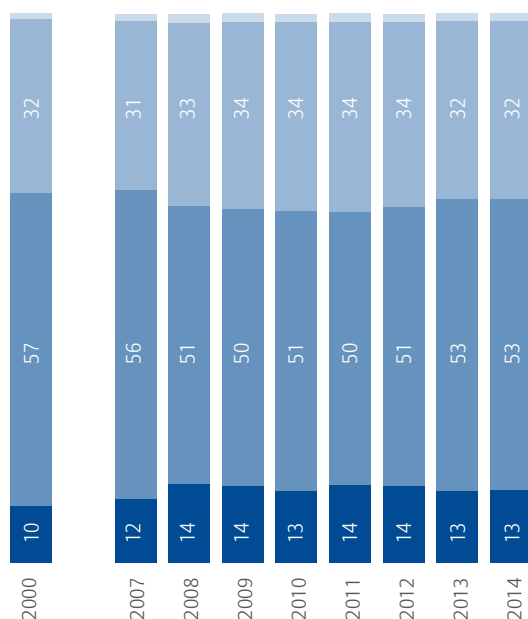
highest growth rate of any asset class, swelling by 6.8%. This trend suggests that the winding-down of the QE program and the emerging debate about an imminent turnaround in interest rates has fanned the flames of uncertainty among investors again – investment behavior is starting to follow "wait and see" patterns again, reflecting a greater preference for liquidity.

In Canada, on the other hand, inflows slipped back from EUR 48 billion in 2013 to EUR 40 billion last year: this meant that the growth in the volume of these investments slowed from 6.0% to 4.8% and the share of the asset portfolio attributable to bank deposits lost almost one percentage point, bringing it down to 23.3% at the end of 2014.

More conservative investment strategy in Canada

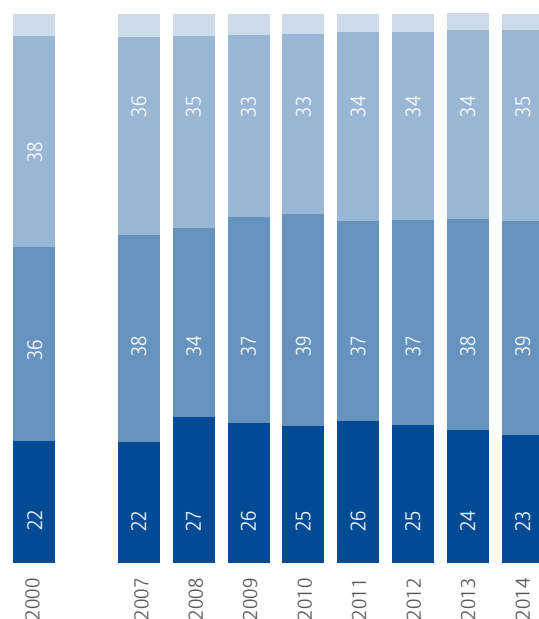
Asset classes as % of gross financial assets

USA



Sources: Board of Governors of the Federal Reserve System, Statistics Canada, Allianz SE.

Canada



Bank deposits ■ Insurance and pensions ■ Securities ■ Other ■

Debt growth moving up a notch again

In a regional comparison, North America not only claimed the largest share of global financial assets. Around 37% of the world's debt burden – more than in any other region – was also sitting on the other side of the Atlantic. This share has, however, been falling steadily in recent years. In 2007, it stood at almost 45%. For one, households in the emerging markets have been accumulating increasing liabilities as their financial sectors continue to develop. For another, the trend also reflects the tighter hold that US households have had on the debt reins since the outbreak of the financial crisis.

In the years before the crisis, the US personal debt burden was growing at an average rate of a good 10% p.a., pushing the ratio of liabilities to disposable income up from 99% in 2000 to 137% seven years later. In 2008, households started to borrow less in an attempt to tidy up their asset balance sheets. In the period leading up to 2011, they cut their debt by an annual average of 1.5%, shaving 22 percentage points off the debt ratio in the space of these four years alone and bringing it down to 115% of disposable income. By the end of 2014, this figure had dropped further to 109%. By the end of 2011 at EUR 35,610, per capita debt was also gradually starting to resemble the sort of level seen in 2005, bolstered by population growth. After the liabilities side of the asset balance sheet remained virtually unchanged in the course of 2012 (+0.5% year-on-year), the outstanding debt volume has been creeping back up ever so slightly over the past two years (+1.1% in 2013 and +2.7% in 2014). In per capita terms, liabilities edged up by 1.9% last year to total EUR 36,300.

A combination of historically low interest rates and a moderate increase in both employment and incomes has made it easier for many households to pay back their debt so far. The debt service ratio, i.e. the ratio of capital and interest repayments to disposable income, has fallen to an all-time low over the past two years. The delinquency rate is also on the way down. Although it has been sliced in two since 2009, falling from almost 12% to 6% at the end of 2014, it is still above the pre-crisis level of 4.7% (end of 2006). So all in all, the household sector has corrected the excessive debt behavior it displayed in the boom years and pushed its liabilities back down to the historical average.

Nevertheless, many households remain in a tight spot financially, as a survey⁸ conducted by the Federal Reserve System only serves to highlight. One of the questions asked in the survey was how households would cope with hypothetical costs of USD 400 resulting from an unexpected emergency. Only 53% of those surveyed said that they would have no problems settling this sort of amount via their current or savings account, or using a credit card. The other 47% said that they would either be unable to find the USD 400, or would have to sell something or borrow money to cover the costs. These results only go to show that there is still a long way to go before the recovery has trickled down to all Americans. This has not been helped by what has been poor wage development in recent years on the whole, or by the marked income disparity that continues to plague the US: almost 47% of total income goes to the population's richest 10%, with as much as 30.5% of income concentrated among the top three percent of the income scale.

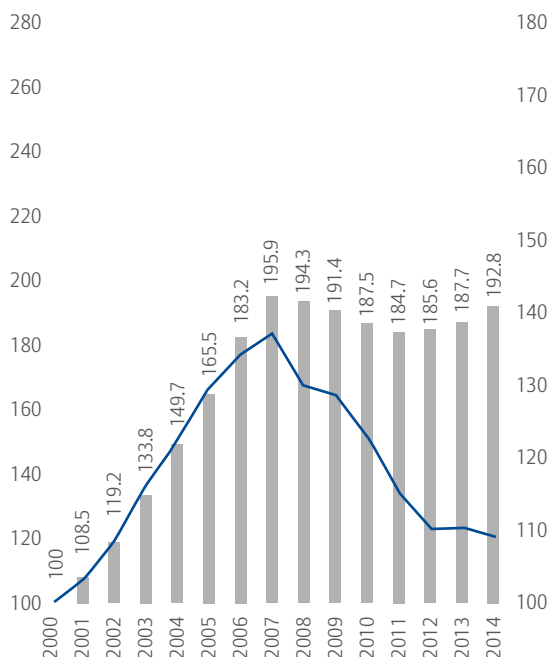
⁸ See "Report on the Economic Well-Being of U.S. Households in 2014", Board of Governors of the Federal Reserve System, May 2015.

The debt situation in Canada is much more precarious than in the US. Although the outbreak of the financial crisis at least helped to stall the country's debt growth, bringing the average annual growth rate down to a good 6% compared with around 9% in the years prior to the crisis, liabilities in Canada were up by 4.9% year-on-year in 2014, almost twice the growth rate seen in the US. Per capita debt is climbing to new record highs year in, year out. The Canadians had already overtaken their US neighbors in 2012. At the same time, however, their gross per capita financial assets averaged EUR 114,680 last year, one-third lower than those of their counterparts to the south (EUR 175,010). At the end of 2014, the liabilities of Canadian households averaged EUR 38,180 per capita, around 5% higher than in the US. In relation to disposable income, the debt ratio has been constantly on the rise since 2000, rising from a good 113% to around

170% last year – putting it 61 percentage points ahead of the US level. The Canadian central bank has been concerned about the growing debt burden on the shoulders of its household sector for some time now. According to its report on the stability of the financial system, which was released in June 2015, negative employment trends across the board and falling income levels pose the biggest domestic risk to the Canadian financial system. Both could jeopardize the ability of households to service their loans, which could, in turn, trigger a house price correction. Although the probability of this risk materializing is low, the impact on the economy and the financial system would be drastic. Canada urgently needs to find its way back to a solid and sustainable asset situation.

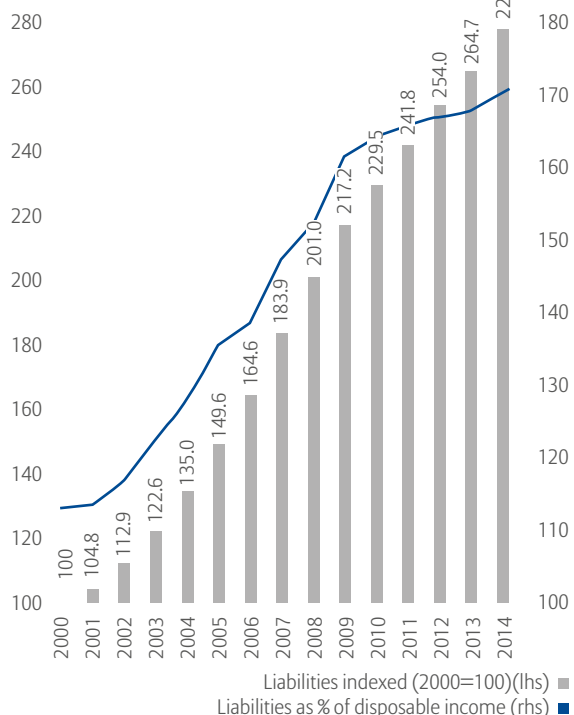
Debt development since 2000

USA: Debt growing faster again



Sources: Board of Governors of the Federal Reserve System, Statistics Canada, Thomson Reuters, Allianz SE.

Canada: Continuous increase of debt



Liabilities indexed (2000=100) (lhs) ■
Liabilities as % of disposable income (rhs) ■

North America remains the richest region in the world

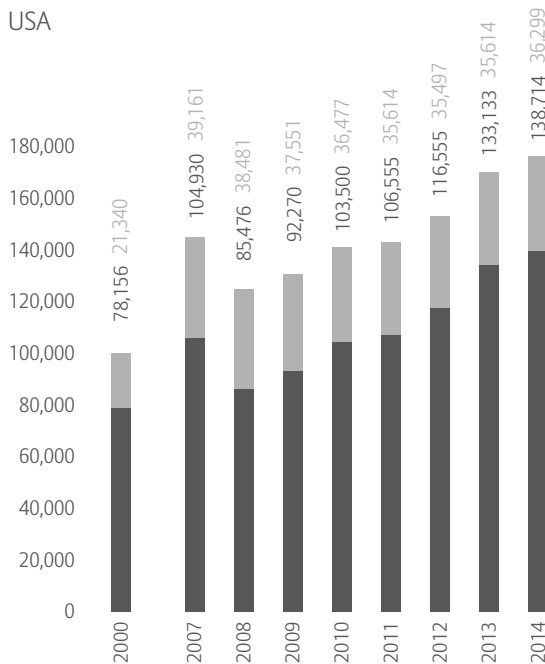
North America is not only the region with the highest proportion of the world's financial assets; it is also the region with the highest per capita assets. At the end of 2014, after subtracting liabilities, the average North American had more than twice the assets of the average western European, namely EUR 132,540 as against EUR 54,380. 41% of the population has assets averaging more than EUR 36,700 per capita to fall back on, making them members of the wealth upper class in a global comparison. In global terms, every third high wealth individual lives in North America. Looking

at the individual countries, US citizens are much richer than their neighbors in Canada with average net assets of EUR 138,710 per capita (compared with EUR 76,510 per capita in Canada) and are sitting in second place in the rankings for the highest net per capita financial assets behind the Swiss. Although the Canadians are five places behind the US in the rankings, they managed to climb one notch up the rankings last year thanks to strong asset growth.

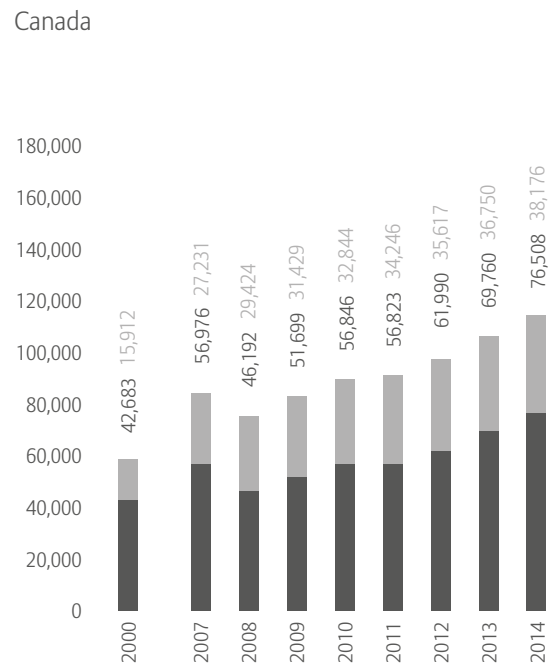
Large wealth differences between the two neighbors

Net financial assets and liabilities per capita, in EUR

USA



Canada



Sources: Board of Governors of the Federal Reserve System, Statistics Canada, UN Population Division, Allianz SE.

Net financial assets per capita ■
Liabilities per capita ■



Western Europe

Population

| | |
|--------------------------------|-------|
| Total | 414 m |
| Share of the global population | 5.8% |

GDP

| | |
|---------------------|--------------|
| Total | EUR 13,714bn |
| Share of global GDP | 23.5% |

Gross financial assets of private households

| | |
|----------------------------------|-----------------------|
| Total | EUR 32,942bn |
| Average | EUR 79,550 per capita |
| Share of global financial assets | 24.4% |

Debt of private households

| | |
|-------------|-----------------------|
| Total | EUR 10,421bn |
| Average | EUR 25,160 per capita |
| As % of GDP | 76.0% |

On the old continent, the savings of private households grew by 6.7% last year to total around EUR 32.9 trillion. But it was not just in a historical comparison (average long-term growth of 3.7% a year since the end of 2000) that western Europeans outperformed the average. Asset growth in 2014 was also ahead of the average for the industrialized nations, coming in at 5.4%.

Insurance policies and pensions remain the favorite savings product among western Europe's households. This asset class witnessed strong growth of 11.1% last year, primarily driven by developments in the Netherlands (+18.5%) and the UK (+17.0%). Private retirement provision is already extremely important in these countries, with this asset class accounting for 66.0% and 59.2% of the portfolio respectively at the end of 2014. 45% of the total receivables of western European households from insurers and pension institutions was attributable to these two countries alone. Valuation gains on bonds are also likely to have made a significant contribution to these above-average growth rates. Looking at the region as a whole, this asset class reached an all-time high, making up 40% of the asset portfolio. This is, however, also likely due to the growing awareness of the need to make more independent provisions for old age. The significance of state pensions, which make up the lion's share of income in old age in most of these countries, is on the wane due to tight budgets and pension reforms. In per capita terms, however, receivables from insurance companies and pension institutions were still lagging behind the industrialized country average (EUR 37,860) at an average of EUR 31,790.

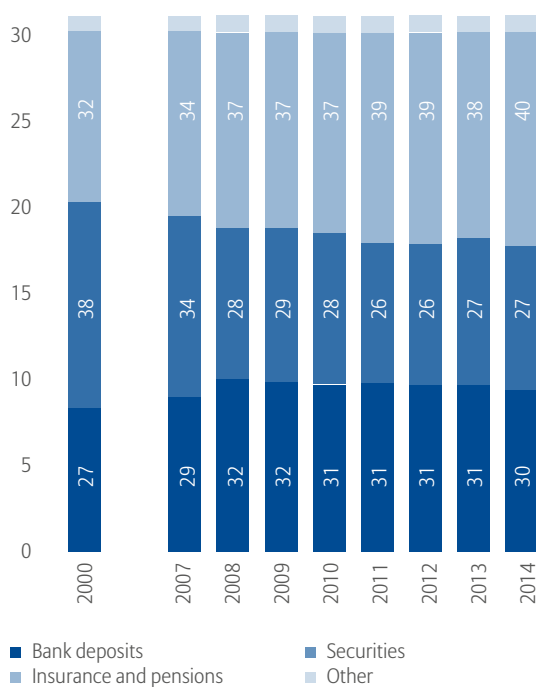
Bank deposits are also held in high esteem by savers – at the end of 2014, they held no less than 30% of their financial assets in overnight money, term deposits and savings deposits, up by 3% on 2013. In the past, the share of total financial assets that is attributable to bank deposits has remained fairly stable. These deposits accounted for almost 27% of total financial assets in 2000, with the high to date coming in at around 32% in 2008. Leaving Greece aside, there is no sign that the money that was pumped into bank deposits by those seeking a safe haven when the financial crisis hit is being pulled back out. Irrespective of the interest rate level, households would appear to not want to do without a certain degree of liquidity and to favor security over returns. This is testimony to the uncertainty that still hangs over investors.

This risk-averse investment behavior overall is reflected in the development of the portfolio share that is attributable to securities: since the end of 2000, around eleven percentage points have been shaved off the figure, bringing it down to just under 27%. Last year saw the securities portfolio grow by 4.8%. Particularly in the first half of the year, savers benefited from share price gains as stock markets in the vast majority of western European countries headed north. Even the leading indices in Greece and Portugal were still in the black by the middle of the year (+1.9% and 3.7% respectively), with the Euro Stoxx 50 gaining 3.8% in the period between January and June. It was not until the

second half of the year that share price performance started to falter or, in many countries, turn negative. Geopolitical tensions due to the escalating Russia-Ukraine conflict unsettled the financial markets, putting downward pressure on share prices. In the second half of the year, the Euro Stoxx 50 returned much poorer performance than indices in the US (+5.0%) and Japan (+15.1%), losing 2.5% between July and December. The renewed flare-up in the Greek crisis and uncertainty regarding the solidity of the Portuguese banking system forced the local stock markets to their knees: the Athex Large Cap nosedived by around 32%, with the PSI 20 plunging by a good 29%.

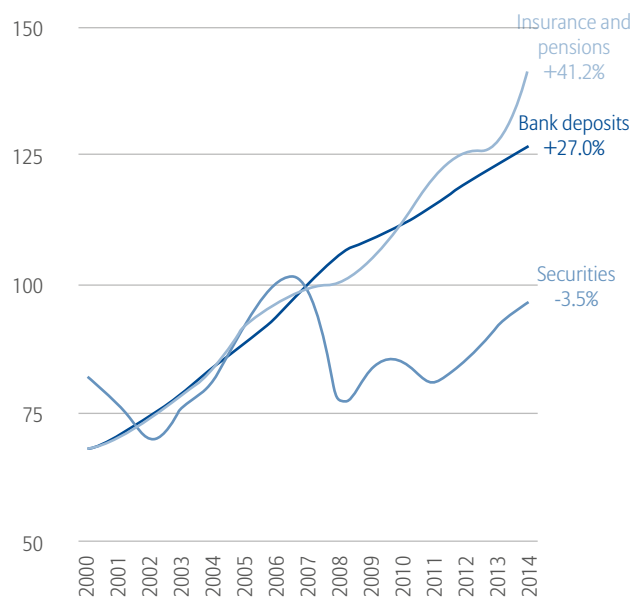
Insurance and pensions most popular asset class

Asset classes as % of gross financial assets



Growth of the three largest asset classes since 2007

Index (2007=100)



Sources: National Central Banks and Statistical Offices, Allianz SE.

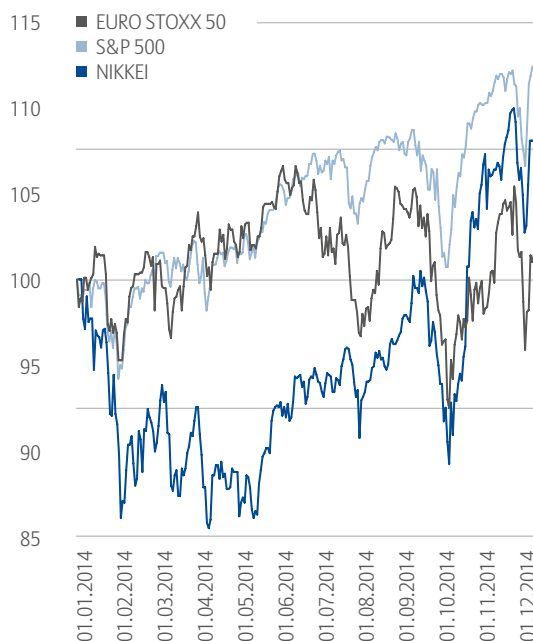
Italy, where economic growth can still be described as anemic, told a similar tale, with the MIC leading index losing almost 11% during the same period. By way of comparison, the DAX fared relatively well during the second half of the year, dipping by only 0.3%. By the time the year came to a close, Germany's leading index was up by around 21% on the closing value for 2007. Other than the DAX in Germany, only four other of the 16 western European countries in our analysis had leading indices that had managed to bounce back to above the pre-crisis level: Denmark (+60%), the UK (+1.7%), Sweden (+35%) and Switzerland (+5.9%). The Euro Stoxx 50, on the other hand, was down by 28% on 2007. All in all, households continued to pull money out of this asset class last year, although this is likely to relate primarily to bonds.

If we compare the individual countries, the asset structure picture that emerges is anything but consistent; as far as assets held as securities are concerned, for example, the share of total financial assets ranges from 11.5% in the Netherlands to around 49.2% in Finland. Bank deposits dominate the asset portfolios of households in Greece (66.5%), Portugal (43.8%) and Spain (43.0%), a feature that is not only due to a conscious investment decision: at the start of the last decade, the figures in Greece and Spain were much lower (50.3% and 39.3% respectively) – securities losses, in particular, are the reason behind the shift in the asset structure.

European stock prices more sluggish than in USA and Japan

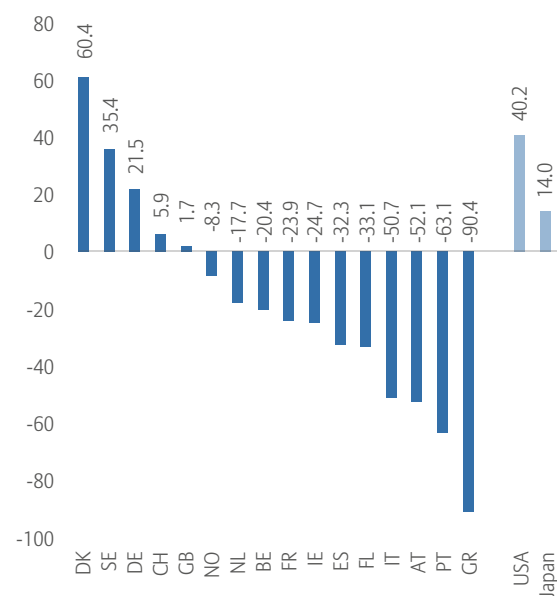
Important stock indices in the course of the year

Indexed (Jan 2014 = 100)



Stock markets mostly below pre-crisis level

% change in national leading indices compared with 2007



Sources: Thomson Reuters, Allianz SE.

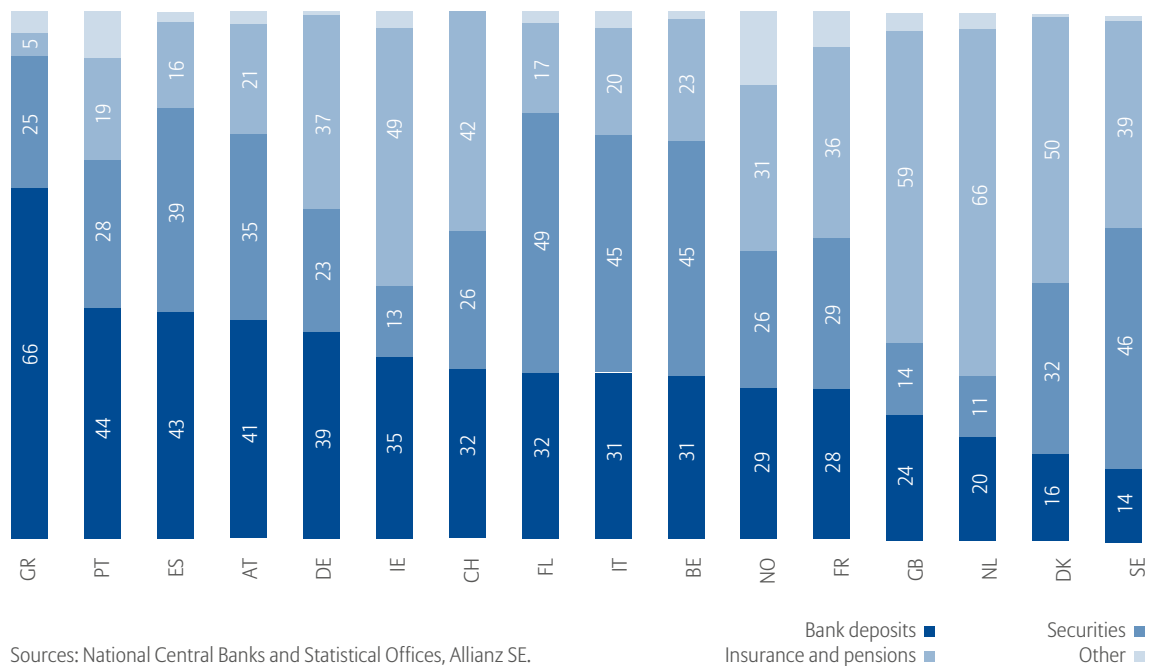
In a regional comparison, the northern part of the continent showed above-average asset growth in 2014. Swedish households lead the field, with savings swelling by 13.5%, closely followed by the UK and the Netherlands, which reported growth of 13.1% and 12.3% respectively – largely thanks to the marked increase in receivables from insurers and pension institutions. The rate of growth in the asset base also outperformed the western European average in Denmark (+8.5%), as well as in Ireland and Norway, which were virtually neck-and-neck with growth of 7.8% and 7.5% respectively. Swiss households saw growth to the tune of 5.6%, slightly below the regional average but just

ahead of the growth rate seen in 2013 (+5.0%). In Germany, the region's most populous country, the rate of change remained constant year-on-year at 4.2%, while asset growth in France dipped from 4.6% to 2.9%. The rates of growth in Italy (+2.6%), Finland (+2.6%) and Austria (+2.5%) can be described as fairly subdued; savers in these countries were helped by low inflation rates, which at least prevented any losses in real terms.

The development in financial assets in the countries on Europe's southern periphery painted a mixed picture. The reform efforts in Spain started to bear fruit, with the country finally managing to claw its way out of recession last year and things gradually starting to improve on the labor market. Although the unemployment rate was still sitting at just under 24%

Differing preferences in country comparison

Asset classes as % of gross financial assets, 2014

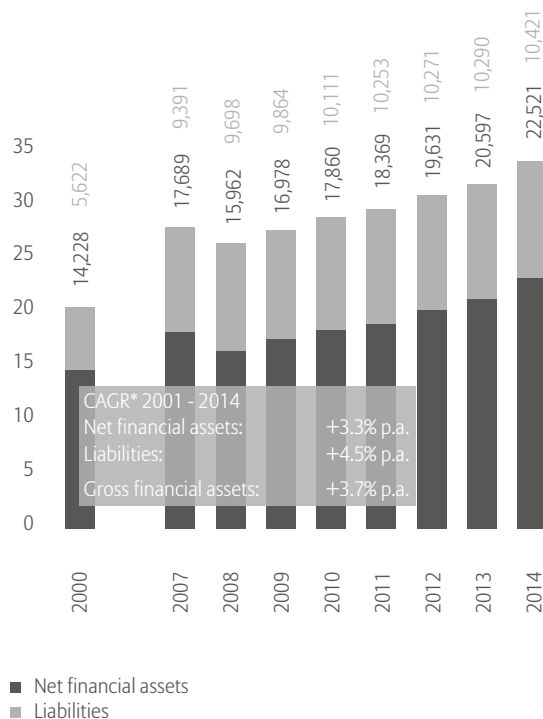


at the end of 2014, it fell by around two percentage points in the course of the year. As far as household savings are concerned, 2014 brought a marked recovery. Following growth of 6.7% in 2013, assets grew by a further 4.8% last year, bringing financial assets back above the pre-crisis level for the first time. Portugal's households suffered another blow as the country's stock market slumped; securities assets contracted by 7.8%, with losses in total gross financial assets coming in at 0.8%. It was another steep downward slope for Greek households last year. Securities assets plummeted by 17.6%, with savings dropping by 7.3% in total. Bank deposits dropped for the fifth year running (-1.9% in 2014). People in Greece had already started pulling their savings out of their accounts and sending their money abroad, or stashing it under their mattresses, back in 2010. According to figures released by the Greek central bank, households pulled a total of nearly EUR 31 billion out of banks in the first six months of this year alone. Since 2010, a total of almost EUR 95

billion or an average of EUR 8,600 per capita has been diverted from the country's banks. During this period, bank deposits dropped by almost half. According to official statistics, total Greek financial assets at the end of 2014 were down by around 26% on the pre-crisis high. With the exception of Greece and Italy (-0.6%), in all other western European countries, households were better placed than they were back in 2007. Particularly positive developments have been witnessed in Sweden (+57.1%), the Netherlands (+50.6%) and Norway (+48.4%) since then.

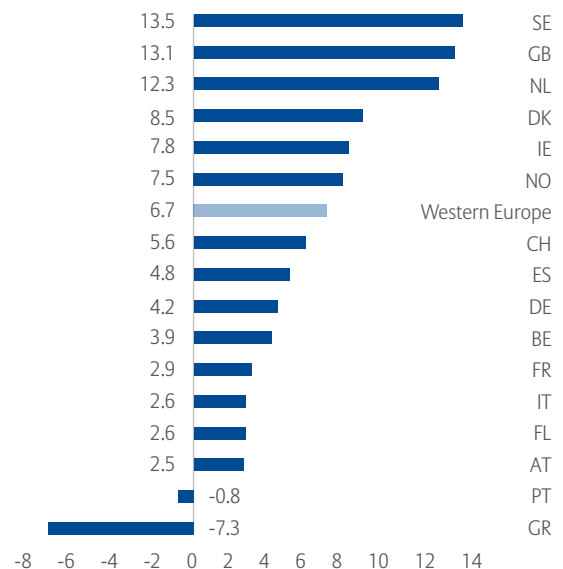
Growth gap between north and south

Net financial assets and liabilities, in EUR tn



Change in gross financial assets

2014/2013 in %



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

Credit growth remains weak

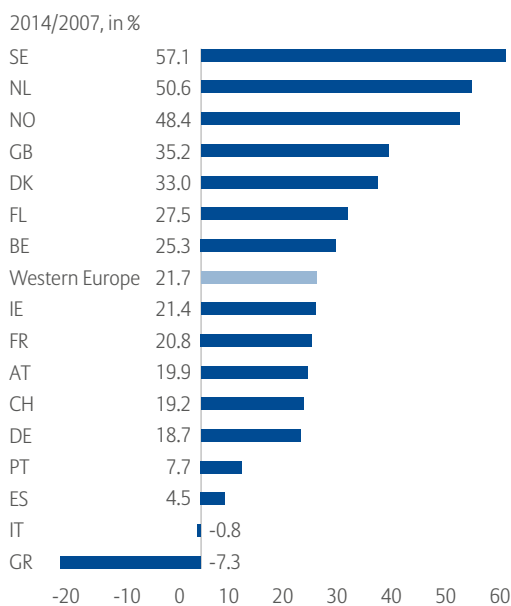
Borrowing also remained subdued last year. The rate of growth picked up in line with global development in 2014, rising ever so slightly from 0.2% in 2012 and 2013 to 1.3%. This still, however, meant that liabilities in western Europe grew at a slower pace than in the other "richer" regions of the world, North America (+2.9%) and Oceania (+6.9%). All in all, the outstanding loans of western Europeans came to EUR 10.4 trillion, which corresponds to just under 30% of the global debt burden. Since nominal economic output grew faster than liabilities, at 2.3%, last year, the personal debt ratio slid back by 0.7 percentage points in the course of year to

76%. For the advanced economies as a whole, the rate is slightly higher, at 80.8%. In western Europe, however, the gap separating the current personal debt rate from its peak in 2009 has narrowed by only 4.2 percentage points, with the industrialized nations as a whole actually achieving a drop of 7 percentage points.

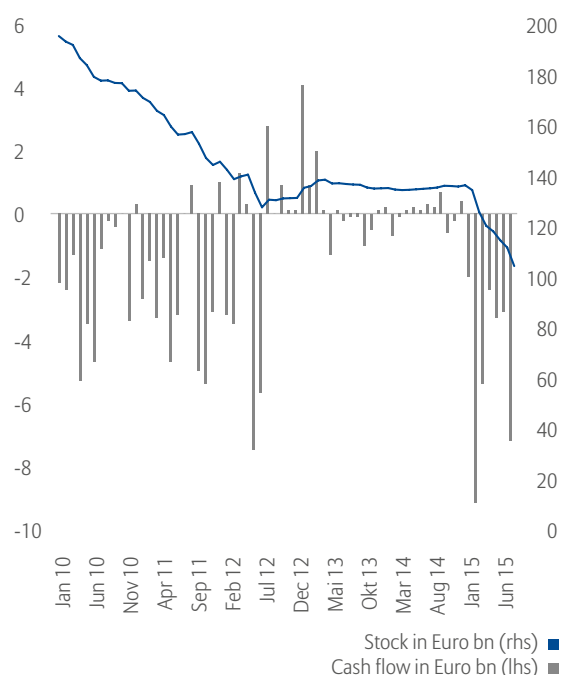
As with asset development last year, the pace of credit growth also revealed a rough split between the north and south of Europe. The biggest increase was witnessed among Norwegian households, whose liabilities rose by 6.3%. At the same time, the country came in second in western Europe in terms of per capita personal debt (which averaged EUR 64,070), behind Switzerland (EUR 80,860) and ahead of Denmark (EUR 63,520). Two other Scandinavian countries, Sweden (+5.1%) and

Greece lagging well behind

Change in gross financial assets



Greeks are shifting their bank deposits to safety



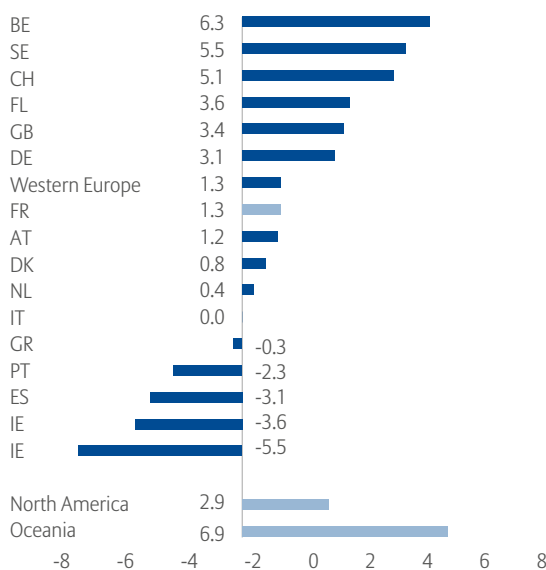
Sources: National Central Banks and Statistical Offices, Allianz SE.

Finland (+3.4%), had above-average debt growth in a regional context. Although the pace of growth in Belgium was slightly higher (+5.5%), the absolute debt level was much lower, coming in at EUR 22,250 at the end of 2014. Other countries in the north of the continent that saw liabilities increase at a faster rate than the western European average was the UK (+3.3%). Swiss households, which had the highest per capita debt burden (EUR 80,860), increased their outstanding debt volume by 3.6% in a year-on-year comparison.

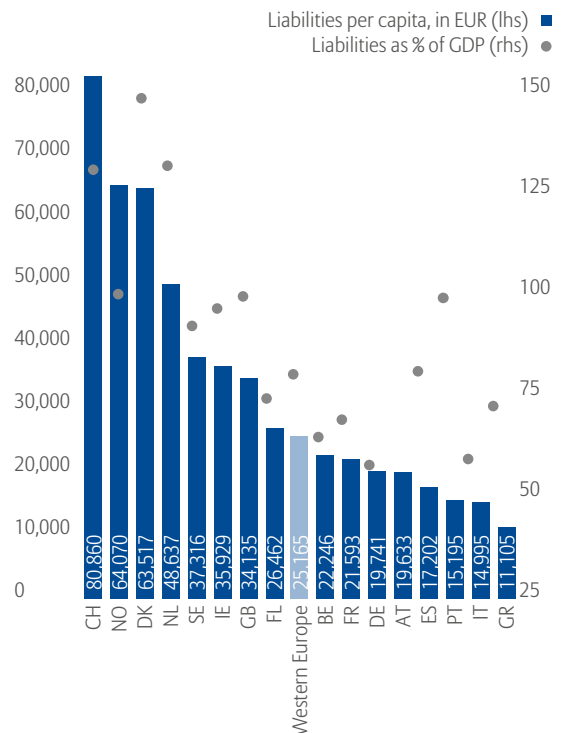
Debt growth was much lower in the countries bordering Switzerland, namely Germany (+1.3%), France (+1.2%) and Austria (+0.8%); in its neighboring country to the south, Italy, liabilities actually dropped slightly (-0.3%). Central banks in the other southern European states (Greece (-2.3%), Portugal (-3.1%) and Spain (-3.6%)) also reported a downward trend compared with 2013. Irish households continued with their consolidation strategy last year, slashing their liabilities by a further 5.5%. Since touching on a record high in 2008, private debt in Ireland has fallen by a good fifth.

Moderate increase in debt last year

Change in liabilities 2014/2013, in %



Debt ratio and liabilities per capita, 2014



Sources: National Central Banks and Statistical Offices, Thomson Reuters, UN Population Division, Allianz SE.

Although nowhere in the region was average per capita debt as low as in Greece (EUR 11,100), debt levels skyrocketed during the boom years leading up to the outbreak of the global economic and financial crisis: whereas in the region as a whole, debt was rising at an average rate of 7.6% p.a. in the period between 2001 and 2007, the rate in Greece came in at 22.3%, even higher than the average rate for the emerging markets (17%). Since 2008, however, the annual average growth rate in Greece has slipped back to only 0.3%, a trend that can be explained by more than just weaker demand and more stringent lending guidelines; some households are simply no longer in a position to repay their loans and creditors are being forced to write off their receivables.

But the discrepancies in a regional comparison are not just limited to the absolute debt level. If we compare the liabilities of private households with nominal economic output, marked national differences emerge in terms of the relative debt burden, too. Not surprisingly, the level of debt was highest in those countries with the highest per capita debt, too. Danish households came top of the table here, with a clear lead over the Netherlands (123.3%), although the Danish debt ratio has already fallen by almost twelve percentage points since the end of 2009, falling to nearly 139%. The ratio in Switzerland (122.4%) was also well above the 100% mark. The debt ratio should, in general, be closer to the 100% mark to keep debt servicing at a manageable level, even in an environment characterized by a return to rising interest rates. Austria boasted the lowest ratio at the end of 2013: at only 50.9%, the debt level in Austria was almost 88 percentage points lower than in Denmark. In per capita terms, too, the country was below the western European average (EUR 25,160) with EUR 19,630.

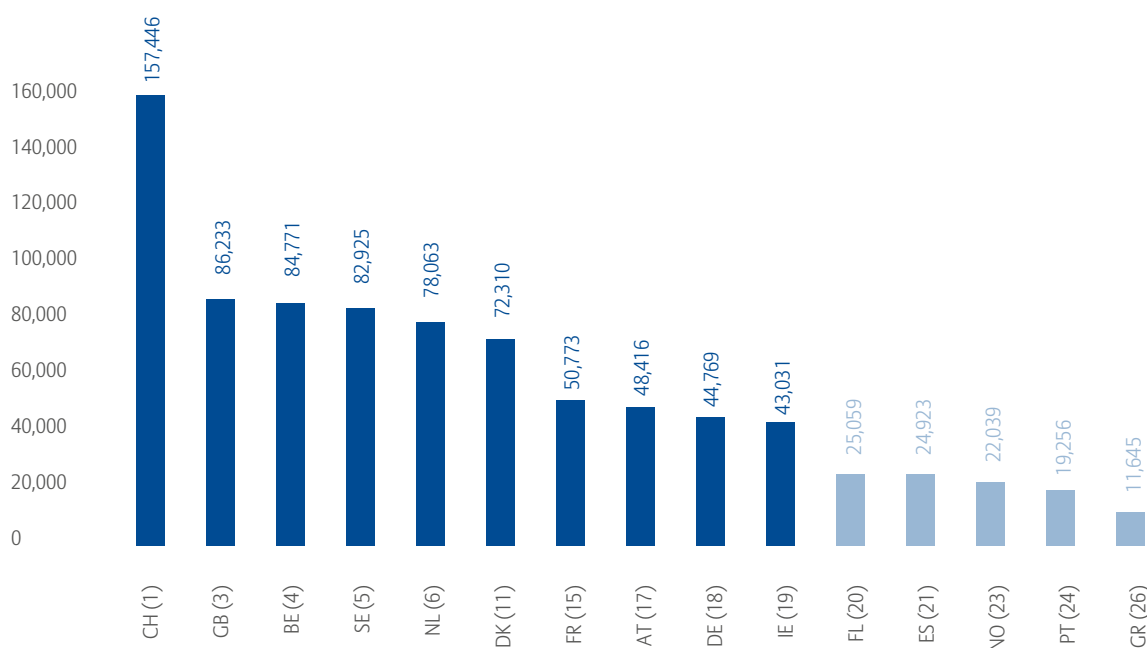
Swiss households still the world's richest

As far as their net financial assets are concerned, western Europeans are spread fairly evenly across all three asset classes. Almost 36%, or 147 million out of the 414 million people who live in this region had average financial assets, after deductions for any liabilities, of at least EUR 36,700 at the end of last year, putting them in the wealth upper class in a global context. Just under three-quarters of these people live in the five largest economies in the region: Germany, France, the UK, Italy and Spain. Last year, the lowest wealth class included 122 million western Europeans whose total savings came in at less than EUR 6,100 per capita on average. This meant that the remaining 35% of the population formed part of the wealth middle class last year.

After deductions for debt, regional per capita assets at the end of 2014 averaged EUR 54,380 – not even half as much as in North America. This figure ranges, however, from EUR 11,640 in Greece to EUR 157,450 in Switzerland. This put Swiss households at the top of both the regional and the global table, with a substantial lead over their US counterparts, who came in second (EUR 138,710). In addition to Switzerland, the world's top ten rich list includes four other western European countries: the UK (EUR 86,230), Belgium (EUR 84,770), Sweden (EUR 82,920) and the Netherlands (EUR 78,060). Out of a total of 16 countries in the region, five ranked among the MWCs. In addition to – not surprisingly – the crisis-ridden southern European countries of Greece, Portugal and Spain, Finland and Norway also fell into this category. If we look at liabilities in relation to gross financial assets, Norway and Finland had the highest levels of debt within western Europe, at 74.4% and 51.4% respectively. The lowest rate was witnessed in Belgium (20.8%), with the regional average coming in at 31.6%.

Ranking: Western Europe

by net financial assets per capita in Euro, 2014



Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.

Figures in brackets:
Global Ranking.

HWC ■
MWC ■



Eastern Europe

Population

| | |
|--|-------|
| In the analyzed countries | 395 m |
| Analyzed countries' share of the region as a whole | 84.3% |
| Analyzed countries' share of the global population | 5.5% |

GDP

| | |
|--|-------------|
| In the analyzed countries | EUR 2,974bn |
| Analyzed countries' share of the region as a whole | 94.4% |
| Analyzed countries' share of global GDP | 5.8% |

Gross financial assets of private households

| | |
|----------------------------------|----------------------|
| Total | EUR 1,775bn |
| Average | EUR 4,490 per capita |
| Share of global financial assets | 1.3% |

Debt of private households

| | |
|-------------|----------------------|
| Total | EUR 700bn |
| Average | EUR 1,770 per capita |
| As % of GDP | 23.5% |

Eastern European EU members

Last year saw the financial assets of private households in the EU's eastern European member states increase by 6.0%. This marks a real slowdown in asset development compared with the previous two years, when savings increased by 10.7% and 8.9% respectively.

Although the development witnessed last year can still be described as extremely robust, the outbreak of the economic and financial crisis certainly took considerable wind out of the sails of asset growth. Whereas growth in the period from 2001 to 2007 averaged around 15%, the average growth rate has since slipped back to just under 6%.

At the end of 2014, private households still held the lion's share of their savings (around 43%) in bank deposits, which grew by a substantial 7.9 % in total in the course of the year. The rate of growth for assets held as securities slowed considerably last year from 11.2% in 2013 to 4.9%. Developments varied from country to country. In Croatia, Slovakia and Hungary, for example, the rate of change as against 2013 ran into the double digits, whereas households in Poland and Estonia actually saw negative growth to the tune of 1.8% and 3.5% respectively. Estonia is, however, the only eastern European EU member state whose leading index has already surpassed its pre-crisis high. Stock markets in all of the other countries were still down on the 2007 level at the end of 2014, with the gap separating them from the pre-crisis level ranging from 7.6% in Poland to a whopping 70.5% in Bulgaria. All in all, the proportion of gross financial assets held in securities came in at a good 32% – nearly eight percentage points less than when this asset class was at its peak in 2007.

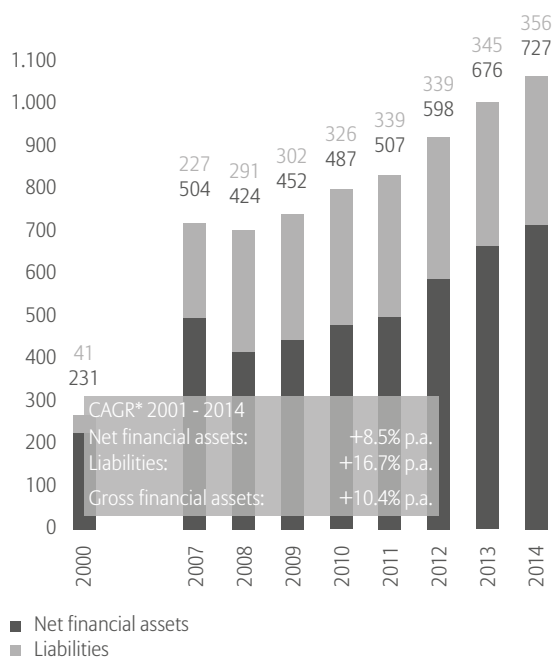
The receivables of private households from insurance companies and pension funds fell by 14.9% last year. This pronounced drop is attributable solely to developments in Poland: at the end of 2013, the then Prime Minister Tusk announced that some of the retirement provision funds managed by private pension funds would be brought into the fold of the state. In February of last year, the government then actually transferred half of these investments over into the state pension system. The investment funds transferred related to Polish government bonds and other securities featuring state guarantees, as well as cash funds, amounting to a total value of a good PLN 150 billion or the equivalent of almost EUR 36 billion. This transfer and further pension system reforms slashed the country's public debt by more than 8% of its gross domestic product virtually "overnight". This move was important from the government's perspective because it was faced with the prospect of the multi-stage debt ceiling being imposed, which, under Poland's laws and constitution, comes into effect if the debt ratio exceeds 50%, 55% and 60% percent of the country's economic output. The debt ceiling limits the government's room for maneuver by imposing increasingly restrictive measures. At the end of 2013, the public debt ratio was hovering dangerously close to the 55% mark at 53.1%, whereas one year later, it came in at only 47.8%. This gave the government scope to take out new debt again. Following in the footsteps of Hungary, where Prime Minister Viktor Orbán nationalized the private funded pillar of the country's retirement provision system in 2010, Poland became the second eastern European EU member to "confiscate" private pension accounts. After having reformed the state pension system based on the World Bank's recommendations at the end of the 1990s and enhancing the system to include additional private, funded components, these

two former Eastern Block states were still considered the region's model pupils. The fact that both countries reversed the moves designed to modernize their pension systems within the space of only four years shows just how reliant private investors are on policymakers and regulators. According to statistics released by the Polish central bank, the "confiscated" savings were no longer registered in the country's household asset statistics as receivables from insurance companies and pension/retirement funds, but rather as other receivables. Ultimately, households look no worse off than they were in the past, at least on paper. It remains to be seen whether they will be able to rely on this in the future.

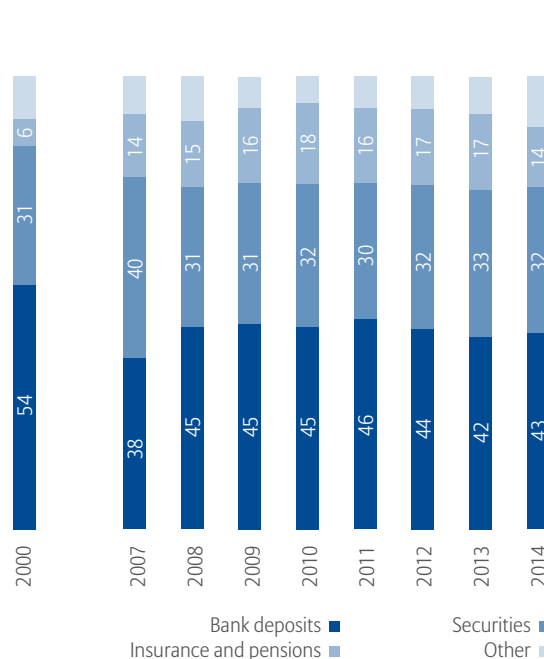
In the other EU member states, the insurance and pension asset class grew by 10.7% in total last year. The highest rate of growth, namely around 23%, was reported by Romania, albeit starting from a fairly low level: in per capita terms, assets invested in insurance policies and pensions came in at EUR 290 in Romania, while the regional average amounts to no less than almost EUR 1,400. This asset class' share of gross financial assets varies from country to country. In Romania, for example, only 5% was attributable to this asset class, while in Slovakia, on the other hand, where the insurance market is already fairly mature in a regional comparison, the percentage had already edged close to the 23% mark by the end of 2014. Since the turn of the millennium, the average value for the eastern European EU countries has risen from 6.1% to 13.5% last year, touching on a high of as much as 17.7% in 2010. If private provision funds in Hungary and Poland had not been nationalized, this asset class would account for an implied share of the asset portfolio of an estimated 21%.

Eastern Europe EU member states – Development and structure of financial assets

Net financial assets and liabilities, in EUR bn



Asset classes as % of gross financial assets



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, Allianz SE.

Per capita debt well ahead of the level for the emerging markets

The eastern European countries' entry to the EU has also given the financial sector a real boost in terms of development. Austrian and Scandinavian banks, in particular, have been on a major expansion trip in the region, propelling lending to the private sector as a whole from just under 32% of nominal economic output in 2000 to around 56% eight years later. Among private households alone, annual debt growth rates in excess of 30% were not uncommon prior to the outbreak of the financial crisis. By the end of 2008, the household debt level had more than trebled from 9.5% of gross domestic product to around 32%. The tremendous boom met with an abrupt end in 2009, when the financial crisis forced banks to restrict lending in, and to, eastern Europe. Since then, the annual debt growth rate has slowed to 3.4% on average, with six out of the eleven countries actually reporting negative growth in liabilities overall last year. In absolute terms, household liabilities swelled by EUR 11 billion in 2014 – only 17% of the peak value seen in 2008. Average per capita debt in the EU member states located in eastern Europe climbed by 3.4% in the course of last year to total EUR 3,370. Within the

context of the emerging markets as a whole – average per capita debt of EUR 1,460 – this is still fairly high. A look at the regional debt ratio, however, puts this into perspective: over the past few years, the ratio of liabilities to economic output has stabilized at approximately 33%. Some of Asia's emerging markets, such as Malaysia and Thailand, have rates that are already much higher (85% and 80% respectively). Within eastern Europe, there is considerable variation in the debt level from country to country, ranging from 23.8% in Romania to 44.1% in Estonia. Although the Estonians have the highest debt ratio in this group of countries, they are still a long way off the western European average of 76%.

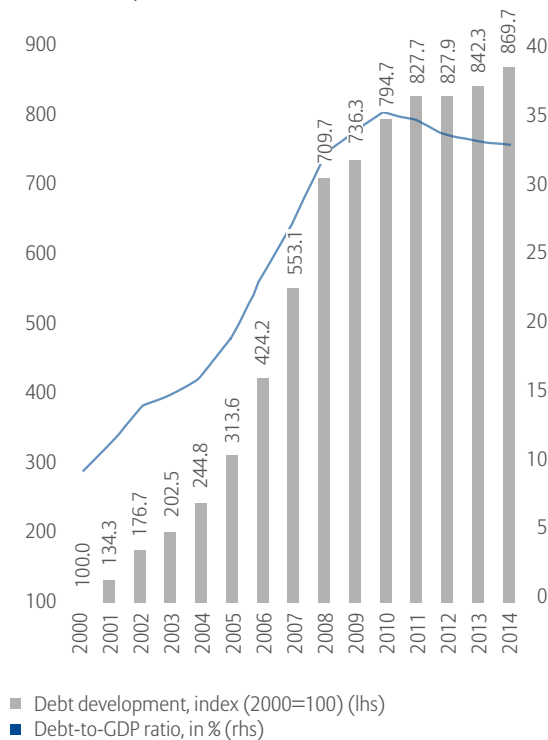
Over the past two years, however, debt growth has been on the rise again in tandem with the global trend. Whereas the outstanding debt volume was still stagnating in 2012, the annual rate of change rose from 1.7% in 2013 to 3.2% last year. Polish and Slovakian households, which, combined, account for half of the region's total debt burden, even came in far higher than the average, with debt growth of 5.4% and 11.1% respectively.

Payment difficulties due to the appreciation of the Swiss franc – policymakers take action

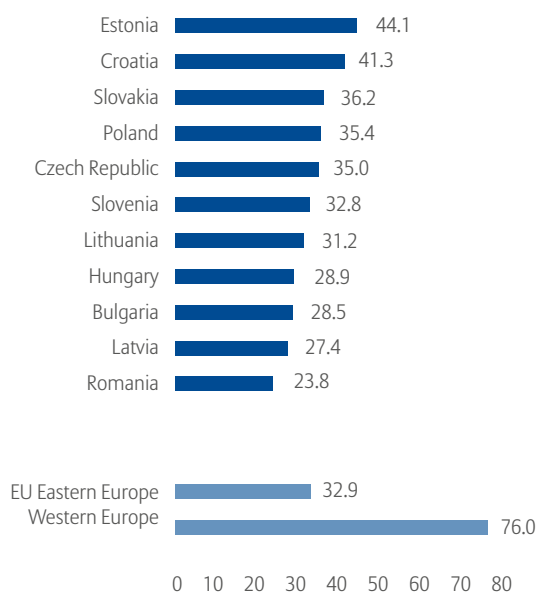
The surprising move taken by the Swiss National Bank (SNB) in mid-January of this year to abandon the cap on the Swiss currency's value against the euro, and the abrupt appreciation of the Swiss franc that followed, fueled a further increase in liabilities in eastern Europe, where many households had taken a large part of their (mortgage) loans out in Swiss francs to benefit from lower interest rates. Particularly in Romania, Croatia and Poland, where the proportion of loans taken out in Swiss francs is relatively high, any further appreciation of the foreign currency could pose a risk to the stability of the financial system: borrowers will have to pay back more in their local currencies, which could leave them struggling to pay.

Pace of debt growth up again

Debt development since end of 2000



Debt-to-GDP ratio by country 2014, in %



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

In order to minimize the risk, the Hungarian authorities had already decided to take action back in November 2014 – even before the SNB's decision: they forced banks to convert mortgage loans denominated in Swiss francs into the local currency. In Croatia, too, parliament implemented a fixed exchange rate by law at the end of January 2015, which will apply to consumer loans denominated in Swiss francs for a period of up to one year. As in Hungary, the costs associated with the exchange rate differential will be borne by financial institutions. The Polish government is also toying with the idea of lending a helping hand to borrowers experiencing payment difficulties in this election year. Based on the proposal put forward in July, they are to be given the option of converting their mortgage loans into Polish zloty, subject to certain restrictions, to hedge against future exchange rate fluctuations. The government wants financial institutions to shoulder half of the additional burden caused by the appreciation of the Swiss franc. Political measures like these will squeeze the profitability of banks in the region.

Wealth gap between the east and the west

After deductions for liabilities, households in the eastern European EU member states had average per capita assets of EUR 6,870 at the end of 2014. The leader of the regional pack is and remains Slovenia, where each citizen has average assets of EUR 12,630. In a comparison with western Europe, the Slovenians have overtaken their counterparts in Greece, where per capita assets dropped to EUR 11,640 on average. Although net financial assets in Romania have grown almost fourteen-fold during the same period, households in this country still come bottom of the regional league with average assets of EUR 4,230. This means that Romania has still not shaken off its status as a LWC. In Lithuania, which joined the euro-zone on January 1 of this year, household financial assets averaged EUR 6,750 per capita at the end of last year, on a par with the regional average. Looking at the big picture, the differences between the eastern and western European EU member states are still immense. Whereas eastern European households, which account for 2.1% of the population, accounted for only 0.7% of global net financial assets in the 53 countries included in our analysis, western Europe's EU citizens, which represent 8.1% of the population, account for 21% of global assets. At EUR 52,700, average per capita assets in the EU countries in western Europe were almost eight times as high as in the eastern European member states.

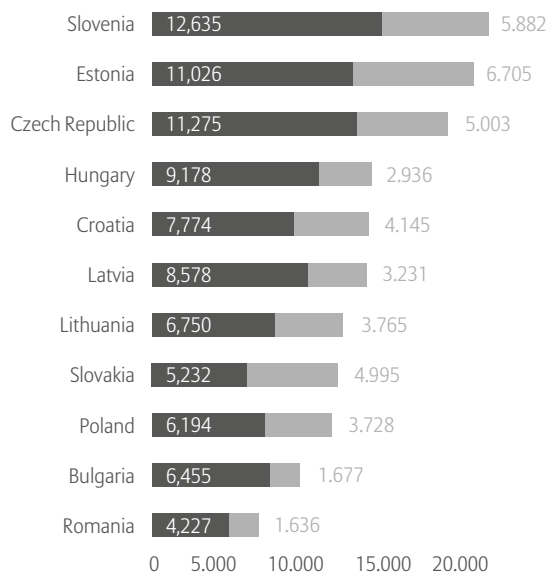
Slovakia joins Romania in the ranks of the LWCs due to its high debt levels. In per capita terms, Slovakian households had average liabilities of EUR 5,000, neck-and-neck with the Czech Republic. Debt levels were even higher in Estonia (EUR 6,700) and Slovenia (EUR 5,880). But measured as a percentage of gross financial assets, these liabilities accounted for almost 49%, higher than in any other eastern European EU country (average: 33%).

To date, not a single eastern European EU member has managed to propel itself into the ranks of the HWCs, which requires a country to surpass a threshold of EUR 36,700 in terms of net per capita financial assets. Although average per capita assets have quadrupled in the region since the end of 2000, around two thirds of the population still has less than EUR 6,100 per capita. Admittedly, however, this proportion has fallen by a good twelve percentage points during this period. On the other side of the equation, the number of members of the wealth middle class has increased to 32 million, up by almost 55% since the turn of the millennium. And almost three million eastern Europeans – a far from insignificant group – can count themselves as members of the wealth upper class.

Slovenia out in front, Romania lags behind

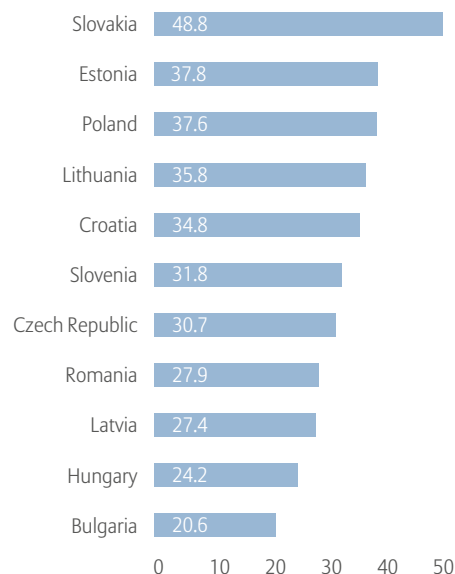
Net financial assets and liabilities

per capita 2014, in EUR



- Net financial assets
- Liabilities

Liabilities as % of gross financial assets, 2014



Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.

Eastern European countries outside of the EU

At around EUR 690 billion, only 0.5% of the world's gross financial assets were located in Kazakhstan, Russia, Serbia, Turkey and Ukraine at the end of 2014, although no less than 5.9% of the population included in our analysis live in these countries. In 2013, this group of countries still accounted for a share of 0.7%; the downward trend reflects the negative currency developments in Russia and Ukraine, in particular.

The region with the smallest slice of the global asset cake has experienced a decade of rapid growth. Since the end of 2000, financial assets have been growing at almost 24% p.a. on average. This growth came, however, against the backdrop of a very low starting point: at the start of the new millennium, average gross per capita financial assets totaled an estimated EUR 120 or so. Although the outbreak of the financial crisis took some wind out of the sails of growth, the annual growth rates have still been averaging around 16% in the period since then. Last year, on the other hand, the growth rate came in at just under 11%, well below the historical average.

And it was not only savings in this group of countries that were growing rapidly. Record growth rates were witnessed on the liabilities side of the asset balance sheet, too. And yet, despite average annual growth rates of almost 39% since the end of 2000, the region's debt level was the lowest in the world at the end of last year, corresponding to 18% of nominal economic output or the equivalent of EUR 1,190 per capita.

Average net financial assets in this group of countries were roughly on a par with per capita debt at EUR 1,200. Since a good three-quarters of the region's population lives in Russia and Turkey, it comes as no surprise that the financial assets are also concentrated in these two countries: around 82% of regional net financial assets are in the hands of Russian and Turkish private households.

In Russia, asset development came to a virtual standstill last year: whereas growth in net financial assets of more than 30% has been anything but a rare occurrence in a long-term comparison, growth plummeted to 2.6% in 2014. The escalation of the crisis in eastern Ukraine prompted the EU to step up its sanctions against Russia. The import embargo on agricultural products imposed by the Kremlin in return pushed domestic food prices up, forcing consumers to spend a larger chunk of their income on food. In addition to the sanctions, the drop in oil prices and general uncertainty surrounding the continued geopolitical conflict also had a negative impact on the economy. The Russian ruble lost more than 60% of its value against the euro last year alone and the country was plunged into a recession. This naturally puts Russian households in a much worse situation than they were one year ago in euro terms: at the end of 2014, net financial assets averaged EUR 900 per capita. If the ruble-euro exchange rate had remained stable, per capita assets would have totaled EUR 1,450.

Households in Ukraine suffered a similar fate, with their domestic currency losing as much as almost 69% against the euro in the course of year. In per capita terms, the average financial assets of Ukrainians amounted to EUR 1,040 (net); if their currency had remained stable, this would have equated to no less than EUR 1,750. Here too, households have been feeling the impact of the crisis in their wallets for some time now. Asset growth slowed further to an estimated 8% last year. Given that the inflation rate came to 12.1%, households actually incurred losses in real terms.

The EU accession candidate, Turkey, also has serious catch-up work to do when it comes to wealth development. At an average of EUR 2,090, per capita net financial assets were considerably lower than for Romanian households, which already had per capita wealth averaging EUR 3,160 when the country joined the EU in 2007. Nevertheless, the Turkish population has also been afflicted by currency crises and hyperinflation in the past. So it comes as no surprise that rebuilding confidence in the Turkish economy and the country's own currency has been a long, drawn-out battle. As a result, Turkish households also tend to be very conservative when it comes to investing their savings: 82% of savings were held in bank deposits, with almost one-quarter of these deposits still denominated in foreign currencies.

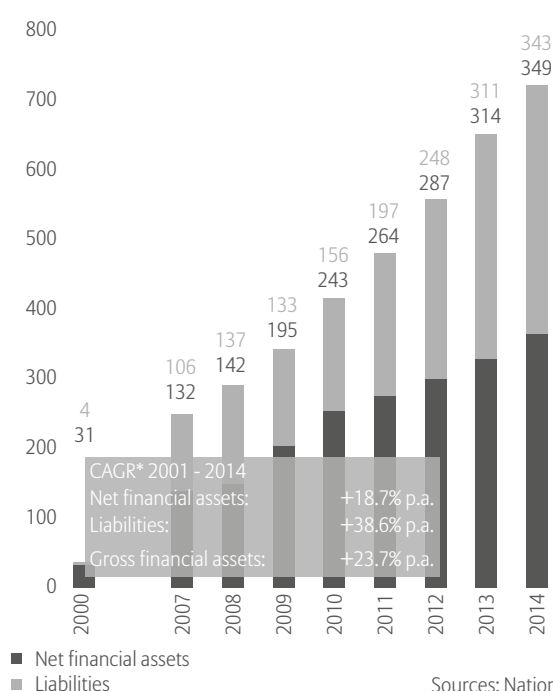
Serbia's and Kazakhstan's households lag far behind with average assets of only EUR 860 and EUR 410 per capita respectively. Bank deposits account for the lion's share of financial assets in these countries, with households favoring safe foreign currencies. In Kazakhstan, more than two-thirds of bank deposits were denominated in a foreign currency and in Serbia, which launched its EU accession negotiations at the start of this year, private households held almost all of their savings (89%) in foreign currencies, primarily in euros. This extremely high figure not only reflects a lack of trust in the country's own currency, but is also likely to be an indicator of high levels of (illegal) monetary circulation in foreign currencies in the economy as a whole, creating a breeding ground for the black market. In circumstances like these, getting to the bottom of the actual asset situation is obviously very difficult – something that doubtlessly applies to countries other than Serbia, too.

All five countries are LWCs and have some way to go before they can expect to make the leap into the MWC group. Even in Turkey, households only have one third or so of the assets they need at the very least to earn the title of MWCs. At the end of 2014, more than 97% of the population, or 282 million people, belonged to the lower wealth class in a global comparison, with only just under eight million people making it into the middle wealth class. Even the richest 10% of the population could not count themselves as members of the wealth upper class on average. This is, however, also partly due to the large-scale currency losses in Russia and Ukraine: a weak domestic currency makes it all the more difficult to exceed the threshold values, which are calculated in euros.

Despite the negative currency developments last year, households in Kazakhstan, Russia, Serbia, Turkey and Ukraine certainly made progress last year if we look at eastern Europe as a whole, i.e. including the EU member states. They have upped their share of regional net financial assets by just under ten percentage points to around 32% since 2004.

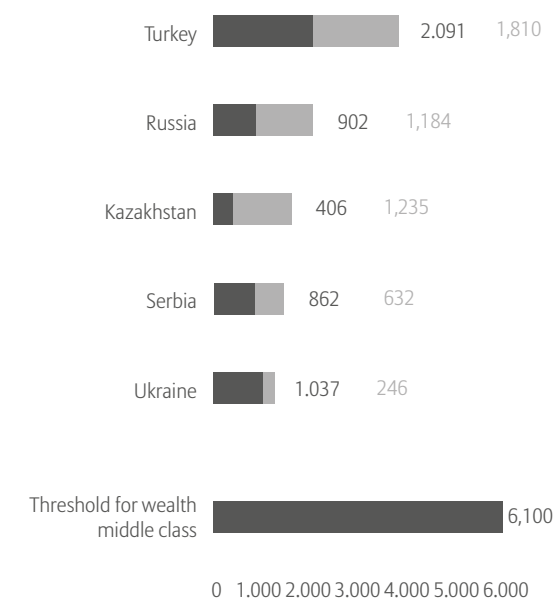
Wealth per capita still low in these countries

Net financial assets and liabilities, in EUR bn



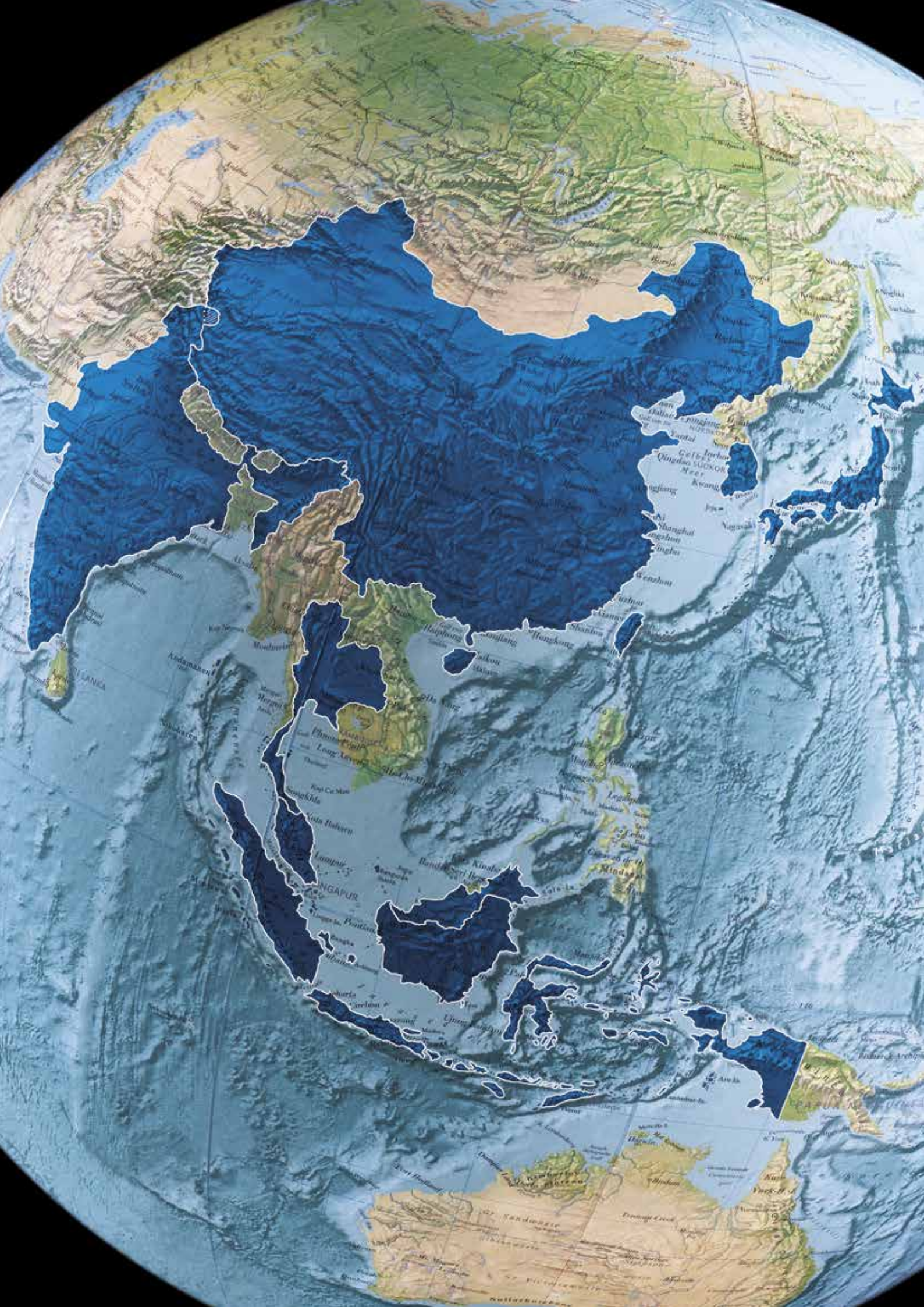
Net financial assets and liabilities

per capita 2014, in EUR



*CAGR = Compound Annual Growth Rate.

Sources: National Central Banks and Statistical Offices, UN Population Division, Allianz SE.



Asia

Population

| | |
|--|---------|
| In the analyzed countries | 3,225 m |
| Analyzed countries' share of the region as a whole | 86.6% |
| Analyzed countries' share of the global population | 44.9% |

GDP

| | |
|--|--------------|
| In the analyzed countries | EUR 16,856bn |
| Analyzed countries' share of the region as a whole | 94.7% |
| Analyzed countries' share of global GDP | 27.4% |

Gross financial assets of private households

| | |
|--|-----------------------|
| Total | EUR 34,143bn |
| Average | EUR 10,590 per capita |
| Share of global financial assets | 25.3% |

Debt of private households

| | |
|-------------------|----------------------|
| Total | EUR 8,168bn |
| Average | EUR 2,530 per capita |
| As % of GDP | 48.5% |

The development in the financial assets of private households in the ten Asian countries included in our analysis⁹ in 2014 is characterized by three main trends: China replaced Japan as the nation with the highest financial assets in the region, the share of securities in private household portfolios increased thanks to the recovery on most Asian stock markets, and the pace of growth in both gross financial assets and the lending volume slowed in a year-on-year comparison.

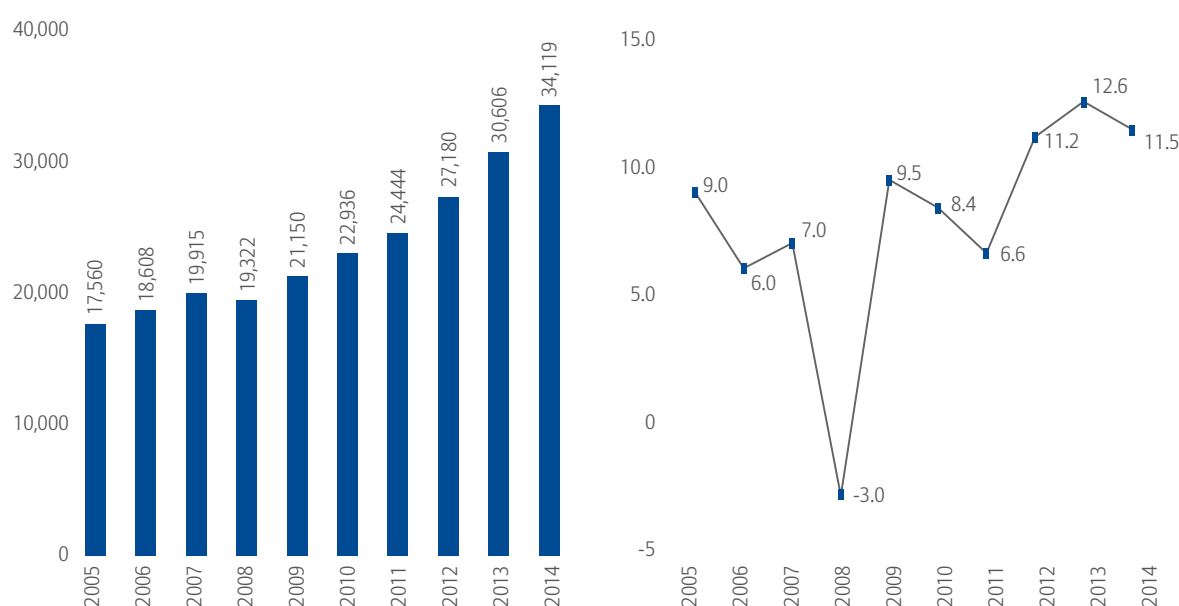
⁹ The analysis of the development in financial assets held by private households (including non-profit organizations) in Asia included the following countries: China, India, Indonesia, Israel, Japan, Malaysia, Singapore, South Korea, Taiwan and Thailand.

Gross financial assets in Asia had risen to EUR 34.1 trillion by the end of 2014

The gross financial assets of private households in Asia rose to the equivalent of EUR 34.1 trillion in 2014. Although the rate of growth was down slightly on the previous year at 11.5% (2013: 12.6%), this was the strongest increase in an international comparison. As a result, the proportion of total global financial assets attributable to Asian households rose further, meaning that, by the end of 2014, the 3.2 billion or so inhabitants of the ten Asian countries included in our analysis held one quarter of the world's financial assets.

Development of financial assets in Asia

Financial assets of private households in Asia (in EUR bn and annual % change)



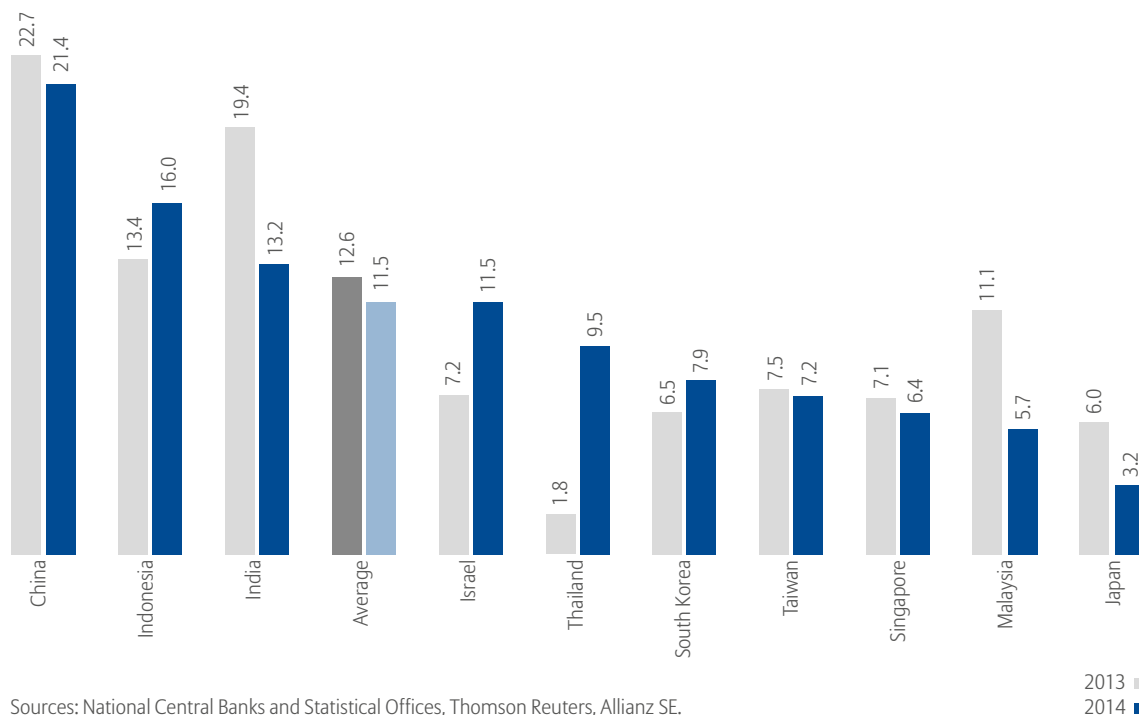
Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

Financial asset growth down slightly year-on-year in some countries

A look at developments in the individual countries paints a very mixed picture: whereas Indonesia (16.0%), Israel (11.5%), Thailand (9.5%) and South Korea (7.9%) reported - in some cases significantly - higher growth than a year earlier, the pace of growth in India tapered off from around 19% to 13.2%, and fell from 11.1% to 5.7% in Malaysia and from 6.0% to 3.2% in Japan, which comes in at the very bottom of the growth league. Developments in the remaining four countries were more moderate in a year-on-year comparison: growth in China, which topped the growth stakes yet again, dipped from 22.7% to 21.4%. The pace of growth slowed from 7.5% to 7.2% in Taiwan and from 7.1% to 6.4% in Singapore.

Growth slowing down

Annual growth of gross financial assets, in %



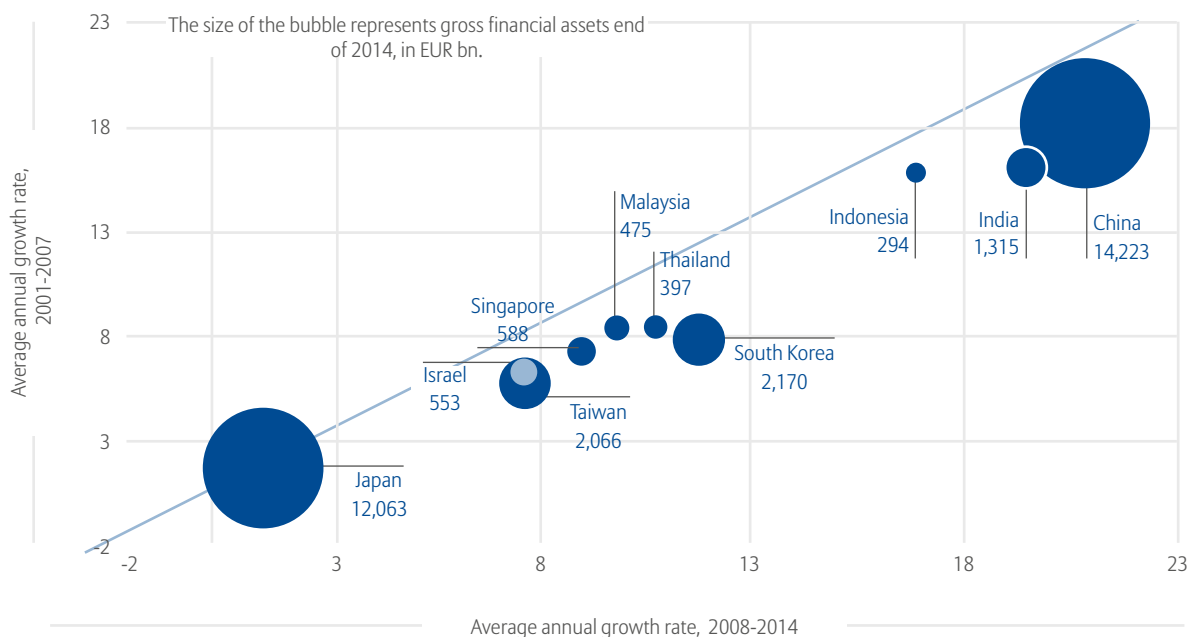
Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

A comparison of average annual growth rates in the periods from 2001 and 2007 and from 2008 to 2014 shows that the growth momentum has generally tapered off in most countries since the outbreak of the financial crisis, although the financial asset losses associated with the crisis in Asia had already been more than compensated for by 2009 and, by the end of 2014, the financial assets of private households were almost twice as high as they were before the crisis hit. The leader of the growth pack, China, is a perfect example of this development: between 2001 and 2007, the average rate of growth in China came in at around 21% a year, compared with

18% over the last seven years. The most pronounced drop was seen in South Korea, where average growth slid from 11.6% to 7.6%. One exception to the rule is Japan, where growth has edged up slightly from an average of 1.3% to 1.4% a year. This fact alone explains why the rate of growth for the region as a whole has also picked up from 5.7% to 8.0%. Leaving Japan out of the equation, the average annual growth rate in the period between 2008 and 2014 came in at 13.7%, down by 0.7 percentage points on the average value for the period before the outbreak of the financial crisis.

Decreasing growth dynamics since outbreak of the financial crisis

Average growth rate of financial assets (in %)



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

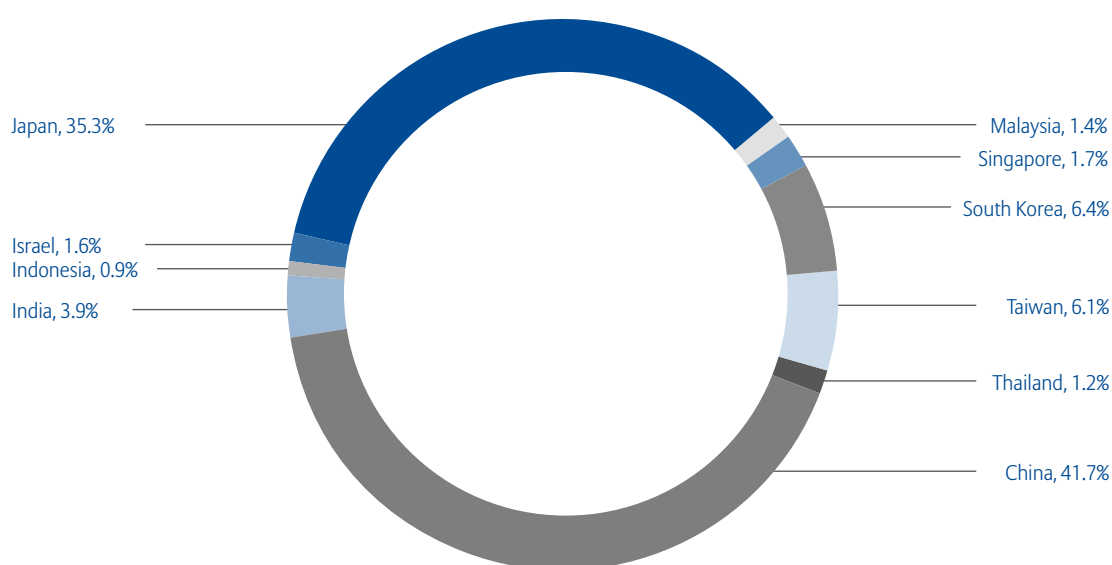
China grabs the top spot from Japan

Due to the variation in growth momentum from country to country and, not least, also owing to exchange rate trends over the past two years, China overtook Japan for the first time in 2014 to become the country with the highest gross private household financial assets in Asia. Expressed in euros, these assets tallied up to EUR 14.2 trillion, or 41.7% of the region's total financial assets. The gross financial assets of Japanese households came to around EUR 12.1

trillion, or 35.3% of the Asian total. The assets of the other eight countries in our analysis made up just under 25%, with households in South Korea holding 6.4% and those in Taiwan 6.1%. Private households in India, the most populous country in the world after China with almost 1.3 billion inhabitants, had total assets of EUR 1.3 trillion at the end of 2014, which equates to only 3.9% of the region's total gross financial assets.

China overtakes Japan and is now richest nation in Asia

Gross financial assets, by country in %



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

Securities assets the most dynamic and, at the same time, the most volatile asset class

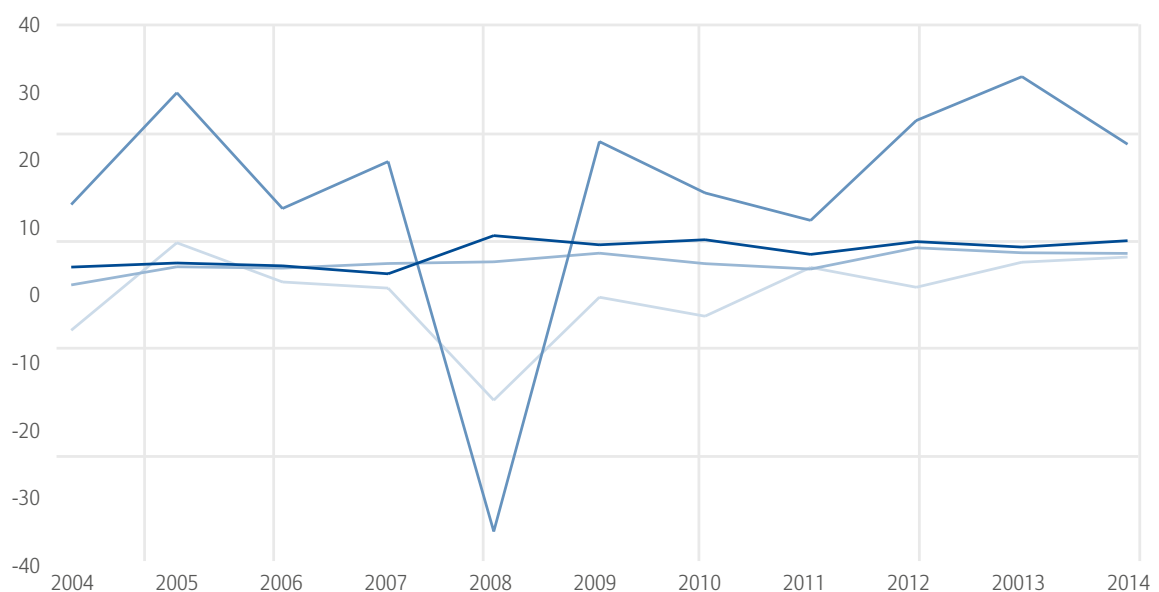
A comparison of developments in individual asset classes reflects the trend towards greater portfolio diversification, developments on the capital markets and, last but not least, the age structure in the individual countries in the region.

Both in the seven years before the financial crisis and in the seven years after it broke out, securities assets showed the strongest growth, averaging 11.6% and 11.1% a year in the respective periods. But the development in bank deposits is clear testimony to the fact that private households certainly did not escape the financial crisis unscathed: before the crisis hit, bank deposits were growing at an average rate of

4.3% a year, compared with 7.8% a year on average since 2008 - a sign that investors have become a bit more cautious. There has also been higher demand for provision products, with receivables from life insurance companies and pension funds growing at a rate of 5.7% a year since 2008. The fact that the growth in securities assets in the region has outstripped the growth in receivables from retirement provision institutions is likely due not only to the maturity of the region's insurance markets, but also to the current age structure of individual societies. With the exception of Japan, Asia's societies remain fairly young. Looking ahead to the next few years, however, private pension provision looks set to move higher up the agenda as in most countries societies start to age - sometimes rapidly.

Differing growth dynamics in asset classes

Development of asset classes, y/y in %



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

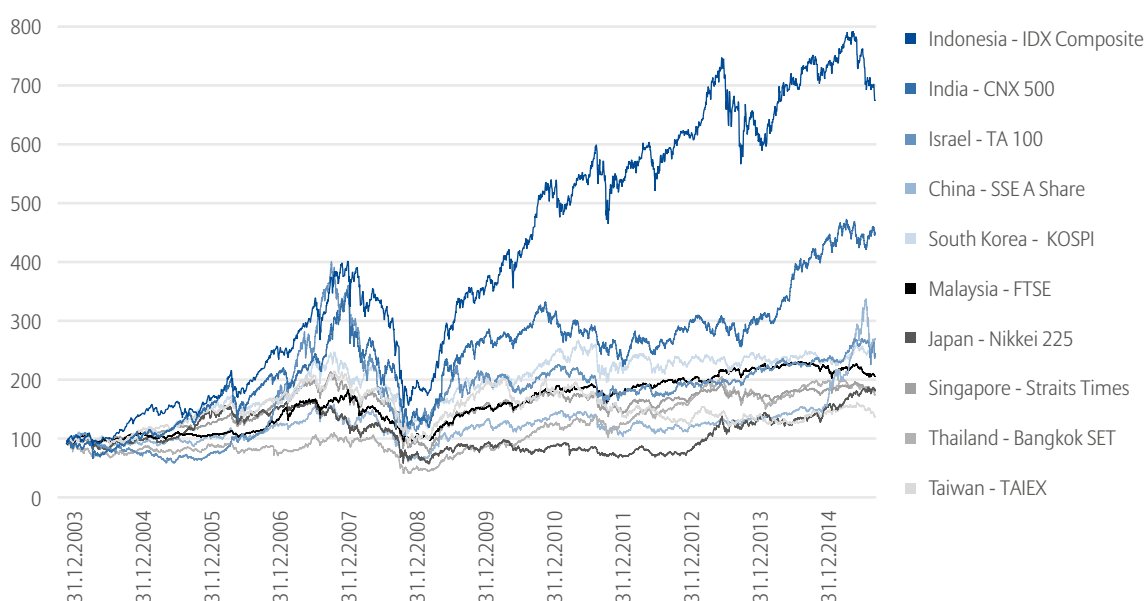
Bank deposits ■ Insurance and pensions ■ Securities ■ Other ■

To date, however, the development in securities assets has not just been the most dynamic, but also the most volatile, largely due to stock market trends. One feature that all of the countries in the region have in common is that their stock markets all slumped in 2008 in response to the financial crisis. That year saw the securities assets of private households in the region lose 34.7% of their value. All stock markets have been on the road to recovery ever since, albeit to varying extents. Developments in Indonesia have been the most dynamic: the Jakarta stock exchange's IDX index has risen to a level that is almost five times as high as the low seen in 2008 and, by the end of 2014, was almost twice as high as the all-time high recorded before the financial crisis broke out. The S.E.T. index on the Bangkok stock exchange has increased four-fold since then, with India's CNX 500 more than trebling. The values

of the leading indices in the other countries included in our analysis have all doubled after rounding, with the Shanghai SE A-Share Index showing the weakest development with a factor of 1.8. Despite this positive development across the board, however, the stock exchanges in Shanghai, Tokyo, Singapore, Seoul and Taipei were still lagging behind their pre-crisis highs at the end of 2014.

Varying dynamics on stock markets

Development of benchmark indices (31.12.2003 = 100)



Sources: Thomson Reuters, Allianz SE.

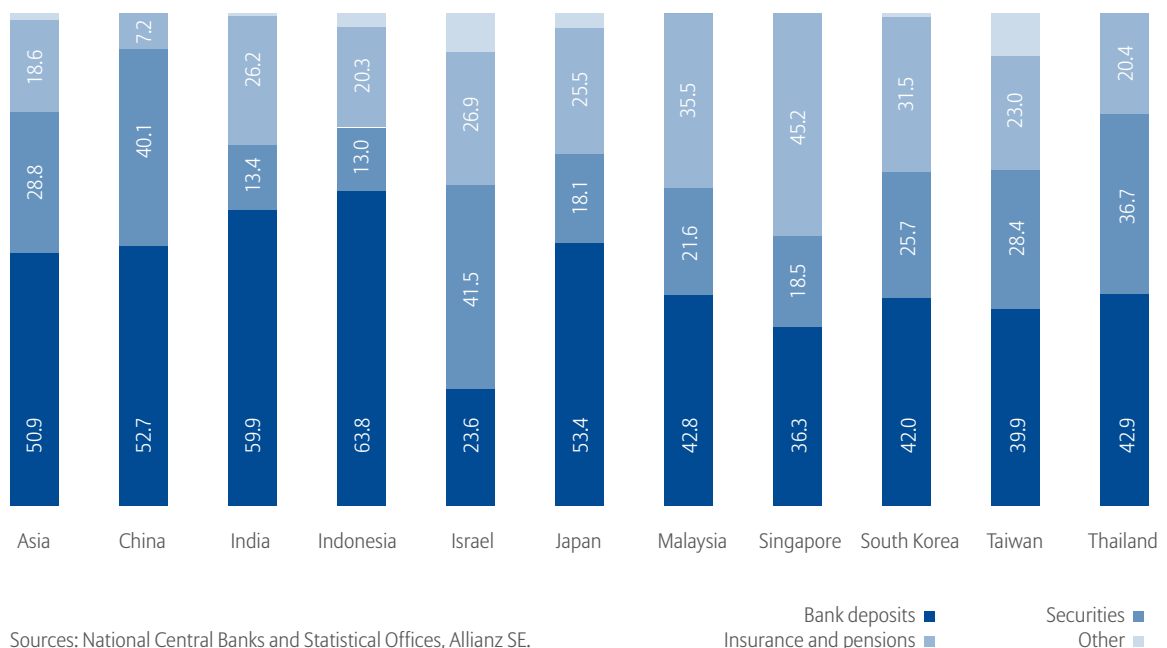
¹⁰ In Japan, older investors tend to hold a larger proportion of their financial assets in shares than young investors do.

Nevertheless, the share of total assets that is attributable to securities investments has risen again since 2008 as part of this development, touching on 28.8% at the end of 2014. Bank deposits remain the most popular asset class, accounting for a share of 50.9%, which is likely due, not least, to the fact that the financial systems of many of the Asian countries in our analysis are still in their infancy. In regions where the majority of the population only has limited access to financial services, it is often too expensive, or simply impossible, to achieve any further diversification in financial assets, which are often very modest to begin with.

Private households in India and Indonesia, for example, still held a relatively small proportion of their financial assets in securities at the end of 2014 (13.4% and 13.0% respectively), whereas the figure for Israel came in at 41.5%. The fact that Chinese households now invest a fairly large portion (40.1%) of their assets in securities is due to a trend towards shifting financial assets from bank deposits to higher-yield products offered by fund managers that are often owned by banks, and last but not least to the state-incentivized run on the stock markets, although the latter is likely to have had substantial wind taken out of its sails, at least temporarily, as a result of the stock market slump in June 2015. One exception - compared with other industrialized nations - is Japan, where the share of securities came in at only 18.1% at the end of 2014. This is due to the sluggish recovery in the Nikkei, which has stopped young people, in particular, from investing in shares to date.¹⁰

Main asset class: Bank deposits

Asset classes in % of gross financial assets



Singapore boasts the highest per capita financial assets

So the distribution of the financial assets of private households ultimately also hints at how mature an individual economy is. As a result, the fact that Chinese households as a whole have since managed to save the highest volume of gross financial assets should not distract us from the reality that per capita financial assets in China, which did not surpass the EUR 10,000 mark until 2014 (when they reached the equivalent of EUR 10,200), are still lingering below the regional average of around EUR 10,600, just like per capita financial assets in Thailand (EUR 5,900), Indonesia (EUR 1,160) and India (EUR 1,040). In this respect, and as in the previous year, the leader of the regional pack is Singapore. By the end of 2014, gross per capita financial assets here had risen to around EUR 106,620, more than 10 times as high as in China and more than 100 times as high as in India. Singapo-

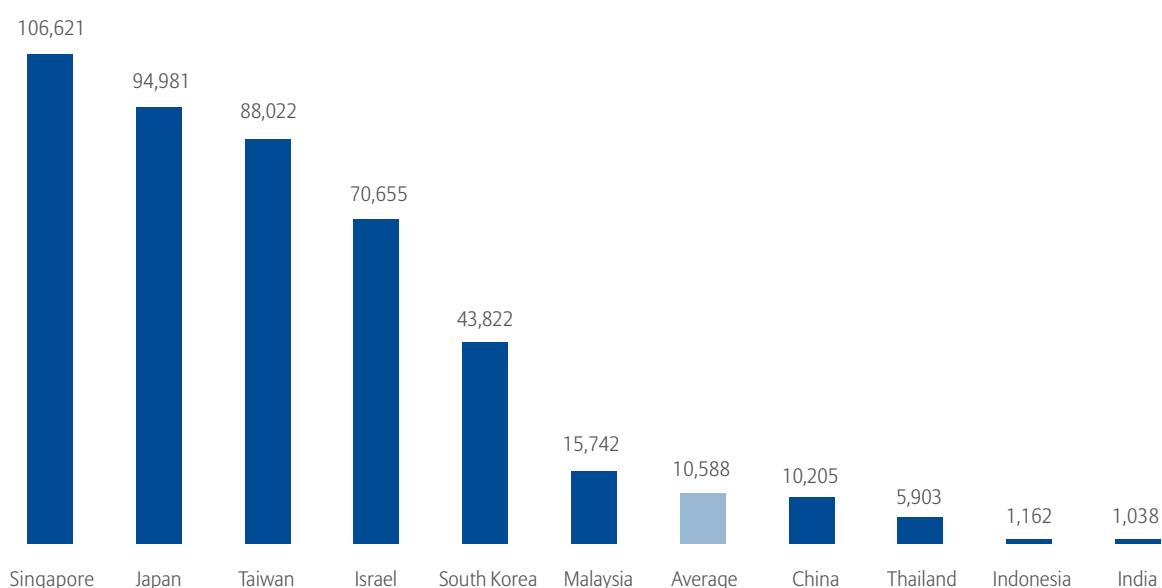
re was followed by Japan and Taiwan, with average assets corresponding to the equivalent of around EUR 95,000 and EUR 88,000 respectively.

Further increase in debt

It is not, however, just financial assets that have increased: debt levels have also risen further, albeit at a slightly slower pace than in the previous year (8.7% as against 10.2%) and at a much slower rate than gross financial assets (11.5%). The strongest demand for new loans in 2014 was witnessed in China, where the volume of loans taken out by private households rose by 16.6%. Liabilities also showed above-average growth in India (13.2%), Indonesia (11.6%) and Malaysia (9.9%). Japan came bottom of the table in this respect, too: at 2.4%, the growth in liabilities in Japan was the lowest in the region.

Highest per capita financial assets in Singapore

Gross financial assets of private households per capita 2014 in EUR



Sources: National Central Banks and Statistical Offices, Thomson Reuters, UN Population Division, Allianz SE.

11 Cf. Bank of Thailand: Financial Stability Report 2014, p. 7.

The increase in private household debt and the level of liabilities should, however, be considered in relation to gross domestic product for the sake of comparability. Despite the marked increase in 2014, India still had the lowest private household debt ratio, at 9.0%. South Korea topped the table here with a rate of 87.2%, just ahead of Taiwan (86.5%) and Malaysia (85.0%). Whereas in Taiwan, however, the (gross) asset ratio of private households, which came in at 491% of GDP, was more than five times as high as the debt ratio, the asset ratio came in at only 182% in Malaysia and 194% in South Korea, i.e. financial assets in these countries are only almost twice as high as their liabilities.

The biggest cause for concern at the moment, however, is the level of debt in Thailand: although credit growth slowed in the course of last year, the debt ratio of private households had reached 79.7% by the end of 2014 - with an asset ratio of only 120.2. The central bank has cited the high demand for loans among the population to repair the damage caused by flooding, government stimulus measures to promote car sales in the form of tax incentives for people buying new vehi-

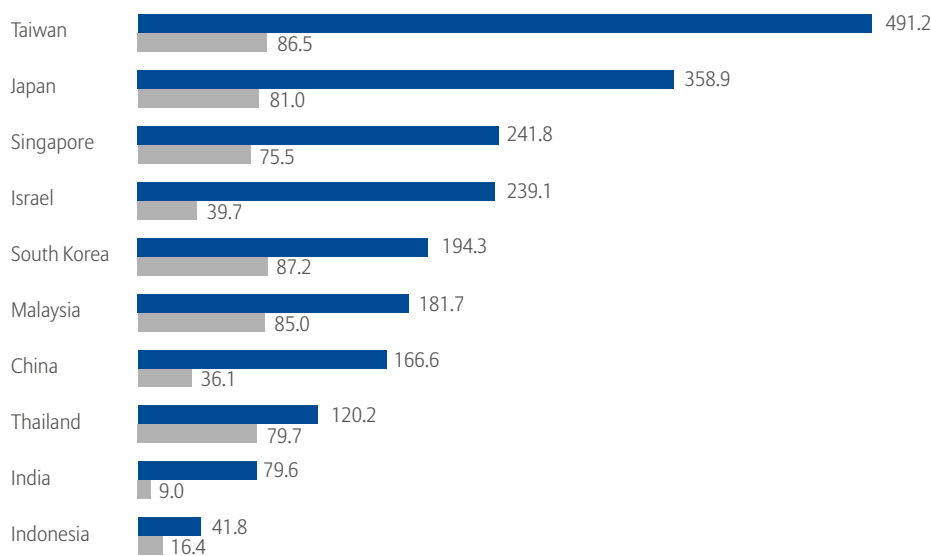
cles, and the low interest rates as the reasons behind the high debt level. Although the central bank says that it is mainly households with medium to high income levels that have shown more demand for loans, the high debt level has already put a damper on demand and, as a result, on the economic recovery.¹¹ At the same time, the rate of outstanding bank loans rose from 5.7% at the end of 2013 to 6.2% by the end of the third quarter of 2014, increasing the risk of financial institutions getting themselves into difficulty. The situation is exacerbated by the fact that property loans only make up around 27% of total debt in Thailand, well below the regional average of 46.3%.

Highest per capita net assets in Japan

After deductions for liabilities, Japan was the country with the highest net per capita financial assets in Asia, with the equivalent of just under EUR 73,550 attributable to each inhabitant in 2014. Japan's lead over its

Liabilities of Thailand's households almost as high as financial assets

Financial assets and liabilities of private households, 2014, as % of GDP



Sources: National Central Banks and Statistical Offices, Thomson Reuters, Allianz SE.

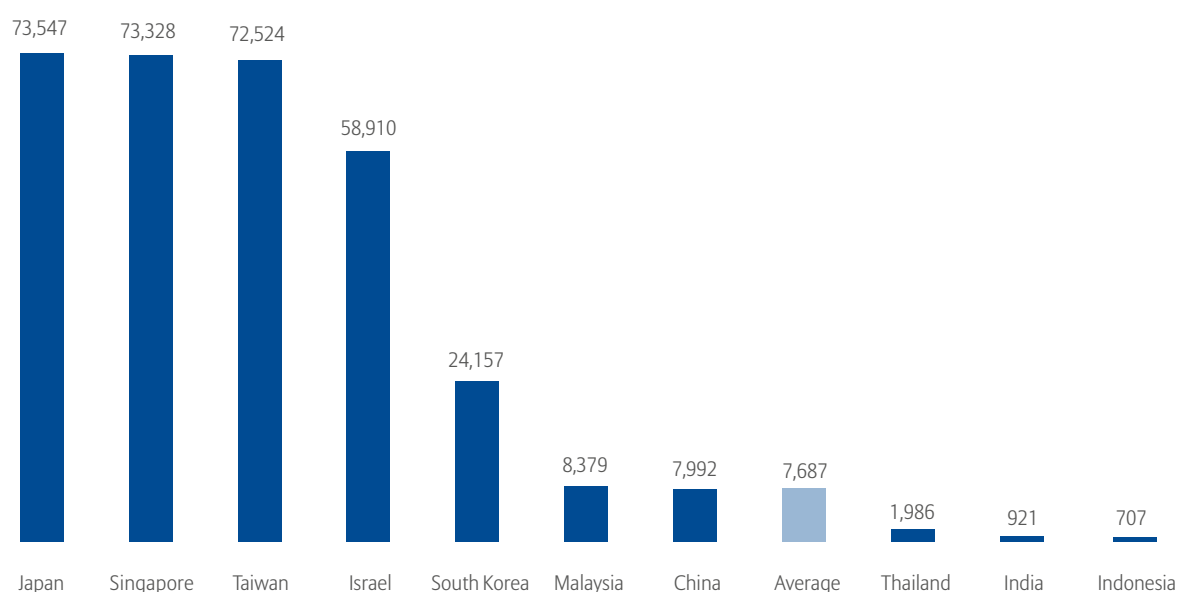
Asset ratio ■
Debt ratio ■

fellow Asian countries, however, continued to narrow: net per capita financial assets in Singapore and Taiwan were only slightly lower at EUR 73,330 and EUR 72,520 respectively. In Israel, the figure came in at EUR 58,910, while in South Korea, net per capita financial assets came in at only EUR 24,160 due to the high level of private household debt. In the other countries included in our analysis, net per capita financial assets were much lower. In Malaysia, the figure was around EUR 8,380 and the high private household debt level also meant that, in net terms, the gap separating the country from China was much smaller, at just under EUR 400, than in gross terms, where the difference amounted to EUR 5,500. At around EUR 7,990 per capita, average net financial assets in China surpassed the regional average for the very first time in 2014. The figures for Thailand, India and Indonesia fell well short of the average: following deductions for liabilities, net per capita financial assets in Thailand amounted to around EUR 1,990, with the figures for both India and Indonesia still stuck below the EUR 1,000 mark, despite the significant growth witnessed in recent years.

The per capita figures hide what are often considerable differences in wealth distribution in these countries. But even taking these inequalities into account, the strong increase in gross financial assets on the one hand, coupled with weaker credit growth on the other, has increased the proportion of people who were considered members of the wealth middle class in 2014, i.e. the group of people with net financial assets of between EUR 6,100 and EUR 36,700: at the end of 2014, one in five people, or 20.4%, fell into this category. The net financial assets of 2.4 billion people in the region, however, came in at less than EUR 6,100, i.e. the proportion of the population with low assets amounted to 76.7%, while 94 million or only 2.9% of the population had net financial assets in excess of EUR 36,700.

Japanese (still) have the highest financial assets per capita (minus debt)

Net financial assets of private households, per capita 2014 in EUR





Australia and New Zealand

Population

| | |
|--------------------------------|--------|
| Total | 28.2 m |
| Share of the global population | 0.4% |

GDP

| | |
|---------------------|-------------|
| Total | EUR 1,235bn |
| Share of global GDP | 2.3% |

Gross financial assets of private households

| | |
|----------------------------------|------------------------|
| Total | EUR 3,083bn |
| Average | EUR 109,400 per capita |
| Share of global financial assets | 2.2% |

Debt of private households

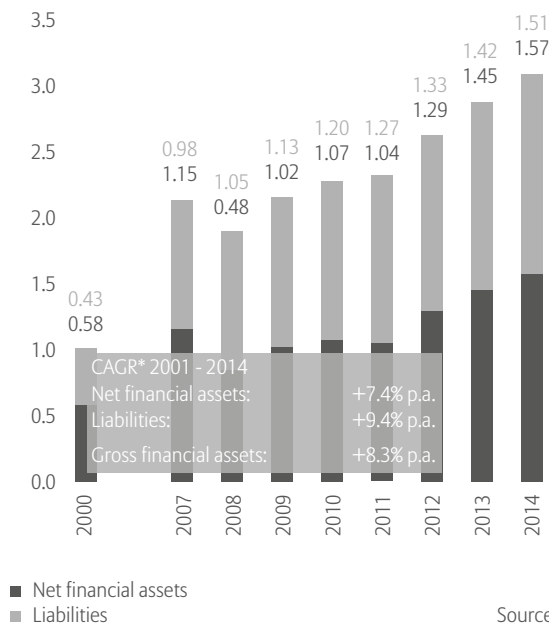
| | |
|-------------|-----------------------|
| Total | EUR 1,513bn |
| Average | EUR 53,690 per capita |
| As % of GDP | 122.5% |

At the end of last year, nearly EUR 3.1 trillion, or 2.3% of the world's financial assets, were in the hands of private households in Australia and New Zealand. Driven by the commodities boom, the asset base has more than trebled since the turn of the millennium. During the same period, average per capita assets in the region, before deductions to reflect liabilities, climbed from EUR 43,550 to EUR 109,400 (EUR 113,660 in Australia and EUR 87,320 in New Zealand). Although Australians were hit hard by the slump in commodities prices in 2008 and the losses on the stock markets, the country was not plunged into a recession and made a rapid recovery in the aftermath of the crisis. Only one year later, Australia had made up for the asset losses again.

In 2014, financial assets held in bank deposits, securities, insurance policies and pensions grew by 7.7% in total. At 8.2%, the rate of asset growth in Australia was not only well ahead of that witnessed in New Zealand (+4.7%), but also outstripped the average for the industrialized nations (+5.4%). Insurance policies and pensions are by far the most popular form of investment among Australian households: around 58% of the asset portfolio fell into this category at the end of 2014, with superannuations proving to be particularly sought-after. Superannuations are a combination of state and private, voluntary and tax-incentivized pension provision. Two thirds of total savings last year were destined for this form of investment, the volume of which grew by 8.8% year-on-year as a result. Cash, demand and savings deposits swelled by 8.7% in a continuation of the strong development seen in recent years. Australians invested only around 16% in securities, with the amount held in this form of investment up by 7.9% in 2014.

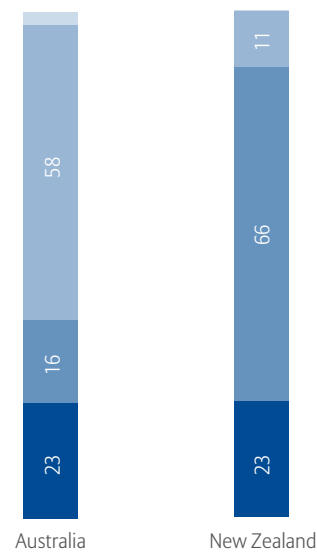
Oceania: Gross financial assets now above 3-trillion-euro-mark

Net financial assets and liabilities, in EUR tn



Converse asset portfolio

Asset classes as % of gross financial assets



*CAGR = Compound Annual Growth Rate.

Sources: Australian Bureau of Statistics, Reserve Bank of New Zealand, Allianz SE.

The composition of the asset portfolio of households in New Zealand is the other way round entirely: whereas insurance policies and pensions play only a minor role, accounting for a share of 11%, assets held in securities made up two-thirds of the portfolio¹². The latter showed somewhat subdued growth to the tune of 2.3% last year, whereas bank deposits increased by 8.6% and insurance policies and pensions by 12.3%.

Throwing debt discipline to the wind

The outbreak of the financial crisis signaled a turnaround in the savings habits of Australian private households. The average savings rate leapt up to 10.1% in 2009 after coming in at 6.7% the year before, and remained relatively stable at this level, which had not been seen since the mid-1980s, until 2013. The background to this is that the savings rate started to drop steadily in the mid-1970s before actually plunging into the red in the early 2000s. This downward trend was fueled by several factors, including easier access to loans, stable economic development, rising incomes and income expectations and a high propensity to consume.

As they started to set more money aside, Australians also adopted a more restrained approach to further borrowing. Whereas households were still upping their debt burden by an average of 12.5% a year in the period between 2001 and 2007, the crisis put a halt to the borrowing process and this rate of growth was slashed to an average of 6.7% p.a. in the years between 2008 and 2014. This development was helped along, not least, by the low interest rate environment, which allowed many households to pay their loans off earlier than agreed. After the debt ratio, i.e. the ratio of debt to economic output, reached an all-time high of just under 118% in 2007, it slipped back by two percentage points in 2008; in recent years, however, the ratio has been edging its way up again. In 2014, debt growth started to accelerate again, coming in at 7.0% (compared with +5.2% in 2012 and +6.2% in 2013) and, by the end of last year, the ratio of liabilities to gross domestic product had soared to almost 131%. At the same time, the savings ratio has gradually dropped to an average of 9.3% for 2014. Per capita debt came in at the equivalent of around EUR 59,860 – a record high and around twice the average figure for the world's industrialized nations. Australians seem to be turning their backs on debt discipline again. Low interest rates and rising asset prices, however, are still keeping any risk of the household sector getting itself into financial difficulty at bay. The proportion of non-performing loans actually dropped in the last six months of last year. Nevertheless, macroeconomic shocks like rising interest rates, a labor market slump or falling house prices could soon pose a threat to the solvency of highly-indebted households. As a result, this high debt level is the Achilles' heel of the Australian economy and there is no reason to throw debt discipline to the wind prematurely.

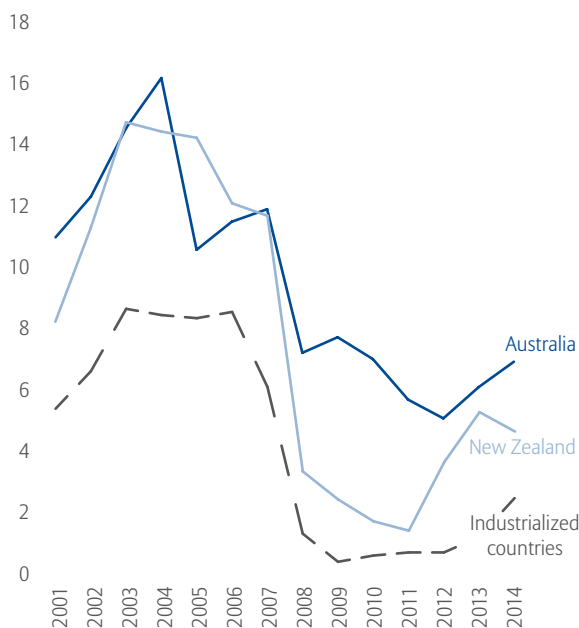
¹² In March 2015, New Zealand's central bank published revised statistics on the assets held by private households. Two of the major changes resulting from the revision include, first, a broader definition of the term "assets" and, second, a narrower definition of the household sector. These adjustments bring the country's household asset statistics into line with the international national accounts system and result in much higher net financial assets than the statistics for previous years. For further information, please refer to <http://rbnz.govt.nz/statistics/household-balance-sheet-paper.pdf>.

The per capita debt of private households in New Zealand was much lower at the end of last year: the average New Zealand citizen had a debt burden of just under EUR 21,680 to bear, around one-third of the average debt of their Australian neighbors. The debt ratio, too, was only roughly half as high as Australia's, coming in at around 64% at the end of 2014. Debt development, on the other hand, has been following a fairly similar path: in the period from 2000 until the outbreak of the crisis, liabilities were growing at an average rate of 12.4% a year. This trend moved down a gear in 2008 and the average annual rate of growth had dipped to 2.4% by 2011. A historically low interest rate level, less stringent lending conditions between 2012 and 2013 and an increase in net immigration fueled the demand for home ownership, pushing

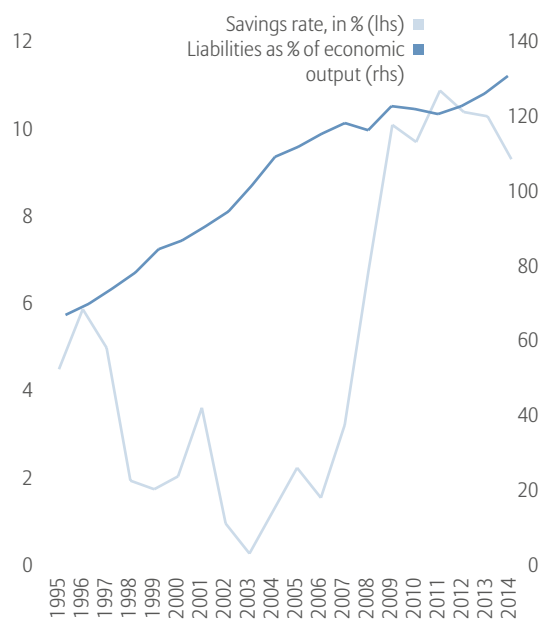
house prices up. These developments are mirrored in the level of debt growth: over the past three years, the average annual growth rate has almost doubled again. A rapid rise in house prices increases the risk of a correction on the residential property market and the risk of over-indebted households being unable to service their loans. New Zealand's central bank reacted by imposing restrictions on the volume of mortgage loans that could be granted with high loan-to-value ratios. Since these guidelines were introduced in October 2013, the residential property market has cooled down slightly. Debt growth has also tailed off again slightly.

End of debt discipline in Australia

Debts increasing faster once again



Savings rate and liability ratio in Australia



Sources: Australian Bureau of Statistics, Reserve Bank of New Zealand, Thomson Reuters, Allianz SE.

Differences in the ratio of assets to liabilities

Looking at the region as a whole, almost 42% of the population had high net financial assets in a global comparison, i.e. an average of more than EUR 36,700 per capita, at the end of 2014. In North America, this proportion came in at 41%, whereas "only" just under 36% of the population of western Europe falls into this category. If we look only at the assets side of the wealth balance sheet, then at the end of last year, Australians had average per capita financial assets of EUR 113,660, putting them a good 30% ahead of their neighbors in New Zealand (EUR 87,320 per capita). Following deductions for liabilities, however, the latter are in a much better position: due to the relatively high debt burden, Australian financial as-

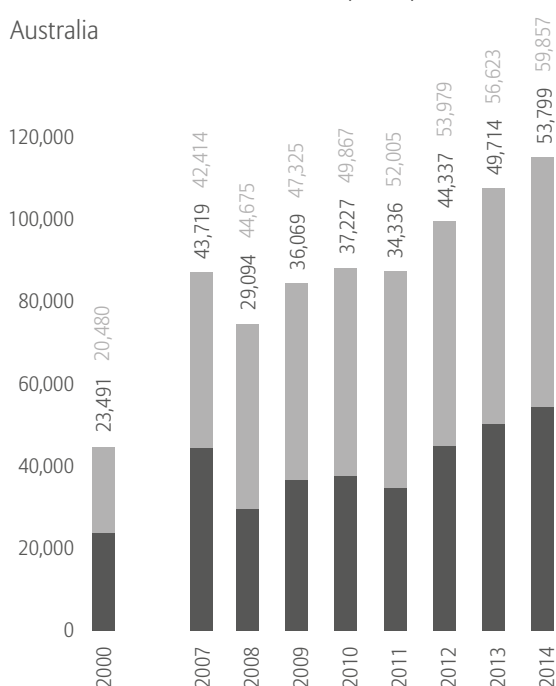
sets fell to only EUR 53,800 per capita in net terms, whereas in New Zealand, average per capita assets came in at EUR 65,650 in net terms. This means that Australian households are more indebted than their counterparts in New Zealand in both absolute and relative terms. For each euro borrowed in Australia, there were assets worth EUR 1.90, while households in New Zealand had as much as around EUR 4.00 in assets for each liability of one euro.

In the global league of the highest net per capita financial assets, New Zealand is in twelfth place, after Denmark, and two places ahead of Australia. Compared with 2000, however, the country has slipped two places down the table, whereas Australia has climbed from 19th to 14th place.

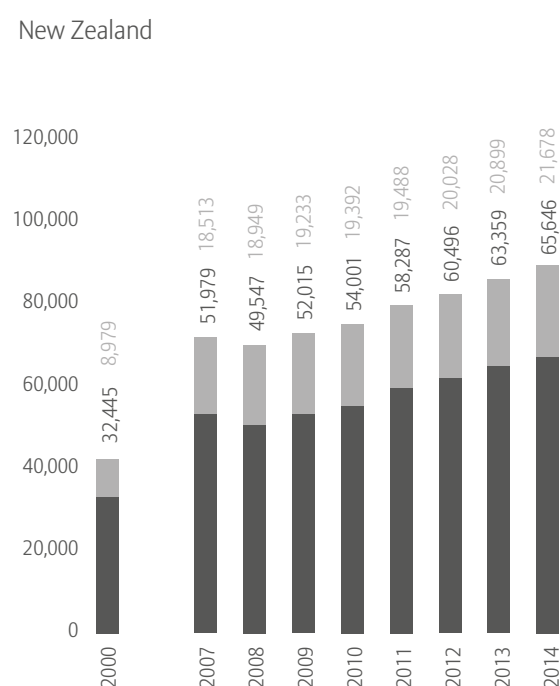
Different assets to debt ratio

Net financial assets and liabilities per capita, in EUR

Australia



New Zealand



Sources: Australian Bureau of Statistics, Reserve Bank of New Zealand, UN Population Division, Allianz SE.

Net financial assets per capita ■
Liabilities per capita ■

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APPENDIX A: METHODOLOGICAL COMMENTS

General assumptions

The Allianz Global Wealth Report is based on data from 53 countries. This group of countries covers almost 91% of global GDP and 69% of the global population. In 38 countries, we had access to statistics from national wealth balance sheets. In the other countries, we were able to estimate the volume of total financial assets based on information from household surveys, bank statistics, statistics on assets held in equities and bonds, and technical reserves.

In many countries, it is still extremely difficult to find data on the financial assets of private households. Let's take the Latin American countries as an example. For many countries, the only information that can be found relates to the entire private sector or the economy as a whole, which is often of only limited use as far as the situation of private households is concerned. In addition to Chile, Columbia has fairly good data that can be used to analyze the financial structure of private household assets. In Argentina, for example, we were able to estimate financial assets with the help of data on bank deposits and insurance reserves.

In order to rule out exchange rate distortions over time, the financial assets were converted into the national currency based on the fixed exchange rate at the end of 2014.

Determination of wealth bands for global wealth classes

Lower wealth threshold: there is a close link between financial assets and the incomes of private households. According to Davies et al. (2009), private individuals with below-average income tend to have no assets at all, or only very few. It is only when individuals move into middle and higher income groups that they start to accumulate any assets to speak of.

We have applied this link to our analysis. Countries in the upper-middle income bracket (based on the World Bank's country classification system) therefore form the group in which the average assets of private households has reached a relevant volume for the first time. This value marks the lower threshold for the global wealth middle class. How high should this value be?

In terms of income, households with incomes that correspond to between 75% and 150% of average net income are generally considered to constitute the middle class. According to Davies et al., households with income corresponding to 75% of the average income have assets that correspond to 30% of the average assets. As far as the upper threshold is concerned, 150% of average income corresponds to 180% of average assets. Consequently, we have set the threshold values for the wealth middle class at 30% and 180% of average per capita assets. If we use net financial assets to calculate the two thresholds, we arrive at an asset range of between EUR 6,100 and EUR 36,700 for the global wealth middle class in 2014. The gross thresholds lie at EUR 8,200 and EUR 49,500.

Individuals with higher per capita financial assets then belong to the global high wealth group, whereas those with lower per capita financial assets belong to the "low wealth" class.

These asset bands can, of course, also be used for the purposes of country classification. Countries in which the average net per capita financial assets are less than EUR 6,100 can be referred to as "low wealth countries" (LWCs). "Middle wealth countries" (MWCs) are all countries with average net per capita financial assets of between EUR 6,100 and EUR 36,700; finally, all countries with even higher average net per capita financial assets are described as "high wealth countries" (HWCs).

Country classification based on net per capita financial assets:

HWC

Australia*
Austria*
Belgium*
Canada*
Denmark*
France*
Germany*
Ireland*
Israel**
Italy*
Japan*
Netherlands*
New Zealand*
Singapore*
Sweden*
Switzerland**
Taiwan**
United Kingdom*
USA*

MWC

Bulgaria**
Chile*
China***
Croatia**
Czech Republic*
Estonia*
Finland*
Greece*
Hungary*
Latvia*
Lithuania*
Malaysia**
Mexico***
Norway*
Poland*
Portugal*
Slovenia*
South Africa*
South Korea*
Spain*

LWC

Argentina***
Brazil***
Colombia**
Peru***
India***
Indonesia***
Thailand***
Romania**
Slovakia*
Kazakhstan***
Russia***
Serbia***
Turkey***
Ukraine***

*2014 asset balance sheet **Extrapolation based on 2013 asset balance sheet

***Approximated based on other statistics

| Appendix B: | Gross financial assets | | | | Net financial assets | GDP |
|-----------------------------|------------------------|--------------------|----------------|----------------|----------------------|----------------|
| | in EUR bn | Global share, in % | 2014, yoy in % | EUR per capita | EUR per capita | EUR per capita |
| Financial assets by country | | | | | | |
| Argentina | 81 | 0.06 | 33.0 | 1,947 | 1,309 | 10,686 |
| Australia | 2,686 | 1.98 | 8.2 | 113,656 | 53,799 | 45,785 |
| Austria | 580 | 0.43 | 2.5 | 68,049 | 48,416 | 38,572 |
| Belgium | 1,193 | 0.88 | 3.9 | 107,017 | 84,771 | 36,074 |
| Brazil | 1,204 | 0.89 | 6.4 | 5,957 | 1,975 | 8,496 |
| Bulgaria | 58 | 0.04 | 6.2 | 8,131 | 6,455 | 5,888 |
| Canada | 4,074 | 3.00 | 8.7 | 114,684 | 76,508 | 39,663 |
| Chile | 285 | 0.21 | 14.3 | 16,061 | 11,491 | 11,278 |
| China | 14,223 | 10.48 | 21.4 | 10,205 | 7,992 | 6,124 |
| Colombia | 138 | 0.10 | 7.2 | 2,829 | 1,083 | 5,398 |
| Croatia | 51 | 0.04 | 7.3 | 11,919 | 7,774 | 10,043 |
| Czech Republic | 175 | 0.13 | 7.2 | 16,278 | 11,275 | 14,314 |
| Denmark | 766 | 0.56 | 8.5 | 135,827 | 72,310 | 45,751 |
| Estonia | 23 | 0.02 | 3.0 | 17,732 | 11,026 | 15,209 |
| Finland | 280 | 0.21 | 2.6 | 51,521 | 25,059 | 37,692 |
| France | 4,678 | 3.45 | 2.9 | 72,366 | 50,773 | 32,989 |
| Germany | 5,231 | 3.85 | 4.2 | 64,510 | 44,769 | 35,812 |
| Greece | 251 | 0.19 | -7.3 | 22,750 | 11,645 | 16,215 |
| Hungary | 120 | 0.09 | 9.2 | 12,114 | 9,178 | 10,159 |
| India | 1,315 | 0.97 | 13.2 | 1,038 | 921 | 1,304 |
| Indonesia | 294 | 0.22 | 16.0 | 1,162 | 707 | 2,783 |
| Ireland | 369 | 0.27 | 7.8 | 78,960 | 43,031 | 39,640 |
| Israel | 553 | 0.41 | 11.5 | 70,655 | 58,910 | 29,552 |
| Italy | 3,934 | 2.90 | 2.6 | 64,417 | 49,422 | 26,465 |
| Japan | 12,063 | 8.89 | 3.2 | 94,981 | 73,547 | 26,463 |
| Kazakhstan | 27 | 0.02 | 2.7 | 1,641 | 406 | 10,555 |
| Latvia | 24 | 0.02 | 25.9 | 11,809 | 8,578 | 11,788 |
| Lithuania | 32 | 0.02 | 3.7 | 10,515 | 6,750 | 12,063 |
| Malaysia | 475 | 0.35 | 5.7 | 15,742 | 8,379 | 8,664 |
| Mexico | 936 | 0.69 | 5.6 | 7,564 | 6,408 | 7,722 |
| Netherlands | 2,129 | 1.57 | 12.3 | 126,700 | 78,063 | 39,445 |
| New Zealand | 397 | 0.29 | 4.7 | 87,324 | 65,646 | 33,743 |
| Norway | 438 | 0.32 | 7.5 | 86,109 | 22,039 | 68,181 |
| Peru | 89 | 0.07 | 9.5 | 2,904 | 2,237 | 5,185 |
| Poland | 379 | 0.28 | 4.5 | 9,922 | 6,194 | 10,523 |
| Portugal | 366 | 0.27 | -0.8 | 34,451 | 19,256 | 16,309 |
| Romania | 127 | 0.09 | 3.3 | 5,862 | 4,227 | 6,871 |
| Russia | 297 | 0.22 | 8.5 | 2,085 | 902 | 6,903 |
| Serbia | 14 | 0.01 | 8.8 | 1,495 | 862 | 3,383 |
| Singapore | 588 | 0.43 | 6.4 | 106,621 | 73,328 | 44,096 |
| Slovakia | 56 | 0.04 | 8.0 | 10,228 | 5,232 | 13,790 |
| Slovenia | 38 | 0.03 | 4.7 | 18,518 | 12,635 | 17,945 |
| South Africa | 502 | 0.37 | 9.2 | 9,456 | 7,047 | 5,104 |
| South Korea | 2,170 | 1.60 | 7.9 | 43,822 | 24,157 | 22,552 |
| Spain | 1,983 | 1.46 | 4.8 | 42,125 | 24,923 | 22,489 |
| Sweden | 1,158 | 0.85 | 13.5 | 120,241 | 82,925 | 42,909 |
| Switzerland | 1,944 | 1.43 | 5.6 | 238,306 | 157,446 | 66,052 |
| Taiwan | 2,066 | 1.52 | 7.2 | 88,158 | 72,636 | 17,949 |
| Thailand | 397 | 0.29 | 9.5 | 5,903 | 1,986 | 4,913 |
| Turkey | 296 | 0.22 | 14.7 | 3,901 | 2,091 | 8,156 |
| Ukraine | 58 | 0.04 | 8.3 | 1,282 | 1,037 | 1,821 |
| United Kingdom | 7,642 | 5.63 | 13.1 | 120,369 | 86,233 | 36,369 |
| USA | 56,456 | 41.60 | 4.5 | 175,013 | 138,714 | 44,625 |
| World | 135,711 | | 7.1 | 27,480 | 20,361 | 11,056 |

| Appendix C: Global ranking | | | | | |
|---|----------------|---------|--|----------------|---------|
| ..by net per capita financial assets (in EUR) | | | ...by gross per capita financial assets (in EUR) | | |
| 1 | Switzerland | 157,446 | 1 | Switzerland | 238,306 |
| 2 | USA | 138,714 | 2 | USA | 175,013 |
| 3 | United Kingdom | 86,233 | 3 | Denmark | 135,827 |
| 4 | Belgium | 84,771 | 4 | Netherlands | 126,700 |
| 5 | Sweden | 82,925 | 5 | United Kingdom | 120,369 |
| 6 | Netherlands | 78,063 | 6 | Sweden | 120,241 |
| 7 | Canada | 76,508 | 7 | Canada | 114,684 |
| 8 | Japan | 73,547 | 8 | Australia | 113,656 |
| 9 | Singapore | 73,328 | 9 | Belgium | 107,017 |
| 10 | Taiwan | 72,636 | 10 | Singapore | 106,621 |
| 11 | Denmark | 72,310 | 11 | Japan | 94,981 |
| 12 | New Zealand | 65,646 | 12 | Taiwan | 88,158 |
| 13 | Israel | 58,910 | 13 | New Zealand | 87,324 |
| 14 | Australia | 53,799 | 14 | Norway | 86,109 |
| 15 | France | 50,773 | 15 | Ireland | 78,960 |
| 16 | Italy | 49,422 | 16 | France | 72,366 |
| 17 | Austria | 48,416 | 17 | Israel | 70,655 |
| 18 | Germany | 44,769 | 18 | Austria | 68,049 |
| 19 | Ireland | 43,031 | 19 | Germany | 64,510 |
| 20 | Finland | 25,059 | 20 | Italy | 64,417 |
| 21 | Spain | 24,923 | 21 | Finland | 51,521 |
| 22 | South Korea | 24,157 | 22 | South Korea | 43,822 |
| 23 | Norway | 22,039 | 23 | Spain | 42,125 |
| 24 | Portugal | 19,256 | 24 | Portugal | 34,451 |
| 25 | Slovenia | 12,635 | 25 | Greece | 22,750 |
| 26 | Greece | 11,645 | 26 | Slovenia | 18,518 |
| 27 | Chile | 11,491 | 27 | Estonia | 17,732 |
| 28 | Czech Republic | 11,275 | 28 | Czech Republic | 16,278 |
| 29 | Estonia | 11,026 | 29 | Chile | 16,061 |
| 30 | Hungary | 9,178 | 30 | Malaysia | 15,742 |
| 31 | Latvia | 8,578 | 31 | Hungary | 12,114 |
| 32 | Malaysia | 8,379 | 32 | Croatia | 11,919 |
| 33 | China | 7,992 | 33 | Latvia | 11,809 |
| 34 | Croatia | 7,774 | 34 | Lithuania | 10,515 |
| 35 | South Africa | 7,047 | 35 | Slovakia | 10,228 |
| 36 | Lithuania | 6,750 | 36 | China | 10,205 |
| 37 | Bulgaria | 6,455 | 37 | Poland | 9,922 |
| 38 | Mexico | 6,408 | 38 | South Africa | 9,456 |
| 39 | Poland | 6,194 | 39 | Bulgaria | 8,131 |
| 40 | Slovakia | 5,232 | 40 | Mexico | 7,564 |
| 41 | Romania | 4,227 | 41 | Brazil | 5,957 |
| 42 | Peru | 2,237 | 42 | Thailand | 5,903 |
| 43 | Turkey | 2,091 | 43 | Romania | 5,862 |
| 44 | Thailand | 1,986 | 44 | Turkey | 3,901 |
| 45 | Brazil | 1,975 | 45 | Peru | 2,904 |
| 46 | Argentina | 1,309 | 46 | Colombia | 2,829 |
| 47 | Colombia | 1,083 | 47 | Russia | 2,085 |
| 48 | Ukraine | 1,037 | 48 | Argentina | 1,947 |
| 49 | India | 921 | 49 | Kazakhstan | 1,641 |
| 50 | Russia | 902 | 50 | Serbia | 1,495 |
| 51 | Serbia | 862 | 51 | Ukraine | 1,282 |
| 52 | Indonesia | 707 | 52 | Indonesia | 1,162 |
| 53 | Kazakhstan | 406 | 53 | India | 1,038 |
| | World | 20,361 | | World | 27,480 |
| | | | | | |

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