SE

Allianz SE

Annual Report 2011

Allianz

Content

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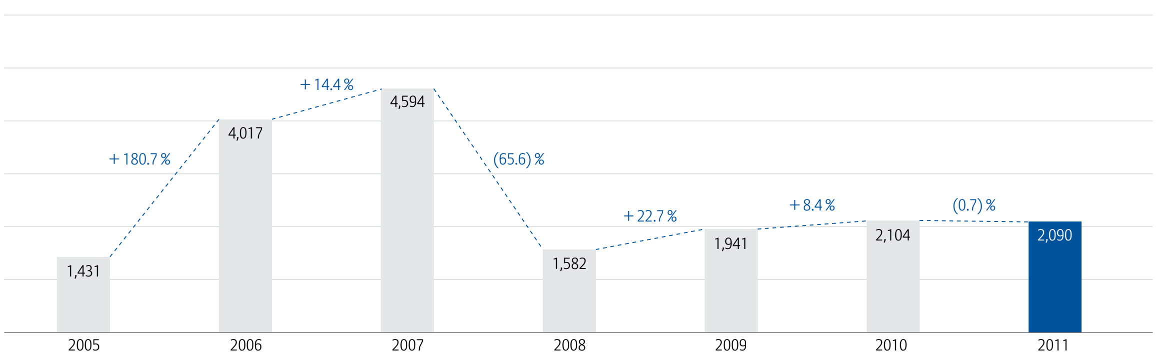
To go directly to any chapter, simply click on the headline or the page number

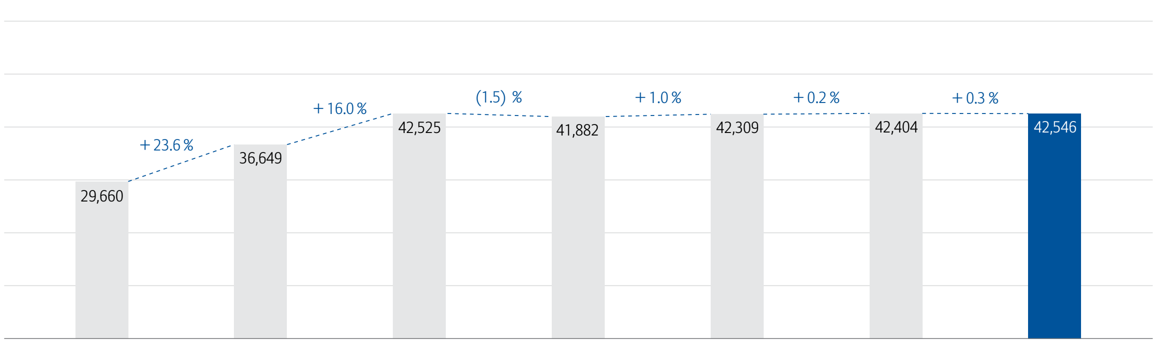
Allianz SE at a Glance

		2011	Change from previous year in %	2010	2009	2008	2007	2006	2005	Details on page
Gross premiums written	€ mn	3,590	(6.9)	3,854	3,811	3,449	3,533	4,386	4,849	▶ 19
Retention	in %	88.2	7.1 pts	81.1	82.9	83.0	67.8	65.5	68.5	▶ 12
Loss ratio (net) Property-Casualty	in %	80.2	12.0 pts	68.2	63.4	61.6	57.8	60.7	62.6	▶ 13
Expense ratio (net) Property-Casualty	in %	27.1	(0.5) pts	27.6	26.7	29.3	28.4	27.6	26.9	▶ 13
Combined ratio (net) Property-Casualty	in %	107.3	11.5 pts	95.8	90.1	90.9	86.2	88.3	89.5	▶ 19
Net underwriting result	€ mn	(163)	n/a	161	325	187	278	315	266	▶ 12
Net technical result	€ mn	58	(42.6)	101	679	(68)	388	365	(125)	▶ 13
Non-technical result	€ mn	1,685	16.1	1,451	983	1,069	3,684	2,687	1,090	▶ 14
Net operating income	€ mn	1,743	12.3	1,552	1,662	1,001	4,072	3,052	965	
Extraordinary result	€ mn	(2)	n/a	178	—	—	—	—	—	▶ 15
Taxes	€ mn	349	(6.7)	374	279	581	522	965	466	▶ 15
Net income	€ mn	2,090	(0.7)	2,104	1,941	1,582	4,594	4,017	1,431	▶ 15
Investments	€ mn	91,626	3.7	88,337	87,442	87,018	84,782	84,624	77,842	▶ 21
Shareholders' equity	€ mn	42,546	0.3	42,404	42,309	41,882	42,525	36,649	29,660	▶ 22
Insurance reserves net	€ mn	10,527	5.3	9,999	9,780	9,850	9,384	10,486	11,509	
Dividend per share	€	4.50[1]	—	4.50	4.10	3.50	5.50	3.80	2.00	▶ 15
Total dividend	€ mn	2,049[1,2]	0.8	2,032	1,850	1,580	2,472	1,642	811	▶ 15
Share price as of December 31	€	73.91	(16.9)	88.93	87.15	75.00	147.95	154.76	127.94	
Market capitalization as of December 31	€ mn	33,651	(16.7)	40,419	39,557	33,979	66,600	66,880	51,949	

NET INCOME | in € mn



SHAREHOLDERS' EQUITY | in € mn



1 | Proposal.
2 | Dividend sum based on total amount of shares. Actual dividend payment will be reduced by the dividend amount attributable to treasury shares.

I. Supervisory Board Report

Ladies and Gentlemen,

During the fiscal year of 2011, the Supervisory Board fulfilled its duties and obligations as provided for under the Statutes and applicable law. We monitored the management of the company and advised the Board of Management regarding the conduct of business. We were directly involved in all major company decisions.

OVERVIEW

Within the framework of our monitoring and advisory activities, the Board of Management informed us on a regular basis, and in a timely and comprehensive manner, both verbally and in writing, on the course of business, as well as the economic and financial development of the Allianz Group and Allianz SE. Further key areas the Board of Management reported on were the company's business strategy, the development of capital resources and special topics such as the effects of the sovereign debt crisis in Europe and the status of implementation of the Solvency II Directive. In addition, we were involved in the Board of Management's planning for both the 2012 fiscal year and the medium term as well as in areas in which actual business development had deviated from the plan.

The Board of Management's reports on the business situation and other topics were supplemented by presentations and documents which members of the Supervisory Board received in preparation for each meeting. Likewise, the annual financial statements of Allianz SE, the consolidated financial statements and the auditor's reports were available to us in time for the meeting. The half-yearly and quarterly financial reports as well as the results of the auditor's review were provided in advance to members of the Audit Committee. The Supervisory Board or the Standing Committee adopted resolutions on Board of Management activities that were subject to approval, such as business contracts or the issuance of shares to employees.

In the 2011 fiscal year, the Supervisory Board held four meetings and one telephone conference. The regular meetings took place in March, May, September and December. Additionally, in February 2011, there was a discussion on the Board of Management's dividend recommendation following the meeting of the Audit Committee in which all members of the Supervisory Board could participate via telephone. The Board of Management informed us in writing of important events that occurred between meetings. The Chairs of the Supervisory Board and Board of Management also held regular discussions about major developments and decisions. All of the Supervisory Board's meetings were attended by every member, except for the March meeting, when a shareholder- and an employee representative were absent with a valid excuse. No conflicts of interest occurred in 2011 that must be disclosed to the Supervisory Board and reported to the Annual General Meeting.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In all of the Supervisory Board's 2011 meetings, the Board of Management reported on Group revenues and results, as well as the capital and financial situation. The Board also reported on developments in individual business divisions. We were regularly informed by the Board of Management about the impact of natural catastrophes, the status of major legal disputes and developments in Allianz SE's stock market price.

The Supervisory Board paid particular attention to the effects of the sovereign debt crisis in Europe. In particular, we focused on possible scenarios and their consequences, especially those related to the solvency ratio and valuation issues. We also conferred with the Board of Management about what action to take in the wake of the market disruptions.

In the Executive Session of its meeting on March 16, 2011, the Supervisory Board adopted a resolution to extend the appointment of Mr. Diekmann to the Board of Management until December 31, 2014. The mandate of Mr. Cucchiani was extended to December 31, 2012, in view of his reaching the age of 61. Afterwards, we reviewed the extent to which individual members of the Board of Management had achieved their targets, and set their variable remuneration accordingly. During the rest of the meeting, we dealt primarily with the annual Allianz SE and consolidated financial statements and the Board of Management's recommendation for the appropriation of profits for the 2010 fiscal year. The commissioned audit firm, KPMG, reported on the results of their audit procedures. The Supervisory Board approved the profit transfer agreement between Allianz SE and Allianz Global Investors AG and the spin-off and transfer agreement between Allianz SE and Allianz Deutschland AG based on the written and verbal explanations from the Board of Management. In addition, it dealt with the agenda for the 2011 Annual General Meeting of Allianz SE and approved the Supervisory Board's proposals to be submitted to it for resolution. A written and verbal report provided by the Board of Management also gave us a detailed picture of the developments and perspectives for the asset management firm PIMCO.

On May 4, 2011, just before the Annual General Meeting, the Board of Management briefed us on first quarter business results and on the Allianz Group's current situation. We also used this meeting to prepare for the Annual General Meeting. Once the Annual General Meeting had elected Mr. Heiß to the Supervisory Board, we chose him to sit on the Risk Committee.

During the meeting on September 15, 2011 the Board of Management reported in detail on the business performance and financial condition of the Allianz Group and the development of its individual segments. As in the previous year, we paid special attention to the strategy of the Allianz Group. The Supervisory Board welcomed the Board of Management's decision to give employees of the Allianz Group in 21 countries the opportunity to buy Allianz shares under favorable conditions. The Standing Committee approved the use of Authorized Capital 2010/II to issue these shares to employees. In the Executive Session, one of the issues we addressed was the reinsurance of pension entitlements. The meeting was followed by a separate session in which members of the Boards of Management within Allianz Group gave presentations on strategic asset investment, global insurance activities, the current status of Allianz Deutschland and the characteristics of life insurance products.

The Board of Management informed us of the third quarter results, further business developments, the situation of the Allianz Group, and the Group's remuneration structures during the meeting on December 14, 2011. We then discussed planning for the 2012 fiscal year, as well as medium-term perspectives. Afterwards, we issued the Declaration of Conformity with the German Corporate Governance Code. In the Executive Session, we adopted a resolution to terminate the appointment and service contract of Dr. Achleitner with effect from May 31, 2012, and of Mr. Cucchiani with effect from December 21, 2011. The decision was taken to allow Mr. Cucchiani to accept the position of CEO of Italian bank, Intesa Sanpaolo SpA, and Dr. Achleitner to comply with Deutsche Bank AG's request to stand for election as Chairman of its Supervisory Board in May 2012. Additionally, we bid farewell to Dr. Faber, who retired. Then, we approved the appointments of Mr. Bhojwani, Dr. Jung, Dr. Wemmer, and Dr. Zimmerer, and their contractual agreements. Dr. Jung and Dr. Wemmer were each appointed for a three-year term. The terms for Mr. Bhojwani and Dr. Zimmerer were set at five years and four years and seven months, respectively, in light of their previous executive roles within the Allianz Group. Based on documentation prepared by the Personnel Committee, the Supervisory Board reviewed the appropriateness of the remuneration of the Board of Management by means of vertical and horizontal comparison. The Supervisory Board followed the recommendation of the Personnel Committee to adjust the fixed remuneration of individual Board of Management members and to set the yearly premiums for their pension schemes for 2012. Taking these changes into account, we concluded that the Board of Management remuneration was appropriate. The Supervisory Board also adopted the targets for the variable remuneration of Board of Management members for 2012, as well as a change of the allocation of targets for the 2010 - 2012 Mid-term bonus, which arose from the changes in the Board of Management. We then used the meeting for our regular review of the efficiency of the Supervisory Board. Based on information prepared by the Standing Committee, we discussed possible improvement opportunities and recorded the appropriate measures for the future. Subsequently, based on the proposal of the Nomination Committee, the shareholder representatives resolved on the candidates to be proposed to the Annual General Meeting 2012 for election to the Supervisory Board as representatives of the shareholders, bearing in mind the objectives defined in December 2010 in respect of the composition of the Supervisory Board.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

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Corporate Governance Report and Statement on Corporate Management

www
/corporate-governance

On December 14, 2011, the Board of Management and the Supervisory Board issued the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act ("Aktiengesetz"). The Declaration was posted on the company website, where it is available to shareholders at all times. Since its last Declaration of Conformity, Allianz SE has complied with all but one of the recommendations made by the Government Commission on the German Corporate Governance Code in its May 26, 2010 version. It will also continue to comply with all but one of its recommendations in the future. Contrary to No. 5.4.6 paragraph 2 sentence 1 of the German Corporate Governance Code, the remuneration for the Supervisory Board as resolved on May 4, 2011 by the Annual General Meeting and specified in the Statutes does not include a performance-based component.

Further explanations on corporate governance in the Allianz Group can be found in the Corporate Governance Report and Statement on Corporate Management, starting on page 55. More information on corporate governance can also be found on the Allianz website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently: the Audit Committee, the Standing Committee, the Personnel Committee, the Risk Committee and the Nomination Committee. The committees prepare the discussion and adoption of resolutions in the plenary sessions. Furthermore, in appropriate cases, the authority to adopt resolutions has been delegated to the committees. There is no Conciliation Committee because the German Co-Determination Act ("Mitbestimmungsgesetz"), which provides for such a committee, does not apply to Allianz SE. Please find on page 58 the composition of the committees at the end of the reporting period.

The STANDING COMMITTEE held three regular meetings in 2011. These related primarily to corporate governance issues, preparations for the Annual General Meeting, the Employee Stock Purchase Plan and a review of the Supervisory Board's efficiency. The committee passed resolutions requiring approval on the use of Authorized Capital 2010/II for the issue of shares to employees, the use of authorization granted by the Annual General Meeting 2010 to issue convertible bonds, and to approve loans to senior executives and board members. At the meeting in September, the committee conducted a review of efficiency, based on a list of topics sent in advance to members.

The PERSONNEL COMMITTEE met six times. The meetings dealt with personnel matters as well as the structure and amount of Board of Management remuneration. The committee prepared the review of the Board of Management's remuneration system, including the main contractual elements, and set the targets for variable remuneration. In addition, it reviewed the achievement of targets by Board of Management members regarding their 2010 Annual bonuses, the allocation of share-based remuneration and the indicative attribution for the 2010 - 2012 Mid-term bonuses. The committee considered on the termination of the appointments and contracts of Dr. Achleitner and Mr. Cucchiani in several meetings. Since Dr. Faber also retired for age reasons at the end of the year, we were very active in finding replacements for these positions on the Board of Management. The Personnel Committee ultimately suggested appointing Mr. Bhojwani, Dr. Jung, Dr. Wemmer and Dr. Zimmerer, and prepared their appropriate contractual agreements. The committee additionally dealt with the external mandates held by Board of Management members in the interests of the Allianz Group.

The AUDIT COMMITTEE held five meetings in fiscal year 2011. Together with the auditors, we discussed the Allianz SE and Allianz Group annual financial statements, management reports and auditor's reports. In addition, the committee checked the half-yearly and quarterly financial reports and, together with the auditors, went through the details of the auditor's review of these financial statements. After carrying out these checks, the Audit Committee saw no reason to raise objections. The committee also reviewed the auditor's engagement and established priorities for the annual audit. In addition, assignments to the auditors for services not connected to the audit itself were discussed. Further topics discussed included the risk management and monitoring system, the compliance system, the internal auditing system and the accounting process, and internal financial reporting control mechanisms. The committee received regular reports from the heads of the Group Audit, Legal and Compliance departments about material audit results as well as legal and compliance issues. At the March meeting, the Board of Management briefed the committee on the Allianz Group's private equity investments. In August, the committee conducted an efficiency review. Based on suggestions by members, we discussed opportunities for improvement and agreed on appropriate measures for the future in the following meeting in November. In the meeting in August, Group Audit also presented the audit plan for 2012.

The RISK COMMITTEE held two meetings in 2011. In both meetings, we discussed the Allianz Group's current risk situation with the Board of Management and dealt with the current status of preparations for the risk-oriented development of the capital requirements for insurance companies (Solvency II). The committee also dealt extensively with the consequences of the sovereign debt crisis in Europe and the risks from natural catastrophes. In addition, we focused on the risk organizational structure. We verified the Risk Report in the management and group management reports as well as other risk-related statements within the annual SE and consolidated financial statements. We then briefed the Audit Committee on our results. In our September meeting, we conducted an efficiency review. We discussed improvement opportunities based on a list of topics that were sent earlier to the members.

The NOMINATION COMMITTEE met twice during the year. In both meetings, we discussed the candidates for election to the Supervisory Board by the Annual General Meeting 2012. Taking into account the objectives for the constitution of the Supervisory Board (see page 59), the committee developed proposals for the shareholders' representatives and introduced them to the plenary session.

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Supervisory Board targets regarding its composition

The Supervisory Board was regularly and comprehensively informed of the committees' work.

CHAIR AND COMMITTEES OF THE SUPERVISORY BOARD | as of December 31, 2011

CHAIRMAN OF THE SUPERVISORY BOARD | Dr. Henning Schulte-Noelle

DEPUTY CHAIRMEN | Dr. Gerhard Cromme, Rolf Zimmermann

AUDIT COMMITTEE | Dr. Wulf Bernotat (Chairman), Igor Landau, Dr. Henning Schulte-Noelle , Jean-Jacques Cette, Jörg Reinbrecht

NOMINATION COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Gerhard Cromme, Prof. Dr. Renate Köcher

PERSONNEL COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Gerhard Cromme, Rolf Zimmermann

RISK COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Prof. Dr. Renate Köcher, Peter Denis Sutherland , Godfrey Robert Hayward, Franz Heiß

STANDING COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Wulf Bernotat , Dr. Gerhard Cromme, Peter Kossubek , Rolf Zimmermann

AUDIT OF ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the special legal provisions applying to insurance companies, the statutory auditor and the auditor of the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE and not by the Annual General Meeting. The Supervisory Board has appointed KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich, as statutory auditor for the annual accounts and the consolidated financial statements as well as for the review of the half-yearly financial report. KPMG audited the financial statements of Allianz SE and Allianz Group as well as the respective management reports. It issued an audit opinion without any reservations. The consolidated financial statements were prepared on the basis of the international financial reporting standards (IFRS), as applied in the European Union. KPMG performed a review of the half-yearly and quarterly financial reports.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from KPMG on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on February 22, 2012. Afterwards, all Supervisory Board members had the opportunity to participate in a telephone discussion on the Board of Management's dividend recommendation. The final financial statements and KPMG's audit reports were reviewed on March 22, 2012 by the Audit Committee and in the Supervisory Board plenary session. The auditors participated in both of these discussions and presented the main results of their audit procedures. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence.

On the basis of our own reviews of the annual Allianz SE and consolidated financial statements, the management and group management report and the recommendation for appropriation of earnings, we raised no objections and agreed with the results of the KPMG audit. We approved the annual Allianz SE and consolidated financial statements prepared by the Board of Management. The company financial statements are therefore adopted. We agree with the Board of Management's proposal on the appropriation of earnings.

The Supervisory Board would like to thank all Allianz Group employees for their great personal efforts over the past year.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Mr. Cucchiani resigned from the Board of Management of Allianz SE with effect from December 21, 2011, and Dr. Faber from December 31, 2011. The Supervisory Board expressed its gratitude for their excellent and very successful work. Mr. Ralph took over Dr. Faber's responsibility for global Asset Management on January 1, 2012.

The Supervisory Board appointed Mr. Bhojwani, Dr. Jung, and Dr. Wemmer to the Board of Management as of January 1, 2012. Mr. Bhojwani was already working for Allianz Group, most recently as CEO of Allianz Life, and has taken over responsibility for Insurance USA from Mr. Ralph. Dr. Jung is responsible for Insurance Iberia & Latin America, Legal & Compliance, Strategic Participations and M&A. She has been with Allianz Group for many years and most recently as head of M&A. Dr. Wemmer took over responsibility for Insurance Western & Southern Europe (excluding German Speaking Countries and Iberia) from Mr. Cucchiani and is additionally responsible for Global Property-Casualty. Before that, Dr. Wemmer was Chief Financial Officer of the Zurich Financial Services Group and Chairman of European business at Zurich Financial Services Group.

Dr. Achleitner will resign from the Board of Management of Allianz SE as of May 31, 2012. The Supervisory Board has appointed Dr. Zimmerer as Dr. Achleitner's successor on the Board, as of June 1, 2012. He will also take over Global Life. Until he joins the Board, Dr. Zimmerer will remain a member of the Board of Management of Allianz Deutschland AG and Chairman of the Board of Management of Allianz Lebensversicherungs-AG.

The Supervisory Board was informed by the Board of Management of the responsibilities of the individual members of the Board of Management and offered its advice in this regard.

Also, in the Supervisory Board, there was a personnel change: Mr. Heiß was appointed to the Supervisory Board initially by the court, effective January 1, 2011, as successor to Mr. Grimm, who resigned from the Supervisory Board with effect from December 31, 2010. On May 4, 2011, the Annual General Meeting elected Mr. Heiß to the Supervisory Board. The current term of the Supervisory Board expires following the Annual General Meeting in 2012.

As I do not stand for reelection due to reaching the age limit of the Supervisory Board, 37 years of service for the Allianz are coming to an end. It is my sincere desire to cordially thank you, dear shareholders, for your well received support and trust throughout many years.

Munich, March 22, 2012

For the Supervisory Board:

Dr. Henning Schulte-Noelle
Chairman

I. Supervisory Board

DR. HENNING SCHULTE-NOELLE
Chairman
Former Chairman of the Board of Management, Allianz AG

DR. GERHARD CROMME
Vice Chairman
Chairman of the Supervisory Board, ThyssenKrupp AG

ROLF ZIMMERMANN
Vice Chairman
Employee, Allianz Deutschland AG

DR. WULF BERNOTAT
Former Chairman of the Board of Management, E.ON AG

JEAN-JACQUES CETTE
Secretary of the Group Works Council, Allianz France S.A.

GODFREY ROBERT HAYWARD
Employee, Allianz Insurance plc

FRANZ HEISS
Employee, Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER
Director, Institut für Demoskopie Allensbach

PETER KOSSUBEK
Employee, Allianz Deutschland AG

IGOR LANDAU
Member of the Administrative Board, Sanofi-Aventis S.A.

JÖRG REINBRECHT
Union Secretary, ver.di Bezirk Hannover

PETER DENIS SUTHERLAND
Chairman, Goldman Sachs International

I. Board of Management

MICHAEL DIEKMANN

Chairman of the Board of Management

DR. PAUL ACHLEITNER

Finance
until May 31, 2012

OLIVER BÄTE

Controlling, Reporting, Risk
as of June 1, 2012, also Investor Relations

MANUEL BAUER

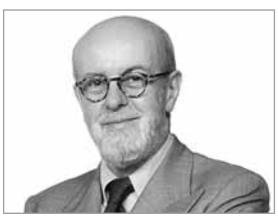
Insurance Growth Markets

GARY BHOJWANI

Insurance USA
since January 1, 2012

CLEMENT BOOTH

Global Insurance Lines & Anglo Markets



ENRICO CUCCHIANI

Insurance Europe (& South America)
until December 21, 2011

DR. JOACHIM FABER

Asset Management (Worldwide)
until December 31, 2011

DR. HELGA JUNG

Insurance Iberia & Latin America ,
Legal & Compliance, M&A
since January 1, 2012

DR. CHRISTOF MASCHER

Operations

JAY RALPH

Insurance NAFTA Markets
until December 31, 2011

Asset Management (Worldwide)
since January 1, 2012

DR. DIETER WEMMER

Insurance Western & Southern Europe
since January 1, 2012

DR. WERNER ZEDELIUS

Insurance German Speaking Countries,
Human Resources

DR. MAXIMILIAN ZIMMERER

Finance
as of June 1, 2012

II. Management Report of Allianz SE

EXECUTIVE SUMMARY AND OUTLOOK

OPERATIONS BY REINSURANCE LINES OF BUSINESS

BALANCE SHEET REVIEW

LIQUIDITY AND FUNDING RESOURCES

RISK REPORT

CORPORATE GOVERNANCE REPORT AND STATEMENT ON CORPORATE MANAGEMENT

REMUNERATION REPORT

OTHER INFORMATION

II. Executive Summary and Outlook

- Net underwriting result turned negative to € (163) mn due to the extraordinary high impact of natural catastrophes.
- Net income of € 2,090 mn on previous year's level.
- Proposed dividend of € 4.50 per share.

Earnings Summary

CONDENSED INCOME STATEMENT

	2011 € mn	2010 € mn
Gross premiums written	**3,590**	**3,854**
Premiums earned (net)	3,219	3,151
Claims (net)	(2,622)	(2,253)
Underwriting expenses (net)	(895)	(868)
Other technical reserves (net)	135	131
Net underwriting result	**(163)**	**161**
Change in claims equalization and similar reserves	221	(60)
Net technical result	**58**	**101**
Investment result	2,784	2,604
Allocated interest return	(136)	(127)
Other non-technical result	(963)	(1,026)
Non-technical result	**1,685**	**1,451**
Net operating income	**1,743**	**1,552**
Extraordinary result	(2)	178
Taxes	349	374
Net income	**2,090**	**2,104**

NET UNDERWRITING RESULT

In view of the soft market conditions and the flat rate development in 2011, Allianz SE continued to follow its selective underwriting approach.

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Gross Premiums Written

GROSS PREMIUMS WRITTEN decreased as anticipated by 6.9 % to € 3,590 mn (2010: € 3,854 mn). In addition to the non-renewal of a sizeable quota share from another reinsurer, premium income was reduced in motor reinsurance and extended coverage mainly from external partners. This decline was partially offset by life reinsurance business recording a growth of 7.8 %.

Due to the termination of a big retrocession treaty, net retention increased to 88.2 % in 2011 (2010: 81.1 %) and the PREMIUMS EARNED (NET) grew to € 3,219 mn (2010: € 3,151 mn).

Severe earthquakes (particularly in New Zealand and Japan) and numerous weather-related catastrophes led to 2011 recording the year with the highest natural catastrophe losses ever. This hit the reinsurance industry and our portfolio significantly. These losses amounted to € 753 mn for the calendar year 2011 (2010: € 385 mn) and negatively impacted the accident year loss ratio (net) by 26.5 percentage points. As a result the accident year loss ratio (net) in Property-Casualty reinsurance increased sharply to 88.5 % (2010: 74.1 %).

NATURAL CATASTROPHE EVENTS

	Loss for Allianz SE € mn
MAJOR EVENTS IN 2011	
Earthquake New Zealand (February)	233
Flood Thailand	200
Earthquake Japan	121
Storms Germany	63
Flood Brisbane / Toowoomba, Australia	43
Other	93
Total	**753**
MAJOR EVENTS IN 2010	
Hailstorm Perth, Australia	84
Earthquake New Zealand	69
Hailstorm Victoria, Australia	62
Earthquake Chile	42
Other	128
Total	**385**

In combination with a positive run-off result of € 236 mn (2010: € 166 mn) mainly in credit and bond reinsurance and short-tail business like fire and motor reinsurance, the calendar year loss ratio (net) in Property-Casualty reinsurance amounted to 80.2 % (2010: 68.2 %).

The expense ratio (net) in Property-Casualty reinsurance improved to 27.1 % (2010: 27.6 %) driven by a decrease in the commission ratio by 0.6 percentage point to 24.8 % (2010: 25.4 %). This was mainly due to less expenses from external business written in Singapore and Zurich. The administrative expense ratio remained almost stable with 2.3 % (2010: 2.2 %).

The **NET UNDERWRITING RESULT** of € (163) mn (2010: plus € 161 mn) is clearly below the previous year's result and primarily reflects the extraordinary high impact of the natural catastrophes that mainly affected the Asia-Pacific region.

NET TECHNICAL RESULT

The **NET TECHNICAL RESULT** amounted to € 58 mn (2010: € 101 mn). The impact of natural catastrophes was mitigated by a positive reaction of the **CHANGE IN CLAIMS EQUALIZATION AND SIMILAR RESERVES**.

101 Insurance Reserves

Whilst in 2010 these reserves increased by € 60 mn primarily driven by below-average claims in credit and bond reinsurance, the 2011 net technical result includes a release of € 221 mn mainly in fire and 'other reinsurance lines'. This reflects the fact that both lines of business recorded claims far above-average due to the high losses incurred by natural catastrophes.

NON-TECHNICAL RESULT

INVESTMENT RESULT

	2011 € mn	2010 € mn	Change € mn
Investment income			
Income from profit transfer agreements	1,392	1,421	(29)
Income from affiliated enterprises and participations	2,929	2,383	546
Income from other investments	618	515	103
Realized gains	646	369	277
Income from reversal of impairments	43	60	(17)
Subtotal	**5,628**	**4,748**	**880**
Investment expenses			
Expenses for the management of investments, interest and other investment-related expenses	(1,439)	(1,205)	(234)
Depreciations and impairments of investments	(1,097)	(715)	(382)
Realized losses	(123)	(91)	(32)
Expenses for losses taken over	(185)	(133)	(52)
Subtotal	**(2,844)**	**(2,144)**	**(700)**
Investment result	**2,784**	**2,604**	**180**

The **INVESTMENT RESULT** increased by € 180 mn to € 2,784 mn.

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Investment Income and Expenses

INCOME FROM PROFIT TRANSFER AGREEMENTS slightly declined by € 29 mn to € 1,392 mn. Lower profit transfers from Allianz Deutschland AG and Allianz Global Corporate and Specialty AG, which decreased by € 167 mn to € 936 mn and by € 92 mn to € 187 mn, respectively, were almost compensated for by a € 228 mn profit transfer from Allianz Global Investors AG based on a new profit transfer agreement set up in 2011.

The increase of **INCOME FROM AFFILIATED ENTERPRISES AND PARTICIPATIONS** by € 546 mn to € 2,929 mn is primarily attributable to a higher dividend payment from Allianz Europe B.V., which rose by € 586 mn to € 1,029 mn. The 2011 result is also driven by dividend payments from Allianz of America, Inc. amounting to € 1,848 mn.

INCOME FROM OTHER INVESTMENTS rose by € 103 mn to € 618 mn due to a higher volume of investments in interest bearing funds.

REALIZED GAINS increased by € 277 mn to € 646 mn. These mainly resulted from the reorganization of holding structures concerning our subsidiaries Allianz Versicherungs-AG (€ 427 mn) and Allianz Private Krankenversicherungs-AG (€ 51 mn) as well as the sale of bonds (€ 135 mn).

EXPENSES FOR THE MANAGEMENT OF INVESTMENTS, INTEREST AND OTHER INVESTMENT-RELATED EXPENSES rose by € 234 mn to € 1,439 mn due to higher interest expenses in line with increased intra-group financial liabilities. This partly reflects the transfer of proceeds from a new € 2.0 bn subordinated bond issued by Allianz Finance II B.V., Amsterdam.

DEPRECIATIONS AND IMPAIRMENTS OF INVESTMENTS increased by € 382 mn to € 1,097 mn. The impairments in 2011 mainly resulted from a € 581 mn write-down of our shares in Commerzbank AG, write-downs of our shares in affiliated enterprises amounting to € 385 mn and impairment charges on our bond portfolio (€ 94 mn).

REALIZED LOSSES rose by € 32 mn to € 123 mn and were mainly attributable to the sale of bonds (€ 81 mn).

EXPENSES FOR LOSSES TAKEN OVER increased by € 52 mn to € 185 mn, primarily due to € 34 mn in losses from an investment holding company, which resulted from write-downs on listed shares, and higher losses from our service provider Allianz Managed Operations & Services SE which increased by € 34 mn.

OTHER NON-TECHNICAL RESULT

The **OTHER NON-TECHNICAL RESULT** improved from € (1,026) mn to € (963) mn, mainly due to a € 344 mn better foreign currency translation result. The expenses for financial guarantees increased by € 171 mn and the derivatives result went down by € 90 mn.

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Other non-technical Result

EXTRAORDINARY RESULT

The conversion expenses for the pension provisions resulting from the first-time application of the German Accounting Law Modernization Act ("Bilanzrechtsmodernisierungsgesetz" – BilMoG) in 2010 are distributed over a period of up to fifteen years. This led to an **EXTRAORDINARY EXPENSE** of € 2 mn in 2011. For more details see note 24.

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Extraordinary Result

TAXES AND NET INCOME

As far as legally permissible, Allianz SE serves as the controlling company ("Organträger") of the tax group for German subsidiaries - with the important exception of Allianz Lebensversicherungs-AG. Allianz SE files consolidated tax returns for this German tax group.

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Taxes

For the use of tax losses, Allianz SE was reimbursed € 441 mn in 2011 (2010: € 438 mn) by Allianz Group companies, that recorded taxable income in 2011. The current tax charge of Allianz SE amounts to € 84 mn.

After the positive tax result, **NET INCOME** amounted to € 2,090 mn (2010: € 2,104 mn).

Proposal for Allocation of Profits

The Board of Management and the Supervisory Board propose that the available net earnings ("Bilanzgewinn") of Allianz SE of € 2,048,850,000 for the 2011 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 4.50 per no-par share entitled to a dividend: € 2,036,533,689
- Unappropriated earnings carried forward: € 12,316,311

The proposal for appropriation of net earnings reflects the 2,736,958 treasury shares held directly and indirectly by the Company at the time of the publication of the convocation of the Annual General Meeting in the Electronic Federal Gazette. Such treasury shares are not entitled to the dividend pursuant to § 71b of the German Stock Corporation Act (AktG)[1]. Should there be any change in the number of shares entitled to the dividend until the date of the Annual General Meeting, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the Annual General Meeting, with an unchanged dividend of € 4.50 on each share entitled to dividend. dividends pursuant to § 71 b AktG, the amount attributable to such shares shall be carried forward.

1 | The provisions of the German Stock Corporation Act (Aktiengesetz) apply to the Company pursuant to Art. 9 (1) lit. c) ii), Art. 10 of the Council Regulation (EC) No. 2157/2001 dated October 8, 2001 on the Statute for a European company (SE) (hereinafter SE-Regulation or SE-VO), insofar as nothing else is stipulated in special rules of the SE-Regulation.

Business Outlook

The outlook provided here assumes that there is only a limited impact of severe shocks such as major geopolitical tensions, sovereign debt crises in large industrial countries or currency and trade wars.

Our outlook is based on the following assumptions:

- Moderate global economic growth
- Interest rates remain low
- No dramatic interest rate movements
- No disruptive fiscal or regulatory interference
- A more average level of claims from natural catastrophes
- No severe disruptions of the capital markets

Allianz SE provides a broad range of REINSURANCE coverage, primarily to Allianz insurance entities (Group internal business) but also to third-party customers (external business). This includes Property-Casualty as well as Life/Health business on both proportional and non-proportional basis. Due to the wide spread of exposures underwritten by type of business and geography, Allianz SE's portfolio is well diversified.

The Group uses Allianz SE in particular as a vehicle for active management of its overall exposures to natural catastrophes. Within a Group-wide risk management framework, each operating entity is responsible for controlling its exposures to individual catastrophes, and decides its local reinsurance requirements based on its local risk appetite and capital position. The respective cover is then written by Allianz SE or one of its subsidiaries. At Group level, the Allianz SE Board approves the risk appetite. The reinsurance division is then responsible for designing and implementing Group catastrophe protections within given exposure limits. These covers take various forms and aim to protect the Group against excess losses from major natural catastrophes. However, there is still the potential for unexpected frequency and/or severity of catastrophic events in any one year to materially impact the results of Allianz SE. The top five residual risk exposures at the Group level are summarized on page 46.

Results from the renewals of reinsurance contracts for 2012 vary by region and line of business with rates and conditions remaining stable overall. We anticipate slightly lower GROSS PREMIUMS WRITTEN of € 3.5 bn and a NET UNDERWRITING RESULT between € 150 mn and € 170 mn for 2012. We expect a moderate growth in premiums and results for 2013. It should be noted that in extreme cases the actual result may vary by several hundred million Euros as the reinsurance business is by nature volatile in terms of frequency and severity of losses.

For 2012, we expect a nearly stable investment result and for 2013 a higher one. We estimate that slight fall in interest income in 2012 and 2013 will, to a large extent, be compensated for by higher income from affiliated enterprises and participations. In our investment result forecast we do not plan impairments on strategic investments.

In addition, we expect for 2012 and 2013 an improvement in other non-technical results. In our forecast, we do not plan foreign exchange gains or losses and results on derivatives. These effects can significantly affect the net income of Allianz SE.

In spite of a planned increase in net operating income for 2012 and 2013, Allianz SE expects a negative taxable result in each period. Therefore, tax receivables from entities in the tax group will produce a tax income.

Despite sovereign debt crisis in 2011, we reached a stable net income of € 2.1 bn. We expect an increasing net income in 2012 and 2013, except in the case of huge deviations from the assumptions stated here. Overall, we believe that the results and financial position of Allianz SE will continue to progress well in the following years. However, due to the volatile economic environment, it is difficult to make concrete predictions concerning our net income development.

Economic Outlook

Following a dip in late 2011 and early 2012, the world economy is likely to regain some momentum as the year progresses. Global output is expected to grow moderately by 2.8 % in 2012 and by 3.3 % next year (2011: 2.8 %). On both sides of the Atlantic, public and private sector efforts to adjust to high debt levels will continue to restrain economic activity. Monetary policy, however, is still very accommodative in the United States, Japan and Europe and favorable financing conditions are providing economic impetus for private households and the corporate sector. Monetary tightening is unlikely to materialize before 2013 in the Eurozone. In the United States it might take even longer. The emerging markets remain a key driver of global growth and their importance in the world economy continues to rise. We expect emerging markets to grow by 5.3 % this year and 5.9 % next year.

The U.S. economy will probably stabilize in 2012 and record higher growth than in 2011. We forecast growth rates of between 2.0 % and 2.3 % this year and next (2011: 1.7 %). In the Eurozone, economic activity is likely to rise only marginally in 2012. While fiscal austerity will act as a headwind, the global upswing, a weaker currency and supportive monetary policy should foster economic growth. Economies with high consolidation needs may stagnate or shrink. However, GDP in the Eurozone as a whole is expected to rise by 0.3 % in 2012 and 1.3 % in 2013. Growth in the German economy will be above the Eurozone average thanks to robust domestic demand, a stable labor market and relatively low public sector consolidation needs. Following real GDP growth of 1.0 % this year, we expect an increase of 1.8 % next year.

Growth will only take off in Europe if the European sovereign debt crisis does not escalate to the extent that states default or are forced out of the Eurozone. Even for such adverse scenarios, we have to be prepared and have taken several steps to mitigate possible impacts. We still expect the debt crisis to abate slowly in the course of this year as E.U. summit decisions are implemented, public finances continue to consolidate and ECB measures prove effective in preventing a credit crunch.

26 Risk Report

Other risks that could severely dampen the economic outlook include a possible disruption to global oil supplies due to geopolitical tensions, a renewed flare-up of the banking crisis, and social unrest.

Although financial market jitters regarding the European sovereign debt crisis have eased somewhat, German government bonds are still considered a “safe haven”, with yields on 10-year bonds below 2.0 %. In 2012, with the “safe haven” effect starting to fade somewhat, yields on German government bonds are likely to creep up towards 2.5 % to 3.0 %, which is more in line with macroeconomic fundamentals. As far as the stock market is concerned, solid corporate earnings, low interest rates and relatively attractive price/earning-ratios provide a sound foundation for a significant recovery of equities. However, a renewed pickup in risk aversion cannot be ruled out, which would send stock markets south again.

Industry Outlook

As the global economy recovers during 2012 and 2013, we expect growth in the insurance industry to pick up too. Throughout the period we anticipate that industry growth in emerging markets will remain robust and outpace industrialized markets.

We anticipate the financial turbulence of the last few years to continue until markets are confident the sovereign debt crisis has been resolved by policymakers. As this may take some time we expect continued pressure on insurers’ balance sheets and further investment de-risking, continuing the trend established several years ago. The pace of this de-risking could intensify further if the Solvency II legislation is implemented in its current form. Following a phase-in period, full implementation of Solvency II is now expected to be further delayed until at least 2014, although many important technical issues are still under discussion.

In the NON-LIFE sector, we anticipate that prices – which slowly increased in 2011 – will continue to rise during 2012 and 2013. Typically, these cyclical trends tend to be fairly robust and are only loosely linked with the economic and financial environment. This momentum is being driven by a combination of underwriting losses caused by years of under-pricing and heavy catastrophe losses in 2010 and 2011, a less favorable development related to claims reserves and lower investment yields. In addition, we expect demand to be stronger with the introduction of new catastrophe models in the United States and Europe, a pick-up in economic growth and increased penetration of insurance policies in emerging markets. Overall, we expect underwriting margins to expand moderately in 2012 and 2013 while also anticipating that the delayed effects of the lingering soft market, which includes significant under-pricing, will manifest itself unevenly across individual companies.

In the LIFE sector, we expect relatively low interest rates to continue, limiting sales and profitability in mature markets, but growth in emerging markets is expected to remain robust. At the product level, traditional offerings will be less favored by insurers due to the high cost of providing guarantees and stringent capital requirements. Competition with banks in the short-term savings market is also expected to remain intense - to the detriment of bancassurance life sales. If low interest rates continue as anticipated, we also envisage that the life business mix will continue to slowly evolve towards more profitable unit-linked and protection business. As this shift takes place we expect new business profitability and the quality of earnings to improve.

Due to the significant level of uncertainty regarding the further development of the global economy as well as the surrounding political conditions, financial markets are expected to remain highly volatile throughout 2012 and beyond. This uncertain outlook weighs on investors' sentiment, leading to muted flow expectations for the entire ASSET MANAGEMENT industry. Assuming that economic growth rates in the main OECD markets will continue to lag behind the long term trends for the time being, due to high national debt levels and the growing propensity of private households to save, the short-term growth prospects of the Asset Management industry would appear to be limited to some extent by the conditions in the market environment, both in the fixed income and the equity space. Further, it is hard to tell whether and which potential repercussions will impact the Asset Management industry as a result of the ongoing uncertainty about the development of the global regulatory environment (e.g. due to potentially increased administrative and equity requirements). A lot will depend on staying focused on clients' needs and manage their portfolios to achieve above-benchmark investments results. We have positioned ourselves to deal with the current market ambiguity, although we will certainly depend on the overall trends in investors' behavior. However, we are confident that the broad range of investment solutions we offer will enable us to capture flows even in an environment of fickle and highly diverse investors' preferences and expectations.

II. Operations by Reinsurance Lines of Business

GROSS PREMIUMS WRITTEN fell by 6.9 % to € 3,590 mn (2010: € 3,854 mn) mainly caused by a decreased business volume in motor, extended coverage and engineering reinsurance that is only partially compensated by higher premium income from life reinsurance.

Overall premium income originated primarily from the Allianz Group's internal business. In addition, Allianz SE writes business from selected external partners.

In comparison to previous years, losses from natural catastrophes increased substantially and amounted to € 753 mn in 2011 (2010: € 385 mn). These events can hit different reinsurance lines of business depending on the cover affected.

GROSS PREMIUMS WRITTEN AND NET TECHNICAL RESULT BY REINSURANCE LINES OF BUSINESS[1]

	Gross premiums written			Combined ratio Property-Casualty only		Change in claims equalization and similar reserves		Net technical result	
	2011 € mn	2010 € mn	Change in %[2]	**2011** in %	2010 in %	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn
Fire and property reinsurance	1,207	1,316	(8.3)	124.2	89.9	194	14	(39)	112
thereof:									
Fire	417	423	(1.5)	182.5	81.7	194	14	(27)	71
Household and homeowner	168	161	3.9	92.5	94.3	—	—	8	5
Engineering	166	212	(21.6)	83.5	90.8	—	—	26	17
Business interruption	105	124	(15.2)	149.6	84.2	—	—	(48)	17
Other property reinsurance	351	396	(11.4)	99.1	99.0	—	—	2	2
Motor	601	698	(13.8)	106.0	113.5	1	18	(19)	(56)
Life	324	301	7.8	—	—	—	—	26	22
Personal accident	285	290	(1.7)	99.6	101.9	—	—	17	27
Liability	276	282	(2.2)	79.8	92.9	(10)	(10)	40	7
Credit and bond	263	272	(3.3)	59.3	81.4	(89)	(48)	4	—
Marine and aviation	108	131	(18.0)	75.5	89.1	24	(12)	49	1
Legal expenses	72	72	(0.2)	102.0	94.0	3	(2)	1	1
Health	56	57	(2.2)	—	—	—	—	0	(1)
Other lines	398	435	(8.3)	131.3	97.7	98	(20)	(21)	(12)
Total	**3,590**	**3,854**	**(6.9)**	**107.3**	**95.8**	**221**	**(60)**	**58**	**101**

The **FIRE REINSURANCE** portfolio remained stable with gross premiums written of € 417 mn (2010: € 423 mn). The severe deterioration of the combined ratio by 100.8 percentage points to 182.5 % (2010: 81.7 %) was due to the impact of losses incurred by natural catastrophes. These included the earthquakes in New Zealand (February) and Japan with fire losses of € 209 mn and € 101 mn for Allianz SE, respectively. The combined effect of all natural catastrophes on the accident year loss ratio amounted to 122.3 percentage points. As a result of the above-average claims burden, € 194 mn of equalization and similar reserves were released, mitigating the net technical result to € (27) mn.

The **HOUSEHOLD AND HOMEOWNER REINSURANCE** portfolio grew moderately with a premium income of € 168 mn (2010: € 161 mn) and a slightly better combined ratio of 92.5 % (2010: 94.3 %). This was in spite of € 20 mn losses incurred by a series of storms in Germany.

ENGINEERING REINSURANCE premium volume decreased by 21.6 % to € 166 mn (2010: € 212 mn) mainly following lower cessions from external clients. Driven by less accident year claims and a positive run-off, the combined ratio improved to 83.5 % (2010: 90.8 %) and the net technical result to € 26 mn (2010: € 17 mn).

Premium income from **BUSINESS INTERRUPTION REINSURANCE** decreased by € 19 mn to € 105 mn (2010: € 124 mn) mainly due to less external business written by the Singapore and Zurich branches. The combined ratio

1 | Presentation of reinsurance lines of business changed - previous year's numbers were adjusted.
2 | For lines of business on the basis of the accurate, non-rounded amount.

deteriorated by 65.4 percentage points to 149.6 % (2010: 84.2 %) as this line of business was affected by € 96 mn losses from natural catastrophes in the Asia-Pacific region including € 81 mn incurred by the flood affecting Thailand for several months.

OTHER PROPERTY REINSURANCE includes extended coverage for fire and business interruption as well as hail, storm, water damage, animal, burglary and omnium reinsurance. Premium income dropped from € 396 mn in 2010 to € 351 mn in 2011, mainly following a decrease in extended coverage provided to external clients that was only partially offset by a higher volume of hail reinsurance. This line of business was again impacted by high losses from natural catastrophes including € 83 mn for storms and floods in Australia and € 17 mn for earthquakes in New Zealand. As a result the combined ratio stayed with 99.1 % at the high level of 2010 (99.0 %).

Premium income in MOTOR REINSURANCE decreased by 13.8 % to € 601 mn (2010: € 698 mn), mainly driven by non-renewal of external business in the Asia-Pacific region. The combined ratio improved by 7.5 percentage points to 106.0 % (2010: 113.5 %) following better results at the Singapore branch and the release of prior year loss reserves mainly for non-proportional business. The results, however, remained unsatisfactory and continued to suffer from a high level of accident year claims in Germany, including € 19 mn losses caused by a series of summer storms.

In LIFE REINSURANCE, the premium volume increased to € 324 mn (2010: € 301 mn) primarily thanks to a growing volume from the All Net business. All Net is a network of Allianz life companies and external insurers providing employee benefit programs to international clients around the world for life, disability, medical, accident and pension risks. The net technical result followed the positive trend of the premium income and increased to € 26 mn (2010: € 22 mn).

The portfolio of PERSONAL ACCIDENT REINSURANCE remained stable at € 285 mn premium income (2010: € 290 mn) and is dominated by business ceded from Allianz Versicherungs-AG.

Premium income for LIABILITY REINSURANCE was almost unchanged at € 276 mn (2010: € 282 mn) with Group internal clients in Germany as major cedents. The combined ratio improved by 13.1 percentage points to 79.8 % (2010: 92.9 %) following a better accident year loss development and a positive run-off, including the settlement of a major liability claim in Switzerland.

Gross premiums written in CREDIT AND BOND REINSURANCE shrank slightly by € 9 mn to € 263 mn (2010: € 272 mn). Despite single large claims the combined ratio improved significantly by 22.1 percentage points to 59.3 % (2010: 81.4 %) benefiting from a very positive overall development of the cedents' results. The below-average losses triggered an increase in equalization and similar reserves of € 89 mn.

The premium volume in MARINE AND AVIATION REINSURANCE dropped by € 23 mn to € 108 mn (2010: € 131 mn). The combined ratio improved to 75.5 % (2010: 89.1 %), as in 2011 aviation reinsurance recorded extraordinarily low losses and in 2010 the marine portfolio had been negatively affected by results from Group internal German business.

Gross premiums written for LEGAL EXPENSES REINSURANCE remained unchanged at € 72 mn while the combined ratio worsened to 102.0 % (2010: 94.0 %), mainly driven by losses ceded from Allianz Versicherungs-AG.

The HEALTH REINSURANCE portfolio was stable with a premium income of € 56 mn (2010: € 57 mn) and a net technical result of € 0 mn (2010: € (1) mn).

In OTHER REINSURANCE LINES premium volume decreased by € 37 mn to € 398 mn (2010: € 435 mn). This included a drop of € 28 mn in other property-damage reinsurance driven mainly by non-renewal of external business. The combined ratio increased by 33.6 percentage points to 131.3 % (2010: 97.7 %) primarily due to losses incurred by natural catastrophes mostly in the Asia-Pacific region and in Europe. These included € 118 mn for the flood in Thailand, € 18 mn for several German storms and € 10 mn for floods and storms in Australia. Therefore, the net technical result remained negative and declined to € (21) mn (2010: € (12) mn) after a release in equalization reserves of € 98 mn.

Other reinsurance lines include the following reinsurance lines:

- emergency assistance
- fidelity & political risk
- motor extended warranty
- other property and casualty business

II. Balance Sheet Review

- Stable shareholders' equity of € 42.5 bn.

Condensed Balance Sheet

	2011 € mn	2010 € mn
ASSETS		
Intangible assets	448	506
Investments	91,626	88,337
Receivables	4,362	3,726
Other assets	261	172
Deferred charges and prepaid expenses	279	231
Total assets	**96,976**	**92,972**
EQUITY AND LIABILITIES		
Shareholders' equity	42,546	42,404
Insurance reserves net	10,527	9,999
Other provisions	4,862	4,428
Funds held with reinsurance business ceded	85	490
Payables on reinsurance business	480	446
Subordinated liabilities	9,060	6,931
Other financial liabilities	29,386	28,246
Deferred income	30	28
Total equity and liabilities	**96,976**	**92,972**

Investments

	2011 € mn	2010 € mn
Real estate	299	307
Investments in affiliated enterprises and participations	70,628	69,719
Other investments	16,698	14,371
Funds held by others under reinsurance business assumed	4,001	3,940
Investments	**91,626**	**88,337**

INVESTMENTS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS went up from € 69.7 bn to € 70.6 bn. The higher book value mainly results from capital increases totaling € 1.4 bn, and an additional € 0.5 bn of intra-group loans, which were partly compensated for by impairments of € 1.0 bn. The amount of impairments includes a € 0.6 bn write-down of our shares in Commerzbank AG.

96 Market Value of Investments

More details regarding this position are explained in note 4.

OTHER INVESTMENTS increased from € 14.4 bn to € 16.7 bn due to higher deposits with banks (€ 1.6 bn) and investments in loans (€ 1.1 bn). This was partly compensated for by lower investments in debt securities (€ 0.4 bn).

At the end of 2011, € 11.6 bn of the total other investments were invested in fixed income securities, of which € 5.5 bn were government bonds. As of December 31, 2011 our exposure to Greek and Italian government bonds amounted to € 0.2 bn, equally split between Greece and Italy.

FUNDS HELD BY OTHERS UNDER REINSURANCE BUSINESS ASSUMED slightly increased to € 4.0 bn (2010: € 3.9 bn).

As of December 31, 2011, the fair value of investments amounted to € 98.1 bn (2010: € 98.6 bn). The carrying amount of these investments on the balance sheet was € 91.6 bn (2010: € 88.3 bn).

Receivables

Receivables rose from € 3.7 bn to € 4.4 bn, mainly driven by an increase of other receivables (€ 0.7 bn). This was offset by a decrease in accounts receivables on reinsurance business (€ 0.1 bn). The increase of other receivables mainly resulted from higher receivables from dividends (€ 0.8 bn) and lower receivables from cash pooling (€ 0.1 bn).

Shareholders' Equity

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Shareholders' Equity

As of December 31, 2011, our shareholders' equity amounted to € 42.5 bn (2010: € 42.4 bn). The € 2.0 bn net earnings in 2011 and the dividend payments for 2010 of € 2.0 bn largely offset each other. The slight increase was primarily due to the capital increase for the Employee Stock Purchase Plan and the allocation to revenue reserves.

For the Employee Stock Purchase Plan, 800,000 shares were issued in 2011, leading to an allocation of € 2 mn to the issued capital and € 50 mn to the additional paid-in capital.

Regarding the issue of convertible subordinated notes, the paid-in capital was increased by an option premium to the tune of € 26 mn.

A total of € 54 mn from net income has been allocated to revenue reserves. The Board of Management proposes to use the net earnings of € 2,049 mn less unappropriated earnings carried forward for dividend payments.

	Issued shares	Issued capital € thou	Mathematical value own shares € thou	Additional paid-in capital € thou	Revenue reserves € thou	Net earnings € thou	December 31 € thou
December 31, 2010	454,500,000	1,163,520	(7,252)	27,522,959	11,679,410	2,045,250	42,403,887
Capital increase Employee Stock Purchase Plan	800,000	2,048	—	50,120	—	—	52,168
Own shares	—	—	200	—	9,010	—	9,210
Own shares: realized gains	—	—	—	820	—	—	820
Own shares: realized losses	—	—	—	—	(3,286)	—	(3,286)
Dividend payment for 2010	—	—	—	—	—	(2,032,276)	(2,032,276)
Unappropriated earnings carried forward	—	—	—	—	—	(12,974)	(12,974)
Option Premium Convertible Notes	—	—	—	25,975	—	—	25,975
Allocation to revenue reserves	—	—	—	—	53,907	—	53,907
Net earnings	—	—	—	—	—	2,048,850	2,048,850
December 31, 2011	455,300,000	1,165,568	(7,052)	27,599,874	11,739,041	2,048,850	42,546,281

Insurance Reserves and Other Provisions

Please refer to notes 12 and 13 for information on INSURANCE RESERVES and OTHER PROVISIONS.

Financial Liabilities

As of December 31, 2011, Allianz SE had the following outstanding FINANCIAL LIABILITIES:

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Maturity of Financial Liabilities

	2011 € mn	2010 € mn
Intra-group subordinated liabilities	5,934	3,855
Third-party subordinated liabilities	3,126	3,076
Subordinated liabilities	**9,060**	**6,931**
Bonds issued to Group companies	6,405	6,798
Liabilities to banks	1,187	2,073
Other intra-group financial liabilities	20,704	17,694
Other third-party financial liabilities	1,090	1,681
Other financial liabilities	**29,386**	**28,246**
Total financial liabilities	**38,446**	**35,177**

Of these financial liabilities, € 33.0 bn (2010: € 28.3 bn) were intra-group liabilities.

SUBORDINATED LIABILITIES increased to € 9.1 bn (2010: € 6.9 bn). € 6.0 bn (2010: € 3.9 bn) were intra-group liabilities resulting from the issuance of subordinated bonds by Allianz Finance II B. V., Amsterdam, an affiliated enterprise, that usually transfers the proceeds from these issues to Allianz SE via intra-group loans. The significant increase in 2011 mainly results from a new € 2.0 bn subordinated bond issued by Allianz Finance II B.V.

LIABILITIES FROM BONDS ISSUED TO GROUP COMPANIES decreased by € 0.4 bn to € 6.4 bn. The redemption of ten matured bonds with a total amount of € 1.2 bn was partly compensated for by the issue of seven new bonds amounting to € 0.8 bn.

Primarily due to the repayment of a € 1.0 bn loan, LIABILITIES TO BANKS declined to € 1.2 bn.

OTHER INTRA-GROUP FINANCIAL LIABILITIES increased by € 3.0 mn to € 20.7 bn and were composed of the following positions:

	2011 € mn	2010 € mn
Intra-group loans	15,428	13,790
Cash pool liabilities	4,264	2,816
Miscellaneous	1,012	1,088
Other intra-group financial liabilities	**20,704**	**17,694**

The increase was driven by higher intra-group loans, which went up by € 1.6 bn to € 15.4 bn, as well as higher short-term liabilities from intra-group cash pooling, which rose by € 1.5 bn to € 4.3 bn.

In 2011, OTHER THIRD-PARTY FINANCIAL LIABILITIES decreased by € 0.6 bn to € 1.1 bn due to lower short-term funding through European commercial paper, which went down by € 0.6 bn to € 0.9 bn.

II. Liquidity and Funding Resources

Liquidity Management of Allianz SE

Allianz SE is responsible for identifying the Allianz Group's liquidity needs and maximizing the access to funding sources while minimizing borrowing costs.

Allianz SE ensures adequate access to liquidity and capital for the operating subsidiaries. The main sources of liquidity available are dividends and funds received from subsidiaries as well as funding provided by capital markets. We define liquidity resources as assets that are readily available - namely cash, money-market investments as well as highly liquid government bonds. The major uses of funds include paying interest expenses on our debt funding, operating costs, internal and external growth investments as well as dividends to our shareholders. Allianz SE's access to third-party funds depends on various factors such as capital market conditions, access to credit facilities as well as credit ratings and credit capacity.

FUNDING SOURCES

Financing sources available to Allianz SE are both equity and debt funding. Equity can be raised by issuing ordinary shares. The issuance of debt in various maturities as well as the group-wide liquidity management are the main sources of our debt funding.

EQUITY FUNDING

As of December 31, 2011, the issued capital registered at the Commercial Register was €1,165,568,000 divided into 455,300,000 registered shares with restricted transferability. As of December 31, 2011, Allianz SE held 2,754,556 (2010: 2,832,789) own shares.

In July 2011, subordinated notes convertible into Allianz shares with a principal amount of € 500,000,000 were issued against cash by Allianz Finance II B.V., a wholly owned subsidiary of Allianz SE , and guaranteed by Allianz SE on a subordinated basis. The convertible notes were acquired by Nippon Life Insurance Company, thereby increasing regulatory capital and further strengthening our capital base. In light of the volatility of financial markets at the time of the issuance a comparable offering to Allianz shareholders would have resulted in a significantly increased execution risk. Therefore, the subscription rights of the shareholders for these convertible notes were excluded with the consent of the Supervisory Board under the authorization of the General Meeting of May 5, 2010 which allows to exclude the shareholders' subscription rights if the notes are issued against payment in cash and the issue price is not significantly lower than the theoretical market value of the bonds as calculated using recognized finance-mathematical methods, and as long as the shares to be issued correspond, together with any other shares issued or placed under exclusion of the shareholders' subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act, to a proportionate amount of the share capital of no more than 10 % in the aggregate. Shares that may be issued out of the Conditional Capital 2010 upon conversion of the notes will not exceed this threshold. The issue price for the notes was 100 % of the principal amount and equal to the theoretical value of the notes – taking into consideration the Allianz stock price at the time of the issuance, the conversion period, the volatility of the stock price as well as the then current interest rates and Allianz credit spreads – as determined using recognized finance-mathematical methods. Within 10 years after the issuance a mandatory conversion of the notes into Allianz shares at the then prevailing share price may apply at the occurrence of certain events. However, a floor price of at least € 75.39 per share is foreseen. Within the same period, the investors have the right to convert the notes into Allianz shares at a price of € 188.47 per share. Both conversion prices are subject to anti-dilution provisions. In order to secure delivery of shares upon conversion an initial tranche of up to 8,000,000 shares – corresponding to 1.76 % of the share capital as of December 31, 2011 – has been pre-admitted to trading.

In November 2011, 800,000 new shares were issued for cash out of the Authorized Capital 2010/II at a price of € 65.21 per share, enabling Allianz employees to purchase 651,613 shares at prices ranging from € 45.65 to € 54.34 per share. The Authorized Capital 2010/II was created to enable Allianz SE to issue new shares for such employee offerings. To be able to offer the new shares to employees, the shareholders' subscription rights to these new shares also had to be excluded as provided in the authorization granted by the General Meeting on May 5, 2010. The issue price of € 65.21 per share corresponds to the Xetra closing price of the Allianz shares on September 7, 2011 and is also the reference price on which the discounted offering prices were determined.

Allianz SE has the option to increase its equity capital base according to authorizations provided by our shareholders. For further details on Allianz SE's capital authorizations please refer to note 10 of our financial statements.

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Authorized Capital

DEBT FUNDING

As of December 31, 2011, Allianz SE had subordinated liabilities and other financial liabilities of € 38.4 bn in total (2010: € 35.2 bn). Of these financial liabilities € 33.0 bn (2010: € 28.3 bn) are intra-group financial liabilities.

Further potential sources of funding allowing Allianz SE to fine tune its capital structure are bank credit lines and letter of credit facilities.

In 2011, we had steady access to external and internal funding sources enabling us to maintain a strong financial flexibility. For further details on Allianz SE's financial liabilities please refer to note 11 and 14 of our financial statements.

II. Risk Report

- The Allianz risk management approach is designed to add value by focusing on both risk and return.
- The Allianz Group is well capitalized and its solvency ratio is resilient.

Management's Assessment on Risk Profile

ALLIANZ GROUP

The Allianz Group's management feels comfortable with the Group's overall risk profile and has confidence in the effectiveness of the Group's risk management framework to meet the challenges of a rapidly changing environment as well as day-to-day business needs. This confidence is based on several factors which are outlined in more detail in the sections below. They can be summarized as follows:

The Allianz Group is well capitalized and is comfortably meeting its internal and regulatory solvency targets as of December 31, 2011. Standard & Poor's affirmed our AA ratings in January 2012, while reducing the outlook to "negative" due to the impact of the capital market developments in the second half of 2011. With this rating, Allianz remains one of the highest-rated insurance groups with regards to its creditworthiness.

The Group's management also believes that Allianz is well positioned to deal with potential future adverse events, in part due to our internal limit framework which limits the impact of adverse developments on our regulatory and economic solvency ratios. Similarly, the Group's net exposure to natural catastrophes is also limited and remains within our risk appetite. The Group's management is confident that, through this risk appetite, we have achieved an appropriate balance between potential earnings, earnings volatility and solvency considerations.

Finally, the Group has the additional advantage of being internationally diversified, key for competing in the insurance industry, with a conservative investment profile and disciplined business practices in the PROPERTY-CASUALTY, LIFE/HEALTH and ASSET MANAGEMENT segments.

MARKET AND BUSINESS CONTEXT

EUROPEAN SOVEREIGN DEBT CRISIS

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Business Outlook

While our baseline scenario for the global economy is one of moderate growth, it is not difficult to imagine more adverse scenarios being driven by the uncertainty surrounding the European sovereign debt crisis.

Such adverse scenarios might include, for example, a disorderly restructuring of Greek government bonds and an inability to contain the effects, possibly leading to contagion. If this or another adverse event were to materialize, one might anticipate higher levels of financial market volatility, especially in the equity and foreign exchange markets, lower interest rates due to monetary policy response, increased challenges in the banking sector, bond impairments and increased bond spreads due to a flight to quality and other difficult to predict spill-over effects. In addition, the real economy in the Eurozone and beyond would also be likely to be affected including potential social unrest.

There is currently no consensus in the political and economic debate on the probabilities associated with such scenarios, being the subject of much controversy and personal conjecture. As one of the largest insurers operating in Europe, we have to be prepared for different scenarios. The table below shows our direct exposure, using different metrics, to some of the potentially affected markets.

ALLIANZ EXPOSURE TO SELECTED EUROPEAN MARKETS

	Greece € bn	Ireland € bn	Italy € bn	Portugal € bn	Spain € bn
INSURANCE ACTIVITIES					
2011 Gross premiums written	0.2	0.7	10.9	0.5	3.0
of which Property-Casualty	0.1	0.7	4.0	0.3	2.0
of which Life/Health	0.1	0.0	6.9	0.2	1.0

	Greece € bn	Ireland € bn	Italy € bn	Portugal € bn	Spain € bn
SOVEREIGN BONDS (FAIR VALUES)	0.3	0.4	26.9	0.6	4.9
of which Property-Casualty	0.1	0.1	3.7	0.2	1.1
of which Life/Health	0.2	0.3	22.0	0.4	3.8
of which held domestically	24.7 %	41.3 %	74.6 %	38.8 %	63.1 %

Recognizing the potential risks, we have taken several steps to mitigate the possible impact. These steps include the creation of a task force charged with monitoring and analyzing the situation and recommending concrete contingency plans under different scenarios. In addition, we have also selectively reduced our exposure to potentially affected sovereign borrowers. Our remaining exposure is concentrated within domestic balance sheets. Similarly, we have also reduced limits for potentially affected corporate bond issuers and deposit banks. Finally, we are continuously monitoring our new business pricing in potentially affected countries.

OTHER SIGNIFICANT FACTORS

Although details of the future regulatory requirements, especially related to Solvency II and systemically relevant financial institutions, are becoming clearer, the final rules are still evolving. This creates some uncertainties in terms of ultimate capital requirements and business implications. Due to the "market consistent" valuation of both assets and liabilities, the Solvency II regime is expected to lead to a higher volatility of regulatory capital requirements compared to Solvency I especially with regard to long-term asset accumulation and savings products in the life insurance segment. Therefore, product designs, investment strategies and hedging programs may be gradually adopted throughout the industry to mitigate this volatility.

Depending on the individual investment strategy, a continuation of the low interest rate environment may create challenges for some life insurance companies, especially in delivering sufficient investment income to meet policyholders' future expectations and the long-term guarantees embedded in individual life insurance products. At the same time, the industry may have to deal with expectations of higher interest rates due to the potential for inflation, resulting in a precarious interest rate balancing act.

In addition, insurance companies are faced with the continued trend towards consumer protection, especially in the realms of transparency, sales practices and suitability for life insurance products.

In the following sections, we provide an overview of the Allianz capital and risk management frameworks, which allow the Allianz Group to effectively manage its risks and to protect the assets of Allianz SE.

Capitalization

For the benefit of shareholders and policyholders alike, our aim is to ensure that the Allianz Group is adequately capitalized at all times and that all operating entities meet their respective capital requirements. Furthermore, risk capital and cost of capital are important aspects for making business decisions.

Our internal risk capital model plays a significant role in the management of internal capital. In addition, we consider external requirements of regulators and rating agencies. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group. Those minimum capital rules are imposed at the level of both the Allianz Group's operating entities and the Group as a whole.

We closely monitor the capital positions on the Group and operating entity level and apply regular stress tests based on standard adverse scenarios. This allows us to take appropriate measures to ensure the continued strength of capital and solvency positions.

As a consequence of our effective capital management, the Allianz Group is well capitalized and meets its internal and regulatory solvency targets as of December 31, 2011.

The capital management framework is supplemented by an effective liquidity management framework, which is designed to retain our financial flexibility by maintaining a strong liquidity position and access to a range of capital markets.[1]

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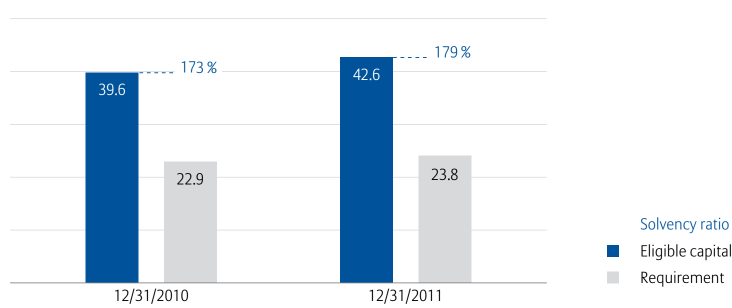
Liquidity and Funding Resources

REGULATORY CAPITAL ADEQUACY

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and related German law. The law requires that a financial conglomerate calculate the capital available to meet its solvency requirements on a consolidated basis, which we refer to as "eligible capital". Currently, the requirements for our insurance business within the conglomerate solvency are based on Solvency I. The capital requirements and definition of eligible will be replaced by the Solvency II rules, once Solvency II becomes binding. Also the calculation of the eligible capital for the conglomerate solvency will be changed due to the Solvency II introduction.

CONGLOMERATE SOLVENCY[2] | in € bn



Eligible capital increased mainly due to issuance of new subordinated bonds. Due to an increase in aggregate policy reserves in the LIFE/HEALTH segment our solvency requirement is higher as well.

1 | For detailed information regarding liquidity management, please refer to "Other Risks – Liquidity risks".
2 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170 % (2010: 164 %; 2009: 155 %).

EXTERNAL RATING AGENCY CAPITAL ADEQUACY

Rating agencies apply their own models to evaluate the relationship between the required risk capital of a company and its available capital resources. The assessment of capital adequacy is usually an integral part of the rating process. Meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group.

Following a review in January 2012, the Allianz Group's AA rating was affirmed by Standard and Poor's. However, as a result of the rating actions against numerous Eurozone governments in December 2011 Standard & Poor's placed the ratings of various European insurers, among them Allianz Group, under credit watch with negative implications. In addition, as a consequence of the European debt crises AM Best placed the A+ Rating under review with negative implications. Despite the rating action Allianz Group still has one of the highest ratings amongst its peers. The following table provides evidence of the sustainable financial strength of Allianz SE and our ability to meet ongoing obligations.

INSURER FINANCIAL STRENGTH RATINGS OF ALLIANZ SE

	STANDARD & POOR'S	MOODY'S	A.M. BEST
2012	AA negative outlook	Aa3 negative outlook	A+ under review with negative implications
2011	AA credit watch negative	Aa3 stable outlook	A+ under review with negative implications
2010 back to 2007	AA stable outlook	Aa3 stable outlook	A+ stable outlook
2006	AA– positive outlook	Aa3 stable outlook	A+ stable outlook

In addition to its long-term financial strength rating, Standard & Poor's determines a separate rating for "Enterprise Risk Management" (ERM). As of September 2011, Standard & Poor's assigned Allianz a "strong" rating for the ERM capabilities of our insurance operations. This rating indicates that Standard & Poor's regards it as "unlikely that Allianz Group will experience major losses outside its risk tolerance". Standard & Poor's stated that the assessment is based on the Allianz Group's strong risk management culture, strong controls for the majority of key risks and strong strategic risk management.

The overview below presents selected ratings, assigned to Allianz SE by major rating agencies.

RATINGS[1]	STANDARD & POOR'S	MOODY'S	A.M. BEST
Insurer financial strength rating	AA negative outlook (outlook changed Jan 27, 2012)	Aa3 negative outlook (outlook changed Feb 16, 2012)	A+ under review with negative implications (changed Dec 14, 2011)
Counterparty credit rating	AA negative outlook (outlook changed Jan 27, 2012)	Not rated	aa– under review with negative implications (changed Dec 14, 2011)
Senior unsecured debt rating	AA negative outlook (outlook changed Jan 27, 2012)	Aa3 negative outlook (outlook changed Feb 16, 2012)	aa– under review with negative implications (changed Dec 14, 2011)
Subordinated debt rating	A+/A[2] negative outlook (outlook changed Jan 27, 2012)	A2/A3[2] negative outlook (outlook changed Feb 16, 2012)	a+[2] under review with negative implications (changed Dec 14, 2011)
Commercial paper (short-term) rating	A–1+ (affirmed Sep 26, 2011)	Prime–1 (affirmed Dec 22, 2011)	Not rated

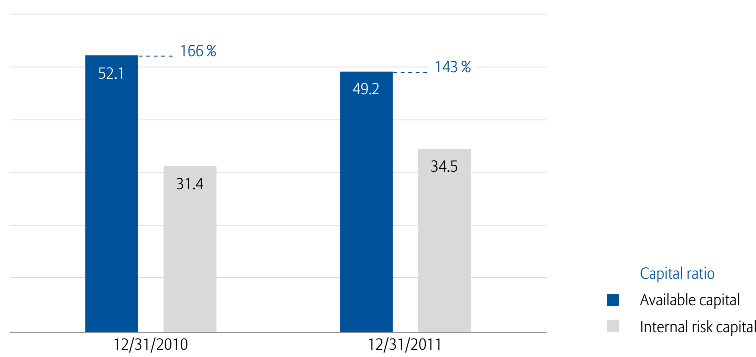
1 | Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance Corporation.
2 | Final ratings vary on the basis of the terms.

INTERNAL CAPITAL ADEQUACY

The Allianz Group's available capital is based on the Group shareholders' equity as adjusted to reflect the full economic capital base available to absorb any unexpected economic losses.[1] For example, hybrid capital and the present value of future profits of in-force business in the LIFE/HEALTH segment are added to shareholders' equity, whereas goodwill and other intangible assets are subtracted.

Our objective is to maintain available capital at the Group level in excess of the minimum requirements that are determined by our internal risk capital model according to a 99.97 % confidence interval over a holding period of one year. As we take into account the benefits of single operating entities being part of a larger, diversified Group we allow them to be capitalized at a lower confidence level of 99.93 % over the same one-year holding period. These confidence levels are more conservative than the anticipated confidence level of 99.5 % to be used under Solvency II.

AVAILABLE CAPITAL AND INTERNAL RISK CAPITAL | in € bn



Overall, our internal model solvency ratio deteriorated from 166 % to 143 %. This was due to two factors: First, a decrease in available capital which was mainly driven by a decrease in present value of future profits of in-force business and, second, due to higher internal risk capital requirements, both of which were largely caused by lower interest rates, lower equity market levels and higher credit spreads.

This Risk Report provides both pre-diversified and Group-diversified internal risk capital results. Pre-diversified internal risk capital reflects the diversification effect within each risk category (i.e. market, credit, underwriting and business risk) and does not include the diversification effect across categories. Group-diversified internal risk capital, in contrast, captures the total diversification effect across all risk categories and regions. Pre-diversified internal risk capital is used to measure concentration risks. As risks are primarily managed at the operating entity level, pre-diversified internal risk capital is based on a confidence level of 99.93 % consistent with our internal capital standards for operating entities. Group-diversified internal risk capital determines the internal capital requirements for the Group and is accordingly based on a confidence level of 99.97 %.

As of December 31, 2011, the Group-diversified internal risk capital before non-controlling interests of € 34.5 bn reflects a benefit of approximately 30.8 % due to the diversification effect across risk categories and regions. Pre-diversified and Group-diversified internal risk capital are broken down as follows:

1 | Available capital is calculated under consideration of liquidity premium and yield curve extension for Life/Health segment only according to the fifth quantitative impact study (QIS5) standards by European Insurance and Occupational Pensions Authority (EIOPA).

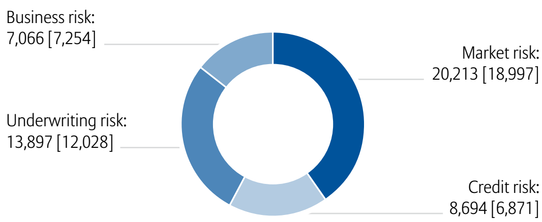
ALLOCATED INTERNAL RISK CAPITAL (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

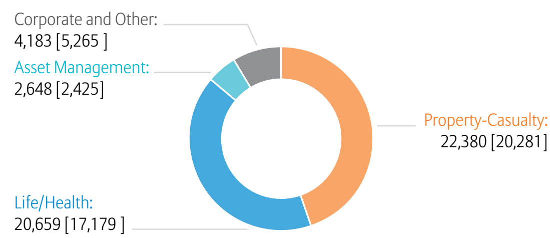
BY RISK CATEGORY

BY BUSINESS SEGMENT

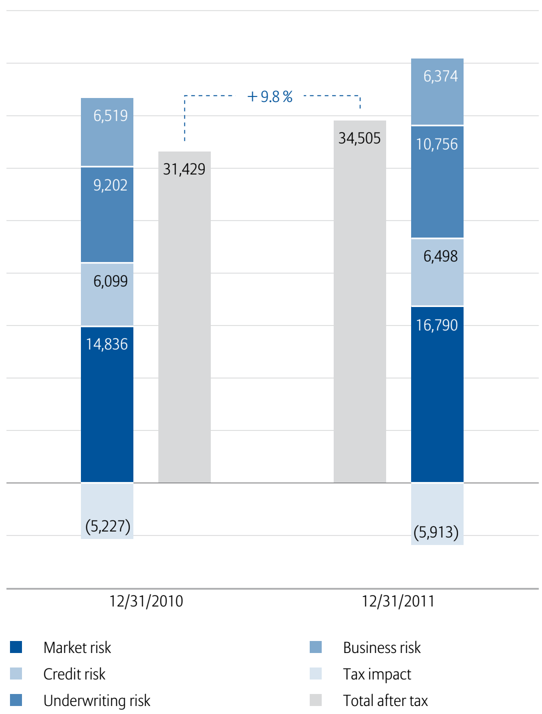
PRE-DIVERSIFIED BEFORE TAX

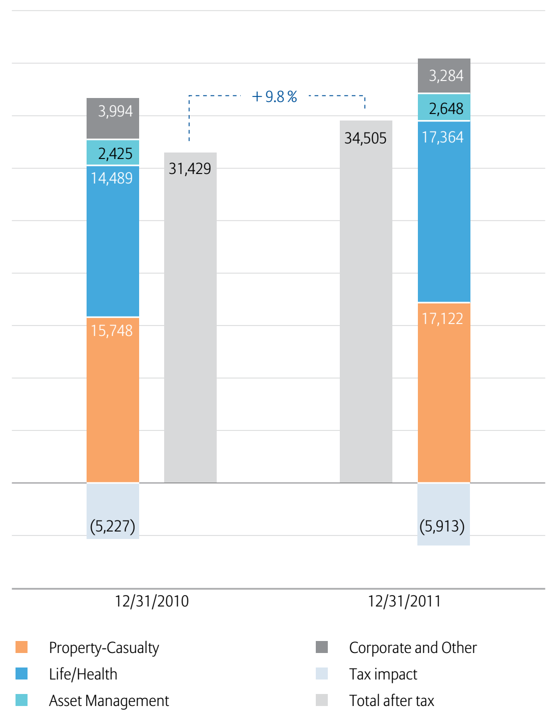
Total Group internal risk capital: 49,870 [45,149]





GROUP-DIVERSIFIED





Detailed discussions of movements are provided in the sections specifically related to the risk categories.

While internal risk capital as an economic solvency measure focuses on extreme events according to a confidence level of 99.97 % over a holding period of one year, we also monitor risk indicators representing possible economic value impacts that would be more “tangible” or likely. Specifically we monitor a 1:10 year Capital-at-Risk event (CaR) defined as the maximum economic loss over a one year time horizon with a significantly lower confidence level of 90.0 % (€ 14.2 bn as of December 31, 2011).

Internal Risk Assessment

INTERNAL RISK CAPITAL FRAMEWORK

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Internal Controls over Financial Reporting

We define internal risk capital as the capital required to protect against unexpected, extreme economic losses. On a quarterly basis, we calculate and aggregate internal risk capital consistently across all business segments providing a common standard for measuring and comparing risks across the wide range of different activities that we undertake as an integrated financial services provider.

GENERAL APPROACH

We apply an internal risk capital model for the management of our risk and solvency position and are working towards meeting forthcoming Solvency II internal model requirements. The model is based on a best practice technical platform with an up-to-date methodology covering all modeled sources of quantifiable risks and forms the integral part of our internal risk capital framework.

The implementation of this framework incorporates our internal approach of managing risks while reflecting our current interpretation of the evolving Solvency II standards. The model framework is being assessed by European regulators in the course of the internal model pre-application process. It will be adjusted in accordance with the final regulatory Solvency II rules.

INTERNAL RISK CAPITAL MODEL

Our internal risk capital model is based on a Value-at-Risk (VaR) approach using Monte Carlo simulation. Following this approach, we determine the maximum loss in the portfolio value of our businesses in the scope of the model ("covered businesses") within a specified timeframe ("holding period") and probability of occurrence ("confidence level"). At Group level, we assume a confidence level of 99.97 %, which is assumed to be equivalent to an "AA" rating of Standard & Poor's. We apply a holding period of one year because it is generally assumed that it may take up to one year to identify a counterparty to which we can transfer the assets and liabilities in our portfolio.

By using a Monte Carlo simulation based on 30,000 scenarios we consider market, credit, insurance and other business events ("sources of risk") and calculate the portfolio value based on the net fair value of assets and liabilities under potential adverse conditions to determine the portfolio value distribution taking the holding period into account.

The required internal risk capital is defined as the difference between the current portfolio value and the portfolio value under adverse conditions dependent on the chosen confidence level. Because we consider the impact of an adverse event on all sources of risks and all covered businesses at the same time, diversification effects across sources of risk and regions are also taken into account.

The results of our Monte Carlo simulation allow us to analyze our exposure to each source of risk, both separately and in aggregate. Therefore it can also be applied towards managing the risks resulting from reasonably possible, smaller adverse events that could occur in the near term.

Our internal risk capital model makes use of various techniques which require a significant number of estimates and assumptions applied to risk and financial data, both internally and externally derived. We use four specific sets of assumptions discussed below in more detail.

YIELD CURVE AND LIQUIDITY PREMIUM ASSUMPTIONS

When calculating the fair values of assets and liabilities, the assumptions regarding the underlying risk-free yield curve are crucial to determine future cash flows and to discount them. We apply the same methodology as provided by the European Insurance and Occupational Pensions Authority (EIOPA) in the fifth quantitative impact study (QIS 5).

In addition we adjust the risk-free yield curves for the LIFE/HEALTH segment to make allowance for a liquidity premium consistent with QIS 5.

VALUATION ASSUMPTION: REPLICATING PORTFOLIOS

Since efficient valuation and advanced, timely analysis is desired, we use a replicating portfolio technique to determine and revalue the liabilities of our LIFE/HEALTH insurance business under 30,000 potentially adverse Monte Carlo scenarios, including guarantees embedded in these products.

DIVERSIFICATION AND CORRELATION ASSUMPTIONS

Our internal risk capital model considers concentration and correlation effects when aggregating results at the Group level, in order to reflect that not all potential worst case losses are likely to be realized at the same time. This effect is known as diversification and forms a central element of our risk management framework.

We strive to diversify the risks to which we are exposed in order to limit the impact of any single source of risk and to help ensure that the positive developments of some businesses neutralize the possibly negative developments of others. The degree to which diversification can be realized depends in part on the level of relative concentration of those risks. For example, the greatest diversification is generally obtained in a balanced portfolio without any disproportionately large exposures to any one or more risks. In addition, the diversification effect depends upon the co-movement of sources of risks. One measure of the degree of co-movement of two sources of risk is linear correlation, characterized by a value between "–1" and "+1".

Where possible, we develop correlation parameters for each pair of market risks through statistical analysis of historical market data, considering weekly observations over several years. If insufficient or no historical market data or other portfolio specific observations are available, we use professional judgment, governed by a conservative approach taking into account standard assumptions as for example those proposed by EIOPA. In general, we set the correlation parameters to represent the co-movement of risks under adverse conditions. Based on these correlations, we use an industry standard approach, the Gaussian copula approach, to determine the dependency structure of quantifiable sources of risk within the applied Monte Carlo simulation.

NON-MARKET ASSUMPTIONS

Our internal risk capital model also includes non-market assumptions such as claims trend and inflation, mortality, morbidity, policyholder behavior, etc. To the extent available, we use own internal historical data for our non-market assumptions and also consider suggestions from supervisory authorities and actuarial associations.

ASSESSMENT OF ASSUMPTIONS

Internal controls exist within our internal risk capital and financial reporting frameworks which cover the use of estimates and assumptions.[1] Acknowledging the potential impact on our economic capital, we consider the assumptions made for our internal risk capital calculations and for reserving to be appropriate and adequate.

1 | Additional information regarding our "Internal Controls over Financial Reporting" are starting on page 84.

SCOPE

By design, our internal risk capital model takes into account the following sources of risk, classified as risk categories per segment:

RISK CATEGORY	INSURANCE	ASSET MANAGEMENT	CORPORATE AND OTHER	DESCRIPTION	EXAMPLE MANAGEMENT LEVERS
MARKET RISK		X[1]		Possible losses caused by changes in interest rates, equity prices and real estate values or their volatilities as well as by changes in credit spreads and foreign exchange rates	Strategic asset allocation benchmarks, equity and duration limits
▪ interest rate including volatility	X		X		
▪ credit spread	X		X		
▪ equity including volatility	X		X		
▪ real estate including volatility	X		X		
▪ currency	X		X		
CREDIT RISK	X[2]	X[1]	X	Possible losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i.e., overdue payment)	Country limits, single counterparty concentration limits
UNDERWRITING RISK				Unexpected financial losses due to the inadequacy of premiums for natural catastrophe, terror and non-catastrophe risks, due to the inadequacy of reserves or due to the unpredictability of mortality or longevity	Minimum underwriting standards, natural catastrophe limits, reinsurance programs
▪ premium natural catastrophe	X				
▪ premium terror	X				
▪ premium non-catastrophe	X				
▪ reserve	X		X		
▪ biometric	X				
BUSINESS RISK				Possible losses resulting from inadequate or failed internal processes, from personnel and systems, or from external events, as well as unexpected changes in business assumptions and unanticipated earnings fluctuations due to a decline in income without corresponding decrease in expenses, as well as changes in policyholder behavior related to early termination of contracts and unanticipated use of options such as renewals and annuitization	Internal controls, business continuity management, adequate product design
▪ operational	X	X	X		
▪ cost	X	X	X		
▪ lapse	X				

OUR INTERNAL RISK CAPITAL MODEL COVERS:

- All of our major insurance operations.
- Substantially all of our assets (including bonds, mortgages, investment funds, loans, equities and real estate) and liabilities (including the cash flow profile of all technical reserves as well as deposits and issued securities). If applicable for the LIFE/HEALTH segment, the model reflects the interaction between assets and liabilities driven by local management decisions such as investment strategies and policyholder participation rules.
- Substantially all of our derivatives (options, swaps and futures), in particular if they are part of the operating entity's regular business model (e. g. at Allianz Life Insurance Company of North America) or if they have a significant impact on the resulting internal risk capital (e. g. in the LIFE/HEALTH segment, if material obligations to policyholders are hedged through financial derivatives). In general, embedded derivatives contained in a host contract are also included.

For our ASSET MANAGEMENT segment as well as smaller insurance operating entities that have an immaterial impact on the Group's risk profile, we assign internal risk capital requirements based on an approach which takes local regulatory rules and results from a risk factor based model into account. This approach uses the same risk categories as our internal risk capital model, thereby allowing us to consistently aggregate internal risk capital for all segments at the Group level.

1 | The internal risk capital requirements for the Asset Management segment only reflect business risk (please see below for further information). The evaluation of market risk and credit risk on the account of third parties is an integral part of the risk management process of our local operating entities.
2 | The premium risk which our credit insurance entity Euler Hermes is exposed to due to its business model is also covered here, as this type of risk is a special form of credit risk.

Approximately 99.8 % of the investments managed by the ASSET MANAGEMENT operating entities are held for the benefit of third parties or Allianz Group insurance entities and, therefore, do not result in significant market and credit risk for the segment. As a result, the internal risk capital requirements for the Asset Management segment only reflect business risk. However, the assessment of market risk and credit risk on the account of third parties is an integral part of the risk management process of our local operating entities. Internal risk capital related to our banking operations in Germany, Italy, France as well as Central and Eastern Europe is allocated to the CORPORATE AND OTHER segment, based on the approach as applied by banks under the Basel II standards. It represents an insignificant amount of approximately 1.5 % of total pre-diversified internal risk capital. Therefore, risk management with respect to banking operations is not discussed in detail below.

LIMITATIONS

Our internal risk capital model expresses the potential "worst case" amount in economic value that we might lose at a certain level of confidence. However, there is a statistically low probability of 0.03 % that actual losses could exceed this threshold at Group level.

We also assume that model and scenario parameters derived from historical data, where available, are a useful approximation to characterize future possible risk events; if future market conditions differ substantially from the past, as in an unprecedented crisis, then our VaR approach may be too conservative or too liberal in ways that are too difficult to predict. Our ability to back-test the model's accuracy is limited because of the high confidence level of 99.97 % and the one-year holding period as well as only limited data for some insurance risk events such as natural catastrophes is available. Furthermore, as historical data is used where possible to calibrate the model, it cannot be used for validation. Instead, we validate the model and parameters through sensitivity analyses and external reviews by independent consulting firms focusing on methods for selecting parameters and control processes. Overall, we believe that our validation efforts are effective to the extent validation is possible and that our model adequately assesses the risks to which we are exposed.

As described previously, insurance liability values are derived from replicated portfolios of standard financial market instruments in order to allow for effective risk management. In particular for life portfolios with embedded guarantees, the available replicating instruments may be too simple or too restrictive to capture all factors affecting the change in value of insurance liabilities. Therefore, the optimal replicating portfolio, which is used to calculate internal risk capital, is subject to the set of available replicating instruments. Its value and behavior under market movements may deviate from the actual liabilities' characteristics. However, we believe that overall the liabilities are adequately represented by the replicating portfolios due to our stringent data and process quality controls.

Since required internal risk capital takes into account the change in economic "fair value" of our assets and liabilities, it is crucial to accurately estimate the "fair market value" of each item. For some assets and liabilities, it may be difficult if not impossible, in turbulent financial markets, to obtain either a current market price or to apply a meaningful mark-to-market approach. For certain assets and liabilities, where a current market price for that instrument or similar instruments is not available, we apply a mark-to-model approach. For some of our liabilities, the accuracy of fair values depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

We apply derivative valuation tools which are suitable to our business to reflect substantially all of our derivatives in internal risk capital. The internal risk capital model used for most of our major insurance operations only allows for the modeling of common derivatives such as equity calls, puts, forwards and interest rate swaps. For internal risk capital calculations, non-standardized instruments, such as derivatives embedded in structured financial products, are represented by the most comparable standard derivative types, because the volume of non-standard instruments is not material on either the local or the Group level. A more precise modeling of these instruments might change the fair value and resulting internal risk capital for these derivatives. However we also believe that any such change would not be material.

CONCENTRATION OF RISKS

As we are an integrated financial services provider offering a variety of products across different business segments and geographic regions, diversification is key to our business model. Diversification helps us manage our risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and risk profile in general. As discussed in section "Diversification and correlation assumptions", the degree to which the diversification effect can be realized depends not only on the correlation between risks but also on the relative concentration level of those risks. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risks.

At the Group level, we generally identify and measure concentration risks consistently across the business segments in terms of pre-diversified internal risk capital and in line with the risk categories covered by our internal risk capital model. Within the individual categories, we use supplementary approaches to manage concentration risks, which are described in the remainder of this section. In the subsequent sections all risks are presented on a pre-diversified and Group-diversified basis and concentrations of single sources of risk are discussed accordingly.

With respect to investments, top-down indicators such as strategic asset allocation benchmarks are defined and closely monitored to ensure balanced investment portfolios. Financial VaR limits are in place for the LIFE/HEALTH and the PROPERTY-CASUALTY segments at Group level based on the internal risk capital model, in order to protect the economic capital position and manage peak risks.

To avoid disproportionately large risks that might accumulate and have the potential to produce substantial losses (e. g. natural or man-made catastrophes or credit events) we closely monitor those risks on a standalone basis (i.e. before the diversification effect) within a global limit framework.

For example, the Management Board of Allianz SE has implemented a framework of natural catastrophe limits at both the operating entity and Group levels in an effort to reduce potential earnings volatility and restrict potential losses from single events as well as on an annual aggregate basis. The exposure is limited to losses having an occurrence probability of once in 250 years. These limits are subject to an annual review. Traditional reinsurance coverage and dedicated financial transactions at Group level are examples of two instruments to mitigate the peak risks and to limit the potential adverse impact on our financial results and shareholders' equity (e. g. severe natural catastrophe losses). In 2011, for example, we renewed the risk swaps by which we exchange European windstorm, U.S. hurricane and earthquake risks – which are among our largest natural catastrophe exposures – for Japanese typhoon and earthquake risks, to which we have less exposure as our PROPERTY-CASUALTY operations are smaller in this region. In addition, we issued a new Catastrophe Bond ("Blue Fin 4"), protecting us against U.S. hurricane and earthquake risks.

For credit risk concentration, we run a Group-wide country and obligor group limit management framework (CRisP), which is based on consistent data used by the investment and risk functions on Group level as well as on the operating entity level. It forms the basis for discussions on credit actions and provides notification services for a quick and broad communication of credit related decisions across the Group.

Clearly defined processes ensure exposure concentrations and use of limits are appropriately monitored and managed. The limit framework covers counterparty concentration risk that is related to credit and equity exposures.

It is the ultimate responsibility of the Board of Management to decide upon maximum country and obligor exposure limits from the Group's perspective (i.e. the maximum concentration limit). This limit takes into account the Allianz Group's portfolio size and structure as well as its overall risk strategy. The Board of Management delegates authorities for limit setting and modification to the Group Risk Committee and Group CRO by clearly defining maximum limit amounts. All limits are subject to annual review and approval according to the delegated authorities.

In order to assess and monitor concentration risk, standardized CRisP reports are provided quarterly to senior management of the Group and operating entities presenting the top 100 obligor group concentrations and their contribution to the credit risk of the respective portfolio.

QUANTIFIABLE RISKS

The following table shows an overview of Group-diversified risk capital figures by risk category.

	Market risks		Credit risks		Underwriting risks		Business risks		Total	
As of December 31,	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
GROUP-DIVERSIFIED										
Property-Casualty	3,652	3,564	1,515	1,789	10,229	8,525	1,727	1,871	17,122	15,748
Life/Health	11,262	8,998	4,039	2,961	492	551	1,572	1,979	17,364	14,489
Asset Management	—	—	—	—	—	—	2,648	2,425	2,648	2,425
Corporate and Other	1,876	2,275	944	1,349	35	126	429	245	3,284	3,994

MARKET RISK

The Allianz Group holds and uses many different financial instruments in managing its businesses. As part of our insurance operations, we collect premiums from our customers and invest them in a wide variety of assets. These investment portfolios ultimately cover the future claims and benefits to our customers. In addition we need to invest shareholders' capital, which is required to support the risks underwritten. As the fair values of our investment portfolios depend on financial markets, which may change over time, we are exposed to market risks. For example, an unexpected overall increase in interest rates or an unanticipated drop in equity markets may generally result in a devaluation of the portfolios.

Movements in financial markets also have an impact on the fair value of our insurance liabilities. Therefore, our exposure to market risks is ultimately determined by the net positions between assets and liabilities.

In order to limit the impact of any of these financial market changes, to ensure that assets adequately back policyholder liabilities and that they are held to provide investment income in line with policyholders' expectations we have a limit system in place. The limit system is defined at the Group level separately for the LIFE/HEALTH and the PROPERTY-CASUALTY segment and based on a variety of different risk measures including Financial VaR, equity sensitivities and duration mismatch as well as investment limits around the benchmark portfolio approved by the Board of Management.

Furthermore we have defined standards for hedging activities in place due to exposures to fair value options embedded in life insurance products. LIFE/HEALTH operating entities carrying these exposures are required to follow these standards including a conscious decision on the amount of hedging.

Regional diversification also helps mitigate market risks across individual market places.

We have allocated a significant part of the Group's internal risk capital for market risk to the LIFE/HEALTH segment whereas we do not consider market risk related to our banking operations to be significant at the Group level.

The Allianz Group's internal market risk capital model is an integral part of the overall internal risk capital framework. It is centrally developed, parameterized and controlled.

POLICYHOLDER PARTICIPATION

Traditional LIFE/HEALTH products sold in Western Europe generally feature policyholder participation in the profits (or losses), subject to management discretion and typically floored at a minimum guaranteed crediting rate. The majority of our Life/Health contracts in Western Europe comprise a significant level of policyholder participation, reducing major sources of risk, including market, credit, underwriting and cost risks.

In the following table, we present our Group-wide internal risk capital related to market risks:

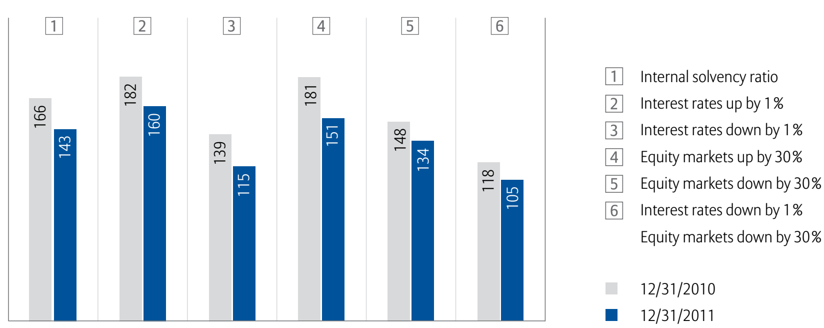
ALLOCATED INTERNAL MARKET RISK CAPITAL BY BUSINESS SEGMENT AND SOURCE OF RISK (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)

	Interest rate		Credit spread		Equity		Real estate		Currency		Total	
As of December 31,	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn
PRE-DIVERSIFIED												
Property-Casualty	545	717	834	482	1,931	2,084	1,078	1,305	531	542	4,919	5,130
Life/Health	4,031	2,944	3,711	2,445	3,785	3,584	854	1,069	634	788	13,015	10,830
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	292	421	1,121	732	748	1,660	84	166	34	56	2,279	3,036
Total Group	**4,868**	**4,082**	**5,666**	**3,660**	**6,464**	**7,328**	**2,016**	**2,541**	**1,199**	**1,386**	**20,213**	**18,997**
Share of total Group-internal risk capital in %											40.5	42.0
GROUP-DIVERSIFIED												
Property-Casualty	393	530	489	298	1,601	1,599	1,013	958	156	178	3,652	3,564
Life/Health	3,375	2,643	2,809	1,756	3,644	3,104	963	965	470	530	11,262	8,998
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	232	321	826	466	701	1,305	93	142	24	41	1,876	2,275
Total Group	**4,001**	**3,494**	**4,124**	**2,519**	**5,946**	**6,009**	**2,069**	**2,065**	**650**	**749**	**16,790**	**14,836**

Total Group-diversified internal market risk capital increased significantly due to the impact of changed market conditions on the LIFE/HEALTH segment. The increase is driven by a higher value and sensitivity of options and guarantees due to the low interest rates in combination with high implied volatilities. The existence of minimum guaranteed crediting rates also limit our ability to participate policy holders in large losses under the overall prevailing low yield environment.

The following diagram presents the sensitivity of the internal solvency ratio under certain standard financial scenarios which are defined by reasonably possible individual movements in key market parameters while keeping all other parameters constant with the effects impacting both the available capital and internal risk capital.

IMPACT OF STANDARD FINANCIAL SCENARIOS ON INTERNAL SOLVENCY RATIOS (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND AFTER TAX AND GROUP DIVERSIFICATION) | in %



INTEREST RATE RISK

Due to our insurance business model, interest rate risk is highly relevant for the LIFE/HEALTH segment, bearing in mind that our life insurance entities, e.g. in Germany, France, Italy, the United States and South Korea, typically offer long-term asset accumulation and savings products subject to minimum guaranteed crediting rates. However, many local fixed income asset markets, in particular bonds are not sufficiently deep and liquid to adequately match our long-term life insurance obligations which gives rise to re-investment risk.

As interest rates may fall below the guaranteed rates in those markets, we are specifically exposed to interest rate risk, when we have to re-invest maturing assets prior to the maturity of life contracts. This interaction of investment strategy and obligations to policyholders forms an integral part of our internal risk capital model. In addition, our asset liability management approach is closely linked to the internal risk capital framework and designed to achieve long-term investment returns in excess of the obligations related to insurance and investment contracts.

These effects are reflected in the internal risk capital results and managed by duration mismatch limits. We have allocated a significant part of the LIFE/HEALTH segment's pre-diversified internal risk capital for interest rate risk to Western Europe (86.7 % as of December 31, 2011), mainly to cover traditional life insurance products.

We also strive to leverage the diversification effect: While the potential payments related to our liabilities in the PROPERTY-CASUALTY segment are typically shorter in maturity than the financial assets backing them, the opposite usually holds true for our LIFE/HEALTH segment due to the long-term life insurance contracts. This provides us with a natural hedge on an economic basis at the Group level.

Due to the fact that we manage our net interest rate risk exposure from a Group perspective including securities issued to fund the capital requirements of the Allianz Group, the assets and liabilities of the CORPORATE AND OTHER segment are not necessarily matched in terms of interest rate duration.

EQUITY RISK

The Allianz Group's insurance operating entities hold equity investments usually to diversify their portfolios and take advantage of attractive long-term returns. Strategic asset allocation benchmarks and investment limits are used to manage and monitor these exposures. In addition, they come within the scope of the Group-wide country and obligor group limit management framework (CRisP) to avoid disproportionately large concentration risk. 80.9 % of the pre-diversified internal risk capital allocated to the PROPERTY-CASUALTY and LIFE/HEALTH segments for equity risk is assigned to our entities operating locally in Germany, Italy, France and the United States.

The CORPORATE AND OTHER segment manages the equity investments of Allianz SE including strategic participations and its finance subsidiary holding companies.

REAL ESTATE RISK

Because of our diversified real estate portfolio, real estate risk is currently of less relevance for the Allianz Group. About 4.0 % of the total pre-diversified internal risk capital is related to real estate exposures.

CURRENCY RISK

In addition to any local regulatory requirements, the Group's policy is to generally require each operating entity to match the currency of their material assets and liabilities or to hedge foreign currency risk. From the perspective of the operating entity's balance sheet, this leaves only a small amount of currency risk exposure related to the respective local currency.

Therefore, because the Group reports in Euro, the predominant part of foreign currency risk results from the economic value of our non-Euro operating entities. If non-Euro foreign exchange rates decline against the Euro, from a Group perspective the Euro equivalent net asset values also decline. This risk is allocated to the respective business segments.

In addition, certain exposures to non-Euro denominated assets and liabilities are held at the CORPORATE AND OTHER segment level. Based on a foreign exchange management limit framework, currency risk is monitored and managed through the Group Finance Committee process with the support of Group Treasury and Corporate Finance at the Group level.

CREDIT SPREAD RISK

Our internal model framework fully acknowledges the risk of declining market values of our fixed income assets such as bonds due to any widening of credit spreads. However, for internal risk management and appetite, we take into account the underlying economics of our business model, i.e. the fact that the cash flows of our insurance liabilities are to a large degree predictable, limiting to a large extent the risk that we are forced to sell these bonds prior to maturity at a loss and allowing us to keep the bonds as a long-term investor till the maturity date. As a consequence, we view the more relevant risk to be credit default risk rather than credit spread risk.

CREDIT RISK

We classify credit risk into counterparty risk and country risk. Both types of risk are covered by our internal credit risk capital model.

Counterparty risk arises from our fixed income investments, cash positions, derivatives, structured transactions, receivables from Allianz agents and other debtors as well as reinsurance recoverables. Our credit insurance activities also expose us to counterparty risk. If a counterparty's credit quality deteriorates ("migration risk"), the instrument's fair value will decline, resulting in a loss in portfolio value. Migration risk also includes overdue payments and the inability or unwillingness of the counterparty to fulfill contractual obligations ("default risk").

Exposures to the national governments of OECD and EEA states are modeled as risk free in the credit risk internal model, if the exposure is issued in the local currency of the government. This is in line with the EIOPA's advice on Level 2 Implementation Measures on Solvency II.

Country risk is specifically related to counterparties with cross-border payment obligations. For example, capital transfers may be prohibited or restricted by sovereign acts, currency moratoria, freezing of money or repatriation of capital ("transfer risk") or currency conversion is prohibited or restricted ("convertibility risk").

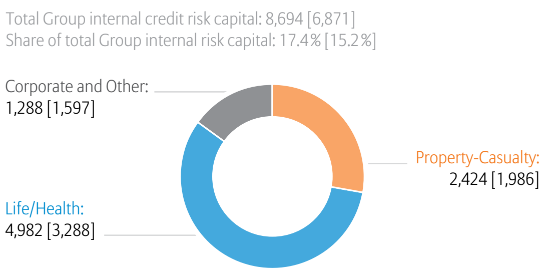
The Allianz Group monitors and manages credit risk exposures and concentrations with the objective of ensuring that it is able to meet policyholder obligations when they are due, and to maintain adequate capital and solvency positions for the operating entities and the Group as a whole. This objective is supported by the Group-wide country and obligor group limit management framework (CRisP) as described under "Concentration of Risks". In addition, standard credit portfolio analysis reports are available for the investment and risk functions on the Group and operating entity levels. They allow us to closely monitor the credit risk profile of the different portfolios.

The Allianz Group's internal credit risk capital model is an integral part of the overall internal risk capital framework. It is centrally developed, parameterized and controlled. Group-wide credit data is collected following a centralized process and using standard obligor and obligor group mappings.

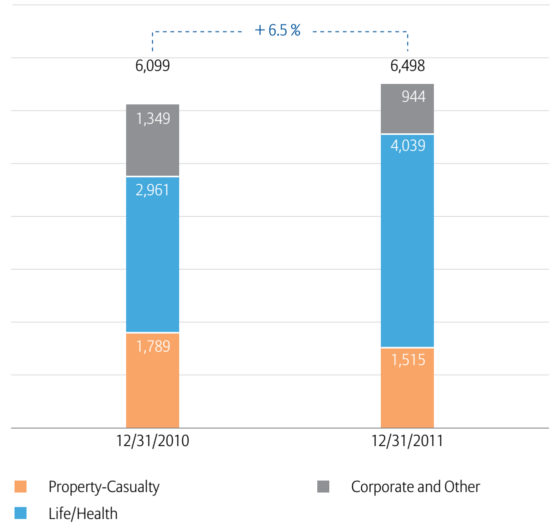
The internal credit risk capital model is based on obligor ratings and estimates of exposure at default, loss given default and default correlations. Default correlations capture dependencies between single obligors within the portfolio in terms of their default. These parameters are estimated using statistical analysis and professional judgment. Our aggregation methodology is comparable to approaches widely used in the industry and known as the "structural model". In a structural model, a company is deemed to have defaulted when the value of its total assets is lower than its total liabilities. Since changes in the asset value of a company determine whether it defaults, the correlation between different firms' asset values determines the correlation between the firms' defaults. Credit risk is aggregated across individual obligors using Monte Carlo simulations to obtain the loss profile of a given portfolio, i.e. its loss probability distribution. The portfolio loss profiles are calculated at different levels of our portfolio hierarchy (e. g. at local operating entity or segment level). They are then fed into the overall internal risk capital model for further aggregation across sources of risk to derive Group-diversified internal credit risk capital.

ALLOCATED INTERNAL CREDIT RISK CAPITAL BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

PRE-DIVERSIFIED



GROUP-DIVERSIFIED



Total Group-diversified internal credit risk capital rose for the **LIFE/HEALTH** segment because the exposure increased due to lower policy holder participation driven by lower interest rate levels, downgrades of financial institutions as well as changes in foreign exchange rates.

The following table displays the sensitivities of credit risk capital to certain scenarios: deterioration of credit quality measured by issuer rating[1] downgrades and the decline of recovery rates in the event of the default (Loss-Given-Default, LGD). The sensitivities are calculated by applying each scenario to all exposures individually but keeping all other parameters constant.[2] The sensitivity results replace the average, high and low internal credit risk capital disclosure provided in prior years.

IMPACT OF SELECTED CREDIT SCENARIOS ON INTERNAL CREDIT RISK CAPITAL (PRE-DIVERSIFIED)

	Total	
As of December 31,	2011 € mn	2010 € mn
Base case	8,694	6,871
Rating down by 1 notch[3]	9,839	7,867
Rating down by 2 notches	11,107	9,084
LGD up by 10%	9,335	7,416

Most of the credit risk capital requirements and impact of the sensitivities in the above table can be attributed to senior unsecured and lower investment grade borrowers.

In the **PROPERTY-CASUALTY** and **LIFE/HEALTH** segments, credit risk arises from reinsurance counterparties as well as from issuers and counterparties related to our investment activities. For the **CORPORATE AND OTHER** segment, our internal risk capital model covers only investment credit risk, as reinsurance activities are generally allocated to the **PROPERTY-CASUALTY** segment. We do not consider credit risk related to our banking operations to be significant at the Group level.

1 | Credit risk capital calculations are based on issuer (borrower) ratings as opposed to issue (instrument) ratings. The difference between issue and issuer ratings is primarily due to collateralization and seniority and is reflected in loss-given-default (LGD).
2 | Scenarios are applied only to investment and reinsurance exposure positions in portfolios of Allianz operating entities.
3 | A notch is referred to rating sub-classes, such as AA+, AA, AA- at S&P scale or Aa1, Aa2, Aa3 at Moody's scale.

Different sources of Allianz credit risk exposure are described in the table below:

ALLIANZ COMPONENTS OF CREDIT RISK	DESCRIPTION
Investment portfolio	Premiums collected from our customers and shareholders' capital, which is required to support the risks underwritten, are invested to a great extent in fixed income instruments. These investment portfolios ultimately cover the future claims to our customers. However, for certain life insurance products, losses due to credit events can be shared with the policyholder, as described in the context of market risks.
Reinsurance portfolio	Credit risk to external reinsurers appears when insurance risk exposures are transferred by us to external reinsurance companies to mitigate insurance risk. Potential losses can arise either due to non-recoverability of reinsurance receivables already present at the as-of date or default on benefits that are under reinsurance treaties in-force.
Credit insurance portfolio	Credit risk arises from potential claim payments on limits granted by Euler Hermes to its policyholders. Euler Hermes protects its policyholders (partially) from credit risk associated with short-term trade credits advanced to clients of the policyholder. If the creditworthiness of the client of the policyholder deteriorates (up to default) such that the client is unable to meet its payment obligations then Euler Hermes indemnifies the loss to the policyholder.

CREDIT RISK – INVESTMENT

As of December 31, 2011, 87.5 % of our total Group pre-diversified internal credit risk capital is allocated to investment exposures of the PROPERTY-CASUALTY, LIFE/HEALTH as well as CORPORATE AND OTHER segments, 63.3 % of which is related to issuers and counterparties in the United States and Germany. We limit the credit risk of our fixed income investments by setting high requirements on the creditworthiness of our issuers, by diversifying our investments and by setting obligor concentration limits.

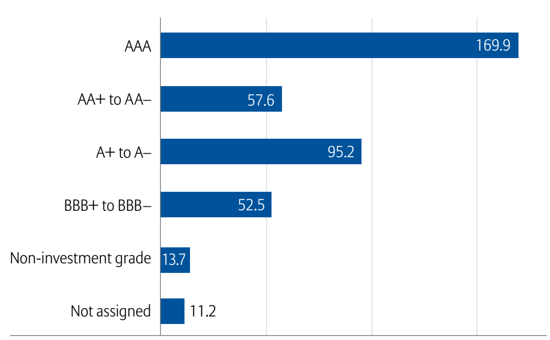
As of December 31, 2011, approximately 93.8 % (2010: 94.4 %) of the fixed income investment portfolio (€ 400.3 bn) of the insurance companies of the Allianz Group had an investment grade rating and approximately 80.6 % (2010: 84.6 %) of the fixed income investments were distributed among obligors that had been assigned at least an "A" rating by Standard & Poor's. Only 2.8 % of this portfolio is non-rated, half of which is due to commercial mortgage loans in Germany (less then € 3 bn) and the United States (less then € 5 bn).

The U.S. commercial mortgage loan investments are subject to thorough credit assessment and conservative underwriting by the responsible credit manager. In 2011, there were no defaulting loans, foreclosures or deeds in lieu of foreclosure[1] in this portfolio. Taking into account that there have been only five delinquent or foreclosed loans since 1994 and based on additional stress test analysis, we still regard the portfolio as investment grade.

In addition to these fixed income investments, the Allianz Group also has non-tradable self-originated residential mortgage loan portfolios mainly in Germany (€ 10.7 bn). As of December 31, 2011, 84.5 % of the German mortgage portfolio is considered to be equivalent to a Standard & Poor's investment grade rating based on an internal scoring model.

FIXED INCOME INVESTMENTS BY RATING CLASS AS OF DECEMBER 31, 2011

Fair values | in € bn



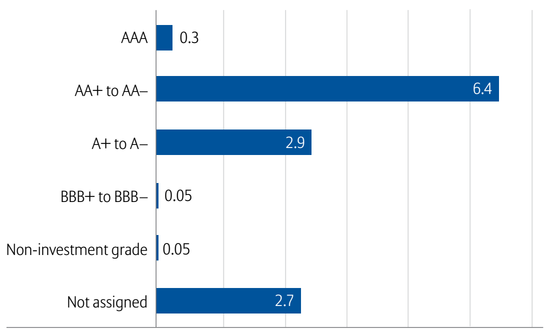
1 | A deed in lieu of foreclosure is a deed instrument in which a mortgagor (i.e. the borrower) conveys all interest in a real property, such as land and associated structures, to the mortgagee (i.e. the lender) to satisfy a loan that is in default and avoid foreclosure proceedings.

□ CREDIT RISK – REINSURANCE

As of December 31, 2011, 3.8 % of our total Group pre-diversified internal credit risk capital is allocated to reinsurance exposures, 52.4 % of which is related to reinsurance counterparties in the United States and Germany.

A dedicated team selects our reinsurance partners and considers only companies with strong credit profiles. We may also require letters of credit, cash deposits or other financial measures to further mitigate our exposure to credit risk. As of December 31, 2011, 77.6 % (2010: 78.3 %) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A" rating by Standard & Poor's. Non-rated reinsurance recoverables represented 21.6 % (2010: 21.3 %) of the total reinsurance recoverables as of December 31, 2011. Reinsurance recoverables without Standard & Poor's rating include exposures to brokers, companies in run-off and pools – where no rating is available – as well as companies rated by A.M. Best.

REINSURANCE RECOVERABLES BY RATING CLASS[1] AS OF DECEMBER 31, 2011 | in € bn



□ CREDIT RISK – CREDIT INSURANCE

The parameters used to model credit insurance portfolios are estimated by Euler Hermes based on proprietary models reviewed by the Group and provided as input to the Group's internal credit risk capital model. In particular, since credit exposures are actively managed by Euler Hermes, a proprietary rating system is applied as opposed to the long-term public ratings primarily used for investment portfolios. Euler Hermes ratings evaluate the short-term creditworthiness of a company taking into account various key risk indicators available on the market and from policyholders.

As of December 31, 2011, 8.7 % of our total Group pre-diversified internal credit risk capital is allocated to credit insurance exposures of Euler Hermes.

■ UNDERWRITING RISK

Underwriting risks consist of premium and reserve risks in the Property-Casualty segment as well as biometric risks in our Life/Health segment. For the Asset Management segment and our banking operations, underwriting risks are not relevant. Although the Corporate and Other segment provides some guarantees that transfer small parts of the underwriting risk away from local entities. Risks transferred by internal reinsurance are allocated to the Property-Casualty segment.

Our **PROPERTY-CASUALTY** insurance businesses are exposed to premium risk related to the current year's new and renewed business as well as reserve risks related to the business in force. A substantial portion of the Property-Casualty segment's pre-diversified internal underwriting risk capital is assigned to our entities operating locally in Germany, Italy, France and the United States (34.8 % as of December 31, 2011).

1 | Represents gross exposure broken down by reinsurer.

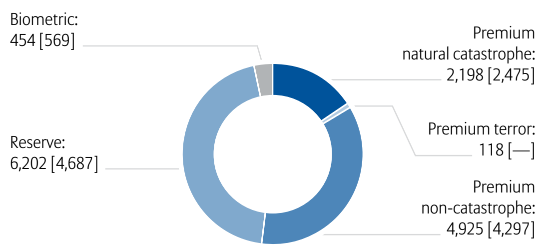
ALLOCATED INTERNAL UNDERWRITING RISK CAPITAL (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

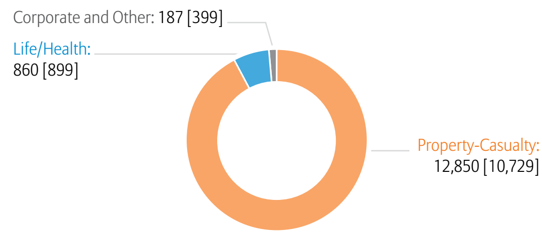
BY SOURCE OF RISK[1]

BY BUSINESS SEGMENT[2]

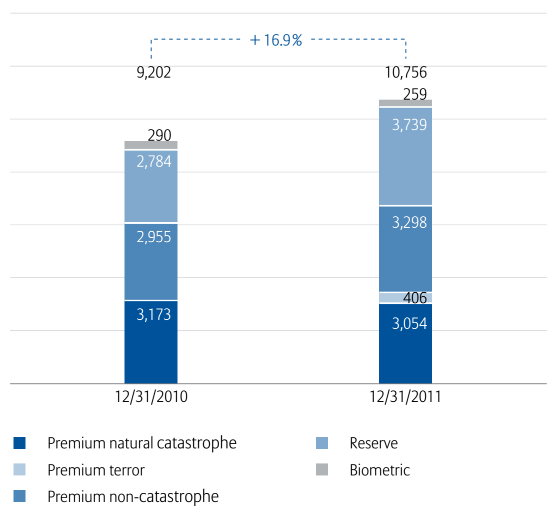
PRE-DIVERSIFIED

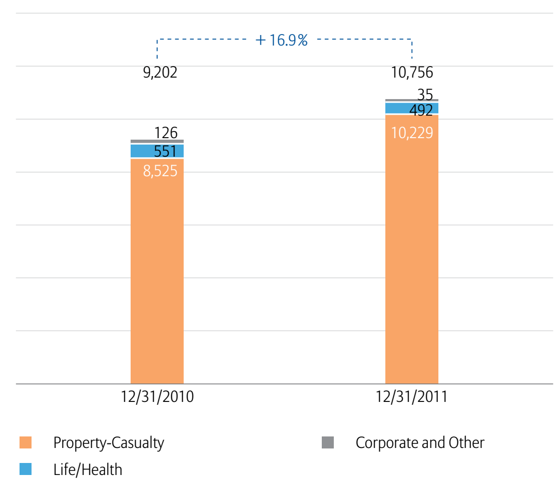
Total Group internal underwriting risk capital: 13,897 [12,028]
Share of total Group internal risk capital: 27.9% [26.6%]





GROUP-DIVERSIFIED





Total Group-diversified internal underwriting risk capital increased primarily due to an increase in reserve risk. In 2011 we introduced a centrally developed and locally parameterized PROPERTY-CASUALTY Insurance Risk Model for risk capital calculations. This stochastic state-of-the-art model framework aligns multiple aspects of actuarial portfolio assessment and provides high flexibility regarding scenario impact analysis for non-life insurance risks. The tool provides full predictive distributions for ultimate risk and risk emerging over the 1-year holding period. With the introduction of the tool we increased the scope of entities reporting internal risk capital figures and in particular increased modeling granularity which resulted in an enhanced aggregation methodology. The combination of these aspects contributes about 72.2% to the risk capital increase. The remainder of 27.8% is in line with underlying portfolio growth.

1| As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account.
2| As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account. Allowing for a defined deductible, there are contingent liabilities of up to U.S. Dollar 263 mn in connection with certain insurance reserves of Fireman's Fund Insurance Co., Novato, allocated to the Corporate and Other segment.

The table below presents the average internal risk capital calculated for underwriting risks over the four quarters of 2011 and 2010, as well as the high and low quarterly internal risk capital amounts calculated in both years.

AVERAGE, HIGH AND LOW ALLOCATED INTERNAL UNDERWRITING RISK CAPITAL BY SOURCE OF RISK (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND AFTER GROUP DIVERSIFICATION)

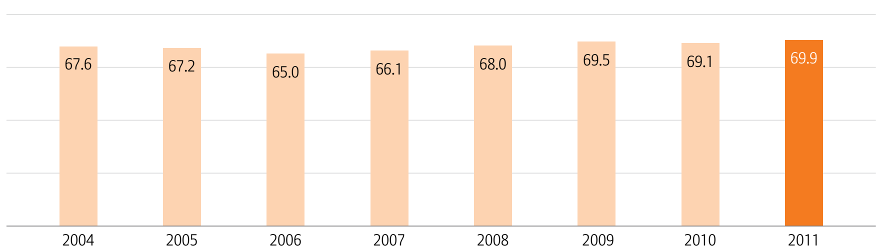
	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total Group	
	2011 €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn
QUARTERLY RESULTS												
Average	2,911	3,040	418	—	3,324	3,139	3,478	2,839	237	389	10,367	9,407
High	3,054	3,173	474	—	3,457	3,253	3,973	2,961	301	592	11,140	9,847
Low	2,742	2,910	339	—	3,173	2,955	2,970	2,685	186	290	9,506	9,111

PREMIUM RISK

As part of our **PROPERTY-CASUALTY** business operations, we receive premiums from our customers and provide insurance protection in return. Changes in profitability over time are measured based on loss ratios and their fluctuations.

We face the risk that underwriting profitability is lower than expected. The volatility of the underwriting profitability measured over a one-year time horizon defines our premium risk.

PROPERTY-CASUALTY LOSS RATIOS[1] FOR THE PAST EIGHT YEARS | in %



Premium risk is subdivided into natural catastrophe risk ("premium NatCat risk"), terror risk ("premium terror risk") and non-catastrophe risk ("premium non-cat risk"). We quantify premium risk based on actuarial models that are used to derive loss distributions.

Premium risk is actively managed by the Allianz Group and the local operating entities. Assessing the risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions centrally defined and in place across the Group. Specialty lines risk carriers such as Allianz Global Corporate and Specialty pool specific risks which require expert knowledge. In addition to the centrally defined underwriting limits, the local operating entities have local limits in place that take their individual business environment into account. Premium risk relative to the underlying exposures is positively affected by the diversification effect between different lines of business at the local operating entity level, or different markets at the Group level. In addition, risks are mitigated by external reinsurance agreements.

Natural disasters such as earthquakes, storms and floods represent a significant challenge for risk management due to their accumulation potential and occurrence volatility. In order to measure such risks and better estimate the potential effects of natural disasters, we use special modeling techniques in which we combine data about our portfolio (such as the geographic distribution and characteristics of insured objects and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such stochastic models do not exist (e.g. flood risk in Italy), we use deterministic scenario-based approaches to estimate probable losses.

1 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

The Group's net exposure to natural catastrophes remained within our risk appetite in 2011. In order to further reduce some potential earnings volatility, we purchased slightly more reinsurance capacity for scenarios in some of our smaller business regions, taking advantage of lower prices.

About 46.4 % of the pre-diversified internal premium risk capital allocated to natural catastrophe risk was borne by our top five perils: Europe Windstorm, Australia Earthquake, Germany Flood, Germany Hail and U.S. Hurricane as of December 31, 2011. Our largest exposures to natural catastrophes are provided in the following table.

THE FIVE LARGEST SINGLE ACCUMULATION SCENARIOS: LOSS POTENTIAL NET OF REINSURANCE FOR INDIVIDUAL EVENTS, MEASURED AT A PROBABILITY LEVEL OF ONE LOSS IN 250 YEARS (99.6 % CONFIDENCE LEVEL)

As of December 31, 2011	Loss potential[1] € mn
Europe Windstorm	912
Germany Hail	742
Australia Earthquake	697
U.S. Hurricane	671
U.S. California Earthquake	587

RESERVE RISK

We estimate and hold reserves for past claims that have not yet been settled. If the reserves were not sufficient to cover the claims to be settled in the future due to unexpected changes, we would experience losses. The volatility of past claims development measured over a one-year time horizon defines our reserve risk. An indicator for this coverage is the amount of net surplus[2] compared to the initial reserves.

The future uncertainty regarding potential loss developments is significantly driven by the risks underwritten. In general, our operating entities constantly monitor the development of reserves for insurance claims on a line of business level. Results are discussed by local reserve committees at least on a quarterly basis. If necessary, we re-estimate reserves in line with actuarial standards. In addition, the operating entities generally conduct annual reserve uncertainty analyses. The approaches applied are similar to the methods used for reserve risk calculations. The Allianz Group performs regular independent reviews of these analyses and Group representatives participate in the local reserve committee meetings. Similar to premium risk, reserve risk at the Group level is positively affected by the diversification effect between different lines of business at the local level and different markets at the Group level.

1 | Based on most recent estimates, exposures are calculated using either vendor or proprietary models developed by in-house experts. All models are subject to uncertainty arising from scientific assumptions and underlying data.
2 | Net surplus represents the cumulative surplus from re-estimating the reserves for loss and loss adjustment expenses for prior years' claims and includes foreign currency translation adjustments.

BIOMETRIC RISK

We consider mortality, morbidity and longevity risks within biometric risk as they can cause variability in policyholder benefits resulting from the unpredictability of the timing and (non-)incidence of death or illness. For modeling these risks within our internal risk capital model, we distinguish level, trend and calamity risks. Biometric assumptions, such as life expectancy, play a significant role.[1]

Due to the offsetting effects of mortality risk, morbidity risk and longevity risk inherent in the combined portfolios of life insurance and annuity products, as well as due to a geographically diverse portfolio, our **LIFE/HEALTH** segment does not have significant concentrations of biometric risk as of December 31, 2011.

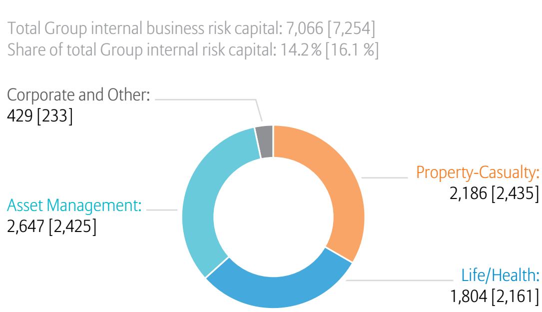
BUSINESS RISK

Business risks consist of operational risks, cost risks and policyholder behavior risks. Operational risks represent the loss resulting from inadequate or failed internal processes, from personnel and systems, or from external events such as interruption of business operations due to a breakdown of electricity or a flood, damage caused by employee fraud or the losses caused by court cases. Operational risks also include legal risk. Strategic risk and reputational risks are excluded in accordance with the capital requirements of Solvency II and Basel II/III. Cost risks consist of unexpected changes in business assumptions and unanticipated fluctuations in earnings arising from a decline in income without a corresponding decrease in expenses. They also include the risk of budget deficits resulting from lower revenues or higher costs than budgeted.

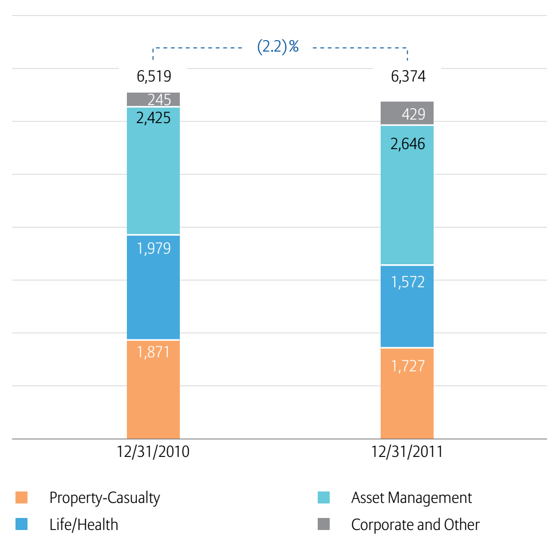
Policyholder behavior risks represent losses related to early termination of contracts and unanticipated use of options such as renewals and annuitization.

ALLOCATED INTERNAL BUSINESS RISK CAPITAL BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

PRE-DIVERSIFIED



GROUP-DIVERSIFIED



Total Group-diversified internal business risk capital slightly increased in the **ASSET MANAGEMENT** segment mainly driven by positive market returns and net inflows which lead to an increase in third-party assets under management.

The internal risk capital requirements for the Asset Management segment only reflect business risk, because substantially all of the investments managed by the Asset Management operating entities are held for third parties or Allianz insurance entities, reflected in their own capital requirement.[2]

1 | For further information regarding biometric assumptions please refer to "Internal Risk Capital Framework – Non-market assumptions".
2 | Internal risk capital for guarantees in our Asset Management segment is not significant.

Allianz has developed a Group-wide operational risk management framework that focuses on early recognition and proactive management of operational risks. The framework defines roles and responsibilities, risk processes and methods and has been implemented at the major Group companies. Local risk managers ensure this framework is implemented in the respective operating entities. The operating entities identify and evaluate relevant operational risks and control weaknesses via a structured self assessment. Furthermore, operational losses are collected in a central loss database by all our operating entities. An analysis of the causes of significant losses is used to enable the operating entities to implement measures for avoiding or reducing future losses. The measures adopted may include revising processes, improving failed or inappropriate controls, installing comprehensive security systems and strengthening emergency plans. This reporting is designed to provide comprehensive and timely information to senior management of the Allianz Group and the relevant local operating entities.

Major failures and disasters which could cause a severe disruption to working environment, facilities and personnel, may represent significant operational risks for the Allianz Group and its operating entities. Our Business Continuity Management (BCM) framework strives to protect critical business functions from these effects and enables them to carry out their core tasks in time and at the quality required. Regularly enhanced, BCM activities and knowledge are embedded within the organization's culture.

Dedicated minimum security standards are in place for the IT systems across the Allianz Group to ensure the proper use and protection of the Group's information assets. With respect to financial statements, our system of internal control is designed to mitigate operational risks.[1] In general, we aim to reduce process failures by clearly documenting relevant methods, procedures, structures and processes across the Group. Comprehensive and timely documentation across the Group is one of the fundamental principles of the Allianz Group Risk Policy.

As described under "Risk Governance Structure", the department Group Legal Services seeks to mitigate legal risks with support from other departments.

OTHER RISKS

There are certain risks that cannot be fully quantified across the Group using our internal risk capital model. For these risks, we also pursue a systematic approach with respect to identification, analysis, assessment and monitoring. In general, the risk assessment is based on qualitative criteria or scenario analyses. The most important of these other risks include liquidity, reputational and strategic risk.

STRATEGIC RISK

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of management decisions regarding business strategies and their implementation. This risk reflects the compatibility between strategic goals, the business strategies and the resources deployed to achieve those goals. Strategic risk also includes the lack of management's ability to effectively analyze and react to external factors (e.g. market conditions), which could affect the future direction of the relevant operating entity or the Group as a whole.

These risks are evaluated and analyzed quarterly in the same way as reputational risk. The Board of Management of Allianz SE formulates the business objectives. Strategic goals are translated into a three-year business plan, which is approved by the Supervisory Board of Allianz SE. To ensure proper implementation of these goals, strategic controls are carried out through monitoring of respective business targets. We also constantly monitor market and competitive conditions, capital market requirements, regulatory conditions, etc. with respect to changes which may require strategic adjustments. In addition, strategic decisions are discussed in various Board of Management level committees (e.g. Group Capital Committee, Group Risk Committee, Group Finance Committee). The assessment of the associated risks is a fundamental element of these discussions. For example, large merger and acquisition transactions are subject to review by the Group Finance Committee if the size exceeds the defined thresholds set for the type of transaction.

1 | Additional information regarding our "Internal Controls over Financial Reporting" are starting on page 84.

LIQUIDITY RISK

Liquidity risk has two aspects: the risk that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, and the risk that in the event of a company liquidity crisis, refinancing is only possible at higher interest rates or by liquidating assets at a discount. Liquidity risk can arise primarily if there are mismatches in the timing of cash payments and funding obligations. Liquidity risk does not include the risk of a change in market prices due to a worsening of the market liquidity of assets, as this is a component of market risk analyzed trough our internal risk capital model (e. g. the assumed volatility of real estate investments takes historical observations into account). Funding risk, a particular form of liquidity risk, arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity and funding is provided in the chapter Liquidity and Funding Resources.

24 Liquidity and Funding Resources

On the Group level, liquidity risks arise mainly from capital requirements of subsidiaries and necessary refinancing of expiring financial liabilities.

The main objective of planning and managing the liquidity position of Allianz SE is to ensure that Allianz SE is always able to meet payment obligations. To comply with this objective, the liquidity position of Allianz SE is monitored and forecasted on a daily basis. Strategic liquidity planning over a time horizon of 12 months and 3 years is reported to the Board of Management regularly. The main tools to meet unforeseen liquidity requirements are committed credit lines from banks, commercial paper facilities, medium-term debt issuance programs, a centrally managed, highly liquid bond portfolio with direct access to the market of sale and repurchase agreements (the so-called "Repo market"), as well as internal resources in the form of intra-group loans and an international cash pooling infrastructure.

The accumulated short-term liquidity forecast is updated daily and is subject to an absolute minimum strategic cushion amount and an absolute minimum target liquidity. Both are defined for the Allianz SE cash pool in order to be protected against short-term liquidity crises. As part of the strategic planning, contingent liquidity requirements and sources of liquidity are taken into account to ensure that Allianz SE is able to meet any future payment obligations even under adverse developments. Major contingent liquidity requirements include non-availability of external capital markets, combined market and catastrophe risk scenarios for subsidiaries as well as lower than expected profits and dividends from subsidiaries.

Liquidity risk relating to our banking operations is deemed not to be significant at the Group level. This is because of the small size and defensive risk profile of Allianz banks reflected in risk-weighted assets and total assets (as of December 31, 2011, € 9.0 bn and € 19.4 bn, respectively).

Our insurance operating entities manage liquidity risk locally, using local asset-liability management systems designed to ensure that assets and liabilities are adequately matched. This decentralized approach ensures sufficient flexibility in providing liquidity.

Liquidity risk in our PROPERTY-CASUALTY and LIFE/HEALTH segments is a secondary risk following external events, such as natural disasters, that are generally reflected in our internal risk capital model. Therefore, limiting and monitoring the associated primary risks (such as through the use of reinsurance) also helps limit our liquidity risk related to such events. Extreme adverse changes in business assumptions such as lapse or renewal rates or costs may cause liquidity risk as well. These effects are also covered by our internal risk capital model.

The local investment strategies particularly focus on the quality of investments and ensure a significant portion of liquid assets (e. g. government bonds or covered bonds) in the portfolios. This helps us to meet high liquidity requirements in unlikely events.

Furthermore, in the case of an extraordinary event, a portion of the applicable payments may be made with a certain time lag, which reduces the risk that short-term current payment obligations cannot be met.

We employ actuarial methods for estimating our liabilities arising from insurance contracts. In the course of standard liquidity planning we reconcile the cash flows from our investment portfolio with the estimated liability cash flows. These analyses are performed on the operating entity level and aggregated at the Group level. Excess liquidity is centrally pooled at the Group level and can be transferred to single operating entities if necessary.

With respect to our **ASSET MANAGEMENT** business, forecasting and managing liquidity is a regular process, designed to meet both regulatory requirements and Group standards. This process is supported by liquidity guidelines for new products, implemented at our Allianz Global Investors entities.

REPUTATIONAL RISK

Reputational risk is the risk of direct loss or loss in future business caused by a decline in the reputation of the Allianz Group or one or more of its operating entities among its stakeholders (i.e. shareholders, customers, staff, business partners or the general public). For example, every action, existing or new transaction or product can lead to losses in the value of our reputation – either directly or indirectly – and can also result in losses in other risk categories. In addition, every loss in other risk categories, irrespective of its size, can pose reputational risk to the Allianz Group. Therefore, reputational risk can both cause and result from losses in all risk categories such as market, credit or insurance risks.

Our operating entities identify, assess and manage reputational risks predominately within their business processes (e.g. as part of the underwriting or product development processes). Management of reputational risks solely relevant at the level of a single operating entity is based on the local risk governance framework. Planned activities which might endanger the reputation of the Allianz Group as a whole have to be reported to Allianz SE for pre-approval. In addition, Group Risk and the local risk functions identify and assess reputational risks qualitatively as part of a quarterly evaluation ("Top Risk Assessment"). On the basis of this evaluation, an overview of local and global risks is created, which also includes reputational risks. Group Risk analyzes the Allianz Group's risk profile and regularly informs management about the current situation.

Risk Governance

RISK MANAGEMENT FRAMEWORK

As a provider of financial services, we consider risk management to be one of our core competencies. It is therefore an integrated part of our business processes. The key elements of our risk management framework are:

- Promotion of a strong risk management culture supported by a robust risk governance structure.
- Consistent application of an integrated risk capital framework across the Group to protect our capital base and to support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes through the attribution of risk and allocation of capital to the various segments.

This comprehensive framework ensures that risks are properly identified, analyzed and assessed, in a consistent manner across the Group ("Top Risk Assessment"). The Group's risk appetite is defined by a clear risk strategy and limit structure. Close risk monitoring and reporting allows us to detect potential deviations from our risk tolerance at an early stage at both the Group and operating entity levels.

For the benefit of shareholders and policyholders alike, our risk management framework adds value to Allianz SE and its operating entities through the following four primary components:

RISK UNDERWRITING AND IDENTIFICATION: A sound risk underwriting and identification framework forms the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation. The framework includes risk assessments, risk standards, valuation methods and clear minimum standards for underwriting.

RISK REPORTING AND MONITORING: Our comprehensive qualitative and quantitative risk reporting and monitoring framework provides transparency and risk indicators to senior management for our overall risk profile and whether it falls within delegated limits and authorities. For example, risk dashboards, internal risk capital allocation and limit consumption reports are regularly prepared, communicated and monitored.

RISK STRATEGY AND RISK APPETITE: Our risk strategy clearly defines our risk appetite. It ensures that rewards are appropriate for the risks taken and that the delegated authorities are in line with our overall risk bearing capacity. The risk-return profile is improved through the integration of risk considerations and capital needs into decision-making processes. This also keeps risk strategy and business objectives consistent with each other and allows us to take opportunities within our risk tolerance.[1]

COMMUNICATION AND TRANSPARENCY: Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to our internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

EXAMPLES

PROPERTY-CASUALTY UNDERWRITING FRAMEWORK

Our sound Group-wide underwriting framework forms the basis for adequate risk taking and management decisions and helps us limit individual potentially significant risks including reputational risks. The framework defines common minimum requirements for our underwriting activities in the international corporate and commercial Property-Casualty insurance business, both for direct and reinsurance business.

Dedicated minimum standards protect Allianz from taking unwanted or excessive risks. They determine non-admitted coverages and define clear approval requirements at different levels of the Allianz Group. In particular, they specify all activities that require approval by or reporting to the Group Underwriting Committee , which is a Group Committee of Allianz SE, established by the Allianz SE Board of Management. These standards also document delegated underwriting authorities and establish mandatory rules for individual policies. Exceptions require approval by the local Chief Underwriting Officer and, if material, the Group Chief Risk Officer, as well as reporting to the Group Insurance Risk Committee.

LIFE PRODUCT MANAGEMENT FRAMEWORK

Under our Life product management framework, product development and approval are local processes at the operating entities. However, there are Group review requirements for new high-risk products or product features to ensure that the operating entities are aware of the associated risks. Alternative risk mitigating product features are considered in the design phase and material real world assumptions are explicitly acknowledged as a core component of the business model. The framework also defines profitability standards, while at the same time allowing for individual exceptions approved for competitive reasons in light of local market characteristics. Profitability of new and existing business is closely monitored and regularly reported to the Board of Management of Allianz SE.

RISK GOVERNANCE STRUCTURE

As a key element of our risk management framework, the Allianz approach to risk governance enables integrated management of our local and global risks and ensures that the Allianz Group's risk profile remains consistent with our risk strategy and our capacity to bear risks.

1 | For additional information regarding opportunities, please refer to the sections "Business Outlook, Economic Outlook and Industry Outlook".

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

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Corporate Governance Report and Statement on Corporate Management

Within our risk governance system the Supervisory Board and Board of Management of Allianz SE have both Allianz SE-specific and Group-wide responsibilities and have authorized committees at their respective levels for support. Examples include:

SUPERVISORY BOARD

- The Audit Committee supervises the effectiveness of the Allianz risk management and monitoring framework.
- The Risk Committee focuses on the Allianz Group's overall risk profile and monitors risk-related developments as well as general risks and specific risk exposures.

BOARD OF MANAGEMENT

- The Board of Management formulates business objectives and a corresponding, consistent risk strategy. The core elements of the risk framework are set down in the Allianz Group Risk Policy, which has been approved by the Board of Management.
- The Group Capital Committee supports the Board of Management with recommendations regarding risk strategy, capital and limit allocation.
- The Group Risk Committee defines risk standards and forms the major limit setting authority within the framework set by the Board of Management.
- The Group Finance Committee has been authorized by the Board of Management to oversee the investment and financing activities, including the approval of significant transactions of Allianz SE and Allianz Group companies.

OVERALL RISK ORGANIZATION AND ROLES IN RISK MANAGEMENT

A comprehensive system of risk governance is achieved through standards related to organizational structure, risk strategy, written policies, limit systems, documentation and reporting. These standards ensure the accurate and timely flow of risk-related information, as well as disciplined approach towards decision making and execution, at both the global and local level.

As a general principle, the "first line of defense" rests with business managers in the local operating entities and Allianz Investment Management units. They are responsible in the first instance for both the risks and returns of their decisions. Our "second line of defense" is made up of our independent, global oversight functions such as Risk, Compliance and Legal. Group Audit forms the "third line of defense". On a periodic basis, Group Audit independently reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards.

GROUP RISK

Group Risk is headed by the Group Chief Risk Officer (Group CRO) and reports to the board member responsible for Controlling, Reporting and Risk. Group Risk supports the mentioned Allianz Group committees responsible for risk oversight, through (i) the analysis and communication of risk management related information and (ii) by facilitating the communication and implementation of committee decisions.

For example, Group Risk is operationally responsible for monitoring limits and accumulation of specific types of risks across business lines, such as natural disasters and exposures to financial markets and counterparties.

In addition, Group Risk independently supports the adequacy of the operating entity (OE) risk management (i) through the development of a common risk management framework and (ii) by monitoring adherence to Group minimum requirements for methods and processes.

Group Risk strengthens and maintains the Group's risk network through regular and close interaction with the operating entities' management and key areas such as the local finance, risk, actuarial and investment departments. A strong risk network across the Group allows us to identify risks early and bring them to management's attention.

OPERATING ENTITIES

Operating entities assume responsibility for their own risk management, including adherence to both external requirements (e. g. requirements imposed by local regulators) and internal Group-wide minimum standards.

The OE Board of Management is responsible for (i) setting and approving an OE risk strategy during the annual Strategic and Planning Dialogues with the Group and (ii) ensures OE adherence to this risk strategy.

All business line management functions with a direct profit and loss responsibility (i.e. first line of defense, or "risk taking units") are in charge of active risk-return management through adherence to delegated limits and the OE policy framework. They also support, where applicable, the risk assessment and management activities carried out by the second and third lines of defense.

A Risk Function that is independent from the business line management has to be established by the OE. This function operates under the direction of the OE CRO who is responsible for overseeing the OE Risk Function. In addition, an OE Risk Committee supports both the OE Board of Management and OE CRO by acting as the primary risk controlling body within the OE. Group Risk is also represented in the local Risk Committees to enhance the risk dialogue between the Group and the operating entities.

OTHER FUNCTIONS AND BODIES

In addition to Group Risk and the OE Risk Function, actuarial, compliance and legal functions have been established at both the Group and OE level, constituting additional components of the second line of defense.

Group Compliance is responsible for integrity management which aims to protect the Allianz Group, our operating entities and employees from regulatory risks.

Group Legal Services seeks to mitigate legal risks with support from other departments. Legal risks include legislative changes, major litigation and disputes, regulatory proceedings and contractual clauses that are unclear or construed differently by the courts. The objectives of Group Legal Services are to ensure that developments in laws and regulations are observed, to react appropriately to all impending legislative changes or new court rulings, to attend to legal disputes and litigation, and to provide legally appropriate solutions for transactions and business processes.

In order to adapt a continually changing environment, the Global Issues Forum (GIF) supports the Group in the assessment of long-term trends and its early awareness of changes in the risk landscape. This includes activities such as desk research, interviews with internal and external experts and workshops to evaluate the impact for us and propose necessary actions to take. The process is coordinated with the Group Risk department, the Group Risk Committee and other risk assessing entities like our Emerging Risk Initiative Working Group, which focuses on emerging risks relevant for our underwriting.

As active participant of the Emerging Risk Initiative of the Chief Risk Officer Forum, we monitor with other Chief Risk Officers of major European insurance companies and financial conglomerates the industry-wide risk landscape and raise awareness of major risks for the insurance industry.

Disclosures relating to Financial Instruments

The disclosure requirements of § 289 (2) No. 2 of the German Commercial Code (Handelsgesetzbuch - HGB) regarding the use of financial instruments are reflected in note 15.

Risk Management Priorities for 2012

Our general objectives for 2012 include three priorities for risk management. First and foremost, to be as successful as we were in 2011 in meeting the risk management and reporting challenges. Second, to continue developing and strengthening our risk management framework and network globally.

Our third priority is to do what is necessary to meet forthcoming Solvency II internal model requirements, one of the Group's top priorities set by the Board of Management. More specifically, we are focusing on the finalization of the internal risk capital methodology and its further embedding into relevant business processes. In addition, the documentation and further validation of the internal model as well as the completion of the enhancements to our risk analysis infrastructure will be a priority. In this context, we will also continue with our preparation for the new reporting and disclosure requirements and prepare our reporting architecture accordingly. With respect to the risk governance framework our emphasis will be on the regular and rigorous application of the relevant components. All these initiatives are subject to formal internal sign-off processes before final adoption.

Solvency II is a major European initiative that is expected to lead to significant changes in European insurance solvency requirements in the coming years. The Allianz Group is actively participating in the process and is continuously providing feedback regarding the proposals and analysis of the European Insurance and Occupational Pensions Authority (EIOPA) and the E.U. Commission. Furthermore, we give technical advice, for instance, through the Chief Risk Officer Forum and the Chief Financial Officer Forum. We also participate actively in the voluntary pre-approval process for Solvency II with the relevant European supervisors. Given the remaining uncertainty surrounding the final implementation measures and their interpretation, we are constantly reviewing our internal risk capital framework and risk processes, and we enhance them as necessary to comply with the evolving Solvency II standards.

Based on the various initiatives underway, we are confident, that we will achieve full compliance with the final Solvency II requirements once they become binding.

II. Corporate Governance Report and Statement on Corporate Management

Corporate Governance Report

Good corporate governance is essential for sustainable business performance. This is why existing corporate governance structures need to be constantly reviewed and, whenever necessary, developed further. The Board of Management and the Supervisory Board both discussed in detail the conformity with the German Corporate Governance Code (Code). Allianz SE complies with all recommendations and suggestions with one exception respectively. The Declaration of Conformity issued by the Board of Management and Supervisory Board on December 14, 2011 and the company's position regarding the Code's suggestions can be found in the "Statement on Corporate Management" starting on page 61.

CORPORATE CONSTITUTION OF THE EUROPEAN COMPANY

As a European Company, Allianz SE is subject to special European SE regulations and the German law implementing the European Company in addition to German stock corporation law. The main features of the company's existing corporate constitution – in particular the two-tier board system (Board of Management and Supervisory Board) and the principle of equal employee representation on the Supervisory Board – have been maintained by Allianz SE. For further details on the differences between a German stock corporation and a European Company with a registered office in Germany, please refer to our website WWW.ALLIANZ.COM/ALLIANZ-SE.

www
/allianz-se

FUNCTION OF THE BOARD OF MANAGEMENT

The Board of Management manages Allianz SE and the Allianz Group. It currently comprises eleven members from different countries, reflecting the international character of Allianz. Its responsibilities include setting business objectives and strategic direction, coordinating and supervising the operating entities, as well as implementing and supervising an efficient risk management system. The Board of Management prepares the quarterly and half-yearly financial reports as well as the consolidated Annual Report of the Group and the Annual Report of Allianz SE. In addition, the Board of Management is responsible for monitoring adherence to statutory provisions and official regulations.

The members of the Board of Management are jointly responsible for overall management. Notwithstanding the overall responsibility of all members of the Board of Management, the individual members of the Board head the departments they have been assigned independently and on their own responsibility. There are divisional responsibilities for business segments as well as functional responsibilities. The functions include the Chairman's division, Finance and Investment, Operations, Risk Management, Human Resources as well as Legal and Compliance. Business division responsibilities focus on geographic regions or operating segments, such as Asset Management. Rules of procedure specify in more detail the work of the Board of Management. Such rules provide for the specific responsibilities of board members, matters reserved for the whole Board and other procedures necessary to pass resolutions.

The Board meets regularly at Board of Management meetings convened by its Chairman who coordinates the Board's activities. Each member of the Board may request a meeting providing notification of the proposed resolution. According to its rules of procedure, the Board takes decisions by ordinary resolution of participating members. In the event of a tie, the Chairman casts the deciding vote. As a consequence of the transformation into Allianz SE, the Chairman can veto decisions, however, he cannot impose any decisions against the majority vote on the Board of Management.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

Members of the Board of Management's committees – the Group Capital Committee, the Group Finance Committee, the Group IT Committee and the Group Risk Committee – are elected from within the Board itself.

BOARD COMMITTEES	RESPONSIBILITIES
GROUP CAPITAL COMMITTEE Michael Diekmann (Chair), Dr. Paul Achleitner, Oliver Bäte	Proposals to the Board of Management concerning risk strategy, strategic asset allocation and risk capital allocation within the Group.
GROUP FINANCE COMMITTEE Dr. Paul Achleitner (Chair), Oliver Bäte, Dr. Joachim Faber | until December 31, 2011, Dr. Helga Jung | since February 1, 2012, Jay Ralph | since January 1, 2012, Dr. Werner Zedelius	Decision on material investments, preparation and monitoring the Group's investment policy, financing and capital management.
GROUP IT COMMITTEE Dr. Christof Mascher (Chair), Oliver Bäte, Gary Bhojwani | since January 1, 2012, Jay Ralph | until December 31, 2011, Dr. Werner Zedelius	Developing, implementing and monitoring the Group-wide IT strategy, approval of relevant IT investments.
GROUP RISK COMMITTEE Oliver Bäte (Chair), Dr. Paul Achleitner, Clement Booth, Jay Ralph	Establishing and overseeing a Group-wide risk management and monitoring system.

As of December 31, 2011 (and subsequent changes)

The Board has also set up a Group Compensation Committee, a Group Underwriting Committee and an International Executive Committee as permanent Group committees. Such Group committees prepare decisions for the Board of Management of Allianz SE, submit proposals for resolutions and ensure the smooth flow of information within the Group.

GROUP COMMITTEES	RESPONSIBILITIES
GROUP COMPENSATION COMMITTEE Board members and executives reporting to the Allianz SE Board of Management	Designing, monitoring and improving compensation systems, yearly report on the results of its monitoring, along with proposals for improvements. The Group Compensation Committee satisfies the requirements of the Regulation governing Compensation Systems in the Insurance Sector ("Versicherungs-Vergütungsverordnung") that took effect in October 2010.
GROUP UNDERWRITING COMMITTEE Members of the Board of Management, executives below the board level and the Chief Underwriting Officers of Group companies	Monitoring the underwriting business and its risk management, developing an underwriting policy and strategy.
INTERNATIONAL EXECUTIVE COMMITTEE All members of the Board of Management of Allianz SE and heads of major Group companies	Discussing overall strategic issues for the Allianz Group.

The responsibilities and composition of Board of Management and Group committees are set out in the rules of procedure, which require the approval of the Board of Management.

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Remuneration Report

The Allianz Group runs its operating entities and business segments via an integrated management and control process. The Holding and the operating entities first define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for performance-based remuneration of individual board members (for details please see the "Remuneration Report" starting on page 64). When filling managerial positions, the Board of Management takes diversity into consideration and, in particular, aims for an appropriate representation of women.

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the financial position and earnings, budgeting and achievement of objectives, business strategy and risk exposure. In line with the Code's recommendation, the Supervisory Board has issued reporting guidance which more clearly defines the information and reporting requirements of the Board of Management.

Certain important decisions of the Board of Management require approval by the Supervisory Board. Some of these requirements are stipulated by law or by decisions of the Annual General Meeting. These include approval for the Board of Management to increase the share capital (Authorized Capital), acquire treasury shares or issue convertible bonds or bonds with warrants. In addition, also the Statutes provide approval requirements for certain transactions, such as intercompany agreements and the launch of new business segments or closure of existing ones, insofar as such actions are material to the Group. Approval is also required for acquiring companies and holdings in companies as well as divestments of equity stakes that result in a company leaving the Group. Unless qualifying as a financial investment, such transactions are subject to approval provided that the market value or, in the absence of the market value, the book value of the acquired or divested investment amounts to at least 10% of the equity in the most recent consolidated balance sheet. The agreement concerning the participation of employees in Allianz SE requires the approval of the Supervisory Board for the appointment of the member of the Board of Management responsible for employment and social welfare.

PRINCIPLES AND FUNCTION OF THE SUPERVISORY BOARD

The German Co-Determination Act ("Mitbestimmungsgesetz") no longer applies to Allianz SE because it has the legal form of a European Company (SE). The size and composition of the Supervisory Board is now determined by general European SE regulations. These regulations have been implemented in the Statutes and by the Agreement Concerning the Participation of Employees in Allianz SE, which was signed on September 20, 2006 with representatives of European Allianz employees. This agreement can be found on our website at WWW.ALLIANZ.COM/ALLIANZ-SE.

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The size of the Supervisory Board is stipulated by the Statutes as twelve members appointed by the Annual General Meeting. Six of these twelve members are appointed on the basis of proposals from employees, which the Annual General Meeting is bound to accept.

In accordance with the Agreement Concerning the Participation of Employees in Allianz SE, the seats for the six employee representatives are allocated in proportion to the number of Allianz employees in the different countries. The Supervisory Board currently in office comprises four employee representatives from Germany and one each from France and the United Kingdom. The last election of the Supervisory Board took place in 2007 for a term lasting until the end of the ordinary General Meeting in 2012. At the General Meeting in 2012, four employee representatives from Germany and one each from France and Italy will be up for election.

The Supervisory Board oversees and advises the Board of Management on managing the business. Furthermore, the Supervisory Board is responsible for appointing the members of the Board of Management, determining their remuneration and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2011 fiscal year are described in the "Supervisory Board Report" (starting on page 2).

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Supervisory Board Report

The Supervisory Board holds regular meetings in March, April or May, September and December. Extraordinary meetings may be convened as needed. The committees also hold regular meetings. The Supervisory Board takes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management contained in the German Co-Determination Act and the requirement for a Conciliation Committee no longer apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the deputy chairperson from the shareholder side. A second deputy chairperson is elected on the proposal of employee representatives, but has no casting vote.

The Supervisory Board regularly reviews the efficiency of its activities. The plenary Supervisory Board discusses recommendations for improvements and adopts appropriate measures on the basis of the recommendation by the Standing Committee.

SUPERVISORY BOARD COMMITTEES

Part of the Supervisory Board's work is carried out by its committees. The composition of committees and the tasks assigned to them are regulated by the Supervisory Board's rules of procedure. The Supervisory Board receives regular reports on the activities of the committees.

SUPERVISORY BOARD COMMITTEES	RESPONSIBILITIES
STANDING COMMITTEE | 5 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ TWO OTHER SHAREHOLDER REPRESENTATIVES (Dr. Wulf Bernotat, Dr. Gerhard Cromme) ▪ TWO EMPLOYEE REPRESENTATIVES (Peter Kossubek, Rolf Zimmermann)	▪ Approval of certain transactions which require approval of the Supervisory Board, e.g. capital increases, acquisitions and disposals of participations ▪ Preparation of the Declaration of Conformity pursuant to § 161 AktG and control of corporate governance ▪ Preparation of the self evaluation of the Supervisory Board
AUDIT COMMITTEE | 5 members ▪ CHAIR: appointed by the Supervisory Board (Dr. Wulf Bernotat), independent and not a former Board of Management member, whose term of office ended less than two years ago ▪ THREE SHAREHOLDER REPRESENTATIVES (Dr. Wulf Bernotat, Igor Landau, Dr. Henning Schulte-Noelle) ▪ TWO EMPLOYEE REPRESENTATIVES (Jean-Jacques Cette, Jörg Reinbrecht) ▪ INDEPENDENT MEMBER WITH EXPERT KNOWLEDGE IN THE AREAS ACCOUNTING/AUDIT: Dr. Wulf Bernotat, Igor Landau	▪ Initial review of the Allianz SE and Allianz Group annual financial statements, management reports (incl. risk report) and the dividend proposal, review of half-yearly and quarterly financial reports ▪ Monitoring the financial reporting process, the effectiveness of the internal risk management and control system, internal audit system and legal and compliance issues ▪ Monitoring the audit procedures, including the independence of the auditor and the services additionally rendered, awarding the audit contract and discussing key issues of the external audit
RISK COMMITTEE | 5 members ▪ CHAIR: appointed by the Supervisory Board (Dr. Schulte-Noelle) ▪ THREE SHAREHOLDER REPRESENTATIVES (Prof. Dr. Renate Köcher, Dr. Henning Schulte-Noelle, Peter Denis Sutherland) ▪ TWO EMPLOYEE REPRESENTATIVES (Godfrey Robert Hayward, Franz Heiß)	▪ Monitoring the risk situation and special risk developments in the Allianz Group ▪ Initial review of the risk report and other risk related statements in the annual financial statements and management reports of Allianz SE and the Allianz Group, information of the Audit Committee on the results of such reviews
PERSONNEL COMMITTEE | 3 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ ONE OTHER SHAREHOLDER REPRESENTATIVE (Dr. Gerhard Cromme) ▪ ONE EMPLOYEE REPRESENTATIVE (Rolf Zimmermann)	▪ Preparation of appointment of Board of Management members ▪ Preparation of resolutions of the plenary on the compensation system and the total compensation of the board members ▪ Conclusion, amendment and termination of service contracts of board members, unless the plenary has to decide on this matter as part of setting the remuneration ▪ Long-term succession planning for the Management Board taking diversity into account and particularly aiming for an adequate representation of women
NOMINATION COMMITTEE | 3 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ TWO OTHER SHAREHOLDER REPRESENTATIVES (Dr. Gerhard Cromme, Prof. Dr. Renate Köcher)	▪ Establishing selection criteria for shareholder representatives for the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board ▪ Search for suitable candidates for the election of shareholder representatives to the Supervisory Board

SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

In order to implement a recommendation by the Code, the Supervisory Board specified the following objectives for its composition at its meeting on December 15, 2010:

"The aim of Allianz SE's Supervisory Board is to have members who are equipped with the necessary skills and competence to properly supervise and advise Allianz SE's management. Supervisory Board candidates should possess the professional expertise and experience, integrity, motivation and commitment, independence and personality required to successfully carry out the responsibilities of a Supervisory Board member in a financial-services institution with international operations. To promote additional cooperation among the Supervisory Board members, care should be taken in selecting the candidates to ensure that adequate attention is paid to ensuring diversity in occupational backgrounds, professional expertise and experience.

Employee representation within Allianz SE, as provided by the SE Agreement concerning the Participation of Employees dated September 20, 2006, contributes to diversity of work experience and cultural background. Pursuant to § 6 (2) sentence 2 of the Act on the Participation of Employees in a European Company (SEBG), the number of women and men appointed as German employee representatives should be proportional to the number of women and men working in the German companies. However, the Supervisory Board does not have the right to select the employee representatives.

The following requirements and objectives apply to the composition of Allianz SE's Supervisory Board:

I. REQUIREMENTS RELATING TO THE INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

1. GENERAL SELECTION CRITERIA
   - Managerial or operational experience
   - General knowledge of the insurance and financial services business
   - Willingness and ability to make sufficient commitments on time and substance
   - Fulfillment of the regulatory requirements:
     - Reliability
     - Knowledge of the field of corporate governance and regulation[1]
     - Knowledge of the main features of accounting and risk management[1]
- Compliance with the limitation of the number of memberships as recommended by the German Corporate Governance Code and required by § 7 a (4) of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz – VAG").

2. INDEPENDENCE
   All of the members of the Supervisory Board should be independent within the meaning of No. 5.4.2 of the Corporate Governance Code, i.e. they may not have any business or personal relations with Allianz SE or its Board of Management, which could cause a conflict of interests. Moreover, one member shall be independent within the meaning of § 100 (5) of the German Stock Corporation Act. It has to be considered that the possible emergence of conflicts of interests in individual cases cannot generally be excluded. Potential conflicts of interests must be disclosed to the Chairman of the Supervisory Board and will be resolved by appropriate measures.

3. RETIREMENT AGE
   According to the Supervisory Board's Rules of Procedure, its members may not, in general, be older than 70 years of age.

II. REQUIREMENTS RELATING TO THE COMPOSITION OF THE BOARD AS A WHOLE

1. SPECIALIST KNOWLEDGE
   - At least one member must have considerable experience in the insurance and financial services fields
   - At least one member must have expert knowledge of accounting and auditing within the meaning of § 100 (5) of the German Stock Corporation Act
   - Specialist knowledge of, or experience in, other economic sectors

2. INTERNATIONAL CHARACTER
   At least four of the members must, on the basis of their origin or function, represent regions or cultural areas in which Allianz SE conducts significant business.
   On the basis of the SE Agreement concerning the Participation of Employees, two employee representatives from other E.U. member states are already members of the Supervisory Board.

3. DIVERSITY AND APPROPRIATE REPRESENTATION OF WOMEN
   The members of the Supervisory Board shall appoint new members taking into account their background, professional experience and specialist knowledge, in order to provide the Board with the most diverse sources of experience and specialist knowledge possible.
   In the next elections of the Supervisory Board in the spring of 2012, the Supervisory Board will strive to achieve a minimum female membership of 25 %. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives."

The nomination proposals of the Supervisory Board for the election by the Annual General Meeting on May 9, 2012, have considered such aims. The Nomination Committee prepared the proposals for the shareholder representatives in several meetings and verified their alignment with the requirements for each individual candidate as well as for the

1 | For further details, please see BaFin Guidance Notice on the Monitoring of Members of Administrative and Supervisory Bodies pursuant to the German Banking Act and the German Insurance Supervision Act, dated February 22, 2010.

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Supervisory Board

composition of the Board as a whole. The proposals to the Annual General Meeting 2012 will comprise four candidates with international background and three female candidates. Should all of these candidates be elected at the Annual General Meeting, we would, in particular, achieve our objectives regarding international character and representation by women. The current composition of the Supervisory Board and its committees is described on page 6.

SHARES HELD BY MEMBERS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The total holdings of members of the Board of Management and the Supervisory Board of Allianz SE amounted to less than 1 % of the Company's issued shares as of December 31, 2011.

DIRECTORS' DEALINGS

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Members of the Board of Management and Supervisory Board – and related parties – are required by the German Securities Trading Act ("Wertpapierhandelsgesetz") to disclose any acquisition or divestment of shares of Allianz SE worth € 5 thousand or more within a calendar year. These notifications are published on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

ANNUAL GENERAL MEETING

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. In order to facilitate the exercise of shareholders' rights, Allianz allows shareholders to follow the meeting's proceedings on the internet and be represented by proxies appointed by Allianz SE. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes by postal vote. This option is also available via the internet in the form of online voting. Allianz SE regularly promotes the use of email and internet services.

Members of the Supervisory Board are appointed by the Annual General Meeting. Regarding the election of employee representatives, the Annual General Meeting is bound by the employees' proposals. The Annual General Meeting also approves actions taken by the Board of Management and the Supervisory Board. It decides on the use of profits, capital transactions and the approval of intercompany agreements, as well as the remuneration of the Supervisory Board and changes to company's Statutes. Changes to the Statutes require the backing of at least half of the share capital or a two-thirds majority of votes cast in accordance with European regulations and the Statutes. Each year, an ordinary Annual General Meeting takes place at which the Board of Management and Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the convening of an extraordinary General Meeting.

ACCOUNTING POLICIES AND AUDIT OF FINANCIAL STATEMENTS

The Allianz Group prepares its accounting according to § 315 a of the German Commercial Code ("Handelsgesetzbuch – HGB"), on the basis of IFRS international accounting standards as applied within the European Union. The financial statements of Allianz SE are prepared in accordance with German law, in particular, the HGB.

In compliance with special legal provisions applying to insurance companies, the auditor of the annual financial statements and of the half-yearly financial report is appointed by the Supervisory Board and not by the Annual General

Meeting. The Supervisory Board's Audit Committee carries out the preparatory work for the appointments. The statutory audit of the financial statements covers the individual financial statements of Allianz SE and also the consolidated financial statements of the Allianz Group.

To ensure maximum transparency, we inform our shareholders, financial analysts, the media and the general public of the company's situation on a regular basis and in a timely fashion. The annual financial statements of Allianz SE, the Allianz Group's consolidated annual financial statements and the management reports are published within 90 days after the end of each financial year. Additional information for shareholders and third parties is provided in the Allianz Group's quarterly and half-yearly financial reports. These reports are reviewed by the auditor. Information is also made available at the Annual General Meeting, at press conferences and analysts' meetings, as well as on the Allianz Group's website. Our website also carries a financial calendar listing the dates of major publications and events, such as annual reports, quarterly and half-yearly financial reports and Annual General Meetings.

Statement on Corporate Management pursuant to § 289 a of the German Commercial Code ("Handelsgesetzbuch – HGB")

The Statement on Corporate Management forms part of the consolidated management report. According to § 317 (2) sentence 3 of the HGB, this statement does not have to be included within the scope of the audit.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On December 14, 2011, the Board of Management and the Supervisory Board issued the following:

"Declaration of Conformity by the Management Board and the Supervisory Board of Allianz SE with the recommendations of the German Corporate Governance Code Commission in accordance with § 161 of the German Stock Corporation Act (AktG):

1. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code Commission in the version of May 26, 2010, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette ("elektronischer Bundesanzeiger") with the following single exception:

   Deviating from No. 5.4.6 para. 2 sentence 1 of the German Corporate Governance Code ("Code"), the compensation rules for the Supervisory Board of Allianz SE resolved by the shareholders' meeting on May 4, 2011 and set forth in the Articles of Association do not provide for any performance-related components. The Company believes a fair fixed remuneration is more suitable to the control function of the Supervisory Board irrespective of success of the Company.

2. Since the last Declaration of Conformity as of December 15, 2010, Allianz SE has complied with the recommendations of the Code in the version of May 26, 2010 with the above-mentioned exception to No. 5.4.6 para. 2 sentence 1 of the Code.

Munich, December 14, 2011

Allianz SE

For the Board of Management:
signed Michael Diekmann signed Dr. Paul Achleitner

For the Supervisory Board:
signed Dr. Henning Schulte-Noelle"

Furthermore, we comply with all the non-binding suggestions contained in the Code, with one exception. Since changing the remuneration system for the Supervisory Board to a solely fixed remuneration, Allianz SE cannot comply with No. 5.4.6 para. 2 sentence 2 of the Code, according to which a performance-related remuneration of Supervisory Board members should also comprise components linked to the long-term performance of the company.

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The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

The listed Group company Oldenburgische Landesbank AG issued its own declaration of conformity in December 2011, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the Code except for No. 5.4.6 para. 2 sentence 1.

CORPORATE GOVERNANCE PRACTICES

INTERNAL CONTROL SYSTEMS

We view strong internal control systems over our internal and external financial reporting as critical to managing our company successfully and reinforcing trust with our stakeholders. For further information please refer to our Internal Controls over Financial Reporting on page 84.

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Internal Controls over Financial Reproting

The quality of the internal control systems is assessed by a function performed by Allianz Group staff who are independent of the activities which are audited. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve our organization's operations. It helps us to accomplish our objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Therefore, internal audit activities are geared towards helping the company to mitigate risks as well as further assist in strengthening the organization's governance processes and structures.

COMPLIANCE AND ANTI-MONEY LAUNDERING PROGRAM

The sustained success of the Allianz Group is based on the responsible behavior of all Group employees, who embody trust, respect and integrity. By means of its compliance and anti-money laundering program, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules-compliant and value-based corporate governance. These include the UN Global Compact Program, the OECD Guidelines for Multinational Enterprises, embargo regulations and the recommendations of the Financial Action Task Force on Money Laundering. Allianz manages the risk of infringements against statutory provisions and requirements (compliance risk) through its support of and adherence to these international and national principles. At the same time, it integrates sustainability and social responsibility into its corporate conduct. The central compliance department is responsible, in close cooperation with local compliance departments, for ensuring the effective implementation and monitoring of the compliance and anti-money laundering program within Allianz as well as for the investigation of any suspected infringement.

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Risk Governance

The standards of conduct established by the Allianz Group's Code of Conduct for Business Ethics and Compliance serve to implement these guidelines and principles and are obligatory for all employees worldwide. The Code of Conduct is available on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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The Code of Conduct and the internal guidelines derived from it provide all employees with clear guidance on behavior that lives up to the values of Allianz. In order to transmit the principles of the Code of Conduct and other compliance guidelines and controls effectively and on a sustained basis, Allianz has developed interactive training programs around the world. These provide practical guidelines which enable employees to come to their own decisions and avoid potential conflicts of interest. The Code of Conduct also forms the basis for guidelines and controls to ensure fair dealings with Allianz customers (sales compliance).

There are legal provisions against corruption and bribery in almost all countries in which Allianz has a presence. For this reason, a global Anti-Corruption Program was established in the summer of 2009, which provides for the continuous monitoring and improvement of the internal anti-corruption controls.

A major component of Allianz's compliance program is a whistleblower system that allows employees to alert the relevant compliance department confidentially about irregularities. Employees who voice concerns about irregularities in good faith should not fear retribution in any form, even if the concerns turn out to be unfounded at a later date.

CODE OF ETHICS

In addition to the Code of Conduct, Allianz SE has adopted a special Code of Ethics, which is aimed at members of the Board of Management and senior management of certain departments, primarily in the financial area. Its rules govern ethical and proper conduct in both the private and professional spheres, particularly relating to the handling of conflicts of interest and compliance with high standards of corporate disclosure. The Code of Ethics can be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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DESCRIPTION OF THE FUNCTIONS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD AND OF THE COMPOSITION AND FUNCTIONS OF THEIR COMMITTEES

6 Supervisory Board Report

A description of the composition of the Supervisory Board and its committees can be found on page 6 of the Annual Report. On page 9, reference is made to the composition of the Board of Management and a description of the composition of the Board of Management's committees can be found on page 56 of the Corporate Governance Report. The information can also be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

9 Board of Management

A general description of the functions of the Board of Management, the Supervisory Board and their committees can be found in the Corporate Governance Report starting on page 55 and on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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II. Remuneration Report

This report comprises three sections covering the remuneration arrangements for the:

- Board of Management
- Executives below the Board of Management
- Supervisory Board

Board of Management Remuneration

2 Supervisory Board Report

The remuneration of the Board of Management is set by the full Supervisory Board. Meetings are prepared by the Personnel Committee while Group HR and other corporate functions provide internal support as requested or required. Outside advice is sought from time-to-time from external consultants. The Personnel Committee and Supervisory Board consult with the Chairman of the Board of Management as appropriate in assessing the performance and remuneration of members of the Board of Management. The Chairman of the Board of Management is not present when his own remuneration is discussed. Regarding the activities and decisions taken by the Personnel Committee and the Supervisory Board, please refer to the Supervisory Board Report starting on page 2. The remuneration system was presented and approved at the 2010 Annual General Meeting.

REMUNERATION PRINCIPLES AND MARKET POSITIONING

Remuneration is designed to be competitive given the Group's scale of business activities, operating environment and performance compared to peers. While structured to attract and retain highly qualified executives, the overall goal is to support and encourage sustained value-oriented management.

The key principles of Board of Management remuneration are as follows:

- **SUPPORT FOR THE GROUP'S STRATEGY:** performance targets reflect the Allianz Group's business strategy.
- **ALIGNMENT OF PAY AND PERFORMANCE:** a significant performance-based, variable component.
- **VARIABLE REMUNERATION MORE FOCUSED ON THE LONGER TERM:** a high proportion of incentive-based reward recognizes sustained performance and payout occurs after three or five years.
- **ALIGNMENT WITH SHAREHOLDER INTERESTS:** an important component of remuneration is dependent upon share price performance.
- **INTEGRATION AND BALANCE:** incentives complement each other and represent an appropriate balance of opportunity and managed risk that is effective over varying performance scenarios and consistent with good governance.

The structure, weighting and level of remuneration components are discussed by the Supervisory Board. Survey data is regularly provided by external consultants with significant market expertise. The peer group consists primarily of other DAX 30 companies. Other major diversified insurance/financial services companies in Europe are also points of reference. Base salary levels are usually around the median of this group, but may not be in any given year. The structure of Allianz total remuneration is more strongly weighted to variable, longer-term components. Allianz remuneration and benefits arrangements are also periodically compared with best practices. The Supervisory Board determines the need for any adjustments by taking into account relevant market information, the competitiveness of the total remuneration offer, the performance of the company, general economic conditions and the evolution of Board of Management remuneration relative to remuneration levels within the Group.

REMUNERATION STRUCTURE AND COMPONENTS

There are four main remuneration components, excluding pensions/similar benefits and perquisites. Each has approximately the same weighting within annual target remuneration: Base salary, Annual bonus, annualized Three-year bonus and Equity-related remuneration. The split of remuneration is approximately 25 % fixed and 75 % target variable.

BASE SALARY

Base salary is the fixed remuneration component. It recognizes the responsibilities of the role and sustained performance in meeting Allianz's goals. Base salary is expressed as an annual cash sum, paid in twelve monthly installments.

VARIABLE REMUNERATION

Variable remuneration aims for balance between short-term performance, longer-term success and sustained value creation. It is designed to balance risk and opportunity to achieve an appropriate level of remuneration in different performance scenarios and business circumstances. Variable awards are made under the plan rules and conditions of the "Allianz Sustained Performance Plan" (ASPP) which consists of the following equally-weighted components:

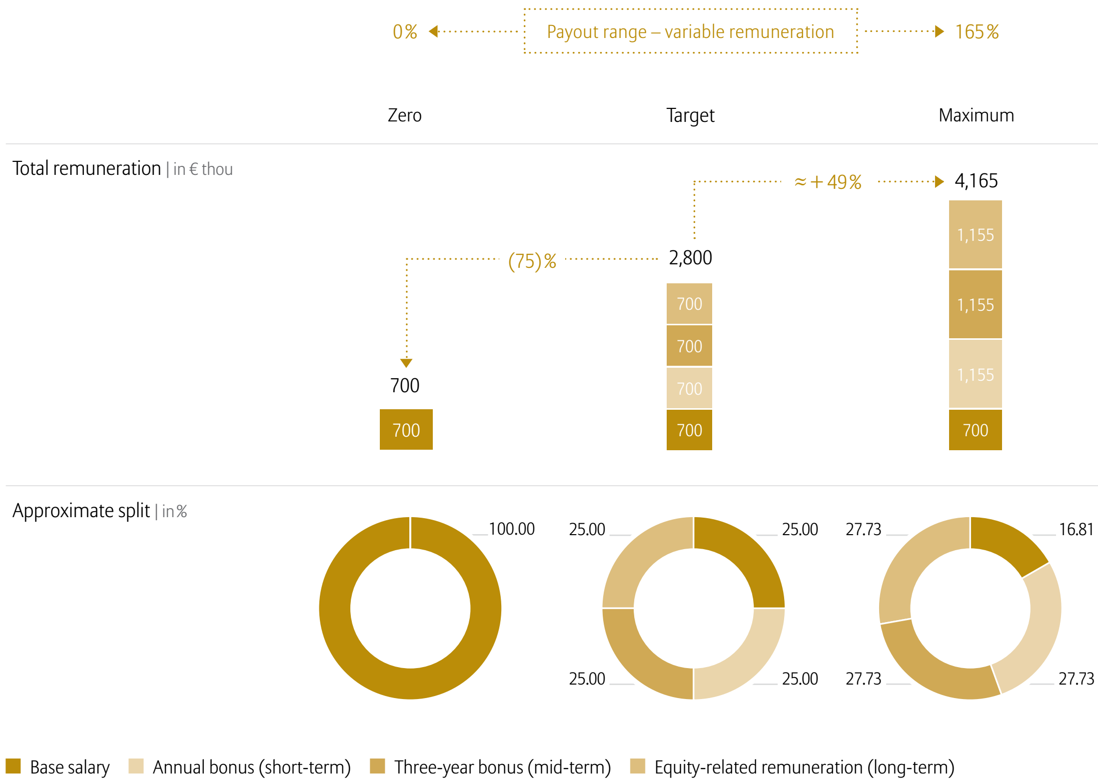
1. Annual bonus (short-term): a performance-related cash payment which rewards annual achievement of targets.
2. Three-year bonus (mid-term): a performance-related cash payment that rewards multi-year sustainable achievement of targets.
3. Equity-related remuneration (long-term): a performance-related virtual share award, known as Restricted Stock Units (RSU). Annual achievement of targets is the basis for the initial grant value. The longer-term performance of the Group is reflected in the Allianz stock price development over the four-year vesting period following the grant.

All variable remuneration components are subject to a cap of 165 % of the respective target values. The Supervisory Board determines the level of award within a range of 0 % to 165 % of target value. Additionally, the RSU payout is capped at 200 % above grant price. Furthermore, variable remuneration components may not be paid, or payment may be restricted, if the state supervisory authority requires this in accordance with its statutory powers.

The following chart illustrates the potential value of the offer – excluding pension and perquisites – at different performance outcomes (zero, target and maximum). In addition, they show the corresponding proportions delivered through fixed and variable remuneration.

VALUE OF ANNUAL OFFER IN VARIOUS PERFORMANCE ACHIEVEMENT SCENARIOS

Example: regular member of the Board of Management with € 700 thou fixed and € 2,100 thou target variable remuneration



Maximum variable remuneration payout of 165% would lead to an approximately 49% increase compared to total target remuneration while a 0% payout would reduce the total remuneration by 75% of target. The annual accrual of the mid-term (Three-year bonus) amount only indicates the assumed progress based on annual performance. The final assessment and payout is determined by the Supervisory Board after the completed three-year performance period.

The remaining remuneration components comprise of pensions/similar benefits and perquisites. These are described below.

PENSIONS AND SIMILAR BENEFITS

The purpose is to provide competitive and cost effective retirement and disability benefits using risk appropriate vehicles. Board members participate in a contribution-based system covering Board service from January 1, 2005. Prior to 2005, Board members participated in a defined benefit plan that provided fixed benefits not linked to base salary increases. Benefits generated by each year of service under this plan were frozen at the end of 2004. Additionally, all Board members participate in the Allianz Versorgungskasse VVaG (AVK), a contribution-based pension plan and the Allianz Pensionsverein e.V. (APV), which provides pension benefits for salaries up to the German social security ceiling.

Company contributions for the current pension plan depend on the years of service on the Board of Management. They are invested in a fund with a guaranteed minimum interest rate per year. On retirement the accumulated capital is converted to a lifetime annuity. An additional risk premium of 5% of the regular pension contribution is paid to cover death and disability. The earliest age a pension can be drawn is 60, except for cases of occupational or general disability for medical reasons. In these cases it may become payable earlier on. In the case of death, a pension may be paid to dependents. Surviving dependents normally receive 60% (widow/widower) and 20% (per child) of the original employee's pension, with the aggregate not to exceed 100%. In the AVK a benefit appreciation will occur in case of death or disability. Should board membership cease prior to retirement age for other reasons, the accrued pension rights are maintained if vesting requirements are met.

PERQUISITES

Members of the Board of Management also receive certain perquisites. These mainly consist of contributions to accident and liability insurances and the provision of a company car. Where applicable, there are expenses for maintenance of two households and in some cases security measures are provided. Perquisites are not linked to performance. Each member of the Board of Management is responsible for the income tax on these perquisites. The Supervisory Board reviews the level of perquisites at regular intervals.

TARGET SETTING AND PERFORMANCE ASSESSMENT FOR VARIABLE REMUNERATION

Each year, the Supervisory Board agrees on performance targets for the variable remuneration with the members of the Board of Management. These are documented for the upcoming financial year and, every three years, for the respective mid-term period. The nature of these targets is described in the table below.

TARGET CATEGORIES FOR VARIABLE REMUNERATION

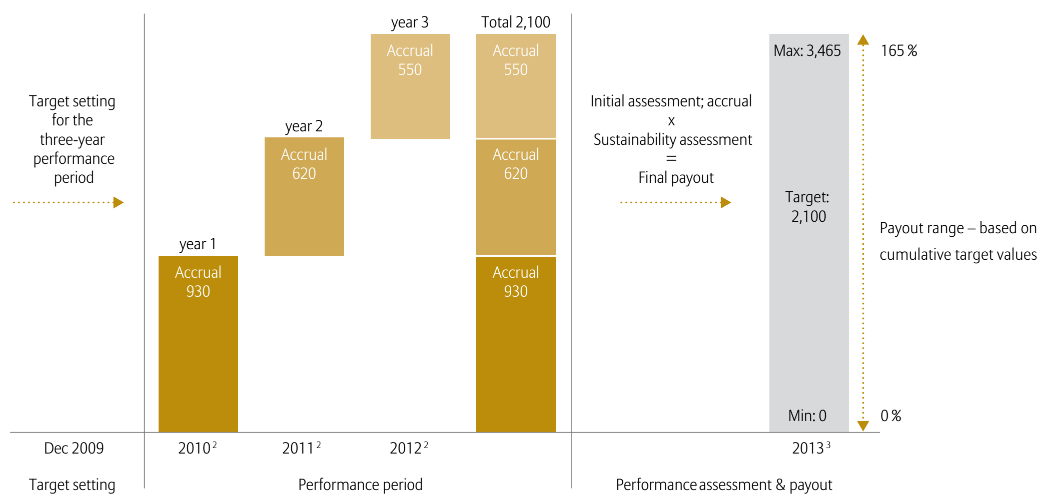
			BUSINESS DIVISION / FUNCTION	CORPORATE CENTER FUNCTIONS
ANNUAL BONUS (short-term)	QUANTITATIVE TARGETS	75 %		
	GROUP TARGETS	50 %	EQUAL SPLIT BETWEEN ■ Annual operating profit ■ Annual net income attributable to shareholders	
	TARGETS OF THE BUSINESS DIVISIONS/ CORPORATE CENTER FUNCTIONS	25 %	Operating profit of the respective business division	CONTROLLING, REPORTING, RISK ■ Solvency I ratio ■ Dividend capability FINANCE ■ Investment performance ■ Cash-Flow generation OPERATIONS ■ Efficiency ■ Operating profit of Travel/Assistance[1]
	QUALITATIVE TARGETS	25 %	SPECIFIC INDIVIDUAL PRIORITIES FOR 2011 PER MEMBER OF THE BOARD OF MANAGEMENT FIVE CATEGORIES THAT ARE ESSENTIAL TO THE 2010 - 2012 GROUP STRATEGY ■ "Partner of Choice" for stakeholders (customers, employees, investors, general public) ■ Profitable growth ■ Strengthening of competitiveness ■ Development of market management (e.g. sales channels, customer segments and profitable customer base growth) ■ Protection of shareholders' equity	
	The performance achievement of the Chairman is determined by the average target achievement of the other Board of Management members and can be adjusted by the Supervisory Board based on the Chairman's personal performance.			
THREE-YEAR BONUS (mid-term)	PORTFOLIO DEVELOPMENT		GROUP LEVEL ■ 2010 - 2012 average growth ■ 2012 return on capital BUSINESS DIVISION LEVEL ■ 2010 - 2012 average growth ■ 2012 return on capital	
	SUSTAINABILITY ASSESSMENT QUALITATIVE CRITERIA		■ Actual growth versus expectations ■ Profitability development ■ Comparison with peers ■ Extraordinary events ■ Capital situation against internal risk capital model ■ Additional sustainability criteria (e.g. customer/employee satisfaction)	
EQUITY-RELATED REMUNERATION (long-term)	SUSTAINED INCREASE IN SHARE PRICE			

1 | Additional operating profit targets were set for Dr. Christof Mascher for overseeing Mondial Assistance (now Allianz Global Assistance).

The **ANNUAL BONUS** award depends on the achievement of quantitative and qualitative targets for the respective financial year and any discretionary adjustment the Supervisory Board applies to reflect overall business results and individual performance achievements. These targets are set in order to achieve an appropriate return on capital, as approved by the Supervisory Board.

The **THREE-YEAR BONUS** recognizes both sustained target achievement over the performance period as well as a further sustainability assessment. Quantitative three-year targets focus on portfolio development, as measured by revenue growth and profit which achieve both an appropriate return on capital and relative peer group performance. As a first step, the Supervisory Board assesses achievements versus targets based on a portfolio development matrix. This assessment, which considers both growth and return on capital, ensures that the final award not only depends on a high profit margin but also profitable growth. Also, to avoid payouts due to general short-term variability not related to sustainable performance, growth is measured over a three-year period. As the final assessment is not formulaic, the Supervisory Board then considers as a second step qualitative factors as part of a sustainability assessment. This may modify the resulting award. If performance is determined to be below acceptable relative market performance or not sustainable, assessments may be significantly reduced – in extreme cases to zero.

ILLUSTRATION OF THE PROCESS AND THE UNDERLYING TIMELINE OF THE THREE-YEAR BONUS CYCLE, FROM TARGET SETTING TO FINAL PERFORMANCE ASSESSMENT[1] | in € thou

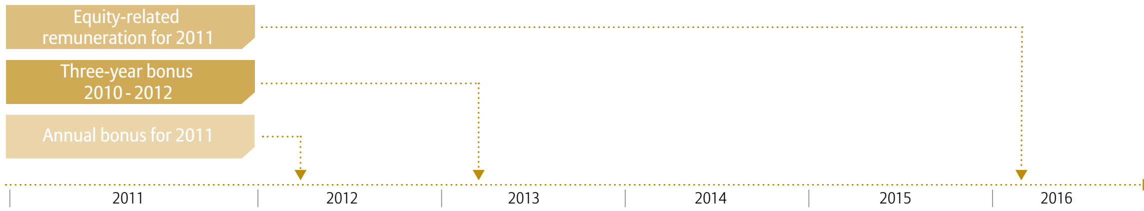


EQUITY-RELATED remuneration is granted after the end of the financial year with the annual bonus performance of plan participants determining the value of the equity grant (the same value as the Annual bonus). The number of RSU granted results from dividing this value by the calculated market value of an RSU at the time of grant. Following the end of the four year vesting period, the company makes a cash award based on the market price of Allianz share at that time. In this way the ultimate value is driven by Allianz share performance, providing alignment with shareholder interests. To avoid extreme payouts, the RSU payout is capped at 200 % above grant price. Outstanding holdings are usually forfeited when executives leave at their own request (or are terminated for cause).

Annual performance drives the value of the Annual bonus and also influences the opportunity of the mid- and long-term components. However, the values delivered under the three-year and equity components ultimately depend on sustained performance over longer periods.

1 | Example based on at target values of a regular member of the Board of Management with an annual target of € 700 thousand for the Three-year bonus.
2 | Actual accrual for the Three-year bonus (mid-term) 2010 to 2012 usually equals the Annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle this value is only a notional indication.
3 | Final payout is subject to the sustainability assessment of the Supervisory Board and may vary within the full range between 0 % - 165 % of the cumulative target values independent of the notional accruals.

PAYOUT OF VARIABLE REMUNERATION



2011 REMUNERATION AND LINK TO PERFORMANCE

Due to the roles of some Board of Management Members their remuneration may be split between Allianz SE and other companies they oversee – as approved by the Supervisory Board. Below we discuss the 2011 remuneration results received from Allianz SE and the link to performance against targets[1].

- **BASE SALARY:** The Supervisory Board approved an increase to the base salaries of selected members of the Board of Management by € 50,000 in December 2010. This resulted in a base salary as of January 1, 2011 of € 750,000 for Clement Booth, Dr. Joachim Faber and Dr. Werner Zedelius and of € 510 000 for Enrico Cucchiani. For all other Board members base salaries for 2011 were maintained at their existing levels.

- **ANNUAL BONUS:** The target achievement for the Group, the business division/corporate functions and the qualitative performance was on average assessed at 84 % and ranged between 71 % and 98 %. Consequently, total Annual bonus awards ranged between 71 % and 98 % of target with an average bonus award of 84 % of target bonus. This represents 51 % of the maximum payout.

- **THREE-YEAR BONUS:** Three-year performance achievement for the 2010 - 2012 plan will be measured and bonus outcomes determined during the first half of 2013. For accrual purposes, the target achievement of the Annual bonus serves as the notional indication.

- **EQUITY-RELATED REMUNERATION:** In accordance with the approach described earlier, a number of RSU were granted to each Board member in March 2012. At the time of grant, each award had the same "fair value" as the award for the 2011 Annual bonus.

- **PERQUISITES:** For 2011 the total value of the perquisites amounted to € 0.5 mn (2010: € 0.5 mn).

- **PENSIONS:** Company contributions in the current plan are 29.25 % of base salary, increasing to 36.56 % after five years and to 43.88 % after ten years service on the Board of Management. These are invested in a fund and have a minimum guaranteed interest rate of 2.75 % each year. If the net annual return of the AVK exceeds 2.75 %, the full increase in value is credited in the same year. For members with pension rights in the frozen plan, the above contribution rates are reduced by an amount equivalent to 19 % of the annual pension from that plan.

- **TOTAL REMUNERATION:** The following table shows the individual remuneration for 2011 and 2010, including fixed and variable remuneration, as well as the pension service cost.

1 | For example in 2010 the split for Dr. Mascher was 50 % Allianz SE and 50 % Allianz Germany, while in 2011 it was 100 % from Allianz SE.

INDIVIDUAL REMUNERATION – 2011 AND 2010

		Fixed		Variable					
Board members		Base salary € thou	Perquisites € thou	Annual bonus (short-term)[1] € thou	Three-year bonus (mid-term)[2] € thou	Fair value of RSU award at date of grant (long-term) € thou	Total € thou	Pensions € thou	Total incl. Pensions € thou
Michael Diekmann	**2011**	1,200	31	1,062	1,062	1,062	4,417	865	5,282
(Chairman)	2010	1,200	24	1,544	1,544	1,544	5,856	879	6,735
Dr. Paul Achleitner[3]	**2011**	800	57	640	640	640	2,777	1,331[4]	4,108[4]
	2010	800	61	1,075	1,075	1,075	4,086	728	4,814
Oliver Bäte	**2011**	700	50	688	688	688	2,814	274	3,088
	2010	700	47	948	948	948	3,591	262	3,853
Manuel Bauer	**2011**	700	13	511	511	511	2,246	295	2,541
	2010	—	—	—	—	—	—	—	—
Clement Booth	**2011**	750	144	499	499	499	2,391	412	2,803
	2010	700	125	992	992	992	3,801	257	4,058
Enrico Cucchiani[5]	**2011**	496	67	631	0	631	1,825	156	1,981
	2010	460	45	765	925	925	3,120	152	3,272
Dr. Joachim Faber[6]	**2011**	750	21	651	651	651	2,724	330	3,054
	2010	700	20	1,029	1,029	1,029	3,807	259	4,066
Dr. Christof Mascher	**2011**	700	29	595	595	595	2,514	359	2,873
	2010	350	11	441	441	441	1,684	137	1,821
Jay Ralph	**2011**	700	54	525	525	525	2,329	245	2,574
	2010	700	81	845	845	845	3,316	265	3,581
Dr. Werner Zedelius	**2011**	750	16	559	559	559	2,443	635	3,078
	2010	700	16	837	837	837	3,227	543	3,770
Total	**2011**	**7,546**	**482**	**6,361**	**5,730**	**6,361**	**26,480**	**4,902**	**31,382**
	2010[7]	6,835	453	9,109	9,269	9,269	34,935	3,732	38,667
Change from previous year[7]		**10.4%**	**6.3%**	**(30.2)%**	**(38.2)%**	**(31.4)%**	**(24.2)%**	**31.4%**	**(18.8)%**
Change from previous year in total variable[7]					**(33.3)%**				

To provide comparable disclosure to previous years, the remuneration table includes the notional annual accrual of the Three-year bonus for 2010 to 2012. We also disclose below the actual total remuneration per member of the Board of Management for each respective year. For this purpose, the "Total" for 2011 and the "Total" for 2010 (in parenthesis) excludes the notional annual accrual of the Three-year bonus for 2010 to 2012:

Michael Diekmann € 3,355 (4,312) thousand
Oliver Bäte € 2,126 (2,643) thousand
Clement Booth € 1,892 (2,809) thousand
Dr. Joachim Faber € 2,073 (2,778) thousand
Jay Ralph € 1,804 (2,471) thousand
Dr. Paul Achleitner € 3,165[8] (3,011) thousand
Manuel Bauer € 1,735 (—) thousand
Enrico Cucchiani € 1,825 (2,195) thousand
Dr. Christof Mascher € 1,919 (1,243) thousand
Dr. Werner Zedelius € 1,884 (2,390) thousand

The total remuneration of the Board of Management of Allianz SE for 2011, excluding the notional annual accrual of the Three-year bonus for the period 2010-2012, amounts to € 22 mn[8] (2010: € 26 mn).

1 | Actual bonus paid in 2012 for fiscal year 2011 and in 2011 for fiscal year 2010.
2 | For accrual purposes the value for the Mid-term bonus 2010 to 2012 equals the Annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle this value is only a notional indication.
3 | Dr. Paul Achleitner will leave the Allianz SE Board of Management effective May 31, 2012. Based on his contract the variable remuneration for the financial year 2011 and pro-rata for the financial year 2012 will be determined and paid out according to the normal process and timeline. He will receive a cash payment for the financial year 2011 and a pro-rated cash payment for the financial year 2012 instead of RSU (Restricted Stock Units). The amount will equal the respective 2011 Annual bonus and pro-rated 2012 Annual bonus. RSU and SAR (Stock Appreciation Rights) granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans. The non-forfeitable pension entitlements continue.
4 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management. The payment is calculated based on six months of the latest Base salary and a final lump-sum payment of 25% of the target variable remuneration. In total the transition payment amounts to € 1,027.5 thousand.
5 | Enrico Cucchiani left the Allianz SE Board of Management effective December 21, 2011. For the period January 1, 2011 to December 21, 2011 he received a pro-rated Base salary, Annual bonus and Equity-related remuneration. The Annual bonus and the Equity-related remuneration will be paid in cash in spring 2012. No pro-rata Three-year bonus for 2010 and 2011 or a transition payment were awarded. RSU (Restricted Stock Units) and SAR (Stock Appreciation Rights) granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans. The non-forfeitable pension entitlements continue.
6 | Dr. Joachim Faber left the Allianz SE Board of Management upon his retirement effective December 31, 2011. According to his contract he receives a transition payment of € 900 thousand. The payment is calculated based on the latest Base salary, which is paid for a further six months starting July 1, 2012, and a final lump-sum payment of 25% of the target variable remuneration. The payable pension takes into account the monthly payments over the six-month period.
7 | The total remuneration and the percentage change between 2010 and 2011 reflects the remuneration of the full Board of Management in the respective year. Dr. Gerhard Rupprecht retired from the Board of Management of Allianz SE effective December 31, 2010.
8 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thousand. This amount is included in the Total for 2011.

Allianz SE paid € 5 mn (2010: € 4 mn) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of December 31, 2011, the total settlement amount (including AVK/APV) for active members of the Board of Management amounted to € 35 mn (2010: € 34 mn).

PENSIONS: SERVICE COST AND CONTRIBUTIONS FOR EACH MEMBER OF THE BOARD OF MANAGEMENT FOR 2011 AND 2010

			Defined Benefit Pension Plan (frozen)			Current Pension Plan		AVK/APV[1]		Transition payment[2]		**Total**	
Board members		Assumed retirement age	Annual pension payment[3]	SC[4]	DBO[5,6]	SC[4]	DBO[5]	SC[4]	DBO[5,7]	SC[4]	DBO[5,8]	**SC[4]**	**DBO[5,6,9]**
			€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Michael Diekmann	**2011**	60	337	265	4,929	539	3,173	4	106	57	908	865	9,116
(Chairman)	2010	60	337	274	4,480	602	2,535	3	98	0	809	879	7,922
Dr. Paul Achleitner	**2011**	60	344	333	3,673	335	1,896	4	68	659	1,028[10]	1,331	6,665
	2010	60	344	331	3,202	381	1,502	5	62	11	351	728	5,117
Oliver Bäte	**2011**	60	—	—	—	243	1,068	4	12	27	98	274	1,178
	2010	60	—	—	—	250	793	4	9	8	68	262	870
Manuel Bauer	**2011**	60	57	55	817	236	722	4	97	0	1	295	1,637
	2010	—	—	—	—	—	—	—	—	—	—	—	—
Clement Booth	**2011**	60	—	—	—	324	1,722	4	18	84	457	412	2,197
	2010	60	—	—	—	251	1,345	4	15	2	355	257	1,715
Enrico Cucchiani	**2011**	62	—	—	—	156	0[11]	0	0	0	0[12]	156	0
	2010	62	—	—	—	147	856	4	15	1	689	152	1,560
Dr. Joachim Faber	**2011**	62	225	0	4,099	330	1,846	0	73	0	697	330	6,715
	2010	62	225	0	4,162	253	1,459	6	64	0	683	259	6,368
Dr. Christof Mascher	**2011**	60	—	—	—	242	1,331	4	17	113	195	359	1,543
	2010	60	—	—	—	126	524	3	14	8	39	137	577
Jay Ralph	**2011**	60	—	—	—	241	511	4	6	0	0	245	517
	2010	60	—	—	—	261	261	4	3	0	0	265	264
Dr. Werner Zedelius	**2011**	60	225	159	2,589	340	1,885	4	109	132	410	635	4,993
	2010	60	225	185	2,354	347	1,487	3	101	8	264	543	4,206

The sum of total remuneration of the Board of Management of Allianz SE and the pension service costs for 2011 (excluding the notional annual mid-term bonus accrual) amounts to € 26 mn[13] (2010: € 29 mn).

1 | Following Allianz's founding of the APV in 1998, the plan participants contribute 3 % of their relevant salary to the AVK. For the AVK the minimum interest rate guaranteed is 2.75 % – 3.50 % depending on the date of joining Allianz. In general, the company funds the balance (1:1 in general, and for entries prior to January 2005, 1:2.2) required via the APV. Before 1998 both Allianz and the plan participants were contributing to the AVK.
2 | For details on the transition payment see section "Termination of Service" starting on page 73.
3 | Expected annual pension payment at assumed retirement age.
4 | SC = Service Cost.
5 | DBO = Defined Benefit Obligation; end of year.
6 | Total settlement amount of the offset liabilities – as the effect of the first time application of the German Accounting Law Modernization Act in fiscal year 2010 is spread across 15 years the following values apply in the German GAAP balance sheet: Michael Diekmann: € 4,324 thousand, Dr. Paul Achleitner: € 3,319 thousand, Manuel Bauer: € 634 thousand, Dr. Joachim Faber: € 3,279 thousand, Dr. Werner Zedelius: € 1,996 thousand.
7 | AVK/APV are indirect pension promises which are off German GAAP balance sheet, i. e. the amount is € 0. For transparency reasons the premium reserve is shown in the table.
8 | Total settlement amount of the offset liabilities.
9 | Total settlement amount of the offset liabilities – the total amount in the German GAAP balance sheet is: Michael Diekmann: € 8,405 thousand, Dr. Paul Achleitner: € 5,215 thousand, Oliver Bäte: € 1,166 thousand, Manuel Bauer: € 1,357 thousand, Clement Booth: € 2,179 thousand, Enrico Cucchiani: € 0 thousand, Dr. Joachim Faber: € 5,822 thousand, Dr. Christof Mascher: € 1,526 thousand, Jay Ralph: € 511 thousand, Dr. Werner Zedelius: € 4,291 thousand.
10 | Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thousand. The payment is calculated based on the latest Base salary, which is paid starting December 1, 2012 for a six month period and a final lump-sum payment of 25 % of the 2012 target variable remuneration. The lump-sum will be paid in spring 2013.
11 | As Enrico Cucchiani left Allianz on December 21, 2011, his DBO of € 1,045 thousand is covered under former board members.
12 | Enrico Cucchiani does not receive a transition payment.
13 | The transition payment for Dr. Paul Achleitner is included in the figure for 2011.

GRANTS AND OUTSTANDING HOLDINGS IN EQUITY INCENTIVES: The Equity-related remuneration that applied before 2010[1] consisted of two vehicles, virtual stock awards known as Restricted Stock Units (RSU) and virtual stock options known as Stock Appreciation Rights (SAR). Only RSU are awarded as of 2010.

GRANTS AND OUTSTANDING HOLDINGS UNDER THE ALLIANZ EQUITY PROGRAM[2]

	RSU		SAR[4]	
Board members	Number of RSU granted on 3/8/2012[3]	Number of RSU held at 12/31/2011	Number of SAR held at 12/31/2011	Strike Price Range €
Michael Diekmann (Chairman)	15,294	47,999	105,294	51.95 – 160.13
Dr. Paul Achleitner	—[5]	32,494	73,249	51.95 – 160.13
Oliver Bäte	9,905	24,205	26,362	51.95 – 117.38
Manuel Bauer	7,359	9,933	22,640	51.95 – 160.13
Clement Booth	7,185	32,099	50,464	51.95 – 160.13
Enrico Cucchiani	—[6]	30,541	64,623	51.95 – 160.13
Dr. Joachim Faber	9,379	33,937	73,596	51.95 – 160.13
Dr. Christof Mascher	8,573	23,109	32,648	51.95 – 160.13
Jay Ralph	7,560	22,568	25,449	51.95 – 117.38
Dr. Werner Zedelius	8,043	37,831	83,428	51.95 – 160.13
Total	73,298	294,716	557,753	—

In 2011, remuneration and other benefits totaling € 6 mn (2010: € 6 mn) were paid to retired members of the Board of Management and dependents. Reserves for current pensions and accrued pension rights totaled € 66 mn (2010: € 51 mn).

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of December 31, 2011, there were no outstanding loans granted by Allianz SE to members of the Board of Management. When granted, loans and overdrafts are provided according to standard market conditions or the conditions prevailing for Allianz employees. They carry no more than normal risks of repayment and do not provide any other favorable features.

TERMINATION OF SERVICE

Board of Management contracts are set for a maximum period of five years. The term of contract is reduced accordingly if a Board member reaches 60 before then. In compliance with the German Corporate Governance Code, for new appointments the maximum service period of five years is not the rule.

1 | The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 55).
2 | As disclosed in the Annual Report 2010 the equity related grant in 2011 was granted to participants as part of their 2010 remuneration. The disclosure in the Annual Report 2010 was based on a best estimate of the RSU grants. The actual grants, as of March 10, 2011, deviate from the estimated values and have to be disclosed accordingly. The actual grants as of March 10, 2011 under the Allianz Equity Program in the form of RSU are as follows: Michael Diekmann: 18,334, Dr. Paul Achleitner: 12,767, Oliver Bäte: 11,254, Clement Booth: 11,779, Enrico Cucchiani: 10,988, Dr. Joachim Faber: 12,222, Dr. Christof Mascher: 10,466, Jay Ralph 10,037, Dr. Gerhard Rupprecht: 10,030, Dr. Werner Zedelius: 9,941.
3 | The relevant share price used to determine the final number of RSU granted is only available after sign-off by the external auditors, thus numbers are based on a best estimate.
4 | SAR are released to plan participants upon expiry of the vesting period, assuming all other exercise hurdles are met. For SAR granted until and including 2008, the vesting period was two years. For SAR granted from 2009, the vesting period is four years. SAR can be exercised on condition that the price of Allianz SE stock is at least 20% above their strike price at time they are granted. Additionally, the price of the Allianz SE stock must have exceeded the Dow Jones EURO STOXX Price Index (600) over a period of five consecutive trading days at least once during the plan period.
5 | For the financial year 2011 the Equity-related remuneration for Dr. Paul Achleitner will be delivered in cash, therefore he will not receive a RSU grant on March 8, 2012.
6 | Enrico Cucchiani left the Allianz SE Board of Management on December 21, 2011. The Equity-related remuneration will be paid in cash on a pro rata basis in spring 2012. Therefore he will not receive a RSU grant on March 8, 2012. RSU and SAR granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans.

Arrangements for termination of service including retirement are as follows:

1. Board members who were appointed before January 1, 2010 – and who have served a term of at least five years - are eligible for a six-month transition payment after leaving the Board of Management.
2. Severance payments made to Board members in case of an early termination comply with the German Corporate Governance Code.
3. Special terms, also compliant with the German Corporate Governance Code, apply if service is terminated as a result of a "change of control". A change of control requires that a shareholder of Allianz SE, acting alone or together with other shareholders, holds more than 50 % of voting rights in Allianz SE. Termination as a result of a change of control occurs where within twelve months of the change of control:
   a. the Management Board appointment is unilaterally revoked by the Supervisory Board, or
   b. the Board member terminates service by resignation due to a substantial decrease in managerial responsibilities and without giving cause for termination, or
   c. a Management Board appointment is terminated by mutual agreement or where it is not extended within two years of the change of control.

Contracts do not contain provisions for any other cases of early termination from the Board of Management.

TERMINATION OF SERVICE – DETAILS OF THE PAYMENT ARRANGEMENTS AND ILLUSTRATIVE EXAMPLES

	Examples in € thou	
TRANSITION PAYMENT		
Board members receiving a transition payment are subject to a six months non-compete clause.	A regular Board member with last Base salary of 700 and target variable remuneration of 2,100	
The payment is calculated based on the last base salary and 25 % of the target variable remuneration at the date when notice is given.	Base Salary for 6 months (350) + 25 % of the total variable remuneration at target (525) = 875	
An Allianz pension, where immediately payable, is taken into account in adjusting transition payment amounts.		
SEVERANCE PAYMENT CAP		
Payments to Board members for early termination with a remaining term of contract of more than two years are capped at two year's compensation:	A regular Board member with last year Base salary of 700 and target variable remuneration of 2,100	
Whereby the yearly compensation	Two year's compensation:	
a. is calculated on the basis of the previous year's annual base salary plus 50 % of the target variable remuneration (Annual bonus + annualized Three-year bonus + Equity-related remuneration) and;	Base Salary (1,400) + 50 % of the total variable remuneration at target (2,100) = 3,500	Severance payment cap of 3,500
b. shall not exceed the latest year's actual total compensation.	Assumption: Last year's actual total compensation at 2,80 = 5,600	
In case the remaining term of contract is less than two years the payment is prorated according to the remaining term of the contract.	Based on the example from above (severance payment cap at 3,500) and assuming a remaining term of contract of only half a year: Severance payment cap (3,500) prorated to half a year = 875	
CHANGE OF CONTROL		
In case of an early termination as a result of a change of control, severance payments made to board members generally amount to a three years' compensation (yearly compensation as defined above) and shall not exceed	Based on the example from above:	
150 % of the severance payment cap.	150 % of the severance payment cap (3,500) = 5,250	
Consequently, the payout is less than two years total remuneration at target.		

Board members who were appointed before January 1, 2011, are eligible to use a company car for a period of twelve months after their retirement.

MISCELLANEOUS

INTERNAL AND EXTERNAL BOARD APPOINTMENTS

116
Mandates of the Members of the Board of Management

When a member of the Board of Management holds an appointment in another company within the Allianz Group, the full remuneration amount is transferred to Allianz SE. In recognition of the benefits to the organization, Board of Management members are supported if they accept a limited number of non-executive supervisory roles in appropriate external organizations. In these cases, 50% of the remuneration received is paid to Allianz SE. A Board member retains the full remuneration only when the Supervisory Board qualifies the appointment as a personal one. Remuneration paid by external organizations is shown in the Annual Reports of the companies concerned. The remuneration relating to the external appointment is set by the governing body of the relevant organization.

Executive Remuneration below the Board of Management

For the purpose of this report, senior executives are defined as Allianz employees who may either have a material impact on the company's financial or risk positions, or lead critical operations of the Group. In general, the same principles and governance standards described for the Board of Management apply to the remuneration of senior executives. However, executives below the Board of Management are more directly responsible for specific lines of business or product groups. Likewise, their remuneration is more closely aligned with their specific business, country and/or regional operating environments. Consequently there is a higher degree of variation in remuneration practices and levels.

The general objective for all Allianz remuneration structures is to offer competitive reward in terms of components, structure and level which allows Allianz to attract, motivate and retain high performing employees without encouraging excessive risk-taking.

GOVERNANCE SYSTEM

Allianz operates an effective system of Compensation Committees at the business, regional, country and operating entity levels. They periodically review and decide on remuneration guidelines and practices below the Board of Management level. Based on the specific nature, scale and scope of each business the Board of Management has defined the appropriate level of Compensation Committee oversight. A Group-wide framework governs Compensation Committee operations and ensures consistent adherence to both Allianz minimum standards and regulatory requirements.

The duties of the Group Compensation Committee (GCC) are to assist the Allianz SE Board of Management in discharging its responsibilities for all compensation matters relating to the Chief Executive Officers, Board members of the International Executive Committee (IEC) companies and the heads of the major functions of Allianz SE. In addition, the committee and representatives of companies classified as significant according to the German Insurance Remuneration Regulation of October 13, 2010 have identified and approved a list of other key executives for additional review.

The responsibilities of Compensation Committees below the GCC level are similar regarding compensation systems and oversight of their respective/relevant executives. Local Compensation Committees are typically comprised of Regional Chief Executive Officers, Business Division Heads, Chief Financial Officers or Chief Operating Officers, a representative of the legal and/or compliance function and the Head of Human Resources.

Beyond local Compensation Committee oversight, the GCC must be informed quarterly of payments or individual agreements exceeding certain materiality thresholds.

FRAMEWORK AND MINIMUM STANDARDS

Allianz's global governance frameworks and minimum standards are centrally managed. This ensures global consistency and allows for timely updates to reflect changing business needs and evolving regulatory requirements. It also supports continuous improvement in sustainable performance management and exemplary governance principles.

Allianz conducted its annual remuneration risk assessment for senior executives in companies classified as significant according to VersVergV to confirm that the remuneration structures for senior executives are appropriate to their role, transparent and aligned to the sustainable development of Allianz. The objective of this review was to develop recommendations for improving risk mitigation and aligning pay with performance and, ultimately, to confirm compliance with regulation.

The results of these analyses were incorporated in the required internal Compensation Report to the Board of Management. The Board of Management provided the Supervisory Board with a summary of the analyses, recommendations for improvements in the remuneration and governance systems, and an overall assurance of compliance with regulations.

REMUNERATION PRINCIPLES

Remuneration structures and incentives are designed to encourage sustainable value-creating activities for Allianz. Hence Allianz deploys a number of different remuneration structures and strategies across the Group which take into account the particular roles of executives, business activities and local remuneration and regulatory environments.

The key additional principles of executive remuneration strategy are:

- Align pay with both the performance of individuals and the achievement of the Allianz Group's financial and strategic goals consistent with shareholder interests.
- Vary the mix and weight of fixed versus variable remuneration to reflect the executive's influence on the results of the Group/business division/operating entity.
- Deliver total rewards that are competitive in the relevant markets.

REMUNERATION COMPONENTS

The primary model is that of the Allianz insurance business. The model provides for a balance of fixed and variable remuneration components with a stronger focus on the longer-term realization of results in determining the final value of total remuneration.

The following components set the remuneration structure for senior executives to comply with applicable regulations, although not everyone in this group receives all of them, or has the same mix of components:

65, 68
Equity-related Remuneration

- Base salary
- Variable remuneration, including:
  - Short- and, where applicable, mid-term incentives
  - Long-term incentives in the form of Equity-related remuneration

The outline below discusses the component's purpose, performance link and operation.

BASE SALARY

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Staff Expenses

Base salary recognizes the market value of the role. Annual adjustments also take account of sustained performance in the role, the performance of the company, general economic conditions and the level of increases awarded elsewhere in the Group. The proportion of the fixed component within total remuneration is designed to balance performance incentives to avoid excessive risk-taking. Base salary is expressed as an annual cash sum paid in monthly installments.

VARIABLE REMUNERATION

Variable remuneration is designed to encourage and reward achievement of both annual performance goals and the sustainable success of the Group. It is structured to align with Allianz's risk positioning strategy and reward the personal contribution of the individual. Annual targets and, where applicable, multi-year targets are set, communicated and documented in advance of the performance period and generally conform with SMART (specific, measurable, attainable, relevant and time-bound) principles. In the case of breaches of the Code of Conduct, compliance or other relevant criteria, payout can be reduced partially or in full.

According to the general terms applicable to all employees, senior executives who are not members of a Board of Management may also participate in the global Employee Stock Purchase Plan. Additionally, Allianz operates pension and benefit plans, which may provide participants with other opportunities to accumulate retirement income.

2011 REMUNERATION

For senior executives who assume positions of high risk in the sense of the VersVergV, we disclose the aggregated split between fixed and variable target remuneration. The number of functions within Allianz SE for the 2011 analysis was 16 (2010: 20). For 2011 the split for senior executives is 32 % fixed and 68 % variable target remuneration.[1]

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is governed by the Statutes of Allianz SE and the German Stock Corporation Act. Since changing to a new remuneration system with fixed remuneration only, Allianz SE deviates from the recommendation of the German Corporate Governance Code to provide a performance-related remuneration. Allianz believes that a fair fixed remuneration is more suitable to the control function of the Supervisory Board. The structure of the Supervisory Board's remuneration is regularly reviewed with respect to German, European and international corporate governance recommendations and regulations.

1 | Figures excluding pensions and perquisites; including Members of the Board of Management of Allianz SE.

REMUNERATION PRINCIPLES

- Set total remuneration at a level aligned with the scale and scope of the Supervisory Board duties and appropriate to the Company's activities, business and financial situation.
- Set a remuneration structure that takes into account the individual functions and responsibilities of Supervisory Board members, such as chair, vice-chair or committee mandates.
- Set a remuneration structure to allow for proper oversight of business as well as for adequate decisions on executive personnel and remuneration.

REMUNERATION STRUCTURE AND COMPONENTS

The Supervisory Board discussed changes to the remuneration structure in its September 2010 and December 2010 meetings based on a proposal from the Personnel Committee – considering a review of market practices and developments by Kienbaum Management Consultants. The new remuneration structure, which comprises fixed and committee related remuneration only, was approved by the Annual General Meeting 2011 and is laid down in the Statutes of Allianz SE. It became effective for the financial year 2011.

FIXED ANNUAL REMUNERATION

The remuneration of a member of the Supervisory Board consists of a fixed cash amount paid after the end of each business year to a Supervisory Board member for service rendered over the period. A regular Supervisory Board member receives a fixed remuneration of € 100 thousand per year; a deputy Chairperson receives € 150 thousand and the Chairperson € 200 thousand.

COMMITTEE-RELATED REMUNERATION

The Chairpersons and members of Supervisory Board committees receive additional committee-related remuneration. The committee-related remuneration is as follows:

Committee	Chair € thou	Member € thou
Personnel Committee, Standing Committee, Risk Committee	40	20
Audit Committee	80	40
Nomination Committee	0	0

ATTENDANCE FEES AND EXPENSES

In addition, members of the Supervisory Board receive an attendance fee for each Supervisory Board or committee meeting they attend in person. Along with the changes to the remuneration system as of January 1, 2011 the attendance fee was adjusted from € 500 to € 750. This amount remains unchanged if several meetings occur on one day or when various meetings are held on consecutive days.

Allianz SE reimburses the members of the Supervisory Board for their out-of-pocket expenses and the VAT payable for their remuneration and expenses. For the performance of his duties, the Chairman of the Supervisory Board is furthermore entitled to an office with secretarial support and use of the Allianz carpool service. In the financial year 2011, Allianz SE reimbursed expenses in the total amount of € 35 thousand.

REMUNERATION FOR 2011

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,009 thousand in 2011, (2010: € 1,463 thousand). The average annual remuneration for the Supervisory Board members increased to € 167 thousand (2010: € 122 thousand). The reason for such difference is that in 2010 no long-term variable remuneration was paid out from the previous remuneration system.

The following table shows the individual remuneration for 2011 and 2010:

Members of the Supervisory Board	Committees[1] A	N	P	R	S		Fixed remuneration € thou	Short-term variable remuneration[2] € thou	Long-term variable remuneration[2] € thou	Committee remuneration € thou	Attendance fees € thou	Total remuneration (after cap[2]) € thou
Dr. Henning Schulte-Noelle	M	C	C	C	C	**2011**	200.0	—	—	160.0	6.8	366.8
(Chairman)	M	C	C	C	C	2010	100.0	48.0	0.0	141.0	3.5	225.5[3]
Dr. Gerhard Cromme		M	M		M	**2011**	150.0	—	—	40.0	3.8	193.8
(Vice Chairman)		M	M		M	2010	75.0	36.0	0.0	37.0	2.5	150.5
Rolf Zimmermann			M		M	**2011**	150.0	—	—	40.0	3.8	193.8
(Vice Chairman)			M		M	2010	75.0	36.0	0.0	37.0	2.5	150.5
Dr. Wulf Bernotat	C				M	**2011**	100.0	—	—	100.0	4.5	204.5
	C				M	2010	50.0	24.0	0.0	63.5	4.0	141.5
Jean-Jacques Cette	M					**2011**	100.0	—	—	40.0	4.5	144.5
	M					2010	50.0	24.0	0.0	30.0	3.0	107.0
Geoff Hayward				M		**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.5	95.0
Franz Heiß				M		**2011**	100.0	—	—	20.0	3.0	123.0
						2010	—	—	—	—	—	—
Prof. Dr. Renate Köcher		M		M		**2011**	100.0	—	—	20.0	3.0	123.0
		M		M		2010	50.0	24.0	0.0	18.5	2.0	94.5
Peter Kossubek					M	**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.5	95.0
Igor Landau	M					**2011**	100.0	—	—	40.0	5.3	145.3
	M					2010	50.0	24.0	0.0	30.0	2.5	106.5
Jörg Reinbrecht	M					**2011**	100.0	—	—	40.0	5.3	145.3
	M					2010	50.0	24.0	0.0	30.0	3.5	107.5
Peter Denis Sutherland				M		**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.0	94.5
Total[4]						**2011**	**1,400.0**	**0.0**	**0.0**	**560.0**	**48.8**	**2,008.8**
						2010	700.0	336.0	0.0	461.0	33.0	1,463.0

Legend: C = Chairperson of the respective committee, M = Member of the respective committee.

REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

As remuneration for their membership in the Supervisory Board of Allianz Deutschland AG Mr. Franz Heiß received € 40 thousand and Mr. Jörg Reinbrecht received € 30 thousand for the financial year 2011. Mr. Jörg Reinbrecht joined the Supervisory Board of Allianz Deutschland AG in April 2011.

All employee representatives of the Supervisory Board except for Mr. Jörg Reinbrecht are employed by Allianz Group companies and receive a remuneration at arms length for their services.

LOANS TO MEMBERS OF THE SUPERVISORY BOARD

On December 31, 2011, there were no outstanding loans granted by Allianz Group companies to members of the Supervisory Board of Allianz SE.

1 | Abbreviations: A - Audit, N - Nomination, P - Personnel, R - Risk, S - Standing.
2 | Only applicable for 2010 remuneration.
3 | Total remuneration (excluding attendance fees) was capped at € 222 thousand (for the Chairperson, the limit was three times the 2010 basic remuneration).
4 | The total remuneration reflects the remuneration of the full Supervisory Board in the respective year.

II. Other Information

Our Employees

Our employees' exceptional commitment and ambition to provide excellent service to our customers are crucial to our success. We place great emphasis on fostering outstanding leadership, continuous talent and personal development. Only by unlocking our employees' potential can we achieve our primary goal of being a reliable partner to our customers.

Our human resources work is characterized by four clear priorities:

- Employee Engagement
- Diversity
- Talent Management
- Remuneration

THE SE WORKS COUNCIL

The **SE WORKS COUNCIL** represents the interests of employees of Allianz SE and its subsidiaries with registered offices in the E.U. member states, the European Economic Area and Switzerland in cross-border matters. The Works Council was informed and consulted on several issues during its two regular meetings in 2011. Besides the business situation and prospects of Allianz in Europe, items discussed included cross-border operational strategy (e.g. Strategic Workforce Planning), cross-border activities in Europe (e.g. Allianz Global Investors in Europe and Allianz Global Network) and other cross-border topics (e.g. Corporate Governance at Allianz). On several occasions, the SE Works Council's Executive Committee was also informed and consulted on an ad hoc basis.

The constructive dialogue with the SE Works Council has helped us to build a good mutual understanding of the challenges ahead and ensures productive cooperation between management and employee representatives at Allianz. One of the outcomes of this dialogue was the signature of the pan-European "Agreement on Guidelines concerning Work-Related Stress" between Allianz SE and the SE Works Council.

Branches

In 2011, Allianz SE operated its reinsurance business from Munich and branch offices in Singapore, Labuan (Malaysia), Zurich and Dublin.

Events after the Balance Sheet Date

ISSUE OF € 1.5 BN SENIOR BOND

In February 2012 a subsidiary issued a senior bond in the nominal amount of € 1.5 bn with a coupon of 3.5 % p.a. and a term of 10 years.

KEY TERMS OF GREEK VOLUNTARY EXCHANGE OFFER (PRIVATE SECTOR INVOLVEMENT) LAUNCHED

The key terms of a voluntary Greek sovereign bonds exchange offer were launched on February 21, 2012. If a sufficient percentage of investors relative to the aggregate nominal amount of outstanding Greek sovereign bonds vote for the exchange offer, it could become mandatory for all bondholders. In this case, outstanding Greek sovereign bonds will be exchanged for new low-interest Greek sovereign bonds having a nominal amount equal to 31.5 % of the nominal amount of the exchanged bonds and short-term notes issued by the European Financial Stability Facility (EFSF) maturing within 24 months having a nominal amount equal to 15 % of the nominal amount of the debt exchanged. The Greek sovereign bonds exchange is not expected to have a significant impact on the financial position and financial results of Allianz SE because Greek government bonds have been written down to the current market value of 22.7 % of the nominal amount as of December 31, 2011.

ALLIANZ COMPLETES ACQUISITION OF NORWEGIAN GAS GRID STAKE

On January 31, 2012 a consortium including Allianz Group completed the acquisition of a 24.1 % stake in the Norwegian gas grid Gassled. The total value of the transaction was NOK 17.35 bn (€ 2.26 bn). The stake was acquired through Solveig Gas Norway AS, a holding company, which is 40 % owned by Canada Pension Plan Investment Board, 30 % by the Allianz Investor Allianz Capital Partners and 30 % by Infinity Investments SA, wholly owned by the Abu Dhabi Investment Authority.

On January 24, 2012, Allianz Group, acting through Allianz Capital Partners, had already completed the acquisition of a 6.4 % stake in Gassled. The total value of the transaction was NOK 4.639 bn (€ 606 mn).

Takeover-related Statements and Explanations

(Statements pursuant to § 289 (4) of the German Commercial Code (HGB) and explanatory report)

COMPOSITION OF SHARE CAPITAL

As of December 31, 2011, the share capital of Allianz SE was € 1,165,568,000. It was divided into 455,300,000 registered and fully paid-up shares with no-par value and a corresponding share capital amount of € 2.56 per share. All shares carry the same rights and obligations. Each no-par-value share carries one vote.

RESTRICTIONS ON VOTING RIGHTS AND SHARE TRANSFERS; EXERCISE OF VOTING RIGHTS IN CASE OF EMPLOYEE EQUITY PARTICIPATIONS

Shares may only be transferred with the consent of the Company. The Company may withhold a duly applied approval only if it deems this to be necessary in the interest of the Company on exceptional grounds. The applicant will be informed of the reasons.

Shares acquired by employees of the Allianz Group as part of the Employee Stock Purchase Plan are in principle subject to a one-year lock-up period. Outside Germany, the lock-up period may in some cases be up to five years. In some countries, in order to ensure that the lock-up period is observed, the employee shares are held throughout that period by a bank, another natural person or a legal entity acting as trustee. Nevertheless, employees may instruct the trustee to exercise voting rights, or have power-of-attorney granted to them to exercise such voting rights. Lock-up periods contribute to the Employee Stock Purchase Plan's aims of committing employees to the Company and letting them participate in the performance of the stock price.

INTERESTS IN THE SHARE CAPITAL EXCEEDING 10 % OF THE VOTING RIGHTS

No direct or indirect interests in the share capital of Allianz SE that exceed 10 % of the voting rights have been reported to Allianz SE; nor is it otherwise aware of any such interests.

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

There are no shares with special rights conferring powers of control.

LEGAL AND STATUTORY PROVISIONS APPLICABLE TO THE APPOINTMENT AND REMOVAL OF MEMBERS OF THE BOARD OF MANAGEMENT AND TO AMENDMENTS OF THE STATUTES

The members of the Board of Management of Allianz SE are appointed by the Supervisory Board for a maximum term of five years (Article 9 (1), Article 39 (2) and Article 46 SE Regulation, §§ 84, 85 German Stock Corporation Act, § 5 (3) of the Statutes). Reappointments, in each case for a maximum of five years, are permitted. A simple majority of the votes cast in the Supervisory Board is required to appoint members of the Board of Management. In the case of a tie vote, the Chairperson of the Supervisory Board, who pursuant to Article 42 sentence 2 SE Regulation must be a shareholder representative, shall have the casting vote (§ 8 (3) of the Statutes). If the Chairperson does not participate in the vote, the Deputy Chairperson shall have the casting vote, provided that the Deputy Chairperson is a shareholder representative. A Deputy Chairperson who is an employee representative has no casting vote (§ 8 (3) of the Statutes). If a required member of the Board of Management is missing, in urgent cases the courts must appoint such member upon the application of an interested party (§ 85 of the German Stock Corporation Act). Members of the Board of Management may be dismissed by the Supervisory Board if there is an important reason (§ 84 (3) German Stock Corporation Act).

According to § 5 (1) of the Statutes, the Board of Management shall consist of at least two persons. Otherwise, the number of members is determined by the Supervisory Board. The Supervisory Board has appointed a Chairman of the Board of Management pursuant to § 84 (2) of the German Stock Corporation Act.

German insurance supervisory law requires that members of the Board of Management have the reliability and professional competence needed to manage an insurance company. A person cannot become a member of the Board of Management if he or she is already a manager of two other insurance undertakings, pension funds, insurance holding companies or insurance special purpose vehicles. However, more than two such mandates can be permitted by the supervisory authority if they are held within the same group (§§ 121 a, 7 a German Insurance Supervision Act ("Versicherungsaufsichtsgesetz", VAG)). The intention of appointing a member to the Board of Management must be notified to the Federal Financial Services Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht") pursuant to §§ 121 a, 13 d No. 1 German Insurance Supervision Act.

Amendments to the Statutes must be adopted by the General Meeting. § 13 (4) sentence 2 of the Statutes of Allianz SE stipulates that, unless this conflicts with mandatory law, changes to the Statutes require a two-thirds majority of the votes cast, or, if at least one half of the share capital is represented, a simple majority of the votes cast. The Statutes thereby make use of the option set out in § 51 sentence 1 SE Implementation Act ("SE-Ausführungsgesetz") which is based upon Article 59 (1) and (2) SE Regulation. A larger majority is, inter alia, required for a change in the corporate object or the relocation of the registered office to another Member State (§ 51 sentence 2 SE Implementation Act). The Supervisory Board may alter the wording of the Statutes (§ 179 (1) sentence 2 German Stock Corporation Act and § 10 of the Statutes).

AUTHORIZATIONS OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

The Board of Management is authorized to issue shares as well as to acquire and use treasury shares as follows:

It may increase the Company's share capital, on or before May 4, 2015, upon approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash and/or in kind, on one or more occasions:

- Up to a total of € 550,000,000 (Authorized Capital 2010/I). The shareholders' subscription rights for these shares can be excluded, with the consent of the Supervisory Board, for fractional amounts, for safeguarding the rights pertaining to holders of convertible bonds or bonds with warrants, in the event of a capital increase against cash contribution of up to 10 % if the issue price of the new shares is not significantly less than the stock market price, and in the event of a capital increase against contributions in kind.
- Up to a total of € 11,416,000 (Authorized Capital 2010/II). The shareholders' subscription rights can be excluded in order to issue the new shares to employees of Allianz SE and its Group companies as well as for fractional amounts.

The Company's share capital is conditionally increased by up to € 250,000,000 (Conditional Capital 2010). This conditional capital increase will only be carried out to the extent that conversion or option rights resulting from bonds issued by Allianz SE or its subsidiaries on the basis of the authorization of the General Meeting of May 5, 2010 are exercised, or that conversion obligations tied to such bonds are fulfilled.

The Board of Management may buy back and use Allianz shares for other purposes until May 4, 2015 on the basis of the authorization of the General Meeting of May 5, 2010 (§ 71 (1) No. 8 German Stock Corporation Act). Together with other treasury shares that are in the possession of Allianz SE or which are attributable to it under §§ 71 a et seq. German Stock Corporation Act, such shares may not exceed 10 % of the share capital at any time. The shares acquired pursuant to this authorization may be used, under exclusion of the shareholders' subscription rights, for any legally admissible purposes and in particular those specified in the authorization. Furthermore, the acquisition of treasury shares under this authorization may also be carried out using derivatives such as put options, call options, forward purchases or a combination thereof, provided that such derivatives may not relate to more than 5 % of the share capital.

Domestic or foreign banks that are majority-owned by Allianz SE may buy and sell Allianz shares for trading purposes (§ 71 (1) No. 7 and (2) German Stock Corporation Act) under an authorization of the General Meeting valid until May 4, 2015. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§ 71 a et seq. German Stock Corporation Act, shall at no time exceed 10 % of the share capital of Allianz SE.

ESSENTIAL AGREEMENTS OF ALLIANZ SE WITH CHANGE OF CONTROL CLAUSES AND COMPENSATION AGREEMENTS PROVIDING FOR TAKEOVER SCENARIOS

The following essential agreements of the Company are subject to a change of control condition following a takeover bid:

- Our reinsurance contracts in principle include a provision under which both parties to the contract have an extraordinary termination right in the case where the other party to the contract merges or its ownership or control situation changes materially. Agreements with brokers regarding services in connection with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- Bilateral credit agreements in some cases provide for termination rights in case of a change of control, mostly defined as the acquisition of at least 30 % of the voting rights within the meaning of § 29 (2) German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz", WpÜG). In cases where such termination rights are exercised, the respective credit lines would have to be replaced by new credit lines under conditions then applicable.

The following compensation agreements providing for the event of a takeover bid have been entered into by the Company with members of the Board of Management or employees:

A change of control clause in the service contracts of the members of the Allianz SE Board of Management provides that, if within 12 months after the acquisition of more than 50 % of the Company's share capital by one shareholder or several shareholders acting in concert (change of control), the appointment as a member of the Board of Management is revoked unilaterally by the Supervisory Board, or if the mandate is ended by mutual agreement, or if the Management Board member resigns his or her office because the responsibilities as a Board member are significantly reduced through no fault of the Board member, he or she shall receive his or her contractual remuneration for the remaining term of the service contract, but limited, for the purpose hereof, to three years, in the form of a one-off payment. The one-off payment is based on the fixed remuneration plus 50 % of the variable remuneration, however, this basis being limited to the amount paid for the last fiscal year. To the extent that the remaining term of the service contract is less than three years, the one-off payment is generally increased in line with a term of three years. This applies accordingly if, within two years of a change of control, a mandate in the Board of Management is coming to an end and is not extended; the one-off payment will then be granted for the period between the end of the mandate and the end of the three year period after the change of control. For further details please refer to the "Remuneration Report" starting on page 64.

64 Remuneration Report

Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSU), i.e. virtual Allianz shares, are granted as a stock-based remuneration component to senior management of the Allianz Group worldwide. In addition, until 2010 under the Group Equity Incentive (GEI) scheme, also Stock Appreciation Rights (SAR), i.e. virtual options on Allianz shares, were granted, of which some are still outstanding. The conditions for these RSU and SAR contain change of control clauses which apply if a majority of the voting share capital in Allianz SE is acquired, directly or indirectly, by one or more third parties who do not belong to the Allianz Group and which provide for an exception from the usual exercise periods. The RSU will be exercised, in line with their general conditions, by the Company for the relevant plan participants on the day of the change of control without observing any vesting period that would otherwise apply. The cash amount payable per RSU must be at least the price offered per Allianz share in a preceding tender offer. In case of a change of control as described above, SAR will be exercised, in line with their general conditions, by the Company for the relevant plan participants on the day of the change of control without observing any vesting period. By providing for the non-application of the blocking period in the event of a change of control, the terms take of the fact that the conditions under which the share price moves are very different when there is a change in control.

Internal Controls over Financial Reporting

(Statements pursuant to § 289 (5) of the German Commercial Code (HGB) and explanatory report)

In line with both our prudent approach to risk governance and compliance with regulatory requirements, we have implemented a structure to identify and mitigate the risk of material errors in our financial statements. Our internal control system over financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission. We regularly review and update our internal control system.

INTERNAL CONTROL APPROACH

Our approach can be summarized as follows:

- We use a top-down, risk-based approach to determine the accounts that should fall under the **SCOPE OF OUR INTERNAL CONTROL SYSTEMS**. We do so by carrying out an annual, qualitative and quantitative analysis of our financial statements and disclosures.
- Then, we **IDENTIFY RISK SCENARIOS** that could lead to material financial misstatements, taking into account the likelihood of a risk materializing and the potential impact of any resulting error.
- **KEY CONTROLS** are then put in place over the reporting process to ensure that if a potential risk materializes, the likelihood and potential impact of it resulting in a financial misstatement is mitigated. In addition to these focused controls, we also establish further controls with an emphasis on the control environment, the effectiveness of information and communication flows, the risk assessment process and the ongoing monitoring of the internal control system. Given the heavy dependence of financial reporting processes upon IT systems, establishing controls around these systems is also vitally important.
- Finally, we focus not only on ensuring that controls are appropriately designed to mitigate risk, but also that they are effectively executed. We have set consistent documentation requirements for elements such as processes, related key controls and their execution. We conduct an annual **ASSESSMENT** of our system of controls to continuously maintain and enhance the process effectiveness. Group Audit ensures that the overall quality of our internal control system is kept under continuous scrutiny.

Risk Capital Controls

We have implemented a robust and comprehensive RISK GOVERNANCE STRUCTURE. This structure is supported by audit, compliance and independent review functions similar to our financial reporting governance. However, since our internal risk capital computations incorporate economic factors not fully reflected in accounting results, we have implemented additional controls within our management reporting processes to ensure that these additional estimates, including models used and relevant assumptions made, are adequately controlled.

These controls include the validation of models and assumptions by independent external reviews and continuous benchmarking to market and/or peer assumptions and practices. We benchmark and explain our non-market assumptions against practices in the industry, actuarial associations and guidance from supervisory authorities.

In 2011, we rolled out an enhanced internal control environment for the computation of our internal risk capital in anticipation of the future Solvency II regime. We will continue to make further refinements as the Solvency II requirements evolve during 2012.

Overall, just as with estimates and assumptions involving financial reporting, the management reporting processes that underpin our risk capital framework are well controlled, consistently applied and prudent.

III. Financial Statements

Balance Sheet as of December 31	Note	2011	2011	2010
		€ thou	€ thou	€ thou
ASSETS				
A. Intangible assets	1, 2			
I. Self-produced industrial property rights and similar rights and assets		3,100		23,090
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		431,509		456,703
III. Advance payments made		12,847		25,962
			447,456	505,755
B. Investments	1, 3 – 5			
I. Real estate		299,330		306,562
II. Investments in affiliated enterprises and participations		70,627,600		69,719,372
III. Other investments		16,697,951		14,370,810
IV. Funds held by others under reinsurance business assumed		4,000,963		3,939,966
			91,625,844	88,336,710
C. Receivables				
I. Accounts receivables on reinsurance business		457,992		512,806
thereof from affiliated enterprises: € 150,802 thou (2010: € 103,640 thou)				
participations[1]: € 7,577 thou (2010: € 4,969 thou)				
II. Other receivables	6	3,904,304		3,212,873
thereof from affiliated enterprises: € 3,024,396 thou (2010: € 2,356,057 thou)				
participations[1]: € 1,656 thou (2010: € 1,963 thou)				
			4,362,296	3,725,679
D. Other assets				
I. Tangible fixed assets and inventories		9,374		10,325
II. Cash with banks, checks and cash on hand		120,851		129,412
III. Miscellaneous assets	7	130,908		32,731
			261,133	172,468
E. Deferred charges and prepaid expenses	8			
I. Accrued interests and rent		192,226		185,182
II. Other deferred charges and prepaid expenses		86,825		46,281
			279,051	231,463
Total Assets			96,975,780	92,972,075

	Note	2011	2011	2011	2010
		€ thou	€ thou	€ thou	€ thou
EQUITY AND LIABILITIES					
A. Shareholders' equity	10				
I. Issued capital		1,165,568			1,163,520
Less: mathematical value own shares		7,052	—		7,252
			1,158,516		1,156,268
II. Additional paid-in capital			27,599,874		27,522,959
III. Revenue reserves					
1. Statutory reserves		1,229			1,229
2. Other revenue reserves		11,737,812			11,678,181
			11,739,041		11,679,410
IV. Net earnings			2,048,850		2,045,250
				42,546,281	42,403,887
B. Subordinated liabilities	11, 14			9,060,066	6,930,929
C. Insurance reserves	12				
I. Unearned premiums					
1. Gross		562,143			662,506
2. Less: amounts ceded		64,203			116,944
			497,940		545,562
II. Aggregate policy reserves					
1. Gross		3,475,713			3,403,147
2. Less: amounts ceded		30,004			347,246
			3,445,709		3,055,901
III. Reserves for loss and loss adjustment expenses					
1. Gross		6,454,327			6,012,049
2. Less: amounts ceded		1,296,829			1,325,070
			5,157,498		4,686,979
IV. Reserves for premium refunds					
1. Gross		100,069			107,099
2. Less: amounts ceded		—			24,444
			100,069		82,655
V. Claims equalization and similar reserves			1,298,495		1,519,405
VI. Other insurance reserves					
1. Gross		27,259			111,426
2. Less: amounts ceded		—			2,939
			27,259		108,487
				10,526,970	9,998,989

	Note	2011	2011	2011	2010
		€ thou	€ thou	€ thou	€ thou
EQUITY AND LIABILITIES					
D. Other provisions	13			4,862,300	4,428,208
E. Funds held with reinsurance business ceded				84,739	489,477
F. Other liabilities					
I. Account payable on reinsurance business			479,698		445,913
thereof to affiliated enterprises: € 364,481 thou (2010: € 295,762 thou)					
participations[1]: € 892 thou (2010: € 1,781 thou)					
II. Bonds	14		6,405,214		6,798,417
thereof to affiliated enterprises: € 6,405,214 thou (2010: € 6,798,417 thou)					
III. Liabilities to banks	14		1,186,461		2,073,106
IV. Miscellaneous liabilities	14		21,794,614		19,374,757
including taxes of: € 26,483 thou (2010: € 34,112 thou)					
thereof to affiliated enterprises: € 20,704,464 thou (2010: € 17,693,661 thou)					
participations[1]: € 1,358 thou (2010: € 1,092 thou)					
				29,865,987	28,692,193
G. Deferred income				29,437	28,392
Total equity and liabilities				96,975,780	92,972,075

1 | Companies in which we hold a participating interest.

Income Statement for the Period from January 1 to December 31

	Note	2011	2011	2011	2010
		€ thou	€ thou	€ thou	€ thou
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	16	3,590,572			3,853,896
b) Ceded premiums written		(425,200)			(729,563)
			3,165,372		3,124,333
c) Change in gross unearned premiums		109,257			2,518
d) Change in ceded unearned premiums		(55,368)			24,185
			53,889		26,703
Premiums earned (net)				3,219,261	3,151,036
2. Allocated interest return (net)	17			135,057	111,293
3. Other underwriting income (net)				1,303	965
4. Loss and loss adjustment expenses (net)					
a) Claims paid					
aa) Gross		(2,535,896)			(2,491,724)
bb) Amounts ceded in reinsurance		259,214			426,838
			(2,276,682)		(2,064,886)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		(304,257)			(75,088)
bb) Amounts ceded in reinsurance		(41,337)			(113,237)
			(345,594)		(188,325)
Loss and loss adjustment expenses (net)				(2,622,276)	(2,253,211)
5. Change in other insurance reserves (net)	19			27,191	40,065
6. Expenses for premium refunds (net)				(19,597)	(12,318)
7. Underwriting expenses (net)	20			(894,582)	(868,462)
8. Other underwriting expenses (net)				(9,343)	(8,543)
9. Subtotal (Net underwriting result)				**(162,986)**	**160,825**
10. Change in claims equalization and similar reserves				220,910	(59,884)
11. Net technical result				**57,924**	**100,941**
II. Non-technical account					
1. Investment income	21	5,627,415			4,747,658
2. Investment expenses	22	(2,843,781)			(2,143,402)
3. Investment result			2,783,634		2,604,256
4. Allocated interest return			(135,942)		(127,570)
				2,647,692	2,476,686
5. Other income			1,171,442		1,003,670
6. Other expenses			(2,134,410)		(2,029,488)
7. Other non-technical result	23			(962,968)	(1,025,818)
8. Non-technical result				**1,684,724**	**1,450,868**
9. Net operating income				**1,742,648**	**1,551,809**
10. Extraordinary income			—		180,224
11. Extraordinary expense			(2,318)		(2,294)
12. Extraordinary result	24			(2,318)	177,930
13. Income taxes	25	(84,057)			(48,944)
less amounts charged to other companies in the Group		440,567			438,216
			356,510		389,272
14. Other taxes			(7,057)		(15,202)
15. Taxes				349,453	374,070
16. Net income				**2,089,783**	**2,103,809**
17. Unappropriated earnings carried forward				12,974	10,959
18. Allocation to other revenue reserves				(53,907)	(69,518)
19. Net earnings	26			**2,048,850**	**2,045,250**

IV. Notes to the Financial Statements

Basis of Preparation

The Financial Statements and the Management Report have been prepared in accordance with the regulations in the German Commercial Code (HGB), German Stock Corporation Act (AktG), the Law on the Supervision of Insurance Enterprises (VAG) and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

All amounts in the financial statements are stated in thousands of Euros (€ thou), unless otherwise stated.

Accounting, Valuation and Calculation Methods

INTANGIBLE ASSETS

Intangible assets are recorded at acquisition or construction cost less depreciation. Internally generated intangible assets are capitalized and depreciated on a straight line basis. The distribution rights referred to in note 2 are depreciated on a straight line basis until the first possible termination date.

REAL ESTATE, REAL ESTATE RIGHTS AND BUILDINGS, INCLUDING BUILDINGS ON LAND NOT OWNED BY ALLIANZ SE

These items are recorded at acquisition or construction cost less accumulated depreciation and impairments. Depreciation is measured according to ordinary useful life. In case of a permanent impairment, the values of these items are adjusted through unscheduled write-downs.

INVESTMENTS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

SHARES IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

These are recorded at cost less impairments, in accordance with § 341 b (1) HGB in conjunction with § 253 (3) sentence 3 HGB.

Impairments are measured either as the difference between acquisition cost and the respective value in accordance with HFA 10 in conjunction with IDW S1 or as the difference between acquisition cost and the lower share price as of December 31, 2011.

Where the market value at the balance sheet date was higher than the previous year's valuation, the value is written up to not greater than the historical acquisition cost.

LOANS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

These items are normally recorded at cost less impairments in accordance with § 253 (3) sentence 3 HGB. But when converting foreign currency loans into Euros at the reporting date the strict lower-value principle is applied.

OTHER INVESTMENTS

STOCKS, INTERESTS IN FUNDS, DEBT SECURITIES, AND OTHER FIXED AND VARIABLE INCOME SECURITIES, MISCELLANEOUS INVESTMENTS

These items are normally valued in accordance with § 341 b (2) HGB in conjunction with § 253 (1), (4) and (5) HGB using the acquisition cost or the lower stock exchange or market value on the balance sheet date. We calculate an average acquisition cost for securities of the same type acquired at different cost. Long-term investments in mutual funds are valued according to the regulations that apply to investments pursuant to § 341 b (2) HGB in conjunction with § 253 (1) and (3) HGB using the acquisition cost or the prolonged lower value.

REGISTERED BONDS, DEBENTURES AND LOANS

These items are recorded at cost less impairments in accordance with § 253 (3) sentence 3 HGB. The accounting and valuation method was adjusted in 2011 in accordance with the modification of § 341 c HGB. Until the end of 2010 these items were carried at face value. Premium and discount amounts were reported as unearned income and offset pro rata. As of 2011, amortized cost accounting is applied and the difference between acquisition cost and redemption amount is amortized over the remaining period based on the effective interest method. Regarding registered bonds, this adjustment was optional. In all other cases it was mandatory. The premium and discount amounts reported as unearned income until 2010 were considered as additions and disposals in 2011.

SECURITIES TO MEET LIABILITIES RESULTING FROM RETIREMENT PROVISION COMMITMENTS

The securities are valued at fair value in accordance with § 253 (1) HGB and offset against the liabilities in accordance with § 246 (2) HGB. Pension plan reinsurance contracts are recorded at asset value.

TANGIBLE FIXED ASSETS, INVENTORIES AND OTHER ASSETS

These items are recorded at acquisition cost less cumulated depreciation. Low-value assets worth up to € 150 are written off immediately. A compound item for tax purposes was formed in accordance with § 6 (2 a) of the German Income Tax Act (EStG) for assets from € 150 to € 1,000. This item is released with profit-decreasing effect in the year of formation, and in the subsequent four years by one fifth each year.

OWN SHARES

Own shares are offset in equity, irrespective of the purpose of acquiring them. In accordance with § 272 (1 a) HGB, the mathematical value of acquired own shares is deducted from the issued capital. The difference between the mathematical value and acquisition cost of own shares is offset against the unappropriated reserves. The offsetting is carried out against the other revenue reserves. Incidental acquisition costs are expenses of the financial year. The proceeds of selling own shares increase equity.

OTHER ASSETS

Consist of the following:

- Funds held by others under reinsurance business assumed
- Bank deposits
- Accounts receivables on reinsurance business
- Other receivables
- Cash with banks, checks and cash on hand
- Accrued interest and rents

These items are recorded at face value less repayments and impairments.

INSURANCE RESERVES

Consist of the following:

- Unearned premiums
- Aggregate policy reserves
- Reserves for loss and loss adjustment expenses
- Reserves for premium refunds
- Claims equalization and similar reserves
- Other insurance reserves

Insurance reserves are set up according to statutory requirements. The primary goal is to ensure in all cases our ongoing ability to satisfy reinsurance contract liabilities. Generally, the reinsurance reserves are booked according to the cedent's statements. For claims incurred but not yet or not sufficiently reported, additional reserves are calculated using actuarial techniques.

Insurance reserves in the ceded reinsurance business are calculated according to the terms of the retrocession contracts.

Written premiums for future periods are accrued in unearned premiums.

Aggregate policy reserves for Life/Health reinsurance and personal accident reinsurance is generally set up according to the amounts in the cedent's statements.

Reserves for loss and loss adjustment expenses are established for the payment of losses and loss adjustment expenses on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for incurred but not yet or not sufficiently reported losses.

The equalization reserve, the reserve for nuclear plants, the product liability reserve for major pharmaceutical risks, and risks relating to terrorist attacks are calculated according to § 341 h HGB in conjunction with §§ 29 and 30 RechVersV. Those reserves are set up to moderate substantial fluctuations in the claims of individual lines of business (Property-Casualty reinsurance only). In case above-average or below-average claims occur, a change in the reserves mitigates the technical result for the individual lines of business.

OTHER PROVISIONS

Pension provisions are calculated on the basis of actuarial principles. The conversion expenses resulting from the first-time application of the BilMoG in 2010 are distributed over a period of up to fifteen years. In the 2011 fiscal year, essentially one fifteenth of this amount was recognized as an extraordinary expense. The provisions for jubilee payments and phased-in early retirement benefits are also calculated on the basis of actuarial principles. Obligations calculated in this manner are recognized in total as a liability.

With respect to the discount rate, the simplification option set out in § 253 (2) sentence 2 HGB has been applied (duration of fifteen years). The effect resulting from the change in the discount rate is reported under other non-technical result.

More information regarding the accounting for pensions and other personnel obligations is starting on page 102.

Remaining other provisions are recognized at the settlement amount; long-term provisions are discounted applying the net approach.

REMAINING LIABILITIES

Consist of the following:

- Subordinated liabilities
- Funds held with reinsurance business ceded
- Other liabilities

These items are valued at the settlement amount. Annuities are recorded at present value.

PREPAID EXPENSES AND DEFERRED INCOME

Accrued interest and rent are valued at nominal amounts. Premiums and discounts carried forward as prepaid income and expenses are amortized over the remaining life of the related financial instruments.

CURRENCY TRANSLATION

Transactions are generally recorded in the original currency and converted into Euro at the relevant daily rate (middle forex spot rate).

Loans to affiliated enterprises denominated in foreign currency are converted into Euro with the middle forex spot rate as of the reporting date applying the strict lower-value principle.

The valuation of foreign currency shares in affiliated enterprises and participations, stocks, interests in funds, and other variable and fixed income securities is based on converting the value in original currency into Euro using middle forex spot rate as of the reporting date.

Comparing the acquisition cost in Euro with the value in Euro as described above, the moderate lower-value principle is applied for affiliated enterprises and participations. For other investments, the strict lower-value principle is applied.

As a result of this valuation method, currency gains and losses are not separately determined and shown as foreign exchange gains/losses in the other non-technical result. Instead, the net effect of both change of currency exchange rates and value in original currency, is reflected in the impairments/reversals of impairments and realized gains/losses calculated for these asset classes and disclosed in the investment result.

Issued debt securities and borrowings denominated in foreign currencies are converted into Euro at the middle forex spot rate as of the reporting date. Unrealized losses are recognized immediately in the income statement, while unrealized gains are not.

Foreign currency provisions are converted into Euro at the middle forex spot rate as of the reporting date.

VALUATION UNITS

In 2011, the company made use of the option of forming valuation units as defined in § 254 HGB. This option is used for derivative positions, in which the company acts as group-internal clearing agency. In this function the company enters into derivative transactions with other Group companies and hedges the exposure resulting from these transactions by entering into positions with the same term and structure that are exact mirror images but entered into with different business partners. Contrary positions whose performances completely balance each other out, have been combined into valuation units and form a perfect micro hedge.

When accounting for valuation units the “freezing” method is applied, in which the offsetting changes in value of the single positions which form a valuation unit are not recorded in the income statement (see also note 15).

IV. Supplementary Information on Assets

1 Change of Assets A., B.I. through B.III. in 2011 Fiscal Year

	Values stated as of December 31, 2010		Additions
	€ thou	%	€ thou
A. Intangible assets			
1. Self-produced industrial property rights and similar rights and assets	23,090		1,064
2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	456,703		448
3. Advance payments made	25,962		5,514
Total A.	**505,755**		**7,026**
B.I. Real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE	**306,562**	**0.4**	**1,617**
B.II. Investments in affiliated enterprises and participations			
1. Shares in affiliated enterprises	67,017,686	79.4	2,051,581
2. Loans to affiliated enterprises	1,236,331	1.4	536,278
3. Participations	971,468	1.2	295,322
4. Loans to participations	493,887	0.6	—
Subtotal B.II.	**69,719,372**	**82.6**	**2,883,181**
B.III. Other investments			
1. Stocks, interests in funds and other variable income securities	832,449	1.0	519,225
2. Debt securities and other fixed-income securities	11,932,321	14.1	23,440,362
3. Other loans			
a) Registered bonds	300,226	0.3	1,164,873
b) Loans and promissory notes	228,111	0.3	713,319
4. Bank deposits	918,526	1.1	1,587,116
5. Miscellaneous investments	159,177	0.2	—
Subtotal B.III.	**14,370,810**	**17.0**	**27,424,895**
Total B.	**84,396,744**	**100.0**	**30,309,693**
Total	**84,902,499**		**30,316,719**

Transfers	Disposals	Revaluation	Depreciation	Net additions (Net disposals)	Values stated as of December 31, 2011	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
—	20,990	—	64	(19,990)	3,100	
18,629	—	—	44,271	(25,194)	431,509	
(18,629)	—	—	—	(13,115)	12,847	
—	**20,990**	**—**	**44,335**	**(58,299)**	**447,456**	
—	**656**	**470**	**8,663**	**(7,232)**	**299,330**	**0.3**
—	916,989	—	385,428	749,164	67,766,850	77.3
—	128,339	7,731	—	415,670	1,652,001	1.9
10,545	11	—	584,026	(278,170)	693,298	0.8
—	—	21,564	—	21,564	515,451	0.6
10,545	**1,045,339**	**29,295**	**969,454**	**908,228**	**70,627,600**	**80.6**
(10,545)	529,659	—	25,738	(46,717)	785,732	0.9
—	23,706,528	10,998	93,622	(348,790)	11,583,531	13.2
—	469,726	—	—	695,147	995,373	1.1
—	275,000	2,066	—	440,385	668,496	0.8
—	—	—	—	1,587,116	2,505,642	2.9
—	—	—	—	—	159,177	0.2
(10,545)	**24,980,913**	**13,064**	**119,360**	**2,327,141**	**16,697,951**	**19.1**
—	**26,026,908**	**42,829**	**1,097,477**	**3,228,137**	**87,624,881**	**100.0**
—	**26,047,898**	**42,829**	**1,141,812**	**3,169,838**	**88,072,337**	

2 Intangible Assets

The book value of intangible assets totaled € 447 mn (2010: € 506 mn) and primarily consists of the distribution rights received as part of the consideration for the sale of Dresdner Bank AG to Commerzbank AG in 2009. Under these rights, Commerzbank AG has exclusively marketed Allianz insurance products since September 2010.

The research and development costs of Allianz SE in 2011 amounted € 1 mn and were fully capitalized as development costs for internally generated software.

3 Market Value of Investments

As of December 31, 2011, the fair value of investments amounted to € 98.1 bn (2010: € 98.6 bn). The carrying amount of these investments on the balance sheet was € 91.6 bn (2010: € 88.3 bn).

The values are subdivided into individual asset categories as follows:

	Book value		Fair value		Valuation reserve	
	2011 € bn	2010 € bn	**2011** € bn	2010 € bn	**2011** € bn	2010 € bn
Real estate	0.3	0.3	0.6	0.6	0.3	0.3
Equity securities	69.2	68.8	75.1	78.6	5.9	9.8
Debt securities	11.6	11.9	11.8	12.1	0.2	0.2
Loans	3.8	2.3	3.9	2.3	0.1	—
Bank deposits	2.5	0.9	2.5	0.9	—	—
Funds held by others under reinsurance business assumed	4.0	3.9	4.0	3.9	—	—
Miscellaneous investments	0.2	0.2	0.2	0.2	—	—
Total	**91.6**	**88.3**	**98.1**	**98.6**	**6.5**	**10.3**

VALUATION METHODS USED TO DETERMINE THE MARKET VALUE

REAL ESTATE

Land and buildings are valued using the discounted cash flow method, new buildings at cost. The fair value was determined during the fiscal year.

EQUITY SECURITIES

Investments in companies quoted on the stock exchange are in general measured with the stock exchange price quoted on the last trading day of 2011. Non-quoted companies are valued at their net value calculated by the DVFA method. For recent transactions the transaction prices were used.

DEBT SECURITIES

These items are measured at the stock exchange value quoted on the last trading day of 2011 or, if quoted prices are not available, at the prices obtained from brokers or pricing services.

LOANS

Loans are valued using the discounted cash flow method. The relevant discount rates are derived from observable market parameters and reflect the remaining life and credit risk of the instruments.

BANK DEPOSITS AND FUNDS HELD BY OTHERS UNDER REINSURANCE BUSINESS ASSUMED

There are no material differences between the book value and the fair value for those items.

DETAILS IN ACCORDANCE WITH § 285 NO. 18 HGB ON INVESTMENTS WHERE THE BOOK VALUE EXCEEDS THE MARKET VALUE

Regarding loans to affiliated enterprises with a book value of € 380 mn and other loans with a book value of € 475 mn we refrained from write-downs in the amount of € 15 mn and € 1 mn respectively. Based on the expected development of market conditions the decline of market value is not considered prolonged. We intend to hold these securities until maturity in order to ensure a repayment at par value.

4 Investments in Affiliated Enterprises and Participations

	2011 € bn	2010 € bn	Change € bn
Shares in affiliated enterprises	67.7	67.0	0.7
Loans to affiliated enterprises	1.7	1.2	0.5
Participations	0.7	1.0	(0.3)
Loans to participations	0.5	0.5	—
Total	**70.6**	**69.7**	**0.9**

Investments in affiliated enterprises and participations increased by € 0.9 bn to € 70.6 bn (2010: € 69.7 bn).

The book value of shares in affiliated enterprises rose by € 0.7 bn due to capital increases of net € 1.1 bn. These were partly offset by impairments of € 0.4 bn.

The book value increase mainly stems from the following transactions:

- Funding of our Austrian holding company Allianz Holding Eins GmbH to the tune of € 0.6 bn in order to finance the repayment of intra-group debt
- Pooling of shares in our subsidiaries Allianz Versicherungs-Aktiengesellschaft and Allianz Private Krankenversicherungs-Aktiengesellschaft in our holding company Allianz Deutschland AG resulted in a step up gain of € 0.5 bn associated with book value disposals and additions amounting to € 0.2 bn and € 0.7 bn, respectively.

Apart from the book value changes described above, further reorganization of our portfolio of strategic holdings led to additions and disposals in the amount of € 0.6 bn with a net effect of € 0.

Loans to affiliated enterprises rose by € 0.5 bn to € 1.7 bn (2010: €1.2 bn) mainly because we provided a new € 0.4 bn loan to Allianz of America, our North American holding company, for the purpose of funding certain equity interests in PIMCO (B-unit shares).

The book value of the position participations declined by € 0.3 bn to € 0.7 bn (2010: € 1.0 bn). This was because a € 0.3 bn book value increase of our shares in Commerzbank AG resulting from our participation in the 2011 capital increases was overcompensated for by a write-down of these shares amounting to € 0.6 bn.

5 Interests in Investments Funds

Details on interests in investment funds in accordance with § 285 (26) HGB:

	Book value 2011 € thou	Fair value 2011 € thou	Valuation reserve 2011 € thou	Dividend distribution 2011 € thou
Stock funds				
Allianz RCM Islamic Global Equity Opportunities	10,321	10,321	—[1]	—
Tech Alpha Fund	57,250	57,250	—[1]	—
Allianz RCM Tech Alpha	7,296	7,627	331	—
Subtotal stock funds	**74,867**	**75,198**	**331**	—
Bond funds				
DSP Blackrock India Fund	30,447	30,447	—[1]	—
PIMCO GIS FX Strategies Inst Acc	25,513	27,209	1,696	—
Allianz PIMCO Global ABS Fund	4,784	4,784	—[1]	78
Allianz RE Asia Fund	582,955	707,218	124,263	15,807
Subtotal bond funds	**643,699**	**769,658**	**125,959**	15,885
Real estate funds				
German RE Equity	59,653	59,653	—[1]	—
Subtotal real estate funds	**59,653**	**59,653**	**—**	**—**
Total	**778,219**	**904,509**	**126,290**	**15,885**

1 | No valuation reserve as of December 31, 2011 due to write up or write down to the fair value.

Allianz SE holds more than 10.0 % of the respective shares of these investment funds. The fund shares can be returned each trading day.

6 Other Receivables

The € 691 mn increase in this position mainly resulted from higher receivables from dividends of € 804 mn and lower receivables from cash pooling of € 131 mn.

7 Miscellaneous Assets

At the end of the fiscal year this position mainly includes variation margins paid in connection with financial derivative transactions (€ 118 mn) and foreign currency options (€ 12 mn). For more information concerning foreign currency options see note 15.

8 Deferred Charges and Prepaid Expenses

This item includes accrued interests totaling € 192 mn (2010: € 185 mn), which mainly resulted from our investments in debt securities, as well as other deferred charges and prepaid expenses amounting to € 87 mn (2010: € 46 mn) which comprised the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities.

9 Collateral

Assets amounting to € 1.1 bn (2010: € 1.4 bn), of which € 1.1 bn (2010: € 1.3 bn) were shares in affiliated enterprises, were pledged as collateral for liabilities.

IV. Supplementary Information on Equity and Liabilities

10 Shareholders' Equity

ISSUED CAPITAL

Issued capital as of December 31, 2011, amounted to € 1,165,568,000 divided into 455,300,000 registered shares. The shares have no par value but a mathematical per share value of € 2.56 each as a proportion of the issued capital.

AUTHORIZED CAPITAL

As of December 31, 2011, Allianz SE had authorized capital for the issuance of 214,843,750 shares until May 4, 2015, with a notional amount of € 550,000,000 (Authorized Capital 2010/I). The shareholders' subscription rights can be excluded for capital increases against contribution in kind. For a capital increase against contributions in cash, the shareholders' subscription rights can be excluded either for fractional amounts, or if the issue price is not significantly below the market price and the shares issued under exclusion of the subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Law (Aktiengesetz) do not exceed 10.0 % of the share capital. Finally, shareholders' subscription rights can be excluded to the extent necessary to grant a subscription right for new shares to the holders of bonds that carry conversion or option rights or provide for mandatory conversion. An overall limit for the exclusion of subscription rights of up to € 232,396,800 (corresponding to 20.0 % of the share capital at year-end 2009) applies for the Authorized Capital 2010/I and the Conditional Capital 2010.

In addition, Allianz SE had authorized capital (Authorized Capital 2010/II) for the issuance of shares against cash until May 4, 2015. The shareholders' subscription rights can be excluded in order to issue new shares to employees of Allianz SE and its Group companies. As of December 31, 2011, the Authorized Capital 2010/II amounted to € 11,416,000 (4,459,375 shares).

Further, as of December 31, 2011, Allianz SE had conditional capital totaling € 250,000,000 (97,656,250 shares) (Conditional Capital 2010). This conditional capital increase will only be carried out if conversion or option rights attached to bonds which Allianz SE or its Group companies have issued against cash payments according to the resolution of the General Meeting on May 5, 2010, are exercised or the conversion obligations under such bonds are fulfilled, and only insofar as no other methods are used in serving these rights.

Convertible subordinated notes totaling € 500,000,000 which may be converted into Allianz shares were issued against cash in July 2011. The subscription rights of the shareholders for these convertible notes have been excluded with the consent of the Supervisory Board pursuant to the authorization of the General Meeting on May 5, 2010. The issue price for the convertible notes was not significantly lower than the theoretical market value of the notes, as calculated using recognized finance-mathematical methods. The granting of new shares to persons entitled under such convertible notes is secured by the Conditional Capital 2010. On or before December 31, 2011, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

	2011	2010
Issued shares as of January 1	**454,500,000**	**453,900,000**
Capital increase for Employee Stock Purchase Plan	800,000	600,000
Total number of issued shares as of December 31	**455,300,000**	**454,500,000**
Own shares held for hedging AEI / GEI program	(2,606,169)	(2,606,169)
Own shares held for quarterly Employee Stock Purchase Plans	(148,387)	(226,620)
Own shares held by Allianz SE	**(2,754,556)**	**(2,832,789)**
Own shares held by affiliated enterprises	(72,419)	(118,451)
Total number of shares outstanding as of December 31	**452,473,025**	**451,548,760**

In November 2011, 800,000 (2010: 600,000) shares were issued at a price of € 65.21 (2010: € 83.34) per share, enabling employees of Allianz Group subsidiaries in Germany and abroad to purchase 651,613 (2010: 373,380) shares at prices ranging from € 45.65 (2010: € 58.34) to € 54.34 (2010: € 69.58) per share. The remaining 148,387 (2010: 226,620) shares continue to be recognized as treasury shares for further subscriptions by employees in the context of the Employee Stock Purchase Plan in 2012. As a result, issued capital increased by € 2 mn and capital reserves by € 50 mn. The shareholders' subscription rights to these new shares were excluded with the consent of the Supervisory Board pursuant to the authorization granted by the General Meeting on May 5, 2010.

All shares issued during the years ending December 31, 2011, 2010 and 2009 are qualifying shares from the beginning of the year of issue.

DIVIDENDS

For the year ending December 31, 2011, the Board of Management will propose to shareholders at the Annual General Meeting the distribution of a dividend of € 4.50 per qualifying share. For the years ended December 31, 2010 and 2009, Allianz SE paid a dividend of € 4.50 and € 4.10, respectively, per qualifying share.

TREASURY SHARES

As of December 31, 2011, Allianz SE held 2,754,556 (2010: 2,832,789) own shares. Of these, 148,387 (2010: 226,620) shares were held for covering subscriptions by employees of the Allianz Group in the context of the Employee Stock Purchase Plan 2012, whereas 2,606,169 (2010: 2,606,169) shares were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In the fourth quarter of 2011, 800,000 (2010: 600,000) new Allianz shares were issued in the context of a capital increase for the Employee Stock Purchase Plan 2011. In 2011, 878,233 (2010: 623,412) shares were sold to employees of Allianz SE and its subsidiaries. Of these, 226,620 (2010: 250,032) shares originated from the capital increase for the Employee Stock Purchase Plan in 2010 and 651,613 (2010: 373,380) shares from the capital increase for the Employee Stock Purchase Plan in 2011. The remaining 148,387 (2010: 226,620) shares from the capital increase in 2011 will be used for the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in 2012. The total change of holdings in own shares for the year ending December 31, 2011, amounted to a decrease of 78,233 (2010 increase: 248,422) shares which corresponds to € 200,276 (2010: € 635,960) or 0.02 % (2010: 0.05 %) of issued capital.

As of December 31, 2011, other Group companies held 72,419 (2010: 118,451) shares in Allianz SE.

The own shares of Allianz SE and its subsidiaries represent € 7,237,056 or 0.62 % of the share capital.

ADDITIONAL PAID-IN CAPITAL

	€ thou
As of December 31, 2010	**27,522,959**
From capital increase 2011	50,120
Own shares: realized gains	820
Option premium convertible notes	25,975
As of December 31, 2011	**27,599,874**

REVENUE RESERVES

	As of December 31, 2010 € thou	Own shares exceeding mathematical value € thou	Own shares realized losses € thou	Appropriation to other revenue reserves	As of December 31, 2011 € thou
1. Statutory reserves	1,229	—	—	—	1,229
2. Other revenue reserves	11,678,181	9,010	(3,286)	53,907	11,737,812
Total	**11,679,410**	**9,010**	**(3,286)**	**53,907**	**11,739,041**

BAR ON DIVIDEND DISTRIBUTION

The other revenue reserves are barred from dividend distribution in the amount of the mathematical value of own shares as deducted from issued capital (€ 7,052 thou).

In accordance with § 268 (8) HGB, internally generated intangible assets in the amount of € 1,064 thou are also barred from dividend distribution.

The amounts barred from dividend distribution are completely covered by unappropriated reserves.

11 Subordinated Liabilities

Subordinated liabilities increased to € 9.1 bn in 2011 (2010: € 6.9 bn). € 6.0 bn (2010: € 3.9 bn) were intra-group liabilities resulting from the issuance of subordinated bonds by Allianz Finance II B.V., Amsterdam, an affiliated enterprise, that usually transfers the proceeds from these issues to Allianz SE via intra-group loans. The increase in 2011 mainly resulted from a new € 2.0 bn subordinated bond issued by Allianz Finance II B.V.

In addition, external subordinated liabilities amounting to € 3.1 bn (2010: € 3.0 bn) resulted from bonds issued by Allianz SE directly. The slight increase by € 0.1 bn was caused by currency valuation effects.

Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V. amounting to € 7.7 bn (2010: € 5.6 bn).

12 Insurance Reserves

	Unearned premiums € mn	Aggregate policy reserves € mn	Reserves for loss and loss adjustment expenses € mn	Reserves for premium refunds € mn	Claims equalization and similar reserves € mn	Other insurance reserves € mn	Total € mn
Fire and property reinsurance	176	—	1,389	—	352	4	1,921
Motor	19	—	1,089	—	193	4	1,305
Life	25	2,086	76	—	—	6	2,193
Personal accident	26	1,359	205	100	8	1	1,699
Liability	54	—	1,514	—	157	2	1,727
Credit and bond	31	—	255	—	308	8	602
Marine and aviation	23	—	163	—	100	—	286
Legal expenses	19	—	99	—	3	1	122
Health	6	1	12	—	—	—	19
Other lines	119	—	356	—	177	1	653
Total	**498**	**3,446**	**5,158**	**100**	**1,298**	**27**	**10,527**

AGGREGATE POLICY RESERVES

Aggregate policy reserves increased by € 390 mn to € 3,446 mn mainly due to a higher net retention of personal accident reinsurance business.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The reserve for loss and loss adjustment expenses increased by € 471 mn to € 5,158 mn. This resulted largely from the high impact of natural catastrophes that struck the Asia-Pacific region in 2011.

CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2011, reserves decreased by € 221 mn to € 1,298 mn mainly because of claims in fire and 'other reinsurance lines' that were far above-average due to high losses incurred by natural catastrophes.

13 Other Provisions

	Provision	Use (–)	Release (–)	Additions	Compounding (+)	Provision
	December 31, 2010	2011	2011	2011	2011	December 31, 2011
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Provisions for pensions and similar liabilities	3,561,468	230,860	18	117,675	245,420	3,693,685
Tax provisions	221,965	28,113	2,143	80,644	—	272,353
Other provisions						
1. Anticipated losses	404,909	79,744	4,245	305,944	(701)	626,163
2. Miscellaneous	239,866	154,535	10,434	194,784	418	270,099
Total other provisions	**4,428,208**	**493,252**	**16,840**	**699,047**	**245,137**	**4,862,300**

Other provisions increased by € 434 mn in total. This increase was mainly driven by a net allocation to the provision for anticipated losses of € 221 mn as well as a net allocation to the pension liability of € 132 mn. Tax provisions increased by € 50 mn. This was mainly due to the allocation to the provisions for corporate and trade tax for previous years.

Provisions for anticipated losses include obligations to Fireman's Fund Insurance Co. totaling € 344 mn, and € 102 mn for derivatives.

Allianz SE has made pension promises for which pension provisions are set up. Part of these pension promises are secured by a "Contractual Trust Arrangement" (Methusalem Trust e.V.). These trust assets constitute offsettable plan assets, with the asset value/market value being used as the fair value.

In 1985, the pension liabilities of the German subsidiaries were centralized by transferring the corresponding assets to Allianz SE. Therefore Allianz SE has a joint liability for a large part of these old pension promises. The German subsidiaries reimburse the service cost, whereas Allianz SE covers the interest cost and has assumed responsibility for settlement. Consequently, these pension obligations are reported by Allianz SE.

The following table shows the division of these pension liabilities:

SETTLEMENT AMOUNT OF THE OFFSET LIABILITIES

	2011	2010
	€ thou	€ thou
Old pension promises of the German subsidiaries	4,578,691	4,461,039
Pension promises of Allianz SE		
old pension promises	158,999	152,956
contribution based pension plan	85,292	63,991
deferred compensation	39,519	33,785
Total	**4,862,501**	**4,711,771**

The settlement amount is calculated on the basis of the projected unit credit method and/or reported as the present value of the entitlements acquired.

	2011	2010
	%	%
Discount rate (as published by Deutsche Bundesbank)	5.13	5.16
Rate of assumed pension increase	1.90	1.90
Rate of assumed salary increase (incl. average career trend)	3.25	3.25

As opposed to the above rates, the contribution based pension plan (see the plan description in the remuneration report) is calculated with the guaranteed interest rate of 2.75 % p. a. and the guaranteed pension increase rate of 1 % p. a. of these pension promises.

The mortality tables used are the current RT2005G-tables of Dr. Klaus Heubeck, which have been adjusted with respect to mortality, disability and fluctuation to reflect company-specific circumstances.

The retirement age applied is the contractual or legal retirement age.

	2011 € thou	2010 € thou
Historical costs of the offset assets	322,163	235,113
Fair value of the offset assets	322,220	235,176
Settlement amount of the offset liabilities	4,862,501	4,711,771
Provision amount that has not yet been recognized (Article 67 (2) EGHGB)	846,596	915,127

Allianz SE has obligations resulting from jubilee payments, a long-term credit account and phased-in early retirement, which are reported under miscellaneous provisions.

These obligations are calculated basically in the same way as the pension obligations, using the same actuarial assumptions.

	2011 € thou	2010 € thou
Historical costs of the offset assets	4,348	2,875
Fair value of the offset assets	4,366	2,913
Settlement amount of the offset liabilities	4,892	3,257

The assets held as a reserve to secure the phased-in early retirement and long-term credit account obligations at Methusalem Trust e.V. constitute offsettable plan assets, with the asset value/market value being used as the fair value.

14 Maturity of Financial Liabilities

The residual terms of subordinated liabilities, issued bonds and miscellaneous liabilities are as follows:

MATURITY TABLE AS OF DECEMBER 31, 2011

	Total € thou	Term up to 1 year € thou	Term 1–3 years € thou	Term 3–5 years € thou	Term 5–10 years € thou	Term > 10 years € thou
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	5,934,342	234,342	—	—	—	5,700,000
Subordinated bond issued by Allianz SE	3,125,724	85,070	—	—	—	3,040,654
Subtotal	**9,060,066**	**319,412**	**—**	**—**	**—**	**8,740,654**
Bonds (intra-group, F.II.)	**6,405,214**	**749,214**	**2,416,000**	**706,000**	**2,275,000**	**259,000**
Liabilities to banks (F.III.)	**1,186,461**	**936,461**	**250,000**	**—**	**—**	**—**
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	1,581,787	206,787	—	—	1,375,000	—
Other intra-group liabilities[1]	19,122,677	14,766,766	3,155,316	590,443	510,152	100,000
Subtotal intra-group miscellaneous liabilities	**20,704,464**	**14,973,553**	**3,155,316**	**590,443**	**1,885,152**	**100,000**
Liabilities to third-parties	**1,090,150**	**1,090,150**	**—**	**—**	**—**	**—**
Subtotal miscellaneous liabilities	**21,794,614**	**16,063,703**	**3,155,316**	**590,443**	**1,885,152**	**100,000**
Total	**38,446,355**	**18,068,790**	**5,821,316**	**1,296,443**	**4,160,152**	**9,099,654**

1 | As of December 31, 2011, other intra-group liabilities due within one year amounted to € 14.8 bn. Thereof, cash pool liabilities and intra-group loans accounted for € 4.3 bn and € 9.7 bn, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

MATURITY TABLE AS OF DECEMBER 31, 2010

	Total € thou	Term up to 1 year € thou	Term 1–3 years € thou	Term 3–5 years € thou	Term 5–10 years € thou	Term > 10 years € thou
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	3,855,232	161,770	—	—	—	3,693,462
Subordinated bond issued by Allianz SE	3,075,697	84,884	—	—	—	2,990,813
Subtotal	**6,930,929**	**246,654**	**—**	**—**	**—**	**6,684,275**
Bonds (intra-group – F.II.)	**6,798,417**	**1,354,417**	**1,949,000**	**1,381,000**	**1,855,000**	**259,000**
Liabilities to banks (F.III.)	**2,073,106**	**1,023,106**	**1,050,000**	**—**	**—**	**—**
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	1,706,728	331,728	—	—	1,375,000	—
Other intra-group liabilities[1]	15,986,933	11,807,389	3,439,450	159,942	580,152	—
Subtotal intra-group miscellaneous liabilities	**17,693,661**	**12,139,117**	**3,439,450**	**159,942**	**1,955,152**	**—**
Liabilities to third-parties	**1,681,096**	**1,681,096**	**—**	**—**	**—**	**—**
Subtotal miscellaneous liabilities	**19,374,757**	**13,820,213**	**3,439,450**	**159,942**	**1,955,152**	**—**
Total	**35,177,209**	**16,444,390**	**6,438,450**	**1,540,942**	**3,810,152**	**6,943,275**

1 | As of December 31, 2010, other intra-group liabilities due within one year amounted to € 11.8 bn. Thereof, cash pool liabilities and intra-group loans accounted for € 2.8 bn and € 8.1 bn, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

As of December 31, 2011, € 0.7 bn (2010: € 0.9 bn) of the total financial liabilities was secured by assets pledged as collateral.

15 Information about Derivative Financial Instruments

OPTIONS DEALING IN SHARES AND SHARE INDICES

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Call	132,583	6,266	6,266	Bank Pekao share	Assets B.III.
Short Call	507,831	(28,076)	137,638	Allianz SE share	Liabilities F.IV.
Short Call	26,155	(2,060)	12,110	The Hartford share	Liabilities F.IV.

The option positions on Bank Pekao and The Hartford have an intra-group risk transfer and yield enhancement background, respectively.

European-type options are valued with the Black Scholes model and American-type options with the binomial model on the basis of the closing price on the valuation date. Yield curves are derived from the swap rates prevailing on the valuation date. The future dividend yield is estimated on the basis of market information on the valuation date. Volatility is calculated based on currently traded implicit volatility, taking into account the residual term and the ratio between strike price and the prevailing share price.

FORWARD CONTRACTS IN SHARES, SHARE INDICES AND HEDGE RSU

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Forward	415,506	(85,750)	85,750	Allianz SE share	Liabilities D.
Short Forward	7,759	96	—	Tech Alpha fund	—
Hedge RSU	198,380	(167,429)	208,067	Allianz SE share	Liabilities F.IV.

The positions in long forwards on Allianz SE shares and in hedge RSU are held in the context of hedging the Allianz Equity Incentive Plans.

The fair value of a forward contract is determined as the difference between the underlying closing price on the valuation date and the discounted forward price. The net present value of dividend payments due before maturity of the forward contract is also taken into account, unless the dividends are subject to a pass-through agreement. Liabilities from hedge RSU, which the Group companies acquire from Allianz SE in order to hedge their liabilities from the Group Equity Incentive programs, are valued on the basis of the Allianz closing price on the valuation date minus the aggregate of the net present values of estimated future dividends due before maturity of the respective hedge RSU. The applicable discount rates are derived from interpolated swap rates.

FORWARD CURRENCY CONTRACTS

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Forward	2,529,384	32,362	710	USD, GBP, CZK, AUD, CHF, SGD, NOK, JPY, BRL, HUF, NZD, SEK, TRL, CAD, CNY, THB, MYR	Liabilities D.
Short Forward	3,018,413	(23,619)	15,946	USD, GBP, CZK, SGD, AUD, CHF, NOK, JPY, CAD, NZD, CNY, MYR	Liabilities D.

Allianz SE holds long and short positions in various currencies in order to manage foreign exchange risk within Allianz SE and other entities of the Allianz Group.

The fair value of a forward currency contract is the difference between the discounted forward price and the spot rate in Euros. The discounted forward price is calculated by applying the Euro interest rate as a discount rate and the foreign currency interest rate as a compound interest rate.

Long forwards and short forwards with a nominal value of € 1.6 bn and a fair value of € 15 mn, respectively, were aggregated to valuation units ("Bewertungseinheiten") and accounted for with a book value of zero. In each case, diametrical positions with identical terms and conditions closed with group-internal and group-external counterparts respectively form a perfect micro hedge because the fair value changes of the diametric positions completely compensate each other.

OPTIONS ON DEBT SECURITIES

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Short Put Option	1,348,072	(125,519)	159,177	The Hartford Debentures	Liabilities D.
Long Put Option	1,348,072	125,519	159,177	The Hartford Debentures	Assets B.III.

Options on The Hartford Debentures are used to manage risk allocation within the Allianz Group.

The intra-group options are valued with a Black-Derman-Toy model that is calibrated to the current swap curve and swaption volatilities. Since terms and conditions of the short and long position perfectly match, a valuation unit ("Bewertungseinheit") is set up, and both short and long put options are recorded at acquisition cost. The fair value changes of the diametric positions completely offset each other.

AVERAGE RATE OPTIONS ON CURRENCIES

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Average rate put options	900,000	11,668	11,668	USD	Assets B.III.

We use average rate put options on various foreign exchange rates, mainly on the EUR-USD exchange rate, in order to protect the consolidated operating result insofar as it is produced in foreign currency against the fluctuation of these currencies against the Euro.

These average or "Asian" options are valued using the Turnbull and Wakeman analytical approximation. The relevant price of the underlying is the accrued arithmetical average of the ECB fixing rates on the valuation day.

OVERVIEW OVER FINANCIAL INSTRUMENTS

Category	Position of Allianz SE	Nominal € thou	Fair Value € thou	Book Value € thou
Currency-related transactions	Foreign currency buyer	2,529,384	32,362	710
Currency-related transactions	Foreign currency seller	3,918,413	(11,950)	27,614
Share-/Index-related transactions	Share/Index buyer	548,090	(79,484)	92,015
Share-/Index-related transactions	Share/Index seller	541,745	(30,040)	149,748
Hedge RSU	Share seller	198,380	(167,429)	208,067
Debt security-related transactions	Debt security buyer	1,348,072	(125,519)	159,177
Debt security-related transactions	Debt security seller	1,348,072	125,519	159,177

IV. Supplementary Information to the Income Statement

16 Gross Premiums Written

	2011 € thou	2010 € thou
Property-Casualty reinsurance	3,210,449	3,495,961
Life/Health reinsurance	380,123	357,935
Total	**3,590,572**	**3,853,896**

Gross premiums written decreased as anticipated by 6.9 % to € 3.6 bn (2010: € 3.9 bn). In addition to the non-renewal of a sizeable quota share from another reinsurer, premium income was reduced mainly in motor reinsurance and extended coverage mainly from external partners. This decline was partially offset by life reinsurance business recording a growth of 7.8 %.

17 Allocated Interest Return (net)

The amount of interest income transferred under this heading from the non-technical section to the technical section is calculated in accordance with § 38 RechVersV and increased by € 24 mn to € 135 mn due to the termination of a big retrocession treaty, which also covered the personal accident reinsurance business.

18 Run-off Result

In 2011 the positive run-off result in Property-Casualty amounted to € 236 mn (2010: € 166 mn) and resulted mainly from credit and bond reinsurance and short-tail business like fire and motor reinsurance.

19 Change in Other Insurance Reserves (net)

	2011 € thou	2010 € thou
Change in aggregate policy reserves (net)	20,443	47,428
Change in other insurance reserves (net)	6,748	(7,363)
Total	**27,191**	**40,065**

The change in aggregate policy reserves (net) resulted mainly due to a net retention in the personal accident reinsurance business. The other insurance reserves (net) were heavily influenced by a portfolio-withdrawal in the German motor reinsurance business.

20 Underwriting Expenses (net)

	2011 € thou	2010 € thou
Gross	(951,901)	(1,013,092)
Ceded	57,319	144,630
Net	**(894,582)**	**(868,462)**

The decrease in underwriting expenses (gross) was partially offset by a higher net retention.

21 Investment Income

	2011 € thou	2010 € thou
a) Income from shares in affiliated enterprises and participations thereof from affiliated enterprises: € 2,921,743 thou (€ 2,357,863 thou)	2,928,694	2,382,612
b) Income from other investments thereof from affiliated enterprises: € 33,234 thou (€ 24,111 thou)		
ba) Income from real estate, real estate rights and buildings including buildings on land not owned by Allianz SE	29,498	31,788
bb) Income from other investments (see below)	587,998	483,114
Income from other investments	**617,496**	**514,902**
c) Income from reversal of impairments	42,829	59,636
d) Realized gains	646,200	369,010
e) Income from profit transfer agreements	1,392,196	1,421,498
Total	**5,627,415**	**4,747,658**

	2011 € thou	2010 € thou
bb) Income from other investments		
Debt securities	329,632	279,912
Funds held by others under reinsurance business assumed	138,793	130,291
Loans to third-parties	30,102	14,849
Bank deposits	27,048	13,503
Loans to affiliated enterprises	22,273	18,260
Interests in funds	16,051	8,989
Loans to participations	13,211	10,980
Receivables from intra-group cash pooling	9,101	4,381
Stocks	1,363	1,520
Other	424	429
Total	**587,998**	**483,114**

22 Investment Expenses

	2011 € thou	2010 € thou
a) Investment management, interest charges and other investment expenses		
aa) Interest expenses (see below)	(1,346,520)	(1,115,845)
ab) Other	(92,482)	(88,903)
b) Depreciation and impairments of investments	(1,097,477)	(715,493)
c) Realized losses	(122,753)	(90,530)
d) Expenses from losses taken over	(184,549)	(132,631)
Total	**(2,843,781)**	**(2,143,402)**

	2011 € thou	2010 € thou
aa) Interest expenses		
Liabilities from intra-group loans	(414,383)	(281,460)
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(291,447)	(214,142)
Liabilities from intra-group bonds	(289,263)	(286,695)
Subordinated bonds issued by Allianz SE	(205,298)	(212,026)
Liabilities from intra-group cash pooling	(63,923)	(24,448)
Liabilities to banks	(49,008)	(64,650)
Liabilities from commercial paper issues	(12,971)	(13,882)
Other	(20,227)	(18,542)
Total	**(1,346,520)**	**(1,115,845)**

The depreciation and impairments of investments include unscheduled write-downs of € 3.4 mn (2010: € 0.1 mn) on real estate, € 581 mn (2010: € 406 mn) on our shares in Commerzbank AG and € 385 mn (2010: € 147 mn) on shares in affiliated enterprises.

23 Other non-technical Result

	2011 € thou	2010 € thou
Other income		
Currency gains	472,238	440,120
Gains on derivatives	383,771	324,871
Service revenues from pension plans charged to group companies	167,511	107,948[1]
Other service revenues to group companies	82,103	87,987
Inter-company income	37,138	36,730
Other	28,681	6,014
Total	**1,171,442**	**1,003,670**

	2011 € thou	2010 € thou
Other expenses		
Currency losses	(517,364)	(829,244)
Expenses on derivatives	(292,996)	(196,498)
Interest and similar expense	(251,268)	(235,569)
Expenses for financial guarantees	(249,119)	(78,203)
Other human related expenses	(209,208)	(190,162)
Service expenses from pension plans charged to group companies	(167,511)	(107,948)[1]
Anticipated losses on derivatives	(102,406)	(50,358)
Other service expenses to group companies	(82,103)	(87,987)
Pension expenses	(23,507)	(25,673)
Other	(238,928)	(227,846)
Total	**(2,134,410)**	**(2,029,488)**

1 | The significantly smaller amount for expenses and income from intra-group charges for pension plans in the 2010 fiscal year resulted from a decrease in the assumed long-term inflation rate from 2.0% to 1.9% per year.

Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries (see note 13 for more details). Service costs incurring in this context are recognized as service expenses from pensions plans charged to group companies, as they are reimbursed by the German subsidiaries resulting in corresponding service revenues. This amount also contains the conversion expense of € 67 mn of the German subsidiaries for the 2011 fiscal year due to the first-time application of BilMoG in 2010, which is distributed according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years.

The other income and other expenses contain income of € 1 mn and expenses of € 246 mn from the compounding of long-term provisions.

Furthermore the items other income and other expenses include:

	2011	
	Pensions and similar obligations € thou	Other obligations € thou
Actual return of the offset assets	11,182	59
Imputed interest cost for the settlement amount of the offset liabilities	(237,480)	(228)
Effect resulting from the change in the discount rate for the settlement amount	(19,122)	(5)
Net amount of the offset income and expenses	**(245,420)**	**(174)**

FEES TO THE AUDITOR

	2011 € thou	2010 € thou
Audit	(3,252)	(3,180)
Other certification and valuation services	(1,493)	(1,955)
Tax advice services	(262)	(59)
Other services	(173)	(625)
Total	**(5,180)**	**(5,819)**

24 Extraordinary Result

	2011 € thou	2010 € thou
Extraordinary income		
Foreign currency valuation of provisions	—	133,780
Discount of long-term provisions	—	46,386
Other	—	58
Subtotal	**—**	**180,224**
Extraordinary expenses		
Revaluation of pension provisions	(2,318)	(2,294)
Subtotal	**(2,318)**	**(2,294)**
Total	**(2,318)**	**177,930**

In 2010 the first-time application of the BilMoG caused a set of non-recurring extraordinary income effects. The conversion expenses for the pension provisions are distributed according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years. This led to an extraordinary expense of € 2 mn in 2011. The residual provision that has not yet been recognized amounts to € 27 mn.

25 Income Taxes

As the controlling company ("Organträger") of the tax unity, Allianz SE files a consolidated tax return with most of its German affiliated enterprises. Until the tax losses carried forward are fully utilized, the tax compensation payments received from members of the fiscal unity result in a tax income. This tax income mostly refers to the net operating income.

When calculating deferred taxes the company netted deferred tax assets and liabilities.

Based on the capitalization option of § 274 (1) sentence 2 HGB, the surplus of deferred tax assets over deferred tax liabilities will not be recognized. The main differences between accounting and tax-based valuation arise from the balance sheet items loans to affiliated enterprises, reserve for loss and loss adjustment expenses, provision for contigent losses resulting in deferred tax assets and pension accruals resulting in deferred tax liabilities.

In addition, the existing corporate and trade tax losses increase the surplus of deferred tax assets.

The valuation of the domestic deferred taxes is based on the following tax rates:

- 31.0 % differences in balance sheet items
- 15.8 % corporate tax losses
- 15.2 % trade tax losses

26 Net Earnings

	2011 € thou	2010 € thou
Net income	2,089,783	2,103,809
Unappropriated earnings carried forward	12,974	10,959
Allocation to other revenue reserves	(53,907)	(69,518)
Net earnings	**2,048,850**	**2,045,250**

IV. Other Information

Contingent Liabilities, Legal Proceedings and Other Financial Commitments

CONTINGENT LIABILITIES

GUARANTEES TO GROUP COMPANIES

The guarantees described below are provided by Allianz SE to Group companies as well as to third-parties in respect of the liabilities of certain group companies. As of today and according to our best knowledge, we assess the probability of a loss resulting from outstanding guarantees to be extremely remote.

- Bonds issued by Allianz Finance II B.V. for € 13.1 bn, of which € 7.7 bn was on a subordinated basis
- Commercial Papers issued by Allianz Finance Corporation. As of December 31, 2011, USD 0.2 bn of commercial papers were issued as part of the program
- Letters of Credit issued to various operating Allianz entities amounting to € 0.5 bn

In connection with the acquisition of USD 1.75 bn subordinated debentures of The Hartford Financial Services Group, Allianz SE provided a guarantee to group companies.

Guarantee declarations totaling € 1.4 bn have also been made for deferred annuity agreements signed by Allianz Compañía de Seguros y Reaseguros S.A.

Allianz SE provides a maximum € 1.0 bn guarantee for the obligations of Allianz Vie under a unit-linked pension insurance contract. As of December 31, 2011, the guaranteed obligations amounted to € 712 mn.

In addition, Allianz SE issued guarantees to various Group companies totaling € 525 mn.

Contingent liabilities exist because of indirect pension promises being organized via pension fund (Allianz Versorgungskasse VVaG) and support fund (Allianz Pensionsverein e.V.). For a part of the German pension promises and plan assets for phased-in early retirement obligations of the German subsidiaries Allianz SE has a joint liability of € 416 mn.

Allowing for a defined deductible, there are contingent liabilities of up to USD 263 mn in connection with certain insurance reserves of Fireman's Fund Insurance Co.

Allianz SE provides a guarantee to Allianz Argos 14 GmbH to secure the payment obligations under the derivative contract, entered into with Blue Fin Ltd. in connection with the issuance of catastrophe bonds.

Allianz SE provides guarantees in favor of Marsh, Inc. for coverage of potential liabilities for various Allianz subsidiaries. These guarantees have a yearly maturity and are unlimited.

There is an agreement between Allianz Risk Transfer AG and Allianz SE regarding a target minimum capitalization in the form of a Net Worth Maintenance Agreement.

There are financial commitments in connection with the promise of compensation to holders of rights under stock option programs of Allianz France S.A.

In connection with the sale of holdings in individual cases, guarantees were given covering counterparty exposures or the various bases used to determine purchase prices.

Allianz SE has made financial commitments to group companies in connection with share purchase agreements amounting to € 54 mn.

Allianz SE has also provided several subsidiaries and associates with either a standard indemnity guarantee or such guarantees as required by the supervisory authorities, which cannot be quantified. These include in particular a deed of general release for Oldenburgische Landesbank AG and its subsidiaries in accordance with § 5 (10) of the Statute of Deposit Security Arrangement Fund.

GUARANTEES TO THIRD-PARTIES

A contingent indemnity agreement was entered into with respect to securities issued by HT1 Funding GmbH in case HT1 Funding GmbH cannot serve the agreed coupon of the bond partly or in total. It is not possible for Allianz SE to predict potential payment obligations for the fiscal year 2012 and future periods at this time.

As of December 31, 2011, other guarantee commitments given by Allianz SE amounted to € 39 mn. As of today and according to our best knowledge, we assess the probability of a loss resulting from other guarantees to be extremely remote.

LEGAL OBLIGATIONS

Legal obligations to assume any losses arise on account of management control agreements and/or transfer-of-profit agreements with the following companies:

- Allianz Alternative Assets Holding GmbH
- Allianz Argos 14 GmbH
- Allianz Asset Management AG (formerly: Allianz Global Investors AG)
- Allianz Autowelt GmbH
- Allianz Deutschland AG
- Allianz Finanzbeteiligungs GmbH
- Allianz Global Corporate & Specialty AG
- Allianz Investment Management SE
- Allianz Managed Operations & Services SE (formerly: Allianz Shared Infrastructure Services SE)
- AZ-Arges Vermögensverwaltungsgesellschaft mbH
- IDS GmbH-Analysis and Reporting Services
- META Finanz-Informationssysteme GmbH

Advertising agreements led to financial liabilities of € 62 mn.

Potential liabilities amounting to € 18 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up with respect to affiliated enterprises.

Security deposits for leasing contracts amount to € 0.3 mn in financial commitments.

LITIGATION

On May 24, 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. The amount of the cash settlement was established by Allianz on the basis of an expert opinion, and its adequacy was confirmed by a court appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure ("Spruchverfahren"), which is pending with the district court ("Landgericht") of Frankfurt. The Management believes that a claim to increase the cash settlement does not exist. In the event that the court were to determine a higher amount as an appropriate cash settlement, this would affect all of the approximately 16 mn shares that were transferred to Allianz.

OTHER CONTINGENCIES

In accordance with § 5 (10) of the Statutes of the Joint Fund for Securing Customer Deposits ("Einlagensicherungsfonds"), Allianz SE has undertaken to indemnify the Federal Association of German Banks ("Bundesverband deutscher Banken e. V.") for any losses it may incur by reason of supporting measures taken in favor of Oldenburgische Landesbank AG, Münsterländische Bank Thie & Co. KG and Bankhaus W. Fortmann & Söhne KG.

With the sale of Dresdner Bank AG becoming effective on January 12, 2009, Allianz terminated the indemnification undertaking issued in 2001 in favor of the Federal Association of German Banks with respect to Dresdner Bank AG. As a result, the indemnification is only relevant for supporting measures that are based on facts that were already existing at the time of the termination.

Board Members

All supervisory board members, current or resigned during the year and all board members, current or resigned during the year, are denoted on pages 8 and 9. Their memberships in supervisory boards or similar committees of other enterprises are mentioned on pages 115 to 117.

Board of Management Remuneration[1]

As of December 31, 2011, the Board of Management is comprised of nine members. The following expenses reflect the full Board of Management active in the respective year.

The remuneration of the Board of Management includes fixed and variable components.

The variable remuneration consists of the Annual bonus (short-term), the Three-year bonus (mid-term) and the Equity-related remuneration (long-term). In 2011 the Equity-related remuneration was comprised of 73,298[2] (2010: 117,818[3]) restricted stock units (RSU).

	2011 € thou	2010 € thou
Base salary	(7,546)	(6,835)
Annual bonus	(6,361)	(9,109)
Perquisites	(482)	(453)
Base salary, annual bonus and perquisites total	**(14,389)**	**(16,397)**
Fair value of RSU at grant date[4, 5]	(6,361)	(9,269)
Equity-related remuneration	**(6,361)**	**(9,269)**
Other[6]	(1,028)	—
Total	**(21,778)**	**(25,666)**

Total remuneration of the Board of Management of Allianz SE for 2011 (excluding the relevant Three-year bonus tranche) amounted to € 21,778 thou (2010: € 25,666 thou).

EQUITY-RELATED REMUNERATION

The remuneration system, as of January 1, 2010 only awards RSU. For 2011 the fair value of the RSU at date of grant was € 6,361 thou (2010: € 9,269 thou).

1 | For detailed information regarding the Board of Management Remuneration please refer to the Remuneration Report starting on page 64.
2 | The relevant share price to determine the final number of RSU granted is only available after the sign-off by the external auditors, thus numbers are based on a best estimate.
3 | The disclosure in the Annual Report 2010 was based on a best estimate of the RSU grants. The figure shown here for 2010 now includes the actual fair value as of the grant date (March 10, 2011). The value therefore differs from the value disclosed last year.
4 | Dr. Paul Achleitner will leave the Allianz SE Board of Management effective May 31, 2012. He will receive a cash payment for the financial year 2011 instead of RSU. The amount will equal the respective 2011 Annual bonus.
5 | Enrico Cucchiani left the Allianz SE Board of Management effective December 21, 2011. He will receive a pro-rated cash payment for the financial year 2011 instead of RSU. The amount will equal the respective 2011 pro-rated Annual bonus.
6 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thou. This amount is included in the Total for 2011.

BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2011, remuneration and other benefits of € 6 mn (2010: € 6 mn) were paid to retired members of the Board of Management and surviving dependents.

The pension obligations for former members of the Board of Management and their surviving dependents are as follows:

	2011 € thou	2010 € thou
Historical costs of the offset assets	53,862	42,366
Fair value of the offset assets	53,862	42,366
Settlement amount of the offset liabilities	65,511	50,664
Provision amount that has not yet been recognized (Article 67 (2) EGHGB)	9,950	9,522
Pension provisions/Excess of plan assets over pension liability	1,699	(1,224)

The cash surrender value of the reinsurance policies is taken as a basis for the fair value of the offset assets.

Supervisory Board Remuneration[1]

	2011		2010	
	€ thou	%	€ thou	%
Fixed remuneration	1,400	69.7	700	47.8
Variable remuneration	—	—	336	23.0
Committee-related remuneration	560	27.9	461	31.5
Caps	—	—	(67)	(4.5)
Attendance fees	49	2.4	33	2.2
Total	**2,009**	**100.0**	**1,463**	**100.0**

Average Number of Employees

Excluding members of the Board of Management, trainees, interns, employees in the passive phased-in of the partial retirement and employees on maternity leave or doing basic military training/community services.

	2011	2010
Full-time staff	1,214	1,156
Part-time staff	180	162
Total	**1,394**	**1,318**

Staff Expenses

	2011 € thou	2010 € thou
1. Wages and salaries	(230,742)	(228,653)
2. Statutory welfare contributions and expenses for optional support payments	(16,092)	(15,526)
3. Expenses for pensions and other post-retirement benefits	(20,828)	(22,728)
Total expenses	**(267,662)**	**(266,907)**

1 | For detailed information regarding the Supervisory Board Remuneration please refer to the Remuneration of the Supervisory Board starting on page 76.

Mandates of the Members of the Supervisory Board

DR. HENNING SCHULTE-NOELLE
Chairman
Former Chairman of the Board of Management, Allianz AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
E.ON AG

DR. WULF BERNOTAT
Former Chairman of the Board of Management, E.ON AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Bertelsmann AG
Deutsche Telekom AG
METRO AG

JEAN-JACQUES CETTE
Secretary of the Group Works Council, Allianz France S.A.
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.

DR. GERHARD CROMME
Vice Chairman
Chairman of the Supervisory Board, ThyssenKrupp AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Axel Springer AG
Siemens AG (Chairman)
ThyssenKrupp AG (Chairman)

Membership in comparable[1] supervisory bodies
Compagnie de Saint-Gobain S.A.

GODFREY ROBERT HAYWARD
Employee, Allianz Insurance plc

FRANZ HEISS
Employee, Allianz Beratungs- und Vertriebs-AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG

PROF. DR. RENATE KÖCHER
Director, Institut für Demoskopie Allensbach
Membership in other statutory supervisory boards and SE administrative boards in Germany
BMW AG
Infineon Technologies AG
Robert-Bosch GmbH | from March 30, 2012

PETER KOSSUBEK
Employee, Allianz Deutschland AG

IGOR LANDAU
Member of the Administrative Board, Sanofi-Aventis S.A.
Membership in other statutory supervisory boards and SE administrative boards in Germany
adidas AG (Chairman)

Membership in comparable[1] supervisory bodies
HSBC France
Sanofi-Aventis S.A.

JÖRG REINBRECHT
Union Secretary, ver.di Bezirk Hannover
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG

PETER DENIS SUTHERLAND
Chairman, Goldman Sachs International
Membership in comparable[1] supervisory bodies
BW Group Ltd.
Goldman Sachs International (Chairman)
Koç Holding A.Ş.

ROLF ZIMMERMANN
Vice Chairman
Employee, Allianz Deutschland AG

1 | We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

Mandates of the Members of the Board of Management

MICHAEL DIEKMANN
Chairman of the Board of Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
BASF SE (Deputy Chairman)
Linde AG (Deputy Chairman)
Siemens AG

Membership in Group bodies
Allianz Deutschland AG
Allianz Asset Management AG (Chairman)
(formerly: Allianz Global Investors AG)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A. (Vice President)
Allianz S.p.A.

DR. PAUL ACHLEITNER | until May 31, 2012
Finance
Membership in other statutory supervisory boards and SE administrative boards in Germany
Bayer AG
Daimler AG
RWE AG

Membership in Group bodies
Allianz Asset Management AG
(formerly: Allianz Global Investors AG)
Allianz Investment Management SE (Chairman)

OLIVER BÄTE
Controlling, Reporting, Risk (and Investor Relations | as of June 1, 2012)
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG (Deputy Chairman)
Allianz Asset Management AG
(formerly: Allianz Global Investors AG)
Allianz Investment Management SE (Deputy Chairman)

MANUEL BAUER
Insurance Growth Markets
Membership in comparable[1] supervisory bodies
Bajaj Allianz General Insurance Company Limited
Bajaj Allianz Life Insurance Company Limited
Zagrebacka Banka

Membership in Group bodies
Allianz Hungária Biztosító Zrt. (Chairman)
Allianz-Slovenská poist'ovna a.s. (Chairman)
Allianz Tiriac Asigurari S.A. (Chairman)
OJSC IC Allianz (Chairman)
TU Allianz Polska S.A. (Chairman)
TU Allianz Życie Polska S.A. (Chairman)

GARY BHOJWANI | since January 1, 2012
Insurance USA
Membership in comparable[1] supervisory bodies
Allina Hospitals & Clinics

Membership in Group bodies
Allianz Life Insurance Company of North America
((Chairman) | since January 1, 2012)
Allianz of America, Inc (Chairman) | since January 1, 2012
Fireman's Fund Insurance Company (Chairman)
since February 15, 2012

CLEMENT BOOTH
Global Insurance Lines & Anglo Markets
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Australia Limited
Allianz Holdings plc (Chairman)
Allianz Insurance plc (Chairman)
Allianz Irish Life Holdings plc
Allianz UK Ltd (Chairman)
Euler Hermes S.A. (Chairman)

ENRICO CUCCHIANI | until December 21, 2011
Insurance Europe (& South America)
Membership in comparable[1] supervisory bodies
Pirelli & C. S.p.A. | until December 16, 2011
Unicredit S.p.A. | until December 16, 2011

Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A.
Barcelona (Vice Chairman) | until December 15, 2011
Allianz Hayat ve Emeklilik A.Ş. (Vice Chairman)
until December 15, 2011
Allianz Sigorta P&C A.Ş. (Vice Chairman) | until December 15, 2011
Allianz S.p.A. (Chairman) | until December 22, 2011
Companhia de Seguros Allianz Portugal S.A. | until December 15, 2011

DR. JOACHIM FABER | until December 31, 2011
Asset Management (Worldwide)
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Börse AG

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz S.p.A.

1 | We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

DR. HELGA JUNG | since January 1, 2012
Insurance Iberia & Latin America , Legal & Compliance, M&A
Membership in comparable[1] supervisory bodies
Unicredit S.p.A. | since January 31, 2012

DR. CHRISTOF MASCHER
Operations
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Managed Operations and Services SE (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Global Assistance SAS (Chairman)

JAY RALPH
Insurance NAFTA Markets | until December 31, 2011
Asset Management (Worldwide) | since January 1, 2012
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairman)
until December 31, 2011
Allianz of America Corporation (Chairman) | until February 16, 2012
Allianz of America, Inc. | until February 16, 2012
((Chairman) | until December 31, 2011)
Fireman's Fund Insurance Company (Chairman)
until February 15, 2012

DR. DIETER WEMMER | since January 1, 2012
Insurance Western & Southern Europe
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz S.p.A.

DR. WERNER ZEDELIUS
Insurance German Speaking Countries, Human Resources
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG (Vice Chairman)
Allianz Suisse Lebensversicherungs-Gesellschaft AG
Allianz Suisse Versicherungs-Gesellschaft AG

1 | We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

Notifications pursuant to § 21 (1) WpHG

The company has received the following notifications pursuant to § 21 (1) WpHG:

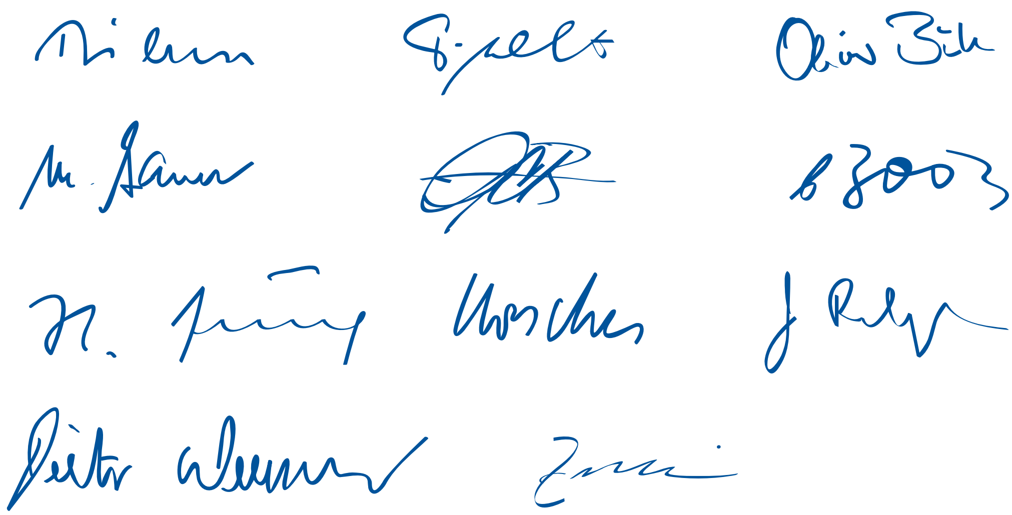
Company Name	Location	+ = exceeds – = falls below	Threshold %	Date	Proportion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	March 29, 2011	4.96	22,527,683	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	–	5	March 29, 2011	4.78	21,736,508	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	–	5	March 29, 2011	4.78	21,736,508	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	April 13, 2011	5.03	22,861,621	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG

Declaration of Compliance with the German Corporate Governance Code

On December 14, 2011, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance with the German Corporate Governance Code required by § 161 AktG and made it permanently available on the company's website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

Munich, February 20, 2012

Allianz SE
The Board of Management



IV. List of Participations Allianz SE, Munich as of December 31, 2011 according to § 285 No. 11 HGB in conjunction with § 286 (3) No. 1 HGB

	Owned[1] %	Equity thou €	Net earnings thou €
DOMESTIC ENTERPRISES			
AFFILIATED ENTERPRISES			
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0	31,002	55,100
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,970	(33,993)
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0	107,546	306
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0	215,708	(208)
ADEUS Aktienregister-Service-GmbH, Frankfurt am Main	79.6	7,520	1,571
ADIG Fondsvertrieb GmbH, Munich	100.0[2]	6,089	0
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	55.0	95,122	(8,852)
Allianz Alternative Assets Holding GmbH, Munich	100.0[2]	14,469	0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	419,860	17,179
Allianz Beratungs- und Vertriebs-AG, Munich	100.0[2]	11,735	0
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	261,774	6,569
Allianz Deutschland AG, Munich	100.0[2]	8,494,341	0
Allianz Finanzbeteiligungs GmbH, Munich	100.0[2]	863,178	0
Allianz Global Corporate & Specialty AG, Munich	100.0[2,3]	1,153,391	0
Allianz Global Investors AG, Munich	100.0[2]	3,461,258	0
Allianz Global Investors Asia-Pacific GmbH, Munich	100.0[2]	101,900	0
Allianz Global Investors Europe GmbH, Munich	100.0[2]	21,925	0
Allianz Global Investors Europe Holding GmbH, Munich	100.0[2]	3,075,543	0
Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.0[2]	380,254	0
Allianz Handwerker Services GmbH, Munich	95.0	29,138	6,781
Allianz Investment Management SE, Munich	100.0[2]	9,882	0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0	192,364	10,765
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0	1,313,278	16,608
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0	33,261	(1,262)
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0	13,803	2,329
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0	1,759,344	530,000
Allianz Managed Operations & Services SE, Munich	100.0[2]	190,297	0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	68,960	6,219
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	47,630	705
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	208,694	9,500
Allianz Private Equity GmbH, Munich	100.0	111,140	(11,766)
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0[2]	326,227	0
Allianz Renewable Energy Subholding GmbH & Co.KG, Haar	100.0	34,789	586
Allianz Taunusanlage GbR, Stuttgart	99.5	218,409	5,930
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0[2]	2,533,482	17,145
AllSecur Deutschland AG, Munich	100.0[2]	44,831	0
AUG. PRIEN Immobilien PE Verwaltung BrahmsQuartier GmbH, Stuttgart	94.9	6,372	(23)
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	63,130	(12,037)
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	152,517	1
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	145,732	8,421
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	223,821	(8)
AZ-Argos 58 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	49,227	(5)
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	44,529	(239)
AZL AI Nr. 1 GmbH, Munich	100.0	37,811	0
AZL PE Nr. 1 GmbH, Munich	100.0	177,192	9,075
AZ-SGD Private Equity Fonds GmbH, Munich	100.0	292,242	6,891
Bankhaus W. Fortmann & Söhne KG, Oldenburg	100.0	8,795	279
Brahms Beteiligungs GmbH & Co. KG, Stuttgart	94.9	6,060	(10)
BrahmsQ Objekt GmbH & Co. KG, Hamburg	95.0	99,503	3,117
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1[3]	22,583	6,307
Dealis Fund Operations GmbH, Munich	50.1	20,756	1,622
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0[2]	44,991	0
Euler Hermes Forderungsmanagement GmbH, Hamburg	100.0	29,084	5,168
Euler Hermes Kreditversicherungs-Aktiengesellschaft, Hamburg	100.0	253,236	151,884
Grundstücksgesellschaft der Vereinten Versicherungen mbH, Munich	100.0[3]	6,136	(21)
Jota-Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	3,098,109	0
manroland AG, Offenbach	100.0[3,4]	148,289	(179,129)
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0[3]	5,155	0
Münsterländische Bank Thie & Co. KG, Münster	100.0	7,802	602

	Owned[1] %	Equity thou €	Net earnings thou €
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0	109,581	2,876
OLB-Beteiligungsgesellschaft mbH, Oldenburg	98.8	91,723	4,395
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	89.6	546,837	1,551
PIMCO Deutschland GmbH, Munich	100.0	17,026	4
Selecta Deutschland GmbH, Eschborn	100.0	8,911	(3,896)
Selecta Holding GmbH, Eschborn	100.0	12,454	(598)
Signa 12 Verwaltungs GmbH, Düsseldorf	94.9	5,240	(11)
Spherion Beteiligung GmbH & Co. KG, Stuttgart	94.9	5,123	(22)
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0	99,084	2,732
Windpark Berge-Kleeste GmbH & Co.KG, Haar	100.0	17,842	1,397
Windpark Büttel GmbH & Co. KG., Sehestedt	100.0	35,762	2,357
Windpark Emmendorf GmbH & Co.KG, Emmendorf	100.0	5,654	773
Windpark Halenbeck GmbH & Co. KG, Husum	100.0	31,873	2,397
Windpark Kesfeld - Heckhuscheid GmbH & Co KG, Pinneberg	100.0	30,149	50
Windpark Kirf GmbH & Co. KG, Pinneberg	100.0	8,644	396
Windpark Kittlitz KG GmbH & Co. KG, Husum	100.0	12,689	916
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0	23,958	1,940
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0	22,364	1,742
Windpark Redekin GmbH & Co KG, Genthin	100.0	36,596	1,896
Windpark Schönwalde GmbH & Co. KG, Potsdam	100.0	26,572	1,111
Windpark Waltersdorf GmbH Co. KG Renditefonds, Bremen	100.0	15,325	874
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0	37,270	2,828
ASSOCIATED ENTERPRISES			
AV Packaging GmbH, Munich	51.0	8,961	15
Fondsdepot Bank GmbH, Hof	49.0	42,410	901
Scandferries Holding GmbH, Hamburg	47.7[3]	233,859	89,331
OTHER PARTICIPATIONS BETWEEN 5 AND 20 % VOTING RIGHTS			
EXTREMUS VERSICHERUNGS-AG, Cologne	16.0		
Heidelberger Druckmaschinen AG, Heidelberg	13.2		
Marschollek, Lautenschläger u. Partner AG, Wiesloch	8.9		
Sana Kliniken AG, Munich	13.8		
FOREIGN ENTERPRISES			
AFFILIATED ENTERPRISES			
Aero-Fonte S.r.l, Catania	100.0	8,529	489
AGA Assistance Australia Pty Ltd., Toowong	100.0	9,575	974
AGCS Marine Insurance Company, Chicago, IL	100.0	77,814	(12,336)
AGF Benelux S.A., Luxembourg	100.0	654,075	(29,334)
AGF Holdings (UK) Limited, Guildford	100.0	49,580	(13,932)
AGF Insurance Limited, Guildford	100.0	156,139	(8,749)
AGF Inversiones S.A., Buenos Aires	100.0	13,246	2,900
AGF RAS Holding BV, Amsterdam	100.0	2,068,650	571,582
Agricola Underwriting Pty Ltd, Melbourne	100.0	7,506	2,439
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0	27,105	630
Allianz (UK) Limited, Guildford	100.0	488,573	77,445
Allianz Africa, Paris	100.0	43,473	2,804
Allianz Africa S.A., Paris	100.0	21,878	4,709
Allianz Alapkezelő Zrt., Budapest	100.0	6,502	3,414
Allianz Alp Sp. z oo, Warsaw	100.0	21,146	847
Allianz Annuity Company of Missouri, Clayton, MO	100.0	281,331	60,073
Allianz Argentina Compania de Seguros Generales S.A., Buenos Aires	100.0	34,404	11,909
Allianz Asset Management of America Holdings Inc., Dover, DE	100.0	5,556	1,125
Allianz Asset Management of America L.P, Dover, DE	100.0	1,138,197	1,486,343
Allianz Asset Management of America LLC, Dover, DE	100.0	5,125,898	1,752,156
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	220,522	71,292
Allianz Australia Insurance Limited, Sydney	100.0	1,457,906	189,865
Allianz Australia Life Insurance Limited, Sydney	100.0	36,513	7,574
Allianz Australia Limited, Sydney	100.0	1,274,948	182,625
Allianz Bank Bulgaria JSC, Sofia	99.9[3]	76,974	1,905
Allianz Bank Financial Advisors S.p.A., Milan	100.0	147,236	748

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 | Profit transfer agreement.
3 | As per annual financial statement 2010.
4 | In insolvency.

	Owned[1] %	Equity thou €	Net earnings thou €
Allianz Banque S.A., La Défense, Paris	100.0	152,070	(11,497)
Allianz Belgium S.A., Brussels	100.0	756,455	43,241
Allianz Biznes Sp. z o.o., Warsaw	100.0	6,919	412
Allianz Bulgaria Holding Company Ltd., Sofia	66.2	36,642	18,139
Allianz Bulgaria Insurance and Reinsurance Company Ltd., Sofia	78.0	28,859	6,129
Allianz Bulgaria Life Insurance Company Ltd., Sofia	99.0	17,108	5,252
Allianz Bulgaria Pension Company AD, Sofia	65.9	14,071	4,154
Allianz Business Services Limited, Lancaster	100.0	5,250	690
Allianz Carbon Investments B.V., Amsterdam	100.0	6,494	(16)
Allianz China General Insurance Company Ltd., Guangzhou	100.0	52,634	815
Allianz China Life Insurance Co. Ltd., Shanghai	51.0	51,237	(19,444)
Allianz Compagnia Italiana Finanziamenti S.p.A., Milan	100.0[3]	3,855,224	914,452
Allianz CompanÍa de Seguros y Reaseguros S.A., Madrid	99.9	342,515	278,389
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0[3]	11,245	1,752
Allianz do Brasil Ltda., Sao Paulo	100.0	323,109	61,314
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0[2]	103,742	13,292
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	380,251	35,736
Allianz Equity Investments Ltd., Guildford	100.0	146,812	1,553
Allianz Europe B.V., Amsterdam	100.0[3]	29,102,317	3,218,552
Allianz Europe Ltd., Amsterdam	100.0[3]	19,238,446	76,405
Allianz Finance II Luxembourg S.A., Luxembourg	100.0	3,109,390	(274,057)
Allianz Finance IV Lux Sárl, Luxembourg	100.0	98,505	(123,081)
Allianz Finance V Lux. S.à r.l, Luxembourg	100.0	6,272	(275)
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0	21,836	4
Allianz France Investissement OPCI, Paris	100.0	117,251	0
Allianz France Real Estate Invest, Paris	100.0	293,958	(915)
Allianz France S.A., Paris	100.0	7,440,700	1,874,994
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0	191,836	30,658
Allianz Gestion Sociedad Gestora de Instituciones de Inversion Colectiva S.A., Madrid	100.0	6,750	633
Allianz Global Assistance International SA, Paris	100.0	349,630	38,582
Allianz Global Assistance S.A.S., Paris	100.0	498,589	51,965
Allianz Global Corporate & Specialty France, S.A., La Défense, Paris	100.0[3]	595,689	24,456
Allianz Global Corporate & Specialty South Africa Ltd., Marshalltown	100.0[3]	11,314	4,727
Allianz Global Investors (UK) Ltd., London	100.0	6,267	137
Allianz Global Investors Capital LLC, Dover, DE	100.0	56,046	30,756
Allianz Global Investors Distributors LLC, Dover, DE	100.0	62,772	(38,586)
Allianz Global Investors France S.A., Paris	100.0	39,818	13,242
Allianz Global Investors Fund Management LLC, Dover, DE	100.0	7,598	35,073
Allianz Global Investors Hong Kong Ltd., Hong Kong	100.0	12,338	19
Allianz Global Investors Ireland Ltd., Dublin	100.0	28,981	11,451
Allianz Global Investors Italia S.p.A, Milan	100.0	28,931	10,205
Allianz Global Investors Luxembourg S.A., Senningerberg	100.0	137,563	58,158
Allianz Global Investors Taiwan Ltd., Taipei	100.0	45,811	22,086
Allianz Global Investors U.S. LLC, Dover, DE	100.0	45,166	(1,810)
Allianz Global Life Ltd., Dublin	100.0	64,446	(3,112)
Allianz Global Risks US Insurance Company, Corp., Burbank, CA	100.0	2,939,830	145,756
Allianz GRENELLE, Paris	100.0	12,931	915
Allianz Hayat ve Emeklilik AS, Istanbul	89.0	36,797	3,570
Allianz Hellas Insurance Company S.A., Athens	100.0	31,091	19,881
Allianz Holding eins GmbH, Vienna	100.0	2,319,795	438,401
Allianz Holding France SAS, Paris	100.0	6,607,637	1,004,982
Allianz Holdings plc., Guildford	100.0	1,066,132	127,211
Allianz Hungária Biztosító Zrt., Budapest	100.0[3]	142,396	(15,827)
Allianz IARD S.A., Paris	100.0	2,160,962	325,635
Allianz Individual Insurance Group, LLC, Minneapolis, MN	100.0	198,255	(4,325)
Allianz Insurance (Hong Kong) Ltd., Hong Kong	100.0[3]	11,926	431
Allianz Insurance Company of Singapore Pte. Ltd., Singapore	100.0[3]	27,856	2,914
Allianz Insurance Company-Egypt S.A.E., Cairo	85.0	14,339	2,262
Allianz Insurance plc., Guildford	98.0	987,547	179,023
Allianz Investment Properties Ltd., Guildford	100.0[3]	115,660	6,561
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0[2]	13,512	2,133
Allianz Irish Life Holdings p.l.c., Dublin	66.4	67,312	59,131
Allianz Leasing & Services JSC, Sofia	51.0[3]	7,936	1,141
Allianz Life & Annuity Company, LP, Minneapolis, MN	100.0	12,542	350
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0	28,964	8,920
Allianz Life Financial Services LLC, Minneapolis, MN	100.0[2]	21,992	0
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0	231,444	6,086
Allianz Life Insurance Company of New York, Corp., New York, NY	100.0	99,223	(11,033)
Allianz Life Insurance Company of North America, Corp., Minneapolis, MN	100.0	6,364,977	(82,484)
Allianz Life Insurance Japan Ltd., Tokyo	100.0[3]	26,519	(45,405)
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0	59,499	4,282
Allianz Life Luxembourg S.A., Luxembourg	100.0	36,867	944
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0	240,472	2,220
Allianz Marine (UK) Ltd., Ipswich	100.0[3]	10,668	55
Allianz Mena Holding Bermuda, Beirut	99.9	19,882	501
Allianz México S.A. Compañía de Seguros, SA, Mexico City	100.0	85,195	1,797

	Owned[1] %	Equity thou €	Net earnings thou €
Allianz Nederland Asset Management B.V., Nieuwegein	100.0	47,106	3,467
Allianz Nederland Groep N.V., Rotterdam	100.0	669,935	79,267
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0	274,790	36,400
Allianz Nederland Schadeverzekering N.V., Rotterdam	100.0	195,426	21,568
Allianz New Europe Holding GmbH, Vienna	100.0[2]	1,091,030	82,625
Allianz New Zealand Limited, Auckland	100.0	28,276	(9,163
Allianz of America Corporation, Novato, CA	100.0	9,233	(1,320)
Allianz of America Inc., Westport, CT	100.0	13,424,091	1,441,206
Allianz of South Africa (Proprietary) Ltd., Marshalltown	100.0[3]	11,063	4,728
Allianz One Beacon LP, Wilmington, DE	100.0	76,877	2,469
Allianz p.l.c., Dublin	100.0	448,313	77,549
Allianz Participations B.V., Amsterdam	100.0	352,593	(14,407)
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	8,564	403
Allianz penzijní fond a.s., Prague	100.0	40,952	14,546
Allianz pojistovna a.s., Prague	100.0	197,143	43,528
ALLIANZ POPULAR, S.L., Madrid	60.0	1,018,211	0
Allianz Private Equity UK Holdings Limited, London	100.0	21,034	237
Allianz Properties Limited, Guildford	100.0	156,556	5,319
Allianz Re Dublin Limited, Dublin	100.0[3]	60,200	47,567
Allianz Real Estate France, Paris	100.0	8,709	2,899
Allianz Renewable Energy Partners I LP, London	100.0	330,422	3,897
Allianz Renewable Energy Partners II Limited, London	100.0	422,753	14,064
Allianz Renewable Energy Partners IV Limited, London	97.7	256,995	2,147
Allianz Renewable Energy Partners V PLC, London	100.0	124,858	3
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0[3]	48,951	3,658
Allianz Risk Transfer AG, Zurich	100.0[3]	542,933	10,962
Allianz Risk Transfer Inc., New York, NY	100.0[3]	43,576	8,380
Allianz Risk Transfer N.V., Amsterdam	100.0[3]	30,570	225
Allianz Rosno Asset Management, Moscow	100.0	8,770	(2,621)
Allianz Rosno Life, Moscow	100.0	11,870	0
Allianz S.p.A., Trieste	100.0	1,069,512	174,333
Allianz Saude S.A., Sao Paulo	100.0	55,911	11,202
Allianz Seguros S.A., Sao Paulo	100.0	300,814	60,997
Allianz Services (UK) Limited, London	100.0[3]	19,624	4,076
Allianz Sigorta AS, Istanbul	84.2	155,322	19,010
Allianz SNA Sal, Beirut	100.0	22,221	2,452
Allianz Société Financiére S.à.r.l., Luxembourg	100.0	158,557	(3,880)
Allianz South America Holding B.V., Amsterdam	100.0	303,462	21,642
Allianz Specialised Investments Limited, London	100.0	7,898	136
ALLIANZ SUBALPINA HOLDING S.p.A., Turin	98.1	191,473	34,771
Allianz Suisse Immobilien AG, Volketswil	100.0	15,455	3,795
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Zurich	100.0	798,828	76,729
Allianz Suisse Rückversicherungs AG, Zurich	100.0	134,447	10,689
Allianz Suisse Versicherungs-Gesellschaft, AG, Zurich	100.0	937,758	215,746
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7	73,361	(4,163)
Allianz Tiriac Asigurari SA, Bucharest	52.2[3]	114,131	(5,072)
Allianz Underwriters Insurance Company, Corp., Burbank, CA	100.0	48,456	1,425
Allianz US Investment LP, Wilmington, DE	100.0	165,305	8,230
Allianz US Private REIT LP, Wilmington, DE	100.0	119,880	1,258
Allianz Vie S.A., Paris	100.0	2,786,435	155,750
Allianz Worldwide Care Ltd., Dublin	100.0	76,142	12,205
Allianz Zagreb d.d., Zagreb	83.2	65,470	12,519
Allianz ZB d.o.o. Company for the Management of an Obligatory Pension Fund, Zagreb	51.0	12,312	8,405
Allianz-Slovenská DSS a.s., Bratislava	100.0	46,935	1,610
Allianz-Slovenská poist'ovna a.s., Bratislava	84.6	340,435	45,398
Amaya Compania de Seguros y Reaseguros S.A., Madrid	100.0	43,725	2,479
American Automobile Insurance Company, Corp., Earth City, MO	100.0	122,196	4,197
American Financial Marketing Inc., Minneapolis, MN	100.0	28,948	1,631
AMOS Austria GmbH, Vienna	100.0	29,467	(68)
AMOS IT Suisse AG, Zurich	100.0	6,479	1,270
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0	12,657	1,315
Antoniana Veneta Popolare Assicurazioni S.p.A., Trieste	50.0	11,494	113
Antoniana Veneta Popolare Vita S. p. A., Trieste	50.0	62,170	1,959
APKV US Private REIT LP, New York, NY	100.0	8,750	(298)
Arab Gulf Health Services LLC, Beirut	100.0	7,564	1,836
Arcalis, La Défense, Paris	99.9	64,128	54
Aseguradora Colseguros S.A., Bogota D.C.	100.0	61,737	7,700
Aseguradora de Vida Colseguros S.A. (Salud), Bogota D.C.	100.0	68,559	10,213
Aspley AVT Pty Limited, Sydney	66.7	29,219	(1,802)
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0	29,922	4,428
Associated Indemnity Corporation, Novato, CA	100.0	61,753	1,923
Assurance Vie et Prévoyance (AVIP) SA, La Défense, Paris	100.0	92,184	6,708
Ayudhya Allianz C.P. Life Public Company Limited, Bangkok	62.6	153,542	11,997
AZ Euro Investments II S.à r.l, Luxembourg	100.0	180,048	(7)
AZ Euro Investments S.à r.l., Luxembourg	100.0	2,405,324	(23,942)
AZ Jupiter 4 B.V., Amsterdam	100.0	24,729	2,351

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 | Profit transfer agreement.
3 | As per annual financial statement 2010.

	Owned[1] %	Equity thou €	Net earnings thou €
AZ Jupiter 8 B.V., Amsterdam	100.0	2,774,673	1,455
AZL PF Investments Inc., Minneapolis, MN	100.0	484,633	18,663
BAWAG Allianz Mitarbeitervorsorgekasse AG, Vienna	50.0	7,054	(812)
Brasil de Imoveis e Participacoes Ltda., Sao Paulo	100.0	6,387	554
Bright Mission Berhad Ltd., Kuala Lumpur	100.0	42,261	2,532
British Reserve Insurance Co. Ltd., Guildford	100.0	32,516	2,676
Calypso S.A., Paris	100.0	11,983	(11,256)
CAP Rechtsschutz-Versicherungsgesellschaft AG, Zurich	100.0	8,452	1,830
Capital Messine S.à.r.l., Luxembourg	100.0	47,827	(25)
Challenging Financial Careers Insurance Marketing Corp., LLC, Huntington Beach, CA	100.0	10,784	(305)
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0	36,610	807
Chicago Insurance Company, Corp., Chicago, IL	100.0	43,975	1,049
CIC Allianz Insurance Ltd., Sydney	100.0	30,644	8,593
Colisee S.à r.l., Luxembourg	100.0	9,448	26
Compagnie de Gestion et Prevoyance, Strasbourg	99.9	5,184	62
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8	114,870	19,944
Compania Colombiana de Inversion Colseguros S.A.., Bogota D.C.	100.0	130,681	18,784
CPRN Thailand Ltd., Bangkok	100.0	6,469	84
CreditRas Assicurazioni S.p.A., Milan	50.0	17,998	8,281
CreditRas Vita S.p.A., Milan	50.0	407,206	(51,643)
DARTA SAVING LIFE ASSURANCE LTD., Dublin	100.0	53,535	21,816
Deeside Investments Inc., Wilmington, DE	100.0[3]	223,260	580
Delta Technical Services Ltd., London	100.0	6,470	1,190
Dresdner RCM Global Investors (Jersey) Ltd, Jersey	100.0	8,836	52
Energie Eolienne Lusanger, Orleans	100.0	5,055	(49)
Euler do Brasil Seguros Exportacao, Sao Paulo	100.0	8,468	368
Euler Hermes ACI Holding, Inc., New York, NY	100.0	190,914	(700)
Euler Hermes ACI Inc., Baltimore, MD	100.0	137,583	5,521
Euler Hermes Cescob uverová pojistovna a.s., Prague	100.0[3]	10,065	2,391
Euler Hermes Collections Sp. z o.o., Warsaw	100.0[3]	19,996	(3,708)
EULER HERMES CREDIT INSURANCE BELGIUM S.A., Brussels	100.0[3]	67,320	(15,181)
Euler Hermes Credit Insurance Nordic A.B., Stockholm	100.0	20,890	2,101
Euler Hermes Holdings UK plc, London	100.0[3]	132,666	1,370
Euler Hermes Kreditverzekering N.V., Hertogenbosch	100.0[3]	24,176	(935)
Euler Hermes Ré, SA, Senningerberg	100.0[3]	41,041	(3,342)
Euler Hermes Reinsurance AG, Zurich	100.0[3]	358,193	100,430
Euler Hermes S.A., Paris	70.4	1,260,886	109,230
Euler Hermes Seguros de Crédito S.A., Sao Paulo	100.0	6,970	(191)
Euler Hermes Seguros de Crédito S.A., Mexico City	100.0	6,101	82
Euler Hermes Servicios de Crédito S.L., Madrid	100.0[3]	5,921	742
Euler Hermes Servicos Ltda, Sao Paulo	100.0	17,355	351
Euler Hermes SFAC Crédit S.A.S., Paris	100.0	147,774	2,375
Euler Hermes SFAC Recouvrement S.A.S., Paris	100.0	38,587	5,187
Euler Hermes SFAC S.A., Paris	100.0	391,001	139,864
Euler Hermes SIAC S.p.A., Rome	100.0[3]	53,753	9,101
Euler Hermes UK plc, London	100.0[3]	116,709	16,714
Euler Hermes UMA, Louisville	100.0	11,657	761
Eurl 20/22 Le Peletier, Paris	100.0	56,951	1,116
EUROPENSIONES S.A. - Entidad Gestora de Fondos de Pensiones, Madrid	100.0	27,824	21,430
Eurosol Invest S.r.l., Buttrio	100.0	9,772	1,297
Eurovida S.A. Compañía de Seguros y Reaseguros, Madrid	100.0	87,762	42,631
Fenix Directo Compania de Seguros y Reaseguros S.A., Madrid	100.0	23,414	(545)
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0	11,237	442
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0	6,690	209
Fireman's Fund Insurance Company of Ohio, Corp., Cincinnati, OH	100.0	29,070	944
Fireman's Fund Insurance Company, Corp., Novato, CA	100.0	2,300,083	(11,802)
FRAGONARD ASSURANCE, SACS, Paris	100.0	64,317	16,381
GamePlan Financial Marketing LLC, Woodstock, GA	100.0	52,748	6,681
Generation Vie, La Défense, Paris	52.5	56,492	4,631
Genialloyd S.p.A., Milan	100.0	74,819	6,060
Havelaar et Van Stolk B.V., Rotterdam	100.0	7,873	582
Home & Legacy (Holdings) Limited, London	100.0	5,341	(20)
Home & Legacy Insurance Services Limited, London	100.0	14,352	2,101
Immovalor Gestion S.A., Paris	100.0	6,224	2,853
Insurance and Reinsurance AG Energy, Sofia	50.9	27,948	12,125
Insurance Company "Progress Garant", Moscow	100.0	36,296	2,257
Insurance Joint Stock Company "Allianz", AOOT/OAO, Moscow	100.0	14,379	2,308
Interstate Fire & Casualty Company, Chicago, IL	100.0	119,835	3,930
Investitori SGR S.p.a., Milan	100.0	14,875	(909)
Jefferson Insurance Company of N.Y., Corp., New York, NY	100.0	23,623	2,858
Kiinteistöoasakeyhtiö Eteläesplanadi 2, Helsinki	100.0	18,338	2,830
LA RURALE, Paris	99.8	7,427	919
L'Assicuratrice Italiana Vita S.p.A., Milan	100.0	26,983	(1,644)
LLC "Allianz Eurasia Healthcare", Saint Petersburg	100.0	10,798	(836)
Lloyd Adriatico Holding S.p.A., Trieste	99.9	648,578	77,446
London Verzekeringen N.V., Rotterdam	100.0	117,429	14,285

	Owned[1] %	Equity thou €	Net earnings thou €
manroland (China) Ltd., Hong Kong	100.0[3]	16,463	3,885
manroland Benelux N.V., Wemmel	100.0[3]	34,309	1,458
manroland CEE AG, Vienna	100.0[3]	17,498	2,801
manroland Inc., Westmont, IL	100.0[3]	19,298	(949)
manroland Italia SpA, Segrate, Milan	99.3[3]	5,614	(956)
manroland Western Europe Group B.V., Amsterdam	100.0[3]	64,645	1
Martin Maurel Vie, La Défense, Paris	100.0	11,339	(770)
Medexpress, Saint Petersburg	99.8	15,214	1,020
Mondial Assistance Australia Holding, Pty, Toowong	100.0[3]	8,405	5,866
Mondial Assistance France SAS, Paris	95.0	11,540	33,810
Mondial Assistance United Kingdom Ltd (MAUK), Croydon Surrey	100.0	15,645	5,018
MONDIAL SERVICIOS Ltda, Sao Paulo	100.0	16,661	5,125
National Surety Corporation, Chicago, IL	100.0	109,642	3,632
NEM Insurance Ireland Limited, Dublin	100.0	5,124	197
Nemian Life & Pensions S.A., Senningerberg	100.0	18,815	2,452
Nextcare Holding, LC, Manama	75.0	5,401	(430)
NFJ Investment Group LLC, Dover, DE	100.0	14,057	74,818
OJSC "My Clinic", Moscow	100.0	19,839	(1,434)
Omega Thai Investment Holding, Amsterdam	100.0	50,224	(32)
Open Joint Stock Company Insurance Company Allianz, Moscow	100.0	178,209	245
Oppenheimer Group Inc., Dover, DE	100.0	47,943	1,449
Orione PV S.r.l., Milan	100.0	6,149	(587)
Orsa Maggiore PV S.r.l., Milan	100.0	17,120	1,012
Pacific Investment Management Company LLC, Dover, DE	98.0	599,409	1,921,671
Personalized Brokerage Service LLC, Topeka, KS	100.0	8,216	1,152
Pet Plan Ltd., Guildford	100.0	116,283	(111)
PFP Holdings Inc., Dover, DE	100.0	236,757	5,499
PGREF V 1301 SIXTH INVESTORS I LP, Wilmington, DE	100.0	48,631	10,010
PIMCO Asia Ltd., Hong Kong	100.0	8,957	511
PIMCO Asia PTE Ltd., Singapore	100.0	20,216	1,694
PIMCO Australia Pty Ltd., Sydney	100.0	28,276	8,307
PIMCO Canada Corp., Toronto	100.0	13,216	2,887
PIMCO Canada Holding LLC, Dover, DE	100.0	13,079	2,886
PIMCO Europe Ltd., London	100.0	91,543	15,509
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	10,271	205
PIMCO Investments LLC, Dover, DE	100.0	76,294	15,152
PIMCO Japan Ltd., Road Town, Tortola	100.0	53,998	16,787
Popular Gestión SGIIC, S.A., Madrid	100.0	35,651	13,299
Prism Re, Hamilton	99.0[3]	13,715	176
Progress, Moscow	100.0	9,942	911
Protexia France S.A., Paris	66.0	29,240	5,304
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8	162,061	31,766
PTE Allianz Polska S.A., Warsaw	100.0	43,436	4,937
Ras Private Bank (Suisse) S.A., Lugano	100.0[3]	12,348	(1,096)
RB Vita S.p.A., Milan	100.0	223,300	(62,529)
RCM (UK) Ltd., London	100.0	36,577	(1,518)
RCM Asia-Pacific Ltd., Hong Kong	100.0	17,513	2,849
RCM US Holdings LLC, Wilmington, DE	100.0	15,430	2,291
Real Faubourg Haussmann SAS, Paris	100.0	13,466	(182)
Real FR Haussmann SAS, Paris	100.0	51,822	3,234
Redoma S.à r.l., Luxembourg	100.0	130,966	(19)
Roland Print B.V., Amsterdam	100.0	36,989	(41)
Rosno MS, Moscow	100.0	22,827	1,638
Roster Financial LLC, Voorhees, NJ	100.0	24,147	185
S.C. ASIT SERVICES S.R.L., Bucharest	100.0[3]	55,238	(79)
SA CARENE ASSURANCE, Paris	100.0	10,047	454
San Francisco Reinsurance Company, Corp., Novato, CA	100.0	57,426	(882)
SAS Allianz Colisée, Paris	100.0	42,746	15,665
SAS Allianz Forum Seine, Paris	100.0	119,403	0
SAS Allianz Rivoli, Paris	100.0	44,635	1,634
SAS Allianz Serbie, Paris	100.0	123,313	812
SAS Madeleine Opéra, Paris	100.0	692,867	25,821
SAS PASSAGE DES PRINCES, Paris	100.0	114,996	(5)
SC Tour Michelet, Paris	100.0	60,271	1,662
SCI Allianz Messine, Paris	100.0	102,824	4,035
SCI AVIP SCPI Selection, La Défense, Paris	100.0	40,915	4,801
SCI ESQ, Paris	75.0	92,596	1,539
SCI PRELLOYD, Paris	100.0	114,699	2,679
SCI Stratus, La Défense, Paris	100.0	8,187	3,206
SCI Volnay, Paris	100.0	88,522	15,114
Selecta AB, Stockholm	100.0	17,644	10,378
Selecta AG, Muntelier	100.0	232,082	35,134
Selecta Betriebsverpflegungs GmbH, Vienna	100.0	7,577	(553)
Selecta Group B.V., Amsterdam	98.7	278,024	(29)
Selecta Holding AB, Stockholm	100.0	13,185	22
Selecta Holding B.V., Amsterdam	100.0	7,325	(572)
Selecta Holding SAS, Paris	100.0	44,461	(17,186)

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 | Profit transfer agreement.
3 | As per annual financial statement 2010.

	Owned[1] %	Equity thou €	Net earnings thou €
Selecta Management AG, Zug	100.0	5,603	1,083
Selecta Nordic Holding AB, Stockholm	100.0	48,650	(9,349)
Selecta Purchasing AG, Zug	100.0	6,404	539
Selecta SA, Paris	99.9	41,948	(9,856)
Selecta TMP AG, Zug	100.0	67,855	8,642
SI 173-175 Boulevard Haussmann SAS, Paris	100.0	82,666	5,372
Sistemi Informativi Allianz S.p.c.A., Milan	100.0	15,808	12
Società Agricola San Felice S.p.A., Milan	100.0	31,903	(922)
Société Foncière Européenne, Amsterdam	100.0	19,741	499
Société Nationale Foncière S.A.L., Beirut	66.0	9,557	2,662
South City Office Broodthaers SA, Brussels	100.0	50,743	2,343
SPACECO, Paris	100.0[3]	9,742	4,477
TFI ALLIANZ POLSKA S.A., Warsaw	100.0	6,742	1,874
The American Insurance Company, Corp., Cincinnati, OH	100.0	241,863	3,353
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0	8,779	620
Three Pillars Business Solutions Limited, Guildford	100.0	5,825	(105)
Top Versicherungsservice GmbH, Vienna	100.0[2]	17,801	0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0	15,306	1,358
Trafalgar Insurance Public Limited Company, Guildford	100.0	73,228	889
TU Allianz Polska S.A., Warsaw	100.0	153,498	(7,233)
TU Allianz Zycie Polska S.A., Warsaw	100.0	73,702	15,356
VertBois S.à.r.l., Luxembourg	100.0	28,279	979
Via Pierre 1, Paris	100.0	266,205	16,843
Votra S.A., Lausanne	100.0[3]	9,937	(3,348)
Willemsbruggen, Rotterdam	100.0	77,251	(2,247)
World Access Inc., Richmond, VA	100.0	6,733	(609)
YAO Investment S.a.r.l., Luxembourg	100.0	29,318	5,235
Yorktown Financial Companies Inc., Minneapolis, MN	100.0	84,116	0
JOINT VENTURES			
Allee-Center Budapest, Budapest	50.0[3]	127,164	(92,304)
Allianz CP Genral Insurance Company Limited, Bangkok	50.0[3]	14,018	477
Compania de Seguro de Creditos S.A. (Cosec), Lisbon	50.0[3]	39,886	4,970
International Shopping Centre Investment S.A., Luxemburg, Luxembourg	50.0	60,156	(8,640)
Millea Mondial Co Ltd., Tokyo	50.0	14,008	3,632
One Beacon Joint Venture LP, Wilmington, DE	50.0	107,437	834
TopTorony Ingatlanhasznosító Zártköruen Muködo Részvénytársaság, Kft., Budapest	50.0[3]	22,245	(3,775)
ASSOCIATED ENTERPRISES			
Allianz Saudi Fransi, Riadh	32.5	33,434	(91)
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0	78,957	(2,533)
Bajaj Allianz General Insurance Company Ltd., Pune	26.0[3]	148,859	16,564
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0[3]	209,016	123,432
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0[3]	6,165	611,432
Chicago Parking Meters, LLC, Wilmington, DE	49.9[3]	432,930	(29,558)
Citylife Srl., Milan	33.0	324,902	(15,020)
Cofitem Cofimur, Paris	22.1	266,531	22,372
Douglas Emmett Partnership X, LP, Santa Monica, CA	28.6	75,617	(918)
Euro Media Télévision S.A., Bry-sur-Marne	21.4[3]	136,594	2,775
Graydon Holding N.V., Amsterdam	27.5[3]	18,832	13,836
Guotai Jun' an Allianz Fund Management Company, China	49.0	31,681	3,581
ICIC, Tel Aviv	33 3[3]	29,300	5,186
Interpolis Kreditverzekeringen, Hertogenbosch	45.0[3]	10,195	604
JPMorgan IIF UK1 LP, Dublin	35.7	129,904	(724)
ODDO ET CIE, SCA, Paris	20.0	398,721	22,991
OeKB EH Beteiligungss- und Management AG, Vienna	49.0[3]	87,626	4,255
PAR Holdings Limited, Hamilton	20.6	21,964	2,867
PGREF V 1301 SIXTH HOLDING LP, Wilmington, DE	24.5	189,101	32,036
PGRESS Debt Holdings LP, Wilmington, DE	20.0	17,713	517
PHRV (Paris Hotels Roissy Vaugirard), Paris	30.6	160,503	4,792
Scandferries Chartering A/S, Copenhagen	35.0	38,456	(961)
SDU Finco B.V., Amsterdam	49.7[3]	71,403	(4,352)
OTHER PARTICIPATIONS BETWEEN 5 AND 20% VOTING RIGHTS			
Al Nisr Al Arabi, Amman	18.0		
Banco BPI S.A., Porto	8.8		
Banco Popular Espanol SA, Madrid	9.2		
Hartford Financial Services Group Inc, Hartford, CT	5.2		
Zagrebacka Banka dd, Zagreb	11.7		

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 | Profit transfer agreement.
3 | As per annual financial statement 2010.

V. Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of Allianz SE give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Munich, February 20, 2012

Allianz SE
The Board of Management

V. Auditor's Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Allianz SE, Munich, for the business year from 1 January to 31 December 2011. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB [„Handelsgesetzbuch": „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, March 7, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Johannes Pastor
Wirtschaftsprüfer
(Independent Auditor)

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

V. List of Abbreviations

A.M. Best	A.M. Best Company, Inc.;
a.s.	stock corporation ("akciová společnost")
A.Ş.	stock corporation ("Anonim Şirket")
AG	stock corporation ("Aktiengesellschaft")
AGCS	Allianz Global Corporate & Specialty
AGF	Assurances Générales de France S.A.
AktG	German Stock Corporation Act ("Aktiengesetz")
All Net	Allianz International Employee Benefits Network
APV	Allianz Pensionsverein e.V.
ASPP	Allianz Sustained Performance Plan
AUD	Australian Dollar
AVK	Allianz Versorgungskasse
AZ	Allianz
B.V.	Limited Liability Company ("Besloten Vennootschap met beperkte aansprakelijkheid")
BaFin	German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht")
BCM	Business Continuity Management
BilMoG	German Accounting Law Modernization Act ("Bilanzrechtsmodernisierungsgesetz")
bn	billion
BRL	Brasilian Real
CAD	Canadian Dollar
CAT risk	Catastrophe risk
CHF	Swiss Franc
CNY	Chinese Renminbi Yuan
Corp.	Corporation
CRisP	Credit Risk Reporting Platform
CZK	Czech Crown
DAX	German share index ("Deutscher Aktienindex")
DVFA	German Association for Financial Analysis and Asset Management ("Deutsche Vereinigung für Finanzanalyse und Asset Management")
EEA	European Economic Area
E.U.	European Union
e.V.	Voluntary association ("eingetragener Verein")
EGHGB	Introductory Act to German Commercial Code ("Einführungsgesetz zum Handelsgesetzbuch")
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EStG	German Income Tax Act ("Einkommenssteuergesetz")
EUR	Euro
GAAP	Generally Accepted Accounting Principles
GBP	pound sterling
GCC	Group Compension Commitee
GEI	Group Equity Incentives
GIF	Global Issues Forum
GmbH	Limited liability company ("Gesellschaft mit beschränkter Haftung")
HGB	German Commercial Code ("Handelsgesetzbuch")
HUF	Hungarian Forint
IDW	Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer in Deutschland e.V.")
IEC	International Executive Commitee
IFRS	International Financial Reporting Standards
Inc.	Incorporated Company KG
JPY	Japanese Yen
KG	Kommanditgesellschaft
LP	Limited Partnership
LLC	Limited Liability Company
Ltd.	Limited
M&A	Mergers & Acquisitions
mn	million
MYR	Malaysian Ringgit
N.V.	stock corporation ("Naamloze Vennootschap")
n/a	not applicable
NAFTA	North American Free Trade Agreement
No.	Number
NOK	Norwegian Krone
NZD	New Zealand Dollar
OECD	Organization for economic co-operation and development
OLB	Oldenburgische Landesbank AG
plc	public limited company
PRISM	Property-Casualty Insurance Risk Model
pts	points
QIS 5	fifth quantitative impact study
RechVersV	External Accounting Requirements of Insurance Enterprises ("Verordnung über die Rechnungslegung von Versicherungsunternehmen")
Repo market	Repurchase market RON
ROSNO	Russian People's Insurance Society
RSU	Restricted Stock Units
S.A.	stock corporation ("Société Anonyme")
S.a.r.l.	privite limited company ("Société à responsabilité limitée")
S.A.S	Limited liability company ("Société par actions simplifiée")
S.p.A.	stock corporation ("Società per Azioni")
S.r.l.	privite limited company ("Societate cu Răspundere Limitată")
SAR	Stock Appreciation Rights
SE	European Public Company ("Societas Europaea")
SEBG	Participation of Employees in an European Company ("SE-Beteiligungsgesetz")
SEK	Swedish Krona
SGD	Singapore Dollar
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
THB	Thai Baht
thou	thousand
TRL	Turkish Lira
UK	United Kingdom
U.S.	United States U.S.A.
USD	United States Dollar
VAG	German Insurance Supervision Act ("Versicherungsaufsichtsgesetz")
VaR	Value at Risk
VersVergV	Decree concerning the supervisory law requirements for compensation systems in the insurance sector ("Versicherungs-Vergütungsverordnung")
VVaG	mutual insurance ("Versicherungsverein auf Gegenseitigkeit")
WpHG	German Securities Trading Act ("Wertpapierhandelsgesetz")
WpÜG	German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz")

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