SE

Allianz SE

Annual Report 2013

Allianz

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Allianz SE at a glance

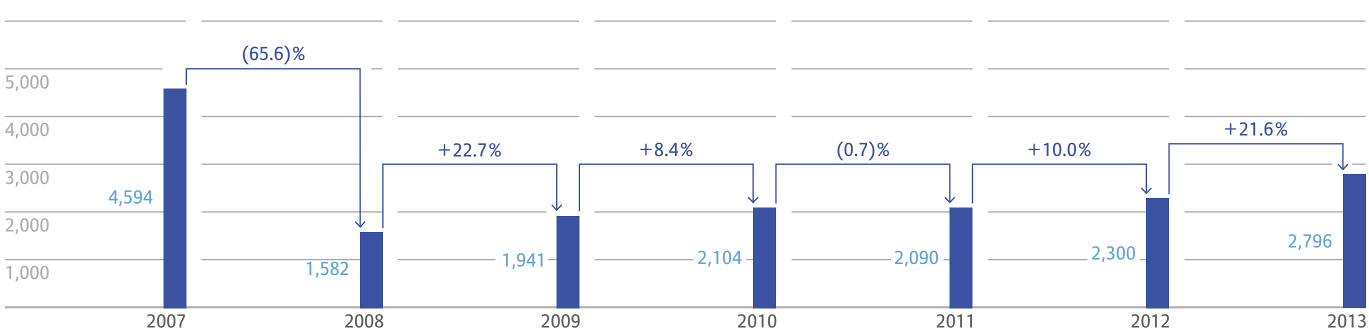
ANNUAL RESULTS

		2013	Change from previous year in %	2012	2011	2010	2009	2008	2007	More details on page
Gross premiums written	€ MN	3,568	(2.8)[3]	3,673	3,590	3,854	3,811	3,449	3,533	22
Retention	%	84.0	(2.0)%-p	86.0	88.2	81.1	82.9	83.0	67.8	
Loss ratio (net) Property-Casualty	%	64.0	0.1%-p	63.9	80.2	68.2	63.4	61.6	57.8	18
Expense ratio (net) Property-Casualty	%	31.6	3.9%-p	27.7	27.1	27.6	26.7	29.3	28.4	18
Combined ratio (net) Property-Casualty	%	95.6	4.0%-p	91.6	107.3	95.8	90.1	90.9	86.2	22
Net underwriting result	€ MN	125	(41.3)	213	(163)	161	325	187	278	17
Net technical result	€ MN	138	176.0	50	58	101	679	(68)	388	18
Non-technical result	€ MN	2,514	45.0	1,734	1,685	1,451	983	1,069	3,684	18
Net operating income	€ MN	2,652	48.7	1,784	1,743	1,552	1,662	1,001	4,072	
Extraordinary result	€ MN	–	–	(27)	(2)	178	–	–	–	89
Taxes	€ MN	144	(73.5)	543	349	374	279	581	522	19
Net income	€ MN	2,796	21.6	2,300	2,090	2,104	1,941	1,582	4,594	19
Investments	€ MN	96,843	0.7	96,206	91,626	88,337	87,442	87,018	84,782	24
Shareholders' equity	€ MN	43,674	1.9	42,860	42,546	42,404	42,309	41,882	42,525	24
Insurance reserves	€ MN	8,439	(21.8)	10,795	10,527	9,999	9,780	9,850	9,384	82
Dividend per share	€	5.30[1]	17.8	4.50	4.50	4.50	4.10	3.50	5.50	19
Total dividend	€ MN	2,419[1,2]	18.6	2,039	2,037	2,032	1,850	1,580	2,472	19
Share price as of 31 December	€	130.35	24.4	104.80	73.91	88.93	87.15	75.00	147.95	
Market capitalization as of 31 December	€ MN	59,505	24.5	47,784	33,651	40,419	39,557	33,979	66,600	

1 — Proposal.
2 — Total dividend based on total amount of shares. Actual dividend payment will be reduced by the dividend amount attributable to treasury shares.
3 — Calculation on the basis of the accurate, non-rounded amount.

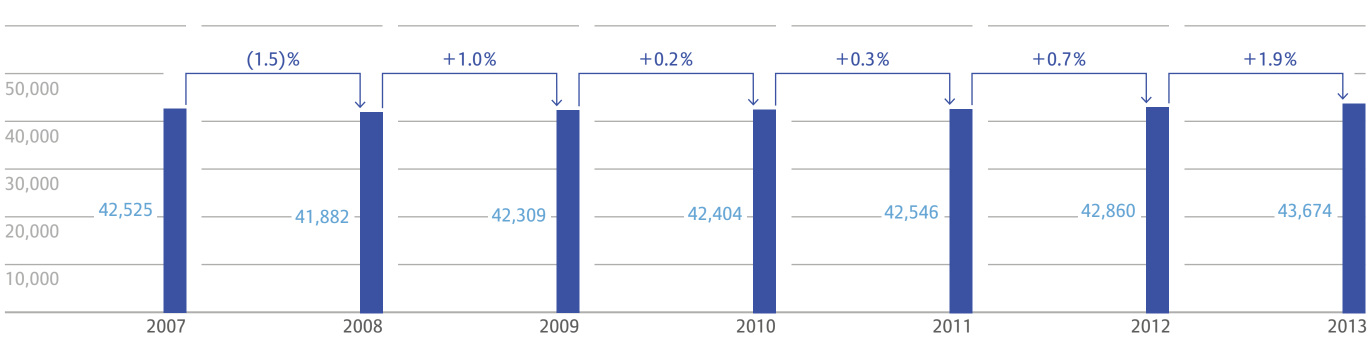
NET INCOME

€ MN



SHAREHOLDERS' EQUITY

€ MN



In 2006 Allianz SE was founded as one of Germany's first "European Corporations". It represents the holding company as well as the global headquarter of Allianz Group. Allianz SE in its role as reinsurer provides reinsurance solutions for clients inside Allianz Group and outside. Global reach, high financial security and customized solutions are the foundations of the business.

€ BN 43.7

Shareholders' equity — page 24

€ BN 96.8

Investments — page 24

€ MN 3,568

Gross premiums written — page 22

95.6 %

Combined Ratio Property-Casualty — page 22

€ MN 2,796

Net income — page 19

€ 5.30

Proposed dividend per share — page 19

TO OUR INVESTORS

A

TO OUR INVESTORS

Pages **4–14**

Supervisory Board Report

Ladies and Gentlemen,

During the 2013 fiscal year, the Supervisory Board fulfilled all its duties and obligations as laid out in the company Statutes and applicable law. It monitored the management of the company and advised the Board of Management regarding the conduct of business.

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 on the economic and financial development of Allianz Group and Allianz SE, including deviations in actual business developments from existing plans. Further key areas the Board of Management reported on were business strategy, capital adequacy, the challenges facing life insurance due to persistent low interest rates, the effects of the sovereign debt crisis in Europe and Allianz SE's classification as a Global Systemically Important Insurer by the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS), as well as any potentially resulting regulatory requirements. In addition, we were extensively involved in the Board of Management's planning for both the 2014 fiscal year and the medium term. At various meetings, the Chief Executive Officers (CEOs) of Euler Hermes, Allianz Lebensversicherungs-AG and PIMCO presented the performance and strategic positioning of their entities.

The Board of Management's reports were supplemented by documents which each member 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 also made available to us in time for the relevant meeting. The half-yearly and quarterly financial reports, and the results of the auditor's review were provided in advance to members of the Audit Committee.

In the 2013 fiscal year, the Supervisory Board held six meetings. The meetings took place in February, March, May, August, October and December.

The Board of Management also informed us in writing of important events that occurred between meetings. The chairmen of the Supervisory and Management Board also had regular discussions about major developments and decisions. Details on each member's participation at meetings of the Supervisory Board and its committees can be found in the Corporate Governance Report, starting on PAGE 45.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In all of the Supervisory Board's 2013 meetings, the Board of Management reported on Group revenues and results, developments in individual business segments, and on the capital, financial and risk situation. We were regularly informed by the Board of Management on the impact of natural catastrophes, the status of major legal disputes and other essential developments.

In the meeting of 20 February 2013, the Supervisory Board dealt comprehensively with the provisional financial figures for the 2012 fiscal year and the Board of Management's recommended dividend. It also discussed the intended closure of Allianz Bank's business operations and the planned purchase of Turkish insurer Yapı Kredi. The appointed audit firm, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich, reported in detail on the provisional results of their audit. The Supervisory Board also reviewed the extent to which individual members of the Board of Management had achieved their targets and set their variable remuneration for the 2012 fiscal year and their 2010–2012 mid-term bonus.

In the meeting of 14 March 2013, the Supervisory Board discussed the audited annual Allianz SE and consolidated financial statements as well as the recommendation for the appropriation of earnings by the Board of Management for the 2012 fiscal year. KPMG confirmed there were no discrepancies to their February report and issued an unqualified auditor's report for the individual and consolidated financial statements. The Supervisory Board also dealt with the agenda for the 2013 AGM of Allianz SE and approved the Supervisory Board's proposals for resolution. In addition, we resolved to appoint KPMG as auditor for the individual and consolidated financial statements for the 2013 fiscal year as well as for the auditor's review of the 2013 half-yearly interim report. By way of a presentation the Supervisory Board was also informed in detail about the performance of global credit insurer Euler Hermes.

On 7 May 2013, just before the AGM, the Board of Management briefed us on the first quarter 2013 performance and on the Group's current situation, particularly the capital adequacy. We further used this meeting to prepare for the subsequent AGM. The Supervisory Board adopted a resolution regarding the extension of Manuel Bauer's appointment until 31 December 2014, the year in which he will turn 60.

In our meeting on 1 August 2013 the Board of Management reported in depth on the half-yearly results. We examined Allianz Turkey's business activities and the security of client data in the wake of the NSA disclosures. We also dealt with the issuance of Allianz Shares to employees of Allianz Group. We were given a presentation on the performance of Allianz Lebensversicherungs-AG and had a thorough discussion about the challenges posed by persistently low interest rates and about product initiatives featuring a new guarantee concept. In the executive session, we agreed to a reduction in the thresholds regarding transactions in equity holdings which require our approval as well as to the respective amendment of our Rules of Procedure.

At the meeting of 2 October 2013, we dealt extensively with the strategy of the Allianz Group, including risk strategy and risk management, capital management and digitalization. We were also given a presentation on the business performance and further development of the business model at PIMCO and discussed the outflows of funds from fixed income investments. The meeting was followed by a separate information session for members of the Supervisory Board where Allianz managers gave presentations on current topics.

At the 12 December 2013 meeting, the Board of Management informed us of the third-quarter results, further business developments, the situation of the Allianz Group, and several other issues. We then discussed the planning for the 2014 fiscal year and the three-year period 2014–2016, as well as the remuneration structures within the Allianz Group and the Declaration of Conformity with the German Corporate Governance Code (Code). On the recommendation of the Personnel Committee, the Supervisory Board adopted a resolution to adjust the remuneration of the Board of Management with effect from 1 January 2014, to set the yearly premiums for pension schemes for members of the Board of Management, and set out their targets for 2014. We also reviewed and approved the appropriateness of the remuneration of the Board of Management by means of a vertical and horizontal comparison. In line with a new recommendation of the Code, the "upper management" and "relevant workforce" groups were defined for the vertical comparison. In addition, we intensively discussed the Supervisory Board's efficiency review, which we carried out for the first time in 2013 with the aid of an external advisor, and we discussed potential improvements in the way the Supervisory Board operates.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Supervisory Board dealt with the new version of the Code dated 13 May 2013.

On 12 December 2013 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. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code Commission made in the Code's version of 13 May 2013 with one exception. Deviating from Item 5.3.2 of the Code, the Supervisory Board's Risk Committee – rather than the Audit Committee – will be responsible for monitoring the risk management system.

Further explanations of corporate governance in the Allianz Group can be found in the Corporate Governance Report starting on PAGE 45 and the Statement on Corporate Management pursuant to § 289a HGB starting on PAGE 50. 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 Standing Committee, the Personnel Committee, the Audit 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 as a European Company (SE). Please find the composition of the committees at the end of the reporting period on PAGE 9.

The ***Standing Committee*** held five meetings in 2013. These related primarily to corporate governance issues, the preparation for the AGM, the Employee Stock Purchase Plan, and a review of the Supervisory Board's efficiency conducted by an external advisor. During the fiscal year the committee passed resolutions requiring approval on the use of Authorized Capital 2010/II for the issue of shares to employees and to approve loans to senior executives.

The ***Personnel Committee*** met four times over the fiscal year 2013. The committee dealt with personnel matters for both active and former members of the Board of Management, including succession planning and top management development. It also reviewed the extent to which members of the Board of Management had achieved their annual targets for fiscal year 2012 and the targets for the 2010-2012 mid-term bonus. The committee prepared the review of the Board of Management's remuneration system, including the setting of targets for variable remuneration in 2014. In addition, the committee dealt with the mandates held by Board of Management members in the interests of the Allianz Group. In relation to this, resolutions were also adopted by written procedure in April and July 2013.

The ***Audit Committee*** held five meetings in 2013. In the presence of the auditors, it discussed the annual financial statements of Allianz SE and the consolidated financial statements of the Allianz Group, the management reports and auditor's reports. In addition, the committee reviewed 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 reviews, the Audit Committee saw no reason to raise any 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. An upper limit for "non-audit services" by KPMG was agreed upon, requiring approval from the Audit Committee if it is to be exceeded. The committee also dealt with the compliance system, the internal auditing system as well as the accounting process and internal financial reporting control mechanisms, including the appropriateness of the respective systems and processes. The committee received regular reports from the Head of Group Audit, from the General Counsel and from the Chief Compliance Officer on material audit results and their status as well as on legal and compliance issues. The committee approved the audit plan by Group Audit for 2014.

The ***Risk Committee*** held two meetings in 2013. In both meetings, the committee discussed the current risk situation of the Allianz Group with the Board of Management. The risk report as well as other risk-related statements in the annual Allianz SE and consolidated financial statements and management and group management reports were reviewed with the auditor and the Audit Committee was informed of the result. The appropriateness of the early risk recognition system at Allianz was also discussed. In the August meeting, the committee looked in detail at the effectiveness of the risk management system, including an examination of its compliance with minimum supervisory requirements. Other matters considered were the risk strategy and market and credit risk.

There was no business requiring a meeting of the ***Nomination Committee*** during fiscal year 2013.

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

Chair and committees of the Supervisory Board – as of 31 December 2013
Chairman of the Supervisory Board: Dr. Helmut Perlet
Deputy Chairmen: Dr. Wulf H. Bernotat, Rolf Zimmermann
Standing Committee: Dr. Helmut Perlet (Chairman), Dr. Wulf H. Bernotat, Prof. Dr. Renate Köcher, Gabriele Burkhardt-Berg, Rolf Zimmermann
Personnel Committee: Dr. Helmut Perlet (Chairman), Christine Bosse, Rolf Zimmermann
Audit Committee: Dr. Wulf H. Bernotat (Chairman), Igor Landau, Dr. Helmut Perlet, Jean-Jacques Cette, Ira Gloe-Semler
Risk Committee: Dr. Helmut Perlet (Chairman), Christine Bosse, Peter Denis Sutherland, Dante Barban, Franz Heiß
Nomination Committee: Dr. Helmut Perlet (Chairman), Prof. Dr. Renate Köcher, Peter Denis Sutherland

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 for the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE and not by the AGM. The Supervisory Board has appointed KPMG as statutory auditor for the annual Allianz SE and consolidated financial statements as well as for the review of the half-yearly financial report. KPMG audited the financial statements of Allianz SE and the Allianz Group as well as the respective management reports. They issued an auditor's report without any reservations. The consolidated financial statements were prepared on the basis of the international financial reporting standards (IFRS), as adopted 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 state ments and the auditor's reports from KPMG for the 2013 fiscal year on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on 25 February 2014 and in the plenary session of the Supervisory Board on 26 February 2014. The final financial statements and KPMG's audit reports were reviewed on 13 March 2014 by the Audit Committee and in the Supervisory Board plenary session. The auditors participated in these discussions and presented the main results from the audit. 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 reports and the recommendation for appropriation of earnings, we raised no objections and agreed with the results of the KPMG audit. We approved the Allianz SE and consolidated financial statements prepared by the Board of Management. The company's 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 commitment over the past year.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Dr. Gerhard Cromme resigned as a member of the Supervisory Board effective 14 August 2012. Christine Bosse was initially appointed to the Supervisory Board by court order as his successor. On 7 May 2013, the AGM elected Ms. Bosse to the Supervisory Board. The current term of the Supervisory Board will expire following the 2017 AGM.

On 1 January 2013, Board of Management members Mr. Oliver Bäte and Dr. Dieter Wemmer exchanged their responsibilities. Mr. Bäte took over responsibility for Insurance Western & Southern Europe. Dr. Wemmer took over responsibility for Finance, Controlling, Risk.

Munich, 13 March 2014

For the Supervisory Board:

Dr. Helmut Perlet
Chairman

Supervisory Board

DR. HELMUT PERLET
Chairman
Former Member of the Board of Management of Allianz SE

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

ROLF ZIMMERMANN
Vice Chairman
Employee of Allianz Deutschland AG

DANTE BARBAN
Employee of Allianz S.p.A.

CHRISTINE BOSSE
Former Group Chief Executive Officer of the Executive Management of Tryg

GABRIELE BURKHARDT-BERG
Chairwoman of the Group Works Council of Allianz SE

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

IRA GLOE-SEMLER
Chairwoman of the federal insurance group of ver.di Germany

FRANZ HEISS
Employee of Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER
Head of Institut für Demoskopie Allensbach (Allensbach Institute)

IGOR LANDAU
Member of the Board of Directors of Sanofi S.A.

PETER DENIS SUTHERLAND
Chairman of Goldman Sachs International

Board of Management

MICHAEL DIEKMANN
Chairman of the Board of Management

DR. WERNER ZEDELIUS
Insurance German Speaking Countries,
Human Resources

DR. DIETER WEMMER
Finance, Controlling, Risk

GARY BHOJWANI
Insurance USA

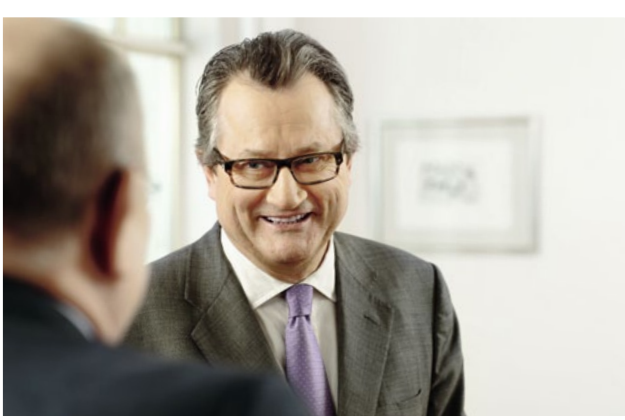
DR. CHRISTOF MASCHER
Operations

DR. HELGA JUNG
Insurance Iberia & Latin America,
Legal & Compliance, M & A

OLIVER BÄTE
Insurance Western & Southern Europe

MANUEL BAUER
Insurance Growth Markets

DR. MAXIMILIAN ZIMMERER
Investments



CLEMENT BOOTH
Global Insurance Lines & Anglo Markets

JAY RALPH
Asset Management Worldwide

MANAGEMENT REPORT OF ALLIANZ SE

B

MANAGEMENT REPORT OF ALLIANZ SE

Pages 16–66

Executive Summary and Outlook

- Net underwriting result decreased to €125 MN (2012: €213 MN) impacted by higher natural catastrophes in 2013.
- Net income increased by over 20% from €2,300 MN to €2,796 MN.
- Proposed dividend of €5.30 per share.

Earnings summary

CONDENSED INCOME STATEMENT

€ MN	2013	2012
Gross premiums written	**3,568**	**3,673**
Premiums earned (net)	3,012	3,192
Claims (net)	(2,014)	(2,173)
Underwriting expenses (net)	(947)	(872)
Other technical reserves (net)	74	66
Net underwriting result	**125**	**213**
Change in claims equalization and similar reserves	13	(163)
Net technical result	**138**	**50**
Investment result	3,269	2,874
Allocated interest return	(83)	(142)
Other non-technical result	(672)	(998)
Non-technical result	**2,514**	**1,734**
Net operating income	**2,652**	**1,784**
Extraordinary result	–	(27)
Taxes	144	543
Net income	**2,796**	**2,300**

NET UNDERWRITING RESULT

In 2013, as in previous years, Allianz SE continued to follow its selective and prudent underwriting approach.

Gross premiums written declined slightly by 2.8% to €3,568 MN (2012: €3,673 MN), of which €3,095 MN (2012: €3,242 MN) came from Property-Casualty reinsurance and €473 MN (2012: €431 MN) from Life/Health reinsurance. The decrease in Property-Casualty was mainly caused by a 60.5% drop in personal accident premiums arising from the termination of accident business with premium refund ceded from Allianz Versicherungs-AG. This was partially offset by premium increases in motor reinsurance and growth in business volume from other reinsurance lines. For Life/Health, gross premiums written climbed 9.9% as a result of new capital management transactions.

Combined with the purchase of catastrophe protection and driven by reinstatement premiums following the European flood, the net retention ratio reduced to 84.0% (2012: 86.0%) and *premiums earned (net)* declined to €3,012 MN (2012: €3,192 MN).

The accident year loss ratio (net) in Property-Casualty reinsurance deteriorated to 67.5% (2012: 64.6%) as a result of the greater impact of natural catastrophes. In total, natural catastrophe losses – as shown below – amounted to €374 MN for the calendar year 2013 (2012: €93 MN). This negative impact on the accident year loss ratio was 14.3 percentage points in 2013 (2012: 3.3 percentage points).

NATURAL CATASTROPHES

€ MN	Losses for Allianz SE in 2013
Major Events in 2013	
German Storms	178
Flood Frederik, Central Europe	88
Australian Flood, Australia	34
Flood Heilongjiang, China	11
Ireland Rainstorm	9
Storm Christian, Northern Europe	8
Various Agriculture losses	8
South Africa Drought/Hail/Flood	7
Hurricanes Manuel & Ingrid, Mexico	6
Other	25
Total	**374**

	Losses for Allianz SE in 2012
Major Events in 2012	
Storm Sandy, USA	51
Windstorm Lisa, Germany	10
Drought USA	9
Windstorm Mina & Nadine, Germany	8
Earthquake Italy	5
Other	10
Total	**93**

An improved positive run-off result of €94 MN (2012: €20 MN), mainly in fire reinsurance from previous years' natural catastrophes, mitigated the negative accident year loss impact. This resulted in a calendar year loss ratio (net) in Property-Casualty reinsurance of 64.0% (2012: 63.9%), which was almost identical to the previous year.

The expense ratio (net) in Property-Casualty reinsurance increased to 31.6% (2012: 27.7%), primarily driven by a rise of 3.0 percentage points in the commission ratio to 28.1% (2012: 25.1%). This was largely due to the change in the net quota share agreement ceded from Allianz Versicherungs-AG. This now excludes accident business with premium refund which carried a lower cost base. The administrative expense ratio of 3.5% (2012: 2.6%) was slightly higher due to final costs incurred for the previous net quota share agreement with Allianz Versicherungs-AG.

The *net underwriting result* of €125 MN (2012: €213 MN) is lower than in the previous year, mainly because of the greater impact of natural catastrophes.

NET TECHNICAL RESULT

In 2013, the *change in claims equalization and similar reserves* amounted to a release of €13 MN. This arose mainly from other reinsurance lines due to higher losses from natural catastrophes and credit and bond reinsurance from above-average claims. The release was partially offset by an increase in motor reinsurance triggered by higher premiums earned (net).

The *net technical result* amounted to €138 MN (2012: €50 MN).

NON-TECHNICAL RESULT

Investment result

€ MN	2013	2012	Change
Investment income			
Income from profit transfer agreements	2,367	1,658	709
Income from affiliated enterprises and participations	241	962	(721)
Income from other investments	625	632	(7)
Realized gains	1,869	1,968	(99)
Income from reversal of impairments	123	47	76
Subtotal	**5,225**	**5,267**	**(42)**
Investment expenses			
Expenses for the management of investments, interest and other investment-related expenses	(1,313)	(1,539)	226
Depreciation and impairments of investments	(324)	(293)	(31)
Realized losses	(114)	(228)	114
Expenses for losses taken over	(205)	(333)	128
Subtotal	**(1,956)**	**(2,393)**	**437**
Investment result	**3,269**	**2,874**	**395**

The *investment result* increased by €395 MN to €3,269 MN.

Income from profit transfer agreements rose by €709 MN to €2,367 MN, primarily due to higher profit transfers from Allianz Deutschland AG and Allianz Global Corporate and Specialty SE, which grew by €468 MN to €1,569 MN and by €233 MN to €542 MN, respectively.

Income from affiliated enterprises and participations declined by €721 MN to €241 MN. Due to the contribution of our shares in Allianz of America, Inc. to Allianz Europe B.V. in 2012, we received no direct dividend payments from our North American holding company in 2013 (2012: €523 MN). The overall decrease was also partly attributable to a lower dividend payment from Allianz Holding Eins GmbH which fell by €200 MN to €180 MN.

In 2013, Allianz of America, Inc. paid a dividend to Allianz Europe B.V. However, similar to the previous year, we did not collect any dividend payments from Allianz Europe B.V.

Realized gains decreased by €99 MN to €1,869 MN but still remained at an exceptionally high level. These primarily resulted from a share buyback performed by our subsidiary Allianz Europe B.V. (€1,673 MN), the redemption of intra-group loans (€86 MN) and the sale of bonds (€48 MN).

Income from reversal of impairments increased by €76 MN to €123 MN and was specifically related to our loan portfolio (€58 MN) and an indirect investment in Banco Popular Espanol S.A. through our subsidiary Allianz Participations B.V. (€63 MN).

Expenses for the management of investments, interest and other investment-related expenses were considerably reduced by €226 MN to €1,313 MN, mainly due to lower interest expenses as a result of lower refinancing rates for the rollover of matured debt instruments.

Depreciation and impairments of investments rose by €31 MN to €324 MN. The impairments in 2013 were mainly attributable to our bond (€272 MN) and loan portfolio (€45 MN).

Realized losses declined by €114 MN to €114 MN, stemming mainly from the sale of bonds (€97 MN).

Expenses for losses taken over decreased by €128 MN to €205 MN. This was primarily due to lower losses taken over from our service provider Allianz Managed Operations & Services SE, which went down by €98 MN to €157 MN.

Other non-technical result

The *other non-technical result* improved from €(998) MN to €(672) MN mainly due to expenses for financial guarantees which declined by €214 MN and the currency result which increased by €281 MN. The currency result is primarily influenced by the US Dollar exchange rate. A weaker US Dollar lead to a reduction of foreign currency liabilities in the financial year. Several counter-effects offset this improvement, however. For further details please refer to note 23.

TAXES AND NET INCOME

As far as legally permissible, Allianz SE acts as the controlling company ("Organträger") of the German tax group to which most German subsidiaries belong. Starting in 2013, Allianz Lebensversicherungs-AG has also been included in the German tax group. As the controlling company, Allianz SE is liable for the income taxes of this German tax group.

After offsetting against tax losses, the current tax charge of Allianz SE amounts to €477 MN. Thereby, Allianz SE received a tax allocation of €627 MN in 2013 (2012: €630 MN) by Allianz SE tax group companies that recorded taxable income. After deduction of other taxes the ***tax income*** amounted to €144 MN (2012:€543 MN).

Despite the decrease of the tax income the improved net technical result, the increase of the investment result as well as the positive development of the other non-technical result lead to a significant rise in ***net income*** to €2,796 MN (2012: €2,300 MN).

Proposal for appropriation of net earnings

The Board of Management and the Supervisory Board propose that the net earnings ("Bilanzgewinn") of Allianz SE of €3,068,573,879.31 for the 2013 fiscal year shall be appropriated as follows:

- Distribution of a dividend of €5.30 per no-par share entitled to a dividend: €2,404,893,952.80
- Unappropriated earnings carried forward: €663,679,926.51

The proposal for appropriation of net earnings reflects the 2,746,424 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 Federal Gazette. Such treasury shares are not entitled to the dividend pursuant to §71b of the German Stock Corporation Act (AktG). Should there be any change in the number of shares entitled to the dividend by 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 €5.30 per each share entitled to dividend.

Economic outlook[1]

The improvement in the global purchasing managers' index for the manufacturing sector during the second half of 2013 has raised hopes that the pickup in economic activity will continue or even intensify well into 2014. It is particularly encouraging that the more upbeat mood is now broadly spread across all regions. Given the expected acceleration in growth in the industrialized world, global output is likely to expand by slightly more than 3% in 2014, following an increase of 2.3% in 2013. Fears that economic development in emerging markets would deteriorate substantially now look unfounded. Nevertheless, they have lost steam since 2012 and will not return to their pre-crisis growth rates. However, with an expected real GDP increase of 4.6% in 2014, growth in these countries will still be considerably higher than in the industrialized world. In the Eurozone, the economy is also starting to get back on its feet in crisis-ridden member states, narrowing the "north-south divide". Both sentiment indices and hard economic indicators such as industrial production data suggest the economic recovery is set to continue, albeit at a moderate pace. For 2014 as a whole, we expect real GDP growth of 1.5%. Supported by brighter economic conditions in the Eurozone, the German economy could expand by about 2% in 2014. Inflation is likely to remain subdued on a global level, not least due to the dire unemployment situation in many industrialized countries, which keeps the lid on wages.

Financial markets will probably remain under the spell of monetary policy in 2014. We expect to see a gradual exit from crisis mode, led by the U.S. central bank reining in its asset purchases. Nevertheless, given its concerns about money market rates, banking liquidity and lending growth, the European Central Bank might actually slightly ease further – despite the recovery in the Eurozone – before eventually starting to exit from its very expansionary policy stance in late 2014. Even though monetary policy would still remain highly accommodative, the first steps towards an exit could well be accompanied by pronounced swings in the equity, bond and currency markets. Although the sovereign debt crisis in the Eurozone is not yet over, we expect it to continue to gradually abate.

With short-term rates close to zero, there are limited prospects of markedly higher yields on longer-term bonds. We expect yields on 10-year German and U.S. government bonds to climb only modestly to 2.4% and 3.3%, respectively, by the end of 2014.

With growth in the United States set to outpace that in the Eurozone, the U.S. Dollar is likely to appreciate against the Euro.

1 — The information presented in the sections Economic outlook and Insurance industry outlook is based on our own estimates.

Insurance industry outlook

Global economic expansion is set to accelerate over 2014. Therefore, the macroeconomic environment will be supportive of world premium growth. As in previous years, premium growth in emerging markets will outpace that of advanced markets, although the latter's recovery will be more pronounced. On the other hand, the outlook for profitability remains challenging, as investment returns are expected to stay low and the regulatory environment continues to become more demanding in terms of capital and reserve requirements.

In the ***property-casualty*** sector, we anticipate higher premium growth in 2014 as the increase in economic activity bolsters demand for insurance coverage. In particular, the expected recovery in Europe should pave the way for a return to positive premium growth in all parts of the region. Emerging markets should display stable growth rates – although against the backdrop of a tougher economic environment in some of these markets, the expansion might be moderate by their historical standards. The increase in premium rates on the other hand may rather slow down in 2014. Overall, we expect global premium revenue to rise in the 4.5%–5.0% range in 2014 (adjusted for foreign currency translation effects).

Overall profitability for the property-casualty sector – although benefiting from a continuing gradual market hardening – is expected to remain stable in 2014, with low yields working their way through to earnings, prices increasing modestly and reserve releases dwindling somewhat but helped by the benign inflationary environment.

In the ***life*** sector, we expect premium growth to recover, too. In mature markets, better economic prospects and a new product mix will help to lift top-line growth. In emerging markets strong growth will be mainly driven by rising incomes and social security reforms. All in all, we expect that global premium revenue will rise in the 3.5%–4.5% range in 2014 (adjusted for foreign currency translation effects).

With interest rates remaining at low levels, companies will continue to adapt their business models to the challenging environment. Besides a stronger focus on the protection business – including health – new and more flexible guarantee concepts are set to come to the forefront in the savings business. At the same time, insurers will continue to look for new, long-term investment opportunities, paying special attention to infrastructure investments. But despite progress on these fronts, profitability will remain under pressure, not least because of more stringent capital and reserve requirements.

Business outlook

Our outlook assumes no significant deviations from the following underlying assumptions:

- Accelerated global economic growth.
- Continued low interest rate environment.
- No dramatic interest rate movements.
- No disruptive fiscal or regulatory interference.
- Level of claims from natural catastrophes at expected average levels.
- Average U S. Dollar to Euro exchange rate of 1.35.

Allianz SE provides a wide 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 a proportional and non-proportional basis. Due to the broad spread of exposures underwritten by types of business and geography, Allianz SE's portfolio is well diversified.

Allianz SE and its subsidiaries (the Allianz Group) use Allianz SE, in particular, as a vehicle for actively managing their overall exposure to natural catastrophes. Within a Group-wide risk management framework, each operating entity is responsible for controlling its exposure to individual catastrophes and defining its local reinsurance requirements based on its local risk appetite and capital position. The respective cover is then provided by Allianz SE or one of its subsidiaries. At the Group level, the Allianz SE Board reviews and 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 excessive losses from major natural catastrophes. However, there is still the potential for unexpected frequency and/or severity of catastrophic events in any year that may materially impact the results of Allianz SE. The top five residual risk exposures at the Group level are summarized on PAGE 38.

The non-life reinsurance market remains competitive due to an influx of alternative capital and a strong capitalization of traditional reinsurers. The results of renewals as at 1 January 2014 were satisfactory, with expected price decreases in line with market indications on both inwards and outwards reinsurance – especially in the natural catastrophe programs – partially offset by a higher volume of business written. Moreover for 2014 we expect an increase in net premiums and results due to a new quota share with Allianz Versicherungs-AG. It should be noted that, in extreme cases, the actual result may vary significantly as the reinsurance business is, by nature, volatile in terms of frequency and severity of losses.

For 2014 we predict an almost stable investment result. However, we do not plan impairments on our strategic investments.

Because of unplanned foreign exchange gains in 2013, we expect a slightly lower other non-technical result. However, 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 2014, Allianz SE is anticipating a positive taxable result. As on the one hand, significant parts of the income are tax-exempt dividends and, on the other, the expenses are fully tax deductible, tax receivables from entities in the tax group will generally produce a tax income.

Our net income increased substantially, reaching €2.8 BN in 2013. Consistent with our disclosure practice in the past and given the susceptibility of our non-technical results to adverse capital market developments, we do not provide a precise outlook for net income. However, since our outlook presumes no major disruptions of capital markets, we anticipate a rather stable net income for 2014.

Management's overall assessment of the current economic situation of Allianz SE

Overall, at the date of issuance of this Annual Report and given current information regarding natural catastrophes and capital market development – in particular foreign currency, interest rates and equities – the Board of Management has no indication that Allianz SE is facing any major adverse developments.

Operations by Reinsurance Lines of Business

Gross premiums written declined slightly by 2.8% to €3,568 MN (2012: €3,673 MN). This was mainly due to the termination of accident business with premium refund ceded from Allianz Versicherungs-AG. The decrease was partially compensated for by higher premium growth in motor reinsurance and other reinsurance lines, as well as an increase in Life/Health premiums from new capital management transactions.

All in all, premiums written originated primarily from the Allianz Group's internal business. In addition, Allianz SE wrote business from selected external partners in order to diversify its internal portfolio.

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

	Gross premiums written			Combined ratio Property-Casualty		Change in claims equalization and similar reserves		Net technical result	
	2013 € MN	2012 € MN	Change %[1]	2013 %	2012 %	2013 € MN	2012 € MN	2013 € MN	2012 € MN
Fire and property reinsurance	1,202	1,271	(5.4)	73.8	76.2	2	(140)	227	89
thereof:									
Fire	408	451	(9.6)	36.4	55.1	2	(140)	157	(8)
Household and homeowner	204	191	6.7	116.1	87.6	–	–	(29)	17
Engineering	135	160	(15.8)	83.9	105.5	–	–	19	(8)
Business interruption	50	63	(20.2)	45.9	116.9	–	–	26	(12)
Other property reinsurance	405	406	(0.2)	80.0	68.2	–	–	54	100
Motor	664	623	6.6	106.7	108.6	(23)	6	(62)	(42)
Life	396	365	8.7	n/a	n/a	–	–	1	(9)
Credit and bond	282	277	1.7	109.4	87.9	7	(51)	(17)	(29)
Liability	280	270	3.5	101.3	98.7	(3)	(2)	(5)	2
Personal accident	111	282	(60.5)	89.2	93.1	2	(7)	16	8
Marine and aviation	83	97	(13.9)	65.6	78.8	(1)	16	27	35
Health	77	66	16.9	n/a	n/a	–	–	(1)	2
Legal expenses	72	73	(2.0)	103.8	89.9	3	(4)	1	3
Other lines	401	349	15.0	121.8	107.2	26	19	(49)	(8)
Total	**3,568**	**3,673**	**(2.8)**	**95.6**	**91.6**	**13**	**(163)**	**138**	**50**

1 — for lines of business on the basis of the accurate, non-rounded amount.

The *fire reinsurance* portfolio experienced a reduction in gross premiums written to €408 MN (2012: €451 MN). At the same time, the combined ratio of 36.4% (2012: 55.1%) significantly improved due to lower losses from natural catastrophes. Benefiting from the favorable claims environment, the net technical result turned positive to €157 MN (2012: €(8) MN).

The *household and homeowner reinsurance* portfolio grew, with premiums written of €204 MN (2012: €191 MN). However, it recorded a higher combined ratio of 116.1% (2012: 87.6%) due to Flood Frederik and several European storms.

Engineering reinsurance written decreased to €135 MN (2012: €160 MN) due to the selective renewal of business written in the Asia-Pacific region. Driven by better run-off development from the 2011 Thailand Floods, the combined ratio improved significantly to 83.9% (2012: 105.5%) and the net technical result increased to €19 MN (2012: €(8) MN).

Premium revenue from *business interruption reinsurance* dropped to €50 MN (2012: €63 MN), mainly due to less external business written in the Asia-Pacific region. The combined ratio improved significantly to 45.9% (2012: 116.9%), reflecting lower accident year claims and positive run off development from the 2011 Thailand Floods.

Other property reinsurance includes extended coverage for fire and business interruption as well as hail, storm, water damage, livestock, burglary and glass reinsurance. Premiums written remained almost unchanged at €405 MN (2012: €406 MN). This line of business was burdened by losses from European natural catastrophes. As a result, the 2013 combined ratio deteriorated to 80.0% (2012: 68.2%) and the net technical result declined to €54 MN (2012: €100 MN).

Premiums written in *motor reinsurance* increased by 6.6% to €664 MN (2012: €623 MN), driven mainly by more business written in Germany. In addition, the combined ratio improved slightly to 106.7% (2012: 108.6%) due to positive run-off development. The net technical result however dropped further to €(62) MN (2012: €(42) MN), from the strengthening of equalization reserves by €23 MN.

In *life reinsurance*, the premium revenue grew to €396 MN (2012: €365 MN), primarily due to new capital management transactions in the Asia-Pacific region and higher volume from the All Net business. The net technical result turned positive to €1 MN (2012: €(9) MN) because of lower current year losses.

Gross premiums written in *credit and bond reinsurance* were almost unchanged at €282 MN (2012: €277 MN). Due to a series of large claims from both internal and external cedents, the combined ratio deteriorated to 109.4% (2012: 87.9%). The net technical result remained negative but improved to €(17) MN (2012: € (29) MN), partly resulting from the release of €7 MN in equalization reserves.

Premiums written for *liability reinsurance* remained stable at €280 MN (2012: €270 MN), with Group internal clients in Germany as major cedents. The combined ratio deteriorated to 101.3% (2012: 98.7%) mainly because of higher losses.

The *personal accident reinsurance* portfolio was significantly reduced to €111 MN (2012: €282 MN) of gross premium revenue, but with an improved combined ratio of 89.2% (2012: 93.1%), leading to an increased net technical result of €16 MN (2012: €8 MN). This was mainly due to the termination of accident business with premium refund from Allianz Versicherungs-AG.

The premium revenue in *marine and aviation reinsurance* decreased to €83 MN (2012: €97 MN). The combined ratio improved to 65.6% (2012: 78.8%), reflecting better accident year loss experience and lower acquisition costs from selective renewal of the business written in the Asia-Pacific region. As a result of the smaller portfolio, the net technical result dropped to €27 MN (2012: €35 MN).

Gross premiums written for *health reinsurance* increased to €77 MN (2012: €66 MN). The net technical result of this line of business weakened slightly to €(1) MN (2012: €2 MN) due to negative development of run-off losses.

The premium revenue of *legal expense*s *reinsurance* remained almost unchanged at €72 MN (2012: €73 MN) while the combined ratio deteriorated to 103.8% (2012: 89.9%). This was mainly driven by higher losses from the business ceded from Allianz Versicherungs-AG.

In *other reinsurance lines* premium revenue rose by €52 MN to €401 MN (2012: €349 MN), with the main contributor being the motor extended warranty business. The combined ratio deteriorated by 14.6 percentage points to 121.8% (2012: 107.2%) as the portfolio was heavily affected by losses from natural catastrophes during the current year – mostly in Europe and the Asia-Pacific region. For 2013, these included €54 MN for flood Frederik, €34 MN for the Australian flood and €45 MN for a series of storms in Germany. Consequently, the net technical result worsened to €(49) MN (2012: €(8) MN), despite a release in equalization reserves of €26 MN.

Other reinsurance lines include:

- Emergency assistance
- Fidelity & political risk
- Motor extended warranty
- Other property and casualty business

Balance Sheet Review

– Shareholders' equity rises by €0.8 BN to €43.7 BN.

Condensed balance sheet

€ MN	2013	2012
ASSETS		
Intangible assets	40	327
Investments	96,843	96,206
Receivables	5,074	3,292
Other assets	205	223
Deferred charges and prepaid expenses	411	384
Total assets	**102,573**	**100,432**
EQUITY AND LIABILITIES		
Shareholders' equity	43,674	42,860
Subordinated liabilities	11,330	11,356
Insurance reserves net	8,439	10,795
Other provisions	5,553	5,005
Funds held with reinsurance business ceded	64	62
Payables on reinsurance business	366	351
Other financial liabilities	33,126	29,993
Deferred income	21	10
Total equity and liabilities	**102,573**	**100,432**

Intangible assets

Intangible assets decreased significantly in 2013. This reduction of the book value from €327 MN to €40 MN resulted primarily from the transfer of the distribution rights with Commerzbank AG to Allianz Lebensversicherungs-AG. For further information please refer to note 2 of our financial statements.

Investments

€ MN	2013	2012
Real estate	268	302
Investments in affiliated enterprises and participations	69,633	70,592
Other investments	24,684	21,243
Funds held by others under reinsurance business assumed	2,258	4,069
Investments	**96,843**	**96,206**

The book value of *investments in affiliated enterprises and participations* decreased by €1.0 BN to €69.6 BN. A decline in the book value of shares in affiliated enterprises (€3.9 BN) and loans to participations (€0.5 BN) was partly offset by a rise in intra-group loans (€3.4 BN). More details regarding this position are explained in note 4 of our financial statements.

Other investments went up from €21.2 BN to €24.7 BN, mainly due to higher investments in debt securities (€2.7 BN). Additional increases in investments in loans (€1.1 BN) and investment funds (€0.1 BN) were partly compensated for by a decline in deposits with banks (€0.4 BN).

At the end of 2013, €18.9 BN of the total of other investments were invested in fixed income securities, of which €9.7 BN were government bonds. As of 31 December 2013, Italian government bonds amounting to €0.3 BN represented our total exposure to sovereign borrowers affected by uncertainties surrounding the European sovereign debt crisis.

Mainly caused by the termination of accident business with premium refund ceded from Allianz Versicherungs-AG, *funds held by others under reinsurance business assumed* decreased to €2.3 BN (2012: €4.1 BN).

As of 31 December 2013, the fair value of investments amounted to €104.2 BN (2012: €105.0 BN) compared to a carrying amount of €96.8 BN (2012: €96.2 BN).

Receivables

Receivables went up from €3.3 BN to €5.1 BN, driven by growth in other receivables of €1.8 BN, while the accounts receivables on reinsurance business stayed at the previous year's level. The increase in other receivables mainly resulted from higher profit transfer agreements (€0.6 BN) and the cashpool (€0.6 BN). Additionally there were intra-group receivables from our affiliated company Allianz Europe B.V. of €0 5 BN resulting from a share buy-back in 2013.

Shareholders' equity

As of 31 December 2013 our shareholders' equity amounted to €43.7 BN (2012: €42.9 BN). The net increase of €0.8 BN was primarily due to net earnings in 2013 which were higher than the dividend paid in 2013.

For the Employee Stock Purchase Plan, 550,000 shares were issued in 2013, leading to an allocation of €1.4 MN to the issued capital and €53.3 MN to the additional paid-in capital.

The Board of Management proposes to use the net earnings of €3,069 MN less unappropriated earnings carried forward of €664 MN for dividend payments.

DEVELOPMENT OF SHAREHOLDERS' EQUITY AND OF ISSUED SHARES

	Issued shares	Issued capital	Mathematical value own shares	Additional paid-in capital	Revenue reserves	Net earnings	31 December
	Number	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU
31 December 2012	455,950,000	1,167,232	(7,110)	27,652,574	11,735,202	2,312,520	42,860,418
Capital increase Employee Stock Purchase Plan	550,000	1,408	–	53,289	–	–	54,697
Own shares	–	–	40	–	(1,943)	–	(1,903)
Own shares: realized gains	–	–	–	5,137	–	–	5,137
Dividend payment for 2012	–	–	–	–	–	(2,039,354)	(2,039,354)
Unappropriated earnings carried forward	–	–	–	–	–	(273,166)	(273,166)
Net earnings	–	–	–	–	–	3,068,574	3,068,574
31 December 2013	**456,500,000**	**1,168,640**	**(7,070)**	**27,711,000**	**11,733,259**	**3,068,574**	**43,674,403**

Insurance reserves and other provisions

Please refer to notes 12 and 13 of our financial statements for information on *insurance reserves* and *other provisions*.

Financial liabilities

As of 31 December 2013, Allianz SE had the following outstanding *financial liabilities*:

FINANCIAL LIABILITIES

€ MN

	2013	2012
Intra-group subordinated liabilities	5,935	5,934
Third-party subordinated liabilities	5,395	5,422
Subordinated liabilities	**11,330**	**11,356**
Bonds issued to Group companies	4,839	6,887
Liabilities to banks	–	775
Other intra-group financial liabilities	26,432	20,651
Other third-party financial liabilities	1,855	1,680
Other financial liabilities	**33,126**	**29,993**
Total financial liabilities	**44,456**	**41,349**

Of these financial liabilities, €37.2 BN (2012: €33.5 BN) were intra-group liabilities.

Subordinated liabilities slightly decreased to €11.3 BN (2012: €11.4 BN). External subordinated liabilities resulting from bonds issued by Allianz SE directly remained unchanged at €5.4 BN (2012: €5.4 BN). In 2013 Allianz SE redeemed its subordinated bond with a volume of U.S. Dollar 2.0 BN (€1.5 BN) and placed a new subordinated bond of €1.5 BN.

In addition, intra-group subordinated liabilities amounting to €5.9 BN (2012: €5.9 BN) resulted from subordinated bonds issued 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.

Due to the redemption of matured bonds, *liabilities from bonds issued to Group companies* declined to €4.8 BN (2012: €6.9 BN).

Liabilities to banks fell by €0.8 BN to €0.0 BN following the termination of a repurchase agreement and a loan amounting to €0.5 BN and €0.3 BN, respectively.

Other intra-group financial liabilities increased to €26.4 BN (2012: €20.7 BN) and were composed of the following positions:

OTHER INTRA-GROUP FINANCIAL LIABILITIES

€ MN

	2013	2012
Intra-group loans	17,496	13,050
Cash pool liabilities	8,003	6,249
Miscellaneous	933	1,352
Other intra-group financial liabilities	**26,432**	**20,651**

While intra-group loans rose from €13.1 BN to €17.5 BN and short-term liabilities from intra-group cash pooling increased from €6.2 BN to €8.0 BN, miscellaneous liabilities went down from €1.4 BN to €0.9 BN.

In 2013, *other third-party financial liabilities* climbed by €0.2 BN to €1.9 BN. Rises in short-term liabilities from unsettled security transactions by €0.4 BN to €0.8 BN and liabilities from received cash collaterals by €0.1 BN to €0.2 BN were partly offset by lower short-term funding through European commercial papers, which went down by €0.3 BN to €0.7 BN.

Liquidity and Funding Resources

Liquidity management and funding of Allianz SE

Allianz SE is responsible for managing the funding needs of the Group, maximizing access to liquidity sources and minimizing borrowing costs.

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for its operating subsidiaries. The main sources of liquidity available for Allianz SE 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.

FUNDING SOURCES

Allianz SE's access to external funds depends on various factors such as capital market conditions, access to credit facilities as well as credit ratings and credit capacity. The financial resources 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 Group-wide liquidity management are the main sources of our debt funding.

Equity funding

As of 31 December 2013, the issued capital registered at the Commercial Register was €1,168,640,000. This was divided into 456,500,000 registered shares with restricted transferability. As of 31 December 2013, Allianz SE held 2,761,795 (2012: 2,777,438) own shares.

Allianz SE has the option to increase its equity capital base according to authorizations provided by our shareholders. The following table outlines Allianz SE's capital authorizations as of 31 December 2013:

CAPITAL AUTHORIZATIONS OF ALLIANZ SE

CAPITAL AUTHORIZATION	NOMINAL AMOUNT	EXPIRY DATE OF THE AUTHORIZATION
Authorized Capital 2010/I	€550,000,000 (214,843,750 shares)	4 May 2015
Authorized Capital 2010/II	€8,344,000 (3,259,375 shares)	4 May 2015
Authorization to issue bonds carrying conversion and/or option rights	€9,500,000,000 (nominal bond value)	4 May 2015 (issuance of bonds)
Conditional Capital 2010	€250,000,000 (97,656,250 shares)	No expiry date for Conditional Capital 2010 (issuance in case option or conversion rights are exercised)

For further details on Allianz SE's capital authorizations, please refer to note 10 of our financial statements.

Debt funding

Our cost and availability of debt funding may be negatively affected by general market conditions or by matters specific to the financial services industry or Allianz SE. Main sources of debt funding are senior and subordinated bonds. Among others money market securities, letters of credit facilities and bank credit lines allow Allianz SE to further fine tune its capital structure.

In 2013, we had steady access to debt funding sources enabling us to actively steer the maturity profile of our funding structure. In June 2013 Allianz SE redeemed a subordinated bond with a volume of U.S. Dollar 2.0 BN (€1.5 BN) issued in 2008. In October 2013 Allianz SE issued a subordinated bond of €1.5BN with no scheduled maturity, but with ordinary call rights beginning in October 2023. Therefore subordinated liabilities slightly decreased to €11.3 BN (2012: €11.4 BN) at year end. In addition, in January 2014 we called for redemption a €1.5 BN subordinated bond issued in 2004.

Other financial liabilities increased to €33.1 BN (2012: €30.0 BN) mainly as a result of higher intra-group loans. For further details on Allianz SE's financial liabilities, please refer to notes 11 and 14 of our financial statements.

Risk and Opportunity 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 ratios are resilient.

Allianz risk profile and management assessment

RISK PROFILE

Allianz is exposed to a variety of risks through its core insurance and asset management activities. These include financial market, credit, insurance, operational, business and strategic risks. The three largest risks in terms of their contribution to Allianz's internal model risk capital results are:

- Financial market risk, especially interest rate risk, due to the duration mismatch between assets and liabilities for long-term savings products;
- Credit and credit spread risk, again driven by assets backing long-term savings products;
- Property-casualty premium and reserve risk, resulting from natural and man-made catastrophes as well as accident year claims uncertainty.

Allianz's risk profile is relatively stable over time as it is driven by Allianz's risk appetite and steered by risk management practices and limits – which are described later in this report.

However, Allianz continues to be exposed to two external forces which affect its risk profile and would not normally be associated with its core operating activities: the European sovereign debt crisis and regulatory developments – especially the European solvency directive, Solvency II.

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

The European sovereign debt crisis

The European sovereign debt crisis continues to have an impact on markets and has kept interest rates at low levels. Despite the stabilization of financial markets in 2013, many of the root causes of the crisis remain unresolved and markets could fluctuate widely again in the future, having adverse implications for Allianz's balance sheet.

In addition to continuously monitoring these developments, our management has responded decisively to these external events. During 2013, we continued to execute a derisking program focused primarily on peripheral European sovereign exposures and our exposure to global financial institutions. This is supported by operational contingency planning for Allianz SE and its operating entities, with scenario analysis being conducted regularly for both the United States and Europe. In addition, we further adjusted our product design and pricing in the Life/Health business segment with respect to guarantees and surrender conditions. Looking forward, our robust action to deal with the various crisis scenarios has bolstered our financial and operational resilience to strong shock scenarios. Continuous monitoring remains a priority to ensure the sustained effectiveness of our contingency measures.

Regulatory developments

In July 2013, the Financial Stability Board designated Allianz as one of nine G-SII companies (Global Systemically Important Insurers). In November 2013, the European Trialogue process involving the Council of the E.U. and the European Parliament came to an agreement on the Solvency II "Omnibus II"directive, allowing the new risk-based solvency capital framework for Europe to proceed with a planned introduction date of January 2016.

Although details of future regulatory requirements, especially Solvency II and those applying to G-SIIs, are becoming clearer, the final rules are still evolving. This creates some uncertainties for our business and in terms of the ultimate capital requirements for Allianz. In addition, due to the market value balance sheet approach, the Solvency II regime will lead to higher volatility in regulatory capital requirements compared to Solvency I. Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational costs.

MANAGEMENT ASSESSMENT

The Allianz Group's management feels comfortable with the Group's overall risk profile and has confidence in the effectiveness of its 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 that follow and are summarized here:

- The Allianz Group is well capitalized and is comfortably meeting its internal and regulatory solvency targets as of 31 December 2013. In March 2013, Standard & Poor's not only reconfirmed Allianz's "AA" rating, but also improved the outlook back to "stable". With this rating, Allianz remains one of the highest-rated insurance groups in the world.

- The Group's management also believes that Allianz is well positioned to deal with potential future adverse events, in part due to our strong internal limit framework defined by the Group's risk appetite and risk management practices.

- The Group has a conservative investment profile and disciplined business practices in the Property-Casualty, Life/Health and Asset Management business segments, leading to sustainable operating earnings with a well-balanced risk/return profile.

- Finally, the Group has the additional advantage of being well diversified, both geographically and across a broad range of products.

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 capital. In addition, we take into account the 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. We closely monitor the capital positions of the Group and operating entities and apply regular stress tests based on standard adverse scenarios. This allows us to take appropriate measures to ensure our continued capital and solvency strength. Due to our effective capital management, the Allianz Group is well capitalized and met its internal and regulatory solvency targets as of 31 December 2013.

REGULATORY CAPITAL ADEQUACY

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 1 January 2005. The law requires that a financial conglomerate calculates 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 are based on Solvency I. These capital requirements, as well as the definition and calculation of eligible capital, will be replaced by the Solvency II rules once the new regulation becomes binding.

CONGLOMERATE SOLVENCY[1]

€ BN as of 31 December	2013	2012
Requirement	25.6	24.6
Eligible capital	46.5	48.4
Solvency ratio	182%	197%

1 — Off-balance sheet reserves are included in the calculation but 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 as of 31 December 2013 would be 173% (2012 (as published): 188%).

The conglomerate solvency ratio decreased by 15 percentage points to 182%, mainly due to the retrospective application of the amendments to IAS 19.

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. An assessment of capital adequacy is usually an integral part of the rating process. Following a review in March 2013, the Allianz Group's "AA" rating was affirmed by Standard & Poor's. In addition Standard & Poor's revised the outlook from "negative" to "stable", recognizing our capital strength, diverse business profile and very strong Enterprise Risk Management.

Allianz Group 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.

RATINGS OF ALLIANZ SE

Ratings[1]	Insurer financial strength rating		Counterparty credit rating		Commercial paper (short-term) rating	
	2013	2012	2013	2012	2013	2012
Standard & Poor's	AA Stable outlook (affirmed November 2013)	AA Negative outlook	AA Stable outlook (affirmed November 2013)	AA Negative outlook	A–1+ (affirmed November 2013)	A–1+
Moody's	Aa3 Negative outlook (affirmed December 2013)	Aa3 Negative outlook	Aa3 Negative outlook (affirmed December 2013)[2]	AA Negative outlook[2]	Prime–1 (affirmed December 2013)	Prime–1
A.M. Best	A+ (affirmed September 2013)	A+	aa– (affirmed September 2013)	aa–	Not rated	Not rated

1 — Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance Corporation.
2 — Rating reflects senior unsecured debt.

As part of the long-term financial strength rating, Standard & Poor's has a rating for Enterprise Risk Management (ERM). In 2013, Standard & Poor's assigned Allianz its highest possible rating – "very strong" – for the ERM capabilities of our insurance operations. This 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 our strong risk management culture, strong controls for the majority of key risks and strong strategic risk management. In addition, Standard & Poor's reviewed our internal capital model in 2012 and has given further credit to the capital position of the Allianz Group since 4Q 2012 by taking our internal model results into account when determining the capital requirements in order to meet specific rating classes.

INTERNAL CAPITAL ADEQUACY

The Allianz Group's available capital is based on shareholders' equity adjusted to reflect the full economic capital base available to absorb unexpected economic losses.[1] Our objective is to maintain available capital at the Group level that is significantly above the minimum indicated requirements as determined by our internal risk capital model. We consistently steer the risk at the operating entity level based on the same internal model framework.

AVAILABLE CAPITAL AND INTERNAL RISK CAPITAL

€ BN as of 31 December	2013	2012
Available capital	52.4	49.3
Internal risk capital	23.6	24.8
Capital ratio	222%	199%

Overall, our internal model solvency ratio increased from 199% to 222%. This strong growth was attributable to two effects. First, an increase in our available capital – which was mostly driven by accumulated net income and the increasing present value of future profits. Second, to a decrease of €1.2 BN in our required internal risk capital. This was mainly due to positive market effects, in particular, rising interest rates, rating improvements as well as reduced credit risk exposure.

This Risk and Opportunity Report provides the Group's internal risk capital results based on pre-diversified risk capital and diversification effects. Pre-diversified internal risk capital reflects the diversification effect within each risk category (i.e. market, credit, underwriting, business and operational risk) but does not include the diversification effect across categories. Group-diversified internal risk capital also captures the diversification effect across all risk categories. Pre-diversified internal risk capital is used to measure concentration risks.

As of 31 December 2013, the Group-diversified internal risk capital before non-controlling interests of €23.6 BN (2012: €24.8 BN) represented a diversification benefit of approximately 32%[2] (2012: 33%) across risk categories and segments. Group-diversified internal risk capital is broken down as follows:

ALLOCATED INTERNAL RISK CAPITAL (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)

€ MN	Pre-diversified (before tax)										Group-diversified			
	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
as of 31 December	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Property-Casualty	3,669	3,933	1,881	2,144	9,627	9,848	992	1,020	1,268	1,287	(6,437)	(7,319)	11,000	10,913
Life/Health	11,653	13,404	3,591	4,127	801	1,089	3,743	3,424	917	914	(6,448)	(7,084)	14,257	15,874
Asset Management	685	559	169	119	–	–	–	–	586	576	(1)	–	1,439	1,254
Corporate and Other	1,987	1,519	277	671	191	180	–	–	385	249	(532)	(512)	2,308	2,107
Total	**17,994**	**19,415**	**5,918**	**7,061**	**10,619**	**11,117**	**4,735**	**4,444**	**3,156**	**3,026**	**(13,418)**	**(14,915)**	**29,004**	**30,148**
											Tax impact		(5,367)	(5,386)
											Total Group		**23,637**	**24,762**

Detailed discussions of risk capital movements are provided in the sections that follow.

1 — Available capital is calculated under consideration of liquidity premium and yield curve extension for the Life/Health business segment as described in the section Yield curve and liquidity premium assumptions. on page 30.

2 — Diversification before tax.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses. On a quarterly basis, we calculate and aggregate internal risk capital 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 utilize an internal risk capital model for the management of our risk and solvency position and are working towards meeting the forthcoming Solvency II internal model requirements. Our model is based on a best practice technical platform with an up-to-date methodology covering all modeled sources of quantifiable risks. This forms an integral part of our internal risk capital framework. The model framework is regularly assessed by the European College of supervisors in the course of the internal model pre-application process of Solvency II.

INTERNAL RISK CAPITAL MODEL

Our internal risk capital model is based on a Value-at-Risk (VaR) approach using a Monte Carlo simulation. Following this approach, we determine the maximum loss in the portfolio value of our businesses in the scope of the model within a specified timeframe ("holding period") and probability of occurrence ("confidence level"). We assume a confidence level of 99.5% and apply a holding period of one year. In the risk simulation, 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 potentially adverse conditions.

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 99.5% confidence level. Because we consider the impact of a negative or positive event on all sources of risks and covered businesses at the same time, all diversification effects across products and regions are 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. In addition, for market risks we analyze several pre-defined stress scenarios based either on historically observed market movements or on hypothetical market movement assumptions. The modeling approach we apply therefore enables us to identify scenarios that have a positive impact on our solvency situation.

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 in determining future cash flows and how to discount them. We apply the methodology as provided by the European Insurance and Occupational Pensions Authority (EIOPA) based on the latest guidance for the extension of the risk-free interest rate curves beyond the last liquid tenor. In addition, we adjust the risk-free yield curves for the Life/Health business segment to make allowance for a liquidity premium.

Valuation assumption: replicating portfolios

Since efficient valuation and advanced, timely analysis is desired, we replicate the liabilities of our Life/Health insurance business. This technique enables us to represent all options and guarantees, both contractual and discretionary, by means of standard financial instruments. Using the replicating portfolio we determine and revalue these liabilities under all potentially adverse Monte Carlo scenarios.

Diversification and correlation assumptions

Our internal risk capital model considers concentration, accumulation and correlation effects when aggregating results at Group level, in order to reflect the fact that not all potential worst-case losses are likely to materialize 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 help increase the chances that the positive developments outweigh the negative. The degree to which diversification can be realized depends in part on the level of relative concentration of those risks as well as the joint movement of sources of risk.

Where possible, we derive correlation parameters for each pair of market risks through statistical analysis of historical market data, considering weekly observations over several years. In case historical market data or other portfolio-specific observations are insufficient or not available, correlations are set according to a well-defined, Group-wide process. Correlations are determined by the Correlation Settings Committee, which combines the expertise of risk and business experts. In general, we set the correlation parameters to represent the joint 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.

Actuarial assumptions

Our internal risk capital model also includes non-market assumptions on claims trends, inflation, mortality, longevity, morbidity, policyholder behavior, expense, etc. We use our own internal historical data for actuarial assumptions wherever possible and also consider recommendations from the insurance industry, supervisory authorities and actuarial associations. The derivation of our actuarial assumptions is based on generally accepted actuarial methods. Within our internal risk capital and financial reporting framework comprehensive processes and controls exist for ensuring the reliability of those assumptions.[1]

1 — For additional information regarding our internal controls over financial reporting, please refer to the chapter Internal controls over financial reporting from page 65 onwards.

SCOPE

By design, our internal risk capital model takes into account the following risk categories: market risk, credit risk, underwriting risk, business risk and operational risk whenever these risks are present. A further breakdown of the risk categories can be found in the section Quantifiable risks in the internal capital model. With the exception of the Asset Management business segment all business segments are exposed to the full range of stated risk categories. By contrast, the Asset Management business segment is mainly exposed to market, credit and operational risk.

Our internal risk capital model covers:

- All of our major insurance operations.
- Our assets (including bonds, mortgages, investment funds, loans, equities and real estate) and liabilities (including the cash flow run-off profile of all technical reserves as well as deposits and issued securities).
- For the Life/Health insurance products, options and guarantees embedded in insurance contracts including policyholder participation rules.

For our Asset Management business segment we assign internal risk capital requirements based on the sectoral regulatory capital requirements envisaged in Solvency II. The capital requirements of smaller insurance operating entities, that have an immaterial impact on the Group's risk profile, are based on local regulatory requirements. We allocate these requirements to the risk categories of our internal risk capital model, thereby allowing a consistent aggregation of internal risk capital for all business segments at Group level.

Internal risk capital related to our European banking operations is allocated to the Corporate and Other business segment, based on the approach applied by banks under the local requirements with respect to the Basel regulation (Basel II/III standards). It represents an insignificant amount of approximately 1.7% (2012: 1.6%) of total pre-diversified internal risk capital. Therefore, risk management with respect to banking operations is not discussed further.

LIMITATIONS

Our internal risk capital model expresses the potential "worst-case" amount in economic value that we might lose at a certain confidence level. However, there is a statistically low probability of 0.5% that actual losses could exceed this threshold at Group level in the course of one year.

We use model and scenario parameters derived from historical data, where available, to characterize future possible risk events. If future market conditions differ substantially from the past, for example in an unprecedented crisis, our VaR approach may be too conservative or too liberal in ways that are too difficult to predict. In order to mitigate reliance on historical data we complement our VaR analysis with stress testing. Our ability to back-test the model's accuracy is limited because of the high confidence level of 99.5%, the one-year holding period, as well as only limited data for some insurance risk events – such as natural catastrophes – being 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, independent internal peer reviews and, where appropriate, external reviews by independent consulting firms focusing on methods for selecting parameters and control processes. Overall, we believe that our validation efforts are effective and that our model adequately assesses the risks to which we are exposed.

As described previously, insurance liability values are derived from replicating portfolios of standard financial market instruments in order to allow for effective risk management. This replication is subject to the set of available replicating instruments and might therefore be too simple or restrictive to capture all factors affecting the change in value of liabilities. Nevertheless, we believe that the liabilities are adequately represented by the replicating portfolios due to our stringent data and process quality controls.

Since internal risk capital takes into account the change in the economic fair value of our assets and liabilities, it is crucial to accurately estimate the market value of each item. For some assets and liabilities, it may be difficult, if not impossible – notably in distressed 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 market price for that instrument or similar instruments is currently not available, we apply a mark-to-model approach. Non-standardized derivative 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 at either the local or Group level. 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.

MODEL UPDATES IN 2013

In 2013 we kept the central risk capital models for all risk categories stable and performed only the regular exposure and assumption updates. The only local model update with material impact at Group level is the introduction of Surplus funds together with a Going Concern Reserve at Allianz Lebensversicherungs-AG in line with Solvency II and BaFin methodology. The introduction increases the Group's capital requirement by €0.4 BN, mainly affecting equity and credit spread risk.

Internal risk assessment

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. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risks.

At Group level, we identify and measure concentration risks consistently across business segments in terms of pre-diversified internal risk capital and in line with the risk categories covered by our internal risk capital model. In the following sections, all risks are presented on a pre-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. Limits on financial risk are in place for the Life/Health and Property-Casualty business segments at Group level. They are based on the internal risk capital model, complemented by stand-alone interest rate and equity sensitivity limits, in order to protect the economic capital position. In addition, the Group's policy is to require each operating entity to match liabilities in congruent currencies with assets – as far as possible – and take local currency risks only within pre-defined limits.

We also closely monitor concentrations and accumulation of non-market risks already on a stand-alone basis (i.e. before the diversification effect) within a global limit framework in order to avoid substantial losses from single events (e.g. natural catastrophes, credit events).

In order to manage counterparty concentration risk, we run a Group-wide country and obligor group limit management framework (CRisP[1]), which covers credit and equity exposures and is based on data used by the investment and risk experts at Group and operating entity levels. This limit framework forms the basis for discussions on credit actions and provides notification services with a quick and broad communication of credit-related decisions across the Group. Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed.

The setting of country and obligor exposure limits from the Group's perspective (i.e. the maximum concentration limit) takes into account the Allianz Group's portfolio size and structure as well as our overall risk strategy.

It is the ultimate responsibility of the Board of Management to decide upon limit budgets. The Board of Management delegates authorities for limit setting and modification to the Group Risk Committee and Group Chief Risk Officer by clearly defining maximum limit amounts. All limits are subject to annual review and approval according to the delegated authorities.

1 — Credit Risk Platform.

QUANTIFIABLE RISKS IN THE INTERNAL CAPITAL MODEL

The quantifiable risks that are considered in the risk model refer to market, credit, underwriting, business and operational risk. In the following sections, the evolution of the risk types in 2013 is explained.

Market risk

As an inherent part of our insurance operations, we collect premiums from our customers and invest them in a wide variety of assets. Therefore, the Allianz Group holds and uses many different financial instruments. The resulting investment portfolios ultimately cover the future claims and benefits to our customers. In addition, we 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.

In order to limit the impact of any of these financial market changes and to ensure that assets adequately back policyholder liabilities we have several measures in place. One of these, for example, is asset/liability management linked to the internal model framework incorporating risks as well as return aspects stemming from our insurance obligations. In addition, we are selectively using derivatives to either hedge our portfolio against adverse market movements or to reduce our reinvestment risk, e.g. by using forwards or swaptions. Furthermore, we have a limit system in place comprising global indicators like strategic asset allocation benchmarks, as well as more detailed limits, in order to operatively manage and limit risks. The limit system is defined at Group level separately for the Life/Health and the Property-Casualty business segments and is based on a variety of different risk measures including Financial VaR, equity and interest rate sensitivities as well as investment limits around a benchmark portfolio approved by the Board of Management. Our limit-setting process ensures that prevailing statutory restrictions regarding the composition of investments are taken into account. This means that in case certain investments are restricted by statutory requirements to a certain amount – e.g. a given percentage of total investments – our internal limit referring to those investments cannot exceed the required percentage. Most statutory restrictions apply at local level, where processes ensure bottom-up that the statutory restrictions are binding constraints. Based on this process, guidelines are derived within the group center for certain investments, e.g. concerning the use of derivatives, and the compliance with those is controlled by the respective risk and controlling functions.

Furthermore, we have put in place standards for hedging activities 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 making a conscious decision on the amount of hedging. The hedging of risks stemming from investments is also an element applied to manage and limit risks efficiently. For example, protective puts are used to limit downward exposure of certain investments.[1] 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)

PRE-DIVERSIFIED, € MN	Interest rate		Credit spread		Equity		Real estate		Currency		Total	
as of 31 December	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Property-Casualty	735	402	976	1,309	924	768	752	880	282	574	3,669	3,933
Life/Health	4,181	5,227	3,174	2,795	2,996	3,570	626	765	676	1,047	11,653	13,404
Asset Management	3	16	2	–	32	66	6	5	642	472	685	559
Corporate and Other	334	216	183	259	707	607	104	197	659	240	1,987	1,519
Total Group	**5,253**	**5,861**	**4,335**	**4,363**	**4,659**	**5,011**	**1,488**	**1,847**	**2,259**	**2,333**	**17,994**	**19,415**
									Share of total Group-internal risk capital		42.4%	43.1%

Our total pre-diversified internal market risk capital showed a decrease, mainly driven by market movements. In particular, rising interest rates and reduced volatilities lead to lower sensitivities of options and guarantees making our Life/Health business segment the biggest contributor to the reduction in market risk. With respect to equity risk, improved hedging activities as well as higher policyholder participation more than offset a higher equity exposure due to rising markets and additional investments. Overall, this resulted in a decrease in equity risk.

The following chart presents the sensitivity of the internal model solvency ratio under certain standard financial scenarios. These 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 CAPITAL RATIOS (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND AFTER TAX AND GROUP DIVERSIFICATION)

€ MN as of 31 December	2013	2012
Internal capital ratio	222	199
Interest rates up by 1%	230	220
Interest rates down by 1%	194	177
Equity prices up by 30%	232	210
Equity prices down by 30%	210	188
Combined down scenarios	182	165

Interest rate risk

As interest rates may fall below the rates guaranteed to policyholders in some Life/Health markets and given the long duration of insurance obligations, we are specifically exposed to interest rate risk when we have to reinvest 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 investment returns over the long term in excess of the obligations related to insurance and investment contracts.

These risks are reflected in the internal risk capital results and managed by interest rate sensitivity limits. A significant part of the Life/Health business segment's pre-diversified internal risk capital for interest rate risk lies in Western Europe – 80.2% as of 31 December 2013 (31 December 2012: 79.8%) – mainly to cover traditional life insurance products with guarantees.

We manage interest rate risk from a comprehensive corporate perspective: While the potential payments related to our liabilities in the Property-Casualty business segment are typically shorter in maturity than the financial assets backing them, the opposite usually holds true for our Life/Health business segment due to the long-term life insurance contracts. In part, this provides us with a natural hedge on an economic basis at Group level.

1 — Further information on derivatives used for hedging can be found in note 15 of the financial statements.

As of 31 December 2013, our interest rate sensitive investments excluding unit-linked business – amounting to a market value of €457.3 BN[1] – would gain €32.7 BN or lose €29.7 BN in value in case of changing interest rates by - 100 basis points and +100 basis points, respectively.

As described above, the risk related to interest rates lies in the fact that in the long run yields that can be achieved by reinvesting may not be sufficient enough to cover the guaranteed rates. In contrast, opportunities may materialize when interest rates increase. This may result in higher returns from reinvestments than the guaranteed rates. As the table above also demonstrates, our solvency ratio would increase by applying a 100 basis point upward parallel shift on the interest rate curve.

Equity risk

The Allianz Group's insurance operating entities usually hold equity investments to diversify their portfolios and take advantage of attractive long-term expected returns. Strategic asset allocation benchmarks and investment limits are used to manage and monitor these exposures. In addition, they fall within the scope of the CRisP to avoid a disproportionately large concentration of risk.

As of 31 December 2013, our investments excluding unit-linked business that are sensitive to changing equity markets – amounting to a market value of €35.3 BN – would lose €9.3 BN in value assuming equity markets declined by 30%.[2]

Besides diversification we mainly invest in equities since, as a long-term investor, we expect to be able to earn an excess return on our investments. Risks from changes in equity prices are normally associated with decreasing share prices and increasing equity price volatilities. As stock markets also might increase above expectations, opportunities may arise from equity investments. The potentially positive effect of an increase in equity prices on our capital ratio can be seen in the table above.

Credit spread risk

Our internal model framework fully acknowledges the risk of declining market values for our fixed income assets – such as bonds – due to the widening of credit spreads. However, for internal risk management and appetite, we also take into account the underlying economics of our business model. For example, the cash flows of our insurance liabilities are to a large degree predictable, limiting to a great extent the risk that we would be forced to sell these bonds prior to maturity at a loss and allowing us to keep the bonds until the maturity date. Therefore, we reflect this in our model using a Counter Cyclical Premium approach and view the more relevant risk to be credit risk rather than credit spread. The advantage of being a long-term investor therefore gives us the opportunity to invest in bonds yielding spreads over the risk free return and earning this additional yield component.

Currency risk

Based on our foreign exchange management limit framework, currency risk is monitored and managed with the support of Group Treasury and Corporate Finance at the operating entity and Group level. The major 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 decrease.

Real estate risk

Because of the relative size of our real estate portfolio compared to total investments, real estate risk is currently of lesser relevance for the Allianz Group. As of 31 December 2013 about 3.5% (31 December 2012: 4.1%) of the total pre-diversified internal risk capital was related to real estate exposures.

Credit risk

The Allianz Group monitors and manages credit risk exposures and concentrations to ensure 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 internal credit risk model and the CRisP as described in the section Concentration of risks. Group-wide credit data is collected following a centralized process and using standard obligor and obligor group mappings.

Credit risk is measured as the potential economic loss in the value of our portfolio due to changes in the credit quality of our counterparts ("migration risk") or the inability or unwillingness of the counterparty to fulfill contractual obligations ("default risk").

Our internal credit risk modeling framework covers counterparty risk and country risk. 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 and credit insurance.[3] Country risk exposure is calculated as cross-border exposure to all obligors domiciled abroad from each operating entity perspective.

1 — The stated market value includes all investments whose market value is sensitive to interest rate movements (excluding unit-linked business) and therefore is not based on classifications given by accounting principles.

2 — The stated market value includes all investments whose market value is sensitive to equity movements (excluding unit-linked business) and therefore is not based on classifications given by accounting principles.

3 — 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 EIOPA's advice on Level 2 Implementation Measures on Solvency II.

The internal credit risk capital model is a state-of-the-art tool which provides bottom-up analysis. The major drivers of credit risk for each instrument are exposure at default, ratings, seniority, collaterals and maturity. Additional parameters assigned to obligors are migration probabilities and obligor asset correlations reflecting dependencies within the portfolio. Ratings are assigned to single obligors via an internal rating approach which is based on long-term ratings from rating agencies. It is dynamically adjusted using market implied ratings and the most recent information.

The loss profile of a given portfolio is obtained through a Monte Carlo simulation taking into account interdependencies and exposure concentrations per obligor or segment. To reflect portfolio specific diversification effects, the loss profiles are calculated at different levels of the Allianz Group structure (pre-diversified). 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)

PRE-DIVERSIFIED, € MN

as of 31 December	2013	2012
Property-Casualty	1,881	2,144
Life/Health	3,591	4,127
Asset Management	169	119
Corporate and Other	277	671
Total Group internal credit risk capital	5,918	7,061
Share of total Group internal risk capital	14.0%	15.7%

Credit risk capital for the Group decreased due to the stabilizing credit environment and active portfolio management that aims to further improve risk diversification. Additionally, the decrease in Life/Health and Corporate business segments is driven by a reduction of non-investment grade exposures as well as the divestment of strategic assets.

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 a default (Loss-Given-Default, LGD). The sensitivities are calculated by applying each scenario to all exposures individually but keeping all other parameters constant.[2]

IMPACT OF SELECTED CREDIT SCENARIOS ON INTERNAL CREDIT RISK CAPITAL[1]

PRE-DIVERSIFIED, € MN

	Total	
as of 31 December	2013	2012
Base case	5,918	7,061
Rating down by 1 notch	7,062	8,349
Rating down by 2 notches	8,404	9,879
LGD up by 10%	6,333	7,597

1 — A notch is referred to rating sub-classes, such as "AA+", "AA", "AA-" at Standard & Poor's scale or "Aa1", "Aa2", "Aa3" at Moody's scale.

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.

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

ALLIANZ COMPONENTS OF CREDIT RISK EXPOSURE

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 client of the policyholder is unable to meet its payment obligations then Euler Hermes indemnifies the loss to the policyholder.

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.

Credit risk – investment

As of 31 December 2013, credit risk arising from the investment portfolio accounted for 81.8% (2012: 83.4%) of our total Group pre-diversified internal credit risk capital. Credit Risk in the Life/Health business segment is primarily driven by long-term assets covering long-term liabilities. Typical investments are government bonds, senior corporate bonds, covered bonds, self-originated mortgages and loans as well as a modest amount of derivatives. Due to the nature of the business, the fixed income securities in the Property-Casualty business segment tend to be short- to mid-term, which explains the lower credit risk consumption in this segment.[1]

Allianz has a well-diversified portfolio of Exchange- and OTC-traded derivatives, used as a part of efficient exposure management. The counterparty credit risk arising from derivatives is low, since the derivative's usage is governed by the Group-wide internal guidelines for collateralization of derivatives that stipulate master netting and collateral agreements with each counterpart and require high quality and liquid collateral. In addition, Allianz closely monitors the credit ratings of counterparts and the exposure movements. Central clearing of certain classes of OTC derivatives as required by EMIR (European Market Infrastructure Regulation) and additional reporting duties will contribute to further reducing counterparty credit risk and operational risk at Allianz.

As of 31 December 2013, the rating distribution of our fixed income portfolio was as follows:[2]

FIXED INCOME INVESTMENTS BY RATING CLASS – FAIR VALUES

€ BN Type of issuer	Government & Agency		Covered Bond		Corporate		Banks		ABS/MBS		Short-term Loan		Other		Total	
as of 31 December	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
AAA	46.2	46.5	61.5	73.2	2.0	3.0	3.8	4.4	13.8	15.3	0.1	–	–	–	127.4	142.4
AA	69.8	67.4	21.0	16.2	9.1	8.9	8.1	8.2	2.3	1.8	1.4	1.1	0.1	0.1	111.8	103.7
A	12.9	12.2	14.1	12.6	35.3	32.3	14.3	16.8	1.3	1.2	0.6	1.4	1.0	1.1	79.5	77.6
BBB	44.2	44.0	5.1	4.9	56.4	47.0	5.6	7.1	0.6	0.5	0.5	0.7	0.4	0.4	112.8	104.6
BB	2.1	3.4	0.7	0.1	6.3	5.9	1.0	1.2	0.1	0.1	0.4	0.4	–	0.1	10.6	11.2
B	0.5	0.5	–	–	2.6	2.6	0.2	0.1	0.1	0.1	–	–	–	–	3.4	3.3
CCC	–	–	–	–	0.2	0.1	–	–	–	0.1	–	–	–	–	0.2	0.2
CC	–	–	–	–	0.1	–	–	–	0.2	0.4	–	–	–	–	0.3	0.4
C	–	–	–	–	–	–	–	0.7	–	–	–	–	–	–	–	0.7
D	–	–	–	–	0.4	0.3	–	–	–	–	–	–	–	–	0.4	0.3
Not rated	3.9	3.4	0.1	0.1	3.9	7.0	0.1	0.2	–	–	0.3	0.6	1.4	1.0	9.7	12.3
Total	**179.6**	**177.4**	**102.5**	**107.1**	**116.3**	**107.1**	**33.1**	**38.7**	**18.4**	**19.5**	**3.3**	**4.2**	**2.9**	**2.7**	**456.1**	**456.7**

Credit risk – reinsurance

As of 31 December 2013, 2.5% (31 December 2012: 2.1%) of our total Group pre-diversified internal credit risk capital was allocated to reinsurance exposures – of which 59.1% (2012: 57.5%) was related to reinsurance counterparties in the United States and Germany.

A dedicated team selects our reinsurance partners focusing on 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 31 December 2013, 80.6% (31 December 2012: 76.4%) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A" rating by Standard & Poor's. As of 31 December 2013, non-rated reinsurance recoverables represented 17.9% (31 December 2012: 21.7%). Reinsurance recoverables without a 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.

1 — Additionally 4.6% (2012: 4,1%) of our total Group pre-diversified internal credit risk capital is allocated to receivables and potential future exposure for derivatives and reinsurance.

2 — In accordance with the change in representation within the Group Management report, stated figures include investments of Banking and Asset Management, which were excluded in the former representation. Due to this change our total investments increased by €12.2 BN as of 31 December 2012 to €456.7 BN (previously published: €444.5 BN). Table excludes private loans.

REINSURANCE RECOVERABLES BY RATING CLASS[1]

€ BN as of 31 December	2013	2012
AAA	0.02	0.02
AA+ to AA-	5.99	6.05
A+ to A-	3.38	3.50
BBB+ to BBB-	0.18	0.21
Non-investment grade	–	0.02
Not assigned	2.08	2.72
Total	**11.65**	**12.52**

1 — Represents gross exposure broken down by reinsurer.

Credit risk – credit insurance

Our credit insurance portfolio is modeled by Euler Hermes based on a proprietary model component, which is a local adaptation of the central internal credit risk module and is reviewed by Group Risk. The result is integrated in the Group's internal credit risk capital to capture the concentration and diversification effects. As of 31 December 2013, 11.1% (31 December 2012: 10.4%) of our total Group pre-diversified internal credit risk capital is allocated to Euler Hermes credit insurance exposures.

By thoroughly managing our credit risk on the basis of our limit management and the credit risk modeling frameworks, we have composed a well-diversified credit portfolio. Our long-term investment strategy to hold investments through the cycle to maturity enables us to keep our portfolio stable even under adverse market conditions. It also gives us the opportunity to earn planned excess returns throughout the entire holding period of the investments. In our credit insurance business proactive credit management actions offer opportunities to keep losses from single credit events below expected levels and therefore strongly support writing business that contributes to a balanced Group credit portfolio.

Underwriting risk

Underwriting risk consists of premium and reserve risks in the Property-Casualty business segment as well as biometric risks in the Life/Health business segment. For the Asset Management business segment and our banking operations underwriting risks are not relevant. The table below presents the average pre-diversified internal risk capital calculated for underwriting risks stemming from our insurance business over the four quarters of 2013 versus 2012, as well as the high and low quarterly internal risk capital amounts calculated in both years.[1]

YEAR-END, AVERAGE, HIGH AND LOW ALLOCATED INTERNAL UNDERWRITING RISK CAPITAL BY SOURCE OF RISK (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND BEFORE GROUP DIVERSIFICATION)[1]

€ MN	Premium risk natural catastrophe		Premium risk terror		Premium risk non-catastrophe		Reserve risk		Biometric risk		Total Group	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
QUARTERLY RESULTS												
Year-end	427	353	24	21	3,809	3,790	5,834	6,040	525	913	10,619	11,117
Average	432	401	23	20	3,829	3,712	5,949	5,785	673	928	10,906	10,846
High	458	442	25	21	3,848	3,790	6,093	6,099	878	1,113	11,070	11,117
Low	420	353	19	20	3,809	3,648	5,835	5,186	502	731	10,619	10,254

1 — As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account.

As of 31 December 2013, underwriting risk slightly decreased mainly driven by slightly lower loss reserves decreasing our reserve risk. For biometric risk the biggest single driver for the reduction was the above mentioned model update in our Life/Health business segment.

Underwriting risk – Property-Casualty

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.

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.

1 — Prior year figures changed compared to last year's report due to reporting on pre-diversified basis compared to Group-diversified in 2012.

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

PROPERTY-CASUALTY LOSS RATIOS[1] FOR THE PAST TEN YEARS

%

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Loss ratio	65.9	68.3	69.9	69.1	69.5	68.0	66.1	65.0	67.2	67.6

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

Premium risk is subdivided into natural catastrophe risk, terror risk and non-catastrophe risk. We calculate premium risk based on actuarial models that are used to derive loss distributions. Premium risk is actively managed by the Allianz Group and its 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 are centrally defined and in place across the Group. In addition to the centrally defined underwriting limits, the local operating entities have limits in place that take into account their business environments. In addition, risks are mitigated by external reinsurance agreements. All these measures contribute to the limitation of risk accumulation.

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, we use deterministic scenario-based approaches to estimate probable losses.

The Group's net exposure to natural catastrophes remained within our risk appetite in 2013. The top five perils contributing to the natural catastrophe risk capital were: European windstorm, U.S. hurricane, German hail as well as Californian and German earthquakes as of December 2013.

Reserve risk

We estimate and hold reserves for past claims that have not yet been settled. If the reserves are not sufficient to cover claims to be settled in the future due to unexpected changes, we would experience losses. The volatility of past claims measured over a one-year time horizon defines our reserve risk. An indicator of this coverage is the amount of net surplus[1] compared to the initial reserves.

1 — Net surplus represents the cumulative surplus from re-estimating the reserves for loss and loss adjustment expenses for previous years' claims and includes foreign currency translation adjustments.

In general, our operating entities constantly monitor the development of reserves for insurance claims on a line of business level. In addition, the operating entities generally conduct annual reserve uncertainty analyses based on similar 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.

Underwriting risk – Life/Health

Underwriting risks of our Life/Health operations (biometric risks) include mortality, disability, morbidity and longevity risks.

- Mortality, disability, and morbidity risks are risks associated with the unexpected increase in the occurrence of death, disability or medical claims on our traditional products including on our traditional life and health insurance products.
- Longevity risk is the risk that due to changing biometric assumptions the reserves covering our portfolio of life annuities and group pension products might not be sufficient. Biometric assumptions, such as life expectancy, play a significant role.

We measure these risks within our internal risk capital model by distinguishing between the different sub-components, whenever relevant or material: absolute level, trend, volatility around the best estimate assumptions and pandemic risks. Depending on the nature and complexity of the risk involved, our Health business is represented in the internal model according to Property-Casualty or Life/Health calculation methods and is therefore included in the relevant Property-Casualty and Life/Health figures accordingly. However, most of our Health business is attributable to the Life/Health business segment. Thanks to effective product design, the diversity of our products and the substantial level of policyholder participation in Western European countries, there were no significant concentrations of underwriting risks within our Life/Health business as of 31 December 2013.

Underwriting risk arises from lower profitability than expected. As profitability calculations are based on several parameters, like historical loss information, assumptions on inflation or on mortality and morbidity, the realized parameters can differ from the ones used for the calculation. For example, higher inflation than that incorporated in the calculations may lead to a loss. However, deviations can also occur in the opposite direction, therefore being beneficial and leading to additional profit, e.g. a lower morbidity rate than expected will most likely result in lower expenses.

Business risk

Business risks include cost risks and policyholder behavior risks. Cost risks are associated with the risk that expenses incurred in administering policies are higher than expected, or that new business volume decreases to a level that does not allow Allianz to absorb its fixed costs.

Policyholder behavior risks are risks related to the unpredictability and adverse behavior of policyholders in exercising their different contractual options: early termination of contracts, surrenders, partial withdrawals, renewals and annuity take-up options. Assumptions on policyholder behavior are set according to accepted actuarial methods and are based on our own historical data to the extent available, otherwise they are based on industry data or expert judgment.

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

PRE-DIVERSIFIED, € MN as of 31 December	2013	2012
Property-Casualty	992	1,020
Life/Health	3,743	3,424
Asset Management	–	–
Corporate and Other	–	–
Total Group internal credit risk capital	4,735	4,444
Share of total Group internal risk capital	11.2%	9.9%

Business risk remained mostly stable in 2013. Small changes specifically in the Life/Health business segment were mainly driven by changes in business volume and best estimate assumptions.

As for underwriting risks, a positive deviation from the underlying parameters will lead to additional returns. For example, lower than expected expenses in our Property-Casualty business will lead to an improved combined ratio.

Operational risk

Operational risks represent losses resulting from inadequate or failed internal processes, from personnel and systems, or from external events – including legal and compliance risk but excluding losses from strategic and reputational risk.

Operational risk remained mostly stable in the course of 2013. Small changes were driven by refinements in exposure coverage.

Allianz has developed a Group-wide consistent operational risk management framework that focuses on the early recognition and proactive management of operational risks in all business and supporting functions. The framework defines roles and responsibilities, risk processes and methods and has been implemented in our major operating entities. Local risk managers ensure this framework is implemented in their respective operating entities. These identify and evaluate relevant operational risks and control weaknesses via a structured self-assessment. Furthermore, operational risk events are collected in a central loss database. An analysis of the causes of significant losses is carried out to provide comprehensive and timely information to senior management and operating entities so they can implement measures aimed at avoiding or reducing future losses.

ALLOCATED INTERNAL OPERATIONAL RISK CAPITAL BY BUSINESS SEGMENT, (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)

PRE-DIVERSIFIED, € MN as of 31 December	2013	2012
Property-Casualty	1,268	1,287
Life/Health	917	914
Asset Management	586	576
Corporate and Other	385	249
Total Group internal credit risk capital	3,156	3,026
Share of total Group internal risk capital	7.4%	6.7%

Major failures and disasters which could cause a severe disruption to our working environment, facilities and personnel 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 shocks and enables them to carry out their core tasks on time and at the highest standard. Regularly enhanced, BCM activities and knowledge are embedded in the company's risk management processes.

Dedicated minimum-security standards are in place for 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 internal control system is designed to mitigate operational risks.[1]

In general, we aim to reduce operational failures by documenting and sharing relevant methods, procedures, structures and processes in a comprehensive and timely manner across the Group, which is one of the fundamental principles of the Allianz Group Risk Policy.

By measuring our operational risk and further developing mitigation actions to manage the root causes we see the opportunity to reduce our operational risk exposure.

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 strategic, liquidity and reputational risk.

1 — For additional information regarding our internal control over financial reporting, please refer to the chapter Internal controls over financial reporting starting on page 65.

Strategic risk

Strategic risk is the risk of an unexpected negative change in the company's value arising from the adverse effect of management decisions regarding business strategies and their implementation.

This risk is evaluated and analyzed quarterly in the same way as reputational risk, as described below. To ensure proper implementation of strategic goals in the current business plan, strategic controls are carried out by monitoring respective business targets. We also constantly monitor market and competitive conditions, capital market requirements, regulatory conditions, etc. to decide whether to make 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 in these discussions.

Liquidity risk

Liquidity risk is defined as the risk that short-term, current or future payment obligations cannot be met or can only be met on the basis of adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash payments and funding obligations. Detailed information regarding Allianz Group's liquidity risk exposure, liquidity and funding – including changes in cash and cash equivalents – is provided in the chapter Liquidity and Funding Resources from PAGE 26 onwards.

The main goal of planning and managing Allianz SE's liquidity position is to ensure that we are 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 time horizons of 12 months and three years is reported to the Board of Management regularly.

The accumulated short-term liquidity forecast is updated daily and is subject to an absolute minimum strategic cushion amount and an absolute minimum liquidity target. Both are defined for the Allianz SE cash pool in order to be protected against short-term liquidity crises. As part of our 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 conditions. 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.

Our insurance operating entities manage liquidity risk locally, using asset-liability management systems designed to ensure that assets and liabilities are adequately matched. This decentralized approach guarantees sufficient flexibility in providing liquidity. 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 the case of unlikely events. 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 at the operating entity level and aggregated at Group level.

Regarding 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 the liquidity management framework implemented in Allianz Asset Management.

Reputational risk

Allianz's reputation as a well-respected and socially aware provider of financial services is influenced by our behavior in a range of areas such as product quality, corporate governance, financial performance, customer service, employee relations, intellectual capital and corporate responsibility. Reputational risk is the risk of an unexpected drop in the value of the Allianz share price, the value of the in-force business or the value of future business caused by a decline in our reputation.

With the support of Group Communications, Group Compliance and the ESG Office[1], Group Risk defines sensitive business areas and applicable risk guidelines, which are mandatory for all operating entities in the Allianz Group. All affected Group and operating entity functions cooperate in the identification of reputational risk. Group Communications is responsible for the risk assessment, based on a Group-wide methodology. Single reputational risk management decisions are integrated in the overall risk management framework and reputational risks are identified and assessed as part of a quarterly Top Risk Assessment, during which senior management also decides on a risk management strategy and related actions. In addition, reputational risk is managed on a case-by-case basis. Single cases with a potential impact on other operating entities or the Group have to be reported to Allianz SE for pre-approval.

1 — The Allianz Environmental, Social, Governance (ESG) Board and ESG office are constituted as advisor to the Board of Management of Allianz SE and will further elevate environmental, social and governance aspects in corporate governance and decision-making processes of Allianz Group.

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 integral part of our business process. Our risk management framework covers, on a risk based approach, all operations including IT, processes, products and departments/subsidiaries within the Group. 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 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 identified, analyzed, assessed and managed in a consistent manner across the Group. Our 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 approvals, new product approvals and strategic or tactical asset allocations. 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 senior management with the transparency and risk indicators to help them decide 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.

Communication and transparency: Finally, transparent and robust risk disclosure provides the basis for communicating this strategy to our internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the entire Group.

RISK GOVERNANCE STRUCTURE

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

Supervisory Board and Board of Management

Within our risk governance system the Supervisory Board and Board of Management of Allianz SE have both Allianz SE and Group-wide responsibilities and have set up committees to provide them with support. Examples include:

Supervisory Board

The Risk Committee supervises the effectiveness of the Allianz risk management and monitoring framework. Furthermore, it focuses on 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 out in the Allianz Group Risk Policy, which is 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 is authorized by the Board of Management to oversee 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 by setting 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 a 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. 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 including the internal control framework.

Group Risk

Group Risk is headed by the Group Chief Risk Officer and reports to the Board member responsible for Finance, Controlling and Risk. Group Risk supports the aforementioned Allianz Group committees responsible for risk oversight through the analysis and communication of risk management related information and 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 risk management through the development of a common risk management framework and 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 the attention of management.

Operating entities

Operating entities are responsible for their own risk management, including adherence to both external requirements (for example, those imposed by local regulators) and internal Group-wide standards.

The operating entities' Board of Management is responsible for setting and approving an operating entity risk strategy during the annual Strategic and Planning Dialogues with the Group and ensuring operating entity adherence to this risk strategy.

All business line management functions with 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 operating entity policy framework. Second line of defense functions, where possible, support business functions in proactive risk management.

A risk function that is independent from the business line management is established by the operating entity. This function operates under the direction of the operating entity Chief Risk Officer who is responsible for overseeing the risk function. In addition, a local Risk Committee supports both the operating entity Board of Management and the Chief Risk Officer by acting as the primary risk controlling body. Group Risk is also represented on 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 operating entity Risk function, Legal and Compliance functions have been established at both Group and operating entity level, constituting additional components of the second line of defense.

Group Legal and Compliance 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. Compliance risk is the risk of legal or regulatory sanctions, material financial loss or loss to reputation that an undertaking may suffer as a result of not complying with applicable laws, regulations and administrative provisions. The objectives of Group Legal and Compliance are to ensure that 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. Group Legal and Compliance is in addition responsible for integrity management – which aims to protect the Allianz Group, our operating entities and employees from regulatory risks.

In order to adapt to a continually changing environment, the Global Issues Forum (GIF) supports the Group in the assessment of long-term trend changes in the risk landscape on a timely basis. As an active participant in 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.

Risk management priorities for 2014

In addition to maintaining our high standards and practices in day-to-day risk management and control, we have set the following priorities for 2014.

Our first priority is to continue to refine and improve our business steering frameworks in light of the lessons learned from the financial market uncertainty. This addresses in particular the European sovereign debt crisis and a sustained low interest rate environment. In addition we will reorganize our committee structure to further strengthen our risk governance and to foster efficient risk management decisions. In particular, we will merge the Group Risk Committee and Group Finance Committee into a new Group Finance and Risk Committee (GFRC). Furthermore, the Group Capital Committee will be strengthened to speed up decision processes.

Our second priority is to prepare for the Solvency II internal model application process. To this end, we will continue to actively participate in the pre-approval process for Solvency II with the relevant European supervisors. However, given the remaining uncertainty surrounding the final implementation measures and their interpretation, we will need to adapt our internal risk capital framework and risk processes as necessary to comply with the evolving Solvency II standards. In particular, we anticipate reviewing our transferability and fungibility restrictions, replacing the illiquidity premium with a so-called "volatility adjustment" for the valuation of life technical provisions, reviewing our credit and credit spread risk approach as well as our aggregation approach, each of which may have an impact on our internal model solvency ratio.

Our third priority is to ensure that we also meet the emerging requirements being defined for G-SIIs, focusing especially in 2014 on developing a Recovery Plan.

Further future challenges and opportunities[1]

The success of our business is heavily affected by a variety of global, long-term issues. To ensure our sustainable and profitable growth, our strategy places a high priority on monitoring, analyzing and responding to the challenges and opportunities these issues present, today and tomorrow.

By consistently following our Group strategy, we are confident that the Allianz Group is in a privileged position to build on this trust and deal with the challenges and opportunities ahead.

Key challenges and opportunities, as we see them, are outlined below.

CLIMATE CHANGE AND SOCIETAL CHALLENGES

Global warming threatens to change our climate. We are well aware that climate change could result in a range of compound risks and opportunities that affect our entire business. We have been implementing a Group-wide strategy covering climate-related risks and opportunities for our business and our customers. We finance and insure low-carbon energy projects, such as wind and solar, offer customers Green Solutions and provide them with advice on weather-related risk reduction. We incorporate environmental, social and governance factors into our asset management and reduce and offset our own carbon emissions.

Demographic changes are creating both opportunities and challenges for financial services providers. While the urban populations of Asia and Africa are expanding and their middle classes growing, Western populations are aging and their workforces shrinking. With more people over 60 years old than ever before, and declining birth rates, social security systems are under pressure and demand is growing for additional pension provisions. We are responding to these trends through integrated asset management and insurance solutions. Our solid market position in continental Europe and the United States, as well as our strong brand and well-diversified product portfolio put us in an excellent position to further benefit from providing products and services for old-age, health care and assistance.

In emerging economies, the need for formal social security systems is growing due to the weakening of traditional family ties and support networks. From life to health and crop insurance, our growing microinsurance portfolio helps low-income families in developing countries to protect themselves against and better manage the risks in life to build a more secure future. Although financial returns from microinsurance are much lower than from traditional products, we believe that satisfied microinsurance policyholders will bring a mid-to long-term return on investment as many of them move up the economic ladder and graduate towards more regular Allianz products.

The evolution of the digital world has dramatically changed the way customers consume media, search for information or recommendations and buy products. Social networks and other online channels are gaining in importance. In parallel, expectations of service levels are increasing. We are continuously adapting to this new digital lifestyle to stay connected with our stakeholders and improve customer service. In the framework of the Allianz Digital Target Picture program we leverage the opportunities that changing customer preferences provide.

1 — For further information on the Cautionary note regarding forward-looking statements, please refer to the chapter Executive Summary and Outlook from page 17 onwards.

REGULATORY AND LEGAL CHANGES

The insurance industry is faced with increased regulation in developed markets, for example Solvency II in the European Union and the systemic risk discussions (G-SII) led by the Financial Stability Board.

In July 2013, Allianz was identified as global systemically important insurer (G-SII). Policy measures applicable to G-SIIs include recovery and resolution planning requirements, enhanced group-wide supervision and – most likely – harmonized and potentially higher capital requirements. In any event, administrative costs relating to recovery and resolution planning measures will increase.

In addition, Solvency II in particular may heavily impact long-term savings businesses and may also make investments in equities and other asset classes less attractive.

However, these regulatory trends could open up major opportunities as greater capital needs and regulation may lead to sector consolidation where only financially sound insurance companies will survive.

RISK AND OPPORTUNITY MANAGEMENT STRATEGIC INVESTMENTS

As previously described, the Group has a well-established strategy and planning process with all Group operating entities (OEs) which allows us to understand and respond to local risks and opportunities. This strong diversification across markets, business segments and customer groups gives Allianz a powerful lever to identify new opportunities and manage risks.

In addition to these joint efforts, Allianz has built four operational and strategic pillars to help the Group create opportunities on a wider basis:

Digitalization, enabling us to take advantage of new products through channels to new markets at lower cost: Digitalization is one of our major ongoing Group initiatives and affects all areas of Allianz, including our customers and our employees. This initiative spans everything from the design of new modular products, to new forms of access, to servicing existing customers in a better way. For example we are developing web-based and multi-access customer interaction tools to address changing customer behaviors. On the operational side, we are harmonizing systems across the Group to reduce complexity and improve efficiency. We are making considerable progress in this Group-wide digital transformation program and will invest approximately €300 MN in 2014 to build reusable assets in the three areas of the Allianz Digital Target Picture: Customer Interaction, Analytics & Products and Productivity. These initiatives are based on multi-year strategic infrastructure programs. Allianz will invest approximately €200 MN in 2014 focused primarily on the consolidation of data center operations worldwide and on the implementation of a private global network. Digitalization is also the basis for enhanced management information systems to improve steering. When driving digitalization, security and data confidentiality remain a major priority.

Capital allocation, ensuring that capital is available and allocated appropriately to finance growth initiatives and leveraging the Group's diversification benefits: In 2013, through our focus on capital allocation, we increased dividend payments from our OEs to further allow the Group to support the financing of growth initiatives. The introduction of further refined return on capital metrics at the level of lines of business further supports the Group's strategic decision making.

Leverage Group synergies: We continue to leverage Group synergies via know-how and best practice sharing in underwriting, product development and operations through Global Property-Casualty and Global Life/Health units. At the same time, we are further developing shared services in various areas, especially in Operations and Finance. Numerous internal efforts are ongoing to identify improvement potentials and share best practices, e.g. in Operations and in Claims Management. In Human Resources, we are strengthening our efforts for international rotation of talents.

Strategic Investments: Strategic investments also open up new business opportunities. For example, Allianz is growing its Business to Business to Customer (B2B2C) area. By pairing up value propositions – Automotive with Roadside Assistance, and International Health with Corporate Assistance – under the roof of Allianz Worldwide Partners, we are taking a distinctive position in the B2B2C market. One major advantage for us is to extend agreements with distributors across global markets in a seamless manner. Allianz also operates an incubator to develop and pilot innovative ideas before they are implemented across the Group.

Corporate Governance Report

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE attach great importance to complying with the recommendations of the German Corporate Governance Code (referred to hereinafter as the "Code"). Allianz SE complies with all but one of the current Code's recommendations and with all its suggestions. The Declaration of Conformity issued by the Board of Management and Supervisory Board on 12 December 2013 and the company's position regarding the Code's suggestions can be found in the Statement on Corporate Management pursuant to §289a of the HGB starting on PAGE 50.

Corporate constitution of the European Company

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act (SE-Ausführungsgesetz) in addition to German stock corporation law. The main features of the German stock corporation – 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 WWW.ALLIANZ.COM/ALLIANZ-SE.

Function of the Board of Management

The Board of Management manages Allianz SE and the Allianz Group. It currently comprises eleven members. Its responsibilities include setting business objectives and the strategic direction, coordinating and supervising the operating entities, as well as implementing and overseeing an efficient risk management system. In this context, the Board of Management is responsible for monitoring adherence to statutory provisions and official regulations. The Board of Management also prepares the quarterly and half-yearly financial reports, as well as the Group's consolidated financial statements and the annual financial statements of Allianz SE.

The members of the Board of Management are jointly responsible for management. Notwithstanding this overall responsibility, the individual members of the Board head the departments they have been assigned independently. There are divisional responsibilities for business segments as well as functional responsibilities. The latter include the Chairman's division, the Finance-, Risk Management- and Controlling-Function, Investments, Operations – including IT –, Human Resources, Legal and Compliance, and Mergers & Acquisitions. 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 set out for the specific responsibilities of Board members, matters reserved for the whole Board and other procedures necessary to pass resolutions.

Regular Board of Management meetings are led by the Chairman. Each member of the Board may request a meeting, providing notification of the proposed resolution. The Board takes decisions by ordinary resolution of participating members. In the event of a tie, the Chairman casts the deciding vote. The Chairman can also veto decisions but cannot impose any decisions against the majority vote on the Board of Management.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2013, the following Board committees helped to improve the efficiency of the work done by the Board of Management.

BOARD COMMITTEES

BOARD COMMITTEES	RESPONSIBILITIES
GROUP CAPITAL COMMITTEE Michael Diekmann (Chairman), Dr. Dieter Wemmer, Dr. Maximilian Zimmerer	Proposals to the Board of Management concerning risk strategy, strategic asset allocation and risk capital allocation within the Group.
GROUP FINANCE COMMITTEE Dr. Maximilian Zimmerer (Chairman), Dr. Helga Jung, Jay Ralph, Dr. Dieter Wemmer, Dr. Werner Zedelius	Deciding on material investments, preparing and monitoring the Group's investment policy, financing and capital management.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Jay Ralph, Dr. Dieter Wemmer, Dr. Werner Zedelius	Developing, implementing and monitoring a Group-wide IT strategy, approval of relevant IT investments.
GROUP RISK COMMITTEE Dr. Dieter Wemmer (Chairman), Clement Booth, Jay Ralph, Dr. Maximilian Zimmerer	Establishing and overseeing a Group-wide risk management and monitoring system.

as of 31 December 2013

Besides Board committees, there are also Group committees whose job it is to 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

GROUP COMMITTEES	RESPONSIBILITIES
GROUP COMPENSATION COMMITTEE Board members and executives reporting to the Allianz SE Board of Management	Designing, monitoring and improving compensation systems, annual submission of a report on the results of its monitoring, along with proposals for improvements.
GROUP UNDERWRITING COMMITTEE Members of the Board of Management, executives below Allianz SE Board level and Chief Underwriting Officers of Group companies	Monitoring of the underwriting business and related risk management, developing an underwriting policy and strategy.
INTERNATIONAL EXECUTIVE COMMITTEE All members of the Board of Management of Allianz SE and Managing Directors of the major subsidiaries of Allianz Group	Discussion of overall strategic issues for the Allianz Group.

The responsibilities and composition of the Board of Management and Group committees are set out in the respective Rules of Procedure, which require the approval of the Board of Management. In December 2013, the Board approved certain changes to the responsibilities of the Board and Group committees to harmonize them with the responsibilities of Board members. These changes come into force in financial year 2014.

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 the members of the Board of Management (for details, please see the Remuneration Report starting on PAGE 52). When filling managerial positions, the Board of Management takes diversity into consideration. For example, 30% of managerial positions in the Allianz Group in Germany are targeted to be filled by women by 2015.

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.

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 (AGM). 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, the Statutes also 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 acquisitions of companies and holdings in companies as well as divestments of Group companies which exceed certain threshold levels. 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) does not apply to Allianz SE because it has the legal form of a European Company (SE). The size and composition of the Supervisory Board are instead determined by general European SE regulations. These regulations are implemented in the Statutes and by the Agreement concerning the Participation of Employees in Allianz SE dated 20 September 2006. The agreement can be found on our website at WWW.ALLIANZ.COM/ALLIANZ-SE.

The Supervisory Board comprises twelve members appointed by the AGM. Six of these twelve members are appointed on the basis of proposals from employees, which the AGM 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 Italy. The last regular election of the Supervisory Board took place in May 2012 for a term lasting until the end of the ordinary AGM in 2017.

The Supervisory Board oversees and advises the Board of Management on managing the business. It is also responsible for appointing the members of the Board of Management, determining their overall remuneration and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2013 financial year are described in the Supervisory Board Report starting on PAGE 5.

The Supervisory Board held six regular meetings in financial year 2013 and is scheduled to meet three times each half calendar year in the future. 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 do not apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who at Allianz SE 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 the employee representatives.

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 recommendations from 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 its committees.

SUPERVISORY BOARD COMMITTEES

SUPERVISORY BOARD COMMITTEES	RESPONSIBILITIES
STANDING COMMITTEE 5 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – Two further shareholder representatives (Prof. Dr. Renate Köcher, Dr. Wulf H. Bernotat) – Two employee representatives (Gabriele Burkhardt-Berg, 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 Compliance pursuant to § 161 Aktiengesetz (German Stock Corporation Act) and control of corporate governance – Preparation of the self-evaluation of the Supervisory Board
AUDIT COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Dr. Wulf H. Bernotat) – Three shareholder representatives (Dr. Wulf H. Bernotat, Igor Landau, Dr. Helmut Perlet) – Two employee representatives (Ira Gloe-Semler, Jean-Jacques Cette)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (incl. Risk Report) and the dividend proposal, review of half-yearly and quarterly financial reports – Monitoring of the financial reporting process, the effectiveness of the internal control and audit system and legal and compliance issues – Monitoring of the audit procedures, including the independence of the auditor and the services additionally rendered, awarding of the audit contract and discussion of key issues related to the external audit
RISK COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Dr. Helmut Perlet) – Three shareholder representatives (Christine Bosse, Dr. Helmut Perlet, Peter Denis Sutherland) – Two employee representatives (Dante Barban, Franz Heiß)	– Monitoring of the risk situation and special risk developments in the Allianz Group – Monitoring of the effectiveness of the risk management system – 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, informing the Audit Committee on the results of such reviews
PERSONNEL COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – One further shareholder representative (Christine Bosse) – One employee representative (Rolf Zimmermann)	– Preparation of the appointment of Board of Management members – Preparation of plenary session resolutions on the compensation system and the overall compensation of Board of Management members – Conclusion, amendment and termination of service contracts of Board of Management members unless reserved for the plenary session – Long-term succession planning for the Board of Management, taking diversity into account and, in particular, aiming for adequate representation of women – Approval of the assumption of other mandates by Board of Management members
NOMINATION COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – Two further shareholder representatives (Prof. Dr. Renate Köcher, Peter Denis Sutherland)	– Setting of concrete objectives for the composition of the Supervisory Board – Establishment of selection criteria for shareholder representatives on the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board – Selection of suitable candidates for election to the Supervisory Board as shareholder representatives

PUBLICATION OF DETAILS OF MEMBERS' PARTICIPATION IN MEETINGS

The Supervisory Board considers it good corporate governance to publish the details of individual members' participation in plenary sessions and committee meetings.

PUBLICATION OF DETAILS OF MEMBERS' PARTICIPATION IN MEETINGS

	PRESENCE	IN PERCENT
PLENARY SESSIONS OF THE SUPERVISORY BOARD		
Dr. Helmut Perlet (Chairman)	6/6	100
Dr. Wulf H. Bernotat (Vice Chairman)	6/6	100
Rolf Zimmermann (Vice Chairman)	6/6	100
Dante Barban	6/6	100
Christine Bosse	6/6	100
Gabriele Burkhardt-Berg	6/6	100
Jean-Jacques Cette	6/6	100
Ira Gloe-Semler	4/6[1]	66.67
Franz Heiß	6/6	100
Prof. Dr. Renate Köcher	4/6[1]	66.67
Igor Landau	6/6	100
Peter Denis Sutherland	5/6[1]	83.33
STANDING COMMITTEE		
Dr. Helmut Perlet (Chairman)	5/5	100
Dr. Wulf H. Bernotat	5/5	100
Gabriele Burkhardt-Berg	5/5	100
Prof. Dr. Renate Köcher	3/5[1]	60
Rolf Zimmermann	5/5	100
PERSONNEL COMMITTEE		
Dr. Helmut Perlet (Chairman)	4/4	100
Christine Bosse	4/4	100
Rolf Zimmermann	4/4	100
AUDIT COMMITTEE		
Dr. Wulf H. Bernotat (Chairman)	5/5	100
Jean-Jacques Cette	5/5	100
Ira Gloe-Semler	4/5[1]	80
Igor Landau	5/5	100
Dr. Helmut Perlet	5/5	100
RISK COMMITTEE		
Dr. Helmut Perlet (Chairman)	2/2	100
Dante Barban	2/2	100
Christine Bosse	2/2	100
Franz Heiß	2/2	100
Peter Denis Sutherland	2/2	100

1 — Excused.

OBJECTIVES OF THE SUPERVISORY BOARD 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 12 December 2012:

OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

"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 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 for by the SE Agreement concerning the Participation of Employees dated 20 September 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:[1]

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 in time and substance
- Fulfillment of the regulatory requirements:
  - Reliability
  - Knowledge of the field of corporate governance and supervisory law[1]
  - Knowledge of the main features of accounting and risk management[1]
- Compliance with the limitation on the number of mandates as recommended by the German Corporate Governance Code and required by § 7a (4) of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz – VAG").

2. Independence

At least eight members of the Supervisory Board should be independent as defined by 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, a controlling shareholder or an enterprise associated with the latter, which may cause a substantial and not merely temporary conflict of interests. In case shareholder representatives and employee representatives are viewed separately, at least four members should be independent within the meaning of No. 5.4.2 of the Corporate Governance Code, respectively. Regarding employee representatives, however, the mere fact of employee representation and the existence of a working relationship with the company shall not itself affect independence.

In addition, at least one member must be independent within the meaning of § 100 (5) of the German Stock Corporation Act.

It must be taken into account that the possible emergence of conflicts of interest in individual cases cannot, as a general rule, be excluded. Potential conflicts of interest 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 as defined by § 100 (5) AktG
- 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.

Since the establishment of Allianz SE as a Societas Europaea (European Company), Allianz employees from different Member States of the EU are considered in the distribution of Supervisory Board seats for employee representatives, according to the Agreement concerning the Participation of Employees in Allianz SE dated 20 September 2006.

3. Diversity and appropriate representation of women

The members of the Supervisory Board shall complement one another regarding their background, professional experience and specialist knowledge, in order to provide the Supervisory Board with the most diverse sources of experience and specialist knowledge possible.

The aim is for at least 25% of the Supervisory Board members to be women. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives."

1 — See the BaFin notice on the monitoring of members of administrative and supervisory bodies pursuant to the German Banking Act (KWG) and the German Insurance Supervision Act (VAG) dated 3 December 2012.

The composition of the Supervisory Board of Allianz SE reflects these objectives. It has an appropriate number of independent members with international backgrounds. With a current complement of four female members, the goal of ensuring that women are adequately represented on the Supervisory Board is being met. The current composition of the Supervisory Board and its committees is described on PAGE 11.

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 31 December 2013.

Directors' dealings

Members of the Board of Management and the Supervisory Board are obliged by the German Securities Trading Act (Wertpapierhandelsgesetz) to disclose any transactions involving shares of Allianz SE or financial instruments based on them to both Allianz SE and the German Federal Financial Supervisory Authority should the value of the shares acquired or divested by the member or a person closely associated to the member, amount to five thousand Euros or more within a calendar year. Such disclosures are published on our website at WWW.ALLIANZ.COM/MANAGEMENT-BOARD and WWW.ALLIANZ.COM/SUPERVISORY-BOARD.

Annual General Meeting

Shareholders exercise their rights at the AGM. When adopting resolutions, each share carries one vote. In order to facilitate the exercise of shareholders' rights, Allianz SE allows shareholders to follow the AGM'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 voting. 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.

The AGM elects the members of the Supervisory Board and approves the 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 the company's Statutes. In accordance with European regulations and the Statutes, changes to the Statutes require a two-thirds majority of votes cast in case less than half of the share capital is represented in the AGM. Each year, an ordinary AGM 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 AGM.

Accounting policies and audit of financial statements

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

In compliance with special legal provisions that apply 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 AGM. The 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 financial statements and the respective management reports are published within 90 days of the end of each financial year. Additional information is provided in the Allianz Group's quarterly and half-yearly financial reports, which are reviewed by the auditor. Information is also made available at the AGM, at press conferences and analysts' meetings, as well as on the Allianz Group's website. Our website also provides a financial calendar listing the dates of major publications and events, such as annual reports, quarterly and half-yearly financial reports and AGMs.

The financial calendar for 2014 can be found on our website at WWW.ALLIANZ.COM/FINANCIALCALENDAR.

Outlook

As it sets about implementing the regulatory requirements of the future Solvency II supervisory regime, the Allianz Group will continue to develop its existing governance system – particularly in the areas of risk management and control systems.

Statement on Corporate Management pursuant to § 289a of the HGB

The Statement on Corporate Management pursuant to § 289a of the German Commercial Code ("Handelsgesetzbuch – HGB") forms part of the Group 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 12 December 2013, the Board of Management and the Supervisory Board issued the following Declaration of Compliance of Allianz SE with the German Corporate Governance Code:

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

"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 (Code Commission) in the version of 13 May 2013, published by the Federal Ministry of Justice in the official section of the Federal Gazette (Bundesanzeiger), with the following exception:

   According to Item 5.3.2. of the German Corporate Governance Code, the Audit Committee of the Supervisory Board shall be responsible for the monitoring of the risk management system. The Supervisory Board of Allianz SE has additionally established a specific Risk Committee, which is, inter alia, responsible for the monitoring of the risk management system instead of the Audit Committee.

2. Since the last Declaration of Conformity as of 12 December 2012, Allianz SE has fully complied with the recommendations of the Code Commission in the version of 15 May 2012.

Munich, 12 December 2013
Allianz SE

For the Board of Management:
Signed Michael Diekmann — Signed Dr. Helga Jung

For the Supervisory Board:
Signed Dr. Helmut Perlet"

In addition, Allianz SE follows all the suggestions of the German Corporate Governance Code Commission in its 13 May 2013 version and also followed all suggestions in the previous version of 15 May 2012.

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 2013, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the German Corporate Governance Code in its version of 13 May 2013.

Corporate governance practices

INTERNAL CONTROL SYSTEMS

Effective internal control systems for our internal and external financial reporting are essential in order to gain the confidence of the capital market, our customers and the public. Consequently, the Allianz Group has implemented a comprehensive risk management system that involves regular assessments of the effectiveness of internal controls as well as a quantitative limit system that helps the company avoid unwanted risks. The internal requirements regarding the control of financial reporting refer to accounting, the reporting of Market Consistent Embedded Value (MCEV), and risk capital. For further information on the risk organization and risk principles, please refer to PAGE 41. (For further information on the internal controls over financial reporting and risk capital, please refer to PAGE 65.)

The quality of the internal control systems is assessed by internal audit staff of the Allianz Group 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 introducing a systematic, disciplined approach and thus contributing to the evaluation and improvement of the effectiveness of the 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 its governance processes and structures.

COMPLIANCE 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 the global compliance program coordinated by its independent central compliance department, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules-compliant and value-based corporate governance. These include the principles of the United Nations (UN) Global Compact, the Guidelines of the Organization for Economic Co-operation and Development (OECD) for Multinational Enterprises, and European and international standards on combating corruption and bribery, combating money laundering and terrorism financing, data protection, consumer protection, and economic and financial sanctions. Allianz counteracts the risks that might arise from non-compliance with legal regulations and provisions (compliance risk) through its support for and acceptance of these standards. The central compliance department is responsible, in close cooperation with local compliance departments, for ensuring the effective implementation and monitoring of the compliance program within the Allianz Group as well as for the investigation of potential compliance infringements.

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

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 the Allianz Group. In order to transmit the principles of the Code of Conduct and the internal compliance program based on these principles, Allianz has implemented interactive training programs around the world. These provide practical guidelines which enable employees to come to their own decisions. The Code of Conduct also forms the basis for guidelines and controls to ensure fair dealings with Allianz Group customers (sales compliance).

There are legal provisions against corruption and bribery in almost all countries in which Allianz has a presence. The global Anti-Corruption Program of the Allianz Group ensures the continuous monitoring and improvement of the internal anti-corruption controls.

A major component of the Allianz Group'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.

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

A description of the composition of the Supervisory Board and its committees can be found on PAGES 9 AND 11 of the Annual Report. On PAGES 12 TO 13, 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 45 of the Corporate Governance Report. The information can also be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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 45 and on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

Remuneration Report

This report covers the remuneration arrangements for the Board of Management and the Supervisory Board of Allianz SE.

Allianz SE Board of Management remuneration

GOVERNANCE SYSTEM

The remuneration of the Board of Management is decided upon by the entire Supervisory Board. Such decisions are prepared by the Personnel Committee. If required, outside advice is sought from independent external consultants. The Personnel Committee and the 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 section. The remuneration system for the Board of Management was presented and approved at the 2010 Annual General Meeting.

REMUNERATION PRINCIPLES AND MARKET POSITIONING

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

- *Support of 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 focused on sustainability:* Two thirds of the variable remuneration reflect longer-term performance. One third is a deferred payout after three years based on a sustainability assessment covering the three-year period. The other third rewards sustained performance through share price development with a deferred payout after five years.
- *Alignment with shareholder interests:* 25% of total target direct remuneration is dependent upon share price performance.

The structure, weighting and level of remuneration is decided by the Supervisory Board. Remuneration survey data is provided by external consultants. The peer group consists primarily of other DAX 30 companies. Compensation levels usually vary between the median and around the third quartile of this group. The structure of Allianz Group's total remuneration is more strongly weighted to variable, longer-term components than in other DAX 30 companies. Remuneration and benefit arrangements are also periodically compared with best practices. The Supervisory Board takes remuneration levels within the Group into account when assessing the appropriateness of the remuneration of the Board of Management.

REMUNERATION STRUCTURE, COMPONENTS AND TARGET SETTING PROCESS

There are four main remuneration components. Each has approximately the same weighting within annual target remuneration: base salary, annual bonus, annualized mid-term bonus (MTB) and equity-related remuneration. The target compensation of each variable component does not exceed the base salary, with the total target variable compensation not exceeding three times the base salary. In addition Allianz offers pensions/similar benefits and perquisites.

Base salary

Base salary is the fixed remuneration component and is expressed as an annual cash sum, paid in twelve monthly installments.

Variable remuneration

Variable remuneration aims to balance short-term performance, longer-term success and sustained value creation.

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. Every three years the MTB sustainability criteria are set for the following mid-term period.

All variable awards are made under the rules and conditions of the "Allianz Sustained Performance Plan" (ASPP) which consists of the equally-weighted components below. The grant of variable remuneration components is related to performance and can vary between 0% and 165% of the respective target values. For a regular member of the Board of Management with a base salary and target variable compensation of €700 THOU for each variable remuneration component the minimum payout is €700 THOU if the performance was rated with 0% and no variable component was granted. The maximum total direct compensation (excluding perquisites) is €4,165 THOU if the performance reached the 165% cap: base salary €700 THOU + 165% of €2,100 THOU (= total of the three variable compensation components at target).

Variable compensation components:

— Annual bonus (short-term): A cash payment which rewards the achievement of quantitative and qualitative targets for the respective financial year and is paid the year following the performance year. Quantitative targets represent 75% and consist of 50% Group targets (equally split between annual operating profit and annual net income) and 25% divisional targets. For the divisional targets a new split was introduced for 2013: 10% annual operating profit, 10% annual net income and 5% dividend. Quantitative targets for board members with a functional focus are determined based on their key responsibilities. Qualitative targets reflect the specific individual priorities for 2013 per member of the Board of Management.

  The performance 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.

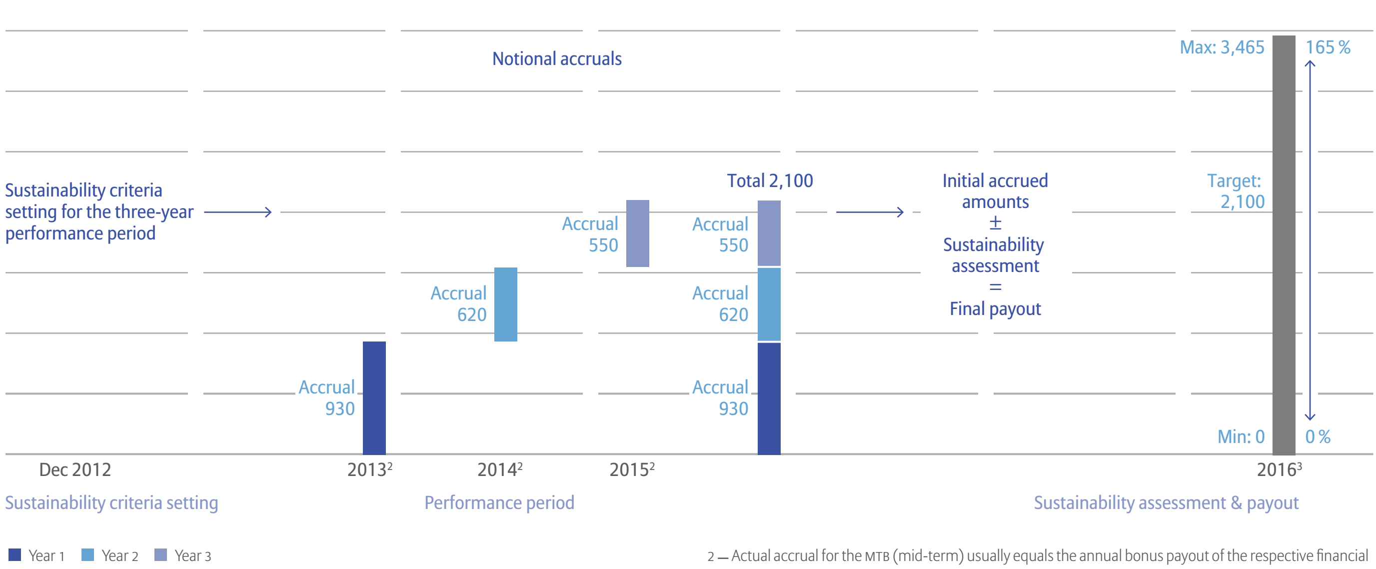
— MTB (mid-term): A deferred award which reflects the achievement of the annual targets by accruing an amount identical to the annual bonus. The actual award is subject to a three-year sustainability assessment and is paid at the end of a three-year performance cycle. The following criteria are considered:

  — adjusted capital growth vs. planned development in light of risk capital employed (adjusted capital essentially represents the fair value of the shareholders' equity)
  — balance sheet strength, i.e. development of solvency capital
  — comparison with peers
  — "partner of choice" for stakeholders
  — extraordinary events.

— Equity-related remuneration (long-term): A virtual share award, known as "Restricted Stock Units" (RSUs). RSUs are granted after the end of the financial year with the annual bonus performance determining the value of the equity grant. The 165% cap of the annual bonus also applies to the RSU grant value, which must not exceed €1,155 THOU for a regular member of the Board of Management with a €700 THOU target. The number of RSUs granted results from dividing the grant value by the value of an

ILLUSTRATION OF THE PROCESS AND THE UNDERLYING TIMELINE OF THE MTB CYCLE, FROM TARGET SETTING TO FINAL PERFORMANCE ASSESSMENT[1]

€ THOU



1 — Example based on target values of a regular member of the Board of Management with an annual target of €700 THOU for the MTB. Accrual is only a notional indication.

2 — Actual accrual for the MTB (mid-term) 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.

RSU at the time of grant. Following the end of the four-year vesting period, the company makes a cash payment based on the number of RSUs granted and the market price of the Allianz share at that time. To avoid extreme payouts, the RSU payout is capped at 200% above grant price.[1]

In accordance with the RSU rules, outstanding holdings are forfeited should a Board member leave at their own request or be terminated for cause.

Variable remuneration components may not be paid, or payment may be restricted in the case of a breach of the Allianz Code of Conduct, risk limits or compliance requirements. Additionally, a reduction or abandonment of variable remuneration may occur if the supervisory authority (BaFin) requires this in accordance with its statutory powers.

Pensions and similar benefits

To provide competitive and cost-effective retirement and disability benefits, since 1 January 2005 Board of Management members participate in a contribution based system. Prior to this date, Board members participated in a defined benefit plan that provided fixed benefits not linked to base salary increases. Benefits generated under this plan were frozen at the end of 2004. Additionally, most Board members participate in the Allianz Versorgungskasse VVaG (AVK), a contribution-based pension plan and the Allianz Pensionsverein e.V. (APV), which provide pension benefits for salaries up to the German social security ceiling.

Company contributions to 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 into a lifetime annuity. Each year the Supervisory Board decides whether, and to what extent, a budget is provided, also considering the targeted pension level. This budget includes a risk premium 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; an increase by projection may apply. In the case of death, a pension may be paid to dependents. Surviving dependents normally receive 60% (surviving partner) and 20% (per child) of the original Board member's pension, with the aggregate not to exceed 100%. Should Board membership cease prior to retirement age for other reasons, the accrued pension rights are maintained if vesting requirements are met.

Perquisites

Perquisites mainly consist of contributions to accident and liability insurances and the provision of a company car. Where applicable, expenses are paid for the maintenance of two households. 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 regularly the level of perquisites.

1 — The relevant share price used to determine the final number of RSUs granted and the 200% cap are only available after sign-off by the external auditors.

2013 REMUNERATION AND LINK TO PERFORMANCE

Total remuneration[1]*:* The following table shows individual remuneration for 2013 and 2012, including fixed and variable remuneration and pension service costs. To provide comparable disclosure to previous years, the remuneration table includes the annual accrual of the MTB.

INDIVIDUAL REMUNERATION: 2013 AND 2012

Total might not sum up due to rounding
€ THOU

		Fixed		Variable			Total	Pensions[1]	Total incl. Pensions[1]
Board members		Base salary	Perquisites	Annual bonus (short-term)[2]	MTB (mid-term)	Fair value of RSU award at date of grant (long-term)			
Michael Diekmann	2013	1,280	291[3]	1,581	1,581	1,581	6,315	914	7,229
(Chairman)	2012	1,280	23	1,498	1,498	1,498	5,798	824	6,622
Oliver Bäte	2013	750	53	1,003	1,003	1,003	3,811	350	4,161
	2012	750	58	946	946	946	3,646	277	3,923
Manuel Bauer	2013	700	16	927	927	927	3,497	298	3,795
	2012	700	16	899	899	899	3,412	272	3,684
Gary Bhojwani[4]	2013	350	3	471	471	471	1,766	–[5]	1,766
	2012	350	4	397	397	397	1,544	–[5]	1,544
Clement Booth	2013	750	85	873	945	945	3,598	410	4,008
	2012	750	137	877	926	926	3,616	394	4,009
Dr. Helga Jung	2013	700	14	904	904	904	3,426	279	3,705
	2012	700	11	857	857	857	3,281	267	3,549
Dr. Christof Mascher	2013	700	27	899	899	899	3,423	304	3,727
	2012	700	23	841	841	841	3,247	286	3,533
Jay Ralph	2013	700	28	948	948	948	3,571	236	3,807
	2012	700	36	943	943	943	3,566	234	3,800
Dr. Dieter Wemmer	2013	700	14	978	978	978	3,649	230	3,879
	2012	700	18	958	958	958	3,592	205	3,797
Dr. Werner Zedelius	2013	750	16	910	910	910	3,497	527	4,024
	2012	750	172[6]	896	896	896	3,611	485	4,096
Dr. Maximilian Zimmerer	2013	700	150[7]	924	924	924	3,622	369	3,991
	2012[8]	408	8	543	543	543	2,044	257	2,301
Total[9]	2013	**8,080**	**697**	**10,418**	**10,490**	**10,490**	**40,175**	**3,917**	**44,092**
	2012	**8,145**	**531**	**10,102**	**10,151**	**10,151**	**39,080**	**3,796**	**42,876**

1 — Details see section pensions. Total and previous years figures differ from the Annual Report 2012 due to change in pension disclosure to IFRS.
2 — Actual bonus paid in 2014 for fiscal year 2013 and in 2013 for fiscal year 2012.
3 — Michael Diekmann received an anniversary payment of €267 THOU.
4 — Gary Bhojwani's base salary and variable compensation is denominated in USD, the contractually agreed USD/€ exchange rate of 1.347910 (2011 fourth quarter average) was applied.
5 — Gary Bhojwani does not receive pension contributions into the Allianz SE pension plans but only under his Allianz of America employment agreement.
6 — Dr. Werner Zedelius received an anniversary payment of €156 THOU.
7 — Dr. Maximilian Zimmerer received an anniversary payment of €146 THOU.
8 — Dr. Maximilian Zimmerer joined Allianz SE Board of Management on 1 June 2012 and received a pro-rated remuneration for 2012.
9 — The total remuneration reflects the remuneration of the full Board of Management in the respective year, Dr. Paul Achleitner left the Board of Management of Allianz SE on 31 May 2012.

1 — Due to the rates of some Board of Management members their remuneration maybe split between Allianz SE and other companies they oversee – as approved by the Supervisory Board. For example in 2013 the split for Gary Bhojwani was 50% Allianz SE and 50% Allianz of America.

Below we discuss the 2013 remuneration results and the link to performance against targets for all key remuneration elements and the total remuneration of each member of the Board of Management.

- *Base salary:* Base salaries for 2013 were maintained at their existing levels.

- *Annual bonus:* The 2013 target achievement for the Group, the business division/corporate functions and the qualitative performance was on average assessed at 134% and ranged between 128% and 143%. Consequently, total annual bonus awards ranged between 128% and 143% of the target with an average bonus award of 134% of the target. This represents 83% of the maximum payout.

- *MTB 2013–15:* An accrual mirroring the annual bonus was made.

- *Equity-related remuneration:* In accordance with the approach described earlier, a number of RSUs were granted to each Board member in March 2014 which will vest in 2017 and be distributed/settled in 2018. At the time of grant, each award had the same value as the award for the 2013 annual bonus.

GRANTS, OUTSTANDING HOLDINGS AND EQUITY COMPENSATION EXPENSE UNDER THE ALLIANZ EQUITY PROGRAM[1]

	RSU[2]		SAR[3]	
Board members	Number of RSU granted on 3/13/2014[2]	Number of RSU held at 12/31/2013	Number of SAR held at 12/31/2013	Strike Price Range €
Michael Diekmann (Chairman)	15,479	64,070	53,879	87.36–160.13
Oliver Bäte	9,816	39,799	22,642	87.36–117.38
Manuel Bauer	9,076	23,935	12,789	87.36–160.13
Gary Bhojwani[4]	4,567	41,360	21,028	87.36–160.13
Clement Booth	9,250	39,748	36,075	87.36–160.13
Dr. Helga Jung	8,848	17,830	8,117	87.36–160.13
Dr. Christof Mascher	8,798	35,972	18,616	87.36–160.13
Jay Ralph	9,277	38,566	16,493	87.36–117.38
Dr. Dieter Wemmer	9,576	11,135	–	–
Dr. Werner Zedelius	8,913	44,708	39,414	87.36–160.13
Dr. Maximilian Zimmerer	9,048	24,787	16,780	87.36–160.13
Total	**102,648**	**381,910**	**245,833**	**–**

1 — The equity-related remuneration that applied before 2010 consisted of two vehicles, virtual stock awards known as RSUs and virtual stock options known as "Stock Appreciation Rights" (SAR). Only RSUs have been awarded as of 2010. The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 17).

2 — The relevant share price used to determine the final number of RSUs granted is only available after sign-off by the external auditors, thus numbers are based on a best estimate as well as the maximum amount distributed after the RSU portion has vested. As disclosed in the Annual Report 2012 the equity-related grant in 2013 was made to participants as part of their 2012 remuneration. The disclosure in the Annual Report 2012 was based on a best estimate of the RSU grants. The actual grants, as of 7 March 2013, deviated from the estimated values and have to be disclosed accordingly. The actual RSU grants as of 7 March 2013 under the Allianz equity program are as follows: Michael Diekmann: 17,415, Oliver Bäte: 10,995, Manuel Bauer: 10,446, Gary Bhojwani: 4,786.5, Clement Booth: 10,760, Dr. Helga Jung: 9,958, Dr. Christof Mascher: 9,778, Jay Ralph: 10,962, Dr. Dieter Wemmer: 11,135, Dr. Werner Zedelius: 10,419, Dr. Maximilian Zimmerer: 8,302.

3 — SARs are released to plan participants upon expiry of the vesting period, assuming all other exercise hurdles are met. For SARs granted until and including 2008, the vesting period was two years. For SARs granted from 2009, the vesting period is four years. SARs can be exercised on condition that the price of the Allianz SE stock is at least 20% above the strike price at the time of grant. 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.

4 — Gary Bhojwani's RSU grant will be based on his annual bonus amount of €942 THOU. The number of RSUs will be calculated in line with the process for other USD participants by application of the 2013 fourth quarter USD/€ exchange rate of 1.36138.

- *Pensions:* Company contributions in the current plan are 27.98% (2012: 28.35%) of base salary, increasing to 34.98% (2012: 35.44%) after five years and to 41.98% (2012: 42.53%) 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 defined benefit plan, the above contribution rates are reduced by an amount equivalent to 19% of the expected annual pension from that plan.

The following numbers provide an overview of the existing pension plans and are calculated in accordance with IFRS, based on a discount rate of 3.5% (2012: 3.25%).

The Allianz Group paid €4 MN (2012: €4 MN) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2013, reserves for pensions and similar benefits for active members of the Board of Management amounted to €41MN (2012: €36 MN).

INDIVIDUAL PENSIONS: 2013 AND 2012[1]

Total might not sum up due to rounding
€ THOU

		Defined benefit pension plan (frozen)			Current pension plan		AVK/APV[2]		Transition payment[3]		Total	
Board members		Annual pension payment[4]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]
Michael Diekmann	2013	337	285	7,527	585	4,867	9	192	35	1,114	914	13,699
(Chairman)	2012	337	226	7,297	561	3,861	6	186	31	1,053	824	12,397
Oliver Bäte	2013	–	–	–	318	1,839	3	16	29	194	350	2,049
	2012	–	–	–	248	1,367	3	14	26	163	277	1,544
Manuel Bauer	2013	57	54	1,261	234	1,306	9	120	–	1	298	2,688
	2012	57	43	1,216	223	970	6	160	–	1	272	2,347
Gary Bhojwani[7]	2013	–	–	–	–	–	–	–	–	–	–	–
	2012	–	–	–	–	–	–	–	–	–	–	–
Clement Booth	2013	–	–	–	325	2,655	3	19	82	693	410	3,367
	2012	–	–	–	315	2,101	2	17	77	594	394	2,712
Dr. Helga Jung	2013	62	40	806	231	1,099	9	152	–	–	279	2,057
	2012	62	29	786	232	824	6	149	–	–	267	1,759
Dr. Christof Mascher	2013	–	–	–	253	2,035	3	19	49	337	304	2,392
	2012	–	–	–	249	1,619	3	17	34	283	286	1,919
Jay Ralph	2013	–	–	–	233	1,086	3	10	–	1	236	1,096
	2012	–	–	–	231	765	3	8	–	–	234	773
Dr. Dieter Wemmer	2013	–	–	–	228	509	2	3	–	1	230	513
	2012	–	–	–	204	245	–	–	1	1	205	246
Dr. Werner Zedelius	2013	225	157	4,128	346	2,866	9	194	15	522	527	7,709
	2012	225	119	4,041	344	2,287	6	189	16	500	485	7,017
Dr. Maximilian Zimmerer	2013	161	108	2,759	212	1,877	9	188	39	522	369	5,346
	2012	161	48	2,704	103	1,511	4	184	102	476	257	4,875

1 — Previous years figures differ from the Annual Report 2012 due to change in pension disclosure to IFRS.
2 — Plan participants contribute 3% of their relevant salary to the AVK. For the AVK the minimum guaranteed interest rate is 2.75%–3.50% depending on the date of joining Allianz. In general, the company funds the balance required via the APV. Before Allianz's founding of the APV in 1998, both Allianz and the plan participants were contributing to the AVK.
3 — For details on the transition payment see section termination of service. In any event a death benefit is included.
4 — Expected annual pension payment at assumed retirement age (age 60), excluding current pension plan.
5 — SC = service cost. Service costs are calculatory costs for the DBO related to the reported business year.
6 — DBO = defined benefit obligation; end of year. The figures show the obligation for Allianz resulting from defined benefit plans taking into account realistic assumptions with regard to interest rate, dynamics and biometric probabilities.
7 — Gary Bhojwani only holds pension plans subject to his Allianz of America employment agreement, denominated in USD.

In 2013, remuneration and other benefits totaling €8 MN (2012: €7 MN) were paid to retired members of the Board of Management and dependents. Reserves for current pension obligations and accrued pension rights totaled €94 MN (2012: €98 MN).

– *Perquisites:* For 2013, the total value of the perquisites amounted to €0.7 MN (2012: €0.5 MN).

– *Total remuneration:* The total remuneration for 2013 excludes the notional annual accruals of the MTB 2013–15. The figures for 2012 (in parentheses) include the actual payout of the MTB 2010–12. Both figures exclude the pension service cost:

Michael Diekmann €4,734 (8,404) THOU
Oliver Bäte €2,808 (5,282) THOU
Manuel Bauer €2,570 (3,923) THOU
Gary Bhojwani[1] €1,295 (1,544) THOU
Clement Booth €2,725 (5,155) THOU
Dr. Helga Jung €2,522 (3,281) THOU
Dr. Christof Mascher €2,524 (4,283) THOU
Jay Ralph €2,623 (4,936) THOU
Dr. Dieter Wemmer €2,671 (3,592) THOU
Dr. Werner Zedelius €2,587 (5,007) THOU
Dr. Maximilian Zimmerer €2,698 (2,044) THOU.

1 — Gary Bhojwani's total remuneration is denominated in USD. The contractually agreed USD/€ exchange rate of 1.347910 (2011 fourth quarter average) was applied.

The sum of the total remuneration of the Board of Management for 2013, excluding the notional accruals of the MTB 2013–15, amounts to €30 mn (2012 including the payment of the MTB 2010–12: €51 MN[1]). The corresponding amount, including pension service cost, equals €34 MN (2012 including the payment of the MTB 2010–12: €55 MN[1]).

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2013, there were no outstanding loans granted by Allianz Group companies to members of the Board of Management.

TERMINATION OF SERVICE

Board of Management contracts are limited to a period of five years. For new appointments, in compliance with the German Corporate Governance Code, a shorter period is typical.

Arrangements for termination of service including retirement are as follows:

1. Board members who were appointed before 1 January 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". This 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

   if within twelve months after a change of control

   a. The Management Board appointment is unilaterally revoked by the Supervisory Board, or

   b. The Board member resigned 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 if the mandate expires and is not renewed 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.

1 — For joining or leaving members of the Allianz SE Board only the pro-rated MTB relating to their service as Board members is disclosed.

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

Termination of Service – details of the payment arrangements

Transition payment (Appointment before 1 January 2010)
Board members receiving a transition payment are subject to a six months non-compete clause.

The payment is calculated based on the last base salary (paid for a period of 6 months) and 25% of the target variable remuneration at the date when notice is given. A Board member with a base salary of €700 THOU would receive a maximum of €875 THOU.

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:

Whereby the annual compensation

1. is calculated on the basis of the previous year's annual base salary plus 50% of the target variable remuneration (for a Board member with a fixed base salary of €700 THOU the annual compensation would amount to €1,750 THOU; hence he/she would receive a maximum severance payment of €3,500 THOU); and

2. shall not exceed the latest year's actual total compensation.

In case the remaining term of contract is less than two years the payment is prorated according to the remaining term of the contract.

Change of Control
In case of early termination as a result of a change of control, severance payments made to Board members generally amount to a three years' compensation (annual compensation as defined above) and shall not exceed 150% of the severance payment cap (a Board member with a base salary of €700 THOU would receive a maximum of €5,250 THOU). Consequently, the payout is less than two years total remuneration at target (which would be €5,600 THOU).

MISCELLANEOUS

Internal and external Board appointments

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.

OUTLOOK FOR 2014

The Supervisory Board approved the following changes to the remuneration of the Board of Management in December 2013:

— The base salary of all regular members of the Board of Management has been harmonized for 2014. Those base salaries at €700 THOU for 2013 will be adjusted to €750 THOU.

— For all Board members, the respective target amounts for each of the variable components (annual bonus, MTB and equity-related) were aligned with the applicable base salary to ensure a pay split at target of 25% fixed and 75% variable compensation. From 2014, a regular Board member has a target amount of €750 THOU per variable component resulting in a total direct compensation at target of €3,000 THOU, the Chief Executive Officer a target amount of €1,280 THOU per variable component resulting in a total direct compensation at target of €5,120 THOU.

— The overall cap on the total variable compensation has been lowered from 165% to 150%, the cap for the single targets (quantitative Group targets, quantitative divisional targets, and qualitative targets) remained unchanged at 165%.

Overall, for a Board member with a current base salary of €700 THOU, the three measures lead to a reduction of €40 THOU at cap: the maximum direct compensation decreased from currently €4,165 THOU to €4,125 THOU. For the Chief Executive Officer this reduction equals €81 THOU at cap (from €7,121 THOU down to €7,040 THOU).

The pension contributions as a percentage of base salary paid by the company to the contribution-based pension plan remain unchanged.

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. The structure of the Supervisory Board's remuneration is regularly reviewed with respect to German, European and international corporate governance recommendations and regulations.

REMUNERATION PRINCIPLES

— Set total remuneration at a level aligned with the scale and scope of the Supervisory Board's duties and appropriate to the company's activities and 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 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 Supervisory Board member consists of a fixed cash amount paid after the end of each business year for services rendered over that period. A regular Supervisory Board member receives a fixed remuneration of €100 THOU per year. Each deputy Chairperson receives €150 THOU and the Chairperson €200 THOU.

Committee-related remuneration

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

COMMITTEE-RELATED REMUNERATION

€ THOU Committee	Chair	Member
Personnel Committee, Standing Committee, Risk Committee	40	20
Audit Committee	80	40
Nomination Committee	–	–

Attendance fees and expenses

In addition to the fixed and committee-related remuneration, members of the Supervisory Board receive an attendance fee of €750 for each Supervisory Board or committee meeting they attend in person. Should several meetings be held on the same or consecutive days, the attendance fee will be paid only once. Allianz SE reimburses the members of the Supervisory Board for their out-of-pocket expenses and the VAT payable on their Supervisory Board activity. 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 2013, Allianz SE reimbursed expenses totaling €67,433.

REMUNERATION FOR 2013

The total remuneration for all Supervisory Board members, including attendance fees, amounted to €2,018 THOU in 2013 (€2,089 THOU in 2012). The following table shows the individual remuneration for 2013 and 2012:

INDIVIDUAL REMUNERATION: 2013 AND 2012

Total might not sum up due to rounding
€ THOU

Members of the Supervisory Board	Committees[1] A	N	P	R	S		Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Dr. Helmut Perlet[2]	M	C	C	C	C	2013	200.0	160.0	6.0	366.0
(Chairman)	M	C	C	C	C	2012	133.3	106.7	4.5	244.5
Dr. Henning Schulte-Noelle[3]						2013	–	–	–	–
(Chairman)	M	C	C	C	C	2012	83.3	66.7	2.2	152.2
Dr. Wulf Bernotat	C				M	2013	150.0	100.0	6.0	256.0
(Vice Chairman)[5]	C				M	2012	120.9	100.0	5.2	226.1
Dr. Gerhard Cromme[4]						2013	–	–	–	–
(Vice Chairman)		M	M		M	2012	100.0	26.7	1.5	128.2
Rolf Zimmermann			M		M	2013	150.0	40.0	4.5	194.5
(Vice Chairman)			M		M	2012	150.0	40.0	3.0	193.0
Dante Barban[2]				M		2013	100.0	20.0	4.5	124.5
				M		2012	66.7	13.3	2.2	82.2
Christine Bosse[5]			M	M		2013	100.0	40.0	4.5	144.5
			M	M		2012	41.7	16.7	1.5	59.9
Gabriele Burkhardt-Berg[2]					M	2013	100.0	20.0	4.5	124.5
					M	2012	66.7	13.3	2.2	82.2
Jean-Jacques Cette	M					2013	100.0	40.0	6.0	146.0
	M					2012	100.0	40.0	5.2	145.2
Ira Gloe-Semler[2]	M					2013	100.0	40.0	4.5	144.5
	M					2012	66.7	26.6	3.0	96.3
Geoff Hayward[3]						2013	–	–	–	–
				M		2012	41.7	8.3	1.5	51.5
Franz Heiß				M		2013	100.0	20.0	4.5	124.5
				M		2012	100.0	20.0	3.0	123.0
Prof. Dr. Renate Köcher		M			M	2013	100.0	20.0	3.0	123.0
		M		M[4]	M[5]	2012	100.0	21.7	3.0	124.7
Peter Kossubek[3]						2013	–	–	–	–
					M	2012	41.7	8.3	1.5	51.5
Igor Landau	M					2013	100.0	40.0	6.0	146.0
	M					2012	100.0	40.0	5.2	145.2
Jörg Reinbrecht[3]						2013	–	–	–	–
	M					2012	41.7	16.7	1.5	59.9
Peter Denis Sutherland		M		M		2013	100.0	20.0	3.7	123.7
		M[5]		M		2012	100.0	20.0	3.0	123.0
Total[6]						2013	**1,400.0**	**560.0**	**57.8**	**2,017.8**
						2012	**1,454.0**	**585.0**	**49.7**	**2,088.7**

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

1 — Abbreviations: A – Audit, N – Nomination, P – Personnel, R – Risk, S – Standing.
2 — Since 9 May 2012.
3 — Until 9 May 2012.
4 — Until 14 August 2012
5 — Since 15 August 2012.
6 — The total remuneration reflects the remuneration of the full Supervisory Board in the respective year.

Remuneration for mandates in other Allianz companies and for other functions

Mrs. Gabriele Burkhardt-Berg was a member of the Supervisory Board of Allianz Deutschland AG until 10 April 2013 and received a pro rata remuneration of €20 THOU for this membership. All current employee representatives of the Supervisory Board except for Mrs. Ira Gloe-Semler are employed by Allianz Group companies and receive remuneration at arm's length for their services.

Loans to members of the Supervisory Board

On 31 December 2013, there was one outstanding loan granted by Allianz Group companies to members of the Supervisory Board of Allianz SE. One member received a mortgage loan of €80 THOU from Allianz Bank in 2010. The loan has a duration of 10 years and was granted at a normal market interest rate.

Other Information

Environment[1]

We are committed to reducing our environmental impact. We have a target to reduce our carbon emissions per employee by 35% by 2015 against a 2006 baseline. Since 98% of our emissions come from energy, travel and paper, we focus our activities in these three areas. Because energy use is the largest contributor to our carbon footprint, we also have a specific energy target: to reduce energy consumption per employee by 10% by 2015 against a 2010 baseline.

Our employees[2]

Our employees' exceptional commitment and ambition to provide excellent service to our customers are crucial to our success. We place great emphasis on fostering employee engagement, strong leadership and technical expertise among an increasingly diverse workforce.

Our human resources management covers key areas such as:

- 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 E.U. member states, the European Economic Area and Switzerland in cross-border matters. The Works Council was informed and consulted on several items in its two regular sessions in 2013. Besides the business situation and prospects for Allianz in Europe, the items discussed included our cross-border operational strategy (e.g. Global Claims and Global Automotive), cross-border activities in Europe (e.g. Data Center Consolidation and the setup of Allianz Worldwide Partners) and other cross-border topics (e.g. Strategic Workforce Planning). 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 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 signing of pan-European agreements between Allianz SE and the SE Works Council on guidelines concerning work-related stress and lifelong learning.

Branches

In 2013, Allianz SE operated its reinsurance business from Munich and branch offices in Singapore, Labuan (Malaysia), Zurich and Dublin.

Events after the balance sheet date

NEW QUOTA SHARE WITH ALLIANZ VERSICHERUNGS-AG

Starting in 2014, Allianz Versicherungs-AG is ceding an additional 32.5% of their total portfolio (excluding accident business with premium refund and after other reinsurance) via a new quota share to Allianz SE.

Thus, Allianz SE will assume 50.0% (previously 17.5%) of Allianz Versicherungs-AG's total portfolio – excluding accident business with premium refund.

ALLIANZ ISSUED A CHF 500 MN UNDATED SUBORDINATED BOND

In January 2014, Allianz SE issued a subordinated bond in the amount of CHF 500 MN with no scheduled maturity, but with ordinary call rights of Allianz beginning in July 2019. The coupon of 3.25% p.a. is fixed until July 2019.

1 — More information can be found online at www.allianz.com/sustainability.
2 — For the complete report on our employees, please refer to the Allianz Group's Annual Report 2013.

Takeover-related statements and explanations

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

COMPOSITION OF SHARE CAPITAL

As of 31 December 2013, the share capital of Allianz SE was €1,168,640,000. It was divided into 456,500,000 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 a 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 benefit from 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 are we 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 Supervisory Board appoints the members of Allianz SE's Board of Management for a maximum term of five years (Article 9 (1), Article 39 (2) and Article 46 of the SE Regulation, §§ 84, 85 of the German Stock Corporation Act and § 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 of the 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 he or she 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). The Supervisory Board may dismiss members of the Board of Management if there is an important reason (§ 84 (3) of the German Stock Corporation Act).

According to § 5 (1) of the Statutes, the Board of Management shall consist of at least two persons. Otherwise, the Supervisory Board determines the number of members. 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, the supervisory authority may permit more than two such mandates if they are held within the same group (§§ 121a, 7a of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz", VAG)). The Federal Financial Services Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht") must be notified about the intention of appointing a Board of Management member pursuant to §§ 121a, 13d No. 1 of the 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 of the SE Implementation Act ("SE-Ausführungsgesetz") which is based upon Article 59 (1) and (2) of the 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 E.U. member state (§ 51 sentence 2 of the SE Implementation Act). The Supervisory Board may alter the wording of the Statutes (§ 179 (1) sentence 2 of the German Stock Corporation Act and § 10 of the Statutes).

AUTHORIZATION 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 4 May 2015, with the 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, (i) for fractional amounts, (ii) in order to safeguard the rights pertaining to holders of convertible bonds or bonds with warrants, (iii) 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, (iv) within certain limitations, if the shares are issued in connection with a listing of Allianz shares on a stock exchange in the People's Republic of China, and (v) in the event of a capital increase against contributions in kind.

- Up to a total of €8,344,000 (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 5 May 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 4 May 2015 on the basis of the authorization of the General Meeting of 5 May 2010 (§ 71 (1) No. 8 of the German Stock Corporation Act). Together with other treasury shares that are held by Allianz SE or which are attributable to it under §§ 71a et seq. of the 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 such derivatives do 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) of the German Stock Corporation Act) under an authorization of the General Meeting valid until 4 May 2015. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§ 71a et seq. of the 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 connected with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.

- The exclusive bancassurance distribution agreement between Allianz and HSBC for life insurance products in Asia (China, Indonesia, Malaysia, Australia, Sri Lanka, Taiwan, Brunei, Philippines), includes a provision under which both parties have an extraordinary termination right in case there is a change of control of the other party's ultimate holding company.

- The exclusive bancassurance distribution agreement between Allianz SE and HSBC for life insurance products in Turkey includes a provision under which both parties have an extraordinary termination right in case there is a change of control of the other party's ultimate holding company.

- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers (FCE Bank plc, Volkswagen Financial Services AG, respectively) relating to the distribution of car insurance by the respective car manufacturers each include a provision under which each party has an extraordinary termination right in case there is a change of control of the other party.

- Bilateral credit agreements in some cases provide for termination rights if there is a change of control, mostly defined as the acquisition of at least 30% of the voting rights within the meaning of § 29 (2) of the German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz", WpÜG). If such termination rights are exercised, the respective credit lines have to be replaced by new credit lines under conditions then applicable.

The Company has entered into the following compensation agreements with members of the Board of Management and employees providing for the event of a takeover bid:

A change of control clause in the service contracts of the members of Allianz SE's 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 52.

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, under the Group Equity Incentive (GEI) scheme, Stock Appreciation Rights (SAR) – i.e. virtual options on Allianz shares – were also granted until 2010. Some of these 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 which 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 into account 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 and explanatory report)

In line with both our prudent approach to risk governance and compliance with regulatory requirements, we have created a structure to identify and mitigate the risk of material errors in our financial statements. Our internal control system over financial reporting (ICOFR) is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is regularly reviewed and updated. Our approach also includes the following five interrelated components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. These five components are covered by an Entity Level Control Assessment Process (ELCA), IT General Controls (ITGC) and controls at process levels. The ELCA framework contains controls such as a compliance program or committee governance structure. In the ITGC framework we implemented, for example, controls regarding access rights management or project and change management controls.

ACCOUNTING PROCESSES

The accounting processes we use to produce our financial statement are based on a central IT-reporting and a local general ledger solution. The latter is largely harmonized throughout the Group, using standardized processes, master data, posting logics and interfaces for the data delivery to the Group. Access rights to accounting systems are managed according to strict authorization procedures.

Internal controls are embedded in the accounting processes to safeguard the accuracy, completeness and consistency of the information provided in the financial statements.

INTERNAL CONTROL SYSTEM APPROACH

INTERNAL CONTROL SYSTEM APPROACH

FINANCIAL MISSTATEMENT RISK ASSESSMENT

Scoping	Risks	Implement key controls	Assessment
Determination of significant accounts to be covered by internal control systems	Identification of risk scenarios that could result in a material financial misstatement	Implementation of key controls that prevent or detect errors or fraud resulting from risk scenarios	Assessment of the design and operating effectiveness of key controls

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 system over financial reporting.* The methodology is described in our ICOFR manual. During the scoping process, materiality and susceptibility to a misstatement are considered simultaneously. The final results are documented in the list of significant accounts. In addition to the quantitative ICOFR calculation we also consider qualitative criteria – such as expected increase in business volume – which are provided by different Group Centers, Group Audit and external Audit.

- Then, we *identify risks* that could lead to material financial misstatements including all relevant root causes (i.e. human processing errors, fraud, system weaknesses, external factors, etc.). After identifying and analyzing the risks the potential impacts and occurrence probabilities are evaluated.

- *Preventive and detective key controls* over the financial reporting process are put in place to reduce the likelihood and the impact of financial misstatements. If a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes upon information technology systems, we also include IT controls.

- Finally, we focus on ensuring that controls are appropriately designed and 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 control system to maintain and continuously enhance its effectiveness. Internal Audit ensures that the overall quality of our control system is subjected to regular control-testing, to assure reasonable design and operating effectiveness.

Risk capital controls

Similar to our ICOFR framework, we have also established a robust and comprehensive *control concept in the risk capital calculation and aggregation process,* since our internal risk capital calculations incorporate economic factors that are not fully reflected in the accounting results. We have put in place additional controls within our management reporting processes to ensure that these additional estimates are adequately controlled.

These controls include the validation of models and assumptions by independent 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.

During 2013, we worked on further improving the internal control environment around the computation of our internal risk capital in anticipation of the future Solvency II regime. We will continue to make refinements as the Solvency II requirements evolve.

FINANCIAL STATEMENTS OF ALLIANZ SE

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FINANCIAL STATEMENTS OF ALLIANZ SE

Financial Statements

BALANCE SHEET

BALANCE SHEET AS OF 31 DECEMBER

€ THOU	Note	2013	2013	2012
ASSETS				
A. Intangible assets	1, 2			
I. Self-produced industrial property rights and similar rights and assets		6,970		4,953
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		21,267		312,226
III. Advance payments made		12,050		9,398
			40,287	326,577
B. Investments	1, 3 – 5			
I. Real estate		267,867		302,218
II. Investments in affiliated enterprises and participations		69,632,533		70,592,130
III. Other investments		24,684,169		21,243,194
IV. Funds held by others under reinsurance business assumed		2,258,029		4,068,839
			96,842,598	96,206,381
C. Receivables				
I. Accounts receivable on reinsurance business		343,937		388,437
thereof from affiliated enterprises: €174,956 THOU (2012: €182,571 THOU)				
thereof from participations[1]: €4,624 THOU (2012: €6,752 THOU)				
II. Other receivables	6	4,730,804		2,903,128
thereof from affiliated enterprises: €4,067,408 THOU (2012: €2,159,712 THOU)				
thereof from participations[1]: €1,714 THOU (2012: €1,774 THOU)				
			5,074,741	3,291,565
D. Other assets				
I. Tangible fixed assets and inventories		11,924		9,539
II. Cash with banks, checks and cash on hand		112,435		155,652
III. Miscellaneous assets	7	80,378		58,345
			204,737	223,536
E. Deferred charges and prepaid expenses	8			
I. Accrued interests and rent		312,729		292,345
II. Other deferred charges and prepaid expenses		98,264		91,567
			410,993	383,912
Total assets			**102,573,356**	**100,431,971**

1 — Companies in which we hold a participating interest.

€ THOU

	Note	2013	2013	2013	2012
EQUITY AND LIABILITIES					
A. Shareholders' equity	10				
I. Issued capital		1,168,640			1,167,232
Less: mathematical value own shares		7,070			7,110
			1,161,570		1,160,122
II. Additional paid-in capital			27,711,000		27,652,574
III. Revenue reserves					
1. Statutory reserves		1,229			1,229
2. Other revenue reserves		11,732,030			11,733,973
			11,733,259		11,735,202
IV. Net earnings			3,068,574		2,312,520
				43,674,403	42,860,418
B. Subordinated liabilities	11, 14			11,330,088	11,356,479
C. Insurance reserves	12				
I. Unearned premiums					
1. Gross		482,403			514,872
2. Less: amounts ceded		63,529			52,838
			418,874		462,034
II. Aggregate policy reserves					
1. Gross		1,842,082			3,519,911
2. Less: amounts ceded		38,875			34,894
			1,803,207		3,485,017
III. Reserves for loss and loss adjustment expenses					
1. Gross		5,945,504			6,423,522
2. Less: amounts ceded		1,211,126			1,187,715
			4,734,378		5,235,807
IV. Reserves for premium refunds					
1. Gross		14,638			112,509
2. Less: amounts ceded		–			–
			14,638		112,509
V. Claims equalization and similar reserves			1,448,440		1,461,137
VI. Other insurance reserves					
1. Gross		19,808			37,782
2. Less: amounts ceded		(17)			3
			19,825		37,779
				8,439,362	10,794,283
D. Other provisions	13			5,552,380	5,004,623
E. Funds held with reinsurance business ceded				64,499	61,867
F. Other liabilities					
I. Accounts payable on reinsurance business			365,584		351,288
thereof to affiliated enterprises: €267,504 THOU (2012: €300,000 THOU)					
thereof to participations[1]: €5,646 THOU (2012: €3,605 THOU)					
II. Bonds	14		4,838,748		6,887,047
thereof to affiliated enterprises: €4,838,748 THOU (2012: €6,887,047 THOU)					
III. Liabilities to banks	14		118		775,187
IV. Miscellaneous liabilities	14		28,286,928		22,330,623
including taxes of: €47,008 THOU (2012: €27,856 THOU)					
thereof to affiliated enterprises: €26,431,790 THOU (2012: €20,650,710 THOU)					
thereof to participations[1]: €1,403 THOU (2012: €1,212 THOU)					
				33,491,378	30,344,145
G. Deferred income				21,246	10,156
Total equity and liabilities				**102,573,356**	**100,431,971**

1 — Companies in which we hold a participating interest.

INCOME STATEMENT

INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER

€ THOU	Note	2013	2013	2013	2012
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	16	3,568,150			3,672,479
b) Ceded premiums written		(571,536)			(515,503)
			2,996,614		3,156,976
c) Change in gross unearned premiums		1,710			45,930
d) Change in ceded unearned premiums		13,830			(10,882)
			15,540		35,048
Premiums earned (net)				3,012,154	3,192,024
2. Allocated interest return (net)	17			82,453	141,110
3. Other underwriting income (net)				643	1,048
4. Loss and loss adjustment expenses (net)	18				
a) Claims paid					
aa) Gross		(2,727,002)			(2,333,852)
bb) Amounts ceded in reinsurance		357,561			247,261
			(2,369,441)		(2,086,591)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		308,851			15,399
bb) Amounts ceded in reinsurance		46,298			(101,913)
			355,149		(86,514)
Loss and loss adjustment expenses (net)				(2,014,292)	(2,173,105)
5. Change in other insurance reserves (net)	19			9,428	(37,225)
6. Expenses for premium refunds (net)				(15,033)	(29,573)
7. Underwriting expenses (net)	20			(947,113)	(872,026)
8. Other underwriting expenses (net)				(2,572)	(9,596)
9. Subtotal (Net underwriting result)				**125,668**	**212,657**
10. Change in claims equalization and similar reserves				12,697	(162,642)
11. Net technical result				**138,365**	**50,015**
II. Non-technical account					
1. Investment income	21	5,225,530			5,266,411
2. Investment expenses	22	(1,956,495)			(2,392,686)
3. Investment result			3,269,035		2,873,725
4. Allocated interest return			(83,533)		(142,257)
				3,185,502	2,731,468
5. Other income			1,348,488		1,224,208
6. Other expenses			(2,020,783)		(2,221,874)
7. Other non-technical result	23			(672,295)	(997,666)
8. Non-technical result				**2,513,207**	**1,733,802**
9. Net operating income				**2,651,572**	**1,783,817**
10. Extraordinary expense			–		(26,854)
11. Extraordinary result	24			–	(26,854)
12. Income taxes	25	(476,742)			(89,032)
Amounts charged to other Group companies		627,478			630,038
			150,736		541,006
13. Other taxes			(6,900)		2,235
14. Taxes				143,836	543,241
15. Net income				**2,795,408**	**2,300,204**
16. Unappropriated earnings carried forward				273,166	12,316
17. Net earnings	26			**3,068,574**	**2,312,520**

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), the 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 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. In case of a permanent impairment, an unscheduled write-down is recognized.

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 depreciation. 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 § 341b (1) of the German Commercial Code in conjunction with § 253 (3) sentence 3 of the German Commercial Code.

Impairments are measured either as the difference between acquisition cost and the respective value in accordance with IDW RS HFA 10 in conjunction with IDW S1 or as the difference between acquisition cost and the lower share price as of 31 December 2013.

Where the market value at the balance sheet date was higher than the previous year's valuation, the value is written up to no more 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 of the German Commercial Code. However, when converting foreign currency loans into Euros at the reporting date the strict lower of cost or market 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 § 341B (2) of the German Commercial Code in conjunction with § 253 (1), (4) and (5) of the German Commercial Code 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 § 341B (2) of the German Commercial Code in conjunction with § 253 (1) and (3) of the German Commercial Code using the moderate lower of cost or market value principle.

Registered bonds, debentures and loans

These items are recorded at cost less impairments in accordance with § 253 (3) sentence 3 of the German Commercial Code. In accordance with § 341c of the German Commercial Code, 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.

Securities to meet liabilities resulting from retirement provision commitments

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

TANGIBLE FIXED ASSETS, INVENTORIES AND OTHER ASSETS

These items are recorded at acquisition cost less depreciation. Low-value assets costing up to €150 are written off immediately. A compound item for tax purposes formed in accordance with § 6 (2a) of the German Income Tax Act (EStG) for assets from €150 to €1,000 is depreciated by one fifth each year.

REMAINING ASSETS

These consist of the following:

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

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

OWN SHARES

Own shares are offset in equity, irrespective of the purpose of acquiring them. In accordance with § 272 (1a) of the German Commercial Code, 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 from selling own shares increase equity.

INSURANCE RESERVES

These 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 the German Commercial Code and RechVersV requirements. The primary goal is to ensure our ongoing ability to satisfy reinsurance contract liabilities in all cases. Generally, the reinsurance reserves are booked according to the cedent's statements. For claims incurred but not yet reported 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 are generally recorded 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 reported or not sufficiently reported losses.

For Property-Casualty reinsurance, the equalization reserve, the reserve for nuclear plants, the product liability reserve for major pharmaceutical risks, and reserves for risks relating to terrorist attacks are calculated according to § 341h of the German Commercial Code in conjunction with § 29 and § 30 RechVersV. The reserves are set up to moderate substantial fluctuations in the claims of individual lines of business. In cases where above-average or below-average claims occur, changes in the reserves mitigate the technical result for the individual lines of business.

OTHER PROVISIONS

Pension provisions are calculated on the basis of actuarial principles. With respect to the discount rate, the simplification option set out in § 253 (2) sentence 2 of the German Commercial Code has been applied (duration of fifteen years). The effect resulting from the change in the discount rate is reported under other non-technical result. The provisions for jubilee payments, birthday payments and phased-in early retirement benefits are also calculated on the basis of actuarial principles. For further information regarding the accounting for pensions and similar obligations please refer to note 13 and the section Other Information.

Remaining other provisions are recognized at the settlement amount; long-term provisions are discounted applying the net approach in accordance with IDW RS HFA 34.

REMAINING LIABILITIES

These 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 Euros at the relevant daily rate (middle forex spot rate).

Loans to affiliated enterprises denominated in foreign currencies are converted into Euros with the middle forex spot rate as of the reporting date and applying the strict lower of cost or market 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 Euros using the middle forex spot rate as of the reporting date.

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

All other monetary assets and liabilities recorded in foreign currency are valued with the middle forex spot rate as of the reporting date. Exchange rate differences resulting from this valuation of foreign currency positions are reflected in the other non-technical result.

VALUATION UNITS

In 2013, Allianz SE made use of the option of forming valuation units as defined in § 254 of the German Commercial Code. This option is used for derivative contracts in which Allianz SE acts as an intragroup clearing agency. In this function Allianz SE 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 performance 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).

SUPPLEMENTARY INFORMATION ON ASSETS

1 — Change of assets A., B.I. through B.III. in 2013 fiscal year

		Values stated as of 31 December 2012		Additions (+)
		€ THOU	%	€ THOU
A.	**Intangible assets**			
	1. Self-produced industrial property rights and similar rights and assets	4,953	n/s	2,686
	2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	312,226	n/s	1,355
	3. Advance payments made	9,398	n/s	5,780
	Total A.	**326,577**	**n/s**	**9,821**
B.I.	**Real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE**	**302,218**	**0.3**	**39,644**
B.II.	**Investments in affiliated enterprises and participations**			
	1. Shares in affiliated enterprises	66,886,819	72.6	965,643
	2. Loans to affiliated enterprises	2,746,890	3.0	6,234,189
	3. Participations	416,254	0.4	7,450
	4. Loans to participations	542,167	0.6	–
	Subtotal B.II.	**70,592,130**	**76.6**	**7,207,282**
B.III.	**Other investments**			
	1. Stocks, interests in funds and other variable income securities	809,207	0.9	388,394
	2. Debt securities and other fixed-income securities	16,092,514	17.5	17,046,740
	3. Other loans			
	a) Registered bonds	2,315,104	2.5	1,699,684
	b) Loans and promissory notes	885,243	1.0	2,004,799
	4. Bank deposits	1,141,126	1.2	–
	5. Miscellaneous investments	–	–	–
	Subtotal B.III.	**21,243,194**	**23.1**	**21,139,617**
	Total B.I. - B.III.	**92,137,542**	**100.0**	**28,386,543**
Total		**92,464,119**	**n/s**	**28,396,364**

2 — Intangible assets

Intangible assets decreased from €327 MN to €40 MN in 2013. This resulted almost entirely from the transfer of the distribution rights with Commerzbank AG to Allianz Lebensversicherungs-AG. The remaining intangible assets consist mainly of purchased software.

In 2013 the research and development costs of Allianz SE amounted to €2.7 MN and represent in total the development costs for the internally generated software.

Transfers	Disposals (–)	Revaluation (+)	Depreciation (–)	Net additions (Net disposals)	Values stated as of 31 December 2013	
€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	%
–	–	–	669	2,017	6,970	n/s
2,937	284,739	–	10,512	(290,959)	21,267	n/s
(2,937)	191	–	–	2,652	12,050	n/s
–	**284,930**	**–**	**11,181**	**(286,290)**	**40,287**	**n/s**
–	**69,559**	**170**	**4,606**	**(34,351)**	**267,867**	**0.3**
–	4,904,412	62,841	–	(3,875,928)	63,010,891	66.6
–	2,687,954	–	42,135	3,504,100	6,250,990	6.6
–	53,320	–	–	(45,870)	370,384	0.4
(541,899)	–	–	–	(541,899)	268	–
(541,899)	**7,645,686**	**62,841**	**42,135**	**(959,597)**	**69,632,533**	**73.6**
–	256,719	–	2,114	129,561	938,768	1.0
–	14,079,307	2,037	271,981	2,697,489	18,790,003	19.9
541,899	2,409,780	58,100	–	(110,097)	2,205,007	2.3
–	848,001	–	2,718	1,154,080	2,039,323	2.2
–	430,058	–	–	(430,058)	711,068	0.7
–	–	–	–	–	–	–
541,899	**18,023,865**	**60,137**	**276,813**	**3,440,975**	**24,684,169**	**26.1**
–	**25,739,110**	**123,148**	**323,554**	**2,447,027**	**94,584,569**	**100.0**
–	**26,024,040**	**123,148**	**334,735**	**2,160,737**	**94,624,856**	**n/s**

3 — Market value of investments

Fair value and carrying amount of the investments, subdivided into individual asset categories, were as follows:

BOOK VALUES AND MARKET VALUES OF INVESTMENTS

€ BN	Book value		Market value		Valuation reserve	
	2013	2012	2013	2012	2013	2012
Real estate	0.3	0.3	0.5	0.6	0.2	0.3
Equity securities	64.3	68.1	71.2	76.2	6.9	8.1
Debt securities	18.8	16.1	18.9	16.3	0.1	0.2
Loans	10.5	6.5	10.6	6.7	0.1	0.2
Bank deposits	0.7	1.1	0.7	1.1	–	–
Funds held by others under reinsurance business assumed	2.3	4.1	2.3	4.1	–	–
Miscellaneous investments	–	–	–	–	–	–
Total	**96.9**	**96.2**	**104.2**	**105.0**	**7.3**	**8.8**

VALUATION METHODS USED TO DETERMINE THE MARKET VALUE

Real estate
Land and buildings are valued using the discounted cash flow method, or for 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 by the stock exchange price quoted on the last trading day of 2013. Non-quoted companies are valued at their net asset 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 2013 or, if there is no active market, 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 differences between the book value and the fair value of those items.

DETAILS IN ACCORDANCE WITH § 285 NO. 18 OF THE GERMAN COMMERCIAL CODE ON INVESTMENTS WHERE THE BOOK VALUE EXCEEDS THE MARKET VALUE
Regarding loans to affiliated enterprises with a book value of €593 MN and other loans with a book value of €1,440 MN, we refrained from write-downs in the amount of €4 MN and €32 MN, respectively. Based on the expected development of market conditions, the decline in market value is not expected to be of an enduring nature. We intend to hold loans until maturity in order to ensure a repayment at par value.

4 — Investments in affiliated enterprises and participations

€ BN	2013	2012	Change
Shares in affiliated enterprises	63.0	66.9	(3.9)
Loans to affiliated enterprises	6.2	2.8	3.4
Participations	0.4	0.4	–
Loans to participations	–	0.5	(0.5)
Total	**69.6**	**70.6**	**(1.0)**

The book value of shares in affiliated enterprises went down by €3.9 BN to €63.0 BN. This decrease consists of the following:

- Share buy back executed by our holding company Allianz Europe B.V., resulting in a book value decrease of €4.0 BN and realized gains of €1.7 BN.
- Book value increase by €0.8 BN due to the acquisition of Yapı Kredi Sigorta A Ş. in Turkey.
- €0.7 BN capital reduction of our subsidiary AZ Arges Vermögensverwaltungsgesellschaft mbH following the repayment of the Commerzbank silent participation formely indirectly held through this company.

Loans to affiliated enterprises were up by €3.4 BN to €6.2 BN (2012: €2.8 BN), mainly due to profit participation loans issued by Group companies in France, Italy and Austria amounting to a €3.4 BN which formed part of the consideration Allianz SE received from AZ Europe B.V. in the course of the share buy back.

The book value of loans to participations declined by €0.5 BN to €0.0 BN. After the sale of our remaining participation in Commerzbank AG, an existing loan to Commerzbank AG was reclassified to the position 'Other investments'.

5 — Interests in investment funds

Details on interests in investment funds in accordance with § 285 (26) of the German Commercial Code:

€ THOU	Book value 2013	Fair value 2013	Valuation reserve 2013	Dividend distribution 2013
Equity funds				
AZRE AZD P & C Master Fund	250,002	259,499	9,497	–
Subtotal equity funds	**250,002**	**259,499**	**9,497**	**–**
Bond funds				
DSP Blackrock India Fund	19,757	19,757	–[1]	–
Allianz RE Asia Fund	652,399	693,213	40,814	32,171
Subtotal bond funds	**672,156**	**712,970**	**40,814**	**32,171**
Total	**922,158**	**972,469**	**50,311**	**32,171**

1 — No valuation reserve as of 31 December 2013 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 redeemed each trading day.

6 — Other receivables

The €1,827 MN increase in this position mainly resulted from higher profit transfer agreements (€638 MN) and the cashpool (€556 MN). Additionally there were intra-group receivables from our affiliated company Allianz Europe B.V. of €531 MN resulting from a share buy back in 2013.

7 — Miscellaneous assets

At the end of the fiscal year this position mainly includes variation margins paid in connection with financial derivative transactions (€72 MN).

8 — Deferred charges and prepaid expenses

This item includes accrued interest in the amount of €313 MN (2012: €292 MN), which mainly results from our investments in debt securities and loans, as well as other deferred charges and prepaid expenses amounting to €98 MN (2012: €92 MN). These comprise the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities.

9 — Collateral

Assets amounting to €1.2 BN (2012: €1.5 BN), thereof €0.8 BN (2012: €1.1 BN) in favor of affiliated enterprises, are pledged as collateral for liabilities.

SUPPLEMENTARY INFORMATION ON EQUITY AND LIABILITIES

10 — Shareholders' equity

ISSUED CAPITAL

Issued capital as of 31 December 2013 amounted to €1,168,640.0 THOU divided into 456,500,000 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 31 December 2013, Allianz SE had authorized capital for the issuance of 214,843,750 shares until 4 May 2015, with a notional amount of €550,000.0 THOU (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: (i) for fractional amounts, (ii) 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% of the share capital, (iii) 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, and (iv) if the new shares are issued in connection with a listing of Allianz shares on a stock exchange in the People's Republic of China, the issue price for the new shares is not significantly below the market price, and the new shares do not exceed 10% of the share capital. An overall limit for the exclusion of subscription rights of up to €232,396.8 THOU (corresponding to 20% of the share capital at year-end 2009) applies for the Authorized Capital 2010/I and the Conditional Capital 2010.

In addition, Allianz SE has authorized capital (Authorized Capital 2010/II) for the issuance of shares against cash until 4 May 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 31 December 2013, the Authorized Capital 2010/II amounted to €8,344.0 THOU (3,259,375 shares).

Further, as of 31 December 2013, Allianz SE had conditional capital totaling €250,000.0 THOU (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 Annual General Meeting (AGM) on 5 May 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 €500,000.0 THOU which may be converted into Allianz shares were issued against cash in July 2011. 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, subject to a floor price of at least €75.39 per share. 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. The subscription rights of shareholders for these convertible notes have been excluded with the consent of the Supervisory Board and pursuant to the authorization of the AGM on 5 May 2010. The granting of new shares to persons entitled under such convertible notes is secured by the Conditional Capital 2010. On or before 31 December 2013, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

	2013	2012
Issued shares as of 1 January	**455,950,000**	**455,300,000**
Capital increase for Employee Stock Purchase Plan	550,000	650,000
Total number of issued shares as of 31 December	**456,500,000**	**455,950,000**
Own shares held for hedging AEI/GEI program	(2,606,169)	(2,606,169)
Own shares held for quarterly Employee Stock Purchase Plans	(155,626)	(171,269)
Own shares held by Allianz SE	**(2,761,795)**	**(2,777,438)**
Own shares held by affiliated enterprises	(1,586)	(586)
Total number of shares outstanding as of 31 December	**453,736,619**	**453,171,976**

In October 2013, 550,000 (2012: 650,000) shares were issued for cash out of the Authorized Capital 2010/II at a price of €99.45 (2012: €79.25) per share, enabling employees of Allianz Group subsidiaries in Germany and abroad to purchase shares. As a result, issued capital increased by €1,408.0 THOU and capital reserves by €53,289.5 THOU. 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 were excluded with the consent of the Supervisory Board pursuant to the authorization granted by the AGM on 5 May 2010.

All shares issued during the years ending 31 December 2013 and 2012 are qualifying shares from the beginning of the year of issue.

DIVIDENDS

For the year ending 31 December 2013, the Board of Management will propose to shareholders at the AGM the distribution of a dividend of €5.30 per qualifying share. For the year ended 31 December 2012, Allianz SE paid a dividend of €4.50 per qualifying share.

TREASURY SHARES

As of 31 December 2013, Allianz SE held 2,761,795 (2012: 2,777,438) own shares. Of these, 155,626 (2012: 171,269) shares were held for covering subscriptions by employees of the Allianz Group in the context of the Employee Stock Purchase Plan 2014, whereas 2,606,169 (2012: 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 2013, 550,000 (2012: 650,000) new Allianz shares were issued in the context of a capital increase for the Employee Stock Purchase Plan 2013. In 2013, 565,643 (2012: 627,118) shares were sold to employees of Allianz SE and its subsidiaries. Of these, 171,269 (2012: 148,387) originated from the capital increase for the Employee Stock Purchase Plan in 2012 and 394,374 (2012: 478,731) from the capital increase for the Employee Stock Purchase Plan in 2013. Employees of the Allianz-Group purchased shares at prices ranging from €71.03 (2012: €52.17) to €100.84 (2012: €75.19) per share. The remaining 155,626 (2012: 171,269) shares from the capital increase in 2013 will be used for the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in 2014. The total change of holdings in Allianz SE own shares for the year ending 31 December 2013, amounted to a decrease of 15,643 (2012: increase of 22,882) shares, which corresponds to €40,046 (2012: €58,578) or 0.003% (2012: 0.005%) of issued capital.

As of 31 December 2013, other Group companies held 1,586 (2012: 586) shares in Allianz SE.

The own shares of Allianz SE and its subsidiaries represent €7,074 THOU or 0.61% of the share capital.

ADDITIONAL PAID-IN CAPITAL

€ THOU

as of 31 December 2012	**27,652,574**
From capital increase 2013	53,289
Own shares: realized gains	5,137
as of 31 December 2013	**27,711,000**

REVENUE RESERVES

€ THOU

	as of 31 December 2012	Own shares exceeding mathematical value	as of 31 December 2013
1. Statutory reserves	1,229	–	1,229
2. Other revenue reserves	11,733,973	(1,943)	11,732,030
Total	**11,735,202**	**(1,943)**	**11,733,259**

BAR ON DIVIDEND DISTRIBUTION

The other revenue reserves are barred from dividend distribution in the amount of €7,070 THOU. This corresponds to the mathematical value of own shares deducted from issued capital.

In accordance with § 268 (8) of the German Commercial Code, internally generated intangible assets in the amount of €6,970 THOU are also barred from dividend distribution.

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

11 — Subordinated liabilities

Subordinated liabilities slightly decreased to €11.3 BN in 2013 (2012: €11.4 BN)[1]. External subordinated liabilities resulting from bonds issued by Allianz SE directly remained unchanged at €5.4 BN (2012: €5.4 BN). In 2013 Allianz SE redeemed its subordinated bond with a volume of U.S. Dollar 2.0 BN (equals €1.5 BN) and placed a new subordinated bond with a volume of €1.5 BN.

In addition, intra-group subordinated liabilities amounting to €5.9 BN (2012: €5.9 BN) resulted from subordinated bonds issued by Allianz Finance II B.V., Amsterdam, an affiliated enterprise, that usually transfers the proceeds from these issues to Allianz SE via intragroup loans. Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V.

1 — Due to roundings of the single amounts for external and intra-group subordinated liabilities explained below, the 2012 amounts do not exactly sum up to the total value.

12 — Insurance reserves

€ MN

	Unearned premiums	Aggregate policy reserves	Reserves for loss and loss adjustment expenses	Reserves for premium refunds	Claims equalization and similar reserves	Other insurance reserves	Total
Fire and property reinsurance	146	–	1,000	1	490	3	1,640
Motor	29	–	1,178	–	210	4	1,421
Life	52	1,794	85	–	–	7	1,938
Credit and bond	17	–	265	14	352	2	650
Liability	41	–	1,442	–	161	2	1,646
Personal accident	11	8	224	–	14	1	258
Marine and aviation	9	–	148	–	84	–	241
Health	8	1	16	–	–	–	25
Legal expense	15	–	115	–	4	–	134
Other lines	90	–	262	–	133	1	486
Total	**418**	**1,803**	**4,735**	**15**	**1,448**	**20**	**8,439**

AGGREGATE POLICY RESERVES

Aggregate policy reserves decreased by €1,682 MN to €1,803 MN. The decline is mainly driven by the termination of accident business with premium refund ceded from Allianz Versicherungs-AG.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The reserves for loss and loss adjustment expenses decreased by €501 MN to €4,735 MN, mainly due to net claims settlement.

CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2013, claims equalization and similar reserves reduced by €13 MN to €1,448 MN, because of higher natural catastrophe losses in other reinsurance lines and above-average claims recorded in credit and bond reinsurance. The release was partially offset by an increase in the reserve for motor reinsurance from higher premiums earned (net). In 2012, the reserves were higher as positive underwriting results triggered an increase of €163 MN.

13 — Other provisions

DEVELOPMENT OF OTHER PROVISIONS

€ THOU

	Provision	Use (–)	Release (–)	Additions (+)	Reversal of Discounting (+)	Provision
	31 December 2012	2013	2013	2013	2013	31 December 2013
Provisions for pensions and similar liabilities	3,911,678	245,619	143	146,052	343,041	4,155,009
Tax provisions	271,179	34,755	515	284,809	–	520,718
Other provisions						
1. Anticipated losses	362,084	13,267	33,680	38,004	13,825	366,966
2. Miscellaneous	459,682	210,732	11,701	264,819	7,619	509,687
Total	**5,004,623**	**504,373**	**46,039**	**733,684**	**364,485**	**5,552,380**

Other provisions grew by €548 MN in total. This increase resulted mainly from a net allocation to the pension liability of €243 MN and an increase in tax provisions of €250 MN. Provisions for anticipated losses of €367 MN (2012: €362 MN) remained at the previous year's level. These include obligations to our subsidiary Fireman's Fund Insurance Co. totaling €190 MN. The miscellaneous provisions increased to €510 MN partially due to the addition of €35 MN to a provision for obligations to Allianz Lebensversicherungs-AG.

Allianz SE has made pension promises for which pension provisions are recognized. Part of these pension obligations 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 obligations of the German subsidiaries were centralized by transferring the corresponding assets to Allianz SE. As a result, 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 a breakdown of these pension liabilities:

SETTLEMENT AMOUNT OF THE OFFSET LIABILITIES

€ THOU	2013	2012
Old pension promises of the German subsidiaries	4,869,696	4,689,102
Pension promises of Allianz SE		
old pension promises	182,410	177,465
contribution based pension plans	131,118	103,732
deferred compensation	58,789	50,482
Total	**5,242,013**	**5,020,781**

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.

ACTUARIAL PARAMETERS

%	2013	2012
Discount rate (as published by Deutsche Bundesbank)	4.90	5.06
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, part of the pension promises are 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 labor turnover to reflect company-specific circumstances.

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

SUPPLEMENTARY INFORMATION

€ THOU	2013	2012
Historical costs of the offset assets	394,814	354,048
Settlement amount of the offset liabilities	5,242,013	5,020,781
(-) Provision amount of German subsidiaries that has not yet been recognized (Article 67 (2) EGHGB)	691,593	754,842
(-) Fair value of the offset assets	395,411	354,261
Provisions for pensions and similar liabilities	**4,155,009**	**3,911,678**

Allianz SE has obligations resulting from jubilee payments, a long-term credit account, birthday payments 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.

Offsettable plan assets are held at Methusalem Trust e.V. to secure the phased-in early retirement and long-term credit account obligations. The asset value/market value is used as the fair value.

INFORMATION ON THE OFFSET ASSETS AND LIABILITIES

€ THOU	2013	2012
Historical costs of the offset assets	7,778	5,722
Fair value of the offset assets	7,613	5,839
Settlement amount of the offset liabilities	8,106	6,288

14 — Maturity of financial liabilities

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

MATURITY TABLE AS OF 31 DECEMBER 2013

€ THOU

	Total	Term up to 1 year	Term 1 – 3 years	Term 3 – 5 years	Term 5 – 10 years	Term > 10 years
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	5,934,559	234,559	–	–	–	5,700,000
Subordinated bonds issued by Allianz SE	5,395,529	1,620,906	–	–	–	3,774,623
Subtotal	**11,330,088**	**1,855,465**	**–**	**–**	**–**	**9,474,623**
Bonds (intra-group, F.II.)	**4,838,748**	**1,362,748**	**892,000**	**1,700,000**	**625,000**	**259,000**
Liabilities to banks (F.III.)	**118**	**118**	**–**	**–**	**–**	**–**
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	4,671,944	268,102	127,400	500,000	2,875,000	901,442
Other intra-group liabilities[1]	21,759,846	19,995,833	550,779	448,234	665,000	100,000
Subtotal intra-group miscellaneous liabilities	**26,431,790**	**20,263,935**	**678,179**	**948,234**	**3,540,000**	**1,001,442**
Liabilities to third-parties	**1,855,138**	**1,855,138**	**–**	**–**	**–**	**–**
Subtotal miscellaneous liabilities	**28,286,928**	**22,119,073**	**678,179**	**948,234**	**3,540,000**	**1,001,442**
Total	**44,455,882**	**25,337,404**	**1,570,179**	**2,648,234**	**4,165,000**	**10,735,065**

1 — As of 31 December 2013, other intra-group liabilities due within one year amounted to €20.0 BN. Thereof, cash pool liabilities and intra-group loans accounted for €8.0 BN and €11.2 BN, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

MATURITY TABLE AS OF 31 DECEMBER 2012

€ THOU

	Total	Term up to 1 year	Term 1 – 3 years	Term 3 – 5 years	Term 5 – 10 years	Term > 10 years
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	5,934,588	234,588	–	–	–	5,700,000
Subordinated bonds issued by Allianz SE	5,421,891	106,614	–	–	–	5,315,277
Subtotal	**11,356,479**	**341,202**	**–**	**–**	**–**	**11,015,277**
Bonds (intra-group – F.II.)	**6,887,047**	**2,235,047**	**1,852,000**	**266,000**	**2,275,000**	**259,000**
Liabilities to banks (F.III.)	**775,187**	**775,187**	**–**	**–**	**–**	**–**
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	3,235,622	233,242	–	127,380	2,875,000	–
Other intra-group liabilities[1]	17,415,088	16,207,518	561,816	35,602	510,152	100,000
Subtotal intra-group miscellaneous liabilities	**20,650,710**	**16,440,760**	**561,816**	**162,982**	**3,385,152**	**100,000**
Liabilities to third-parties	**1,679,913**	**1,679,913**	**–**	**–**	**–**	**–**
Subtotal miscellaneous liabilities	**22,330,623**	**18,120,673**	**561,816**	**162,982**	**3,385,152**	**100,000**
Total	**41,349,336**	**21,472,109**	**2,413,816**	**428,982**	**5,660,152**	**11,374,277**

1 — As of 31 December 2012, other intra-group liabilities due within one year amounted to €16.2 BN. Thereof, cash pool liabilities and intra-group loans accounted for €6.2 BN and €8.8 BN, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

As of 31 December 2013, €0.6 BN (2012: €0.7 BN) of the total financial liabilities were 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 Put	137,191	95	11,972	Unicredit share	Assets B.III.
Short Call	286,871	(66,543)	88,583	Allianz SE share	Liabilities F.IV.
Short Put	137,191	(95)	11,972	Unicredit share	Liabilities F.IV.

European-type options are valued using 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 the strike price and the prevailing share price.

For the purpose of hedging the share price risk of Unicredit shares, our subisidiary Allianz Finance IV purchased long put options on Unicredit shares with Allianz SE. Allianz SE hedged these positions, which represent short put options from an Allianz SE perspective, by acquiring diametrical long put options at the market. Both intra-group and group-external positions were combined to valuation units ("Bewertungseinheiten") representing micro hedges. Offsetting changes in value of the single positions are recorded neither in the income statement nor on the balance sheet.

FORWARD CONTRACTS IN SHARES, SHARE INDICES AND HEDGE RSU

Class	Nominal € THOU	Fair Value € THOU	Book Value € THOU	Underlying	Balance Sheet Position
Long Forward	595,714	123,607	–	Allianz SE share	–
Hedge RSU	261,173	(439,708)	439,708	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 Allianz Equity Incentive programs, are valued on the basis of the Allianz closing price on the valuation date minus the net present value 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	4,954,646	(15,234)	32,034	AUD, BRL, CHF, CNY, CZK, DKK, GBP, HUF, JPY, NOK, NZD, PLN, SEK, THB, TRY, USD	Liabilities D.
Short Forward	9,079,324	113,829	5,970	AUD, CAD, CHF, CZK, DKK, GBP, JPY, MYR, NOK, NZD, SGD, THB, USD	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 €2.3 BN and a fair value of €5 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 intra-group and group-external counterparts respectively form a perfect micro hedge because the fair value changes of the diametric positions completely compensate each other.

OVERVIEW OVER FINANCIAL INSTRUMENTS

Category	Position of Allianz SE	Nominal € THOU	Fair Value € THOU	Book Value € THOU
Currency-related transactions	Foreign currency buyer	4,954,646	(15,234)	32,034
Currency-related transactions	Foreign currency seller	9,079,324	113,829	5,970
Share-/Index-related transactions	Share/Index buyer	732,905	123,512	11,972
Share-/Index-related transactions	Share/Index seller	424,062	(66,448)	100,555
Hedge RSU	Share seller	261,173	(439,708)	439,708

SUPPLEMENTARY INFORMATION TO THE INCOME STATEMENT

16 — Gross premiums written

€ THOU	2013	2012
Property-Casualty reinsurance	3,095,072	3,242,060
Life/Health reinsurance	473,078	430,419
Total	**3,568,150**	**3,672,479**

Gross premiums written declined slightly by 2.8% to €3,568 MN (2012: €3,673 MN). The termination of accident business with premium refund ceded from Allianz Versicherungs-AG was the main driver, partially offset by increased premiums in motor and growth in business volume from other reinsurance lines, and a couple of new capital management transactions from Life/Health reinsurance.

17 — Allocated interest return (net)

The amount of interest income transferred under this heading from the non-technical section to the technical section was calculated in accordance with § 38 RechVersV and decreased by €59 MN to €82 MN.

18 — Run-off result

In 2013, the positive run-off result in Property-Casualty amounted to €94 MN (2012: €20 MN) and arose mainly in fire reinsurance from previous years' natural catastrophes.

19 — Change in other insurance reserves (net)

€ THOU	2013	2012
Change in aggregate policy reserves net	(8,193)	(26,726)
Other insurance reserves net	17,621	(10,499)
Total	**9,428**	**(37,225)**

The change in aggregate policy reserves (net) is driven by increased business volume from new capital management deals in Life/ Health reinsurance and the termination of accident business with premium refund ceded from Allianz Versicherungs-AG.

The other insurance reserves (net) include mostly reserves for commission in credit and bond reinsurance.

20 — Underwriting expenses (net)

€ THOU	2013	2012
Gross	(1,003,390)	(930,735)
Ceded	56,277	58,709
Net	**(947,113)**	**(872,026)**

The increase in underwriting expenses (net) is mainly due to a change in the net quota share agreement ceded from Allianz Versicherungs-AG, which now excludes accident business with premium refund that carried a lower cost base, and final costs incurred for the previous net quota share agreement with Allianz Versicherungs-AG.

21 — Investment income

€ THOU	2013	2012
a) Income from shares in affiliated enterprises and participations thereof from affiliated enterprises: €228,370 THOU (2012: €947,858 THOU)	241,636	962,261
b) Income from other investments thereof from affiliated enterprises: €106,304 THOU (2012: €63,767 THOU)		
ba) Income from real estate, real estate rights and buildings including buildings on land not owned by Allianz SE	26,366	30,569
bb) Income from other investments (see below)	598,637	600,969
Income from other investments	**625,003**	**631,538**
c) Income from reversal of impairments	123,148	46,619
d) Realized gains	1,868,909	1,968,089
e) Income from profit transfer agreements	2,366,834	1,657,904
Total	**5,225,530**	**5,266,411**

	2013	2012
bb) Income from other investments		
Debt Securities	335,843	315,162
Funds held by others under reinsurance business assumed	86,567	144,826
Loans to affiliated enterprises	98,453	55,976
Loans to third-parties	28,909	44,988
Interests in funds	32,289	16,040
Bank deposits	4,740	9,295
Loans to participations	6,900	8,456
Receivables from intra-group cash pooling	4,850	6,061
Other	86	165
Total	**598,637**	**600,969**

22 — Investment expenses

€ THOU	2013	2012
a) Investment management, interest charges and other investment expenses		
aa) Interest expenses (see below)	(1,233,220)	(1,425,548)
ab) Other	(79,991)	(112,759)
b) Depreciation and impairments of investments	(323,554)	(293,444)
c) Realized losses	(114,293)	(228,211)
d) Expenses from losses taken over	(205,437)	(332,724)
Total	**(1,956,495)**	**(2,392,686)**

	2013	2012
aa) Interest expenses		
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(336,753)	(343,679)
Liabilities from intra-group loans	(320,482)	(446,151)
Subordinated bonds issued by Allianz SE	(281,128)	(234,744)
Liabilities from intra-group bonds	(235,902)	(273,635)
Liabilities from intra-group cash pooling	(39,947)	(61,299)
Liabilities from commercial paper issues	(3,747)	(11,490)
Liabilities to banks	(2,146)	(33,084)
Other	(13,115)	(21,466)
Total	**(1,233,220)**	**(1,425,548)**

The 2013 depreciation of and impairments on investments do not include any unscheduled write-downs on real estate and on holdings in affiliated enterprises (2012: €1 MN and €189 MN).

23 — Other non-technical result

€ THOU	2013	2012
Other income		
Currency gains	555,625	254,798
Gains on derivatives	475,718	555,520
Service revenues from pensions charged to group companies	142,165	141,724
Other service revenues to group companies	103,169	92,827
Intercompany income	38,037	38,815
Income from the release of other provisions	27,438	110,266
Other	6,336	30,258
Total other income	**1,348,488**	**1,224,208**
Other expenses		
Expenses on derivatives	(485,653)	(538,621)
Interest and similar expense	(372,568)	(337,030)
Other human related expenses	(298,547)	(272,518)
Currency losses	(246,534)	(226,833)
Service expenses from pensions charged to group companies	(142,165)	(141,724)
Other service expenses to group companies	(103,169)	(92,827)
Impairment of intangible assets	(86,688)	(83,835)
Anticipated losses on derivatives	(38,004)	(5,942)
Pension expenses	(37,288)	(31,075)
Expenses for financial guarantees	(34,827)	(248,755)
Other	(175,340)	(242,714)
Total other expenses	**(2,020,783)**	**(2,221,874)**
Other non-technical Result	**(672,295)**	**(997,666)**

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 incurred in this context are recognized as service expenses from pension 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 €63 MN of the German subsidiaries for 2013 due to the first-time application of BilMoG in 2010. The decision of the German subsidiaries to distribute the conversion expenses according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years remained unchanged for fiscal year 2013.

The other expenses contain expenses of €364 MN from the reversal of discounting of long-term provisions.

Furthermore, the items other income and other expenses include the following offset income and expenses:

€ THOU	2013	
	Pensions and similar obligations	Other obligations
Actual return of the offset assets	12,739	272
Imputed interest cost for the settlement amount of the offset liabilities	(246,347)	(351)
Effect resulting from the change in the discount rate for the settlement amount	(109,434)	(3)
Net amount of the offset income and expenses	**(343,042)**	**(82)**

FEES TO THE AUDITOR

€ THOU	2013	2012
Audit	(3,432)	(3,570)
Other certification and valuation services	(4,043)	(4,912)
Tax advice services	(2,843)	(952)
Other services	(40)	(247)
Total	**(10,358)**	**(9,681)**

24 — Extraordinary result

The conversion expenses resulting from the first-time application of the BilMoG in 2010 could be distributed according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years. In fiscal years 2010 and 2011 Allianz SE made use of this option. In 2012 the whole outstanding amount of the conversion expenses of €27 MN was recognized as an extraordinary expense. Therefore, in 2013 there is no extraordinary expense resulting from the first-time application of the BilMoG.

25 — Income taxes

In 2013 the tax income, which mostly relates to the net operating income, decreased to €151 MN (2012: €541 MN). This decrease is based on a payment to the Italian tax authorities (see Other Information, PAGE 90) and the utilization of the trade tax loss carried forward in 2012. Therefore, the current year income of Allianz SE was fully subject to trade tax. Only the corporate income tax loss carried forward remains for offsetting against a tax charge.

As the controlling company ("Organträger") of the tax group, Allianz SE files a consolidated tax return with most of its German affiliated enterprises. Until the corporate income tax loss carried forward is not fully utilized, the tax compensation payments received from members of the tax group result presumably in a tax income.

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

Based on the capitalization option of §274 (1) sentence 2 of the German Commercial Code, the surplus of deferred tax assets over deferred tax liabilities is not recognized. The main differences between accounting and tax-based valuation arise from the balance sheet items loans to affiliated enterprises, reserves for loss and loss adjustment expenses, provisions for anticipated losses, other receivables/liabilities resulting in deferred tax assets and pension accruals resulting in deferred tax liabilities.

In addition, the existing corporate tax loss increases 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

€ THOU	2013	2012
Net income	2,795,408	2,300,204
Unappropriated earnings carried forward	273,166	12,316
Net earnings	**3,068,574**	**2,312,520**

OTHER INFORMATION

Contingent liabilities, legal proceedings and other financial commitments

CONTINGENT LIABILITIES

Guarantees relating to Allianz Group companies

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

- Bonds issued by Allianz Finance II B.V. and Allianz Finance III B.V. for €12.8 BN, of which €5.7 BN were on a subordinated basis.

- Commercial Papers issued by Allianz Finance Corporation. As of 31 December 2013, USD 0.2 BN of commercial papers were issued as part of the program.

- Letters of Credit issued to various Allianz Group companies amounting to €0.6 BN.

Guarantee declarations totaling €1.4 BN have also been made for deferred annuity agreements signed by Allianz Compania 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 31 December 2013, the guaranteed obligations amounted to €938 MN.

Contingent liabilities exist because of indirect pension promises organized via pension funds (Allianz Versorgungskasse VVaG) and support funds (Allianz Pensionsverein e.V.). Allianz SE has a joint liability of €439 MN for a part of the German pension promises and plan assets for phased-in early retirement obligations of its German subsidiaries.

Allowing for a defined deductible, Allianz SE has assumed contingent liabilities of up to €157 MN in connection with certain insurance reserves of its subsidiary Fireman's Fund Insurance Co.

In connection with the transfer of a promissory note of AFF Financing Limited, Allianz SE provided a guarantee to Allianz Lebensversicherungs-AG of up to €80 MN.

Allianz SE has made financial commitments to Allianz Group companies in connection with share purchase agreements amounting to €27 MN.

Allianz SE provides a guarantee to Allianz Argos 14 GmbH to secure payment obligations under derivative contracts entered into with Blue Danube Ltd. and Blue Danube II Ltd. in connection with the issuance of catastrophe bonds.

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

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 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.

In addition, Allianz SE issued guarantees to various Allianz Group companies totaling €483 MN.

Other 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. The expected impact in the foreseeable future has been recognized in other provisions. However, it is not possible for the Allianz Group to predict the ultimate potential payment obligations at this point in time.

As of 31 December 2013, other guarantee commitments given by Allianz SE amounted to €30 MN. As of today and to the best of our 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 Argos 14 GmbH
- Allianz Asset Management AG
  (formerly: Allianz Global Investors AG)
- Allianz Capital Partners GmbH
- Allianz Deutschland AG
- Allianz Finanzbeteiligungs GmbH
- Allianz Global Corporate & Specialty SE

- Allianz Investment Management SE
- Allianz Managed Operations & Services SE (formerly: Allianz Shared Infrastructure Services SE)
- Allianz Real Estate GmbH
- AZ-Arges Vermögensverwaltungsgesellschaft mbH
- IDS GmbH-Analysis and Reporting Services

Advertising agreements led to financial liabilities of €101 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 rental contracts amount to €0.2 MN in financial commitments.

LITIGATION

Allianz SE is involved in legal, regulatory, and arbitration proceedings. Such proceedings arise in the ordinary course of businesses, including, amongst others, Allianz SE's activities as reinsurance company, employer, investor and taxpayer. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management does not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial position and the results of Allianz SE, after consideration of any applicable reserves.

In November 2013, Allianz SE has reached an agreement with the Italian Tax Authorities closing a controversy regarding several independent tax issues. The settlement includes an alleged tax liability of Allianz SE of €1.4 BN including penalties and interest, as declared by a tax assessment notice from the Italian Tax Authority received by Allianz SE in January 2013. The Italian Tax Authority asserted that the combination of the business in Italy following the cross-border merger of the Italian Riunione Adriatica di Sicurtà (RAS) with and into the former Allianz AG in 2006, which led to the change of legal form into Allianz SE, represented a taxable event.

On 24 May 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 the principal shareholder in return for payment of a cash settlement amounting to €51.50 per share. Allianz established the amount of the cash settlement 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"). In September 2013 the district court ("Landgericht") of Frankfurt dismissed the minority shareholders' claims in their entirety. This decision has been appealed to the higher regional court ("Oberlandesgericht") of Frankfurt. In the event that a final decision 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 as a result of supporting measures taken in favor of Oldenburgische Landesbank AG, Münsterländische Bank Thie & Co. KG and Bankhaus W. Fortmann & Söhne KG.

Board Members

All supervisory board members, current or having resigned during the year and all board members, current or having resigned during the year, are denoted on PAGES 11 TO 13. Their memberships in supervisory boards or similar committees of other enterprises are mentioned on PAGES 93 AND 94.

Board of Management remuneration[1]

As of 31 December 2013, the Board of Management is comprised of eleven 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 mid-term bonus (MTB) and the Equity-related remuneration (long-term). In 2013 the Equity-related remuneration was comprised of 102,648[2] (2012: 114,956.5[3]) restricted stock units (RSU).

1 — For detailed information regarding the Board of Management Remuneration, please refer to the Remuneration Report starting on page 52.
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 2012 was based on a best estimate of the RSU grants. The figure shown here for 2012 now includes the actual fair value as of the grant date (7 March 2013). The value therefore differs from the value disclosed last year.

BOARD OF MANAGEMENT REMUNERATION

€ THOU	2013	2012
Base salary	(8,080)	(8,145)
Annual bonus	(10,418)	(10,102)
Perquisites	(697)	(531)
Base salary, annual bonus and perquisites total	**(19,195)**	**(18,778)**
Payout MTB 2010 – 2012	–	(21,911)
Base salary, annual bonus and perquisites and MTB 2010 – 2012 total	**(19,195)**	**(40 689)**
Fair value of RSU at grant date	(10,490)	(10,151)
Equity-related remuneration	**(10,490)**	**(10,151)**
Total	**(29,685)**	**(50,840)**

Total remuneration of the Board of Management of Allianz SE for 2013 (excluding the relevant MTB 2013 – 2015 tranche) amounted to €29,685 THOU (including the relevant MTB 2010 – 2012 payout in 2012: €50,840 THOU).

EQUITY-RELATED REMUNERATION

The remuneration system as of 1 January 2010 only awards RSU. For 2013 the fair value of the RSU at the date of grant was €10,490 THOU (2012: €10,151 THOU).

BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2013, remuneration and other benefits of €8 MN (2012: €7 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:

€ THOU	2013	2012
Historical costs of the offset assets	72,494	71,496
Fair value of the offset assets	72,494	71,496
Settlement amount of the offset liabilities	81,634	82,028
Provision amount that has not yet been recognized according to Article 67 (2) EGHGB	–	10,026
Pension provisions/Excess of plan assets over pension liability	9,140	506

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

Supervisory Board remuneration[1]

	2013		2012	
	€ THOU	%	€ THOU	%
Fixed remuneration	(1,400)	69.4	(1,454)	69.6
Committee-related remuneration	(560)	27.7	(585)	28.0
Attendance fees	(58)	2.9	(50)	2.4
Total	**(2,018)**	**100.0**	**(2,089)**	**100.0**

Average number of employees

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

	2013	2012
Full-time staff	1,456	1,342
Part-time staff	254	232
Total	**1,710**	**1,574**

Staff expenses

€ THOU	2013	2012
1. Wages and salaries	(335,750)	(296,617)
2. Statutory welfare contributions and expenses for optional support payments	(21,586)	(18,495)
3. Expenses for pensions and other post-retirement benefits	(30,392)	(22,429)
Total expenses	**(387,728)**	**(337,541)**

1 — For detailed information regarding the Supervisory Board Remuneration please refer to the Remuneration of the Supervisory Board starting on page 52.

Mandates of the Members of the Supervisory Board

DR. HELMUT PERLET
Chairman
Former Member of the Board of Management of Allianz SE
Membership in other statutory supervisory boards and SE administrative boards in Germany
Commerzbank AG
GEA Group AG

DR. WULF H. BERNOTAT
Vice Chairman
Former Chairman of the Board of Management of E.ON AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Bertelsmann Management SE
Bertelsmann SE & Co. KGaA
Deutsche Annington Immobilien SE (Chairman) since 18 June 2013
Deutsche Telekom AG
METRO AG

ROLF ZIMMERMANN
Vice Chairman
Employee of Allianz Deutschland AG

DANTE BARBAN
Employee of Allianz S.p.A.

CHRISTINE BOSSE
Former Group CEO of the Executive Management of Tryg
Membership in comparable[1] supervisory bodies
Aker ASA
Flügger A/S (Chairwoman)
Nordea Bank A/S until 14 March 2013
TDC A/S

GABRIELE BURKHARDT-BERG
Chairwoman of the Group Works Council of Allianz SE
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG (Vice Chairwoman) until 10 April 2013

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

IRA GLOE-SEMLER
Chairwoman of the federal insurance group of ver.di Germany

FRANZ HEISS
Employee of Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER
Head of Institut für Demoskopie Allensbach (Allensbach Institute)
Membership in other statutory supervisory boards and SE administrative boards in Germany
BMW AG
Infineon Technologies AG
Nestlé Deutschland AG
Robert Bosch GmbH

IGOR LANDAU
Member of the Board of Directors of Sanofi S.A.
Membership in other statutory supervisory boards and SE administrative boards in Germany
adidas AG (Chairman)
Membership in comparable[1] supervisory bodies
Sanofi S.A.

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

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 (Vice Chairman)
Linde AG (Vice Chairman)
Siemens AG
Membership in Group bodies
Allianz Asset Management AG (Chairman)
Allianz Deutschland AG
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A. (Vice Chairman)
Allianz S.p.A.

OLIVER BÄTE
Insurance Western & Southern Europe
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Vice Chairman)
until 8 May 2013
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz Sigorta A.S. (Vice Chairman)
Allianz S.p.A. (Vice Chairman)
Allianz Yasam ve Emeklilik A.S.
since 12 July 2013
Yapı Kredi Sigorta A.S. (Vice Chairman)
since 12 July 2013

MANUEL BAUER
Insurance Growth Markets
Membership in comparable[1] supervisory bodies
Bajaj Allianz General Insurance Co. Ltd.
Bajaj Allianz Life Insurance Co. Ltd.
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)
until 1 March 2014
TUiR Allianz Polska S.A. (Chairman)
TU Allianz Życie Polska S.A. (Chairman)

GARY BHOJWANI
Insurance USA
Membership in comparable[1] supervisory bodies
Allina Health
until 12 June 2013
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairman)
Allianz of America, Inc. (Chairman)
AZOA Services Corp. (Chairman)
Fireman's Fund Insurance Company (Chairman)

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 SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Australia Ltd.
Allianz Insurance plc (Chairman)
Allianz Irish Life Holdings plc
Euler Hermes S.A. (Chairman)

DR. HELGA JUNG
Insurance Iberia & Latin America, Legal & Compliance, Mergers & Acquisitions
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Vice Chairwoman)
since 8 May 2013
Membership in comparable[1] supervisory bodies
Unicredit S.p.A.
Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A.
Companhia de Seguros Allianz Portugal S.A.

DR. CHRISTOF MASCHER
Operations
Membership in other statutory supervisory boards and SE administrative boards in Germany
Volkswagen Autoversicherung AG
Membership in Group bodies
Allianz Managed Operations and Services SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Worldwide Partners SAS (formerly Allianz Global Assistance SAS) (Chairman)

JAY RALPH
Asset Management Worldwide

DR. DIETER WEMMER
Finance, Controlling, Risk
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Asset Management AG
Allianz Investment Management SE
since 18 February 2013

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 (Vice Chairman)
Allianz Suisse Versicherungs-Gesellschaft AG (Vice Chairman)

DR. MAXIMILIAN ZIMMERER
Investments
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Asset Management AG
Allianz Investment Management SE (Chairman)
Allianz Lebensversicherungs-AG (Vice Chairman)
since 15 April 2013

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 Group Limited	London, U.K.	+	3	26 July 2011	3.10	14,116,838	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock International Holdings Inc.	New York, U.S.A.	+	3	20 July 2011	3.01	13,690,733	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey Channel Islands	+	3	20 July 2011	3.01	13,690,733	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Advisers Holdings Inc.	New York, U.S.A.	+	3	19 July 2011	3.02	13,741,516	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRockFinancial Management Inc.	New York, U.S.A.	+	5	9 May 2011	5.10	23,181,671	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2	Wilmington, U.S.A.	+	5	9 May 2011	5.10	23,181,671	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	13 April 2011	5.03	22,861,621	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
Commerzbank AG	Frankfurt am Main, Germany	–	3	17 May 2013	0.06	257,723	255,391 voting rights pursuant to § 22 (1) sentence 1 No. 6 WpHG
Commerzbank AG	Frankfurt am Main, Germany	+	3	6 May 2013	4.97	22,647,002	256,730 voting rights pursuant to § 22 (1) sentence 1 No. 6 WpHG
Credit Suisse Group AG	Zurich, Switzerland	–	3	6 May 2013	2.65	12,062,095	11,871,103 voting rights pursuant § 22 (1) sentence 1 No. 1 WpHG 190,992 voting rights pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
Credit Suisse AG	Zurich, Switzerland	–	3	6 May 2013	2.65	12,062,095	11,466,005 voting rights pursuant § 22 (1) sentence 1 No. 1 WpHG 190,992 voting rights pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
Credit Suisse Investments (UK)	London, United Kingdom	–	3	6 May 2013	2.48	11,305,813	§ 22 (1) sentence 1 No. 1 WpHG
Credit Suisse Investments Holding (UK)	London, United Kingdom	–	3	6 May 2013	2.48	11,305,813	§ 22 (1) sentence 1 No. 1 WpHG
Credit Suisse Securities (Europe) Limited	London, United Kingdom	–	3	6 May 2013	2.48	11,305,813	
Credit Suisse Group AG	Zurich, Switzerland	+	3	3 May 2013	3.31	15,086,359	14,895,367 voting rights pursuant § 22 (1) sentence 1 No. 1 WpHG 190,992 voting rights pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
Credit Suisse AG	Zurich, Switzerland	+	3	3 May 2013	3.31	15,086,359	14,441,341 voting rights pursuant § 22 (1) sentence 1 No. 1 WpHG 190,992 voting rights pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
Credit Suisse Investments (UK)	London, United Kingdom	+	3	3 May 2013	3.12	14,230,909	§ 22 (1) sentence 1 No. 1 WpHG
Credit Suisse Investments Holding (UK)	London, United Kingdom	+	3	3 May 2013	3.12	14,230,909	§ 22 (1) sentence 1 No. 1 WpHG
Credit Suisse Securities (Europe) Limited	London, United Kingdom	+	3	3 May 2013	3.12	14,230,909	

Declaration of Conformity with the German Corporate Governance Code

On 12 December 2013, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Conformity 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, 24 February 2014

Allianz SE
The Board of Management

LIST OF PARTICIPATIONS ALLIANZ SE, MUNICH AS OF 31 DECEMBER 2013 ACCORDING TO § 285 NO. 11 HGB IN CONJUNCTION WITH § 286 (3) NO. 1 HGB

	OWNED [1] %	EQUITY € THOU	NET EARNINGS € THOU
GERMAN ENTITIES			
Affiliates			
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0	24,692	5,690
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,829	(34)
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0	189,154	111,562
ADEUS Aktienregister-Service-GmbH, Frankfurt am Main	79.6	8,521	1,171
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8	432,699	11,671
Allianz Asset Management AG, Munich	100.0[2]	3,461,258	0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	427,184	24,840
Allianz Beratungs- und Vertriebs-AG, Munich	100.0[2]	12,689	0
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	157,584	(59,892)
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 SE, Munich	100.0[2,3]	1,153,391	0
Allianz Global Investors Europe GmbH, Frankfurt am Main	100.0[2]	462,980	0
Allianz Global Investors GmbH, Munich	100.0[2]	3,179,692	0
Allianz Handwerker Services GmbH, Aschheim	95.0[3]	32,794	5,438
Allianz Investment Management SE, Munich	100.0[2]	9,882	0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0	192,364	0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0	1,567,235	0
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0	40,321	0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0	14,335	0
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0	1,454,344	116,000
Allianz Managed Operations & Services SE, Munich	100.0[2,3]	189,608	0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	81,662	(2)
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	49,645	1,003
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	230,694	11,000
Allianz Private Equity GmbH, Munich	100.0	128,375	0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0[2]	333,227	0
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0	29,737	1,051
Allianz Taunusanlage GbR, Stuttgart	99.5	195,668	6,140
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0[2]	2,338,203	0
AllSecur Deutschland AG, Munich	100.0[2]	44,831	0
APKV Private Equity Fonds GmbH, Munich	100.0	213,026	2
AUG. PRIEN Immobilien PE Verwaltung BrahmsQuartier GmbH, Stuttgart	94.9	6,442	61
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	85,781	0
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	99,280	21,878
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	49,145	192,151
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	218,905	22,668
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	109,658	(1)
AZ-Argos 61 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	135,912	(2)
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	96,969	(3,168)
AZL AI Nr. 1 GmbH, Munich	100.0	37,811	0
AZL PE Nr. 1 GmbH, Munich	100.0	124,471	(16,868)
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0	111,038	0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0	334,890	0
Brahms Beteiligungs GmbH & Co. KG, Stuttgart	94.9	6,037	(11)
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	95.0	96,291	3,925
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1[3]	24,523	6,451
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0[2]	44,991	0
Euler Hermes Aktiengesellschaft, Hamburg	100.0	60,458	46,295
Euler Hermes Collections GmbH, Potsdam	100.0[3]	235,357	(120,229)

	OWNED [1] %	EQUITY € THOU	NET EARNINGS € THOU
Euler Hermes Deutschland Aktiengesellschaft, Hamburg	100.0[3]	235,502	118,256
manroland AG, Offenbach am Main	100.0[4,5]	148,289	(179,129)
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0[5]	5,155	0
Münchener und Magdeburger Agrarversicherung Aktiengesellschaft, Munich	86.5[3]	7,137	1,158
Münsterländische Bank Thie & Co. KG, Münster	100.0	8,000	622
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0	104,598	(2,057)
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	90.2	588,808	4,723
PIMCO Deutschland GmbH, Munich	100.0	35,030	0
REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0	333,078	(9,548)
Selecta Deutschland GmbH, Bad Soden am Taunus	100.0[3]	5,849	(3,062)
Selecta Holding GmbH, Bad Soden am Taunus	100.0[3]	9,896	(425)
Signa 12 Verwaltungs GmbH, Düsseldorf	94.9	5,218	(17)
Spherion Beteiligungs GmbH & Co. KG, Stuttgart	94.9	5,092	(15)
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0	90,710	2,358
Volkswagen Autoversicherung AG, Braunschweig	100.0	20,717	0
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0	21,396	(24,659)
W. Fortmann & Söhne KG, Oldenburg	100.0	8,852	(73)
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0	28,650	871
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0	15,706	1,261
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0	31,955	2,161
Windpark Dahme GmbH & Co. KG, Hamburg	100.0	54,236	939
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0	49,927	842
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0	27,564	1,850
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0	31,581	706
Windpark Kirf GmbH & Co. KG, Sehestedt	100.0	6,941	194
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0	11,148	580
Windpark Prötlin GmbH & Co. KG, Sehestedt	100.0	21,859	1,832
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0	20,508	1,904
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0	33,519	1,400
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0	23,202	814
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0	12,800	(88)
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0	33,203	2,760
Joint ventures			
Dealis Fund Operations GmbH, Frankfurt am Main	50.1	19,515	4,244
Associates			
AV Packaging GmbH, Munich	51.0	8,546	(415)
Capiton IV ConFlex Co-Investment GmbH & Co. KG, Berlin	50.0[3]	18,679	(825)
Fondsdepot Bank GmbH, Hof	49.0	40,724	(784)
Umspannwerk Putlitz GmbH & Co. KG, Frankfurt am Main	25.4[3]	14,130	(270)
Other participations between 5 and 20% of voting rights			
EXTREMUS Versicherungs-Aktiengesellschaft, Cologne	16.0		
MLP AG, Wiesloch	8.9		
Sana Kliniken AG, Ismaning	13.9		
FOREIGN ENTITIES			
Affiliates			
490 Fulton GP LLC, New York, NY	100.0	115,049	0
490 Fulton JV LP, New York, NY	96.5	115,436	110
490 Fulton REIT LP, New York, NY	100.0	115,049	0
490 Lower Unit LP, New York, NY	100.0	115,049	110
A.V.I.P. Assurance Vie de Prévoyance SA, Courbevoie	100.0	95,651	2,569
ACMAR SA, Casablanca	55.0[3]	7,615	2,647
Aero-Fonte S.r.l., Catania	100.0	11,966	4,081
AGA Alarmcentrale NL B.V., Amsterdam	100.0[3]	12,080	1,484

	Owned[1] %	Equity € thou	Net earnings € thou
AGA Inc., Richmond, VA	100.0[3]	5,677	2,953
AGCS Marine Insurance Company, Chicago, IL	100.0[3]	89,687	(26,841)
AGCS Resseguros Brasil S.A., Rio de Janeiro	100.0	42,761	(2,093)
AGF Benelux S.A., Luxembourg	100.0	680,886	10,870
AGF Holdings (UK) Limited, Guildford	100.0	68,126	4,974
AGF Insurance Limited, Guildford	100.0	132,341	(8,780)
AGF Inversiones S.A., Buenos Aires	100.0[3]	13,022	3,146
AGF Ras Holding B.V., Amsterdam	100.0[3]	1,926,949	228,677
AGR Services Pte Ltd., Singapore	100.0	36,235	3,798
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0	25,451	1,206
Allianz (UK) Limited, Guildford	100.0	493,214	106,228
Allianz Africa S.A., Paris	100.0	24,303	2,962
Allianz Alapkezelõ Zrt., Budapest	100.0	6,475	2,799
Allianz Alp Sp. z o.o., Warsaw	100.0[3]	25,689	2,754
Allianz Annuity Company of Missouri, Clayton, MO	100.0	264,857	(18,532)
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0[3]	36,185	9,903
Allianz Asset Management of America L.P., Dover, DE	100.0	910,889	2,037,322
Allianz Asset Management of America LLC, Dover, DE	100.0	5,625,505	2,473,900
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	209,396	96,947
Allianz Australia Insurance Limited, Sydney	100.0[3]	1,510,851	288,101
Allianz Australia Life Insurance Limited, Sydney	100.0[3]	42,205	5,932
Allianz Australia Limited, Sydney	100.0[3]	1,245,026	210,837
Allianz Ayudhya Assurance Public Company Limited, Bangkok	62.6[3]	202,109	18,576
Allianz Bank Bulgaria JSC, Sofia	99.9	98,942	8,849
Allianz Bank Financial Advisors S.p.A., Milan	100.0[3]	198,971	2,660
Allianz Banque S.A., Courbevoie	100.0	112,804	10,100
Allianz Belgium S.A., Brussels	100.0	703,585	10,048
Allianz Bulgaria Holding Company Ltd., Sofia	66.2	49,998	27,276
Allianz Bulgaria Insurance and Reinsurance Company Ltd., Sofia	87.4	32,389	6,844
Allianz Bulgaria Life Insurance Company Ltd., Sofia	99.0	13,775	4,169
Allianz Bulgaria Pension Company AD, Sofia	65.9	18,104	5,773
Allianz Burkina dommages SA, Ouagadougou	60.3	5,115	1,143
Allianz business services s.r.o., Bratislava	100.0[3]	5,010	(538)
Allianz Cameroun dommages SA, Douala	75.4	13,017	2,300
Allianz Carbon Investments B.V., Amsterdam	100.0[3]	6,497	(13)
Allianz China General Insurance Company Ltd., Guangzhou	100.0[3]	26,850	(24,596)
Allianz China Life Insurance Co. Ltd., Shanghai	51.0	19,696	(13,825)
Allianz Colombia S.A., Bogotá D.C.	100.0[3]	162,505	19,970
Allianz Compagnia Italiana Finanziamenti S.p.A., Milan	100.0[3]	742,183	175,444
Allianz CompanÍa de Seguros y Reaseguros S.A., Barcelona	99.9	443,195	145,881
Allianz Congo Assurances SA, Brazzaville	100.0	642,739	43,739
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0	9,733	4,188
Allianz Côte d'Ivoire Assurances S.A., Abidjan	74.1	6,720	2,443
Allianz Côte d'Ivoire vie SA, Abidjan	71.0	6,698	1,842
Allianz do Brasil Ltda., São Paulo	100.0	276,549	28,821
Allianz Elementar Lebensversicherungs-Aktiengesell-schaft, Vienna	100.0	142,575	19,891
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	380,433	81,872
Allianz Engineering Services Limited, Guildford	100.0	5,333	2,753
Allianz Equity Investments Ltd., Guildford	100.0	149,877	2,076
Allianz Europe B.V., Amsterdam	100.0[3]	43,131,550	2,050,331
Allianz Europe Ltd., Amsterdam	100.0[3]	10,424,830	444,211
Allianz Finance II B.V., Amsterdam	100.0[3]	6,836	3,304
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0[3]	3,573,408	464,018
Allianz Finance IV Luxembourg S.à r.l., Luxembourg	100.0[3]	169,678	6,372
Allianz Finance V Luxembourg S.à r.l., Luxembourg	100.0[3]	18,190	(982)
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0	368,681	(3,568)
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0	110,734	(95)
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0	15,507	1,411
Allianz France Investissement OPCI, Paris	100.0	125,818	5,453
Allianz France Real Estate Invest SPPICAV, Paris	100.0	1,349,076	18,053
Allianz France Richelieu 1 S.A.S., Paris	100.0	149,214	(1,422)
Allianz France S.A., Paris	100.0	6,928,323	569,354
Allianz Fund Investments Inc., Wilmington, DE	100.0	223,205	5,697
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0[3]	235,978	40,924
Allianz General Laos Ltd., Vientiane	51.0[3]	7,261	2,347
Allianz Global Assistance International SA, Paris	100.0[3]	353,829	54,671
Allianz Global Assistance S.A.S., Paris	100.0[3]	327,206	19,032
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0	46,556	(67)
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0	7,123	(464)
Allianz Global Corporate and Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0	6,966	(463)
Allianz Global Investors Distributors LLC, Dover, DE	100.0	39,702	15,453
Allianz Global Investors France S.A., Paris	100.0	30,831	10,729
Allianz Global Investors Hong Kong Ltd., Hong Kong	100.0	19,386	7,636
Allianz Global Investors Ireland Ltd., Dublin	100.0	12,476	5,964
Allianz Global Investors Korea Limited, Seoul	100.0	25,988	5,919
Allianz Global Investors Luxembourg S.A., Senningerberg	100.0	137,569	90,707
Allianz Global Investors Taiwan Ltd., Taipei	100.0	39,743	18,661
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0	105,465	69,352
Allianz Global Investors U.S. LLC, Dover, DE	100.0	72,815	88,459
Allianz Global Life Ltd., Dublin	100.0[3]	68,616	(1,611)
Allianz Global Risks US Insurance Company Corp., Burbank, CA	100.0	797,203	(10,146)
Allianz Grenelle SAS, Paris	100.0	12,513	17
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0	30,856	(5,462)
Allianz Hellas Insurance Company S.A., Athens	100.0	64,221	18,295
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0	326,132	13,593
Allianz Holding eins GmbH, Vienna	100.0	2,270,999	321,017
Allianz Holding France SAS, Paris	100.0[3]	7,502,787	873,961
Allianz Holdings plc, Guildford	100.0	1,104,326	111,119
Allianz Hungária Biztosító Zrt., Budapest	100.0	134,229	342
Allianz IARD S.A., Paris	100.0	2,521,683	476,690
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0	182,123	(3,052)
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0	56,474	(6)
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0	56,432	16
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0	213,628	(78,687)
Allianz Infrastructure Luxembourg I SICAV-FIS, Luxembourg	100.0	610,048	(67,448)
Allianz Infrastructure Luxembourg II SICAF-FIS, Luxembourg	100.0	234,632	(23,604)
Allianz Insurance (Hong Kong) Ltd., Hong Kong	100.0	25,067	4,819
Allianz Insurance Company-Egypt S.A.E., Cairo	85.0[3]	14,277	(127)
Allianz Insurance plc, Guildford	100.0	1,054,617	199,179
Allianz Invest Kapitalanlage GmbH, Vienna	100.0	5,549	1,445
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	32,514	3,720
Allianz Irish Life Holdings p.l.c., Dublin	66.5	61,516	36,918
Allianz Leasing Bulgaria AD, Sofia	51.0	7,242	416
Allianz Life & Annuity Company, Minneapolis, MN	100.0	11,050	225
Allianz Life (Bermuda) Ltd., Hamilton	100.0[3]	10,746	2,743
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0[3]	37,960	4,577
Allianz Life Financial Services LLC, Minneapolis, MN	100.0[2]	27,192	0
Allianz Life Insurance Company Ltd., Moscow	100.0[3]	25,380	13,492
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0	225,866	8,570
Allianz Life Insurance Company of New York, New York, NY	100.0	113,401	9,396
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0	5,220,595	355,328
Allianz Life Insurance Japan Ltd., Tokyo	100.0[3]	7,346	(19,849)
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0[3]	134,588	13,345
Allianz Life Luxembourg S.A., Luxembourg	100.0	58,489	1,817
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	71.8[3]	241,000	41
Allianz Management Services Limited, Guildford	100.0	25,229	22,615
Allianz Marine (UK) Ltd., Ipswich	100.0	11,174	71
Allianz Mena Holding Bermuda Ltd., Beirut	99.9[3]	19,763	(159)
Allianz México S.A. Compañía de Seguros, Mexico City	100.0[3]	101,377	16,958
Allianz Nederland Asset Management B.V., Nieuwegein	100.0	28,884	4,382
Allianz Nederland Groep N.V., Rotterdam	100.0	655,841	87,899
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0	269,281	48,428
Allianz Nederland Schadeverzekering N.V., Rotterdam	100.0	214,411	25,251
Allianz New Europe Holding GmbH, Vienna	100.0	978,962	4,169
Allianz New Zealand Limited, Auckland	100.0[3]	22,595	145

	Owned [1] %	Equity € thou	Net earnings € thou
Allianz of America Inc., Westport, CT	100.0[3]	13,206,789	1,109,001
Allianz One Beacon LP, Wilmington, DE	100.0	70,389	2,172
Allianz p.l.c., Dublin	100.0	365,195	37,517
Allianz Participations B.V., Amsterdam	100.0[3]	153,973	(195,096)
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	10,317	936
Allianz penzijní spolecnost a.s., Prague	100.0[3]	66,500	14,215
Allianz pojistovna a.s., Prague	100.0[3]	163,357	38,667
Allianz Polska Services Sp. z o.o., Warsaw	100.0[3]	11,465	(103)
Allianz Popular Asset Management SGIIC S.A., Madrid	100.0	50,096	14,446
Allianz Popular Pensiones EGFP S.A., Madrid	100.0	51,311	23,487
Allianz Popular S.L., Madrid	60.0	1,018,341	70,853
Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0	157,455	44,258
Allianz Private Equity UK Holdings Limited, London	100.0[3]	19,061	(7,108)
Allianz Properties Limited, Guildford	100.0	179,154	18,035
Allianz Re Dublin Limited, Dublin	100.0	294,720	100,263
Allianz Real Estate France SAS, Paris	100.0	12,586	6,775
Allianz Renewable Energy Partners I LP, London	100.0	283,122	5,929
Allianz Renewable Energy Partners II Limited, London	100.0	77,915	(6,091)
Allianz Renewable Energy Partners III LP, London	98.3	131,897	2,836
Allianz Renewable Energy Partners IV Limited, London	98.3	205,566	(2,111)
Allianz Renewable Energy Partners V plc., London	100.0	293,135	5,517
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0	31,752	(3,446)
Allianz Risk Transfer Inc., New York, NY	100.0[3]	67,458	681
Allianz Risk Transfer N.V., Amsterdam	100.0	31,054	277
Allianz S.p.A., Trieste	100.0[3]	1,095,815	413,775
Allianz Saude S.A., São Paulo	100.0	50,306	3,327
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0[3]	87,846	13,670
Allianz Seguros S.A., Bogotá D.C.	100.0[3]	80,635	9,408
Allianz Seguros S.A., São Paulo	100.0	269,890	28,613
Allianz Services (UK) Limited, London	100.0	16,261	750
Allianz Sigorta A.S., Istanbul	84.2	183,173	44,649
Allianz Société Financière S.à r.l., Luxembourg	100.0	1,307,028	19,087
Allianz South America Holding B.V., Amsterdam	100.0[3]	334,454	30,986
Allianz Specialised Investments Limited, London	100.0	7,355	(49)
Allianz Subalpina Holding S.p.A., Turin	98.1[3]	191,747	13,725
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Zurich	100.0	860,903	63,928
Allianz Suisse Rückversicherungs AG, Zurich	100.0[3]	186,153	40,052
Allianz Suisse Versicherungs-Gesellschaft AG, Zurich	100.0	670,499	343,897
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7	139,686	(4,541)
Allianz Telematics S.p.A., Rome	100.0[3]	11,864	(6,378)
Allianz Tiriac Asigurari SA, Bucharest	52.2	126,867	18,957
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0	11,120	4,030
Allianz Ukraine LLC, Kiev	100.0[3]	7,914	(903)
Allianz US Investment LP, Wilmington, DE	100.0	295,615	(11,658)
Allianz US Private REIT LP, Wilmington, DE	100.0	221,435	(824)
Allianz Vie S.A., Paris	100.0	2,727,716	139,917
Allianz Worldwide Care Ltd., Dublin	100.0[3]	88,347	22,598
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0	78,138	22,569
Allianz Zagreb d.d., Zagreb	83.2[3]	85,789	12,066
Allianz ZB d.o.o. Company for the Management of Obligatory Pension Funds, Zagreb	51.0	19,389	7,610
Allianz-Slovenská DSS a.s., Bratislava	100.0[3]	49,598	2,380
Allianz-Slovenská poist'ovna a.s., Bratislava	99.6[3]	364,794	65,289
Amaya Compania de Seguros y Reaseguros S.A., Madrid	100.0	45,906	1,143
American Automobile Insurance Company Corp., Earth City, MO	100.0[3]	121,748	5,120
American Financial Marketing Inc., Minneapolis, MN	100.0	26,406	861
AMOS Austria GmbH, Vienna	100.0	20,693	(4,541)
AMOS IT Suisse AG, Zurich	100.0	8,278	2,535
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0	11,553	1,668
Antoniana Veneta Popolare Assicurazioni S.p.A., Trieste	100.0[3]	11,596	3,332
Antoniana Veneta Popolare Vita S.p.A., Trieste	50.0[3]	62,295	19,207
APKV US Private REIT LP, New York, NY	100.0	38,299	(940)
Arab Gulf Health Services LLC, Beirut	100.0[3]	12,404	3,095
Arcalis SA, Courbevoie	100.0	96,846	15,113
Arges Investments I N.V., Amsterdam	100.0[3]	48,055	55
Arges Investments II N.V., Amsterdam	100.0[3]	48,013	13

	Owned [1] %	Equity € thou	Net earnings € thou
Asit Services S.R.L., Bucharest	100.0	33,129	1,031
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0	27,379	6,472
Associated Indemnity Corporation, Novato, CA	100.0[3]	61,557	2,627
Automaty Servis Selecta s.r.o., Prague	100.0[3]	25,363	2,245
AZ Euro Investments II S.à r.l., Luxembourg	100.0	180,033	(10)
AZ Euro Investments S.à r.l., Luxembourg	100.0	2,507,785	101,791
AZ Jupiter 4 B.V., Amsterdam	100.0[3]	24,317	(442)
AZ Jupiter 8 B.V., Amsterdam	100.0[3]	3,091,492	519
AZ Jupiter 9 B.V., Amsterdam	100.0[3]	89,851	76
AZGA Insurance Agency Canada Ltd., Waterloo, ON	100.0[3]	77,650	(2,246)
AZL PF Investments Inc., Minneapolis, MN	100.0	444,480	0
AZOA Services Corporation, Novato, CA	100.0[3]	22,320	(1,991)
BAWAG Allianz Vorsorgekasse AG, Vienna	50.0	17,183	3,676
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0	79,892	1,345
Brasil de Imoveis e Participacoes Ltda., São Paulo	100.0	5,323	278
Bright Mission Berhad Ltd., Kuala Lumpur	100.0[3]	43,623	494
British Reserve Insurance Co. Ltd., Guildford	100.0	39,481	3,212
Calobra Investments Sp. z o.o., Warsaw	100.0	47,006	2,697
Calypso S.A., Paris	100.0	15,191	(11,840)
CAP Rechtsschutz-Versicherungsgesellschaft AG, Zurich	100.0	16,216	3,711
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0	35,924	(588)
Chicago Insurance Company Corp., Chicago, IL	100.0[3]	41,515	2,291
CIC Allianz Insurance Ltd., Sydney	100.0[3]	37,231	6,830
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8	149,089	15,628
CPRN Thailand Ltd., Bangkok	100.0[3]	8,162	1,619
CreditRas Assicurazioni S.p.A., Milan	50.0[3]	18,029	16,200
CreditRas Vita S.p.A., Milan	50.0[3]	355,563	176,014
Darta Saving Life Assurance Ltd., Dublin	100.0[3]	82,509	26,280
Deeside Investments Inc., Wilmington, DE	50.1	168,938	3,133
Delta Technical Services Ltd., London	100.0[3]	8,507	2,037
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0	462,098	8,907
Energie Eolienne Lusanger S.à r.l., Versailles	100.0	5,149	36
Eolica Erchie S.r.l., Lecce	100.0	6,355	(1,032)
Euler Hermes Collections Sp. z o.o., Warsaw	100.0[3]	15,587	2,537
Euler Hermes Crédit France S.A.S., Paris	100.0[3]	150,031	497
Euler Hermes Europe S.A./N.V., Brussels	100.0[3]	300,595	1,812
Euler Hermes France S.A., Paris	100.0[3]	412,123	92,644
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0	98,329	66
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0	140,817	19,743
Euler Hermes North America Insurance Company Inc., Baltimore, MD	100.0[3]	143,299	23,355
Euler Hermes Patrimonia SA, Brussels	100.0[3]	50,124	118
Euler Hermes Ré SA, Senningerberg	100.0[3]	61,055	0
Euler Hermes Real Estate SPPICAV, Paris	60.0[3]	125,456	1,527
Euler Hermes Recouvrement France S.A.S., Paris	100.0[3]	53,066	8,452
Euler Hermes Reinsurance AG, Zurich	100.0[3]	583,713	98,770
Euler Hermes S.A., Paris	69.6[3]	1,293,019	194,339
Euler Hermes Seguros de Crédito à Exportação S.A., São Paulo	100.0[3]	6,302	204
Euler Hermes Seguros de Crédito S.A., São Paulo	100.0[3]	8,310	(177)
Euler Hermes Services AG, Zurich	100.0[3]	5,283	3,410
Euler Hermes Services Belgium S.A., Brussels	100.0[3]	11,264	822
Euler Hermes Serviços Ltda., São Paulo	100.0[3]	14,852	(770)
Euler Hermes South Express S.A., Brussels	100.0[3]	18,680	(1,320)
Euler Hermes Tech SAS, Nanterre	100.0[3]	5,703	1,366
Euler Hermes UMA, Louisville, KY	100.0[3]	10,387	391
Euler Hermes World Agency SASU, Paris	100.0[3]	6,666	1,379
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0[3]	8,630	6,382
Eurl 20/22 Le Peletier, Paris	100.0	53,663	(2,296)
Eurosol Invest S.r.l., Udine	100.0	10,402	570
Fenix Directo Compania de Seguros y Reaseguros S.A., Madrid	100.0	20,649	(3,582)
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0[3]	11,255	163
Fireman's Fund Insurance Company Corp., Novato, CA	100.0[3]	1,913,026	(575,402)
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0[3]	6,755	172

	OWNED[1] %	EQUITY € THOU	NET EARNINGS € THOU
Fireman's Fund Insurance Company of Ohio Corp., Cincinnati, OH	100.0[3]	35,740	1,344
Fragonard Assurance S.A., Paris	100.0[3]	68,529	20,538
GamePlan Financial Marketing LLC, Woodstock, GA	100.0	48,055	3,040
Generation Vie S.A., Courbevoie	52.5	65,574	1,395
Genialloyd S.p.A., Milan	100.0[3]	80,879	41,031
Havelaar et Van Stolk B.V., Rotterdam	100.0	7,662	517
Home & Legacy (Holdings) Limited, London	100.0	5,428	40
Home & Legacy Insurance Services Limited, London	100.0	19,873	2,806
Immovalor Gestion S.A., Paris	100.0	6,312	2,938
Insurance and Reinsurance AG Energy, Sofia	50.9	30,138	11,655
Insurance CJSC Medexpress, Saint Petersburg	99.8[3]	17,491	1,899
Interstate Fire & Casualty Company, Chicago, IL	100.0[3]	116,203	4,093
Investitori SGR S.p.A., Milan	100.0[3]	14,369	1,715
Jefferson Insurance Company Corp., New York, NY	100.0[3]	33,612	2,535
Kiinteistö OY Eteläesplanadi 2, Helsinki	100.0	18,467	2,959
Knightsbridge Allianz LP, Bartlesville, OK	99.5[3]	12,844	5,403
La Rurale SA, Paris	99.9	7,716	1,215
LLC "Allianz Eurasia Healthcare", Saint Petersburg	100.0[3]	8,163	(526)
Lloyd Adriatico Holding S.p.A., Trieste	99.9[3]	648,703	32,463
London Verzekeringen N.V., Rotterdam	100.0	122,644	3,659
Martin Maurel Vie SA, Courbevoie	100.0	14,540	1,367
Mondial Assistance Australia Holding Pty Ltd., Toowong	100.0[3]	8,662	1,210
Mondial Assistance France SAS, Paris	95.0[3]	33,008	17,068
Mondial Assistance United Kingdom Ltd., Croydon Surrey	100.0[3]	7,168	2,564
Mondial Serviços Ltda., São Bernardo do Campo	100.0[3]	18,718	4,058
National Surety Corporation, Chicago, IL	100.0[3]	106,374	4,754
NFJ Investment Group LLC, Dover, DE	100.0	8,754	74,446
OJSC "Allianz Investments", Moscow	100.0[3]	7,990	(715)
OJSC "My Clinic", Moscow	100.0[3]	17,322	(1,368)
OJSC Insurance Company Allianz, Moscow	100.0[3]	224,364	759
OJSC Insurance Company ROSNO-MS, Moscow	100.0[3]	25,986	3,250
Omega Thai Investment Holding B.V., Amsterdam	100.0[3]	50,194	(30)
OOO "IC Euler Hermes Ru", Moscow	100.0[3]	8,194	150
Oppenheimer Group Inc., Dover, DE	100.0	47,229	1,079
Orione PV S.r.l., Milan	100.0	8,956	329
Orsa Maggiore PV S.r.l., Milan	100.0	18,619	1,997
OY Selecta AB, Helsinki	100.0[3]	5,176	983
Pacific Investment Management Company LLC, Dover, DE	96.7	645,107	2,602,066
Personalized Brokerage Service LLC, Topeka, KS	100.0	6,100	895
Pet Plan Ltd., Guildford	100.0	116,564	(64)
PFP Holdings Inc., Dover, DE	100.0[3]	229,884	(3,320)
PGA Global Services LLC, Wilmington, DE	100.0	5,230	3,165
PGREF V 1301 Sixth Investors I LP, Wilmington, DE	100.0	39,783	(8,225)
PIMCO Asia Ltd., Hong Kong	100.0	18,311	8,855
PIMCO Asia Pte Ltd., Singapore	100.0	19,461	5,779
PIMCO Australia Pty Ltd., Sydney	100.0	18,797	20,816
PIMCO Canada Corp., Toronto, ON	100.0	27,618	4,445
PIMCO Europe Ltd., London	100.0	199,785	71,936
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	18,391	8,828
PIMCO Global Advisors LLC, Dover, DE	100.0	330,450	143,156
PIMCO Global Holdings LLC, Dover, DE	100.0	31,781	5,831
PIMCO Investments LLC, Dover, DE	100.0	75,800	26,360
PIMCO Japan Ltd., Road Town, Tortola	100.0	34,677	29,163
Primacy Underwriting Management Pty Ltd., Melbourne	100.0[3]	6,658	1,813
Prism Re (Bermuda) Ltd., Hamilton	99.0	14,080	434
Protexia France S.A., Paris	100.0	29,748	7,009
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8[3]	208,008	28,874
PTE Allianz Polska S.A., Warsaw	100.0[3]	48,582	5,759
Q207 S.C.S., Luxembourg	94.0	96,123	(300)
Questar Capital Corporation, Minneapolis, MN	100.0	9,164	(8,040)
RCM Asia Pacific Ltd., Hong Kong	100.0	23,647	9,785
Real Faubourg Haussmann SAS, Paris	100.0	13,191	(203)
Real FR Haussmann SAS, Paris	100.0	59,403	4,381
Redoma S.à r.l., Luxembourg	100.0	90,909	(15)
Roster Financial LLC, Mount Laurel, NJ	100.0	22,183	26
SA Carène Assurance, Paris	100.0	12,670	261
San Francisco Reinsurance Company Corp., Novato, CA	100.0[3]	54,697	(3,376)
SAS 20 pompidou, Paris	100.0	120,110	4,508

	OWNED[1] %	EQUITY € THOU	NET EARNINGS € THOU
SAS Allianz Colisée, Paris	100.0	303,817	(7)
SAS Allianz Forum Seine, Paris	100.0	257,746	6,942
SAS Allianz Platine, Paris	100.0	216,466	(34)
SAS Allianz Rivoli, Paris	100.0	105,422	1,600
SAS Allianz Serbie, Paris	100.0	259,750	6,469
SAS Madeleine Opéra, Paris	100.0	736,554	20,864
SAS Passage Des Princes, Paris	100.0	116,145	1,025
SC Tour Michelet, Paris	100.0	64,389	2,302
SCI 46 Desmoulins, Paris	100.0	122,320	4,120
SCI Allianz Chateaudun, Paris	100.0	122,522	3,821
SCI Allianz Messine, Paris	100.0	242,340	6,332
SCI AVIP SCPI Selection, Courbevoie	100.0	37,524	4,012
SCI ESQ, Paris	75.0	102,852	3,359
SCI Prelloyd, Paris	100.0	129,194	1,547
SCI Stratus, Courbevoie	100.0	8,532	3,542
SCI Via Pierre 1, Paris	100.0	259,407	17,586
SCI Volnay, Paris	100.0	175,938	5,103
Selecta AB, Stockholm	100.0[3]	168,234	79,266
Selecta AG, Muntelier	100.0[3]	273,444	40,052
Selecta Betriebsverpflegungs GmbH, Vienna	100.0[3]	6,818	(759)
Selecta Group B.V., Amsterdam	98.7[3]	293,805	(289)
Selecta Holding AB, Stockholm	100.0[3]	117,384	183
Selecta Holding B.V., Amsterdam	100.0[3]	6,628	(697)
Selecta Holding SAS, Paris	100.0[3]	28,311	(16,150)
Selecta Hungary Automataüzemeltetö Kft., Budapest	100.0[3]	180,753	(82,434)
Selecta Management AG, Zug	100.0[3]	6,839	1,204
Selecta Nordic Holding AB, Stockholm	100.0[3]	431,798	(63,065)
Selecta SA, Paris	99.9[3]	40,912	(1,036)
Selecta TMP AG, Zug	100.0[3]	81,713	13,477
SI 173-175 Boulevard Haussmann SAS, Paris	100.0	88,968	2,912
Siac Services S.r.l., Rome	100.0[3]	9,544	9,044
Silex Gas Norway AS, Oslo	100.0	93,075	(3,052)
Sirius S.A., Luxembourg	94.8	327,565	8,162
Sistemi Informativi Allianz S.p.c.A., Milan	100.0[3]	15,797	12
Società Agricola San Felice S.p.A., Milan	100.0[3]	30,984	(275)
Société Nationale Foncière S.A.L., Beirut	66.0[3]	10,489	1,107
South City Office Broodthaers SA, Brussels	100.0	51,315	2,454
SpaceCo S.A., Paris	100.0	9,395	3,964
TFI Allianz Polska S.A., Warsaw	100.0[3]	7,563	2,038
The American Insurance Company Corp., Cincinnati, OH	100.0[3]	236,845	16,132
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0	17,557	470
Three Pillars Business Solutions Limited, Guildford	100.0	5,668	(108)
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0	7,860	339
Top Versicherungsservice GmbH, Vienna	100.0	17,801	242
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0[3]	17,401	347
Trafalgar Insurance Public Limited Company, Guildford	100.0	75,350	1,234
TU Allianz Polska S.A., Warsaw	100.0	194,240	20,116
TU Allianz Zycie Polska S.A., Warsaw	100.0	87,064	12,296
VertBois S.à r.l., Luxembourg	100.0	19,371	1,236
WFC Investments Sp. z o.o., Warsaw	87.5	52,460	1,294
YAO Investment S.à r.l., Luxembourg	100.0	47,968	7,534
Yapı Kredi Sigorta A.S., Istanbul	99.8	155,449	34,757
Yorktown Financial Companies Inc., Minneapolis, MN	100.0	102,468	0
Joint ventures			
Allee-Center Kft., Budapest	50.0[3]	116,681	6,964
Allianz C.P. General Insurance Co. Ltd., Bangkok	50.0[3]	17,983	80
Companhia de Seguro de Créditos S.A., Lisbon	50.0[3]	49,037	4,818
Guotai Jun'an Allianz Fund Management Co. Ltd., Shanghai	49.0	39,647	6,359
International Shopping Centre Investment S.A., Luxembourg	50.0[3]	60,156	(11,612)
Israel Credit Insurance Company Ltd., Tel Aviv	50.0[3]	37,533	7,666
Millea Mondial Co. Ltd., Tokyo	50.0[3]	13,092	2,526
NET4GAS Holdings s.r.o., Prague	50.0	23,104	(25,522)
One Beacon Joint Venture LP, Wilmington, DE	50.0[3]	100,226	860
SES Shopping Center AT1 GmbH, Salzburg	50.0	42,665	6,076
Solunion Compania Internacional de Seguros y Reaseguros SA, Madrid	50.0[3]	113,224	(14,271)

	OWNED [1] %	EQUITY € THOU	NET EARNINGS € THOU
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0	16,825	772
Associates			
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	32.5	35,312	830
Archstone Multifamily Partners AC JV LP, Engelwood, CO	40.0	72,193	(1,028)
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6	234,795	(6,027)
Bajaj Allianz General Insurance Company Ltd., Pune	26.0[3]	165,174	28,321
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0[3]	529,465	181,748
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0	7,169	812
Chicago Parking Meters LLC, Wilmington, DE	49.9[3]	442,729	41,079
Citylife S.r.l., Milan	33.0[3]	135,487	(4,820)
Douglas Emmett Partnership X LP, Santa Monica, CA	28.6[3]	71,837	(333)
Euro Media Group S.A., Bry-sur-Marne	21.5[3]	137,782	728
Foncière des 6e et 7e arrondissements de Paris (SIIC) SA, Paris	26.5	428,732	23,888
Graydon Holding N.V., Amsterdam	27.5[3]	14,094	8,437
Helios Silesia Holding B.V., Amsterdam	45.0	46,598	(30)
Interpolis Kredietverzekeringen N.V., Hertogenbosch	45.0[3]	10,213	54
JPMorgan IIF UK1 LP, Dublin	26.0[3]	129,617	(926)
New Path S.A., Buenos Aires	40.0[3]	51,666	(47,057)
OeKB EH Beteiligungs- und Management AG, Vienna	49.0[3]	125,312	18,291
P H R V Paris Hotels Roissy Vaugirard SA, Paris	30.6	27,653	(9,684)
PAR Holdings Limited, Hamilton	21.2[3]	21,377	1,870
PGREF V 1301 Sixth Holding LP, Wilmington, DE	24.5	155,455	(38,382)
PGRESS Debt Holdings LP, Wilmington, DE	20.0[3]	18,628	455
SAS Alta Gramont, Paris	49.0	289,801	290
SCI Bercy Village, Paris	49.0	39,307	5,265
SK Versicherung AG, Vienna	25.8	11,436	1,630
SNC Alta CRP Gennevilliers, Paris	49.0	32,755	1,519
SNC Alta CRP La Valette, Paris	49.0	22,698	(3,646)
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0	11,054	1,761
Other participations between 5 and 20% of voting rights			
Al Nisr Al Arabi, Amman	18.0		
Banco BPI S.A., Porto	8.8		
Zagrebacka banka d.d., Zagreb	11.7		

1 — Percentage includes equity participations held by dependent entities in full, even if the Allianz Group's share in the dependent entity is below 100%.
2 — Profit and loss transfer agreement.
3 — As per annual financial statement 2012.
4 — Insolvent. Dependent entities are shown in a way, which reflects the state as of the date of filing for insolvency.
5 — As per annual financial statement 2010. This is only applicable for manroland AG and their subsidiaries.

Further Information

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, 24 February 2014

Allianz SE
The Board of Management

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 2013. 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, 3 March 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Klaus Becker
Wirtschaftsprüfer
(Independent Auditor)

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

LIST OF ABBREVIATIONS

%-p	percentage point
A.M. Best	A.M. Best Company, Inc.;
a.s.	stock corporation ("akciová společnost")
A.Ş.	stock corporation ("Anonim Şirket")
AEI	Allianz Equity Incentives
AG	stock corporation ("Aktiengesellschaft")
AGCS	Allianz Global Corporate & Specialty
AGF	Assurances Générales de France S.A.
AGM	Annual General Meeting
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
CHF	Swiss Franc
CNY	Chinese Renminbi Yuan
Co.	Company
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.g.	for example
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")
et seq.	and the following
EUR	Euro
G-SII	Global Systemically Important Insurers
GBP	pound sterling
GDP	Gross Domestic Product
GEI	Group Equity Incentives
GIF	Global Issues Forum
GmbH	Limited liability company ("Gesellschaft mit beschränkter Haftung")
HGB	German Commercial Code ("Handelsgesetzbuch")
HUF	Hungarian Forint
IAS	International Accounting Standards
IDW	Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer in Deutschland e.V.")
ICOFR	Internal Control System Over Financial Reporting
IFRS	International Financial Reporting Standards
Inc.	Incorporated Company KG
JPY	Japanese Yen
KG	Kommanditgesellschaft
LP	Limited Partnership
LLC	Limited Liability Company
Ltd.	Limited
MN	million
MTB	Mid-Term-Bonus
MYR	Malaysian Ringgit
N.V.	stock corporation ("Naamloze Vennootschap")
n/a	not applicable
n/s	not specified
No.	Number
NOK	Norwegian Krone
NZD	New Zealand Dollar
OECD	Organization for economic co-operation and development
OTC	Over-The-Counter
p.a.	per annum
plc	public limited company
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.à.r.l.	privite limited company ("Société à responsabilité limitée")
SAS	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
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
VAT	Value Added Tax
VVaG	mutual insurance ("Versicherungsverein auf Gegenseitigkeit")
WpHG	German Securities Trading Act ("Wertpapierhandelsgesetz")
WpÜG	German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz")

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Annual report on the internet: www.allianz.com/annualreport – Design/Concept: hw.design GmbH
Photography: Andreas Pohlmann (Board of Management, Chairman of the Supervisory Board) – Date of publication: 14 March 2014