SE

Allianz SE

Annual Report 2014

Allianz

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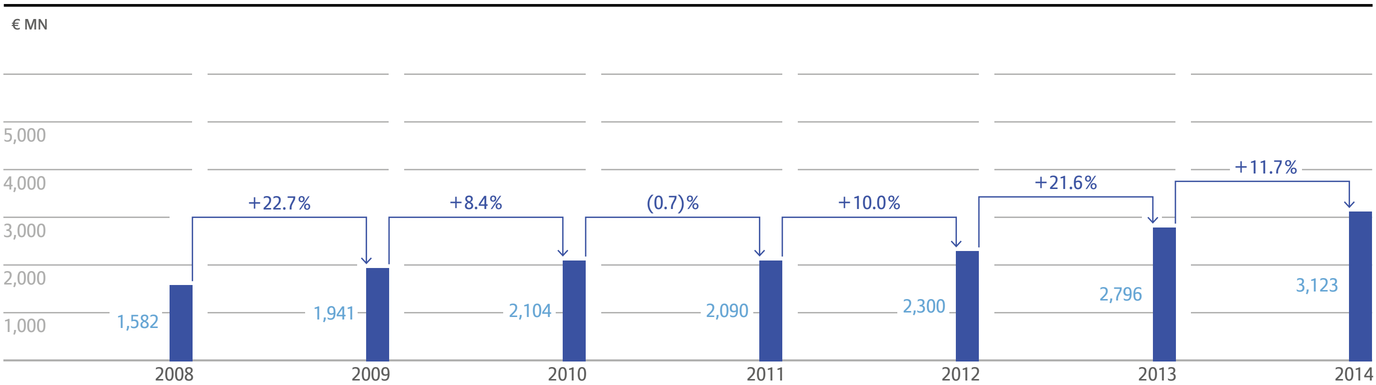
Allianz SE at a glance

ANNUAL RESULTS

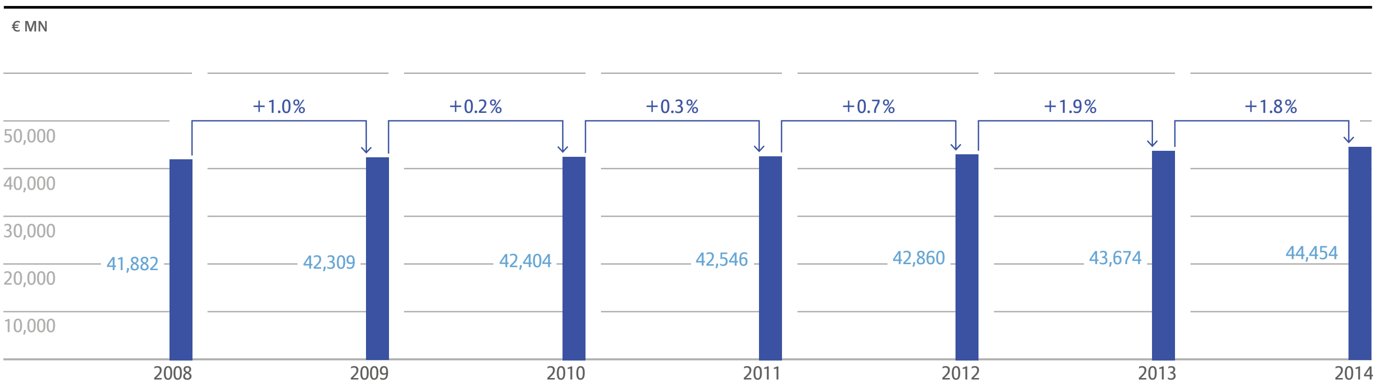
		2014	Change from previous year in %	2013	2012	2011	2010	2009	2008	More details on page
Gross premiums written	€ MN	7,084	98.5	3,568	3,673	3,590	3,854	3,811	3,449	22
Retention	%	85.8	1.8 %-p	84.0	86.0	88.2	81.1	82.9	83.0	
Loss ratio (net) Property-Casualty	%	66.6	2.6 %-p	64.0	63.9	80.2	68.2	63.4	61.6	18
Expense ratio (net) Property-Casualty	%	28.8	(2.8) %-p	31.6	27.7	27.1	27.6	26.7	29.3	18
Combined ratio (net) Property-Casualty	%	95.4	(0.2) %-p	95.6	91.6	107.3	95.8	90.1	90.9	22
Net underwriting result	€ MN	246	95.4[1]	125	213	(163)	161	325	187	17
Net technical result	€ MN	99	(28.5)[1]	138	50	58	101	679	(68)	18
Non-technical result	€ MN	2,853	13.5	2,514	1,734	1,685	1,451	983	1,069	18
Net operating income	€ MN	2,952	11.3	2,652	1,784	1,743	1,552	1,662	1,001	
Extraordinary result	€ MN	–	–	–	(27)	(2)	178	–	–	
Taxes	€ MN	171	18.7[1]	144	543	349	374	279	581	19
Net income	€ MN	3,123	11.7	2,796	2,300	2,090	2,104	1,941	1,582	19
Investments	€ MN	100,957	4.2	96,843	96,206	91,626	88,337	87,442	87,018	24
Shareholders' equity	€ MN	44,454	1.8	43,674	42,860	42,546	42,404	42,309	41,882	24
Insurance reserves	€ MN	9,851	16.7	8,439	10,795	10,527	9,999	9,780	9,850	94
Dividend per share	€	6.85[2]	29.2	5.30	4.50	4.50	4.50	4.10	3.50	19
Total dividend	€ MN	3,130[2,3]	30.2[1]	2,405	2,039	2,037	2,032	1,850	1,580	
Share price as of 31 December	€	137.35	5.4	130.35	104.80	73.91	88.93	87.15	75.00	
Market capitalization as of 31 December	€ MN	62,769	5.5	59,505	47,784	33,651	40,419	39,557	33,979	

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

NET INCOME



SHAREHOLDERS' EQUITY



PROTECTING THE FUTURE

Whatever tricks nature plays, whichever trends the financial markets follow, whenever risks turn into an emergency or a loss, Allianz stands by its clients, protecting them and helping them to realize their goals in life – as it has done since its founding 125 YEARS AGO. Its CAPITAL STRENGTH and INNOVATIVE POWER as well as the DEDICATION of its Group-wide 147,425 employees vouch for this.

€ BN 44.5

Shareholders' equity — page 24

€ BN 101.0

Investments — page 24

€ MN 7,084

Gross premiums written — page 22

95.4 %

Combined Ratio Property-Casualty — page 22

€ MN 3,123

Net income — page 19

€ 6.85

Proposed dividend per share — page 19

TO OUR INVESTORS

A

TO OUR INVESTORS

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Supervisory Board Report

Ladies and Gentlemen,

During the 2014 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 the Allianz Group and Allianz SE, including deviations in actual business developments from the planning. Further key areas the Board of Management reported on were business strategy, capital adequacy, the challenges facing the life insurance business due to persistently low interest rates and any potential regulatory effects of Allianz SE's classification as a Global Systemically Important Insurer by the Financial Stability Board (FSB) and the International Association of Insurance Supervisors (IAIS). In addition, we were extensively involved in the Board of Management's planning for both the 2015 fiscal year and the three-year period from 2015 to 2017. We devoted particular attention in 2014 to personnel matters related to the Board of Management and ongoing developments and personnel changes at PIMCO. Our further key areas of focus were the continuing reorganization of the property/casualty business in the United States and Russia.

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 2014 fiscal year, the Supervisory Board held seven meetings. The regular meetings took place in February, March, May, August, October and December. In addition, there was one extraordinary meeting in November.

The Board of Management also informed us in writing of important events that occurred between meetings. The chairmen of the Supervisory and Management Boards 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 49.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In all of the Supervisory Board's 2014 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 about the impact of natural catastrophes, the status of major legal disputes and other essential developments.

In the meeting of 26 February 2014, the Supervisory Board dealt comprehensively with the provisional financial figures for the 2013 fiscal year and the Board of Management's recommended dividend. The appointed audit firm, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich, reported in detail on the provisional results of their audit. In addition, the Board of Management submitted its annual report on risk developments in 2013. During the further course of the meeting, 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 2013 fiscal year. The Supervisory Board subsequently dealt with succession planning and the next steps to be taken regarding the Board of Management contracts expiring in 2014. In light of the regulatory requirements under Solvency II, we also amended the guidelines for the selection and appointment of the Board of Management.

In the meeting of 13 March 2014, 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 2013 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 2014 AGM of Allianz SE and approved the Supervisory Board's proposals for resolution, which included the proposal to elect Mr. Jim Hagemann Snabe as the successor to Mr. Igor Landau on the Supervisory Board. In this context, we also adopted an amendment to the Declaration of Conformity with the German Corporate Governance Code (Code) of 12 December 2013: As Mr. Snabe was still a member of the Executive Board of SAP AG when elected to the Allianz SE Supervisory Board in May, he exceeded the figure of three Supervisory Board mandates as recommended by the Code for active Management Board members for a two-week period. The Supervisory Board also resolved to appoint KPMG as auditor for the individual and consolidated financial statements for the 2014 fiscal year and for the auditor's review of the 2014 half-yearly interim report. In addition, the Chief Compliance Officer provided the annual report on the compliance organization and key compliance-related matters. The Supervisory Board was also informed about the performance of the global industrial insurer

Allianz Global Corporate & Specialty SE. At this meeting, the Supervisory Board also dealt with the issue of succession for certain Board of Management positions.

On 7 May 2014, just before the AGM, the Board of Management briefed us on the first quarter 2014 performance and on the Group's current situation, particularly the capital adequacy. Directly after the AGM, we elected Mr. Jim Hagemann Snabe to the Audit Committee of the Supervisory Board by means of a written resolution.

In our meeting on 7 August 2014, the Board of Management reported in depth on the half-yearly results. We examined the performance of PIMCO and Allianz Russia, the planned restructuring of the United States property/casualty business and the Life Insurance Reform Act in Germany. We also dealt with the issuance of Allianz shares to employees of the Allianz Group. By way of a presentation, we were informed about the requirements stemming from the Global Systemically Important Insurers regulation, in particular the required recovery and resolution plans. In addition, the Board of Management presented Allianz's IT security program to us and the Supervisory Board dealt with the upcoming personnel decisions for the Board of Management. The meeting was followed by a separate information session for members of the Supervisory Board at which Allianz managers gave presentations on current topics.

On 2 October 2014, we appointed Mr. Oliver Bäte as successor to Mr. Diekmann as Chairman of the Board of Management with effect from 7 May 2015 and Dr. Axel Theis and Sergio Balbinot as new members of the Board of Management. Mr. Manuel Bauer's Board of Management mandate was extended by one year until 31 December 2015 and Dr. Helga Jung was reappointed for another five years until 31 December 2019. In addition, the mandates of Dr. Dieter Wemmer and Dr. Werner Zedelius were both extended by three years until 31 December 2017. For all new appointments and reappointments, we passed resolutions on the corresponding service contracts. Furthermore, the Supervisory Board agreed to the early termination of Mr. Gary Bhojwani's appointment and service contract with effect from the end of 2014. In connection with the report on the business performance to date, we devoted considerable attention to Mr. William Hunt Gross's departure from PIMCO and the consequences thereof. The Board of Management also reported on the development of women in managerial positions at Allianz. Finally, we dealt extensively with the strategy of the Allianz Group, in particular the operating priorities in individual business segments, the management of regulatory and capital market risks, capital efficiency and the general aspects of the dividend strategy.

At the extraordinary meeting on 6 November 2014, the Supervisory Board discussed the results for the third quarter. We then focused on the Board of Management's proposal on the dividend policy and agreed to it.

At the 11 December 2014 meeting, the Board of Management provided us with detailed information about the third-quarter results, further business developments, the situation of the Allianz Group and several other issues. We then discussed the planning for the 2015 fiscal year and the 2015 – 2017 three-year period, as well as the remuneration structures within the Allianz Group and the Declaration of Conformity with the German Corporate Governance Code. The Supervisory Board reviewed and approved the appropriateness of the remuneration of the Board of Management by means of a vertical and horizontal comparison. The vertical comparison was based on the 2013 resolved definitions of the "upper management" and "relevant workforce" groups. On the recommendation of the Personnel Committee, the Supervisory Board adopted a resolution to adjust the contribution-based pension plan. In addition, the regular age limit for Board of Management members born on or after 1 January 1958 was raised to 62. The annual premiums for pension schemes for members of the Board of Management were set – taking into account the members' targeted pension levels – for the year 2015, as were their targets. Finally, we took a detailed look at the results of the Supervisory Board's efficiency review and discussed potential improvements in the way the Supervisory Board operates.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On 11 December 2014, 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 24 June 2014, 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 49 and the Statement on Corporate Management pursuant to § 289a HGB starting on page 54. 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 four meetings in 2014. These related primarily to corporate governance issues, the preparation for the AGM, the Employee Stock Purchase Plan and an internal review of the Supervisory Board's efficiency. During the fiscal year the committee passed resolutions requiring approval on the use of Authorized Capital 2014/II for the issue of shares to employees and to approve loans to senior executives.

The *Personnel Committee* met four times in the 2014 fiscal year. One area of focus was the preparation of the plenary session's decisions on expiring Board of Management mandates, including the appointment of a new Chairman. The committee dealt with other personnel matters for active and former members of the Board of Management. In addition to reviewing target achievement among Board of Management members for the 2013 fiscal year, the committee prepared the review of the remuneration system, including the setting of targets for variable remuneration in 2014. The committee also dealt with the mandates held by Board of Management members in the interests of the Allianz Group.

The *Audit Committee* held five meetings in 2014. 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 dealt with the auditor's engagement, established priorities for the annual audit and discussed assignments to the auditors for services not connected to the audit itself. In addition, the committee dealt extensively 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 the audit department's work and on legal and compliance issues. The committee approved the audit plan produced by Group Audit for 2015.

The ***Risk Committee*** held three meetings in 2014, during which it discussed the current risk situation of the Allianz Group with the Board of Management. The risk report and 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 addition, 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 Solvency II, the risk strategy and insurance and credit risk. The Risk Committee also focused on developments at PIMCO.

In February 2014, the ***Nomination Committee*** adopted a resolution by written procedure regarding the proposal to elect Mr. Jim Hagemann Snabe as successor to Mr. Igor Landau on the Supervisory Board.

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

Chair and committees of the Supervisory Board – as of 31 December 2014

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), Dr. Helmut Perlet, Jim Hagemann Snabe, 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 statements and the auditor's reports from KPMG for the 2014 fiscal year on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on 24 February 2015 and in the plenary session of the Supervisory Board on 25 February 2015. The final financial statements and KPMG's audit reports were reviewed on 12 March 2015 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

Mr. Igor Landau left the Supervisory Board at the end of the Annual General Meeting on 7 May 2014 and Mr. Jim Hagemann Snabe was elected by the AGM as his successor. The current term of the Supervisory Board will expire following the 2017 AGM.

Mr. Michael Diekmann will step down from the Board of Management following the AGM on 6 May 2015. Mr. Oliver Bäte will take over as Chairman of the Board of Management with effect from 7 May 2015. Mr. Clement Booth and Mr. Gary Bhojwani left the Board of Management with effect from 31 December 2014. Dr. Axel Theis was appointed as Mr. Booth's successor with effect from 1 January 2015. He is responsible for the insurance business in the Anglo Markets, with the exception of Australia, and for the global industrial insurance and reinsurance businesses. Another new appointment as of 1 January 2015 was Mr. Sergio Balbinot, who has taken over responsibility from Mr. Bäte for Insurance Western & Southern Europe.

Munich, 12 March 2015

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
Chairman of the (European) SE Works Council of Allianz SE

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
Regional Representative Financial Services of ver.di Hamburg

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.
until 7 May 2014

JIM HAGEMANN SNABE
Chairman of Centre for Global Industries, World Economic Forum
since 7 May 2014

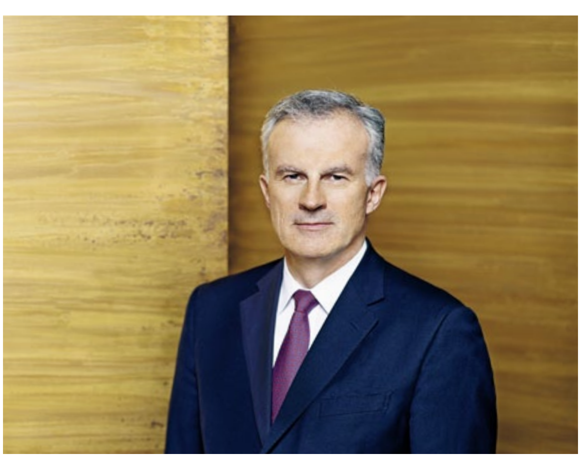
PETER DENIS SUTHERLAND
Chairman of Goldman Sachs International

Board of Management

MICHAEL DIEKMANN

OLIVER BÄTE

DR. HELGA JUNG



DR. CHRISTOF MASCHER

DR. WERNER ZEDELIUS

JAY RALPH

SERGIO BALBINOT

DR. AXEL THEIS

DR. DIETER WEMMER

MANUEL BAUER

DR. MAXIMILIAN ZIMMERER

Board of Management

MICHAEL DIEKMANN
Chairman of the Board of Management
until 6 May 2015

OLIVER BÄTE
Insurance Western & Southern Europe
until 31 December 2014
Global Property-Casualty
until 6 May 2015
Chairman of the Board of Management
from 7 May 2015

SERGIO BALBINOT
Insurance Western & Southern Europe
since 1 January 2015

MANUEL BAUER
Insurance Growth Markets

GARY BHOJWANI
Insurance USA
until 31 December 2014

CLEMENT BOOTH
Global Insurance Lines & Anglo Markets
until 31 December 2014

DR. HELGA JUNG
Insurance Iberia & Latin America,
Legal & Compliance, Merger & Acquisitions

DR. CHRISTOF MASCHER
Operations

JAY RALPH
Asset Management
U.S. Life Insurance
since 1 January 2015

DR. AXEL THEIS
Global Insurance Lines & Anglo Markets
since 1 January 2015
Global Property-Casualty
from 7 May 2015

DR. DIETER WEMMER
Finance, Controlling, Risk

DR. WERNER ZEDELIUS
Insurance German Speaking Countries, Banking,
Human Resources

DR. MAXIMILIAN ZIMMERER
Investments, Global Life/Health

MANAGEMENT REPORT OF ALLIANZ SE

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MANAGEMENT REPORT OF ALLIANZ SE

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Executive Summary and Outlook

– Net underwriting result increased to € 246 MN (2013: € 125 MN) due to premium growth and a benign natural catastrophes environment.
– Net income rose by 12 % from € 2,796 MN to € 3,123 MN.
– Proposed dividend of € 6.85 per share.

Earnings summary

CONDENSED INCOME STATEMENT

€ MN	2014	2013
Gross premiums written	**7,084**	**3,568**
Premiums earned (net)	5,685	3,012
Claims (net)	(3,814)	(2,014)
Underwriting expenses (net)	(1,634)	(947)
Other technical reserves (net)	9	74
Net underwriting result	**246**	**125**
Change in claims equalization and similar reserves	(147)	13
Net technical result	**99**	**138**
Investment result	4,606	3,269
Allocated interest return	(56)	(83)
Other non-technical result	(1,697)	(672)
Non-technical result	**2,853**	**2,514**
Net operating income	**2,952**	**2,652**
Taxes	171	144
Net income	**3,123**	**2,796**

NET UNDERWRITING RESULT

In 2014, as in previous years, Allianz SE continued to follow its selective and prudent underwriting approach, but the overall portfolio of Allianz SE grew substantially in 2014 due to a new quota share agreement with Allianz Versicherungs-AG and AllSecur Deutschland AG (in the following Allianz Versicherung).

Gross premiums written almost doubled to € 7,084 MN. This increase was mainly due to a new quota share agreement with Allianz Versicherung, a cession rate of 32.5 % of the total net book of Allianz Versicherung - excluding accident business with premium refund – that contributed gross premiums written of € 3,136 MN. In addition, the remaining portfolio expanded by 10.7 % to € 3,948 MN (2013: € 3,568 MN). In total, € 6,584 MN (2013: € 3,095 MN) came from Property-Casualty reinsurance and € 500 MN (2013: € 473 MN) from Life/Health reinsurance.

The net retention ratio increased to 85.8 % (2013: 84.0 %) due to overall premium growth which was partially offset by higher retrocessions. *Premiums earned (net)* rose from € 3,012 MN to € 5,685 MN, mainly driven by the growth of gross written premiums. However, this was partially compensated for by higher retrocessions to external strategic reinsurance partners and an increase in unearned premium reserves. A new Allianz internal retrocession was also placed to mitigate parts of defined risks.

The accident year loss ratio (net) in Property-Casualty reinsurance rose slightly to 68.2 % (2013: 67.5 %) as a result of events in several lines of business and higher ceded premiums. At the same time, these were partially offset by a lower negative impact from natural catastrophes. In total, natural catastrophe losses amounted to € 220 MN for the accident year 2014 (2013: € 374 MN). This represented a negative impact on the accident year loss ratio of 3.9 (2013: 14.3) percentage points.

NATURAL CATASTROPHES

€ MN	Losses for Allianz SE
Major Events in 2014	
Brisbane Hailstorm, Australia	72
Hailstorm Ela, Germany & Belgium	61
North India Flood, India	36
Hurricane Odile, Mexico	12
Snowstorm Japan	10
Flood Malaysia	10
Other	19
Total	**220**
	Losses for Allianz SE
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**

The slightly decreased positive run-off result of € 90 MN (2013: € 94 MN), was mainly influenced by the development of fire reinsurance (2014: € 25 MN), credit and bond reinsurance (2014: € 19 MN) and other reinsurance lines (2014: € 26 MN). In total we saw an increased loss ratio (net) in Property-Casualty reinsurance of 66.6 % (2013: 64.0 %).

The expense ratio (net) in Property-Casualty reinsurance dipped to 28.8 % (2013: 31.6 %). This was primarily driven by a reduction of 1.0 percentage points in the commission ratio to 27.1 % (2013: 28.1 %) coming large parts from the new internal retrocession. The administrative expense ratio dropped by 1.8 percentage points to 1.7 % (2013: 3,5 %).

The *net underwriting result* of € 246 MN (2013: € 125 MN) was higher than the previous year's, mainly because of the increased portfolio due to the new quota share with Allianz Versicherung.

NET TECHNICAL RESULT

In 2014, the positive underwriting result as well as substantial premium growth triggered a *change in claims equalization and similar reserves* of € 147 MN. These increases arose mainly from other reinsurance lines (€ 94 MN), liability reinsurance (€ 66 MN) and motor reinsurance (€ 24 MN). The overall upturn was partially offset by a release in fire reinsurance driven by above-average claims.

The *net technical result* amounted to € 99 MN (2013: € 138 MN).

NON-TECHNICAL RESULT

Investment result

€ MN	2014	2013	Change
Investment income			
Income from profit transfer agreements	2,091	2,367	(276)
Income from affiliated enterprises and participations	3,132	241	2,891
Income from other investments	895	625	270
Realized gains	158	1,869	(1,711)
Income from reversal of impairments	141	123	18
Subtotal	**6,417**	**5,225**	**1,192**
Investment expenses			
Expenses for the management of investments, interest and other investment-related expenses	(1,216)	(1,313)	97
Depreciation and impairments of investments	(230)	(324)	94
Realized losses	(91)	(114)	23
Expenses for losses taken over	(274)	(205)	(69)
Subtotal	**(1,811)**	**(1,956)**	**145**
Investment result	**4,606**	**3,269**	**1,337**

The *investment result* increased by € 1,337 MN to € 4,606 MN.

Income from profit transfer agreements declined by € 276 MN to € 2,091 MN, primarily because the profit transfer from Allianz Global Corporate & Specialty SE decreased by € 466 MN to € 76 MN. This decrease was partly offset by higher profit transfers from Allianz Asset Management AG and Allianz Deutschland AG, which grew by € 137 MN to € 322 MN and by € 101 MN to € 1,670 MN.

Income from affiliated enterprises and participations rose considerably by € 2,891 MN to € 3,132 MN, mainly due to a dividend payment amounting to € 2,500 MN we received from our subsidiary Allianz Europe B.V. in 2014. The overall increase was also partly attributable to a higher dividend payment from Allianz Holding Eins GmbH which went up by € 160 MN to € 340 MN, and a € 240 MN dividend payment from Allianz Finance II Luxembourg S.à.r.l..

Income from other investments grew by € 270 MN to € 895 MN, particularly because interest income from intra-group loans rose significantly by € 261 MN to € 359 MN.

As expected, *realized gains* were down by € 1,711 MN to € 158 MN after the extraordinarily high level of 2013 due to a share buy back performed by our subsidiary Allianz Europe B.V.. Realized gains in 2014 primarily resulted from the sale of bonds (€ 137 MN).

Income from reversal of impairments increased by € 18 MN to € 141 MN and was related to our bond (€ 93 MN) and loan portfolio (€ 48 MN).

Expenses for the management of investments, interest and other investment-related expenses were reduced by € 97 MN to € 1,216 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 declined by € 94 MN to € 230 MN. The impairments in 2014 were particularly attributable to write-downs of our shares in affiliated enterprises amounting to € 165 MN and impairment charges on our bond portfolio (€ 59 MN).

Realized losses decreased by € 23 MN to € 91 MN, completely stemming from the sale of bonds.

Expenses for losses taken over increased by € 69 MN to € 274 MN. This was primarily due to higher losses taken over from our service provider Allianz Managed Operations & Services SE, which rose by € 95 MN to € 252 MN.

Other non-technical result

The *other non-technical result* deteriorated from € (672) MN to € (1,697) MN resulting from a change in currency translation by € (973 MN). A weaker Euro led to an increase in foreign currency liabilities in the financial year. For further information regarding other income and expenses 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. 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 amounted to € 334 MN. Thereby, Allianz SE received a tax allocation of € 512 MN (2013: € 627 MN) by Allianz SE tax group companies that recorded taxable income. After deduction of other taxes the *tax income* amounted to € 171 MN (2013: € 144 MN).

The increase of the *net income* by € 327 MN to € 3,123 MN (2013: € 2,796 MN) is primarily driven by the significant rise of the investment result by € 1,337 MN to € 4,606 MN. This was partly offset by the deterioration of the other non-technical result by € 1,025 MN to € (1,697 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 € 3,786,745,743.20 for the 2014 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 6.85 per no-par share entitled to a dividend: € 3,111,752,678.40
- Unappropriated earnings carried forward: € 674,993,064.80

The proposal for appropriation of net earnings reflects the 2,729,536 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 € 6.85 per each share entitled to dividend.

Economic outlook 2015

At the beginning of 2015 the economic picture is somewhat mixed. On the one hand, the unexpectedly drastic slide in oil prices is likely to provide an important stimulus for the global economy. As oil consumers make the most of their increased purchasing power and domestic demand in oil-producing countries is only partially curbed in response to lower oil revenues, global demand is likely to be bolstered. On the other hand, economic prospects for a number of countries have deteriorated significantly in recent months. One example is Russia, which is likely to experience a sharp recession in 2015 primarily due to the economic sanctions and the collapse in oil prices. Overall, global output is likely to expand by close to 3 % this year, following an increase of 2.5 % last year. This acceleration is attributable in full to industrialized countries, while growth in many major emerging market economies continues to be dampened by structural problems. Nevertheless, with an expected real GDP increase of 4.0 % in 2015, growth in these countries will still be considerably higher than in the industrialized world. In the Eurozone, the economic recovery is likely to continue this year, supported by Euro depreciation and the fall in energy prices. We expect growth in most crisis-ridden member states to outpace last year's performance, although uncertainty about the economic policies of certain member states could weigh on sentiment. Supported by brighter economic conditions in the Eurozone and a favorable environment for private consumption, the German economy could expand by 2 % in 2015. Inflation is likely to remain subdued on a global level, not least due to the recent sharp drop in energy prices and the dire unemployment situation in many industrialized countries, which keeps the lid on wages.

Financial market developments in 2015 will primarily be driven by monetary policy and geopolitical tensions, such as the conflict between Russia and Ukraine. Barring a major downside surprise on growth, the Federal Reserve Bank will likely start to push up interest rates this year. In contrast, in an effort to stem deflationary pressures and stimulate growth in the Eurozone, the European Central Bank has further loosened its monetary policy stance with the announcement of a bond purchasing program with a monthly volume of € 60 BN. This program will not only weigh on European government benchmark bond yields, but also exert considerable downward pressure on bond spreads of debt-ridden Eurozone countries. Ongoing reform and consolidation efforts are needed to support the economic recovery and avoid a renewed flare-up of the sovereign debt crisis in the Eurozone.

With short-term rates practically at 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 0.5% and 2.2% respectively by the end of 2015. In the early months of 2015 a number of factors, such as diverging monetary policies of the Federal Reserve Bank and the European Central Bank, will weigh on the Euro. Once it becomes evident that the economic recovery in the Eurozone is getting back onto a firmer footing, the Euro is likely to stabilize.

Insurance industry outlook

With economic growth forecasts more positive for 2015, demand for insurance is expected to increase slightly, supporting premium growth. At the same time, differences in growth levels between markets will become wider, reflecting specific political, regulatory and economic conditions. As a result, we will see not only the usual growth gap between emerging and industrialized countries but also a widening gulf within these groups, namely between America and Europe on the one hand and Asia and other emerging markets on the other. The outlook for profitability is somewhat more subdued as many challenges remain, for example low investment returns and a more demanding regulatory environment.

In the ***property-casualty*** sector, we anticipate premium growth in 2015 to be slightly above the level of the previous year. In advanced markets, increasing economic activity is a positive factor but the expected slight softening of the market might dampen growth perspectives. However, differences in pricing in individual markets will remain significant, with the U.S. market likely to see the highest pricing pressure. On the other hand, emerging markets are mainly driven by economic growth. As in previous years, the strongest increases are expected in Asia, with China in the lead. Overall, we expect global premium revenue to rise between 4.5% and 5.5% in 2015 (in nominal terms, adjusted for foreign currency translation effects).

Assuming weather-related claims are at previous years' levels, overall underwriting profitability should remain more or less stable as reduced pricing power is offset by low – or even negative – claims inflation. On the other hand, investment returns are expected to remain low: interest rates will rise only modestly and impact returns very slowly.

In the ***life*** sector, we expect premium growth to continue to recover. In advanced markets, slowly improving employment prospects and a new product mix will help to support top-line growth. In emerging markets, strong growth will be mainly driven by rising incomes and social security reforms, boosting demand for pension products. At the same time, with financial markets continuously developing, consumers increasingly ask for more sophisticated savings products beyond simple bank deposits. All in all, we expect that global premium revenue will rise in the 4% to 5% range in 2015 (in nominal terms, adjusted for foreign currency translation effects).

Low interest rates will remain a major headwind in 2015. Therefore, companies will have to 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 de-risk their balance sheets and look for new, long-term investment opportunities, paying special attention to infrastructure investments. These adjustments should enable the insurance industry to cope with low interest rates and more stringent capital and reserve requirements. All things considered, profitability is set to remain at levels seen in previous years.

Business outlook

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

- moderately higher 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 1.20.

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 41.

The non-life reinsurance market remains competitive due to an influx of alternative capital and the strong capitalization of traditional reinsurers. The results of renewals as at 1 January 2015 were in line with our expectations, with rate softening slightly above our expectations but still in line with market indications on both inwards and outwards reinsurance – especially in the natural catastrophe programs due to few costly catastrophic events in 2014. Allianz SE's technical result depends largely on cessions coming from Allianz Group's internal business, particularly from Allianz Versicherungs-AG. We expect an increase in net premiums and results in 2015 due to a new quota share with Allianz Global Corporate & Speciality SE. Based on our estimations and our knowledge of the new portfolio we expect a similar combined ratio for 2015 as in 2014. 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.

We anticipate a slight increase in net income in 2015. This may involve year-on-year adjustments to earning contributions made by the investment result, other non-technical result and tax result. We currently expect a declining investment result, which was extraordinarily high in 2014. As things stand, this decline is set to be more than offset by an improved other non-technical result. We do not, however, envisage any currency rate gains or losses, and neither do we anticipate any net gains from derivatives. This could impact the net income of Allianz SE accordingly. Due to the susceptibility of our non-technical result to adverse capital market developments, we do not provide a precise forecast for net income. Nevertheless, we are ultimately planning and managing the Allianz SE result in line with the new dividend policy[1] of the Allianz Group. To this end, we take advantage of the opportunity to make targeted use of the dividends of our subsidiaries, in particular those of Allianz Europe B.V., in order to at least generate net income for Allianz SE that makes up 50% of the Group result.

1 — You can find more detailed information on the dividend policy in the Allianz Group's Annual Report 2014 and at www.allianz.com/dividend.

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 trends – 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 increased substantially by 98.5 % to € 7.084 MN (2013: € 3.568 MN). This was mainly due to a new quota share with Allianz Versicherung, with gross premiums written of € 3,136 MN. This quota share had several impacts on the overall reinsurance portfolio – especially in motor reinsurance, liability reinsurance, household and homeowner reinsurance and other reinsurance lines. Further description is included below. All in all, premiums written originated in the vast majority of 90.7 % (2013: 84.4 %) from the Allianz Group's internal business. In addition, Allianz SE continued to write business from selected external partners in order to diversify the 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	
	2014 € MN	2013 € MN	Change %[1]	2014 %	2013 %	2014 € MN	2013 € MN	2014 € MN	2013 € MN
Fire and property reinsurance	2,066	1,202	71.9	96.4	73.8	28	2	82	227
thereof:									
Fire	445	408	9.1	110.4	36.4	28	2	1	157
Household and homeowner	628	204	207.8	88.4	116.1	–	–	61	(29)
Engineering	258	135	91.6	96.1	83.9	–	–	8	19
Business interruption	85	50	68.2	52.6	45.9	–	–	33	26
Other property reinsurance	650	405	60.6	104.1	80.0	–	–	(21)	54
Motor	1,849	664	178.4	104.2	106.7	(24)	(23)	(93)	(62)
Liability	800	280	186.3	82.4	101.3	(66)	(3)	40	(5)
Life	419	396	5.7	n/a	n/a	–	–	–	1
Personal accident	327	111	194.2	86.8	89.2	(2)	2	35	16
Credit and bond	290	282	3.0	86.2	109.4	(19)	7	15	(17)
Legal expenses	244	72	239.0	107.9	103.8	4	3	(13)	1
Marine and aviation	123	83	48.0	84.8	65.6	25	(1)	38	27
Health	82	77	6.2	n/a	n/a	–	–	4	(1)
Other lines	884	401	120.3	87.3	121.8	(94)	26	(12)	(49)
Total	**7,084**	**3,568**	**98.5**	**95.4**	**95.6**	**(147)**	**13**	**99**	**138**

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

The *fire reinsurance* portfolio grew with gross premiums written of € 445 MN (2013: € 408 MN). This was mainly driven by internal business. However, the combined ratio deteriorated significantly to 110.4 % (2013: 36.4 %). This was mainly influenced by a worse accident year loss ratio due to several man-made losses and a less positive run-off result. With a release of the claims equalization reserve of € 28 MN (2013: € 2 MN), the net technical result amounted to € 1 MN (2013: € 157 MN).

The *household and homeowner reinsurance* portfolio grew significantly, with gross premiums written of € 628 MN (2013: € 204 MN) mainly coming from the new quota share with Allianz Versicherung. Because of significantly lower natural catastrophe losses the combined ratio improved to 88.4 % (2013: 116.1 %) and the net technical result amounted to € 61 MN (2013: € (29) MN).

Engineering reinsurance premiums written increased to € 258 MN (2013: € 135 MN) due to the new quota share with Allianz Versicherung. However, this development was partially offset by a reduction of external business written. Due to a worse accident year loss ratio the combined ratio deteriorated significantly to 96.1 % (2013: 83.9 %). As a result the net technical result decreased to € 8 MN (2013: € 19 MN).

Premium revenue from *business interruption reinsurance* climbed to € 85 MN (2013: € 50 MN). The combined ratio increased to 52.6 % (2013: 45.9 %), reflecting higher accident year claims.

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 rose by 60.6 % to € 650 MN (2013: € 405 MN) mainly driven by the new quota share with Allianz Versicherung and external business written in the Asia-Pacific region. The combined ratio deteriorated by 24.1 percentage points to 104.1 % as the portfolio was heavily affected by losses from natural catastrophes during 2014 – mostly in the Asia-Pacific region. As a result, the net technical result dropped to € (21) MN (2013: € 54 MN).

The *motor reinsurance* portfolio is heavily influenced by business ceded from Allianz Versicherung. Premiums written increased by 178.4 % to € 1.849 MN (2013: € 664 MN). The combined ratio improved slightly to 104.2 % (2013: 106.7 %) due to a decrease in the expense ratio by 4.0 percentage points to 25.0 % (2013: 29.0 %) and a positive development in the calendar year claims ratio with 80.2 % (2013: 83.3 %). This was partially offset by a reduction in the positive run off result by € 19 MN to € 16 MN. The net technical result however declined further to € (93) MN (2013: € (62) MN), also influenced by the strengthening of the equalization reserves with an amount of € 24 MN.

Premiums written for *liability reinsurance* rose significantly to € 800 MN (2013: € 280 MN) – mainly based on the new quota share with Allianz Versicherung. The portfolio reflected a better combined ratio of 82.4 % (2013: 101.3 %) which was largely due to a lower negative run-off ratio (up by 14.5 percentage points) and a significant improvement in the expense ratio (7.2 percentage points). The result as well as the premium increase triggered a strenthening of the equalization reserves of € 66 MN (2013: € 3 MN) and a net technical result of € 40 MN (2013: € (5) MN).

In *life reinsurance*, the premium revenue grew to € 419 MN (2013: € 396 MN), primarily due to new capital management transactions in the Asia-Pacific region. This increase was partially offset by the cancelation of a quota share treaty with Allianz Elementar Lebensversicherungs-AG. The net technical result amounted to € 0 MN (2013: € 1 MN).

The *personal accident reinsurance* portfolio strengthened significantly to € 327 MN (2013: € 111 MN) of gross premium revenue, mainly driven by a greater share of business with Allianz Versicherung. The combined ratio improved to 86.8 % (2013: 89.2 %). As a result, there was an improved net technical result of € 35 MN (2013: € 16 MN).

Gross premiums written in *credit and bond reinsurance* nudged up by € 8 MN to € 290 MN. The combined ratio improved to 86.2 % (2013: 109.4 %) due to a positive run-off result of € 19 MN (2013: € (38) MN) and an improved expense ratio by 15.0 percentage points. As a result, the net technical result turned positive to € 15 MN (2013: € (17) MN), despite an increase of € 19 MN in equalization reserves.

The premium revenue of *legal expenses reinsurance* grew significantly to € 244 MN (2013: € 72 MN) largely driven by the new quota share with Allianz Versicherung. The combined ratio worsened to 107.9 % (2013: 103.8 %). This was mainly because of greater accident year losses and higher underwriting expenses.

The premium revenue in *marine and aviation reinsurance* grew by 48.0 % to € 123 MN (2013: € 83 MN). The combined ratio deteriorated by 19.2 percentage points to 84.8 %, reflecting a higher accident year loss ratio of 74.5 % (2013: 64.6 %). A release of € 25 MN in equalization reserves led to an increased net technical result of € 38 MN (2013: € 27 MN).

Gross premiums written for *health reinsurance* extended to € 82 MN (2013: € 77 MN). The net technical result turned positive to € 4 MN (2013: € (1) MN).

In *other reinsurance lines* premium revenue rose by € 483 MN to € 884 MN (2013: € 401 MN), mainly driven by the new quota share with Allianz Versicherung and fidelity & political risk insurance ceded from Euler Hermes Reinsurance AG. The combined ratio dropped by 34.5 percentage points to 87.3 % (2013: 121.8 %) as the portfolio was heavily affected by losses from natural catastrophes in the previous year – mostly in Europe and the Asia-Pacific region. The net technical result remained negative at € (12) MN (2013: € (49) MN), due to an increase of equalization reserves by € 94 MN.

Other reinsurance lines include:

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

Balance Sheet Review

– Shareholders' equity rose by € 0.8 BN to € 44.5 BN.

Condensed balance sheet

€ MN	2014	2013
ASSETS		
Intangible assets	42	40
Investments	100,957	96,843
Receivables	4,656	5,074
Other assets	374	205
Deferred charges and prepaid expenses	364	411
Total assets	**106,393**	**102,573**
EQUITY AND LIABILITIES		
Shareholders' equity	44,454	43,674
Subordinated liabilities	11,741	11,330
Insurance reserves net	9,851	8,439
Other provisions	6,655	5,553
Funds held with reinsurance business ceded	61	64
Payables on reinsurance business	383	366
Other financial liabilities	33,232	33,126
Deferred income	16	21
Total equity and liabilities	**106,393**	**102,573**

Investments

€ MN	2014	2013
Real estate	258	268
Investments in affiliated enterprises and participations	71,170	69,633
Other investments	26,472	24,684
Funds held by others under reinsurance business assumed	3,057	2,258
Total investments	**100,957**	**96,843**

The book value of *investments in affiliated enterprises and participations* increased by € 1.6 BN to € 71.2 BN as a result of a higher book value of shares in affiliated enterprises (€ 1.2 BN), intra-group loans (€ 0.3 BN) and participations (€ 0.1 BN). More details regarding this position are explained in note 4 of our financial statements.

Other investments went up from € 24.7 BN to € 26.5 BN due to higher investments in debt securities (€ 1.9 BN), deposits with banks (€ 0.5 BN) and investment funds (€ 0.1 BN). This was partly compensated for by a decline in investments in loans (€ 0.7 BN). At the end of 2014, € 20.6 BN of the total of other investments were invested in fixed income securities, of which € 8.3 BN were government bonds. While we reduced our overall government bond exposure by € 1.4 BN compared to year-end 2013, we increased our sovereign debt exposure in Italy and Spain from € 0.3 to € 0.8 BN and from € 0 to € 0.1 BN.

Funds held by others under reinsurance business assumed increased to € 3.1 BN (2013: € 2.3 BN) – mainly driven by the new quota share with Allianz Versicherung.

As of 31 December 2014, the fair value of investments amounted to € 110.0 BN (2013: € 104.2 BN) compared to a carrying amount of € 101.0 BN (2013: € 96.8 BN).

Receivables

Receivables decreased from € 5.1 BN to € 4.7 BN. While the account receivables on reinsurance business went up slightly by € 0.2 BN, the other receivables declined by € 0.6 BN. This decrease mainly resulted from a settlement of intra-group receivables from our affiliated company Allianz Europe B.V. of € 0.5 BN for a share buy-back in 2013 as well as an interest receivable of Allianz Holding France SAS of € 0.2 BN. Additionally intra-group receivables from our affiliated company Allianz Finance II Luxembourg S.à.r.l. of € 0.2 BN arose from a dividend receivable.

Shareholders' equity

As of 31 December 2014 our shareholders' equity amounted to € 44.5 BN (2013: € 43.7 BN). The net increase of € 0.8 BN was primarily due to net earnings in 2014 which were higher than the dividend paid in 2014.

For the Employee Stock Purchase Plan, 500,000 shares were issued in 2014, leading to an allocation of € 1.3 MN to the issued capital and € 57.6 MN to the additional paid-in capital.

The Board of Management proposes to use the net earnings of € 3,787 MN for dividend payments in the amount of € 3,112 MN. The unappropriated earnings of € 675 MN will be carried forward.

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 2013	456,500,000	1,168,640	(7,070)	27,711,000	11,733,259	3,068,574	43,674,403
Capital increase Employee Stock Purchase Plan	500,000	1,280	–	57,620	–	–	58,900
Own shares	–	–	27	–	(1,654)	–	(1,627)
Own shares: realized gains	–	–	–	4,208	–	–	4,208
Dividend payment for 2013	–	–	–	–	–	(2,404,894)	(2,404,894)
Unappropriated earnings carried forward	–	–	–	–	–	(663,680)	(663,680)
Net earnings	–	–	–	–	–	3,786,746	3,786,746
31 December 2014	**457,000,000**	**1,169,920**	**(7,043)**	**27,772,828**	**11,731,605**	**3,786,746**	**44,454,056**

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 2014, Allianz SE had the following outstanding *financial liabilities*:

FINANCIAL LIABILITIES

€ MN	2014	2013
Intra-group subordinated liabilities	5,935	5,935
Third-party subordinated liabilities	5,806	5,395
Subordinated liabilities	**11,741**	**11,330**
Bonds issued to Group companies	3,652	4,839
Other intra-group financial liabilities	27,912	26,432
Other third-party financial liabilities	1,668	1,855
Other financial liabilities	**33,232**	**33,126**
Total financial liabilities	**44,973**	**44,456**

Of these financial liabilities, € 37.5 BN (2013: € 37.2 BN) were intra-group liabilities.

Subordinated liabilities increased to € 11.7 BN (2013: € 11.3 BN). Details regarding this position are explained in note 11 of our financial statements.

Due to the redemption of matured bonds, *liabilities from bonds issued to Group companies* declined to € 3.7 BN (2013: € 4.8 BN).

Other intra-group financial liabilities went up to € 27.9 BN (2013: € 26.4 BN) and were composed of the following positions:

OTHER INTRA-GROUP FINANCIAL LIABILITIES

€ MN	2014	2013
Intra-group loans	16,433	17,496
Cash pool liabilities	10,231	8,003
Miscellaneous	1,248	933
Other intra-group financial liabilities	**27,912**	**26,432**

An increase in liabilities from intra-group cash pooling by € 2.2 BN to € 10.2 BN and miscellaneous liabilities by € 0.3 BN to € 1.2 BN were partly offset by lower intra-group loans, which decreased by € 1.1 BN to € 16.4 BN.

In 2014, *other third-party financial liabilities* went down by € 0.2 BN to € 1.7 BN. While short-term liabilities from unsettled security transactions declined by € 0.2 BN to € 0.6 BN and liabilities from received cash collaterals fell by € 0.2 BN to € 0.0 BN, short-term funding through European commercial papers increased by € 0.2 BN to € 0.9 BN.

Liquidity and Funding Resources

Liquidity management and funding of Allianz SE

The responsibility for managing the funding needs of the Group as well as maximizing access to liquidity sources and minimizing borrowing costs lies with Allianz SE.

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our 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. Liquidity resources are defined as readily available assets – specifically cash, money-market investments as well as highly liquid government bonds. Funds are primarily used for 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 2014, the issued capital registered at the Commercial Register was € 1,169,920,000. This was divided into 457,000,000 registered shares with restricted transferability. As of 31 December 2014, Allianz SE held 2,751,360 (2013: 2,761,795) 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 2014:

CAPITAL AUTHORIZATIONS OF ALLIANZ SE

CAPITAL AUTHORIZATION	NOMINAL AMOUNT	EXPIRY DATE OF THE AUTHORIZATION
Authorized Capital 2014/I	€ 550,000,000 (214,843,750 shares)	6 May 2019
Authorized Capital 2014/II	€ 13,720,000 (5,359,375 shares)	6 May 2019
Authorization to issue bonds carrying conversion and/or option rights	€ 10,000,000,000 (nominal bond value)	6 May 2019 (issuance of bonds)
Conditional Capital 2010/2014	€ 250,000,000 (97,656,250 shares)	No expiry date for Conditional Capital 2010/2014 (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

The 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. Our 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 fine tune its capital structure.

In 2014, we had steady access to debt funding sources, enabling us to actively steer the maturity profile of our funding structure. In January 2014 Allianz SE redeemed a subordinated bond with a volume of € 1.5 BN while issuing in February 2014 CHF 0.5 BN (€ 0.4 BN) undated subordinated bonds with ordinary call rights for Allianz beginning in July 2019. In September 2014 Allianz SE placed a subordinated bond of € 1.5 BN with no scheduled maturity, but with ordinary call rights for Allianz after 10 years. Therefore subordinated liabilities increased to € 11.7 BN (2013: € 11.3 BN) at year-end. Of these, € 1.0 BN subordinated bonds were called for redemption effective as of 13 January 2015.

Other financial liabilities increased slightly to € 33.2 BN (2013: € 33.1 BN) mainly as a result of higher intra-group liabilities. 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 and Allianz SE are well capitalized and their solvency ratios are resilient.

Allianz risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT

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

- Market risk, especially interest rate risk due to the duration mismatch between assets and liabilities for long-term savings products as well as equity risk, which we take to participate from the expected risk premium;
- Credit and credit spread risk driven by assets backing long-term savings products;
- Property-Casualty premium and reserve risk, resulting from natural and man-made catastrophes as well as from claims uncertainty.

The risk profile of the legal entity Allianz SE risk is primarily dominated by market risk resulting from its non-traded insurance participations when measured in a manner consistent with the treatment of participations under Solvency II (e.g. without looking through to the underlying risks behind the participations). In order to provide greater transparency, the Group risk figures cited throughout this report can be interpreted as a 'look-through' into the consolidated risk profile represented by all of the Group's participations as well as those risks unique to Allianz SE. The second largest risk for Allianz SE from a Solvency II perspective is underwriting risk arising from its reinsurance business.

Allianz's risk profile is driven by our strategic risk appetite and steered by the risk management practices and limits which are described later in this report. Both Allianz Group's and Allianz SE's risk profiles and relative contributions have changed in 2014 due to changes in the market environment and due to model changes necessary to enhance our model to provide a basis for our internal model application for Solvency II purposes. These Solvency II-driven model changes reflect our current understanding of forthcoming requirements which are described in the section on model changes.

In the following paragraphs we provide an overview of major developments and risks that may affect Group's and Allianz SE's portfolios.

Financial markets and operating environment

Many countries within the Eurozone currently face weak economic growth and low inflation rates. The economic malaise is being addressed by the ECB through its expansive monetary policy. As a result, financial markets are characterized by historically low interest rates and risk premia, prompting investors to look for higher yielding (and potentially higher risk) investments. In addition to sustained low interest rates, the weakening of the Eurozone's growth momentum, the challenges of implementing long-term structural reforms in key Eurozone countries and the uncertainty about the future path of monetary policy may lead in the future to higher market volatility accompanied by a flight to quality and a scenario with falling equity and bond prices due to rising spread levels accompanied by even lower interest rates.

Rising geopolitical risks

The increase in geopolitical risks during 2014, including the conflicts in the Middle East as well as between Russia and Ukraine – and the resulting international sanctions against Russia, are manageable for Allianz Group because our direct exposure to these regions remains relatively small in the context of our overall portfolio. Nevertheless, we are monitoring these developments since a significant deterioration – for example an escalating conflict between the West and Russia – may lead to spill-over effects on the global financial markets, triggering indirect effects which may have a negative impact on our business and risk profile.

Over the past years Allianz Group and its operating entities have developed operational contingency plans for various crisis scenarios and continue to conduct scenario analysis on a regular basis to bolster our financial and operational resilience to strong shock scenarios. In addition, we continue to optimize our product design and pricing in the Life/Health business segment with respect to guarantees and surrender conditions. Continuous monitoring as well as prudent risk positions and contingency planning remain priorities for our management.

Regulatory developments

In March 2014, the European Parliament approved the Solvency II "Omnibus II" directive, allowing the new risk-based solvency framework for the E.U. to proceed with a planned introduction date of January 2016. Although a new version of the European Commission's draft for the delegated regulation of Solvency II was published in October 2014, some of the important final requirements remain unclear. This situation creates some uncertainty with respect to Allianz's ultimate Solvency II capital requirements, especially under the application of our internal model in case the final rules deviate from our current understanding of these rules.

In addition to Solvency II uncertainty, the future capital requirements applicable for Global Systemically Important Insurers (so-called G-SIIs) are also unclear, contributing to uncertainty in terms of the ultimate capital requirements for Allianz. Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational complexity and costs.

In any case, due to the market value balance sheet approach, the Solvency II regime will lead to higher volatility in solvency ratios compared to Solvency I.

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 met its internal-, rating agency- and regulatory-solvency targets as of 31 December 2014. Allianz is also confident that it will meet the capital requirements under the new regulatory regimes and will apply for approval of an internal model in early 2015. Allianz remains one of the highest-rated insurance groups in the world as reflected by our external rating agencies.

- 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 businesses and products.

In addition, Allianz SE remains well capitalized from the perspective of current regulatory requirements, as well as from the perspective of Solvency II. Allianz SE management is confident that there are effective governance structures, risk controls and action plans in place to remediate the most challenging risks.

Capitalization

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

Our risk capital model reflecting our internal risk profile plays a significant role in the management of capital across the Group. 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 position of the Group and operating entities along each of these dimensions 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 and Allianz SE are well capitalized and met their internal-, rating agency- and regulatory-solvency targets as of 31 December 2014.

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 at Allianz Group and Allianz SE levels 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 in January 2016. Allianz expects to be well capitalized at Allianz Group and Allianz SE levels also under these future regulatory requirements.

ALLIANZ GROUP: CONGLOMERATE SOLVENCY[1]

€ BN as of 31 December	2014	2013
Eligible capital	49.8	46.5
Requirement	27.6	25.6
Solvency ratio	181 %	182 %

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 173 % as of 31 December 2013 and additionally adjusted by € 0.4 BN for the potential calls of hybrid capital (subordinated bonds) in 2015, 172 % as of 31 December 2014.

The conglomerate solvency ratio of Allianz Group decreased slightly by one percentage point.[1]

At year-end 2014, the legal entity Allianz SE has a Solvency I regulatory capital ratio of 3,906 %[2]. Compared to year-end 2013, a reduction due to a significant rise in required funds took place, which is mainly caused by an increase in the reinsurance quota share with the German Property & Casualty subsidiary.

ALLIANZ SE: SOLVENCY I REGULATORY SOLVENCY[1]

€ BN as of 31 December	2014	2013
Eligible capital	41.2	40.8
Requirement	1.1	0.5
Solvency ratio	3,906 %	8,447 %

1 — The amount of the eligible capital and the solvency ratio base on the total amount of Allianz shares. Taking into consideration the dividend amount attributable to treasury shares, as of 31 December 2014 the eligible capital amounted to € 41.8 MN (2013: € 41.5 MN) and the solvency ratio amounted to 3,970 % (2013: 8,585 %).

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. In November 2014, Moody's affirmed the Allianz Group's "Aa3" rating and revised the outlook from "negative" to "stable", recognizing our capital strength and diverse business profile. Standard & Poor's reconfirmed the "AA" rating.

Allianz Group has one of the highest ratings amongst its peers. The following table provides the ratings of Allianz Group and Allianz SE awarded by major rating agencies.

1 — For further details on changes in eligible capital and solvency requirement, please refer to the Allianz Group's Annual Report 2014.
2 — The amount of the eligible capital and the solvency ratio base on the total amount of Allianz shares. Taking into consideration the dividend amount attributable to treasury shares, as of 31 December 2014 the solvency ratio amounted to 3,970 % (2013: 8,585 %).

RATINGS OF ALLIANZ GROUP AND ALLIANZ SE

Ratings[1]	Insurer financial strength rating		Counterparty credit rating		Commercial paper (short-term) rating	
	2014	2013	2014	2013	2014	2013
Standard & Poor's	AA Stable outlook (affirmed December 2014)	AA Stable outlook	AA Stable outlook (affirmed December 2014)	AA Stable outlook	A–1+ (affirmed December 2014)	A–1+
Moody's	Aa3 Stable outlook (affirmed November 2014)	Aa3 Negative outlook	Aa3 Stable outlook (outlook changed March 2014)[2]	Aa3 Negative outlook[2]	Prime–1 (affirmed November 2014)	Prime–1
A.M. Best	A+ Stable outlook (affirmed August 2014)	A+	aa– Stable outlook[3] (affirmed August 2014)	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.
3 — Issuer Credit rating.

As part of the long-term financial strength rating, Standard & Poor's has a rating for "Enterprise Risk Management" (ERM). Since 2013 Standard & Poor's has 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 Allianz's 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 initially in 2012 and since then on an annual basis. Based on this review Standard & Poor's has given further credit to the capital position of the Allianz Group since the fourth quarter of 2012 by taking our internal model results into account when determining the capital requirements in order to meet specific rating classes.

SOLVENCY II REGULATORY CAPITALIZATION

The Allianz Group's and Allianz SE's own funds as well as the capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules[3]. Our objective is to maintain available capital at the Group and Allianz SE levels that is significantly above the minimum indicated requirements. The Allianz Group Solvency ratio based on these requirements is shown in the following table. Note, for 2014 our U.S. based life business,

3 — Own funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension as described in Allianz Group's Annual Report 2014.

Allianz Life of North America (AZ Life) is included on the basis of third country equivalence treatment[1].

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION

€ BN as of 31 December	2014	2013
Own funds	66.0	52.4
Capital requirement	34.6	23.6
Capitalization ratio	191 %	222 %

The Solvency II capitalization of Allianz Group decreased by 31 percentage points to 191 %, which was driven by an increase in risk capital partly compensated by an increase in own funds. This change was driven by two effects, model changes to reflect our current understanding of the forthcoming Solvency II rules and financial market movements. Impacts of model changes on our internal risk profile are presented in the section "Internal model updates in 2014". Model changes also had a positive impact on own funds which were mainly driven by changes in transferability restrictions, the treatment of surplus funds in Germany, the third country equivalence treatment of AZ Life as well as actuarial model changes including the adoption of the volatility adjustment in the Solvency II valuation yield curve.

With regards to financial markets driven movements, in particular the decrease in interest rates affected the value and sensitivities of options and guarantees in our traditional life business. In addition decreasing spreads increased our exposure to credit and credit spread sensitive investments and rising equity markets outside the Eurozone, as well as a weakened Euro, lead to higher exposures to equity risk, which also contributed to higher capital requirements.

The following table summarizes the disclosed Solvency II regulatory capitalization ratios of Allianz Group over the course of the year 2014.

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION RATIOS

%	31 December 2014	30 September 2014	30 June 2014	31 March 2014	model update 1 January 2014	31 December 2013
Capitalization ratios	191	202	205	203	194	222

1 — Third country equivalence treatment for AZ Life means that the entity is included at Group level with 100 % of its local statutory capital requirement and the local statutory available funds, overall benefiting the Solvency II ratio by +15 percentage points.

The model update as per the 1 January 2014 reflected our best estimate of forthcoming Solvency II rules and related model changes at the beginning of 2014. All subsequent quarterly disclosures were based on these model assumptions. Additional model changes implemented for the year-end 2014 reflect our current best estimate and understanding of the forthcoming Solvency II rules.

The following table presents the sensitivity of the predicted Solvency II capitalization ratio of Allianz Group 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.

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION RATIOS[1]

% as of 31 December	2014	2013
Base capitalization ratio	191	222
Interest rate up by 0.5 %[2]	205	228
Interest rate down by 0.5 %[2]	170	202
Equity prices up by 30 %	199	232
Equity prices down by 30 %	179	210
Combined scenario: Interest rate down by 0.5 %[2] Equity prices down by 30 %	158	191

1 — AZ Life is included in 2014 on the basis of third country equivalence with 100 % of its local statutory capital requirement and the local statutory available funds taken into account at Group level.
2 — Non-parallel interest rate shifts due to extrapolation of the yield curve beyond the last liquid point in line with forthcoming Solvency II rules.

As of 31 December 2014, the Solvency II capitalization of the legal entity Allianz SE was at 370 %.

ALLIANZ SE: SOLVENCY II REGULATORY CAPITALIZATION

€ BN as of 31 December	2014	2013[1]
Own funds	69.9	71.9
Capital requirement	18.9	20.1
Capitalization ratio	370 %	358 %

1 — No year-end 2013 internal risk capital figures are available for Allianz SE. Therefore, 2013 figures recalculated based on model changes in 2014 are used, together with restated own funds figures reflecting model changes in 2014. Due to ongoing regulatory developments and supervisory feedback throughout 2014 we implemented model changes at different points in time, i.e. at the beginning of the year and at year end. For the sake of clarity, however, all model changes are presented jointly within this section.

The model used at the year-end 2014, will also be the basis for our internal model application under Solvency II. Nevertheless, any further regulatory guidance may still impact our future internal model results. In addition, the internal model still needs to be approved by regulatory authorities.

INTERNAL RISK PROFILE

The internal risk profile of Allianz Group through the eyes of management includes AZ Life in the internal model calculation instead of applying third country equivalence. This is the only difference between the Solvency II figures for Allianz Group and the internal risk profile reported here. By that we allow for a consistent risk steering across all major entities within Allianz Group based on the same model as applied at Group level supplemented by economic business scenarios and sensitivities.

This Risk and Opportunity Report outlines the Group's and Allianz SE's risk figures reflecting their internal risk profile based on pre-diversified risk figures and Group- and Allianz SE-diversification effects. Pre-diversified risk figures reflect the diversification effect within each modeled risk category (i.e. market, credit, underwriting, business and operational risk) but does not comprise the diversification effects across risk categories. Group-diversified and Allianz SE-diversified risk figures also capture the diversification effect across all risk categories.

As of 31 December 2014, the Group-diversified risk reflecting our internal risk profile before non-controlling interests of € 38.4 BN (2013: € 29.6 BN[1]) represented a diversification benefit[2] of approximately 30 % (2013: 30 %[1]) across risk categories and business segments. The Group-diversified risk is broken down as follows:

ALLIANZ GROUP: ALLOCATED RISK ACCORDING TO INTERNAL RISK PROFILE (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)[1]

€ MN	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
as of 31 December	2014	2013[2]	2014	2013[2]	2014	2013[2]	2014	2013[2]	2014	2013[2]	2014	2013[2]	2014	2013[2]
Property-Casualty	6,120	5,388	2,374	2,067	9,619	8,811	917	909	1,797	1,833	(7,246)	(6,729)	13,582	12,278
Life/Health	18,569	14,098	7,817	5,589	1,626	1,063	4,404	3,630	2,035	1,975	(10,161)	(7,651)	24,291	18,703
Asset Management	521	621	128	152	–	–	–	–	668	586	–	–	1,317	1,359
Corporate and Other	2,891	2,591	699	555	65	94	–	–	645	679	(883)	(829)	3,417	3,090
Total Group	**28,102**	**22,698**	**11,018**	**8,363**	**11,311**	**9,967**	**5,321**	**4,538**	**5,146**	**5,073**	**(18,291)**	**(15,209)**	**42,607**	**35,430**
											Tax		(4,180)	(5,820)
											Total Group		**38,427**	**29,610**

1 — Due to rounding, numbers presented may not precisely reflect the absolute figures.
2 — 2013 risk profile figures recalculated based on model changes in 2014 as described in Internal model updates in the Annual Report 2014 of Allianz Group.

As of 31 December 2014, the Allianz SE-diversified risk of € 18.9 BN (2013: € 20.1 BN) represented a diversification benefit of approximately 15 % (2013: 12 %) across risk categories.

ALLIANZ SE: ALLOCATED RISK ACCORDING TO INTERNAL RISK PROFILE

€ MN as of 31 December	2014	2013[1]
Market risk	18,102	19,582
Credit risk	671	502
Underwriting risk	2,595	1,727
Business risk	33	24
Operational risk	684	684
Diversification	(3,381)	(2,638)
Capital add-on	187	202
Total Allianz SE	**18,891**	**20,083**

1 — 2013 figures recalculated based on model changes in 2014.

Detailed discussions of movements in respective risks for Allianz Group and Allianz SE are provided in the sections that follow.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses, which forms the basis for determining our Solvency II regulatory capitalization and our internal risk profile. On a quarterly basis, we calculate and aggregate internal risk capital across all business segments based on a common standard for measuring and comparing risks across the wide range of different activities that we undertake as an integrated financial services provider.

1 — 2013 risk profile figures recalculated based on model changes in 2014.
2 — Diversification before tax.

GENERAL APPROACH

We utilize an internal risk capital model for the management of our risk profile and solvency position, reflecting our current understanding of the forthcoming Solvency II rules. Our model is based on a best practice technical platform with an up-to-date methodology covering all modeled sources of quantifiable risks.

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 risk events from all modeled risk categories ("sources of risk") and calculate the portfolio value based on the net fair value of assets and liabilities under potentially adverse conditions.

The 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, 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, in particular for market risks, we analyze several pre-defined stress scenarios either based on historically observed market movements or on hypothetical market movement assumptions. This modeling approach, therefore, also enables us to identify scenarios that have a positive impact on our solvency situation.

Yield curve and volatility adjustment 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 their discounting. We apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) based on the insurance stress test for 2014 for the extension of the risk-free interest rate curves beyond the last liquid tenor.

In addition, we adjust the risk-free yield curves by a volatility adjustment for all business segments except unit-linked business. This is done to better reflect the underlying economics of our business as the cash flows of our insurance liabilities are, to a large degree, predictable. 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. Being a long-term investor mitigates to a great extent the risk of forced selling at a loss of debt instruments prior to maturity. Therefore, we reflect this mitigation in our model using a volatility adjustment spread risk offset and view the more relevant risk to be default and migration risk rather than credit spread risk.

Valuation assumption: replicating portfolios

Since efficient valuation and complex, timely analysis is required, 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. In the risk calculation we use the replicating portfolio to 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. This reflects 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 and 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 quarterly 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 assumptions on claims trends, liability 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 these assumptions.[1]

1 — For additional information regarding our internal controls over financial reporting, please refer to Internal controls over financial reporting from page 77.

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 on internal risk assessment. 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.

Coverage of the internal risk capital model

Allianz's internal risk capital model covers all major insurance operations[1] as well as the activities of Allianz SE as the holding company for Allianz Group. This includes the relevant assets (including bonds, loans, mortgages, investment funds, equities and real estate) and liabilities (including the cash flow run-off profile of all technical reserves as well as deposits, issued debt and other liabilities). For with-profit products in the Life/Health business segment of Allianz Group, as well as for Allianz SE's internal pension liabilities, options and guarantees embedded in insurance contracts – including policyholder participation rules – are taken into account.[2]

At Group level the capital requirements for smaller insurance operating entities outside the European Economic Area that have only an immaterial impact on the Group's risk profile, are treated with book value deduction.

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 standards). Capital requirements for banks represent an insignificant amount of approximately 1.4 % (2013: 1.4 %[3]) of our total pre-diversified internal risk. Therefore, risk management with respect to banking operations is not discussed in more detail.

For Allianz Group's Asset Management business segment we assign internal risk capital requirements based on the sectorial regulatory capital requirements as envisaged in Solvency II. Asset Management business is mainly affected by operational risks. However, since most of our Asset Management business is not located within the Eurozone, at the Group level it also bears foreign exchange rate risk. Our Asset Management business is covered by adequate risk controlling processes including regular reporting and qualitative risk assessments (such as Top Risk Assessment) to the Group. However, since it is mainly affected by the previously mentioned two risk types (operational and foreign exchange rate), and due to the fact that the impact on total pre-diversified internal risk capital is minor, risk management with respect to Asset Management is not discussed in more detail.

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 statistically a low probability of 0.5 % that actual losses could exceed this threshold 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 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, historical data 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. To ensure proper validation we established an Independent Validation Unit (IVU) within Group Risk responsible for validating our internal model within a comprehensive model validation process. Overall, we trust that our validation efforts are effective and that our model adequately assesses the risks to which we are exposed.

As described in a previous section, insurance liability values in the risk calculation 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 too restrictive to capture all factors affecting the change in value of liabilities. As with other model components, the replications are subject to independent validation and to suitability assessments as well as to stringent data and process quality controls. Therefore, we believe that the liabilities are adequately represented by the replicating portfolios.

Since the internal risk capital model 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 such assets 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 or by means of sensitivities, because the volume of non-

1 — As mentioned under Solvency II regulatory capitalization and internal risk profile, AZ Life is taken into account by means of third country equivalence into the Group capitalization, but included based on the internal risk capital model for the reporting of the internal risk profile.
2 — You can find more detailed information about participating life business in the Allianz Group's Annual Report 2014.
3 — 2013 risk profile figures recalculated based on model changes in 2014 as described in Internal model updates in in the Allianz Group's Annual Report 2014.

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.

INTERNAL MODEL UPDATES IN 2014

In 2014, we updated our internal model in order to incorporate Allianz's current understanding of the forthcoming Solvency II rules. The model updates are mainly driven by regulatory developments as well as feedback that Allianz received during the ongoing consultations with regulators and supervisors in the internal model pre-approval process. As described above, due to ongoing regulatory developments and supervisory feedback throughout 2014 we implemented model changes at different points in time, i.e. at the beginning of the year and at year-end. For the sake of clarity, however, all model changes are presented jointly within this section. Although we cannot rule out any late changes to the Solvency II rules, the updated model used for the year-end 2014 reporting will be the basis for our Solvency II internal model application in 2015.

In this section we provide an overview of these model changes and the resulting changes on Allianz Group's internal risk profile based on the year-end 2013 data under the updated model. In all subsequent sections the figures after the model change will form the basis for the movement analysis of our internal risk profile in 2014.

ALLIANZ GROUP: ALLOCATED RISK ACCORDING TO INTERNAL RISK PROFILE (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)[1]

€ MN

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
as of 31 December	2013[2]	2013[3]	2013[2]	2013[3]	2013[2]	2013[3]	2013[2]	2013[3]	2013[2]	2013[3]	2013[2]	2013[3]	2013[2]	2013[3]
Property-Casualty	3,669	5,388	1,881	2,067	9,627	8,811	992	909	1,268	1,833	(6,437)	(6,729)	11,000	12,278
Life/Health	11,653	14,098	3,590	5,589	801	1,063	3,743	3,630	917	1,975	(6,447)	(7,651)	14,258	18,703
Asset Management	685	621	169	152	–	–	–	–	586	586	(2)	–	1,439	1,359
Corporate and Other	1,987	2,591	277	555	191	94	–	–	385	679	(532)	(829)	2,308	3,090
Total Group	**17,994**	**22,698**	**5,918**	**8,363**	**10,620**	**9,967**	**4,735**	**4,538**	**3,155**	**5,073**	**(13,418)**	**(15,209)**	**29,004**	**35,430**
											Tax		(5,367)	(5,820)
											Total Group		**23,637**	**29,610**

1 — Due to rounding, numbers presented may not precisely reflect the absolute figures.
2 — 2013 risk profile figures as reported previously.
3 — 2013 risk profile figures recalculated based on new model.

The model changes focused mostly on the following risk categories:

Market risk

The market risk correlation settings were updated to reflect higher systemic risk across financial markets in adverse market scenarios. Furthermore, we enhanced our interest rate modeling to better reflect the risk profile of Allianz's traditional Life/Health business under the current low yield environment. In addition, we introduced the modeling of the volatility adjustment to mitigate credit spread risk in line with updated regulatory guidance. We also included internal pension obligations into our Solvency II framework following regulatory guidance and changed the modeling of the surplus funds in Germany. Finally, we enhanced the modeling of inflation risk and introduced it as a separate risk type – mainly reflecting the risk arising from property, casualty and health liabilities as well as inflation risk in Allianz's internal pension obligations.

The model changes increased market risk overall by € 4.7 BN to € 22.7 BN on a pre-diversified basis. This resulted in a number of significant changes in the market risk types. The newly introduced risk type of inflation risk contributed € 3.4 BN. Equity risk increased by € 2.1 BN mainly due to changed correlations to reflect systemic behavior, due to the modeling of internal pension obligations and due to a refinement of hedge models for variable annuity business. Credit spread risk increased due to the correlation update better reflecting systemic market events. However, the increase was partially offset by the introduction of the volatility adjuster based spread risk offset (net impact: an increase of € 0.7 BN to € 5.1 BN). Finally, interest rate risk decreased by € 0.9 BN, predominantly driven by increased diversification with the newly modeled inflation risk as well as due to updated correlations. The decrease in interest rate risk was partly offset by the modeling of internal pension obligations.

Credit risk

The treatment of sovereign exposures has been revised to include capital requirements for sovereigns in the same way as for corporates. However, in accordance with European Insurance and Occupational Pensions Authority's (EIOPA) advice on Solvency II implementation measures, domestically held exposures towards European Economic Area sovereigns issued in their own currency are treated favorably. This model change led to an increase in Allianz's credit risk of € 2.0 BN. Further changes are a new methodology for setting correlation and valuation parameters. These changes improve the granularity of the model in order to meet regulatory requirements. In total, credit risk increased on a pre-diversified basis by € 2.4 BN to € 8.4 BN – mainly driven by the changed treatment of sovereigns.

Underwriting risk

The increase in underwriting risk in the Life/Health business segment of Allianz Group is mainly due to the inclusion of internal pension obligations, which lead to an increase in longevity risk as well as a change in the methodology for longevity stress calibration. Similarly, the inclusion of internal pension obligations has led to higher longevity risk capital for Allianz SE. The decrease in the Property-Casualty business segment of Allianz Group was mainly due to a reduced reserve risk. This was mainly driven by a changed modeling approach of Group health and protection business using life techniques.

Operational risk

In order to increase consistency across the Group, the risk granularity level has been changed to reflect standards in line with Basel II, which has a negative impact on diversification within the operational risk model. Moreover, to be in line with historical experience and to meet regulatory expectations, conservative assumptions regarding loss severity distributions were introduced centrally. These changes led to an overall increase in operational risk for Allianz Group of € 1.9 BN to € 5.1 BN.

Treatment of smaller insurance entities

In addition, we applied a book value deduction treatment for smaller insurance entities resulting in a decrease in Allianz Group's risk figures of € 2.0 BN, mostly affecting market risk (with a decrease of € 1.1 BN), underwriting risk (with a decrease of € 0.5 BN) and credit risk (with a decrease of € 0.3 BN).

Internal risk assessment

RISK PROFILE AND RISK MANAGEMENT

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 is a key element in managing our risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and our risk profile in general. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations.

With respect to investments, top-down indicators such as strategic asset allocations are defined and closely monitored to ensure balanced investment portfolios. Furthermore we have a limit system in place which is defined at Group level separately for the Life/Health and the Property-Casualty business segments as well as at operating entity level. The limits comprise economic limits, in particular financial VaR and credit VaR as derived from the internal model framework complemented by stand-alone interest rate and equity sensitivity limits as well as by limits on foreign exchange exposures.

Our limit-setting process ensures that prevailing statutory restrictions regarding the composition of investments are taken into account. Most statutory restrictions apply at the local level, where the statutory restrictions as binding constraints enter the limit setting processes. In addition, guidelines are derived by the Group centers for certain investments, for example concerning the use of derivatives, and compliance with the guidelines is controlled by the respective risk and controlling functions.

In order to further limit the impact of any financial market changes and to ensure that assets adequately back policyholder liabilities we have additional measures in place. One of these 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 using derivatives mostly to either hedge our portfolio against adverse market movements or to reduce our reinvestment risk – for example by using forwards or swaptions.

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.[1] 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 the downward exposure of certain investments[2].

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

In order to manage counterparty concentration risk, we run a Group-wide country and obligor group limit management framework (CRisP[3]), which covers credit and equity exposures and is based on data used by the investment and risk experts at the 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.

1 — You can find more detailed information in the Allianz Group's Annual Report 2014.
2 — You can find more detailed information on derivatives used for hedging in the Allianz Group's Annual Report 2014.
3 — Credit Risk Platform.

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 Finance and 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.

RISK BASED STEERING

Allianz steers its portfolio on a comprehensive view of risk and return, i.e. results based on the internal risk model including scenario based analyses are used actively for decision making: On the one hand economic risk and concentrations are actively restricted by means of limits as outlined above and on the other hand there is a comprehensive analysis of the return on risk capital (RoRC). The latter allows us to identify sustainably profitable lines of business and products, which provide reasonable profits on allocated risk capital over the life time of the products. Therefore, it is a key criteria for capital allocation decisions.

In 2014, Allianz also updated its dividend policy, increasing the payout ratio and defining explicit budgets for external growth and linking central elements of the dividend policy to the internal model capitalization according to Solvency II. This shows that the internal model is fully integrated in the business steering of Allianz and that the planned application of the internal model satisfies the so-called "use-test" under Solvency II.

In the following sections we explain the evolution of the risk profile per modeled risk category. All risks are presented on a pre-diversified basis and concentrations of single sources of risk are discussed accordingly.

QUANTIFIABLE RISKS

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. Thereby, the Allianz Group holds and uses many different financial instruments. The resulting investment portfolios back 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. The following table presents our Group-wide internal risk figures related to market risks by business segment and source of risk.

ALLIANZ GROUP: INTERNAL RISK PROFILE – MARKET RISK BY SOURCE OF RISK AND BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)[1]

pre-diversified, € MN	Interest rate		Inflation		Credit spread		Equity		Real estate		Currency		Total	
as of 31 December	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Property-Casualty	497	372	3,466	2,834	574	503	929	942	596	635	57	103	6,120	5,388
Life/Health	6,038	3,432	481	321	5,016	4,314	5,484	4,730	1,420	1,035	129	266	18,569	14,098
Asset Management	1	1	–	–	–	–	24	29	5	6	491	585	521	621
Corporate and Other	469	548	228	282	447	265	1,352	1,034	99	130	297	332	2,891	2,591
Total Group	**7,005**	**4,353**	**4,175**	**3,437**	**6,038**	**5,082**	**7,789**	**6,735**	**2,119**	**1,806**	**975**	**1,286**	**28,102**	**22,698**
Share of total Group pre-diversified internal risk													46.2%	44.8%

1 — Due to rounding, numbers presented may not precisely reflect the absolute figures.

Our total pre-diversified Allianz Group market risk showed a strong increase mainly driven by market movements. In particular the decreasing interest rates in 2014, combined with an increase in implied interest rate volatilities, led to higher sensitivities of options and guarantees in our Life/Health business segment. In addition, the historically low interest rates also created significant cross effects to other risk types in the Life/Health business segment due to profit sharing mechanisms and by that also increasing respective risk for example equity and spread risk. In addition, equity risk increased due to higher exposure resulting from increasing equity markets outside the Eurozone and a weakened Euro against almost all currencies.

For the legal entity Allianz SE, the pre-diversified market risk showed a significant decrease, mainly driven by a reduction in equity risk.

ALLIANZ SE: INTERNAL RISK PROFILE MARKET RISK

pre-diversified, € MN as of 31 December	2014	2013[1]
Interest rate	140	137
Inflation	332	294
Credit spread	432	337
Equity	16,950	18,444
Real estate	65	85
Currency	183	285
Total Allianz SE	**18,102**	**19,582**

1 — 2013 figures recalculated based on model changes in 2014.

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, Allianz Group is specifically exposed to interest rate risk, because 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 profile and managed by interest rate sensitivity limits. A significant part of the Allianz Group Life/Health business segment's pre-diversified interest rate risk lies in Western Europe – 80.9 % as of 31 December 2014 (2013: 81.3 %) – mainly to cover traditional life insurance products with guarantees.

Allianz Group manages 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 the Group level.

As of 31 December 2014 Allianz Group's interest rate sensitive investments excluding unit-linked business – amounting to a market value of € 509.9 BN[1] – would have gained € 33.7 BN or lost € 37.0 BN in value in case of interest rates changing by -100 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.

The € 140 MN interest rate risk capital requirement for Allianz SE mainly arises from fixed rate bonds and loans on the asset side, as well as issued Allianz corporate bonds, reinsurance and pension reserves on the liability side. Interest rate risk barely changed in 2014.

As of 31 December 2014, Allianz SE's interest rate sensitive investments amounting to a market value of 38.4 BN would have gained 1.0 BN or lost 1.4 BN in value in case of interest rates changing by -100 and +100 basis points, respectively.

Inflation risk

As an insurance company, Allianz Group is exposed to changing inflation rates, predominantly due to our non-life insurance obligations. In addition internal pension obligations contribute to our exposure to inflation. Since inflation increases both claims and costs, higher inflation rates will lead to greater liabilities. Inflation assumptions are already taken into account in our product development and pricing and the risk of changing inflation rates is incorporated in our internal model. As of 31 December 2014, Allianz Group's inflation risk amounted to € 4.2 BN, showing a change of € 0.7 BN, mainly due to lower discount rates resulting in higher market values of inflation sensitive liabilities and internal pension liabilities.

Primary sources for the € 332 MN inflation risk of the legal entity Allianz SE in 2014 are reinsurance liabilities and internal pension obligations. The 13 % increase in 2014 mainly reflects additional internal quota share reinsurance business.

Equity risk

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

As of 31 December 2014, Allianz Group's investments excluding unit-linked business that are sensitive to changing equity markets – amounting to a market value of € 38.9 BN[2] – would have lost € 10.2 BN in value assuming equity markets declined by 30 %.

Risks from changes in equity prices are normally associated with decreasing share prices and increasing equity price volatilities. As stock markets also might increase, opportunities may arise from equity investments.

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.

Allianz SE is the ultimate holding entity in the Allianz Group. Participation assets represent approximately 75 % of the total investment assets. Thus, most of the equity risk of Allianz SE is reflecting insurance participations. The € 1.5 BN reduction in equity risk in 2014 to € 16.9 BN predominantly results from a lower value of participations. One of the key drivers for this development was the impact on lower interest rates on the value of key life insurance participations.

In 2014, Allianz SE had profit-and-loss transfer agreements in place with eleven German subsidiaries. These are listed in the appendix on page 103. Risk from these contracts is reflected via the risk capital calculation on participations.

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 application of the volatility adjustment in our internal risk model to partially mitigate spread risk as described in the section on yield curve assumptions.

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.

With € 432 MN, Allianz SE's credit spread risk is 28 % higher than in 2013. This can be explained by a change in the rating structure of the investment portfolio.

Currency risk

Based on our foreign exchange management limit framework, currency risk is monitored and managed at the operating entity and Group level. As our operating entities are typically invested in assets of the same currency as their liabilities, the major part of foreign currency risk for Allianz Group 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. However, at the same time the capital requirements in Euro terms from the respective non-Euro entity also decrease, partially mitigating the total impact on the capitalization.

In addition to risk from non-Euro participations, Allianz SE's currency risk is driven by its non-Euro reinsurance exposure, as well as the use of non-Euro bonds as external financing vehicles. Allianz SE's € 183 MN currency risk at year end 2014 is mainly reflecting net open positions in USD and CHF.

Real estate risk

Despite the risk of decreasing real estate values, real estate is a suitable addition to our investment portfolio due to good diversification benefits as well as due to the contribution of relatively predictable cash-flows in the long-term. As of 31 December 2014, about 3.5 % (2013: 3.6 %) of the total Allianz Group pre-diversified risk was related to real estate exposures.

As of 31 December 2014, real estate risk for Allianz SE is minor only (€ 65 MN).

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. This objective is supported by the internal credit risk model and the CRisP as described under the section on the risk profile. 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. Country risk exposure is calculated as cross-border exposure to all obligors domiciled abroad from the respective operating entities' perspective.

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, collateral 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 recently available information.

The loss profile of a given portfolio is obtained through a Monte-Carlo simulation taking into account interdependencies and exposure concentrations per obligor 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.

By managing the credit risk of Allianz Group on the basis of our limit management and 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 offers opportunities to keep losses from single credit events below expected levels and therefore strongly supports writing business that contributes to a balanced Group credit portfolio.

ALLIANZ GROUP: INTERNAL RISK PROFILE – ALLOCATED INTERNAL CREDIT RISK BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)

pre-diversified, € MN as of 31 December	2014	2013
Property-Casualty	2,374	2,067
Life/Health	7,817	5,589
Asset Management	128	152
Corporate and Other	699	555
Total Group internal credit risk	11,018	8,363
Share of total Group pre-diversified internal risk	18.1 %	16.5 %

ALLIANZ GROUP: IMPACT OF SELECTED CREDIT SCENARIOS ON INTERNAL CREDIT RISK[1]

pre-diversified, € MN	Total	
as of 31 December	2014	2013[2]
Base case	11,018	8,363
Rating down by 1 notch	12,106	9,483
Rating down by 2 notches	13,595	11,075
LGD up by 10 %	11,703	9,036

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.
2 — 2013 risk profile figures recalculated based on model changes in 2014.

Throughout the year the credit environment was mostly stable. There were limited rating actions as the economic situation and outlook was already reflected in current rating levels compared to the economic disruptions of previous years. Credit risk for the Group increased – mainly due to the secondary effects of lower interest rates. Especially long dated assets in the Life/Health business segment have gained significantly in value and, in turn, also loss potential. Additionally, the lower interest rates reduced the loss absorbing capacity of technical provisions in the traditional life business, which further increased the credit risk after policyholder participation. Finally, for the purpose of asset/liability management under the low yield environment the amount of long duration assets has grown, which contributed to the increase of credit risk, particularly in the Life/Health business segment.

Credit risk of the legal entity Allianz SE increased by € 169 MN in 2014, as a result of changes in the asset allocation for the investment portfolio.

ALLIANZ SE: INTERNAL CREDIT RISK

pre-diversified, € MN as of 31 December	2014	2013[1]
Internal credit risk	671	502

1 — 2013 figures recalculated based on model changes in 2014.

The following table displays the sensitivities of Allianz Group's credit risk 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]

The majority of Credit Risk and impact of sensitivity analysis can be allocated to long-term sovereign debt as well as senior unsecured bonds with lower investment grade borrowers.

The different components of Allianz Group credit risk exposure are described in the table below:

ALLIANZ COMPONENTS OF CREDIT RISK EXPOSURE

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.

Credit risk – investment

As of 31 December 2014, credit risk arising from the investment portfolio accounted for 92.7 % (2013: 91.0 %) of our total Group pre-diversified internal credit risk. 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.[3]

1 — Credit risk calculations are based on issuer (borrower) ratings as opposed to issue (instrument) ratings. The difference between issue and issuer ratings is primarily due to collateralization and seniority and is reflected in Loss-Given-Default (LGD).
2 — Scenarios are applied only to investment and reinsurance exposure positions in portfolios of Allianz operating entities.

3 — Additionally 2.4 % (2013: 3.5 %) of our total Group pre-diversified internal credit risk is allocated to receivables and potential future exposure for derivatives and reinsurance.

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

As of 31 December 2014, the rating distribution of our fixed income portfolio was as follows:

RATING DISTRIBUTION OF ALLIANZ GROUP'S FIXED INCOME PORTFOLIO[1] – FAIR VALUE[2]

€ BN Type of issuer	Government & Agency		Covered Bond		Corporate		Banks		ABS/MBS		Short-term Loan		Other		Total	
as of 31 December	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
AAA	51.8	46.2	57.2	61.5	1.1	2.0	1.5	3.8	17.3	13.8	–	–	–	–	128.8	127.4
AA	84.0	69.8	20.2	21.0	10.3	9.0	6.6	8.1	2.4	2.3	1.4	1.4	0.1	0.1	125.2	111.7
A	15.5	12.9	23.1	14.1	45.6	35.3	16.8	14.3	2.0	1.3	0.9	0.6	0.9	1.0	104.8	79.5
BBB	50.9	44.2	6.0	5.1	72.8	56.4	5.6	5.6	0.7	0.6	0.6	0.5	0.6	0.4	137.2	112.8
BB	2.7	2.1	1.0	0.7	7.2	6.3	1.5	1.0	0.1	0.1	0.2	0.4	–	–	12.7	10.7
B	0.8	0.5	0.1	–	3.2	2.6	0.1	0.2	0.1	0.1	–	–	–	–	4.3	3.4
CCC	–	–	–	–	0.1	0.2	0.1	–	–	–	–	–	–	–	0.3	0.3
CC	–	–	–	–	0.1	0.1	–	–	0.2	0.2	–	–	–	–	0.3	0.3
C	–	–	–	–	0.1	–	–	–	0.1	–	–	–	–	–	0.1	–
D	0.1	–	–	–	0.4	0.4	–	–	–	–	–	–	–	–	0.5	0.4
Not rated	3.4	3.9	0.1	0.1	4.3	3.9	0.2	0.1	–	–	0.3	0.3	1.7	1.4	10.0	9.6
Total Group	**209.3**	**179.6**	**107.6**	**102.5**	**145.1**	**116.3**	**32.4**	**33.1**	**22.9**	**18.4**	**3.6**	**3.3**	**3.3**	**2.9**	**524.3**	**456.1**

1 – In accordance with the Group Management Report stated figures include investments of Banking and Asset Management. Table excludes private loans.

2 – Due to rounding, numbers presented may not precisely reflect the absolute figures.

Credit risk – reinsurance

As of 31 December 2014, 0.4 % (2013: 0.7 %) of the total Group pre-diversified internal credit risk was allocated to reinsurance exposures – of which 58.5 % (2013: 59.4 %) 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 2014, 82.9 % (2013: 80.6 %) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A" rating by Standard & Poor's or A.M. Best. As of 31 December 2014, non-rated reinsurance recoverables represented 15.7 % (2013: 17.9 %). Reinsurance recoverables without a Standard & Poor's rating include exposures to brokers, companies in run-off and pools – where no rating is available.

REINSURANCE RECOVERABLES OF ALLIANZ GROUP BY RATING CLASS[1,2]

€ BN as of 31 December	2014	2013
AAA	0.03	0.02
AA+ to AA-	6.06	5.99
A+ to A-	4.35	3.38
BBB+ to BBB-	0.17	0.18
Non-investment grade	–	–
Not assigned	1.97	2.08
Total Group	**12.59**	**11.65**

1 – Represents gross exposure broken down by reinsurer.
2 – Due to rounding, numbers presented may not precisely reflect the absolute figures.

Credit risk – credit insurance

The Allianz Group 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 to capture the concentration and diversification effects. As of 31 December 2014, 4.5 % (2013: 4.8 %) of our total Group pre-diversified internal credit risk was allocated to Euler Hermes credit insurance exposures.

Underwriting risk

Allianz Group's 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 following table presents the pre-diversified internal risk calculated for underwriting risks stemming from our insurance.[1]

ALLIANZ GROUP: INTERNAL RISK PROFILE – ALLOCATED UNDERWRITING RISK BY SOURCE OF RISK AND BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)[1,2]

pre-diversified, € MN	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Property-Casualty	451	535	24	22	4,349	3,627	4,679	4,564	115	63	9,619	8,811
Life/Health	–	–	–	–	–	–	–	–	1,626	1,062	1,626	1,063
Asset Management	–	–	–	–	–	–	–	–	–	–	–	–
Corporate and Other	–	–	–	–	–	–	–	–	65	94	65	94
Total Group	**451**	**535**	**24**	**22**	**4,350**	**3,627**	**4,679**	**4,564**	**1,807**	**1,219**	**11,311**	**9,967**
Share of total Group pre-diversified internal risk											18.6 %	19.7 %

1 — As risks are measured by an integrated approach on an economic basis, internal risk profile takes reinsurance effects into account.
2 — Due to rounding, numbers presented may not precisely reflect the absolute figures.

For biometric risk of Allianz Group the main driver was longevity risk due to the inclusion of risks from internal pensions and due to decreased interest rates, which affect the risks for long-term products by increasing the cost of longevity subsidization.

For the legal entity Allianz SE, underwriting risk consists of premium and reserve risk from the P & C reinsurance business assumed, as well as of biometric risk from both internal pension liabilities and the L & H reinsurance business.

ALLIANZ SE: ALLOCATED INTERNAL UNDERWRITING RISK

pre-diversified, € MN as of 31 December	2014	2013[1]
Premium natural catastrophe	281	438
Premium non-catastrophe and terror	1,391	630
Reserve	914	649
Biometric	9	10
Total Allianz SE	**2,595**	**1,727**

1 — 2013 figures recalculated based on model changes in 2014.

Allianz SE's biometric risk is immaterial despite the modelling of internal pension liabilities.

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.[2]

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 for Allianz Group.

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

%	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Loss ratio	66.0	65.9	68.3	69.9	69.1	69.5	68.0	66.1	65.0	67.2
Loss ratio excluding natural catastrophes	65.1	63.0	66.6	65.5	65.9	68.4	66.3	64.1	64.4	64.3

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

1 — 2013 risk profile figures recalculated based on model changes in 2014.
2 — Please refer to the Allianz Group's Annual Report 2014 for a regional breakdown of loss ratios over the past two years.

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. Excessive risks are mitigated by external reinsurance agreements. All these measures contribute to a limitation on 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 portfolio data (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 potential losses.

The top five perils contributing to the natural catastrophe risk as of December 2014 were: Europe windstorm, U.S. hurricane, Germany hail, Australia hail and California earthquake.

The material increase in non-catastrophe and terror premium risk of Allianz SE can be mainly explained by new internal reinsurance quota share business.

Reserve risk

We estimate and hold reserves for claims resulting from past events 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.

In general, our operating entities constantly monitor the development of reserves for insurance claims on a line of business level.[1] 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 committees' meetings.

Underwriting risk Life/Health

Underwriting risks in our Allianz Group Life/Health operations (biometric risks) include mortality, disability, morbidity, and longevity risks. Mortality, disability, and morbidity risks are associated with the unexpected increase in the occurrence of death, disability or medical claims on our insurance products. Longevity risk is the risk that due to changing biometric assumptions, the reserves covering life annuities and group pension products might not be sufficient.

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. Due to effective product design and the diversity of our products there were no significant concentrations of underwriting risks within our Life/Health business segment as of 31 December 2014[2].

Life/Health underwriting risk arises from lower profitability than expected due to changes in actuarial parameters. As profitability calculations are based on several parameters – like historical loss information, assumptions on inflation or on mortality and morbidity – the realized parameters may differ from the ones used for 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 and be beneficial and lead to additional profit. For example a lower morbidity rate than expected will most likely result in lower claims.

Business risk

Business risks include cost risks and policyholder behavior risks and are mostly driven by the Life/Health business segment and to a lesser extent by the Property-Casualty business segment. 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.

In the Allianz Group's Life/Health business segment, 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 in line with accepted actuarial methods and are based on our own historical data, to the extent available. If data is not available, assumptions are based on industry data or expert judgment.

1 — You can find more detailed information in the Allianz Group's Annual Report 2014.

2 — You can find more detailed information about insurance risk in the Life/Health business segment in the Allianz Group's Annual Report 2014.

ALLIANZ GROUP: INTERNAL RISK PROFILE – ALLOCATED BUSINESS RISK BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)[1]

pre-diversified, € MN as of 31 December	2014	2013
Property-Casualty	917	909
Life/Health	4,404	3,630
Asset Management	–	–
Corporate and Other	–	–
Total Group internal underwriting risk	5,321	4,538
Share of total Group pre-diversified internal risk	8.7%	9.0%

1 — Due to rounding, numbers presented may not precisely reflect the absolute figures.

For business risk in our Allianz Group Life/Health business segment the main drivers were the decreased interest rates – which affect the cost risk and the lapse risk due to discounting and effects from dynamic policy holder behavior 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.

Reflecting the business model of Allianz SE as primarily a Group-internal reinsurer, business risk is immaterial.

ALLIANZ SE: INTERNAL BUSINESS RISK

pre-diversified, € MN as of 31 December	2014	2013[1]
Internal business risk	33	24

1 — 2013 figures recalculated based on model changes in 2014.

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.

Allianz has developed a consistent Group-wide operational risk management framework that focuses on the early recognition and proactive management of operational risks in all first line of defense functions. The framework defines roles and responsibilities, risk processes and methods and has been implemented in our operating entities. Local risk managers as the second line of defense ensure this framework is implemented in their respective operating entity. They identify and evaluate relevant operational risks and control weaknesses via a dialogue between the first line of defense and the risk function. Furthermore, operational risk events are collected in a central risk event database. In 2014, Allianz became a member of a global operating loss data consortium, which will start to operate in 2015. An analysis of the causes of losses exceeding € 1 MN is carried out to provide comprehensive and timely information to senior management and to share with operating entities so they can implement measures aimed at avoiding or reducing future losses.

The risks related to non-compliance or other misconduct are addressed via various dedicated compliance programs. Written policies detail the Allianz Group's approach towards the management of these areas of risk. The implementation and communication of those compliance programs are monitored by the Group Compliance function at Allianz SE. In close cooperation with the Risk function of the Group, the risk mitigating measures are taken and enforced by a global network of dedicated compliance functions throughout the Allianz Group. With respect to financial statements, our internal control system is designed to mitigate operational risks.[1]

ALLIANZ GROUP: INTERNAL RISK PROFILE – ALLOCATED OPERATIONAL RISK BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)[1]

pre-diversified, € MN as of 31 December	2014	2013
Property-Casualty	1,797	1,833
Life/Health	2,035	1,975
Asset Management	668	586
Corporate and Other	645	679
Total Group internal operational risk	5,146	5,073
Share of total Group pre-diversified internal risk	8.4%	10.0%

1 — Due to rounding, numbers presented may not precisely reflect the absolute figures.

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, its employees and its operating entities. Our Business Continuity and Crisis Management 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, business continuity and crisis activities are embedded in the company's risk management processes.

Allianz has launched a Cyber and Information Security program to better respond to current external developments and to further strengthen the internal control environment around related operational risks.

Allianz SE's operational risk capital remained stable in 2014.

ALLIANZ SE: INTERNAL OPERATIONAL RISK

pre-diversified, € MN as of 31 December	2014	2013[1]
Internal operational risk	684	684

1 — 2013 figures recalculated based on model changes in 2014.

1 — For additional information regarding our internal control over financial reporting, please refer to Internal controls over financial reporting from page 77.

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, monitoring and steering. In general, the risk assessment is based on qualitative criteria or scenario analyses. The most important of these other risks are strategic, liquidity and reputational risk.

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 Finance and Risk Committee). The assessment of the associated risks is a fundamental element in these discussions.

Liquidity risk

Liquidity risk is defined as the risk that requirements from 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-flows on the asset and liability side. Detailed information regarding Allianz Group's liquidity risk exposure, liquidity and funding – including changes in cash and cash equivalents – is provided in the Allianz Group's Annual Report 2014.

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. The local investment strategies particularly focus on the quality of investments and ensure a significant portion of liquid assets (e.g. high-rated government bonds or covered bonds) in the portfolios. This also allows us to meet increased 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 the 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 SE 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 yearly Top Risk Assessment, during which senior management also decides on a risk management strategy and related actions. This is supplemented by quarterly updates. 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 Group 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 model 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 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 allocation and limit consumption reports are regularly prepared, communicated and monitored.

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

Communication and transparency: Finally, 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 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 of the Supervisory Board monitors 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. In 2014, the Board of Management Committee structure was streamlined.

— The Group Capital Committee supports the Board of Management with recommendations regarding the capital structure, capital allocation and the investment strategy, including the strategic asset allocation.

— The Group Finance and Risk Committee (GFRC) ensures oversight of the Group's and Allianz SE's risk management framework, acting as a primary early warning function by monitoring the Allianz Group's and Allianz SE's risk profiles, as well as the availability of capital. The GFRC also ensures that an adequate relationship between return and risk is maintained. Additionally, the GFRC defines risk standards, forms the limit-setting authority within the framework set by the Board of Management and approves major single financing and reinsurance transactions.

1 — For further information on opportunities, please refer to Outlook 2015 from page 19.

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 and appetite, written policies, limit systems, documentation and reporting. These standards ensure the accurate and timely flow of risk-related information and 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 of and returns on 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 managed by the Group Chief Risk Officer who reports to the Board member responsible for Finance, Controlling and Risk. Group Risk supports the afore-mentioned 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 the 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 entities' 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 a local risk strategy during the annual Strategic and Planning Dialogues with the Group and ensuring operating entities' adherence to their risk strategy.

All business line management functions with a direct profit and loss responsibility (i.e. first line of defense, or "risk taking units") are in charge of active risk-return management through adherence to delegated limits and the operating entity's policy framework. Second line of defense functions support, challenge and have the oversight of business functions through proactive risk management.

A risk function that is independent from the business line management is established by each operating entity. This function operates under the direction of the operating entity's Chief Risk Officer. In addition, a local Risk Committee supports both the operating entity's 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.

The Chief Risk Officer of Allianz Group also serves as the Chief Risk Officer of Allianz SE. Independent risk oversight for Allianz SE is conducted by risk control entities within Group Risk and the Allianz Reinsurance department of Allianz SE.

Other functions and bodies

In addition to Group Risk and the operating entities' risk functions, legal and compliance and actuarial functions have been established at both the 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. In addition, Group Legal and Compliance is responsible for integrity management, which aims to protect the Allianz Group, our operating entities and employees from regulatory risks.

Group Actuarial contributes towards assessing and managing risks in line with regulatory requirements. These risks stem from the risk-taking/mitigating activities involving professional actuarial experience and interaction. The role includes, but is not limited to, the activities of:

- Calculation and oversight of technical reserves for accounting and regulatory purposes,
- Pricing and profitability oversight,
- technical actuarial support of business planning, reporting and result monitoring,
- Contribution to the effective implementation of the risk management system.

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

Risk management priorities for 2015

In addition to maintaining our high standards and practices in day-to-day risk management and controlling we have set the following priorities for 2015.

Our first priority is to get the approval for our Solvency II internal model. To this end we will continue to actively participate in the pre-approval process for Solvency II with the relevant European supervisors and file the final internal model application in 2015. In addition, we will prepare for any potential late guidance and changes to the Solvency II regulation and for any regulatory feedback on the internal model application to be ready for the final implementation of Solvency II in 2016.

Regarding regulatory developments, our second priority is to ensure that we meet the emerging requirements for G-SII (Global Systemically Important Insurers). Therefore, we will continue to participate in the capital field-testing exercise conducted by the IAIS (International Association of Insurance Supervisors). In addition, we aim to further strengthen our liquidity risk management framework.

Our third priority will be to further enhance systemic risk management, first by focusing specifically on stress testing and scenario analysis in the context of managing and steering Allianz's risk profile and, second, by continuing to strengthen the risk culture and the Group-wide risk network to further enhance efficient and effective steering also in systemic crisis situations.

Specifically for the legal entity Allianz SE, additional risk management priorities for 2015 are refinements in risk reporting, limit setting and monitoring.

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 deal with the challenges and opportunities ahead. The most important of these are outlined below.

DIGITAL, CLIMATE AND DEMOGRAPHIC CHALLENGES

The digital revolution has completely changed the way our customers make purchasing decisions and buy insurance products. The boundaries between buying online and offline are quickly fading. 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. 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.

Global warming threatens to alter our climate and such changes could result in a range of risks and opportunities that affect our entire business. We have 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 a range of "Green" Solutions and provide them with advice on weather-related risk reduction. As a company we continually reduce and offset our own carbon emissions. We also incorporate not only environmental but also social and governance factors into our investment and underwriting processes as well as asset management.

Demographic changes are also 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 by providing integrated insurance and asset management solutions. Our solid market position in continental Europe and

1 — For further information on the Cautionary note regarding forward-looking statements, please refer to Outlook 2015 from page 19.

the United States, as well as our strong brand and well-diversified product portfolio, put us in an excellent position to develop solutions to meet the needs of the retirement, health care and assistance markets.

In addition, many of the world's industrialized nations are reliant on infrastructure that is 30 to 50 years old and yet public-sector investments in this area have been declining across the board. In order to upgrade this aging infrastructure, billions of Euros are required per year – figures that most governments are not able to cover, especially considering the increase in social security spending due to demographic effects. At the same time, the current workforce is faced first and foremost with the need to accumulate adequate funds for retirement, which is proving very difficult in the sustained low interest rate environment. We are at the forefront of bringing these two challenges together to find solutions for the long term: bridging the public sector infrastructure investment gap and providing profitable retirement provisions. But more still needs to be done in the political sphere to make this investment environment more stable and transparent for institutional investors such as Allianz.

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 protect themselves against – and better manage – the risks in life to build a more secure future. Although financial returns from microinsurance are lower than from traditional products, we believe that satisfied microinsurance policyholders will bring mid- to long-term pay-offs as many of them move up the economic ladder and are able to purchase regular Allianz products.

For more information, please refer to Progress in Sustainable Development starting on page 72.

STRATEGIC RISK AND OPPORTUNITY MANAGEMENT

As previously described, the Group has a well-established strategy and planning process with all its operating entities, 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 to new markets at lower cost: Digitalization is one of our major 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. We will continue to invest in technology at the local and Group level. We see technology as the key enabler for our business, both in the infrastructure (networks, data centers, underwriting and processing systems) but also at the customer interface ("digital"): Related investments in 2014 totaled more than € 800 MN. 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: We will move further towards greater capital efficiency while preparing for the go-live of Solvency II on 1 January 2016. This means we will optimize the capitalization of our local entities towards a more efficient capital base, actively improve new business capital allocation between operating entities and lines of business as well as sharpen the distinction between business we run for growth and portfolios or lines of business from which we will look to extract capital.

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. We recognize both increasing risk in our operating and regulatory environment and great opportunities in the fast-changing preferences and behavior of our customers. In this spirit we are reviewing our Group organization structures to take account of the need for strong central governance in some areas but also greater local entrepreneurship and decision-making in others.

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 thus attach great importance to complying with the recommendations of the German Corporate Governance Code (referred to hereinafter as the "Code"). The Declaration of Conformity with the recommendations of the Code issued by the Board of Management and the Supervisory Board on 11 December 2014 and the company's position regarding the Code's suggestions can be found in the Statement on Corporate Management pursuant to § 289a HGB starting on page 54.

Corporate Constitution of the European Company (SE)

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. However, the main features of a 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.

Function of the Board of Management

The Board of Management manages Allianz SE and the Allianz Group. During the reporting period it comprised 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. It 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 geographical regions or operating segments, such as Asset Management. Rules of procedure specify in more detail the work of the Board of Management and the responsibilities of the Board departments. Details of the Board of Management's reporting to the Supervisory Board are laid down in the reporting rules issued by the Supervisory Board.

Regular Board of Management meetings are led by the Chairman. Each member of the Board may request a meeting, providing notification of the proposed subject. The Board takes decisions by a simple majority 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.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2014, there were the following Board of Management committees:

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 capital management, including Group-wide capital and liquidity planning, as well as investment strategy.
GROUP FINANCE AND RISK COMMITTEE Dr. Dieter Wemmer (Chairman), Dr. Helga Jung, Oliver Bäte (from 1 January 2015: Sergio Balbinot), Clement Booth (from 1 January 2015: Dr. Axel Theis), Jay Ralph, Dr. Maximilian Zimmerer	Implementing and overseeing the principles of Group-wide capital and liquidity planning, as well as investment strategy and preparing risk strategy. This includes, in particular, significant individual investments and guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a Group-wide risk management and monitoring system including dynamic stress tests.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Jay Ralph, Dr. Dieter Wemmer, Dr. Werner Zedelius	Developing, proposing, implementing and monitoring a Group-wide IT strategy, approval of relevant IT investments.
GROUP MERGERS AND ACQUISITIONS COMMITTEE Dr. Helga Jung (Chairman), Dr. Dieter Wemmer, Dr. Maximilian Zimmerer	Managing and overseeing Group M & A transactions, including approval of individual transactions within certain thresholds.

as of 31 December 2014

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.

In the financial year 2014, there were the following Group committees:

GROUP COMMITTEES

GROUP COMMITTEES	RESPONSIBILITIES
GROUP COMPENSATION COMMITTEE Board members of Allianz SE and executives below Allianz SE Board level	Designing, monitoring and improving Group-wide compensation systems in line with regulatory requirements and submitting an annual report on the results of its monitoring, along with proposals for improvement.
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.
GROUP INVESTMENT COMMITTEE Members of the Board of Management and executives below Allianz SE Board level	Implementing Group investment strategy, including monitoring Group-wide investment activities as well as approving investment-related frameworks and guidelines and individual investments within certain thresholds.
INTERNATIONAL EXECUTIVE COMMITTEE Chairman of the Allianz SE Board of Management (Chairman), all other members of the Allianz SE Board of Management and Managing Directors of major Group companies	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.

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, see the Remuneration Report starting on page 56). When filling management positions, the Board of Management takes diversity into consideration, particularly to ensure that the percentage of women in management positions continues to increase.

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the financial position and earnings, planning 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 3 July 2014 (hereinafter "SE Agreement").

The Supervisory Board comprises twelve members, whose six shareholder representatives are appointed by the AGM. The six employee representatives are appointed by the SE works council. The specific procedure for their appointment is laid down in the SE Agreement. This stipulates that the six employee representatives must be 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 2014 financial year are described in the Supervisory Board Report starting on page 5.

The Supervisory Board held six regular meetings and one extraordinary meeting in the 2014 financial year 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 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 the approval of the Supervisory Board, e.g. capital measures, acquisitions and disposals of participations – Preparation of the Declaration of Conformity pursuant to § 161 "Aktiengesetz" (German Stock Corporation Act) and checks on corporate governance – Preparation of the efficiency review of the Supervisory Board
AUDIT COMMITTEE 5 members – **Chairman:** appointed by the Supervisory Board (Dr. Wulf H. Bernotat) – **Three shareholder representatives** (in addition to Dr. Wulf H. Bernotat: Dr. Helmut Perlet, Jim Hagemann Snabe) – **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 determining the focal points of the audit
RISK COMMITTEE 5 members – **Chairman:** appointed by the Supervisory Board (Dr. Helmut Perlet) – **Three shareholder representatives** (in addition to Dr. Helmet Perlet: Christine Bosse, Peter Denis Sutherland) – **Two employee representatives** (Dante Barban, Franz Heiß)	– Monitoring of the general 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 of 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 – 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)	7/7	100
Dr. Wulf H. Bernotat (Vice Chairman)	7/7	100
Rolf Zimmermann (Vice Chairman)	7/7	100
Dante Barban	5/7	71.43
Christine Bosse	7/7	100
Gabriele Burkhardt-Berg	6/7	85.71
Jean-Jacques Cette	6/7	85.71
Ira Gloe-Semler	7/7	100
Franz Heiß	6/7	85.71
Prof. Dr. Renate Köcher	7/7	100
Igor Landau	2/3 [1]	66.67
Jim Hagemann Snabe	4/4 [2]	100
Peter Denis Sutherland	6/7	85.71
STANDING COMMITTEE		
Dr. Helmut Perlet (Chairman)	4/4	100
Dr. Wulf H. Bernotat	4/4	100
Gabriele Burkhardt-Berg	4/4	100
Prof. Dr. Renate Köcher	4/4	100
Rolf Zimmermann	4/4	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	4/5	80
Ira Gloe-Semler	4/5	80
Igor Landau	2/2 [3]	100
Jim Hagemann Snabe	3/3 [4]	100
Dr. Helmut Perlet	5/5	100
RISK COMMITTEE		
Dr. Helmut Perlet (Chairman)	3/3	100
Dante Barban	3/3	100
Christine Bosse	3/3	100
Franz Heiß	3/3	100
Peter Denis Sutherland	3/3	100

1 — As Mr. Landau left the Supervisory Board during the year as at the end of the Annual General Meeting on 7 May 2014, only the February, March and May meetings were relevant.
2 — As Mr. Snabe was elected to the Supervisory Board during the year by the Annual General Meeting on 7 May 2014, only the August, October and December meetings as well as the extraordinary meeting in November were relevant.
3 — As Mr. Landau left the Supervisory Board during the year, only two meetings of the Audit Committee were relevant.
4 — As Mr. Snabe joined the Supervisory Board during the year, only three meetings of the Audit Committee were relevant.

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 Executive Bodies, 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. 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 (AktG).

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) of the German Stock Corporation Act (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 ("Versicherungsaufsichtsgesetz – 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 four female Supervisory Board members, the goal of having 25 % female members and the intended statutory quota of 30 % in the current draft legislation for equal participation of women and men in leadership positions are both being met. The objectives will be adjusted according to the final version of the legislation. 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 2014.

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 Annual General Meeting. 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 e-mail and internet services.

The AGM elects the shareholder representatives 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 and auditing

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 manner. 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 in advance. Information is also made available at the AGM, at press and analysts' conferences, 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.

You can find the 2015 financial calendar on our website at **www.allianz.com/financialcalendar.**

Outlook

The regulatory environment remains in a state of flux. We expect that further regulatory requirements will be imposed in addition to Solvency II as a result of the Allianz Group's classification as a systemically important insurer. The Allianz Group will integrate these requirements into its existing governance system.

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 11 December 2014, the Board of Management and the Supervisory Board issued the following Declaration of Conformity 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. The recommendations of the German Corporate Governance Code Commission (Code Commission) in the version of June 24, 2014 published in the official section of the Federal Gazette ("Bundesanzeiger") on September 30, 2014 have been complied with since their publication and will be complied with except for the following:

   According to Item 5.3.2 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 responsible for the monitoring of the risk management system.

2. Since the last Declaration of Conformity as of December 12, 2013 and its amendment in March 2014, all recommendations of the Code Commission in the version of May 13, 2013 were complied with except for the above mentioned deviation as well as the deviation declared in March 2014. In deviation from Item 5.4.5 paragraph 1 sentence 2, Mr. Jim Hagemann Snabe was member of the Management Board of SAP AG and held four Supervisory Board mandates in external listed companies at the same time. However, such deviation has expired with Mr. Snabe retiring from his office as Management Board member of SAP AG with effect as of May 21, 2014.

Munich, 11 December 2014
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 Code Commission in its 24 June 2014 version and also followed all suggestions in the previous version of 13 May 2013.

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 2014, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the German Corporate Governance Code in the version of 24 June 2014 (as well as in the previous year's version of 13 May 2013).

Corporate governance practices

INTERNAL CONTROL SYSTEMS

The Allianz Group has an effective internal control system for verifying and monitoring its operating activities and business processes, in particular the control of financial reporting. The requirements placed on the internal control systems are essential not only for the survival of the company, but also to maintain the confidence of the capital market, our customers and the public. A comprehensive risk management system regularly assesses the appropriateness of the internal control system, taking not only qualitative and quantitative guidelines into account, but also specific control instruments for individual business activities. For further information on the risk organization and risk principles, please refer to the Internal controls over financial reporting from page 77.

In addition, the quality of the internal control system is assessed by the Allianz Group's internal audit staff. Internal Audit conducts independent audit procedures, analyzing the structure and efficacy of the internal control systems as a whole. In addition, it also examines the potential for additional value and improvement of our organization's operations. Fully compliant with all international auditing principles and standards, Internal Audit contributes 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 and 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 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 guidelines) for Multinational Enterprises and European and international standards on data and consumer protection, economic and financial sanctions and combating corruption, bribery, money laundering and terrorism financing. Through its support for and acceptance of these standards, Allianz aims to avoid the risks that might arise from non-compliance. 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 investigating 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 (more information on the Anti-Corruption Program can be found under Progress in Sustainable Development starting on **page 72**).

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. No employee voicing concerns about irregularities in good faith needs to fear retribution, 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 **page 9 and 11** of the Annual Report. A description of the composition of the Board of Management can be found on **page 12 to 14,** while the composition of the Committees of the Board of Management is described in the Corporate Governance Report starting on **page 49.** This information is also available 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 49,** and on our website: **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 based on proposals 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:* The performance-based, variable component forms a significant portion of the overall remuneration.

- *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:* One third of the variable 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 are usually around the third quartile of this group. The structure of the 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 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 and similar benefits and perquisites.

Base salary

Base salary is the fixed remuneration component, expressed as an annual cash sum and paid in twelve monthly installments. It has been harmonized for 2014 for all regular members of the Board of Management. Those base salaries at € 700 THOU for 2013 were adjusted to € 750 THOU.

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). The grant of variable remuneration components is related to performance and can vary between 0% and 150% of the respective target values with the cap having been reduced from 165% to 150% from 2014 onwards. If performance was rated with 0% no variable component is granted. Consequently, the minimum total direct compensation for a regular member of the Board of Management equals the base salary of € 750 THOU (excluding perquisites). The maximum total direct compensation (excluding perquisites) is € 4,125 THOU: base salary € 750 THOU + € 3,375 THOU (150 % of the sum of all three variable compensation components at target).

Details on the 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 divided between annual operating profit and annual net income) and 25 % divisional targets. For members of the Board of Management with business division responsibilities, divisional targets are set with the application of the following split: 10 % annual operating profit, 10 % annual net income before minorities and 5 % dividend. For members of the Board of Management with a functional focus the divisional quantitative targets are determined based on their key responsibilities. Qualitative targets represent 25 % and reflect the specific individual priorities for 2014 per member of the Board of Management.

Based on the 2014 target achievement for the Group, the business division/corporate functions and the qualitative performance, the total annual bonus awards ranged between 96 % and 138 % of the target with an average bonus award of 121 % of the target.

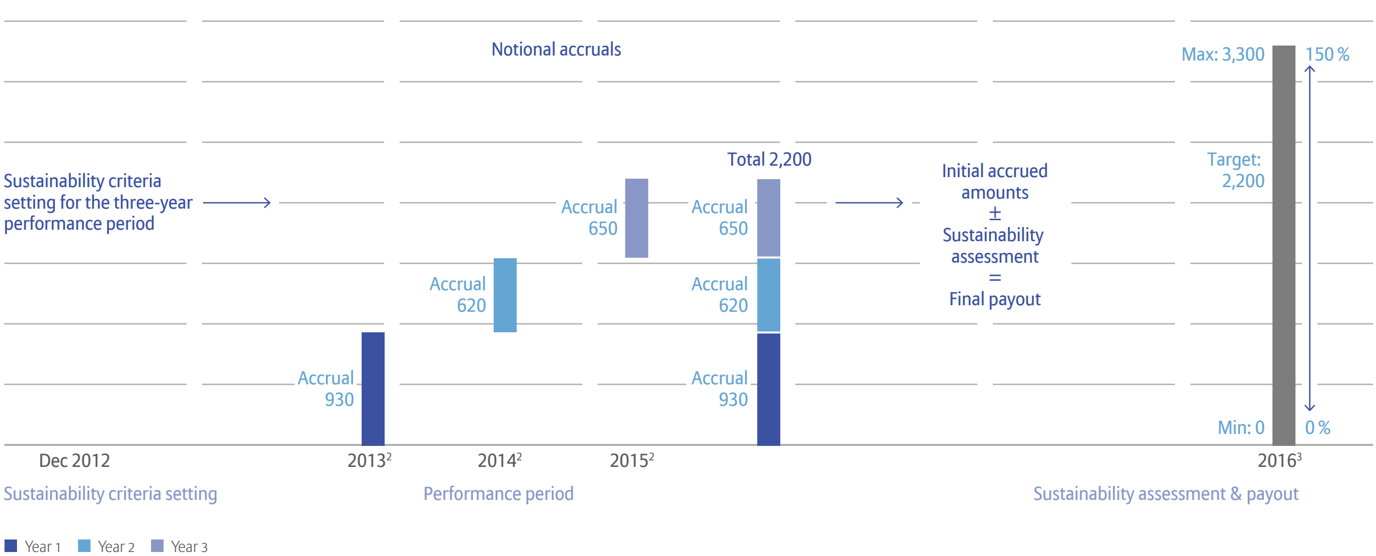
The performance of the Chairman of the Board of Management is determined by the average target achievement of the other Board of Management members and can be adjusted by the Supervisory Board based on the Chairman's personal performance.

— MTB (mid-term): A deferred award which reflects the achievement of the annual targets by accruing an amount identical to the annual bonus. The payout of the award at the end of a three-year cycle is subject to a sustainability assessment for these three years. 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,
  — comparison with peers,
  — "partner of choice" for stakeholders,
  — extraordinary events.

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 2013 and € 750 THOU for the MTB in 2014 and 2015. 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 between 0 % and 150 % of the cumulative target values independent of the notional accruals.

- Equity-related remuneration (long-term): A virtual share award, known as "Restricted Stock Units" (RSUs). The grant value of the RSUs allocated equals the annual bonus of the performance year. The number of RSUs allocated is derived from dividing the grant value by the fair market value of an RSU at the time of grant.

  The fair market value is calculated based on the ten-day average Xetra closing price of the Allianz stock following the financial press conference on the annual results. As RSUs are virtual stocks without dividend payments, the average Xetra closing price is reduced[1] by the net present value of the expected future dividend payments during the vesting period. The expected dividend stream is discounted with the respective swap rates as of the valuation day.

  Following the end of the four year vesting period, the company makes a cash payment based on the number of RSUs granted and the ten-day average Xetra closing price of the Allianz stock following the annual financial press conference in the year of expiry of the respective RSU plan. The RSU payout is capped at 200 % above grant price to avoid extreme payouts[2]. Outstanding RSU holdings are forfeited should a Board member leave at his/her 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 cancellation 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 Board of Management members have participated in a contribution-based system since 1 January 2005. Before 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 taking into account 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 and 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 before 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. 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 fair market value of the RSUs is further subject to a small reduction of a few Euro cents due to the 200 % cap on the RSU payout. This reduction is calculated based on a standard option price formula.
2 — The relevant share price used to determine the final number of RSUs granted and the 200 % cap is only available after sign-off by the external auditors.

REMUNERATION FOR 2014

The following remuneration disclosure[1] is based on and compliant with the German Corporate Governance Code and illustrates individual remuneration for 2013 and 2014, including fixed and variable remuneration and pension service cost. The "grant" column below shows the remuneration at target, minimum and maximum levels. The "payout" column discloses the 2013 and 2014 payments. The base salary, annual bonus and perquisites are linked to the reported performance years 2013 and 2014, whereas the Group Equity Incentive (GEI) payouts result from grants related to the performance years 2008 – 2010.

To make the remuneration related to the performance year 2014 more transparent the column "actual grant" was added and includes fixed compensation accrual bonus paid for 2014, the MTB 2013 – 2015 tranche accrued for performance year 2014 and the fair value of the RSU grant in 2015 for the performance year 2014.

INDIVIDUAL REMUNERATION: 2014 AND 2013

€ THOU	**Michael Diekmann** (Appointed: 10/1998; CEO since 04/2003)						
	Grant				Actual Grant	Payout[1]	
	2013	2014			2014	2013	2014
	Target	Target	Min	Max			
Base Salary	1,280	1,280	1,280	1,280	1,280	1,280	1,280
Perquisites	291[5]	24	24	24	24	291[5]	24
Total fixed compensation	**1,571**	**1,304**	**1,304**	**1,304**	**1,304**	**1,571**	**1,304**
Annual Variable Compensation – Annual Bonus	1,180	1,280	–	1,920	1,546	1,581	1,546
Deferred Compensation							
MTB (2013 – 2015)	1,180	1,280	–	1,920	1,546	–	–
AEI 2015/RSU[2]	–	1,280	–	1,920	1,546	–	–
AEI 2014/RSU[2]	1,180	–	–	–	–	–	–
GEI 2010/SAR[3]	–	–	–	–	–	–	963
GEI 2009/SAR[3]	–	–	–	–	–	408	–
GEI 2009/RSU[2,3]	–	–	–	–	–	–	376
GEI 2008/RSU[2,3]	–	–	–	–	–	911	–
Total	**5,111**	**5,144**	**1,304**	**7,064**	**5,943**	**4,471**	**4,189**
Pensions Service Cost[4]	914	998	998	998	998	914	998
Total	**6,025**	**6,142**	**2,302**	**8,062**	**6,941**	**5,385**	**5,187**

1 — In accordance with the German Corporate Governance Code, the annual bonus is disclosed for performance year 2014. It was paid in 2015 and for performance year 2013 in 2014. The payments for equity-related deferred compensation (GEI), however, are disclosed for the year in which the actual payment was made.
2 — Payout is capped at 200 % above grant price. The relevant share price used to determine the final number of RSUs granted and the 200 % cap is only available after sign-off by the external auditors.
3 — 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" (SARs). Only RSUs have been awarded since 2010. The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 55). Whereas the GEI/RSU grants are automatically exercised at the vesting date, the GEI/SAR grants are exercised by the Board member within the exercise period following the vesting date. Hence, the total payout from SARs depends on the individual decision by the Board member. 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 and the exercise period five years. For SARs granted in 2009 and 2010, the vesting period is four years and the exercise period three 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. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points above the appreciation of the Dow Jones EURO STOXX Price Index (600).

1 — Due to the rates of some Board of Management members their remuneration maybe split between Allianz SE and other Group companies they oversee – as approved by the Supervisory Board. For example in 2014 the split for Gary Bhojwani was 50 % Allianz SE and 50 % Allianz of America.

Oliver Bäte (Appointed: 01/2008)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
750	750	750	750	750	750	750
53	7	7	7	7	53	7
803	**757**	**757**	**757**	**757**	**803**	**757**
700	750	–	1,125	1,009	1,003	1,009
700	750	–	1,125	1,009	–	–
–	750	–	1,125	1,009	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	438
–	–	–	–	–	242	–
–	–	–	–	–	–	228
–	–	–	–	–	531	–
2,903	**3,007**	**757**	**4,132**	**3,783**	**2,579**	**2,432**
350	368	368	368	368	350	368
3,253	**3,375**	**1,125**	**4,500**	**4,151**	**2,929**	**2,800**

Manuel Bauer (Appointed: 01/2011)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
700	750	750	750	750	700	750
16	15	15	15	15	16	15
716	**765**	**765**	**765**	**765**	**716**	**765**
700	750	–	1,125	778	927	778
700	750	–	1,125	778	–	–
–	750	–	1,125	778	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
2,816	**3,015**	**765**	**4,140**	**3,100**	**1,643**	**1,543**
298	317	317	317	317	298	317
3,114	**3,332**	**1,082**	**4,457**	**3,417**	**1,941**	**1,860**

4 — Pension Service Cost in accordance with IAS 19 represents the company cost, not the actual entitlement or a payment. However, according to the German Corporate Governance Code, the Pension Service Cost is to be included in all columns.

5 — Michael Diekmann received a payment of € 267 THOU in 2013 for 25 years of service at Allianz.

INDIVIDUAL REMUNERATION: 2014 AND 2013

€ THOU	Gary Bhojwani[5] (Appointed: 01/2012)						
	Grant				Actual Grant	Payout[1]	
	2013	2014			2014	2013	2014
	Target	Target	Min	Max			
Base Salary	350	375	375	375	375	350	375
Perquisites	3	3	3	3	3	3	3
Total fixed compensation	**353**	**378**	**378**	**378**	**378**	**353**	**378**
Annual Variable Compensation – Annual Bonus	350	375	–	563	359	471	359
Deferred Compensation							
MTB (2013 – 2015)	350	375	–	563	359	–	–
AEI 2015/RSU[2]	–	375	–	563	359	–	–
AEI 2014/RSU[2]	350	–	–	–	–	–	–
GEI 2010/SAR[3]	–	–	–	–	–	–	–
GEI 2009/SAR[3]	–	–	–	–	–	–	–
GEI 2009/RSU[2,3]	–	–	–	–	–	–	–
GEI 2008/RSU[2,3]	–	–	–	–	–	–	–
Total	**1,403**	**1,503**	**378**	**2,067**	**1,455**	**824**	**737**
Pensions Service Cost[4]	–	–	–	–	–	–	–
Total	**1,403**	**1,503**	**378**	**2,067**	**1,455**	**824**	**737**

€ THOU	Dr. Christof Mascher (Appointed: 09/2009)						
	Grant				Actual Grant	Payout[1]	
	2013	2014			2014	2013	2014
	Target	Target	Min	Max			
Base Salary	700	750	750	750	750	700	750
Perquisites	27	162[7]	162[7]	162[7]	162[7]	27	162[7]
Total fixed compensation	**727**	**912**	**912**	**912**	**912**	**727**	**912**
Annual Variable Compensation – Annual Bonus	700	750	–	1,125	907	899	907
Deferred Compensation							
MTB (2013 – 2015)	700	750	–	1,125	907	–	–
AEI 2015/RSU[2]	–	750	–	1,125	907	–	–
AEI 2014/RSU[2]	700	–	–	–	–	–	–
GEI 2010/SAR[3]	–	–	–	–	–	–	–
GEI 2009/SAR[3]	–	–	–	–	–	165[8]	–
GEI 2009/RSU[2,3]	–	–	–	–	–	–	131[8]
GEI 2008/RSU[2,3]	–	–	–	–	–	–	–
Total	**2,827**	**3,162**	**912**	**4,287**	**3,633**	**1,791**	**1,950**
Pensions Service Cost[4]	304	339	339	339	339	304	339
Total	**3,131**	**3,501**	**1,251**	**4,626**	**3,972**	**2,095**	**2,289**

1 — In accordance with the German Corporate Governance Code, the annual bonus is disclosed for performance year 2014. It was paid in 2015 and for performance year 2013 in 2014. The payments for equity-related deferred compensation (GEI), however, are disclosed for the year in which the actual payment was made.

2 — Payout is capped at 200 % above grant price. The relevant share price used to determine the final number of RSUs granted and the 200 % cap is only available after sign-off by the external auditors.

3 — 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" (SARS). Only RSUs have been awarded since 2010. The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 55). Whereas the GEI/RSU grants are automatically exercised at the vesting date, the GEI/SAR grants are exercised by the Board member within the exercise period following the vesting date. Hence, the total payout from SARS depends on the individual decision by the Board member. 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 and the exercise period five years. For SARS granted in 2009 and 2010, the vesting period is four years and the exercise period three 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. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points above the appreciation of the Dow Jones EURO STOXX Price Index (600).

Clement Booth[6] (Appointed: 01/2006)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
750	750	750	750	750	750	750
85	54	54	54	54	85	54
835	**804**	**804**	**804**	**804**	**835**	**804**
700	750	–	1,125	964	873	964
700	750	–	1,125	1,037	–	–
–	750	–	1,125	1,037	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	299	–
–	–	–	–	–	–	307
–	–	–	–	–	531	–
2,935	**3,054**	**804**	**4,179**	**3,842**	**2,538**	**2,075**
410	444	444	444	444	410	444
3,345	**3,498**	**1,248**	**4,623**	**4,286**	**2,948**	**2,519**

Dr. Helga Jung (Appointed: 01/2012)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
700	750	750	750	750	700	750
14	14	14	14	14	14	14
714	**764**	**764**	**764**	**764**	**714**	**764**
700	750	–	1,125	763	904	763
700	750	–	1,125	763	–	–
–	750	–	1,125	763	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
2,814	**3,014**	**764**	**4,139**	**3,052**	**1,618**	**1,527**
279	302	302	302	302	279	302
3,093	**3,316**	**1,066**	**4,441**	**3,354**	**1,897**	**1,829**

Jay Ralph (Appointed: 01/2010)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
700	750	750	750	750	700	750
28	30	30	30	30	28	30
728	**780**	**780**	**780**	**780**	**728**	**780**
700	750	–	1,125	912	948	912
700	750	–	1,125	912	–	–
–	750	–	1,125	912	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
2,828	**3,030**	**780**	**4,155**	**3,515**	**1,676**	**1,692**
236	254	254	254	254	236	254
3,064	**3,284**	**1,034**	**4,409**	**3,769**	**1,912**	**1,946**

Dr. Dieter Wemmer (Appointed: 01/2012)

Grant				Actual Grant	Payout[1]	
2013	2014			2014	2013	2014
Target	Target	Min	Max			
700	750	750	750	750	700	750
14	17	17	17	17	14	17
714	**767**	**767**	**767**	**767**	**714**	**767**
700	750	–	1,125	996	978	996
700	750	–	1,125	996	–	–
–	750	–	1,125	996	–	–
700	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
2,814	**3,017**	**767**	**4,142**	**3,756**	**1,692**	**1,763**
230	249	249	249	249	230	249
3,044	**3,266**	**1,016**	**4,391**	**4,005**	**1,922**	**2,012**

4 — Pension Service Cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. However, according to the German Corporate Governance Code, the Pension Service Cost is to be included in all columns.

5 — 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. According to his cancellation agreement, Gary Bhojwani received a payment of € 1,875 THOU in January 2015 for his remaining term of contract (until 31 December 2016). His variable remuneration components for 2014 and the pro rata MTB (2013 – 2015) will be paid out according to plan conditions. He does not receive pension contributions into the Allianz SE pension plans, but only under his Allianz of America employment agreement.

6 — Clement Booth retired on 31 December 2014. According to his service contract, he will receive his fixed salary of € 62.5 THOU per month for a period of 6 months from July 2015 as a transition payment which will be set off against the regular pension payment. As part of the transition payment, he will receive 25 % of the annual variable target compensation (€ 562.5 THOU) in spring 2016.

7 — Dr. Christof Mascher received a payment of € 156 THOU in 2014 for 25 years of service at Allianz.

8 — Dr. Christof Mascher joined the Board of Management in September 2009. His payout from the GEI 2009 plans are shown pro rata temporis.

INDIVIDUAL REMUNERATION: 2014 AND 2013

€ THOU	Dr. Werner Zedelius (Appointed: 01/2002)						
	Grant				Actual Grant	Payout[1]	
	2013	2014			2014	2013	2014
	Target	Target	Min	Max			
Base Salary	750	750	750	750	750	750	750
Perquisites	16	17	17	17	17	16	17
Total fixed compensation	**766**	**767**	**767**	**767**	**767**	**766**	**767**
Annual Variable Compensation – Annual Bonus	700	750	–	1,125	1,032	910	1,032
Deferred Compensation							
MTB (2013–2015)	700	750	–	1,125	1,032	–	–
AEI 2015/RSU[2]	–	750	–	1,125	1,032	–	–
AEI 2014/RSU[2]	700	–	–	–	–	–	–
GEI 2010/SAR[3]	–	–	–	–	–	–	187
GEI 2009/SAR[3]	–	–	–	–	–	1,272	–
GEI 2009/RSU[2,3]	–	–	–	–	–	–	1,048
GEI 2008/RSU[2,3]	–	–	–	–	–	664	–
Total	**2,866**	**3,017**	**767**	**4,142**	**3,864**	**3,612**	**3,034**
Pensions Service Cost[4]	527	576	576	576	576	527	576
Total	**3,393**	**3,593**	**1,343**	**4,718**	**4,440**	**4,139**	**3,610**

€ THOU	Dr. Maximilian Zimmerer (Appointed: 06/2012)						
	Grant				Actual Grant	Payout[1]	
	2013	2014			2014	2013	2014
	Target	Target	Min	Max			
Base Salary	700	750	750	750	750	700	750
Perquisites	150[5]	10	10	10	10	150[5]	10
Total fixed compensation	**850**	**760**	**760**	**760**	**760**	**850**	**760**
Annual Variable Compensation – Annual Bonus	700	750	–	1,125	909	924	909
Deferred Compensation							
MTB (2013–2015)	700	750	–	1,125	909	–	–
AEI 2015/RSU[2]	–	750	–	1,125	909	–	–
AEI 2014/RSU[2]	700	–	–	–	–	–	–
GEI 2010/SAR[3]	–	–	–	–	–	–	–
GEI 2009/SAR[3]	–	–	–	–	–	–	–
GEI 2009/RSU[2,3]	–	–	–	–	–	–	–
GEI 2008/RSU[2,3]	–	–	–	–	–	–	–
Total	**2,950**	**3,010**	**760**	**4,135**	**3,487**	**1,774**	**1,669**
Pensions Service Cost[4]	369	409	409	409	409	369	409
Total	**3,319**	**3,419**	**1,169**	**4,544**	**3,896**	**2,143**	**2,078**

1 — In accordance with the German Corporate Governance Code, the annual bonus is disclosed for performance year 2014. It was paid in 2015 and for performance year 2013 in 2014. The payments for equity-related deferred compensation (GEI), however, are disclosed for the year in which the actual payment was made.

2 — Payout is capped at 200 % above grant price. The relevant share price used to determine the final number of RSUs granted and the 200 % cap is only available after sign-off by the external auditors.

3 — 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" (SARs). Only RSUs have been awarded since 2010. The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 55). Whereas the GEI/RSU grants are automatically exercised at the vesting date, the GEI/SAR grants are exercised by the Board member within the exercise period following the vesting date. Hence, the total payout from SARs depends on the individual decision by the Board member. 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 and the exercise period five years. For SARs granted 2009 and 2010, the vesting period is four years and the exercise period three years. SARs can be exercised on the condition that the price of the Allianz SE stock is at least 20 % above the strike price at the time of grant. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points ahead of the appreciation of the Dow Jones EURO STOXX Price Index (600).

4 — Pension Service Cost in accordance with IAS 19: represents the company cost, not the actual entitlement nor a payment, however, according to the German Corporate Governance Code, the Pension Service Cost is to be included in all columns.

5 — Dr. Maximilian Zimmerer received a payment of € 146 THOU in 2013 for 25 years of service at Allianz.

GERMAN ACCOUNTING STANDARD 17 DISCLOSURE

The total remuneration to be disclosed in accordance with German Accounting Standard 17 for 2014 and 2013 (in parentheses) is defined differently than in the German Corporate Governance Code and is composed of the base salary, perquisites, annual bonus and the fair value of the RSU grant, but excludes the notional annual accruals of the MTB 2013 – 2015 and the pension service cost:

Michael Diekmann € 4,397 (4,734) THOU,
Oliver Bäte € 2,774 (2,808) THOU,
Manuel Bauer € 2,322 (2,570) THOU,
Gary Bhojwani[1] € 1,096 (1,295) THOU,
Clement Booth € 2,805 (2,725) THOU,
Dr. Helga Jung € 2,290 (2,522) THOU,
Dr. Christof Mascher € 2,726 (2,524) THOU,
Jay Ralph € 2,603 (2,623) THOU,
Dr. Dieter Wemmer € 2,760 (2,671) THOU,
Dr. Werner Zedelius € 2,831 (2,587) THOU,
Dr. Maximilian Zimmerer € 2,578 (2,698) THOU.

The sum of the total remuneration of the Board of Management for 2014, excluding the notional accruals of the MTB 2013 – 2015 and excluding the pension service cost, amounts to € 29 MN (2013: € 30 MN). The corresponding amount, including pension service cost, equals € 33 MN (2013: € 34 MN).

EQUITY-RELATED REMUNERATION

In accordance with the approach described earlier, a number of RSUs were granted to each member of the Board of Management in March 2015 which will vest and be settled in 2019.

GRANTS AND OUTSTANDING HOLDINGS UNDER THE ALLIANZ EQUITY PROGRAM

	RSU		SAR	
Board members	Number of RSU granted on 3/12/2015[1]	Number of RSU held at 12/31/2014[1]	Number of SAR held at 12/31/2014	Strike Price Range €
Michael Diekmann (Chairman)	12,889	76,439	17,930	117.38
Oliver Bäte	8,405	47,728	10,459	117.38
Manuel Bauer	6,487	32,250	9,375	87.36 –117.38
Gary Bhojwani[2]	3,230	49,135	5,039	117.38
Clement Booth	8,643	46,482	26,031	87.36 – 117.38
Dr. Helga Jung	6,357	26,089	5,707	87.36 – 117.38
Dr. Christof Mascher	7,560	41,280	13,869	87.36 – 117.38
Jay Ralph	7,598	43,388	16,493	87.36 – 117.38
Dr. Dieter Wemmer	8,303	20,652	–	–
Dr. Werner Zedelius	8,603	45,164	23,074	87.36 – 117.38
Dr. Maximilian Zimmerer	7,576	30,344	11,705	87.36 – 117.38
Total	**85,651**	**458,951**	**139,682**	**–**

1 — The relevant share price used to determine the final number of RSUs granted is only available after sign-off of the annual report by the external auditors, thus numbers are based on a best estimate. As disclosed in the Annual Report 2013, the equity-related grant in 2014 was made to participants as part of their 2013 remuneration. The disclosure in the Annual Report 2013 was based on a best estimate of the RSU grants. The actual grants deviated from the estimated values and have to be disclosed accordingly. The actual RSU grants as of 13 March 2014 under the Allianz equity program are as follows: Michael Diekmann: 15,384, Oliver Bäte: 9,756, Manuel Bauer: 9,020, Gary Bhojwani: 4,539.5, Clement Booth: 9,194, Dr. Helga Jung: 8,794, Dr. Christof Mascher: 8,744, Jay Ralph: 9,220, Dr. Dieter Wemmer: 9,517, Dr. Werner Zedelius: 8,858, Dr. Maximilian Zimmerer: 8,993.

2 — Gary Bhojwani's RSU grant will be based on his annual bonus amount of € 359 THOU. The number of RSUs will be calculated in line with the process for other USD participants by application of the 2014 fourth quarter average USD/€ exchange rate of 1.24938.

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.

PENSIONS

Company contributions in the current plan remained unchanged from 2013 and are 27.98 % of base salary, increasing to 34.98 % after five years and to 41.98 % after ten years of 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 2.0 % (2013: 3.5 %).

The Allianz Group paid € 4 MN (2013: € 4 MN) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2014, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 55 MN (2013: € 41 MN). This increase is predominantly a result of the significant decrease in interest rates.

INDIVIDUAL PENSIONS: 2014 AND 2013

Total might not sum up due to rounding
€ THOU

		Defined benefit pension plan (frozen)[1]			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	2014	337	306	9,963	577	6,373	10	253	105	1,278	998	17,867
(Chairman)	2013	337	285	7,527	585	4,867	9	192	35	1,114	914	13,699
Oliver Bäte	2014	–	–	–	322	2,722	3	26	44	284	368	3,032
	2013	–	–	–	318	1,839	3	16	29	194	350	2,049
Manuel Bauer	2014	57	58	1,678	249	1,818	9	162	–	–	317	3,658
	2013	57	54	1,261	234	1,306	9	120	–	1	298	2,688
Gary Bhojwani[7]	2014	–	–	–	–	–	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–	–	–	–	–
Clement Booth	2014	–	–	–	321	3,452	3	54	120	851	444	4,357
	2013	–	–	–	325	2,655	3	19	82	693	410	3,367
Dr. Helga Jung	2014	62	43	1,175	251	1,629	9	221	–	–	302	3,025
	2013	62	40	806	231	1,099	9	152	–	–	279	2,057
Dr. Christof Mascher	2014	–	–	–	273	2,802	3	29	63	453	339	3,284
	2013	–	–	–	253	2,035	3	19	49	337	304	2,392
Jay Ralph	2014	–	–	–	251	1,618	3	17	–	1	254	1,635
	2013	–	–	–	233	1,086	3	10	–	1	236	1,096
Dr. Dieter Wemmer	2014	–	–	–	247	905	2	9	–	1	249	915
	2013	–	–	–	228	509	2	3	–	1	230	513
Dr. Werner Zedelius	2014	225	170	5,700	350	3,823	10	268	47	618	576	10,409
	2013	225	157	4,128	346	2,866	9	194	15	522	527	7,709
Dr. Maximilian Zimmerer	2014	161	118	3,869	232	2,524	9	264	49	627	409	7,285
	2013	161	108	2,759	212	1,877	9	188	39	522	369	5,346

1 — For Gary Bhojwani the frozen Allianz Retirement Plan (ARP) and the frozen Supplemental Retirement Plan (SRP).

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.

In 2014, remuneration and other benefits totaling € 5 MN (2013: € 8 MN) were paid to former members of the Board of Management and dependents, while reserves for current pension obligations and accrued pension rights totaled € 95 MN (2013: € 94 MN).

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2014, 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 ended 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 resigns 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.

Board members who were appointed before 1 January 2011 are eligible to use a company car for a period of one year 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 six months) and 25 % of the target variable remuneration at the date when notice is given. A Board member with a base salary of € 750 THOU would receive a maximum of € 937.5 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 years' 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 € 750 THOU, the annual compensation would amount to € 1,875 THOU; hence, he/she would receive a maximum severance payment of € 3,750 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 pro-rated 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 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 € 750 THOU would receive a maximum of € 5,625 THOU). Consequently, the payout is less than two years' total remuneration at target (which would be € 6,000 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 allowed to 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 2015

The Supervisory Board approved the following changes to the remuneration of the Board of Management in December 2014:

- The remuneration of the new regular members of the Board of Management, Mr. Sergio Balbinot and Dr. Axel Theis, has been set at the same level as for the other regular members of the Board of Management.
- The base salary for Oliver Bäte continues to be € 750 THOU until and including 6 May 2015 and is set at € 1,125 from 7 May 2015, when he will become the new Chief Executive Officer of Allianz SE. The target amounts for each of the variable components are aligned with the base salary.
- A new pension system called "My Allianz Pension" has been introduced for new entrants beginning as of 1 January 2015 with a guarantee for the contributions paid, but no interest guarantee. In addition, the new system allows for more flexibility, for example a lump-sum payment. For members of the Board of Management with existing grandfathered pension plans who were born after 31 December 1957, elements of the new pension plan are adopted as far as possible, mainly with respect to future service. In addition, for such Board of Management members, the standard retirement age and the minimum pension age for pension entitlements was raised to 62. The new pension plan is not applicable to those who were born before 1 January 1958. However, they are now also eligible for a lump-sum payment.
- 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.

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. As in 2013, 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

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. 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 2014, Allianz SE reimbursed expenses totaling € 54,294.

REMUNERATION FOR 2014

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,035 THOU in 2014 (€ 2,018 THOU in 2013). The following table shows the individual remuneration for 2014 and 2013:

INDIVIDUAL REMUNERATION: 2014 AND 2013

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	M	C	C	C	C	2014	200.0	160.0	8.2	368.2
(Chairman)	M	C	C	C	C	2013	200.0	160.0	6.0	366.0
Dr. Wulf H. Bernotat	C				M	2014	150.0	100.0	6.0	256.0
(Deputy Chairman)	C				M	2013	150.0	100.0	6.0	256.0
Rolf Zimmermann			M		M	2014	150.0	40.0	6.0	196.0
(Deputy Chairman)			M		M	2013	150.0	40.0	4.5	194.5
Dante Barban				M		2014	100.0	20.0	3.7	123.7
				M		2013	100.0	20.0	4.5	124.5
Christine Bosse			M	M		2014	100.0	40.0	6.0	146.0
			M	M		2013	100.0	40.0	4.5	144.5
Gabriele Burkhardt-Berg					M	2014	100.0	20.0	4.5	124.5
					M	2013	100.0	20.0	4.5	124.5
Jean-Jacques Cette	M					2014	100.0	40.0	5.2	145.2
	M					2013	100.0	40.0	6.0	146.0
Ira Gloe-Semler	M					2014	100.0	40.0	5.2	145.2
	M					2013	100.0	40.0	4.5	144.5
Franz Heiß				M		2014	100.0	20.0	4.5	124.5
				M		2013	100.0	20.0	4.5	124.5
Prof. Dr. Renate Köcher		M			M	2014	100.0	20.0	4.5	124.5
		M			M	2013	100.0	20.0	3.0	123.0
Igor Landau[2]	M					2014	41.7	16.7	2.2	60.6
	M					2013	100.0	40.0	6.0	146.0
Jim Hagemann Snabe[3]	M					2014	66.7	26.7	3.8	97.2
						2013	–	–	–	–
Peter Denis Sutherland		M		M		2014	100.0	20.0	3.7	123.7
		M		M		2013	100.0	20.0	3.7	123.7
Total[4]						2014	**1,408.4**	**563.4**	**63.5**	**2,035.3**
						2013	**1,400.0**	**560.0**	**57.8**	**2,017.8**

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 — Until 7 May 2014.
3 — Since 7 May 2014.
4 — 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

All current employee representatives of the Supervisory Board except for Mrs. Ira Gloe Semler are employed by Allianz Group companies and receive a market-aligned remuneration for their services.

Loans to members of the Supervisory Board

On 31 December 2014 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 ten years and was granted at a normal market interest rate.

Other Information

Our steering

The steering of our company is primarily conducted on group level, with Allianz SE as its holding company. The target setting of the board members of Allianz SE is consequently based on Allianz Group targets. Therefore, the management system of the Allianz Group is described throughout the following, if Allianz SE is not mentioned explicitly.

BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Allianz SE has a divisional Board structure that is split into functional and business responsibilities. The business-related divisions reflect our business segments Property-Casualty, Life/Health, Asset Management and Corporate and Other. These were overseen by seven board members, with six members concentrating on the insurance business segments and one on Asset Management as a stand-alone segment. The remaining four divisions (i.e. Chairman of the Board of Management, Finance, Investments and Operations) focus on Group functions, along with business-related responsibilities.

MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR RESPONSIBILITIES IN 2014 (INCLUDING CHANGES IN 2015)

BOARD MEMBERS	RESPONSIBILITIES
Michael Diekmann (until 6 May 2015)	Chairman of the Board of Management (until 6 May 2015)
Oliver Bäte	Insurance Western & Southern Europe (until 31 December 2014), Global Property-Casualty (until 6 May 2015) Chairman of the Board of Management (from 7 May 2015)
Sergio Balbinot (since 1 January 2015)	Insurance Western & Southern Europe (since 1 January 2015)
Manuel Bauer	Insurance Growth Markets; Insurance Australia (since 1 January 2015)
Gary Bhojwani (until 31 December 2014)	Insurance USA (until 31 December 2014)
Clement Booth (until 31 December 2014)	Global Insurance Lines & Anglo Markets (until 31 December 2014)
Dr. Helga Jung	Insurance Iberia & Latin America, Legal & Compliance, Mergers & Acquisitions
Dr. Christof Mascher	Operations, Allianz Worldwide Partners
Jay Ralph	Asset Management; U.S. Life Insurance (since 1 January 2015)
Dr. Axel Theis (since 1 January 2015)	Global Insurance Lines & Anglo Markets (since 1 January 2015), Global Property-Casualty (from 7 May 2015)
Dr. Dieter Wemmer	Finance, Controlling, Risk
Dr. Werner Zedelius	Insurance German Speaking Countries, Banking, Human Resources
Dr. Maximilian Zimmerer	Investments, Global Life/Health

TARGET SETTING AND MONITORING

The Allianz Group steers its operating entities and business segments via an integrated management and control process. This starts with the definition of a business-specific strategy and goals, which are discussed and agreed between the Holding and operating entities. According to this strategy, a three-year plan is prepared by the operating entities and aggregated to form the financial plans for the business divisions and the Allianz Group. This plan also forms the basis for our capital management. The Supervisory Board approves the plan and sets corresponding targets for the Board of Management. The performance-based remuneration of the Board of Management is linked to short-, mid- and long-term targets to ensure effectiveness and emphasize sustainability. For further details about the remuneration structure, including target setting and performance assessment, please refer to the Remuneration Report starting on page 56.

We continuously monitor our business performance against these targets through monthly reviews to ensure that appropriate measures can be taken in the event of negative developments. During these reviews, we monitor key operational and financial metrics. Operating profit and net income are the main financial performance indicators across all business segments for the Allianz Group. In addition, we also use segment-specific figures such as the combined ratio for Property-Casualty, in-force and new business margins and margin on reserves for Life/Health and the cost-income ratio for Asset Management. Furthermore, we use Return on Risk Capital (RoRC) for new business steering purposes in the Property-Casualty and Life/Health business segments.

Besides performance steering, we also have a risk steering process in place, which is described in the Risk and Opportunity Report starting on page 27.

Non-financial key performance indicators (KPIS) are mainly used for the sustainability assessment of the mid-term bonus. Under the category "partner of choice" mainly the following KPIS are considered: Allianz Engagement Survey and Net Promoter Score results, brand performance (measured by the Funnel Performance Index), diversity development, organizational transparency (as measured by the Transparency International Corporate Reporting ranking) and sustainable development (as measured by widely-recognized indices and rankings).

Progress in Sustainable Development

Allianz continues to build on its 125-year-old foundation that support us in doing business in a sustainable way. To us, sustainable development means combining long-term economic value creation with a forward-thinking approach to corporate governance, environmental stewardship and social responsibility.

As a multi-faceted organization we play a number of different roles, whether that be as a company, a corporate citizen, an employer, an insurer or an investor. We take our responsibility for environmental and social issues seriously, regardless of the role that we play. Our commitment is also reflected in national and international initiatives we support: In early 2014, we became a signatory to the United Nations (UN) Principles for Sustainable Insurance, which complements our existing commitment to the UN Principles for Responsible Investment.

The following pages highlight some of our key sustainability approaches and major developments in 2014. The Allianz Group Sustainability Report, with full details of our sustainability strategy, approach and progress, is available on our sustainability website[1].

SUSTAINABILITY MANAGEMENT AND GOVERNANCE

Sustainability is a continuously evolving, strategic business issue, which continues to increase in importance for all stakeholder groups. We therefore continually review and adapt our strategy, governance and organizational structures and the way we manage risks and opportunities. The Group ESG Board is a committee with Board Member leadership, with responsibility for promoting environmental, social and governance (ESG) aspects in our insurance and investment activities. Our Group-level sustainability functions deal largely with new and emerging issues in close cooperation with specific functional departments and local entities. They are comprised of two centers of competence – Allianz4Good and the ESG Office.

1 — www.allianz.com/sustainability

ESG PROCESS FOR INSURANCE AND INVESTMENTS

Strengthening the governance and integration of environmental and social aspects in our core business processes continued to be a priority in 2014. This commitment covers both our insurance business and how we invest our own and third-party assets.

Dialogues with non-governmental organizations (NGOS) and an ongoing internal stakeholder engagement process have enabled us, for example, to identify 13 sensitive business areas for both underwriting and investments, where we could have significant business risk across regions and lines of business. In 2014, we further developed our approach to screening sensitive countries and human rights risks, to complement our existing sensitive business guidelines.

TRUSTED COMPANY

In our role as a company, we aim for transparency in business activities and treat customers, employees and partners with integrity and honesty. We are committed to minimizing our environmental impact and are constantly working to achieve low-carbon operations.

Allianz brand[2]

Our brand plays a key role in driving the growth of our business in the long term. It fosters close bonds with our customers – even more so in the digital context – and consequently helps us to build sustainable relationships. In many countries around the globe our brand is wellestablished: Allianz stands for a trusted partner in peoples' lives, helping them to make the right decisions and gain confidence to achieve their goals.

As part of our global brand management process, we use a standardized market research design to monitor and benchmark the performance of the Allianz brand regularly against local competitors. This research covers over 38,000 consumers in 26 countries. Our brand performance was again acknowledged in 2014: In the annual 100 Best Global Brands Ranking from Interbrand, Allianz remains one of the strongest growing financial services brands, with our brand value increased by 15 % to approximately USD 7.7 BN (2013: USD 6.7 BN).

With our established sponsorship portfolio, we anchor corporate responsibility as a vital component in our strategy: for example through our commitment to the Paralympic Movement, which was highlighted by the Paralympic Winter Games 2014 in Sochi, or our partnerships in Formula 1™ and our Road Safety program with 36 participating local entities in 2014. As a long-term investment in the Allianz brand, we strengthened our successful partnership with FC Bayern München, acquiring an 8.33 % share. With the opening of Allianz Parque in Sao Paulo in 2014 and the Allianz Stadion in Vienna,

2 — Our Allianz trademark is registered and protected worldwide, as are our domain names. Furthermore, we have registered our corporate design and brand claim "Allianz. With you from A-Z." in relevant countries worldwide. In order to maintain the distinctiveness and strength of our Allianz brand, we continuously monitor possible infringements of our trademark applications and registrations by third parties..

which will be built by 2016 as the new home ground for the Austrian football team SK Rapid Wien, we now have six members in our family of stadiums. Our global stadium sponsorship and naming rights strategy was acknowledged at TheStadium-Business Awards 2014 by receiving the Sponsorship, Sales & Marketing Award as well as the Sustainability Award for Allianz Park in London. Furthermore, our partnership with world-renowned pianist Lang Lang and his Lang Lang International Music Foundation received the International Sponsoring Award for its innovative approach in combining youth education with a cultural ambassador.

Environmental management

As a business, we are committed to reducing our environmental impact and have formalized this in our Carbon Reduction Strategy. The target is to reduce our carbon emissions per employee by 35 % by 2015 against a 2006 baseline.

As part of our overarching Climate Change Strategy, and in addition to our carbon reduction target, we have been a carbon-neutral business since 2012 by offsetting our remaining emissions through direct investments in carbon projects.

Compliance management

Allianz's Compliance Management System aims to ensure compliance with internationally recognized laws, rules and regulations, and to promote a culture of integrity in order to safeguard the company's reputation. In 2014, we continued with measures to further strengthen the effectiveness of compliance management by enhancing quality assurance, global reporting on compliance risks and independent reviews of key elements of our compliance program[1].

A high level of data privacy has been established throughout the Group. During 2014, the Allianz Group Data Protection function supported subsidiaries in implementing the Allianz Standard for Data Protection and Privacy and establishing appropriate data privacy management systems, by providing, for example, awareness materials or risk assessment templates. The most important step is the assessment of all the processes that collect and manage personal data, in order to check their legal feasibility as well as the necessity for specific privacy controls.

COMMITTED CORPORATE CITIZEN

Allianz aspires to be a committed corporate citizen by contributing to the communities in which we operate. We strive to advance local social well-being and support informed decision-making at a governmental level as part of our vision to build the strongest financial community. As a global company, we take our role in society very seriously and see this as more than "just" making donations. We therefore offer our employees the possibility of donating their skills and experience to advance social well-being in our local communities.

Political engagement

As a company headquartered in Germany, Allianz contributes to democratic political parties that support the social market economy. In 2014, as in the previous year, we contributed equal amounts to political parties in Germany representing a variety of views within the political spectrum: the Green Party (Bündnis 90/Die Grünen), Christian Democrats (CDU), Christian Social Union (CSU), Liberals (FDP) and Social Democrats (SPD). To support their activities during the European Parliament elections in May 2014 these political parties received a one-time donation of € 20,000. We also donated € 10,000 to each of the junior organizations of the Green Party (Grüne Jugend), CDU (Junge Union), CSU (Junge Union Bayern), the FDP (Jungliberale) and SPD (Jungsozialisten).

Community engagement

In 2014, we not only donated in order to assist local communities and offered further support through our international network of corporate foundations but we also enabled a number of employee volunteering opportunities in local communities. For example, My Finance Coach fosters financial literacy among young people, and reached more than 219,000 students in Germany alone in 2014.

Our employees

Our employees' exceptional commitment and ambition to provide excellent service to our customers are crucial to our success. We place great emphasis on fostering strong leadership and technical expertise (talent management), a sustainable value approach to remuneration and employee engagement, among an increasingly diverse workforce.

1 — For further information on our compliance program, please refer to the Statement on Corporate Management pursuant to § 289a of the HGB on page 55.

TALENT MANAGEMENT

We take a common and systematic approach to developing talent. To ensure the quality and performance of our employees, we focus on managing and developing talent and careers by assessing performance and potential, providing appropriate development actions and ensuring robust succession plans. We develop both leadership and functional skills to ensure our employees can achieve current and future business and personal development goals. In order to meet future staff needs, we promote the necessity of lifelong learning. Also, our Strategic Workforce Planning proactively supports strategic HR decision-making by supplying forecasts on economic, demographic and socio-cultural trends.

SUSTAINABLE VALUE APPROACH TO REMUNERATION

Our remuneration and incentive structures are designed to encourage sustainable value creation and are guided by clear frameworks that promote strong governance. We use an appropriate mix of monetary and non-monetary rewards for our workforce, taking into account the particular role of an employee, business activities and local remuneration and regulatory environments.

EMPLOYEE ENGAGEMENT

The Allianz Engagement Survey (AES) gathers employee feedback on a range of relevant issues, including factors identified as promoting a high-performance culture within our company. In 2014, nearly 1,300 employees were invited to participate. The response rate was 88 %. The Employee Engagement Index is a key measure of employee satisfaction, loyalty, advocacy and their pride to work for Allianz. The results of the AES are directly linked to the performance objectives of the Group's Board of Management.

DIVERSITY

Allianz recognizes the importance of having a diverse, inclusive workforce that is made up of employees from different backgrounds. We understand that promoting diversity is necessary to be successful as a global company and have implemented a number of initiatives to support this. Consistent with our Code of Conduct, we have a zero-tolerance policy against discrimination and harassment in the workplace.

As part of our efforts to advance women, in 2008 we set ourselves the global target of increasing the share of women in the talent pool for executive positions to 30 % by 2015. A top management sponsorship program for women and flexible work-life programs, such as part-time employment or job sharing, are part of our supporting actions.

We continue to help the integration of employees with disabilities into the workplace. Intra-corporate guidelines ensure that buildings, workstations and websites are accessible to wheelchair users, the blind and visually impaired.

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 2014. Besides the business situation and prospects for Allianz in Europe, the items discussed included operational and strategic cross-border activities in Europe (e.g. the Allianz Investment Strategy, the setup of Allianz Worldwide Partners, the Financial Accounting Shared Services Project and important cross-border HR projects). 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 2014, 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 GLOBAL CORPORATE & SPECIALITY SE

A new reinsurance agreement with Allianz Global Corporate & Speciality SE is effective starting 1 January 2015. This new quota share has an agreed cession rate of 100 % of the total net portfolio of Allianz Global Corporate & Speciality SE's head office Munich – excluding its foreign branches.

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 2014, the share capital of Allianz SE was € 1,169,920,000. It was divided into 457,000,000 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 6 May 2019, 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 2014/I). In case of a capital increase against cash contribution, the Board of Management may exclude the shareholders' subscription rights for these shares 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, including mandatory convertible bonds, and (iii) in the event of a capital increase of up to 10 % if the issue price of the new shares is not significantly less than the stock market price. The Board of Management may furthermore exclude the shareholders' subscription rights with the consent of the Supervisory Board, in the event of a capital increase against contributions in kind.

- Up to a total of € 13,720,000 (Authorized Capital 2014/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 2010/2014). 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 or on the basis of the authorization of the General Meeting of 7 May 2014 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 6 May 2019 on the basis of the authorization of the General Meeting of 7 May 2014 (§ 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 6 May 2019. 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 clause 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 clause 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 clause 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 clause 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 twelve 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 56.

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

PROCESS

Scoping	Identify 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 (for example human processing errors, fraud, system weaknesses and external factors). 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 carried out. 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 ensure 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 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 2014, we further strengthened the internal control environment around the computation of our internal risk capital in anticipation of the future Solvency II regime.

FINANCIAL STATEMENTS OF ALLIANZ SE

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FINANCIAL STATEMENTS OF ALLIANZ SE

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Financial Statements

BALANCE SHEET

BALANCE SHEET AS OF 31 DECEMBER

€ THOU	Note	2014	2014	2013
ASSETS				
A. Intangible assets	1, 2			
I. Self-produced industrial property rights and similar rights and assets		7,912		6,970
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		23,400		21,267
III. Advance payments made		11,114		12,050
			42,426	40,287
B. Investments	1, 3–5			
I. Real estate		257,836		267,867
II. Investments in affiliated enterprises and participations		71,169,721		69,632,533
III. Other investments		26,472,127		24,684,169
IV. Funds held by others under reinsurance business assumed		3,057,085		2,258,029
			100,956,769	96,842,598
C. Receivables				
I. Accounts receivable on reinsurance business		536,700		343,937
thereof from affiliated enterprises: € 283,495 THOU (2013: € 174,956 THOU)				
thereof from participations[1]: € 26,074 THOU (2013: € 4,624 THOU)				
II. Other receivables	6	4,119,691		4,730,804
thereof from affiliated enterprises: € 3,485,502 THOU (2013: € 4,067,408 THOU)				
thereof from participations[1]: € 2,054 THOU (2013: € 1,714 THOU)				
			4,656,391	5,074,741
D. Other assets				
I. Tangible fixed assets and inventories		13,825		11,924
II. Cash with banks, checks and cash on hand		82,755		112,435
III. Miscellaneous assets	7	277,207		80,378
			373,787	204,737
E. Deferred charges and prepaid expenses	8			
I. Accrued interests and rent		275,111		312,729
II. Other deferred charges and prepaid expenses		89,004		98,264
			364,115	410,993
Total assets			**106,393,488**	**102,573,356**

1 — Companies in which we hold a participating interest.

€ THOU

	Note	2014	2014	2014	2013
EQUITY AND LIABILITIES					
A. Shareholders' equity	10				
I. Issued capital		1,169,920			1,168,640
Less: mathematical value own shares		7,043			7,070
			1,162,877		1,161,570
II. Additional paid-in capital			27,772,828		27,711,000
III. Revenue reserves					
1. Statutory reserves		1,229			1,229
2. Other revenue reserves		11,730,376			11,732,030
			11,731,605		11,733,259
IV. Net earnings			3,786,746		3,068,574
				44,454,056	43,674,403
B. Subordinated liabilities	11, 14			11,741,064	11,330,088
C. Insurance reserves	12				
I. Unearned premiums					
1. Gross		899,192			482,403
2. Less: amounts ceded		77,392			63,529
			821,800		418,874
II. Aggregate policy reserves					
1. Gross		1,690,238			1,842,082
2. Less: amounts ceded		33,347			38,875
			1,656,891		1,803,207
III. Reserves for loss and loss adjustment expenses					
1. Gross		6,691,410			5,945,504
2. Less: amounts ceded		968,190			1,211,126
			5,723,220		4,734,378
IV. Reserves for premium refunds					
1. Gross		16,221			14,638
2. Less: amounts ceded		9			–
			16,212		14,638
V. Claims equalization and similar reserves			1,595,093		1,448,440
VI. Other insurance reserves					
1. Gross		37,563			19,808
2. Less: amounts ceded		–			(17)
			37,563		19,825
				9,850,779	8,439,362
D. Other provisions	13			6,654,662	5,552,380
E. Funds held with reinsurance business ceded				61,313	64,499
F. Other liabilities					
I. Accounts payable on reinsurance business			383,003		365,584
thereof to affiliated enterprises: € 276,336 THOU (2013: €267,504 THOU)					
thereof to participations[1]: € 71 THOU (2013: € 5,646 THOU)					
II. Bonds	14		3,652,165		4,838,748
thereof to affiliated enterprises: € 3,652,165 THOU (2013: €4,838,748 THOU)					
III. Liabilities to banks	14		168		118
IV. Miscellaneous liabilities	14		29,579,623		28,286,928
including taxes of: € 51,982 THOU (2013: €47,008 THOU)					
thereof to affiliated enterprises: € 27,911,737 THOU (2013: € 26,431,790 THOU)					
thereof to participations[1]: € 175 THOU (2013: € 1,403 THOU)					
				33,614,959	33,491,378
G. Deferred income				16,655	21,246
Total equity and liabilities				**106,393,488**	**102,573,356**

1 — Companies in which we hold a participating interest.

INCOME STATEMENT

INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER

€ THOU

	Note	2014	2014	2014	2013
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	16	7,084,080			3,568,150
b) Ceded premiums written		(1,005,917)			(571,536)
			6,078,163		2,996,614
c) Change in gross unearned premiums		(401,058)			1,710
d) Change in ceded unearned premiums		8,252			13,830
			(392,806)		15,540
Premiums earned (net)				5,685,357	3,012,154
2. Allocated interest return (net)	17			55,272	82,453
3. Other underwriting income (net)				3,979	643
4. Loss and loss adjustment expenses (net)	18				
a) Claims paid					
aa) Gross		(3,321,021)			(2,727,002)
bb) Amounts ceded in reinsurance		359,341			357,561
			(2,961,680)		(2,369,441)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		(574,181)			308,851
bb) Amounts ceded in reinsurance		(277,999)			46,298
			(852,180)		355,149
Loss and loss adjustment expenses (net)				(3,813,860)	(2,014,292)
5. Change in other insurance reserves (net)	19			(48,026)	9,428
6. Expenses for premium refunds (net)				(1,243)	(15,033)
7. Underwriting expenses (net)	20			(1,634,624)	(947,113)
8. Other underwriting expenses (net)				(1,268)	(2,572)
9. Subtotal (Net underwriting result)				**245,587**	**125,668**
10. Change in claims equalization and similar reserves				(146,653)	12,697
11. Net technical result				**98,934**	**138,365**
II. Non-technical account					
1. Investment income	21	6,417,095			5,225,530
2. Investment expenses	22	(1,810,882)			(1,956,495)
3. Investment result			4,606,213		3,269,035
4. Allocated interest return			(56,495)		(83,533)
				4,549,718	3,185,502
5. Other income			1,785,257		1,348,488
6. Other expenses			(3,481,517)		(2,020,783)
7. Other non-technical result	23			(1,696,260)	(672,295)
8. Non-technical result				**2,853,458**	**2,513,207**
9. Net operating income				**2,952,392**	**2,651,572**
10. Income taxes	24	(334,432)			(476,742)
Amounts charged to other Group companies		511,520			627,478
			177,088		150,736
11. Other taxes			(6,414)		(6,900)
12. Taxes				170,674	143,836
13. Net income				**3,123,066**	**2,795,408**
14. Unappropriated earnings carried forward				663,680	273,166
15. Net earnings	25			**3,786,746**	**3,068,574**

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 2014.

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 generally 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 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 code, amortized cost accounting is applied and the difference between acquisition cost and the 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 code. Pension plan reinsurance contracts are recorded at asset value.

TANGIBLE FIXED ASSETS, INVENTORIES AND MISCELLANEOUS 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 that 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 the 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 2014, 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 the 2014 fiscal year

		Values stated as of 31 December 2013		Additions (+)
		€ THOU	%	€ THOU
A.	**Intangible assets**			
	1. Self-produced industrial property rights and similar rights and assets	6,970		2,308
	2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	21,267		1,389
	3. Advance payments made	12,050		7,531
	Subtotal A.	**40,287**		**11,228**
B.I.	**Real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE**	**267,867**	**0.3**	**222**
B.II.	**Investments in affiliated enterprises and participations**			
	1. Shares in affiliated enterprises	63,010,891	66.6	2,178,333
	2. Loans to affiliated enterprises	6,250,990	6.6	611,685
	3. Participations	370,384	0.4	138,250
	4. Loans to participations	268	–	–
	Subtotal B.II.	**69,632,533**	**73.6**	**2,928,268**
B.III.	**Other investments**			
	1. Stocks, interests in funds and other variable income securities	938,768	1.0	229,432
	2. Debt securities and other fixed-income securities	18,790,003	19.9	27,779,096
	3. Other loans			
	a) Registered bonds	2,205,007	2.3	1,632,310
	b) Loans and promissory notes	2,039,323	2.2	785,210
	4. Bank deposits	711,068	0.7	508,719
	Subtotal B.III.	**24,684,169**	**26.1**	**30,934,767**
	Subtotal B.I. - B.III.	**94,584,569**	**100.0**	**33,863,257**
Total		**94,624,856**		**33,874,485**

2 — Intangible assets

The book value of intangible assets totaled € 42 MN (2013: € 40 MN) and mainly consists of the purchased software.

In 2014 the research and development costs of Allianz SE amounted to € 2.3 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 2014	
€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	%
–	–	–	1,366	942	7,912	
8,467	1	–	7,722	2,133	23,400	
(8,467)	–	–	–	(936)	11,114	
–	**1**	**–**	**9,088**	**2,139**	**42,426**	
–	**4,752**	**–**	**5,501**	**(10,031)**	**257,836**	**0.3**
–	821,186	–	164,630	1,192,517	64,203,408	65.6
–	444,656	41,184	–	208,213	6,459,203	6.6
–	795	–	729	136,726	507,110	0.5
–	268	–	–	(268)	–	–
–	**1,266,905**	**41,184**	**165,359**	**1,537,188**	**71,169,721**	**72.7**
–	131,125	–	–	98,307	1,037,075	1.1
–	25,956,286	92,593	58,760	1,856,643	20,646,646	21.1
–	1,557,213	–	–	75,097	2,280,104	2.3
–	1,543,353	7,335	–	(750,808)	1,288,515	1.3
–	–	–	–	508,719	1,219,787	1.2
–	**29,187,977**	**99,928**	**58,760**	**1,787,958**	**26,472,127**	**27.0**
–	**30,459,634**	**141,112**	**229,620**	**3,315,115**	**97,899,684**	**100.0**
–	**30,459,635**	**141,112**	**238,708**	**3,317,254**	**97,942,110**	

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	
	2014	2013	2014	2013	2014	2013
Real estate	0.3	0.3	0.5	0.5	0.2	0.2
Equity securities	65.8	64.3	73,0	71.2	7.2	6.9
Debt securities	20.6	18.8	21.3	18.9	0.7	0.1
Loans	10.0	10.5	10.9	10.6	0.9	0.1
Bank deposits	1.2	0.7	1.2	0.7	–	–
Funds held by others under reinsurance business assumed	3.1	2.3	3.1	2.3	–	–
Total	**101.0**	**96.9**	**110.0**	**104.2**	**9.0**	**7.3**

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 2014. 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 2014 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 with a book value of € 600 MN, we disregarded market value declines of € 16 MN. 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	2014	2013	Change
Shares in affiliated enterprises	64.2	63.0	1.2
Loans to affiliated enterprises	6.5	6.2	0.3
Participations	0.5	0.4	0.1
Total	**71.2**	**69.6**	**1.6**

The book value of shares in affiliated enterprises went up by € 1.2 BN to € 64.2 BN (2013: € 63.0 BN). This increase consists of the following:

- Book value increase by € 1.0 BN due to an intra-group acquisition of share in our newly created subsidiary Allianz Worldwide Partners SAS in France.
- A further intra-group purchase of shares in Allianz Global Corporate & Specialty SE, raising the book value by € 0.3 BN.
- Impairment of € 0.1 BN attributable to our subsidiary Allianz Life Insurance Company Ltd., Korea.

Loans to affiliated enterprises went up by € 0.3 BN to € 6.5 BN (2013: € 6.2 BN) mainly due to new funds we provided to Allianz of America Inc. in order to increase the liquidity base of this subsidiary.

The book value of participations increased by € 0.1 BN to € 0.5 BN (2013: € 0.4 BN) due to the acquisition of 8.3 % in the equity of FC Bayern München AG.

5 — Interests in investment funds

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

€ THOU	Book value	Fair value	Valuation reserve	Dividend distribution
Equity funds				
AZRE AZD P & C Master Fund	255,002	313,197	58,195	279
Allianz Global Equity Selection Fund	3,668	3,872	204	8
Allianz Intl Equity Growth Fund	3,427	3,608	181	–
Allianz Discovery Asia Strategy Fund	3,910	4,089	179	–
Allianz US Equity Dividend Fund	4,385	4,669	284	63
Subtotal equity funds	**270,392**	**329,435**	**59,043**	**350**
Bond funds				
Allianz RE Asia Fund	658,230	736,365	78,135	15,841
PIMCO Covered Bond Source UCITS ETF	99,992	106,419	6,427	348
Allianz Emerging Markets Local Currency Bond Fund	4,034	4,262	228	–
Allianz Emerging Markets Flexible Bond Fund	3,922	4,011	89	–
Subtotal bond funds	**766,178**	**851,057**	**84,879**	**16,189**
Total	**1,036,570**	**1,180,492**	**143,922**	**16,539**

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 decrease of € 611 MN in this position mainly resulted from settlements of intra-group receivables of € 686 MN from our affiliated company Allianz Europe B.V. (€ 531 MN) for a share buy-back in 2013, as well as an interest receivable of Allianz Holding France SAS (€ 155 MN). In addition, intra-group receivables from our affiliated company Allianz Finance II Luxembourg S.à.r.l. of € 240 MN arose from a dividend receivable.

7 — Miscellaneous assets

At the end of the fiscal year this position mainly includes variation margins paid in connection with financial derivative transactions (€ 242 MN).

8 — Deferred charges and prepaid expenses

This item includes accrued interests in the amount of € 275 MN (2013: € 313 MN), which mainly result from our investments in debt securities and loans, as well as other deferred charges and prepaid expenses amounting to € 89 MN (2013: € 98 MN), which comprise the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities.

9 — Collateral

Assets amounting to € 1.3 BN (2013: € 1.2 BN), of which € 0.9 BN (2013: € 0.8 BN) in favor of affiliated enterprises, were pledged as collateral for liabilities.

SUPPLEMENTARY INFORMATION ON EQUITY AND LIABILITIES

10 — Shareholders' equity

ISSUED CAPITAL

Issued capital as of 31 December 2014 amounted to € 1,169,920.0 THOU divided into 457,000,000 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 2014, Allianz SE had authorized capital for the issuance of 214,843,750 shares until 6 May 2019, with a notional amount of € 550,000.0 THOU (Authorized Capital 2014/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, and (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. An overall limit for the exclusion of subscription rights of up to € 233,728.0 THOU (corresponding to 20 % of the share capital at year-end 2013) applies for the Authorized Capital 2014/I and the Conditional Capital 2010/2014.

In addition, Allianz SE has authorized capital (Authorized Capital 2014/II) for the issuance of shares against cash until 6 May 2019. 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 2014, the Authorized Capital 2014/II amounted to € 13,720.0 THOU (5,359,375 shares).

Further, as of 31 December 2014, Allianz SE had conditional capital totaling € 250,000.0 THOU (97,656,250 shares) (Conditional Capital 2010/2014). 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 resolutions of the AGM on 5 May 2010 or 7 May 2014, 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 if certain events occur, subject to a floor price of at least € 74.90 per share. Within the same period, the investors have the right to convert the notes into Allianz shares at a price of € 187.26 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 2010/2014. On or before 31 December 2014, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

	2014	2013
Issued shares as of 1 January	**456,500,000**	**455,950,000**
Capital increase for Employee Stock Purchase Plan	500,000	550,000
Total number of issued shares as of 31 December	**457,000,000**	**456,500,000**
Own shares held for hedging AEI/GEI program	(2,606,169)	(2,606,169)
Own shares held for quarterly Employee Stock Purchase Plans	(145,191)	(155,626)
Own shares held by Allianz SE	**(2,751,360)**	**(2,761,795)**
Own shares held by affiliated enterprises	(601)	(1,586)
Total number of shares outstanding as of 31 December	**454,248,039**	**453,736,619**

In October 2014, 500,000 (2013: 550,000) shares were issued for cash out of the Authorized Capital 2014/II at a price of € 117.80 (2013: € 99.45) per share, enabling employees of Allianz Group subsidiaries in Germany and abroad to purchase shares. As a result, issued capital increased by € 1,280.0 THOU and capital reserves by € 57.620.0 THOU. The Authorized Capital 2014/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 7 May 2014.

All shares issued during the years ending 31 December 2014 and 2013 are qualifying shares from the beginning of the year of issue.

DIVIDENDS

For the year ending 31 December 2014, the Board of Management will propose to shareholders at the AGM the distribution of a dividend of € 6.85 per qualifying share. For the year ended 31 December 2013, Allianz SE paid a dividend of € 5.30 per qualifying share.

TREASURY SHARES

As of 31 December 2014, Allianz SE held 2,751,360 (2013: 2,761,795) own shares. Of these, 145,191 (2013: 155,626) were held for covering subscriptions by employees of the Allianz Group in the context of the Employee Stock Purchase Plan 2015, whereas 2,606,169 (2013: 2,606,169) were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In the fourth quarter of 2014, 500,000 (2013: 550,000) new Allianz shares were issued in the context of a capital increase for the Employee Stock Purchase Plan 2014. In 2014, 510,435 (2013: 565,643) shares were sold to employees of Allianz SE and its subsidiaries. Of these, 155,626 (2013: 171,269) originated from the capital increase for the Employee Stock Purchase Plan in 2013 and 354,809 (2013: 394,374) from the capital increase for the Employee Stock Purchase Plan in 2014. Employees of the Allianz Group purchased shares at prices ranging from € 93.52 (2013: € 71.03) to € 111.33 (2013: € 100.84) per share. The remaining 145,191 (2013: 155,626) shares from the capital increase in 2014 will be used for the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in 2015. The total change of holdings in Allianz SE own shares for the year ending 31 December 2014 amounted to a decrease of 10,435 (2013: decrease of 15,643) shares, which corresponds to € 26,714 (2013: € 40,046) or 0.002 % (2013: 0.003 %) of issued capital.

The own shares of Allianz SE and its subsidiaries represent € 7,045 THOU or 0.60 % of the share capital.

ADDITIONAL PAID-IN CAPITAL

€ THOU

as of 31 December 2013	**27,711,000**
From capital increase 2014	57,620
Own shares: realized gains	4,208
as of 31 December 2014	**27,772,828**

REVENUE RESERVES

€ THOU

	as of 31 December 2013	Own shares exceeding mathematical value	as of 31 December 2014
1. Statutory reserves	1,229	–	1,229
2. Other revenue reserves	11,732,030	(1,654)	11,730,376
Total	**11,733,259**	**(1,654)**	**11,731,605**

BAR ON DIVIDEND DISTRIBUTION

The unappropriated reserves plus the unappropriated earnings carried forward are not fully available for the distribution of a dividend due to legal restrictions.
The unappropriated reserves of Allianz SE correspond to the other revenue reserves.

The unappropriated reserves plus the unappropriated earnings carried forward are barred from dividend distribution totaling to the amount of € 14,955 THOU. Thereof € 7,043 THOU relates to the mathematical value of own shares deducted from issued capital according to § 272 (1a) of the German Commercial Code. Furthermore, € 7,912 THOU account for internally generated intangible assets according to § 268 (8) of the German Commercial Code.

11 — Subordinated liabilities

Subordinated liabilities increased to € 11.7 BN in 2014 (2013: € 11.3 BN). € 5.8 BN (2013: € 5.4 BN) were external subordinated liabilities resulting from bonds issued by Allianz SE directly. In 2014 Allianz SE redeemed a subordinated bond with a volume of € 1.5 BN and placed two new subordinated bonds with volumes of € 1.5 BN and CHF 0.5 BN (equals € 0.4 BN), respectively.

In addition, intra-group subordinated liabilities amounting to € 5.9 BN (2013: € 5.9 BN) resulted from subordinated bonds issued by Allianz Finance II B.V., an affiliated enterprise, that usually transfers the proceeds from these issues to Allianz SE via intra-group loans. Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V.

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	294	–	1,325	–	462	9	2,090
Motor	79	–	1,438	–	234	10	1,761
Liability	107	–	1,557	–	228	5	1,897
Life	55	1,627	87	–	–	6	1,775
Personal accident	32	28	331	–	15	3	409
Credit and bond	5	–	308	16	371	–	700
Legal expenses	43	–	202	–	–	1	246
Marine and aviation	11	–	152	–	59	1	223
Health	9	2	17	–	–	–	28
Other lines	187	–	306	–	226	3	722
Total	**822**	**1,657**	**5,723**	**16**	**1,595**	**38**	**9,851**

The development of the insurance reserves was mainly influenced by the new quota share with Allianz Versicherung.

AGGREGATE POLICY RESERVES

Aggregate policy reserves decreased by € 146 MN to € 1,657 MN. The decline was mainly driven by the termination of a quota share treaty with Allianz Elementar Lebensversicherungs-AG.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The reserves for loss and loss adjustment expenses increased by € 989 MN to € 5,723 MN, mainly driven by the growth of the portfolio.

CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2014, claims equalization and similar reserves rose by € 147 MN to € 1,595 MN, mainly driven by the positive result and the significant premium growth. These increases arose mainly from motor reinsurance (€ 24 MN). liability reinsurance (€ 66 MN) and other reinsurance lines (€ 94 MN).The overall upturn was partially offset by a release in fire reinsurance driven by above-average claims.

13 — Other provisions

DEVELOPMENT OF OTHER PROVISIONS

€ THOU	Provision 31 December 2013	Use (–) 2014	Release[1] (–) 2014	Additions[1] (+) 2014	Reversal of Discounting (+) 2014	Provision 31 December 2014
Provisions for pensions and similar liabilities	4,155,009	252,254	96,699	771,489	503,125	5,080,670
Tax provisions	520,718	185,826	19,339	160,013	–	475,566
Miscellaneous						
1. Anticipated losses	366,966	38,003	5,793	244,482	20,109	587,761
2. Remaining provisions	509,687	178,282	38,894	214,569	3,585	510,665
Total	**5,552,380**	**654,365**	**160,725**	**1,390,553**	**526,819**	**6,654,662**

1 — Including currency translation effects.

The total of other provisions grew by € 1,102 MN. This increase resulted mainly from a net allocation to the pension liability of € 926 MN[1] and an upsurge in the miscellaneous provisions of € 222 MN. Tax provisions declined by € 45 MN. Provisions for anticipated losses increased by € 221 MN. These include obligations to our subsidiary Fireman's Fund Insurance Co. totaling € 258 MN. The remaining provisions of € 511 MN (2013: € 510 MN) stayed at the previous year's level.

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	2014	2013
Old pension promises of the German subsidiaries	5,112,067	4,869,696
Pension promises of Allianz SE		
old pension promises	183,209	182,410
contribution based pension plans	144,160	131,118
deferred compensation	66,596	58,789
Total	**5,506,032**	**5,242,013**

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

%	2014	2013
Applied discount rate	4.50	4.90
Rate of assumed pension trend	1.70	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	2014	2013
Historical costs of the offset assets	424,149	394,814
Settlement amount of the offset liabilities	5,506,032	5,242,013
(-) Provision amount of German subsidiaries that has not yet been recognized (Article 67 (2) EGHGB)	–	691,593
(-) Fair value of the offset assets	425,362	395,411
Provisions for pensions and similar liabilities	**5,080,670**	**4,155,009**

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

The following table shows a breakdown of the offset assets and liabilities resulting from the phased-in early retirement and long-term credit account obligations.

INFORMATION ON THE OFFSET ASSETS AND LIABILITIES

€ THOU	2014	2013
Historical costs of the offset assets	8,327	7,778
Settlement amount of the offset liabilities	9,452	8,106
Fair value of the offset assets	8,620	7,613

1 — The net allocation of the pension liability also contains the conversion expense of € 692 MN of the German subsidiaries resulting from the first-time application of the BilMoG in 2010. This conversion expense could be distributed according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years. While in the past the remaining conversion expense was distributed, the whole outstanding amount was recognized in 2014.

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 2014

€ 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	1,234,559	–	–	–	4,700,000
Subordinated bonds issued by Allianz SE	5,806,505	64,240	–	–	–	5,742,265
Subtotal	**11,741,064**	**1,298,799**	**–**	**–**	**–**	**10,442,265**
Bonds (intra-group, F.II.)	**3,652,165**	**852,165**	**266,000**	**1,800,000**	**475,000**	**259,000**
Liabilities to banks (F.III.)	**168**	**168**	**–**	**–**	**–**	**–**
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	4,759,576	290,743	127,400	1,875,000	1,500,000	966,433
Other intra-group liabilities[1]	23,152,161	21,748,463	200,582	438,116	665,000	100,000
Subtotal intra-group miscellaneous liabilities	**27,911,737**	**22,039,206**	**327,982**	**2,313,116**	**2,165,000**	**1,066,433**
Liabilities to third-parties	**1,667,886**	**1,667,886**	**–**	**–**	**–**	**–**
Subtotal miscellaneous liabilities	**29,579,623**	**23,707,092**	**327,982**	**2,313,116**	**2,165,000**	**1,066,433**
Total	**44,973,020**	**25,858,224**	**593,982**	**4,113,116**	**2,640,000**	**11,767,698**

1 — As of 31 December 2014, other intra-group liabilities due within one year amounted to € 21.7 BN. Thereof, cash pool and intra-group loans accounted for € 10.2 BN and € 10.4 BN, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

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.

As of 31 December 2014, € 0.5 BN (2013: € 0.6 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 Call	4,954	27,844	27,821	Allianz SE share	Assets B.III.
Short Call	132,161	(41,178)	42,325	Allianz SE share	Liabilities F.IV.

These options on Allianz SE shares are held in the context of hedging the Allianz Equity Incentive Plans.

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.

FORWARD CONTRACTS IN SHARES, SHARE INDICES AND HEDGE RSU

Class	Nominal € THOU	Fair Value € THOU	Book Value € THOU	Underlying	Balance Sheet Position
Long Forward	675,466	44,364	2,497	Allianz SE share	Liabilities F.IV.
Long Forward	200,625	(17,694)	–	Unicredit share	–
Long Future	14	–	–	Allianz SE share	–
Short Forward	200,625	17,694	–	Unicredit share	–
Hedge RSU	321,712	(507,132)	507,132	Allianz SE share	Liabilities F.IV.

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

For the purpose of hedging the share price risk of Unicredit shares, our subsidiary Allianz Finance IV Louxembourg S.à.r.l. entered into short forwards on Unicredit shares with Allianz SE. Allianz SE hedged these positions by entering into countertrades at the market. Both intra-group and group-external positions were combined to valuation units ("Bewertungseinheiten") representing perfect micro hedges. The completely offsetting changes in value of the single positions are recorded neither in the income statement nor the balance sheet.

The fair value of a forward contract is determined as the difference between the underlying closing price on the valuation date and the discounted forward price. The net present value of dividend payments due before maturity of the forward contract is also taken into account, unless the dividends are subject to a pass-through agreement. Liabilities from hedge RSU, which the Group companies acquire from Allianz SE in order to hedge their liabilities from the Group Equity Incentive programs, are valued on the basis of the Allianz closing price on the valuation date minus the 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	3,874,379	40,062	2,769	AUD, BRL, CAD, CHF, CNY, CZK, DKK, GBP, HUF, INR, JPY, MYR, NOK, NZD, PLN, SEK, TRY, USD	Liabilities D.
Short Forward	7,836,015	(168,414)	164,979	AUD, CAD, CHF, CZK, DKK, GBP, JPY, MYR, NOK, SGD, 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 € 4.6 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.

Within the financial participations there are put and call options on company shares, which are linked to certain conditions. Due to the lack of quoted prices on active markets for these financial participations and the uncertainty regarding the occurrence of the option conditions it is not possible to reliably determine the fair value of such options. Wherever feasible, contractual arrangements including the option agreements were taken into account when determining the fair value of the financial participation. However, no stand-alone valuation of the options as derivative financial instruments was performed.

OVERVIEW OVER FINANCIAL INSTRUMENTS

Category	Position of Allianz SE	Nominal € THOU	Fair Value € THOU	Book Value € THOU
Currency-related transactions	Foreign currency buyer	3,874,379	40,062	2,769
Currency-related transactions	Foreign currency seller	7,836,015	(168,414)	164,979
Share-/Index-related transactions	Share/Index buyer	881,059	54,514	30,318
Share-/Index-related transactions	Share/Index seller	332,786	(23,484)	42,325
Hedge RSU	Share seller	321,712	(507,132)	507,132

SUPPLEMENTARY INFORMATION TO THE INCOME STATEMENT

16 — Gross premiums written

€ THOU	2014	2013
Property-Casualty reinsurance	6,583,698	3,095,072
Life/Health reinsurance	500,382	473,078
Total	**7,084,080**	**3,568,150**

Gross premiums written increased by 98.5 % to € 7,084 MN. The new quota share with Allianz Versicherung was the main driver behind this.

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 € 27 MN to € 55 MN.

18 — Run-off result

In 2014, the positive run-off result in Property-Casualty amounted to € 90 MN (2013: € 94 MN) and was mainly influenced by the development of fire reinsurance (2014: € 25 MN) credit and bond reinsurance (2014: € 19 MN) and other reinsurance lines (2014: € 26 MN).

19 — Change in other insurance reserves (net)

€ THOU	2014	2013
Change in aggregate policy reserves net	(49,450)	(8,193)
Other insurance reserves net	1,424	17,621
Total	**(48,026)**	**9,428**

The change in aggregate policy reserves (net) was driven by increased business volume from new capital management deals in Life/Health reinsurance.

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

20 — Underwriting expenses (net)

€ THOU	2014	2013
Gross	(2,038,176)	(1,003,390)
Ceded	403,552	56,277
Net	**(1,634,624)**	**(947,113)**

The rise in underwriting expenses (net) was mainly due to the new quota share agreement with Allianz Versicherung. It was partially offset by an increase in reinsurance commissions received from a new internal retrocession.

21 — Investment income

€ THOU	2014	2013
a) Income from shares in affiliated enterprises and participations thereof from affiliated enterprises: € 3,120,834 THOU (2013: € 228,370 THOU)	3,132,083	241,636
b) Income from other investments thereof from affiliated enterprises: € 393,843 THOU (2013: € 106,304 THOU)		
ba) Income from real estate, real estate rights and buildings including buildings on land not owned by Allianz SE	27,105	26,366
bb) Income from other investments (see below)	868,553	598,637
Income from other investments	**895,658**	**625,003**
c) Income from reversal of impairments	141,112	123,148
d) Realized gains	157,569	1,868,909
e) Income from profit transfer agreements	2,090,673	2,366,834
Total	**6,417,095**	**5,225,530**

	2014	2013
bb) Income from other investments		
Debt securities	373,591	335,843
Loans to affiliated enterprises	358,813	98,453
Funds held by others under reinsurance business assumed	85,577	86,567
Loans to third-parties	20,441	28,909
Interests in funds	17,333	32,289
Receivables from intra-group cash pooling	6,541	4,850
Bank deposits	6,165	4,740
Loans to participations	–	6,900
Other	92	86
Total	**868,553**	**598,637**

22 — Investment expenses

€ THOU	2014	2013
a) Investment management, interest charges and other investment expenses		
aa) Interest expenses (see below)	(1,134,294)	(1,233,220)
ab) Other	(81,775)	(79,991)
b) Depreciation and impairments of investments	(229,620)	(323,554)
c) Realized losses	(90,612)	(114,293)
d) Expenses from losses taken over	(274,581)	(205,437)
Total	**(1,810,882)**	**(1,956,495)**

	2014	2013
aa) Interest expenses		
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(336,777)	(336,753)
Liabilities from intra-group loans	(313,255)	(320,482)
Subordinated bonds issued by Allianz SE	(229,967)	(281,128)
Liabilities from intra-group bonds	(185,717)	(235,902)
Liabilities from intra-group cash pooling	(59,417)	(39,947)
Liabilities from commercial paper issues	(3,302)	(3,747)
Liabilities to banks	(27)	(2,146)
Other	(5,832)	(13,115)
Total	**(1,134,294)**	**(1,233,220)**

The depreciation of and impairments on investments include unscheduled write-downs of € 165 MN (2013:€ 0 MN) on holdings in affiliated enterprises and € 1 MN (2013: € 0 MN) on real estate.

23 — Other non-technical result

€ THOU	2014	2013
Other income		
Service revenues from pensions charged to group companies	766,339	142,165
Gains on derivatives	608,444	475,718
Currency gains	154,222	555,625
Income from the release of other provisions	126,509	27,438
Other service revenues to group companies	90,604	103,169
Intercompany income	38,738	38,037
Other	401	6,336
Total other income	**1,785,257**	**1,348,488**
Other expenses		
Currency losses	(818,587)	(246,534)
Service expenses from pensions charged to group companies	(766,339)	(142,165)
Interest and similar expense	(535,493)	(372,568)
Expenses on derivatives	(513,507)	(485,653)
Other HR-related expenses	(270,115)	(298,547)
Anticipated losses on derivatives	(170,244)	(38,004)
Other service expenses to group companies	(90,604)	(103,169)
Expenses for financial guarantees	(48,321)	(34,827)
Pension expenses	(39,967)	(37,288)
Impairment of intangible assets	–	(86,688)
Other	(128,340)	(175,340)
Total other expenses	**(3,481,517)**	**(2,020,783)**
Other non-technical Result	**(1,696,260)**	**(672,295)**

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 € 692 MN of the German subsidiaries resulting from the first-time application of the BilMoG in 2010. This conversion expense could be distributed according to Article 67 (1) sentence 1 EGHGB over a period of up to fifteen years. While in the past the remaining conversion expense was distributed, the whole outstanding amount was recognized in 2014.

Compared to the previous year, the income from the release of provisions increased mainly due to the reduction of the assumed pension trend from 1.9 % to 1.7 %, leading to an income from the release of pension provision of € 97 MN.

The other expenses include € 527 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	2014	
	Pensions and similar obligations	Other obligations
Actual return of the offset assets	9,501	170
Imputed interest cost for the settlement amount of the offset liabilities	(249,486)	(244)
Effect resulting from the change in the discount rate for the settlement amount	(263,140)	(15)
Net amount of the offset income and expenses	**(503,125)**	**(89)**

FEES TO THE AUDITOR

€ THOU	2014	2013
Audit	(3,426)	(3,432)
Other certification and valuation services	(3,552)	(4,043)
Tax advice services	(1,111)	(2,843)
Other services	(65)	(40)
Total	**(8,154)**	**(10,358)**

24 — Income taxes

In 2014 the tax income, which mostly relates to the net operating income, increased to € 177 MN (2013: € 151 MN).

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 reserves for loss and loss adjustment expenses, provisions for anticipated losses and pension accruals resulting in deferred tax assets.

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.

25 — Net earnings

€ THOU	2014	2013
Net income	3,123,066	2,795,408
Unappropriated earnings carried forward	663,680	273,166
Net earnings	**3,786,746**	**3,068,574**

OTHER INFORMATION

Contingent liabilities and legal proceedings

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. They are related to the occurrence of possible future events that could lead to an obligation. 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 € 12.9 BN, of which € 5.7 BN were on a subordinated basis.
- Commercial Papers issued by Allianz Finance Corporation. As of 31 December 2014, 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 Compañía de Seguros y Reaseguros S.A.

Allianz SE provides a € 1.0 BN guarantee for the obligations of Allianz Vie S.A. under a unit-linked pension insurance contract.

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 € 358 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 € 145 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 € 28 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 as against the Federal Association of German Banks ("Bundesverband deutscher Banken e. V.") 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 € 554 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 2014, other guarantee commitments given by Allianz SE amounted to € 25 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,
- Allianz Capital Partners GmbH,
- Allianz Deutschland AG,
- Allianz Finanzbeteiligungs GmbH,
- Allianz Global Corporate & Specialty SE,
- Allianz Investment Management SE,
- Allianz Managed Operations & Services SE,
- Allianz Real Estate GmbH,
- AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- IDS GmbH-Analysis and Reporting Services.

Advertising agreements led to financial liabilities of € 83 MN.

Security deposits for rental contracts amounted to € 0.1 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 the one discussed below, will have a material adverse effect on the financial position and the results of Allianz SE, after consideration of any applicable reserves.

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.

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 14. Their memberships in supervisory boards or similar committees of other enterprises are mentioned on pages 105 and 106. These pages are part of the Notes to the Financial Statements.

Board of Management remuneration[1]

As of 31 December 2014, the Board of Management was 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 2014 the Equity-related remuneration was comprised of 85,651[2] (2013: 102,019.5[3]) restricted stock units (RSU).

BOARD OF MANAGEMENT REMUNERATION

€ THOU	2014	2013
Base salary	(8,405)	(8,080)
Annual bonus	(10,175)	(10,418)
Perquisites	(353)	(697)
Base salary, annual bonus and perquisites total	**(18,933)**	**(19,195)**
Fair value of RSU at grant date	(10,248)	(10,490)
Equity-related remuneration	**(10,248)**	**(10,490)**
Total	**(29,181)**	**(29,685)**

Total remuneration of the Board of Management of Allianz SE for 2014 (excluding the relevant MTB 2013 – 2015 tranche) amounted to € 29,181 THOU (2013: € 29,685 THOU).

EQUITY-RELATED REMUNERATION

The remuneration system as of 1 January 2010 only awards RSU. For 2014 the fair value of the RSU at the date of grant was € 10,248 THOU (2013: € 10,490 THOU).

1 — For detailed information regarding the Board of Management Remuneration, please refer to the Remuneration Report starting on page 56.
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 2013 was based on a best estimate of the RSU grants. The figure shown here for 2013 now includes the actual fair value as of the grant date (13 March 2014). The value therefore differs from the value disclosed last year.

BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2014, remuneration and other benefits of € 5 MN (2013: € 8 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	2014	2013
Historical costs of the offset assets	69,480	72,494
Fair value of the offset assets	69,480	72,494
Settlement amount of the offset liabilities	78,575	81,634
Pension provisions	9,095	9,140

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

Supervisory Board remuneration[1]

	2014		2013	
	€ THOU	%	€ THOU	%
Fixed remuneration	(1,408)	69.2	(1,400)	69.4
Committee-related remuneration	(563)	27.7	(560)	27.7
Attendance fees	(64)	3.1	(58)	2.9
Total	**(2,035)**	**100.0**	**(2,018)**	**100.0**

1 — For detailed information regarding the Supervisory Board Remuneration please refer to the Remuneration of the Supervisory Board starting on page 56.

Average number of employees

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

	2014	2013
Full-time staff	1,352	1,398
Part-time staff	189	180
Total	**1,541**	**1,578**

Staff expenses

€ THOU	2014	2013
1. Wages and salaries	(307,859)	(335,750)
2. Statutory welfare contributions and expenses for optional support payments	(21,544)	(21,586)
3. Expenses for pensions and other post-retirement benefits[1]	(16,573)	(30,392)
Total expenses	**(345,976)**	**(387,728)**

1 — The reduction in the expenses for pensions in the amount of € 14 MN results mainly from extraordinary positive effects of € 7 MN in the financial year and a one-off expense of € 6 MN that occurred in 2013.

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)
Deutsche Telekom AG
METRO AG

ROLF ZIMMERMANN
Vice Chairman
Chairman of the (European) SE Works Council of Allianz SE

DANTE BARBAN
Employee of Allianz S.p.A.

CHRISTINE BOSSE
Former Group Chief Executive Officer of the Executive Management of Tryg
Membership in comparable[1] supervisory bodies
Aker ASA
Flügger A/S (Chairwoman)
until 18 September 2014
TDC A/S

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.
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.

IRA GLOE-SEMLER
Regional Representative Financial Services of ver.di Hamburg

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
until 7 May 2014
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.

JIM HAGEMANN SNABE
since 7 May 2014
Chairman of Centre for Global Industries, World Economic Forum
Membership in other statutory supervisory boards and SE administrative boards in Germany
SAP SE
since 7 July 2014
Siemens AG
Membership in comparable[1] supervisory bodies
Bang & Olufsen A/S (Vice Chairman)
Danske Bank A/S
SAP Labs LLC (Group mandate SAP)
until 21 May 2014
Success Factors Inc. (Group mandate SAP)
until 21 May 2014
Syclo LLC (Group mandate SAP)
until 21 May 2014

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

until 6 May 2015
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)
until 23 February 2015
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
until 31 December 2014
Global Property-Casualty
until 6 May 2015
Chairman of the Board of Management
from 7 May 2015
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz S.p.A. (Vice Chairman until 6 February 2015)
Allianz Sigorta A.S. (Vice Chairman)
until 1 January 2015
Allianz Yasam ve Emeklilik A.S.
until 1 January 2015
Yapi Kredi Sigorta A.S. (Vice Chairman)
until 30 September 2014

SERGIO BALBINOT

since 1 January 2015
Insurance Western & Southern Europe
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz S.p.A. (Vice Chairman since 7 February 2015)
Allianz Sigorta A.S.
Allianz Yasam ve Emeklilik A.S.

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)
until 11 December 2014
Allianz Tiriac Asigurari S.A. (Chairman)
OJSC IC Allianz (Chairman)
until 16 March 2014
TUiR Allianz Polska S.A. (Chairman)
until 30 October 2014
TU Allianz Życie Polska S.A. (Chairman)
until 30 October 2014

GARY BHOJWANI

until 31 December 2014
Insurance USA
Membership in comparable[1] supervisory bodies
Hormel Foods Corp.
since 28 July 2014
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

until 31 December 2014
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 Asset Management AG (Chairwoman)
since 23 February 2015
Allianz Global Corporate & Specialty SE (Vice Chairwoman)
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 (Chairman)

JAY RALPH

Asset Management
U.S. Life Insurance
since 1 January 2015
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairman)
since 1 January 2015

DR. AXEL THEIS

since 1 January 2015
Global Insurance Lines & Anglo Markets
Global Property-Casualty
from 7 May 2015
Membership in other statutory supervisory boards and SE administrative boards in Germany
ProCurand GmbH & KGaA (Chairman)
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Insurance plc
Allianz Irish Life Holdings plc
Fireman's Fund Insurance Company
Euler Hermes S.A.
from 27 May 2015

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

DR. WERNER ZEDELIUS

Insurance German Speaking Countries, Banking, 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, Global Life/Health
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)

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, United Kingdom	–	3	12/10/2014	2.99	13,676,360	8,537,630 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 6,781,467 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Group Limited[1]	London, United Kingdom		3	9/25/2014	3.56	16,256,471	10,559,952 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 4,159,140 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,537,379 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.[1]	St. Helier, Jersey, Channel Islands		3	9/25/2014	3.75	17,141,552	10,798,867 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 4,696,731 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,537,379 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.[1]	New York, NY, USA		3	9/25/2014	3.75	17,141,552	10,798,867 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 4,696,731 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,537,379 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Advisers Holdings, Inc.[1]	New York, NY, USA		3	9/25/2014	3.75	17,141,552	10,798,867 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 4,696,731 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,537,379 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Financial Management, Inc.[1]	New York, NY, USA		5	9/25/2014	6.34	28,934,183	14,149,960 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 33,059 voting rights pursuant to § 22 (1) sentence 1 No. 6 WpHG 12,870,743 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,760,234 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant Sec. 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 5,806 voting rights pursuant § 22 (1) sentence 1 No. 6 WpHG as well as pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 2, Inc.[1]	Wilmington, DE, USA		5	9/25/2014	6.50	29,674,322	14,149,960 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 13,655,553 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,760,234 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock, Inc.[1]	New York, NY, USA		5	9/25/2014	6.61	30,180,592	14,149,960 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG 14,161,823 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 1,760,234 voting rights pursuant to § 22 (1) sentence 1 No. 1 WpHG as well as pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG 108,575 voting rights pursuant § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG as well as pursuant § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Advisers Holdings ,Inc.	New York, NY, USA	–	5	2/26/2014	4.998	22,816,184	§ 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Advisers Holdings ,Inc.	New York, NY, USA	+	5	2/25/2014	5.001	22,830,353	§ 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Advisers Holdings, Inc.	New York, NY, USA	–	5	2/3/2014	4.997	22,811,930	§ 22 (1) sentence 1 No. 6 inconnection with sentence 2 WpHG
BlackRock Advisers Holdings, Inc.	New York, NY, USA	+	5	1/30/2014	5.001	22,827,928	§ 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG

1 — Status report following BaFin review at BlackRock.

Declaration of Conformity with the German Corporate Governance Code

On 11 December 2014, 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 2015

Allianz SE
The Board of Management

LIST OF PARTICIPATIONS ALLIANZ SE, MUNICH AS OF 31 DECEMBER 2014 ACCORDING TO § 285 NO. 11 HGB IN CONJUNCTION WITH § 286 (3) NO. 1 HGB

	OWNED [1] %	EQUITY € THOU	NET INCOME (LOSS) € THOU
GERMAN ENTITIES			
Affiliates			
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0	20,548	1,556
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,767	(62)
ADEUS Aktienregister-Service-GmbH, Frankfurt am Main	79.6	8,333	713
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8	421,468	12,439
Allianz Asset Management AG, Munich	100.0 [2]	3,461,258	0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	409,341	(43)
Allianz Beratungs- und Vertriebs-AG, Munich	100.0 [2]	11,261	(610)
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	323,464	165,880
Allianz Deutschland AG, Munich	100.0 [2]	8,516,126	0
Allianz Finanzbeteiligungs GmbH, Munich	100.0 [2]	863,178	0
Allianz Global Corporate & Specialty SE, Munich	100.0 [2,3]	1,144,236	0
Allianz Global Investors GmbH, Frankfurt am Main	100.0 [2]	549,485	0
Allianz Handwerker Services GmbH, Aschheim	95.0 [3]	41,493	8,699
Allianz Investment Management SE, Munich	100.0 [2]	5,882	0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0 [2]	192,364	0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0 [2]	1,567,235	0
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0 [2]	40,321	0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0 [2]	14,335	0
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0 [2]	1,519,344	65,000
Allianz Managed Operations & Services SE, Munich	100.0 [2]	189,608	0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	81,663	1
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	50,778	1,134
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	241,694	11,000
Allianz Private Equity GmbH, Munich	100.0 [2]	128,375	0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0 [2]	362,731	117,500
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0	27,340	(13)
Allianz Taunusanlage GbR, Stuttgart	99.5	183,850	4,922
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0 [2]	2,201,126	(201,022)
AllSecur Deutschland AG, Munich	100.0 [2]	44,831	0
APKV Private Equity Fonds GmbH, Munich	100.0 [2]	213,026	2
AUG. PRIEN Immobilien PE Verwaltung BrahmsQuartier GmbH, Stuttgart	94.9	6,546	151
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0 [2]	85,781	0
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	115,747	16,467
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	102,893	(44,679)
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	191,505	27,468
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	55,078	16
AZ-Argos 61 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	78,056	13
AZ-Argos 64 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	19,760	(1)
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	134,176	9,707
AZL AI Nr. 1 GmbH, Munich	100.0 [2]	27,614	0
AZL PE Nr. 1 GmbH, Munich	100.0	125,564	798
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0 [2]	111,038	0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0 [2]	359,890	0
Brahms Beteiligungs GmbH & Co. KG, Stuttgart	94.9	6,050	21
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	95.0	90,206	3,026
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1 [3]	23,731	5,659
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0 [2]	44,991	0
Euler Hermes Aktiengesellschaft, Hamburg	100.0 [3]	60,458	46,295
manroland AG, Offenbach am Main	100.0 [4,5]	148,289	(179,129)
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 [4,5]	5,155	0
Münchener und Magdeburger Agrarversicherung Aktiengesellschaft, Munich	100.0 [2,3]	7,586	450
Münsterländische Bank Thie & Co. KG, Münster	100.0	9,159	537
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0	94,834	237
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	90.2	606,446	19,964
PIMCO Deutschland GmbH, Munich	100.0 [2]	35,030	0
REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0	324,655	10,190
Selecta Holding GmbH, Sulzbach	100.0 [3]	11,394	(547)
Signa 12 Verwaltungs GmbH, Düsseldorf	94.9	5,305	87
Spherion Beteiligungs GmbH & Co. KG, Stuttgart	94.9	5,076	(16)
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0	82,954	2,948
Volkswagen Autoversicherung AG, Braunschweig	100.0	38,217	0
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0	41,469	(30,819)
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0 [3]	28,650	871
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0 [3]	15,706	1,261
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0 [3]	31,955	2,161
Windpark Dahme GmbH & Co. KG, Sehestedt	100.0 [3]	54,236	939
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0 [3]	49,927	842
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0 [3]	27,564	1,850
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0 [3]	31,581	706
Windpark Kirf GmbH & Co. KG, Sehestedt	100.0 [3]	6,941	194
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0 [3]	11,148	580
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0 [3]	21,859	1,832
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0 [3]	20,508	1,904
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0 [3]	33,519	1,400
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0 [3]	23,202	814
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0 [3]	12,800	(88)
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0 [3]	33,203	2,760
Joint ventures			
Dealis Fund Operations GmbH, Frankfurt am Main	50.1	19,378	1,181
Associates			
AV Packaging GmbH, Munich	51.0	18,789	10,470
Kapitalbeteiligungsgesellschaft der Deutschen Versicherungswirtschaft Aktiengeselllschaft, Berlin	39.4 [3]	13,151	(524)
Other participations between 5 and 20% of voting rights			
EXTREMUS Versicherungs-Aktiengesellschaft, Cologne	16.0		
FC Bayern München AG, Munich	8.3		
MLP AG, Wiesloch	8.9		
Protektor Lebensversicherungs-AG, Berlin	10.0		
Sana Kliniken AG, Ismaning	13.9		
FOREIGN ENTITIES			
Affiliates			
490 Fulton JV LP, New York, NY	96.5	131,012	(142)
490 Fulton REIT LP, New York, NY	100.0	131,034	(40,271)
490 Lower Unit LP, New York, NY	100.0	129,584	4,770
A.V.I.P. Assurance Vie de Prévoyance SA, Courbevoie	100.0	105,038	7,020
ACMAR SA, Casablanca	55.0 [3]	7,722	2,906

	OWNED [1]	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Aero-Fonte S.r.l., Catania	100.0 [3]	11,966	4,081
AGA Alarmcentrale NL B.V., Amsterdam	100.0 [3]	13,082	1,054
AGA Assistance Australia Pty Ltd., Toowong	100.0 [3]	13,563	6,284
AGA Assistance Beijing Services Co. Ltd., Beijing	100.0 [3]	8,245	5,926
AGA Assistance Japan Co. Ltd., Tokyo	80.1 [3]	13,313	1,833
AGA Service Company Corp., Richmond, VA	100.0	61,728	2,800
AGCS Marine Insurance Company, Chicago, IL	100.0	254,245	0
AGCS Resseguros Brasil S.A., Rio de Janeiro	100.0 [3]	36,033	(5,229)
AGF Benelux S.A., Luxembourg	100.0	688,202	7,316
AGF Holdings (UK) Limited, Guildford	100.0	74,455	4,538
AGF Insurance Limited, Guildford	100.0	154,896	334
AGF Inversiones S.A., Buenos Aires	100.0 [3]	15,455	5,100
AGR Services Pte Ltd., Singapore	100.0	39,309	(7)
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0	28,310	2,398
Allianz (UK) Limited, Guildford	100.0	528,899	120
Allianz Africa S.A., Paris	100.0	27,955	3,652
Allianz Alapkezelõ Zrt., Budapest	100.0	6,305	2,909
Allianz Annuity Company of Missouri, Clayton, MO	100.0	418,388	104,167
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0 [3]	34,008	5,274
Allianz Argentina RE S.A., Buenos Aires	100.0 [3]	6,014	2,309
Allianz Asset Management of America L.P., Dover, DE	100.0	801,481	1,671,293
Allianz Asset Management of America LLC, Dover, DE	100.0	6,193,358	2,035,303
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	227,770	78,642
Allianz Australia Insurance Limited, Sydney	100.0 [3]	1,212,820	217,279
Allianz Australia Life Insurance Limited, Sydney	100.0 [3]	38,850	4,529
Allianz Australia Limited, Sydney	100.0 [3]	1,031,379	259,460
Allianz Ayudhya Assurance Public Company Limited, Bangkok	62.6 [3]	199,921	43,143
Allianz Bank Bulgaria AD, Sofia	99.9	102,608	11,308
Allianz Bank Financial Advisors S.p.A., Milan	100.0	212,313	3,832
Allianz Banque S.A., Courbevoie	100.0 [3]	112,804	10,100
Allianz Benelux N.V., Brussels	100.0	914,168	45,827
Allianz Bulgaria Holding AD, Sofia	66.2	48,930	24,794
Allianz Cameroun Assurances SA, Douala	75.4	13,524	2,336
Allianz Carbon Investments B.V., Amsterdam	100.0	22,575	(3,049)
Allianz China General Insurance Company Ltd., Guangzhou	100.0 [3]	23,700	(2,825)
Allianz China Life Insurance Co. Ltd., Shanghai	51.0	28,635	1,149
Allianz Colombia S.A., Bogotá D.C.	100.0 [3]	135,568	(765)
Allianz Compagnia Italiana Finanziamenti S.p.A., Milan	100.0 [3]	1,182,549	519,682
Allianz Compañía de Seguros y Reaseguros S.A., Barcelona	99.9 [3]	443,195	145,881
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0 [3]	9,733	4,188
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1	7,684	2,908
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0	7,249	1,846
Allianz do Brasil Participações Ltda., São Paulo	100.0 [3]	276,549	28,821
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0	138,988	16,326
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	415,315	104,729
Allianz Engineering Services Limited, Guildford	100.0	7,108	1,337
Allianz Equity Investments Ltd., Guildford	100.0	161,255	2,265
Allianz Europe B.V., Amsterdam	100.0 [3]	42,771,640	5,263,658
Allianz Europe Ltd., Amsterdam	100.0	8,273,334	1,906,346
Allianz Finance II B.V., Amsterdam	100.0	12,711	3,092
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0	3,700,660	41,301
Allianz Finance IV Luxembourg S.à r.l., Luxembourg	100.0	209,039	4,788
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0 [3]	368,681	(6,342)
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0	121,322	14
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0	15,212	1,560
Allianz France Investissement OPCI, Paris	100.0	129,887	5,372
Allianz France Real Estate Invest SPPICAV, Paris	100.0 [3]	1,349,076	18,053
Allianz France Richelieu 1 S.A.S., Paris	100.0	270,128	914
Allianz France S.A., Paris	100.0	6,610,890	1,190,797
Allianz Fund Investments Inc., Wilmington, DE	100.0	257,533	2,926
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0 [3]	239,466	47,321

	OWNED [1]	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Allianz General Laos Ltd., Vientiane	51.0 [3]	6,584	1,670
Allianz Global Assistance International SA, Paris	100.0 [3]	316,459	17,300
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0 [3]	38,960	(7,595)
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0	7,141	(39)
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0	7,303	(39)
Allianz Global Investors Distributors LLC, Dover, DE	100.0	57,287	10,998
Allianz Global Investors Hong Kong Ltd., Hong Kong	100.0	27,855	13,122
Allianz Global Investors Ireland Ltd., Dublin	100.0	11,284	2,552
Allianz Global Investors Korea Limited, Seoul	100.0	29,544	4,637
Allianz Global Investors Singapore Ltd., Singapore	100.0	5,398	4,168
Allianz Global Investors Taiwan Ltd., Taipei	100.0	29,176	12,218
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0	123,514	105,133
Allianz Global Investors U.S. LLC, Dover, DE	100.0	67,684	130,930
Allianz Global Life Ltd., Dublin	100.0	71,570	7,444
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0 [3]	797,204	(10,146)
Allianz Grenelle SAS, Paris	100.0 [3]	12,513	17
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0 [3]	30,856	(5,462)
Allianz Hellas Insurance Company S.A., Athens	100.0	78,968	11,197
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0	327,028	4,697
Allianz Holding eins GmbH, Vienna	100.0	2,138,934	207,935
Allianz Holding France SAS, Paris	100.0 [3]	7,387,206	16,164
Allianz Holdings plc, Guildford	100.0	1,210,925	21,892
Allianz Hungária Biztosító Zrt., Budapest	100.0	126,943	668
Allianz IARD S.A., Paris	100.0	1,971,643	220,115
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0	202,016	(10,940)
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0	12,240	48,401
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0	12,185	48,404
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0	610,048	(67,448)
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0	234,632	(23,604)
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0	213,628	(78,687)
Allianz Insurance (Hong Kong) Ltd., Hong Kong	100.0	71,534	7,778
Allianz Insurance Company Lanka Limited, Saram	100.0	5,996	108
Allianz Insurance Company-Egypt S.A.E., Cairo	89.0 [3]	15,637	2,334
Allianz Insurance plc, Guildford	100.0	1,278,915	173,164
Allianz Invest Kapitalanlage GmbH, Vienna	100.0	7,399	1,850
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	32,376	4,865
Allianz Irish Life Holdings p.l.c., Dublin	66.5	61,516	55,060
Allianz Leasing Bulgaria AD, Sofia	51.0	7,442	808
Allianz Life & Annuity Company, Minneapolis, MN	100.0	13,337	995
Allianz Life (Bermuda) Ltd., Hamilton	100.0 [3]	6,983	604
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0 [3]	39,449	5,762
Allianz Life Financial Services LLC, Minneapolis, MN	100.0 [0]	31,286	517
Allianz Life Insurance Company Ltd., Moscow	100.0 [3]	15,968	(7,067)
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0	275,376	9,542
Allianz Life Insurance Company of New York, New York, NY	100.0	133,389	(876)
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0	6,355,918	(52,812)
Allianz Life Insurance Japan Ltd., Tokyo	100.0	6,855	(1,397)
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0 [3]	130,670	12,128
Allianz Life Luxembourg S.A., Luxembourg	100.0	61,770	4,283
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0 [3]	219,002	9,358
Allianz Marine (UK) Ltd., Ipswich	100.0	12,038	57
Allianz Mena Holding Bermuda Ltd., Beirut	99.9 [3]	18,896	140
Allianz México S.A. Compañía de Seguros, Mexico City	100.0 [3]	79,852	4,816
Allianz Nederland Asset Management B.V., Nieuwegein	100.0	31,999	4,897
Allianz Nederland Groep N.V., Rotterdam	100.0	326,703	202,420
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0	298,010	43,617
Allianz New Europe Holding GmbH, Vienna	100.0	877,593	28,631
Allianz New Zealand Limited, Auckland	100.0 [3]	35,549	4,868
Allianz of America Inc., Novato, CA	100.0	11,879,293	2,622,605

	OWNED [1]	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Allianz p.l.c., Dublin	100.0	321,798	56,436
Allianz Participations B.V., Amsterdam	100.0	202,849	6,284
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	10,842	525
Allianz penzijní spolecnost a.s., Prague	100.0 [3]	26,700	(1,724)
Allianz pojistovna a.s., Prague	100.0 [3]	163,880	36,133
Allianz Polska Services Sp. z o.o., Warsaw	100.0 [3]	11,311	(1,171)
Allianz Popular Asset Management SGIIC S.A., Madrid	100.0	21,051	15,400
Allianz Popular Pensiones EGFP S.A., Madrid	100.0	55,924	25,941
Allianz Popular S.L., Madrid	60.0	1,018,354	125,462
Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0	169,692	50,412
Allianz Private Equity UK Holdings Limited, London	100.0	20,583	272
Allianz Properties Limited, Guildford	100.0	213,602	25,836
Allianz Re Dublin Limited, Dublin	100.0 [3]	294,720	100,263
Allianz Real Estate France SAS, Paris	100.0	10,964	5,154
Allianz Renewable Energy Partners I LP, London	100.0	257,744	4,932
Allianz Renewable Energy Partners II Limited, London	100.0	63,866	(11,911)
Allianz Renewable Energy Partners III LP, London	98.5	205,269	763
Allianz Renewable Energy Partners IV Limited, London	98.5	192,839	(11,672)
Allianz Renewable Energy Partners V plc., London	100.0	409,593	9,343
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0 [3]	51,796	1,077
Allianz Risk Transfer AG, Zurich	100.0 [3]	523,464	58,732
Allianz Risk Transfer Inc., New York, NY	100.0 [3]	84,588	4,349
Allianz Risk Transfer N.V., Amsterdam	100.0	31,244	190
Allianz S.p.A., Trieste	100.0 [3]	1,630,415	315,824
Allianz Saúde S.A., São Paulo	100.0 [3]	50,306	3,327
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0 [3]	73,100	(3,772)
Allianz Seguros S.A., Bogotá D.C.	100.0 [3]	68,447	4,652
Allianz Seguros S.A., São Paulo	100.0 [3]	269,890	28,613
Allianz Services (UK) Limited, London	100.0	18,410	(129)
Allianz Sigorta A.S., Istanbul	94.0 [3]	183,173	44,649
Allianz Société Financière S.à r.l., Luxembourg	100.0	1,314,901	22,774
Allianz South America Holding B.V., Amsterdam	100.0	309,060	4,606
Allianz Specialised Investments Limited, London	100.0	7,884	(2)
Allianz Subalpina Holding S.p.A., Turin	98.1 [3]	253,181	61,419
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0	886,526	70,708
Allianz Suisse Rückversicherungs AG, Zurich	100.0 [3]	81,345	20,348
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0	636,156	246,340
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7	149,955	(6,738)
Allianz Tiriac Asigurari SA, Bucharest	52.2 [3]	126,867	18,957
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0 [3]	11,120	4,030
Allianz Ukraine LLC, Kiev	100.0 [3]	6,594	(719)
Allianz US Investment LP, Wilmington, DE	100.0	388,094	42,488
Allianz US Private REIT LP, Wilmington, DE	100.0	368,329	20,007
Allianz Vie S.A., Paris	100.0	2,784,160	253,101
Allianz Worldwide Partners S.A.S., Paris	100.0 [3]	439,470	(10,717)
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0 [3]	78,138	22,569
Allianz Zagreb d.d., Zagreb	83.2	106,832	11,447
Allianz ZB d.o.o. Company for the Management of Obligatory Pension Funds, Zagreb	51.0	20,191	8,458
Allianz-Slovenská DSS a.s., Bratislava	100.0	59,853	6,198
Allianz-Slovenská poist'ovna a.s., Bratislava	99.6	247,745	47,359
Amaya Compania de Seguros y Reaseguros S.A., Madrid	100.0	39,102	1,276
American Automobile Insurance Company Corp., Earth City, MO	100.0	135,794	2,991
American Financial Marketing Inc., Minneapolis, MN	100.0	30,574	3,470
AMOS Austria GmbH, Vienna	100.0	19,104	(1,589)
AMOS European Services SAS, Paris	100.0	24,095	0
AMOS IT Suisse AG, Wallisellen	100.0	8,550	2,581
AMOS Italy S.p.c.A., Milan	100.0 [3]	15,814	15
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0	12,818	3,456
Antoniana Veneta Popolare Vita S.p.A., Trieste	50.0 [3]	65,770	2,469
APKV US Private REIT LP, New York, NY	100.0	69,982	(835)
Arab Gulf Health Services LLC, Dubai	100.0 [3]	6,303	1,968
Arcalis SA, Courbevoie	100.0	110,728	5,383
Arges Investments I N.V., Amsterdam	100.0	54,700	1,625
Arges Investments II N.V., Amsterdam	100.0	48,557	554
Asit Services S.R.L., Bucharest	100.0 [3]	33,129	1,031
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0	11,793	5,475
Associated Indemnity Corporation, Novato, CA	100.0	69,608	1,386
AZ Euro Investments II S.à r.l., Luxembourg	100.0	180,073	5,500
AZ Euro Investments S.à r.l., Luxembourg	100.0	2,502,205	69,420
AZ Jupiter 4 B.V., Amsterdam	100.0	24,767	218
AZ Jupiter 8 B.V., Amsterdam	100.0	2,790,474	136
AZ Jupiter 9 B.V., Amsterdam	100.0	79,318	(14,542)
AZ Real Estate GP LLC, New York, NY	100.0 [3]	115,049	0
AZ Vers US Private REIT LP, New York, NY	100.0	11,938	(226)
AZL PF Investments Inc., Minneapolis, MN	100.0	506,154	0
AZOA Services Corporation, Novato, CA	100.0	8,925	(2,214)
BAWAG Allianz Vorsorgekasse AG, Vienna	50.0	18,905	4,520
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0 [3]	79,892	1,345
Brasil de Imóveis e Participações Ltda., São Paulo	100.0 [3]	5,323	278
Bright Mission Berhad Ltd., Kuala Lumpur	100.0 [3]	39,820	1,189
British Reserve Insurance Co. Ltd., Guildford	100.0	48,649	5,220
Calobra Investments Sp. z o.o., Warsaw	100.0	31,022	(13,616)
Calypso S.A., Paris	100.0	19,227	(16,694)
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0	18,292	5,285
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0	35,996	72
Chicago Insurance Company Corp., Chicago, IL	100.0	44,816	590
CIC Allianz Insurance Ltd., Sydney	100.0 [3]	34,942	4,745
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8 [3]	149,089	15,628
CreditRas Assicurazioni S.p.A., Milan	50.0 [3]	25,787	7,758
CreditRas Vita S.p.A., Milan	50.0 [3]	458,341	45,565
Darta Saving Life Assurance Ltd., Dublin	100.0 [3]	95,723	36,583
Deeside Investments Inc., Wilmington, DE	50.1	97,029	10,079
Delta Technical Services Ltd., London	100.0 [3]	9,517	1,010
Diamond Point a.s., Prague	100.0	12,068	182
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0	547,491	7,587
EF Solutions LLC, Wilmington, DE	100.0 [3]	10,041	1,998
Energie Eolienne Lusanger S.à r.l., Versailles	100.0 [3]	5,149	36
Eolica Erchie S.r.l., Lecce	100.0 [3]	6,355	(1,032)
Euler Hermes Collections Sp. z o.o., Warsaw	100.0 [3]	5,680	1,983
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0	150,409	730
Euler Hermes Group SA, Paris la Défense	69.9	1,303,698	195,456
Euler Hermes Hellas Credit Insurance SA, Athens	100.0 [3]	10,425	1,979
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0	98,310	(19)
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0 [3]	140,817	19,743
Euler Hermes North America Insurance Company Inc., Baltimore, MD	100.0 [3]	122,125	7,459
Euler Hermes Patrimonia SA, Brussels	100.0 [3]	101,178	1,119
Euler Hermes Ré SA, Luxembourg	100.0 [3]	61,055	0
Euler Hermes Real Estate SPPICAV, Paris	60.0 [3]	142,347	(1,844)
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0	61,261	8,179
Euler Hermes Reinsurance AG, Wallisellen	100.0 [3]	688,575	153,967
Euler Hermes S.A., Brussels	100.0 [3]	293,287	20,891
Euler Hermes Serviços Ltda., São Paulo	100.0 [3]	11,296	(1,175)
Euler Hermes South Express S.A., Brussels	100.0 [3]	36,920	934
Euler Hermes Tech SAS, Paris la Défense	100.0	9,413	2,301
Euler Hermes World Agency SASU, Paris la Défense	100.0	6,779	113
Eurl 20/22 Le Peletier, Paris	100.0	51,813	(1,850)
Eurosol Invest S.r.l., Udine	100.0 [3]	10,402	570
Fenix Directo Compania de Seguros y Reaseguros S.A., Madrid	100.0	25,007	1,586
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0	12,321	241
Fireman's Fund Insurance Company Corp., Novato, CA	100.0	1,763,708	47,363
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0	7,466	84
Fireman's Fund Insurance Company of Ohio Corp., Cincinnati, OH	100.0	40,483	673
Fragonard Assurance S.A., Paris	100.0 [3]	77,403	25,147

	OWNED [1] %	EQUITY € THOU	NET INCOME (LOSS) € THOU
GamePlan Financial Marketing LLC, Woodstock, GA	100.0	54,369	8,333
Generation Vie S.A., Courbevoie	52.5	69,698	1,269
Genialloyd S.p.A., Milan	100.0 [3]	141,725	19,815
Havelaar et Van Stolk B.V., Rotterdam	100.0	7,632	567
Home & Legacy (Holdings) Limited, London	100.0 [3]	5,428	40
Home & Legacy Insurance Services Limited, London	100.0	22,965	2,838
Immovalor Gestion S.A., Paris	100.0	6,926	2,968
Insurance CJSC "Medexpress", Saint Petersburg	99.8 [3]	16,408	1,232
Interpolis Kredietverzekeringen N.V., 's-Hertogenbosch	100.0 [3]	8,628	181
Interstate Fire & Casualty Company, Chicago, IL	100.0	129,271	2,533
Investitori SGR S.p.A., Milan	100.0 [3]	16,432	2,070
Jefferson Insurance Company Corp., New York, NY	100.0 [3]	35,119	3,701
Kiinteistö OY Eteläesplanadi 2, Helsinki	100.0	34,078	(1,430)
La Rurale SA, Paris	99.9	7,665	1,081
Lloyd Adriatico Holding S.p.A., Trieste	99.9 [3]	787,717	138,898
Martin Maurel Vie SA, Courbevoie	100.0	15,067	344
Mondial Assistance Australia Holding Pty Ltd., Toowong	100.0 [3]	20,127	0
Mondial Assistance France SAS, Paris	95.0 [3]	35,702	15,467
Mondial Assistance United Kingdom Ltd., Croydon Surrey	100.0 [3]	8,939	4,432
National Surety Corporation, Chicago, IL	100.0	106,614	2,155
NEXtCARE Holding WLL, Manama	75.0 [3]	11,794	1,180
NFJ Investment Group LLC, Dover, DE	100.0	15,502	77,484
OJSC "My Clinic", Moscow	100.0 [3]	20,374	5,276
OJSC Insurance Company Allianz, Moscow	100.0 [3]	212,571	7,758
OJSC Insurance Company ROSNO-MS, Moscow	100.0 [3]	19,900	1,128
Omega Thai Investment Holding B.V., Amsterdam	100.0	50,006	(86)
OOO "IC Euler Hermes Ru", Moscow	100.0 [3]	7,393	(56)
Oppenheimer Group Inc., Dover, DE	100.0	55,031	1,137
Orione PV S.r.l., Milan	100.0 [3]	8,956	329
Orsa Maggiore PV S.r.l., Milan	100.0 [3]	18,619	1,997
OY Selecta AB, Helsinki	100.0 [3]	5,608	432
Pacific Investment Management Company LLC, Dover, DE	95.6	512,404	2,113,186
Personalized Brokerage Service LLC, Topeka, KS	100.0	6,596	1,939
Pet Plan Ltd., Guildford	100.0	124,917	(48)
PFP Holdings Inc., Dover, DE	100.0	231,932	5,139
PGA Global Services LLC, Dover, DE	100.0	8,629	2,435
PIMCO Asia Ltd., Hong Kong	100.0	23,554	2,461
PIMCO Asia Pte Ltd., Singapore	100.0	26,749	4,144
PIMCO Australia Pty Ltd., Sydney	100.0	22,221	20,096
PIMCO Canada Corp., Toronto, ON	100.0	16,997	6,615
PIMCO Europe Ltd., London	100.0	198,585	69,792
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	20,393	7,103
PIMCO Global Advisors LLC, Dover, DE	100.0	370,071	126,126
PIMCO Global Holdings LLC, Dover, DE	100.0	21,656	3,961
PIMCO Investments LLC, Dover, DE	100.0	144,538	53,025
PIMCO Japan Ltd., Road Town	100.0	45,468	22,616
POD Allianz Bulgaria AD, Sofia	65.9	20,890	8,338
Primacy Underwriting Management Pty Ltd., Melbourne	100.0 [3]	6,956	1,640
Protexia France S.A., Paris	100.0	30,614	7,812
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8 [3]	155,248	36,056
PTE Allianz Polska S.A., Warsaw	100.0 [3]	72,466	7,914
Q207 S.C.S., Luxembourg	94.0	94,943	1,270
Questar Capital Corporation, Minneapolis, MN	100.0	12,265	(4,355)
RCM Asia Pacific Ltd., Hong Kong	100.0	23,651	6,541
Real Faubourg Haussmann SAS, Paris	100.0 [3]	13,191	(203)
Real FR Haussmann SAS, Paris	100.0 [3]	59,403	4,381
Redoma S.à r.l., Luxembourg	100.0	46,529	3,620
Roster Financial LLC, Mount Laurel, NJ	100.0	25,385	866
SA Carène Assurance, Paris	100.0	13,099	429
San Francisco Reinsurance Company Corp., Novato, CA	100.0	61,548	1,386
SAS 20 pompidou, Paris	100.0	119,034	4,532
SAS Allianz Forum Seine, Paris	100.0 [3]	257,746	6,942
SAS Allianz Logistique, Paris	100.0	43,005	0
SAS Allianz Platine, Paris	100.0	233,655	4,855
SAS Allianz Rivoli, Paris	100.0 [3]	105,422	1,600
SAS Allianz Serbie, Paris	100.0 [3]	259,750	6,469
SAS Madeleine Opéra, Paris	100.0	647,025	29,241

	OWNED [1] %	EQUITY € THOU	NET INCOME (LOSS) € THOU
SAS Passage Des Princes, Paris	100.0	118,535	3,425
SC Tour Michelet, Paris	100.0	66,447	2,058
SCI 46 Desmoulins, Paris	100.0	120,928	4,128
SCI Allianz ARC de Seine, Paris	100.0	224,700	2,599
SCI Allianz Chateaudun, Paris	100.0 [3]	122,522	3,821
SCI Allianz Messine, Paris	100.0 [3]	242,340	6,332
SCI AVIP SCPI Selection, Courbevoie	100.0	38,357	4,358
SCI ESQ, Paris	75.0 [3]	102,852	3,359
SCI Prelloyd, Paris	100.0	129,728	2,081
SCI Via Pierre 1, Paris	100.0	247,094	5,273
SCI Volnay, Paris	100.0 [3]	175,938	5,103
Selecta AB, Stockholm	100.0 [3]	18,605	9,312
Selecta AG, Muntelier	100.0 [3]	110,248	(17,906)
Selecta B.V., Waardenburg	100.0 [3]	5,489	(1,937)
Selecta Betriebsverpflegungs GmbH, Vienna	100.0 [3]	6,014	(803)
Selecta Group B.V., Amsterdam	100.0 [3]	293,840	(365)
Selecta Holding AB, Stockholm	100.0 [3]	13,156	28
Selecta Holding Ltd., London	100.0 [3]	21,491	(4,362)
Selecta Management AG, Zug	100.0 [3]	7,850	1,111
Selecta Nordic Holding AB, Stockholm	100.0 [3]	50,541	(7,443)
Selecta SA, Paris	99.9 [3]	39,827	(1,085)
Selecta TMP AG, Zug	100.0 [3]	92,552	12,034
Selecta UK Ltd., Birmingham	100.0 [3]	24,610	(15,793)
SI 173-175 Boulevard Haussmann SAS, Paris	100.0 [3]	88,968	2,912
Siac Services S.r.l., Rome	100.0 [3]	8,807	8,307
Silex Gas Norway AS, Oslo	100.0	86,074	(2,517)
Sirius S.A., Luxembourg	94.8	316,017	2,102
Società Agricola San Felice S.p.A., Milan	100.0 [3]	30,379	(329)
Société Foncière Européenne B.V., Amsterdam	100.0	1,200,467	426
Société Nationale Foncière S.A.L., Beirut	66.0 [3]	10,218	175
Sofiholding S.A., Brussels	100.0	14,057	353
South City Office Broodthaers SA, Brussels	100.0	51,581	2,356
SpaceCo S.A., Paris	100.0	9,138	3,689
StocksPLUS Management Inc., Dover, DE	100.0	5,001	(34)
TFI Allianz Polska S.A., Warsaw	100.0	5,198	1,472
The American Insurance Company Corp., Cincinnati, OH	100.0	239,412	6,803
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0	19,776	1,307
Three Pillars Business Solutions Limited, Guildford	100.0	6,116	37
Top Immo A GmbH & Co. KG, Vienna	100.0	5,218	453
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0	8,770	911
Top Versicherungsservice GmbH, Vienna	100.0	17,801	1,181
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0 [3]	15,304	(1,354)
Trafalgar Insurance Public Limited Company, Guildford	100.0	84,333	1,415
TU Allianz Polska S.A., Warsaw	100.0	190,262	36,977
TU Allianz Zycie Polska S.A., Warsaw	100.0	91,534	10,453
VertBois S.à r.l., Luxembourg	100.0	20,402	315
WFC Investments Sp. z o.o., Warsaw	87.5	51,569	842
YAO Investment S.à r.l., Luxembourg	100.0	27,297	3,329
Yorktown Financial Companies Inc., Minneapolis, MN	100.0	124,950	15
ZAD Allianz Bulgaria Zhivot, Sofia	99.0	15,761	4,377
ZAD Allianz Bulgaria, Sofia	87.4	23,460	(2,867)
ZAD Energia, Sofia	51.0	30,313	11,580
Jonit ventures			
A&A Centri Commerciali S.r.l., Milan	50.0 [3]	143,134	5,251
Allee-Center Kft., Budapest	50.0 [3]	116,681	6,955
Allianz C.P. General Insurance Co. Ltd., Bangkok	50.0	25,564	3,395
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0	242,054	190
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0	214,199	294
Companhia de Seguro de Créditos S.A., Lisbon	50.0	48,190	7,887
Euromarkt Center d.o.o., Ljubljana	50.0 [3]	25,213	8,838
Guotai Jun'an Allianz Fund Management Co. Ltd., Shanghai	49.0	51,722	8,334
International Shopping Centre Investment S.A., Luxembourg	50.0 [3]	29,416	(7,167)
Israel Credit Insurance Company Ltd., Tel Aviv	50.0 [3]	29,943	7,007
NET4GAS Holdings s.r.o., Prague	50.0	93,639	155

	OWNED [1]	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
One Beacon Joint Venture LP, Wilmington, DE	50.0 [3]	93,788	(1,322)
SES Shopping Center AT1 GmbH, Salzburg	50.0 [3]	42,665	6,076
Solunion Compania Internacional de Seguros y Reaseguros SA, Madrid	50.0 [3]	113,224	(14,271)
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0 [3]	15,348	(1,477)
Associates			
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	32.5 [3]	35,312	830
Archstone Multifamily Partners AC JV LP, Engelwood, CO	40.0	86,634	(2,066)
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6	246,675	(3,939)
Areim Fastigheter 2 AB, Stockholm	23.3 [3]	15,517	(5,246)
Bajaj Allianz General Insurance Company Ltd., Pune	26.0	272,430	64,023
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0	917,959	109,888
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0	8,944	1,349
Chicago Parking Meters LLC, Wilmington, DE	49.9 [3]	366,330	32,792
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9	133,206	0
Douglas Emmett Partnership X LP, Santa Monica, CA	28.6 [3]	66,690	(923)
Foncière des 6e et 7e arrondissements de Paris (SIIC) SA, Paris	26.5 [3]	428,732	23,888
Four Oaks Place LP, Wilmington, DE	49.0 [3]	348,676	10
Graydon Holding N.V., Amsterdam	27.5 [3]	14,332	4,111
Helios Silesia Holding B.V., Amsterdam	45.0 [3]	46,598	(30)
JPMorgan IIF UK1 LP, Dublin	24.2 [3]	190,589	1,306
OeKB EH Beteiligungs- und Management AG, Vienna	49.0 [3]	121,535	10,909
P H R V Paris Hotels Roissy Vaugirard SA, Paris	30.6 [3]	27,653	(9,684)
PAR Holdings Limited, Hamilton	22.0	24,909	3,164
PGREF V 1301 Sixth Holding LP, Wilmington, DE	24.5 [3]	155,455	(38,382)
PGRESS Debt Holdings LP, Wilmington, DE	20.0 [3]	18,313	799
PGRESS Equity Holdings LP, Wilmington, DE	20.0	39,387	2,516
SAS Alta Gramont, Paris	49.0 [3]	289,801	290
SCI Bercy Village, Paris	49.0 [3]	39,307	5,265
SK Versicherung AG, Vienna	25.8 [3]	12,036	950
SNC Alta CRP Gennevilliers, Paris	49.0 [3]	32,755	1,519
SNC Alta CRP La Valette, Paris	49.0 [3]	22,698	(3,646)
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0 [3]	11,054	1,761
Solveig Gas Holdco AS, Oslo	30.0	273,357	24,047
Other participations between 5 and 20% of voting rights			
Al Nisr Al Arabi, Amman	18.0		
Banco BPI S.A., Porto	8.8		
Sri Ayudhya Capital Public Company Limited, Bangkok	16.8		
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 2013.
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 2015

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 2014. 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, 2 March 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Becker
Wirtschaftsprüfer
(Independent Auditor)

Dr. 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 SE
AGF	Assurances Générales de France S.A.
AGM	Annual General Meeting
AktG	German Stock Corporation Act ("Aktiengesetz")
APV	Allianz Pensionsverein e.V.
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")
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")
DKK	Danish Krone
DVFA	German Association for Financial Analysis and Asset Management ("Deutsche Vereinigung für Finanzanalyse und Asset Management")
e.g.	for example
E.U.	European Union
e.V.	voluntary association ("eingetragener Verein")
ECB	European Central Bank
EGHGB	Introductory Act to German Commercial Code ("Einführungsgesetz zum Handelsgesetzbuch")
EStG	German Income Tax Act ("Einkommensteuergesetz")
etc.	and so on ("et cetera")
ETF	Exchange Traded Fund
et seq.	and the following ("et sequens")
FCE	Ford Credit Europe
GBP	Pound Sterling
GDP	Gross Domestic Product
GEI	Group Equity Incentives
GmbH	limited liability company ("Gesellschaft mit beschränkter Haftung")
HGB	German Commercial Code ("Handelsgesetzbuch")
HUF	Hungarian Forint
i.e.	that is ("id est")
IAS	International Accounting Standards
ICOFR	Internal Control System Over Financial Reporting
IDW	Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer in Deutschland e.V.")
IFRS	International Financial Reporting Standards
Inc.	Incorporated Company KG
INR	Indian Rupee
JPY	Japanese Yen
KG	limited partnership ("Kommanditgesellschaft")
KGaA	limited joint-stock partnership ("Kommanditgesellschaft auf Aktien")
LP	Limited Partnership
LLC	Limited Liability Company
Ltd.	Limited
mbH	with limited liability ("mit beschränkter Haftung")
MN	million
MTB	Mid-Term-Bonus
MYR	Malaysian Ringgit
N.V.	stock corporation ("Naamloze Vennootschap")
n/a	not applicable
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
PIMCO	Pacific Investment Management Company
plc	public limited company
PLN	Polnish Zloty
RechVersV	External Accounting Requirements of Insurance Enterprises ("Verordnung über die Rechnungslegung von Versicherungsunternehmen")
RSU	Restricted Stock Units
S.A.	stock corporation ("Société Anonyme")
S.à.r.l.	privite limited company ("Société à responsabilité limitée")
S.A.S.	limited liability company ("Société par actions simplifiée")
S.p.A.	stock corporation ("Società per Azioni")
S.r.l.	privite limited company ("Societate cu Răspundere Limitată")
SAR	Stock Appreciation Rights
SE	European Public Company ("Societas Europaea")
SEBG	Participation of Employees in a European Company ("SE-Beteiligungsgesetz")
SEK	Swedish Krona
SGD	Singapore Dollar
THOU	thousand
TRY	Turkish Lira
U.S.	United States U.S.A.
UK	United Kingdom
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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