

# STRENGTH CONTINUITY CHANGE

Allianz SE  
**Annual Report 2016**

**Allianz** 

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# TO OUR INVESTORS

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# Supervisory Board Report

Ladies and Gentlemen,

*During the fiscal year 2016, 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, devoted particular attention to personnel matters related to the Board of Management, and advised the Board of Management regarding the conduct of business.*

## OVERVIEW

In all of the Supervisory Board's 2016 meetings, the Board of Management reported on Group revenues and results as well as developments in individual business segments. The Board of Management informed us on the course of business as well as on the development of the Allianz Group and Allianz SE, including deviations in actual business developments from the planning. Within the framework of our activities, the Board of Management reported to us on a regular basis and in a timely and comprehensive manner, both verbally and in writing. Key reporting issues were strategic topics, such as the implementation of the Renewal Agenda and the portfolio strategy, the risk strategy and capital management, the ongoing challenges facing the life insurance business due to the low interest rates, the divestment of the life insurance business in South Korea, as well as the business development in the Asset Management segment. In addition, we were extensively involved in the Board of Management's planning for both the fiscal year 2017 and the three-year period from 2017 to 2019. We dealt extensively with the implementation of the audit reform legislation, in particular the preparation of the audit firm rotation. Finally, we prepared for the election of the Supervisory Board in spring 2017 and also took a look at the result of the review of the efficiency of the Supervisory Board's activities carried out with the support of an external advisor.

In the fiscal year 2016, the Supervisory Board held six meetings. The meetings took place in February, March, May, August, October and December. The Board of Management's verbal reports at the meetings were accompanied by written documents, which were sent to each member of the Supervisory Board in time for the relevant meeting. 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 27](#). Members of the Supervisory Board who were unable to attend meetings of the Supervisory Board or its committees were excused and, as a rule, cast their votes in writing.

## ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In the meeting of 18 February 2016, the Supervisory Board dealt comprehensively with the provisional financial figures for the fiscal year 2015 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. The Chief Compliance Officer then gave his annual report on the compliance organization and key compliance-related matters. 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 fiscal year 2015 as well as the mid-term bonus for the fiscal years 2013–2015. In the course of the performance assessment, we also verified the fitness and propriety of the members of the Board of Management.

In the meeting of 10 March 2016, the Supervisory Board dealt, firstly with personnel matters and appointed Ms. Jacqueline Hunt to the Board of Management as successor to Mr. Jay Ralph with effect from 1 July 2016, and Dr. Günther Thallinger as successor to Dr. Maximilian Zimmerer with effect from 1 January 2017. The Supervisory Board also 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 fiscal year 2015. The auditor confirmed that there were no discrepancies to their February report, and issued an unqualified auditor's report for the individual and consolidated financial statements. In addition, the Board of Management submitted its report on risk developments in 2015. The Supervisory Board also dealt with the agenda and the proposals for resolution for the 2016 AGM of Allianz SE. It also resolved to appoint KPMG as auditor for the individual and consolidated financial statements for the fiscal year 2016 and for the auditor's review of the 2016 half-yearly financial report. In addition, the Supervisory Board was also informed about the implementation status of the Renewal Agenda and the consideration of environmental, social, and governance (ESG) aspects in the investment and underwriting process.

On 4 May 2016, just before the AGM, the Board of Management briefed us on the first quarter 2016 performance and on the Group's current situation, in particular the capital adequacy, the solvency ratio, and the planned sale of the life insurance business in South Korea. Because of Ms. Ira Gloe-Semler's and Mr. Peter Denis Sutherland's resignation from the Supervisory Board, a by-election for the committees had to be held. Ms. Martina Grundler was elected to the Audit Committee, Dr. Friedrich Eichiner to the Risk Committee, and Mr. Jim Hagemann Snabe to the Nomination Committee.

In the meeting of 4 August 2016, the Board of Management reported in depth on the half-yearly results and also dealt with the potential impact of Brexit as well as the failed coup attempt in Turkey, the situation in the Italian banking sector, the acquisition in Morocco, and planned issuance of shares to employees. We then dealt extensively with the implementation status of the Renewal Agenda, in particular in the main operating entities, regarding the topics True Customer Centricity, Digital by Default, Technical Excellence, Growth Engines, and Inclusive Meritocracy. The Board of Management also reported on the measures to promote women and to increase employee mobility. Finally, the Supervisory Board dealt with the audit reform legislation and the therefore required adjustments to the rules of procedure for the Supervisory Board and individual committees, as well as the objectives for the composition of the Supervisory Board. The meeting was preceded by a separate informational event for the members of the Supervisory Board on the Group's digital strategy and its implementation.

The main focus of the meeting on 7 October 2016 was the strategy of the Allianz Group, in particular the portfolio strategy and its integration into the Renewal Agenda, the risk strategy, and capital management. In addition, the Supervisory Board dealt with the Group's ambitions in the health insurance business. In its report on the results, the Board of Management also addressed the divestment process for Oldenburgische Landesbank AG. Other topics discussed in the meeting included amendments to the schedule of responsibilities of the Board of Management as well as the report of the Nomination Committee in the plenary session on the proposed candidates for election to the Supervisory Board as shareholder representatives by the 2017 AGM.

At the 15 December 2016 meeting, the Board of Management provided us with information about the third-quarter results and further business developments as well as the current situation of the Allianz Group. It also briefed us on the status of the divestment process in South Korea and on the settlement of a SEC investigation at PIMCO. We also discussed the planning for the fiscal year 2017 and the 2017–2019 three-year period, as well as the Declaration of Conformity with the German Corporate Governance Code. The Supervisory Board reviewed the appropriateness of the remuneration of the Board of Management based on a vertical and horizontal comparison,

set targets for the variable remuneration of the members of the Board of Management and discussed general succession planning with regard to the Board of Management. The new CEO of PIMCO also introduced himself with initial considerations regarding the future direction of PIMCO. Furthermore, we dealt extensively with the proposal made by the Audit Committee regarding the mandatory audit firm rotation. In addition, the Supervisory Board nominated the candidates for the 2017 Supervisory Board election in accordance with the proposal made by the Nomination Committee and considering the objectives for the composition of the Supervisory Board. The new regulatory requirements regarding the composition of the Supervisory Board were also discussed in this context. Finally, we took a detailed look at the results of the Supervisory Board's efficiency review carried out with the support of an external advisor.

#### **DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE**

On 15 December 2016, the Board of Management and the Supervisory Board issued the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act (“Aktien-gesetz”). 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 made in the Code's version of 5 May 2015.

Further explanations on corporate governance in the Allianz Group can be found in the Corporate Governance Report starting on [page 27](#) and the Statement on Corporate Management pursuant to § 289a of the HGB starting on [page 32](#). The Allianz website also provides more details on corporate governance: [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

#### **COMMITTEE ACTIVITIES**

The Supervisory Board has formed various committees in order to perform its duties efficiently. The committees prepare the discussion and adoption of resolutions in the plenary sessions or can adopt resolutions themselves.

The *Standing Committee* held two meetings and adopted one resolution by written procedure in 2016. These related primarily to corporate governance issues, in particular to the adjustments to the rules of procedure for the Supervisory Board and its committees as a result of the new auditing legislation, the preparation for the AGM, the Employee Stock Purchase Plan, and the external review of the Supervisory Board's efficiency. During the fiscal year the committee also passed resolutions to approve loans to senior executives.

The *Personnel Committee* held three meetings, one of which was by conference call, in 2016. It dealt extensively with the successors to Mr. Ralph and Dr. Zimmerer. The committee also looked at other mandate matters for active and former members of the Board of Management. In addition to reviewing the target achievement among Board of Management members for 2015, the committee prepared the review of the remuneration system and the setting of targets for variable remuneration for 2017.

The *Audit Committee* held five regular and two extraordinary meetings, and adopted one resolution by written procedure in 2016. 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 as well as the half-yearly financial report. The Audit Committee saw no reason to raise any objections. In addition, the Board of Management submitted its report on the results of the first and third quarter. The committee also dealt with the auditor's engagement and established priorities for the annual audit for the 2016 financial year. It also discussed assignments to the auditors for non-audit services. In addition, it dealt extensively with the compliance system, the internal audit system as well as the internal financial reporting process and the internal controls over financial reporting. The committee received



regular reports on legal and compliance issues and the work of the internal audit function and initiated a review of the group-wide implementation status of the governance requirements according to Solvency II. The preparations for the audit firm rotation from the fiscal year 2018 were one of the main areas of focus of the Audit Committee's work. A tender procedure in accordance with the new legal requirements was carried out for this purpose and a recommendation finally submitted to the plenary session.

The **Risk Committee** held two meetings in 2016, 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 as well as 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 and the result of further, voluntary risk assessments by the auditor were also discussed. The committee took a detailed look at the risk strategy and capital management, as well as the effectiveness of the risk management system, in particular the limit system for the Allianz Group and Allianz SE. The interest rate sensitivity in the life insurance business and measures to reduce it were also dealt with in detail. Other matters considered were the risk strategy of Allianz SE and of the Allianz Group, the risk categories "operational risk" and "credit risk", the effects of the prevailing low-interest environment, and the rules for Global Systematically Important Insurers (G-SII).

The **Nomination Committee** held four meetings, two of which by conference call in 2016, in which it dealt comprehensively with the proposals made by the shareholders for the election of the Supervisory Board by the 2017 AGM.

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

#### **CHAIR AND COMMITTEES OF THE SUPERVISORY BOARD** – as of 31 December 2016

**Chairman:** Dr. Helmut Perlet

**Vice Chairmen:** Dr. Wulf H. Bernotat, Rolf Zimmermann

**Standing Committee:** Dr. Helmut Perlet (Chairman), Dr. Wulf H. Bernotat, Gabriele Burkhardt-Berg, Prof. Dr. Renate Köcher, Rolf Zimmermann

**Personnel Committee:** Dr. Helmut Perlet (Chairman), Christine Bosse, Rolf Zimmermann

**Audit Committee:** Dr. Wulf H. Bernotat (Chairman), Jean-Jacques Cette, Martina Grundler, Dr. Helmut Perlet, Jim Hagemann Snabe

**Risk Committee:** Dr. Helmut Perlet (Chairman), Dante Barban, Christine Bosse, Dr. Friedrich Eichiner, Jürgen Lawrenz

**Nomination Committee:** Dr. Helmut Perlet (Chairman), Prof. Dr. Renate Köcher, Jim Hagemann Snabe

#### **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 not 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 of the fiscal year 2016. 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 financial report. The third-quarter results were subject to a voluntary review by KPMG. In addition, KPMG was also mandated to perform an audit of the market value balance sheet according to Solvency II.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from KPMG on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on 15 February 2017 and in the plenary session of the Supervisory Board on 16 February 2017. The final financial statements and KPMG's audit reports were reviewed on 9 March 2017 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. In addition, the market-value balance sheet as of 31 December 2016 as well as the relevant KPMG report, were addressed by the Audit Committee and Supervisory Board.

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. 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**

Ms. Ira Gloe-Semler resigned from her office of employee representative on the Supervisory Board effective 31 March 2016, due to her change of function with the union ver.di. The SE Works Council appointed Ms. Martina Grundler, also a representative of the union ver.di, as her successor. Mr. Peter Denis Sutherland stepped down from the Supervisory Board following the AGM on 4 May 2016, having reached retirement age. Dr. Friedrich Eichiner was elected to the Supervisory Board as his successor by the AGM.

As already mentioned, the 2016 financial year also saw personnel changes within Allianz SE's Board of Management. Mr. Jay Ralph and Dr. Maximilian Zimmerer stepped down from the Board of Management with effect from 30 June 2016 and 31 December 2016, respectively. Ms. Jacqueline Hunt was appointed as successor to Mr. Ralph with effect from 1 July 2016. Dr. Zimmerer was replaced by Dr. Günther Thallinger with effect from 1 January 2017.

Munich, 9 March 2017

For the Supervisory Board:



Dr. Helmut Perlet  
Chairman



# Mandates of the Members of the Supervisory Board

## DR. HELMUT PERLET

Chairman  
Member of various Supervisory Boards  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
Commerzbank AG  
GEA Group AG (Chairman since 20 April 2016)

## DR. WULF H. BERNOTAT

Vice Chairman  
Member of various Supervisory Boards  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
Bertelsmann Management SE  
Bertelsmann SE & Co. KGaA  
Deutsche Telekom AG  
Vonovia SE (Chairman)

## ROLF ZIMMERMANN

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

## DANTE BARBAN

Employee of Allianz S.p.A.

## CHRISTINE BOSSE

Member of various Supervisory Boards  
Membership in comparable<sup>1</sup> supervisory bodies  
P/F BankNordik (Chairwoman)  
TDC A/S

## GABRIELE BURKHARDT-BERG

Chairwoman of the Group Works Council of Allianz SE  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
Allianz Deutschland AG  
since 1 September 2016

## JEAN-JACQUES CETTE

Chairman of the Group Works Council of Allianz France S.A.  
Membership in comparable<sup>1</sup> supervisory bodies  
Membership in Group bodies  
Allianz France S.A.

## DR. FRIEDRICH EICHINER

since 4 May 2016  
Member of various Supervisory Boards  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
Festo AG  
Membership in comparable<sup>1</sup> supervisory bodies  
Festo Management AG

## IRA GLOE-SEMLER

until 1 April 2016  
Regional Representative Financial Services of ver.di Hamburg

## MARTINA GRUNDLER

since 1 April 2016  
National Representative Insurances, ver.di Berlin

## 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

## JÜRGEN LAWRENZ

Employee of Allianz Managed Operations & Services SE  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
Membership in Group bodies  
Allianz Managed Operations & Services SE

## JIM HAGEMANN SNABE

Member of various Supervisory Boards  
Membership in other statutory supervisory boards and SE administrative boards in Germany  
SAP SE  
Siemens AG  
Membership in comparable<sup>1</sup> supervisory bodies  
A.P. Møller-Mærsk A/S  
since 12 April 2016  
Bang & Olufsen A/S  
Danske Bank A/S  
until 17 March 2016

## PETER DENIS SUTHERLAND

until 4 May 2016  
Member of various Supervisory Boards  
Membership in comparable<sup>1</sup> supervisory bodies  
BW Group Ltd.  
Koç Holding A.Ş.

<sup>1</sup> — Generally, 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

## OLIVER BÄTE

Chairman of the Board of Management  
 Membership in other statutory supervisory boards and SE administrative boards in Germany  
 Membership in Group bodies  
 Allianz Deutschland AG  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz France S.A.  
 until 5 May 2016

## SERGIO BALBINOT

Insurance Western & Southern Europe  
 Insurance Middle East, Africa  
 Asia Pacific  
 since 1 January 2017  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Bajaj Allianz General Insurance Co. Ltd.  
 since 12 January 2016  
 Bajaj Allianz Life Insurance Co. Ltd.  
 since 12 January 2016  
 UniCredit S.p.A.  
 since 9 June 2016  
 Membership in Group bodies  
 Allianz France S.A.  
 Allianz S.p.A.  
 until 22 July 2016  
 Allianz Sigorta A.S.  
 Allianz Yasam ve Emeklilik A.S.

## JACQUELINE HUNT

since 1 July 2016  
 Asset Management, US Life Insurance  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz Life Insurance Company of North America  
 (Chairwoman)  
 since 22 July 2016

## DR. HELGA JUNG

Insurance Iberia & Latin America, Legal, Compliance,  
 Mergers & Acquisitions  
 Membership in other statutory supervisory boards and SE administrative boards in Germany  
 Deutsche Telekom AG  
 since 25 May 2016  
 Membership in Group bodies  
 Allianz Asset Management AG (Chairwoman)  
 Allianz Deutschland AG  
 since 11 March 2016  
 Allianz Global Corporate & Specialty SE  
 Membership in comparable<sup>1</sup> supervisory bodies  
 UniCredit S.p.A.  
 until 31 May 2016  
 Membership in Group bodies  
 Allianz Compañía de Seguros y Reaseguros S.A.  
 Companhia de Seguros Allianz Portugal S.A.

## DR. CHRISTOF MASCHER

Operations, Allianz Worldwide Partners  
 Membership in other statutory supervisory boards and SE administrative boards in Germany  
 Volkswagen Autoversicherung AG  
 Membership in Group bodies  
 Allianz Managed Operations & Services SE (Chairman)  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz Worldwide Partners S.A.S.

## JAY RALPH

until 30 June 2016  
 Asset Management, US Life Insurance  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz Life Insurance Company of North America  
 (Chairman)

## DR. GÜNTHER THALLINGER

since 1 January 2017  
 Investment Management  
 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)  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz S.p.A.  
 since 22 July 2016

## DR. AXEL THEIS

Global Insurance Lines & Anglo Markets  
 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<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz Australia Ltd.  
 Allianz Insurance plc (Chairman)  
 Allianz Irish Life Holdings plc  
 Euler Hermes Group S.A. (Chairman since 25 May 2016)

## 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  
 Membership in comparable<sup>1</sup> supervisory bodies  
 UBS Group AG  
 since 10 May 2016

## DR. WERNER ZEDELIIUS

Insurance German Speaking Countries and Central & Eastern Europe  
 Membership in other statutory supervisory boards and SE administrative boards in Germany  
 FC Bayern München AG  
 Membership in Group bodies  
 Allianz Deutschland AG (Chairman)  
 Allianz Investment Management SE  
 Membership in comparable<sup>1</sup> supervisory bodies  
 Membership in Group bodies  
 Allianz Elementar Lebensversicherungs-AG (Chairman)  
 Allianz Elementar Versicherungs-AG (Chairman)  
 Allianz Investmentbank AG  
 Allianz Suisse Lebensversicherungs-Gesellschaft AG  
 Allianz Suisse Versicherungs-Gesellschaft AG  
 Allianz Tiriac Asigurari S.A.  
 since 31 January 2017

## DR. MAXIMILIAN ZIMMERER

until 31 December 2016  
 Investments, Global Life/Health  
 Insurance Asia Pacific  
 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

<sup>1</sup> — Generally, we regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

# MANAGEMENT REPORT OF ALLIANZ SE

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B

# Executive Summary and Outlook

## Earnings summary

### CONDENSED INCOME STATEMENT

€ MN	2016	2015	Change
<b>Gross premiums written</b>	<b>10,820</b>	<b>8,328</b>	<b>2,492</b>
Premiums earned (net)	9,625	7,183	2,442
Claims (net)	(6,344)	(4,907)	(1,437)
Underwriting expenses (net)	(2,946)	(2,065)	(881)
Other technical reserves (net)	65	13	52
<b>Net underwriting result</b>	<b>400</b>	<b>224</b>	<b>176</b>
Change in claims equalization and similar reserves	(528)	(193)	(335)
<b>Net technical result</b>	<b>(128)</b>	<b>31</b>	<b>(159)</b>
Investment result	3,290	6,009	(2,719)
Allocated interest return	(22)	(60)	38
Other non-technical result	(459)	(2,782)	2,323
<b>Non-technical result</b>	<b>2,809</b>	<b>3,167</b>	<b>(358)</b>
<b>Net operating income</b>	<b>2,681</b>	<b>3,198</b>	<b>(517)</b>
Taxes	267	356	(89)
<b>Net income</b>	<b>2,948</b>	<b>3,554</b>	<b>(606)</b>

### NET UNDERWRITING RESULT

*Gross premiums written* increased to € 10,820 MN, mainly due to the new quota share agreements with European Allianz entities. In total, € 10,385 MN (2015: € 7,769 MN) of gross premiums came from Property-Casualty reinsurance and € 435 MN (2015: € 559 MN) from Life/Health reinsurance.

The net retention ratio increased to 92.7% (2015: 90.3%) due to optimized retrocession structure. *Premiums earned (net)* rose by € 2,442 MN to € 9,625 MN (2015: € 7,183 MN), mainly driven by the development of gross premiums written and lower retrocessions.

The accident year loss ratio (net) in Property-Casualty reinsurance dropped to 69.9% (2015: 72.8%). Natural catastrophe losses amounted to € 226 MN for the accident year 2016 (2015: € 244 MN). This represented a negative impact on the accident year loss ratio (net) of 2.4 (2015: 3.6) percentage points.

### NATURAL CATASTROPHES

€ MN

	Losses for Allianz SE
<b>Major Events in 2016</b>	
Storms Lea, Marine and Neele, Germany	40
Earthquake, New Zealand	39
Storm Elvira, Germany	34
Storm Friederike, Germany	27
Hailstorm, Canada	16
Hailstorm, Netherlands	13
Earthquake Kumamoto, Japan	10
Other	47
<b>Total</b>	<b>226</b>
<b>Major Events in 2015</b>	
Storm Niklas, Germany	63
New South Wales storms, Australia	38
Sydney hailstorm, Australia	37
Storm Thompson, Germany	21
Storm Siegfried, Germany	20
Hailstorm Edgar, Germany	16
Storms Elon and Felix, Germany	15
Other	34
<b>Total</b>	<b>244</b>

The positive run-off result increased substantially from € 324 MN to € 427 MN and was mainly influenced by the development of fire reinsurance (€ 180 MN), engineering reinsurance (€ 99 MN), personal accident reinsurance (€ 48 MN) and business interruption reinsurance (€ 36 MN). In total, there was a decrease of the loss ratio (net) in Property-Casualty reinsurance to 65.3% (2015: 68.0%).

The expense ratio (net) in Property-Casualty reinsurance increased substantially to 31.0% (2015: 28.9%). This was particularly driven by an increase of 2.3 percentage points in the commission ratio to 30.1% (2015: 27.8%), largely resulting from the new quota share agreements with European Allianz entities. At the same time, the administrative expense ratio dropped by 0.2 percentage points to 0.9% (2015: 1.1%).

The *net underwriting result* almost doubled by 78.7% from € 224 MN to € 400 MN, mainly because of the positive development of calendar year claims ratio in 2016 and the overall portfolio growth.

### NET TECHNICAL RESULT

In 2016, a *change in claims equalization and similar reserves* of € 528 MN (2015: € 193 MN) resulted from the substantial premium growth as well as the positive underwriting result. The strengthening was mainly driven by fire reinsurance (€ 183 MN), other reinsurance lines (€ 122 MN), motor reinsurance (€ 106 MN) and liability reinsurance (€ 45 MN).

Driven by the increase of equalization and similar reserves the *net technical result* turned negative with € (128) MN (2015: € 31 MN).

## NON-TECHNICAL RESULT

### INVESTMENT RESULT

€ MN	2016	2015	Change
<b>Investment income</b>			
Income from profit transfer agreements	1,943	3,001	(1,058)
Income from affiliated enterprises and participations	1,727	3,820	(2,093)
Income from other investments	945	945	–
Realized gains	365	361	4
Income from reversal of impairments	105	3	102
<b>Subtotal</b>	<b>5,085</b>	<b>8,130</b>	<b>(3,045)</b>
<b>Investment Expenses</b>			
Expenses for the management of investments, interest and other investment-related expenses	(1,106)	(1,122)	16
Depreciation and impairments of investments	(183)	(594)	411
Realized losses	(198)	(184)	(14)
Expenses for losses taken over	(308)	(221)	(87)
<b>Subtotal</b>	<b>(1,795)</b>	<b>(2,121)</b>	<b>326</b>
<b>Investment result</b>	<b>3,290</b>	<b>6,009</b>	<b>(2,719)</b>

The *investment result* decreased by € 2,719 MN to € 3,290 MN.

*Income from profit transfer agreements* declined by € 1,058 MN to € 1,943 MN, primarily due to a lower profit transfer from Allianz Deutschland AG, which went down by € 1,084 MN to € 850 MN. This was partly offset by higher profit transfers from Allianz Global Corporate & Specialty SE and from Allianz Asset Management AG, which slightly rose by € 15 MN to € 700 MN and by € 7 MN to € 381 MN.

*Income from affiliated enterprises and participations* decreased by € 2,093 MN to € 1,727 MN, mainly because the dividend payment received from our subsidiary Allianz Europe B.V. was reduced by € 2,100 MN to € 1,350 MN in 2016.

*Income from other investments* remained stable at € 945 MN, particularly consisting of interest income from intra-group loans (€ 417 MN) and bonds (€ 386 MN).

*Realized gains* slightly increased by € 4 MN to € 365 MN, mainly resulted from the sale of bonds (€ 326 MN).

*Income from reversal of impairments* went up by € 102 MN to € 105 MN and primarily stemmed from write-ups related to our bond portfolio (€ 98 MN).

*Expenses for the management of investments, interest and other investment-related expenses* were further reduced by € 16 MN to € 1,106 MN. Despite an overall increase of financial liabilities, interest expenses went down as a result of lower refinancing rates for the roll-over of matured debt instruments.

*Depreciation and impairments of investments* significantly declined by € 411 MN to € 183 MN. The impairments in 2016 were particularly attributable to our bond portfolio (€ 118 MN).

*Realized losses* increased by € 14 MN to € 198 MN, stemming from the sale of bonds (€ 114 MN) and the sale of our subsidiary Allianz Life Insurance Company Ltd. Korea (€ 85 MN).

*Expenses for losses taken over* rose by € 87 MN to € 308 MN. This was primarily due to higher losses taken over from our service provider Allianz Managed Operations & Services SE, which increased by € 69 MN to € 283 MN.

### OTHER NON-TECHNICAL RESULT

The *other non-technical result* improved significantly by € 2,323 MN to € (459) MN. This development was primarily driven by a decrease of interest expenses on pensions to the amount of € 654 MN and on long-term provisions to the amount of € 166 MN. Furthermore, the renegotiation of the pension cost allocation contract with the German subsidiaries, which had negatively affected the result by € (228) MN in the previous year, had a positive impact of € 148 MN in the fiscal year 2016. The release of pension provisions to the amount of € 143 MN, due to the reduction of the assumed pension trend, also led to an increase of the result. In addition, the improved currency result influenced the positive development by € 600 MN, the improved result on derivatives by € 340 MN. 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 most German subsidiaries belong to. As the controlling company, Allianz SE is liable for the income taxes of this German tax group.

After being offset against tax losses, the current tax charge of Allianz SE amounted to € 257 MN (2015: € 306 MN). Moreover, Allianz SE received a tax allocation of € 523 MN (2015: € 664 MN) by Allianz SE tax group companies that recorded taxable income. Taking into account other taxes, the tax income amounted to € 267 MN (2015: € 356 MN).

The decrease of the *net income* by € 606 MN to € 2,948 MN (2015: € 3,554 MN) is primarily driven by the significant drop of the investment result by € 2,719 MN to € 3,290 MN. This was partly offset by the rise of the other non-technical result by € 2,323 MN to € (459) MN.

## Economic outlook<sup>1</sup>

Following a slight acceleration in the final quarter of 2016, the world economy currently finds itself in fairly good shape and has made a positive start into the year 2017. In the industrialized countries, growth prospects are quite favorable overall. In the United States, despite the fact that there is still not much clarity about the specifics of economic policy under the new U.S. administration, a change in the policy mix is on the horizon: Monetary policy will provide somewhat less stimulus for the economic development, whereas fiscal policy will do more as the new U.S. administration is expected to deliver on the promise to cut taxes and launch investment initiatives. In the course of 2017, these measures are expected to buoy economic growth, despite some dampening effects such as higher inflation. All in all, the U.S. economy is likely to expand by 2.2% this year. In the Eurozone, the economic recovery is likely to continue. We expect real gross domestic product to increase by 1.8% (2016: 1.7%). While the upward movement in oil prices and rising inflation will weigh on private consumption, household spending will be supported by rising employment. The group of emerging market economies is set for a moderate acceleration of growth, mainly driven by a gradual stabilization in the group’s heavyweights, Russia and Brazil, and by a recovery in commodity-exporting countries. Overall, global output is likely to expand by about 2.8% in 2017, compared with 2.4% in 2016. Industrialized countries are expected to register gross domestic product

<sup>1</sup> — The information presented in the sections Economic outlook, Insurance industry outlook and Asset management industry outlook is based on our own estimates.

growth of 1.9%, while in emerging markets growth could increase to 4.1% from the 3.6% seen in 2016.

The uncertain global economic and political environment (e.g. rise of populism, high emerging market indebtedness, risk of E.U. disintegration) is likely to result in higher financial-market volatility this year. As far as monetary policy is concerned, assuming that the labor market remains tight and inflation rates continue to move up, the Federal Reserve is likely to continue to hike interest rates this year. By contrast, we do not see any major change in the European Central Bank's expansionary monetary policy stance.

Modestly rising yields on 10-year U.S. government bonds and higher inflation rates in the Eurozone will exert some upward pressure on European benchmark bond yields in 2017. However, with short-term rates at zero, there are limited prospects of markedly higher yields on longer-term bonds. For 10-year German government bonds, we predict yields to climb modestly towards 1% in the course of 2017; for 10-year U.S. government bonds, yields may end the year in a range between 2.5% and 3%. While the expected Federal Reserve rate hikes will weigh on the Euro, a number of other factors will support it; above all, the expected rise in the U.S. current-account deficit as well as the speculation – which is likely to increase towards year-end – about the timing and manner of the European Central Bank's exit from its bond purchasing program. We expect the Dollar-to-Euro exchange rate to close the year at about 1.10 (2016: 1.05).

## Insurance industry outlook

In 2017, things are likely to start moving in the right direction for the insurance industry: The global economy is set to shift up a gear, inflation will return – which will set the scene for monetary normalization – and last but not least, interest rates are expected to rise. That said, the overall momentum will probably be too weak to finally escape the low-growth, low-yield environment; so, for the time being, we expect premium growth to remain modest and investment income to remain under pressure. Moreover, political risks could easily derail the economy and knock markets from their path to normalization.

While the macroeconomic environment, despite all the uncertainties, offers some glimpses of hope, the challenges on the micro-economic front remain formidable: As technological progress and the digitization of our life gather speed, established business models get under enormous pressure. The industry has to adapt quickly to defend its franchise against new competitors. In combination with the new regulatory regime (Solvency II), which brings more clarity on capital positions, this restructuring process could act as a possible catalyst for more industry consolidation.

To sum up: In 2017, the industry's top line will continue to grow modestly – though some lines of business such as trade-dependent marine and rate-sensitive savings might struggle – while the bottom line remains under pressure from weak investment income and the need to build new, digital business models.

In the *property-casualty sector*, growth in advanced markets should remain rather stable: The ongoing recovery supports demand, but pricing is still a concern. For advanced markets, political instability could prove to be the biggest challenge in 2017, as growing protectionism and the looming Brexit drive structural changes in the industry. The outlook for emerging markets is much brighter: Asia is expected to roar ahead, Latin America will stabilize, and Eastern Europe will continue its recovery. Overall, we expect global premium revenue growth to range between 4.0% and 5.0% in 2017 (in nominal

terms, adjusted for foreign currency translation effects). Given the still challenging pricing outlook and weak investment income, overall profitability might not improve but stay more or less flat.

In the *life sector* the overall picture is quite similar. Specifically, we expect advanced markets to maintain their (modest) growth as demand benefits from rising employment and new product offers. Emerging markets, on the other hand, will show stronger performance. Asia might shift down a little after the extraordinary growth spurt seen in 2016; on a general note, however, rising incomes, urbanization, and social security reforms should remain strong engines for growing insurance demand. All in all, we expect global premium revenue to increase by 4.0% to 5.0% in 2017 (in nominal terms, adjusted for foreign currency translation effects). To safeguard profitability, insurers will continue to review both their product mixes and their investment portfolios. As a result, overall profitability should not deteriorate any further.

## Business outlook

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

- Global economic growth is set to continue.
- Modest rise in interest rates expected.
- No major disruptions of capital markets.
- 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 1.11.

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 a 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 an 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 26](#).

Pricing pressure continued at the January 2017 renewals as the reinsurance sector absorbed ongoing capital inflows together with moderate levels of reinsured loss events. Therefore the renewal results were below the prior year's level, with prices in the assumed business further softening and only partially compensated by favorable conditions in the outgoing reinsurance.

Allianz SE's technical result depends largely on group-internal cessions resulting from the quota share agreements with European Allianz entities. We expect a slight decrease of net premiums and at the same time an improvement of the net underwriting result in 2017. Based on our estimations we expect a slightly decreased combined ratio for 2017. It should be noted that, in extreme cases, the actual result may vary significantly as the reinsurance business is, by nature, volatile in terms of frequency and severity of losses.

For 2017, we predict an increase in net income. Based on our current planning, this may involve a year-on-year shift in earning contributions between the investment result and the other non-technical result. We currently expect a rising investment result. However, as things stand, this increase will partially be offset by a declined other non-technical result. We are not currently planning a specific currency rate result, nor are we able to anticipate any net gains/losses from derivatives. This could impact the net income of Allianz SE considerably. Given the susceptibility of our non-technical result to adverse capital market developments, we do not provide a precise outlook for net income. Nevertheless, we are ultimately planning and managing the Allianz SE result in line with the dividend policy 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 generate net earnings for Allianz SE that match the dividend policy of Allianz Group. For more detailed information on the dividend policy, see the Allianz Group's Annual Report 2016 and [www.allianz.com/dividend](http://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.

### Cautionary note regarding forward-looking statements

The statements contained herein may include prospects, statements of future expectations, and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance, or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events), (iii) frequency and severity of insured loss events, including natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates, including the Euro/u.s. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national, and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

### No duty to update

The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.



# Operations by Reinsurance Lines of Business

**Gross premiums written** increased significantly by 29.9% to € 10,820 MN (2015: € 8,328 MN). This was mainly due to new quota share agreements with European Allianz entities that contributed gross premiums written of € 2,897 MN. These quota share agreements had substantial impact on the overall reinsurance portfolio – especially in motor rein-

sure, fire reinsurance and household and homeowners reinsurance. All in all, 92.6% (2015: 88.5%) of premiums written originated 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	
	2016	2015	Change	2016	2015	2016	2015	2016	2015
	€ MN	€ MN	% <sup>1</sup>	%	%	€ MN	€ MN	€ MN	€ MN
Motor	4,062	1,995	103.6	104.1	103.7	(106)	12	(276)	(54)
Fire and property reinsurance	2,817	2,419	16.5	88.2	98.5	(183)	44	92	73
thereof:									
Household and homeowner	839	576	45.7	88.0	90.4	–	–	95	54
Fire	810	506	60.0	78.2	116.9	(183)	44	(59)	(13)
Engineering	441	492	(10.3)	88.7	87.3	–	–	48	49
Business interruption	83	111	(24.9)	87.8	95.6	–	–	10	4
Other property reinsurance	644	734	(12.3)	98.8	103.5	–	–	(2)	(21)
Liability	1,270	1,148	10.6	94.6	86.2	(45)	(120)	16	15
Credit and bond	382	402	(4.9)	93.3	91.2	(43)	(26)	(17)	–
Marine and aviation	357	420	(15.1)	94.8	111.6	(27)	20	(9)	(22)
Personal accident	354	311	14.0	79.3	86.2	(1)	14	68	49
Life	319	427	(25.2)	n/a	n/a	–	–	89	33
Legal expenses	237	212	11.6	98.3	91.1	(1)	(18)	3	1
Health	116	132	(12.5)	n/a	n/a	–	–	1	(2)
Other lines	906	862	5.2	96.5	92.2	(122)	(119)	(95)	(62)
<b>Total</b>	<b>10,820</b>	<b>8,328</b>	<b>29.9</b>	<b>96.3</b>	<b>96.9</b>	<b>(528)</b>	<b>(193)</b>	<b>(128)</b>	<b>31</b>

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

Premiums written in **motor reinsurance** more than doubled to € 4,062 MN (2015: € 1,995 MN) due to new quota share agreements with European Allianz entities. The combined ratio rose to 104.1% (2015: 103.7%), mainly driven by the increased expense ratio of 28.8% (2015: 23.9%) due to the new quota share agreements with European Allianz entities. In particular, the premium increase triggered a strengthening of the equalization reserve of € 106 MN (2015: release of € (12) MN).

The **household and homeowner reinsurance** portfolio increased significantly by 45.7%, with gross premiums written of € 839 MN (2015: € 576 MN) mainly coming from the business with Allianz IARD S.A., Allianz Versicherungs-AG and AllSecur Deutschland AG.

The **fire reinsurance** portfolio grew to € 810 MN (2015: € 506 MN) in gross premiums written mainly driven by internal business. The combined ratio decreased to 78.2% (2015: 116.9%), in particular due to a positive run-off result of € 180 MN (2015: € 34 MN).

**Engineering reinsurance** premiums written decreased to € 441 MN (2015: € 492 MN) mainly coming from the quota share with AGCS Munich. The combined ratio deteriorated to 88.7% (2015: 87.3%), mainly driven by a higher accident year claims ratio of 80.6% (2015: 74.9%) which was partially compensated by the positive run-off result of € 99 MN (2015: € 77 MN).

**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 declined by 12.3% to € 644 MN (2015: € 734 MN) while positive run-off contributed to the improvement of the combined ratio.

Premiums written for **liability reinsurance** went up by 10.6% to € 1,270 MN (2015: € 1,148 MN), mainly driven by the new quota share agreements with European Allianz entities. The combined ratio deteriorated to 94.6% (2015: 86.2%) mainly influenced by the negative run-off result of € (33) MN (2015: € 112 MN) and by a 2.2 percentage points higher expense ratio of 32.5% (2015: 30.3%). The premium increase as well as the positive result triggered a further strengthening of the equalization reserve of € 45 MN (2015: € 120 MN).

Gross premiums written in **credit and bond reinsurance** decreased by € 20 MN to € 382 MN, mainly driven by declined business with Euler Hermes Reinsurance AG. The combined ratio worsened to 93.3% (2015: 91.2%), influenced by a higher expense ratio of 40.0% (2015: 33.9%). A further strengthening of equalization reserve by € 43 MN (2015: € 26 MN) led to a negative net technical result of € (17) MN (2015: € 0 MN).

The premium revenue in *marine and aviation reinsurance* fell by 15.1% to € 357 MN (2015: € 420 MN) mainly impacted by a decrease of premium revenue with AGCS Munich. The combined ratio improved substantially by 16.8 percentage points to 94.8%, reflecting a lower accident year loss ratio of 68.8% (2015: 94.2%). This development caused a strengthening of € 27 MN in equalization reserve (2015: release of € (20) MN); as a consequence, net technical result stayed negative with € (9) MN (2015: € (22) MN).

The *personal accident reinsurance* gross premium revenue increased to € 354 MN (2015: € 311 MN), mainly driven by higher premiums ceded by Allianz Elementar Versicherungs-Aktiengesellschaft and Allianz Compañía de Seguros y Reaseguros S.A. The combined ratio further improved to 79.3% (2015: 86.2%), mainly influenced by higher run-off income of € 48 MN (2015: € 17 MN). After a strengthening of € 1 MN in equalization reserve (2015: release of € (14) MN) an increased net technical result of € 68 MN (2015: € 49 MN) was achieved.

In *life reinsurance*, the premium revenue declined to € 319 MN (2015: € 427 MN), primarily due to the recapture of a capital management transaction in the Asia-Pacific region. The expense ratio dropped by 9.2 percentage points to 17.8%. The net technical result increased to € 89 MN (2015: € 33 MN).

The premium revenue of *legal expenses reinsurance* rose by 11.6% to € 237 MN (2015: € 212 MN), largely driven by new quota share agreement with Allianz Elementar Versicherungs-Aktiengesellschaft. The combined ratio deteriorated substantially to 98.3% (2015: 91.1%). This was mainly attributable to lower run-off result of € 16 MN (2015: € 30 MN) reflected in a higher calendar year losses ratio of 61.8% (2015: 53.7%). After a strengthening of equalization reserve with an amount of € 1 MN (2015: € 18 MN), the net technical result remained positive with € 3 MN (2015: € 1 MN).

Other reinsurance lines include:

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

# Balance Sheet Review

## Condensed balance sheet

€ MN		
as of 31 December	2016	2015
<b>ASSETS</b>		
Intangible assets	21	19
Investments	113,079	107,787
Receivables	5,473	5,290
Other assets	292	791
Deferred charges and prepaid expenses	615	423
<b>Total assets</b>	<b>119,480</b>	<b>114,310</b>
<b>EQUITY AND LIABILITIES</b>		
Shareholders' equity	44,650	44,978
Subordinated liabilities	13,806	12,340
Insurance reserves net	14,471	13,168
Other provisions	7,369	7,500
Funds held with reinsurance business ceded	1,075	63
Payables on reinsurance business	411	231
Other financial liabilities	37,691	36,018
Deferred income	7	12
<b>Total equity and liabilities</b>	<b>119,480</b>	<b>114,310</b>

## Investments

€ MN		
as of 31 December	2016	2015
Real estate	250	254
Investments in affiliated enterprises and participations	71,354	73,711
Other investments	33,447	27,727
Funds held by others under reinsurance business assumed	8,028	6,095
<b>Total investments</b>	<b>113,079</b>	<b>107,787</b>

The book value of *investments in affiliated enterprises and participations* decreased by € 2.3 BN to € 71.4 BN as a result of a lower book value of shares in affiliated enterprises (€ 2.3 BN). More details regarding this position are explained in note 4 to our financial statements.

*Other investments* went up from € 27.7 BN to € 33.4 BN, primarily due to higher investments in debt securities (€ 3.7 BN) and loans (€ 1.2 BN). In addition, a rise in investment funds (€ 0.5 BN) and in deposits with banks (€ 0.3 BN) also contributed to the overall increase. At the end of 2016, € 27.4 BN of the total of other investments were invested in fixed-income securities, of which € 9.5 BN were government bonds. We slightly reduced our overall government bond exposure by € 0.1 BN compared to year-end 2015, thereby increasing our sovereign debt exposure in Spain from € 0.5 BN to € 0.7 BN while decreasing our investments in Italian government bonds from € 0.8 BN to € 0.6 BN.

*Funds held by others under reinsurance business assumed* increased to € 8.0 BN (2015: € 6.1 BN) mainly driven by the new quota share agreements with European Allianz entities.

As of 31 December 2016, the fair value of investments amounted to € 124.9 BN (2015: € 115.5 BN), compared to a carrying amount of € 113.1 BN (2015: € 107.8 BN).

## Shareholders' equity

As of 31 December 2016, our shareholders' equity amounted to € 44.7 BN (2015: € 45.0 BN). The net decrease of € 0.3 BN was primarily due to net income being lower than the dividend paid in 2016.

In the fiscal year 2016, as in the previous year, no capital increase from authorized capital was performed for the Employee Stock Purchase Plan. Instead, the shares were taken from own shares held. So the issued capital remained unchanged in the fiscal year.

The Board of Management proposes to use the net earnings of € 3,856 MN for dividend payments in the amount of € 3,459 MN. The unappropriated earnings of € 397 MN will be carried forward.

## DEVELOPMENT OF SHAREHOLDERS' EQUITY AND OF ISSUED SHARES

	Issued shares	Issued capital	Mathematical value of own shares	Additional paid-in capital	Revenue reserves	Net earnings	31 December
	Number	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU
as of 31 December 2015	457,000,000	1,169,920	(5,570)	27,799,741	11,785,174	4,228,626	44,977,891
Own shares	–	–	625	–	(1,017)	–	(392)
Own shares: realized gains	–	–	–	44,923	–	–	44,923
Dividend payment for 2015	–	–	–	–	–	(3,320,374)	(3,320,374)
Unappropriated earnings carried forward	–	–	–	–	–	(908,252)	(908,252)
Net earnings	–	–	–	–	–	3,855,866	3,855,866
<b>as of 31 December 2016</b>	<b>457,000,000</b>	<b>1,169,920</b>	<b>(4,945)</b>	<b>27,844,664</b>	<b>11,784,157</b>	<b>3,855,866</b>	<b>44,649,662</b>

## Insurance reserves and other provisions

For information on *insurance reserves* and *other provisions*, please refer to notes 12 and 13 to our financial statements.

## Financial liabilities

As of 31 December 2016, Allianz SE had the following outstanding *financial liabilities*:

### FINANCIAL LIABILITIES

€ MN	2016	2015
as of 31 December		
Intra-group subordinated liabilities	4,869	4,869
Third-party subordinated liabilities	8,937	7,471
Subordinated liabilities	13,806	12,340
Bonds issued to Group companies	2,576	3,258
Liabilities to banks	398	1,344
Other intra-group financial liabilities	33,429	29,753
Other third-party financial liabilities	1,288	1,663
Other financial liabilities	37,691	36,018
<b>Total financial liabilities</b>	<b>51,497</b>	<b>48,358</b>

Of these financial liabilities, € 40.9 BN (2015: € 37.9 BN) were intra-group liabilities.

*Subordinated liabilities* increased to € 13.8 BN (2015: € 12.3 BN). Details regarding this position are explained in note 11 to our financial statements.

*Liabilities from bonds issued to Group companies* declined to € 2.6 BN (2015: € 3.3 BN), due to the redemption of bonds amounting to € 0.7 BN.

*Liabilities to banks* went down to € 0.4 BN (2015: € 1.3 BN) as short-term funding via repurchase agreements was significantly reduced.

*Other intra-group financial liabilities* rose to € 33.4 BN (2015: € 29.8 BN) and were composed of the following positions:

### OTHER INTRA-GROUP FINANCIAL LIABILITIES

€ MN	2016	2015
as of 31 December		
Intra-group loans	23,317	20,397
Cash pool liabilities	9,272	8,345
Miscellaneous	840	1,011
<b>Other intra-group financial liabilities</b>	<b>33,429</b>	<b>29,753</b>

Liabilities from intra-group loans increased by € 2.9 BN to € 23.3 BN and liabilities from intra-group cash pooling by € 0.9 BN to € 9.3 BN. This was partly offset by a decline of miscellaneous intra-group liabilities by € 0.2 BN to € 0.8 BN.

In 2016, *other third-party financial liabilities* decreased by € 0.4 BN to € 1.3 BN because short-term funding through European commercial papers went down by € 0.1 BN to € 1.0 BN and other various third-party financial liabilities declined by € 0.3 BN to € 0.3 BN.

# Liquidity and Funding Resources

The responsibility for managing the funding needs of the Group, as well as for 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. Main sources of liquidity available to Allianz SE are dividends and funds received from subsidiaries, reinsurance premiums received as well as funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments, and highly liquid government bonds. Funds are primarily used for paying interest expenses on our debt funding, claims arising from the reinsurance business, operating costs, internal and external growth investments, and 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 2016, 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 2016, Allianz SE held 1,931,677 (2015: 2,175,776) own shares.

Allianz SE has the option to increase its equity capital base according to authorizations provided by the AGM. The following table outlines Allianz SE's capital authorizations as of 31 December 2016:

### 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 to 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 to Allianz SE. Our main sources of debt funding are senior and subordinated bonds. Among others, money market securities, letter-of-credit facilities and bank credit lines allow Allianz SE to fine-tune its capital structure.

In 2016, we had steady access to debt funding sources, enabling us to actively steer the maturity profile of our funding structure. In September 2016, Allianz SE issued an undated subordinated bond of USD 1.5 BN, increasing our subordinated liabilities to € 13.8 BN (2015: € 12.3 BN) at year-end.

Other financial liabilities increased to € 37.7 BN (2015: € 36.0 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 to our financial statements.

# Risk and Opportunity Report

## Target and strategy of risk management

For the benefit of shareholders and policyholders alike, Allianz SE's aim is to ensure to be adequately capitalized at all times. This includes meeting the Solvency II regulatory capital requirements resulting from the internal model. Furthermore, risk capital reflecting our risk profile and cost of capital are important aspects to be taken into account in business decisions.

We closely monitor the capital position of Allianz SE and apply regular stress tests (standardized and historical stress test scenarios). This allows us to take appropriate measures to ensure our continued capital and solvency strength.

In doing this, the risk management system described in the following is applied.

## Risk governance

### RISK MANAGEMENT FRAMEWORK

As the holding company of Allianz Group and a global reinsurer, we consider risk management to be one of our core competencies. It is therefore an integral part of our business processes. Our risk management framework is risk-based and covers all business units of Allianz SE. It encompasses IT, processes and departments within Allianz SE. 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 business units 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 business units.

The comprehensive framework ensures that risks are identified, analyzed, managed, and assessed consistently across Allianz SE. Our risk appetite is defined by a clear limit structure and a risk strategy consistent with Allianz SE's underlying business strategy. Close risk monitoring and reporting allows us to detect potential deviations from our risk tolerance at an early stage.

Our risk management system is based on the following four essential elements:

**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 and strategic asset allocations. The framework includes risk assessments, risk standards, valuation methods, and clear minimum standards for underwriting.

**Risk strategy and risk appetite:** Our risk strategy clearly defines our risk appetite. It ensures that rewards are appropriate considering the risks taken and that the delegated authorities are in line with our overall risk-bearing capacity. The risk-return profile is improved through integrating the 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.

**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 on our overall risk profile and assess whether it falls within delegated limits and authorities. For example, risk dashboards as well internal risk allocation and limit consumption reports are regularly prepared, communicated and monitored.

**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 and positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout Allianz SE.

## RISK GOVERNANCE STRUCTURE

### 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 support them.

#### Supervisory Board

The Risk Committee of the Supervisory Board monitors the effectiveness of Allianz SE's risk management and monitoring framework. Furthermore, it focuses on risk-related developments as well as general risks and specific risk exposures.

#### Board of Management

The Board of Management formulates business objectives and a corresponding, consistent risk strategy. The core elements of the risk framework are set out in the Allianz Group Risk Policy, which is approved by the Board of Management.

The Group Finance and Risk Committee (GFRC) ensures oversight of Allianz SE's risk management framework, acting as a primary early-warning function by monitoring Allianz SE's risk profile 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. Finally, the GFRC supports the Board of Management with recommendations regarding the capital structure, capital allocation and investment strategy, including the strategic asset allocation. The GFRC is supported by the Allianz Re Risk Committee on topics relating to the reinsurance business of Allianz SE.

### 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.



As a general principle, the “first line of defense” rests with business managers in the business units of Allianz SE. 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 oversight functions such as Risk, Actuarial, Compliance and Legal.

Audit forms the “third line of defense”. On a periodic basis, Audit independently reviews Allianz SE’s risk governance implementation and compliance with risk principles, performs quality reviews of risk processes, and tests adherence to business standards, including the internal control framework.

For all four functions, Allianz SE is covered by dedicated responsibilities at the departments of Allianz SE (including reinsurance).

## Risk

The functions of the Allianz Group’s Chief Risk Officer and of Allianz SE’s Chief Risk Officer are performed by the same person. Independent risk oversight for Allianz SE is conducted by risk control entities within Group Risk and the reinsurance department of Allianz SE.

## Other functions and bodies

In addition to the risk function for Allianz SE, Allianz SE legal and compliance and actuarial functions have been established, constituting additional components of the “second line of defense”.

Allianz SE legal and compliance functions seek to mitigate legal risks for Allianz SE with support from other departments. The objectives of these legal and compliance functions 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 Allianz SE and employees from regulatory risks.

The Allianz SE actuarial function contributes towards assessing and managing risks in line with actuarial regulatory requirements. These risks stem from the risk-taking/mitigating activities involving professional actuarial experience. The range of tasks includes, among others, the calculation and monitoring of technical provisions, technical actuarial assistance in business planning, reporting and monitoring of the result, and supporting the effective implementation of the risk management system.

## Risk based steering and risk management

Allianz SE is exposed to a variety of risks through its holding company and reinsurance activities. These include market, credit, underwriting, business, operational, strategic, liquidity and reputational risks.

With Solvency II being the binding regulatory regime since 1 January 2016 and the approval of our internal model, risk is measured and steered based on the risk profile underlying our regulatory capital requirement. By that we allow for a consistent view on risk steering and capitalization under the Solvency II framework. This is supplemented by economic scenarios and sensitivities.

Allianz SE steers its portfolio using a comprehensive view of risk and return, i.e. results based on the internal risk model, including scenario-based analysis, are actively used for decision making. On the one hand, economic risk and concentrations are actively restricted by means of limits as outlined above. On the other hand, return on risk capital (RoRC) is a key input in the underwriting of Property-

Casualty reinsurance business. The latter allows us to identify profitable lines of business on a sustainable basis, which provide reasonable profits on allocated risk capital. Therefore, it is a key criterion for capital allocation decisions.

As we are Allianz Group’s holding company and a global reinsurer, we consider diversification across different business segments and geographic regions as 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 risk profile in general. Therefore, our aim is to maintain a balanced risk profile without bearing any disproportionately large risk concentrations and accumulations.

In addition, central elements of Allianz SE’s dividend policy are linked to the Solvency II capitalization based on our internal model. This shows that the internal model is fully integrated in the business steering of Allianz SE and that its application satisfies the so-called “Use-test” under Solvency II.

## MARKET RISK

Market risk from material M&A transactions of Allianz SE is managed by assessing risk capital implications. With respect to investments, top-down indicators such as strategic asset allocations are defined for several sub-portfolios of Allianz SE and closely monitored to ensure balanced investment portfolios. Furthermore, we have a limit system in place, which comprises economic limits, in particular financial Value-at-Risk (VaR) and credit VaR as derived from the internal risk capital framework, complemented by stand-alone interest rate and equity sensitivity limits as well as by limits on foreign exchange exposures.

In order to further limit the impact of any financial market changes and to ensure that assets adequately back liabilities, we have additional measures in place. One of these is asset/liability management (ALM), linked to the internal risk capital framework, which incorporates risks as well as return aspects stemming from our reinsurance and pension obligations. In addition, we are using derivatives mostly to either hedge our planned dividend income from non-Euro subsidiaries against adverse currency market movements or to reduce our investment and reinvestment risk.

## CREDIT RISK

Allianz SE monitors and manages credit risk exposures and concentrations to ensure it is able to meet obligations towards our counterparties when they are due.

Credit risks are reflected by the internal credit risk model as well as in the obligor group limit management system. The internal credit risk capital model considers the major drivers of credit risk for each instrument, such as 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 qualitative information. The loss profile of the Allianz SE portfolio is obtained through a Monte Carlo simulation taking into account interdependencies and exposure concentrations per obligor segment.

To ensure effective credit risk management, credit VaR limits are derived from our internal risk capital framework as well as rating bucket benchmarks, which define our risk appetite for exposures in the lower investment grade and non-investment grade areas.



The group-wide country and obligor group limit management framework (CRiSP<sup>1</sup>) allows us to manage counterparty concentration risk. It 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. Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed.

## UNDERWRITING RISK

### PROPERTY-CASUALTY

Our Property-Casualty reinsurance business is exposed to premium risk related to the current year's new and renewed business, as well as reserve risk related to the business in force.

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 claims distributions and consider the features of our reinsurance contracts (e.g. shares, limits, reinstatements and commissions). Premium risk is actively managed by Allianz SE. The assessment of risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions in place. Excessive risks are mitigated by external retrocession agreements. All these measures contribute to a limitation on risk accumulation.

We also monitor concentrations and accumulation of non-market risks on a stand-alone basis (i.e. before diversification effects) within an Allianz Group global limit framework in order to avoid substantial losses from single events such as natural catastrophes and from man-made catastrophes such as terror or large industrial risk accumulations.

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. For significant exposures where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses. Similar models and scenario-based approaches are used to evaluate risk concentrations and man-made catastrophes including losses from terrorism, and industrial concentrations.

We constantly monitor the development of reserves for reinsurance claims on a line-of-business level. In addition, Allianz SE conducts annual reserve uncertainty analyses based on similar methods used for reserve risk calculations. Where appropriate, expertise and analysis of other Group entities is leveraged. The Allianz Group performs regular independent reviews of these analyses.

### LIFE/HEALTH

Underwriting risks in Allianz SE's reinsurance operations and internal pension obligations (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 contracts. Longevity risk

is the risk that, due to changing biometric assumptions, the reserves covering life annuities and pension contracts 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.

## OPERATIONAL RISK

Allianz SE's operational risk management framework focuses on the early recognition and proactive management of operational risks in all "first line of defense" functions.

The Allianz SE risk function identifies and evaluates relevant operational risks and control weaknesses via a dialogue with the "first line of defense" functions. Furthermore, operational risk events are collected in a central risk event database. Since 2015, Allianz SE also delivers internal loss data on an anonymized basis to the "Operational Riskdata eXchange Association (ORX)", a global operational loss data insurance consortium, to improve our internal control system and to validate operational risk parameters.

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 Compliance function, which also takes and enforces the risk mitigation measures in close cooperation with the risk function of Allianz SE. With respect to financial statements, our internal control system is designed to mitigate operational risks.<sup>2</sup>

Major failures and disasters at our outsourcing providers may represent significant operational risks for Allianz SE, as they could cause a severe disruption to our working environment. Our business continuity and crisis management framework strives to protect critical business functions from these events and enables them, for example, to carry out their core tasks on time and at the highest standard also in a crisis event.

Allianz works on a cyber and information security program on an ongoing basis, in order to better respond to external developments and to further strengthen the internal control environment for related operational risks.

## OTHER RISKS

There are certain risks that cannot be fully quantified 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 risks are evaluated and analyzed in the strategic and planning dialogue between the Allianz Group and operative functions at Allianz SE, and controlled by monitoring of the respective business goals.

We also monitor market and competitive conditions, capital market requirements, regulatory conditions, etc. to decide whether to make strategic adjustments.

<sup>1</sup> — Credit Risk Platform.

<sup>2</sup> — For additional information regarding our internal control system for financial reporting, please refer to Controls over Financial Reporting on page 48.

## LIQUIDITY RISK

The main goal in 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 forecast on a daily basis. Allianz SE's short-term liquidity is managed within Allianz SE's cash pool, which serves as a centralized tool for also investing the excess liquidity of other Group companies. Strategic liquidity planning for Allianz SE over time horizons of 12 months and three years is reported to the Board of Management regularly.

The accumulated short-term liquidity forecast 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 profit transfers and dividends from subsidiaries.

In order to protect the Allianz Group against the liquidity impact of adverse risk events beyond those covered by the capital and liquidity buffers at our subsidiaries, Allianz SE is holding a strategic liquidity reserve.

In 2016, Allianz Group rolled out to Allianz SE and other Group companies a newly developed group-wide liquidity risk framework in order to further strengthen the liquidity risk management within Allianz Group and the resilience to stress scenarios. To assess the liquidity, this framework explicitly takes into account stress situations for liquidity sources and needs, and allows for a group-wide consistent view on liquidity risks.

## REPUTATIONAL RISK

Allianz SE's reputation as a well-respected and socially aware holding and reinsurance company is influenced by our behavior in a range of areas such as corporate governance, quality of reinsurance underwriting, financial performance, customer service, employee relations, intellectual capital, and corporate responsibility.

All affected Allianz SE functions cooperate in the identification of reputational risk. Group Communications and Corporate Responsibility assesses reputational risk for Allianz SE, based on a group-wide methodology. In 2015, Allianz SE embedded conduct risk triggers for fair contracts and services into the reputational risk management process.

The identification and assessment of reputational risks are part of the 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.

## 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 the associated risk profile. On a quarterly basis, we calculate internal risk capital for Allianz SE in total, as well as for all contributing business units. We also project risk capital requirements on a bi-weekly basis during periods of financial market turbulence.

### GENERAL APPROACH

We utilize an approach for the management of our risk profile and solvency position that reflects the Solvency II rules.

### INTERNAL RISK CAPITAL MODEL

Our internal risk capital model is based on a 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.

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 simultaneously consider the impact of a negative or positive event on all sources of risks and covered businesses, 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, based on either historically observed market movements or on hypothetical market movement assumptions. This modeling approach, therefore, also enables us to identify scenarios that may have a positive impact on our solvency situation.

### COVERAGE OF THE RISK CAPITAL CALCULATIONS

Allianz SE's internal risk capital model covers the activities of Allianz SE as the holding company for Allianz Group, as well as a reinsurer.

Whereas most subsidiaries are covered through treatment as participations, the model granular covers the very closely linked activities of 27 subsidiaries, which are either financing entities or service providers.

The risk capital model covers all relevant assets (including bonds, loans, bank deposits, investment funds, equities and real estate) and liabilities (including the cash flow run-off profile of all technical reserves as well as issued debt, and other liabilities such as guarantees).

For Allianz SE's internal pension liabilities, guarantees embedded in the contracts are taken into account.

## ASSUMPTIONS AND LIMITATIONS

### 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 and discounting future cash flows. We apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) within the technical documentation (EIOPA BoS-15/035) for the extension of the risk-free interest rate curves beyond the last liquid tenor.<sup>1</sup>

In addition, we adjust the risk-free yield curves by a volatility adjustment in most markets where a volatility adjustment is defined by EIOPA and approved by BaFin. This is done to better reflect the underlying economics of our business. The advantage of being a long-term investor, therefore, is the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component over the duration of the bonds. Therefore, we reflect this mitigation using a volatility adjustment spread risk offset, and view the more relevant risk to be default risk rather than credit spread risk.

### VALUATION ASSUMPTIONS: REPLICATING PORTFOLIOS

Since efficient valuation and complex, timely analysis are required within the context of our internal model; we replicate internal pension obligations. This technique enables us to represent guarantees by means of standard financial instruments. In our 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 Allianz SE 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.

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, leverage expertise of other Allianz Group companies in the scope of the internal model, 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.

### LIMITATIONS

Because of the 99.5% confidence level, there is a low statistical probability of 0.5% that actual losses could exceed this threshold at Allianz SE level in the course of one year.

We use model and scenario parameters derived from historical data, where available, to characterize future possible risk events. If future market conditions differ substantially from the past, for example in an unprecedented crisis, our VaR approach may be too conservative or too liberal in ways that are difficult to predict. In order to mitigate reliance on historical data, we complement our VaR analysis with stress testing.

Furthermore, we validate the model and parameters through sensitivity analyses, independent internal peer reviews, and, where appropriate, independent external reviews, focusing on methods for selecting parameters and control processes. Overall, we believe that our validation efforts are effective – to the extent possible – and that the model adequately assesses the risks to which we are exposed.

The construction and application of the replicating portfolios mentioned is subject to the set of replicating instruments available, and might, therefore, be too simple or too restrictive to capture all factors affecting the change in value of obligations. 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 obligations 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 estimate the market value of each item accurately. 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. For some of our liabilities, the accuracy of their values additionally depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

### MODEL CHANGES IN 2016

There were no major model changes in 2016. Allianz SE is affected by two minor Allianz Group model changes. For longevity risk, shock factors have been newly calibrated. In addition, for interest rate risk modelling, the granularity of the reflection of long maturities in the Euro and Swiss Franc yield curves has been increased.

<sup>1</sup> — Due to late availability of the EIOPA publication, the risk-free interest rate term structure used might slightly differ from the one published by EIOPA.

## Allianz SE risk profile and management assessment

### RISK PROFILE AND MARKET ENVIRONMENT

The quantitative risk profile of the legal entity Allianz SE 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 as reflected in the Allianz Group Annual 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 an internal model perspective is underwriting risk arising from its reinsurance business and internal pensions.

The risk profile and relative contributions have changed in 2016, due to changes in the market environment, management actions, and minor model changes. These model changes are described in the section Model changes in 2016.

### FINANCIAL MARKETS AND OPERATING ENVIRONMENT

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 challenges of implementing long-term structural reforms in key Eurozone countries and the uncertainty about the future path of monetary policy may lead to continued market volatility. This could be accompanied by a flight to quality, combined with falling equity and bond prices due to rising spread levels, even in the face of potentially lower interest rates. Also, possible asset bubbles (as observed in the Chinese equity market) might spill over to other markets, contributing to increasing volatility.

Therefore, we continue to closely monitor the political and financial developments in the Eurozone – such as Brexit in the U.K. and the “No” vote to constitutional reforms in Italy – in order to manage our overall risk profile to specific event risks.

### REGULATORY DEVELOPMENTS

Following the approval of our internal model in November 2015, the model has been fully applied since the beginning of 2016, with the Solvency II day one reporting.

### MANAGEMENT ASSESSMENT

Allianz SE’s management feels comfortable with Allianz SE’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 of 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 below:

- Due to its effective capital management, Allianz SE is well capitalized and met its regulatory solvency targets as of 31 December 2016.
- Allianz SE’s management also believes that Allianz SE is well positioned to deal with potentially adverse future events, in part due to our strong internal limit framework defined by Allianz SE’s risk appetite and risk management practices including our approved internal model.

- Allianz SE has a conservative investment profile and disciplined business practices in the reinsurance business, leading to sustainable operating earnings with a well-balanced risk-return profile.

### SOLVENCY II REGULATORY CAPITALIZATION

Allianz SE’s own funds and capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules.<sup>1</sup> Our capitalization based on these requirements is shown in the following table.

#### ALLIANZ SE: SOLVENCY II REGULATORY CAPITALIZATION

as of 31 December		2016	2015
Own funds	€ BN	81.3	78.0
Capital requirement	€ BN	20.9	20.8
Capitalization ratio	%	389	375

As of 31 December 2016, the Solvency II capitalization of the legal entity Allianz SE is at 389%. The increase by 14 percentage points in 2016 was driven by a significant € 3.3 BN increase in own funds, which was only marginally compensated by a slight € 0.1 BN rise in capital requirements.

## Quantifiable risks and opportunities by risk category

This Risk and Opportunity Report outlines Allianz SE’s risk figures, reflecting its risk profile based on pre-diversified risk figures 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 do not comprise the diversification effects across risk categories. Allianz SE’s diversified risk also captures the diversification effect across all risk categories.

As of 31 December 2016, the Allianz SE-diversified risk capital of € 20.9 BN (2015: € 20.8 BN) represented a diversification benefit of approximately 14% (2015: 15%) across risk categories.

#### ALLIANZ SE: ALLOCATED RISK ACCORDING TO THE RISK PROFILE

as of 31 December	2016	2015
Market risk	19,664	19,588
Credit risk	633	664
Underwriting risk	2,731	2,962
Business risk	46	43
Operational risk	773	765
Diversification	(3,325)	(3,584)
Capital add-on	391	357
<b>Total Allianz SE</b>	<b>20,913</b>	<b>20,795</b>

<sup>1</sup> — Own funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension, as described in Yield curve and volatility adjustment assumptions on page 23.

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.

## MARKET RISK

Allianz SE is the ultimate holding entity in the Allianz Group. As a result, participation assets represent approximately 69% of the total investment assets.

As an inherent part of our reinsurance operations, we collect premiums from our customers and invest them in a wide variety of assets. The resulting investment portfolio backs the future claims and benefits to our cedents.

For our holding activities (i.e. to cover internal pension liabilities, invest cash pooled from subsidiaries, and in our capacity as the lender of last resort within Allianz Group), Allianz SE mainly invests in fixed-income assets.

In addition we invest shareholders' capital, which is required to support the risks underwritten and the holding activities.

Thereby, Allianz SE holds and uses a broad range of financial instruments. As the fair values of the majority of our assets and liabilities depend on financial markets, which may change over time, we are exposed to market risks.

For the legal entity Allianz SE, the pre-diversified market risk showed a marginal increase of € 76 MN, driven by a rise in equity risk.

The following table shows the market risk of Allianz SE related to the sources of risk.

**ALLIANZ SE: RISK PROFILE – MARKET RISK BY SOURCE OF RISK**  
pre-diversified, € MN

as of 31 December	2016	2015
Interest rate	232	260
Inflation	535	515
Credit spread	510	578
Equity	18,103	17,976
Real estate	74	66
Currency	210	193
<b>Total Allianz SE</b>	<b>19,664</b>	<b>19,588</b>

## INTEREST RATE RISK

Given the long duration of parts of our internal pension obligations and reinsurance liabilities, we are specifically exposed to interest rate risk because we have to reinvest maturing assets prior to the maturity of the related liabilities. This interaction between our investment strategy and pension obligations as well as reinsurance liabilities forms an integral part of our internal risk capital framework. In addition, our ALM 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.

The € 232 MN interest rate risk capital requirements for Allianz SE mainly arise from fixed-rate bonds and loans on the asset side, as well as from issued Allianz corporate bonds, received loans, reinsurance technical provisions and pension benefit obligations on the liability side.

In 2016, interest rate risk decreased by € 28 MN, mainly reflecting changes in Allianz Group financing structures.

As of 31 December 2016, Allianz SE's interest-rate-sensitive investment assets amounting to a market value of € 43.6 BN would have gained € 1.6 BN or lost € 2.3 BN in value, in the event of interest rates changing by -100 and +100 basis points, respectively.

As described above, 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 obligations. In contrast, opportunities may materialize when interest rates increase. This may result in higher returns from reinvestments than required to match the obligations.

## INFLATION RISK

Since inflation increases both reinsurance claims and costs, as well as internal pension obligations, higher inflation rates will lead to greater liabilities. Thus, primary sources for the € 535 MN inflation risk of the legal entity Allianz SE in 2016 are reinsurance liabilities and internal pension obligations. The € 20 MN increase in 2016 mainly reflects higher risk from both sources.

Inflation assumptions are already taken into account in our reinsurance underwriting, and the risk of changing inflation rates is incorporated in our internal model. In case future inflation rates lie (sustainably) below assumptions, liabilities would be lower than anticipated.

## EQUITY RISK

Allianz SE is the ultimate holding entity in the Allianz Group. Thus, most of the equity risk of Allianz SE reflects insurance participations. In 2016, Allianz SE had profit-and-loss transfer agreements with eleven German subsidiaries in place. These are listed in the appendix on [page 68](#). Risk from these contracts is reflected via the risk capital calculation on participations.

In 2016, Allianz SE's equity risk increased by € 127 MN, mainly reflecting changes in the value of participations in Allianz Group companies as well as a reduction in investments in traded equities.

As of 31 December 2016, our investment assets that are sensitive to changing equity markets would have lost € 374 MN in value, assuming equity markets declined by 30%.

Allianz SE's equity risk primarily results from the performance of our insurance participations, as well as changes in the value of equity prices. The latter are normally associated with decreasing equity prices and increasing equity price volatilities. As the performance of our participations might exceed expectations, and stock market values also might increase, opportunities arise from participations and other equity investments.

## CREDIT SPREAD RISK

Our internal risk capital 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 our 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 capital framework to partially mitigate spread risk, as described in the section on yield curve and volatility adjustment assumptions.

Allianz SE's credit spread risk is € 68 MN lower than in 2015. This is dominantly explained by changes in Allianz Group financing structures.



## CURRENCY RISK

In addition to risk from Allianz SE's non-Euro participations, Allianz SE's currency risk is driven by its non-Euro reinsurance exposure, as well as by the use of non-Euro bonds as external financing instruments.

Allianz SE's € 210 MN currency risk at year-end 2016 mainly reflects net open positions in U.S. Dollar, Swiss Franc and Australian Dollar. The moderate increase of € 17 MN in 2016 is primarily caused by changes in the value of non-Euro participations and changes in the Group financing structures.

## REAL ESTATE RISK

As of 31 December 2016, real estate risk for Allianz SE is minor (€ 74 MN). The marginal increase in 2016 of € 8 MN reflects a rise in the market value of properties.

## CREDIT RISK

Credit risk is measured as the potential economic loss in the value of our portfolio that is due to either changes in the credit quality of our counterparts ("migration risk") or the inability or unwillingness of the counterparty to fulfill contractual obligations ("default risk"). Allianz SE's credit risk arises from our fixed-income investments, cash positions, derivatives, receivables from debtors, as well as from reinsurance recoverables.

Throughout 2016, the credit environment was mostly stable. Annual updates based on extended time series were performed for credit risk parameters like the transition matrix and asset correlations, which also had a slightly positive effect on credit risk. These effects were partially offset by declining interest rates, which generally increased credit risk exposures and correspondingly credit risk.

Credit risk of the legal entity Allianz SE decreased by € 31 MN in 2016, resulting from changes in the Group financing structures.

## UNDERWRITING RISK

Allianz SE's underwriting risk consists of premium and reserve risks from the Property-Casualty reinsurance business, as well as of biometric risks from both internal pension liabilities and the Life/Health reinsurance business.

**ALLIANZ SE: RISK PROFILE – UNDERWRITING RISK BY SOURCE OF RISK**  
pre-diversified, € MN

as of 31 December	2016	2015
Premium natural catastrophe	315	272
Premium non-catastrophe and terror	1,429	1,743
Reserve	949	830
Biometric	38	117
<b>Total Allianz SE</b>	<b>2,731</b>	<b>2,962</b>

## PROPERTY-CASUALTY

Our Property-Casualty reinsurance business is exposed to premium risk related to the current year's new and renewed business as well as to reserve risks related to the business in force.

Both premium risk and reserve risk also include exposures from the reinsurance contract on the Euler-Hermes trade credit insurance and bonding business.

### Premium risk

As part of our Property-Casualty reinsurance business, we receive premiums from our cedents and provide reinsurance protection in return.

In 2016, Allianz SE's natural catastrophe risk increased by € 43 MN, mainly reflecting changes in risks from intra-group quota shares and effects from changes in insurance risk diversification. The top five scenarios contributing to the natural catastrophe risk of Allianz SE as of December 2016 were: a windstorm in Europe, an earthquake in Australia, a tropical cyclone in Australia, an earthquake in Italy, as well as a tropical cyclone in Japan.

The € 314 MN decrease in non-catastrophe and terror premium risk of Allianz SE in 2016 can be mainly explained by changes in reinsurance structures within Allianz Group.

### Reserve risk

We estimate and hold reserves for reinsurance 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. Conversely, in case our reserves would turn out to be too conservative, there is the chance for positive returns. The volatility of past claims measured over a one-year time horizon defines our reserve risk.

Allianz SE's € 119 MN increase in reserve risk in 2016 mainly reflects new reinsurance quota shares with European Allianz entities, together with effects from changes in insurance risk diversification.

## LIFE/HEALTH

Life/Health underwriting risk arises from profitability being lower than expected due to changes in actuarial parameters. As profitability calculations are based on several parameters – such as historical loss information, assumptions on inflation or on mortality and morbidity – the realized parameters may differ from the ones used for calculation. For example, inflation which is higher than what we 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-than-expected morbidity rate will most likely result in lower claims.

Allianz SE's life and health underwriting risk is dominated by longevity risk from internal pensions.

In 2016, the biometric risk of Allianz SE is € 79 MN lower than in 2015, which is dominantly reflecting changes in the modelling of longevity risk.

## BUSINESS RISK

Allianz SE's business risk consists of cost risk from Property-Casualty reinsurance business and of policy-holder behavior risk from both Life/Health and Property-Casualty reinsurance. Reflecting the business model of Allianz SE as primarily a group-internal reinsurer, business risk is minor.

As for underwriting risks, a positive deviation from the underlying parameters will lead to additional returns.

## 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.

Reflecting Allianz SE's tasks as holding company for Allianz Group and reinsurer, the most important operational risk capital scenarios are in the areas of tax, legal and compliance.

Allianz SE's operational risk capital marginally increased in 2016 caused by an annual parameter update.

# 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 15 December 2016, and the company’s position regarding the Code’s suggestions can be found in the Statement on Corporate Management pursuant to § 289a of the HGB starting on [page 32](#).

## 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 the German stock corporation Act. 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 of Allianz SE comprises nine members. It is responsible for setting business objectives and the strategic direction, coordinating and supervising the operating entities, as well as implementing and overseeing an efficient risk management system. The Board of Management also prepares the Group’s consolidated financial statements and the annual financial statements of Allianz SE, including the market value balance sheet, as well as interim reports.

The members of the Board of Management are jointly responsible for management and for complying with legal requirements. Notwithstanding this overall responsibility, the individual members head the departments they have been assigned independently. There are divisional responsibilities for business segments as well as functional responsibilities. The latter include the Finance-, Risk Management- and Controlling-Function, Investments, Operations – including IT –, Human Resources, Legal and Compliance, Internal Audit and Mergers & Acquisitions. Business division responsibilities focus on geographical regions or Global Lines, such as Asset Management. Rules of procedure specify in more detail the structure and departmental responsibilities of the Board of Management.

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 2016, there were the following Board of Management committees:

### BOARD COMMITTEES

BOARD COMMITTEES	RESPONSIBILITIES
<b>GROUP CAPITAL COMMITTEE</b> (dissolved effective as of 1 July 2016) Oliver Bäte (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.
<b>GROUP FINANCE AND RISK COMMITTEE</b> Dr. Dieter Wemmer (Chairman), Sergio Balbinot, Dr. Helga Jung until 6 July 2016, Jay Ralph until 30 June 2016, Dr. Axel Theis, Dr. Maximilian Zimmerer.	Preparation of the capital and liquidity planning for the Group and Allianz SE, 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.
<b>GROUP IT COMMITTEE</b> Dr. Christof Mascher (Chairman), Jay Ralph until 30 June 2016, Jacqueline Hunt from 1 July 2016, Dr. Axel Theis, Dr. Dieter Wemmer, Dr. Werner Zedelius.	Developing, proposing, implementing and monitoring a group-wide IT strategy, approval of relevant IT investments.
<b>GROUP MERGERS AND ACQUISITIONS COMMITTEE</b> Dr. Helga Jung (Chairwoman), Oliver Bäte from 7 July 2016, Dr. Dieter Wemmer, Dr. Maximilian Zimmerer until 6 July 2016.	Managing and overseeing Group M & A transactions, including approval of individual transactions within certain thresholds.

as of 31 December 2016

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 2016, there were the following Group committees:

#### GROUP COMMITTEES

GROUP COMMITTEES	RESPONSIBILITIES
<b>GROUP COMPENSATION COMMITTEE</b> 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.
<b>GROUP UNDERWRITING COMMITTEE</b> (continued as a functional committee within Dr. Theis' area of responsibility effective as of 1 July 2016) Members of the Board of Management, executives below Allianz SE Board level and Chief Underwriting Officers of Group companies	Monitoring of the underwriting business, of the related risk management and strategy as well as developing an underwriting policy.
<b>GROUP INVESTMENT COMMITTEE</b> 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.

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 the performance-based remuneration of the members of the Board of Management. For details, see the [Remuneration Report](#) starting on [page 34](#).

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. Details on the Board of Management's reporting to the Supervisory Board are laid down in the reporting rules issued by the Supervisory Board.

Important decisions of the Board of Management require approval by the Supervisory Board. These requirements are stipulated by law, by the Statutes, or in individual cases by decisions of the Annual General Meeting (AGM). Supervisory Board approval is required, for example, for certain capital transactions, intercompany agreements and the launch of new business segments or the closure of existing ones. Approval is also required for acquisitions of companies and holdings in companies, as well as for divestments of Group companies which exceed certain threshold levels. The Agreement concerning the Participation of Employees in Allianz SE, in the version dated 3 July 2014 (hereinafter "SE Agreement"), 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). Instead, the size and composition of the Supervisory Board are determined by general European SE regulations. These regulations are implemented in the Statutes and by the SE Agreement.

The Supervisory Board comprises twelve members, including six shareholder representatives 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 agreement 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. According to § 17 (2) of the German SE Implementation Act ("SE-Ausführungsgesetz"), the Supervisory Board of Allianz SE shall be composed of at least 30% women and at least 30% men as of 1 January 2016.

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 2016 financial year are described in the [Supervisory Board Report](#) starting on [page 2](#).

The Supervisory Board takes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management, as stipulated in the German Co-Determination Act, and the requirement to have 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 vice chairperson from the shareholder side. A second vice 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. The efficiency review also includes an evaluation of the fitness and propriety of the individual members.

## SUPERVISORY BOARD COMMITTEES

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

### SUPERVISORY BOARD COMMITTEES

SUPERVISORY BOARD COMMITTEES	RESPONSIBILITIES
<b>STANDING COMMITTEE</b> 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
<b>AUDIT COMMITTEE</b> 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 (Jean-Jacques Cette, Ira Gloe-Semler until 31 March 2016, Martina Grundler from 4 May 2016)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (incl. Risk Report) and the dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements – 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
<b>RISK COMMITTEE</b> 5 members – Chairman: appointed by the Supervisory Board (Dr. Helmut Perlet) – Three shareholder representatives (in addition to Dr. Helmut Perlet: Christine Bosse, Peter Denis Sutherland until 4 May 2016, Dr. Friedrich Eichiner from 4 May 2016) – Two employee representatives (Dante Barban, Jürgen Lawrenz)	– 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
<b>PERSONNEL COMMITTEE</b> 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
<b>NOMINATION COMMITTEE</b> 3 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – Two further shareholder representatives (Prof. Dr. Renate Köcher, Peter Denis Sutherland until 4 May 2016, Jim Hagemann Snabe from 4 May 2016)	– 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 %
<b>PLENARY SESSIONS OF THE SUPERVISORY BOARD</b>		
Dr. Helmut Perlet (Chairman)	6/6	100
Dr. Wulf H. Bernotat (Vice Chairman)	6/6	100
Rolf Zimmermann (Vice Chairman)	6/6	100
Dante Barban	6/6	100
Christine Bosse	4/6	66
Gabriele Burkhardt-Berg	6/6	100
Jean-Jacques Cette	6/6	100
Dr. Friedrich Eichiner	3/3 <sup>1</sup>	100
Ira Gloe-Semler	2/2 <sup>2</sup>	100
Martina Grundler	4/4 <sup>3</sup>	100
Prof. Dr. Renate Köcher	5/6	83
Jürgen Lawrenz	6/6	100
Jim Hagemann Snabe	5/6	83
Peter Denis Sutherland	2/3 <sup>4</sup>	66
<b>STANDING COMMITTEE</b>		
Dr. Helmut Perlet (Chairman)	2/2	100
Dr. Wulf H. Bernotat	2/2	100
Gabriele Burkhardt-Berg	2/2	100
Prof. Dr. Renate Köcher	1/2	50
Rolf Zimmermann	2/2	100
<b>PERSONNEL COMMITTEE</b>		
Dr. Helmut Perlet (Chairman)	3/3	100
Christine Bosse	3/3	100
Rolf Zimmermann	3/3	100
<b>AUDIT COMMITTEE</b>		
Dr. Wulf H. Bernotat (Chairman)	7/7	100
Jean-Jacques Cette	5/7	71
Ira Gloe-Semler	2/2 <sup>2</sup>	100
Martina Grundler	4/5 <sup>3</sup>	80
Jim Hagemann Snabe	6/7	86
Dr. Helmut Perlet	7/7	100
<b>RISK COMMITTEE</b>		
Dr. Helmut Perlet (Chairman)	2/2	100
Dante Barban	2/2	100
Christine Bosse	2/2	100
Dr. Friedrich Eichiner	1/1 <sup>1</sup>	100
Jürgen Lawrenz	2/2	100
Peter Denis Sutherland	0/1 <sup>4</sup>	–
<b>NOMINATION COMMITTEE</b>		
Dr. Helmut Perlet (Chairman)	4/4	100
Prof. Dr. Renate Köcher	4/4	100
Peter Denis Sutherland	1/2 <sup>4</sup>	50
Jim Hagemann Snabe	2/2 <sup>5</sup>	100

1 — Dr. Eichiner joined the Supervisory Board on 4 May 2016.

2 — Ms. Gloe-Semler left the Supervisory Board on 31 March 2016.

3 — Ms. Grundler joined the Supervisory Board on 1 April 2016.

4 — Mr. Sutherland left the Supervisory Board on 4 May 2016.

5 — Mr. Snabe joined the Nomination Committee on 4 May 2016.

## OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

The objectives for the composition of the Supervisory Board (in the version from August 2016) to implement a recommendation by the Code, are as follows:

### OBJECTIVES OF ALLIANZ SE'S 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.

#### I. Requirements relating to the individual members of the Supervisory Board

##### 1. General selection criteria

- Managerial or operational experience
- General knowledge of the insurance and financial services business
- Willingness and ability to make sufficient commitments on substance
- Fulfillment of the regulatory requirements, in particular<sup>1</sup>:
  - Reliability
  - Knowledge of the field of corporate governance and supervisory law
  - Knowledge of the main features of accounting and risk management
- Compliance with the limitation on the number of mandates as recommended by the German Corporate Governance Code and required by § 24 (4) of the German Insurance Supervision Act 2016 ("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.

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. Time of availability

Each member of the Supervisory Board must ensure that it has sufficient time to dedicate to the proper fulfilment of the Supervisory Board mandate. It has to be taken into account that

- there at least four, but usually six ordinary Supervisory Board meetings per year, each of which requires adequate preparation;
- sufficient time has to be dedicated for the audit of the annual and consolidated financial statements;
- attendance of the General Meeting is required;

Employee representation within Allianz SE, as provided for by the SE Agreement concerning the Participation of Employees dated 3 July 2014, 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:<sup>1</sup>

- depending on possible memberships in one or more of the currently five Supervisory Board committees, extra time planning to participate in the committee meetings and to prepare for such meetings is required; this applies in particular to the Audit and Risk Committees;
- extraordinary meetings of the Supervisory Board or of a committee may be necessary to deal with special matters.

##### 4. Retirement age

Members of the Supervisory Board may not, in general, be older than 70 years of age.

##### 5. Term of membership

The continuous period of membership for any member of the Supervisory Board should, as a rule, not exceed 15 years.

#### II. Requirements relating to the composition of the Board as a whole

##### 1. Specialist knowledge

- Make certain that the members in their entirety are familiar with the insurance and financial-services industry as defined under Article 100 (5) of the German Stock Corporation Act (AktG).
- 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.
- 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.

At Allianz SE as a Societas Europaea (European Company), Allianz employees from different Member States of the E.U. 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 3 July 2014.

##### 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 Supervisory Board shall be composed of at least 30% women and at least 30% men. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives."

<sup>1</sup> — For further details, please see BaFin Guidance Notice on Vetting Members of Administrative and Supervisory Bodies in accordance with the German Banking Act and the German Insurance Supervision Act in its respective effective version.

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 current legislation for equal participation of women and men in leadership positions (statutory gender quota of 30%) is being met. The current composition of the Supervisory Board and its committees is described on [page 5](#).

## 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 2016.

## Directors' dealings

Members of the Board of Management and the Supervisory Board are obliged by the E.U. Market Abuse Directive to disclose to both Allianz SE and the German Federal Financial Supervisory Authority any transactions involving shares or debt securities of Allianz SE or financial derivatives or other instruments based on them as soon as the value of the securities acquired or divested by the member amounts to five thousand Euros or more within a calendar year. These disclosures are published on our website at [www.allianz.com/directorsdealings](http://www.allianz.com/directorsdealings).

## Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. Shareholders can follow the AGM's proceedings on the internet and be represented by proxies. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes via the internet in the form of online voting. Allianz SE regularly promotes the use of 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 International Financial Reporting Standards (IFRS) 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 about 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 half-yearly financial reports and quarterly statements. 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 statements and half-yearly financial reports, AGMs as well as analyst conference calls and Financial press conferences.

You can find the 2017 financial calendar on our website at [www.allianz.com/financialcalendar](http://www.allianz.com/financialcalendar).

## Regulatory requirements

The regulatory requirements for corporate governance as set out in Solvency II are additionally important. These requirements, which became effective as of 1 January 2016, include, in particular, the establishment and further design of significant control functions (risk management, actuarial function, compliance and internal audit) as well as general principles for a sound business organization. The regulatory requirements are applicable throughout the Group and have been implemented using written guidelines issued by the Board of Management of Allianz SE. For the financial year 2016 it was required to prepare for the first time a market value balance sheet at the individual and Group level, for this to be audited by the auditor and separately reported on.

# 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 Management Report. According to § 317 (2), sentence 4 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 15 December 2016, the Board of Management and the Supervisory Board issued the following Declaration of Conformity of Allianz SE with the German Corporate Governance Code (hereinafter the “Code”):

### DECLARATION OF CONFORMITY IN ACCORDANCE WITH § 161 OF THE GERMAN STOCK CORPORATION ACT

“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)

Since the last Declaration of Conformity as of December 10, 2015, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of May 5, 2015 and will comply with them in the future.

Munich, December 15, 2016  
Allianz SE

For the Board of Management:  
Signed Oliver Bäte

Signed Dr. Helga Jung

For the Supervisory Board:  
Signed Dr. Helmut Perlet”

In addition, Allianz SE follows all the suggestions of the Code in its 5 May 2015 version.

The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

## Corporate governance practices

### INTERNAL CONTROL SYSTEMS

Allianz SE as member of 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 into account not only qualitative and quantitative guidelines, but also specific controls for individual business activities. For further information on the risk organization and risk principles, please refer to [page 19 and 20](#). Information on the internal [Controls over Financial Reporting](#) you will find on [page 48](#).

In addition, the quality of the internal control system is assessed by the 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 Allianz SE and the Allianz Group is based on the responsible behavior of all employees, who embody trust, respect and integrity. The compliance program of Allianz SE is part of the central compliance program of Allianz Group. The central compliance function of Allianz SE coordinates the global compliance programs to ensure that nationally and internationally recognized guidelines and standards for rules-compliant and value-based corporate governance are supported and followed. These include the principles of the United Nations (UN Global Compact), the Guidelines of the Organization for Economic Co-operation and Development for Multinational Enterprises (OECD guidelines), 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 function of Allianz SE is responsible – in close cooperation with regional, divisional and local compliance functions – for ensuring the effective implementation and monitoring of the compliance program as well as for investigating potential compliance infringements.

The standards of conduct established by the Code of Conduct for Business Ethics and Compliance are obligatory for all employees. The Code of Conduct is available on our website at [www.allianz.com/corporate-governance](http://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, the compliance function of Allianz SE, together with regional, divisional and local compliance functions 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 in the Sustainability Report on our website at [www.allianz.com/sustainability](http://www.allianz.com/sustainability).

A major component of the compliance program is a whistleblower system that allows employees to alert the 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 5 and 7](#) of the Annual Report. A description of the composition of the Board of Management can be found on [page 8](#), while the composition of the Committees of the Board of Management is described in the [Corporate Governance Report](#) starting on [page 27](#). This information is also available on our website at [www.allianz.com/corporate-governance](http://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 27](#), and on our website at [www.allianz.com/corporate-governance](http://www.allianz.com/corporate-governance).

## **German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector**

To implement the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector, Allianz SE has set the following objectives for the proportion of women on the Board of Management and the two management levels below the Board of Management, which are to be achieved by 30 June 2017:

For the proportion of women on Allianz SE's Board of Management, the Supervisory Board in August 2015 set a target of 11%. In addition, the Supervisory Board declared its intention to increase the proportion of women on the Board of Management to at least 20% by the end of 2018. With the appointment of Jacqueline Hunt effective 1 July 2016, the proportion of women on the Board of Management currently accounts for 22%, therefore even fulfilling this additional objective.

As regards the proportion of women on the first and the second management level below the Board of Management of Allianz SE, the Board of Management has set a target quota of at least 20%. Over the longer term, Allianz is aiming for at least 30% of positions on these two management levels to be held by women.

§ 17 (2) of the SE Implementation Act ("SE-Ausführungsgesetz") states that the Supervisory Board of Allianz SE must be composed of at least 30% of both women and men as of 1 January 2016. With its four female members, this requirement is met by the current Supervisory Board in office (33%). In case the Annual General Meeting 2017 elects the Supervisory Board in accordance with the election nominations of the Supervisory Board, this requirement will also be met in the future.



# 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](#) starting on [page 2](#).

### 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 and aligned with shareholder interests:** 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 the sustained performance of the share price with a deferred payout four years after grant.

The structure, weighting and level of the Allianz SE Board of Management remuneration is decided upon by the Supervisory Board. Remuneration survey data of DAX 30 companies and international insurance peers is provided by external consultants. Compensation levels are around the third quartile of this group, which we deem appropriate given the relative size, complexity and sustained performance of Allianz within that peer group. The structure of the remuneration is more strongly weighted towards variable, longer-term components than it is in most DAX 30 companies. Remuneration and benefit arrangements are also periodically compared with best practices. In addition, the Supervisory Board takes into account remuneration levels within the Allianz Group when reviewing the adequateness and appropriateness of the Board of Management's remuneration.

### 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

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

### VARIABLE REMUNERATION

Variable remuneration is designed to balance short-term performance, longer-term success and sustained value creation. Each year, the Supervisory Board agrees with members of the Board of Management on performance targets for the variable remuneration component. These are documented for the upcoming financial year. Every three years, the MTB sustainability criteria, as described on [page 35](#), 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. If performance was rated at 0% no variable component would be 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 and pension contributions). The maximum total direct compensation (excluding perquisites and pension contributions) is € 4,125 THOU: base salary € 750 THOU plus € 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 in the year following the performance year. Under the "Inclusive Meritocracy" approach, the cultural change element of the Renewal Agenda, Group-related targets account for 50% (equally divided between annual operating profit and annual net income). The other 50% are linked to individual performance, which consists of quantitative and qualitative criteria. For members of the Board of Management with business division responsibilities, respective quantitative targets comprise operating profit, net income, Property-Casualty revenues and Life New Business Value. For members of the Board of Management with a functional focus, the divisional quantitative targets are determined based on their key responsibilities. The Chairman of the Allianz SE Board of Management does not have divisional quantitative targets. In all cases, the personal contribution to the Renewal Agenda is assessed alongside behavioral

aspects. The latter is framed in a common standard (“People Letter”) designed to drive cultural change across the Group, namely:

- Customer and Market Excellence,
- Collaborative Leadership,
- Entrepreneurship,
- Trust.

To support the assessment of People Letter behaviors, a so-called “multi-rater” process has been introduced. Each member of the Board of Management collects feedback from the Chairman of the Allianz SE Board of Management, the other Board members and direct reports. The resulting analysis supports the assessment of the behavioral part of performance and additionally provides a sound basis for feedback and personal development discussions. Based on the 2016 target achievement for the Group, the business division/corporate functions, and the qualitative performance, the total annual bonus awards ranged between 100% and 131% of the target, with an average bonus award of 123% of the target.

- 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 MTB 2016–2018 comprises sustainability (performance and health) indicators, which are aligned with the Group’s external targets:

Performance indicators:

- Sustainable improvement/stabilization of Return on Equity (Return on Equity excluding unrealized gains/losses on bonds net of shadow accounting),
- Compliance with economic capitalization guidance (capitalization level and volatility limit);

Health indicators (aligned with the Renewal Agenda):

- True Customer Centricity,
  - Digital by Default,
  - Technical Excellence,
  - Growth Engines,
  - Inclusive Meritocracy (including gender diversity – women in leadership).
- 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<sup>1</sup> 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<sup>2</sup>. 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, company contributions to the current pension plan “My Allianz Pension” are invested in a fund with a guarantee for the contributions paid, but no further interest guarantee. On retirement, the accumulated capital is paid out as lump sum or can be 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 62, 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 lump sum, which can be converted into an annuity, will be paid to dependents. Should Board membership cease before retirement age for other reasons, the accrued pension rights are maintained if vesting requirements are met.

For members of the Allianz SE Board of Management who were born before 1 January 1958, and for the rights accrued before 2015, the guaranteed minimum interest rate remains at 2.75% and the retirement age is still 60.

From 1 January 2005 until 31 December 2014, most Board of Management members have participated in a contribution-based system which was frozen as of 31 December 2014 and is now only covering disability and death. Before 2005 a defined benefit plan provided fixed benefits which were not linked to base salary increases. Benefits generated under this plan were frozen at the end of 2004. Additionally, most Board members participated in the Allianz Versorgungskasse VVaG, a contribution-based pension plan, and the Allianz Pensionsverein e.V. which were closed for new entries as of 1 January 2015.

## 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 regularly reviews the level of perquisites.

<sup>1</sup> – 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 pricing formula.

<sup>2</sup> – The relevant share price used to determine the final number of RSUs granted and the 200% cap is available only after sign-off by the external auditors.

## REMUNERATION FOR 2016

The following remuneration disclosure is based on and compliant with the German Corporate Governance Code and shows the individual Board members' remuneration for 2015 and 2016, including fixed and variable remuneration and pension service cost. The "Grant" column below shows the remuneration at target and minimum and maximum levels. The "Payout" column discloses the 2015 and 2016 payments. The base salary, annual bonus and perquisites are linked to the reported performance years 2015 and 2016, whereas the Group Equity Incentive (GEI) and Allianz Equity Incentive (AEI) payouts result from grants related to the performance years 2008–2011. To enhance transparency remuneration related to the performance year 2016, the additional column "Actual grant" includes the 2016 fixed compensation, the annual bonus paid for 2016, the MTB 2016–2018 tranche accrued for the performance year 2016, and the fair value of the RSU grant in 2017 for the performance year 2016.

### INDIVIDUAL REMUNERATION: 2016 AND 2015

€ THOU (total might not sum up due to rounding)

	Oliver Bäte <sup>7</sup> (Appointed: 01/2008; CEO since 05/2015)						
	Grant				Actual Grant	Payout <sup>1</sup>	
	2015	2016				2015	2016
	Target	Target	Min	Max	2016		
Base Salary	994	1,125	1,125	1,125	1,125	994	1,125
Perquisites	15	30	30	30	30	15	30
<b>Total fixed compensation</b>	<b>1,009</b>	<b>1,155</b>	<b>1,155</b>	<b>1,155</b>	<b>1,155</b>	<b>1,009</b>	<b>1,155</b>
<b>Annual Variable Compensation</b>							
Annual Bonus	996	1,125	–	1,688	1,474	1,260	1,474
<b>Deferred Compensation</b>							
MTB (2016–2018) <sup>2</sup>	–	1,125	–	1,688	1,474	–	–
MTB (2013–2015) <sup>3</sup>	996	–	–	–	–	3,516	–
AEI 2017/RSU <sup>4</sup>	–	1,125	–	1,688	1,474	–	–
AEI 2016/RSU <sup>4</sup>	996	–	–	–	–	–	–
AEI 2012/RSU <sup>4</sup>	–	–	–	–	–	–	1,334
AEI 2011/RSU <sup>4</sup>	–	–	–	–	–	1,704	–
GEI 2010/RSU <sup>4</sup>	–	–	–	–	–	916	–
GEI 2010/SAR <sup>5</sup>	–	–	–	–	–	–	–
GEI 2008/SAR <sup>5</sup>	–	–	–	–	–	263	–
<b>Total</b>	<b>3,997</b>	<b>4,530</b>	<b>1,155</b>	<b>6,219</b>	<b>5,576</b>	<b>8,668</b>	<b>3,963</b>
Pensions Service Cost <sup>6</sup>	483	625	625	625	625	483	625
<b>Total</b>	<b>4,480</b>	<b>5,155</b>	<b>1,780</b>	<b>6,844</b>	<b>6,201</b>	<b>9,151</b>	<b>4,588</b>

1 — In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2016 is paid in 2017 and for performance year 2015 in 2016. The payments for equity related deferred compensation (GEI and AEI), however, are disclosed for the year in which the actual payment was made.

2 — The MTB figure included in the "Actual Grant" column shows the annual accrual.

3 — The payout 2015 figure includes the 2015 allocation and the accruals from the performance years 2013 and 2014, as adjusted by the sustainability assessment. The MTB 2013–2015 was paid out in spring 2016.

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

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

Annual Report 2009 (starting on page 17). 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. 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).

6 — 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.

Sergio Balbinot <sup>8</sup> (Appointed: 01/2015)						
2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
	2016	2016	2016		2015	2016
Target	Target	Min	Max			
750	750	750	750	750	750	750
33	32	32	32	32	33	32
783	782	782	782	782	783	782
750	750	–	1,125	983	999	983
–	750	–	1,125	983	–	–
750	–	–	–	–	999	–
–	750	–	1,125	983	–	–
750	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
3,033	3,032	782	4,157	3,730	2,781	1,765
222	365	365	365	365	222	365
3,255	3,397	1,147	4,522	4,095	3,003	2,130

7 – For performance year 2015, Oliver Bäte's base salary and his target for the annual bonus, the MTB tranche, and equity-related compensation are disclosed based on his pro-rated base salary of € 750 THOU until 6 May 2015 and his pro-rated base salary of € 1,125 THOU from 7 May 2015. The different pro-rated amounts for base salary and target amounts result from different pro-rating methodologies, which are generally applied.

8 – In addition to the amounts disclosed in the table, Sergio Balbinot received a buyout award of € 6 MN to compensate for forfeited grants from his previous employer: € 3 MN in cash and € 3 MN in RSUs. 50% of the cash amount was paid in February 2015 and 50% was paid in 2016 and are subject to clawback.

Jacqueline Hunt <sup>9</sup> (Appointed: 07/2016)						
2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
	2016	2016	2016		2015	2016
Target	Target	Min	Max			
–	375	375	375	375	–	375
–	136 <sup>10</sup>	136 <sup>10</sup>	136 <sup>10</sup>	136 <sup>10</sup>	–	136 <sup>10</sup>
–	511	511	511	511	–	511
–	377	–	566	456	–	456
–	377	–	566	456	–	–
–	–	–	–	–	–	–
–	377	–	566	456	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	1,642	511	2,209	1,880	–	967
–	159	159	159	159	–	159
–	1,801	670	2,368	2,039	–	1,126

9 – Jacqueline Hunt joined Allianz on 1 July 2016. She received a pro-rated base salary, annual bonus, MTB tranche, and equity-related compensation. The different pro-rated amounts for base salary and target amounts result from different pro-rating methodologies, which are generally applied. In addition to the amounts disclosed in the table, Jacqueline Hunt received a buyout award of € 170 THOU to compensate for forfeited grants from her previous employer.

10 – Jacqueline Hunt received an off-cycle one time payment of € 120 THOU to reimburse her for relocation cost.

**INDIVIDUAL REMUNERATION: 2016 AND 2015**  
 € THOU (total might not sum up due to rounding)

	Dr. Helga Jung (Appointed: 01/2012)						
	2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
		Target	Target	Min		Max	2015
Base Salary	750	750	750	750	750	750	750
Perquisites	14	14	14	14	14	14	14
<b>Total fixed compensation</b>	<b>764</b>	<b>764</b>	<b>764</b>	<b>764</b>	<b>764</b>	<b>764</b>	<b>764</b>
<b>Annual Variable Compensation</b>							
Annual Bonus	750	750	–	1,125	889	758	889
<b>Deferred Compensation</b>							
MTB (2016–2018) <sup>2</sup>	–	750	–	1,125	889	–	–
MTB (2013–2015) <sup>3</sup>	750	–	–	–	–	2,534	–
AEI 2017/RSU <sup>4</sup>	–	750	–	1,125	889	–	–
AEI 2016/RSU <sup>4</sup>	750	–	–	–	–	–	–
AEI 2012/RSU <sup>4</sup>	–	–	–	–	–	–	–
AEI 2011/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/SAR <sup>5</sup>	–	–	–	–	–	–	–
GEI 2008/SAR <sup>5</sup>	–	–	–	–	–	–	–
<b>Total</b>	<b>3,014</b>	<b>3,014</b>	<b>764</b>	<b>4,139</b>	<b>3,430</b>	<b>4,056</b>	<b>1,653</b>
Pensions Service Cost <sup>6</sup>	274	420	420	420	420	274	420
<b>Total</b>	<b>3,288</b>	<b>3,434</b>	<b>1,184</b>	<b>4,559</b>	<b>3,850</b>	<b>4,330</b>	<b>2,073</b>

	Dr. Axel Theis (Appointed: 01/2015)						
	2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
		Target	Target	Min		Max	2015
Base Salary	750	750	750	750	750	750	750
Perquisites	27	28	28	28	28	27	28
<b>Total fixed compensation</b>	<b>777</b>	<b>778</b>	<b>778</b>	<b>778</b>	<b>778</b>	<b>777</b>	<b>778</b>
<b>Annual Variable Compensation</b>							
Annual Bonus	750	750	–	1,125	973	956	973
<b>Deferred Compensation</b>							
MTB (2016–2018) <sup>2</sup>	–	750	–	1,125	973	–	–
MTB (2013–2015) <sup>3</sup>	750	–	–	–	–	956	–
AEI 2017/RSU <sup>4</sup>	–	750	–	1,125	973	–	–
AEI 2016/RSU <sup>4</sup>	750	–	–	–	–	–	–
AEI 2012/RSU <sup>4</sup>	–	–	–	–	–	–	–
AEI 2011/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/SAR <sup>5</sup>	–	–	–	–	–	–	–
GEI 2008/SAR <sup>5</sup>	–	–	–	–	–	–	–
<b>Total</b>	<b>3,027</b>	<b>3,028</b>	<b>778</b>	<b>4,153</b>	<b>3,697</b>	<b>2,689</b>	<b>1,751</b>
Pensions Service Cost <sup>6</sup>	397	482	482	482	482	397	482
<b>Total</b>	<b>3,424</b>	<b>3,510</b>	<b>1,260</b>	<b>4,635</b>	<b>4,179</b>	<b>3,086</b>	<b>2,233</b>

1 – In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2016 is paid in 2017 and for performance year 2015 in 2016. The payments for equity related deferred compensation (GEI and AEI), however, are disclosed for the year in which the actual payment was made.

2 – The MTB figure included in the “Actual Grant” column shows the annual accrual.

3 – The payout 2015 figure includes the 2015 allocation and the accruals from the performance years 2013 and 2014, as adjusted by the sustainability assessment. The MTB 2013–2015 was paid out in spring 2016.

4 – Payout is capped at 200% above grant price. The relevant share price used to determine the fair market value, and hence the final number of RSUs granted, and the 200% cap are only available after sign-off by the external auditors.

5 – The equity-related remuneration that applied before 2010 consisted of two vehicles, virtual stock awards known as RSUs and virtual stock options known as “Stock Appreciation Rights” (SAR). Only RSUs have been awarded as of 1 January 2010. The remuneration system valid until December 2009 is disclosed in the

Annual Report 2009 (starting on page 17). 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. 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).

6 – 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.

Dr. Christof Mascher (Appointed: 09/2009)							Jay Ralph <sup>7</sup> (Appointed: 01/2010; End of service: 06/2016)						
2015	Grant			Actual Grant 2016	Payout <sup>1</sup>		2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
	Target	2016 Target	2016 Min		2016 Max	2015		2016	Target	2016 Target		2016 Min	2016 Max
750	750	750	750	750	750	750	750	375	375	375	375	750	375
2	2	2	2	2	2	2	19	11	11	11	11	19	11
752	752	752	752	752	752	752	769	386	386	386	386	769	386
750	750	–	1,125	870	859	870	750	375	–	563	375	870	375 <sup>7</sup>
–	750	–	1,125	870	–	–	–	375	–	563	375	–	375 <sup>7</sup>
750	–	–	–	–	2,885	–	750	–	–	–	–	2,784	–
–	750	–	1,125	870	–	–	–	375	–	563	375	–	375 <sup>7</sup>
750	–	–	–	–	–	–	750	–	–	–	–	–	–
–	–	–	–	–	–	1,155	–	–	–	–	–	–	1,018
–	–	–	–	–	1,584	–	–	–	–	–	–	1,520	–
–	–	–	–	–	593	–	–	–	–	–	–	876	–
–	–	–	–	–	–	–	–	–	–	–	–	719	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–
3,002	3,002	752	4,127	3,362	6,673	2,777	3,019	1,511	386	2,075	1,511	7,538	2,529
348	418	418	418	418	348	418	283	368	368	368	368	283	368
3,350	3,420	1,170	4,545	3,780	7,021	3,195	3,302	1,879	754	2,443	1,879	7,821	2,897

Dr. Dieter Wemmer (Appointed: 01/2012)							Dr. Werner Zedelius (Appointed: 01/2002)						
2015	Grant			Actual Grant 2016	Payout <sup>1</sup>		2015	Grant			Actual Grant 2016	Payout <sup>1</sup>	
	Target	2016 Target	2016 Min		2016 Max	2015		2016	Target	2016 Target		2016 Min	2016 Max
750	750	750	750	750	750	750	750	750	750	750	750	750	750
16	15	15	15	15	16	15	19	18	18	18	18	19	18
766	765	765	765	765	766	765	769	768	768	768	768	769	768
750	750	–	1,125	954	961	954	750	750	–	1,125	954	959	954
–	750	–	1,125	954	–	–	–	750	–	1,125	954	–	–
750	–	–	–	–	3,156	–	750	–	–	–	–	3,066	–
–	750	–	1,125	954	–	–	–	750	–	1,125	954	–	–
750	–	–	–	–	–	–	750	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–	–	–	–	–	1,083
–	–	–	–	–	–	–	–	–	–	–	–	1,505	–
–	–	–	–	–	–	–	–	–	–	–	–	1,225	–
–	–	–	–	–	–	–	–	–	–	–	–	591	–
–	–	–	–	–	–	–	–	–	–	–	–	328	–
3,016	3,015	765	4,140	3,628	4,883	1,719	3,019	3,018	768	4,143	3,631	8,443	2,805
282	479	479	479	479	282	479	646	661	661	661	661	646	661
3,298	3,494	1,244	4,619	4,107	5,165	2,198	3,665	3,679	1,429	4,804	4,292	9,089	3,466

<sup>7</sup> — Jay Ralph left Allianz on 30 June 2016. He received a pro-rated base salary and an amount of € 1,125 THOU in lieu of his pro-rated 2016 annual bonus, MTB tranche and equity-related compensation (€ 375 THOU each) which was paid in August 2016. According to his separation agreement, he received an amount of € 1,000 THOU in return, specifically, for a non-poaching and non-competition agreement.



**INDIVIDUAL REMUNERATION: 2016 AND 2015**  
 € THOU (total might not sum up due to rounding)

	Dr. Maximilian Zimmerer <sup>7</sup> (Appointed: 06/12; End of service: 12/2016)						
	Grant				Actual Grant	Payout <sup>1</sup>	
	2015	2016			2016	2015	2016
	Target	Target	Min	Max			
Base Salary	750	750	750	750	750	750	750
Perquisites	16	16	16	16	16	16	16
<b>Total fixed compensation</b>	<b>766</b>	<b>766</b>	<b>766</b>	<b>766</b>	<b>766</b>	<b>766</b>	<b>766</b>
<b>Annual Variable Compensation</b>							
Annual Bonus	750	750	–	1,125	983	940	983
<b>Deferred Compensation</b>							
MTB (2016–2018) <sup>2</sup>	–	750	–	1,125	983	–	–
MTB (2013–2015) <sup>3</sup>	750	–	–	–	–	2,993	–
AEI 2017/RSU <sup>4</sup>	–	750	–	1,125	983	–	–
AEI 2016/RSU <sup>4</sup>	750	–	–	–	–	–	–
AEI 2012/RSU <sup>4</sup>	–	–	–	–	–	–	–
AEI 2011/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/RSU <sup>4</sup>	–	–	–	–	–	–	–
GEI 2010/SAR <sup>5</sup>	–	–	–	–	–	–	–
GEI 2008/SAR <sup>5</sup>	–	–	–	–	–	–	–
<b>Total</b>	<b>3,016</b>	<b>3,016</b>	<b>766</b>	<b>4,141</b>	<b>3,714</b>	<b>4,699</b>	<b>1,749</b>
Pensions Service Cost <sup>6</sup>	386	786	786	786	786	386	786
<b>Total</b>	<b>3,402</b>	<b>3,802</b>	<b>1,552</b>	<b>4,927</b>	<b>4,500</b>	<b>5,085</b>	<b>2,535</b>

1 — In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2016 is paid in 2017 and for performance year 2015 in 2016. The payments for equity related deferred compensation (GEI and AEI), however, are disclosed for the year in which the actual payment was made.

2 — The MTB figure included in the “Actual Grant” column shows the annual accrual.

3 — The payout 2015 figure includes the 2015 allocation and the accruals from the performance years 2013 and 2014, as adjusted by the sustainability assessment. The MTB 2013–2015 was paid out in spring 2016.

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

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

6 — 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.

7 — Dr. Maximilian Zimmerer left the Allianz SE Board of Management upon his retirement effective 31 December 2016. According to his contract, he receives a transition payment of € 937.5 THOU. The payment is calculated based on the latest base salary, which is paid for a further six months starting 1 July 2017, and a final lump-sum payment of 25% of the target variable remuneration. The payable pension takes into account the monthly payments over the six-month period. The lump-sum payment will be paid in spring 2018.

## GERMAN ACCOUNTING STANDARD 17 DISCLOSURE

The total remuneration to be disclosed for 2016 in accordance with German Accounting Standard 17 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 2016–2018. The figures for 2015 (in parentheses) include the payout of the MTB 2013–2015. Both figures exclude the pension service cost:

Oliver Bäte € 4,103 (7,046) THOU,  
 Sergio Balbinot € 2,747 (3,780) THOU,  
 Jacqueline Hunt € 1,423 (–) THOU,  
 Dr. Helga Jung € 2,542 (4,813) THOU,  
 Dr. Christof Mascher € 2,492 (5,356) THOU,  
 Jay Ralph € 1,511<sup>1</sup> (5,293) THOU,  
 Dr. Axel Theis € 2,724 (3,644) THOU,  
 Dr. Dieter Wemmer € 2,674 (5,844) THOU,  
 Dr. Werner Zedelius € 2,677 (5,753) THOU,  
 Dr. Maximilian Zimmerer € 2,731 (5,638) THOU.

The sum of the total remuneration of the Board of Management for 2016, excluding the notional accruals of the MTB 2016–2018 and excluding the pension service cost, amounts to € 26 MN<sup>1</sup> (2015, including the payout of the MTB 2013–2015: € 57 MN). The corresponding amount, including pension service cost, equals € 30 MN (2015, including the payout of the MTB 2013–2015: € 61 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 2017, which will vest and be settled in 2021.

### GRANTS AND OUTSTANDING HOLDINGS UNDER THE ALLIANZ EQUITY PROGRAM

	RSU		SAR	
	Number of RSU granted on 3 March 2017 <sup>1</sup>	Number of RSU held at 31 December 2016 <sup>1</sup>	Number of SAR held at 31 December 2016	Strike Price €
Board members				
Oliver Bäte	11,515	40,671	–	–
Sergio Balbinot	7,677	34,120	–	–
Jacqueline Hunt	3,565	–	–	–
Dr. Helga Jung	6,944	31,997	3,167	87.36
Dr. Christof Mascher	6,798	33,885	7,892	87.36
Jay Ralph	–	35,681	–	–
Dr. Axel Theis	7,604	24,366	–	–
Dr. Dieter Wemmer	7,457	37,688	–	–
Dr. Werner Zedelius	7,457	36,582	–	–
Dr. Maximilian Zimmerer	7,677	33,420	–	–
<b>Total</b>	<b>66,694</b>	<b>308,410</b>	<b>11,059</b>	<b>–</b>

<sup>1</sup> – The relevant share price used to determine the fair market value, and hence 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 2015, the equity-related grant in 2016 was made to participants as part of their 2015 remuneration. The disclosure in the Annual Report 2015 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 4 March 2016 under the Allianz Equity Incentive are as follows: Oliver Bäte: 11,733, Sergio Balbinot: 9,300, Dr. Helga Jung: 7,053, Dr. Christof Mascher: 7,999, Jay Ralph: 8,098, Dr. Axel Theis: 8,896, Dr. Dieter Wemmer: 8,948, Dr. Werner Zedelius: 8,926, Dr. Maximilian Zimmerer: 8,746.

<sup>1</sup> – Including the payout of Jay Ralph's MTB tranche for 2016 of € 375 THOU.

## PENSIONS

Company contributions for the current pension plan are set at 50% of the base salary reduced by the cover for disability and death. They are invested in a fund and have a guarantee for the contributions paid, but no further interest guarantee (for members of the Board of Management who were born before 1 January 1958, the guaranteed minimum interest rate remains at 2.75% p.a.). For members with pension rights

in the frozen defined benefit plan, the above contribution rates are reduced by 19% of the expected annual pension from that frozen plan. The Allianz Group paid € 5 MN (2015: € 4 MN) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2016, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 44 MN (2015: € 38 MN).

### INDIVIDUAL PENSIONS: 2016 AND 2015

€ THOU

		Defined benefit pension plan (frozen)			Contribution-based pension plan (frozen) <sup>1</sup>		Current pension plan		AVK/APV <sup>2</sup>		Transition payment <sup>3</sup>		Total	
		Annual pension payment <sup>4</sup>	SC <sup>5</sup>	DBO <sup>6</sup>	SC <sup>5</sup>	DBO <sup>6</sup>	SC <sup>5</sup>	DBO <sup>6</sup>	SC <sup>5</sup>	DBO <sup>6</sup>	SC <sup>5</sup>	DBO <sup>6</sup>	SC <sup>5</sup>	DBO <sup>6</sup>
Board of Management														
Oliver Bäte	2016	–	–	–	33	3,063	536	818	5	36	51	594	625	4,511
(Chairman since 7 May 2015)	2015	–	–	–	283	2,916	–	–	6	31	194	495	483	3,442
Sergio Balbinot	2016	–	–	–	5	39	357	582	2	4	–	1	365	626
	2015	–	–	–	219	243	–	–	2	2	1	1	222	246
Jacqueline Hunt	2016	–	–	–	–	–	159	159	–	–	–	–	159	159
	2015	–	–	–	–	–	–	–	–	–	–	–	–	–
Dr. Helga Jung	2016	62	54	1,347	12	1,813	345	558	8	159	–	–	420	3,878
	2015	62	56	1,187	210	1,800	–	–	8	147	–	–	274	3,134
Dr. Christof Mascher	2016	–	–	–	12	3,115	357	637	5	42	43	583	418	4,377
	2015	–	–	–	280	3,016	–	–	5	37	63	508	348	3,562
Jay Ralph <sup>7</sup>	2016	–	–	–	8	–	357	–	3	–	–	–	368	–
	2015	–	–	–	278	1,860	–	–	5	23	–	1	283	1,884
Dr. Axel Theis	2016	120	107	3,422	6	2,528	334	535	9	233	25	774	482	7,493
	2015	120	110	3,085	199	2,450	–	–	10	214	78	722	397	6,471
Dr. Dieter Wemmer	2016	–	–	–	477	1,832	–	–	2	10	–	–	479	1,842
	2015	–	–	–	278	1,181	–	–	4	8	–	1	282	1,190
Dr. Werner Zedelius	2016	225	207	6,385	431	5,090	–	–	9	222	14	678	661	12,375
	2015	225	213	5,751	398	4,151	–	–	9	203	26	641	646	10,746
Dr. Maximilian Zimmerer	2016	141	146	4,078	5	2,783	327	519	9	214	300	938	786	8,532
	2015	161	150	3,897	191	2,672	–	–	9	196	36	656	386	7,422

1 — The service cost of the frozen contribution-based pension plan reflects the continued death and disability cover.

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 — As Jay Ralph left Allianz on 1 July 2016, his employer-financed DBO of € 2,437 THOU (thereof € 1,755 THOU for the frozen DB-Pension-Plan, € 636 THOU for the contribution based pension plan and € 25 THOU for the Current Pension Plan, AVK/APV) is covered under former Board members.

In 2016, remuneration and other benefits totaling € 7 MN (2015: € 7 MN)<sup>1</sup> were paid to former members of the Board of Management and dependents, while reserves for current pension obligations and accrued pension rights totaled € 119 MN (2015: € 116 MN).

## LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2016, 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.

1 — The 2015 amount includes bonus payments made to Clement Booth in 2015 which were already shown as variable compensation for 2014. The amount shown for 2016 excludes compensation that was paid for active Board membership and disclosed as compensation of the respective performance year.

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.

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-month 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.

Where an Allianz pension is immediately payable, transition payment amounts are set off accordingly.

### 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 (annual bonus, accrued MTB and equity-related 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.

If 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).

## 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 2017

The remuneration of the new regular member of the Board of Management, Dr. Günther Thallinger, has been set at the same level as for the other regular members of the Board of Management.

## 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 2015, a regular Supervisory Board member receives a fixed remuneration of € 100 THOU per year. Each Vice 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 2016, Allianz SE reimbursed expenses totaling € 51,935.

## REMUNERATION FOR 2016

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,025 THOU in 2016 (2015: € 2,021 THOU). The following table shows the individual remuneration for 2016 and 2015:

### INDIVIDUAL REMUNERATION: 2016 AND 2015 € THOU (total might not sum up due to rounding)

Members of the Supervisory Board	Committees <sup>1</sup>						Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
	A	N	P	R	S					
<b>Dr. Helmut Perlet</b> (Chairman)	M	C	C	C	C	2016	200.0	160.0	6.7	366.7
	M	C	C	C	C	2015	200.0	160.0	6.7	366.7
<b>Dr. Wulf H. Bernotat</b> (Vice Chairman)	C				M	2016	150.0	100.0	4.5	254.5
	C				M	2015	150.0	100.0	4.5	254.5
<b>Rolf Zimmermann</b> (Vice Chairman)			M		M	2016	150.0	40.0	4.5	194.5
			M		M	2015	150.0	40.0	5.2	195.2
<b>Dante Barban</b>				M		2016	100.0	20.0	4.5	124.5
				M		2015	100.0	20.0	4.5	124.5
<b>Christine Bosse</b>			M	M		2016	100.0	40.0	4.5	144.5
			M	M		2015	100.0	40.0	5.2	145.2
<b>Gabriele Burkhardt-Berg</b>					M	2016	100.0	20.0	4.5	124.5
					M	2015	100.0	20.0	4.5	124.5
<b>Jean-Jacques Cette</b>	M					2016	100.0	40.0	6.0	146.0
	M					2015	100.0	40.0	6.0	146.0
<b>Dr. Friedrich Eichiner<sup>2</sup></b>				M		2016	66.6	13.3	2.2	82.1
						2015	—	—	—	—
<b>Ira Gloe-Semler<sup>3</sup></b>	M					2016	25.0	10.0	1.5	36.5
	M					2015	100.0	40.0	6.0	146.0
<b>Martina Grundler<sup>4</sup></b>	M					2016	75.0	26.6	4.5	106.1
						2015	—	—	—	—
<b>Prof. Dr. Renate Köcher</b>		M			M	2016	100.0	20.0	3.7	123.7
		M			M	2015	100.0	20.0	4.5	124.5
<b>Jürgen Lawrenz<sup>5</sup></b>				M		2016	100.0	20.0	4.5	124.5
				M		2015	41.7	8.3	2.2	52.2
<b>Jim Hagemann Snabe</b>	M	M				2016	100.0	40.0	5.2	145.2
	M					2015	100.0	40.0	5.2	145.2
<b>Peter Denis Sutherland<sup>6</sup></b>		M		M		2016	41.6	8.3	1.5	51.4
		M		M		2015	100.0	20.0	3.7	123.7
<b>Total<sup>7</sup></b>						2016	1,408.2	558.2	58.5	2,025.2
						2015	1,400.0	560.0	60.7	2,020.7

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

1 — Abbreviations: A – Audit, N – Nomination, P – Personnel, R – Risk, S – Standing.

2 — Since 4 May 2016.

3 — Until 31 March 2016.

4 — Since 1 April 2016.

5 — Since 1 August 2015.

6 — Until 4 May 2016.

7 — The total reflects the remuneration of the full Supervisory Board in the respective year.

## REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

As remuneration for her membership in the Supervisory Board of Allianz Deutschland AG Ms. Gabriele Burkhardt-Berg received € 20.9 THOU for the financial year 2016. Mr. Jürgen Lawrenz did not receive a separate remuneration for his membership in the Supervisory Board of Allianz Managed Operations & Services SE. All current employee representatives of the Supervisory Board except for Ms. Martina Grundler (until 31 March 2016 Ms. 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

As of 31 December 2016, 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

### BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our business segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other, and in 2016 were overseen by five Board members. 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.

For further information on Board of Management members and their responsibilities, please refer to [Mandates of the Members of the Board of Management](#) on [page 8](#).

### TARGET SETTING AND MONITORING

The Allianz Group steers its operating entities and business segments via an integrated management and control process. It begins with the definition of a business-specific strategy and goals, which are discussed and agreed upon between the Holding and operating entities. Based on this strategy, our operating entities prepare three-year plans which are then aggregated to form the financial plans for the business divisions and for the Allianz Group as a whole. 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-term, mid-term, and long-term targets to ensure effectiveness and emphasize sustainability. For further details about our remuneration structure, including target setting and performance assessment, please refer to the [Remuneration Report](#) starting on [page 34](#).

We continuously monitor our business performance against these targets through monthly reviews – which cover key operational and financial metrics – to ensure we can move quickly and take appropriate measures in the event of negative developments. The Allianz Group uses operating profit and net income as key financial performance indicators across all its business segments. Other indicators include segment-specific figures, such as the combined ratio for Property-Casualty, return on equity<sup>1</sup> for Life/Health, and the cost-income ratio for Asset Management. To steer and control new business in our business segments Property-Casualty and Life/Health, we use Return on Risk Capital (RoRC).

Besides performance steering, we also have a risk steering process in place, which is described in the [Risk and Opportunity Report](#) starting on [page 19](#).

Non-financial key performance indicators (KPIs) are mainly used for the sustainability assessment that we conduct when determining mid-term bonus levels. In line with our Renewal Agenda, KPIs mainly represent three key levers: True Customer Centricity, Digital by Default, and Inclusive Meritocracy. Examples include the Allianz Engagement Survey and Net Promoter Score (NPS<sup>2</sup>) results, diversity development, and the share of digital retail products/digital client communication.

<sup>1</sup> — Excluding unrealized gains/losses on bonds net of shadow accounting.

<sup>2</sup> — NPS is a measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.

## Our Corporate Responsibility approach

As an international financial services company, we find it vital to ensure that our growth is both sustainable and profitable. We want to create long-term value by strategically embedding sustainability in our core business and by enabling our customers to address tomorrow's challenges. This requires us to continually adapt our business strategy in response to our stakeholders' and working partners' needs, to the most pressing sustainability issues, and to the activities of national and international sustainability bodies and initiatives, in order to deliver on global commitments such as the United Nations Sustainable Development Goals.

Our Corporate Responsibility Strategy contributes to our Renewal Agenda and focuses on our most material sustainability issues:

**Low-carbon economy:** supporting renewable energy and decarbonization through our investments; providing green insurance solutions; reducing our environmental footprint.

**Social inclusion:** supporting the social inclusion of children and youth through our Future Generations program; developing solutions for customers in emerging markets; promoting diversity and wellbeing among our employees.

**Business integrity:** integrating environmental, social and governance (ESG) issues across our investment and insurance businesses; building trust through transparency, responsible sales, and data privacy.

In 2016, we surveyed over 6,000 stakeholders to identify our most material issues as well as the relative importance of the solutions we provide. The results show that the most important megatrends and risks Allianz faces across those target groups and countries surveyed are climate change & environment, personal customer safety, digitalization, societal change, and fiscal crisis. We will continue to integrate our stakeholders' views in both our sustainability strategy and our reporting approach.

For reporting purposes, we organize our approach around Allianz's five key roles as sustainable insurer, responsible investor, trusted company, attractive employer, and committed corporate citizen.

Please refer to our 2016 Group Sustainability Report (to be published on 5 April 2017) for full details of our corporate responsibility strategy, approach and performance: [www.allianz.com/sustainability](http://www.allianz.com/sustainability).



## Branches

In 2016, Allianz SE operated its reinsurance business from Munich and from branch offices in Singapore, Labuan (Malaysia), Wallisellen (Suisse) and Dublin (Ireland).

## Takeover-related statements and explanations

The following information is given pursuant to § 289(4) of the German Commercial Code (“Handelsgesetzbuch – HGB”) and § 176(1) of the German Stock Company Act (“Aktengesetz – AktG”).

### COMPOSITION OF SHARE CAPITAL

As of 31 December 2016, 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. An approval duly applied for may only be withheld if it is deemed necessary in the company’s interest 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 share price.

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

We are not aware of any direct or indirect interests in the share capital of Allianz SE that exceed 10% of the voting rights.

### 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 (Articles 9(1), 39(2) and 46 of the SE Regulation, §§ 84, 85 AktG and § 5(3) of the Statutes). Reappointments, for a maximum of five years each, 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 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 Vice Chairperson shall have the casting vote, provided he or she is a shareholder representative. A Vice 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 AktG). The Supervisory Board may dismiss members of the Board of Management if there is an important reason (§ 84(3) AktG).

According to § 5(1) of the Statutes, the Board of Management shall consist of at least two persons. Apart from that, the Supervisory Board determines the number of members. The Supervisory Board has appointed a Chairman of the Board of Management pursuant to § 84(2) AktG.

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 (§ 24(3) of the German Insurance Supervision Act (“Versicherungsaufsichtsgesetz – VAG”). The Federal Financial Services Supervisory Authority (“Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin”) must be notified about the intention of appointing a Board of Management member pursuant to § 47 No. 1 VAG.

Amendments to the Statutes must be adopted by the General Meeting. § 13(4) 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 of the SE Implementation Act (“SE-Ausführungsgesetz – SEAG”), which is based upon Article 59(1) and (2) of the SE Regulation. A larger majority is required, inter alia, for a change in the corporate object or the relocation of the registered office to another E.U. member state (§ 51 SEAG). The Supervisory Board may alter the wording of the Statutes (§ 179(1) AktG 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 2014/1). 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 below 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 are exercised (or conversion obligations fulfilled) resulting from bonds that have been issued by Allianz SE or its subsidiaries based on the authorizations granted by the General Meeting on 5 May 2010 and 7 May 2014.

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 AktG). Together with other treasury shares that are held by Allianz SE, or which are attributable to it under §§ 71a et seq. AktG, 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) AktG) 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. AktG, 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 if and when the counterparty 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.
- Allianz SE is also party to various bancassurance distribution agreements for insurance products in various regions. These distribution agreements normally include a clause under which the parties have an extraordinary termination right in case there is a change of control of the other party's ultimate holding company.
- Shareholder agreements and joint ventures to which Allianz SE is a party often contain change-of-control clauses that provide, as the case may be, for the termination of the agreement, or for put or call rights that one party can exercise with regard to the joint

venture or the target company, if there is a change of control of the other party.

- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers 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 certain 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 because his or her 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 comes 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 34](#).

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 who do not belong to the Allianz Group and which provide for an exception from the usual vesting and exercise periods. The RSU will be released, 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 equal the average market value of the Allianz share and be equal to or above 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 vesting 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 of control.

## Controls over Financial Reporting

The following information is given pursuant to § 289(5) of the German Commercial Code.

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 (this also includes market value balance sheet and risk capital controls). Our internal control system over financial reporting (ICOFR) is based on the revised framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, and is regularly reviewed and updated. Our approach 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 compliance programs, or a committee governance structure. In the ITGC framework we have implemented, for example, controls for access-rights management and for project and change management.

### ACCOUNTING PROCESSES

The accounting processes we use to produce our financial statement are based on a group-wide IT solution and a local general ledger. Access rights to the accounting system 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 our financial statements.

### INTERNAL CONTROL SYSTEM APPROACH

Our approach can be summarized as follows:

- We use a top-down, risk based approach to determine the accounts that should fall under the *scope of our internal control system over financial reporting*. The methodology is described in the group-wide applicable ICOFR manual. During the scoping process, both 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.
- Then, we *identify risks* that could lead to material financial misstatements, including all relevant root causes (i.e. human processing errors, fraud, system shortcomings, external factors, etc.). After identifying and analyzing the risks, their potential impacts and probabilities of occurrence are evaluated.
- *Preventive and detective key controls* over the financial reporting process have been put in place to reduce the likelihood and 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 on information technology systems, we also implement IT controls.
- Finally, we focus on ensuring that controls are appropriately designed and effectively executed to mitigate risk. Allianz Group set consistent documentation requirements for elements such as processes, related key controls, and execution. We conduct an annual *assessment* of our control system to maintain and continuously enhance its effectiveness. Audit ensures that the overall quality of our control system is subjected to regular control-testing, to assure reasonable design and operating effectiveness.

# FINANCIAL STATEMENTS OF ALLIANZ SE

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# Financial Statements

## BALANCE SHEET

€ THOU

as of 31 December	Note	2016	2016	2015
<b>ASSETS</b>				
<b>A. Intangible assets</b>	1, 2			
I. Self-produced industrial property rights and similar rights and assets		17,623		5,842
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		2,928		7,038
III. Advance payments made		–		5,800
			20,551	18,680
<b>B. Investments</b>	1, 3–5			
I. Real estate		250,343		254,389
II. Investments in affiliated enterprises and participations		71,354,121		73,711,243
III. Other investments		33,446,657		27,726,413
IV. Funds held by others under reinsurance business assumed		8,028,086		6,094,716
			113,079,207	107,786,761
<b>C. Receivables</b>				
I. Accounts receivable on reinsurance business		450,606		495,670
thereof from affiliated enterprises: € 217,820 THOU (2015: € 295,293 THOU)				
thereof from participations <sup>1</sup> : € 1,756 THOU (2015: € 5,630 THOU)				
II. Other receivables	6	5,022,127		4,794,374
thereof from affiliated enterprises: € 4,325,105 THOU (2015: € 4,206,194 THOU)				
thereof from participations <sup>1</sup> : € 2,807 THOU (2015: € 584 THOU)				
			5,472,733	5,290,044
<b>D. Other assets</b>				
I. Tangible fixed assets and inventories		15,632		12,438
II. Cash with banks, checks and cash on hand		49,528		350,371
III. Miscellaneous assets	7	227,014		427,924
			292,174	790,733
<b>E. Deferred charges and prepaid expenses</b>	8			
I. Accrued interests and rent		474,724		289,692
II. Other deferred charges and prepaid expenses		140,532		133,756
			615,256	423,448
<b>Total assets</b>			<b>119,479,921</b>	<b>114,309,666</b>

<sup>1</sup> – Companies in which we hold a participating interest.

€ THOU					
as of 31 December	Note	2016	2016	2016	2015
EQUITY AND LIABILITIES					
<b>A. Shareholders' equity</b>	10				
<b>I. Issued capital</b>		1,169,920			1,169,920
Less: mathematical value of own shares		4,945			5,570
			1,164,975		1,164,350
<b>II. Additional paid-in capital</b>			27,844,664		27,799,741
<b>III. Revenue reserves</b>					
1. Statutory reserves		1,229			1,229
2. Other revenue reserves		11,782,928			11,783,945
			11,784,157		11,785,174
<b>IV. Net earnings</b>			3,855,866		4,228,626
				44,649,662	44,977,891
<b>B. Subordinated liabilities</b>	11, 14			13,806,280	12,339,743
<b>C. Insurance reserves</b>	12				
<b>I. Unearned premiums</b>					
1. Gross		1,642,350			1,226,423
2. Less: amounts ceded		81,950			65,920
			1,560,400		1,160,503
<b>II. Aggregate policy reserves</b>					
1. Gross		814,245			1,746,057
2. Less: amounts ceded		26,734			32,723
			787,511		1,713,334
<b>III. Reserves for loss and loss adjustment expenses</b>					
1. Gross		11,683,973			9,420,326
2. Less: amounts ceded		1,942,252			970,320
			9,741,721		8,450,006
<b>IV. Reserves for premium refunds</b>					
1. Gross		33,968			20,916
2. Less: amounts ceded		21			26
			33,947		20,890
<b>v. Claims equalization and similar reserves</b>			2,315,370		1,787,813
<b>VI. Other insurance reserves</b>					
1. Gross		32,260			34,958
2. Less: amounts ceded		—			(95)
			32,260		35,053
				14,471,209	13,167,599
<b>D. Other provisions</b>	13			7,369,141	7,500,216
<b>E. Funds held with reinsurance business ceded</b>				1,075,022	63,416
<b>F. Other liabilities</b>					
<b>I. Accounts payable on reinsurance business</b>			410,563		231,551
thereof to affiliated enterprises: € 269,609 THOU (2015: € 135,928 THOU)					
thereof to participations <sup>1</sup> : € 11,968 THOU (2015: € 9,180 THOU)					
<b>II. Bonds</b>	14		2,575,931		3,257,608
thereof to affiliated enterprises: € 2,575,931 THOU (2015: € 3,257,608 THOU)					
<b>III. Liabilities to banks</b>	14		397,574		1,344,406
<b>IV. Miscellaneous liabilities</b>	14		34,717,195		31,415,685
including taxes of: € 21,626 THOU (2015: € 10,956 THOU)					
thereof to affiliated enterprises: € 33,429,044 THOU (2015: € 29,752,397 THOU)					
thereof to participations <sup>1</sup> : € 3 THOU (2015: € 2 THOU)					
				38,101,263	36,249,250
<b>G. Deferred income</b>				7,344	11,551
<b>Total equity and liabilities</b>				<b>119,479,921</b>	<b>114,309,666</b>

1 — Companies in which we hold a participating interest.



# INCOME STATEMENT

€ THOU

	Note	2016	2016	2016	2015
<b>I. Technical account</b>					
<b>1. Premiums earned (net)</b>					
a) Gross premiums written	16	10,820,290			8,328,023
b) Ceded premiums written		(787,517)			(807,561)
			10,032,773		7,520,462
c) Change in gross unearned premiums		(425,198)			(325,174)
d) Change in ceded unearned premiums		17,098			(11,991)
			(408,100)		(337,165)
<b>Premiums earned (net)</b>				9,624,673	7,183,297
<b>2. Allocated interest return (net)</b>	17			21,025	58,631
<b>3. Other underwriting income (net)</b>				72,789	434
<b>4. Loss and loss adjustment expenses (net)</b>	18				
a) Claims paid					
aa) Gross		(4,504,389)			(2,564,120)
bb) Amounts ceded in reinsurance		(571,225)			305,455
			(5,075,614)		(2,258,665)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		(2,164,929)			(2,628,164)
bb) Amounts ceded in reinsurance		896,657			(20,274)
			(1,268,272)		(2,648,438)
<b>Loss and loss adjustment expenses (net)</b>				(6,343,886)	(4,907,103)
<b>5. Change in other insurance reserves (net)</b>	19			6,725	(38,829)
<b>6. Expenses for premium refunds (net)</b>				(13,244)	(4,584)
<b>7. Underwriting expenses (net)</b>	20			(2,946,248)	(2,064,964)
<b>8. Other underwriting expenses (net)</b>				(21,864)	(3,021)
<b>9. Subtotal (Net underwriting result)</b>				399,970	223,861
<b>10. Change in claims equalization and similar reserves</b>				(527,557)	(192,720)
<b>11. Net technical result</b>				(127,587)	31,141
<b>II. Non-technical account</b>					
<b>1. Investment income</b>	21	5,084,886			8,130,158
<b>2. Investment expenses</b>	22	(1,795,458)			(2,121,314)
<b>3. Investment result</b>			3,289,428		6,008,844
<b>4. Allocated interest return</b>			(22,131)		(59,706)
				3,267,297	5,949,138
<b>5. Other income</b>			2,718,536		2,507,577
<b>6. Other expenses</b>			(3,177,927)		(5,289,676)
<b>7. Other non-technical result</b>	23			(459,391)	(2,782,099)
<b>8. Non-technical result</b>				2,807,906	3,167,039
<b>9. Net operating income</b>				2,680,319	3,198,180
<b>10. Income taxes</b>	24	(256,718)			(305,987)
Amounts charged to other Group companies		522,931			663,974
			266,213		357,987
<b>11. Other taxes</b>			1,082		(2,534)
<b>12. Taxes</b>				267,295	355,453
<b>13. Net income</b>				2,947,614	3,553,633
<b>14. Unappropriated earnings carried forward</b>				908,252	674,993
<b>15. Net earnings</b>	25			3,855,866	4,228,626

# Notes to the Financial Statements

## NATURE OF OPERATIONS AND BASIS OF PREPARATION

### NATURE OF OPERATIONS

Allianz SE, as the holding and reinsurance company of the Allianz Group, is located at Königinstraße 28, 80802 Munich, and registered in the Commercial Register of the municipal court in Munich under HRB 164232.

### BASIS OF PREPARATION

Our 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 5 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 2016.

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 5 of the German Commercial Code. However, when converting foreign currency loans into Euro 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

Generally, these items are 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 5 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

These 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.

### DEFERRED TAX ASSETS

When calculating deferred taxes, deferred tax assets and liabilities are offset.

Based on the capitalization option in accordance with § 274 (1) sentence 2 of the German Commercial Code, the surplus of deferred tax assets over deferred tax liabilities is not recognized.

### 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.

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

### 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. In 2016, a new law ("Gesetz zur Umsetzung der Wohnimmobilienkreditrichtlinie und zur Änderung handelsrechtlicher Vorschriften") became effective, which included inter alia an amendment of § 253 of the German Commercial Code, affecting the evaluation of pension obligations. According to the new law, the discount rate used for calculating the pension obligations has to be derived from a 10-year-average, while it was derived from a 7-year-average before. A positive difference resulting from the change of the valuation method is earmarked for profit distribution (§ 253 (6) sentence 2 of the German Commercial Code). The aforementioned changes only apply for pension obligations, not for other provisions such as phased-in early retirement benefits, long-term credit accounts, or jubilee payments.

Apart from that, with respect to the discount rate, the simplification option set out in § 253 (2) sentence 2 of the German Commercial Code has still 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 to our financial statements.

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 Euro at the relevant daily rate (middle forex spot rate).

Loans to affiliated enterprises denominated in foreign currencies are converted into Euro 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 Euro 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 is disclosed in the investment result.

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

All other monetary assets and liabilities recorded in foreign currency are valued at 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 2016, 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 intra-group 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 offset each other 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.

	Values stated as of 1 January 2016		Additions (+)
	€ THOU	%	€ THOU
<b>A. Intangible assets</b>			
1. Self-produced industrial property rights and similar rights and assets	5,842		11,098
2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	7,038		20
3. Advance payments made	5,800		–
<b>Subtotal A.</b>	<b>18,680</b>		<b>11,118</b>
<b>B.I. Real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE</b>	<b>254,389</b>	<b>0.2</b>	<b>5,359</b>
<b>B.II. Investments in affiliated enterprises and participations</b>			
1. Shares in affiliated enterprises	66,733,105	65.6	615,920
2. Loans to affiliated enterprises	6,470,912	6.4	–
3. Participations	507,226	0.5	634
4. Loans to participations	–	–	1,100
<b>Subtotal B.II.</b>	<b>73,711,243</b>	<b>72.5</b>	<b>617,654</b>
<b>B.III. Other investments</b>			
1. Stocks, interests in funds and other variable-income securities	1,270,904	1.2	770,168
2. Debt securities and other fixed-income securities	23,671,056	23.3	30,532,337
3. Other loans			
a) Registered bonds	1,588,389	1.6	1,656,519
b) Loans and promissory notes	124,388	0.1	162,799
4. Bank deposits	1,071,676	1.1	312,440
<b>Subtotal B.III.</b>	<b>27,726,413</b>	<b>27.3</b>	<b>33,434,263</b>
<b>Subtotal B.I. - B.III.</b>	<b>101,692,045</b>	<b>100.0</b>	<b>34,057,276</b>
<b>Total</b>	<b>101,710,725</b>		<b>34,068,394</b>

### 2 – Intangible assets

The book value of intangible assets totaled € 21 MN (2015: € 19 MN) and mainly consists of internally generated software.

In 2016 the research and development costs of Allianz SE amounted to € 11 MN and represent in total the development costs for the internally generated software.

### 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

as of 31 December	Book value		Market value		Valuation reserve	
	2016	2015	2016	2015	2016	2015
Real estate	0.3	0.3	0.7	0.5	0.4	0.2
Equity securities	66.7	68.5	76.1	74.5	9.4	6.0
Debt securities	27.4	23.6	28.1	24.1	0.7	0.5
Loans	9.3	8.2	10.6	9.2	1.3	1.0
Bank deposits	1.4	1.1	1.4	1.1	–	–
Funds held by others under reinsurance business assumed	8.0	6.1	8.0	6.1	–	–
<b>Total</b>	<b>113.1</b>	<b>107.8</b>	<b>124.9</b>	<b>115.5</b>	<b>11.8</b>	<b>7.7</b>

Transfers	Disposals (-)	Revaluation (+)	Depreciation (-)	Net additions (Net disposals)	Values stated as of 31 December 2016	
€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	%
5,800	–	–	5,117	11,781	17,623	
–	2	–	4,128	(4,110)	2,928	
(5,800)	–	–	–	(5,800)	–	
–	2	–	9,245	1,871	20,551	
–	486	2,880	11,799	(4,046)	250,343	0.2
–	2,892,776	–	51,234	(2,328,090)	64,405,015	61.3
–	23,900	–	166	(24,066)	6,446,846	6.1
–	5,261	–	1,439	(6,066)	501,160	0.5
–	–	–	–	1,100	1,100	–
–	2,921,937	–	52,839	(2,357,122)	71,354,121	67.9
–	291,271	3,993	–	482,890	1,753,794	1.7
–	26,760,446	98,333	118,235	3,751,989	27,423,045	26.1
–	638,221	–	–	1,018,298	2,606,687	2.5
–	8,172	–	–	154,627	279,015	0.3
–	–	–	–	312,440	1,384,116	1.3
–	27,698,110	102,326	118,235	5,720,244	33,446,657	31.9
–	30,620,533	105,206	182,873	3,359,076	105,051,121	100.0
–	30,620,535	105,206	192,118	3,360,947	105,071,672	

## 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 generally measured by the stock exchange price quoted on the last trading day of 2016. Non-quoted companies are valued at their net asset value calculated by the German Association for Financial Analysis and Asset Management's (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 2016 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.



## 4 – Investments in affiliated enterprises and participations

€ BN			
as of 31 December	2016	2015	Change
Shares in affiliated enterprises	64.4	66.7	(2.3)
Loans to affiliated enterprises	6.5	6.5	–
Participations	0.5	0.5	–
<b>Total</b>	<b>71.4</b>	<b>73.7</b>	<b>(2.3)</b>

The book value of shares in affiliated enterprises went down by € 2.3 BN to € 64.4 BN (2015: € 66.7 BN). This decrease consists of the following:

- € 2.3 BN capital reduction of our subsidiary AZ-Arges Vermögensverwaltungsgesellschaft mbH following the transfer of intra-group debt to another Group company,
- further capital decreases amounting to overall € 0.6 BN, thereof € 0.4 BN at Allianz Deutschland AG and € 0.2 BN at Allianz Asset Management AG,
- book value increase by € 0.3 BN due to the acquisition of the two Moroccan companies Allianz Maroc S.A. and Marofinac S.à.r.l. from Zurich Insurance Company Ltd.,
- further various purchases and capital increases of Group companies raising the book value once more by overall € 0.3 BN.

## 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
<b>Equity funds</b>				
Allianz Discovery Asia Strategy Fund	3,910	4,346	436	–
Allianz Global Emerging Markets Equity Dividend Fund	3,000	3,396	396	97
<b>Subtotal equity funds</b>	<b>6,910</b>	<b>7,742</b>	<b>832</b>	<b>97</b>
<b>Bond funds</b>				
Allianz RE Asia Fund	1,033,241	1,131,161	97,920	18,364
PIMCO Covered Bond Source UCITS ETF	99,199	105,806	6,607	779
Allianz Emerging Markets Local Currency Bond Fund	4,021	4,021	–	212
Allianz Emerging Markets Flexible Bond Fund	3,922	4,531	609	218
PIMCO Select Funds U.S. High Yield BB-B Bond	98,902	98,902	–	4,868
AZRE AZD P & C Master Fund	490,692	533,909	43,217	–
Allianz SE – PD Fund	12,330	12,855	525	–
<b>Subtotal bond funds</b>	<b>1,742,307</b>	<b>1,891,185</b>	<b>148,878</b>	<b>24,441</b>
<b>Mixed funds</b>				
Allianz Global Dynamic Multi Assets Income	3,890	4,186	296	69
<b>Total</b>	<b>1,753,107</b>	<b>1,903,113</b>	<b>150,006</b>	<b>24,607</b>

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 slight increase of € 228 MN in this position consists of a marginal rise of intra-group (€ 119 MN) and tax receivables (€ 127 MN).

## 7 – Miscellaneous assets

At the end of the fiscal year, this position mainly included variation margins paid in connection with financial derivative transactions (€ 223 MN).

## 8 – Deferred charges and prepaid expenses

This item includes accrued interests in the amount of € 475 MN (2015: € 290 MN), which mainly result from our investments in debt securities and loans, as well as other deferred charges and prepaid expenses amounting to € 140 MN (2015: € 134 MN). The latter comprise upfront payments for swap contracts and the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities.

## 9 – Collateral

Assets amounting to € 1.0 BN (2015: € 0.8 BN), of which € 0.6 BN (2015: € 0.6 BN) were 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 2016 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 2016, 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 Act (Aktengesetz) 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. The subscription rights for new shares from the Authorized Capital 2014/I and the Conditional Capital 2010/2014 may only be excluded for the proportionate amount of the share capital of up to € 233,728.0 THOU (corresponding to 20% of the share capital at year-end 2013).

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 2016, the Authorized Capital 2014/II amounted to € 13,720.0 THOU (5,359,375 shares).

#### CONDITIONAL CAPITAL

As of 31 December 2016, 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 to the extent that the conversion or option rights or conversion obligations are not serviced through treasury shares or through shares from authorized capital.

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 2016, there was no conversion of any such notes into new shares.

#### CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

##### NUMBER OF ISSUED SHARES OUTSTANDING

	2016	2015
Number of issued shares outstanding as of 1 January	454,823,638	454,248,039
Changes in number of treasury shares	244,099	575,599
Number of issued shares outstanding as of 31 December	455,067,737	454,823,638
Treasury shares <sup>1</sup>	1,932,263	2,176,362
<b>Total number of issued shares</b>	<b>457,000,000</b>	<b>457,000,000</b>

<sup>1</sup> — Thereof 1,931,677 (2015: 2,175,776) own shares held by Allianz SE.

#### PROPOSAL FOR APPROPRIATION OF NET EARNINGS

The Board of Management and the Supervisory Board propose that the net earnings ("Bilanzgewinn") of Allianz SE of € 3,855,866,165.01 for the 2016 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 7.60 per no-par share entitled to a dividend: € 3,458,515,257.20
- Unappropriated earnings carried forward: € 397,350,907.81

The proposal for appropriation of net earnings reflects the 1,932,203 treasury shares held directly and indirectly by the company at the time of the preparation ("Aufstellung") of the annual financial statements by the Board of Management on 14 February 2017. 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 € 7.60 per each share entitled to dividend.

#### TREASURY SHARES

As of 31 December 2016, Allianz SE held 1,931,677 (2015: 2,175,776) treasury shares. Of these, 905,648 (2015: 1,522,732) were held for covering future subscriptions by employees in Germany and abroad in the context of Employee Stock Purchase Plans, whereas 1,026,029 (2015: 653,044) were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In the year ending 31 December 2016, 617,084 (2015: 575,584) shares were sold to employees of Allianz SE, as well its subsidiaries in Germany and abroad, in the context of the Employee Stock Purchase Plan. These shares were taken from the stock of treasury shares dedicated to this purpose. In 2016, as in the previous year, no capital increase for the purpose of Employee Stock Purchase Plans was undertaken. Employees of the Allianz Group purchased shares at prices ranging from € 94.54 (2015: € 98.42) to € 121.84 (2015: € 125.84) per share. As of 31 December 2016, the remaining treasury shares of Allianz SE held for covering subscriptions by employees in the context of the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in Germany and abroad amounted to 905,648 shares.

In July 2016, Allianz SE purchased 1,189,514 treasury shares at an average price of € 122.08 for the purpose of hedging obligations from the Allianz Equity Incentive Program. For reasons of hedge accounting, Allianz SE reduced this position of treasury shares in August 2016 by 816,529 shares at an average price of € 129.78 and, at the same time, entered into corresponding forward transactions on Allianz shares at an identical reference price. As of 31 December 2016, the remaining treasury shares of Allianz SE held as a hedge for obligations from the Allianz Equity Incentive Program amounted to 1,026,029 shares.

In the year ending 31 December 2016, the total number of treasury shares of Allianz SE decreased by 244,099 (2015: decrease of 575,584) shares, which corresponds to € 624,893 (2015: € 1,473,495) or 0.05% (2015: 0.126%) of issued capital.

The treasury shares of Allianz SE and its subsidiaries represent € 4,945 THOU (2015: € 5,571 THOU) or 0.42% (2015: 0.48%) of the issued capital.

#### ADDITIONAL PAID-IN CAPITAL

€ THOU

as of 31 December 2015	27,799,741
Own shares: realized gains	44,923
<b>as of 31 December 2016</b>	<b>27,844,664</b>

#### REVENUE RESERVES

€ THOU

as of 31 December	2015	Own shares exceeding mathematical value	2016
1. Statutory reserves	1,229	–	1,229
2. Other revenue reserves <sup>1</sup>	11,783,945	(1,017)	11,782,928
<b>Total</b>	<b>11 785 174</b>	<b>(1,017)</b>	<b>11 784 157</b>

1 – Thereof reserves for own shares € 4,945 THOU (2015: € 5,570 THOU).

## 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 the amount of € 772,254 THOU (2015: € 11,412 THOU). Of this amount € 749,686 THOU (2015: € 0 THOU) are due to the new legal provision for discounting pension obligations according to § 253(2) sentence 1 in connection with § 253(6) of the German Commercial Code. Another, € 4,945 THOU (2015: € 5,570 THOU) relate to the mathematical value of own shares deducted from issued capital according to § 272(1a) of the German Commercial Code. Furthermore, € 17,623 THOU (2015: € 5,842 THOU) account for internally generated intangible assets according to § 268(8) of the German Commercial Code.

## 11 – Subordinated liabilities

Subordinated liabilities increased to € 13.8 BN in 2016 (2015: € 12.3 BN).<sup>1</sup> € 8.9 BN (2015: € 7.5 BN) were external subordinated liabilities resulting from bonds issued by Allianz SE directly. In 2016, Allianz SE placed a new subordinated bond with a volume of USD 1.5 BN (equals € 1.4 BN).

In addition, intra-group subordinated liabilities amounting to € 4.9 BN (2015: € 4.9 BN) were attributable to 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

as of 31 December	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
Motor	433	–	2,438	–	327	7	3,205
Fire and property reinsurance	482	–	2,119	9	601	8	3,219
Liability	217	–	3,062	4	393	4	3,680
Life	38	748	93	–	–	6	885
Marine and aviation	26	–	530	–	66	–	622
Credit and bond	–	–	409	21	440	1	871
Personal accident	37	38	466	–	2	2	545
Legal expenses	46	–	256	–	19	2	323
Health	3	2	11	–	–	–	16
Other lines	278	–	358	–	467	2	1,105
<b>Total</b>	<b>1,560</b>	<b>788</b>	<b>9,742</b>	<b>34</b>	<b>2,315</b>	<b>32</b>	<b>14,471</b>

The development of the insurance reserves was mainly influenced by the new quota share agreements with European entities.

<sup>1</sup> – Due to roundings of the single amounts for external and intra-group subordinated liabilities explained below, the 2015 amounts do not exactly sum up to the total value.

## AGGREGATE POLICY RESERVES

Aggregate policy reserves declined by € 926 MN to € 788 MN due to the Life/Health reinsurance.

## RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves for loss and loss adjustment expenses increased by 15.3% to € 9,742 MN, mainly driven by the growth of the portfolio.

## CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2016, claims equalization and similar reserves rose by € 528 MN to € 2,315 MN, mainly driven by the substantial premium growth as well as the positive underwriting result. The increase resulted mainly from fire reinsurance (€ 183 MN), other reinsurance lines (€ 122 MN), motor reinsurance (€ 106 MN) and liability reinsurance (€ 45 MN).

## 13 – Other provisions

### DEVELOPMENT OF OTHER PROVISIONS € THOU

	Provision	Use	Release <sup>1</sup>	Additions <sup>1</sup>	Reversal of Discounting	Provision
	1 January 2016	(-)	(-)	(+)	(+)	31 December 2016
Provisions for pensions and similar liabilities	6,306,863	259,370	159,036	41,508	136,837	6,066,802
Tax provisions	410,928	4,843	239	135,384	–	541,230
Miscellaneous						
1. Anticipated losses	421,533	260,890	48,261	222,618	1,896	336,896
2. Remaining provisions	360,892	213,182	18,474	292,332	2,645	424,213
<b>Total</b>	<b>7,500,216</b>	<b>738,285</b>	<b>226,010</b>	<b>691,842</b>	<b>141,378</b>	<b>7,369,141</b>

1 — Including currency translation effects.

The total of other provisions declined by € 131 MN. This decrease resulted mainly from a net reduction of the pension liability of € 240 MN which was partially offset by an increase of the tax provisions by € 130 MN. The miscellaneous provisions slimmed down by € 21 MN. In this connection, the provisions for anticipated losses dropped by € 85 MN, whereas the remaining provisions grew by € 63 MN.

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 costs, whereas Allianz SE has assumed responsibility for settlement. Consequently, these pension obligations are reported by Allianz SE.

In 2015, the cost allocation contract was renegotiated with the result that, besides covering the interest cost, Allianz SE will also carry the interest rate risk for future years. In addition to that, Allianz SE completely assumed the obligations resulting from the agents pension fund (“Vertreterversorgungswerk” – vvw) from Allianz Beratungs- und Vertriebs-AG as of 1 January 2015.

The following table shows a breakdown of pension liabilities:

### SETTLEMENT AMOUNT OF THE OFFSET LIABILITIES € THOU

as of 31 December	2016	2015
Old pension promises of the German subsidiaries	1,808,224	1,885,919
Pension promises of Allianz SE		
Vertreterversorgungswerk	4,285,330	4,427,543
old pension promises given to employees	194,941	201,115
contribution based pension plans	184,826	162,443
deferred compensation	87,006	74,879
<b>Total</b>	<b>6,560,327</b>	<b>6,751,899</b>

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. In case of security linked pension plans the fair value of the offset assets is shown.

Due to the fact that there is no employment relationship between the tied agents and Allianz SE and as Allianz Beratungs- und Vertriebs-AG does no longer reimburse any costs, pension obligations resulting from the vvw equals the full present value.

## ACTUARIAL PARAMETERS

as of 31 December	2016	2015
Applied discount rate (10-year-average) <sup>1</sup>	4.01	—
Applied discount rate (7-year-average) <sup>1</sup>	3.23	3.89
Rate of assumed pension trend	1.50	1.70
Rate of assumed salary increase (incl. average career trend)	3.25	3.25

<sup>1</sup> — The discount rate as of 31 December 2015 was derived based on the up to 31 December 2015 effective German regulation on the discounting of provisions ("Rückstellungsabzinsungsverordnung") from a 7-year-average. Due to an amendment of German Commercial code, the discount rate as of 31 December 2016 was derived from a 10-year-average for pensions, while the derivation for other provisions remained unchanged and is still based on a 7-year-average.

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 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

as of 31 December	2016	2015
Historical costs of the offset assets	488,562	443,067
Settlement amount of the offset liabilities	6,560,327	6,751,899
(-) Fair value of the offset assets	493,525	445,036
<b>Provisions for pensions and similar liabilities</b>	<b>6,066,802</b>	<b>6,306,863</b>

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 basically calculated in the same way as the pension obligations, using the same actuarial assumptions (except for the discount rate).

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

as of 31 December	2016	2015
Historical costs of the offset assets	19,513	14,168
Settlement amount of the offset liabilities	19,691	15,115
Fair value of the offset assets	20,530	14,311

## 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 2016  
€ THOU

	Total	Term < 1 year	Term 1 – 5 years	Term > 5 years
<b>Subordinated liabilities (B.)</b>				
Intra-group transmission of proceeds from third-party financing	4,868,974	168,974	—	4,700,000
Subordinated bonds issued by Allianz SE	8,937,306	100,658	—	8,836,648
<b>Subtotal subordinated liabilities (B.)</b>	<b>13,806,280</b>	<b>269,632</b>	<b>—</b>	<b>13,536,648</b>
Bonds (intra-group – F.II.)	2,575,931	379,931	1,800,000	396,000
Liabilities to banks (F.III.)	397,574	397,574	—	—
<b>Miscellaneous liabilities (F.IV.)</b>				
Intra-group transmission of proceeds from third-party financing	5,177,377	173,745	2,625,000	2,378,632
Other intra-group liabilities <sup>1</sup>	28,251,667	27,059,263	1,092,404	100,000
<b>Subtotal intra-group miscellaneous liabilities</b>	<b>33,429,044</b>	<b>27,233,008</b>	<b>3,717,404</b>	<b>2,478,632</b>
<b>Liabilities to third parties</b>	<b>1,288,151</b>	<b>1,288,151</b>	<b>—</b>	<b>—</b>
<b>Subtotal miscellaneous liabilities</b>	<b>34,717,195</b>	<b>28,521,159</b>	<b>3,717,404</b>	<b>2,478,632</b>
<b>Total</b>	<b>51,496,980</b>	<b>29,568,296</b>	<b>5,517,404</b>	<b>16,411,280</b>

<sup>1</sup> — As of 31 December 2016, other intra-group liabilities due within one year amounted to € 27.1 BN. Thereof, cash pool and intra-group loans accounted for € 9.3 BN and € 17.0 BN, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

## MATURITY TABLE AS OF 31 DECEMBER 2015

	Total	Term < 1 year	Term 1 – 5 years	Term > 5 years
<b>Subordinated liabilities (B.)</b>				
Intra-group transmission of proceeds from third-party financing	4,868,645	168,645	—	4,700,000
Subordinated bonds issued by Allianz SE	7,471,098	90,730	—	7,380,368
<b>Subtotal subordinated liabilities (B.)</b>	<b>12,339,743</b>	<b>259,375</b>	<b>—</b>	<b>12,080,368</b>
Bonds (intra-group – F.II.)	3,257,608	841,608	2,020,000	396,000
Liabilities to banks (F.III.)	1,344,406	1,344,406	—	—
<b>Miscellaneous liabilities (F.IV.)</b>				
Intra-group transmission of proceeds from third-party financing	4,831,235	438,665	1,875,000	2,517,570
Other intra-group liabilities <sup>1</sup>	24,921,162	22,668,032	1,253,130	1,000,000
<b>Subtotal intra-group miscellaneous liabilities</b>	<b>29,752,397</b>	<b>23,106,697</b>	<b>3,128,130</b>	<b>3,517,570</b>
<b>Liabilities to third parties</b>	<b>1,663,288</b>	<b>1,663,288</b>	<b>—</b>	<b>—</b>
<b>Subtotal miscellaneous liabilities</b>	<b>31,415,685</b>	<b>24,769,985</b>	<b>3,128,130</b>	<b>3,517,570</b>
<b>Total</b>	<b>48,357,442</b>	<b>27,215,374</b>	<b>5,148,130</b>	<b>15,993,938</b>

<sup>1</sup> — As of 31 December 2015, other intra-group liabilities due within one year amounted to € 22.7 BN. Thereof, cash pool liabilities and intra-group loans accounted for € 8.3 BN and € 13.5 BN, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

As of 31 December 2016, € 0.6 BN (2015: € 0.5 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 AS OF 31 DECEMBER 2016

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long call	25,155	2,661	2,507	Share index	Assets D.III.
Short call	25,155	(2,661)	2,507	Share index	Liabilities F.IV.
Short call	13,984	(11,147)	11,147	Allianz SE share	Liabilities F.IV.
Long put	37,923	290	321	Share index	Assets D.III.
Short put	37,923	(290)	304 17	Share index	Liabilities F.IV. Liabilities D.

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

The options on stock indices are held in the context of hedging activities of other entities of the Allianz Group. Allianz SE hedged intra-group 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 on the balance sheet.

European-type options are valued using the Black Scholes model and American-type options using the binomial model based on 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 AS OF 31 DECEMBER 2016

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long forward	466,926	71,674	–	Allianz SE share	–
Long forward	183,415	(10,573)	–	UniCredit S.p.A. share	–
Long future	78,448	–	–	Allianz SE share	–
Short forward	183,415	10,573	–	UniCredit S.p.A. share	–
Hedge RSU	298,941	(412,531)	412,531	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 S.p.A. shares, our subsidiary Allianz Finance II Luxembourg S.à.r.l. entered into short forwards on UniCredit S.p.A. 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 form 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 on 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 dividends are subject to a pass-through agreement. Liabilities from hedge RSU, which the Group companies acquire from Allianz SE 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. Applicable discount rates are derived from interpolated swap rates.



## FORWARD CURRENCY CONTRACTS AS OF 31 DECEMBER 2016

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long forward	6,912,301	50,915	27,673	AED, AUD, BRL, CAD, CHF, CNY, COP, CZK, DKK, GBP, HKD, HUF, JPY, KRW, MYR, NOK, NZD, PLN, QAR, SAR, SEK, SGD, THB, TRY, TWD, USD	Liabilities D.
Short forward	8,972,705	(175,084)	185,212	AED, AUD, BRL, CAD, CHF, COP, CZK, DKK, GBP, HKD, INR, JPY, MYR, NOK, NZD, QAR, SAR, SEK, SGD, THB, TRY, USD, ZAR	Liabilities D.

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

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

Long forwards and short forwards with a nominal value of € 1.7 BN and a fair value of € 11.3 MN, respectively, were aggregated to form 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.

## SWAP CONTRACTS AS OF 31 DECEMBER 2016

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Receiver swap EUR	1,500,000	11,273	–	Long-term interest rate positions	–
Receiver swap GBP	269,447	95,572	71,608	Long-term interest rate positions	Assets E.II.

Allianz SE holds receiver swaps in various currencies in order to hedge interest rate risk arising from interest rate positions of Allianz SE or other entities of the Allianz Group.

The fair value of an interest rate swap is the aggregate net present value of all expected incoming and outgoing cash flows of the respective swap transaction.

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.

## SUPPLEMENTARY INFORMATION ON THE INCOME STATEMENT

### 16 – Gross premiums written

€ THOU	2016	2015
Property-Casualty reinsurance	10,385,480	7,769,191
Life/Health reinsurance	434,810	558,832
<b>Total</b>	<b>10,820,290</b>	<b>8,328,023</b>

Gross premiums written increased by 29.9% to € 10,820 MN. This was mainly due to new quota share agreements with European Allianz entities that contributed gross premiums written of € 2,897 MN.

### 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 € 38 MN to € 21 MN.

### 18 – Run-off result

In 2016, the positive run-off result in Property-Casualty amounted to € 427 MN (2015: € 324 MN) and was mainly influenced by the development of fire reinsurance (€ 180 MN), engineering reinsurance (€ 99 MN), personal accident reinsurance (€ 48 MN) and business interruption reinsurance (€ 36 MN).

### 19 – Change in other insurance reserves (net)

€ THOU	2016	2015
Change in aggregate policy reserves (net)	3,931	(41,473)
Other insurance reserves (net)	2,794	2,644
<b>Total</b>	<b>6,725</b>	<b>(38,829)</b>

The change in aggregate policy reserves (net) was driven by decreased business volume due to a recapture of a capital management transaction in Life/Health reinsurance.

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

### 20 – Underwriting expenses (net)

€ THOU	2016	2015
Gross	(3,063,930)	(2,296,970)
Ceded	117,682	232,006
<b>Net</b>	<b>(2,946,248)</b>	<b>(2,064,964)</b>

The rise in underwriting expenses (net) was mainly due to the new quota share agreements with European Allianz entities. In addition, lower internal and external retrocessions led to a decrease of commissions received.

### 21 – Investment income

€ THOU	2016	2015
a) Income from affiliated enterprises and participations thereof from affiliated enterprises: € 1,722,849 THOU (2015: € 3,794,403 THOU)	1,726,629	3,820,340
b) Income from other investments thereof from affiliated enterprises: € 473,296 THOU (2015: € 445,516 THOU)		
ba) Income from real estate, real estate rights and buildings including buildings on land not owned by Allianz SE	27,532	27,474
bb) Income from other investments (see below)	916,897	917,092
c) Income from reversal of impairments	105,206	3,020
d) Realized gains	365,486	360,899
e) Income from profit transfer agreements	1,943,136	3,001,333
<b>Total</b>	<b>5,084,886</b>	<b>8,130,158</b>
	2016	2015
<b>bb) Income from other investments</b>		
Loans to affiliated enterprises	416,928	413,731
Debt securities	385,837	368,402
Funds held by others under reinsurance business assumed	72,124	87,145
Interests in funds	24,935	24,622
Loans to third parties	6,282	12,708
Receivables from intra-group cash pooling	7,450	5,183
Bank deposits	2,686	4,643
Other	655	658
<b>Total</b>	<b>916,897</b>	<b>917,092</b>

## 22 – Investment expenses

€ THOU	2016	2015
a) Expenses for the management of investments, interest and other investment-related expenses		
aa) Interest expenses (see below)	(1,021,215)	(1,045,224)
ab) Other	(84,983)	(76,699)
b) Depreciation and impairments of investments	(182,873)	(594,135)
c) Realized losses	(198,564)	(183,763)
d) Expenses from losses taken over	(307,823)	(221,493)
<b>Total</b>	<b>(1,795,458)</b>	<b>(2,121,314)</b>
	2016	2015
aa) Interest expenses		
Subordinated bonds issued by Allianz SE	(323,824)	(299,544)
Liabilities from intra-group loans	(270,917)	(298,906)
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(267,960)	(269,591)
Liabilities from intra-group bonds	(111,109)	(126,320)
Liabilities from intra-group cash pooling	(29,860)	(40,653)
Liabilities from commercial paper issues	(8,647)	(5,573)
Other	(8,898)	(4,637)
<b>Total</b>	<b>(1,021,215)</b>	<b>(1,045,224)</b>

The depreciation and impairments of investments include unscheduled write-downs of € 51 MN (2015: € 360 MN) on holdings in affiliated enterprises and € 7 MN (2015: € 1 MN) on real estate.

## 23 – Other non-technical result

€ THOU	2016	2015
<b>Other income</b>		
Gains on derivatives	1,135,670	1,157,962
Currency gains	1,018,676	730,466
Other service revenues to group companies	179,192	106,487
Income from the release of other provisions	158,528	33,572
Income due to adjustment of cost allocation contract	147,827	406,050
Intercompany income	39,798	38,005
Service revenues from pensions charged to group companies	32,912	29,551
Other	5,933	5,484
<b>Total other income</b>	<b>2,718,536</b>	<b>2,507,577</b>
<b>Other expenses</b>		
Expenses on derivatives	(998,915)	(1,267,327)
Currency losses	(994,231)	(1,306,285)
Other human related expenses	(285,837)	(295,946)
Anticipated losses on derivatives	(189,683)	(283,612)
Other service expenses to group companies	(179,192)	(106,487)
Interest and similar expense	(163,233)	(969,557)
Expenses for financial guarantees	(42,586)	–
Service expenses from pensions charged to group companies	(32,912)	(29,551)
Pension expenses	(28,675)	(119,959)
Expenses due to adjustment of cost allocation contract	–	(634,166)
Other	(262,663)	(276,786)
<b>Total other expenses</b>	<b>(3,177,927)</b>	<b>(5,289,676)</b>
<b>Other non-technical result</b>	<b>(459,391)</b>	<b>(2,782,099)</b>

Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries (see note 13 for more details). 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 according to the cost allocation contract and result in corresponding service revenues.

Compared to the previous year, the income from the release of other provisions increased mainly due to the reduction of the assumed pension trend from 1.7% to 1.5%, leading to an income from the release of pension provisions of € 143 MN.

The change of the cost allocation contract in 2015 also led to an income of € 148 MN in the fiscal year, which was lower than in the previous year (2015: € 406 MN). The decrease in the expenses due to the adjustment of the cost allocation contract resulted from the fact that in 2015 Allianz SE fully assumed the obligations resulting from agents pension fund (“vww”) (2015: € 634 MN).

The significant decline in interest expenses of € 806 MN was predominantly caused by a lower addition of the pension provisions of € 654 MN, due to a higher discount rate, and by lower interest expenses on long-term provisions to the amount of € 166 MN. As a result of a legal change, the interest rate used for calculating the pension obligations has to be determined as a 10-year-average instead of a 7-year-average from 2016 onwards.

The significant decrease in pension expenses is basically due to the fact that after Allianz SE had taken over the obligations resulting from vww in 2015, part of the tied agents accepted the offer to waive their pension annuity in exchange for a lump sum payment at retirement age.

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

€ THOU	2016	
	Pensions and similar obligations	Other obligations
Actual return of the offset assets	(14,367)	(325)
Imputed interest cost for the settlement amount of the offset liabilities	257,785	403
Effect resulting from the change in the discount rate for the settlement amount	(106,582)	25
<b>Net amount of the offset income and expenses</b>	<b>136,836</b>	<b>103</b>

## FEES TO THE AUDITOR

Details of the fees to the auditor pursuant to § 285 No. 17 HGB for services to Allianz SE can be found in the notes to the consolidated financial statements of Allianz Group.

## 24 – Income taxes

In 2016, the tax income, which mostly relates to the net operating income, increased to € 266 MN (2015: € 358 MN).

As the controlling company (“Organträger”) of the tax group, Allianz SE files a consolidated tax return with most of its German affiliated enterprises. As long as the corporate income tax loss carried forward is not fully utilized, the tax compensation payments as of € 523 MN (2015: € 664 MN) received from members of the tax group result presumably in a tax income.

The main differences between accounting and tax-based valuation arise from the balance sheet items reserves for loss and loss adjustment expenses, pension accruals and liabilities 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	2016	2015
Net income	2,947,614	3,553,633
Unappropriated earnings carried forward	908,252	674,993
<b>Net earnings</b>	<b>3,855,866</b>	<b>4,228,626</b>

## OTHER INFORMATION

### Contingent liabilities, other financial commitments and legal proceedings

#### CONTINGENT LIABILITIES

##### GUARANTEES RELATING TO ALLIANZ GROUP COMPANIES

The following guarantees are provided by Allianz SE to Allianz Group companies as well as to third parties with regard to the liabilities of certain Allianz Group companies:

- bonds issued by Allianz Finance II B.V. and Allianz Finance III B.V. for € 11.8 BN, of which € 4.7 BN were on a subordinated basis,
- commercial papers issued by Allianz Finance Corporation. As of 31 December 2016, USD 0.1 BN in commercial papers were issued as part of the program,
- letters of credit issued to various Allianz Group companies amounting to € 0.6 BN.

The guarantees 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.

Guarantee declarations totaling € 1.2 BN have also been made for life policies 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 € 408 MN for a part of the German pension promises and plan assets for phased-in early retirement obligations of its German subsidiaries.

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

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 the context of the sale of investments, guarantees were given in individual cases 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 Münsterländische Bank Thie & Co. KG, in accordance with § 5(10) of the Statute of Deposit Security Arrangement Fund. With respect to Münsterländische Bank Thie & Co. KG, the declaration has been withdrawn in January 2016.

In addition, Allianz SE has issued guarantees to various Allianz Group companies totaling € 475 MN.

##### OTHER GUARANTEES TO THIRD PARTIES

A contingent indemnity agreement has been entered into with respect to securities issued by HT1 Funding GmbH in case HT1 Funding GmbH cannot serve the agreed coupon of the bond in part or in total. The expected obligations for Allianz SE for the foreseeable future have been recognized in provisions. However, it is not possible for Allianz SE to predict the ultimate payment obligations at this point in time.

As of 31 December 2016, other guarantee commitments given by Allianz SE amounted to € 16 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 profit transfer 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.

##### OTHER FINANCIAL COMMITMENTS

Advertising agreements led to financial obligations of € 64 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 business, including, amongst others, Allianz SE's activities as a 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 provisions.

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 (“Oberlandes-

gericht") 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 [page 7 and 8](#). Their memberships in supervisory boards or similar committees of other enterprises are also mentioned on these pages.

## Board of Management remuneration<sup>1</sup>

As of 31 December 2016, the Board of Management was comprised of nine members. The following expenses reflect the full Board of Management active in the respective year.

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

The variable remuneration consists of the annual bonus (short-term), the mid-term bonus (MTB) and the equity-related remuneration (long-term). In 2016, the equity-related remuneration was comprised of 66,694<sup>2</sup> (2015: 79,699<sup>3</sup>) Restricted Stock Units (RSU).

### BOARD OF MANAGEMENT REMUNERATION

€ THOU	2016	2015
Base salary	(7,125)	(8,004)
Annual bonus	(8,911)	(9,725)
Perquisites	(302)	(341)
Base salary, annual bonus and perquisites total	(16,338)	(18,070)
Fair value of RSU at grant date	(8,911)	(9,725)
Equity-related remuneration	(8,911)	(9,725)
<b>Total</b>	<b>(25,249)</b>	<b>(27,795)</b>

Total remuneration of the Board of Management of Allianz SE for 2016 (excluding the relevant MTB 2016–2018 tranche) amounted to € 25,624 THOU<sup>4</sup> (2015, including the MTB 2013–2015 payout: € 56,970 THOU).

### EQUITY-RELATED REMUNERATION

The remuneration system as of 1 January 2010 only awards RSU. For 2016 the fair value of the RSU at the date of grant was € 8,911 THOU (2015: € 9,725 THOU).

1 — For detailed information regarding the Board of Management remuneration, please refer to the Remuneration Report starting on page 34.

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 2015 was based on a best estimate of the RSU grants. The figure shown here for 2015 now includes the actual fair value as of the grant date (4 March 2016). The value therefore differs from the value disclosed last year.

4 — Including the payment of the MTB tranche for Jay Ralph of € 375 THOU.

## BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2016, remuneration and other benefits of € 7 MN (2015: € 7 MN<sup>5</sup>) 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	2016	2015
as of 31 December		
Historical costs of the offset assets	94,006	87,493
Fair value of the offset assets	94,006	87,493
Settlement amount of the offset liabilities	96,826	97,975
Pension provisions	2,820	10,482

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<sup>6</sup>

	2016		2015	
	€ THOU	%	€ THOU	%
Fixed remuneration	(1,408)	69.5	(1,400)	69.3
Committee-related remuneration	(558)	27.5	(560)	27.7
Attendance fees	(59)	3.0	(61)	3.0
<b>Total</b>	<b>(2,025)</b>	<b>100.0</b>	<b>(2,021)</b>	<b>100.0</b>

## Average number of employees

Excluding members of the Board of Management, trainees, interns, employees in the passive phase of early retirement and employees on maternity leave or voluntary military/federal voluntary service.

	2016	2015
Full-time staff	1,389	1,359
Part-time staff	226	224
<b>Total</b>	<b>1,615</b>	<b>1,583</b>

5 — The 2015 amount includes bonus payments made to Clement Booth in 2015, which were already shown as variable compensation for 2014. The amount shown for 2016 excludes compensation that paid for active Board membership and disclosed as compensation of the respective performance year.

6 — For detailed information regarding the Supervisory Board remuneration, please refer to the chapter Remuneration of the Supervisory Board starting on page 43.



## Staff expenses

Including members of the Board of Management, trainees, interns, employees in the passive phase of early retirement, and employees on maternity leave or voluntary military/federal voluntary service.

€ THOU

	2016	2015
Wages and salaries	(318,337)	(326,549)
Statutory welfare contributions and expenses for optional support payments	(22,305)	(20,816)
Expenses for pensions and other post-retirement benefits	(23,313)	(21,889)
<b>Total expenses</b>	<b>(363,955)</b>	<b>(369,254)</b>

## Events after the balance sheet date

### CHANGES IN SUBORDINATED BONDS

In January 2017, our subsidiary Allianz Finance II B.V. called for redemption a subordinated bond with a coupon of 4.375 % p.a. in the amount of € 1.4 BN. The bond has been redeemed on 17 February 2017 in accordance with the terms and conditions of the bond.

Furthermore, in January 2017, Allianz SE issued a subordinated bond in the amount of € 1.0 BN with a scheduled maturity in July 2047, but with ordinary call rights of Allianz beginning in July 2027. The coupon of 3.099 % p.a. is fixed until July 2027.

Also in January 2017, Allianz SE issued a subordinated bond in the amount of USD 0.6 BN with a scheduled maturity in January 2049, but with ordinary call rights of Allianz beginning in January 2029. The coupon of 5.1 % p.a. is fixed until January 2029.

### SHARE BUY-BACK PROGRAM AND CAPITAL MANAGEMENT

On 16 February 2017, Allianz SE has decided to launch a share buy-back program with a volume of up to € 3 BN and to simplify capital management to make it more flexible. For further details, please refer to the section “Expected dividend development” of the chapter Outlook 2017 within the Group Management Report.

## Mandates of the Members of the Supervisory Board and Board of Management

The disclosures required in accordance with § 285 No. 10 HGB for the Supervisory Board and Board of Management can be found on [page 7 and 8](#).

## Information pursuant to § 160 (1) No. 8 AktG

The following major shareholdings were reported pursuant to § 20 (1) or (4) AktG or pursuant to § 21 WpHG:

By way of letter dated 27 December 2016, BlackRock Inc., Wilmington, Delaware, United States, notified in the course of a voluntary group notification with triggered threshold on subsidiary level its voting rights pursuant to § 21 (1) WpHG as of 21 December 2016 amounting to 5.88 % (representing 26,880,708 shares), its holdings in instruments pursuant to § 25 (1) No. 1 WpHG as of 21 December 2016, amounting to 0.23 % (representing 1,071,257 voting rights absolute), and its holdings in instruments pursuant to § 25 (1) No. 2 WpHG as of 21 December 2016, amounting to 0.03 % (representing 158,489 voting rights absolute). The total position notified on 27 December 2016 amounted to 6.15 %.

## Declaration of Conformity with the German Corporate Governance Code

On 15 December 2016, 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](http://www.allianz.com/corporate-governance).

# LIST OF PARTICIPATIONS OF ALLIANZ SE, MUNICH AS OF 31 DECEMBER 2016 ACCORDING TO § 285 NO. 11 AND 11B HGB IN CONJUNCTION WITH § 286 (3) NO. 1 HGB

	Owned <sup>1</sup>	Equity	Net Earnings		Owned <sup>1</sup>	Equity	Net Earnings
	%	€ THOU	€ THOU		%	€ THOU	€ THOU
<b>GERMAN ENTITIES</b>							
<b>Affiliates</b>							
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,715	(60)	Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	90.2	649,349	35,219
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0	31,769	17,927	PIMCO Deutschland GmbH, Munich	100.0 <sup>2</sup>	35,030	–
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0	5,007	(5,610)	REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0	309,334	8,997
ADEUS Aktienregister-Service-GmbH, Munich	79.6	8,208	668	Spherion Objekt GmbH & Co. KG, Stuttgart	100.0 <sup>3</sup>	79,354	2,647
AGCS Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	6,551	576	Volkswagen Autoversicherung AG, Braunschweig	100.0 <sup>2</sup>	108,517	–
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8 <sup>3</sup>	414,041	10,612	Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0	113,402	(2,888)
Allianz Asset Management AG, Munich	100.0 <sup>2</sup>	3,308,258	–	Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	24,021	1,226
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	409,218	(62)	Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	12,378	2,200
Allianz Beratungs- und Vertriebs-AG, Munich	100.0 <sup>2</sup>	8,605	(878)	Windpark Büttel GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	27,372	3,170
Allianz Capital Partners Verwaltungen GmbH, Munich	100.0	10,950	3,425	Windpark Calau GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	50,719	3,390
Allianz Deutschland AG, Munich	100.0 <sup>2</sup>	8,174,341	–	Windpark Cottbuser See GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	16,652	2,223
Allianz Finanzbeteiligungs GmbH, Munich	100.0 <sup>2</sup>	824,570	–	Windpark Dahme GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	39,055	6,910
Allianz Global Corporate & Specialty SE, Munich	100.0 <sup>3,2</sup>	1,144,236	–	Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	42,599	2,646
Allianz Global Investors GmbH, Frankfurt am Main	100.0 <sup>2</sup>	395,847	–	Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	24,133	2,996
Allianz Handwerker Services GmbH, Aschheim	100.0	28,776	1,763	Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	25,822	2,504
Allianz Investment Management SE, Munich	100.0 <sup>2</sup>	5,882	–	Windpark Kirf GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	5,902	718
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0 <sup>2</sup>	182,185	–	Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	9,543	994
Allianz Leben Infrastrukturfonds GmbH, Munich	100.0 <sup>2</sup>	86,456	–	Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	18,066	2,510
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0 <sup>2</sup>	192,364	–	Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	17,953	2,079
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0 <sup>2</sup>	2,007,235	–	Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	29,126	2,403
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0 <sup>2</sup>	40,321	–	Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	20,105	1,621
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0 <sup>2</sup>	1,598,344	–	Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0 <sup>3</sup>	11,464	1,024
Allianz Managed Operations & Services SE, Munich	100.0 <sup>3,2</sup>	211,296	–	Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	30,250	3,191
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	81,663	–				
Allianz Pension Direkt Infrastruktur GmbH, Munich	100.0 <sup>2</sup>	5,656	–	<b>Joint ventures</b>			
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	54,085	1,901	Dealis Fund Operations GmbH, Frankfurt am Main	50.0	18,587	943
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	263,321	18,839				
Allianz Private Equity GmbH, Munich	100.0 <sup>2</sup>	31,323	–	<b>Associates</b>			
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0 <sup>2</sup>	387,731	–	AV Packaging GmbH, Munich	51.0	17,699	3,755
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0 <sup>3</sup>	19,493	(14)	T&R Investment GmbH & Co. KG, Bonn	25.0 <sup>3</sup>	350,120	(102)
Allianz Taunusanlage GbR, Stuttgart	99.5 <sup>3</sup>	181,320	5,792	T&R Real Estate GmbH, Bonn	25.0 <sup>3</sup>	140,867	–
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0 <sup>2</sup>	1,487,699	(28)				
AllSecur Deutschland AG, Munich	100.0 <sup>2</sup>	44,831	–	<b>Other participations below 20% of voting rights</b>			
APKV Direkt Infrastruktur GmbH, Munich	100.0 <sup>2</sup>	50,477	–	APEP Dachfonds GmbH & Co. KG, Munich	12.1 <sup>3</sup>	445,421	(128,052)
APKV Infrastrukturfonds GmbH, Munich	100.0 <sup>2</sup>	12,610	–	Asia Property Fund II GmbH & Co. KG, Munich	11.8 <sup>3</sup>	167,080	12,183
APKV Private Equity Fonds GmbH, Munich	100.0 <sup>2</sup>	306,026	–	EXTREMUS Versicherungs-Aktiengesellschaft, Cologne	16.0 <sup>3</sup>	50,000	500
ARE Brep Acht Vermögensbeteiligungsgesellschaft mbH & Co. KG, Munich	100.0	83,886	291	FC Bayern München AG, Munich	8.3 <sup>3</sup>	411,494	15,122
AWP Service Deutschland GmbH, Aschheim	100.0	7,101	1,296	Mittelständische Beteiligungsgesellschaft Niedersachsen (MBG) mbH, Hanover	5.5 <sup>3</sup>	12,235	759
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0 <sup>2</sup>	164,583	–	MLP AG, Wiesloch	8.8 <sup>3</sup>	387,573	15,569
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	54,824	12,948	Objekt Burchardplatz GmbH & Co. KG, Stuttgart	5.1 <sup>3</sup>	93,507	1,894
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	175,907	19,293	Protektor Lebensversicherungs-AG, Berlin	10.0 <sup>3</sup>	92,900	1,824
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	192,547	34,870	Sana Kliniken AG, Ismaning	14.3 <sup>3</sup>	400,605	390,644
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	79,343	18,089				
AZ-Argos 64 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	40,048	2,888	<b>FOREIGN ENTITIES</b>			
AZ-Argos 70 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	7,648	76	<b>Affiliates</b>			
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	163,613	14,534	114 Venture LP, Wilmington, DE	99.0 <sup>3</sup>	166,962	(33)
AZL AI Nr. 1 GmbH, Munich	100.0 <sup>2</sup>	10,251,128	–	490 Lower Unit LP, Wilmington, DE	100.0	146,524	4,001
AZ-SGD Direkt Infrastruktur GmbH, Munich	100.0 <sup>2</sup>	47,786	–	Aero-Fonte S.r.l., Catania	100.0 <sup>3</sup>	11,411	3,143
AZ-SGD Infrastrukturfonds GmbH, Munich	100.0 <sup>2</sup>	14,248	–	AGA Alarmcentrale NL B.V., Amsterdam	100.0	13,081	1,559
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0 <sup>2</sup>	56,038	–	AGA Assistance (India) Private Limited, Gurgaon	100.0	9,362	965
AZ-SGD Private Equity Fonds GmbH, Munich	100.0 <sup>2</sup>	449,976	–	AGA Assistance Australia Pty Ltd., Toowong	100.0	15,013	1,460
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	94.8 <sup>3</sup>	88,532	2,672	AGA Assistance Beijing Services Co. Ltd., Beijing	100.0	17,837	12,707
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0 <sup>2</sup>	44,991	–	AGA Service Company Corp., Richmond, VA	100.0	8,850	12,031
Euler Hermes Aktiengesellschaft, Hamburg	100.0 <sup>3</sup>	91,936	31,397	AGCS Marine Insurance Company, Chicago, IL	100.0 <sup>3</sup>	120,921	505
manroland AG, Offenbach am Main	100.0 <sup>4,5</sup>	148,289	(179,129)	AGCS Resseguros Brasil S.A., São Paulo	100.0 <sup>3</sup>	44,420	3,335
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 <sup>4,5</sup>	5,155	–	AGF Holdings (UK) Limited, Guildford	100.0	95,781	23,904
Münchener und Magdeburger Agrarversicherung Aktiengesellschaft, Munich	100.0 <sup>2</sup>	7,686	17	AGF Inversiones S.A., Buenos Aires	100.0 <sup>3</sup>	21,359	4,940
				Allianz (UK) Limited, Guildford	100.0	481,131	34
				Allianz Africa S.A., Paris la Défense	100.0 <sup>3</sup>	32,530	4,575
				Allianz Alapkezelő Zrt., Budapest	100.0	7,223	3,336
				Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0 <sup>3</sup>	55,448	11,182
				Allianz Argentina RE S.A., Buenos Aires	100.0 <sup>3</sup>	19,174	11,399
				Allianz Asset Management of America L.P., Dover, DE	100.0	706,470	1,267,291
				Allianz Asset Management of America LLC, Dover, DE	100.0	6,611,376	1,542,252
				Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	259,577	59,710
				Allianz Australia Insurance Limited, Sydney	100.0 <sup>3</sup>	1,544,721	179,040
				Allianz Australia Life Insurance Limited, Sydney	100.0 <sup>3</sup>	48,810	6,370
				Allianz Australia Limited, Sydney	100.0 <sup>3</sup>	1,569,089	176,118

	Owned <sup>1</sup>	Equity	Net Earnings		Owned <sup>1</sup>	Equity	Net Earnings
	%	€ THOU	€ THOU		%	€ THOU	€ THOU
Allianz Ayudhya Assurance Public Company Limited, Bangkok	62.6 <sup>3</sup>	360,709	45,123	Allianz Insurance Lanka Limited, Colombo	100.0 <sup>3</sup>	6,309	908
Allianz Bank Bulgaria AD, Sofia	99.9 <sup>3</sup>	100,455	5,199	Allianz Insurance plc, Guildford	100.0	1,348,928	87,133
Allianz Bank Financial Advisors S.p.A., Milan	100.0 <sup>3</sup>	250,516	20,362	Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0 <sup>3</sup>	5,549	1,661
Allianz Banque S.A., Puteaux	100.0	118,459	5,289	Allianz Investment Management LLC, Minneapolis, MN	100.0 <sup>3</sup>	5,098	43,623
Allianz Benelux S.A., Brussels	100.0 <sup>3</sup>	841,159	519	Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	34,682	5,169
Allianz Bulgaria Holding AD, Sofia	66.2 <sup>3</sup>	53,409	17,240	Allianz Irish Life Holdings p.l.c., Dublin	66.5 <sup>3</sup>	61,516	10,025
Allianz Burkina Assurances SA, Ouagadougou	60.3 <sup>3</sup>	5,306	1,117	Allianz Leasing Bulgaria AD, Sofia	51.0 <sup>3</sup>	5,471	891
Allianz C.P. General Insurance Co. Ltd., Bangkok	100.0 <sup>3</sup>	24,357	457	Allianz Life & Annuity Company, Minneapolis, MN	100.0 <sup>3</sup>	7,603	151
Allianz Cameroun Assurances SA, Douala	75.4 <sup>3</sup>	14,460	3,055	Allianz Life (Bermuda) Ltd., Hamilton	100.0 <sup>3</sup>	7,077	1,254
Allianz Carbon Investments B.V., Amsterdam	100.0 <sup>3</sup>	13,049	(5,120)	Allianz Life Assurance Company-Egypt S.A.E., New Cairo	100.0 <sup>3</sup>	52,471	15,922
Allianz Cash SAS, Paris la Défense	100.0	5,230	(33)	Allianz Life Financial Services LLC, Minneapolis, MN	100.0 <sup>3</sup>	31,244	(38)
Allianz Chicago Private Reit LP, Wilmington, DE	100.0	197,944	5	Allianz Life Insurance Company Ltd., Moscow	100.0 <sup>3</sup>	31,276	42,753
Allianz China General Insurance Company Ltd., Guangzhou	100.0 <sup>3</sup>	44,618	(1,260)	Allianz Life Insurance Company of Missouri, Clayton, MO	100.0 <sup>3</sup>	252,738	(11,906)
Allianz China Life Insurance Co. Ltd., Shanghai	51.0 <sup>3</sup>	35,701	1,358	Allianz Life Insurance Company of New York, New York, NY	100.0 <sup>3</sup>	122,713	(950)
Allianz Colombia S.A., Bogotá D.C.	100.0 <sup>3</sup>	100,312	1,805	Allianz Life Insurance Company of North America, Minneapolis, MN	100.0 <sup>3</sup>	5,765,942	451,927
Allianz Compañía de Seguros y Reaseguros S.A., Barcelona	99.9	956,836	146,485	Allianz Life Insurance Japan Ltd., Tokyo	100.0	9,061	(1,542)
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0	32,431	4,402	Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0 <sup>3</sup>	114,497	15,976
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1 <sup>3</sup>	8,778	2,080	Allianz Life Luxembourg S.A., Luxembourg	100.0 <sup>3</sup>	67,498	5,727
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0 <sup>3</sup>	7,350	1,991	Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0 <sup>3</sup>	53,514	4,038
Allianz Digital Corporate Ventures S.à r.l., Luxembourg	100.0 <sup>3</sup>	5,387	(53)	Allianz Marine (UK) Ltd., Ipswich	100.0 <sup>3</sup>	12,175	72
Allianz do Brasil Participações Ltda., São Paulo	100.0 <sup>3</sup>	288,096	(102,014)	Allianz Maroc S.A., Casablanca	98.9 <sup>3</sup>	74,850	4,162
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0	201,045	3,696	Allianz Mena Holding Bermuda Ltd., Beirut	99.9 <sup>3</sup>	22,283	(216)
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	457,342	119,544	Allianz México S.A. Compañía de Seguros, Mexico City	100.0	90,513	27,492
Allianz Engineering Inspection Services Limited, Guildford	100.0	8,134	2,446	Allianz Nederland Asset Management B.V., Rotterdam	100.0	30,351	1,422
Allianz Equity Investments Ltd., Guildford	100.0	162,495	3,786	Allianz Nederland Groep N.V., Rotterdam	100.0	313,832	32,388
Allianz Europe B.V., Amsterdam	100.0	45,713,477	1,297,755	Allianz Nederland Levensverzekering N.V., Rotterdam	100.0	260,395	15,443
Allianz Europe Ltd., Amsterdam	100.0 <sup>3</sup>	9,558,311	(84,294)	Allianz New Europe Holding GmbH, Vienna	100.0	842,169	170,505
Allianz Finance II B.V., Amsterdam	100.0 <sup>3</sup>	15,556	2,846	Allianz New Zealand Limited, Auckland	100.0 <sup>3</sup>	34,100	1,708
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0 <sup>3</sup>	3,673,532	(27,128)	Allianz of America Inc., Wilmington, DE	100.0	9,004,192	572,600
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0 <sup>3</sup>	783,534	(8,153)	Allianz p.l.c., Dublin	100.0 <sup>3</sup>	352,480	8,866
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0 <sup>3</sup>	240,448	53	Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	11,223	357
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0 <sup>3</sup>	24,263	6,909	Allianz penzijní společnost a.s., Prague	100.0 <sup>3</sup>	28,881	1,523
Allianz France Investissement OPCI, Paris la Défense	100.0	137,520	5,415	Allianz PNB Life Insurance Inc., Makati City	51.0	15,118	1,934
Allianz France Real Estate Invest SPICAV, Paris la Défense	100.0 <sup>3</sup>	1,624,428	31,503	Allianz pojistovna a.s., Prague	100.0 <sup>3</sup>	166,521	29,395
Allianz France Richelieu 1 S.A.S., Paris la Défense	100.0	468,131	9,146	Allianz Polska Services Sp. z o.o., Warsaw	100.0 <sup>3</sup>	13,272	1,977
Allianz France S.A., Paris la Défense	100.0	6,175,772	1,018,076	Allianz Popular Asset Management SGLIC S.A., Madrid	100.0	8,147	23,582
Allianz France US REIT LP, Wilmington, DE	100.0	125,355	197	Allianz Popular Pensiones EGFP S.A., Madrid	100.0	21,933	22,980
Allianz Fund Investments Inc., Wilmington, DE	100.0 <sup>3</sup>	256,312	(285)	Allianz Popular S.L., Madrid	60.0	1,018,469	210,274
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0	374,745	53,150	Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0	120,628	59,415
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0 <sup>3</sup>	48,887	3,316	Allianz Presse US REIT LP, Wilmington, DE	100.0	33,488	(270)
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0 <sup>3</sup>	7,705	290	Allianz Private Equity UK Holdings Limited, London	100.0	18,806	268
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0 <sup>3</sup>	7,865	293	Allianz Properties Limited, Guildford	100.0	201,435	32
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0	27,604	857	Allianz Re Dublin dac, Dublin	100.0 <sup>3</sup>	537,326	204,597
Allianz Global Investors Distributors LLC, Dover, DE	100.0	34,291	(1,769)	Allianz Renewable Energy Partners I LP, London	100.0	207,439	8,886
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0	6,836	1,193	Allianz Renewable Energy Partners II Limited, London	100.0	83,491	(11,239)
Allianz Global Investors Singapore Ltd., Singapore	100.0	11,970	(1,412)	Allianz Renewable Energy Partners III LP, London	98.8	167,485	5,790
Allianz Global Investors Taiwan Ltd., Taipei	100.0	28,400	9,736	Allianz Renewable Energy Partners IV Limited, London	98.8	774,203	9,612
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0	114,723	106,867	Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0	483,816	11,130
Allianz Global Investors U.S. LLC, Dover, DE	100.0	75,807	114,618	Allianz Renewable Energy Partners V plc., London	100.0	749,521	17,707
Allianz Global Life dac, Dublin	100.0 <sup>3</sup>	107,852	(8,560)	Allianz Renewable Energy Partners VI Limited, London	100.0	370,411	(2,016)
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0 <sup>3</sup>	1,538,915	24,716	Allianz Renewable Energy Partners VIII Limited, London	100.0	141,118	(47)
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0	18,033	(3,603)	Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0 <sup>3</sup>	53,201	5,005
Allianz Hellas Insurance Company S.A., Athens	100.0	139,765	3,653	Allianz Risk Transfer AG, Schaan	100.0 <sup>3</sup>	639,485	89,491
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0 <sup>3</sup>	349,943	5,604	Allianz Risk Transfer Inc., New York, NY	100.0 <sup>3</sup>	52,197	(67)
Allianz Holding eins GmbH, Vienna	100.0	2,392,360	356,655	Allianz Risk Transfer N.V., Amsterdam	100.0 <sup>3</sup>	31,871	207
Allianz Holding France SAS, Paris la Défense	100.0	7,863,619	1,892,768	Allianz S.p.A., Trieste	100.0 <sup>3</sup>	3,399,299	661,127
Allianz Holdings plc, Guildford	100.0	1,093,722	614	Allianz Saúde S.A., São Paulo	100.0 <sup>3</sup>	62,963	(57,014)
Allianz Hungária Biztosító Zrt., Budapest	100.0	1,018,443	39,162	Allianz Seguros de Vida S.A., Bogotá D.C.	100.0	60,374	8,877
Allianz IARD S.A., Paris la Défense	100.0	2,026,284	343,892	Allianz Seguros S.A., São Paulo	100.0 <sup>3</sup>	285,044	(104,984)
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0 <sup>3</sup>	203,651	(5,285)	Allianz Seguros S.A., Bogotá D.C.	100.0	49,341	3,392
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0 <sup>3</sup>	8,654	44,794	Allianz Sénégal Assurances SA, Dakar	83.2 <sup>3</sup>	5,137	443
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0 <sup>3</sup>	8,615	44,830	Allianz Services (UK) Limited, London	100.0 <sup>3</sup>	6,709	102
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0 <sup>3</sup>	1,048,522	13	Allianz Sigorta A.S., Istanbul	96.2	442,536	112,477
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0 <sup>3</sup>	218,895	(13)	Allianz SNA s.a.l., Beirut	100.0 <sup>3</sup>	47,561	5,405
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0 <sup>3</sup>	1,436,338	30,286	Allianz Société Financière S.à r.l., Luxembourg	100.0 <sup>3</sup>	1,401,280	21,944
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0 <sup>3</sup>	61,002	175	Allianz South America Holding B.V., Amsterdam	100.0 <sup>3</sup>	279,158	(231,763)
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0 <sup>3</sup>	54,433	(7)	Allianz Specialised Investments Limited, London	100.0	7,069	(4)
Allianz Infrastructure Spain Holdco II S.à r.l., Luxembourg	100.0 <sup>3</sup>	80,139	699	Allianz Subalpina Holding S.p.A., Turin	98.1 <sup>3</sup>	355,050	325,048
Allianz Insurance Company of Kenya Limited, Nairobi	100.0 <sup>3</sup>	9,459	311	Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0	962,260	69,591
Allianz Insurance Company-Egypt S.A.E., New Cairo	95.0 <sup>3</sup>	23,397	3,938	Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0	618,261	263,051
				Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7 <sup>3</sup>	168,776	(35,974)
				Allianz Tiriac Asigurari SA, Bucharest	52.2 <sup>3</sup>	168,117	18,399
				Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0 <sup>3</sup>	13,526	5,381
				Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0 <sup>3</sup>	56,482	1,167
				Allianz US Investment LP, Wilmington, DE	100.0	1,098,891	(5,802)
				Allianz US Private REIT LP, Wilmington, DE	100.0	1,130,388	(6,598)

	Owned <sup>1</sup>	Equity	Net Earnings		Owned <sup>1</sup>	Equity	Net Earnings
	%	€ THOU	€ THOU		%	€ THOU	€ THOU
Allianz Vie S.A., Paris la Défense	100.0	2,639,215	333,545	Euler Hermes North America Insurance Company Inc., Owings Mills, MD	100.0 <sup>3</sup>	151,253	15,788
Allianz Vorsorgekasse AG, Vienna	100.0	21,949	5,415	Euler Hermes Patrimonia SA, Brussels	100.0 <sup>3</sup>	244,124	16,680
Allianz Worldwide Partners S.A.S., Saint-Ouen	100.0	369,015	3,772	Euler Hermes Ré SA, Luxembourg	100.0 <sup>3</sup>	61,055	–
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0	108,028	48,551	Euler Hermes Real Estate SPPICAV, Paris la Défense	60.0 <sup>3</sup>	170,291	(2,848)
Allianz Zagreb d.d., Zagreb	83.2 <sup>3</sup>	110,017	13,638	Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0 <sup>3</sup>	70,614	9,429
Allianz ZB d.o.o. Company for the Management of Obligatory Pension Funds, Zagreb	51.0	21,358	9,482	Euler Hermes Reinsurance AG, Wallisellen	100.0 <sup>3</sup>	767,342	60,129
Allianz-Slovenská DSS a.s., Bratislava	100.0	45,863	5,275	Euler Hermes S.A., Brussels	100.0 <sup>3</sup>	693,293	188,484
Allianz-Slovenská poisťovňa a.s., Bratislava	99.6	412,324	88,771	Euler Hermes Seguros de Crédito S.A., São Paulo	100.0 <sup>3</sup>	7,876	(4,575)
American Automobile Insurance Company Corp., Earth City, MO	100.0 <sup>3</sup>	144,294	14,759	Euler Hermes Service AB, Stockholm	100.0 <sup>3</sup>	7,544	7,449
American Financial Marketing Inc., Minneapolis, MN	100.0 <sup>3</sup>	30,694	486	Euler Hermes Services Italia S.r.l., Rome	100.0 <sup>3</sup>	9,158	8,658
AMOS Austria GmbH, Vienna	100.0	18,786	687	Euler Hermes Services Sp. z o.o., Warsaw	100.0 <sup>3</sup>	8,452	2,231
AMOS European Services SAS, Paris	100.0 <sup>3</sup>	40,469	307	Euler Hermes Sigorta A.S., Istanbul	100.0 <sup>3</sup>	7,586	(3,343)
AMOS IberoLatAm S.L., Barcelona	100.0 <sup>3</sup>	80,952	–	Euler Hermes South Express S.A., Brussels	100.0 <sup>3</sup>	39,215	1,184
AMOS International B.V., Amsterdam	100.0 <sup>3</sup>	35,522	(28)	Euler Hermes World Agency SASU, Paris la Défense	100.0 <sup>3</sup>	7,351	572
AMOS IT Suisse AG, Wallisellen	100.0	10,339	3,462	Eurl 20/22 Le Peletier, Paris la Défense	100.0	52,312	1,906
AMOS Italy S.p.a., Milan	100.0 <sup>3</sup>	15,801	8	Eurosol Invest S.r.l., Udine	100.0 <sup>3</sup>	9,310	689
AMOS of America Inc., Wilmington, DE	100.0	16,838	(1,085)	Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0	41,342	(1,494)
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0 <sup>3</sup>	13,212	1,487	Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0 <sup>3</sup>	12,380	253
APK US Investment LP, Wilmington, DE	100.0	52,315	(227)	Fireman's Fund Insurance Company Corp., Los Angeles, CA	100.0 <sup>3</sup>	1,071,295	219,956
APKV US Private REIT LP, Wilmington, DE	100.0	207,673	(219)	Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0 <sup>3</sup>	7,517	45
Arab Gulf Health Services LLC, Dubai	100.0	13,523	3,955	Fireman's Fund Insurance Company of Ohio Corp., Cincinnati, OH	100.0 <sup>3</sup>	41,294	726
Arges Investments I N.V., Amsterdam	100.0 <sup>3</sup>	55,188	793	Fragonard Assurance S.A., Paris	100.0	84,425	26,738
Arges Investments II N.V., Amsterdam	100.0 <sup>3</sup>	51,467	937	Fu An Management Consulting Co. Ltd., Beijing	1.0	6,568	(49)
Asit Services S.R.L., Bucharest	100.0 <sup>3</sup>	30,490	1,995	GamePlan Financial Marketing LLC, Woodstock, GA	100.0 <sup>3</sup>	53,656	2,362
Assistance Courtagé d'Assurance et de Réassurance S.A., Courbevoie	100.0	5,780	5,126	Generation Vie S.A., Courbevoie	52.5	74,042	3,498
Associated Indemnity Corporation, Los Angeles, CA	100.0 <sup>3</sup>	71,979	1,931	Genialloyd S.p.A., Milan	100.0 <sup>3</sup>	243,154	52,215
AWP France SAS, Saint-Ouen	95.0	26,376	42,405	Havelaar & van Stolk B.V., Rotterdam	100.0	5,856	(634)
AWP Health & Life S.A., Paris la Défense	100.0	410,088	37,842	Home & Legacy Insurance Services Limited, London	100.0	22,960	2,954
AWP P&C S.A., Saint-Ouen	100.0	308,014	23,596	Immovalor Gestion S.A., Paris la Défense	100.0	6,739	2,807
AWP USA Inc., Richmond, VA	100.0	15,088	13,332	Insurance CISC "Medexpress", Saint Petersburg	100.0 <sup>3</sup>	5,669	(148)
AZ Euro Investments II S.à r.l., Luxembourg	100.0 <sup>3</sup>	270,036	6,208	Interstate Fire & Casualty Company, Chicago, IL	100.0 <sup>3</sup>	137,963	8,486
AZ Euro Investments S.à r.l., Luxembourg	100.0 <sup>3</sup>	3,218,713	21,507	Investitori SGR S.p.A., Milan	100.0 <sup>3</sup>	21,895	–
AZ Jupiter 10 B.V., Amsterdam	100.0 <sup>3</sup>	106,530	(3,831)	Järvsö Sörby Vindkraft AB, Danderyd	100.0 <sup>3</sup>	10,810	(4,920)
AZ Jupiter 4 B.V., Amsterdam	100.0 <sup>3</sup>	24,899	132	Jefferson Insurance Company Corp., New York, NY	100.0	67,732	7,643
AZ Jupiter 8 B.V., Amsterdam	100.0 <sup>3</sup>	2,643,749	75	JSC Insurance Company Allianz, Moscow	100.0 <sup>3</sup>	73,158	(11,063)
AZ Jupiter 9 B.V., Amsterdam	100.0 <sup>3</sup>	303,529	(19,908)	Kiinteistö OY Eteläesplanadi 2, Helsinki	100.0 <sup>3</sup>	33,736	(393)
AZ Vers US Private REIT LP, Wilmington, DE	100.0	81,922	(2,014)	Lloyd Adriatico Holding S.p.A., Trieste	99.9 <sup>3</sup>	634,474	539,394
AZGA Service Canada Inc., Kitchener, ON	55.0	20,984	5,967	Mondial Assistance Australia Holding Pty Ltd., Toowong	100.0	7,552	5,841
AZL PF Investments Inc., Minneapolis, MN	100.0 <sup>3</sup>	506,154	–	Mondial Assistance United Kingdom Ltd., Croydon Surrey	100.0	9,911	5,928
AZOA Services Corporation, New York, NY	100.0	12,942	2,423	Mondial Serviços Ltda., São Bernardo do Campo	100.0	36,552	36
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0 <sup>3</sup>	84,478	3,078	National Surety Corporation, Chicago, IL	100.0 <sup>3</sup>	115,780	9,027
Beykoz Gayrimenkul Yatırım Insaat Turizm Sanayi ve Ticaret A.S., Ankara	100.0	140,497	8,898	NEXtCARE Holding WLL, Manama	75.0	15,612	(2,226)
Botanic Building SPRL, Brussels	100.0 <sup>3</sup>	46,048	3,221	NFI Investment Group LLC, Dover, DE	100.0	14,310	8,306
Brasil de Imóveis e Participações Ltda., São Paulo	100.0 <sup>3</sup>	5,005	(274)	OISC "My Clinic", Moscow	100.0 <sup>3</sup>	13,392	(140)
Bright Mission Berhad Ltd., Kuala Lumpur	100.0	35,489	(24)	OPCI Allianz France Angel, Paris la Défense	100.0	122,855	3,440
British Reserve Insurance Co. Ltd., Guildford	100.0	11,526	514	Orione PV S.r.l., Milan	100.0 <sup>3</sup>	8,331	225
Calobra Investments Sp. z o.o., Warsaw	100.0	156,267	6,602	Orsa Maggiore PV S.r.l., Milan	100.0 <sup>3</sup>	17,886	1,378
Calypro S.A., Paris la Défense	100.0	69,523	(25,295)	Pacific Investment Management Company LLC, Dover, DE	95.7	525,942	1,572,237
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0	21,460	746	Personalized Brokerage Service LLC, Topeka, KS	100.0 <sup>3</sup>	6,850	608
Caroline Berlin S.C.S., Luxembourg	93.2	196,540	2,482	Pet Plan Ltd., Guildford	100.0	113,531	31
Central Shopping Center a.s., Bratislava	100.0	60,813	(13,554)	PPP Holdings Inc., Dover, DE	100.0	265,181	7,225
CEPE de la Forterre S.à r.l., Versailles	100.0 <sup>3</sup>	8,213	(2,746)	PGA Global Services LLC, Dover, DE	100.0	12,971	1,470
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0	36,511	496	PIMCO (Schweiz) GmbH, Zurich	100.0	8,201	2,675
Chicago Insurance Company Corp., Chicago, IL	100.0 <sup>3</sup>	50,563	3,158	PIMCO Asia Ltd., Hong Kong	100.0	21,874	688
CIC Allianz Insurance Ltd., Sydney	100.0 <sup>3</sup>	29,991	4,706	PIMCO Asia Pte Ltd., Singapore	100.0	16,034	1,312
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8	184,509	10,084	PIMCO Australia Management Limited, Sydney	100.0	5,353	(137)
Corn Investment Ltd., London	100.0	14,453	(885)	PIMCO Australia Pty Ltd., Sydney	100.0	25,938	13,749
CPRN Thailand Ltd., Bangkok	100.0 <sup>3</sup>	33,907	22,418	PIMCO Canada Corp., Toronto, ON	100.0	32,345	14,723
CreditRas Assicurazioni S.p.A., Milan	50.0 <sup>3</sup>	75,578	5,075	PIMCO Europe Ltd., London	100.0	240,818	155,110
CreditRas Vita S.p.A., Milan	50.0 <sup>3</sup>	474,781	23,801	PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	21,773	6,957
Darta Saving Life Assurance Ltd., Dublin	100.0 <sup>3</sup>	232,117	72,868	PIMCO Global Advisors (Resources) LLC, Dover, DE	100.0	5,605	19
Deeside Investments Inc., Wilmington, DE	50.1	92,425	11,062	PIMCO Global Advisors LLC, Dover, DE	100.0	424,947	164,597
Delta Technical Services Ltd., London	100.0 <sup>3</sup>	9,559	(874)	PIMCO Global Holdings LLC, Dover, DE	100.0	41,489	15,353
Diamond Point a.s., Prague	100.0 <sup>3</sup>	10,727	597	PIMCO Investments LLC, Dover, DE	100.0	95,304	197,539
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0 <sup>3</sup>	558,798	7,936	PIMCO Japan Ltd., Road Town	100.0	36,600	19,241
Eolica Erchie S.r.l., Lecce	100.0 <sup>3</sup>	5,701	801	POD Allianz Bulgaria AD, Sofia	65.9 <sup>3</sup>	23,390	9,342
Euler Hermes Acmar SA, Casablanca	55.0 <sup>3</sup>	9,627	2,860	Protexia France S.A., Paris la Défense	100.0	31,936	7,985
Euler Hermes Collections North America Company, Owings Mills, MD	100.0 <sup>3</sup>	5,504	2,036	PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8	378,652	61,110
Euler Hermes Collections Sp. z o.o., Warsaw	100.0 <sup>3</sup>	6,639	4,319	PTE Allianz Polska S.A., Warsaw	100.0 <sup>3</sup>	49,534	4,566
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0 <sup>3</sup>	157,780	7,213	Q207 S.C.S., Luxembourg	94.0	89,229	8,580
Euler Hermes Group SA, Paris la Défense	63.9 <sup>3</sup>	1,313,188	204,026	Questar Capital Corporation, Minneapolis, MN	100.0 <sup>3</sup>	13,036	(2,309)
Euler Hermes Hellas Credit Insurance SA, Athens	100.0 <sup>3</sup>	14,798	1,341	Real Faubourg Haussmann SAS, Paris la Défense	100.0 <sup>3</sup>	72,147	56,466
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0 <sup>3</sup>	100,632	(28)	Real FR Haussmann SAS, Paris la Défense	100.0 <sup>3</sup>	63,028	3,507
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0 <sup>3</sup>	164,357	13,319	Redoma S.à r.l., Luxembourg	100.0 <sup>3</sup>	29,530	(17)
				Rogge Global Partners Ltd., London	100.0	19,722	(5,518)
				SA Carène Assurance, Paris	100.0	12,838	464
				San Francisco Reinsurance Company, Los Angeles, CA	100.0	582,001	(19,924)



	Owned <sup>1</sup>	Equity	Net Earnings		Owned <sup>1</sup>	Equity	Net Earnings
	%	€ THOU	€ THOU		%	€ THOU	€ THOU
SAS 20 pompidou, Paris la Défense	100.0	116,896	4,495				
SAS Allianz Etoile, Paris la Défense	100.0	112,676	4,380				
SAS Allianz Forum Seine, Paris la Défense	100.0	247,976	8,618				
SAS Allianz Logistique, Paris la Défense	100.0	541,251	3,085				
SAS Allianz Platine, Paris la Défense	100.0	270,791	12,869				
SAS Allianz Rivoli, Paris la Défense	100.0	102,417	3,495				
SAS Allianz Serbie, Paris la Défense	100.0	344,603	15,613				
SAS Angel Shopping Centre, Paris la Défense	90.0	305,976	3,529				
SAS Madeleine Opéra, Paris la Défense	100.0	643,152	25,198				
SAS Passage des princes, Paris la Défense	100.0	118,416	2,955				
Sättravallen Wind Power AB, Strömstad	100.0 <sup>3</sup>	47,420	(4,344)				
SC Tour Michelet, Paris la Défense	100.0	55,638	964				
SCI 46 Desmoulins, Paris la Défense	100.0	119,362	4,162				
SCI Allianz ARC de Seine, Paris la Défense	100.0	222,599	6,998				
SCI Allianz Chateaudun, Paris la Défense	100.0	120,483	5,413				
SCI Allianz Invest Pierre, Paris la Défense	100.0	111,864	2,041				
SCI Allianz Messine, Paris la Défense	100.0	232,728	2,420				
SCI AVIP SCPI Selection, Courbevoie	100.0	38,119	3,795				
SCI ESQ, Paris la Défense	75.0	105,967	2,702				
SCI Via Pierre 1, Paris la Défense	100.0	265,836	11,290				
SCI Volnay, Paris la Défense	100.0	177,235	6,400				
SDIII Energy GmbH & Co. KG, Pottenbrunn	100.0 <sup>3</sup>	5,996	721				
Silex Gas Norway AS, Oslo	100.0 <sup>3</sup>	77,514	(2,283)				
Sirius S.A., Luxembourg	94.8	314,003	6,888				
Società Agricola San Felice S.p.A., Milan	100.0 <sup>3</sup>	31,410	700				
Société Foncière Européenne B.V., Amsterdam	100.0 <sup>3</sup>	1,205,821	2,760				
Société Nationale Foncière S.A.L., Beirut	66.0 <sup>3</sup>	12,010	217				
Sofholding S.A., Brussels	100.0 <sup>3</sup>	14,347	291				
South City Office Broodthaers SA, Brussels	100.0 <sup>3</sup>	51,723	2,092				
StocksPLUS Management Inc., Dover, DE	100.0	5,561	(30)				
TFI Allianz Polska S.A., Warsaw	100.0 <sup>3</sup>	5,179	1,622				
The American Insurance Company Corp., Cincinnati, OH	100.0 <sup>3</sup>	183,668	26,701				
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0 <sup>3</sup>	19,283	(820)				
Three Pillars Business Solutions Limited, Guildford	100.0	5,494	(17)				
Top Immo A GmbH & Co. KG, Vienna	100.0	5,882	585				
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0	8,865	1,008				
Top Versicherungsservice GmbH, Vienna	100.0	17,801	(5,089)				
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0 <sup>3</sup>	19,215	1,592				
Trafalgar Insurance Public Limited Company, Guildford	100.0	49,038	1,279				
TU Allianz Polska S.A., Warsaw	100.0	199,509	18,947				
TU Allianz Zycie Polska S.A., Warsaw	100.0	91,007	8,043				
VertBois S.à r.l., Luxembourg	100.0 <sup>3</sup>	20,376	954				
Vordere Zollamtsstraße 13 GmbH, Vienna	100.0	74,967	1,830				
WFC Investments Sp. z o.o., Warsaw	87.5	228,055	17,467				
Windpark Zistersdorf GmbH, Pottenbrunn	100.0 <sup>3</sup>	8,548	(252)				
Yorktown Financial Companies Inc., Minneapolis, MN	100.0 <sup>3</sup>	129,082	–				
ZAD Allianz Bulgaria, Sofia	87.4 <sup>3</sup>	28,895	5,343				
ZAD Allianz Bulgaria Zhivot, Sofia	99.0 <sup>3</sup>	18,467	4,496				
ZAD Energia, Sofia	51.0 <sup>3</sup>	27,132	8,949				
ZiOst Energy GmbH & Co. KG, Pottenbrunn	100.0 <sup>3</sup>	9,765	15				
<b>Joint ventures</b>							
A&A Centri Commerciali S.r.l., Milan	50.0 <sup>3</sup>	158,476	6,180				
Allee-Center Kft., Budapest	50.0 <sup>3</sup>	99,253	10,421				
AMLI-Allianz Investment LP, Wilmington, DE	75.0	191,281	(2,647)				
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 <sup>3</sup>	238,151	(3,356)				
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 <sup>3</sup>	214,631	515				
Companhia de Seguro de Créditos S.A., Lisbon	50.0 <sup>3</sup>	48,050	8,033				
Euromarkt Center d.o.o., Ljubljana	50.0 <sup>3</sup>	110,375	6,927				
Fiumaranuova S.r.l., Genoa	50.1 <sup>3</sup>	172,397	11,021				
Guotai Jun'an Allianz Fund Management Co. Ltd., Shanghai	49.0 <sup>3</sup>	74,997	26,606				
International Shopping Centre Investment S.A., Luxembourg	50.0 <sup>3</sup>	192,721	135,381				
Israel Credit Insurance Company Ltd., Tel Aviv	50.0 <sup>3</sup>	34,745	7,421				
Italian Shopping Centre Investment S.r.l., Milan	50.0	21,198	(3,925)				
NRF (Finland) AB, Västerås	50.0 <sup>3</sup>	103,519	29,354				
Porterbrook Holdings I Limited, London	30.0 <sup>3</sup>	1,600,198	93,878				
Queenspoint S.L., Madrid	50.0 <sup>3</sup>	107,561	(1,294)				
SC Holding SAS, Paris	50.0 <sup>3</sup>	9,636	(5)				
SES Shopping Center AT1 GmbH, Salzburg	50.0 <sup>3</sup>	163,358	3,790				
Solunio Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0 <sup>3</sup>	99,030	6,235				
TopToryo Ingatlanhasznositó Zrt., Budapest	50.0 <sup>3</sup>	12,111	(1,544)				
Waterford Blue Lagoon LP, Wilmington, DE	49.0 <sup>3</sup>	314,410	(279)				
<b>Associates</b>							
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	32.5	57,138	652				
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0	85,977	(619)				
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6	165,272	(57,235)				
Areim Fastigheter 2 AB, Stockholm	23.3 <sup>3</sup>	166,188	(2,410)				
Bajaj Allianz General Insurance Company Ltd., Pune	26.0 <sup>3</sup>	338,016	61,777				
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0 <sup>3</sup>	1,014,313	102,080				
Bazalgette Equity Ltd., London	34.3	162,020	–				
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0 <sup>3</sup>	9,639	1,550				
Chicago Parking Meters LLC, Wilmington, DE	49.9 <sup>3</sup>	218,094	24,308				
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9 <sup>3</sup>	124,072	(9,180)				
Douglas Emmett Partnership X LP, Wilmington, DE	28.6 <sup>3</sup>	71,711	(74)				
Four Oaks Place LP, Wilmington, DE	49.0 <sup>3</sup>	445,165	11,304				
Helios Silesia Holding B.V., Amsterdam	45.0 <sup>3</sup>	80,314	(6,113)				
Henderson UK Outlet Mall Partnership LP, Edinburgh	19.5	445,589	174,271				
OeKB EH Beteiligungs- und Management AG, Vienna	49.0 <sup>3</sup>	121,757	10,167				
Residenza CYL S.p.A., Milan	33.3 <sup>3</sup>	120,058	871				
SAS Alta Gramont, Paris	49.0	277,751	2,233				
SCI Bercy Village, Paris	49.0	44,901	7,922				
SK Versicherung AG, Vienna	25.8 <sup>3</sup>	13,240	835				
SNC Alta CRP Gennevilliers, Paris	49.0	32,827	1,797				
SNC Alta CRP La Valette, Paris	49.0	21,599	(1,175)				
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0	14,180	2,770				
Solveig Gas Holdco AS, Oslo	30.0 <sup>3</sup>	311,715	58,144				
<b>Other participations below 20% of voting rights</b>							
Advent International GPE VI LP, George Town	2.2	2,327,605	–				
Advent International GPE VII LP, Wilmington, DE	1.2	8,765,260	–				
Al Nisr Al Arabi, Amman	18.0 <sup>3</sup>	24,855	2,593				
Altor Fund III (No.2) LP, Saint Helier	4.9	514,754	–				
Apax Europe VII - A (Feeder) LP, Edinburgh	9.7	252,202	–				
Bain Capital Fund XI LP, George Town	2.5	2,946,148	–				
Banco BPI S.A., Porto	8.5 <sup>3</sup>	2,407,000	236,400				
Baring Asia Private Equity Fund V LP, George Town	2.5	2,369,978	–				
Beacon Capital Strategic Partners VII LP, Wilmington, DE	19.7 <sup>3</sup>	182,313	28,167				
Berkshire Fund VIII-A LP, Wilmington, DE	5.1	988,831	–				
Boyu Capital Fund II LP, George Town	3.3	1,160,150	–				
Bridgepoint Europe IV 'F' LP, London	10.7	288,518	–				
Burza cennych papierov v Bratislava	5.1 <sup>3</sup>	476,652	173,023				
Carlyle Europe Partners IV LP, George Town	4.7	1,577,936	–				
CDH Fund V LP, George Town	3.1	1,554,159	–				
Comisariado Español Marítimo, S.A., Madrid	6.2 <sup>3</sup>	496,582	266,337				
Commercial Bank of Cameroon, LC, Douala	10.0 <sup>3</sup>	18,294	–				
CVC Capital Partners Asia Pacific IV LP, George Town	3.9	955,027	–				
CVC Capital Partners VI LP, Saint Helier	1.3	5,737,729	–				
CVC European Equity Partners V A LP, Saint Helier	2.1	2,203,252	–				
EQT VI LP, St Peter Port	9.6	978,613	–				
EQT VII (No. 1) LP, London	2.8	2,009,247	–				
Hellman & Friedman Capital Partners VII LP, George Town	0.9	8,356,752	–				
IDI, Paris	5.4 <sup>3</sup>	277,132	32,539				
Investindustrial V LP, Saint Helier	3.5	1,083,769	–				
IPUT plc, Dublin	14.2 <sup>3</sup>	1,766,090	333,199				
Kelso Investment Associates VIII, L.P., Wilmington, DE	1.7	3,115,495	–				
LBA Reality Fund V L.P., Dover, DE	16.1 <sup>3</sup>	404,225	39,923				
Nordic Capital VII Alpha, L.P., St Helier	3.0	2,099,579	–				
Onex Partners III LP, George Town	3.3	2,835,749	–				
Onex Partners IV LP, George Town	2.7	2,859,524	–				
Permira V LP, St Peter Port	2.7	4,851,652	–				
Resolute Fund III LP, New York, NY	3.1	1,627,147	–				
SG Cameroon, LC, Douala	16.3 <sup>3</sup>	77,215	13,161				
SG Cote d'Ivoire, LC, Abidjan	7.3 <sup>3</sup>	25,916	41,204				
Sri Ayudhya Capital Public Company Limited, Bangkok	16.8 <sup>3</sup>	176,577	15,686				
TDR Capital III 'B' L.P., London	7.0	595,485	–				
TPG Asia VI LP, George Town	3.0	1,783,237	–				
TPG Partners VI, L.P., George Town	0.5	11,123,052	–				
Trident V, L.P., George Town	3.7	1,960,296	–				
Zagrebacka banka d.d., Zagreb	11.7 <sup>3</sup>	2,225,430	19,388				

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 2015.

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, 14 February 2017

Allianz SE  
The Board of Management

Oliver Zito Sergio Ballinot

Thomas H. Meyer

Wolfgang Hoff

Karl Theis Dieter Lehmann

Zoran



## 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 2016. 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, complies with the German statutory requirements, and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 1 March 2017

KPMG AG  
Wirtschaftsprüfungsgesellschaft



Becker  
Wirtschaftsprüfer  
(Independent Auditor)



Dr. Pfaffenzeller  
Wirtschaftsprüfer  
(Independent Auditor)

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