

SE

Allianz SE
Annual Report 2015

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ANNUAL RESULTS

		2015	Change from previous year in %	2014	2013	2012	2011	2010	2009	More details on page
Income statement										
Gross premiums written	€ MN	8,328	17.6	7,084	3,568	3,673	3,590	3,854	3,811	22
Net underwriting result	€ MN	224	(8.8) ¹	246	125	213	(163)	161	325	17
Net technical result	€ MN	31	(68.5) ¹	99	138	50	58	101	679	18
Non-technical result	€ MN	3,167	11.0	2,853	2,514	1,734	1,685	1,451	983	18
Net operating income	€ MN	3,198	8.3	2,952	2,652	1,784	1,743	1,552	1,662	
Extraordinary result	€ MN	–	–	–	–	(27)	(2)	178	–	
Taxes	€ MN	356	108.3 ¹	171	144	543	349	374	279	19
Net income	€ MN	3,554	13.8	3,123	2,796	2,300	2,090	2,104	1,941	19
Balance sheet as of 31 December										
Investments	€ MN	107,787	6.8	100,957	96,843	96,206	91,626	88,337	87,442	24
Shareholders' equity	€ MN	44,978	1.2	44,454	43,674	42,860	42,546	42,404	42,309	24
Insurance reserves	€ MN	13,168	33.7	9,851	8,439	10,795	10,527	9,999	9,780	84
Share information										
Dividend per share	€	7.30 ²	6.6	6.85	5.30	4.50	4.50	4.50	4.10	19
Total dividend	€ MN	3,320 ^{2,3}	6.7	3,112	2,405	2,039	2,037	2,032	1,850	19
Share price as of 31 December	€	163.55	19.1	137.35	130.35	104.80	73.91	88.93	87.15	
Market capitalization as of 31 December	€ MN	74,742	19.1	62,769	59,505	47,784	33,651	40,419	39,557	
Other information										
Retention	%	90.3	4.5 %-p	85.8	84.0	86.0	88.2	81.1	82.9	17
Loss ratio (net) Property-Casualty	%	68.0	1.4 %-p	66.6	64.0	63.9	80.2	68.2	63.4	17
Expense ratio (net) Property-Casualty	%	28.9	0.1 %-p	28.8	31.6	27.7	27.1	27.6	26.7	18
Combined ratio (net) Property-Casualty	%	96.9	1.5 %-p	95.4	95.6	91.6	107.3	95.8	90.1	22

¹ — Calculation on the basis of the accurate, non-rounded amount.

² — Proposal.

³ — Total dividend reflects the treasury shares held at the time of the publication of the convocation of the Annual General Meeting in the Federal Gazette. Such treasury shares are not entitled to the dividend

pursuant to § 71b of the German Stock Corporation Act (AktG). Should there be any change in the number of treasury shares by the date of the Annual General Meeting, the total dividend will be amended accordingly.

BUILDING ON OUR PROUD HERITAGE

Allianz is one of the strongest financial communities worldwide. More than 85 million private and corporate customers insured by the Allianz Group rely on its knowledge, GLOBAL REACH and CAPITAL STRENGTH to protect them and help them realize their goals in life. Allianz stands for trust based on INTEGRITY, RESILIENCE and the DEDICATION of its group-wide 142,459 employees.

€ BN 45.0

Shareholders' equity — page 24

€ BN 107.8

Investments — page 24

€ MN 8,328

Gross premiums written — page 22

96.9 %

Combined Ratio Property-Casualty — page 22

€ MN 3,554

Net income — page 19

€ 7.30

Proposed dividend per share — page 19

TO OUR INVESTORS



TO OUR INVESTORS

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Supervisory Board Report



Ladies and Gentlemen,


During the 2015 fiscal year, the Supervisory Board fulfilled all its duties and obligations as laid out in the company statutes and applicable law. It monitored the management of the company, advised the Board of Management regarding the conduct of business and dealt with personnel matters related to the Board of Management as well as to succession planning.

OVERVIEW

Within the framework of our activities, the Board of Management informed us on a regular basis and in a timely and comprehensive manner, both verbally and in writing, on the course of business as well as on the development of the Allianz Group and Allianz SE, including deviations in actual business developments from the planning. The annual financial statements of Allianz SE and the consolidated financial statements with its respective auditor's reports as well as the half-yearly and quarterly financial reports were thoroughly examined by the Supervisory Board and the Audit Committee.

Further key areas the Board of Management reported on were the Renewal Agenda on business strategy of the Board of Management, capital adequacy, the ongoing challenges facing the life insurance business due to low interest rates, exceptional developments at certain subsidiaries, and implementation of the German Act on Equal Participation of Women and Men in Executive Positions. In addition, we were extensively involved in the Board of Management's planning for both the 2016 fiscal year and the three-year period from 2016 to 2018.

In the 2015 fiscal year, 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 40**. 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 all of the Supervisory Board's 2015 meetings, the Board of Management reported on Group revenues and results by addressing the developments in individual business segments. Furthermore, we were regularly informed by the Board of Management about the capital, financial and risk situation, the impact of natural catastrophes, the status of major legal disputes and other essential developments.

In the meeting of 25 February 2015, the Supervisory Board dealt comprehensively with the provisional financial figures for the 2014 fiscal year and the Board of Management's recommended dividend. The appointed audit firm, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich, reported in detail on the provisional results of their audit. Underwriting reserves and IT systems were among the focal points of the audit. The Chief Compliance Officer then provided the 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 2014 fiscal year. We also verified the fitness and propriety of the members of the Board of Management and the Supervisory Board.

In the meeting of 12 March 2015, the Supervisory Board discussed the audited annual Allianz SE and consolidated financial statements as well as the recommendation for the appropriation of earnings by the Board of Management for the 2014 fiscal year. KPMG 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 2014. The Supervisory Board also dealt with the agenda for the 2015 Annual General Meeting (AGM) of Allianz SE and the respective proposals for resolution. The Supervisory Board also resolved to appoint KPMG as auditor for the individual and consolidated financial statements for the 2015 fiscal year and for the auditor's review of the 2015 half-yearly interim report. In addition, the Supervisory Board was informed about the developments in digitalization and the strategic importance of this topic.

On 6 May 2015, just before the AGM, the Board of Management briefed us on the first quarter 2015 performance and on the Allianz Group's current situation, particularly on the capitalization, the share price development, and the impact of certain loss events.




In our meeting on 6 August 2015, the Board of Management reported in depth on the half-yearly results and also dealt with the issuance of Allianz shares to employees of the Allianz Group as well as the future Common European Sales Law. We then dealt extensively with the effects of the low interest rate environment on the life insurance sector and, in particular, the measures adopted by Allianz. The Supervisory Board agreed to the early termination of Mr. Manuel Bauer's appointment as a member of the Board of Management of Allianz SE with effect from 31 August 2015. In the course of the subsequent re-alignment of the schedule of responsibilities of the Board of Management, it appointed Mr. Oliver Bäte as the member of the Board of Management responsible for "employment and social welfare". The Supervisory Board also elected Mr. Jürgen Lawrenz to the Risk Committee as the successor of Mr. Franz Heiß, who stepped down from the Supervisory Board, and dealt extensively with the matter of implementing the German Act on Equal Participation of Women and Men in Executive Positions. The meeting was preceded by a separate information session for members of the Supervisory Board, at which Allianz managers gave presentations on current life insurance topics.

The main focus of the meeting on 1 October 2015 was the future strategy of the Allianz Group. Mr. Bäte and his colleagues from the Board of Management presented the Renewal Agenda and initial implementation measures regarding the strategic topics True Customer Centricity, Digital by Default, Technical Excellence, Growth Engines, and Inclusive Meritocracy. The Supervisory Board discussed in detail the key points and further steps toward implementing the new strategic initiatives.

At the 10 December 2015 meeting, the Board of Management provided us with information about the third-quarter results and further business developments as well as on further specifics of the Renewal Agenda. We also discussed the planning for the 2016 fiscal year and the 2016–2018 three-year period, the remuneration system within the Allianz Group and the Declaration of Conformity with the German Corporate Governance Code. The Supervisory Board reviewed the appropriateness of the remuneration of the Board of Management and adopted a resolution, on the recommendation of the Personnel Committee, to adjust the contributions to the pension plan. In addition, the Supervisory Board set targets for the variable remuneration of members of the Board of Management and discussed succession planning with regard to the Board of Management. Finally, we took a detailed look at the results of the Supervisory Board's efficiency review and adopted a 15-year limit to the term of membership on the Supervisory Board.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On 10 December 2015, the Board of Management and the Supervisory Board issued the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act ("Aktiengesetz"). The Declaration was posted on the company website, where it is available to shareholders at all times. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code made in the Code's version of 5 May 2015.

Further explanations of corporate governance in the Allianz Group can be found in the Corporate Governance Report starting on  **page 40** and the Statement on Corporate Management pursuant to § 289a HGB starting on  **page 45**. More information on corporate governance can also be found on the Allianz website at  www.allianz.com/corporate-governance.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently: the Standing Committee, the Personnel Committee, the Audit Committee, the Risk Committee and the Nomination Committee. The committees prepare the discussion and adoption of resolutions in the plenary sessions. Furthermore, in appropriate cases, the authority to adopt resolutions has been delegated to the committees. There is no Conciliation Committee because the German Co-Determination Act (“Mitbestimmungsgesetz”), which provides for such a committee, does not apply to Allianz SE as a European Company (SE).

The *Standing Committee* held three meetings in 2015. These related primarily to corporate governance issues, the preparation for the AGM, the matter of implementing the German Act on Equal Participation of Women and Men in Executive Positions, and the internal review of the Supervisory Board’s efficiency. During the fiscal year the committee passed resolutions to approve loans to senior executives.

The *Personnel Committee* held four regular meetings and two extraordinary meetings by telephone conference in the 2015 financial year. Areas of focus were the re-alignment of the schedule of responsibilities of the Board of Management following the departure of Mr. Bauer, and further succession planning. The committee also dealt with other mandate matters for active and former members of the Board of Management and with the proportion of women on Allianz SE’s Board of Management. In addition to preparing the target achievement of Board of Management members for the 2014 fiscal year, the committee prepared the review of the remuneration system, and the setting of targets for variable remuneration.

The *Audit Committee* held five meetings in 2015. In the presence of the auditor, 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 and quarterly financial reports. After carrying out these reviews, the Audit Committee saw no objections. The committee also dealt with the auditor’s engagement, established priorities for the annual audit in the fiscal year 2015, and discussed assignments to the auditors for services not connected to the audit itself. In addition, the committee dealt extensively with the compliance system, the internal auditing system as well as the accounting process and internal financial reporting control mechanisms. The committee received regular reports on the audit department’s work and on legal and compliance issues. Furthermore, in a presentation on cyber-security, the committee was informed about the measures to protect Allianz’s IT systems, and it also familiarized itself with the implementation status of the governance requirements according to Solvency II.

The *Risk Committee* held two meetings in 2015, at 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 in management and group management reports, were reviewed with the auditor and the Audit Committee was informed of the result. The appropriateness of the early risk recognition system at Allianz was also discussed. The committee looked in detail at the effectiveness of the risk management system, in particular behavioral risk in property insurance. Other matters considered were the

new supervisory regime according to Solvency II, the risk strategy of Allianz SE and of the Allianz Group, a MaRisk (Minimum Requirements for Risk Management) audit, the effects of the enduring low interest rate environment, and the Allianz SE's classification as a Global Systemically Important Insurer (G-SII).

In November 2015, the **Nomination Committee** held a meeting by telephone conference to discuss the vacant position on the Supervisory Board that will materialise at the end of the AGM on 4 May 2016.

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

Chair and committees of the Supervisory Board – as of 31 December 2015

Chairman of the Supervisory Board: Dr. Helmut Perlet

Deputy Chairmen: Dr. Wulf H. Bernotat, Rolf Zimmermann

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

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

Audit Committee: Dr. Wulf H. Bernotat (Chairman), Dr. Helmut Perlet, Jim Hagemann Snabe, Jean-Jacques Cette, Ira Gloe-Semler

Risk Committee: Dr. Helmut Perlet (Chairman), Christine Bosse, Peter Denis Sutherland, Dante Barban, Jürgen Lawrenz

Nomination Committee: Dr. Helmut Perlet (Chairman), Prof. Dr. Renate Köcher, Peter Denis Sutherland

AUDIT OF ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the special legal provisions applying to insurance companies, the statutory auditor and the auditor for the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE and not by the AGM. The Supervisory Board has appointed KPMG as statutory auditor for the annual Allianz SE and consolidated financial statements, as well as for the review of the half-yearly financial report of the fiscal year 2015. KPMG audited the financial statements of Allianz SE and the Allianz Group as well as the respective management reports. They issued an auditor's report without any reservations. The consolidated financial statements were prepared on the basis of the international financial reporting standards (IFRS), as adopted in the European Union. KPMG performed a review of the half-yearly and quarterly financial reports.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from KPMG on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on 17 February 2016 and in the plenary session of the Supervisory Board on 18 February 2016. The final financial statements and KPMG's audit reports were reviewed on 10 March 2016 by the Audit Committee and in the Supervisory Board plenary session. The auditors participated in these discussions and presented the main results from the audit. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence.

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

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

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Mr. Franz Heiß retired on 31 July 2015 and thus stepped down from his position as employee representative on the Supervisory Board of Allianz SE. The Supervisory Board thanked Mr. Heiß and expressed its appreciation of his efforts during his period of office. Mr. Jürgen Lawrenz replaced Mr. Heiß as elected employee representative on the Supervisory Board of Allianz SE with effect from 1 August 2015. The current term of the Supervisory Board will expire following the 2017 AGM.

The fiscal year 2015 also saw personnel changes within Allianz SE's Board of Management. Mr. Michael Diekmann left the Board of Management with effect from 6 May 2015. Mr. Oliver Bäte took over as Chairman of the Board of Management with effect from 7 May 2015. Mr. Manuel Bauer left the Board of Management with effect from 31 August 2015 and his areas of responsibility were allocated to other Board departments.

Munich, 10 March 2016

For the Supervisory Board:



Dr. Helmut Perlet
Chairman

Supervisory Board

DR. HELMUT PERLET

Chairman
Former Member of the Board of Management
of Allianz SE

DR. WULF H. BERNOTAT

Vice Chairman
Former Chairman of the Board of Management
of E.ON AG

ROLF ZIMMERMANN

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

DANTE BARBAN

Employee of Allianz S.p.A.

CHRISTINE BOSSE

Former Chief Executive Officer of Tryg A/S

GABRIELE BURKHARDT-BERG

Chairwoman of the Group Works Council
of Allianz SE

JEAN-JACQUES CETTE

Chairman of the Group Works Council
of Allianz France S.A.

IRA GLOE-SEMLER

Regional Representative Financial Services
of ver.di Hamburg

FRANZ HEISS

until 31 July 2015

Employee of Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER

Head of "Institut für Demoskopie Allensbach"
(Allensbach Institute)

JÜRGEN LAWRENZ

since 1 August 2015

Employee of Allianz Managed Operations & Services SE

JIM HAGEMANN SNABE

Chairman of World Economic Forum USA

PETER DENIS SUTHERLAND

Former Chairman of the Board of Directors
of Goldman Sachs International

Board of Management



DR. CHRISTOF MASCHER
DR. WERNER ZEDELIUS
(from left to right)

OLIVER BÄTE
DR. HELGA JUNG
SERGIO BALBINOT
(from left to right)





JAY RALPH
DR. AXEL THEIS
(from left to right)

DR. DIETER WEMMER
DR. MAXIMILIAN ZIMMERER
(from left to right)



Board of Management

OLIVER BÄTE

Chairman of the Board of Management

since 7 May 2015

Global Property-Casualty

until 6 May 2015

MICHAEL DIEKMANN

until 6 May 2015

Chairman of the Board of Management

SERGIO BALBINOT

Insurance Western & Southern Europe

Insurance Middle East, Africa, India

since 1 September 2015

MANUEL BAUER

until 31 August 2015

Insurance Growth Markets

DR. HELGA JUNG

Insurance Iberia & Latin America,

Legal & Compliance, Mergers & Acquisitions

DR. CHRISTOF MASCHER

Operations, Allianz Worldwide Partners

JAY RALPH

Asset Management, US Life Insurance

DR. AXEL THEIS

Global Insurance Lines & Anglo Markets

Global Property-Casualty

since 7 May 2015

DR. DIETER WEMMER

Finance, Controlling, Risk

DR. WERNER ZEDELIUS

Insurance German Speaking Countries

Insurance Central & Eastern Europe

since 1 September 2015

DR. MAXIMILIAN ZIMMERER

Investments, Global Life/Health

Insurance Asia Pacific

since 1 September 2015

MANAGEMENT REPORT OF ALLIANZ SE

B

MANAGEMENT REPORT OF ALLIANZ SE

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Executive Summary and Outlook

- Net income rose by 14% from € 3,123 MN to € 3,554 MN.
- Proposed dividend of € 7.30 per share.

Earnings summary

CONDENSED INCOME STATEMENT

€ MN	2015	2014
Gross premiums written	8,328	7,084
Premiums earned (net)	7,183	5,685
Claims (net)	(4,907)	(3,814)
Underwriting expenses (net)	(2,065)	(1,634)
Other technical reserves (net)	13	9
Net underwriting result	224	246
Change in claims equalization and similar reserves	(193)	(147)
Net technical result	31	99
Investment result	6,009	4,606
Allocated interest return	(60)	(56)
Other non-technical result	(2,782)	(1,697)
Non-technical result	3,167	2,853
Net operating income	3,198	2,952
Taxes	356	171
Net income	3,554	3,123

NET UNDERWRITING RESULT

In 2015, as in previous years, Allianz SE continued to follow its selective and prudent underwriting approach. The overall portfolio of Allianz SE grew substantially in 2015 due to a new quota share agreement with the head office of Allianz Global Corporate & Speciality SE – excluding its foreign branches (hereafter AGCS Munich). This new quota share has a cession rate of 100% of the total net portfolio of AGCS Munich.

Gross premiums written increased to € 8,328 MN. This increase was mainly due to the new quota share agreement with AGCS Munich, that contributed gross premiums written of € 1,251 MN. The development of the existing portfolio was stable with € 7,077 MN (2014: € 7,084 MN). In total, € 7,769 MN (2014: € 6,584 MN) of gross premium came from Property-Casualty reinsurance and € 559 MN (2014: € 500 MN) from Life/Health reinsurance.

The net retention ratio increased to 90.3% (2014: 85.8%) due to overall premium growth and an optimized retrocession structure. *Premiums earned (net)* rose by € 1,498 MN to € 7,183 MN (2014: € 5,685 MN), mainly driven by the growth of gross written premiums and lower retrocessions.

The accident year loss ratio (net) in Property-Casualty reinsurance rose to 72.8% (2014: 68.2%) as a result of events in several lines of business. Natural catastrophe losses amounted to € 244 MN for the accident year 2015 (2014: € 220 MN). This represented a negative impact on the accident year loss ratio (net) of 3.6 (2014: 3.9) percentage points.

NATURAL CATASTROPHES

€ MN	Losses for Allianz SE
Major Events in 2015	
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
Storm Elon & Felix, Germany	15
Other	34
Total	244
	Losses for Allianz SE
Major Events in 2014	
Brisbane Hailstorm, Australia	72
Hailstorm Ela, Germany & Belgium	61
North India Flood	36
Hurricane Odile, Mexico	12
Snowstorm Japan	10
Flood Malaysia	10
Other	19
Total	220

The positive run-off result increased significantly from € 90 MN to € 324 MN and was mainly influenced by the development of liability reinsurance (€ 112 MN), engineering reinsurance (€ 77 MN), credit and bond reinsurance (€ 55 MN) and marine and aviation reinsurance (€ 38 MN). In total we saw an increased loss ratio (net) in Property-Casualty reinsurance of 68.0% (2014: 66.6%).

The expense ratio (net) in Property-Casualty reinsurance increased slightly to 28.9% (2014: 28.8%). This was primarily driven by an increase of 0.7 percentage points in the commission ratio to 27.8% (2014: 27.1%), largely resulting from the new quota share agreement with AGCS Munich. On the other hand, the administrative expense ratio dropped by 0.6 percentage points to 1.1% (2014: 1.7%).

The *net underwriting result* decreased by 8.8% from € 246 MN to € 224 MN, mainly because of the increased claims expenses in 2015.

NET TECHNICAL RESULT

In 2015, a *change in claims equalization and similar reserves* of € 193 MN (2014: € 147 MN) was triggered by the substantial premium growth as well as the still positive underwriting result. The strengthening arose mainly from liability reinsurance (€ 120 MN) and other reinsurance lines (€ 119 MN). The overall upturn was partially offset by a release in fire reinsurance (€ 44 MN) driven by above-average claims.

The *net technical result* amounted to € 31 MN (2014: € 99 MN).

NON-TECHNICAL RESULT

Investment result

€ MN	2015	2014	Change
Investment income			
Income from profit transfer agreements	3,001	2,091	910
Income from affiliated enterprises and participations	3,820	3,132	688
Income from other investments	945	895	50
Realized gains	361	158	203
Income from reversal of impairments	3	141	(138)
Subtotal	8,130	6,417	1,713
Investment Expenses			
Expenses for the management of investments, interest and other investment-related expenses	(1,122)	(1,216)	94
Depreciation and impairments of investments	(594)	(230)	(364)
Realized losses	(184)	(91)	(93)
Expenses for losses taken over	(221)	(274)	53
Subtotal	(2,121)	(1,811)	(310)
Total	6,009	4,606	1,403

The *investment result* increased by € 1,403 MN to € 6,009 MN.

Income from profit transfer agreements rose by € 910 MN to € 3,001 MN, primarily due to higher profit transfers from Allianz Global Corporate & Specialty SE and Allianz Deutschland AG, which grew by € 610 MN to € 686 MN and by € 264 MN to € 1,934 MN. The overall increase was also partly attributable to a higher profit transfer of Allianz Asset Management AG which went up by € 51 MN to € 373 MN.

Income from affiliated enterprises and participations increased by € 688 MN to € 3,820 MN, mainly because the dividend payment received from our subsidiary Allianz Europe B.V. rose by € 950 MN to € 3,450 MN in 2015. This was partly offset by lower dividend payments from other affiliated enterprises.

Income from other investments grew by € 50 MN to € 945 MN, particularly because interest income from intra-group loans was up by € 55 MN to € 414 MN.

Realized gains increased by € 203 MN to € 361 MN, primarily due to higher realized gains resulting from the sale of bonds, which went up by € 194 MN to € 331 MN.

Income from reversal of impairments declined by € 138 MN to € 3 MN as we recorded only marginal write-ups related to our bond portfolio in 2015.

Expenses for the management of investments, interest and other investment-related expenses were further reduced by € 94 MN to € 1,122 MN, mainly due to lower interest expenses as a result of lower refinancing rates for the rollover of matured debt instruments.

Depreciation and impairments of investments rose by € 364 MN to € 594 MN. The impairments in 2015 were particularly attributable to the write-down of shares in our subsidiary Allianz Life Insurance Company Ltd. Korea (€ 350 MN) and to impairment charges on our bond portfolio (€ 222 MN).

Realized losses increased by € 93 MN to € 184 MN, mainly stemming from the sale of bonds (€ 92 MN) and the redemption of an intra-group bond at fair value prior to maturity (€ 81 MN).

Expenses for losses taken over declined by € 53 MN to € 221 MN. This was primarily due to lower losses taken over from our service provider Allianz Managed Operations & Services SE, which decreased by € 38 MN to € 214 MN.

Other non-technical result

The *other non-technical result* deteriorated by € 1,085 MN to € (2,782) MN. This resulted from an increase of interest expenses on pensions and long-term provisions to the amount of € 434 MN. Furthermore, the renegotiation of the pension cost allocation contract with the German subsidiaries had a significant impact on the other non-technical result. The expenses due to the adjusted contract amounted to € 634 MN and were only partly compensated by an income amounting to € 406 MN. Additionally, the result from derivatives contributed to the decline of the other non-technical result by € 318 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 € 306 MN. Thereby, Allianz SE received a tax allocation of € 664 MN (2014: € 512 MN) by Allianz SE tax group companies that recorded taxable income. After deduction of other taxes the **tax income** amounted to € 356 MN (2014: € 171 MN).

The increase of the **net income** by € 431 MN to € 3,554 MN (2014: € 3,123 MN) is primarily driven by the significant rise of the investment result by € 1,403 MN to € 6,009 MN. This was partly offset by the deterioration of the other non-technical result by € 1,085 MN to € (2,782 MN).

Proposal for appropriation of net earnings

The Board of Management and the Supervisory Board propose that the net earnings (“Bilanzgewinn”) of Allianz SE of € 4,228,626,130.21 for the 2015 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 7.30 per no-par share entitled to a dividend: € 3,320,374,442.20
- Unappropriated earnings carried forward: € 908,251,688.01

The proposal for appropriation of net earnings reflects the 2,154,186 treasury shares held directly and indirectly by the company at the time of the publication of the convocation of the Annual General Meeting in the Federal Gazette. Such treasury shares are not entitled to the dividend pursuant to § 71b of the German Stock Corporation Act (AktG). Should there be any change in the number of shares entitled to the dividend by the date of the Annual General Meeting, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the Annual General Meeting, with an unchanged dividend of € 7.30 per each share entitled to dividend.

Economic outlook

At the beginning of 2016, the global economic picture is, broadly speaking, split between industrialized countries and emerging markets. On the one hand, economic activity in industrialized countries is likely to remain quite solid. In the United States, domestic demand looks set to firm up further. In the Eurozone, the economic recovery is likely to continue, supported by improved competitiveness and lower energy prices. With real gross domestic product expected to increase by 1.7%, growth will be slightly higher than in 2015. Supported by improving economic conditions in the Eurozone and a favorable environment for private consumption, the German economy could expand by more than 2% in 2016. On the other hand, growth prospects for several major emerging market countries remain subdued – for both cyclical and structural reasons. Following a severe recession in Brazil and Russia last year, economic activity is expected to gradually stabilize in the course of 2016. Overall, global output is likely to expand by about 2.7% in 2016, compared with 2.4% in 2015. Industrialized countries are expected to register gross domestic product growth of 2.0%, while in emerging markets it could increase to 3.7% from the 3.3% seen in 2015, which was the lowest economic expansion since the great recession of 2009. At the global level, inflation is likely to remain very low, with a few exceptions in Latin America and Eastern Europe, where inflation rates have risen sharply for country-specific reasons (for example in Venezuela and in Ukraine).

As in 2015, financial markets will primarily be driven by monetary policy and geopolitical tensions, but also by economic and political developments in major emerging market countries such as China. On the monetary policy front, the Federal Reserve is likely to continue to hike interest rates very cautiously this year. By contrast, the European Central Bank is expected to keep key interest rates at present or even lower levels throughout 2016. We also do not see any trimming of the European Central Bank’s unconventional measures before the end of this year.

Slightly rising yields on 10-year U.S. government bonds, along with growing speculation towards year-end about the timing and manner in which the European Central Bank exits from its bond-purchasing program in 2017, will exert some upward pressure on European government benchmark bond yields. However, with short-term rates practically at zero, there are limited prospects of markedly higher yields on longer-term bonds. We predict yields on 10-year German and U.S. government bonds to climb modestly towards 1% and around 2%, respectively, by the end of 2016. In the coming months a number of factors, including the expected rate increases by the Federal Reserve, will weigh on the Euro. However, with the economic recovery in the Eurozone on a firmer footing, the Euro will gain support. We expect the year-end U.S. Dollar to Euro exchange rate to be marginally above last year’s closing level of 1.09.

Insurance industry outlook

2016 is set to become another challenging year for the insurance industry. The big picture – characterized by only modest premium growth, low interest rates, volatile financial markets, new regulatory burdens and digital transformation – will not change. As a consequence, industry profitability will remain under pressure and restructuring will gather pace.

However, that does not mean 2016 will be identical to the previous year. For example, we expect to see interest rates starting to rise – but only slightly: overall, the interest rate environment will continue to present a headwind for the industry. Another important change is the implementation of Solvency II in Europe. This brings more clarity on capital positions, acting as a possible catalyst for more industry consolidation. High pent-up demand, accommodative government policies – in particular in the life sector – and general trends like urbanization continue to underpin relatively strong insurance premium growth in emerging markets. Therefore, we expect these markets to outgrow advanced markets in the foreseeable future, although our outlook has become more cautious.

In the [property-casualty sector](#), we anticipate stable premium growth in advanced markets. While the ongoing recovery will support demand, pricing is becoming a growing concern. Despite the region-wide economic pickup, Western Europe is set to remain the laggard in terms of global premium growth. On the other hand – as in previous years – we expect very strong performances in emerging Asia. There, government efforts – particularly in China – to raise insurance penetration across the board are starting to pay off. Overall, we expect global premium revenue to rise between 4.0% and 5.0% in 2016 (in nominal terms, adjusted for foreign currency translation effects); a good one percentage point of this is attributable to China alone. Due to the challenging pricing outlook, underwriting profitability may come under pressure, especially if financial losses resulting from natural catastrophes return to historical averages. At the same time, investment returns will remain weak, despite the expected rise in interest rates.

In the [life sector](#), the overall picture is quite similar – although premium growth is much more volatile than in the property-casualty sector. In the coming year, this volatility may be exacerbated further by new regulations, changing government policies and ensuing shifts in the product mix. One thing, however, is unlikely to change: The highest premium growth is expected in emerging Asia, where countries such as China and Indonesia should continue with high, in many cases double-digit growth. Rising incomes and social security reforms remain strong engines for growing insurance demand. All in all, we expect global premium revenue to rise in the 4.0–5.0% range in 2016 (in nominal terms, adjusted for foreign currency translation effects).

Looking at profitability, there is no expected relief from the pains associated with the low yield environment and regulation. As a result, the rebalancing of investment portfolios will continue as well as the shift in the product mix. New, less capital-intensive products, mixing unit-linked product characteristics with some sort of return guarantees, will increasingly replace the old-style savings products. At the same time, mastering the digital transformation is becoming more and more crucial. This mix of strategic challenges will not only spur industry consolidation but could also act as a drag on overall profitability.

Business outlook

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

- Global recovery 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 34](#).

The non-life reinsurance market remains competitive due to an influx of alternative capital and the strong capitalization of traditional reinsurers. The results of renewals as of 1 January 2016 were below the prior year's level, with prices in the assumed business further softening and only partially compensated by lower prices in the outgoing reinsurance.

Allianz SE's technical result depends largely on Group internal cessions resulting from net quota shares with European Allianz entities. We expect an increase in net premiums and in the net underwriting result in 2016 due to several new quota share agreements with European Allianz entities. Based on our estimations and our knowledge of the new portfolios, we expect an increased combined ratio for 2016. 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 2016 we predict a further 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 declining investment result. However, as things stand, this decline will be more than offset by an improved 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 policy¹ 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 make up at least 50% of the Group result.

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 from 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.

¹ — For more detailed information on the dividend policy, see the Allianz Group's Annual Report 2015 and www.allianz.com/dividend.

Operations by Reinsurance Lines of Business

Gross premiums written increased significantly by 17.6% to € 8,328 MN (2014: € 7,084 MN). This was mainly due to a new quota share with AGCS Munich with gross premiums written of € 1,251 MN. This quota share had several impacts on the overall reinsurance portfolio – especially in liability reinsurance, marine and aviation reinsurance and

engineering reinsurance. All in all, 88.5% (2014: 90.7%) of premiums written were 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	
	2015 € MN	2014 € MN	Change % ¹	2015 %	2014 %	2015 € MN	2014 € MN	2015 € MN	2014 € MN
Fire and property reinsurance	2,419	2,066	17.1	98.5	96.4	44	28	73	82
thereof:									
Household and homeowner	576	628	(8.3)	90.4	88.4	–	–	54	61
Fire	506	445	13.7	116.9	110.4	44	28	(13)	1
Engineering	492	258	90.6	87.3	96.1	–	–	49	8
Business interruption	111	85	31.3	95.6	52.6	–	–	4	33
Other property reinsurance	734	650	12.9	103.5	104.1	–	–	(21)	(21)
Motor	1,995	1,849	7.9	103.7	104.2	12	(24)	(54)	(93)
Liability	1,148	800	43.5	86.2	82.4	(120)	(66)	15	40
Life	427	419	1.9	n/a	n/a	–	–	33	–
Marine and aviation	420	123	240.7	111.6	84.8	20	25	(22)	38
Credit and bond	402	290	38.6	91.2	86.2	(26)	(19)	–	15
Personal accident	311	327	(5.1)	86.2	86.8	14	(2)	49	35
Legal expenses	212	244	(13.2)	91.1	107.9	(18)	4	1	(13)
Health	132	82	61.9	n/a	n/a	–	–	(2)	4
Other lines	862	884	(2.4)	92.2	87.3	(119)	(94)	(62)	(12)
Total	8,328	7,084	17.6	96.9	95.4	(193)	(147)	31	99

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

The **household and homeowner reinsurance** portfolio decreased slightly, with gross premiums written of € 576 MN (2014: € 628 MN) mainly coming from the business with Allianz Versicherungs-AG and AllSecur Deutschland AG (in the following Allianz Versicherung). The combined ratio nudged up to 90.4% (2014: 88.4%) and the net technical result amounted to € 54 MN (2014: € 61 MN).

The **fire reinsurance** portfolio grew to € 506 MN (2014: € 445 MN) in gross premiums written. This was mainly driven by internal business. The combined ratio increased to 116.9% (2014: 110.4%). This development was mainly influenced by a worse accident year loss ratio due to several man-made losses, which was only partially compensated by a positive run-off result of € 34 MN (2014: € 25 MN). Despite a release of the claims equalization reserve of € 44 MN (2014: € 28 MN), the net technical result dropped to € (13) MN (2014: € 1 MN).

Engineering reinsurance premiums written increased substantially to € 492 MN (2014: € 258 MN) due to the new quota share with AGCS Munich. The combined ratio improved significantly to 87.3% (2014: 96.1%), mainly driven by the positive run-off result of € 77 MN (2014: € 6 MN) which was partially compensated by a higher accident year claims ratio of 74.9% (2014: 63.2%). In total the net technical result increased to € 49 MN (2014: € 8 MN).

Premium revenue from **business interruption reinsurance** climbed to € 111 MN (2014: € 85 MN). The combined ratio worsened substantially to 95.6% (2014: 52.6%), reflecting higher calendar year claims development of € 68 MN (2014: € 25 MN).

Other property reinsurance includes extended coverage for fire and business interruption as well as hail, storm, water damage, live-stock, burglary, and glass reinsurance. Premiums written rose by 12.9% to € 734 MN (2014: € 650 MN), mainly driven by the new quota share with AGCS Munich and external business written in the Asia-Pacific region. The combined ratio improved slightly by 0.6 percentage points to 103.5%. The net technical result remained negative € (21) MN (2014: € (21) MN).

Premiums written in **motor reinsurance** grew by 7.9% to € 1,995 MN (2014: € 1,849 MN). The combined ratio improved slightly to 103.7% (2014: 104.2%) due to a positive development in the accident year claims ratio of 79.2% (2014: 80.2%) and a decrease in the expense ratio by 1.1 percentage points to 23.9% (2014: 25.0%). This was partially offset by a run-off result of € (9) MN (2014: € 16 MN). The still negative but improved net technical result of € (54) MN (2014: € (93) MN) was also influenced by the release of the equalization reserves with an amount of € 12 MN (2014: € (24) MN).

Premiums written for **liability reinsurance** rose significantly to € 1,148 MN (2014: € 800 MN) – mainly on the new quota share with AGCS Munich. The combined ratio of 86.2% (2014: 82.4%) was mainly influenced by the higher accident year claims ratio of 67.4% (2014: 56.2%) and a higher expense ratio (4.7 percentage points), which was partially compensated by a positive run-off result of € 112 MN. The premium increase as well as the positive result triggered a strengthening of the equalization reserves of € 120 MN (2014: € 66 MN) and a net technical result of € 15 MN (2014: € 40 MN).

In **life reinsurance**, the premium revenue grew to € 427 MN (2014: € 419 MN), primarily due to new capital management transactions in the Asia-Pacific region. The expense ratio dropped by 2.1 percentage points to 27.0%. The net technical result amounted to € 33 MN (2014: € 0 MN).

The premium revenue in **marine and aviation reinsurance** more than doubled to € 420 MN (2014: € 123 MN) due to the new quota share with AGCS Munich with an impact of € 309 MN. The combined ratio deteriorated by 26.8 percentage points to 111.6%, reflecting a higher accident year loss ratio of 94.2% (2014: 74.5%). This development caused a further release of € 20 MN in equalization reserve and the net technical result turned negative with € (22) MN (2014: € 38 MN).

Gross premiums written in **credit and bond reinsurance** rose substantially by € 112 MN to € 402 MN, mainly driven by increased business with Euler Hermes Reinsurance AG. The combined ratio deteriorated to 91.2% (2014: 86.2%), mainly influenced by a higher expense ratio of 33.9% (2014: 28.0%). A further strengthening of equalization reserves by € 26 MN (2014: € 19 MN) reduced the net technical result to € 0 MN (2014: € 15 MN).

The **personal accident reinsurance** gross premium revenue slightly decreased to € 311 MN (2014: € 327 MN), mainly driven by lower premiums ceded by Allianz Versicherung. The combined ratio improved to 86.2% (2014: 86.8%), mainly influenced by higher run-off income of € 17 MN (2014: € 12 MN). A release of € 14 MN in equalization reserves led to an increased net technical result of € 49 MN (2014: € 35 MN).

The premium revenue of **legal expenses reinsurance** dropped by 13.2% to € 212 MN (2014: € 244 MN) largely driven by lower premiums ceded by Allianz Versicherung. The combined ratio improved substantially to 91.1% (2014: 107.9%). This was mainly because of lower accident year losses and lower underwriting expenses which also triggered a strengthening of the equalization reserve of € 18 MN. Despite this, the net technical result turned positive at € 1 MN (2014: € (13) MN).

Gross premiums written for **health reinsurance** expanded to € 132 MN (2014: € 82 MN). However the net technical result turned negative to € (2) MN (2014: € 4 MN).

In **other reinsurance lines**, premium revenue declined by € 22 MN to € 862 MN (2014: € 884 MN). The combined ratio increased by 4.9 percentage points to 92.2% (2014: 87.3%) impacted by run off losses with an amount of € (14) MN (2014: € 26 MN). The net technical result remained negative at € (62) MN (2014: € (12) MN), due to an increase of equalization reserves by € 119 MN (2014: € 94 MN).

Other reinsurance lines include:

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

Balance Sheet Review

- Shareholders' equity rose slightly to € 45.0 BN.
- Balance sheet total increased by € 7.9 BN to € 114.3 BN.

Condensed balance sheet

€ MN as of 31 December	2015	2014
ASSETS		
Intangible assets	19	42
Investments	107,787	100,957
Receivables	5,290	4,656
Other assets	791	374
Deferred charges and prepaid expenses	423	364
Total assets	114,310	106,393
EQUITY AND LIABILITIES		
Shareholders' equity	44,978	44,454
Subordinated liabilities	12,340	11,741
Insurance reserves net	13,168	9,851
Other provisions	7,500	6,655
Funds held with reinsurance business ceded	63	61
Payables on reinsurance business	231	383
Other financial liabilities	36,018	33,232
Deferred income	12	16
Total equity and liabilities	114,310	106,393

Investments

€ MN as of 31 December	2015	2014
Real estate	254	258
Investments in affiliated enterprises and participations	73,711	71,170
Other investments	27,727	26,472
Funds held by others under reinsurance business assumed	6,095	3,057
Total investments	107,787	100,957

The book value of *investments in affiliated enterprises and participations* increased by € 2.5 BN to € 73.7 BN as a result of a higher book value of shares in affiliated enterprises (€ 2.5 BN). More details regarding this position are explained in note 4 to our financial statements.

Other investments went up from € 26.5 BN to € 27.7 BN due to higher investments in debt securities (€ 3.0 BN) and investment funds (€ 0.2 BN). This was partly offset by a decline in investments in loans (€ 1.9 BN) and deposits with banks (€ 0.1 BN). At the end of 2015, € 23.7 BN of the total of other investments were invested in fixed income securities, of which € 9.6 BN were government bonds. We increased our overall government bond exposure by € 1.3 BN compared to year-end 2014, thereby increasing our sovereign debt exposure in Spain from € 0.1 to € 0.5 BN while leaving our investments in Italian government bonds unchanged at a volume of € 0.8 BN.

Funds held by others under reinsurance business assumed increased to € 6.1 BN (2014: € 3.1 BN) mainly driven by the new quota share with AGCS Munich.

As of 31 December 2015, the fair value of investments amounted to € 115.5 BN (2014: € 110.0 BN) compared to a carrying amount of € 107.8 BN (2014: € 101.0 BN).

Receivables

Total receivables increased from € 4.7 BN to € 5.3 BN driven by other receivables of € 0.6 BN, while the account receivables on reinsurance business nearly remained unchanged.

The increase in other receivables mainly resulted from higher intra-group receivables of € 0.8 BN primarily stemming from higher profit transfers. Compared to this, a prior year intra-group receivable from Allianz Finance II Luxembourg was settled by a dividend refund of € 0.2 BN in the fiscal year.

Shareholders' equity

As of 31 December 2015, our shareholders' equity amounted to € 45.0 BN (2014: € 44.5 BN). The net increase of € 0.5 BN was primarily due to net earnings in 2015 being higher than the dividend paid in 2015.

In the fiscal year 2015, no capital increase from authorized capital was performed for the Employee Stock Purchase Plan. Instead, the shares were taken from own shares held. The issued capital remained unchanged in the fiscal year.

The Board of Management proposes to use the net earnings of € 4,229 MN for dividend payments in the amount of € 3,320 MN. The unappropriated earnings of € 909 MN will be carried forward.

DEVELOPMENT OF SHAREHOLDERS' EQUITY AND OF ISSUED SHARES

	Issued shares Number	Issued capital € THOU	Mathematical value of own shares € THOU	Additional paid-in capital € THOU	Revenue reserves € THOU	Net earnings € THOU	31 December € THOU
as of 31 December 2014	457,000,000	1,169,920	(7,043)	27,772,828	11,731,605	3,786,746	44,454,056
Own shares	–	–	1,473	–	53,569	–	55,042
Own shares: realized gains	–	–	–	26,913	–	–	26,913
Dividend payment for 2014	–	–	–	–	–	(3,111,753)	(3,111,753)
Unappropriated earnings carried forward	–	–	–	–	–	(674,993)	(674,993)
Net earnings	–	–	–	–	–	4,228,626	4,228,626
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

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 2015, Allianz SE had the following outstanding *financial liabilities*:

FINANCIAL LIABILITIES

€ MN as of 31 December	2015	2014
Intra-group subordinated liabilities	4,869	5,935
Third-party subordinated liabilities	7,471	5,806
Subordinated liabilities	12,340	11,741
Bonds issued to Group companies	3,258	3,652
Liabilities to banks	1,344	–
Other intra-group financial liabilities	29,753	27,912
Other third-party financial liabilities	1,663	1,668
Other financial liabilities	36,018	33,232
Total financial liabilities	48,358	44,973

Of these financial liabilities, € 37.9 BN (2014: € 37.5 BN) were intra-group liabilities.

Subordinated liabilities increased to € 12.3 BN (2014: € 11.7 BN). Details regarding this position are explained in note 11 to our financial statements.

Liabilities from bonds issued to Group companies declined to € 3.3 BN (2014: € 3.7 BN). The redemption of bonds totaling € 1.2 BN was partly compensated for by the issuance of new bonds amounting to € 0.8 BN.

Liabilities to banks went up to € 1.3 BN (2014: € 0 BN) due to short-term funding via repurchase agreements.

Other intra-group financial liabilities went up to € 29.8 BN (2014: € 27.9 BN) and were composed of the following positions:

OTHER INTRA-GROUP FINANCIAL LIABILITIES

€ MN as of 31 December	2015	2014
Intra-group loans	20,397	16,433
Cash pool liabilities	8,345	10,231
Miscellaneous	1,011	1,248
Other intra-group financial liabilities	29,753	27,912

An increase in liabilities from intra-group loans by € 4.0 BN to € 20.4 BN was partly offset by lower liabilities from intra-group cash pooling, which decreased by € 1.9 BN to € 8.3 BN, and a decline of miscellaneous intra-group liabilities by € 0.2 BN to € 1.0 BN.

In 2015, *other third-party financial liabilities* remained stable at € 1.7 BN. While short-term liabilities from unsettled security transactions declined by € 0.4 BN to € 0.2 BN, short-term funding through European commercial papers grew by € 0.2 BN to € 1.1 BN and other various third-party financial liabilities increased by € 0.2 BN to € 0.4 BN.

Liquidity and Funding Resources

Liquidity management and funding of Allianz SE

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

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. Main sources of liquidity available to Allianz SE are dividends and funds received from subsidiaries as well as funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments and highly liquid government bonds. Funds are primarily used for paying interest expenses on our debt funding, 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 2015, 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 2015, Allianz SE held 2,175,776 (2014: 2,751,360) 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 2015:

CAPITAL AUTHORIZATIONS OF ALLIANZ SE

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

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

Debt funding

The cost and availability of debt funding may be negatively affected by general market conditions or by matters specific to the financial services industry or 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 2015, we had steady access to debt funding sources, enabling us to actively steer the maturity profile of our funding structure. In January 2015, Allianz SE redeemed a subordinated bond with a volume of € 1.0 BN while issuing in March 2015 a subordinated bond of € 1.5 BN with a scheduled maturity of 30 years, but with ordinary call rights for Allianz after 10 years. Therefore subordinated liabilities increased to € 12.3 BN (2014: € 11.7 BN) at year-end.

Other financial liabilities increased slightly to € 36.0 BN (2014: € 33.2 BN) mainly as a result of higher intra-group liabilities and liabilities to banks. For further details on Allianz SE's financial liabilities, please refer to notes 11 and 14 of our financial statements.

Risk and Opportunity Report

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

Allianz SE risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT

The 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 into risks unique to Allianz SE. The second largest risk for Allianz SE from a Solvency II perspective is underwriting risk arising from its reinsurance business.

Allianz SE's risk profile is driven by our strategic risk appetite and steered by the risk management practices and limits which are described later in this report. The risk profile has changed in 2015 due to changes in the market environment, management actions, and due to model changes driven by regulatory developments as well as by feedback that Allianz received during the internal model approval process. These model changes are described in the section on model changes.

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

Financial markets and operating environment

The European Central Bank is continuing its expansive monetary policy in order to fight low inflation rates and stimulate the Eurozone economy. As a result, financial markets are characterized by historically low interest rates and risk premia, prompting investors to look for higher yielding and potentially higher risk investments. In addition to sustained low interest rates, the 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, further contributing to increasing

volatility. Therefore, we continue to closely monitor the political and financial developments in the Eurozone – such as in Greece during 2015 – in order to manage our overall risk profile to specific event risks.

The persisting geopolitical risks, including the conflicts in the Middle East, are manageable for Allianz SE, since our direct exposure to the affected regions remains relatively small in the context of our overall participations, investments and reinsurance portfolio. Nevertheless, we are monitoring these developments because a significant deterioration may lead to spill-over effects on the global financial markets, triggering negative impacts on our business and risk profile.

Over the past years Allianz SE has developed operational contingency plans for various crisis scenarios. We continue to conduct scenario analysis on a regular basis to bolster our financial and operational resilience to strong shock scenarios. Continuous monitoring as well as prudent risk positions and contingency planning remain priorities for our management.

Regulatory developments

With the approval of our internal model in November 2015, the uncertainty about our future Solvency II capital requirements has been significantly reduced.

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

MANAGEMENT ASSESSMENT

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

Capitalization

For the benefit of shareholders and policyholders alike, Allianz 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 and the cost of capital are important aspects to be taken into account in business decisions.

We also take into account the external requirements of rating agencies. Meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of Allianz SE in its capacity as the holding company of the Allianz Group.

We closely monitor the capital position of Allianz SE along each of these dimensions and conduct regular stress tests based on standard adverse scenarios. This allows us to take appropriate measures to ensure our continued capital and solvency strength.

REGULATORY CAPITAL ADEQUACY

At year-end 2015, the legal entity Allianz SE has a Solvency I regulatory capital ratio of 3,318%. Compared to year-end 2014, it was reduced as a result of a significant rise in required funds, mainly due to an increase in the reinsurance quota share with the subsidiary AGCS SE.

ALLIANZ SE: SOLVENCY I REGULATORY SOLVENCY

€ BN as of 31 December	2015	2014
Eligible capital	42.3	41.8
Requirement	1.3	1.1
Solvency ratio	3,318%	3,970%

These capital requirements, as well as the definition and calculation of eligible capital, will be replaced by the Solvency II rules once the new regulation becomes binding in January 2016.

EXTERNAL RATING AGENCY CAPITAL ADEQUACY

Rating agencies apply their own methodology to evaluate the relationship between the required risk capital of a company and its available capital resources. An assessment of capital adequacy is usually an integral part of the rating process. Moody's, Standard & Poor's and A.M. Best affirmed their Allianz Group's ratings in 2015. These ratings also apply to Allianz SE.

RATINGS OF ALLIANZ GROUP AND ALLIANZ SE

Ratings ¹	Insurer financial strength rating		Counterparty credit rating		Commercial paper (short-term) rating	
	2015	2014	2015	2014	2015	2014
Standard & Poor's	AA Stable outlook (affirmed December 2015)	AA Stable outlook	AA Stable outlook (affirmed December 2015) ²	AA Stable outlook	A-1+ (affirmed December 2015)	A-1+
Moody's	Aa3 Stable outlook (affirmed October 2015)	Aa3 Stable outlook	Aa3 Stable outlook (affirmed October 2015) ²	Aa3 Stable outlook ²	Prime-1 (affirmed October 2015)	Prime-1
A.M. Best	A+ Stable outlook (affirmed September 2015)	A+	aa- Stable outlook ³ (affirmed September 2015)	aa-	Not rated	Not rated

¹ — Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance Corporation.

² — Rating reflects Senior unsecured debt.

³ — Issuer Credit rating.

As part of the long-term financial strength rating, Standard & Poor's has a rating for "Enterprise Risk Management" (ERM). Since 2013 Standard & Poor's has assigned Allianz its highest possible rating – "very strong" – for the ERM capabilities of our insurance operations. This indicates that Standard & Poor's regards it as "unlikely that Allianz Group will experience major losses outside its risk tolerance". Standard & Poor's stated that the assessment is based on Allianz's strong risk management culture, strong controls for the majority of key risks, and strong strategic risk management. In addition, Standard & Poor's has reviewed our internal capital framework annually, starting in 2012. Based on this review Standard & Poor's has given further credit to the capital position of the Allianz Group since the fourth quarter of 2012 by taking our internal model results into account when determining the capital requirements in order to meet specific rating classes.

SOLVENCY II REGULATORY CAPITALIZATION

Allianz SE's own funds as well as its capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules¹. From 1 January 2016 onwards, Solvency II capitalization will replace the Solvency I capital requirements as the binding regulatory regime. Our objective is to maintain available capital at the Allianz SE level that is significantly above the minimum requirements indicated and consistent with our risk profile, risk appetite, and capital management strategy.

¹ — Own funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension as described in Allianz Group's Annual Report 2015.

ALLIANZ SE: SOLVENCY II REGULATORY CAPITALIZATION

€ BN as of 31 December	2015	2014
Own funds	78.0	69.9
Capital requirement	20.8	18.9
Capitalization ratio	375%	370%

As of 31 December 2015, the Solvency II capitalization of the legal entity Allianz SE is at 375%. The increase by 5 percentage points in 2015 was driven by an increase in own funds, which was partially compensated by a rise in risk capital. The change in risk capital was mainly caused by a higher value of participations in Group companies, the transfer of risk from German internal pension schemes on the balance sheet of Allianz SE, as well as model changes necessary in the context of our internal model application. Impacts of model changes on our risk profile are presented in the section “Internal model changes in 2015”.

RISK PROFILE

With Solvency II becoming the binding regulatory regime and following the approval of our internal model, risk is measured and steered based on the risk profile underlying our regulatory solvency capitalization. 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 does not comprise the diversification effects across risk categories. The Allianz SE-diversified risk also captures the diversification effect across all risk categories.

As of 31 December 2015, the Allianz SE-diversified risk of € 20.8 BN (2014: € 19.6 BN) represented a diversification benefit of approximately 15% (2014: 15%) across risk categories.

ALLIANZ SE: ALLOCATED RISK ACCORDING TO INTERNAL RISK PROFILE

€ MN as of 31 December	2015	2014 ¹
Market risk	19,588	18,701
Credit risk	664	671
Underwriting risk	2,962	2,595
Business risk	43	33
Operational risk	765	752
Diversification	(3,584)	(3,384)
Capital add-on	357	187
Total Allianz SE	20,795	19,555

1 — 2014 risk profile figures recalculated based on model changes in 2015, as described in the section “Internal model changes in 2015” from page 31 on.

Detailed discussions of changes in respective risks are provided in the following sections.

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 and aggregate internal risk capital across all Allianz SE business units, based on a common standard for measuring and comparing risks across the wide range of different activities that we undertake as a reinsurer and as the holding company of Allianz Group.

GENERAL APPROACH

We utilize an internal risk capital model¹ for the management of our risk profile and solvency position, reflecting the forthcoming Solvency II rules. Our model is based on a best-practice technical platform with an up-to-date methodology covering all modeled sources of quantifiable risks.

INTERNAL RISK CAPITAL MODEL

Our internal risk capital model is based on a Value-at-Risk (VaR) approach using a Monte Carlo simulation. Following this approach, we determine the maximum loss in the portfolio value of our businesses in the scope of the model within a specified timeframe (“holding period”) and probability of occurrence (“confidence level”). We assume a confidence level of 99.5% and apply a holding period of one year. In the risk simulation, we consider risk events from all modeled risk categories (“sources of risk”) and calculate the portfolio value based on the net fair value of assets and liabilities under potentially adverse conditions.

Internal risk capital is defined as the difference between the current portfolio value and the portfolio value under adverse conditions, dependent on the 99.5% confidence level. Because we consider the impact of a negative or positive event on all sources of risks and covered businesses at the same time, diversification effects across products and regions are taken into account. The results of our Monte Carlo simulation allow us to analyze our exposure to each source of risk, both separately and in aggregate. In addition, in particular for market risks, we analyze several pre-defined stress scenarios, based on either historically observed market movements or hypothetical market movement assumptions. This modeling approach, therefore, also enables us to identify scenarios that have a positive impact on our solvency situation.

Yield curve and volatility adjustment assumptions

When calculating the fair values of assets and liabilities, the assumptions made 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

1 — Allianz Group uses a partial internal model, into which Allianz SE is integrated.

(EIOPA-BoS-15/035) for the extension of the risk-free interest rate curves beyond the last liquid tenor.¹

In addition, we adjust the risk-free yield curves by a volatility adjustment. This is done to better reflect the underlying economics of our business as the cash flows of our insurance liabilities are largely predictable. The advantage of being a long-term investor, therefore, gives us the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component. Our investment strategy mitigates to a great extent the risk of forced selling of debt instruments at a loss prior to maturity. Therefore, we reflect this mitigation in our model, using a volatility adjustment spread risk offset, and view the more relevant risk to be default and migration risk rather than credit spread risk.

Valuation assumption: replicating portfolios

Since efficient valuation and complex, timely analysis is required, we replicate the liabilities of our Life/Health insurance business as well as of our internal pension obligations. This technique enables us to represent all options and guarantees, both contractual and discretionary, 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 the 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.

We strive to diversify the risks we are exposed to in order to limit the impact of any single source of risk and help increase the chances that positive developments outweigh the negative ones. The degree to which diversification can be realized depends in part on the level of relative concentration of those risks and the joint movement of sources of risk.

Where possible, we derive correlation parameters for each pair of market risks through statistical analysis of historical market data, considering quarterly observations over several years. In case historical market data or other portfolio-specific observations are insufficient or not available, correlations are set according to a well-defined, Group-wide process. Correlations are determined by the Correlation Settings Committee, which combines the expertise of risk and business experts. In general, we set the correlation parameters to represent the joint movement of risks under adverse conditions. Based on these correlations, we use an industry-standard approach, the Gaussian copula approach, to determine the dependency structure of quantifiable sources of risk within the applied Monte Carlo simulation.

Actuarial assumptions

Our internal risk capital model also includes assumptions on claims trends, liability inflation, mortality, longevity, morbidity, policyholder behavior, expense, etc. We use our own internal historical data for actuarial assumptions wherever possible, leverage expertise of other 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 are in place to ensure the reliability of these assumptions.

SCOPE

By design, Allianz SE's internal risk capital model takes into account the following risk categories: market risk, credit risk, underwriting risk, business risk, and operational risk. A further breakdown of the risk categories can be found in the section on internal risk assessment.

Coverage of the internal risk capital model

Allianz SE's internal risk capital model covers the activities of Allianz SE as the holding company of the Allianz Group, as well as in its capacity as a reinsurer. Whereas most subsidiaries are covered through treatment as participations, the model directly covers the very closely linked activities of 24 subsidiaries, which are either financing entities or service providers. The risk capital model coverage includes the 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, options and guarantees embedded in contracts—including surplus participation rules—are taken into account.

Limitations

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

We use model and scenario parameters derived from historical data, where available, to characterize future possible risk events. If future market conditions differ substantially from the past, for example in an unprecedented crisis, our VaR approach may be too conservative or too liberal in ways that are too difficult to predict. In order to mitigate reliance on historical data, we complement our VaR analysis with stress testing. Our ability to back-test the model's accuracy is limited because of the high confidence level of 99.5%, the one-year holding period, as well as the limited data available for some insurance risk events, such as natural catastrophes.

¹ — Due to the late availability of the EIOPA publication, the risk-free interest rate term structure used might be slightly different from the one published by EIOPA.

Furthermore, as historical data is used where possible to calibrate the model, historical data cannot be used for validation. Instead, we validate the model and parameters through sensitivity analyses, independent internal peer reviews and, where appropriate, external reviews by independent consulting firms focusing on methods for selecting parameters and control processes. Overall, we believe that our validation efforts are effective, to the extent that validations are possible, and that our model adequately assesses the risks to which we are exposed.

Insurance liability values in the risk calculation for most of the internal pension schemes are derived from replicating portfolios of standard financial market instruments, in order to allow for effective risk management. This replication is subject to the set of available replicating instruments and might therefore be too simple or too restrictive to capture all factors affecting the change in value of liabilities. As with other model components, replications are subject to independent validation and to suitability assessments, as well as to stringent data and process quality controls. Therefore, we believe that the liabilities are adequately represented by the replicating portfolios.

Since the internal risk capital model takes into account the change in the economic fair value of our assets and liabilities, it is crucial to accurately estimate the market value of each item. For some assets and liabilities it may be difficult if not impossible – notably in distressed financial markets – to obtain a current market price or apply a meaningful mark-to-market approach. For such assets we apply a mark-to-model approach. Non-standardized derivative instruments – such as derivatives embedded in structured financial products – are represented by the most comparable standard derivative types or by means of sensitivities, because the volume of non-standard instruments is not material for Allianz SE. For some of our liabilities, the accuracy of fair values depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the fair values estimated have been appropriately assessed.

INTERNAL MODEL CHANGES IN 2015

In 2015, our internal model has been adjusted, based on regulatory developments and the feedback received during the ongoing consultations with regulators as part of our internal model approval process. For the sake of clarity, the model changes and the resulting changes to our risk profile are presented jointly within this section based on data as of 31 December 2014. In all subsequent sections the figures after the model change will form the basis for the movement analysis of our risk profile in 2015.

ALLIANZ SE: IMPACT OF MODEL CHANGES, RISK PROFILE¹

€ MN as of 31 December	2014 ²	2014 ³
Market risk	18,102	18,701
Credit risk	671	671
Underwriting risk	2,595	2,595
Business risk	33	33
Operational risk	684	752
Diversification	(3,381)	(3,384)
Capital add-on	187	187
Total Allianz SE	18,891	19,555

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

2 — 2014 risk profile figures as previously reported.

3 — 2014 risk profile figures recalculated based on new model.

Allianz SE was affected by the following major model changes:

Market risk

The market risk capital of Allianz SE increased by € 599 MN from € 18,102 MN to € 18,701 MN. This increase can mainly be attributed to a rise in pre-diversified equity risk of € 579 MN, together with an increase in pre-diversified foreign exchange risk of € 28 MN.

This reflects changes in the valuation of Allianz SE's participations.

Operational risk

Operational risk modelling methodology was updated in order to more adequately consider expected operational losses. This change led to an increase in operational risk for Allianz SE of € 68 MN.

Impact of model changes on eligible own funds

Regulatory and model changes in 2015 resulted in a € 1.1 BN increase of own funds, driven by an increase in participation values, which are predominantly affecting life entities. These changes mainly relate to the valuation of technical provisions.

Internal risk assessment

RISK PROFILE AND RISK MANAGEMENT

As we are the Allianz Group's holding company and a global reinsurer with risk exposures across different business segments and geographic regions, diversification is key to our business model. Diversification is a key element in managing our risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and our risk profile in general. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations.

With respect to investments, top-down indicators such as strategic asset allocations are defined and closely monitored to ensure balanced investment portfolios. Furthermore we have a limit system in place. The limits comprise economic limits, in particular financial VaR and credit VaR as derived from the internal model framework,

complemented by stand-alone interest rate and equity sensitivity limits as well as by limits on foreign exchange exposures.

A limits monitoring process ensures that prevailing statutory restrictions regarding the composition of investments for the reinsurance portfolio of Allianz SE are taken into account. In addition, compliance of Allianz SE with Allianz Group guidelines for certain investments, for example concerning the use of derivatives, is controlled by the Allianz SE risk control function.

In order to further limit the impact of any financial market changes and to ensure that assets adequately back policyholder liabilities, we have additional measures in place. One of these is asset/liability management linked to the internal model framework, that incorporates risks as well as return aspects stemming from our reinsurance obligations.

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

In order to manage counterparty concentration risk, Allianz SE participates in a Group-wide country and obligor group limit management framework (CRisP¹), which covers credit and equity exposures and is based on data used by the investment and risk experts at the Group and operating entity levels. This limit framework forms the basis for discussions on credit actions and provides notification services with a quick and broad communication of credit-related decisions. Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed.

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

RISK BASED STEERING

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 analyses are used actively for decision making). On the one hand, economic risk and concentrations are actively restricted by means of limits as outlined above. 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 and products on a sustainable basis, which provide reasonable profits on allocated risk capital. Therefore, it is a key criteria for capital allocation decisions.

¹ — Credit Risk Platform.

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.

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

QUANTIFIABLE RISKS

Market risk

As an inherent part of our insurance operations, we collect premiums from our customers and invest them in a wide variety of assets. The resulting investment portfolio backs the future claims and benefits to our cedents. For its holding activities (i.e. to cover internal pension liabilities, to invest cash pooled from subsidiaries, and in our capacity as the lender of last resort within Allianz Group), Allianz SE invests mainly into 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 our investment portfolios 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 significant increase, mainly driven by a rise in equity and inflation risk.

ALLIANZ SE: RISK PROFILE MARKET RISK

pre-diversified, € MN as of 31 December	2015	2014
Interest rate	260	139
Inflation	515	330
Credit spread	578	427
Equity	17,976	17,529
Real estate	66	65
Currency	193	211
Total Allianz SE	19,588	18,701

Interest rate risk

The € 260 MN interest rate risk capital requirement for Allianz SE mainly arises from fixed rate bonds and loans on the asset side, as well as issued Allianz corporate bonds, reinsurance and pension reserves on the liability side. These risks are managed by interest rate sensitivity limits.

Interest rate risk increased in 2015 by € 121 MN, due to the transfer of interest rate risk from German pension schemes to the Allianz SE balance sheet.

As of 31 December 2015, Allianz SE's interest rate-sensitive assets, amounting to a market value of € 37.4 BN, would have gained € 1.7 BN or lost € 2.1 BN in value if interest rates had changed by (100) and +100 basis points, respectively.

Inflation risk

Primary sources for the € 515 MN inflation risk of the legal entity Allianz SE in 2015 are reinsurance liabilities and internal pension obligations. The € 185 MN increase in 2015 mainly reflects the transfer of risk from German pension schemes to Allianz SE.

Equity risk

Allianz SE is the ultimate holding entity in the Allianz Group. Participation assets represent approximately 75 % of the total investment assets. Thus, most of the equity risk of Allianz SE is reflecting insurance participations. In 2015, Allianz SE's equity risk increased by € 447 MN mainly reflecting changes in the value of participations in Group companies.

In 2015, Allianz SE had profit and loss transfer agreements in place with eleven German subsidiaries. These are listed in the appendix on [page 93](#). Risk from these contracts is reflected via the risk capital calculation on participations.

Credit spread risk

Our internal model framework fully acknowledges the risk of declining market values for our fixed income assets – such as bonds – due to the widening of credit spreads. However, for 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 model partially mitigates spread risk as described in the section on yield curve assumptions.

With € 578 MN, Allianz SE's credit spread risk is € 151 MN higher than in 2014. This is mainly explained by an increase in intra-Group loans provided to subsidiaries.

Currency risk

Based on our foreign exchange management limit framework, currency risk is monitored and managed at the operating entity and Group level.

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 the use of non-Euro bonds as external financing instruments. Allianz SE's € 193 MN currency risk at year-end 2015 mainly reflects net open positions in USD, CHF and TRY. The minor decrease of € 18 MN in 2015 is mainly caused by changes in the value of non-Euro participations.

Real estate risk

Despite the risk of decreasing real estate values, real estate is a suitable addition to our investment portfolio due to good diversification benefits as well as due to the contribution of relatively predictable cash flows in the long-term. As of 31 December 2015, the real estate risk for Allianz SE is minor (€ 66 MN).

Credit risk

The 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 risk is determined as the potential economic loss in the value of our portfolio due to changes in the credit quality of our counterparts ("migration risk") or the inability or unwillingness of the counterparty to fulfill contractual obligations ("default risk"). Our internal credit risk-modeling framework covers counterparty risk and country risk. Allianz SE's counterparty risk arises from our fixed income investments, cash positions, derivatives, structured transactions, receivables from debtors, as well as reinsurance recoverables. Country risk exposure is calculated as cross-border exposure to all obligors domiciled abroad from the perspective of Allianz SE.

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

The loss profile of the portfolio is obtained through a Monte Carlo simulation, taking into account interdependencies and exposure concentrations per obligor segment. By managing the credit risk of Allianz SE on the basis of the limit management and credit risk modeling frameworks, we have composed a well-diversified credit portfolio. Our long-term investment strategy enables us to keep our portfolio stable even under adverse market conditions. It also gives us the opportunity to earn planned excess returns throughout the entire holding period of the investments.

Throughout 2015, the credit environment was mostly stable. There were limited rating actions as the economic situation and outlook was already reflected in current rating levels compared to the economic disruptions of previous years.

The credit risk of the legal entity Allianz SE barely changed in 2015.

ALLIANZ SE CREDIT RISK

pre-diversified, € MN as of 31 December	2015	2014
Credit risk	664	671

The following table displays the sensitivities of Allianz SE's credit risk to certain scenarios: deterioration of credit quality measured by issuer rating¹ downgrades and the decline of recovery rates in the event of a default (Loss-Given-Default, LGD). The sensitivities are calculated by applying each scenario to all exposures individually but keeping all other parameters constant.

ALLIANZ SE: IMPACT OF SELECTED CREDIT SCENARIOS ON INTERNAL CREDIT RISK¹

pre-diversified, € MN		
	Total	
as of 31 December	2015	2014
Base case	664	671
Rating down by 1 notch	735	715
Rating down by 2 notches	855	833
LGD up by 10 %	719	720

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

A major part of the credit risk and of the impact of sensitivity analysis can be allocated to long-term sovereign debt as well as to senior unsecured bonds with lower investment grade borrowers.

Underwriting risk

The underwriting risk of Allianz SE consists of premium and reserve risk from the property and casualty reinsurance business assumed, as well as of biometric risk from both internal pension liabilities and the life and health reinsurance business.

ALLIANZ SE: UNDERWRITING RISK

pre-diversified, € MN		
as of 31 December	2015	2014
Premium natural catastrophe	272	281
Premium non-catastrophe and terror	1,743	1,391
Reserve	830	914
Biometric	117	9
Total Allianz SE	2,962	2,595

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 risks related to the business in force.

Both the premium risk and the reserve risk also include exposures from the reinsurance contract on the Euler-Hermes 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.

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. Assessing the risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions in place. Excessive risks are mitigated by external reinsurance agreements. All these measures contribute to a limitation on risk accumulation.

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

The top five scenarios contributing to the natural catastrophe risk of Allianz SE as of December 2015 were: a windstorm across Europe, a hailstorm in Germany, an earthquake or a tropical cyclone in Australia, as well as a tropical cyclone in Japan.

The € 352 MN increase in non-catastrophe and terror premium risk of Allianz SE in 2015 can be mainly explained by a material increase in the reinsurance for the Group company AGCS, as well new internal reinsurance quota share business.

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. The volatility of past claims measured over a one-year time horizon defines our reserve risk.

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 as used for reserve risk calculations. Where appropriate, expertise and analyses of other Group entities are leveraged. The Allianz Group performs regular independent reviews of these analyses.

Allianz SE's € 84 MN decrease in reserve risk in 2015 reflects the annual update of the model parameterization.

1 — Credit risk calculations are based on issuer (borrower) ratings as opposed to issue (instrument) ratings. The difference between issue and issuer ratings is primarily due to collateralization and seniority and is reflected in Loss-Given-Default (LGD).

Underwriting risk Life/Health

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

We measure these risks within our internal risk capital model by distinguishing between the different sub-components, whenever relevant or material: absolute level, trend, volatility around the best estimate assumptions and pandemic risks.

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

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

The biometric risk of Allianz SE's is € 108 MN higher than in 2014, which is reflecting the transfer of a German internal pension scheme on the Allianz SE balance sheet in 2015.

Business risk

Allianz SE's business risk consists of cost risk from Property-Casualty reinsurance business, as well as 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 immaterial.

The minor increase in 2015 results from the additional quota share business.

ALLIANZ SE: BUSINESS RISK

pre-diversified, € MN as of 31 December	2015	2014
Internal business risk	43	33

Operational risk

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

Allianz 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 database. In 2015, Allianz SE also delivered internal loss data on an anonymized basis to ORX, a global operational loss data insurance consortium, to improve its internal control system and validate operational risk parameters in the future. An analysis of the causes of internal and external losses exceeding € 1 MN is carried out to provide comprehensive and timely information to senior management and to share with business entities so they can implement measures aimed at avoiding or reducing future losses.

The risks related to non-compliance or other misconduct are addressed via various dedicated Group-wide compliance programs. In close cooperation with the Risk function of the Allianz SE, the risk mitigating measures are taken and enforced by the Allianz SE compliance function. With respect to financial statements, our internal control system is designed to mitigate operational risks.¹

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

Major failures and disasters at our internal and external outsourcing providers, which could cause a disruption to our working environment, also represents an operational risk for Allianz SE. Our business continuity and crisis management framework strives to protect critical business functions from these shocks and enables them to carry out their core tasks on time and at the highest standard. Regularly enhanced, business continuity and crisis activities are embedded in the company's risk management framework.

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

Allianz SE's operational risk capital increased marginally in 2015, caused by an annual parameter update.

ALLIANZ SE: OPERATIONAL RISK

pre-diversified, € MN as of 31 December	2015	2014
Operational risk	765	752

¹ – For additional information regarding our internal control over financial reporting, please refer to Internal controls over financial reporting from page 67.

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

This risk is evaluated and analyzed quarterly in the same way as reputational risk, as described below. To ensure proper implementation of strategic goals in the current business plan, strategic controls are carried out by monitoring respective business targets. We also constantly monitor market and competitive conditions, capital market requirements, regulatory conditions, etc. to decide whether to make strategic adjustments. In addition, strategic decisions for the legal entity Allianz SE are discussed in various Board of Management level committees (e.g. Group Capital Committee, Group Finance and Risk Committee). The assessment of the associated risks is a fundamental element in these discussions.

Liquidity risk

Liquidity risk is defined as the risk that requirements from current or future payment obligations cannot be met or can only be met on the basis of adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash flows on the asset and liability side.

The main goal of planning and managing Allianz SE's liquidity position is to ensure that we are always able to meet payment obligations. To comply with this objective, the short-term liquidity position of Allianz SE is monitored and forecasted 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 over time horizons of 12 months and three years is reported to the Board of Management regularly.

The accumulated short-term liquidity forecast is updated daily and is subject to an absolute minimum strategic cushion amount and an absolute minimum liquidity target. Both are defined in order to protect Allianz SE 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 addition Allianz Group launched a project in 2015 to develop an enhanced liquidity risk framework taking stress situations into account and allowing for a Group wide consistent aggregation of liquidity risk. The framework will be rolled out to Allianz SE and other Group companies during 2016 and will further strengthen Allianz SE's monitoring of stress scenarios.

Reputational risk

Reputational risk is the risk of an unexpected drop in the value of the Allianz SE share price, the value of the in-force business, or the value of future business caused by a decline in our reputation.

All Allianz SE functions affected cooperate in the identification of reputational risk. Group Communications is responsible for the assessment of reputational risk for Allianz SE, based on a Group-wide methodology. In 2015, Allianz SE has embedded conduct risk triggers for products and services into the reputational risk management process.

Single reputational risk management decisions are integrated in Allianz SE's overall risk management framework and reputational risks are identified and assessed as 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.

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 covers, on a risk-based approach, all business units. 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.

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

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

Risk underwriting and identification: A sound risk underwriting and identification framework forms the foundation for adequate risk taking and management decisions such as individual transaction approvals and strategic asset allocations. The framework includes risk assessments, risk standards, valuation methods and clear minimum standards for underwriting.

Risk reporting and monitoring: Our comprehensive qualitative and quantitative risk reporting and monitoring framework provides senior management with the transparency and risk indicators to help them decide our overall risk profile and whether it falls within delegated limits and authorities. For example, risk dashboards, internal risk allocation and limit consumption reports are regularly prepared, communicated and monitored.

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

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

RISK GOVERNANCE STRUCTURE

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

Supervisory Board and Board of Management

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

Supervisory Board

The Risk Committee of the Supervisory Board monitors the effectiveness of the Allianz 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 Allianz Group Risk Policy also serves as local risk policy for Allianz SE.

The Group Capital Committee supports the Board of Management with recommendations regarding the capital structure and investment strategy of Allianz SE, including strategic asset allocations for single Allianz SE sub-portfolios.

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. 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 global oversight functions, such as risk, actuarial, compliance, and legal. Audit forms the "third line of defense". On a periodic basis, Group Audit independently reviews Allianz SE's risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards, including the internal control framework. Allianz SE is covered for all five functions by dedicated responsibilities at the respective Allianz Group Center departments.

Group Risk

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

Other functions and bodies

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

The Allianz SE legal and compliance functions at Group Legal and Compliance seek to mitigate legal risks for Allianz SE with support from other departments. Legal risks include legislative changes, major litigation and disputes, regulatory proceedings, and contractual clauses that are unclear or construed differently by the courts. Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that an undertaking may suffer as a result of not complying with applicable laws, regulations and administrative provisions. The objectives of 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 at Group Actuarial 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 and interaction. The role includes, but is not limited to, the activities of:

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

Risk management priorities for 2016

In addition to maintaining our high standards and practices in day-to-day risk management and controlling, we have set the following priorities for 2016.

Our first priority is to further strengthen the relevance of our internal model for Allianz SE business decisions, for example by performing additional impact analyses on the Allianz SE risk profile for potential transactions.

Concerning regulatory developments, our second priority is to ensure that the Allianz Group meets the emerging requirements for G-SII (Global Systemically Important Insurers). Therefore, Allianz SE will continue to further enhance and strengthen its liquidity risk management framework.

Our third priority is to strengthen our operational risk management via further integrating Allianz SE's risk and controls system in line with an Allianz Group initiative.

Further future challenges and opportunities¹

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

By consistently following our Group strategy, we are confident that the Allianz Group is in a privileged position to deal with the challenges and opportunities ahead. The most important of these are outlined below.

CLIMATE AND DEMOGRAPHIC CHALLENGES AND OPPORTUNITIES

Global warming could alter our climate and such changes could result in a range of risks and opportunities that affect our entire business. We have a Group-wide strategy covering climate-related risks and opportunities for our business and our customers: we finance and insure low-carbon energy projects, such as wind and solar, offer customers a range of "green" solutions, and provide them with advice on weather-related risk reduction. As a company we continually reduce and offset our own carbon emissions. We also incorporate not only environmental, but also social and governance factors into our investment and underwriting processes as well as in asset management.

¹ — For further information on the Cautionary note regarding forward-looking statements, please refer to Executive Summary and Outlook on page 21.

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

In addition, many of the world's industrialized nations are reliant on *infrastructure* that is 30 to 50 years old, and yet public-sector investments in this area have been declining across the board. In order to upgrade this aging infrastructure, billions of Euros are required per year – figures that most governments are not able to cover, especially considering the increase in social security spending due to demographic effects. At the same time, the current workforce is faced first and foremost with the need to accumulate adequate funds for retirement, which is proving very difficult in the sustained low interest rate environment. We are at the forefront of bringing these two challenges together to find solutions for the long term: bridging the public-sector infrastructure investment gap and providing profitable retirement provisions. The amendment of the Solvency II Delegated Regulation reducing the required amount of regulatory capital for such investments led to increased incentives for insurers to invest in infrastructure projects. The Allianz Group has multi-year experience within this asset class and benefits from its scale which allows direct access to this asset class as the Allianz Group can also invest in large transactions.

In emerging economies, the need for formal social security systems is growing due to the weakening of traditional family ties and support networks. From life to health and crop insurance, our growing micro-insurance portfolio helps low-income families in developing countries protect themselves against – and better manage – the risks in life to build a more secure future. For example, in Asia, Allianz is working on an insurance model for rice farmers based on satellite technology.

For more information, please refer to [Progress in Sustainable Development](#) from [page 62](#).

STRATEGIC OPPORTUNITIES FROM DIGITALIZATION

Digitalization is key element of the Renewal Agenda and enables us to completely transform our business moving forward. Digitalization is not merely a tool through which we can innovate or streamline our internal processes; rather, we can also leverage digital technologies and developments to profoundly reshape the customer experience journey design of our operations. From creating fully modular products that can be explored and purchased online to enabling management of the claims process via an app, we can solidify our customer focus and become their partner of choice. To ensure that these advances will not compromise data security and privacy, we are closely involved in political discussions on the update and modernization of European privacy legislation.

Substantial opportunities arise from *entering new digital businesses and making use of related new technologies*. Our recently-launched partnership with the Chinese company Baidu, as well as rapidly developing relationships with sharing economy players like the mobility solution Drivy, prove that we can build strong alliances in these evolving markets. We are scaling up our expertise in fields such as telematics, robo advice, and the Internet of Things, while also reinforcing our presence in the “FinTech” and “InsurTech” spaces. These developments aim to make Allianz the leading digital insurer.

Internally, we are *investing substantially in our digital growth*, with related investments into the digital transformation in 2015 of roughly € 650 MN when excluding basic IT investments and maintenance. We project that our digital investments will continue at both the local and global level. With these investments we are also placing a strong emphasis on building capabilities to enable productivity gains. By harmonizing our technology and streamlining our operations, we expect to achieve recurring productivity gains of € 1 BN by 2018 throughout the Allianz Group.

Corporate Governance Report

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE thus attach great importance to complying with the recommendations of the German Corporate Governance Code (referred to hereinafter as the “Code”). The Declaration of Conformity with the recommendations of the Code issued by the Board of Management and the Supervisory Board on 10 December 2015 and the company’s position regarding the Code’s suggestions can be found in the Statement on Corporate Management pursuant to § 289a HGB starting on [page 45](#).

Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act (“SE-Ausführungsgesetz”) in addition to German stock corporation 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, 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 2015, there were the following Board of Management committees:

BOARD COMMITTEES	
BOARD COMMITTEES	RESPONSIBILITIES
GROUP CAPITAL COMMITTEE Michael Diekmann (Chairman) until 6 May 2015, Oliver Bäte (Chairman) from 7 May 2015, Dr. Dieter Wemmer, Dr. Maximilian Zimmerer	Proposals to the Board of Management concerning risk capital management, including Group-wide capital and liquidity planning, as well as investment strategy.
GROUP FINANCE AND RISK COMMITTEE Dr. Dieter Wemmer (Chairman), Sergio Balbinot, Dr. Helga Jung, Jay Ralph, Dr. Axel Theis, Dr. Maximilian Zimmerer	Implementing and overseeing the principles of Group-wide capital and liquidity planning, as well as investment strategy and preparing risk strategy. This includes, in particular, significant individual investments and guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a Group-wide risk management and monitoring system including dynamic stress tests.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Jay Ralph, Dr. Axel Theis from 21 May 2015, Dr. Dieter Wemmer, Dr. Werner Zedelius	Developing, proposing, implementing and monitoring a Group-wide IT strategy, approval of relevant IT investments.
GROUP MERGERS AND ACQUISITIONS COMMITTEE Dr. Helga Jung (Chairwoman), Dr. Dieter Wemmer, Dr. Maximilian Zimmerer	Managing and overseeing Group M & A transactions, including approval of individual transactions within certain thresholds.
as of 31 December 2015	

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 2015, there were the following Group committees:

GROUP COMMITTEES

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

The Allianz Group runs its operating entities and business segments via an integrated management and control process. The Holding and the operating entities first define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for performance-based remuneration of the members of the Board of Management. For details, see the [Remuneration Report](#) starting on [page 47](#).

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 of 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 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). The size and composition of the Supervisory Board are instead determined by general European SE regulations. These regulations are implemented in the Statutes and by the 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 2015 financial year are described in the [Supervisory Board Report](#) starting on [page 5](#).

The Supervisory Board held six regular meetings in the 2015 financial year and is scheduled to meet three times each half calendar year in the future. Extraordinary meetings may be convened as needed. The committees also hold regular meetings. The Supervisory Board takes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management contained in the German Co-Determination Act and the requirement for a Conciliation Committee do not apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who at Allianz SE must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the deputy chairperson from the shareholder side. A second deputy chairperson is elected on the proposal of the employee representatives.

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

SUPERVISORY BOARD COMMITTEES

Part of the Supervisory Board's work is carried out by its committees. The 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
STANDING COMMITTEE 5 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – Two further shareholder representatives (Prof. Dr. Renate Köcher, Dr. Wulf H. Bernotat) – Two employee representatives (Gabriele Burkhardt-Berg, Rolf Zimmermann)	– Approval of certain transactions which require the approval of the Supervisory Board, e.g. capital measures, acquisitions and disposals of participations – Preparation of the Declaration of Conformity pursuant to § 161 "Aktiengesetz" (German Stock Corporation Act) and checks on corporate governance – Preparation of the efficiency review of the Supervisory Board
AUDIT COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Dr. Wulf H. Bernotat) – Three shareholder representatives (in addition to Dr. Wulf H. Bernotat: Dr. Helmut Perlet, Jim Hagemann Snabe) – Two employee representatives (Ira Gloe-Semler, Jean-Jacques Cette)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (incl. Risk Report) and the dividend proposal, review of half-yearly 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
RISK COMMITTEE 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) – Two employee representatives (Dante Barban, Franz Heiß until 31 July 2015, Jürgen Lawrenz from 6 August 2015)	– Monitoring of the general risk situation and special risk developments in the Allianz Group – Monitoring of the effectiveness of the risk management system – Initial review of the Risk Report and other risk-related statements in the annual financial statements and management reports of Allianz SE and the Allianz Group, informing the Audit Committee of the results of such reviews
PERSONNEL COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – One further shareholder representative (Christine Bosse) – One employee representative (Rolf Zimmermann)	– Preparation of the appointment of Board of Management members – Preparation of plenary session resolutions on the compensation system and the overall compensation of Board of Management members – Conclusion, amendment and termination of service contracts of Board of Management members unless reserved for the plenary session – Long-term succession planning for the Board of Management – Approval of the assumption of other mandates by Board of Management members
NOMINATION COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Dr. Helmut Perlet) – Two further shareholder representatives (Prof. Dr. Renate Köcher, Peter Denis Sutherland)	– Setting of concrete objectives for the composition of the Supervisory Board – Establishment of selection criteria for shareholder representatives on the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board – Selection of suitable candidates for election to the Supervisory Board as shareholder representatives

PUBLICATION OF DETAILS

OF MEMBERS' PARTICIPATION IN MEETINGS

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

PUBLICATION OF DETAILS OF MEMBERS' PARTICIPATION IN MEETINGS

	PRESENCE	IN PERCENT
PLENARY SESSIONS OF THE SUPERVISORY BOARD		
Dr. Helmut Perlet (Chairman)	6/6	100
Dr. Wulf H. Bernotat (Vice Chairman)	5/6	83.33
Rolf Zimmermann (Vice Chairman)	6/6	100
Dante Barban	6/6	100
Christine Bosse	6/6	100
Gabriele Burkhardt-Berg	6/6	100
Jean-Jacques Cette	6/6	100
Ira Gloe-Semler	6/6	100
Franz Heiß	3/3 ¹	100
Prof. Dr. Renate Köcher	6/6	100
Jürgen Lawrenz	3/3 ²	100
Jim Hagemann Snabe	6/6	100
Peter Denis Sutherland	5/6	83.33
STANDING COMMITTEE		
Dr. Helmut Perlet (Chairman)	3/3	100
Dr. Wulf H. Bernotat	1/3	33.33
Gabriele Burkhardt-Berg	3/3	100
Prof. Dr. Renate Köcher	2/3	66.67
Rolf Zimmermann	3/3	100
PERSONNEL COMMITTEE		
Dr. Helmut Perlet (Chairman)	6/6	100
Christine Bosse	5/6	83.33
Rolf Zimmermann	6/6	100
AUDIT COMMITTEE		
Dr. Wulf H. Bernotat (Chairman)	4/5	80
Jean-Jacques Cette	5/5	100
Ira Gloe-Semler	5/5	100
Jim Hagemann Snabe	5/5	100
Dr. Helmut Perlet	5/5	100
RISK COMMITTEE		
Dr. Helmut Perlet (Chairman)	2/2	100
Dante Barban	2/2	100
Christine Bosse	2/2	100
Franz Heiß	1/1 ¹	100
Jürgen Lawrenz	1/1 ²	100
Peter Denis Sutherland	1/2	50
NOMINATION COMMITTEE		
Dr. Helmut Perlet (Chairman)	1/1	100
Prof. Dr. Renate Köcher	1/1	100
Peter Denis Sutherland	1/1	100

1 — Mr. Heiß left the Supervisory Board on 31 July 2015.

2 — Mr. Lawrenz joined the Supervisory Board on 1 August 2015.

OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

In order to implement a recommendation by the Code, the Supervisory Board specified the following objectives for its composition at its meeting on 10 December 2015:

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 particular¹:
 - 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 2016").

2. Independence

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

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

It must be taken into account that the possible emergence of conflicts of interest in individual cases cannot, as a general rule, be excluded. Potential conflicts of interest must be disclosed to the chairman of the Supervisory Board and will be resolved by appropriate measures.

3. 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 are 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:¹

- 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

According to the Supervisory Board's Rules of Procedure, its members 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

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

2. International character

At least four of the members must, on the basis of their origin or function, represent regions or cultural areas in which Allianz SE conducts significant business.

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

¹ — 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 9](#).

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 2015.

Directors' dealings

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

Annual General Meeting

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. 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 IFRS international accounting standards as adopted within the European Union. The annual financial statements of Allianz SE are prepared in accordance with German law, in particular the HGB.

In compliance with special legal provisions that apply to insurance companies, the auditor of the annual financial statements and of the half-yearly financial report is appointed by the Supervisory Board, and not by the AGM. The audit of the financial statements covers the individual financial statements of Allianz SE and also the consolidated financial statements of the Allianz Group.

To ensure maximum transparency, we inform our shareholders, financial analysts, the media and the general public of the company's situation on a regular basis and in a timely manner. The annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements and the respective management reports are published within 90 days of the end of each financial year. Additional information is provided in the Allianz Group's quarterly and half-yearly financial reports. As of the fiscal year 2016, the quarterly financial reports will be replaced by quarterly statements; the half-yearly financial reports will still be reviewed by the auditor. 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 2016 financial calendar on our website at www.allianz.com/financialcalendar.

Outlook

The regulatory environment still remains in a state of flux. The proposed recast of the Directive on shareholder rights, which could prompt some changes to the corporate governance structure, is at an advanced stage. The reform of the legislation regarding external auditors will primarily impact the work of the Supervisory Board. The Allianz Group's classification as a Global Systemically Important Insurer will also have a tangible effect on corporate governance.

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

The Statement on Corporate Management pursuant to § 289a of the German Commercial Code (“Handelsgesetzbuch – HGB”) forms part of the Group Management Report. According to § 317 (2), sentence 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 10 December 2015, 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 (AKTG)

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

1. All recommendations of the German Corporate Governance Code (CGCC) in the version of May 5, 2015 are currently complied with and will be complied with in the future.
2. Since the last Declaration of Conformity as of December 11, 2014, all recommendations of the CGCC in the version of June 24, 2014 were complied with except for the following deviation:

According to Item 5.3.2 CGCC, the Audit Committee of the Supervisory Board shall be responsible for the monitoring of the risk management system. The Supervisory Board of Allianz SE has additionally established a specific Risk Management Committee, which is responsible for the monitoring of the risk management system.

However, such deviation ceases to exist due to the amendment of Item 5.3.2 CGCC in the version of May 5, 2015.

Munich, December 10, 2015
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 and also followed all suggestions in the previous version of 24 June 2014.

The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at www.allianz.com/corporate-governance.

The listed Group company Oldenburgische Landesbank AG issued its own Declaration of Conformity in December 2015, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the Code in the version of 5 May 2015 (as well as in the previous year's version of 24 June 2014).

Corporate governance practices

INTERNAL CONTROL SYSTEMS

The Allianz Group has an effective internal control system for verifying and monitoring its operating activities and business processes, in particular the control of financial reporting. The requirements placed on the internal control systems are essential not only for the survival of the company, but also to maintain the confidence of the capital market, our customers and the public. A comprehensive risk management system regularly assesses the appropriateness of the internal control system, taking 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 the Internal controls over financial reporting from [page 67](#).

In addition, the quality of the internal control system is assessed by the Allianz Group's internal audit staff. Internal Audit conducts independent audit procedures, analyzing the structure and efficacy of the internal control systems as a whole. In addition, it also examines the potential for additional value and improvement of our organization's operations. Fully compliant with all international auditing principles and standards, Internal Audit contributes to the evaluation and improvement of the effectiveness of the risk management, control and governance processes. Therefore, internal audit activities are geared towards helping the company to mitigate risks and further assist in strengthening its governance processes and structures.

COMPLIANCE PROGRAM

The sustained success of the Allianz Group is based on the responsible behavior of all Group employees, who embody trust, respect and integrity. By means of the global compliance program coordinated by its central compliance function, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules-compliant and value-based corporate governance. These include the principles of the United Nations (UN Global Compact), the Guidelines of the Organization for Economic Co-operation and Development (OECD guidelines) for Multinational Enterprises, and European and international standards on data and consumer protection, economic and financial sanctions and combating corruption, bribery, money laundering and terrorism financing. Through its support for and acceptance of these standards, Allianz aims to avoid the risks that might arise from non-compliance. The central compliance function is responsible – in close cooperation with local compliance departments – for ensuring the effective implementation and monitoring of the compliance program within the Allianz Group, as well as for investigating potential compliance infringements.

The standards of conduct established by the Allianz Group's Code of Conduct for Business Ethics and Compliance are obligatory for all employees worldwide. The Code of Conduct is available on our website at www.allianz.com/corporate-governance.

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

There are legal provisions against corruption and bribery in almost all countries in which Allianz has a presence. The global Anti-Corruption Program of the Allianz Group ensures the continuous monitoring and improvement of the internal anti-corruption controls. More information on the Anti-Corruption Program can be found in the Sustainability Report on our website at www.allianz.com/sustainability.

A major component of the Allianz Group's compliance program is a whistleblower system that allows employees to alert the relevant compliance department confidentially about irregularities. No employee voicing concerns about irregularities in good faith needs to fear retribution, even if the concerns turn out to be unfounded at a later date.

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

A description of the composition of the Supervisory Board and its committees can be found on [page 9 and 11](#) of the Annual Report. A description of the composition of the Board of Management can be found on [page 12 to 14](#), while the composition of the Committees of the Board of Management is described in the Corporate Governance Report starting on [page 40](#). This information is also available on our website at www.allianz.com/corporate-governance.

A general description of the functions of the Board of Management, the Supervisory Board and their committees can be found in the Corporate Governance Report starting on [page 40](#), and on our website at 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.

The objective for the proportion of women on Allianz SE's Board of Management is 11 %. This figure is based on the status quo, as it is not easily possible to intervene in ongoing Board appointments and the first legal implementation period runs only until mid-2017. However, the Supervisory Board of Allianz SE has already declared its intention to increase the proportion of women on the Board of Management to at least 20 % by the end of 2018.

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. This requirement was already met in the 2015 financial year, as the Supervisory Board consisted of four female and eight male members throughout the year.

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.

REMUNERATION PRINCIPLES AND MARKET POSITIONING

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

- **Support of the Group's strategy:** Performance targets reflect the Allianz Group's business strategy.
- **Alignment of pay and performance:** The performance-based, variable component forms a significant portion of the overall remuneration.
- **Variable remuneration focused on sustainability:** Two thirds of the variable remuneration reflect longer-term performance. One third is a deferred payout after three years, based on a sustainability assessment covering the three-year period. The other third rewards the sustained performance of the share price with a deferred payout four years after grant.
- **Alignment with shareholder interests:** One third of the variable remuneration is dependent upon share price performance.

The structure, weighting and level of remuneration is decided by the Supervisory Board. Remuneration survey data of DAX 30 companies and international insurance peers is provided by external consultants. Compensation levels are around the third quartile of this group. The structure of the Allianz Group's total remuneration is more strongly weighted to variable, longer-term components than in most DAX 30 companies. Remuneration and benefit arrangements are also periodically compared with best practices. In addition, the Supervisory Board takes remuneration levels within the Group into account when reviewing the adequateness and the appropriateness of the remuneration of the Board of Management.

REMUNERATION STRUCTURE, COMPONENTS AND TARGET SETTING PROCESS

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

Base salary

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

Variable remuneration

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

Each year, the Supervisory Board agrees on performance targets for the variable remuneration component with members of the Board of Management. These are documented for the upcoming financial year. Every three years, the MTB sustainability criteria are set for the following mid-term period.

All variable awards are made under the rules and conditions of the "Allianz Sustained Performance Plan" (ASPP). The grant of variable remuneration components is related to performance and can vary between 0% and 150% of the respective target values. 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 the year following the performance year. Quantitative targets represent 75 % and consist of 50 % Group targets (equally divided between annual operating profit and annual net income) and 25 % divisional targets. For members of the Board of Management with business division responsibilities, divisional targets are set with the following split: 10 % annual operating profit, 10 % annual net income before minorities and 5 % dividends. For members of the Board of Management with a functional focus, the divisional quantitative targets are determined based on their key responsibilities. Qualitative targets represent 25 % and reflect the specific individual priorities for the performance year per member of the Board of Management. The performance of the Chairman of the Allianz SE Board of Management is determined by the average target achievement of the other Board of Management members and can be adjusted by the Supervisory Board based on the Chairman's personal performance.

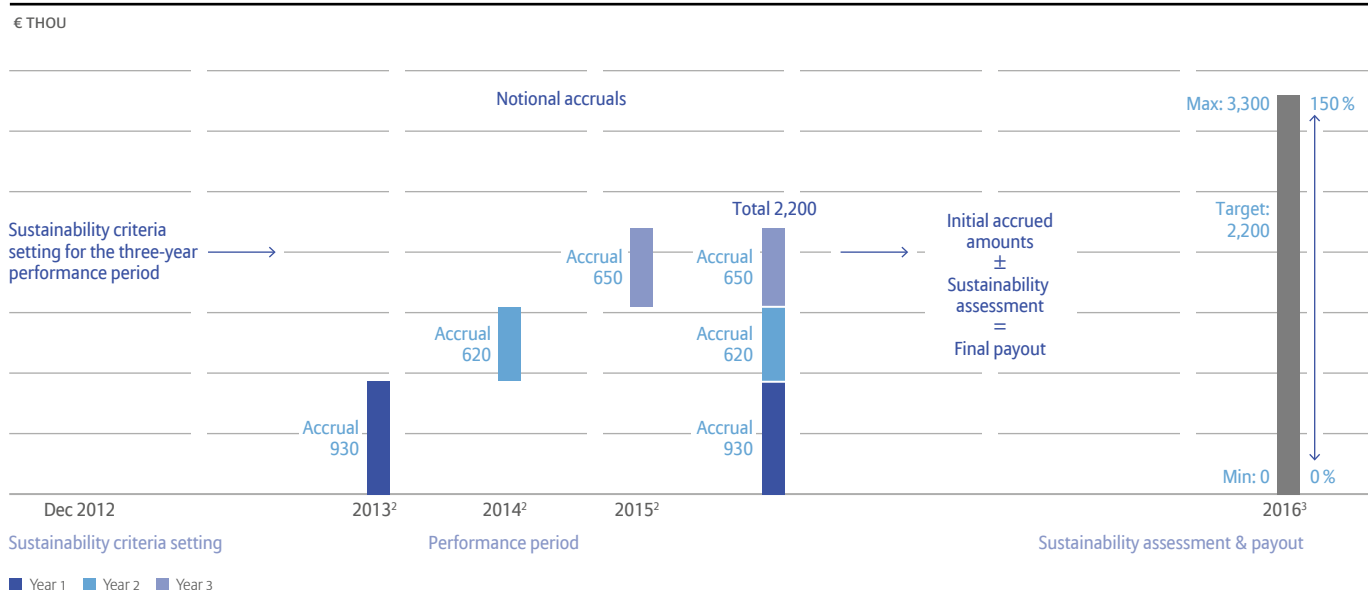
Based on the 2015 target achievement for the Group, the business division/corporate functions and the qualitative performance, the total annual bonus awards ranged between 101 % and 133 % of the target with an average bonus award of 121 % of the target.

- 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 following criteria are considered:

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

Following the final performance and sustainability assessment of the MTB 2013–2015, a total payout of € 29,176 THOU was approved by the Supervisory Board. The Supervisory Board conducted the sustainability assessment in accordance with the agreed criteria. This analysis concluded that the years 2013–2015 represented a period of solid and sustainable performance for Allianz with overall positive development against the criteria – in particular with regard to balance sheet strength. The final distributions have been differentiated according to the assessments made across the business divisions with adjustments ranging from 0 % to + 10 % of the target value.

ILLUSTRATION OF THE PROCESS AND THE UNDERLYING TIMELINE OF THE MTB CYCLE, FROM TARGET SETTING TO FINAL PERFORMANCE ASSESSMENT¹



1 — Example based on target values of a regular member of the Board of Management with an annual target of € 700 THOU for 2013 and € 750 THOU for the MTB in 2014 and 2015. Accrual is only a notional indication.
2 — Actual accrual for the MTB (mid-term) usually equals the annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle, this value is only a notional indication.

3 — Final payout is subject to the sustainability assessment of the Supervisory Board and may vary between 0 % and 150 % of the cumulative target values, independent of the notional accruals.

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

The fair market value is calculated based on the ten-day average Xetra closing price of the Allianz stock following the financial press conference on the annual results. As RSUs are virtual stocks without dividend payments, the average Xetra closing price is reduced¹ 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 payouts². Outstanding RSU holdings are forfeited should a Board member leave at his/her own request or be terminated for cause.

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

Pensions and similar benefits

To provide competitive and cost-effective retirement and disability benefits, Board of Management members have participated in a contribution-based system since 1 January 2005 which was modified to My Allianz Pension in 2015 for all Board members born after 31 December 1957. Before 2005, Board members participated in a defined benefit plan that provided fixed benefits not linked to base salary increases. Benefits generated under this plan were frozen at the end of 2004. Additionally, most Board members participate in the Allianz Versorgungskasse VVaG (AVK), a contribution-based pension plan, and the Allianz Pensionsverein e.V. (APV) – which provide pension benefits for salaries up to the German social security ceiling.

Company contributions to the current pension plan depend on the years of service on the Board of Management. For most members of the Allianz SE Board of Management, the contributions 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 pension may be paid to dependents. Surviving dependents normally receive 60% (surviving partner) and 20% (per child) of the original Board member's pension, with the aggregate not to exceed 100%. Should Board membership cease before retirement age for other reasons, the accrued pension rights are maintained if vesting requirements are met.

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

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.

1 — The fair market value of the RSUs is further subject to a small reduction of a few Euro cents due to the 200% cap on the RSU payout. This reduction is calculated based on a standard option price formula.

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

REMUNERATION FOR 2015

The following remuneration disclosure is based on and compliant with the German Corporate Governance Code and illustrates individual remuneration for 2014 and 2015, 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 2014 and 2015 payments. The base salary, annual bonus and perquisites are linked to the reported performance years 2014 and 2015, whereas the Group Equity Incentive (GEI) and Allianz Equity Incentive (AEI) payouts result from grants related to the performance years 2008–2010.

To make the remuneration related to the performance year 2015 more transparent, the additional column “actual grant” includes the 2015 fixed compensation, the bonus paid for 2015, the MTB 2013–2015 tranche accrued for the performance year 2015 and the fair value of the RSU grant in 2016 for the performance year 2015.

The 2015 payout is significantly higher than in 2014 due to the fact that the payout of the MTB 2013–2015 is disclosed. This comprises payment for three performance years in total.

INDIVIDUAL REMUNERATION: 2015 AND 2014

€ THOU

Oliver Bäte⁶ (Appointed: 01/2008; CEO since 05/2015)

	Grant				Actual Grant	Payout ¹	
	2014	2015			2015	2014	2015
	Target	Target	Min	Max			
Base Salary	750	994	994	994	994	750	994
Perquisites	7	15	15	15	15	7	15
Total fixed compensation	757	1,009	1,009	1,009	1,009	757	1,009
Annual Variable Compensation – Annual Bonus	750	996	–	1,494	1,260	1,009	1,260
Deferred Compensation							
MTB (2013 – 2015) ²	750	996	–	1,494	1,260	–	3,516
AEI 2016/RSU ³	–	996	–	1,494	1,260	–	–
AEI 2015/RSU ³	750	–	–	–	–	–	–
AEI 2011/RSU ³	–	–	–	–	–	–	1,704
GEI 2010/RSU ³	–	–	–	–	–	–	916
GEI 2009/RSU ³	–	–	–	–	–	228	–
GEI 2010/SAR ⁴	–	–	–	–	–	438	–
GEI 2008/SAR ⁴	–	–	–	–	–	–	263
Total	3,007	3,997	1,009	5,491	4,790	2,432	8,668
Pensions Service Cost ⁵	368	483	483	483	483	368	483
Total	3,375	4,480	1,492	5,974	5,273	2,800	9,151

1 — In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2015 is paid in 2016 and for performance year 2014 in 2015. 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. 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 is paid out in spring 2016.

3 — 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.

4 — 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. For SARs granted 2009, the vesting period is four years and the exercise period three years. SARs can be exercised on the condition that the price of the Allianz SE stock is at least 20% above the strike price at the time of grant. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points ahead of the appreciation of the Dow Jones EURO STOXX Price Index (600).

5 — 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.

6 — 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.

Michael Diekmann⁷ (Appointed: 10/1998; CEO 04/2003–05/2015)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
1,280	447	447	447	447	1,280	447
24	12	12	12	12	24	12
1,304	459	459	459	459	1,304	459
1,280	442	–	663	534	1,546	534
1,280	442	–	663	534	–	3,952
–	442	–	663	534	–	–
1,280	–	–	–	–	–	–
–	–	–	–	–	–	2,776
–	–	–	–	–	–	1,569
–	–	–	–	–	376	–
–	–	–	–	–	963	–
–	–	–	–	–	–	450
5,144	1,785	459	2,448	2,061	4,189	9,740
998	235	235	235	235	998	235
6,142	2,020	694	2,683	2,296	5,187	9,975

Sergio Balbinot⁸ (Appointed: 01/2015)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
–	750	750	750	750	–	750
–	33	33	33	33	–	33
–	783	783	783	783	–	783
–	750	–	1,125	999	–	999
–	750	–	1,125	999	–	999
–	750	–	1,125	999	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	3,033	783	4,158	3,780	–	2,781
–	222	222	222	222	–	222
–	3,255	1,005	4,380	4,002	–	3,003

7 — Michael Diekmann retired on 7 May 2015. He received a pro-rated base salary, annual bonus 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. According to his service contract, he will receive his fixed salary of € 106.7 THOU per month for a period of 6 months from December 2015 as a transition payment, which will be set off against the regular pension payment. As part of the transition payment he will receive a payment of 25 % of the annual variable target compensation (€ 960 THOU) in spring 2017.

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 % will be paid in 2016 and are subject to clawback.

INDIVIDUAL REMUNERATION: 2015 AND 2014

€ THOU

Manuel Bauer⁶ (Appointed: 01/2011; End of Service: 09/2015)

	Grant				Actual Grant	Payout ¹	
	2014	2015			2015	2014	2015
	Target	Target	Min	Max			
Base Salary	750	563	563	563	563	750	563
Perquisites	15	168 ⁷	168 ⁷	168 ⁷	168 ⁷	15	168 ⁷
Total fixed compensation	765	731	731	731	731	765	731
Annual Variable Compensation – Annual Bonus	750	561	–	842	629	778	629
Deferred Compensation							
MTB (2013 – 2015) ²	750	561	–	842	629	–	2,335
AEI 2016/RSU ³	–	561	–	842	629	–	–
AEI 2015/RSU ³	750	–	–	–	–	–	–
AEI 2011/RSU ³	–	–	–	–	–	–	–
GEI 2010/RSU ³	–	–	–	–	–	–	–
GEI 2009/RSU ³	–	–	–	–	–	–	–
GEI 2010/SAR ⁴	–	–	–	–	–	–	–
GEI 2008/SAR ⁴	–	–	–	–	–	–	–
Total	3,015	2,414	731	3,257	2,619	1,543	3,695
Pensions Service Cost ⁵	317	296	296	296	296	317	296
Total	3,332	2,710	1,027	3,553	2,915	1,860	3,991

€ THOU

Jay Ralph (Appointed: 01/2010)

	Grant				Actual Grant	Payout ¹	
	2014	2015			2015	2014	2015
	Target	Target	Min	Max			
Base Salary	750	750	750	750	750	750	750
Perquisites	30	19	19	19	19	30	19
Total fixed compensation	780	769	769	769	769	780	769
Annual Variable Compensation – Annual Bonus	750	750	–	1,125	870	912	870
Deferred Compensation							
MTB (2013 – 2015) ²	750	750	–	1,125	870	–	2,784
AEI 2016/RSU ³	–	750	–	1,125	870	–	–
AEI 2015/RSU ³	750	–	–	–	–	–	–
AEI 2011/RSU ³	–	–	–	–	–	–	1,520
GEI 2010/RSU ³	–	–	–	–	–	–	876
GEI 2009/RSU ³	–	–	–	–	–	–	–
GEI 2010/SAR ⁴	–	–	–	–	–	–	719
GEI 2008/SAR ⁴	–	–	–	–	–	–	–
Total	3,030	3,019	769	4,144	3,379	1,692	7,538
Pensions Service Cost ⁵	254	283	283	283	283	254	283
Total	3,284	3,302	1,052	4,427	3,662	1,946	7,821

1 — In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2015 is paid in 2016 and for performance year 2014 in 2015. 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. The payout 2015 figure includes the 2015 accrual and the accruals from the performance years 2013 and 2014 as adjusted by the sustainability assessment. The MTB 2013 – 2015 is paid out in spring 2016.

3 — 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.

4 — 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. For SARs granted 2009, the vesting period is four years and the exercise period three years. SARs can be exercised on the condition that the price of the Allianz SE stock is at least 20% above the strike price at the time of grant. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points ahead of the appreciation of the Dow Jones EURO STOXX Price Index (600).

Dr. Helga Jung (Appointed: 01/2012)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
750	750	750	750	750	750	750
14	14	14	14	14	14	14
764	764	764	764	764	764	764
750	750	–	1,125	758	763	758
750	750	–	1,125	758	–	2,534
–	750	–	1,125	758	–	–
750	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
3,014	3,014	764	4,139	3,037	1,527	4,056
302	274	274	274	274	302	274
3,316	3,288	1,038	4,413	3,311	1,829	4,330

Dr. Christof Mascher (Appointed: 09/2009)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
750	750	750	750	750	750	750
162 ⁸	2	2	2	2	162 ⁸	2
912	752	752	752	752	912	752
750	750	–	1,125	859	907	859
750	750	–	1,125	859	–	2,885
–	750	–	1,125	859	–	–
750	–	–	–	–	–	–
–	–	–	–	–	–	1,584
–	–	–	–	–	–	593
–	–	–	–	–	131 ⁹	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
3,162	3,002	752	4,127	3,330	1,950	6,673
339	348	348	348	348	339	348
3,501	3,350	1,100	4,475	3,678	2,289	7,021

Dr. Axel Theis (Appointed: 01/2015)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
–	750	750	750	750	–	750
–	27	27	27	27	–	27
–	777	777	777	777	–	777
–	750	–	1,125	956	–	956
–	750	–	1,125	956	–	956
–	750	–	1,125	956	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	3,027	777	4,152	3,644	–	2,689
–	397	397	397	397	–	397
–	3,424	1,174	4,549	4,041	–	3,086

Dr. Dieter Wemmer (Appointed: 01/2012)

Grant				Actual Grant	Payout ¹	
2014	2015			2015	2014	2015
Target	Target	Min	Max			
750	750	750	750	750	750	750
17	16	16	16	16	17	16
767	766	766	766	766	767	766
750	750	–	1,125	961	996	961
750	750	–	1,125	961	–	3,156
–	750	–	1,125	961	–	–
750	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	–	–	–
3,017	3,016	766	4,141	3,649	1,763	4,883
249	282	282	282	282	249	282
3,266	3,298	1,048	4,423	3,931	2,012	5,165

5 — 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.

6 — According to his cancellation agreement and in addition to the amounts disclosed in the table, Manuel Bauer receives a payment of € 281.3 THOU in spring 2016 and a payment of € 187.5 THOU in 2015. The different pro-rated amounts for base salary and target amounts result from different pro-rating methodologies, which are generally applied.

7 — Manuel Bauer received a payment of € 156 THOU in 2015 for 25 years of service to Allianz.

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

9 — Since Dr. Christof Mascher joined the Board of Management in September 2009, his pay-out from the GEI 2009 plans are shown pro rata temporis.

INDIVIDUAL REMUNERATION: 2015 AND 2014

€ THOU

Dr. Werner Zedelius (Appointed: 01/2002)							
	Grant				Actual Grant	Payout ¹	
	2014	2015			2015	2014	2015
	Target	Target	Min	Max			
Base Salary	750	750	750	750	750	750	750
Perquisites	17	19	19	19	19	17	19
Total fixed compensation	767	769	769	769	769	767	769
Annual Variable Compensation – Annual Bonus	750	750	–	1,125	959	1,032	959
Deferred Compensation							
MTB (2013 – 2015) ²	750	750	–	1,125	959	–	3,066
AEI 2016/RSU ³	–	750	–	1,125	959	–	–
AEI 2015/RSU ³	750	–	–	–	–	–	–
AEI 2011/RSU ³	–	–	–	–	–	–	1,505
GEI 2010/RSU ³	–	–	–	–	–	–	1,225
GEI 2009/RSU ³	–	–	–	–	–	1,048	–
GEI 2010/SAR ⁴	–	–	–	–	–	187	591
GEI 2008/SAR ⁴	–	–	–	–	–	–	328
Total	3,017	3,019	769	4,144	3,646	3,034	8,443
Pensions Service Cost ⁵	576	646	646	646	646	576	646
Total	3,593	3,665	1,415	4,790	4,292	3,610	9,089

€ THOU

Dr. Maximilian Zimmerer (Appointed: 06/2012)							
	Grant				Actual Grant	Payout ¹	
	2014	2015			2015	2014	2015
	Target	Target	Min	Max			
Base Salary	750	750	750	750	750	750	750
Perquisites	10	16	16	16	16	10	16
Total fixed compensation	760	766	766	766	766	760	766
Annual Variable Compensation – Annual Bonus	750	750	–	1,125	940	909	940
Deferred Compensation							
MTB (2013 – 2015) ²	750	750	–	1,125	940	–	2,993
AEI 2016/RSU ³	–	750	–	1,125	940	–	–
AEI 2015/RSU ³	750	–	–	–	–	–	–
AEI 2011/RSU ³	–	–	–	–	–	–	–
GEI 2010/RSU ³	–	–	–	–	–	–	–
GEI 2009/RSU ³	–	–	–	–	–	–	–
GEI 2010/SAR ⁴	–	–	–	–	–	–	–
GEI 2008/SAR ⁴	–	–	–	–	–	–	–
Total	3,010	3,016	766	4,141	3,585	1,669	4,699
Pensions Service Cost ⁵	409	386	386	386	386	409	386
Total	3,419	3,402	1,152	4,527	3,971	2,078	5,085

1 – In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2015 is paid in 2016 and for performance year 2014 in 2015. 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. The payout 2015 figure includes the 2015 accrual and the accruals from the performance years 2013 and 2014 as adjusted by the sustainability assessment. The MTB 2013 – 2015 is paid out in spring 2016.

3 – 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.

4 – 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. For SARs granted 2009, the vesting period is four years and the exercise period three years. SARs can be exercised on the condition that the price of the Allianz SE stock is at least 20% above the strike price at the time of grant. During the term of the plan, at least once on five consecutive trading days the Allianz SE stock must relatively appreciate at least 0.01 percentage points ahead of the appreciation of the Dow Jones EURO STOXX Price Index (600).

5 – 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.

GERMAN ACCOUNTING STANDARD 17 DISCLOSURE

The total remuneration to be disclosed in accordance with German Accounting Standard 17 for 2015 is defined differently than in the German Corporate Governance Code and is composed of the base salary, perquisites, annual bonus, the fair value of the RSU grant and the pay-out of the MTB 2013–2015. However, it excludes the pension service cost. The information on remuneration for 2014 (in parentheses) does not disclose the notional accruals for the MTB 2013–2015:

Oliver Bäte € 7,046 (2,774) THOU,
Michael Diekmann € 5,479 (4,397) THOU,
Sergio Balbinot € 3,780 (–) THOU,
Manuel Bauer € 4,325 (2,322) THOU,
Dr. Helga Jung € 4,813 (2,290) THOU,
Dr. Christof Mascher € 5,356 (2,726) THOU,
Jay Ralph € 5,293 (2,603) THOU,
Dr. Axel Theis € 3,644 (–) THOU,
Dr. Dieter Wemmer € 5,844 (2,760) THOU,
Dr. Werner Zedelius € 5,753 (2,831) THOU,
Dr. Maximilian Zimmerer € 5,638 (2,578) THOU.

The sum of the total remuneration of the Board of Management for 2015, including the payments of the MTB 2013–2015 and excluding the pension service cost, amounts to € 57 MN (2014 excluding the notional accruals for the MTB 2013–2015: € 29 MN). The corresponding amount, including pension service cost, equals € 61 MN (2014 excluding the notional accruals for the MTB 2013–2015: € 33 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 2016, which will vest and be settled in 2020.

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

	RSU		SAR	
	Number of RSU granted on 4/3/2016 ¹	Number of RSU held at 31/12/2015 ¹	Number of SAR held at 31/12/2015	Strike Price €
Board members				
Oliver Bäte (Chairman since 7/5/2015)	10,898	38,613	–	–
Michael Diekmann (Chairman until 6/5/2015)	4,618	60,292	–	–
Sergio Balbinot ²	8,638	24,820	–	–
Manuel Bauer	5,443	32,973	–	–
Dr. Helga Jung	6,551	27,331	3,167	87.36
Dr. Christof Mascher	7,430	34,260	7,892	87.36
Jay Ralph	7,521	34,968	–	–
Dr. Alex Theis	8,263	23,005	–	–
Dr. Dieter Wemmer	8,311	28,740	–	–
Dr. Werner Zedelius	8,291	35,513	–	–
Dr. Maximilian Zimmerer	8,124	29,892	–	–
Total	84,088	370,407	11,059	–

¹ — 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 2014, the equity-related grant in 2015 was made to participants as part of their 2014 remuneration. The disclosure in the Annual Report 2014 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 12 March 2015 under the Allianz Equity Incentive are as follows: Oliver Bäte: 8,187, Michael Diekmann: 12,554, Manuel Bauer: 6,319, Dr. Helga Jung: 6,192, Dr. Christof Mascher: 7,364, Jay Ralph: 7,401, Dr. Dieter Wemmer: 8,088, Dr. Werner Zedelius: 8,379, Dr. Maximilian Zimmerer: 7,379.

² — 24,820 RSUs granted in March 2015 include RSUs granted for his December 2014 employment contract.

PENSIONS

Company contributions for the current plan remain unchanged from 2014 and are set at 27.98 % of the base salary, increasing to 34.98 % after five years and to 41.98 % after ten years of service on the Board of Management. These are invested in a fund and have a 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 € 4 MN (2014: € 4 MN) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2015, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 38 MN (2014: € 55 MN).

INDIVIDUAL PENSIONS: 2015 AND 2014

Total might not sum up due to rounding
€ THOU

		Defined benefit pension plan (frozen)			Current pension plan		AVK/APV ¹		Transition payment ²		Total	
		Annual pension payment ³	SC ⁴	DBO ⁵	SC ⁴	DBO ⁵	SC ⁴	DBO ⁵	SC ⁴	DBO ⁵	SC ⁴	DBO ⁵
Board of Management												
Oliver Bäte	2015	–	–	–	283	2,916	6	31	194	495	483	3,442
(Chairman since 7/5/2015)	2014	–	–	–	322	2,722	3	26	44	284	368	3,032
Michael Diekmann ⁶	2015	337	–	–	230	–	3	–	3	–	235	–
(Chairman until 6/5/2015)	2014	337	306	9,963	577	6,373	10	253	105	1,278	998	17,867
Sergio Balbinot	2015	–	–	–	219	243	2	2	1	1	222	246
	2014	–	–	–	–	–	–	–	–	–	–	–
Manuel Bauer ⁷	2015	57	–	–	287	–	9	–	–	–	296	–
	2014	57	58	1,678	249	1,818	9	162	–	–	317	3,658
Dr. Helga Jung	2015	62	56	1,187	210	1,800	8	147	–	–	274	3,134
	2014	62	43	1,175	251	1,629	9	221	–	–	302	3,025
Dr. Christof Mascher	2015	–	–	–	280	3,016	5	37	63	508	348	3,562
	2014	–	–	–	273	2,802	3	29	63	453	339	3,284
Jay Ralph	2015	–	–	–	278	1,860	5	23	–	1	283	1,884
	2014	–	–	–	251	1,618	3	17	–	1	254	1,635
Dr. Axel Theis	2015	120	110	3,085	199	2,450	10	214	78	722	397	6,471
	2014	–	–	–	–	–	–	–	–	–	–	–
Dr. Dieter Wemmer	2015	–	–	–	278	1,181	4	8	–	1	282	1,190
	2014	–	–	–	247	905	2	9	–	1	249	915
Dr. Werner Zedelius	2015	225	213	5,751	398	4,151	9	203	26	641	646	10,746
	2014	225	170	5,700	350	3,823	10	268	47	618	576	10,409
Dr. Maximilian Zimmerer	2015	161	150	3,897	191	2,672	9	196	36	656	386	7,422
	2014	161	118	3,869	232	2,524	9	264	49	627	409	7,285

1 — 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.

2 — For details on the transition payment, see section Termination of service. In any event a death benefit is included.

3 — Expected annual pension payment at assumed retirement age (age 60), excluding current pension plan.

4 — SC = service cost. Service costs are calculatory costs for the DBO related to the reported business year.

5 — 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.

6 — As Michael Diekmann retired on 7 May 2015, his employer-financed DBO of € 17,277 THOU (thereof € 9,256 THOU for the frozen DB-Pension-Plan, € 6,416 THOU for the Current Pension Plan, € 303 THOU AVK/APV and € 1,301 THOU for the transition payment) is covered with former Board members.

7 — As Manuel Bauer left Allianz on 30 September 2015, his employer-financed DBO of € 3,924 THOU (thereof € 1,699 THOU for the frozen DB-Pension-Plan, € 2,030 THOU for the Current Pension Plan and € 195 THOU AVK/APV) is covered with former Board members.

In 2015, remuneration and other benefits totaling € 7 MN (2014: € 5 MN) were paid to former members of the Board of Management and dependents, while reserves for current pension obligations and accrued pension rights totaled € 116 MN (2014: € 95 MN).

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2015, there were no outstanding loans granted by Allianz Group companies to members of the Board of Management.

TERMINATION OF SERVICE

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

Arrangements for termination of service including retirement are as follows:

1. Board members who were appointed before 1 January 2010 – and who have served a term of at least five years – are eligible for a six-month transition payment after leaving the Board of Management.
2. Severance payments made to Board members in case of an early termination comply with the German Corporate Governance Code.
3. Special terms, also compliant with the German Corporate Governance Code, apply if service is ended as a result of a “change of control”. This requires that a shareholder of Allianz SE, acting alone or together with other shareholders, holds more than 50 % of voting rights in Allianz SE.

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

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

Termination of service – details of the payment arrangements

Transition payment (appointment before 1 January 2010)

Board members receiving a transition payment are subject to a six-months non-compete clause.

The payment is calculated based on the last base salary (paid for a period of six months) and 25 % of the target variable remuneration at the date when notice is given. A Board member with a base salary of € 750 THOU would receive a maximum of € 937.5 THOU.

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 2016

The Supervisory Board approved the following changes to the remuneration of the Board of Management on 10 December 2015, and the Board of Management for all executives of Allianz Group from 2016 and 2017 in a phased approach:

The Performance Management system has been adjusted to support Allianz's strategic Renewal Agenda. Under the new Inclusive Meritocracy approach, Group or company related financial KPIs make up half the performance equation. The other half is linked to individual performance, which consists of quantitative and predominantly qualitative criteria. The new approach places greater emphasis on behavioral aspects of performance through a common standard designed to drive cultural change across the Group. These are:

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

The new 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 (excluding unrealized gains/losses on bonds),
 - 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).

The pension contributions as a percentage of base salary paid by the company to the contribution-based pension plan will have a unified level of 50% of base salary in 2016.

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 2014, a regular Supervisory Board member receives a fixed remuneration of € 100 THOU per year. Each deputy Chairperson receives € 150 THOU and the Chairperson € 200 THOU.

Committee-related remuneration

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

COMMITTEE-RELATED REMUNERATION

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

Attendance fees and expenses

In addition to the fixed and committee-related remuneration, members of the Supervisory Board receive an attendance fee of € 750 for each Supervisory Board or committee meeting they attend. Should several meetings be held on the same or consecutive days, the attendance fee will be paid only once. Allianz SE reimburses the members of the Supervisory Board for their out-of-pocket expenses and the VAT payable on their Supervisory Board activity. For the performance of his duties, the Chairman of the Supervisory Board is furthermore

entitled to an office with secretarial support and use of the Allianz carpool service. In the financial year 2015, Allianz SE reimbursed expenses totaling € 54,424.

REMUNERATION FOR 2015

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,021 THOU in 2015 (€ 2,035 THOU in 2014). The following table shows the individual remuneration for 2015 and 2014:

INDIVIDUAL REMUNERATION: 2015 AND 2014

Total might not sum up due to rounding
€ THOU

Members of the Supervisory Board	Committees ¹						Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
	A	N	P	R	S					
Dr. Helmut Perlet (Chairman)	M	C	C	C	C	2015	200.0	160.0	6.7	366.7
	M	C	C	C	C	2014	200.0	160.0	8.2	368.2
Dr. Wulf H. Bernotat (Deputy Chairman)	C				M	2015	150.0	100.0	4.5	254.5
	C				M	2014	150.0	100.0	6.0	256.0
Rolf Zimmermann (Deputy Chairman)			M		M	2015	150.0	40.0	5.2	195.2
			M		M	2014	150.0	40.0	6.0	196.0
Dante Barban				M		2015	100.0	20.0	4.5	124.5
				M		2014	100.0	20.0	3.7	123.7
Christine Bosse			M	M		2015	100.0	40.0	5.2	145.2
			M	M		2014	100.0	40.0	6.0	146.0
Gabriele Burkhardt-Berg					M	2015	100.0	20.0	4.5	124.5
					M	2014	100.0	20.0	4.5	124.5
Jean-Jacques Cette	M					2015	100.0	40.0	6.0	146.0
	M					2014	100.0	40.0	5.2	145.2
Ira Gloe-Semler	M					2015	100.0	40.0	6.0	146.0
	M					2014	100.0	40.0	5.2	145.2
Franz Heiß ²				M		2015	58.3	11.7	2.2	72.2
				M		2014	100.0	20.0	4.5	124.5
Prof. Dr. Renate Köcher		M			M	2015	100.0	20.0	4.5	124.5
		M			M	2014	100.0	20.0	4.5	124.5
Jürgen Lawrenz ³				M		2015	41.7	8.3	2.2	52.2
						2014	–	–	–	–
Jim Hagemann Snaube ⁴	M					2015	100.0	40.0	5.2	145.2
	M					2014	66.7	26.7	3.8	97.2
Peter Denis Sutherland		M		M		2015	100.0	20.0	3.7	123.7
		M		M		2014	100.0	20.0	3.7	123.7
Total⁵						2015	1,400.0	560.0	60.7	2,020.7
						2014	1,408.4	563.4	63.5	2,035.3

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

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

2 – Until 31 July 2015.

3 – Since 1 August 2015.

4 – Since 7 May 2014.

5 – The total remuneration reflects the remuneration of the full Supervisory Board in the respective year.

Remuneration for mandates in other Allianz companies and for other functions

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

Loans to members of the Supervisory Board

On 31 December 2015 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 that is split into functional and business responsibilities. The business-related divisions reflect

our business segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other and were overseen by six Board members (five since 1 September 2015). The remaining four divisions (i.e. Chairman of the Board of Management, Finance, Investments and Operations) focus on Group functions, along with business-related responsibilities.

MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR RESPONSIBILITIES IN 2015

BOARD MEMBERS	RESPONSIBILITIES
Oliver Bäte	Chairman of the Board of Management (since 7 May 2015), Global Property-Casualty (until 6 May 2015)
Michael Diekmann (until 6 May 2015)	Chairman of the Board of Management (until 6 May 2015)
Sergio Balbinot	Insurance Western & Southern Europe, Insurance Middle East, Africa, India (since 1 September 2015)
Manuel Bauer (until 31 August 2015)	Insurance Growth Markets (until 31 August 2015)
Dr. Helga Jung	Insurance Iberia & Latin America, Legal & Compliance, Mergers & Acquisitions
Dr. Christof Mascher	Operations, Allianz Worldwide Partners
Jay Ralph	Asset Management, US Life Insurance
Dr. Axel Theis	Global Insurance Lines & Anglo Markets, Global Property-Casualty (since 7 May 2015)
Dr. Dieter Wemmer	Finance, Controlling, Risk
Dr. Werner Zedelius	Insurance German Speaking Countries, Insurance Central & Eastern Europe (since 1 September 2015)
Dr. Maximilian Zimmerer	Investments, Global Life/Health, Insurance Asia Pacific (since 1 September 2015)

TARGET SETTING AND MONITORING

The Allianz Group steers its operating entities and business segments via an integrated management and control process. This starts with the definition of a business-specific strategy and goals, which are discussed and agreed upon between the Holding and operating entities. According to this strategy, a three-year plan is prepared by the operating entities and aggregated to form the financial plans for the business divisions and the Allianz Group. This plan also forms the basis for our capital management. The Supervisory Board then approves the plan and sets corresponding targets for the Board of Management. The performance-based remuneration of the Board of Management is linked to short-, mid-, and long-term targets to ensure effectiveness and emphasize sustainability. For further details about the remuneration structure, including target setting and performance assessment, please refer to the [Remuneration Report](#) starting on [page 47](#).

We continuously monitor our business performance against these targets through monthly reviews to ensure that appropriate measures can be taken in the event of negative developments. During these reviews, we monitor key operational and financial metrics.

Operating profit and net income are the main financial performance indicators across all business segments for the Allianz Group. In addition, we also use segment-specific figures such as the combined ratio for Property-Casualty, in-force and new business margins as well as margin on reserves for Life/Health, and the cost-income ratio for Asset Management. Furthermore, we use Return on Risk Capital (RORC) for new business steering purposes in the Property-Casualty and Life/Health business segments.

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

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

Progress in Sustainable Development

Sustainable development means creating long-term economic value with a forward-thinking approach to corporate governance, environmental stewardship, and social responsibility. This is fundamental to our day-to-day insurance and asset management business, as we have to deliver on our promises to customers not only today, but also in 20 or 30 years.

We work with different stakeholder groups to identify what is materially important for sustainable development. Our material issues are those deemed to be crucial for business success while also important to our stakeholders.

The following pages highlight some of our key sustainability approaches and major developments in 2015. The Allianz Group Sustainability Report, with the full details of our sustainability strategy, approach and progress, is available on our sustainability website.¹

SUSTAINABILITY MANAGEMENT AND GOVERNANCE

The responsibilities of our sustainability management include managing the strategic framework for Group-wide sustainability activities, developing and introducing relevant policies, and supporting operating entities in integrating the Group's strategic approach and policies.

The highest governing body for sustainability-related issues is the environmental, social and governance (ESG) Board, which was established in 2012. It consists of three Allianz SE Board members, who meet quarterly. The ESG Board is responsible for integrating ESG into all business lines and core processes that deal with insurance and investment decisions. It also leads associated stakeholder engagement.

During 2015, we focused on further embedding sustainability into our core business. We did this through internal debate, stakeholder engagement, being an incubator for new business opportunities and pilot projects.

ESG in insurance and investments

The approach we take to ESG issues is not a sustainability "add-on"; it is part of everyday decision-making. As an insurer, we carefully manage ESG risks in underwriting. As an investor of our proprietary assets, we incorporate ESG factors into our investment process. And as an asset manager of third-party assets, we systematically integrate the evaluation of ESG risk and opportunities into our investment decisions.

At the core, ESG integration into our insurance business and our direct investments of proprietary assets is carried out by a global ESG screening process. We have identified 13 sensitive business sectors² where we see significant risks across regions and lines of business.

We define these sectors through dialogue with non-governmental organizations (NGOs) and ongoing internal stakeholder engagement. For each sector, guidelines highlight the key ESG issues to be considered.

In 2015, we reviewed our Weapons and Hydropower guidelines according to new best-practice information including international standards, frameworks and guidelines. Our intention is that no business is excluded by default, with a few exceptions such as our coal divestments for proprietary assets. Instead, each transaction is assessed on a case-by-case basis. Through this process we aim to better understand the risks associated with an insurance or investment transaction and to take all necessary measures to address and mitigate these risks.

During 2015, 405 transactions (2014: 150 transactions)³ for our insurance and investment business were assessed for ESG considerations against our sensitive business guidelines. Of these, 47% were approved, 50% were conditionally approved and 3% rejected.

TRUSTED COMPANY

Our customers' needs and how we meet them are central to our ambition to keep being part of the strongest financial community, and our aim to be the most trusted partner within our core business of insurance and investments. As part of this, our customers rightly expect that their personal information will be treated with utmost care.

As we move towards a culture of Digital by Default, we remain committed to protecting customer privacy and data security. We know that consumers are increasingly basing their loyalty around whether a business offers sustainable solutions that deliver both financial and societal value. To this end, our range of responsible products continues to grow, including insurance products that aim to reward low-carbon lifestyles and affordable microinsurance for individuals and small businesses around the world.

Customer centricity

Putting True Customer Centricity at the core of our Renewal Agenda means providing a superior customer experience. By leveraging digital technology, we can provide our customers with convenient access to Allianz at any time, creating easy, modular, and transparent offers with the flexibility for customization.

To continuously measure and benchmark our performance on customer centricity, we use key feedback tools such as the Net Promoter Score (NPS). NPS measures our customers' willingness to recommend Allianz and is broadly established as our key global metric for customer loyalty. Top-down NPS is conducted regularly according to global cross-industry standards and allows benchmarking against competitors in the respective markets.

¹ — www.allianz.com/sustainability

² — Agriculture, animal testing, animal welfare, betting and gambling, clinical trials, defense, human rights, hydro-electric power, infrastructure, mining, nuclear energy, oil and gas and the sex industry.

³ — Increase due to greater awareness and integration of process from March 2015.

As we see a clear correlation of NPS performance with sustainable growth, a superior customer experience is our top priority. We set clear customer-oriented targets, which are hardwired into our culture, planning processes, and incentives.

Allianz – one of the world's strongest brands

The brand Allianz¹ plays a key role in driving sustainable growth. It fosters close bonds with our customers – which are even more important in a digital context. In turn, this helps us to build sustainable relationships: Trust in the name Allianz helps us to attract new customers, engage with our products and services and maintain customer loyalty in the long term.

Our strong brand performance was again acknowledged in the annual 100 Best Global Brands Ranking from Interbrand: In 2015, our brand value increased by 10% to USD 8.5 BN (2014: USD 7.7 BN) and has more than doubled compared to 2007 when we first entered the ranking. According to Interbrand, Allianz now ranks 54th among the world's top 100 brands.

Corporate responsibility is a vital component in our established sports and culture partnerships strategy – be it our commitment to the Paralympic Movement around the topics of diversity and inclusion, or our Road Safety program with 41 local entities participating in 2015. Our annual youth programs inspire and unite young generations around one common passion – for example, the Allianz Junior Football Camp where teens from all over the world apply to train with FC Bayern München youth coaches and meet their idols, or the Allianz Junior Music Camp where star pianist Lang Lang and his Lang Lang International Music Foundation encourage the next generation of classical musicians.

Environmental management

As a business dealing with risks, managing our environmental impact has always been very important to us. Our ESG materiality assessment continues to show that climate change is a key environmental risk and opportunity. For this reason, we prioritize carbon reduction also in our own activities to reduce the environmental footprint of our operations.

Our strategic approach to reducing our carbon footprint is three-fold: avoid and reduce our emissions, substitute with lower-carbon alternatives, and offset our remaining emissions through direct investments in high-quality carbon reduction projects.

Since over 98% of our emissions come from energy consumption, travel, and paper use, the focus of our carbon reduction activities is in these areas. We had set ourselves a target to reduce our carbon emissions per employee by 35% by 2015 (against a 2006 baseline) and to reduce the energy consumption per employee by 10% (against a 2010

baseline). We achieved both targets ahead of time and our final performance in the target year 2015 was at 43.3% CO₂ and 25.7% energy reduction for the Allianz Group.

We have been a carbon-neutral company since 2012 and in 2015 301,339 credits were offset from group-wide projects, each one accounting for one metric ton of carbon.

Compliance management

Our risk management framework includes compliance risks. A compliance management system helps us to ensure compliance with internationally recognized laws, rules, and regulations, while additional risk identification exercises help us to continually improve our approach. We take a proactive stance, working with organizations such as the German Institute for Compliance and the Global Insurance Chief Compliance Officers Forum to enhance understanding of compliance issues and share best practice.

To ensure continuous improvement, all compliance risks are monitored and reported within the Group. Our compliance quality assurance program comprises self-assessments, on-site reviews and local spot checks, and our intranet-based compliance case reporting tool provides Group-wide oversight by passing information to the audit and integrity committees.

COMMITTED CORPORATE CITIZEN

As a global company with a presence in nearly 70 countries, we believe that acting as a responsible corporate citizen is good for society and good for business. By helping to build stronger and more inclusive communities, we are supporting the development of a more stable economic landscape. This, in turn, ensures resilient markets for our products and services.

Much of our time and skill is dedicated to empowering the next generation. That is why we have developed Future Generation, a framework to support children, adolescents and young adults on a range of issues. This is also why we continue to fund SOS Children's Villages, an organization that provides orphaned and abandoned children in 125 countries with loving family homes. We support short-term emergency measures and long-term help for children through local activities as well as advocacy at a global level. In 2015, we established local partnerships with SOS villages in France, Romania, India, and Germany.

With our collective financial and business skills, we assist charitable organizations through employee volunteering. This helps to build skills and motivation that can be brought back into the workplace. In 2015, we launched ACT, an online marketplace for employee volunteering, starting with a pilot in Germany. The marketplace features Allianz projects and moreover, employees can promote their own volunteering activities.

¹ — Our Allianz trademark is registered and protected worldwide, as are our domains. Furthermore, we have registered our corporate design and brand claim "Allianz. With you from A–Z" in the relevant countries worldwide.

Political engagement

In 2015, Allianz SE merged its regulatory and political departments to form a Group center for Regulatory and Public Policy Affairs. It acts as a global center of competence for all our subsidiaries and its remit is to develop regulatory and political strategy, coordinate our engagements, and analyze current and emerging issues and our positions on them. Two key lobbying issues in 2015 were:

- Digitalization and data security: We support the European Commission's digital agenda to foster innovation, economic growth, and progress. We are actively contributing to public discussions on these issues, with a special focus on the practicability of regulation for the Group.
- Consumer protection: As part of our commitment to customer privacy and security, we support promoting transparency, simplicity, and fairness in the market for consumer financial products and services. We contributed to the E.U. green paper on Retail Financial Services and Insurance. This paper addresses some of the obstacles consumers face when offering or purchasing financial services.

ATTRACTIVE EMPLOYER

Our business strategy requires us to have the best people in place in order to deliver success today and over the long term. We also apply a consistent approach to human resources (HR) management across the Group and we do this through strategic HR frameworks, principles, and tools.

Talent management

To ensure the quality and performance of our employees, we focus on managing talent and careers; developing technical and leadership skills, and meeting future workforce needs. We work to create a sustainable performance culture which empowers individuals to realize their full potential through a wide range of learning and development opportunities.

Diversity

At Allianz, we recognize the importance of having a diverse, inclusive workforce that is made up of employees from different backgrounds. To accomplish this, we have implemented a number of initiatives, including those focused on gender, ethnicity, age, religion, sexual orientation, disability, education, and nationality.

Sustainable value approach to remuneration

Our remuneration and incentive structures are designed to encourage sustainable value creation and offer both monetary and non-monetary rewards. Our remuneration system is based on the following principles:

- Provide a transparent, fair and integrated offering to attract, motivate, and retain highly qualified employees.
- Deliver total rewards that are competitive in the relevant markets.
- Align remuneration with the performance of the individual and the achievement of Allianz's financial and strategic goal to "pay for performance".
- Operate effectively in different performance scenarios and business circumstances.
- Reward risk control and avoid inappropriate risk-taking.

Wellbeing and employee engagement

We take an active role in promoting the physical and mental health of our employees, including a variety of stress management programs and measures. Our central "Work Well" program analyzes root causes of stress to find the most effective solutions.

Each year, we conduct the Allianz Engagement Survey (AES) to gather employee feedback on a range of issues, including those identified as promoting a high-performance culture. In 2015, over 1,200 employees were invited to participate. The response rate of 88% was in line with 2014.

The SE Works Council

The *SE Works Council* represents the interests of employees of Allianz SE and its subsidiaries with registered offices in E.U. member states, the European Economic Area and Switzerland in cross-border matters. The Works Council was informed and consulted on several items in its two regular sessions in 2015. Besides the business situation and prospects for Allianz in Europe, the items discussed included operational and strategic cross-border activities (e.g. the Renewal Agenda of our new CEO Oliver Baete, the Digitalization strategy of the Allianz Group, the Community Engagement plans of Allianz4Good and important cross-border HR projects). On several occasions, the SE Works Council's Executive Committee was also informed and consulted on an ad-hoc basis.

The constructive dialogue with the SE Works Council has helped us build a good mutual understanding of the challenges ahead and ensures productive cooperation between management and employee representatives at Allianz. One of the outcomes of this dialogue was the signing of pan-European agreements between Allianz SE and the SE Works Council on guidelines concerning work-related stress and lifelong learning.

Branches

In 2015, Allianz SE operated its reinsurance business from Munich and branch offices in Singapore, Labuan (Malaysia), Wallisellen (Suisse) and Dublin (Ireland).

Events after the balance sheet date

NEW QUOTA SHARES WITH ALLIANZ ENTITIES

Allianz SE signed five new quota share reinsurance agreements with Allianz Entities in France, Spain, Austria, and Benelux starting 1 January 2016. These new quota shares have a cession rate of 20% of the net portfolio of the ceding Allianz Entities. In addition, there is a new quota share agreement with Allianz S.p.A. Italy with a cession rate of 37% of the net motor portfolio.

Takeover-related statements and explanations

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

COMPOSITION OF SHARE CAPITAL

As of 31 December 2015, the share capital of Allianz SE was € 1,169,920,000. It was divided into 457,000,000 registered and fully paid-up shares with no-par value and a corresponding share capital amount of € 2.56 per share. All shares carry the same rights and obligations. Each no-par value share carries one vote.

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

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

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

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

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

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

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

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

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

German insurance supervisory law requires that members of the Board of Management have the reliability and professional competence needed to manage an insurance company. A person cannot become a member of the Board of Management if he or she is already a manager of two other insurance undertakings, pension funds, insurance holding companies or insurance special purpose vehicles. However, the supervisory authority may permit more than two such mandates if they are held within the same group (§ 24(3) of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz" in the version applicable as from 1 January 2016, VAG). The Federal Financial Services Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht") must be notified about the intention of appointing a Board of Management member pursuant to § 47 No. 1 VAG.

Amendments to the Statutes must be adopted by the General Meeting. § 13(4) sentence 2 of the Statutes of Allianz SE stipulates that, unless this conflicts with mandatory law, changes to the Statutes require a two-thirds majority of the votes cast, or, if at least one half of the share capital is represented, a simple majority of the votes cast.

The Statutes thereby make use of the option set out in § 51 sentence 1 of the SE Implementation Act (“SE-Ausführungsgesetz”) which is based upon Article 59(1) and (2) of the SE Regulation. A larger majority is, inter alia, required for a change in the corporate object or the relocation of the registered office to another E.U. member state (§ 51 sentence 2 of the SE Implementation Act). The Supervisory Board may alter the wording of the Statutes (§ 179(1) sentence 2 of the German Stock Corporation Act and § 10 of the Statutes).

AUTHORIZATION OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

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

It may increase the company’s share capital, on or before 6 May 2019, with the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash and/or in kind, on one or more occasions:

- Up to a total of € 550,000,000 (Authorized Capital 2014/I). In case of a capital increase against cash contribution, the Board of Management may exclude the shareholders’ subscription rights for these shares with the consent of the Supervisory Board, (i) for fractional amounts, (ii) in order to safeguard the rights pertaining to holders of convertible bonds or bonds with warrants, including mandatory convertible bonds, and (iii) in the event of a capital increase of up to 10 %, if the issue price of the new shares is not significantly less than the stock market price. The Board of Management may furthermore exclude the shareholders’ subscription rights with the consent of the Supervisory Board, in the event of a capital increase against contributions in kind.
- Up to a total of € 13,720,000 (Authorized Capital 2014/II). The shareholders’ subscription rights can be excluded in order to issue the new shares to employees of Allianz SE and its Group companies as well as for fractional amounts.

The company’s share capital is conditionally increased by up to € 250,000,000 (Conditional Capital 2010/2014). This conditional capital increase will only be carried out to the extent that conversion or option rights resulting from bonds issued by Allianz SE or its subsidiaries on the basis of the authorization of the General Meeting of 5 May 2010 or on the basis of the authorization of the General Meeting of 7 May 2014 are exercised, or that conversion obligations tied to such bonds are fulfilled.

The Board of Management may buy back and use Allianz shares for other purposes until 6 May 2019 on the basis of the authorization of the General Meeting of 7 May 2014 (§ 71 (1) No. 8 of the German Stock Corporation Act). Together with other treasury shares that are held by Allianz SE, or which are attributable to it under §§ 71a et seq. of the German Stock Corporation Act, such shares may not exceed 10% of the share capital at any time. The shares acquired pursuant to this

authorization may be used, under exclusion of the shareholders’ subscription rights, for any legally admissible purposes, and in particular those specified in the authorization. Furthermore, the acquisition of treasury shares under this authorization may also be carried out using derivatives such as put options, call options, forward purchases or a combination thereof, provided such derivatives do not relate to more than 5 % of the share capital.

Domestic or foreign banks that are majority-owned by Allianz SE may buy and sell Allianz shares for trading purposes (§ 71 (1) No. 7 and (2) of the German Stock Corporation Act) under an authorization of the General Meeting valid until 6 May 2019. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§ 71a et seq. of the German Stock Corporation Act, shall at no time exceed 10% of the share capital of Allianz SE.


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

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

- Our reinsurance contracts, in principle, include a clause under which both parties to the contract have an extraordinary termination right in the case where the other party to the contract merges or its ownership or control situation changes materially. Agreements with brokers regarding services connected with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- The exclusive bancassurance distribution agreement between Allianz and HSBC for life insurance products in Asia (China, Indonesia, Malaysia, Australia, Sri Lanka, Taiwan, Brunei, Philippines) includes a clause under which both parties have an extraordinary termination right in case there is a change of control of the other party’s ultimate holding company.
- The exclusive bancassurance distribution agreement between Allianz SE and HSBC for life insurance products in Turkey includes a clause under which both parties have an extraordinary termination right in case there is a change of control of the other party’s ultimate holding company.
- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers (FCE Bank plc, Volkswagen Financial Services AG, respectively) relating to the distribution of car insurance by the respective car manufacturers each include a clause under which each party has an extraordinary termination right in case there is a change of control of the other party.

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

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

A change of control clause in the service contracts of the members of Allianz SE's Board of Management provides that, if within twelve months after the acquisition of more than 50% of the company's share capital by one shareholder or several shareholders acting in concert (change of control) the appointment as a member of the Board of Management is revoked unilaterally by the Supervisory Board, or if the mandate is ended by mutual agreement, or if the Management Board member resigns his or her office because the responsibilities as a Board member are significantly reduced through no fault of the Board member, he or she shall receive his or her contractual remuneration for the remaining term of the service contract, but limited, for the purpose hereof, to three years, in the form of a one-off payment. The one-off payment is based on the fixed remuneration plus 50% of the variable remuneration, however, this basis being limited to the amount paid for the last fiscal year. To the extent that the remaining term of the service contract is less than three years, the one-off payment is generally increased in line with a term of three years. This applies accordingly if, within two years of a change of control, a mandate in the Board of Management is coming to an end and is not extended; the one-off payment will then be granted for the period between the end of the mandate and the end of the three-year period after the change of control. For further details, please refer to the [Remuneration Report](#) starting on  page 47.

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 at least the price offered per Allianz share in a preceding tender offer. In case of a change of control as described

above, SAR will be exercised, in line with their general conditions, by the company for the relevant plan participants on the day of the change of control without observing any vesting period. By providing for the non-application of the 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 in control.

Internal controls over financial reporting

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

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

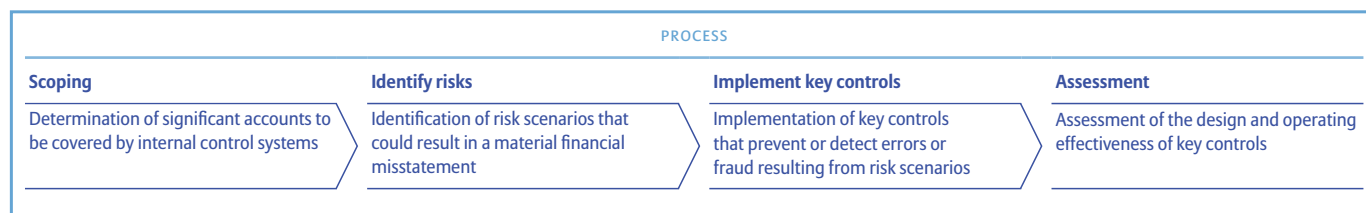
ACCOUNTING PROCESSES

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

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

INTERNAL CONTROL SYSTEM APPROACH

INTERNAL CONTROL SYSTEM APPROACH



Our approach can be summarized as follows:

- We use a top-down, risk-based approach to determine the accounts that should fall under the *scope of our internal control system over financial reporting*. The methodology is described in our ICOFR manual. During the scoping process, materiality and susceptibility to a misstatement are considered simultaneously. The final results are documented in the list of significant accounts. In addition to the quantitative ICOFR calculation, we also consider qualitative criteria.
- Then, we *identify risks* that could lead to material financial misstatements including all relevant root causes (for example human processing errors, fraud, system weaknesses and external factors). After identifying and analyzing the risks, the potential impacts and occurrence probabilities are evaluated.
- *Preventive and detective key controls* over the financial reporting process are put in place to reduce the likelihood and the impact of financial misstatements. If a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes upon information technology systems, we also include IT controls.
- Finally, we focus on ensuring that controls are appropriately designed and effectively carried out. We have set consistent documentation requirements for elements such as processes, related key controls and their execution. We conduct an annual *assessment* of our control system to maintain and continuously enhance its effectiveness. Internal Audit ensures that the overall quality of our control system is subjected to regular control-testing, to ensure reasonable design and operating effectiveness.

Risk capital controls

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

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

FINANCIAL STATEMENTS OF ALLIANZ SE



FINANCIAL STATEMENTS OF ALLIANZ SE

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Financial Statements

BALANCE SHEET

€ THOU as of 31 December	Note	2015	2015	2014
ASSETS				
A. Intangible assets	1, 2			
I. Self-produced industrial property rights and similar rights and assets		5,842		7,912
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		7,038		23,400
III. Advance payments made		5,800		11,114
			18,680	42,426
B. Investments	1, 3–5			
I. Real estate		254,389		257,836
II. Investments in affiliated enterprises and participations		73,711,243		71,169,721
III. Other investments		27,726,413		26,472,127
IV. Funds held by others under reinsurance business assumed		6,094,716		3,057,085
			107,786,761	100,956,769
C. Receivables				
I. Accounts receivable on reinsurance business		495,670		536,700
thereof from affiliated enterprises: € 295,293 THOU (2014: € 283,495 THOU)				
thereof from participations ¹ : € 5,630 THOU (2014: € 26,074 THOU)				
II. Other receivables	6	4,794,374		4,119,691
thereof from affiliated enterprises: € 4,206,194 THOU (2014: € 3,485,502 THOU)				
thereof from participations ¹ : € 584 THOU (2014: € 2,054 THOU)				
			5,290,044	4,656,391
D. Other assets				
I. Tangible fixed assets and inventories		12,438		13,825
II. Cash with banks, checks and cash on hand		350,371		82,755
III. Miscellaneous assets	7	427,924		277,207
			790,733	373,787
E. Deferred charges and prepaid expenses	8			
I. Accrued interests and rent		289,692		275,111
II. Other deferred charges and prepaid expenses		133,756		89,004
			423,448	364,115
Total assets			114,309,666	106,393,488

¹ — Companies in which we hold a participating interest.

€ THOU as of 31 December	Note	2015	2015	2015	2014
EQUITY AND LIABILITIES					
A. Shareholders' equity	10				
I. Issued capital		1,169,920			1,169,920
Less: mathematical value of own shares		5,570			7,043
			1,164,350		1,162,877
II. Additional paid-in capital			27,799,741		27,772,828
III. Revenue reserves					
1. Statutory reserves		1,229			1,229
2. Other revenue reserves		11,783,945			11,730,376
			11,785,174		11,731,605
IV. Net earnings			4,228,626		3,786,746
				44,977,891	44,454,056
B. Subordinated liabilities	11, 14			12,339,743	11,741,064
C. Insurance reserves	12				
I. Unearned premiums					
1. Gross		1,226,423			899,192
2. Less: amounts ceded		65,920			77,392
			1,160,503		821,800
II. Aggregate policy reserves					
1. Gross		1,746,057			1,690,238
2. Less: amounts ceded		32,723			33,347
			1,713,334		1,656,891
III. Reserves for loss and loss adjustment expenses					
1. Gross		9,420,326			6,691,410
2. Less: amounts ceded		970,320			968,190
			8,450,006		5,723,220
IV. Reserves for premium refunds					
1. Gross		20,916			16,221
2. Less: amounts ceded		26			9
			20,890		16,212
V. Claims equalization and similar reserves			1,787,813		1,595,093
VI. Other insurance reserves					
1. Gross		34,958			37,563
2. Less: amounts ceded		(95)			—
			35,053		37,563
				13,167,599	9,850,779
D. Other provisions	13			7,500,216	6,654,662
E. Funds held with reinsurance business ceded				63,416	61,313
F. Other liabilities					
I. Accounts payable on reinsurance business			231,551		383,003
thereof to affiliated enterprises: € 135,928 THOU (2014: € 276,336 THOU)					
thereof to participations ¹ : € 9,180 THOU (2014: € 71 THOU)					
II. Bonds	14		3,257,608		3,652,165
thereof to affiliated enterprises: € 3,257,608 THOU (2014: € 3,652,165 THOU)					
III. Liabilities to banks	14		1,344,406		168
IV. Miscellaneous liabilities	14		31,415,685		29,579,623
including taxes of: € 10,956 THOU (2014: € 51,982 THOU)					
thereof to affiliated enterprises: € 29,752,397 THOU (2014: € 27,911,737 THOU)					
thereof to participations ¹ : € 2 THOU (2014: € 175 THOU)					
				36,249,250	33,614,959
G. Deferred income				11,551	16,655
Total equity and liabilities				114,309,666	106,393,488

1 — Companies in which we hold a participating interest.

INCOME STATEMENT

€ THOU					
	Note	2015	2015	2015	2014
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	16	8,328,023			7,084,080
b) Ceded premiums written		(807,561)			(1,005,917)
			7,520,462		6,078,163
c) Change in gross unearned premiums		(325,174)			(401,058)
d) Change in ceded unearned premiums		(11,991)			8,252
			(337,165)		(392,806)
Premiums earned (net)				7,183,297	5,685,357
2. Allocated interest return (net)	17			58,631	55,272
3. Other underwriting income (net)				434	3,979
4. Loss and loss adjustment expenses (net)	18				
a) Claims paid					
aa) Gross		(2,564,120)			(3,321,021)
bb) Amounts ceded in reinsurance		305,455			359,341
			(2,258,665)		(2,961,680)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		(2,628,164)			(574,181)
bb) Amounts ceded in reinsurance		(20,274)			(277,999)
			(2,648,438)		(852,180)
Loss and loss adjustment expenses (net)				(4,907,103)	(3,813,860)
5. Change in other insurance reserves (net)	19			(38,829)	(48,026)
6. Expenses for premium refunds (net)				(4,584)	(1,243)
7. Underwriting expenses (net)	20			(2,064,964)	(1,634,624)
8. Other underwriting expenses (net)				(3,021)	(1,268)
9. Subtotal (Net underwriting result)				223,861	245,587
10. Change in claims equalization and similar reserves				(192,720)	(146,653)
11. Net technical result				31,141	98,934
II. Non-technical account					
1. Investment income	21	8,130,158			6,417,095
2. Investment expenses	22	(2,121,314)			(1,810,882)
3. Investment result			6,008,844		4,606,213
4. Allocated interest return			(59,706)		(56,495)
				5,949,138	4,549,718
5. Other income			2,507,577		1,785,257
6. Other expenses			(5,289,676)		(3,481,517)
7. Other non-technical result	23			(2,782,099)	(1,696,260)
8. Non-technical result				3,167,039	2,853,458
9. Net operating income				3,198,180	2,952,392
10. Income taxes	24	(305,987)			(334,432)
Amounts charged to other Group companies		663,974			511,520
			357,987		177,088
11. Other taxes			(2,534)		(6,414)
12. Taxes				355,453	170,674
13. Net income				3,553,633	3,123,066
14. Unappropriated earnings carried forward				674,993	663,680
15. Net earnings	25			4,228,626	3,786,746

Notes to the Financial Statements

BASIS OF PREPARATION

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

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

ACCOUNTING, VALUATION AND CALCULATION METHODS

INTANGIBLE ASSETS

Intangible assets are recorded at acquisition or construction cost less depreciation. Internally generated intangible assets are capitalized and depreciated on a straight-line basis. In case of a permanent impairment, an unscheduled write-down is recognized.

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

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

INVESTMENTS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

Shares in affiliated enterprises and participations

These are recorded at cost less impairments, in accordance with § 341b(1) of the German Commercial Code in conjunction with § 253(3) sentence 3 of the German Commercial Code.

Impairments are measured either as the difference between acquisition cost and the respective value in accordance with IDW RS HFA 10 in conjunction with IDW S1 or as the difference between acquisition cost and the lower share price as of 31 December 2015.

Where the market value at the balance sheet date was higher than the previous year's valuation, the value is written up to no more than the historical acquisition cost.

Loans in affiliated enterprises and participations

These items are normally recorded at cost less impairments in accordance with § 253(3) sentence 3 of the German Commercial Code. However, when converting foreign currency loans into Euros at the reporting date the strict lower of cost or market value principle is applied.

OTHER INVESTMENTS

Stocks, interests in funds, debt securities and other fixed and variable income securities, miscellaneous investments

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

Registered bonds, debentures and loans

These items are recorded at cost less impairments in accordance with § 253(3) sentence 3 of the German Commercial Code. In accordance with § 341c of the code, amortized cost accounting is applied and the difference between acquisition cost and the redemption amount is amortized over the remaining period based on the effective interest method.

Securities to meet liabilities resulting from retirement provision commitments

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.

REMAINING ASSETS

These consist of the following:

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

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

INSURANCE RESERVES

These consist of the following:

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

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

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

Written premiums for future periods are accrued in unearned premiums.

Aggregate policy reserves for Life/Health reinsurance are generally recorded according to the amounts in the cedent's statements.

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

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

OTHER PROVISIONS

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

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

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

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

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

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

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

VALUATION UNITS

In 2015 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. in the 2015 fiscal year

	Values stated as of 31 December 2014		Additions (+)
	€ THOU	%	€ THOU
A. Intangible assets			
1. Self-produced industrial property rights and similar rights and assets	7,912		1,732
2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	23,400		1,066
3. Advance payments made	11,114		2,373
Subtotal A.	42,426		5,171
B.I. Real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE	257,836	0.3	1,525
B.II. Investments in affiliated enterprises and participations			
1. Shares in affiliated enterprises	64,203,408	65.6	3,152,667
2. Loans to affiliated enterprises	6,459,203	6.6	12,900
3. Participations	507,110	0.5	1,025
Subtotal B.II.	71,169,721	72.7	3,166,592
B.III. Other investments			
1. Stocks, interests in funds and other variable-income securities	1,037,075	1.1	824,056
2. Debt securities and other fixed-income securities	20,646,646	21.1	26,774,271
3. Other loans			
a) Registered bonds	2,280,104	2.3	1,082,360
b) Loans and promissory notes	1,288,515	1.3	154,802
4. Bank deposits	1,219,787	1.2	–
Subtotal B.III.	26,472,127	27.0	28,835,489
Subtotal B.I. - B.III.	97,899,684	100.0	32,003,606
Total	97,942,110		32,008,777

2 – Intangible assets

Intangible assets decreased from € 42 MN to € 19 MN in 2015. This resulted almost entirely from the transfer of Solvency II software to Allianz Managed Operations & Services SE. The remaining intangible assets consist mainly of purchased software.

In 2015 the research and development costs of Allianz SE amounted to € 1.7 MN and represent in total the development costs for the internally generated software.

Transfers	Disposals (-)	Revaluation (+)	Depreciation (-)	Net additions (Net disposals)	Values stated as of 31 December 2015	
€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	€ THOU	%
–	2,859	–	943	(2,070)	5,842	
6,268	17,412	–	6,284	(16,362)	7,038	
(6,268)	1,419	–	–	(5,314)	5,800	
–	21,690	–	7,227	(23,746)	18,680	
–	–	790	5,762	(3,447)	254,389	0.2
–	263,025	–	359,945	2,529,697	66,733,105	65.6
–	–	–	1,191	11,709	6,470,912	6.4
–	909	–	–	116	507,226	0.5
–	263,934	–	361,136	2,541,522	73,711,243	72.5
–	584,738	–	5,489	233,829	1,270,904	1.2
–	23,530,343	2,230	221,748	3,024,410	23,671,056	23.3
–	1,774,075	–	–	(691,715)	1,588,389	1.6
–	1,318,929	–	–	(1,164,127)	124,388	0.1
–	148,111	–	–	(148,111)	1,071,676	1.1
–	27,356,196	2,230	227,237	1,254,286	27,726,413	27.3
–	27,620,130	3,020	594,135	3,792,361	101,692,045	100.0
–	27,641,820	3,020	601,362	3,768,615	101,710,725	

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

as of 31 December	Book value		Market value		Valuation reserve	
	2015	2014	2015	2014	2015	2014
Real estate	0.3	0.3	0.5	0.5	0.2	0.2
Equity securities	68.5	65.8	74.5	73.0	6.0	7.2
Debt securities	23.6	20.6	24.1	21.3	0.5	0.7
Loans	8.2	10.0	9.2	10.9	1.0	0.9
Bank deposits	1.1	1.2	1.1	1.2	–	–
Funds held by others under reinsurance business assumed	6.1	3.1	6.1	3.1	–	–
Total	107.8	101.0	115.5	110.0	7.7	9.0

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 2015. 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 2015 or, if there is no active market, at the prices obtained from brokers or pricing services.

Loans

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

Bank deposits and funds held by others under reinsurance business assumed

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

DETAILS IN ACCORDANCE WITH § 285 NO. 18 OF THE GERMAN COMMERCIAL CODE ON INVESTMENTS WHERE THE BOOK VALUE EXCEEDS THE MARKET VALUE

We disregarded market value declines of € 11 MN for loans with a book value of € 600 MN. Based on the expected development of market conditions, the decline in market value is not expected to be of an enduring nature. We intend to hold loans until maturity in order to ensure a repayment at par value.

4 – Investments in affiliated enterprises and participations

as of 31 December	2015	2014	Change
Shares in affiliated enterprises	66.7	64.2	2.5
Loans to affiliated enterprises	6.5	6.5	–
Participations	0.5	0.5	–
Total	73.7	71.2	2.5

The book value of shares in affiliated enterprises went up by € 2.5 BN to € 66.7 BN (2014: € 64.2 BN). This increase consists of the following:

- € 2.4 BN capital increase of our subsidiary AZ-Arges Vermögensverwaltungsgesellschaft mbH in order to fund the acquisition of intra-group debt,
- further various capital increases of Group companies amounting to overall € 0.5 BN, thereof € 0.2 BN at Allianz Finance II Luxembourg S.à.r.l. and € 0.1 BN at Allianz Holding Eins GmbH,
- impairment of € 0.4 BN attributable to our subsidiary Allianz Life Insurance Company Ltd. Korea.

5 – Interests in investment funds

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

€ THOU

	Book value	Fair value	Valuation reserve	Dividend distribution
Equity funds				
AZRE AZD P & C Master Fund	425,282	497,203	71,921	2,908
Allianz Global Equity Selection Fund	3,668	4,055	387	19
Allianz Discovery Asia Strategy Fund	3,910	4,527	617	–
Allianz Global Emerging Markets Equity Dividend Fund	2,959	2,959	–	–
Subtotal equity funds	435,819	508,744	72,925	2,927
Bond funds				
Allianz RE Asia Fund	628,370	699,523	71,153	17,110
PIMCO Covered Bond Source UCITS ETF	99,599	103,536	3,937	893
Allianz Emerging Markets Local Currency Bond Fund	3,662	3,662	–	159
Allianz Emerging Markets Flexible Bond Fund	3,922	4,004	82	226
PIMCO Select Funds US High Yield BB-B Bond	95,309	95,309	–	2,234
Allianz SE – PD Fund	10	10	–	–
Subtotal bond funds	830,872	906,044	75,172	20,622
Mixed funds				
Allianz Europe Income and Growth Fund	3,615	3,615	–	76
Total	1,270,306	1,418,403	148,097	23,625

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 rise of € 675 MN in this position mainly resulted from an increase of intra-group receivables (€ 810 MN). Compared to this, a prior year intra-group receivable from Allianz Finance II Luxembourg was cleared for a dividend refund of € 240 MN in the fiscal year.

7 – Miscellaneous assets

At the end of the fiscal year this position mainly included variation margins paid in connection with financial derivative transactions (€ 415 MN).

8 – Deferred charges and prepaid expenses

This item includes accrued interests in the amount of € 290 MN (2014: € 275 MN), which mainly result from our investments in debt securities and loans, as well as other deferred charges and prepaid expenses amounting to € 134 MN (2014: € 89 MN), which comprise upfront payments for swap contracts and the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities.

9 – Collateral

Assets amounting to € 0.8 BN (2014: € 1.3 BN), of which € 0.6 BN (2014: € 0.9 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 2015 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 2015, 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 (Aktiengesetz) do not exceed 10% of the share capital, and (iii) to the extent necessary to grant a subscription right for new shares to the holders of bonds that carry conversion or option rights or provide for mandatory conversion. 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 2015, the Authorized Capital 2014/II amounted to € 13,720.0 THOU (5,359,375 shares).

Further, as of 31 December 2015, Allianz SE had conditional capital totaling € 250,000.0 THOU (97,656,250 shares) (Conditional Capital 2010/2014). This conditional capital increase will only be carried out if conversion or option rights attached to bonds which Allianz SE or its Group companies have issued against cash payments according to the resolutions of the AGM on 5 May 2010 or 7 May 2014, are exercised or the conversion obligations under such bonds are fulfilled, and only insofar as 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 2015, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

NUMBER OF ISSUED SHARES OUTSTANDING

	2015	2014
Number of issued shares outstanding as of 1 January	454,248,039	453,736,619
Capital increase for employee share programs	–	500,000
Changes in number of treasury shares	575,599	11,420
Number of issued shares outstanding as of 31 December	454,823,638	454,248,039
Treasury shares ¹	2,176,362	2,751,961
Total number of issued shares	457,000,000	457,000,000

¹ — Thereof 2 175 776 (2014: 2 751 360) own shares held by Allianz SE.

In the year ending 31 December 2015, no new shares (2014: 500,000) were issued out of the Authorized Capital 2014/II for the purpose of covering subscriptions by employees in the context of Employee Stock Purchase Plans. In lieu thereof, the shares for covering subscriptions of the Employee Stock Purchase Plans in 2015 were taken from the stock of own shares specially earmarked for this purpose. The Authorized Capital remained unchanged during the year ending 31 December 2015.

DIVIDENDS

For the year ending 31 December 2015, the Board of Management will propose to shareholders at the AGM the distribution of a dividend of € 7.30 per qualifying share. For the year ended 31 December 2014, Allianz SE paid a dividend of € 6.85 per qualifying share.

TREASURY SHARES

As of 31 December 2015, Allianz SE held 2,175,776 (2014: 2,751,360) own shares. Of these, 1,522,732 (2014: 145,191) were held for covering future subscriptions by employees in Germany and abroad in the context of Employee Stock Purchase Plans, whereas 653,044 (2014: 2,606,169) were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In March 2015, a total of 1,953,125 own shares were rededicated to the new purpose of “covering subscriptions by employees in the context of Employee Stock Purchase Plans of Allianz SE and its subsidiaries in Germany and abroad”. Previously, these shares served as a hedge for obligations resulting from the Allianz Equity Incentive Program and had been bought on the basis of former authorizations in accordance with § 71 (1) No. 8 AktG.

In the year ending 31 December 2015, 575,584 (2014: 510,435) shares were sold in the context of the Employee Stock Purchase Plan to employees of Allianz SE and its subsidiaries in Germany and abroad. Of these, 145,191 (2014: 155,626) originated from the capital increase for the Employee Stock Purchase Plan in 2014 (2013). 430,393 shares were taken from the stock of own shares dedicated to this purpose. This is in contrast to 2014, when no own shares had been taken from the stock of own shares. Employees of the Allianz Group purchased shares at prices ranging from € 98.42 (2014: € 93.52) to € 125.84 (2014: € 111.33) per share. At 31 December 2015, no own shares were held anymore which derived from a capital increase for the purposes of Employee Stock Purchase Plans. As of 31 December 2015, the remaining own shares of Allianz SE held for covering subscriptions by employees in the context of Employee Stock Purchase Plan of Allianz SE and its subsidiaries in Germany and abroad amounted to 1,522,732 shares. In the year ending 31 December 2015, the total number of own shares of Allianz SE decreased by 575,584 (2014: decrease of 10,435) shares, which corresponds to € 1,473,495 (2014: € 26,714) or 0.126 % (2014: 0.002 %) of issued capital.

The own shares of Allianz SE and its subsidiaries represent € 5,571 THOU or 0.48 % of the share capital.

ADDITIONAL PAID-IN CAPITAL

€ THOU

as of 31 December 2014	27,772,828
Own shares: realized gains	26,913
as of 31 December 2015	27,799,741

REVENUE RESERVES

€ THOU

as of 31 December	2014	Own shares exceeding mathematical value	2015
1. Statutory reserves	1,229	—	1,229
2. Other revenue reserves ¹	11,730,376	53,569	11,783,945
Total	11,731,605	53,569	11,785,174

¹ — Thereof reserves for own shares € 5,570 THOU (2014: € 7,043 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 to the amount of € 11,412 THOU (2014: € 14,955 THOU). Thereof € 5,570 THOU (2014: € 7,043 THOU) relates to the mathematical value of own shares deducted from issued capital according to § 272 (1a) of the German Commercial Code. Furthermore, € 5,842 THOU (2014: € 7,912 THOU) account for internally generated intangible assets according to § 268 (8) of the German Commercial Code.

11 — Subordinated liabilities

Subordinated liabilities increased to € 12.3 BN in 2015 (2014: € 11.7 BN).¹ € 7.5 BN (2014: € 5.8 BN) were external subordinated liabilities resulting from bonds issued by Allianz SE directly. In 2015, Allianz SE placed a new subordinated bond with a volume of € 1.5 BN. A further book value increase of € 0.2 BN was driven by the foreign currency revaluation of our subordinated liabilities denominated in USD and CHF.

In addition, intra-group subordinated liabilities amounting to € 4.9 BN (2014: € 5.9 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. In 2015 Allianz Finance II B.V. redeemed a subordinated bond with a volume of € 1.0 BN. Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V.

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

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
Fire and property reinsurance	429	–	1,952	–	418	8	2,807
Motor	130	–	1,633	–	222	7	1,992
Liability	192	–	2,776	–	348	4	3,320
Life	50	1,676	97	–	–	6	1,829
Marine and aviation	34	–	596	–	39	1	670
Credit and bond	–	–	407	21	397	2	827
Personal accident	34	35	420	–	1	2	492
Legal expenses	44	–	221	–	18	2	285
Health	6	2	24	–	–	–	32
Other lines	242	–	324	–	345	3	914
Total	1,161	1,713	8,450	21	1,788	35	13,168

The development of the insurance reserves was mainly influenced by the new quota share with AGCS Munich.

AGGREGATE POLICY RESERVES

Aggregate policy reserves increased by € 56 MN to € 1,713 MN due to new business volume from new capital management transactions in Life/Health reinsurance.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves for loss and loss adjustment expenses increased by € 2,727 MN to € 8,450 MN, mainly driven by the growth of the portfolio.

CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2015, claims equalization and similar reserves rose by € 193 MN to € 1,788 MN, mainly driven by the positive result and the significant premium growth. These increases resulted mainly from liability reinsurance (€ 120 MN) and other reinsurance lines (€ 119 MN). The overall upturn was partially offset by a release in fire reinsurance (€ 44 MN) driven by above-average claims.

13 – Other provisions

DEVELOPMENT OF OTHER PROVISIONS IN THE FISCAL YEAR

€ THOU						
	Provision	Use	Release ¹	Additions ¹	Reversal of Discounting	Provision
	1 January	(-) 2015	(-) 2015	(+) 2015	(+) 2015	31 December
Provisions for pensions and similar liabilities	5,080,670	253,823	–	688,989	791,027	6,306,863
Tax provisions	475,566	243,804	71	179,237	–	410,928
Miscellaneous						
1. Anticipated losses	587,761	433,104	4,845	105,357	166,364	421,533
2. Remaining provisions	510,665	374,567	29,742	251,087	3,449	360,892
Total	6,654,662	1,305,298	34,658	1,224,670	960,840	7,500,216

¹ – Including currency translation effects.

The total of other provisions grew by € 845 MN. This increase resulted mainly from a net allocation to the pension liability of € 1,226 MN¹ as well as from a decrease in the miscellaneous provisions of € 316 MN.

¹ – Alongside the reversal of discounting the net allocation of the pension liability mainly arose from the addition of the provision for the agents pension fund to the full present value.

Provisions for anticipated losses decreased by € 166 MN. The contained provision for obligations to our subsidiary Fireman's Fund Insurance Company amounting to € 258 MN was totally used, while the provision for derivatives increased by € 139 MN. The remaining provisions declined by € 150 MN. Tax provisions dropped by € 65 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 for future years Allianz SE, besides covering the interest cost, will also carry the interest rate risk. As a compensation for bearing the interest rate risk, the German subsidiaries paid a lump sum amounting to € 406 MN. Thereof € 321 MN are included for old pension promises given to employees and € 85 MN for the agents pension fund ("Vertreterversorgungswerk" – vvw). In addition to that, Allianz SE completely assumed the obligations resulting from the vvw from Allianz Beratungs- und Vertriebs-AG as of 1 January 2015. Furthermore, part of the tied agents with a vvw entitlement in 2015 accepted the offer to waive their pension annuity in exchange for a lump-sum payment at retirement age. The factors for this conversion were fixed at the time of the offer and will not be changed in the future.

The following table shows a breakdown of pension liabilities:

SETTLEMENT AMOUNT OF THE OFFSET LIABILITIES

€ THOU as of 31 December	2015	2014
Old pension promises of the German subsidiaries	1,885,919	5,112,067
Pension promises of Allianz SE		
Vertreterversorgungswerk	4,427,543	–
old pension promises given to employees	201,115	183,209
contribution based pension plans	162,443	144,160
deferred compensation	74,879	66,596
Total	6,751,899	5,506,032

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 exists no employment relationship between the tied agents and Allianz SE and as Allianz Beratungs- und Vertriebs-AG does no longer reimburse any costs, the pension obligation resulting from the vvw equals the full present value.

ACTUARIAL PARAMETERS

% as of 31 December	2015	2014
Applied discount rate ¹	3.89	4.50
Rate of assumed pension trend	1.70	1.70
Rate of assumed salary increase (incl. average career trend)	3.25	3.25

¹ – The discount rate was derived based on the up to 31 December 2015 effective German regulation on the discounting of provisions ("Rückstellungsabzinsungsverordnung") as 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

€ THOU as of 31 December	2015	2014
Historical costs of the offset assets	443,067	424,149
Settlement amount of the offset liabilities	6,751,899	5,506,032
(-) Fair value of the offset assets	445,036	425,362
Provisions for pensions and similar liabilities	6,306,863	5,080,670

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.

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

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

INFORMATION ON THE OFFSET ASSETS AND LIABILITIES

€ THOU as of 31 December	2015	2014
Historical costs of the offset assets	14,168	8,327
Settlement amount of the offset liabilities	15,115	9,452
Fair value of the offset assets	14,311	8,620

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 2015

€ THOU

	Total	Term up to 1 year	Term 1 – 3 years	Term 3 – 5 years	Term 5 – 10 years	Term > 10 years
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	4,868,645	168,645	–	–	–	4,700,000
Subordinated bonds issued by Allianz SE	7,471,098	90,730	–	–	–	7,380,368
Subtotal	12,339,743	259,375	–	–	–	12,080,368
Bonds (intra-group – F.II.)	3,257,608	841,608	1,870,000	150,000	137,000	259,000
Liabilities to banks (F.III.)	1,344,406	1,344,406	–	–	–	–
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	4,831,235	438,665	500,000	1,375,000	1,500,000	1,017,570
Other intra-group liabilities ¹	24,921,162	22,668,032	588,130	665,000	1,000,000	–
Subtotal intra-group miscellaneous liabilities	29,752,397	23,106,697	1,088,130	2,040,000	2,500,000	1,017,570
Liabilities to third parties	1,663,288	1,663,288	–	–	–	–
Subtotal miscellaneous liabilities	31,415,685	24,769,985	1,088,130	2,040,000	2,500,000	1,017,570
Total	48,357,442	27,215,374	2,958,130	2,190,000	2,637,000	13,356,938

¹ — As of 31 December 2015, other intra-group liabilities due within one year amounted to € 22.7 BN. Thereof, cash pool 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.

MATURITY TABLE AS OF 31 DECEMBER 2014

€ THOU

	Total	Term up to 1 year	Term 1 – 3 years	Term 3 – 5 years	Term 5 – 10 years	Term > 10 years
Subordinated liabilities (B.)						
Intra-group transmission of proceeds from third-party financing	5,934,559	1,234,559	–	–	–	4,700,000
Subordinated bonds issued by Allianz SE	5,806,505	64,240	–	–	–	5,742,265
Subtotal	11,741,064	1,298,799	–	–	–	10,442,265
Bonds (intra-group – F.II.)	3,652,165	852,165	266,000	1,800,000	475,000	259,000
Liabilities to banks (F.III.)	168	168	–	–	–	–
Miscellaneous liabilities (F.IV.)						
Intra-group transmission of proceeds from third-party financing	4,759,576	290,743	127,400	1,875,000	1,500,000	966,433
Other intra-group liabilities ¹	23,152,161	21,748,463	200,582	438,116	665,000	100,000
Subtotal intra-group miscellaneous liabilities	27,911,737	22,039,206	327,982	2,313,116	2,165,000	1,066,433
Liabilities to third parties	1,667,886	1,667,886	–	–	–	–
Subtotal miscellaneous liabilities	29,579,623	23,707,092	327,982	2,313,116	2,165,000	1,066,433
Total	44,973,020	25,858,224	593,982	4,113,116	2,640,000	11,767,698

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

As of 31 December 2015, € 0.5 BN (2014: € 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 2015

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long call	8,155	759	877	Share index	Assets D.III.
Short call	8,155	(759)	877	Share index	Liabilities F.IV.
Short call	22,370	(20,804)	20,804	Allianz SE share	Liabilities F.IV.
Long put	198,371	395	4,483	Share index	Assets D.III.
Short put	198,371	(395)	4,483	Share index	Liabilities F.IV.

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 2015

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long forward	481,388	55,781	–	Allianz SE share	–
Long forward	638,595	(78,937)	–	CPIC share	–
Long future	191,852	–	–	Allianz SE share	–
Short forward	638,595	78,937	–	CPIC share	–
Hedge RSU	303,405	(496,701)	496,701	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 CPIC shares, our subsidiary Allianz Finance II Luxembourg S.à.r.l. entered into short forwards on CPIC 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 the balance sheet.

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

FORWARD CURRENCY CONTRACTS AS OF 31 DECEMBER 2015

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Long forward	7,985,749	(42,676)	62,329	AED, AUD, BRL, CAD, CHF, CNY, CZK, DKK, GBP, HKD, HUF, INR, JPY, MYR, NOK, NZD, PLN, QAR, SAR, SEK, TRY, USD	Liabilities D.
Short forward	9,491,656	(127,768)	198,720	AED, AUD, CAD, CHF, CNY, CZK, DKK, GBP, HKD, INR, JPY, KRW, MYR, NOK, QAR, SAR, SGD, 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 € 2.2 BN and a fair value of € 30.5 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 2015

Class	Nominal € THOU	Fair value € THOU	Book value € THOU	Underlying	Balance sheet position
Receiver swap EUR	1,500,000	(48,102)	48,102	Long-term interest rate positions	Liabilities D.
Receiver swap GBP	312,055	56,853	56,853	Long-term interest rate positions	Assets E.II.
Receiver swap KRW	58,882	958	—	Long-term interest rate positions	—

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	2015	2014
Property-Casualty reinsurance	7,769,191	6,583,698
Life/Health reinsurance	558,832	500,382
Total	8,328,023	7,084,080

Gross premiums written increased by 17.6% to € 8,328 MN. The new quota share with AGCS Munich was the main driver behind this.

17 – Allocated interest return (net)

The amount of interest income transferred under this heading from the non-technical section to the technical section was calculated in accordance with § 38 RechVersV and increased by € 3 MN to € 59 MN.

18 – Run-off result

In 2015, the positive run-off result in Property-Casualty amounted to € 324 MN (2014: € 90 MN) and was mainly influenced by the development of liability reinsurance (€ 112 MN), engineering reinsurance (€ 77 MN), credit and bond reinsurance (€ 55 MN), and marine and aviation reinsurance (€ 38 MN).

19 – Change in other insurance reserves (net)

€ THOU	2015	2014
Change in aggregate policy reserves (net)	(41,473)	(49,450)
Other insurance reserves (net)	2,644	1,424
Total	(38,829)	(48,026)

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

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

20 – Underwriting expenses (net)

€ THOU	2015	2014
Gross	(2,296,970)	(2,038,176)
Ceded	232,006	403,552
Net	(2,064,964)	(1,634,624)

The rise in underwriting expenses (net) was mainly due to the new quota share agreement with AGCS Munich. In addition, lower internal and external retrocessions led to an decrease of commissions received.

21 – Investment income

€ THOU	2015	2014
a) Income from affiliated enterprises and participations thereof from affiliated enterprises: € 3,794,403 THOU (2014: € 3,120,834 THOU)	3,820,340	3,132,083
b) Income from other investments thereof from affiliated enterprises: € 445,516 THOU (2014: € 393,843 THOU)		
ba) Income from real estate, real estate rights and buildings including buildings on land not owned by Allianz SE	27,474	27,105
bb) Income from other investments (see below)	917,092	868,553
c) Income from reversal of impairments	3,020	141,112
d) Realized gains	360,899	157,569
e) Income from profit transfer agreements	3,001,333	2,090,673
Total	8,130,158	6,417,095

	2015	2014
bb) Income from other investments		
Loans to affiliated enterprises	413,731	358,813
Debt securities	368,402	373,591
Funds held by others under reinsurance business assumed	87,145	85,577
Interests in funds	24,622	17,333
Loans to third parties	12,708	20,441
Receivables from intra-group cash pooling	5,183	6,541
Bank deposits	4,643	6,165
Other	658	92
Total	917,092	868,553

22 – Investment expenses

€ THOU	2015	2014
a) Expenses for the management of investments, interest and other investment-related expenses		
aa) Interest expenses (see below)	(1,045,224)	(1,134,294)
ab) Other	(76,699)	(81,775)
b) Depreciation and impairments of investments	(594,135)	(229,620)
c) Realized losses	(183,763)	(90,612)
d) Expenses from losses taken over	(221,493)	(274,581)
Total	(2,121,314)	(1,810,882)
	2015	2014
aa) Interest expenses		
Subordinated bonds issued by Allianz SE	(299,544)	(229,967)
Liabilities from intra-group loans	(298,906)	(313,255)
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(269,591)	(336,777)
Liabilities from intra-group bonds	(126,320)	(185,717)
Liabilities from intra-group cash pooling	(40,653)	(59,417)
Liabilities from commercial paper issues	(5,573)	(3,302)
Liabilities to banks	–	(27)
Other	(4,637)	(5,832)
Total	(1,045,224)	(1,134,294)

The depreciation and impairments of investments include unscheduled write-downs of € 360 MN (2014: € 165 MN) on holdings in affiliated enterprises and € 1 MN (2014: € 1 MN) on real estate.

23 – Other non-technical result

€ THOU	2015	2014
Other income		
Gains on derivatives	1,157,962	608,444
Currency gains	730,466	154,222
Income due to adjustment of cost allocation contract	406,050	–
Other service revenues to group companies	106,487	90,604
Intercompany income	38,005	38,738
Income from the release of other provisions	33,572	126,509
Service revenues from pensions charged to group companies	29,551	766,339
Other	5,484	401
Total other income	2,507,577	1,785,257
Other expenses		
Currency losses	(1,306,285)	(818,587)
Expenses on derivatives	(1,267,327)	(513,507)
Interest and similar expense	(969,557)	(535,493)
Expenses due to adjustment of cost allocation contract	(634,166)	–
Other human-related expenses	(295,946)	(270,115)
Anticipated losses on derivatives	(283,612)	(170,244)
Pension expenses	(119,959)	(39,967)
Other service expenses to group companies	(106,487)	(90,604)
Service expenses from pensions charged to group companies	(29,551)	(766,339)
Expenses for financial guarantees	–	(48,321)
Other	(276,786)	(228,340)
Total other expenses	(5,289,676)	(3,481,517)
Other non-technical Result	(2,782,099)	(1,696,260)

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 resulting in corresponding service revenues.

The significant decline of € 737 MN in service revenues and expenses charged to group companies is due to the fact that the whole outstanding conversion expense resulting from the application of the German Accounting Law Modernization Act (BilMoG) amounting to € 692 MN had been recognized in the previous year, as well as due to a change of the cost allocation contract in the fiscal year. The renegotiated cost allocation contract also led to an income of € 406 MN. This was offset by an expense of € 634 MN, which resulted from the increase in the pension obligation for the agents pension fund (“vvw”) to the full present value.

The increase in interest expenses of € 434 MN was predominantly caused by a higher addition of the pension provision of € 288 MN due to a lower discount rate.

The significant increase in pension expenses is basically due to the fact that after Allianz SE had taken over the obligations resulting from vvw, 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	2015	
	Pensions and similar obligations	Other obligations
Actual return of the offset assets	15,445	172
Imputed interest cost for the settlement amount of the offset liabilities	(266,828)	(263)
Effect resulting from the change in the discount rate for the settlement amount	(539,644)	(21)
Net amount of the offset income and expenses	(791,027)	(112)

FEES TO THE AUDITOR

€ THOU	2015	2014
Audit	(3,564)	(3,426)
Other certification and valuation services	(3,933)	(3,552)
Tax advice services	(75)	(1,111)
Other services	(377)	(65)
Total	(7,949)	(8,154)

24 – Income taxes

In 2015 the tax income, which mostly relates to the net operating income, increased to € 358 MN (2014: € 177 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 € 664 MN (2014: € 512 MN) received from members of the tax group result presumably in a tax income.

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

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

In addition, the existing corporate tax loss increases the surplus of deferred tax assets.

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

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

25 – Net earnings

€ THOU	2015	2014
Net income	3,553,633	3,123,066
Unappropriated earnings carried forward	674,993	663,680
Net earnings	4,228,626	3,786,746

OTHER INFORMATION

Contingent liabilities and legal proceedings

CONTINGENT LIABILITIES

Guarantees relating to Allianz Group companies

The guarantees described below are provided by Allianz SE to Allianz Group companies as well as to third parties in respect of the liabilities of certain Allianz Group companies:

- Bonds issued by Allianz Finance II B.V. and Allianz Finance III B.V. for € 11.9 BN, of which € 4.7 BN were on a subordinated basis.
- Commercial Papers issued by Allianz Finance Corporation. As of 31 December 2015, USD 0.2 BN of commercial papers were issued as part of the program.
- Letters of Credit issued to various Allianz Group companies amounting to € 0.6 BN.

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 € 1.4 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 € 389 MN for a part of the German pension promises and plan assets for phased-in early retirement obligations of its German subsidiaries.

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

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

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

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

Allianz SE has also provided several subsidiaries and associates with either a standard indemnity guarantee or such guarantees as required by the supervisory authorities, which cannot be quantified. These include, in particular, a deed of general release as against the Federal Association of German Banks ("Bundesverband deutscher Banken e.V.") for Oldenburgische Landesbank AG and Münsterländische Bank Thie & Co. KG, in accordance with § 5 (10) of the Statute of Deposit Security Arrangement Fund.

In addition, Allianz SE issued guarantees to various Allianz Group companies totaling € 515 MN.

Other guarantees to third parties

A contingent indemnity agreement was entered into with respect to securities issued by HT1 Funding GmbH in case HT1 Funding GmbH cannot serve the agreed coupon of the bond in part or in total. Allianz SE expects not to be obliged to make a payment in the foreseeable future, however, it is not possible for Allianz SE to predict the ultimate potential payment obligations at this point in time.

As of 31 December 2015, other guarantee commitments given by Allianz SE amounted to € 23 MN. As of today and to the best of our knowledge, we assess the probability of a loss resulting from other guarantees to be extremely remote.

Legal obligations

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

- Allianz Argos 14 GmbH,
- Allianz Asset Management AG,
- Allianz Capital Partners GmbH,
- Allianz Deutschland AG,
- Allianz Finanzbeteiligungs GmbH,
- Allianz Global Corporate & Specialty SE,
- Allianz Investment Management SE,
- Allianz Managed Operations & Services SE,
- Allianz Real Estate GmbH,
- AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- IDS GmbH-Analysis and Reporting Services.

Advertising agreements led to financial liabilities of € 89 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 reserves.

On 24 May 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz as the principal shareholder, in return for payment of a cash settlement amounting to € 51.50 per share. Allianz established the amount of the cash settlement on the basis of an expert opinion and its adequacy was confirmed by a court-appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure ("Spruchverfahren"). In September 2013 the district court ("Landgericht") of Frankfurt dismissed the minority shareholders' claims in their entirety. This decision has been appealed to the higher regional court ("Oberlandesgericht") of Frankfurt. In the event that a final decision were to determine a higher amount as an appropriate cash settlement, this would affect all of the approximately 16 MN shares that were transferred to Allianz.

Board Members

All supervisory board members, current or having resigned during the year, and all board members, current or having resigned during the year, are denoted on [pages 12 to 14](#). Their memberships in supervisory boards or similar committees of other enterprises are mentioned on [pages 95 and 96](#). These pages are part of the Notes to the Financial Statements.

Board of Management remuneration¹

As of 31 December 2015, 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 2015 the equity-related remuneration was comprised of 84,088² (2014: 77,158³) Restricted Stock Units (RSU).

BOARD OF MANAGEMENT REMUNERATION

€ THOU	2015	2014
Base salary	(8,004)	(8,405)
Annual bonus	(9,725)	(10,175)
Perquisites	(341)	(353)
Base salary, annual bonus and perquisites total	(18,070)	(18,933)
Fair value of RSU at grant date	(9,725)	(10,248)
Equity-related remuneration	(9,725)	(10,248)
Total	(27,795)	(29,181)

Total remuneration of the Board of Management of Allianz SE for 2015 (including the MTB 2013–2015 payout) amounted to € 56,970 THOU (2014, excluding the relevant MTB 2013–2015 tranche: € 29,181 THOU).

EQUITY-RELATED REMUNERATION

The remuneration system as of 1 January 2010 only awards RSU. For 2015 the fair value of the RSU at the date of grant was € 9,725 THOU (2014: € 10,248 THOU).

1 — For detailed information regarding the Board of Management Remuneration, please refer to the Remuneration Report starting on page 47.

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 2014 was based on a best estimate of the RSU grants. The figure shown here for 2014 now includes the actual fair value as of the grant date (12 March 2015). The value therefore differs from the value disclosed last year. The value is significantly lower since Gary Bhojwani and Clem Booth are not disclosed in the 2015 report.

BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2015, remuneration and other benefits of € 7 MN (2014: € 5 MN) were paid to retired members of the Board of Management and surviving dependents.

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

€ THOU as of 31 December	2015	2014
Historical costs of the offset assets	87,493	69,480
Fair value of the offset assets	87,493	69,480
Settlement amount of the offset liabilities	97,975	78,575
Pension provisions	10,482	9,095

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

Supervisory Board remuneration¹

	2015		2014	
	€ THOU	%	€ THOU	%
Fixed remuneration	(1,400)	69.3	(1,408)	69.2
Committee-related remuneration	(560)	27.7	(563)	27.7
Attendance fees	(61)	3.0	(64)	3.1
Total	(2,021)	100.0	(2,035)	100.0

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 undergoing basic military training/community service.

	2015	2014
Full-time staff	1,359	1,427
Part-time staff	224	189
Total	1,583	1,616

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 undergoing basic military training/community service.

€ THOU	2015	2014
1. Wages and salaries	(326,549)	(307,859)
2. Statutory welfare contributions and expenses for optional support payments	(20,816)	(21,544)
3. Expenses for pensions and other post-retirement benefits	(21,889)	(16,573)
Total expenses	(369,254)	(345,976)

¹ — For detailed information regarding the Supervisory Board Remuneration please refer to the Remuneration of the Supervisory Board starting on page 58.

Mandates of the Members of the Supervisory Board

DR. HELMUT PERLET

Chairman

Former Member of the Board of Management of Allianz SE

Membership in other statutory supervisory boards and SE administrative boards in Germany

Commerzbank AG

GEA Group AG

DR. WULF H. BERNOTAT

Vice Chairman

Former Chairman of the Board of Management of E.ON AG

Membership in other statutory supervisory boards and SE administrative boards in Germany

Bertelsmann Management SE

Bertelsmann SE & Co. KGaA

Vonovia SE (Chairman), formerly named

Deutsche Annington Immobilien SE

Deutsche Telekom AG

METRO AG

until 4 September 2015

ROLF ZIMMERMANN

Vice Chairman

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

DANTE BARBAN

Employee of Allianz S.p.A.

CHRISTINE BOSSE

Former Chief Executive Officer of Tryg A/S

Membership in comparable¹ supervisory bodies

Aker ASA

until 9 April 2015

P/F BankNordik (Chairwoman)

since 25 March 2015

TDC A/S

GABRIELE BURKHARDT-BERG

Chairwoman of the Group Works Council of Allianz SE

JEAN-JACQUES CETTE

Chairman of the Group Works Council

of Allianz France S.A.

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz France S.A.

IRA GLOE-SEMLER

Regional Representative Financial Services

of ver.di Hamburg

FRANZ HEISS

until 31 July 2015

Employee of Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER

Head of "Institut für Demoskopie Allensbach"

(Allensbach Institute)

Membership in other statutory supervisory boards and SE administrative boards in Germany

BMW AG

Infineon Technologies AG

Nestlé Deutschland AG

Robert Bosch GmbH

JÜRGEN LAWRENZ

since 1 August 2015

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

Chairman of World Economic Forum USA

Membership in other statutory supervisory boards

and SE administrative boards in Germany

SAP SE

Siemens AG

Membership in comparable¹ supervisory bodies

Bang & Olufsen A/S (Vice Chairman)

Danske Bank A/S

PETER DENIS SUTHERLAND

Former Chairman of the Board of Directors

of Goldman Sachs International

Membership in comparable¹ supervisory bodies

BW Group Ltd.

Goldman Sachs International (Chairman)

until 30 June 2015

Koç Holding A.Ş.

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

Mandates of the Members of the Board of Management

OLIVER BÄTE

Chairman of the Board of Management

since 7 May 2015

Global Property-Casualty

until 6 May 2015

Membership in other statutory supervisory boards

and SE administrative boards in Germany

Membership in Group bodies

Allianz Deutschland AG

since 17 March 2015

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz France S.A. (Vice Chairman since 7 May 2015)

Allianz S.p.A. (Vice Chairman until 6 February 2015)

MICHAEL DIEKMANN

until 6 May 2015

Chairman of the Board of Management

Membership in other statutory supervisory boards

and SE administrative boards in Germany

BASF SE (Vice Chairman)

Linde AG (Vice Chairman)

Siemens AG

Membership in Group bodies

Allianz Asset Management AG (Chairman)

until 23 February 2015

Allianz Deutschland AG

until 16 March 2015

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz France S.A. (Vice Chairman)

Allianz S.p.A.

SERGIO BALBINOT

Insurance Western & Southern Europe

Insurance Middle East, Africa, India

since 1 September 2015

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz France S.A.

Allianz S.p.A. (Vice Chairman since 7 February 2015)

Allianz Sigorta A.S. (Vice Chairman)

Allianz Yasam ve Emeklilik A.S.

MANUEL BAUER

until 31 August 2015

Insurance Growth Markets

Membership in comparable¹ supervisory bodies

Bajaj Allianz General Insurance Co. Ltd.

Bajaj Allianz Life Insurance Co. Ltd.

Membership in Group bodies

Allianz Hungária Biztosító Zrt. (Chairman)

Allianz Tiriac Asigurari S.A. (Chairman)

DR. HELGA JUNG

Insurance Iberia & Latin America, Legal & Compliance,

Mergers & Acquisitions

Membership in other statutory supervisory boards

and SE administrative boards in Germany

Membership in Group bodies

Allianz Asset Management AG (Chairwoman)

since 23 February 2015

Allianz Global Corporate & Specialty SE (Vice Chairwoman)

Membership in comparable¹ supervisory bodies

Unicredit S.p.A.

Membership in Group bodies

Allianz Compañía de Seguros y Reaseguros S.A.

Companhia de Seguros Allianz Portugal S.A.

DR. CHRISTOF MASCHER

Operations, 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 and Services SE (Chairman)

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz Worldwide Partners SAS

(Chairman until 1 December 2015)

JAY RALPH

Asset Management, US Life Insurance

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz Life Insurance Company of North America

(Chairman)

DR. AXEL THEIS

Global Insurance Lines & Anglo Markets

Global Property-Casualty

since 7 May 2015

Membership in other statutory supervisory boards

and SE administrative boards in Germany

ProCurand GmbH & KGaA (Chairman)

Membership in Group bodies

Allianz Global Corporate & Specialty SE (Chairman)

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz Australia Ltd.

since 1 September 2015

Allianz Insurance plc (Chairman)

Allianz Irish Life Holdings plc

since 20 March 2015

Euler Hermes S.A.

since 1 June 2015

DR. DIETER WEMMER

Finance, Controlling, Risk

Membership in other statutory supervisory boards

and SE administrative boards in Germany

Membership in Group bodies

Allianz Asset Management AG

Allianz Investment Management SE

DR. WERNER ZEDELIUS

Insurance German Speaking Countries

Insurance Central & Eastern Europe

since 1 September 2015

Membership in other statutory supervisory boards

and SE administrative boards in Germany

FC Bayern München AG (Vice Chairman)

since 18 May 2015

Membership in Group bodies

Allianz Deutschland AG (Chairman)

Allianz Investment Management SE

Membership in comparable¹ supervisory bodies

Membership in Group bodies

Allianz Elementar Lebensversicherungs-AG (Chairman)

Allianz Elementar Versicherungs-AG (Chairman)

Allianz Investmentbank AG (Vice Chairman)

Allianz Suisse Lebensversicherungs-Gesellschaft AG

(Vice Chairman)

Allianz Suisse Versicherungs-Gesellschaft AG

(Vice Chairman)

DR. MAXIMILIAN ZIMMERER

Investments, Global Life/Health

Insurance Asia Pacific

since 1 September 2015

Membership in other statutory supervisory boards

and SE administrative boards in Germany

Membership in Group bodies

Allianz Asset Management AG

Allianz Investment Management SE (Chairman)

Allianz Lebensversicherungs-AG (Vice Chairman)

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

Notifications pursuant to § 21 (1) WpHG

The company has received the following notifications pursuant to § 21 (1) WpHG:

Company Name	Location	+ = exceeds – = falls below	Thres- hold %	Date	Proportion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
BlackRock, Inc. ¹	Wilmington, DE, USA		5	26 November 2015	6.28	28,703,339	28,703,339 voting rights ²
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	+	3	27 August 2015	3.02	13,804,458	9,156,677 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,228,026 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	+	3	27 August 2015	3.02	13,804,458	9,156,677 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,228,026 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	–	3	30 July 2015	2.99	13,647,910	8,940,956 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,340,963 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	–	3	30 July 2015	2.99	13,647,910	8,940,956 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,340,963 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	+	3	15 July 2015	3.0001	13,710,406	8,997,058 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,376,673 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	+	3	15 July 2015	3.0001	13,710,406	8,997,058 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,376,673 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	–	3	13 July 2015	2.99	13,667,522	8,976,546 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,356,355 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	–	3	13 July 2015	2.99	13,667,522	8,976,546 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,356,355 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	+	3	10 July 2015	3.001	13,714,858	9,026,049 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,354,303 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	+	3	10 July 2015	3.001	13,714,858	9,026,049 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,354,303 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock, Inc.	Wilmington, DE, USA	+	5	11 May 2015	5.49	25,070,153	12,243,632 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 14,124,041 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 2, Inc.	Wilmington, DE, USA	+	5	11 May 2015	5.39	24,609,930	12,243,632 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 13,663,818 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Financial Management, Inc.	Wilmington, DE, USA	+	5	11 May 2015	5.39	24,609,930	12,243,632 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 124,594 voting rights pursuant to § 22 (1) sentence 1 No. 6 WpHG 13,544,238 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG

Company Name	Location	+ = exceeds - = falls below	Thres- hold %	Date	Proportion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
BlackRock Holdco 4, LLC.	Wilmington, DE, USA	+	3	11 May 2015	3.06	13,981,635	4,322,489 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,659,146 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 6, LLC.	Wilmington, DE, USA	+	3	11 May 2015	3.06	13,981,635	4,322,489 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,659,146 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Delaware Holdings, Inc.	Wilmington, DE, USA	+	3	11 May 2015	3.06	13,981,635	4,322,489 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,659,146 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock, Inc.	Wilmington, DE, USA	-	5	5 May 2015	4.81	22,001,344	10,950,731 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,830 voting rights pursuant to § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 11,940,629 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 2, Inc.	Wilmington, DE, USA	-	5	5 May 2015	4.71	21,539,805	10,950,731 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,830 voting rights pursuant to § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 11,479,090 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Financial Management, Inc.	Wilmington, DE, USA	-	5	5 May 2015	4.71	21,539,805	10,950,731 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,830 voting rights pursuant to § 22 (1) sentence 1 No. 2 in connection with sentence 2 WpHG 124 816 voting rights pursuant to § 22 (1) sentence 1 No. 6 WpHG 11 359 181 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Delaware Holdings, Inc.	Wilmington, DE, USA	-	3	30 April 2015	2.88	13,148,472	3,407,563 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,740,909 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 4, LLC.	Wilmington, DE, USA	-	3	30 April 2015	2.88	13,148,472	3,407,563 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,740,909 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 6, LLC.	Wilmington, DE, USA	-	3	30 April 2015	2.88	13,148,472	3,407,563 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,740,909 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock International Holdings, Inc.	Wilmington, DE, USA	-	3	17 April 2015	2.99	13,651,583	8,972,537 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,353,264 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	-	3	17 April 2015	2.99	13,651,583	8,972,537 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,353,264 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Delaware Holdings, Inc.	Wilmington, DE, USA	+	3	7 April 2015	3.03	13,837,358	4,285,274 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,552,084 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 4, LLC.	Wilmington, DE, USA	+	3	7 April 2015	3.03	13,837,358	4,285,274 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,552,084 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG

Company Name	Location	+ = exceeds - = falls below	Thres- hold %	Date	Proportion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
BlackRock Holdco 6, LLC.	Wilmington, DE, USA	+	3	7 April 2015	3.03	13,837,358	4,285,274 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,552,084 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Delaware Holdings, Inc.	Wilmington, DE, USA	-	3	1 April 2015	2.997	13,695,015	4,307,191 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,387,824 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 4, LLC.	Wilmington, DE, USA	-	3	1 April 2015	2.997	13,695,015	4,307,191 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,387,824 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 6, LLC.	Wilmington, DE, USA	-	3	1 April 2015	2.997	13,695,015	4,307,191 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,387,824 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Delaware Holdings, Inc.	Wilmington, DE, USA	+	3	31 March 2015	3.003	13,723,714	4,335,666 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,388,048 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 4, LLC.	Wilmington, DE, USA	+	3	31 March 2015	3.003	13,723,714	4,335,666 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,388,048 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Holdco 6, LLC.	Wilmington, DE, USA	+	3	31 March 2015	3.003	13,723,714	4,335,666 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 9,388,048 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	-	3	23 February 2015	2.95	13,466,303	9,220,226 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 5,884,817 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	+	3	4 February 2015	3.01	13,765,976	9,129,235 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,426,847 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	-	3	30 January 2015	2.99	13,666,716	9,041,503 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,415,862 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	+	3	28 January 2015	3.004	13,727,552	9,110,871 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG 6,458,634 voting rights pursuant to § 22 (1) sentence 1 No. 6 in connection with sentence 2 WpHG
UBS AG	Zurich, Switzerland	-	3	14 May 2015	2.66	12,142,584	3,135,767 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG
UBS Group AG	Zurich, Switzerland	-	3	14 May 2015	2.66	12,142,584	§ 22 (1) sentence 1 No. 1. WpHG
UBS AG	Zurich, Switzerland	+	3	11 May 2015	3.04	13,907,323	3,039,360 voting rights pursuant to § 22 (1) sentence 1 No. 1. WpHG
UBS Group AG	Zurich, Switzerland	+	3	11 May 2015	3.04	13,907,323	§ 22 (1) sentence 1 No. 1. WpHG
Harris Associates L.P.	Chicago, USA	-	3	29 October 2015	2.99	13,660,097	§ 22 (1) sentence 1 No. 6 WpHG
Harris Associates L.P.	Chicago, USA	+	3	12 May 2015	3.05	13,937,437	§ 22 (1) sentence 1 No. 6 WpHG

1 — Statements of holdings pursuant to § 41 (4f) WpHG.

2 — The new German law implementing the revised E.U. Transparency Directive does not require anymore

the breakdown of the attribution pursuant to § 22 WpHG in the notifications of major shareholders. It is only required to state if the units are attributed or held directly.

Declaration of Conformity with the German Corporate Governance Code

On 10 December 2015, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Conformity with the German Corporate Governance Code required by § 161 AktG and made it permanently available on the company's website at www.allianz.com/corporate-governance.

Munich, 16 February 2016

Allianz SE
The Board of Management

Oliver Zito Sergio Ballinot

H. Jürg Woscher

J. Rely Axel Theis

Peter Wimmer Zorn

M. Zimmerer

LIST OF PARTICIPATIONS OF ALLIANZ SE, MUNICH AS OF 31 DECEMBER 2015 ACCORDING TO § 285 NO. 11 HGB IN CONJUNCTION WITH § 286 (3) NO. 1 HGB

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
GERMAN ENTITIES			
Affiliates			
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0	9,225	65
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,781	14
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0	13,842	8,882
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0	30,890	29,774
ADEUS Aktienregister-Service-GmbH, Munich	79.6	7,790	157
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8	414,041	10,612
Allianz Asset Management AG, Munich	100.0 ²	3,461,258	–
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	409,280	(61)
Allianz Beratungs- und Vertriebs-AG, Munich	100.0 ²	9,484	(1,778)
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	325,704	2,239
Allianz Deutschland AG, Munich	100.0 ²	8,533,087	–
Allianz Finanzbeteiligungs GmbH, Munich	100.0 ²	863,178	–
Allianz Global Corporate & Specialty SE, Munich	100.0 ^{3,2}	1,144,236	–
Allianz Global Investors GmbH, Frankfurt am Main	100.0 ²	396,475	–
Allianz Handwerker Services GmbH, Aschheim	100.0 ³	31,687	6,194
Allianz Investment Management SE, Munich	100.0 ²	5,882	–
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0	101,486	(132)
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0 ²	192,364	–
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0 ²	1,697,235	–
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0 ²	40,321	–
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0 ^{3,2}	14,335	–
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0 ²	1,598,344	79,000
Allianz Managed Operations & Services SE, Munich	100.0 ^{3,2}	189,608	–
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	81,663	1
Allianz Pension Direkt Infrastruktur GmbH, Munich	100.0	5,015	(20)
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	52,184	1,405
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	244,482	2,788
Allianz Private Equity GmbH, Munich	100.0 ²	128,375	–
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0 ²	387,731	–
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0 ³	27,340	(13)
Allianz Taunusanlage GbR, Stuttgart	99.5	181,320	5,792
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0 ²	1,526,474	(39,496)
AllSecur Deutschland AG, Munich	100.0 ²	44,831	–
APKV Direkt Infrastruktur GmbH, Munich	100.0	14,641	(31)
APKV Private Equity Fonds GmbH, Munich	100.0 ²	236,026	–
AUG. PRIEN Immobilien PE Verwaltung BrahmsQuartier GmbH, Stuttgart	94.9	6,508	113
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	2,464,583	–
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	129,876	1,172
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	133,706	27,753
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	228,543	48,966
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	35,607	(23)
AZ-Argos 61 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	39,661	9
AZ-Argos 64 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	23,633	2,273
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	162,778	31,002
Joint ventures			
Dealis Fund Operations GmbH, Frankfurt am Main	50.0	18,933	145
Associates			
AV Packaging GmbH, Munich	51.0	13,944	(4,845)
Other participations between 5 and 20% of voting rights			
EXTREMUS Versicherungs-Aktiengesellschaft, Cologne	16.0	–	–
FC Bayern München AG, Munich	8.3	–	–
MLP AG, Wiesloch	8.8	–	–
Protector Lebensversicherungs-AG, Berlin	10.0	–	–
Sana Kliniken AG, Ismaning	14.3	–	–

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
FOREIGN ENTITIES			
Affiliates			
114 Venture LP, Wilmington, DE	99.0	166,962	(33)
490 Fulton IV LP, New York, NY	96.5 ³	131,012	(155)
490 Lower Unit LP, New York, NY	100.0	129,728	4,492
A.V.I.P. Assurance Vie de Prévoyance SA, Courbevoie	100.0 ³	105,038	7,020
ACMAR SA, Casablanca	55.0 ³	6,717	1,608
Aero-Fonte S.r.l., Catania	100.0 ³	12,568	4,346
AGA Alarmcentrale NL B.V., Amsterdam	100.0 ³	11,342	606
AGA Assistance (India) Private Limited, Gurgaon	100.0 ³	8,550	1,827
AGA Assistance Australia Pty Ltd., Toowong	100.0 ³	23,609	9,642
AGA Assistance Beijing Services Co. Ltd., Beijing	100.0 ³	13,013	7,750
AGA Assistance Japan Co. Ltd., Tokyo	80.1 ³	6,891	4,379
AGA Inc., Richmond, VA	100.0 ³	46,644	(1,571)
AGA Service Company Corp., Richmond, VA	100.0 ³	61,728	3,074
AGCS Marine Insurance Company, Chicago, IL	100.0	260,596	72,236
AGCS Resseguros Brasil S.A., Rio de Janeiro	100.0	60,133	(9,476)
AGF Benelux S.A., Luxembourg	100.0	350	4,324
AGF Holdings (UK) Limited, Guildford	100.0	85,594	4,213
AGF Insurance Limited, Guildford	100.0	136,351	(12,678)
AGF Inversiones S.A., Buenos Aires	100.0	19,174	11,397
AGR Services Pte Ltd., Singapore	100.0	39,242	(64)
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0 ³	28,310	2,633
Allianz (UK) Limited, Guildford	100.0	529,175	265
Allianz Africa S.A., Paris	100.0 ³	27,955	3,652
Allianz Alapkezelő Zrt., Budapest	100.0	6,827	3,443
Allianz Annuity Company of Missouri, Clayton, MO	100.0 ³	418,388	114,374
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0	55,415	11,148
Allianz Argentina RE S.A., Buenos Aires	100.0 ³	16,160	4,586
Allianz Asset Management of America L.P., Dover, DE	100.0	833,644	1,128,203
Allianz Asset Management of America LLC, Dover, DE	100.0	5,684,761	1,371,374
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	225,787	52,976
Allianz Australia Insurance Limited, Sydney	100.0 ³	1,373,092	258,571
Allianz Australia Life Insurance Limited, Sydney	100.0 ³	49,231	8,764
Allianz Australia Limited, Sydney	100.0 ³	1,074,311	148,784
Allianz Ayudhya Assurance Public Company Limited, Bangkok	62.6 ³	332,363	48,235
Allianz Bank Bulgaria AD, Sofia	99.9 ³	102,608	11,361
Allianz Bank Financial Advisors S.p.A., Milan	100.0 ³	212,313	3,832
Allianz Banque S.A., Courbevoie	100.0 ³	117,834	4,806
Allianz Benelux S.A., Brussels	100.0	841,159	519
Allianz Bulgaria Holding AD, Sofia	66.2	53,375	17,240
Allianz Cameroun Assurances SA, Douala	75.4 ³	13,524	2,336
Allianz Carbon Investments B.V., Amsterdam	100.0	18,091	(4,603)
Allianz Chicago Private Reit LP, Wilmington, DE	100.0 ³	171,281	–
Allianz China General Insurance Company Ltd., Guangzhou	100.0 ³	29,881	(19,766)
Allianz China Life Insurance Co. Ltd., Shanghai	51.0 ³	28,635	1,253
Allianz Colombia S.A., Bogotá D.C.	100.0	108,265	(3,082)
Allianz Compañía de Seguros y Reaseguros S.A., Barcelona	99.9 ³	996,406	203,455
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0	32,917	4,585
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1 ³	7,684	2,908
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0 ³	7,249	1,846
Allianz Digital Corporate Ventures Luxembourg S.à r.l., Luxembourg	100.0	5,387	(53)
Allianz do Brasil Participações Ltda., São Paulo	100.0 ³	271,288	(111,657)
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0	175,292	(3,696)
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	420,509	76,243
Allianz Engineering Inspection Services Limited, Guildford	100.0	6,363	(716)
Allianz Equity Investments Ltd., Guildford	100.0	161,899	3,616
Allianz Europe B.V., Amsterdam	100.0	44,268,040	3,996,629
Allianz Europe Ltd., Amsterdam	100.0	8,065,361	432,027
Allianz Finance II B.V., Amsterdam	100.0	15,556	2,846
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0	3,673,532	27,128

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0	783,534	(8,153)
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0	240,448	(52)
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0	17,577	2,437
Allianz Foglalkoztatói Nyugdíjszolgáltató Zrt., Budapest	74.0	6,454	72
Allianz France Investissement OPCI, Paris	100.0 ³	129,887	5,372
Allianz France Real Estate Invest SPICAV, Paris	100.0 ³	1,415,953	26,342
Allianz France Richelieu 1 S.A.S., Paris	100.0 ³	270,128	914
Allianz France S.A., Paris	100.0 ³	6,610,890	1,190,797
Allianz Fund Investments Inc., Wilmington, DE	100.0 ³	257,533	3,212
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0 ³	318,722	56,731
Allianz General Laos Ltd., Vientiane	51.0 ³	8,676	2,872
Allianz Global Assistance International SA, Paris	100.0 ³	331,468	18,530
Allianz Global Assistance New Zealand Limited, Auckland	100.0 ³	5,691	897
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0 ³	60,887	(9,555)
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0	7,407	258
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0	7,568	258
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0	33,980	9,782
Allianz Global Investors Distributors LLC, Dover, DE	100.0	31,509	(1,651)
Allianz Global Investors Ireland Ltd., Dublin	100.0	2,657	2,625
Allianz Global Investors Korea Limited, Seoul	100.0	27	2
Allianz Global Investors Singapore Ltd., Singapore	100.0	12,720	6,978
Allianz Global Investors Taiwan Ltd., Taipei	100.0	28,051	11,301
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0	93,340	91,102
Allianz Global Investors U.S. LLC, Dover, DE	100.0	55,703	123,526
Allianz Global Life Ltd., Dublin	100.0 ³	71,570	7,444
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0 ³	816,925	26,558
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0 ³	30,623	(2,317)
Allianz Hellas Insurance Company S.A., Athens	100.0	137,548	11,600
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0	349,943	5,604
Allianz Holding eins GmbH, Vienna	100.0	2,355,705	337,772
Allianz Holding France SAS, Paris	100.0 ³	8,077,461	558,222
Allianz Holdings plc, Guildford	100.0	1,203,665	26,821
Allianz Hungária Biztosító Zrt., Budapest	100.0	109,727	–
Allianz IARD S.A., Paris	100.0 ³	1,971,643	220,115
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0 ³	202,016	(12,012)
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0	8,654	44,794
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0	8,615	44,830
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0	1,048,522	13
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0	218,895	(13)
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0	1,447,387	41,335
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0	61,002	175
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0	54,433	(7)
Allianz Infrastructure Spain Holdco II S.à r.l., Luxembourg	100.0	80,139	699
Allianz Insurance Company Lanka Limited, Saram	100.0 ³	5,742	178
Allianz Insurance Company-Egypt S.A.E., Cairo	95.0 ³	19,431	2,505
Allianz Insurance plc, Guildford	100.0	1,323,880	79,077
Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0 ³	7,399	1,850
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	34,993	7,481
Allianz Irish Life Holdings p.l.c., Dublin	66.5 ³	61,516	55,060
Allianz Leasing Bulgaria AD, Sofia	51.0	5,471	891
Allianz Life & Annuity Company, Minneapolis, MN	100.0 ³	13,337	1,093
Allianz Life (Bermuda) Ltd., Hamilton	100.0 ³	7,507	1,261
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0 ³	54,311	14,927
Allianz Life Financial Services LLC, Minneapolis, MN	100.0 ³	31,286	568
Allianz Life Insurance Company Ltd., Moscow	100.0 ³	1,238	(8,721)
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0 ³	275,376	10,477
Allianz Life Insurance Company of New York, New York, NY	100.0 ³	133,389	(961)
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0	5,399,430	464,806
Allianz Life Insurance Japan Ltd., Tokyo	100.0	8,961	2,177

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0 ³	153,255	15,030
Allianz Life Luxembourg S.A., Luxembourg	100.0	67,498	5,727
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0 ³	231,602	4,750
Allianz Marine (UK) Ltd., Ipswich	100.0	12,101	60
Allianz Mena Holding Bermuda Ltd., Beirut	99.9 ³	21,906	(218)
Allianz México S.A. Compañía de Seguros, Mexico City	100.0	90,174	6,100
Allianz Nederland Asset Management B.V., Rotterdam	100.0 ³	31,999	4,897
Allianz Nederland Groep N.V., Rotterdam	100.0 ³	326,703	202,420
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0 ³	298,010	43,617
Allianz New Europe Holding GmbH, Vienna	100.0	906,665	169,071
Allianz New Zealand Limited, Auckland	100.0 ³	28,992	4,583
Allianz of America Inc., Wilmington, DE	100.0	10,203,675	2,641,272
Allianz p.l.c., Dublin	100.0 ³	321,798	56,436
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	10,850	507
Allianz penzijní společnost a.s., Prague	100.0 ³	27,366	995
Allianz pojistovna a.s., Prague	100.0 ³	169,341	37,593
Allianz Polska Services Sp. z o.o., Warsaw	100.0 ³	9,800	(1,509)
Allianz Popular Asset Management SGIC S.A., Madrid	100.0	29,620	23,969
Allianz Popular Pensiones EGFP S.A., Madrid	100.0	50,188	20,206
Allianz Popular S.L., Madrid	60.0	1,018,396	83,592
Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0	171,486	50,177
Allianz Private Equity UK Holdings Limited, London	100.0	20,608	24
Allianz Properties Limited, Guildford	100.0 ³	225,358	10,928
Allianz Re Dublin Limited, Dublin	100.0 ³	366,729	122,009
Allianz Real Estate France SAS, Paris	100.0 ³	10,964	5,154
Allianz Renewable Energy Partners I LP, London	100.0	226,643	4,419
Allianz Renewable Energy Partners II Limited, London	100.0	94,731	7,365
Allianz Renewable Energy Partners III LP, London	98.6	181,905	1,046
Allianz Renewable Energy Partners IV Limited, London	98.6	426,606	11,399
Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0	94,866	(922)
Allianz Renewable Energy Partners V plc., London	100.0	618,674	15,033
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0	46,337	4,207
Allianz Risk Transfer AG, Zurich	100.0 ³	643,417	61,224
Allianz Risk Transfer Inc., New York, NY	100.0	67,664	2,241
Allianz Risk Transfer N.V., Amsterdam	100.0	31,876	244
Allianz S.p.A., Trieste	100.0 ³	3,674,563	634,825
Allianz Saúde S.A., São Paulo	100.0 ³	49,902	(54,200)
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0	55,415	8,349
Allianz Seguros S.A., São Paulo	100.0 ³	269,066	(113,033)
Allianz Seguros S.A., Bogotá D.C.	100.0	50,538	(2,022)
Allianz Services (UK) Limited, London	100.0	6,603	(202)
Allianz Sigorta A.S., Istanbul	96.2 ³	472,373	100,487
Allianz SNA s.a.l., Beirut	100.0 ³	51,519	5,638
Allianz Société Financière S.à r.l., Luxembourg	100.0	1,401,280	21,944
Allianz South America Holding B.V., Amsterdam	100.0	411,921	6,861
Allianz Specialised Investments Limited, London	100.0	7,869	(14)
Allianz Subalpina Holding S.p.A., Turin	98.1 ³	239,283	47,578
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0 ³	886,526	71,424
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0 ³	636,156	248,834
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7 ³	149,955	(7,092)
Allianz Triac Asigurari SA, Bucharest	52.2	167,992	18,273
Allianz Triac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0	13,526	5,381
Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0 ³	63,393	–
Allianz US Investment LP, Wilmington, DE	100.0	635,390	(2,387)
Allianz US Private REIT LP, Wilmington, DE	100.0	632,700	2,346
Allianz Vie S.A., Paris	100.0 ³	2,784,160	253,101
Allianz Vorsorgekasse AG, Vienna	100.0	20,321	4,915
Allianz Worldwide Care S.A., Paris	100.0 ³	268,844	7,552
Allianz Worldwide Partners S.A.S., Paris	100.0 ³	403,982	15,281
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0 ³	101,438	33,202
Allianz Zagreb d.d., Zagreb	83.2 ³	106,832	11,415
Allianz ZB d.o.o. Company for the Management of Obligatory Pension Funds, Zagreb	51.0	21,812	10,084

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Allianz-Slovenská DSS a.s., Bratislava	100.0 ³	59,853	6,198
Amaya Compañía de Seguros y Reaseguros S.A., Madrid	100.0	38,950	187
American Automobile Insurance Company Corp., Earth City, MO	100.0 ³	135,794	3,284
American Financial Marketing Inc., Minneapolis, MN	100.0 ³	30,574	3,810
AMOS Austria GmbH, Vienna	100.0	18,099	(1,005)
AMOS European Services SAS, Paris	100.0 ³	24,212	162
AMOS IberoLatAm S.L., Barcelona	100.0	80,952	–
AMOS International B.V., Amsterdam	100.0	35,522	(28)
AMOS IT Suisse AG, Wallisellen	100.0 ³	8,550	2,607
AMOS Italy S.p.c.A., Milan	100.0 ³	15,841	43
AMOS of America Inc., Wilmington, DE	100.0	42,711	(12,165)
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0 ³	12,818	3,794
Antoniana Veneta Popolare Vita S.p.A., Trieste	100.0 ³	36,203	3,552
APKV US Private REIT LP, New York, NY	100.0	122,144	(797)
Arab Gulf Health Services LLC, Dubai	100.0 ³	7,518	1,777
Arcalis SA, Courbevoie	100.0 ³	110,728	5,383
Arges Investments I N.V., Amsterdam	100.0 ³	54,700	1,625
Arges Investments II N.V., Amsterdam	100.0 ³	48,557	554
Asit Services S.R.L., Bucharest	100.0	30,490	1,995
Assistance Courtaige d'Assurance et de Réassurance S.A., Paris	100.0 ³	11,793	5,475
Associated Indemnity Corporation, Novato, CA	100.0 ³	69,608	1,522
AZ Euro Investments II S.à r.l., Luxembourg	100.0	270,036	6,208
AZ Euro Investments S.à r.l., Luxembourg	100.0	3,218,819	21,614
AZ Jupiter 10 B.V., Amsterdam	100.0	104,991	(5,061)
AZ Jupiter 4 B.V., Amsterdam	100.0	24,899	132
AZ Jupiter 8 B.V., Amsterdam	100.0	2,643,749	75
AZ Jupiter 9 B.V., Amsterdam	100.0	79,318	(14,542)
AZ Vers US Private REIT LP, New York, NY	100.0	40,874	(276)
AZGA Service Canada Inc., Kitchener, ON	55.0 ³	11,708	995
AZL PF Investments Inc., Minneapolis, MN	100.0 ³	506,154	–
AZOA Services Corporation, New York, NY	100.0	8,914	(10)
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0 ³	82,132	1,859
Beykoz Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş., Ankara	100.0	174,684	3,023
Botanic Building SPRL, Brussels	100.0	46,048	3,221
Brasil de Imóveis e Participações Ltda., São Paulo	100.0 ³	5,588	204
British Reserve Insurance Co. Ltd., Guildford	100.0	11,035	3,653
Calobra Investments Sp. z o.o., Warsaw	100.0	153,373	(17,744)
Calypro S.A., Paris	100.0 ³	19,227	(16,694)
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0 ³	18,292	5,339
Caroline Berlin S.C.S., Luxembourg	93.2	207,658	(9,086)
CEPE de Mont Gimont S.à r.l., Versailles	100.0 ³	6,174	338
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0 ³	35,996	72
Chicago Insurance Company Corp., Chicago, IL	100.0 ³	44,816	648
CIC Allianz Insurance Ltd., Sydney	100.0 ³	37,952	3,922
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8 ³	267,348	20,041
Corn Investment Ltd., London	100.0	17,001	(4,536)
CPRN Thailand Ltd., Bangkok	100.0 ³	8,414	(98)
CreditRas Assicurazioni S.p.A., Milan	50.0 ³	30,502	4,716
CreditRas Vita S.p.A., Milan	50.0 ³	450,980	38,839
Darta Saving Life Assurance Ltd., Dublin	100.0 ³	160,468	42,545
Deeside Investments Inc., Wilmington, DE	50.1	81,853	8,276
Diamond Point a.s., Prague	100.0 ³	12,068	181
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0 ³	547,491	8,330
EF Solutions LLC, Wilmington, DE	100.0	8,909	611
Energie Eolienne Lusanger S.à r.l., Versailles	100.0 ³	4,010	(94)
Eolica Erchie S.r.l., Lecce	100.0 ³	4,900	(705)
Euler Hermes Collections Sp. z o.o., Warsaw	100.0 ³	8,004	(1,357)
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0 ³	150,409	730
Euler Hermes Group SA, Paris la Défense	69.5 ³	1,303,698	195,456
Euler Hermes Hellas Credit Insurance SA, Athens	100.0 ³	12,093	1,222
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0 ³	98,310	(19)
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0 ³	166,261	22,433

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Euler Hermes North America Insurance Company Inc., Baltimore, MD	100.0 ³	151,181	26,861
Euler Hermes Patrimonia SA, Brussels	100.0 ³	167,444	6,267
Euler Hermes Ré SA, Luxembourg	100.0 ³	61,055	—
Euler Hermes Real Estate SPPICAV, Paris	60.0 ³	149,724	(1,881)
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0 ³	61,261	8,179
Euler Hermes Reinsurance AG, Wallisellen	100.0 ³	727,710	126,194
Euler Hermes S.A., Brussels	100.0 ³	1,204,809	86,085
Euler Hermes Seguros de Crédito S.A., São Paulo	100.0 ³	8,638	(1,823)
Euler Hermes Service AB, Stockholm	100.0 ³	20,563	11,142
Euler Hermes Services AG, Wallisellen	100.0 ³	5,322	3,321
Euler Hermes Services B.V., 's-Hertogenbosch	100.0 ³	6,657	2,117
Euler Hermes Services Sp. z o.o., Warsaw	100.0 ³	8,380	1,598
Euler Hermes Serviços Ltda., São Paulo	100.0 ³	9,712	(1,705)
Euler Hermes South Express S.A., Brussels	100.0 ³	38,030	1,110
Euler Hermes World Agency SASU, Paris la Défense	100.0 ³	6,779	113
Eurl 20/22 Le Peletier, Paris la Défense	100.0 ³	51,813	(1,850)
Eurosol Invest S.r.l., Udine	100.0 ³	9,046	410
Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0	41,620	3,710
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0 ³	12,321	264
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0 ³	7,466	92
Fireman's Fund Insurance Company of Ohio Corp., Cincinnati, OH	100.0 ³	40,483	739
Fragonard Assurance S.A., Paris	100.0 ³	99,327	24,222
Fusion Company Inc., Richmond, VA	100.0	6,058	(1,329)
GamePlan Financial Marketing LLC, Woodstock, GA	100.0 ³	54,369	9,150
Generation Vie S.A., Courbevoie	52.5 ³	69,698	1,269
Genialloyd S.p.A., Milan	100.0 ³	190,940	49,214
Havelaar & van Stolk B.V., Rotterdam	100.0 ³	7,632	567
Home & Legacy Insurance Services Limited, London	100.0	22,135	2,923
Immovalor Gestion S.A., Paris	100.0 ³	6,926	2,968
Insurance CJSC "Medexpress", Saint Petersburg	100.0 ³	10,584	325
Interstate Fire & Casualty Company, Chicago, IL	100.0 ³	129,271	2,782
Investitori SGR S.p.A., Milan	100.0 ³	18,517	4,225
Jefferson Insurance Company Corp., New York, NY	100.0 ³	144,387	6,692
Kiinteistö OY Eteläesplanadi 2, Helsinki	100.0	33,736	(393)
La Rurale SA, Paris	99.9 ³	7,665	1,081
Lloyd Adriatico Holding S.p.A., Trieste	99.9 ³	760,410	111,272
Martin Maurel Vie SA, Courbevoie	100.0 ³	15,067	344
Mondial Assistance Australia Holding Pty Ltd., Toowong	100.0 ³	20,965	—
Mondial Assistance France SAS, Paris	95.0 ³	33,880	14,074
Mondial Assistance United Kingdom Ltd., Croydon Surrey	100.0 ³	9,434	4,587
Mondial Serviços Ltda., São Bernardo do Campo	100.0 ³	19,916	3,718
National Surety Corporation, Chicago, IL	100.0 ³	106,614	2,366
NEXtCARE Holding WLL, Manama	75.0 ³	14,572	2,757
NFI Investment Group LLC, Dover, DE	100.0	8,452	41,177
OJSC "My Clinic", Moscow	100.0 ³	13,617	(83)
OJSC Insurance Company Allianz, Moscow	100.0 ³	81,866	(45,374)
OJSC Insurance Company ROSNO-MS, Moscow	100.0 ³	15,741	3,330
OOO "IC Euler Hermes Ru", Moscow	100.0 ³	5,467	856
Oppenheimer Group Inc., Dover, DE	100.0	56,201	1,066
Orione PV S.r.l., Milan	100.0 ³	8,403	218
Orsa Maggiore PV S.r.l., Milan	100.0 ³	18,058	1,602
Pacific Investment Management Company LLC, Dover, DE	95.6	453,713	1,421,926
Personalized Brokerage Service LLC, Topeka, KS	100.0 ³	6,596	2,129
Pet Plan Ltd., Guildford	100.0	124,844	(71)
PPF Holdings Inc., Dover, DE	100.0	231,983	5,315
PGA Global Services LLC, Dover, DE	100.0	9,962	1,214
PIMCO Asia Ltd., Hong Kong	100.0	18,437	(897)
PIMCO Asia Pte Ltd., Singapore	100.0	13,065	2,430
PIMCO Australia Pty Ltd., Sydney	100.0	22,560	15,797
PIMCO Canada Corp., Toronto, ON	100.0	14,323	6,618
PIMCO Europe Ltd., London	100.0	188,563	86,268
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	19,226	5,711

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
PIMCO Global Advisors LLC, Dover, DE	100.0	333,545	138,467
PIMCO Global Holdings LLC, Dover, DE	100.0	22,957	7,695
PIMCO Investments LLC, Dover, DE	100.0	101,558	36,121
PIMCO Japan Ltd., Road Town	100.0	33,706	32,269
POD Allianz Bulgaria AD, Sofia	65.9	14,183	8,151
Primacy Underwriting Management Pty Ltd., Melbourne	100.0 ³	7,192	(52)
Protexia France S.A., Paris	100.0 ³	30,614	7,812
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8 ³	249,757	54,316
PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	97.8 ³	132,081	1,963
PTE Allianz Polska S.A., Warsaw	100.0 ³	70,135	7,572
Q207 S.C.S., Luxembourg	94.0	91,375	2,881
Questar Capital Corporation, Minneapolis, MN	100.0 ³	12,265	(4,782)
Real Faubourg Haussmann SAS, Paris la Défense	100.0	72,147	56,466
Real FR Haussmann SAS, Paris la Défense	100.0	63,028	3,507
Redoma S.à r.l., Luxembourg	100.0	29,530	(17)
Roster Financial LLC, Mount Laurel, NJ	100.0 ³	25,385	951
SA Carène Assurance, Paris	100.0 ³	13,099	429
San Francisco Reinsurance Company Corp., Petaluma, CA	100.0	542,021	(11,206)
SAS 20 pompidou, Paris la Défense	100.0 ³	119,034	4,532
SAS Allianz Forum Seine, Paris la Défense	100.0 ³	248,515	10,056
SAS Allianz Logistique, Paris la Défense	100.0 ³	43,005	5
SAS Allianz Platine, Paris la Défense	100.0 ³	233,655	4,855
SAS Allianz Rivoli, Paris la Défense	100.0 ³	105,362	3,140
SAS Allianz Serbie, Paris la Défense	100.0 ³	259,906	4,624
SAS Madeleine Opéra, Paris la Défense	100.0 ³	647,025	29,241
SAS Passage des princes, Paris la Défense	100.0 ³	118,535	3,425
SC Tour Michelet, Paris la Défense	100.0 ³	66,447	2,058
SCI 46 Desmoulins, Paris la Défense	100.0 ³	120,928	4,128
SCI Allianz ARC de Seine, Paris la Défense	100.0 ³	224,700	2,599
SCI Allianz Chateaudun, Paris la Défense	100.0 ³	120,349	1,648
SCI Allianz Invest Pierre, Paris	100.0 ³	129,728	2,081
SCI Allianz Messine, Paris la Défense	100.0 ³	242,220	6,211
SCI AVIP SCPI Selection, Courbevoie	100.0 ³	38,357	4,358
SCI ESQ, Paris la Défense	75.0 ³	105,195	2,343
SCI Via Pierre 1, Paris la Défense	100.0 ³	247,094	5,273
SCI Volnay, Paris la Défense	100.0 ³	173,032	2,196
SI 173-175 Boulevard Haussmann SAS, Paris la Défense	100.0	41,499	7,643
Siac Services S.r.l., Rome	100.0 ³	8,524	8,024
Silex Gas Norway AS, Oslo	100.0 ³	83,365	2,472
Sirius S.A., Luxembourg	94.8	312,900	5,785
Società Agricola San Felice S.p.A., Milan	100.0 ³	30,711	332
Société Foncière Européenne B.V., Amsterdam	100.0	1,205,821	2,760
Société Nationale Foncière S.A.L., Beirut	66.0 ³	11,771	201
Sofiholding S.A., Brussels	100.0	14,347	291
South City Office Broodthaers SA, Brussels	100.0	51,723	2,092
SpaceCo S.A., Paris	100.0	7,364	1,883
StocksPLUS Management Inc., Dover, DE	100.0	4,876	(114)
TFI Allianz Polska S.A., Warsaw	100.0 ³	5,198	1,433
The American Insurance Company Corp., Cincinnati, OH	100.0 ³	239,412	7,470
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0 ³	19,776	1,436
Three Pillars Business Solutions Limited, Guildford	100.0	6,061	(52)
Top Immo A GmbH & Co. KG, Vienna	100.0	5,776	557
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0	8,770	980
Top Versicherungsservice GmbH, Vienna	100.0 ³	17,801	1,181
Towarzystwo Ubezpieczeń Euler Hermes S.A., Warsaw	100.0 ³	88,404	2,727
Trafalgar Insurance Public Limited Company, Guildford	100.0	52,601	2,258
TU Allianz Polska S.A., Warsaw	100.0 ³	190,262	36,003
TU Allianz Zycie Polska S.A., Warsaw	100.0 ³	91,534	10,178
VertBois S.à r.l., Luxembourg	100.0 ³	20,402	315
Vordere Zollamtstraße 13 GmbH, Vienna	100.0	19,208	1,488
WFC Investments Sp. z o.o., Warsaw	87.5	178,494	6,764
YAO Investment S.à r.l., Luxembourg	100.0 ³	27,297	3,329
Yorktown Financial Companies Inc., Minneapolis, MN	100.0 ³	124,950	—
ZAD Allianz Bulgaria, Sofia	87.4	28,895	5,343
ZAD Allianz Bulgaria Zhivot, Sofia	99.0	18,467	4,496
ZAD Energia, Sofia	51.0	27,132	8,940

	OWNED ¹	EQUITY	NET INCOME (LOSS)
	%	€ THOU	€ THOU
Joint ventures			
A&A Centri Commerciali S.r.l., Milan	50.0 ³	152,610	5,155
Allee-Center Kft., Budapest	50.0 ³	106,680	8,055
Allianz C.P. General Insurance Co. Ltd., Bangkok	50.0	24,048	189
AML-Allianz Investment LP, Wilmington, DE	75.0	176,643	618
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 ³	242,054	209
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 ³	214,199	322
Companhia de Seguro de Créditos S.A., Lisbon	50.0 ³	48,190	7,887
Euromarkt Center d.o.o., Ljubljana	50.0 ³	105,501	4,874
Fiumaranuova S.r.l., Genoa	50.1 ³	167,419	8,579
Guotai Jun'an Allianz Fund Management Co. Ltd., Shanghai	49.0	74,997	26,606
International Shopping Centre Investment S.A., Luxembourg	50.0 ³	57,340	(442)
Israel Credit Insurance Company Ltd., Tel Aviv	50.0 ³	38,105	7,686
NRF (Finland) AB, Västerås	50.0 ³	69,617	4,361
SES Shopping Center AT1 GmbH, Salzburg	50.0 ³	158,227	5,131
Solunion Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0 ³	115,052	3,482
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0 ³	13,655	(1,692)
Associates			
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	32.5 ³	41,574	3,575
Archstone Multifamily Partners AC JV LP, Englewood, CO	40.0 ³	86,634	(2,268)
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6 ³	246,675	(4,325)
Areim Fastigheter 2 AB, Stockholm	23.3 ³	56,326	3,880
Bajaj Allianz General Insurance Company Ltd., Pune	26.0	363,715	72,443
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0	1,007,557	116,644
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0	8,610	1,521
Chicago Parking Meters LLC, Wilmington, DE	49.9 ³	236,692	37,062
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9	127,499	(4,432)
Douglas Emmett Partnership X LP, Santa Monica, CA	28.6 ³	72,780	842
Four Oaks Place LP, Wilmington, DE	49.0 ³	453,795	13,127
Helios Silesia Holding B.V., Amsterdam	45.0 ³	103,477	4,311
Henderson UK Outlet Mall Partnership LP, Edinburgh	19.5	172,126	3,063
Medgulf Allianz Takaful B.S.C., Seef	25.0 ³	12,328	13
OeKB EH Beteiligungs- und Management AG, Vienna	49.0 ³	121,491	11,687
Professional Agencies Reinsurance Limited, Hamilton	22.0 ³	24,909	3,474
Residenze CYL S.p.A., Milan	33.3 ³	119,185	(338)
SAS Alta Gramont, Paris	49.0 ³	291,789	2,225
SCI Bercy Village, Paris	49.0 ³	47,334	7,036
SK Versicherung AG, Vienna	25.8 ³	12,755	1,069
SNC Alta CRP Gennevilliers, Paris	49.0 ³	34,772	1,956
SNC Alta CRP La Valette, Paris	49.0 ³	22,495	(280)
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0 ³	14,002	2,115
Solveig Gas Holdco AS, Oslo	30.0 ³	274,349	9,810
Other participations between 5 and 20% of voting rights			
Al Nisr Al Arabi, Amman	18.0		
Banco BPI S.A., Porto	8.4		
Sri Ayudhya Capital Public Company Limited, Bangkok	16.8		
Wildlife Works Carbon LLC, San Francisco, CA	10.0		
Zagrebacka banka d.d., Zagreb	11.7		

¹ — Percentage includes equity participations held by dependent entities in full, even if the Allianz Group's share in the dependent entity is below 100%.

² — Profit and loss transfer agreement.

³ — As per annual financial statement 2014.

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, 16 February 2016

Allianz SE
The Board of Management

Oliver Zito Sergio Ballinot

H. Jürg Woscher

J. Rely Axel Theis

Peter Wimmer Zorn

M. Zimmer

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 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, 29 February 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft



Becker
Wirtschaftsprüfer
(Independent Auditor)



Dr. Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

