Building on Our Proud Heritage

Allianz Group

Annual Report 2015

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Allianz at a glance

ANNUAL RESULTS

		2015	Change from previous year	2014	2013	2012	2011	2010	2009	More details on page
Income statement										
Total revenues[1]	€ MN	125,190	2.4%	122,253	110,773	106,383	103,560	106,451	97,385	70
Operating profit[2]	€ MN	10,735	3.2%	10,402	10,066	9,337	7,764	8,243	7,044	70
Net income from continuing operations[3]	€ MN	6,987	5.8%	6,603	6,343	5,558	2,853	5,209	4,650	–
Net income (loss) from discontinued operations, net of income taxes[3]	€ MN	–	–	–	–	–	–	–	(395)	–
Net income	€ MN	6,987	5.8%	6,603	6,343	5,558	2,853	5,209	4,255	71
thereof: Attributable to shareholders	€ MN	6,616	6.3%	6,221	5,996	5,231	2,591	5,053	4,207	71
Balance sheet as of 31 December										
Total assets	€ MN	848,942	5.4%	805,787	711,079	694,411	641,322	624,945	583,717	99
Investments	€ MN	509,493	4.7%	486,445	411,148	401,711	350,645	334,618	294,252	172
Total liabilities	€ MN	782,843	5.5%	742,085	658,230	641,448	595,575	578,383	541,488	99
thereof: Reserves for insurance and investment contracts	€ MN	486,222	4.9%	463,334	404,072	390,984	361,956	349,793	323,801	190
thereof: Reserves for loss and loss adjustment expenses	€ MN	72,003	4.4%	68,989	66,566	72,540	68,832	66,474	64,441	186
Shareholders' equity	€ MN	63,144	3.9%	60,747	50,083	50,388	43,457	44,491	40,108	98
Non-controlling interests	€ MN	2,955	–	2,955	2,765	2,576	2,290	2,071	2,121	198
Share information										
Basic earnings per share	€	14.56	6.2%	13.71	13.23	11.56	5.74	11.20	9.33	231
Diluted earnings per share	€	14.55	6.6%	13.64	13.05	11.48	5.58	11.12	9.30	231
Dividend per share	€	7.30[4]	6.6%	6.85	5.30	4.50	4.50	4.50	4.10	24
Total dividend	€ MN	3,320[4,5]	6.7%	3,112	2,405	2,039	2,037	2,032	1,850	71
Share price as of 31 December	€	163.55	19.1%	137.35	130.35	104.80	73.91	88.93	87.15	24
Market capitalization as of 31 December	€ MN	74,742	19.1%	62,769	59,505	47,784	33,651	40,419	39,557	24
Other information										
Return on equity[6,7]	%	10.7	(0.5)%-p	11.2	11.9	11.1	5.9	11.9	12.5	92
Return on equity (excluding unrealized gains/losses on bonds net of shadow DAC)[6,7]	%	12.5	(0.4)%-p	13.0	13.5	12.5	6.2	12.4	12.6	92
Conglomerate solvency[8]	%	200	19.6%-p	181	182	197	179	173	164	98
Standard & Poor's rating[9]		AA	–	AA	AA	AA	AA	AA	AA	114
Total assets under management as of 31 December	€ MN	1,762,896	(2.1)%	1,801,178	1,769,551	1,852,332	1,656,993	1,517,538	1,202,122	87
thereof: Third-party assets under management as of 31 December	€ MN	1,275,886	(2.8)%	1,312,910	1,360,759	1,438,425	1,281,256	1,163,982	925,699	87
Employees		142,459	(3.4)%	147,425	147,627	144,094	141,938	151,338	153,203	65

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
2 — The Allianz Group uses operating profit as a key financial indicator to assess the performance of its business segments and the Group as a whole.
3 — Following the announcement of the sale on 31 August 2008, Dresdner Bank was classified as held for sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank that we sold to Commerzbank on 12 January 2009. The results from these operations are presented in a separate net income line "Net income (loss) from discontinued operations, net of income taxes".
4 — Proposal.
5 — 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.
6 — Based on average shareholders' equity. Average shareholders' equity has been calculated based upon the average of the current and the preceding year's shareholders' equity as of 31 December.
7 — Based on net income from continuing operations after non-controlling interests.
8 — Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 31 December 2015 and 2014 would be 191% and 172%, respectively.
9 — For further information about insurer financial strength ratings of Allianz SE, please refer to page 114.

Disclaimer regarding roundings

The consolidated financial statements are presented in millions of Euros (€ MN), unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures. Figures prior to 2013 have not been adjusted accordingly.

Allianz is one of the strongest financial communities worldwide. More than 85 million private and corporate customers insured by Allianz 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 142,459 employees.

€ BN 63.1

Shareholders' equity — page 98
AA Standard & Poor's rating since 2007

€ 7.30

Dividend per share (proposal) — page 24

€ BN 125.2

Total revenues — page 70

€ MN 10,735

Operating profit — page 70

€ MN 6,616

Net income attributable to shareholders — page 71

200 %

Conglomerate solvency ratio — page 98

TO OUR INVESTORS

A

A – TO OUR INVESTORS

Pages **4 – 24**

OLIVER BÄTE
Chairman of the Board of Management

Dear Investors –

Your Allianz looks back on another successful year – a year in which we celebrated our 125th anniversary and generated record revenues of € 125.2 BN. Operating profit grew 3.2 % to € 10.7 BN and net income attributable to shareholders was € 6.6 BN. These figures show that your company is very well positioned and can deliver impressive results even in difficult times.

The excellent results are due, above all, to our more than 142,000 highly motivated employees, who have put all their energy into making 2015 a successful year for Allianz. I would like to extend to them my warmest thanks for their loyalty and hard work.

I am proud of this team. Allianz is a different company today from the one I joined in 2008. Besides being more profitable, we have become more versatile, more efficient and more responsive. This is the lasting legacy of Michael Diekmann, my predecessor as Chairman of the Board of Management. In twelve years, many of which were plagued by crisis, he took your company to new levels of performance and secured Allianz a place in the league of the most reputable financial service companies worldwide. I believe I speak in your name when I express my sincere thanks to Mr. Diekmann for his outstanding services.

At the same time, I am delighted that the share price performed so strongly in 2015 with the value of your shares increasing by 19.1 %. Including the dividend payment, we are pleased to report a return of 24.6 %. As we want you to further participate in our robust performance in 2015, we will propose to the Annual General Meeting to increase the dividend by € 0.45 to € 7.30.

The performance of the Property-Casualty segment was again very strong: By growing revenues by 6.8 % and operating profit by 4.1 %, Allianz has clearly confirmed its position as global market leader. Another major reason for our continued success in 2015 is the accelerating reorientation of our Life/Health insurance business towards unit-linked and capital-efficient products. We have successfully adjusted the product offer to match the low-yield environment in our key markets, such as Germany. The new products have a balanced opportunity-risk profile, as lower guarantees come with a higher share of the investment result. As a result they are in strong demand, allowing us to significantly increase the share of these innovative products in our new business.

In the case of PIMCO, although the new management team successfully stabilized the business and outflows were reduced, net outflows have not yet ceased. Overall, flows were significantly influenced by the macroeconomic environment and in particular by the expectation of rising interest rates in the United States, which prompted many investors to reduce their investments in fixed-income securities. As a consequence, PIMCO will again be an area of focus for Allianz in 2016, with the clear goal of regaining its former momentum.

Encouraged by the very good overall results, it is now time for us to look to the future. Rather than take our healthy position in the insurance market and asset management business for granted, we must adapt to the radical economic, political and global upheaval that is taking place. We are currently affected by geopolitical instability, demographic and social change, a slowdown in growth in many markets, and persistently low interest rates. In addition, digitalization is revolutionizing everything we do. It is fundamentally changing the way in which people interact with companies and with each other.

In order for us to remain successful and strong in this constantly changing environment, we – the Board of Management, together with more than 200 colleagues in different countries and functions – have developed our Renewal Agenda. It was presented to you and the entire investor community at our Capital Markets Day in November 2015.

Your company has defined five fields of action to secure growth in revenues and profitability.

True Customer Centricity: We aim for an outstanding customer experience by gaining a better understanding of our customers' needs and tailoring our services so as to meet those needs. Our success is measured by our customers' willingness to recommend Allianz, for which we use the Net Promoter Score (NPS). The results reveal the level of our customers' satisfaction and loyalty and indicate how we can improve even more. Since a high NPS also means accelerated revenue growth, by 2018 we would like 75 % of our businesses (currently 50 %) to be loyalty leaders or at least above-market average in terms of NPS.

Digital by Default: Digitalization can suddenly threaten business models that have been successful in the past, as we have witnessed in other industries. But the good news for you as an Allianz investor is that digitalization also opens up major opportunities for your company. It allows us to transform Allianz and concentrate on the things that promote positive customer experience and customer growth, and at the same time to increase our productivity.

We are working throughout the Group on simplifying products and processes and on common technologies and platforms that will fully digitalize the business step by step. The resulting productivity gains will be invested in future business model improvements. Our ambition is that these initiatives will bring about a sustained increase in productivity of at least € 1 BN per year by 2018. In order to reach this goal, we will have to consistently align business models, products, and processes across country and company borders and minimize paper at each element of the value chain.

Technical Excellence: Our aim is to raise the quality of our insurance business to a level that generates superior margins and growth rates by leveraging the best analytical methods and our highly-talented experts and managers. The advantages offered by digitalization will be used to optimize our risk-adequate pricing and to streamline and speed up claims processing. We also seek to increase growth and effectiveness in our business with medium-sized enterprises and commercial firms. In the Property-Casualty segment, our goal is to achieve a combined ratio of 94 % or better by 2018, with the support of the best technical experts, and to receive consistently positive feedback from brokers and customers. In the Life/Health business segment we are targeting a return on equity of 10 % or higher and a new business margin of at least 3 %. This also requires us to selectively wind down unprofitable business.

Growth Engines: We will consolidate our leading positions in mature markets and expand our presence in growth regions with the aim of generating stronger growth and improving margins. Our new joint venture with the Chinese web portal Baidu, which reaches 90 % of Chinese internet users, is one good example. It puts us in a prominent position in one of the most dynamic digital insurance markets with annual growth rates of 40 % and expected annual revenues of € 100 BN by 2020.

Inclusive Meritocracy: Our corporate culture will be refined to make not only high performance matter, but also the way in which our employees go about achieving it, for example by collaborating closely in cross-functional teams. The aim is to promote an entrepreneurial spirit that concentrates on finding the best ideas and implementing them productively together with others in the organization. For this to succeed, we are adjusting our remuneration and incentive systems. The Inclusive Meritocracy Index (IMIX), which is based on our annual employee surveys, shows the progress we have made towards renewing our management culture. It currently stands at 68 % throughout the Group, and we aim to increase it to 72 % by 2018.

We are implementing the Renewal Agenda together – full of optimism, ideas and confidence in our own capabilities because we have excellent and in many cases unique resources. Even in adverse conditions, our financial strength has firm foundations.

Allianz stands for trust based on competence, integrity, and resilience. That is why our customers and shareholders place their trust in us. We have a strong brand and it is getting even stronger – Allianz is the only insurer among the top 50 companies in the

Brand Finance brand value ranking. We must now use our existing strengths to become even stronger, so we can consistently make the most of the opportunities presented by change. But we can only continue to be resilient if we constantly adapt to our environment. We believe we have set ourselves the right priorities to achieve this with our Renewal Agenda program.

I feel particularly encouraged by the exciting and innovative initiatives that are being developed and launched in our strategic project groups covering these five fields of action. We have brought together a large number of enthusiastic colleagues from all continents who know what needs to be done and how important their mission is. They are already working hard to implement our plans in the operating businesses.

As the Board of Management of Allianz, it is particularly important to us that the organization develops a clearer market orientation. If we want to grow in the digital era, we will have to pay closer attention to our customers and our competition in the future. This includes competitors that have not been the primary focus of our benchmarking in the past.

It is also essential that we exercise discipline when allocating capital. Business segments that do not have market leadership are at a competitive disadvantage. We cannot afford to tie up valuable capital and personnel that offer greater earnings potential when re-deployed to businesses with higher margins and stronger growth. With this in mind, we will carefully reshape our portfolio with sound judgement to create even more leading and superior business units. Smaller, highly profitable companies will benefit from the advantages of using common regional platforms.

Allianz will become even more flexible and focused on its customers. At the same time, our intrinsic values will remain the same as in the past 125 years: integrity, competence, and resilience. We will not follow every trend that comes along. But if and when fundamental opportunities emerge we will take the lead in our industry and carry out any changes required. This includes our decision to gradually adapt our investment policy to sustainable investment criteria and stop financing the coal industry.

Although the operating environment poses growing risks and macroeconomic forces are unlikely to lead to an additional surge in growth, we will do everything we can to make 2016 another successful year for Allianz. 2016 will test our ability to implement the

Renewal Agenda in our operating businesses and to take concrete steps towards becoming an Allianz that is consistently customer-focused and digital throughout its business. I am encouraged by the strengths of our business, by the solidarity of our management, and by our employees, who know what is at stake.

It is clear to the employees of Allianz that both the future success of our company and your success as an investor depend, directly and entirely, on our ability to understand our customers and to tailor our products and services even more consistently to their requirements – or in other words, to provide simple, modern, and outstanding service quality at all times.

I would like to thank you for your support and the trust you have placed in us and would be delighted if you remain a part of Allianz in the future.

Sincerely yours,

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 27. Members of the Supervisory Board who were unable to attend meetings of the Supervisory Board or its committees were excused and, as a rule, cast their votes in writing.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In 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 27 and the Statement on Corporate Management pursuant to § 289a HGB starting on page 32. 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

Allianz Share

– Allianz shares up by 19 %.
– Dividend increases to € 7.30.

Double-digit returns on investment four years in a row

Following a year of turbulent developments in share prices, European stock markets reported a slight increase as the year drew to a close. Back in spring, stock markets set new records, driven mainly by the expansionary monetary policy of the European Central Bank, as well as a weaker Euro. It was then, however, that a change occurred in the fundamental data, as the Euro embarked on a recovery course and the Greek crisis flared up again. Moreover, there were growing concerns about a possible slowdown in the Chinese economy. In circumstances like these, a 19.1 % increase in the value of Allianz shares to € 163.55 is substantial, outperforming the STOXX Europe 600 Insurance sector index (+14.0 %) and the EURO STOXX 50 cross-sector index (+3.8 %). Provided the dividend was reinvested in Allianz shares, investments in the company would have seen an increase of 24.6 %. This year's gain constitutes a double-digit rise in value for the fourth time in a row. Not only is this a reflection of favorable business developments, it is also testament to the positive reaction to an investor event, in which our Renewal Agenda was introduced in detail. You can find more detailed information in the Strategy and Steering starting on page 58. Following the publication of the 2015 results on 19 February 2016, 63 % of analysts issued a "buy" recommendation for Allianz shares – with an average price target of € 174. You can find the current analyst recommendations and profit forecasts online at **www.allianz.com/analystrecommendations.**

A rising share price in 2015 lends further credibility to the appeal of a long-term investment in Allianz shares. Investors who have had our shares in their portfolios for five years and opted to reinvest their dividends achieved an average annual performance of 18.1 % over this period of time. Over the last ten years the corresponding gain came to 6.7 %.

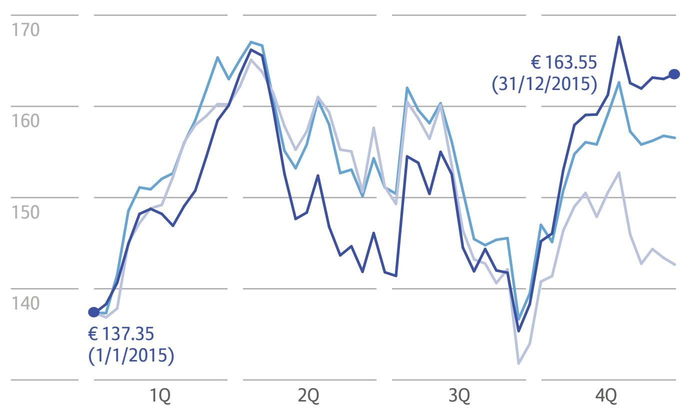
ALLIANZ SHARE PERFORMANCE IN COMPARISON

average annual performance in %	1 year 2015	5 years 2011 – 2015	10 years 2006 – 2015
Allianz (excl. dividends)	19.1	13.0	2.5
Allianz (incl. dividends)	24.6	18.1	6.7
STOXX Europe 600 Insurance	14.0	13.1	1.6
EURO STOXX 50	3.8	3.2	(0.9)
DAX	9.6	9.2	7.1

Source: Thomson Reuters Datastream

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS STOXX EUROPE 600 INSURANCE AND EURO STOXX 50

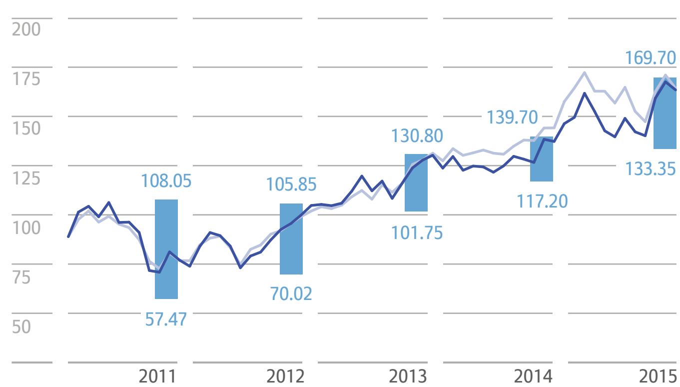
indexed on the Allianz share price in €



Source: Thomson Reuters Datastream

SHARE PRICE DEVELOPMENT AGAINST STOXX EUROPE 600 INSURANCE

€



Source: Thomson Reuters Datastream

Higher dividend

In line with our dividend policy, we will be proposing to the Annual General Meeting a dividend increase of € 0.45 to € 7.30. This corresponds to a dividend yield of 4.5 % on the year-end share price. The payout ratio will remain unchanged at 50 %. You can find more detailed information in the Outlook 2016 starting on page 92 and at www.allianz.com/dividend.

Weighting in major indices

The Allianz share is strongly represented in major German and European indices, as well as included in important global indices.

WEIGHTING OF ALLIANZ SHARES IN MAJOR INDICES

as of 31 December 2015	Weighting in %	Ranking	Index members
DAX	8.3	3	30
EURO STOXX 50	3.5	6	50
STOXX Europe 600 Insurance	14.7	1	36
MSCI World Financials	1.2	9	361
MSCI World	0.3	69	1,664

Source: Deutsche Börse Group, STOXX Limited, MSCI

Shareholder structure

With around 470,000 shareholders, Allianz is one of the most widely held listed public corporations in Europe. Apart from approximately 0.5 % of Allianz shares held in treasury, all our shares are held in free float. At the end of the year, 85 % were held by institutional investors and 15 % by private investors. The breakdown by region shows that 74 % of Allianz shares were owned by European investors and 26 % by non-European investors. For more detailed information on our shareholder structure, please refer to www.allianz.com/shareholders.

BASIC SHARE INFORMATION

Share type	Registered shares with restricted transfer
Security codes	WKN 840 400
	ISIN DE 000 840 400 5
Bloomberg	ALV GR
Reuters	0#ALVG.DEU

Service and contact

Allianz Investor Line
Monday to Friday, 8 am to 8 pm CET
Phone: +49.89.3800-7555
E-mail: investor.relations@allianz.com
www.allianz.com/investor-relations
Allianz Investor Relations app for iOS and Android

Financial calendar: see back cover.

ALLIANZ SHARE KEY INDICATORS AT A GLANCE

		2015	2014	2013	2012	2011
Total number of issued shares as of 31 December		457,000,000	457,000,000	456,500,000	455,950,000	455,300,000
Share price as of 31 December	€	163.55	137.35	130.35	104.80	73.91
High of the year	€	169.70	139.70	130.80	105.85	108.05
Low of the year	€	133.35	117.20	101.75	70.02	57.47
Share price performance in the year	%	19.1	5.4	24.4	41.8	(16.9)
Beta coefficient[1]		0.9	0.8	1.3	1.1	1.5
Market capitalization as of 31 December	€ BN	74.7	62.8	59.5	47.8	33.7
Basic earnings per share	€	14.56	13.71	13.23	11.56	5.74
Price-earnings ratio		11.2	10.0	9.9	9.2	13.1
Dividend per share	€	7.30[2]	6.85	5.30	4.50	4.50
Total dividend	€ MN	3,320[2,3]	3,112	2,405	2,039	2,037
Dividend yield as of 31 December	%	4.5[2]	5.0	4.1	4.3	6.1
Payout ratio[4]	%	50[2,3]	50	40	39	79

1 — In comparison with EURO STOXX 50, source: Bloomberg.
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.
4 — Based on net income after non-controlling interests.

CORPORATE GOVERNANCE

B

B — CORPORATE GOVERNANCE

Pages **26 – 50**

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 of the HGB starting on page 32.

Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act ("SE-Ausführungsgesetz") in addition to 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 37.

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 12.

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.

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]

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

1. General selection criteria
- Managerial or operational experience
- General knowledge of the insurance and financial services business
- Willingness and ability to make sufficient commitments on substance
- Fulfillment of the regulatory requirements, in particular[1]:
  - 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;
- 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 17.

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 (GCGC) 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 GCGC in the version of June 24, 2014 were complied with except for the following deviation:

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

   However, such deviation ceases to exist due to the amendment of Item 5.3.2 GCGC 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 page 127. For further information on the internal Controls over Financial Reporting and Risk Capital, please refer to page 131.

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 17 and 19** of the Annual Report. A description of the composition of the Board of Management can be found on **page 20 to 22**, while the composition of the Committees of the Board of Management is described in the Corporate Governance Report starting on **page 27**. This information is also available on our website at **www.allianz.com/corporate-governance.**

A general description of the functions of the Board of Management, the Supervisory Board and their committees can be found in the Corporate Governance Report starting on **page 27**, and on our website at **www.allianz.com/corporate-governance.**

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.

Takeover-related Statements and Explanations

Statements pursuant to § 289 (4) and § 315 (4) of the German Commercial Code ("Handelsgesetzbuch – HGB") 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 37.

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.

Remuneration Report

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

The report has been prepared in accordance with the requirements of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS). It also takes into account the relevant regulatory provisions and the recommendations of the German Corporate Governance Code.

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.

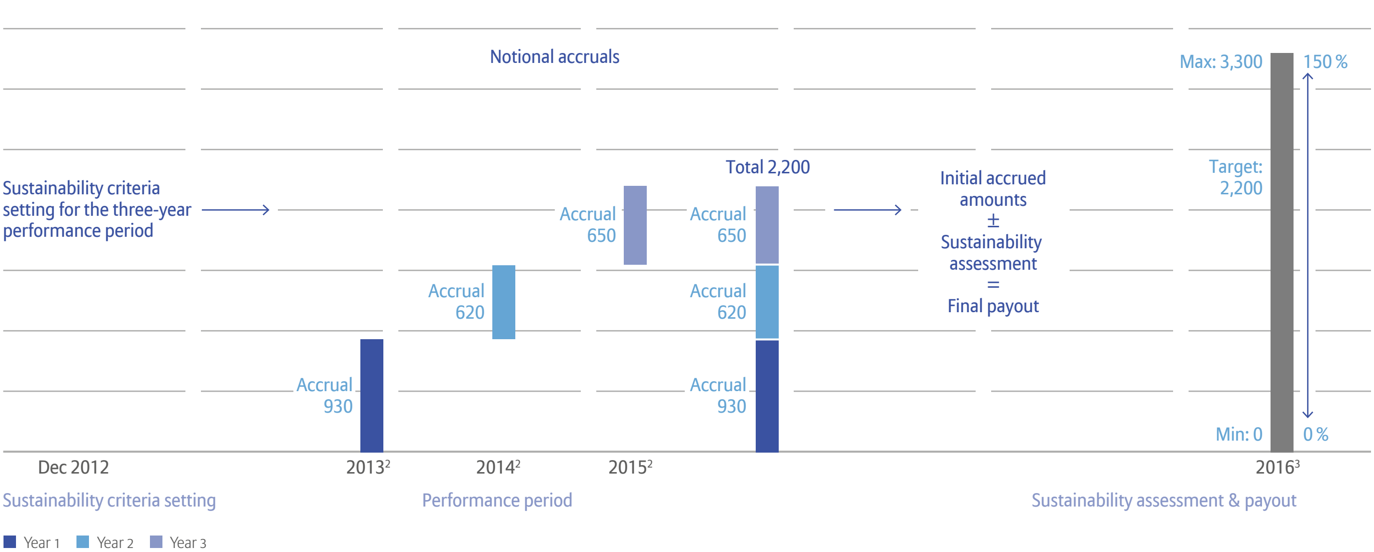
- MTB (mid-term): A deferred award which reflects the achievement of the annual targets by accruing an amount identical to the annual bonus. The payout of the award at the end of a three-year cycle is subject to a sustainability assessment for these three years. The following criteria are considered:

  - 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 ASSESSMENT[1]

€ THOU



1 — Example based on target values of a regular member of the Board of Management with an annual target of € 700 THOU for 2013 and € 750 THOU for the MTB in 2014 and 2015. Accrual is only a notional indication.
2 — Actual accrual for the MTB (mid-term) usually equals the annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle, this value is only a notional indication.
3 — Final payout is subject to the sustainability assessment of the Supervisory Board and may vary between 0 % and 150 % of the cumulative target values, independent of the notional accruals.

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

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

Following the end of the four-year vesting period, the company makes a cash payment based on the number of RSUs granted and the ten-day average Xetra closing price of the Allianz stock following the annual financial press conference in the year of expiry of the respective RSU plan. The RSU payout is capped at 200 % above grant price to avoid extreme payouts[2]. Outstanding RSU holdings are forfeited should a Board member leave at his/her own request or be terminated for cause.

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

Pensions and similar benefits

To provide competitive and cost-effective retirement and disability benefits, Board of Management members have participated in a contribution-based system since 1 January 2005 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 Bäte[6] (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 Diekmann[7] (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 Balbinot[8] (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 Bauer[6] (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 according to his severance agreement, 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 payout 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: € 30 MN). The corresponding amount, including pension service cost, equals € 61 MN (2014 excluding the notional accruals for the MTB 2013–2015: € 35 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		
Board members	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 €	Equity Compensation Expense 2015[2] € THOU
Oliver Bäte (Chairman since 7/5/2015)	10,898	38,613	–	–	2,363
Michael Diekmann (Chairman until 6/5/2015)	4,618	60,292	–	–	3,493
Sergio Balbinot[3]	8,638	24,820	–	–	1,345
Manuel Bauer	5,443	32,973	–	–	1,821
Dr. Helga Jung	6,551	27,331	3,167	87.36	1,508
Dr. Christof Mascher	7,430	34,260	7,892	87.36	2,223
Jay Ralph	7,521	34,968	–	–	2,195
Dr. Alex Theis	8,263	23,005	–	–	1,442
Dr. Dieter Wemmer	8,311	28,740	–	–	1,370
Dr. Werner Zedelius	8,291	35,513	–	–	2,176
Dr. Maximilian Zimmerer	8,124	29,892	–	–	1,718
Total	**84,088**	**370,407**	**11,059**	**–**	**21,653**

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 — Grants of equity-related remuneration are accounted for as cash settled awards. The fair market value of the granted RSUs and SARs is remeasured at each reporting date and accrued, as a compensation expense, proportionately over the vesting and service period. Upon vesting, any subsequent changes in the fair value of the unexercised SARs are also recognized as a compensation expense.

3 — 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: € 56 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	
Board of Management		Annual pension payment[3]	SC[4]	DBO[5]	SC[4]	DBO[5]	SC[4]	DBO[5]	SC[4]	DBO[5]	SC[4]	DBO[5]
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: € 6 MN) were paid to former members of the Board of Management and dependents, while reserves for current pension obligations and accrued pension rights totaled € 122 MN (2014: € 102 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

	Committees[1]									
Members of the Supervisory Board	A	N	P	R	S		Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Dr. Helmut Perlet	M	C	C	C	C	2015	200.0	160.0	6.7	366.7
(Chairman)	M	C	C	C	C	2014	200.0	160.0	8.2	368.2
Dr. Wulf H. Bernotat	C				M	2015	150.0	100.0	4.5	254.5
(Deputy Chairman)	C				M	2014	150.0	100.0	6.0	256.0
Rolf Zimmermann			M		M	2015	150.0	40.0	5.2	195.2
(Deputy Chairman)			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 Snabe[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
Total[5]						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.

GROUP MANAGEMENT REPORT

C

C – GROUP MANAGEMENT REPORT

Business Operations and Markets

Allianz offers a comprehensive range of insurance and asset management products and services and has 85.4 million insured customers.

Allianz Group structure

Allianz SE and its subsidiaries (the Allianz Group) offer property-casualty insurance, life/health insurance and asset management products and services in over 70 countries, with the largest of its operations in Europe. Allianz SE, the parent company of the Allianz Group, has its headquarters in Munich, Germany.

The Allianz Group structure reflects both business segments and geographical regions. The business activities are first organized by product and type of service, based on how these are strategically managed: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into property-casualty and life/health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into regional reportable segments. Corporate and other activities are divided into three different reportable segments in order to differentiate between the respective products, risks, and capital allocation. In 2015, the Allianz Group had 16 reportable segments.

ALLIANZ GROUP STRUCTURE – BUSINESS SEGMENTS AND REPORTABLE SEGMENTS

PROPERTY-CASUALTY	LIFE/HEALTH	ASSET MANAGEMENT	CORPORATE AND OTHER
– German Speaking Countries and Central & Eastern Europe	– German Speaking Countries and Central & Eastern Europe	– Asset Management	– Holding & Treasury
– Western & Southern Europe, Middle East, Africa, India	– Western & Southern Europe, Middle East, Africa, India		– Banking
– Iberia & Latin America	– Iberia & Latin America		– Alternative Investments
– Global Insurance Lines & Anglo Markets	– Global Insurance Lines & Anglo Markets		
– Asia Pacific	– Asia Pacific		
– Allianz Worldwide Partners	– USA		

Insurance operations

We offer a wide range of property-casualty and life/health insurance products to both retail and corporate customers. We are the leading property-casualty insurer globally and rank among the top five in the life/health insurance business. Our key markets, based on premiums, are Germany, France, Italy, and the United States.

Most of our insurance markets are served by local Allianz companies. However, some business lines – such as Allianz Global Corporate & Specialty (AGCS), Allianz Worldwide Partners (AWP) and Credit Insurance – are run globally.

SELECTED PRODUCT RANGE INSURANCE

PROPERTY-CASUALTY	
Retail Clients	**Corporate Clients**
– Motor (liability/own damage)	– Property
– Liability	– Liability
– Property	– Motor fleets
– Accident	– Directors' and Officers' liability
– Travel and assistance	– Credit
	– Marine, aviation and transport
LIFE/HEALTH	
Retail Clients	**Corporate Clients**
– Endowment	– Group life products
– Annuity	– Group health and disability products
– Term	– Pension products for employees
– Disability	
– Investment-oriented products	
– Private health insurance	

Asset Management

Our two major investment management businesses, PIMCO and AllianzGI, operate under Allianz Asset Management (AAM). With € 1,763 BN total assets under management (AuM) (including those of the Allianz Group), we are one of the largest asset managers in the world actively managing assets. Our core markets are the United States, Germany, France, Italy, the United Kingdom and the Asia-Pacific region.

SELECTED PRODUCT RANGE ASSET MANAGEMENT

	RETAIL AND INSTITUTIONAL CLIENTS	
Equity	– Systematic – Sector/theme funds – Region/country funds	– Style funds – Small cap funds – Stocks plus
Fixed Income	– Money market – Low duration – Real return – Global – Investment grade	– Diversified income – High yield – Emerging markets – Convertible bonds
Alternatives	– Structured products – Commodity funds – Certificate funds – Currency funds	– Equity long/short – Relative value – Infrastructure debt/ equity
Solutions	– Life-cycle concepts – Multi-asset solution – Variable annuity solutions	– Asset/liability management – Risk management concepts

Corporate and Other

The Corporate and Other business segment's activities include the management and support of the Allianz Group's businesses through its central holding functions, as well as Banking and Alternative Investments.

HOLDING & TREASURY

Holding & Treasury includes the management and support of the Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions.

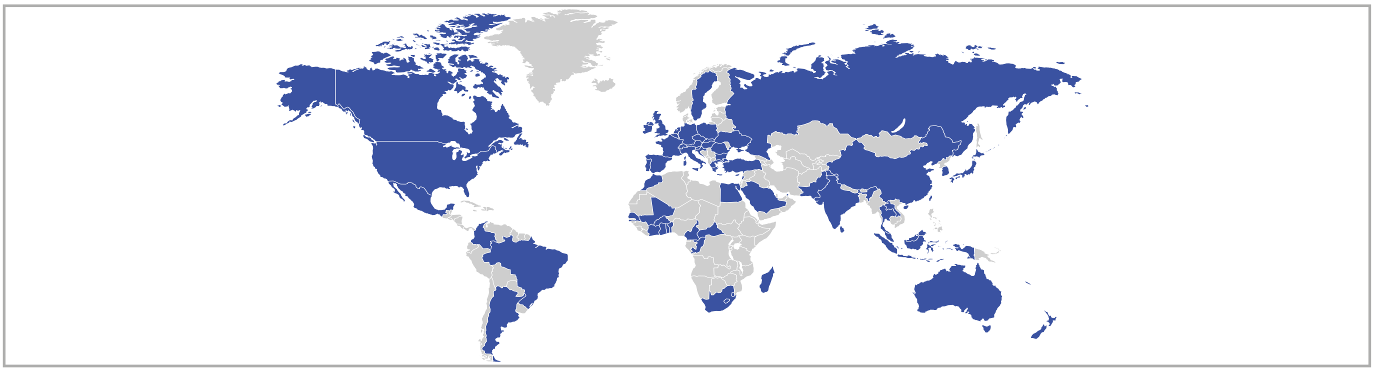
BANKING

Our banking operations – with a primary focus on retail clients – support our insurance business and complement the products we offer in Germany, Italy, France, the Netherlands, and Bulgaria. As a division of Allianz Deutschland AG, Oldenburgische Landesbank AG (OLB) is Allianz's main own banking product and service provider in Germany. OLB, Germany's largest private regional bank, covers the northwest of Germany.

ALTERNATIVE INVESTMENTS

Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy, and infrastructure sectors, mainly on behalf of our insurance operations. The Alternative Investments reportable segment also included a fully consolidated private equity investment, which was sold in December 2015.

Worldwide presence and business segments



MARKET POSITIONS OF OUR BUSINESS OPERATIONS[1]

INSURANCE WESTERN & SOUTHERN EUROPE, INSURANCE MIDDLE EAST, AFRICA, INDIA

Europe

Property-Casualty	Life/Health	Banking	Country
II.	II.	■	Italy
III.	III.		Greece
II.	I.		Turkey
II.	III.	■	France
III.	III.		Belgium
III.	III.	■	The Netherlands
III.	III.		Luxembourg

Middle East and North Africa

Property-Casualty	Life/Health	Banking	Country
III.	II.		Egypt
III.	II.		Lebanon
III.	II.		Saudi Arabia

Africa

Property-Casualty	Life/Health	Banking	Country
II.			Benin
II.	II.		Burkina Faso
II.	I.		Cameroon
I.			Central Africa
II.			Congo Brazzaville
IV.			Ghana
II.	II.		Ivory Coast
–	–		Kenya
II.	II.		Madagascar
II.			Mali
II.	II.		Senegal
II.			Togo
III.	II.		India[3]

INSURANCE IBERIA & LATIN AMERICA

Property-Casualty	Life/Health	Banking	Country
II.	II.		Spain
II.	III.		Portugal

Latin America

Property-Casualty	Life/Health	Banking	Country
II.			Argentina
III.			Brazil
II.	III.		Colombia
IV.	III.		Mexico

INSURANCE GERMAN SPEAKING COUNTRIES, INSURANCE CENTRAL & EASTERN EUROPE

German Speaking Countries

Property-Casualty	Life/Health	Banking	Country
I.	I.	■	Germany
II.	III.		Austria
II.	II.		Switzerland

Central & Eastern Europe

Property-Casualty	Life/Health	Banking	Country
II.	I.	■	Bulgaria
II.	I.		Croatia
II.	III.		Czech Republic
I.	II.		Hungary
II.	IV.		Poland
II.	III.		Romania
I.	II.		Slovakia

US LIFE INSURANCE

Property-Casualty	Life/Health	Banking	Country
	II.		United States

GLOBAL INSURANCE LINES & ANGLO MARKETS

Property-Casualty	Life/Health	Banking	Country
III.			United Kingdom
II.	–		Australia
II.			Ireland
II.			Allianz Global Corporate & Specialty
I.			Credit Insurance
IV.	–		Reinsurance
III.	III.		Russia
IV.			Ukraine

ALLIANZ WORLDWIDE PARTNERS

Property-Casualty	Life/Health	Banking	Country
–	–		Allianz Worldwide Partners

INSURANCE ASIA PACIFIC

Property-Casualty	Life/Health	Banking	Country
–			Brunei[2]
II.	IV.		China[3]
–			Hong Kong[2]
IV.	II.		Indonesia
–			Japan[2]
I.			Laos
I.	III.		Malaysia
	–		Pakistan
	–		Philippines
–			Singapore[2]
	IV.		South Korea
III.	III.		Sri Lanka
	III.		Taiwan
IV.	III.		Thailand

ASSET MANAGEMENT

North and Latin America

Retail Asset Management	Institutional Asset Management	Country
■	■	United States
■	■	Canada
■	■	Brazil

Europe

Retail Asset Management	Institutional Asset Management	Country
■	■	Germany
■	■	France
■	■	Italy
■	■	Spain
■	■	Switzerland
■	■	Belgium
■	■	The Netherlands
■	■	United Kingdom
■	■	Nordics

Asia Pacific

Retail Asset Management	Institutional Asset Management	Country
■	■	Japan
■	■	Hong Kong
■	■	Taiwan
■	■	Singapore
■	■	South Korea
■	■	China
■	■	Australia

■ Property-Casualty ■ Life/Health ■ Banking ■ Retail Asset Management ■ Institutional Asset Management

Insurance market position by gross premiums written:[4] I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not among the top 10

1 — This overview is based on our organizational structure in place as of 31 December 2015. For further information, please refer to the Executive Summary of 2015 Results starting on page 69.

2 — Property-Casualty business belongs to Allianz Global Corporate & Specialty.

3 — Based on foreign competitor market ranking (excluding domestic competitors).

4 — Source: Own local estimations as of 2014.

Our markets

The following sections provide an overview of our business operations in our insurance core markets by business division.

INSURANCE CORE MARKETS[1]

INSURANCE CORE MARKETS

Core markets	Property-Casualty	Life/Health	Statutory/ gross premiums written € MN	Operating profit € MN	Number of customers MN
Germany	I.	I.	30,629	2,687	20.6
France	II.	III.	12,383	1,015	5.6
Italy	II.	II.	16,691	1,343	7.4
United States		II.	10,475	841	1.2

Market position ■ Property-Casualty ■ Life/Health

Market position by gross premiums written:
I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not among the top 10

Germany

We offer our customers in Germany a full range of insurance and financial services through Allianz Deutschland AG. Our products are mainly provided by Allianz Versicherungs-AG (Allianz Sach), Allianz Lebensversicherungs-AG (Allianz Leben) and Allianz Private Krankenversicherungs-AG (Allianz Private Kranken). They are distributed through a broad network of distribution channels, such as agencies, brokers and direct, with a strong focus on our tied-agents network. Here, Allianz Beratungs- und Vertriebs-AG serves as our distribution company.

As the market leader in the German property-casualty market, we provide our products and services to retail and commercial customers. For retail customers the product world of Allianz became more digital with the launch of an online configuration tool for the modular product "Privatschutz" on Allianz.de. For purely direct customers the product range of AllSecur was broadened to liability and household. In July 2015, a new modular commercial product called "Firmenkonzept" – which is sold via tied agents – was successfully launched. The product combines property, liability and legal protection insurance and targets small and medium-sized companies.

Our life insurance business is active in retail and commercial markets and provides a comprehensive range of products. The main coverage offered includes annuity, endowment, term, disability, and long-term care insurance. In 2015, Komfort Dynamik – a new product that combines traditional guarantees with a stronger upside potential through a higher share of equity investment – was launched. More than 9,000 products have been sold by year-end 2015. Overall, less than one third of total new business in life came from traditional products.

Through Allianz Private Kranken (APKV) we provide a wide range of health insurance products, including full private health care coverage, supplementary health and long-term care insurance, as well as foreign travel medical insurance. In 2015, we expanded our product portfolio in comprehensive health insurance with the launch of a new tariff (AktiMed90P) and an additional module for fitness-oriented customers. Also, within the Allianz digitalization strategy, APKV established a number of digital services and processes, such as the photo app for claims, which enables customers to interact more easily and efficiently in all matters of health insurance.

Italy

Our Italian insurance entity Allianz Italy has a very strong multichannel footprint and is the digital leader in the Italian market. We are strongly dedicated to the agent channel, and we also offer our products through Genialloyd – the leading company in the Italian direct business –, the broker channel, Allianz Bank Financial Advisors S.p.A., and bancassurance, with UniCredit as our main distribution partner.

In our property-casualty business, Allianz Italy again significantly outperformed the market in terms of premium growth and profitability, increased our market share for the fourth consecutive year, and maintained a superior profitability with a combined ratio about 10 percentage points better than the rest of the market.

Our agent network was key to this performance. In 2015, we completed the integration of the insurance business of UnipolSai Assicurazioni S.p.A., which we acquired in 2014, including its 725 agencies. We also completed the introduction in the network of the common Digital Agency platform, which benefits from simple, mobile and paperless processes that drastically reduce administrative tasks for both the agents and our back offices. Another innovation for our agent network was the introduction of the Allianz1 Business modular offer for small enterprises, complementing the Allianz1 retail offer that we introduced in 2014 and which has since reached 240,000 contracts.

In direct, Genialloyd premiums were up by 9.0 %, outperforming a contracting market. Property-casualty bancassurance premiums also grew strongly, especially thanks to retail motor products distributed through the Italian branches of UniCredit.

Allianz Italy has also received strong market recognition with awards from primary institutions such as "MilanoFinanza" (Allianz1 Business, Digital Agency, and Genialloyd) and "Istituto Tedesco di Qualità e Finanza" (Best Motor insurer in terms of quality for Agents and the Direct channel).

1 — The following sections do not cover our global insurance lines, e.g. Allianz Global Corporate & Specialty, our credit insurer Euler Hermes, or Allianz Worldwide Partners, even if those entities also operate in the respective market.

In our life business, we had another year of strong premium volumes, particularly supported by bancassurance and our personal financial advisor network. Sales of low-capital-consuming unit-linked products accounted for 81 % of new business, compared to an estimated market average of around 41 %.

The corporate structure in Italy was also streamlined in 2015 through the following transactions: We acquired the outstanding 50 % stake of Antoniana Veneta Popolare Vita, the Life Bancassurance joint venture with Banca Monte Paschi di Siena, which had been held by the partner bank. We also merged ACIF S.p.A., the financial holding company, into Allianz S.p.A. to simplify corporate governance. At the same time we acquired the minority shareholdings of Allianz S.p.A. held by Allianz Subalpina Holding S.p.A. and Lloyd Adriatico Holding S.p.A. Allianz S.p.A. is thus now fully owned by the Allianz Group.

France

Allianz France S.A. is a major provider of insurance and financial services in the French retail and commercial markets, offering a broad range of property-casualty and life/health products for individuals and corporate customers. We distribute these offerings mostly via agents, life and health consultants, brokers and independent financial advisors, as well as selected external partners. In addition, our customers can research and buy products online – either through 'eAllianz' or via our direct sales channel 'AllSecur'. In 2015 a new strategic plan 'Innovation & Trust' was launched for 2020. Capitalizing on past successes such as the partnership with Drivy (car sharing), Allianz France has given priority to fostering innovation. Examples include a crowdfunding equity fund in partnership with SmartAngels, a Pay As You Drive offer with TomTom as the first insurer in the French market, as well as hackathons and a start-up accelerator.

Since local regulatory changes regarding cancellation rules were introduced in 2014, the French retail property-casualty market has seen higher customer churn. However, our constant focus on innovative solutions, such as fast quotes, has allowed us to grow our customer base, for example in motor insurance. Furthermore, we continue to be one of the leaders in the midcorp market (ranked as third in midcorp and second in commercial property-casualty insurance).

With regards to the life market in France, we have responded to the needs of our clients with a range of traditional and unit-linked products in both group and individual business, combining financial strength with the opportunity for more attractive yields. Evidence of the success of this strategy is the increase in the unit-linked proportion of our business mix from 39 % in 2014 to 48 % in 2015.

We also hold a strong position in the health market, often combining elements of life, health and disability insurance as comprehensive solutions for individual and commercial customers.

Our retail insurance activities are also complemented by Allianz 'Patrimoine', which allows us to offer one-stop solutions, in particular for our high-net-worth individual life customers.

United States

Our property-casualty insurance business in the United States was primarily conducted through Fireman's Fund Insurance Company (FFIC) until April 2015. In January 2015, our property-casualty insurance business in the United States was realigned. The reorganization comprised the integration of Fireman's Fund Insurance Company's commercial business into Allianz Global Corporate & Specialty North America (AGCS NA), the sale of the personal insurance business to the global insurance company ACE, as well as the internal transfer of the discontinued run-off business through a reinsurance agreement within the Allianz Group. The sale, which took place by means of a renewal rights arrangement, received regulatory approval from the California Department of Insurance in March 2015 and closed in April 2015. We therefore focus on the Life business within this section. Our life and annuity business is managed through Allianz Life Insurance Company of North America (Allianz Life).

Our life and annuity business primarily underwrites fixed-index and variable annuities and fixed-index universal life insurance products – all of which are sold through independent distribution channels, as well as large financial institutions such as banks and wire houses.

Despite a competitive market environment in 2015, we maintained our position as the market leader in the fixed-index annuity market as a result of an innovative index strategy introduced in 2014 and higher penetration into the Securities and Exchange Commission (SEC) licensed broker-dealer channel. Despite the modest interest rate increase in December 2015, we believe the Federal Reserve is likely to continue to raise interest rates very cautiously – leading to only modest increases in interest yields in 2016. Although this low interest rate environment remains challenging, we actively manage our product pricing strategy to maintain profitability.

Strategy and Steering

As we celebrate 125 years of Allianz, we act from a position of strength. We will continue to protect the pillars of our success: our integrity, financial strength, technical competence, operational excellence, and talent base. However, our world and our industry are changing fast and fundamentally, spurring us to renew our way of doing business.

Building on our strong foundations, we will reinforce our leading position by focusing our efforts in five fields of action: putting our customers at the heart of everything we do; becoming Digital by Default, everywhere; employing Technical Excellence even more consistently; creating new Growth Engines; and fostering a renewed corporate culture of Inclusive Meritocracy.

Operating environment

Geopolitical instability, demographic and societal shifts, persistently low interest rates – particularly in Europe – and uncertain economic outlooks are putting severe strains on society and the global economy. Meanwhile, digitalization is transforming economies and economics at increasing speed, enabling new, easy-to-use, customized offerings and fundamentally altering customer expectations.

Thriving in such an environment puts high demands on those aspiring to be tomorrow's leading players, but it also holds huge opportunities for those that manage to truly adapt to these new realities. These leaders will adapt by: carefully balancing shock resilience with capital efficiency, establishing commanding market positions and realizing visible benefits from skills and scale, leveraging digital to become customer-centric and agile, and relentlessly lifting productivity reserves in the capital, cost, and revenue base.

The Renewal Agenda

Reinforcing our leadership position means building on our existing strengths while acting decisively where the new environment requires step change. Since spring 2015, we have been mobilizing management and employees globally to jointly develop our program for the years to come in a highly inclusive and agile process. We intend to leverage the best of Allianz to produce true scale advantages and apply our strongest skills and assets even more systematically, consistently, and ubiquitously. Five mutually reinforcing levers will help us to further expand our competitive advantage:

True Customer Centricity: Achieving True Customer Centricity is at the core of our agenda. Everything we do will only translate into success if our clients trust us fully and experience superior value whenever dealing with us. By making superior customer experience the top priority for all our actions, we strive to significantly increase customer loyalty in all our entities. For instance, systematic customer experience management will help us identify and enhance drivers of satisfaction along the customer journeys. "Fast" product and service solutions – such as Fast Quote/Fast Offer – will provide an immediate response experience to customers in all our local entities. We will measure progress against clear targets on Net Promoter Score (NPS), which are firmly embedded into our planning process and incentives.

Digital by Default: Building further on our existing leading digital assets and common Group platforms, we strive to become Digital by Default everywhere. Based on a deep understanding of customer needs, we will roll out new digital products, processes and communication globally. This will help increase both the convenience we offer our customers and our productivity.

Technical Excellence: In Property-Casualty, we create superior margins, innovation, and growth by having the best technical talent and consistently applying state-of-the-art skills. We will invest further in advanced analytics, enabling superior risk selection, pricing, and claims management practices. Within Life/Health, we will enhance margins and reduce capital intensity through further shifting our new business towards unit-linked and capital-efficient products, increasing the share of protection & health business and actively managing our in-force business. Our investment management will continue to capture economies of scale and skills, especially in asset-liability management processes and by pooling our investment management infrastructure, and will broaden the alternative asset allocation.

Growth Engines: We systematically exploit new sources for profitable growth across regions, business segments, and sales channels. This means we will both consolidate existing leadership positions in mature markets and secure our future potential in growth markets with dedicated strategies, including new digital distribution models and regional partnerships. We will enhance our product range by replicating proven products, adding services, and driving innovations, for example in Health insurance.

Inclusive Meritocracy: We reinforce a corporate culture where both people and performance matter. The Renewal Agenda implies significant change for all our employees, including an increased degree of agility and flexibility. Consequently, collaborative leadership, excellence with customers and markets, entrepreneurship, and trust are the four cornerstones of our adjusted global management incentive model. We remain committed to further strengthen diversity at Allianz. We will measure progress in the company towards incorporating our renewed leadership principles by a newly defined Inclusive Meritocracy Index (IMIX), based on global employee feedback.

We will continuously advance our business model and set-up to sustainably ensure these five levers have the greatest impact. For example, we will further strengthen our regional platforms to capture true scale benefits, not only in terms of mere efficiency gains but also customer service, best practice capabilities, and digital transformation.

In addition, we will move further towards greater capital allocation discipline to free up significant resources for stronger value creation. This means we will optimize our businesses for capital productivity (return on equity) and reduced capital intensity (Solvency II sensitivity) and capitalize our local entities towards a more efficient capital base. On this base, we will ensure that capital is available and fungible within the Group and allocated appropriately to finance growth initiatives.

Ensuring successful execution

To enable successful execution of these policies throughout the Allianz Group, we will systematically address the change process, governance, and role of the corporate center:

- We will ensure mobilization of the entire global senior leadership team across local entities, functions, and lines of business in a new, horizontal change process. While the Board members of Allianz SE commit as sponsors of the Renewal Agenda topics, market experts and practitioners from our businesses will be driving solutions development and implementation in agile teams throughout the Group.

- We will enhance governance to even better facilitate capturing skill and scale benefits. We will also promote convergence of business models and their execution globally. Aligned incentives will now give more weight to local management's contribution to Group value, beyond local business requirements.

- To increase agility and market focus of the corporate center, we will bring top leaders from our strongest businesses into the Group center while bringing functional experts from the Holding into the markets. We will continue to streamline our holding functions to put more focus on customer and market success and the implementation of the Renewal Agenda.

We have defined clear ambitions for 2018. With regard to financial performance, we strive for a return on equity (excluding unrealized gains/losses on bonds net of shadow DAC) of 13 %, while growing our earnings per share at a compound annual growth rate of 5 %. To ensure sustainability of performance, we have set ourselves health targets for customer loyalty and employee engagement. We expect at least 75 % of our businesses to be or become rated by their customers as Loyalty Leader or above market in terms of NPS. At the same time, we aim to increase our IMIX from 68 % to 72 %.

Building on our strong heritage, we will move forward with this ambitious program to reinforce Allianz's leadership position for the years to come.

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 37.

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. For a comprehensive view of our business segment performance, please refer to the Management Discussion and Analysis starting on page 67.

Besides performance steering, we also have a risk steering process in place, which is described in the Risk and Opportunity Report starting on page 112.

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 NPS 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 Group-level 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, and 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 sectors[2] where we see significant risks across regions and lines of business. We identify 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 of proprietary assets (for more information please refer to the section Responsible Investor). 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.

Sustainable insurer

ESG IN UNDERWRITING

As an insurer and risk consultant, we mostly face ESG risks indirectly due to the risks we accept for our insurance clients. Prudent management of ESG issues represents a major opportunity to reduce risks in underwriting for ourselves and our customers.

Our guidelines on sensitive business apply to our entire insurance business globally, whether we act as lead insurer or as part of a panel. A dedicated center of competence within the underwriting division of Allianz Global Corporate & Specialty offers ESG support to property and casualty insurance transactions. During 2015, we delivered over 16 separate training sessions to different underwriters of various specialties and geographic responsibilities. In 2016, we will look to develop our training concept further and integrate it into our underwriting training academies.

We are a signatory to the Principles for Sustainable Insurance (PSI) of the United Nations Environment Programme Finance Initiative. As a signatory to the PSI, Allianz is required to make an annual disclosure on progress. In 2015, as part of a PSI project, our subsidiary

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.

Euler Hermes supported a project with other insurance industry partners examining the need for ESG principles in surety bond underwriting of infrastructure.

The continued growth of the sustainable products market is proof that sustainable innovation is becoming an increasingly important business opportunity. Our offerings include insurance for large-scale renewable-energy projects for business customers and solutions promoting energy-efficiency at home and on the move for retail customers.

Our own revenues generated by products such as our mileage-based tariffs, green life insurance, renewable energy, infrastructure, and crop protection products amounted to more than € 1.1 BN in 2015.

MICROINSURANCE

Besides our green solutions, we also provide products that improve people's lives. As a leader in the microinsurance sector, we already provide 58.6 million low-income people in Asia, Africa and Latin America with affordable insurance solutions.

In 2015, we broke through the 50-million mark for customers with microinsurance policies, with 2015 revenues standing at € 135 MN. That is around € 2.30 premium per person per year. Over 99 % of these customers still only hold one insurance policy, mostly life insurance.

The microinsurance market has a potential of 2.7 billion customers. We see this business expanding exponentially along with the global middle class, which is estimated to grow to around 5 billion by 2030, with growth mostly in our primary microinsurance markets of Asia, South America, and Africa.

Responsible investor

For Allianz, responsible investment means systematically integrating ESG factors into our investment decisions. Our role as an investor is two-fold: Firstly, we invest our proprietary assets, which include premiums collected from our insurance customers. Secondly, in our third-party asset management business, we invest on behalf of customers by tailoring products and solutions to best meet their needs.

As one of the world's largest asset managers and as an institutional investor, we take environmental and social risks seriously and also seize investment opportunities arising in this area. Allianz SE, as an asset owner, and our third-party asset managers Allianz Global Investors (AllianzGI) and PIMCO are all individual signatories to the United Nations-supported Principles for Responsible Investment (PRI).

ESG IN OUR OWN INVESTMENTS

Allianz invests more than € 630 BN, mainly the premiums we collect from the customers we insure, in a wide range of asset classes. We are a signatory to the United Nations-supported PRI. Based on these principles we have implemented and are further developing a number of processes to systematically integrate ESG issues across different assets.

The ESG functional rule for investments is the foundation of our ESG integration into investments. It binds all asset managers acting on behalf of Allianz to integrate ESG into their investment process and is closely monitored by Allianz Investment Management.

For our direct investments, such as real estate, infrastructure, and private equity, ESG is integrated through our overarching ESG screening process.

In 2015, we launched a project to strengthen and systemize the integration of ESG into fixed-income securities and corporate equities, which represent over 90 % of our assets. We analyzed our portfolio along 37 key ESG issues – such as greenhouse gas emissions and labor management – based on the information provided by the rating agency MSCI ESG Research. This transparency on ESG across the entire investment portfolio enabled a more targeted management of risks and opportunities.

We exclude certain sectors from our investments. We apply exclusion criteria, restricting investments in companies producing or associated with banned weapons[1] such as anti-personnel landmines, cluster munitions, and biological, chemical, and toxic weapons. Furthermore, in November 2015, we decided to stop financing coal-based business models. This means Allianz will no longer invest proprietary assets in companies that derive more than 30 % of revenue from coal mining or generate over 30 % of energy from burning coal. Equities amounting to € 225 MN will be divested by March 2016, while bonds amounting to € 3.9 BN will be maturing.

As part of our ESG strategy, we also consider it our responsibility to address systematic hurdles to ESG integration with peers, regulators, and other market participants, as well as to promote sustainable business practices within the companies we invest in.

As an institutional investor, we can play a key role in building a low-carbon economy. By investing our proprietary assets in energy-efficient real estate and renewable energy, we help reduce climate emissions and create economic growth. Allianz Capital Partners (ACP) is our in-house investment platform for alternative investments, with a growing portfolio of wind energy and solar power. Its total investment in renewable energy by the end of 2015 was over € 2.5 BN (compared to € 2.0 BN in 2014), covering 60 wind farms and 7 solar parks in France, Germany, Italy, Sweden, and – new in 2015 – Austria, Finland, and the United States. ACP's wind and solar portfolio generates sufficient renewable energy to supply over 800,000 households.

1 — Weapons in scope of the following international conventions:
– Ottawa Convention (anti-personnel landmines),
– Convention on Cluster Munitions (cluster ammunition/bomb; Oslo Process),
– Biological and Toxin Weapons Convention (biological weapons),
– Chemical Weapons Convention (chemical weapons).

ESG IN THIRD-PARTY ASSET MANAGEMENT

Allianz is one of the world's largest asset managers. We run the asset management business out of two investment management entities: AllianzGI and PIMCO, which operate under the Allianz Asset Management holding (AAM). In addition to managing the majority of our proprietary assets, AllianzGI and PIMCO are responsible for our third-party asset management business.

Despite different regional focuses and investment strategies, embedding ESG criteria into asset management is common practice at AllianzGI and PIMCO and they are both signatories to the PRI.

Furthermore, they offer a range of Sustainable and Responsible Investment (SRI) products and services which provide customers with new choices that deliver financial, social, and environmental returns, using strategies such as the best-in-class approach, impact investing, or negative screening. At the end of 2015, total SRI managed by AAM amounted to € 103 BN (2014: € 117 BN), corresponding to 6 % of AAM's total assets under management. The largest share of AAM's total SRI assets under management is managed by PIMCO, which totaled € 82 BN (2014: € 95 BN). In addition, AllianzGI managed € 21 BN (2014: € 22 BN) of SRI investments.

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 to our aim of being 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. For example, through our innovative Fast Quote approach, Allianz customers can get an insurance offer simply and quickly over the internet by providing only few data and either buy directly online or finalize their purchase at an agency. Fast Quote solutions are now deployed in 15 countries, with more markets to come.

The next step is to scale up the combination of Fast Quote technology with modular offers like "Allianz1": a product innovation launched in Italy in 2014, providing retail customers with a set of 13 optional modules for tailored insurance cover in line with personal needs and budgets. A modular offer for small and medium enterprises was launched at the end of 2015. Another approach to creating distinctive additional value and a caring customer experience is the integration of our global assistance services into our insurance products – for example, of roadside assistance into motor insurance.

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. In 2015, 50 % of all businesses measured significantly outperformed their local peer average or even achieved loyalty leadership in their market.

To steadily improve the satisfaction of our customers, we additionally apply our "Customer Experience Management" methodology: This involves asking our customers for direct feedback regarding their experience with Allianz. Our methodology helps us to identify key areas for improvement and to improve customer satisfaction along the entire customer journey, for example in sales and claims handling.

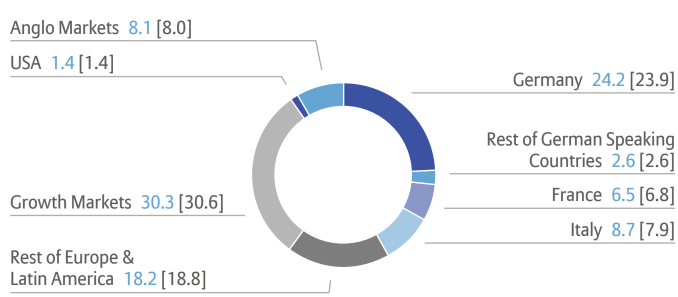
As we see a clear correlation of NPS performance with sustainable growth, a superior customer experience is our top priority. We set clear customer-oriented targets, which are hardwired into our culture, planning, processes, and incentives.

CUSTOMER BASE

The overall number of customers insured by Allianz worldwide grew from 85 million in 2014 to 85.4 million in 2015.

CUSTOMERS BY REGION/COUNTRY[1]

as of 31 December 2015 [31 December 2014] in %



1 — Customer figures exclude clients in microinsurance, pension funds, and all Global Lines. For more information on our customer base, please refer to page 55.

ALLIANZ – ONE OF THE WORLD'S STRONGEST BRANDS

The brand Allianz[1] 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.

In 2015, Allianz-branded revenues stood at 84 % (2014: 83 %) of total revenues. Our "one-brand" strategy leaves room for renowned specialty brands such as PIMCO and Euler Hermes, which use Allianz as their reference. 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 threefold: avoid and reduce our emissions, substitute with lower-carbon alternatives, and offset our remaining emissions through direct investments in high-quality carbon reduction projects.

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.

BREAKDOWN OF CO_2 EMISSIONS[1]

% as of 31 December 2015	2015
Energy	55.1
Travel	39.3
Paper	3.7
Water	0.2
Waste	1.7

1 — KPMG Wirtschaftsprüfungsgesellschaft AG has provided limited assurance on the 2015 environmental performance information. For further information, please refer to www.allianz.com/sustainability.

Since over 98 % of our emissions comes 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 % CO_2 and 25.7 % energy reduction.

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

ENVIRONMENTAL FOOTPRINT[1]

as of 31 December		2015	2014[2]	2013[2]
Total emissions	in metric tons CO_2e	301,339	300,537	333,509
Per employee emissions	in metric tons CO_2e	2.12	2.12	2.37
Total energy consumption	in GJ	2,577,050	2,516,470	2,850,903
thereof: Renewables	in %	42.7	41.6	42.1
Total travel – plane, train, car	in TKM	908,442	901,101	906,430
Total paper consumption	in metric tons	16,941	17,112	17,656

1 — KPMG Wirtschaftsprüfungsgesellschaft AG has provided limited assurance on the 2015 environmental performance information. For further information, please refer to www.allianz.com/sustainability.
2 — 2013 and 2014 figures were adjusted for a material divestment in 2015.

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 more than 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.

In 2015, corporate giving totaled € 23 MN (compared to € 21 MN in 2014).[1]

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.

1 — KPMG Wirtschaftsprüfungsgesellschaft AG has provided limited assurance on the 2015 corporate giving information. For further information, please refer to www.allianz.com/sustainability.

Attractive employer

Globally, we employ 142,459 people in nearly 70 countries. 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. This includes globally consistent people attributes along the value chain – throughout an employee's career at Allianz.

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. In this way, we enhance the skills base of our Group and build employee loyalty. We place a strong emphasis on the development of both technical expertise and leadership skills across all business functions as key drivers for sustainable and profitable growth.

TRAINING KEY FIGURES[1]

		2015	2014	2013
Total expenses in training	€ MN	85	91	86
Training expenses per employee	€	621	668	629
Average training days per employee, staff		2.9	3.0	3.0

1 — Figures based on the number of employees in Allianz's core business. Excluded are fully consolidated companies which are considered pure financial investments, non-profit organizations, e.g. foundations, and companies classified as held for sale.

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.

We actively support employee rights and strive to apply core human-rights principles based on the United Nations Declaration of Human Rights throughout our worldwide organization. We are a participant of the United Nations Global Compact and have integrated its ten principles into our globally binding Code of Conduct. We also respect the OECD Guidelines for Multinational Enterprises.

WOMEN ACROSS THE ALLIANZ GROUP[1]

%	2015	2014	2013
Women in executive positions[2,4]	23.3	23.1	21.2
Female managers[3,4]	36.8	36.2	35.5
Share of women in overall workforce	52.4	52.9	52.8

1 — Figures based on the number of employees in Allianz's core business. Excluded are fully consolidated companies which are considered pure financial investments, non-profit organizations, e.g. foundations, and companies classified as held for sale.
2 — Including women in all executive positions below the Board of Management.
3 — Including women functionally responsible for other staff, regardless of level, e.g. division, department, and team managers.
4 — These figures do not represent the proportion of women in the two management levels below the Board of Management of Allianz SE.

To support employee rights, we were one of the first companies to create pan-European worker participation standards and establish a European SE works council under the legislation for Societas Europaea (SE) companies. We are also a signatory to the International Labour Organization's (ILO) Declaration on Fundamental Rights and Principles at Work, including the ILO declaration on the freedom of association and the right to collective bargaining.

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.

We also believe that committed and motivated employees bring competitive benefits to our business. By actively engaging with our workforce, we have developed a culture of high performance, greater integrity, and better customer focus. Each year, we conduct the Group-wide Allianz Engagement Survey (AES) to gather employee feedback on a range of issues, including those identified as promoting a high-performance culture. In 2015, 120,204 employees from 67 Allianz companies were invited to participate. The global response rate of 84 % was in line with 2014.

A key measurement of the AES is the Employee Engagement Index (EEI), which reflects employee satisfaction, loyalty, advocacy, and pride within their organizations. In 2015, the EEI score at Group level was 75 %. This reflects a high level of engagement among our workforce, as well as the highest ever EEI result since the survey began.

EMPLOYEE ENGAGEMENT INDEX

%	2015	2014	2013
Employee Engagement Index	75	72	73

Business Environment

Economic environment 2015

DIVERGING GROWTH DYNAMICS IN INDUSTRIALIZED COUNTRIES AND EMERGING MARKETS

In 2015 the global economy offered both light and shade. Geopolitical tensions and crises and acts of terrorism created a difficult backdrop. The slide in the oil price and other commodity prices had a marked impact on global income flows. Many advanced economies benefited from purchasing power gains, whereas a host of emerging markets saw revenues plummet. However, alongside developments in commodity prices, structural factors also lay behind the relative economic weakness in emerging markets. The slowdown in China continued, while other major emerging market economies like Brazil and Russia experienced severe recessions. Nevertheless, there were also some bright spots in emerging markets like India and most eastern European E.U. member states, which registered robust growth. Overall, emerging markets expanded by a rather disappointing 3.3 % in 2015, the lowest growth rate in 15 years, if one ignores the Great Recession in 2009.

Compared with 2014, economic growth in industrialized countries picked up slightly in 2015. Real gross domestic product rose by 1.8 % (2014: 1.7 %). The further stabilization in the Eurozone economy was among the positive aspects witnessed in 2015. The decline in commodity prices and the lower Euro, but also progress on the reform front in the former crisis countries bolstered this upward trend. As a result, real gross domestic product expanded by 1.5 %. With an increase of 1.7 % the German economy recorded a slightly higher growth rate than the Eurozone as a whole. In the United States the six-year-long upswing continued, but given the strength of the U.S. Dollar, growth was practically unchanged from the year before at 2.4 %. Broadly speaking, consumption was the driver of growth in industrialized countries with investment providing little impetus. Overall, the world economy grew by an estimated 2.4 %, slightly lower than in 2014, when global output rose by 2.7 %. Global merchandise trade, by contrast, expanded by only about 2 % in 2015. For a number of years now the old rule of thumb that global trade increases at twice the rate of global output has no longer applied. This shows that the pace of globalization in merchandise trade has clearly abated.

Financial market developments in 2015 continued to be characterized by extremely low interest rates, a strong U.S. Dollar and increasingly volatile equity markets. In the United States, the Federal Reserve ended its zero interest rate policy in December, lifting the target range for the federal funds rate to 0.25 to 0.5 %. By contrast, the European Central Bank continued to ease its monetary policy stance with a bundle of measures, for example an extension of its bond purchasing program and a further lowering of its deposit rate to (0.3) %. Yields on 10-year German government bonds ended 2015 at 0.6 %, a minor increase of 10 basis points compared with a year earlier. The performance of major stock market indices was mixed, with gains in the Eurozone and Japan and losses in emerging markets. The Euro fluctuated considerably against the U.S. Dollar, closing the year at a rate of 1.09 U.S. Dollar to Euro, well below the level seen at the beginning of 2015. The diverging monetary policies of the U.S. Federal Reserve and the European Central Bank were a key factor behind this downward correction. Financial markets in emerging markets had a difficult year – substantial capital outflows exerted a sharp downward pressure on both stock and currency markets.

Business environment 2015 for the insurance industry

2015 offered the now familiar cocktail of economic and political challenges that describes the business environment after the financial crisis: modest premium growth but persistently low interest rates, volatile financial markets and new regulatory burdens. The only "bright" spot was the low level of insured losses – compared with historical averages – resulting from natural catastrophes. This was mainly thanks to a calm hurricane season in the North Atlantic. Nonetheless, weather-related natural catastrophes were plentiful in 2015, from winter storms in North America to droughts and heatwaves around the world to floods in Great Britain.

However, neither natural catastrophes nor political woes posed the biggest challenges in 2015. It was, in addition to economic challenges, technological change, which now fully encompasses the insurance industry. Digital technology and Big Data are transforming the whole business model, the way the industry underwrites risks, distributes products and communicates with customers. Against this background, it is not surprising that industry consolidation gathered pace in 2015, resulting in deals such as the acquisition of the Chubb Group by ACE Limited.

In the *property-casualty* sector, premium growth in advanced markets was basically unchanged from the previous year. Whereas the ongoing – albeit slow – recovery supported demand for insurance, particularly in Europe, softening prices in some markets and business lines put a damper on premium growth. In contrast to this, emerging markets followed increasingly divergent trends. In particular, Latin America showed significantly slower growth than in preceding years, dragged down by the severe recession in its biggest economy, Brazil. The indisputable growth champion of 2015 was again emerging Asia, with a strong Chinese market as its driving force. Encouragingly, the other heavyweight in emerging Asia, India, returned to healthy growth, too. Overall, according to our own estimates and based on preliminary figures, global premiums rose by around 4.5 % in 2015 (in nominal terms and adjusted for foreign currency translation effects).

Underwriting profitability remained stable on average, with combined ratios in most markets clearly below 100 %, reflecting lower catastrophe losses. However, overall profitability remained under pressure as investment returns were challenged by very low interest rates.

In the *life* sector, premium growth in advanced markets slowed slightly in 2015. While the U.S. market was more or less stable, growth in some European markets, for example in Italy, normalized after a very strong performance in the previous year. By contrast, premium growth in emerging markets was not only much stronger but actually picked up slightly. Even Latin America and Eastern Europe, despite their economic troubles, kept up rather well in 2015. However, the dominance of emerging Asia – and in particular China – is even more pronounced in life than in the property-casualty sector: In 2015, almost half of all premiums in emerging markets were written in China, and more than 60 % of all premium growth was generated there. In total, according to our own estimates and based on preliminary figures, global premiums grew by around 5.0 % in 2015 (in nominal terms and adjusted for foreign currency translation effects).

The stubbornly low yield environment posed the greatest challenge for profitability in the life sector. Life insurers reacted mainly by shifting the portfolio mix towards alternative and less liquid assets, for example infrastructure. They also started to develop new product concepts with reduced guarantees and fostered protection-type products. All in all, insurers managed to shift the product mix towards less capital-intensive products, safeguarding profitability and solvency positions.

Business environment 2015 for the asset management industry

As described earlier, markets were highly volatile for the asset management industry. On the one hand they were supported by continuously low interest rates and quantitative-easing measures. Equity and bond markets also developed positively. On the other hand, the third quarter of 2015, in particular, was tumultuous for global markets, which were impacted by the economic slowdown in China and concerns about other emerging markets.

European equity indices were especially subject to strong fluctuations in the second half of the year. In the fourth quarter of 2015, European equity markets developed favorably and rose above 2014 levels, driven by the announcement in December by the European Central Bank of further supportive monetary measures. U.S. equity prices recovered strongly at the beginning of the fourth quarter of 2015 and the NASDAQ finished the year in positive territory. However, the 25 basis points increase in the U.S. federal funds rate at the end of the fourth quarter hit equity investors. In addition, the continued sharp decline in the price of oil burdened corporates and countries exposed to oil production, as did ongoing concerns about the Chinese economy. The effects of slowing growth in China and weak commodity demand made 2015 a difficult year for emerging markets. As a result, many Asia Pacific and emerging market indices lost ground compared to the end of December 2014.

During the year, bond markets were also impacted by uncertainty surrounding the timing of the increase in the U.S. federal funds rate. With the decision taken by the U.S. Federal Reserve in December 2015, yields rose across most U.S. bond classes, which led to a weak fourth quarter of 2015 in terms of strong net outflows from nearly all types of mutual funds and asset classes in the United States.

Throughout the year, yields on the short end of the yield curve grew at a faster pace than those at the long end, signaling falling expectations for future inflation. Overall, mutual funds in 2015 recorded continued net inflows. In the United States, passive mutual funds noted strong net inflows in 2015 driven by equities and bonds. Active U.S. mutual funds, in contrast, suffered notable net outflows in 2015 – mainly in U.S. equities and taxable bonds. Money market funds in the United States profited, especially in December 2015, from the interest rate uncertainties. German mutual equity funds recorded net inflows for the first time in years. Furthermore, net inflows in mutual funds in Germany were again dominated by multi-asset funds.

Executive Summary of 2015 Results

– Total revenues increased to € 125.2 BN.
– Operating profit grew 3.2 % to € 10,735 MN.
– Net income rose to € 6,987 MN.
– Conglomerate solvency ratio up 19.6 percentage points to 200 %.[1,2]

Allianz Group overview

Allianz SE and its subsidiaries (the Allianz Group) have operations in over 70 countries. The Group's results are reported by business segment: Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other.

Key figures

KEY FIGURES ALLIANZ GROUP

€ MN

	2015	2014
Total revenues	125,190	122,253
Operating profit	10,735	10,402
Net income	6,987	6,603
Conglomerate solvency ratio[1,2] in %	200	181

Earnings summary

MANAGEMENT'S ASSESSMENT OF 2015 RESULTS

We recorded *total revenues* of € 125.2 BN, a growth of 2.4 %. On an internal basis[3], revenues dropped by 2.1 %. In our Life/Health business segment, premiums decreased in particular in the United States and in Germany, where the strategic shift to capital-light products further contributed to the decline. In our Asset Management business segment, operating revenues were primarily burdened by lower average third-party assets under management (AuM), mainly driven by third-party net outflows, albeit continuously diminishing over the course of the year. These effects were partly compensated for by mainly volume driven premium growth in our Property-Casualty business segment and slightly increased revenues in our Corporate and Other business segment.

Our *operating profit* rose 3.2 % to € 10,735 MN, which is in the upper end of our 2015 target range. Our Life/Health business segment showed a 14.1 % increase in operating profit, driven by a higher investment margin and favorable foreign currency translation effects. Our Property-Casualty business segment also contributed to the overall operating profit growth, in particular due to a net gain from the sale of Fireman's Fund personal insurance business. These favorable developments were partly offset by a decrease in operating profit in our Asset Management business segment, mainly driven by the impact from lower average third-party AuM. Our Corporate and Other business segment was burdened by higher centralized pension costs – which resulted in an increased operating loss.

Net income was up 5.8 % to € 6,987 MN, mainly due to an improvement in our non-operating result and our strong operating performance, partly offset by the higher effective tax rate. *Net income attributable to shareholders* rose 6.3 % to € 6,616 MN (2014: € 6,221 MN). *Net income attributable to non-controlling interests* was € 371 MN (2014: € 381 MN).

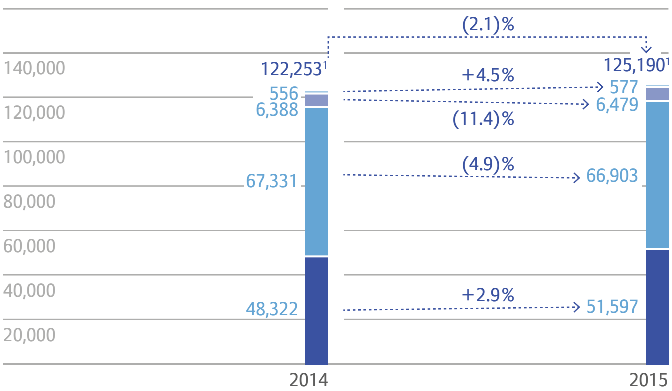
Our *shareholders' equity* went up by € 2.4 BN to € 63.1 BN, compared to 31 December 2014. Over the same period, our *conglomerate solvency ratio* strengthened from 181 % to 200 %.[1] From 1 January 2016 onwards, capitalization based on Solvency II will be utilized for regulatory purposes.

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios would be 191 % and 172 % as of 31 December 2015 and 31 December 2014, respectively.
2 — Figures as of 31 December.
3 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 110 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole.

Total revenues[1]

TOTAL REVENUES – BUSINESS SEGMENTS

€ MN



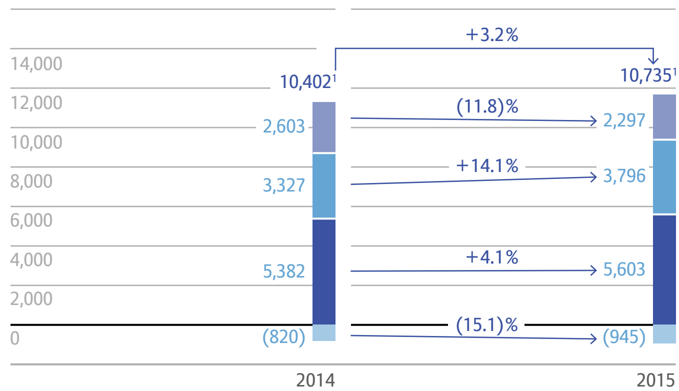
■ Property-Casualty ■ Life/Health ■ Asset Management ■ Corporate and Other
···> Internal growth

1 — Total revenues include € (365) MN (2014: € (344) MN) from consolidation.

Operating profit

OPERATING PROFIT – BUSINESS SEGMENTS

€ MN



■ Property-Casualty ■ Life/Health ■ Asset Management ■ Corporate and Other
⟶ Growth

1 — Total operating profit includes € (16) MN (2014: € (91) MN) from consolidation.

Property-Casualty gross premiums written grew 6.8 % and amounted to € 51.6 BN. On an internal basis², we recorded an increase of 2.9 % mainly due to favorable volume effects. We registered strong internal growth – particularly at Allianz Worldwide Partners, in Turkey, and at AGCS excl. Fireman's Fund.

Life/Health statutory premiums amounted to € 66.9 BN, a decrease of 4.9 % on an internal basis². This was mainly due to a drop in fixed-indexed annuity business in the United States and reduced sales of traditional products in Germany and Italy. These effects outweighed the premium growth in the unit-linked business in Italy and Taiwan. As a result of implementing changes in our product strategy, premiums shifted more towards unit-linked and capital-efficient products.

Asset Management operating revenues rose by € 92 MN to € 6.5 BN. Excluding the strong effects from foreign currency translation, mainly resulting from the sharp depreciation of the Euro against the U.S. Dollar, operating revenues decreased by 11.4 % on an internal basis². This was mainly driven by lower average third-party AuM and the corresponding AuM-related income. It was partly offset by higher performance fees.

Total revenues in our Banking operations (reported in our *Corporate and Other* business segment) increased by € 21 MN to € 577 MN, primarily driven by a higher net fee and commission result.

Our *Property-Casualty* operating profit went up by € 221 MN – or 4.1 % – to € 5,603 MN. This was mainly driven by the € 0.2 BN net gain from the sale of the Fireman's Fund personal insurance business to ACE Limited, which was partly offset by restructuring charges of € 0.1 BN for the Fireman's Fund reorganization. Growth in operating investment income – which rose from € 3,066 MN to € 3,120 MN – and a higher underwriting result contributed positively.

Life/Health operating profit was up by € 468 MN to € 3,796 MN. A higher investment margin in Germany, positive foreign currency translation effects, a higher investment spread margin in the United States, and increased unit-linked management fees in Italy and France mainly drove this development. However, these increases were negatively affected by loss recognition in South Korea amounting to € 244 MN.

Asset Management operating profit went down by € 306 MN – or 11.8 % – to € 2,297 MN. On an internal basis³, the decrease was 23.5 %, mainly driven by lower third-party AuM-driven revenues, partly offset by higher performance fees and lower operating expenses.

Our operating loss in *Corporate and Other* grew by € 124 MN to € 945 MN. Increases in Banking and Alternative Investments' operating profit were more than offset by a higher operating loss in Holding & Treasury due to higher centralized pension costs.

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

2 — Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 110 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole.

3 — Operating profit adjusted for foreign currency translation and (de-)consolidation effects. In 2015, the average exchange rate of the U.S. Dollar to Euro was 1.11 (2014: 1.33)

Non-operating result

Our *non-operating result* improved by € 1,015 MN to a loss of € 539 MN. This was mainly due to a lower negative impact from the reclassification of tax benefits, compared to 2014, and increased non-operating realized gains and losses (net). These improvements were partly offset by higher non-operating amortization of intangible assets.

Non-operating income from financial assets and liabilities carried at fair value through income (net) improved by € 84 MN to a loss of € 219 MN, mainly due to favorable impacts from hedging-related activities.

Non-operating realized gains and losses (net) increased by € 399 MN to € 1,211 MN as a result of higher realizations, mainly on equity investments.

Non-operating impairments of investments (net) rose by € 72 MN to € 268 MN, mainly due to higher impairments on equities in line with unfavorable market developments – predominantly in the third quarter of 2015.

The negative impact from the *reclassification of tax benefits* declined by € 839 MN to € 62 MN. The second half of 2014 included significant one-off tax benefits, reflected within income taxes, a portion of which were reclassified and shown within operating profit in order to adequately reflect policyholder participation.

Non-operating amortization of intangible assets increased from € 104 MN to € 304 MN. As a result of the impairment test in 2015, all of the goodwill of € 171 MN allocated to the cash generating unit Asia Pacific in the business segment Life/Health was completely impaired, mainly driven by steadily decreasing and persisting low interest rates in South Korea. For further information, please refer to note 15 to the consolidated financial statements.

Income taxes

Income taxes were up by € 964 MN to € 3,209 MN. The increase in income taxes was mostly due to the higher income before income taxes in 2015 and higher one-off tax benefits in 2014. In 2015, the effective tax rate was below our long-term average of approximately 33 % and amounted to 31.5 %. The effective tax rate in 2015, adjusted for non-tax deductible goodwill impairments and valuation allowances on deferred tax assets, would have been approximately 30.6 %. In 2014, our effective tax rate of 25.4 % benefited from extraordinary tax benefits from a favorable court decision, which amounted to € 1,120 MN. The policyholder share in tax benefits amounted to € 892 MN. Without policyholder participation, the Allianz Group's 2014 effective tax rate attributable to the shareholders would have been approximately 32 %.

Net income

Net income increased by € 384 MN to € 6,987 MN, primarily driven by our higher non-operating result and our solid operating performance, partly offset by the higher effective tax rate. *Net income attributable to shareholders* rose 6.3 % to € 6,616 MN (2014: € 6,221 MN). *Net income attributable to non-controlling interests* was € 371 MN (2014: € 381 MN). Our largest non-controlling interests in net income related to Euler Hermes and PIMCO.

Basic earnings per share increased from € 13.71 to € 14.56 in 2015 and *diluted earnings per share* rose from € 13.64 to € 14.55. For further information on earnings per share, please refer to note 51 to the consolidated financial statements.

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 (AGM) 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 AGM, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the AGM, with an unchanged dividend of € 7.30 per each share entitled to dividend.

Munich, 16 February 2016

Allianz SE

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT TO NET INCOME

€ MN

	2015	2014
Total revenues[1]	**125,190**	**122,253**
Premiums earned (net)	70,645	68,274
Operating investment result		
Interest and similar income	22,408	21,443
Operating income from financial assets and liabilities carried at fair value through income (net)	(2,089)	(1,301)
Operating realized gains/losses (net)	6,726	3,205
Interest expenses, excluding interest expenses from external debt	(375)	(415)
Operating impairments of investments (net)	(1,258)	(697)
Investment expenses	(1,094)	(961)
Subtotal	**24,319**	**21,274**
Fee and commission income	10,945	10,119
Other income	476	216
Claims and insurance benefits incurred (net)	(51,702)	(49,650)
Change in reserves for insurance and investment contracts (net)[2]	(14,065)	(13,929)
Loan loss provisions	(60)	(45)
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(25,729)	(23,351)
Fee and commission expenses	(3,777)	(3,238)
Operating amortization of intangible assets	(19)	(19)
Restructuring charges	(231)	(16)
Other expenses	(129)	(135)
Reclassification of tax benefits	62	901
Operating profit	**10,735**	**10,402**
Non-operating investment result		
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(219)	(303)
Non-operating realized gains/losses (net)	1,211	812
Non-operating impairments of investments (net)	(268)	(197)
Subtotal	**724**	**312**
Income from fully consolidated private equity investments (net)	(60)	(23)
Interest expenses from external debt	(849)	(846)
Acquisition-related expenses	12	7
One-off effects from pension revaluation	–	–
Non-operating amortization of intangible assets	(304)	(104)
Reclassification of tax benefits	(62)	(901)
Non-operating items	**(539)**	**(1,554)**
Income before income taxes	**10,196**	**8,848**
Income taxes	(3,209)	(2,245)
Net income	**6,987**	**6,603**
Net income attributable to:		
Non-controlling interests	371	381
Shareholders	6,616	6,221
Basic earnings per share in €	14.56	13.71
Diluted earnings per share in €	14.55	13.64

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
2 — Includes expenses for premium refunds (net) in Property-Casualty of € (240) MN (2014: € (307) MN).

Events after the balance sheet date

The Allianz Group was not subject to any subsequent events that significantly impacted the Group's financial results after the balance sheet date and before the financial statements were authorized for issue.

Other information

CHANGES IN SEGMENT STRUCTURE

Effective 1 January 2015, the Allianz Group reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The property-casualty insurance operations of the former reportable segment USA were allocated to the reportable segment Global Insurance Lines & Anglo Markets.

Due to further changes in the Board of Management, effective 1 September 2015, the reportable segment Growth Markets ceased to exist. The reallocation of its former parts has led to changes in the structure, the renaming of other reportable segments, as well as the introduction of a new reportable segment Asia Pacific, which consists of the insurance business in that region. The insurance business in Central & Eastern Europe has been integrated in the previous reportable segment German Speaking Countries, which was renamed German Speaking Countries and Central & Eastern Europe. The insurance business in Russia and Ukraine has been allocated to the reportable segment Global Insurance Lines & Anglo Markets. The insurance business in India, Middle East, and North Africa has been integrated in the previous reportable segment Western & Southern Europe, which was renamed to Western & Southern Europe, Middle East, Africa, India.

Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments. Additionally, some minor reallocations between the reportable segments have been made. For information on Segment reporting, please refer to note 6 to the consolidated financial statements.

SOLVENCY II: APPROVAL OF PARTIAL INTERNAL MODEL[1]

In November 2015, our partial internal model was approved by the German supervisory authority. With this approval, the uncertainty about our future Solvency II capital requirements has been significantly reduced – even if some uncertainty about the future capitalization requirements of Allianz Group remains, since the future capital requirements applicable for Global Systemically Important Insurers (so-called G-SIIs) have not been finalized as yet. From 1 January 2016 onwards, capitalization based on our partial internal model under Solvency II will be utilized for regulatory purposes. We are confident that the Allianz Group will be able to meet the capital requirements under the new regulatory regimes. For further information please refer to the Risk and Opportunity Report starting on page 112.

Other parts of the Group Management Report

The following information also forms part of the Group Management Report:

- Statement on Corporate Management pursuant to § 289a of the HGB starting on page 32,
- Takeover-related Statements and Explanations starting on page 34, and the
- Remuneration Report starting on page 37.

1 — From a formalistic perspective, the German Supervisory Authority deems our model to be 'partial' because it does not cover all of our operations: some of our smaller operations report under the standard model and others under the deduction and aggregation approach.

Property-Casualty Insurance Operations

– Gross premiums written reached € 51.6 BN – up by 6.8 %.
– Positively impacted by the net sales gain from Fireman's Fund personal insurance business, our operating profit grew 4.1 % to € 5,603 MN.
– Combined ratio slightly increased to 94.6 %.

Business segment overview

Our Property-Casualty business offers a wide range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as motor, accident/disability, property, and general liability. We conduct business worldwide in more than 70 countries. We are also a global leader in travel insurance, assistance services, and credit insurance. We distribute our products via a broad network of agents, brokers, banks, and other strategic partners, as well as through direct channels.

Key figures

KEY FIGURES PROPERTY-CASUALTY

€ MN	2015	2014
Gross premiums written	51,597	48,322
Operating profit	5,603	5,382
Net income	4,124	3,448
Loss ratio in %	66.2	66.0
Expense ratio in %	28.4	28.3
Combined ratio in %	94.6	94.3

Gross premiums written[1]

On a nominal basis, we recorded *gross premiums written* of € 51,597 MN, an increase of € 3,274 MN or 6.8 % compared to 2014.

Foreign currency translation effects amounted to € 1,529 MN, mainly due to the strong U.S. Dollar, British Pound and Swiss Franc against the Euro.[2]

Consolidation/deconsolidation effects were at € 357 MN mainly due to positive effects from the acquisition of a part of the insurance business of UnipolSai and the takeover of the Property-Casualty insurance business of the Territory Insurance Office in Australia. This was partly offset by the sale of the Fireman's Fund personal insurance business to ACE Limited and the downscaling of our retail business in Russia.

On an internal basis, our gross premiums went up 2.9 %. This was composed of a volume effect of 2.1 % and a price effect of 0.8 %. We recorded strong internal growth at Allianz Worldwide Partners, in Turkey, and at AGCS excl. Fireman's Fund.

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 2015 internal growth over 2014:

Cluster 1:
Overall growth – both price and volume effects are positive.

Cluster 2:
Overall growth – either price or volume effects are positive.

Cluster 3:
Overall decline – either price or volume effects are negative.

Cluster 4:
Overall decline – both price and volume effects are negative.

1 — We comment on the development of our gross premiums written on an internal basis, meaning adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.
2 — Based on the average exchange rates in 2015 compared to 2014.

CLUSTER 1

In *France,* gross premiums increased to € 4,330 MN. The internal growth of 1.8 % was mainly due to a positive price impact from our commercial and retail business.

In *Australia,* gross premiums grew 4.9 % to € 2,991 MN on an internal basis. This was driven by positive price and volume effects across most of our lines of business.

In *Spain,* gross premiums were at € 2,138 MN – up 6.1 % on an internal basis. We registered positive volume effects in all our lines of business and favorable price effects mainly in our motor and personal lines business.

In *Turkey*, gross premiums amounted to € 1,312 MN. The internal growth of 26.3 % resulted from higher price and volume effects across our main lines of business, especially in our motor third party liability insurance business.

CLUSTER 2

In *Germany,* we recorded gross premiums of € 9,629 MN, a rise of 1.0 % on an internal basis. This was due to positive price effects especially in our motor insurance business. It was partly offset by unfavorable volume impacts in our accident insurance with premium refunds (APR).

At *AGCS incl. FFIC,* gross premiums increased to € 8,107 MN. The internal growth of 1.0 % was mainly driven by favorable volume effects at Allianz Risk Transfer, while negative price impacts in our energy and aviation lines of business had some compensating effects.

At *Allianz Worldwide Partners,* gross premiums went up to € 3,975 MN. The internal growth of 10.8 % was due to positive contributions from all our lines of business, but particularly due to higher volume impacts at Worldwide Care and our U.S. travel business.

In the *United Kingdom,* gross premiums stood at € 3,055 MN, an increase of 2.6 % on an internal basis. This was due to favorable price effects in our commercial motor and pet insurance businesses.

In *Latin America,* gross premiums rose 8.0 % to € 2,086 MN. The internal growth was largely driven by our motor insurance business.

CLUSTER 3

In *Italy,* gross premiums stood at € 4,755 MN, a decline of 1.6 % on an internal basis. This mainly resulted from negative price effects in our motor insurance business.

In *Credit Insurance,* gross premiums decreased by 0.1 % and were at € 2,241 MN. Negative price effects after experiencing a low claims environment in some of our mature markets were largely offset by positive volume effects in Asia and Italy.

In *Russia,* gross premiums were at € 196 MN – down by 26.4 % on an internal basis. This was the result of lower commercial volumes.

Operating profit

OPERATING PROFIT

€ MN	2015	2014
Underwriting result	2,281	2,251
Operating investment income (net)	3,120	3,066
Other result[1]	202	66
Operating profit	**5,603**	**5,382**

1 — Consists of fee and commission income/expenses, other income/expenses and restructuring charges.

Operating profit increased by € 221 MN to € 5,603 MN, which includes a net gain of € 0.2 BN from the sale of the Fireman's Fund personal insurance business to ACE Limited in the second quarter. This was partly offset by restructuring charges of € 0.1 BN for the Fireman's Fund reorganization. Both operating investment income and underwriting result contributed positively.

Despite higher losses from natural catastrophes and a negative motor driven impact from Argentina, our *underwriting result* went up by € 30 MN to € 2,281 MN, benefiting from a higher contribution from run-off. Our *combined ratio* worsened by 0.3 percentage points to 94.6 %.

UNDERWRITING RESULT

€ MN	2015	2014
Premiums earned (net)	46,430	43,759
Accident year claims	(32,646)	(30,263)
Previous year claims (run-off)	1,924	1,385
Claims and insurance benefits incurred (net)	(30,721)	(28,878)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(13,208)	(12,400)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(220)	(231)
Underwriting result	**2,281**	**2,251**

1 — Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 34 to the consolidated financial statements.

Our *accident year loss ratio* stood at 70.3 % – a 1.2 percentage point deterioration compared to the previous year. This was driven by an increase in losses from natural catastrophes from an extraordinarily low level of € 400 MN in 2014 to € 738 MN resulting in a higher impact on our combined ratio of 1.6 percentage points compared to 0.9 percentage points in 2014.

Excluding losses from natural catastrophes, our accident year loss ratio deteriorated to 68.7 % from 68.2 % in 2014. This was the result of a worse attritional loss ratio of our motor portfolios in the United Kingdom and Italy as well as higher weather-related losses in Australia.

The following operation contributed positively to the development of our accident year loss ratio:

Allianz Worldwide Partners: 0.3 percentage points. The accident year loss ratio for our B2B2C business improved driven by Global Assistance.

The following operations contributed negatively to the development of our accident year loss ratio:

United Kingdom: 0.5 percentage points. The accident year loss ratio was affected by severe storms and flooding in December, a higher impact of large losses compared to last year, and an adverse loss ratio development of our retail motor portfolio.

Australia: 0.3 percentage points. This stemmed from an increased impact of losses from natural catastrophes and weather-related events.

Germany: 0.3 percentage points. After the rather benign level of claims from natural catastrophes in 2014, this year's accident year loss ratio was affected by claims caused by storms including Mike and Niklas in the first quarter as well as Siegfried and Thompson in the third quarter.

AGCS excl. FFIC: 0.2 percentage points. This is predominantly the result of higher losses from natural catastrophes.

Our *run-off result* amounted to € 1,924 MN, compared to € 1,385 MN in the previous year – resulting in a higher run-off contribution of 4.1 %. The 1.0 percentage point increase compared to the 2014 run-off ratio was the result of the strongly negative impact from reserve strengthening in Russia and Brazil in the previous year, a lower than prior year reserve strengthening for the former Fireman's Fund portfolio and positive run-off contributions from most operations in 2015.

Total expenses amounted to € 13,208 MN in 2015 compared to € 12,400 MN in 2014. Our *expense ratio* deteriorated 0.1 percentage points to 28.4 %. This was mainly driven by higher acquisition expenses.

OPERATING INVESTMENT INCOME (NET)[1]

€ MN

	2015	2014
Interest and similar income (net of interest expenses)	3,529	3,525
Operating income from financial assets and liabilities carried at fair value through income (net)	(25)	6
Operating realized gains (net)	252	186
Operating impairments of investments (net)	(59)	(20)
Investment expenses	(337)	(323)
Expenses for premium refunds (net)[2]	(240)	(307)
Operating investment income (net)	**3,120**	**3,066**

1 — The operating investment income (net) for our Property-Casualty business segment consists of the operating investment result – as shown in note 6 to the consolidated financial statements – and expenses for premium refunds (net) (policyholder participation) as shown in note 34 to the consolidated financial statements.

2 — Refers to policyholder participation, mainly from APR (accident insurance with premium refunds) business, and consists of the investment-related part of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 34 to the consolidated financial statements.

Operating investment income (net) increased slightly by € 54 MN to € 3,120 MN.

Interest and similar income (net of interest expenses) was stable at € 3,529 MN, whereby higher income from equities was broadly offset by a lower contribution from fixed income. The average asset base[1] grew by 4.3 % from € 104.6 BN to € 109.2 BN compared to the previous year.

Operating income from financial assets and liabilities carried at fair value through income (net) fell by € 31 MN to a loss of € 25 MN. This was due to negative developments in the foreign currency result net of hedges with respect to emerging market bonds denominated in local currency.

Operating realized gains (net) increased by € 66 MN to € 252 MN. This was driven by higher realizations in debt securities and was partially offset by lower realized gains on equities, both mainly in the APR business.

Operating impairments of investments (net) amounted to € 59 MN, up € 39 MN largely due to higher impairments on equities in our APR business.

Expenses for premium refunds (net) were at € 240 MN, a decrease of € 67 MN compared to last year. The change was mainly driven by our APR business in Germany.

OTHER RESULT

€ MN

	2015	2014
Fee and commission income	1,474	1,260
Other income[1]	279	60
Fee and commission expenses	(1,367)	(1,180)
Other expenses	(34)	(45)
Restructuring charges	(149)	(30)
Other result	**202**	**66**

1 — We recorded a € 0.2 BN net gain from the sale of the Fireman's Fund personal insurance business, which is reported as other income.

1 — Including French health business, excluding fair value option and trading.

Net income

Net income increased by € 676 MN to € 4,124 MN compared to 2014. We recorded lower one-off expenses from pension revaluation and higher non-operating realized gains.

PROPERTY-CASUALTY BUSINESS SEGMENT INFORMATION

€ MN	2015	2014
Gross premiums written[1]	**51,597**	**48,322**
Ceded premiums written	(4,933)	(3,961)
Change in unearned premiums	(234)	(602)
Premiums earned (net)	**46,430**	**43,759**
Interest and similar income	3,601	3,595
Operating income from financial assets and liabilities carried at fair value through income (net)	(25)	6
Operating realized gains/losses (net)	252	186
Fee and commission income	1,474	1,260
Other income	279	60
Operating revenues	**52,010**	**48,867**
Claims and insurance benefits incurred (net)	(30,721)	(28,878)
Change in reserves for insurance and investment contracts (net)	(460)	(538)
Interest expenses	(72)	(71)
Operating impairments of investments (net)	(59)	(20)
Investment expenses	(337)	(323)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(13,208)	(12,400)
Fee and commission expenses	(1,367)	(1,180)
Restructuring charges	(149)	(30)
Other expenses	(34)	(45)
Operating expenses	**(46,407)**	**(43,485)**
Operating profit	**5,603**	**5,382**
Non-operating items	181	(406)
Income before income taxes	**5,784**	**4,976**
Income taxes	(1,660)	(1,528)
Net income	**4,124**	**3,448**
Loss ratio[2] in %	66.2	66.0
Expense ratio[3] in %	28.4	28.3
Combined ratio[4] in %	**94.6**	**94.3**

1 — For the Property-Casualty business segment, total revenues are measured based upon gross premiums written.
2 — Represents claims and insurance benefits incurred (net), divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty insurance operations by reportable segments

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal[1]					
	2015	2014	2015	2014	2015	2014	2015	2014
Germany	9,629	9,532	9,629	9,532	7,877	7,824	1,216	1,303
Switzerland	1,717	1,489	1,507	1,489	1,620	1,428	245	198
Austria	983	976	983	976	831	831	81	75
Central & Eastern Europe[2]	1,732	1,676	1,729	1,676	1,413	1,372	141	167
Poland	409	419	408	419	344	348	(1)	17
Slovakia	336	330	336	330	267	267	56	67
Hungary	271	263	272	263	225	223	24	22
Czech Republic	316	286	313	286	269	238	34	44
Other	401	380	401	380	308	297	29	17
German Speaking Countries and Central & Eastern Europe	**14,061**	**13,673**	**13,849**	**13,673**	**11,741**	**11,455**	**1,683**	**1,743**
Italy[3]	4,755	4,196	4,130	4,196	4,665	3,906	1,075	932
France	4,330	4,248	4,324	4,248	4,007	3,926	465	428
Benelux	1,164	1,135	1,164	1,135	1,062	1,065	108	96
Turkey	1,312	1,082	1,366	1,082	967	906	90	90
Greece	100	108	100	108	81	89	12	16
Africa	105	96	105	96	74	65	11	11
Middle East	88	74	76	74	60	49	11	8
Western & Southern Europe, Middle East, Africa and India[4]	**11,855**	**10,939**	**11,266**	**10,939**	**10,915**	**10,006**	**1,798**	**1,588**
Spain	2,138	2,015	2,138	2,015	1,907	1,806	208	255
Portugal	343	320	343	320	285	271	20	(4)
Latin America	2,086	2,101	2,270	2,101	1,549	1,622	(154)	(147)
Iberia & Latin America	**4,566**	**4,437**	**4,750**	**4,437**	**3,741**	**3,699**	**74**	**104**
Allianz Global Corporate & Specialty[5]	8,107	5,389	7,177	7,104	5,066	3,162	423	560
AGCS excl. Fireman's Fund	6,227	5,389	5,605	5,376	3,604	3,162	514	560
Fireman's Fund	1,881	–	1,572	1,728	1,462	–	(91)	–
Reinsurance PC[6]	4,841	3,738	4,799	3,738	4,078	3,118	625	464
Reinsurance PC excl. San Francisco RE	4,841	3,738	4,799	3,738	4,078	3,118	584	464
San Francisco RE	–	–	–	–	–	–	41	–
Credit Insurance	2,241	2,158	2,157	2,158	1,549	1,482	400	401
United Kingdom	3,055	2,684	2,754	2,684	2,322	2,439	56	178
Ireland	496	439	496	439	432	385	42	85
United States[7]	–	1,958	–	–	–	1,874	–	(151)
Australia[8]	2,991	2,763	2,898	2,763	2,362	2,180	307	353
Russia	196	537	269	365	183	528	2	(194)
Ukraine	4	13	7	13	3	8	–	(1)
Global Insurance Lines & Anglo Markets[9]	**21,931**	**19,680**	**20,556**	**19,265**	**15,994**	**15,176**	**1,846**	**1,699**
Asia Pacific	**774**	**722**	**738**	**722**	**501**	**443**	**74**	**57**
Allianz Worldwide Partners[10]	**3,975**	**3,341**	**3,703**	**3,341**	**3,538**	**2,981**	**128**	**105**
Consolidation and Other[11,12]	(5,565)	(4,469)	(5,552)	(4,455)	–	–	–	86
Total	**51,597**	**48,322**	**49,310**	**47,920**	**46,430**	**43,759**	**5,603**	**5,382**

1 — This reflects gross premiums written on an internal basis, adjusted for foreign currency translation and (de-)consolidation effects.
2 — Includes income and expense items from a management holding and consolidations between countries in this region.
3 — Effective 1 July 2014, the Allianz Group acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A., Bologna.
4 — Includes € 4 MN and € 7 MN operating profit for 2015 and 2014, respectively, from a management holding located in Luxembourg. Includes € 21 MN operating profit for 2015 from an associated entity in Asia Pacific.
5 — Effective 1 January 2015, Fireman's Fund Insurance Company was integrated into AGCS Group. Previous period figures were not adjusted. The sale of the renewal rights for personal lines was effective 1 April 2015. 12M 2015 figures include the net gain on the sale of the personal insurance business to ACE Limited of € 0.2 BN.
6 — The results from the run-off portfolio included in San Francisco Reinsurance Company Corp., a former subsidiary of Fireman's Fund Insurance Company, have been reported within Reinsurance PC since 1 January 2015.
7 — Previous period figures for the United States were not adjusted and include the prior year's business of Fireman's Fund Insurance Company.

%	Combined ratio		Loss ratio		Expense ratio	
	2015	2014	2015	2014	2015	2014
Germany	91.9	91.5	66.8	65.7	25.1	25.9
Switzerland	89.5	91.0	65.8	67.8	23.7	23.2
Austria	94.0	94.4	68.2	69.0	25.9	25.4
Central & Eastern Europe[2]	95.5	93.3	62.5	60.7	33.0	32.6
Poland	104.3	99.5	71.5	64.0	32.8	35.5
Slovakia	83.8	79.5	51.7	53.2	32.2	26.3
Hungary	101.5	102.7	60.6	62.4	40.9	40.3
Czech Republic	90.7	85.0	64.2	56.9	26.5	28.1
Other	–[13]	–[13]	–[13]	–[13]	–[13]	–[13]
German Speaking Countries and Central & Eastern Europe	**92.1**	**91.9**	**66.2**	**65.6**	**25.9**	**26.3**
Italy[3]	83.1	82.5	56.5	55.0	26.6	27.5
France	95.9	96.3	66.8	67.6	29.1	28.7
Benelux	96.2	97.6	66.9	67.6	29.3	30.0
Turkey	102.2	97.8	79.0	75.1	23.1	22.6
Greece	89.1	86.1	53.8	51.1	35.3	35.0
Africa	92.7	92.6	56.3	48.4	36.5	44.2
Middle East	93.9	97.4	60.4	62.6	33.6	34.7
Western & Southern Europe, Middle East, Africa and India[4]	**90.9**	**91.1**	**63.3**	**63.1**	**27.6**	**28.0**
Spain	92.7	89.9	71.6	68.8	21.1	21.1
Portugal	96.5	105.7	72.9	82.7	23.6	23.0
Latin America	116.6	116.1	79.2	79.7	37.4	36.5
Iberia & Latin America	**102.9**	**102.6**	**74.8**	**74.6**	**28.0**	**28.0**
Allianz Global Corporate & Specialty[5]	102.9	93.1	72.0	65.2	31.0	27.9
AGCS excl. Fireman's Fund	94.0	93.1	66.2	65.2	27.8	27.9
Fireman's Fund	124.8	–	86.1	–	38.7	–
Reinsurance PC[6]	89.5	88.6	60.6	60.5	28.9	28.0
Reinsurance PC excl. San Francisco RE	89.2	88.6	60.6	60.5	28.6	28.0
San Francisco RE	–	–	–	–	–	–
Credit Insurance	83.2	78.6	53.3	48.8	29.8	29.7
United Kingdom	102.6	97.6	73.1	65.9	29.5	31.6
Ireland	94.9	84.7	67.4	55.6	27.5	29.2
United States[7]	–	120.0	–	85.6	–	34.4
Australia[8]	96.2	94.6	69.7	69.7	26.5	24.9
Russia	111.9	141.6	70.6	98.7	41.3	42.9
Ukraine	113.5	114.9	56.4	62.3	57.1	52.6
Global Insurance Lines & Anglo Markets[9]	**96.5**	**96.5**	**67.0**	**66.8**	**29.5**	**29.7**
Asia Pacific	**93.5**	**95.2**	**61.1**	**64.5**	**32.5**	**30.6**
Allianz Worldwide Partners[10]	**97.4**	**96.6**	**62.7**	**65.6**	**34.6**	**31.0**
Consolidation and Other[11,12]	–	–	–	–	–	–
Total	**94.6**	**94.3**	**66.2**	**66.0**	**28.4**	**28.3**

8 — Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO Business), Darwin.
9 — Includes € 8 MN operating loss and € 3 MN operating profit for 2015 and 2014, respectively, from AGF UK.
10 — The reportable segment Allianz Worldwide Partners includes the Global Assistance business as well as the business of Allianz Worldwide Care and the reinsurance business of Allianz Global Automotive, in addition to income and expenses from a management holding.
11 — Represents elimination of transactions between Allianz Group companies in different geographic regions.
12 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN, as reflected in the operating profit for 2014.
13 — Presentation not meaningful.

Life/Health Insurance Operations

- Statutory premiums stable at € 66.9 BN: continued targeted shift towards unit-linked and capital-efficient products.
- Operating profit increased 14.1 % to € 3,796 MN, driven by a higher investment margin.

Business segment overview

Allianz offers a broad range of life, health, savings, and investment-oriented products, including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers, and bank partnerships – we offer life and health products to both retail and corporate clients. As one of the worldwide market leaders in life business, we serve customers in more than 45 countries.

Key figures

KEY FIGURES LIFE/HEALTH

€ MN

	2015	2014
Statutory premiums	66,903	67,331
Operating profit	3,796	3,327
Net income	2,621	2,320
Margin on reserves (BPS)[1]	67	65

Statutory premiums[2,3]

On a nominal basis, we recorded *statutory premiums* of € 66,903 MN, down by 0.6 %. This includes favorable foreign currency translation effects of € 2,848 MN.

On an internal basis[3], statutory premiums decreased by € 3,276 MN – or 4.9 % – to € 64,055 MN. As a result of changes in our product strategy, premiums shifted towards unit-linked and capital-efficient products. Decreased sales of traditional products in Germany and Italy more than offset the premium growth in the unit-linked business in Italy and Taiwan. In addition, we recorded lower premiums from the fixed-indexed annuity business in the United States.

In the *German* life business, we recorded statutory premiums of € 17,742 MN. The drop of 6.7 % on an internal basis was due to lower single premium business, which saw reduced sales of traditional life products – which include long-term interest rate guarantees. This was partly compensated for by growth in the regular premium business. Statutory premiums in the German health business went up to € 3,257 MN. The rise of 0.4 % on an internal basis resulted from premium rate increases in comprehensive insurance in January 2015.

In the *United States,* statutory premiums amounted to € 10,475 MN, down 26.1 % on an internal basis. We experienced lower fixed-indexed annuity sales due to both the impact of pricing changes made in the first half of 2015, in response to the low interest rate environment, as well as market developments. We also recorded exceptionally high premiums in the second and third quarters of 2014 resulting from the introduction of an innovative index strategy.

Statutory premiums in *Italy* went up to € 11,936 MN, representing internal growth of 5.3 %. Statutory premiums benefited from strong growth in the unit-linked business. Along with a decrease in traditional life business, the share of unit-linked premiums of total statutory premiums increased significantly to 75 % compared to 63 % in 2014.

In *France,* statutory premiums dropped to € 8,053 MN. The decrease of 2.3 % on an internal basis was mainly due to a decline in our traditional individual life and group pension business, with growth in our group protection and health business partly compensating for the negative development.

In *Asia Pacific*[4]*,* statutory premiums increased to € 6,769 MN, up 5.8 % on an internal basis. This was mainly because of higher sales of single premium unit-linked products distributed via bancassurance in Taiwan.

1 — Represents operating profit divided by the average of the current and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts, and financial liabilities for unit-linked contracts less reinsurance assets.

2 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

3 — In the following section, we comment on the development of our statutory gross premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects, in order to provide more comparable information.

4 — Asia Pacific refers to Asian-Pacific countries.

Statutory premiums in *Switzerland* totaled € 1,842 MN. On an internal basis, this represented a decrease of 2.3 %, largely due to lower single premium business in group life.

In *Benelux,* statutory premiums stood at € 2,239 MN – a decline of 11.1 % on an internal basis. This mainly resulted from lower traditional life product sales and was partially offset by an increase in the sale of single premium unit-linked products.

Statutory premiums in *Spain* went up to € 1,375 MN. The increase of 9.2 % on an internal basis was mainly driven by traditional products distributed via the bancassurance channel.

Statutory premiums in *Central & Eastern Europe* amounted to € 818 MN, down 4.7 % on an internal basis. We recorded lower regular premiums in the Czech Republic and lower single premiums in Hungary. A stronger regular premium business in Bulgaria partly compensated for this.

Premiums earned (net)

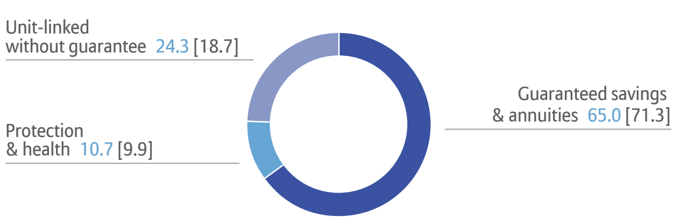
Premiums earned (net) were down by € 300 MN to € 24,215 MN. This was mainly due to lower business from traditional life products in Germany. Favorable foreign currency translation effects from some of the major currencies partly compensated for the decrease.

Present value of new business premiums (PVNBP)[1,2]

PVNBP fell by € 318 MN to € 60,614 MN. This was driven by a drop in our guaranteed savings & annuities line of business, primarily due to decreased fixed-indexed annuity sales in the United States and lower sales of traditional business with high guarantees – particularly in Germany and Italy. The PVNBP share of unit-linked without guarantee line of business rose to 24.3 %.

PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP) BY LINES OF BUSINESS

Year 2015 [2014] in %



1 — PVNBP before non-controlling interests.
2 — Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia.

Operating profit

OPERATING PROFIT BY PROFIT SOURCES[2]

The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.

OPERATING PROFIT BY PROFIT SOURCES

€ MN	2015	2014
Loadings and fees	5,667	5,285
Investment margin	3,915	2,973
Expenses	(6,610)	(6,522)
Technical margin	1,156	1,203
Impact of change in DAC	(332)	388
Operating profit	**3,796**	**3,327**

Our *operating profit* rose by € 468 MN to € 3,796 MN. This mainly resulted from a higher investment margin in Germany, positive foreign currency translation effects, a higher investment spread margin in the United States, and increased unit-linked management fees in Italy and France. It was partly offset by loss recognition in South Korea amounting to € 244 MN.

Loadings and fees

Loadings and fees include premium and reserve based fees, unit-linked management fees, and policyholder participation in expenses.

LOADINGS AND FEES

€ MN	2015	2014
Loadings from premiums	3,751	3,566
Loadings from reserves	1,143	1,091
Unit-linked management fees	772	628
Loadings and fees	**5,667**	**5,285**
Loadings from premiums as % of statutory premiums	5.6	5.3
Loadings from reserves as % of average reserves[1,2]	0.2	0.2
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.6	0.6

1 — Aggregate policy reserves and unit-linked reserves.
2 — Yields are pro-rata.
3 — Unit-linked management fees, excluding asset management fees, divided by unit-linked reserves.

Our *loadings and fees* were up by € 381 MN to € 5,667 MN.

The growth in *loadings from premiums* of € 185 MN was primarily due to higher sales in Asia Pacific, the positive impact of lower volumes of products with sales inducements in the United States, favorable foreign currency translation effects, and increased unit-linked premiums in Italy and France. This was partially offset by reduced single premium business in Germany. Loadings from premiums as a percentage of statutory premiums rose by 31 basis points, largely because of a higher proportion of regular premiums in Germany.

The increase in *loadings from reserves* of € 52 MN was mainly driven by a higher reserve volume, particularly in Asia Pacific.

The growth in *unit-linked management fees* of € 144 MN was largely due to higher assets under management in France and Italy as well as increased performance fees in Italy.

Investment margin

The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).

INVESTMENT MARGIN

€ MN	2015	2014
Interest and similar income	18,331	17,307
Operating income from financial assets and liabilities carried at fair value through income (net)	(2,050)	(1,367)
Operating realized gains/losses (net)	6,459	3,204
Interest expenses	(108)	(107)
Operating impairments of investments (net)	(1,199)	(677)
Investment expenses	(1,013)	(903)
Other[1]	174	258
Technical interest	(9,194)	(8,740)
Policyholder participation	(7,486)	(6,002)
Investment margin	**3,915**	**2,973**
Investment margin[2,3] in basis points	98	80

1 — Other comprises the delta of out-of-scope entities, which are added here with their respective operating profit and different line item definitions compared to the financial statements, such as interest paid on deposits for reinsurance, fee and commission income and expenses excluding unit-linked management fees.
2 — Investment margin divided by the average of current previous year-end aggregate policy reserves.
3 — Yields are pro-rata.

Our *investment margin* rose by € 942 MN to € 3,915 MN, or by 18 basis points as a percentage of reserves. The increase was mainly driven by higher realizations on both debt and equity investments, predominantly in Germany. It was also supported by higher interest income largely from debt investments. As the volume effects of a higher asset base were mostly offset by lower yields, this higher interest was primarily due to favorable foreign currency translation effects, arising mainly in the United States. These increases were partially offset by a negative foreign currency result on partially hedged emerging markets bonds and unfavorable impacts from financial derivatives to lengthen duration. Higher impairments on equities – mainly in the German life business – as a result of volatile equity markets during the year also contributed negatively.

The policyholder participation ratio decreased slightly, driven by a drop in the policyholder participation in Italy and France.

Expenses

Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.

EXPENSES

€ MN	2015	2014
Acquisition expenses and commissions	(4,915)	(4,912)
Administrative and other expenses	(1,695)	(1,610)
Expenses	**(6,610)**	**(6,522)**
Acquisition expenses and commissions as % of PVNBP[1]	(8.1)	(8.1)
Administrative and other expenses as % of average reserves[2,3]	(0.3)	(0.4)

1 — PVNBP before non-controlling interests.
2 — Aggregate policy reserves and unit-linked reserves.
3 — Yields are pro-rata.

Our *expenses* were up by € 87 MN to € 6,610 MN. Acquisition expenses were flat, as lower acquisition expenses driven by reduced fixed-indexed annuity sales in the United States and lower single premium business in Germany were offset by higher acquisition expenses mainly due to sales growth in Asia Pacific and Italy.

Administrative expenses increased predominantly because of adverse foreign currency translation effects from our businesses in the United States and in Asia Pacific.

Technical margin

Technical margin comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.

Our *technical margin* declined by € 47 MN to € 1,156 MN. This was driven by additional reserving for an annuity take-up option in Italy and increased provisions for unclaimed contracts in France. It was partly offset by a favorable disability result in Switzerland.

Impact of change in DAC

Impact of change in DAC (deferred acquisition costs) includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA). It represents the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the IFRS financial statements.

IMPACT OF CHANGE IN DAC

€ MN	2015	2014
Capitalization of DAC	1,741	1,904
Amortization, unlocking and true-up of DAC	(2,073)	(1,516)
Impact of change in DAC	**(332)**	**388**

The *impact of change in DAC* turned from € 388 MN to minus € 332 MN. This was largely due to higher DAC amortization associated with our variable annuity business in the United States, loss recognition in South Korea in the second and third quarters of 2015, and a lower capitalization of DAC, due to a decline in the fixed-indexed annuity business in the United States.

OPERATING PROFIT BY LINES OF BUSINESS

OPERATING PROFIT BY LINES OF BUSINESS

€ MN	2015	2014
Guaranteed savings & annuities	2,846	2,369
Protection & health	577	661
Unit-linked without guarantee	373	298
Operating profit	**3,796**	**3,327**

The operating profit increase in the *guaranteed savings & annuities* line of business was largely driven by a higher investment margin in Germany and a higher investment spread margin in the United States. Operating profit in the *protection & health* line of business declined, mainly because of loss recognition in South Korea. Operating profit in the *unit-linked without guarantee* line of business rose, primarily due to higher fees in Italy.

MARGIN ON RESERVES

In 2015, the *margin on reserves* was up from 65 to 67 basis points, driven mainly by the increased investment margin.

Net income

Our *net income* rose by € 301 MN to € 2,621 MN, in line with our operating performance. We recorded higher non-operating income stemming primarily from increased realizations on equity investments in Italy. This was offset by the impairment of the goodwill allocated to the cash generating unit Asia Pacific, mainly driven by steadily decreasing and persisting low interest rates in South Korea. The slight increase in the effective tax rate contributed negatively.

LIFE/HEALTH BUSINESS SEGMENT INFORMATION[1]

€ MN	2015	2014
Statutory premiums[2]	**66,903**	**67,331**
Ceded premiums written	(747)	(630)
Change in unearned premiums	(309)	(544)
Statutory premiums (net)	**65,847**	**66,157**
Deposits from insurance and investment contracts	(41,632)	(41,643)
Premiums earned (net)	**24,215**	**24,514**
Loadings and fees	**5,667**	**5,285**
Loadings from premiums	3,751	3,566
Loadings from reserves	1,143	1,091
Unit-linked management fees	772	628
Investment margin (net of policyholder participation)	**3,915**	**2,973**
Expenses	**(6,610)**	**(6,522)**
Acquisition expenses and commissions	(4,915)	(4,912)
Administrative and other expenses	(1,695)	(1,610)
Technical margin	**1,156**	**1,203**
Operating profit before change in DAC	**4,128**	**2,939**
Impact of change in DAC[3]	**(332)**	**388**
Capitalization of DAC	1,741	1,904
Amortization, unlocking and true-up of DAC	(2,073)	(1,516)
Operating profit	**3,796**	**3,327**
Non-operating items	(6)	(12)
Income before income taxes	**3,790**	**3,316**
Income taxes	(1,169)	(996)
Net income	**2,621**	**2,320**
Margin on reserves[4] in basis points	67	65

1 — Profit sources are based on in-scope operating entities with coverage of 96.5 % of statutory premiums. Operating profit from operating entities that are not in scope is included in investment margin.
2 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3 — Impact of change in DAC includes effects of change in DAC, URR, and VOBA. It represents the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.
4 — Represents operating profit divided by the average of the current and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts, and financial liabilities for unit-linked contracts less reinsurance assets.

LIFE/HEALTH OPERATING PROFIT BY PROFIT SOURCES AND LINES OF BUSINESS[1]

€ MN

	Life/Health		Guaranteed savings & annuities		Protection & health		Unit-linked without guarantee	
	2015	2014	2015	2014	2015	2014	2015	2014
Loadings from premiums	3,751	3,566	1,885	1,868	1,582	1,440	284	258
Loadings from reserves	1,143	1,091	976	958	100	86	66	47
Unit-linked management fees	772	628	326	266	–	–	446	363
Loadings and fees	**5,667**	**5,285**	**3,187**	**3,091**	**1,683**	**1,525**	**797**	**668**
Investment margin (net of policyholder participation)	**3,915**	**2,973**	**3,794**	**2,876**	**62**	**43**	**60**	**54**
Acquisition expenses and commissions	(4,915)	(4,912)	(3,113)	(3,336)	(1,276)	(1,194)	(526)	(382)
Administrative and other expenses	(1,695)	(1,610)	(1,077)	(1,091)	(454)	(376)	(164)	(144)
Expenses	**(6,610)**	**(6,522)**	**(4,190)**	**(4,426)**	**(1,730)**	**(1,570)**	**(690)**	**(526)**
Technical margin	**1,156**	**1,203**	**425**	**532**	**621**	**587**	**109**	**84**
Operating profit before change in DAC	**4,128**	**2,939**	**3,216**	**2,073**	**636**	**585**	**276**	**281**
Capitalization of DAC	1,741	1,904	1,144	1,414	372	374	224	116
Amortization, unlocking and true-up of DAC	(2,073)	(1,516)	(1,515)	(1,119)	(431)	(299)	(128)	(98)
Impact of change in DAC[2]	**(332)**	**388**	**(371)**	**296**	**(59)**	**75**	**97**	**18**
Operating profit	**3,796**	**3,327**	**2,846**	**2,369**	**577**	**661**	**373**	**298**

1 — Profit sources are based on in-scope operating entities with coverage of 96.5% of statutory premiums. Operating profit from operating entities that are not in scope is included in investment margin.

2 — Impact of change in DAC includes effects of change in DAC, URR, and VOBA. It represents the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the financial statements.

Life/Health insurance operations by reportable segments

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Statutory premiums[1]		internal[3]		Premiums earned (net)		Operating profit (loss)		Margin on reserves[2] (BPS)	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Germany Life	17,742	19,014	17,742	19,014	10,520	11,468	1,257	1,079	60	55
Germany Health	3,257	3,245	3,257	3,245	3,257	3,244	214	209	75	77
Switzerland	1,842	1,655	1,617	1,655	501	519	75	83	50	62
Austria	399	405	399	405	317	325	33	37	66	80
Central & Eastern Europe	818	857	817	857	520	516	129	118	377	358
Poland	194	185	193	185	88	73	27	21	469	374
Slovakia	247	252	247	252	199	210	34	38	270	303
Czech Republic	114	147	113	147	67	74	15	15	249	253
Hungary	115	138	116	138	44	42	13	12	343	332
Other[4]	148	134	148	134	123	118	40	33	–[5]	–[5]
German Speaking Countries and Central & Eastern Europe	**24,058**	**25,176**	**23,833**	**25,176**	**15,115**	**16,073**	**1,707**	**1,527**	**65**	**63**
Italy	11,936	11,332	11,936	11,332	449	478	268	173	44	32
France	8,053	8,241	8,053	8,241	3,183	3,100	550	455	64	56
Benelux	2,239	2,518	2,239	2,518	522	520	121	132	72	85
Turkey	985	854	1,026	854	179	148	54	26	186	106
Greece	95	88	95	88	55	51	(3)	–	(95)	–[5]
Africa	68	57	68	57	29	28	5	6	176	212
Middle East	215	176	191	176	170	132	32	24	382	352
Western & Southern Europe, Middle East, Africa and India[6]	**23,591**	**23,266**	**23,608**	**23,266**	**4,587**	**4,458**	**1,062**	**815**	**64**	**53**
Spain	1,375	1,259	1,375	1,259	440	437	196	191	241	257
Portugal	283	247	283	247	86	83	21	22	351	374
Latin America	380	338	382	338	127	123	14	16	127	177
Iberia & Latin America	**2,037**	**1,844**	**2,040**	**1,844**	**653**	**643**	**231**	**229**	**235**	**256**
USA	**10,475**	**11,840**	**8,753**	**11,840**	**1,193**	**984**	**841**	**656**	**87**	**81**
Reinsurance LH	596	537	363	537	456	398	38	14	211	76
Russia	39	52	53	52	38	49	9	1	469	27
Global Insurance Lines & Anglo Markets	**634**	**589**	**416**	**589**	**494**	**448**	**47**	**15**	**236**	**71**
Asian-Pacific countries	6,769	5,732	6,067	5,732	2,170	1,909	(83)	104	(30)	43
South Korea	1,704	1,646	1,527	1,646	486	509	(244)	(51)	(202)	(48)
Taiwan	2,706	2,026	2,376	2,026	293	201	6	2	8	3
Indonesia	701	700	662	700	296	285	74	61	488	478
Malaysia	451	423	447	423	203	187	20	18	145	147
Thailand	750	622	664	622	733	611	87	71	254	249
China	451	311	385	311	145	106	2	1	20	16
Other[4]	6	5	6	5	13	11	(28)	2	–[5]	–[5]
Global Life	5	4	5	4	3	1	–	1	–[5]	–[5]
Asia Pacific	**6,774**	**5,736**	**6,072**	**5,736**	**2,172**	**1,910**	**(83)**	**105**	**(30)**	**43**
Consolidation[7]	(666)	(1,120)	(666)	(1,120)	–	–	(10)	(17)	–[5]	–[5]
Total	**66,903**	**67,331**	**64,055**	**67,331**	**24,215**	**24,514**	**3,796**	**3,327**	**67**	**65**

1 — Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
2 — Represents operating profit (loss) divided by the average of the current and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts, and financial liabilities for unit-linked contracts less reinsurance assets.
3 — Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.
4 — Includes income and expense items from management holdings, smaller operating entities and consolidations between countries in these regions.
5 — Presentation not meaningful.
6 — Includes € 34 MN operating profit for 2015 from an associated entity in Asia Pacific.
7 — Represents elimination of transactions between Allianz Group companies in different geographic regions.

Asset Management

– Operating profit down 11.8 % to € 2,297 MN.
– Cost-income ratio rose to 64.5 %.
– Third-party net outflows substantially reduced in 2015, amounting to € 107 BN.
– Total assets under management at € 1,763 BN – a decline of € 38 BN.

Business segment overview

Allianz offers asset management products and services for third-party investors and the Allianz Group's insurance operations. We serve a wide range of retail and institutional clients worldwide with investment and distribution capacities in all major markets. Based on total assets under management, we are one of the largest asset managers in the world that manage third-party assets with active investment strategies.

Key figures

KEY FIGURES ASSET MANAGEMENT

€ MN	2015	2014
Operating revenues	6,479	6,388
Operating profit	2,297	2,603
Cost-income ratio in %	64.5	59.2
Net income	1,449	1,621
Total assets under management as of 31 December in € BN	1,763	1,801
thereof: Third-party assets under management as of 31 December in € BN	1,276	1,313

Assets under management

Total assets under management decreased by € 38 BN to € 1,763 BN, mainly driven by third-party assets under management (AuM) net outflows and negative effects from Market and Other, but largely offset by favorable effects from foreign currency translation. Of total AuM, € 1,276 BN related to third-party AuM and € 487 BN to Allianz Group assets.

In 2015, we recorded total AuM net outflows of € 116 BN. Net outflows from third-party AuM amounted to € 107 BN. This was strongly driven by PIMCO in the United States, primarily from traditional fixed income products. However, since the end of 2014, third-party AuM net outflows at PIMCO have significantly receded with each quarter, amounting to only € 11 BN in the fourth quarter of 2015. Allianz Global Investors (AllianzGI) recorded strong third-party net inflows in 2015. These were primarily due to net inflows in Europe, continuing AllianzGI's trend of third-party net inflows for the twelfth consecutive quarter.

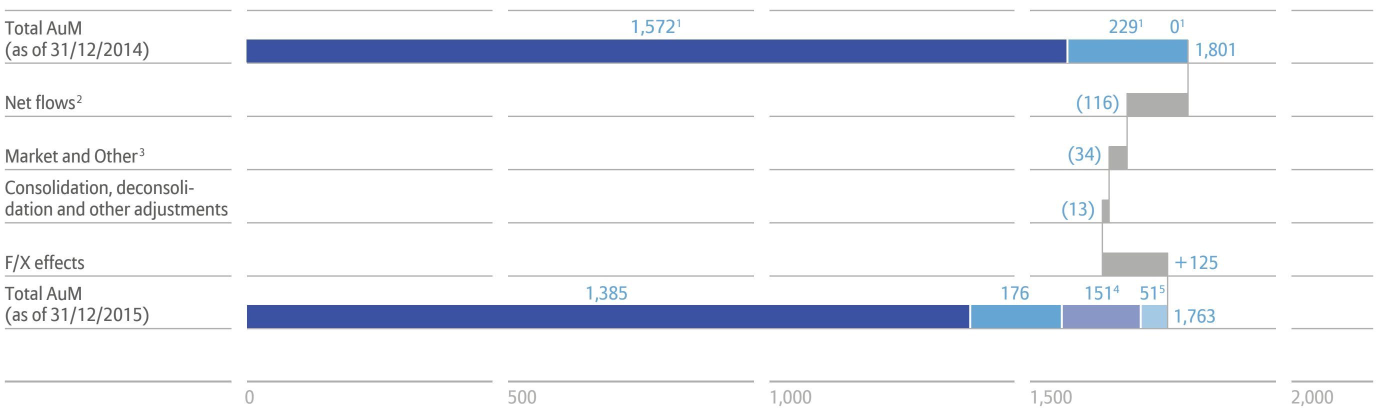
Unfavorable effects from Market and Other, amounting to € 34 BN, also contributed to the decrease of total AuM. Negative effects of € 41 BN at PIMCO – mainly from fixed income assets – were only partially offset by positive effects at AllianzGI of € 8 BN.

We recorded a decline in total AuM of € 13 BN, reported as consolidation, deconsolidation and other adjustments. This was mainly due to an adjustment of third-party AuM related to a joint venture and a correction in reporting of notional accounts.

Mainly as a result of the depreciation of the Euro against the U.S. Dollar, which declined from 1.21 at the beginning of the year to 1.09 on 31 December 2015, we recorded favorable foreign currency translation effects of € 125 BN.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT

€ BN



1 — Fixed income, equities and other definitions based on legal entity view as of 31 December 2014. Therefore, 2014 and 2015 figures are not comparable.
2 — From the first quarter of 2015, net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from, and termination of, client accounts and distributions to investors. Reinvested dividends amounted to € 18 BN.
3 — From the first quarter of 2015, Market and Other represents current income earned on, and changes in the fair value of, securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open ended mutual funds and of closed end funds.
4 — Multi-assets is a combination of several asset classes (e.g. bonds, stocks, cash and real property) used as an investment. Multi-assets class investments increase the diversification of an overall portfolio by distributing investments throughout several asset classes.
5 — Other is composed of other asset classes than equity, fixed income and multi-assets, e.g. money markets, commodities, real estate investment trusts, infrastructure investments, private equity investments, hedge funds, etc.

In the following section we focus on the development of *third-party assets under management.*

As of 31 December 2015, the share of third-party AuM by business unit was 77.3 % attributable to PIMCO and 22.7 % attributable to AllianzGI.

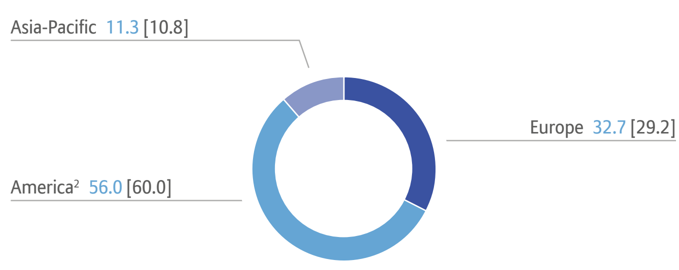
At the beginning of 2015 we enhanced our asset class reporting from a legal entity view to a more granular asset class split composed of fixed income, equities, multi-assets, and other. Furthermore, we replaced the retail and institutional asset split by an investment vehicle view, comprised of mutual funds and separate accounts.[1]

Based on the asset class split on 31 December 2015, the third-party AuM share of fixed income amounted to 74.0 %, reflecting the high share of fixed income assets at PIMCO. 11.8 % in equity assets was due to the notable equity share at AllianzGI. Multi-assets and other accounted for 10.5 % and 3.7 %, respectively.

The share of third-party assets between mutual funds and separate accounts changed in favor of separate accounts, compared to the end of 2014 – with mutual funds at 58.3 % and separate accounts at 41.7 %.

THIRD-PARTY ASSETS UNDER MANAGEMENT BY REGION/COUNTRY[1]

as of 31 December 2015 [31 December 2014] in %



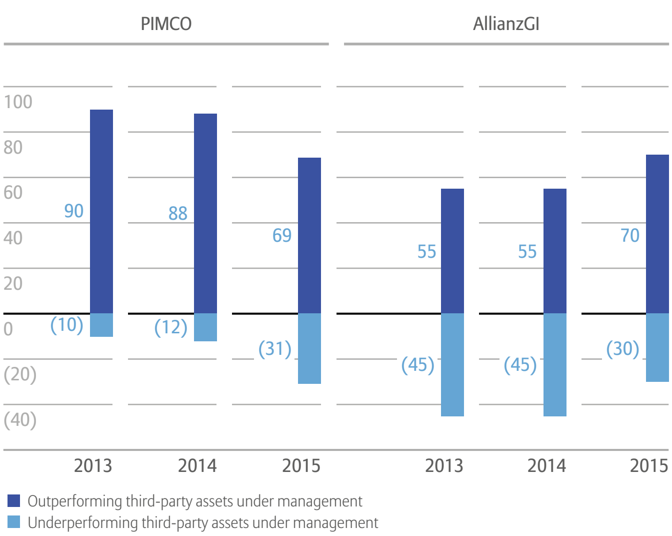
1 — Based on the location of the asset management company.
2 — "America" consists of the United States, Canada and Brazil (€ 699 BN, € 14 BN and € 1 BN third-party AuM as of 31 December 2015, respectively).

1 — Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g. open-end funds, closed-end funds. Separate accounts are investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g. public or private institutions, high net worth individuals, and corporates).

The regional allocation of third-party AuM shifted in favor of Europe and – to a lesser extent – the Asia-Pacific region. This was mainly due to strong third-party net outflows in the United States and third-party net inflows at AllianzGI in Europe and was supported by market effects. It was only partially offset by positive foreign currency translation effects.

THREE-YEAR ROLLING INVESTMENT PERFORMANCE OF PIMCO AND ALLIANZGI[1]

as of 31 December in %



1 — Three-year rolling investment performance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by Allianz Asset Management's portfolio-management units. For separate accounts and mutual funds, the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

The overall three-year rolling investment performance of our Asset Management business decreased, but remained on a high level, with 69 % of third-party assets outperforming their respective benchmarks (31 December 2014: 84 %). The decrease was mainly driven by PIMCO's rolling investment performance, which was impacted by strong quarters of 2012 rolling off and more challenging quarters of 2015 rolling in. 69 % of PIMCO third-party assets outperformed their respective benchmarks. AllianzGI improved significantly with 70 % of third-party assets outperforming their respective benchmarks.

Operating revenues

Our *operating revenues* increased by € 92 MN – or 1.4 % – to € 6,479 MN. Before the positive effect from foreign currency translation, which was mainly driven by the sharp depreciation of the Euro against the U.S. Dollar, operating revenues decreased by 11.4 % on an internal basis[1].

Net fee and commission income went up 1.7 % to € 6,488 MN. However, excluding the positive effect from foreign currency translation, this was a decrease of 11.7 %. The decrease was mostly due to a drop of 16.3 % in our third-party AuM-driven revenues. This was mainly due to lower average third-party AuM, which declined by 15.9 % before foreign currency translation effects. The reduced third-party AuM primarily resulted from third-party net outflows at PIMCO and a negative market return especially impacting fixed income assets. Moreover, third-party AuM-driven revenues were also impacted – albeit to a lesser extent – by a decline in our third-party AuM-driven margin. This was primarily driven by a lower share of mutual funds in our average third-party AuM. Our *performance fees* grew by € 331 MN to € 607 MN. The increase was € 253 MN before foreign currency translation effects and can mainly be attributed to carried interest from the redemption of a large private fund at PIMCO. A strong growth in performance fees at AllianzGI in the United States and Europe also contributed to this development.

Our *income from financial assets and liabilities carried at fair value through income (net)* dropped by € 12 MN, mainly because of foreign currency translation and valuation effects.

1 — Operating revenues adjusted for foreign currency translation and (de-)consolidation effects. In 2015, the average exchange rate of the U.S. Dollar to Euro was 1.11 (2014: 1.33).

Operating profit

Our *operating profit* went down by € 306 MN – or 11.8 % – to € 2,297 MN. On an internal basis[1], the decrease was 23.5 %, mainly driven by lower third-party AuM-driven revenues due to lower average third-party AuM and – to a lesser extent – lower third-party AuM-driven margins, partly offset by higher performance fees and lower operating expenses.

Administrative expenses rose 9.3 % to € 4,141 MN. However, adjusted for foreign currency translation effects, they went down by 5.3 %.This was mainly driven by lower personnel expenses – including a 11.2 % drop in variable compensation – and to a smaller proportion due to lower non-personnel expenses. Nevertheless, administrative expenses were impacted by several special items, in particular by the Special Performance Award (SPA), which was introduced in the fourth quarter of 2014 to secure performance and retain talent at PIMCO.

Restructuring charges of € 41 MN were an additional burden for operating expenses. They were driven by a restructuring program at AllianzGI, which started in the third quarter of 2015 and aims to position AllianzGI as a global investment leader.

Our *cost-income ratio* went up 5.3 percentage points to 64.5 %. The SPA contributed 2.0 percentage points[2] and the restructuring program at AllianzGI contributed 0.6 percentage points of the upswing.

1 — Operating profit adjusted for foreign currency translation and (de-)consolidation effects. In 2015, the average exchange rate of the U.S. Dollar to Euro was 1.11 (2014: 1.33).
2 — Net of the impact on variable compensation.

Net income

Our *net income* declined by € 172 MN – or 10.6 % – to € 1,449 MN. This represents a drop of 22.6 % before the effect from foreign currency translation and is largely consistent with our operating profit development.

ASSET MANAGEMENT BUSINESS SEGMENT INFORMATION

€ MN	2015	2014
Management and loading fees	7,370	7,505
Performance fees	607	275
Other	34	46
Fee and commission income	**8,011**	**7,825**
Commissions	(1,440)	(1,301)
Other	(83)	(145)
Fee and commission expenses	**(1,523)**	**(1,445)**
Net fee and commission income	**6,488**	**6,380**
Net interest income[1]	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(8)	5
Other income	4	6
Operating revenues	**6,479**	**6,388**
Administrative expenses (net), excluding acquisition-related expenses	(4,141)	(3,787)
Restructuring charges	(41)	3
Operating expenses	**(4,182)**	**(3,784)**
Operating profit	**2,297**	**2,603**
Non-operating items	(31)	(15)
Income before income taxes	**2,266**	**2,588**
Income taxes	(817)	(967)
Net income	**1,449**	**1,621**
Cost-income ratio[2] in %	64.5	59.2

1 — Represents interest and similar income less interest expenses.
2 — Represents operating expenses divided by operating revenues.

Corporate and Other

Operating loss increased by € 124 MN to € 945 MN, due to higher centralized pension costs.

Business segment overview

Corporate and Other encompasses the reportable segments Holding & Treasury, Banking, and Alternative Investments. Holding & Treasury includes the management of and support for the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Our banking products offered in Germany, Italy, France, the Netherlands, and Bulgaria complement our insurance product portfolio. We also provide global alternative investment management services in the private equity, real estate, renewable energy, and infrastructure sectors, mainly on behalf of the Allianz Group.

Key figures

KEY FIGURES CORPORATE AND OTHER[1]

€ MN	2015	2014
Operating revenues	1,899	1,750
Operating expenses	(2,844)	(2,571)
Operating result	(945)	(820)
Net income (loss)	(1,003)	(657)

KEY FIGURES REPORTABLE SEGMENTS

€ MN	2015	2014
HOLDING & TREASURY		
Operating revenues	562	469
Operating expenses	(1,639)	(1,386)
Operating result	(1,076)	(917)
BANKING		
Operating revenues	1,127	1,114
Operating expenses	(1,032)	(1,047)
Operating result	94	66
ALTERNATIVE INVESTMENTS		
Operating revenues	213	176
Operating expenses	(176)	(146)
Operating result	37	30

1 — Consolidation included. For further information about our Corporate and Other business segment, please refer to note 6 to the consolidated financial statements.

Earnings summary

Our *operating result* decreased by € 124 MN to a loss of € 945 MN. Improvements in Banking and Alternative Investments were more than offset by a decline in Holding & Treasury, which mainly resulted from higher centralized pension costs.

Our *net loss* deteriorated by € 346 MN to € 1,003 MN since the effect in our non-operating result from an adapted cost allocation scheme[1] for the pension provisions was € 335 MN lower than the previous year's one-off benefit from pension revaluation with our German subsidiaries[2].

Operating earnings summaries by reportable segment

HOLDING & TREASURY

Our *operating loss* increased by € 159 MN to € 1,076 MN. This was largely due to an € 181 MN increase in administrative expenses, mainly resulting from higher centralized pension expenses – partly offset by a related € 31 MN increase in other income.

Administrative expenses (net), excluding acquisition-related expenses, went up by € 181 MN to € 917 MN. Most of this increase was related to higher centralized pension costs, due to both the adapted cost allocation scheme[1] for the pension provisions between German subsidiaries and Allianz SE and the net effect of decreased discount rates and other assumption changes. Various smaller effects, including higher IT expenses and the positive effect from recharging of expenses for the implementation of Solvency II to our operating business segments, almost offset each other.

Other income increased from € 116 MN to € 148 MN. Other income in 2014 included € 116 MN resulting from the policyholder participation related to the pension revaluation with our German subsidiaries[2]. In 2015, we recorded € 148 MN of other income, resulting from policyholder participation related to the above-mentioned adapted cost allocation scheme for pension provisions.

Our *net interest result* improved by € 33 MN to a loss of € 19 MN. *Interest and similar income* decreased by € 43 MN to € 222 MN. This was mainly driven by the absence of income from associated companies, which is recognized within the insurance business segments from 2015 onwards. A drop in interest income triggered by lower interest yields was more than offset by higher dividend income. As a result of lower internal borrowing and interest rates, our *interest expenses, excluding interest expenses from external debt,* decreased by € 76 MN to € 241 MN.

Our *net fee and commission result* improved by € 21 MN to a loss of € 184 MN. This improvement was primarily driven by a disposal gain from certain IT infrastructure assets.

Operating income from financial assets and liabilities carried at fair value through income (net) dropped from income of € 27 MN to a loss of € 28 MN. This was due to both a negative net effect of foreign currency movements and related hedge positions as well as lower fair values of certain fund investments.

Investment expenses were up by € 4 MN to € 76 MN.

BANKING

Our *operating profit* increased by € 28 MN to € 94 MN, with all Banking units contributing positive results. The increase was driven by both lower administrative expenses and higher net fee and commission result and was partly offset by higher loan loss provisions and restructuring charges.

Administrative expenses decreased by € 29 MN to € 409 MN as a result of reduced variable remuneration in Italy and Germany – and to a lesser extent fewer staff.

Our *net interest, fee and commission result* increased by € 15 MN to € 559 MN. Our *net fee and commission result* was up by € 16 MN to € 225 MN. This was mainly due to higher management and performance fee income, in line with higher assets under management in Italy. Our *net interest result* remained unchanged at € 334 MN (2014: € 335 MN). However, this result benefited from a special dividend, whereas the low-interest yield environment put pressure on our interest rate margin in almost all Banking units.

Our *loan loss provisions* increased by € 15 MN to € 60 MN. Higher general loan loss allowances in Bulgaria were the largest driver of this increase.

We recorded *restructuring charges* of € 9 MN (2014: release of € 3 MN) mainly related to the modernization and digitalization program "OLB 2019" as announced by the Oldenburgische Landesbank in October 2015.

Our *operating income from financial assets and liabilities carried at fair value through income (net),* which includes trading income, was up by € 6 MN to € 16 MN. This was due primarily to a better trading result within our German banking business.

ALTERNATIVE INVESTMENTS

Our *operating profit* increased by € 7 MN to € 37 MN. This was almost entirely driven by the net effect of € 35 MN higher fee and commission income and a € 28 MN increase in administrative expenses. Both developments were in line with the increased assets under management.

1 — For further information on the adapted cost allocation scheme for the pension provisions, please refer to note 6 to the consolidated financial statements.
2 — Respective offsetting effects were recorded within our other business segments, mainly within Property-Casualty. For further information on one-off effects from pension revaluation, please refer to note 6 to the consolidated financial statements.

Outlook 2016

– Global recovery is set to continue – only moderate acceleration in emerging market growth.
– Allianz Group operating profit outlook in the range of € 10.5 BN, plus or minus € 0.5 BN.

Overview: 2015 results versus previous year outlook[1]

2015 RESULTS VERSUS PREVIOUS YEAR OUTLOOK FOR 2015

	OUTLOOK 2015 – AS PER ANNUAL REPORT 2014	RESULTS 2015
ALLIANZ GROUP	Operating profit of € 10.4 BN, plus or minus € 0.4 BN.	Operating profit of € 10.7 BN.
	Protection of shareholders' investments, while continuing to provide attractive returns and dividends.	Return on equity (RoE) at 10.7 % (2014: 11.2 %). RoE excluding unrealized gains/losses on bonds, net of shadow deferred acquisition costs (DAC), amounted to 12.5 % (2014: 13.0 %). Proposed dividend at € 7.30 (2014: € 6.85) per share. Stable payout ratio of 50 %.
	Selective profitable growth.	Property-Casualty with continued sound risk selection and selective external growth, Life/Health with growing asset base and solid new business margins, but Asset Management with net outflows.
PROPERTY-CASUALTY	Growth in gross premiums written by approximately 3.0 %.	Including a strong positive foreign currency impact, gross premiums written increased by 6.8 % driven by both internal growth (of 2.9 %) and external acquisitions.
	Operating profit in the range of € 5.2 BN to € 5.8 BN.	Operating profit of € 5.6 BN is above the mid-point of our target range, including a higher than expected investment income and a rather low impact from natural catastrophes, but worse than expected results in Argentina. The progress of our turn-around programs at Fireman's Fund and in Brazil was slower than initially expected.
	Combined ratio below 96 % over the cycle.	Combined ratio was 94.6 %.
	Pressure on operating investment income (net) due to reinvestments in a low interest rate environment.	Operating investment income (net) increased slightly by € 54 MN compared to the prior year.
LIFE/HEALTH	Prioritizing profitability over growth, taking further product and pricing actions to address the prolonged low yield environment. As a result, revenues are expected to be in the range of € 59.0 BN to € 65.0 BN.	Revenues at € 66.9 BN – above target range – driven by significant growth in unit-linked premiums as a result of changes in our product strategy to shift towards unit-linked and capital-efficient products, as well as positive foreign currency effects. This more than offset the reduced sales of traditional products in major European countries.
	Operating profit between € 3.0 BN and € 3.6 BN.	Operating profit of € 3.8 BN – above target range – driven by higher level of net harvesting from our portfolio de-risking actions and favorable foreign currency effects, mainly from U.S. Dollar appreciation. This more than compensated for the loss recognition in South Korea.
	Margin on reserves between 50 and 70 basis points.	Margin on reserves at 67 basis points.
	Pressure on investment income due to low interest rates and continued capital market uncertainty.	Operating investment result increased 17 % to € 20.4 BN, supported by high level of realized gains from our portfolio de-risking actions.
ASSET MANAGEMENT	Slight decrease in total assets under management (AuM) due to continued, but receding, expected net outflows at PIMCO.	Decrease of total AuM by 2.1 % driven by net outflows at PIMCO of € 132.3 BN (2014: € 229.2 BN). Third-party net outflows at PIMCO were receding quarter by quarter, amounting to € 11.4 BN in the fourth quarter of 2015. Overall negative market return also contributed to this development. However, it was partially compensated for by positive foreign currency impact and net inflows at AllianzGI.
	Operating profit in the range of € 2.2 BN to € 2.8 BN.	Operating profit of € 2.3 BN – below the mid-point of the outlook range mainly due to lower AuM-driven revenues, lower than expected performance fees, and a less flexible expense base. This was partially compensated for by positive foreign currency impacts.
	Underlying cost-income ratio of 60.0 % or below.	Cost-income ratio deteriorated 5.3 percentage points to 64.5 %. Adjusted for Special Performance Award at PIMCO and restructuring charges related to AllianzGI 2.0, underlying cost-income ratio was 61.9 %.

1 — For more detailed information on the previous year outlook for 2015, please see the Annual Report 2014 starting on page 104.

Economic outlook[1]

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.

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

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.

Asset management industry outlook

The markets widely expect the U.S. Federal Reserve to continue to increase interest rates slowly in 2016 and to potentially start selling the bonds accumulated in its post-crisis bond-buying program gradually throughout the year. However, these actions are dependent on the unemployment rate and inflation levels in the United States. In addition, the extension of the policy of low interest rates and quantitative easing programs in the Eurozone and Japan in 2016 is very likely. Thus, investors will continue to try to anticipate the central banks' moves and measures and we expect volatility to persist or even increase in equity and fixed income markets in 2016. Global market volatility could also be fueled by ongoing concerns about the economic development in China, a further decrease in commodity prices (such as crude oil) and a potential unstable geopolitical situation in certain regions. We have seen many of these factors combine in the opening weeks of 2016 and the resulting impacts on financial markets and policymakers worldwide.

However, bonds should remain attractive if longer-term trends towards moderately higher interest rates – especially in the United States – are coupled with global demographic trends. For the growing number of retirees in developed countries looking for a stable stream of income, bonds are particularly interesting. This also holds true for liability-driven investors.

Although we see a more challenging environment for the asset management industry in 2016, prospects for further growth in almost all classes in the asset management industry are buoyed by these positive economic conditions as well as trends in client demand. However, profitability in the industry is under pressure from continuous flows into passive products and rising distribution and/or marketing costs that are tightening operating margins. Measures aimed at increasing regulatory oversight and reporting could also affect profitability in the asset management sector.

In order to continue growing, it is vital that asset managers have sufficient business volumes, maintain efficient operations and keep investment results above benchmark levels.

Outlook for the Allianz Group

As discussed earlier, world economic growth is expected to be moderately higher in 2016. Growth dynamics, however, vary significantly across the globe and there are clear risks for 2016. Geopolitical tensions, a renewed flare-up of the European sovereign debt crisis and currency or trade wars could all jeopardize economic development. However, the outlook provided here assumes the absence of such shocks.

Overview: outlook and assumptions 2016

OUTLOOK 2016

ALLIANZ GROUP	Operating profit of € 10.5 BN, plus or minus € 0.5 BN.
	Protection of shareholders' investments, while continuing to provide attractive returns and dividends.
	Selective profitable growth.
PROPERTY-CASUALTY	Growth in gross premiums written of approximately 2 %.
	Operating profit in the range of € 5.2 BN to € 5.8 BN.
	Progress towards our combined ratio ambition of 94 % or better by 2018.
	Pressure on operating investment income (net) to continue due to reinvestments in a consistently low interest rate environment.
LIFE/HEALTH	Prioritizing profitability over growth and continuing to shift new business mix towards unit-linked, capital efficient and protection products. Addressing customer needs in the prolonged low yield environment. Revenues are expected to be in the range of € 62.0 BN to € 68.0 BN.
	Operating profit between € 3.3 BN and € 3.9 BN.
	RoE[1] between 9.0 % and 11.0 %.
	Pressure on investment income due to low interest rates and continued capital market uncertainty.
ASSET MANAGEMENT	Slight increase in total AuM due to positive market return, supported by a return to positive net flows at PIMCO and continued solid net inflows at AllianzGI.
	Operating profit in the range of € 1.9 BN to € 2.5 BN.
	Cost-income ratio of well below 65 %.

1 — Excluding unrealized gains/losses on bonds net of shadow DAC.

ASSUMPTIONS

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

- Global recovery to continue.
- Subdued growth prospects for several major emerging markets.
- Modest rise in interest rates expected.
  - A 100 basis point increase or decrease in interest rates would, respectively, either raise or lower operating profits by approximately € 0.1 BN in the first year following the rate change. This does not include fair value changes in interest rate-sensitive positions that are reported in our income statement.
- 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.
  - A 10 % weakening or strengthening of the U.S. Dollar versus our planned exchange rate of 1.11 to the Euro would have a negative or positive impact on operating profits of approximately € 0.3 BN, respectively.

Although the global economy is showing signs of recovery, investment results are likely to remain under pressure due to low interest rates. This will be offset by an increase in our operating asset base.

Management's assessment of expected revenues and earnings for 2016

In 2015, our total revenues amounted to € 125.2 BN, representing a 2.4 % increase and a 2.1 % decrease on a nominal and internal basis, respectively, compared to last year. We expect a rather flat revenue development in 2016, with Property-Casualty advancing and Asset Management revenues slightly decreasing. Life/Health revenues are likely to be under pressure due to our selective focus on profitable growth.

In 2015, our operating profit was in the upper end of our target range, hitting € 10.7 BN. In 2016, we envisage an operating profit of € 10.5 BN, plus or minus € 0.5 BN, as we expect a slightly lower operating profit in the Property-Casualty, Life/Health and Asset Management business segments and a slight improvement in our Corporate and Other business segment.

Our net income attributable to shareholders increased, reaching € 6.6 BN in 2015. Consistent with our disclosure practice in the past and given the susceptibility of our non-operating results to adverse capital market developments, we do not provide a precise outlook for net income. However, since our outlook presumes no major disruptions of capital markets, we anticipate a rather stable net income for 2016.

PROPERTY-CASUALTY INSURANCE

We expect our revenues to increase by approximately 2 % in 2016 (2015: 6.8 %), supported by favorable volume and – to a lesser extent – price effects as well as external growth. This growth is expected to be supported by the acquisition of the commercial portfolio of Aegon, strengthening our position in the attractive Benelux Property-Casualty market.

Premium growth in 2016 is expected mainly from our European core markets, including the United Kingdom, Germany, and Italy. Top line development will be further supported by positive trends at Allianz Worldwide Partners, bundling our B2B2C business activities.

We believe the overall slow rise in prices we witnessed in a number of markets in 2015 will continue in 2016. However, as in previous years, we will keep our focus on achieving strong underwriting results by adhering to our strict underwriting discipline and will be willing to accept a lower top line if target margins cannot be achieved.

In 2015, our combined ratio was at 94.6 %. In 2016, we expect progress towards our 2018 ambition of 94 % or better. This rests on our expectation that the aggregate effect of improvements in pricing, claims management, and productivity will compensate for any underlying claims inflation. Despite the high volatility of natural catastrophes in recent years, we have assumed such claims will be in line with their expected average level in 2016.

As the low interest rate environment is likely to persist, investment income will remain under pressure due to the rather short duration of investments in the Property-Casualty business segment. We will continue to take measures to adapt our investment strategy to ongoing market conditions.

Overall, we expect our 2016 operating profit to be in the range of € 5.2 BN to € 5.8 BN (2015: € 5.6 BN).

LIFE/HEALTH INSURANCE

In 2015, our operating profit of € 3.8 BN exceeded our target range – due to a higher level of net harvesting from our active portfolio de-risking actions. This more than compensated for the loss recognition in South Korea. For 2016, we expect operating profit in our Life/Health business segment to be between € 3.3 BN and € 3.9 BN.

As communicated at the Capital Markets Day in November 2015, RoE[1] will be one of the major key performance indicators (KPIS) for the steering of our Life business. In 2016 we expect RoE[1] in our Life/Health business segment to be between 9.0 % and 11.0 %.

In 2016 we will focus on the new business mix as well as in-force management in order to address customer needs in light of the prolonged low yield environment and improve shareholder returns. We will continue to move our new business mix towards unit-linked, capital-efficient and protection products and will work on product and distribution actions. We will actively manage in-force business and work on expense management, asset/liability management, and crediting strategies in order to mitigate the impacts of the difficult market conditions, particularly low interest rates.

It must be noted, however, that market volatility, along with the level of net harvesting, can significantly affect the Life/Health business segment results and make precise predictions difficult.

ASSET MANAGEMENT

Although we see a more challenging environment for the asset management industry in 2016 compared to previous years, we expect positive net flows at PIMCO in 2016 and continued solid net inflows at AllianzGI. Market returns are expected to contribute moderately to a positive development of total AuM. Management and loading fees as well as performance fees are expected to decrease slightly. Lower operating expenses are expected to only partially offset the impact of lower operating revenues. Therefore, we envisage our operating profit to be in the range of € 1.9 BN and € 2.5 BN in 2016 (2015: € 2.3 BN).

In 2016, we expect a cost income ratio of well below 65 % (2015: 64.5 %), supported by our focus on expense discipline and operational excellence. Mid-term we expect our cost-income ratio to be at 60 %.

CORPORATE AND OTHER

Our Corporate and Other business segment recorded an operating loss of € 0.9 BN in 2015. Due to the expectation of an improving operating result of the Holding & Treasury reportable segment – mainly attributable to lower administrative expenses – we predict an operating loss in the range of € 0.7 BN to € 0.9 BN for Corporate and Other (including consolidation) in 2016.

1 — Excluding unrealized gains/losses on bonds net of shadow DAC.

Financing and liquidity development and capitalization

The Allianz Group maintains a healthy liquidity position combined with superior financial strength and capitalization well above what supervisory authorities currently require.

We expect to have steady access to financial markets at reasonable cost in order to maintain our strong financial flexibility. This is supported by prudent steering of our liquidity resources and a maturity profile focusing on a long-dated average remaining term. Based on current interest rate expectations, our average capital market financing costs in 2016 should be broadly in line with 2015.

We closely monitor the capital positions of the Group and at the operating entity level. Additionally, we will continue to optimize our interest rate and spread sensitivities through asset/liability management and life product design.

Expected dividend development[2]

In November 2014, the Board of Management and the Supervisory Board of Allianz SE decided on a new allocation of net income in its dividend policy. Starting with the financial year 2014, the proposed regular pay-out to Allianz shareholders has been 50 % of Allianz Group net income (attributable to shareholders).

In the interest of dividend continuity, the objective is to keep the dividend per share at least at the level paid in the previous year. The dividend policy of the Allianz Group continues to aim for a healthy balance between an attractive yield and investments in profitable growth. To assure capital discipline, management further intends to evaluate and pay out any unused capital budget earmarked for external growth every three years. The first evaluation will take place at the end of 2016. Out of a budget of € 2.4 BN for external growth (equals 20 % of the net income attributable to shareholders for the years 2013 and 2014), we have invested a total net amount (including risk capital requirements and net of divestments) of € 0.9 BN in 2014 and 2015. The dividend policy is subject to a sustainable Solvency II ratio above 160 %. This policy is reflected in our proposed dividend of € 7.30 per share.

2 — This dividend policy represents the current intention of the Board of Management and the Supervisory Board and may be revised in the future. Also, the dividend payment in any given year is subject to specific dividend proposals by the Board of Management and the Supervisory Board, each of which may elect to deviate from this dividend policy if appropriate under the then prevailing circumstances, as well as to the decision of the Annual General Meeting.

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

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 the Allianz Group 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.

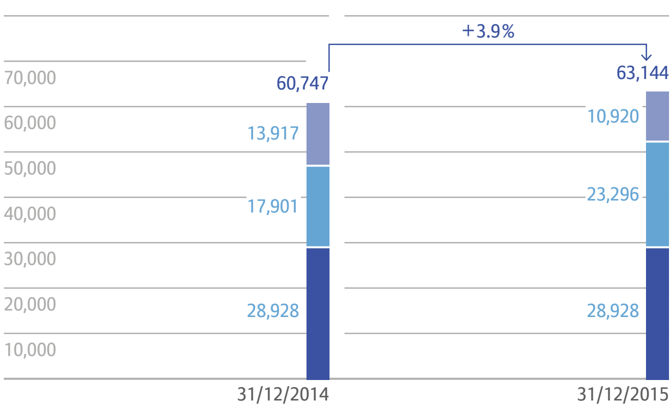
Balance Sheet Review

– Shareholders' equity increased by € 2.4 BN to € 63.1 BN.
– Conglomerate solvency ratio up 19.6 percentage points to 200 %.[1]

Shareholders' equity[2]

SHAREHOLDERS' EQUITY

€ MN



Paid-in capital Retained earnings (includes foreign currency translation adjustments)
Unrealized gains/losses (net)

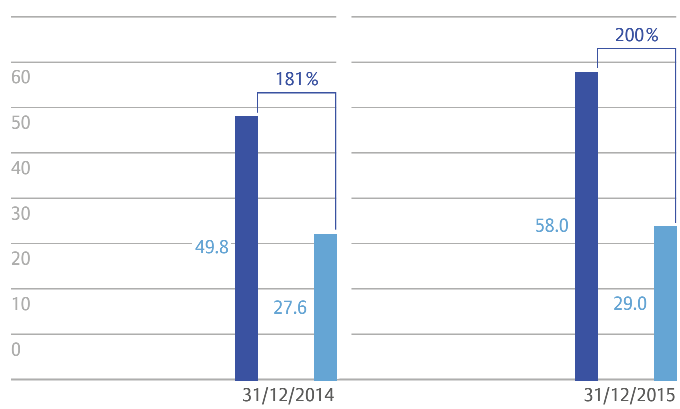
In 2015, ***shareholders' equity*** went up by € 2,397 MN to € 63,144 MN as of 31 December 2015. Unrealized gains in shareholders' equity decreased by € 2,998 MN, mainly due to lower fair values of debt securities following a modest increase in interest rates. Realizations on both debt securities and equities also contributed to this reduction. In addition, shareholders' equity was lowered by the € 3,112 MN dividend payout in May 2015. However, these effects were more than offset by our net income attributable to shareholders of € 6,616 MN and the € 1,050 MN positive foreign currency translation adjustments that predominantly resulted from the appreciation of the U.S. Dollar against the Euro. Furthermore, the recovery of actuarial losses on defined benefit plans contributed with € 465 MN to an increase in other comprehensive income.

Regulatory capital adequacy

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet their solvency requirements on a consolidated basis, which we refer to as "eligible capital". From 1 January 2016 onwards, capitalization based on Solvency II will be utilized for regulatory purposes.

CONGLOMERATE SOLVENCY[1]

€ BN



Conglomerate solvency ratio Eligible capital Requirement

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios would be 191 % and 172 % as of 31 December 2015 and 31 December 2014, respectively.

As of 31 December 2015, our ***conglomerate solvency ratio*** amounted to 200 % – 19.6 percentage points higher compared to year-end 2014. The Group's eligible capital for solvency purposes went up by € 8.1 BN to € 58.0 BN, including off-balance sheet reserves of € 2.7 BN (31 December 2014: € 2.3 BN). This increase was mainly driven by our net income

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios would be 191 % and 172 % as of 31 December 2015 and 31 December 2014, respectively.
2 — This does not include non-controlling interests of € 2,955 MN as of 31 December 2015 and 2014, respectively. For further information, please refer to note 25 to the consolidated financial statements. Retained earnings include foreign currency translation adjustments of € (926) MN and € (1,977) MN as of 31 December 2015 and 31 December 2014, respectively.

(net of accrued dividends) of € 3.3 BN, the issuance of a subordinated bond (€ 1.5 BN), and changes in deferred tax assets/liabilities and intangibles. The required funds were up by € 1.4 BN to € 29.0 BN, mainly because of higher aggregate policy reserves in the Life/Health business segment, but also due to strong nominal growth in our Property-Casualty business segment. This was only partly offset by lower required funds for our Asset Management business segment due to an amended calculation methodology. At year-end 2015, our eligible capital surpassed the minimum legally stipulated level by € 29.0 BN.

Total assets and total liabilities

As of 31 December 2015, total assets amounted to € 848.9 BN and total liabilities were € 782.8 BN. Compared to year-end 2014, total assets and total liabilities increased by € 43.2 BN and € 40.8 BN, respectively.

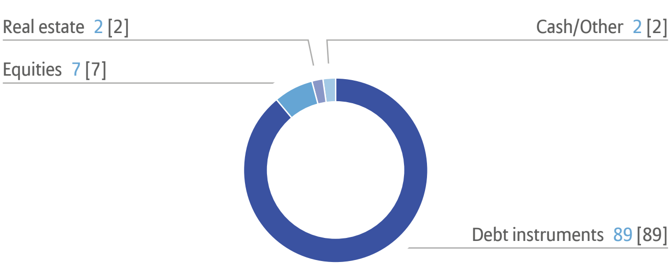
The following section mainly focuses on our financial investments in debt instruments, equities, real estate, and cash, since these reflect the major developments in our asset base.

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The following portfolio overview covers the Allianz Group assets held for investment, which are mainly driven by our insurance businesses.

ASSET ALLOCATION

Investment portfolio as of 31 December 2015: € 638.3 BN
[as of 31 December 2014: € 614.6 BN] in %



Compared to year-end 2014, our investment portfolio grew by € 23.7 BN to € 638.3 BN as of 31 December 2015, with no relative change in our overall asset allocation despite some major realizations.

Our direct gross exposure to *equities* increased by € 4.5 BN to € 45.7 BN. The growth in this exposure was mainly driven by new investments. Our equity gearing[1] remained almost unchanged at 24 % (31 December 2014: 25 %) as the increase in this exposure was accompanied by increases in shareholders' equity and hedging of this additional exposure against share price declines.

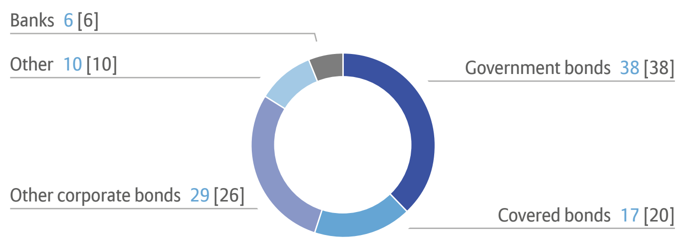
Our direct exposure to *real estate* was up by € 0.6 BN to € 12.0 BN mainly due to new investments.

Our *cash and other investments* increased by € 0.3 BN to € 12.5 BN.

Our exposure to *debt instruments* grew by € 18.3 BN – mainly driven by new investments – and amounted to € 568.1 BN. This exposure still represented 89 % of our total investment portfolio.

FIXED INCOME PORTFOLIO

Total fixed-income portfolio as of 31 December 2015: € 568.1 BN
[as of 31 December 2014: € 549.8 BN] in %



The allocation of our well-diversified fixed income portfolio showed a slight increase in the share of corporate bonds and a minor reduction in the portion of covered bonds while the other components remained virtually unchanged. About 94 % of this portfolio of debt instruments was invested in investment-grade bonds and loans.[2]

Our *government bond* exposure was up by € 8.3 BN to € 217.5 BN, still representing 38 % of our fixed income portfolio. The increase in absolute terms was mainly driven by new investments. The allocation of our government and government-related direct bond exposure showed marginal changes in the geographical portfolio weightings, all of which were less than two percentage points. Our sovereign debt exposure in Italy and Spain equaled 5.2 % and 1.7 % of our fixed income portfolio, respectively. The corresponding unrealized gains (gross) amounted to € 5,506 MN in Italy and to € 679 MN in Spain.

1 — Equity gearing is defined as the ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholders' equity plus off-balance sheet reserves less goodwill.
2 — Excluding self-originated German private retail mortgage loans. For 2 %, no ratings were available.

Our government bond exposure in Portugal remained limited, with small unrealized gains. We continued to have virtually no exposure to Greek or Ukrainian government bonds. The respective exposure to Russia was relatively small in the context of our overall portfolio and the greatest part of this exposure was denominated in U.S. Dollar.

Our *covered bond* exposure decreased by € 9.0 BN to € 98.7 BN, representing 17 % (31 December 2014: 20 %) of our fixed-income portfolio. This was mainly due to matured bonds which have not been reinvested within this asset class. 42 % (31 December 2014: 44 %) of this portfolio was German Pfandbriefe, backed by either public-sector loans or mortgage loans. Almost unchanged, another 16 %, 10 % and 8 % of the covered bonds were attributable to France, Spain and Italy, respectively. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and overcollateralization.

Our *corporate bonds* exposure increased by € 19.8 BN to € 164.9 BN – in relative terms, three percentage points to 29 %. This was primarily driven by new investments. The slight regional shift from Eurozone corporate bonds to North American ones, as reported in 2014, continued in 2015.

Our exposure to *bank securities* – including exposure to subordinated securities in banks – decreased by € 1.1 BN to € 31.3 BN. This exposure still represented 6 % of our fixed-income portfolio. The exposure to subordinated securities in banks decreased from € 5.3 BN to € 4.6 BN.

Our exposure to asset-backed securities (ABS) decreased by € 1.3 BN to € 21.6 BN. This exposure still accounted for 4 % of our fixed income portfolio. The largest part of our ABS portfolio was related to mortgage-backed securities (MBS). MBS issued by U.S. agencies, which are backed by the U.S. government, accounted for 17 % of the ABS portfolio. Overall, 98 % of the ABS portfolio received an investment grade rating, with 88 % rated "AA" or better.

INVESTMENT RESULT

INVESTMENT INCOME (NET)

€ MN	2015	2014	Delta
Operating investment result			
Interest and similar income (net)[1]	22,033	21,028	1,005
Operating income from financial assets and liabilities carried at fair value through income (net)	(2,089)	(1,301)	(788)
Operating realized gains/losses (net)	6,726	3,205	3,521
Operating impairments of investments (net)	(1,258)	(697)	(561)
Investment expenses	(1,094)	(961)	(132)
Subtotal	**24,319**	**21,274**	**3,045**
Non-operating investment result			
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(219)	(303)	84
Non-operating realized gains/losses (net)	1,211	812	399
Non-operating impairments of investments (net)	(268)	(197)	(72)
Subtotal	**724**	**312**	**411**
Total investment income (net)	**25,042**	**21,586**	**3,456**

1 — Net of interest expenses (excluding interest expenses from external debt).

Our *total investment income (net)* increased by € 3,456 MN – or 16.0 % – to € 25,042 MN. This was largely due to higher realized gains and the increase in interest and similar income (net)[1], partly offset by increases in operating losses from financial assets and liabilities carried at fair value through income (net) and impairments (net).

1 — Net of interest expenses (excluding interest expenses from external debt).

Operating investment result

Our *operating investment income (net)* went up by € 3,045 MN to € 24,319 MN, as increases in realized gains as well as in interest and similar income (net)[1] more than offset negative developments in its other components.

Operating realized gains and losses (net) more than doubled from € 3,205 MN to € 6,726 MN. This was driven by higher realizations on both debt securities and equities.

Interest and similar income (net)[1] was up by € 1,005 MN to € 22,033 MN, reflecting almost equal increases in income from both debt securities and equities. The former increase benefited from positive foreign exchange effects from our exposures denominated in U.S. Dollar, held domestically by our U.S. life insurance business.

Operating income from financial assets and liabilities carried at fair value through income (net) deteriorated by € 788 MN to a loss of € 2,089 MN. This was mainly due to losses from the net of foreign currency translation effects and financial derivatives that are used to protect against equity and foreign currency fluctuations, as well as to manage duration and other interest rate-related exposures.

Our *operating impairments of investments (net)* increased by € 561 MN to € 1,258 MN. The greatest part of these impairments was related to equities and was consistent with unfavorable developments in the respective equity markets, in particular in the third quarter of 2015.

Investment expenses rose by € 132 MN to € 1,094 MN. This was mainly due to higher management fees from the increased asset base.

Non-operating investment result

Our *non-operating investment income (net)* more than doubled from € 312 MN to € 724 MN. This was almost entirely driven by higher non-operating realized gains, which expanded by € 399 MN to € 1,211 MN mainly as a result of higher realizations on equities.

Non-operating income from financial assets and liabilities carried at fair value through income (net) improved by € 84 MN to a loss of € 219 MN. This mainly stemmed from capital hedging activities related to our U.S. life insurance business.

Our *non-operating impairments of investments (net)* increased by € 72 MN – largely driven by impairments of equities – to € 268 MN.

1 — Net of interest expenses (excluding interest expenses from external debt).

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY BUSINESS SEGMENT

Property-Casualty assets

The Property-Casualty asset base remained almost unchanged at € 110.1 BN (31 December 2014: € 109.2 BN). A slight increase in debt securities was partly offset by a decline in loans and advances to banks and customers.

COMPOSITION OF ASSET BASE – FAIR VALUES[1]

€ BN as of 31 December	2015	2014
Financial assets and liabilities carried at fair value through income		
Equities	0.4	0.4
Debt securities	0.1	0.1
Other[2]	–	–
Subtotal	**0.5**	**0.5**
Investments[3]		
Equities	6.7	6.3
Debt securities	74.8	72.4
Cash and cash pool assets[4]	5.0	5.6
Other	9.2	9.5
Subtotal	**95.8**	**93.8**
Loans and advances to banks and customers	**13.8**	**15.0**
Property-Casualty asset base	**110.1**	**109.2**

1 — Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.
2 — This comprises assets of € 0.1 BN and € 0.1 BN and liabilities of € (0.1) BN and € (0.1) BN as of 31 December 2015 and 31 December 2014, respectively.
3 — These do not include affiliates of € 8.9 BN and € 8.9 BN as of 31 December 2015 and 31 December 2014, respectively.
4 — Including cash and cash equivalents, as stated in our business segment balance sheet of € 3.6 BN and € 3.7 BN, and receivables from cash pooling amounting to € 3.5 BN and € 4.2 BN, net of liabilities from securities lending and derivatives of € (0.1) BN and € (0.1) BN, as well as liabilities from cash pooling of € (2.1) BN and € (2.1) BN as of 31 December 2015 and 31 December 2014, respectively.

ABS within the Property-Casualty business segment asset base decreased by € 0.7 BN to € 3.3 BN and represented 3.0 % (31 December 2014: 3.7 %) of the business segment's asset base.

Property-Casualty liabilities

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES[1]

€ BN	Gross	Ceded	Net
As of 1 January 2015	58.9	(6.6)	52.3
Balance carryforward of discounted loss reserves[2]	3.6	(0.3)	3.3
Subtotal	**62.5**	**(6.9)**	**55.6**
Loss and loss adjustment expenses paid in current year relating to previous years	(15.1)	1.3	(13.7)
Loss and loss adjustment expenses incurred in previous years	(2.4)	0.5	(1.9)
Foreign currency translation adjustments and other changes	1.8	(0.5)	1.2
Changes in reserves for loss and loss adjustment expenses in current year	18.3	(1.9)	16.4
Subtotal	**65.1**	**(7.6)**	**57.5**
Ending balance of discounted loss reserves[2]	(3.9)	0.3	(3.6)
As of 31 December 2015	**61.2**	**(7.2)**	**53.9**

1 — For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 19 to the consolidated financial statements.
2 — Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet in 2013, the underlying business development of these Property-Casualty reserves is still considered in the loss and loss adjustment expenses and in the loss ratio, and is therefore included in the development of the reserves above.

As of 31 December 2015, the business segment's gross reserves for loss and loss adjustment expenses and discounted loss reserves amounted to € 65.1 BN – an increase of € 2.5 BN compared to year-end 2014. On a net basis, our reserves – including discounted loss reserves – increased from € 55.6 BN to € 57.5 BN. Foreign currency translation effects and other changes contributed € 1.2 BN to this increase on a net basis.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH BUSINESS SEGMENT

Life/Health assets

The Life/Health business segment asset base increased by € 31.5 BN to € 596.9 BN. This was largely driven by a greater volume of debt securities and financial assets for unit-linked contracts and, to a lesser extent, higher equities.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN as of 31 December	2015	2014
Financial assets and liabilities carried at fair value through income		
Equities	2.4	1.8
Debt securities	2.7	2.0
Other[1]	(7.5)	(6.8)
Subtotal	**(2.4)**	**(3.0)**
Investments[2]		
Equities	36.0	32.2
Debt securities	343.8	331.8
Cash and cash pool assets[3]	7.7	8.0
Other	10.8	10.4
Subtotal	**398.3**	**382.4**
Loans and advances to banks and customers	**95.1**	**91.4**
Financial assets for unit-linked contracts[4]	**105.9**	**94.6**
Life/Health asset base	**596.9**	**565.4**

1 — This comprises assets of € 1.4 BN and € 1.4 BN and liabilities (including the market value liability option) of € (8.8) BN and € (8.2) BN as of 31 December 2015 and 31 December 2014, respectively.
2 — These do not include affiliates of € 0.2 BN and € 0.2 BN as of 31 December 2015 and 31 December 2014, respectively.
3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 8.5 BN and € 7.6 BN and receivables from cash pooling amounting to € 2.5 BN and € 3.1 BN, net of liabilities from securities lending and derivatives of € (3.2) BN and € (2.6) BN as well as liabilities from cash pooling of € (0.0) BN and € (0.0) BN as of 31 December 2015 and 31 December 2014, respectively.
4 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

ABS within the Life/Health business segment asset base remained almost flat at € 16.5 BN (31 December 2014: € 16.9 BN) and represented a rather unchanged 2.8 % of the business segment's asset base.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS[1]

€ BN

	Unit-linked insurance contracts	Unit-linked investment contracts	Total
As of 1 January 2015	**62.7**	**31.9**	**94.6**
Net premium inflows (outflows)	4.4	5.9	10.3
Changes in fund value	0.8	0.3	1.2
Foreign currency translation adjustments	3.4	(0.2)	3.2
Other changes	(3.4)	–	(3.4)
As of 31 December 2015	**67.9**	**38.0**	**105.9**

1 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

Financial assets for unit-linked contracts increased by € 11.3 BN – or 12.0 % – to € 105.9 BN. Unit-linked insurance contracts were up by € 5.2 BN to € 67.9 BN, due to premium inflows exceeding outflows by € 4.4 BN and the stronger U.S. Dollar (€ 2.8 BN). This was partly offset by fund losses of € 0.6 BN in the U.S. as well as transfers to the general account in France (€ (0.9) BN) and the Netherlands (€ (0.5) BN). Unit-linked investment contracts increased by € 6.1 BN to € 38.0 BN, due to net premium inflows of € 5.9 BN and an € 0.3 BN increase in fund values. Negative foreign currency translation adjustments of € 0.2 BN were mainly attributable to the weaker Turkish Lira.[1]

Life/Health liabilities

Life/Health reserves for insurance and investment contracts increased by € 22.7 BN – or 5.1 % – to € 472.0 BN in 2015. The € 16.6 BN growth in aggregate policy reserves and other reserves was mainly driven by our operations in Germany (€ 8.3 BN) and the U.S. (€ 5.4 BN before currency effects). Reserves for premium refund decreased by € 3.5 BN, due to lower unrealized gains to be shared with policyholders. Currency impacts of € 9.6 BN resulted mainly from the stronger U.S. Dollar (€ 7.8 BN) and Swiss Franc (€ 1.3 BN).[1]

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT BUSINESS SEGMENT

Asset Management assets

The Asset Management business segment's results are derived primarily from asset management for third-party investors and the Allianz Group's insurance operations.[2] In this section, we refer only to the business segment's own assets.

Driven by a decrease in its largest component, cash and cash pool assets, the business segment's asset base was down by € 0.4 BN to € 2.2 BN.

Asset Management liabilities

Liabilities in our Asset Management business segment increased by € 0.5 BN to € 2.9 BN.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER BUSINESS SEGMENT

Corporate and Other assets

The Corporate and Other asset base increased from € 44.7 BN to € 47.5 BN. A decrease in loans and advances to banks and customers was more than offset by an increase in debt securities and lower negative cash and cash pool asset positions.

1 — Based on the closing rates on the respective balance sheet dates.

2 — For further information on the development of these assets, please refer to Asset Management.

COMPOSITION OF ASSET BASE – FAIR VALUES

€ BN as of 31 December	2015	2014
Financial assets and liabilities carried at fair value through income		
Equities	0.1	0.1
Debt securities	0.3	0.2
Other[1]	(0.6)	(0.5)
Subtotal	**(0.1)**	**(0.1)**
Investments[2]		
Equities	2.9	2.7
Debt securities	31.7	28.4
Cash and cash pool assets[3]	(2.9)	(4.1)
Other	0.3	0.3
Subtotal	**32.1**	**27.3**
Loans and advances to banks and customers	**15.6**	**17.5**
Corporate and Other asset base	**47.5**	**44.7**

1 — This comprises assets of € 0.2 BN and € 0.2 BN and liabilities of € (0.8) BN and € (0.6) BN as of 31 December 2015 and 31 December 2014, respectively.
2 — These do not include affiliates of € 92.4 BN and € 77.2 BN as of 31 December 2015 and 31 December 2014, respectively. The increase was triggered by the streamlining of the legal corporate structure in Italy, which led to the move of respective opposite consolidation effects from business segment level to group level. For further information on the streamlining, please refer to page 57.
3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of € 2.0 BN and € 2.0 BN and receivables from cash pooling amounting to € 1.6 BN and € 1.7 BN, net of liabilities from securities lending and derivatives of € (0.2) BN and € (0.0) BN as well as liabilities from cash pooling of € (6.2) BN and € (7.9) BN as of 31 December 2015 and 31 December 2014, respectively.

ABS within the Corporate and Other business segment asset base decreased by € 0.3 BN to € 1.7 BN and in relative terms from 4.5 % to 3.7 %.

Corporate and Other liabilities

In comparison to year-end 2014, other liabilities decreased by € 3.8 BN to € 24.3 BN, resulting from lower liabilities from cash pooling and other provisions mainly related to pension obligations. Subordinated liabilities increased by € 0.2 BN to € 12.2 BN. This was mainly related to the net effect of the issuance and redemptions of subordinated bonds.[1] Certificated liabilities decreased by € 0.2 BN to € 12.1 BN.[2]

Off-balance sheet arrangements

In the normal course of business, the Allianz Group may enter into arrangements that do not lead to the recognition of assets and liabilities in the consolidated financial statements under IFRS. Since the Allianz Group does not rely on off-balance sheet arrangements as a significant source of revenue or financing, our off-balance sheet exposure to loss is immaterial relative to our financial position.

The Allianz Group enters into various commitments including loan and leasing commitments, purchase obligations and other commitments. Please refer to note 47 to the consolidated financial statements for more details.

The Allianz Group has also entered into contractual relationships with various types of structured entities. They have been designed in such a way that their relevant activities are directed by means of contractual arrangements instead of voting or similar rights. Typically, structured entities have been set up in connection with asset-backed financings and certain investment fund products. For more details on our involvement with structured entities, please refer to note 45 to the consolidated financial statements.

Please refer to the Risk and Opportunity Report from page 112 onwards for a description of the main concentrations of risk and other relevant risk positions.

1 — This net effect also includes the redemption of a subordinated bond of € 400 MN issued by Allianz France S.A., which is not listed separately in the bonds table shown on page 108.
2 — For further information on Allianz SE debt as of 31 December 2015, please refer to notes 23 and 24 to the consolidated financial statements.

Liquidity and Funding Resources

Organization

The Allianz Group's liquidity management is based on policies and guidelines approved by the Allianz SE Board of Management. Allianz SE and each of the operating entities are responsible for managing their respective liquidity positions, while Allianz SE provides central liquidity pooling for the Group. Capital allocation is steered by Allianz SE for the entire Group. This structure allows the efficient use of liquidity and capital resources and for Allianz SE to achieve the desired liquidity and capitalization levels for the Group and its operating units.

Liquidity management of our operating entities

INSURANCE OPERATIONS

The major sources of liquidity for our operational activities are primary and reinsurance premiums received, reinsurance receivables collected, investment income, and proceeds generated from the maturity or sale of investments. These funds are mainly used to pay claims arising from the Property-Casualty insurance business and related expenses, life policy benefits, surrenders and cancellations, acquisition costs and operating costs.

We receive a large part of premiums before payments of claims or policy benefits are required, generating solid cash flows from our insurance operations. This allows us to invest the funds in the interim to create investment income.

Our insurance operations also carry a high proportion of liquid investments, which can be converted into cash to pay for claims. Generally, our investments in fixed income securities are sequenced to mature when funds are expected to be needed.

The overall liquidity of our insurance operations depends on capital market developments, interest rate levels, and our ability to realize the market value of our investment portfolio to meet insurance claims and policyholder benefits. Other factors affecting the liquidity of our Property-Casualty insurance operations include the timing, frequency, and severity of losses underlying our policies and policy renewal rates. In our Life operations, liquidity needs are generally influenced by trends in actual mortality rates compared to the assumptions underlying our life insurance reserves. Market returns, crediting rates and the behavior of our life insurance clients – for example regarding the level of surrenders and withdrawals – can also have significant impacts.

ASSET MANAGEMENT OPERATIONS

Within our Asset Management operations, the most important sources of liquidity are fees generated from asset management activities. These are primarily used to cover operating expenses.

BANKING OPERATIONS

The major sources of liquidity in our Banking operations include customer deposits, interbank loans and interest and similar income from our lending transactions. The most important uses of funds are the issuance of new loans and investments in fixed income securities. The liquidity of our Banking operations is largely dependent on the ability of our private and corporate customers to meet their payment obligations arising from loans and other outstanding commitments. Our ability to retain our customers' deposits is equally important to us.

Liquidity management and funding of Allianz SE

The responsibility for managing the funding needs of the Group, maximizing access to liquidity sources and minimizing borrowing costs lies with Allianz SE. We therefore comment on the liquidity and funding resources of Allianz SE in the following sections. Restrictions on the transferability of capital within the Group result mainly from the capital maintenance rules under applicable company laws and the regulatory solvency capital requirements for regulated group companies.

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. The main sources of liquidity available for Allianz SE are dividends received from subsidiaries and funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments, and highly liquid government bonds. Our 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, credit ratings and credit capacity. The financial resources available to Allianz SE in the capital markets for short-, mid- and long-term funding needs are described below. In general, mid- to long-term financing is covered by issuing senior or subordinated bonds or ordinary shares.

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, the Allianz Group held 2,176,362 (2014: 2,751,961) own shares.

Allianz SE has the option to increase its equity capital base according to authorizations provided by our shareholders. The following table outlines Allianz SE's capital authorizations as of 31 December 2015:

CAPITAL AUTHORIZATIONS OF ALLIANZ SE

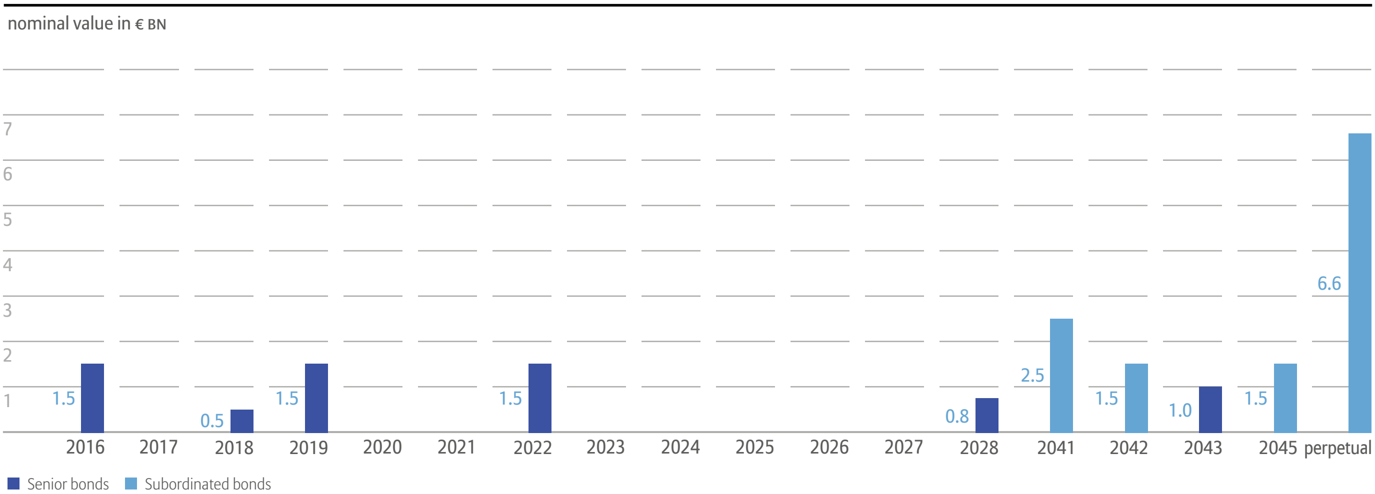
CAPITAL AUTHORIZATION	NOMINAL AMOUNT	EXPIRY DATE OF THE AUTHORIZATION
Authorized Capital 2014/I	€ 550,000,000 (214,843,750 shares)	6 May 2019
Authorized Capital 2014/II	€ 13,720,000 (5,359,375 shares)	6 May 2019
Authorization to issue bonds carrying conversion and/or option rights	€ 10,000,000,000 (nominal 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)

Please refer to page 35 regarding authorizations to issue and repurchase shares.

Long-term debt funding

As of 31 December 2015, Allianz SE had senior and subordinated bonds in a variety of maturities outstanding, reflecting our focus on long-term financing. As the cost and availability of external funding may be negatively affected by general market conditions or by matters specific to the financial services industry or the Allianz Group, we seek to reduce refinancing risk by actively steering the maturity profile of our funding structure.

MATURITY STRUCTURE OF ALLIANZ SE'S SENIOR AND SUBORDINATED BONDS AS OF 31 DECEMBER 2015



Interest expenses on senior bonds increased to € 270 MN (2014: € 264 MN). This was due to the appreciation of the British Pound against the Euro. For subordinated bonds, interest expenses increased to € 560 MN (2014: € 554 MN). This was primarily driven by slightly higher outstanding volumes on average in 2015.

SENIOR AND SUBORDINATED BONDS ISSUED OR GUARANTEED BY ALLIANZ SE[1]

as of 31 December	Nominal value € MN	Carrying value € MN	Interest expense € MN	Weighted average interest rate[2] %
2015				
Senior bonds	6,716	6,711	270	4.0
Subordinated bonds	12,080	11,962	560	4.8
Total	**18,797**	**18,673**	**830**	**4.5**
2014				
Senior bonds	6,716	6,653	264	3.9
Subordinated bonds	11,442	11,371	554	5.3
Total	**18,159**	**18,024**	**818**	**4.8**

1 — For further information on Allianz SE debt (issued or guaranteed) as of 31 December 2015, please refer to notes 23 and 24 to the consolidated financial statements.
2 — Based on nominal value.

The table below details the long-term debt issuances and redemptions of Allianz SE during 2015 and 2014:

ISSUANCES AND REDEMPTIONS OF ALLIANZ SE'S SENIOR AND SUBORDINATED BONDS

€ MN

as of 31 December	Issuances[1]	Redemptions[1]	Issuances net of redemptions
2015			
Senior bonds	–	–	–
Subordinated bonds	1,500	1,000	500
2014			
Senior bonds	–	–	–
Subordinated bonds	1,916	1,500	416

1 — Based on nominal value.

Funding in currencies other than the Euro enables us to diversify our investor base or to take advantage of favorable funding costs in those markets. Funds raised in non-Euro currencies are incorporated in our general hedging strategy. As of 31 December 2015, approximately 12.5 % (2014: 12.2 %) of long-term debt was issued or guaranteed by Allianz SE in currencies other than the Euro.

CURRENCY ALLOCATION OF ALLIANZ SE'S SENIOR AND SUBORDINATED BONDS

nominal value in € MN as of 31 December	Euro	Non-Euro	Total
2015			
Senior and subordinated bonds	16,450	2,347	18,797
2014			
Senior and subordinated bonds	15,950	2,209	18,159

Short-term debt funding

Short-term funding sources available are the Medium-Term Note Program and the Commercial Paper Program. As of 31 December 2015, Allianz SE had money market securities outstanding with a carrying value of € 1,276 MN, a € 235 MN increase in the use of commercial paper compared to the previous year-end. Interest expenses on money market securities increased to € 6 MN (2014: € 3 MN) mainly due to a higher level of volumes outstanding on average in 2015.

MONEY MARKET SECURITIES OF ALLIANZ SE

as of 31 December	Carrying value € MN	Interest expense € MN	Average interest rate %
2015			
Money market securities	1,276	6	0.4
2014			
Money market securities	1,041	3	0.3

The Group maintained its A-1+/Prime-1 ratings for short-term issuances. Thus we can continue funding our liquidity under the Euro Commercial Paper Program at an average rate for each tranche below Euribor and under the U.S. Dollar Commercial Paper Program at an average rate for each tranche below U.S. Libor.

Further potential sources of short-term funding allowing the Allianz Group to fine-tune its capital structure are letter of credit facilities and bank credit lines.

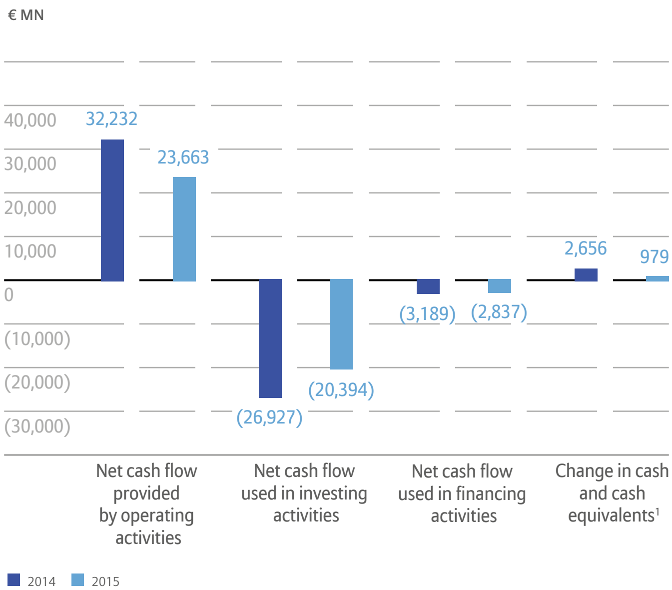
ALLIANZ SE BONDS[1] OUTSTANDING AS OF 31 DECEMBER 2015 AND INTEREST EXPENSES IN 2015

1. SENIOR BONDS[2]		
4.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2006	
Maturity date	23/11/2016	
ISIN	XS 027 588 026 7	
Interest expenses		€ 62 MN
1.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.5 BN	
Year of issue	2013	
Maturity date	13/3/2018	
ISIN	DE 000 A1H G1J 8	
Interest expenses		€ 7 MN
4.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2009	
Maturity date	22/7/2019	
ISIN	DE 000 A1A KHB 8	
Interest expenses		€ 74 MN
3.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	14/2/2022	
ISIN	DE 000 A1G 0RU 9	
Interest expenses		€ 54 MN
3.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.75 BN	
Year of issue	2013	
Maturity date	13/3/2028	
ISIN	DE 000 A1H G1K 6	
Interest expenses		€ 24 MN
4.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	GBP 0.75 BN	
Year of issue	2013	
Maturity date	13/3/2043	
ISIN	DE 000 A1H G1L 4	
Interest expenses		€ 50 MN
Total interest expenses for senior bonds		**€ 270 MN**
2. SUBORDINATED BONDS[3]		
5.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 2.0 BN	
Year of issue	2011	
Maturity date	8/7/2041	
ISIN	DE 000 A1G NAH 1	
Interest expenses		€ 116 MN
5.625 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2012	
Maturity date	17/10/2042	
ISIN	DE 000 A1R E1Q 3	
Interest expenses		€ 86 MN
2.241 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2015	
Maturity date	7/7/2045	
ISIN	DE 000 A14 J9N 8	
Interest expenses		€ 25 MN
4.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.4 BN	
Year of issue	2005	
Maturity date	PERPETUAL	
ISIN	XS 021 163 783 9	
Interest expenses		€ 64 MN
5.375 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.8 BN	
Year of issue	2006	
Maturity date	PERPETUAL	
ISIN	DE 000 A0G NPZ 3	
Interest expenses		€ 43 MN
5.5 % bond issued by Allianz SE		
Volume	USD 1.0 BN	
Year of issue	2012	
Maturity date	PERPETUAL	
ISIN	XS 085 787 250 0	
Interest expenses		€ 53 MN
4.75 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2013	
Maturity date	PERPETUAL	
ISIN	DE 000 A1Y CQ2 9	
Interest expenses		€ 72 MN
3.25 % bond issued by Allianz SE		
Volume	CHF 0.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL	
ISIN	CH 023 483 337 1	
Interest expenses		€ 17 MN
3.375 % bond issued by Allianz SE		
Volume	€ 1.5 BN	
Year of issue	2014	
Maturity date	PERPETUAL	
ISIN	DE 000 A13 R7Z 7	
Interest expenses		€ 52 MN
Total interest expenses for subordinated bonds		**€ 527 MN**
3. ISSUES REDEEMED IN 2015		
6.5 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.0 BN	
Year of issue	2002	
Maturity date	13/1/2025	
ISIN	XS 015 952 750 5	
Interest expenses		€ 2 MN
Sum of interest expenses		**€ 799 MN**
Interest expenses from external debt not presented in the table		€ 50 MN
Total interest expenses from external debt		**€ 849 MN**

1 — For further information on Allianz SE debt (issued or guaranteed) as of 31 December 2015, please refer to notes 23 and 24 to the consolidated financial statements.
2 — Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency.
3 — The terms of the subordinated bonds do not explicitly provide for early termination rights in favor of the bondholder.

Allianz Group consolidated cash flows

ANNUAL CHANGES IN CASH AND CASH EQUIVALENTS



1 — Includes effects of exchange rate changes on cash and cash equivalents of € 548 MN and € 541 MN in 2015 and 2014, respectively.

Net cash flow provided by operating activities amounted to € 23.7 BN in 2015, down by € 8.6 BN compared to the previous year. This consists of net income plus adjustments for non-cash charges, credits and other items included in net earnings and cash flows related to the net change in operating assets and liabilities. Net income after adding back non-cash charges and similar items went down by € 0.4 BN to € 10.5 BN in 2015. Operating cash flows from net changes in operating assets and liabilities, including other items, fell by € 8.1 BN to € 13.2 BN. This was driven by lower reserves for insurance and investment contracts in our Life/Health business segment, mainly in the United States, Germany, Italy, and France. We also recorded net cash outflows (after net cash inflows in 2014) from our financial assets and liabilities held for trading, stemming from our Life/Health business segment in Germany and in the United States. This was partially offset by higher net cash inflows from repurchase agreements and collateral received from securities lending transactions – in particular at Allianz SE – and by higher reserves for losses and loss adjustment expenses mainly in our Property-Casualty business segment at Allianz SE (Reinsurance), Italy and France.

Net cash outflow used in investing activities decreased by € 6.5 BN to € 20.4 BN in 2015. This was mainly due to lower net cash outflows from available-for-sale investments, especially in our Life/Health business segment in Germany, the United States, and France. This was partly offset by Allianz SE, Allianz Korea, and our banking activities in Italy. In addition, we recorded higher cash inflows from loans and advances to banks and customers, primarily at Allianz SE and Allianz Korea. This was only partly offset by our Life/Health business segment in the Netherlands.

Net cash outflow used in financing activities amounted to € 2.8 BN (2014: € 3.2 BN) and was mainly driven by net cash inflows from liabilities to banks and customers (after net cash outflows in 2014). This was, in particular, attributable to our Banking operations in Italy and our Life/Health business in the United States. Higher dividend payments to our shareholders and lower net cash inflows from our refinancing activities[1] partly offset these effects.

Cash and cash equivalents increased by € 1.0 BN to € 14.8 BN as of 31 December 2015, mainly stemming from our Life/Health business segment in Germany.

CASH AND CASH EQUIVALENTS

€ MN as of 31 December	2015	2014
Balances with banks payable on demand	7,764	6,657
Balances with central banks	388	397
Cash on hand	225	184
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	6,465	6,625
Total cash and cash equivalents	**14,842**	**13,863**

1 — Refers to cash flows from certified liabilities and subordinated liabilities.

Reconciliations

The previous analysis is based on our consolidated financial statements and should be read in conjunction with them. In addition to our figures stated in accordance with the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, rather than a substitute for, our figures determined according to IFRS.

For further information, please refer to note 6 to the consolidated financial statements.

Composition of total revenues

Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).

COMPOSITION OF TOTAL REVENUES

€ MN	2015	2014
Property-Casualty		
Gross premiums written	**51,597**	**48,322**
Life/Health		
Statutory premiums	**66,903**	**67,331**
Asset Management		
Operating revenues	**6,479**	**6,388**
consisting of:		
Net fee and commission income	6,488	6,380
Net interest income[1]	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(8)	5
Other income	4	6
Corporate and Other		
thereof: Total revenues (Banking)	**577**	**556**
consisting of:		
Interest and similar income	546	590
Income from financial assets and liabilities carried at fair value through income (net)[2]	16	10
Fee and commission income	565	513
Interest expenses, excluding interest expenses from external debt	(212)	(255)
Fee and commission expenses	(340)	(305)
Consolidation effects within Corporate and Other	2	3
Consolidation	**(365)**	**(344)**
Allianz Group total revenues	**125,190**	**122,253**

1 — Represents interest and similar income less interest expenses.
2 — Includes trading income.

Composition of total revenue growth

We believe that an understanding of our total revenue performance is enhanced when the effects of foreign currency translation as well as acquisitions, disposals, and transfers (or "changes in scope of consolidation") are analyzed separately. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes these effects.

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

%	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
2015				
Property-Casualty	2.9	0.7	3.2	6.8
Life/Health	(4.9)	0.0	4.2	(0.6)
Asset Management	(11.4)	0.0	12.8	1.4
Corporate and Other	4.5	(0.7)	0.0	3.7
Allianz Group	**(2.1)**	**0.3**	**4.2**	**2.4**
2014				
Property-Casualty	3.0	2.1	(1.4)	3.7
Life/Health	19.5	(0.4)	(0.3)	18.6
Asset Management	(8.5)	(2.5)	0.0	(10.8)
Corporate and Other	(2.2)	3.2	0.0	1.0
Allianz Group	**10.6**	**0.5**	**(0.8)**	**10.4**

Life/Health Insurance Operations

OPERATING PROFIT

The reconciling item *scope* comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are not in-scope entities is included in the investment margin. Currently, 20 entities comprising 96.5% of Life/Health total statutory premiums are in scope.

Expenses

Expenses comprise acquisition expenses and commissions as well as administrative and other expenses.

The delta shown as *definitions* in acquisition expenses and commissions represents commission clawbacks, which are allocated to the technical margin. The delta shown as *definitions* in administrative and other expenses mainly represents restructuring charges, which are stated in a separate line item in the group income statement.

ACQUISITION, ADMINISTRATIVE, COMMISSIONS AND OTHER EXPENSES[1]

€ MN

	2015	2014
Acquisition expenses and commissions[2]	(4,915)	(4,912)
Definitions	32	28
Scope	(379)	(319)
Acquisition costs incurred[3]	**(5,262)**	**(5,203)**
Administrative and other expenses[2]	(1,695)	(1,610)
Definitions	(134)	(115)
Scope	118	112
Administrative expenses on reinsurance business ceded	4	14
Administrative and other expenses (net)[3,4]	**(1,707)**	**(1,599)**

1 — Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia.
2 — As per Group Management Report.
3 — As per notes to the consolidated financial statements.
4 — Excluding one-off effects from pension revaluation. For further details, please refer to note 6 to the consolidated financial statements.

Impact of change in Deferred Acquisition Costs (DAC)

Impact of change in DAC includes effects of change in DAC, unearned revenue reserves (URR) and value of business acquired (VOBA) and is the net impact of the deferral and amortization of acquisition costs and front-end loadings on operating profit.

URR capitalized: Capitalization amount of unearned revenue reserves (URR) and deferred profit liabilities (DPL) for FAS 97 LP.

URR amortized: Total amount of URR amortized includes scheduled URR amortization, true-up and unlocking.

Both capitalization and amortization is included in the line item premiums earned (net) in the group income statement.

Policyholder participation is included within change in reserves for insurance and investment contracts (net) in the group income statement.

CAPITALIZATION AND AMORTIZATION OF DAC[1]

€ MN

	2015	2014
Capitalization of DAC[2]	1,741	1,904
Definition: URR capitalized	603	566
Definition: policyholder participation[3]	880	908
Scope	141	123
Capitalization of DAC[4]	**3,364**	**3,502**
Amortization, unlocking and true-up of DAC[2]	(2,073)	(1,516)
Definition: URR amortized	(249)	(13)
Definition: policyholder participation[3]	(1,006)	(1,033)
Scope	(105)	(86)
Amortization, unlocking and true-up of DAC[4]	**(3,432)**	**(2,648)**

1 — Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia.
2 — As per Group Management Report.
3 — For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
4 — As per notes to the consolidated financial statements.

RECONCILIATION TO NOTES[1]

€ MN

	2015	2014
Acquisition expenses and commissions[2]	(4,915)	(4,912)
Administrative and other expenses[2]	(1,695)	(1,610)
Capitalization of DAC[2]	1,741	1,904
Amortization, unlocking and true-up of DAC[2]	(2,073)	(1,516)
Acquisition and administrative expenses	**(6,942)**	**(6,134)**
Definitions	125	341
Scope	(224)	(169)
Commissions and profit received on reinsurance business ceded	115	88
Administrative expenses on reinsurance business ceded	4	14
Acquisition and administrative expenses (net)[3,4]	**(6,922)**	**(5,860)**

1 — Prior year figures changed in order to reflect the roll out of profit source reporting to Malaysia.
2 — As per Group Management Report.
3 — As per notes to the consolidated financial statements.
4 — Excluding one-off effects from pension revaluation. For further details, please refer to note 6 to the consolidated financial statements.

Risk and Opportunity Report

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

Allianz risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT

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

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

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

In the following paragraphs we provide an overview of major developments and risks that may affect Allianz'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, 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 the Allianz Group, since our direct exposure to the affected regions remains relatively small in the context of our overall investment portfolio. Nevertheless, we are monitoring these developments, since 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 Group and its operating entities have 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. In addition, we continue to optimize our product design and pricing in the Life/Health business segment with respect to guarantees and surrender conditions. Continuous monitoring as well as prudent risk positions and contingency planning remain priorities for our management.

Regulatory developments

With the approval of our partial internal model[1] in November 2015, the uncertainty about our future Solvency II capital requirements has been significantly reduced. Nevertheless, some uncertainty about the future capitalization requirements of Allianz remains, since the future capital requirements applicable for Global Systemically Important Insurers (so-called G-SIIs) are still not finalized. Finally, the potential for a multiplicity of different regulatory regimes, capital standards, and reporting requirements will increase operational complexity and costs.

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

1 — From a formalistic perspective, the German Supervisory Authority deems our model to be "partial" because it does not cover all of our operations: some of our smaller operations report under the standard model and others under the deduction and aggregation approach.

MANAGEMENT ASSESSMENT

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

- Due to its effective capital management, the Allianz Group is well capitalized and met its internal-, rating agency- and regulatory-solvency targets as of 31 December 2015. Allianz is also confident that it will be able to meet the capital requirements under the new regulatory regimes. Allianz remains one of the highest-rated insurance groups in the world, as reflected by our external rating agencies.

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

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

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

Capitalization

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

Our risk capital reflecting our risk profile plays a significant role in the management of capital across the Group. In addition, we take into account the external requirements of regulators and rating agencies. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group.

We closely monitor the capital position of the Group and its operating entities along each of these dimensions, and apply regular stress tests based on standard adverse scenarios. This allows us to take appropriate measures to ensure our continued capital and solvency strength.

REGULATORY CAPITAL ADEQUACY

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 1 January 2005. The law requires that a financial conglomerate calculates the capital available to meet its solvency requirements on a consolidated basis, which we refer to as "eligible capital". For the 2015 financial year, the requirements for our insurance business are based on Solvency I. These capital requirements, as well as the definition and calculation of eligible capital, will be replaced by the Solvency II rules once the new regulation becomes binding on 1 January 2016. Allianz expects to be well capitalized also under these future regulatory requirements.

CONGLOMERATE SOLVENCY[1]

€ BN as of 31 December	2015	2014
Eligible capital	58.0	49.8
Requirement	29.0	27.6
Solvency ratio	200 %	181 %

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the conglomerate solvency ratios would be 191 % and 172 % as of 31 December 2015 and 31 December 2014, respectively.

The conglomerate solvency ratio increased by 19.6 percentage points.[1]

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 rating in 2015.

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

1 — For further details on changes in eligible capital and solvency requirement, please refer to Balance Sheet Review from page 98.

RATINGS OF THE ALLIANZ GROUP

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 reviewed our internal risk capital framework, for the first time in 2012 and since then on an annual basis. Based on this review, Standard & Poor's has given further credit to the capital position of the Allianz Group since the fourth quarter of 2012 by taking into account the results based on our internal risk capital framework when determining the capital requirements to meet specific rating classes.

SOLVENCY II REGULATORY CAPITALIZATION

The Allianz Group's own funds as well as the capital requirements are based on the market value balance sheet approach as the major economic principle of Solvency II rules.[1] From 1 January 2016 onwards, the Solvency II capitalization will replace the capitalization based on Solvency I as the regulatory binding one. Our objective is to maintain available capital at the Group level that is above the minimum indicated requirements and consistent with our risk profile, risk appetite and capital management strategy. Our capitalization based on these requirements is shown in the following table. Our U.S.-based life business, Allianz Life of North America (AZ Life), is included on the basis of third-country equivalence treatment[2].

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION

€ BN as of 31 December	2015	2014
Own funds	72.7	66.0
Capital requirement	36.4	34.6
Capitalization ratio	200 %	191 %

Compared to year-end 2014, our Solvency II capitalization increased 9 percentage points to 200 %, which was mainly driven by an increase in own funds only partly compensated for by an increase in risk capital. The change in own funds was driven by positive contributions of existing and new business as well as the issuance of a subordinated bond, partially offset by negative impacts from model changes and transferability restrictions. The change in risk capital was mainly driven by higher exposure due to business growth and model changes necessary in the context of our internal model application. Impacts of model changes on our risk profile are presented in the section Model changes in 2015. This increase in risk capital was also partially offset by actions to reduce our sensitivity to market movements, in particular our sensitivity to interest rates.

The following table summarizes our Solvency II regulatory capitalization ratios disclosed over the course of the year 2015.

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION RATIOS

%	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014
Capitalization ratio	200	200	212	192	191

The solvency ratio as of 31 December 2015 reflects regulatory model changes necessary for the go-live of Solvency II in 2016. These changes are described in detail in the section Model changes in 2015.

The following table presents the sensitivity of our predicted Solvency II capitalization ratio under certain standard financial scenarios. These are defined by reasonably possible individual movements in key market parameters, while keeping all other parameters constant, with the effects impacting both the available capital and the internal risk capital.

1 — Own funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension, as described in Yield curve and volatility adjustment assumptions on page 116.

2 — Third-country equivalence treatment for AZ Life means that the entity is included at Group level with 150 % of the local statutory capital requirement for life insurance companies ("Company Action Level RBC").

ALLIANZ GROUP: SOLVENCY II REGULATORY CAPITALIZATION RATIOS

% as of 31 December	2015	2014
Base capitalization ratio	200	191
Interest rates up by 0.5 %[1]	208	205
Interest rates down by 0.5 %[1]	185	170
Equity prices up by 30 %	208	199
Equity prices down by 30 %	190	179
Combined scenario: Interest rate down by 0.5 %[1] Equity prices down by 30 %	176	158

1 — Non-parallel interest rate shifts due to extrapolation of the yield curve beyond the last liquid point in line with forthcoming Solvency II rules.

RISK PROFILE

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

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

As of 31 December 2015, the group-diversified risk reflecting our risk profile before non-controlling interests of € 36.4 BN (2014: € 35.3 BN[1]) represented a diversification benefit[2] of approximately 27 % (2014: 27 %[1]) across risk categories and business segments. The group-diversified risk is broken down as follows:

ALLIANZ GROUP: ALLOCATED RISK ACCORDING TO THE RISK PROFILE (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)

€ MN	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
as of 31 December	2015	2014[1]	2015	2014[1]	2015	2014[1]	2015	2014[1]	2015	2014[1]	2015	2014[1]	2015	2014[1]
Property-Casualty	5,690	6,050	2,406	2,379	10,101	10,109	937	987	2,274	2,166	(6,663)	(6,751)	14,745	14,941
Life/Health	16,516	14,290	6,141	5,408	1,502	1,425	3,687	3,646	2,019	2,110	(7,784)	(6,893)	22,081	19,986
Asset Management	146	146	26	26	–	–	–	–	686	686	–	–	857	857
Corporate and Other	2,922	2,663	667	701	355	67	–	–	580	707	(924)	(784)	3,600	3,354
Total Group	**25,274**	**23,150**	**9,240**	**8,514**	**11,958**	**11,601**	**4,623**	**4,634**	**5,559**	**5,669**	**(15,371)**	**(14,428)**	**41,283**	**39,139**
											Tax		(4,860)	(3,826)
											Total Group		**36,423**	**35,313**

1 — 2014 risk profile figures recalculated based on model changes in 2014, as described in Model changes in 2015 from page 118. With Solvency II becoming the regulatory binding regime, the breakdown reflects Allianz's regulatory capital requirements, including the third-country equivalence treatment of AZ Life.

Detailed discussions of movements in respective risks are provided in the sections that follow.

1 — 2014 risk profile figures recalculated based on model changes in 2015 as described in Model changes in 2015 from page 118.
2 — Diversification before tax.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses, 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 business segments, based on a common standard for measuring and comparing risks across the wide range of different activities that we undertake as an integrated financial services provider.

GENERAL APPROACH

We utilize an approach for the management of our risk profile and solvency position that reflects the forthcoming Solvency II rules. This comprises our approved partial internal model covering all major insurance operations[1]. Other entities are reflected based on their standard model results as well as on sectoral or local requirements, in accordance with the Solvency II framework. Our partial internal 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 partial internal risk capital model is based on a Value-at-Risk (VaR) approach using a Monte Carlo simulation. Following this approach, we determine the maximum loss in the portfolio value of our businesses in the scope of the model within a specified timeframe ("holding period") and probability of occurrence ("confidence level"). We assume a confidence level of 99.5% and apply a holding period of one year. In the risk simulation, we consider risk events from all modeled risk categories ("sources of risk") and calculate the portfolio value based on the net fair value of assets and liabilities under potentially adverse conditions.

The 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 either on historically observed market movements or on hypothetical market movement assumptions. This modeling approach, therefore, also enables us to identify scenarios that may have a positive impact on our solvency situation.

Yield curve and volatility adjustment assumptions

When calculating the fair values of assets and liabilities, the assumptions regarding the underlying risk-free yield curve are crucial in determining and discounting future cash flows. We apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) within the technical documentation (EIOPA-BoS-15/035) for the extension of the risk-free interest rate curves beyond the last liquid tenor[2].

In addition, we adjust the risk-free yield curves by a volatility adjustment for all business segments, except unit-linked business with guarantees in most markets where a volatility adjustment is defined by EIOPA. This is done to better reflect the underlying economics of our business, as the cash flows of our insurance liabilities are, to a large degree, predictable. The advantage of being a long-term investor, therefore, is the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component. Being a long-term investor mitigates to a great extent the risk of forced selling of debt instruments at a loss prior to maturity. Therefore, we reflect this mitigation 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 for 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 the risk calculation we use the replicating portfolio to determine and revalue these liabilities under all potentially adverse Monte Carlo scenarios.

Diversification and correlation assumptions

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

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

Where possible, we derive correlation parameters for each pair of market risks through statistical analysis of historical market data, considering quarterly observations over several years. In case historical market data or other portfolio-specific observations are insufficient or not available, correlations are set according to a well-defined

1 — As mentioned under Solvency II capitalization, AZ Life is taken into account by means of third-country equivalence into the Group capitalization.

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

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

SCOPE

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

Coverage of the risk capital calculations

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

Smaller entities within the European Economic Area which are not covered by the partial internal model are reflected based on their standard model results. At Group level, the capital requirements for smaller insurance operating entities outside the European Economic Area that have only an immaterial impact on the Group's risk profile are treated with book value deduction[3].

Risk capital related to our European banking operations is allocated to the Corporate and Other business segment, based on the approach applied by banks under the local requirements with respect to the Basel regulation (Basel standards). Capital requirements for banks represent an insignificant amount of approximately 1.5 % (2014: 1.3 %[4]) of our total pre-diversified risk. Therefore, risk management with respect to banking operations is not discussed in more detail.

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

Limitations

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

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

Furthermore, as historical data is used where possible to calibrate the model, historical data cannot be used for validation. Instead, we validate the model and parameters through sensitivity analyses, independent internal peer reviews and, where appropriate, external reviews by independent consulting firms, focusing on methods for selecting parameters and control processes. To ensure proper validation we established an Independent Validation Unit (IVU) within Group Risk responsible for validating our partial internal model within a comprehensive model validation process. Overall, we believe that our validation efforts are effective and that the model adequately assesses the risks to which we are exposed.

1 — As mentioned under Solvency II capitalization, AZ Life is taken into account by means of third-country equivalence into the Group capitalization.
2 — For further information about participating life business, please refer to note 20 to the consolidated financial statements.
3 — Under book value deduction, the book value of the respective entity is deducted from eligible own funds of the Group.
4 — 2014 risk profile figures recalculated based on model changes in 2015, as described in Model changes in 2015 from page 118.

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

Since the partial internal risk capital model takes into account the change in the economic fair value of our assets and liabilities, it is crucial to estimate the market value of each item accurately. For some assets and liabilities it may be difficult, if not impossible – notably in distressed financial markets – to obtain either a current market price or to apply a meaningful mark-to-market approach. For such assets we apply a mark-to-model approach. 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 at either the local or Group level. For some of our liabilities, the accuracy of their values depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

MODEL CHANGES IN 2015

In 2015, our partial internal model has been adjusted, based on both regulatory developments and feedback received during the ongoing consultations with regulators as part of our internal model approval process. For the sake of clarity, all model changes and the resulting changes to our risk profile are presented jointly within this section, based on data as of 31 December 2014. This also comprises changes in the model scope, for example the third-country equivalence treatment of AZ Life, in order to reflect the risk profile according to the new regulatory binding capital requirement, effective from 1 January 2016.

In all subsequent sections the figures after the model changes will form the basis for the movement analysis of our risk profile in 2015.

ALLIANZ GROUP: IMPACT OF MODEL CHANGE, ALLOCATED RISK ACCORDING TO RISK PROFILE (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS)

€ MN

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
as of 31 December	2014[1]	2014[2]	2014[1]	2014[2]	2014[1]	2014[2]	2014[1]	2014[2]	2014[1]	2014[2]	2014[1]	2014[2]	2014[1]	2014[2]
Property-Casualty	6,120	6,050	2,374	2,379	9,619	10,109	917	987	1,797	2,166	(7,246)	(6,751)	13,582	14,941
Life/Health	18,569	14,290	7,817	5,408	1,626	1,425	4,404	3,646	2,035	2,110	(10,161)	(6,893)	24,291	19,986
Asset Management	521	146	128	26	–	–	–	–	668	686	–	–	1,317	857
Corporate and Other	2,891	2,663	699	701	65	67	–	–	645	707	(883)	(784)	3,417	3,354
Total Group	**28,102**	**23,150**	**11,018**	**8,514**	**11,311**	**11,601**	**5,321**	**4,634**	**5,146**	**5,669**	**(18,291)**	**(14,428)**	**42,607**	**39,139**
											Tax		(4,180)	(3,826)
											Total Group		**38,427**	**35,313**

1 — 2014 risk profile figures as reported previously.
2 — 2014 risk profile figures recalculated based on new model.

The *change in model scope* to reflect our risk profile according to the Solvency II capital requirements was the most significant driver for changes in the modeling of our risk capital. Thereof, the change to include AZ Life on the basis of third-country equivalence treatment was the main contributor, with the main impact on market and credit risks. In addition, Allianz Benelux and Allianz Compania de Seguros were switched from the partial internal model to the standard model. Finally, we included some smaller entities (Turkey, Taiwan and Brazil) based on their standard model figures while they had previously been taken into account by book value deduction.

Otherwise, changes to our partial internal model focused on the following risk categories:

Market risk

Market risk was significantly affected by the change in model scope. In addition, the modelling of how impairments within special funds are treated was updated to better reflect the management of special funds. Furthermore, the assumptions on dynamic lapses were adjusted, based on updated lapse evaluations, to better reflect policyholder behavior in a low interest rate environment. Also the modelling of cash flows related to Surplus funds under emergency scenarios was enhanced to better reflect the Surplus fund value. Finally, there are regulatory required add-ons on Group level allocated to segments and risk types. The different model changes decreased the total market risk by € 5.0 BN to € 23.1 BN.

Credit risk
In 2015, no new model changes were implemented to the credit risk model. Only annual updates of rating transition matrices and asset correlations based on extended time series were introduced. Nevertheless, the model change related to modeling of the loss-absorbing capacity of technical provisions in the traditional life business had also an impact on credit risk, leading to a decrease of € 0.3 BN. In total, credit risk decreased on a pre-diversified basis by € 2.5 BN to € 8.5 BN, primarily driven by the changes in model scope.

Underwriting risk
The decrease in underwriting risk both in the Life/Health and the Property-Casualty business segment is mainly due to the change in model scope.

Business Risk
The decrease in business risk in the Life/Health business segment is mainly due to the change in model scope and parametrization changes for dynamic lapses.

Operational risk
In 2015, a central model change regarding a more conservative definition of operational risk capital led to an overall increase in operational risk capital.

Impact of model changes on Eligible Group Own Funds
Model changes in 2015 resulted in a € 0.3 BN decrease of own funds, mainly driven by changes in unavailability deductions partly offset by regulatory and model changes as well as scope changes. The scope changes refer to the new in-scope entities Brazil, Turkey and Taiwan and increased own funds by € 1.1 BN. The unavailability deductions increased by € 1.7 BN, mainly driven by lower capital requirements which limit the transferability. Remaining changes relate to model changes effecting the valuation of technical provisions.

Internal risk assessment

RISK PROFILE AND RISK MANAGEMENT
As we are an integrated financial services provider offering a variety of products across different business segments and geographic regions, diversification is key to our business model. Diversification is a key element in managing our risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and our risk profile in general. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations.

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

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

In order to further limit the impact of any financial market changes and to ensure that assets adequately back policyholder liabilities, we have additional measures in place. One of these is asset/liability management, linked to the internal risk capital framework, which incorporates risks as well as return aspects stemming from our insurance obligations. In addition, we are using derivatives mostly to either hedge our portfolio against adverse market movements or to reduce our reinvestment risk – for example by using forwards or swaptions.

Furthermore, we have put in place standards for hedging activities due to exposures to fair value options embedded in life insurance products. Life/Health operating entities carrying these exposures are required to follow these standards, including making a conscious decision on the amount of hedging.[1] The hedging of risks stemming from investments is also an element applied to manage and limit risks efficiently. For example, protective puts are used to limit the downward exposure of certain investments[2].

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

In order to manage counterparty concentration risk, we run a Group-wide country and obligor group limit management framework (CRisP[3]), which covers credit and equity exposures and is based on data used by the investment and risk experts at the Group and operating entity levels. This limit framework forms the basis for discussions on credit actions and provides notification services with a quick and broad communication of credit-related decisions across the Group. Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed. The setting of country and obligor exposure limits from the

1 — For further information about the risk concentration in the Life/Health business segment, please refer to note 20 to the consolidated financial statements.
2 — For further information on derivatives used for hedging, please refer to note 43 to the consolidated financial statements.
3 — Credit Risk Platform.

Group's perspective (i.e. the maximum concentration limit) takes into account the Allianz Group's portfolio size and structure as well as our overall risk strategy.

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

RISK BASED STEERING

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

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

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

QUANTIFIABLE RISKS

Market risk

As an inherent part of our insurance operations, we collect premiums from our customers and invest them in a wide variety of assets. Thereby, the Allianz Group holds and uses many different financial instruments. The resulting investment portfolios back the future claims and benefits to our customers. In addition, we invest shareholders' capital, which is required to support the risks underwritten. As the fair values of our investment portfolios depend on financial markets, which may change over time, we are exposed to market risks. The following table presents our Group-wide risk figures related to market risks by business segment and source of risk.

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

pre-diversified, € MN	Interest rate		Inflation		Credit spread		Equity		Real estate		Currency		Total	
as of 31 December	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Property-Casualty	415	526	2,931	3,431	739	576	996	914	554	544	55	58	5,690	6,050
Life/Health	4,129	5,934	237	528	4,694	2,973	6,085	3,804	1,326	1,003	45	48	16,516	14,290
Asset Management	20	20	–	–	–	–	20	20	20	20	86	86	146	146
Corporate and Other	643	452	451	221	541	408	977	1,272	86	96	224	213	2,922	2,663
Total Group	**5,207**	**6,932**	**3,618**	**4,181**	**5,975**	**3,957**	**8,078**	**6,011**	**1,986**	**1,663**	**410**	**405**	**25,274**	**23,150**
									Share of total Group pre-diversified risk				44.6%	43.2%

Our total pre-diversified market risk showed an increase of € 2.1 BN mainly driven by equity and credit spread risk in the Life/Health segment. The increase in equity risk was mainly driven by higher exposure. This was partly offset by a decrease in interest rate risk, predominantly due to management actions aiming at reducing our interest rate sensitivity by asset/liability management (ALM) measures. This, however, also contributed to some extent to the increase in credit spread risk, for example due to some duration extension on the asset side. The decrease in inflation risk was mainly driven by the hedging of inflation exposure and higher discount rates, resulting in lower market values of inflation-sensitive liabilities and internal pension liabilities. Real estate risk increased mainly due to higher exposure.

Interest rate risk

As interest rates may fall below the rates guaranteed to policyholders in some life/health markets, and given the long duration of insurance obligations, we are specifically exposed to interest rate risk because we have to reinvest maturing assets prior to the maturity of life contracts. This interaction of our investment strategy and obligations to policyholders forms an integral part of our internal risk capital framework. In addition, our ALM approach is closely linked to the internal risk capital framework and designed to achieve investment returns over the long term in excess of the obligations related to insurance and investment contracts.

These risks are reflected in the risk profile and managed by interest rate sensitivity limits. A significant part of the Life/Health business segment's pre-diversified interest rate risk lies in Western Europe – 76.5 % as of 31 December 2015 (2014: 83.4 %) –, mainly to cover traditional life insurance products with guarantees.

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

As of 31 December 2015, our interest-rate-sensitive investments excluding unit-linked business – amounting to a market value of € 419.3 BN[1] – would have gained € 30.6 BN or lost € 32.8 BN in value in case of interest rates changing by (100) and +100 basis points, respectively.

As described above, the risk related to interest rates lies in the fact that, in the long run, yields that can be achieved by reinvesting may not be sufficient enough to cover the guaranteed rates. In contrast, opportunities may materialize when interest rates increase. This may result in higher returns from reinvestments than the guaranteed rates.

Inflation risk

As an insurance company we are exposed to changing inflation rates, predominantly due to our non-life insurance obligations. In addition, internal pension obligations contribute to our exposure to inflation. Since inflation increases both claims and costs, higher inflation rates will lead to greater liabilities. Inflation assumptions are already taken into account in our product development and pricing and the risk of changing inflation rates is incorporated in our partial internal model.

Equity risk

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

As of 31 December 2015, our investments excluding unit-linked business that are sensitive to changing equity markets – amounting to a market value of € 44.2 BN[2] – would have lost € 12.9 BN in value assuming equity markets declined by 30 %.

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

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

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

Credit spread risk

Our internal risk capital framework fully acknowledges the risk of declining market values for our fixed-income assets, such as bonds, due to the widening of credit spreads. However, for our risk management and appetite we also take into account the underlying economics of our business model; for example, the application of the volatility adjustment in our internal risk capital framework to partially mitigate spread risk, as described in the section on yield curve assumptions.

The advantage of being a long-term investor therefore gives us the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component.

Currency risk

Based on our foreign exchange management limit framework, currency risk is monitored and managed at the operating entity and Group level. As our operating entities are typically invested in assets of the same currency as their liabilities, the major part of foreign currency risk results from the economic value of our non-Euro operating entities. If non-Euro foreign exchange rates decline against the Euro from a Group perspective, the Euro-equivalent net asset values also decrease. However, at the same time the capital requirements in Euro terms from the respective non-Euro entity also decrease, partially mitigating the total impact on the capitalization.

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 to the contribution of relatively predictable cash-flows in the long term. As of 31 December 2015, about 3.5 % (2014: 3.1 %[3]) of the total pre-diversified risk was related to real estate exposures.

Credit risk

The Allianz Group monitors and manages credit risk exposures and concentrations to ensure it is able to meet policyholder obligations when they are due. This objective is supported by the internal credit risk model and the CRisP as described under the section on the risk profile. Group-wide credit data is collected following a centralized process and using standard obligor and obligor group mappings.

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

3 — 2014 figure recalculated based on model changes in 2015 as described in Model changes in 2015 from page 118.

country risk. Counterparty risk arises from our fixed-income investments, cash positions, derivatives, structured transactions, receivables from Allianz agents and other debtors, as well as reinsurance recoverables and credit insurance. Country risk exposure is calculated as cross-border exposure to all obligors domiciled abroad from the respective operating entities' perspective.

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

The loss profile of a given portfolio is obtained through a Monte-Carlo simulation, taking into account interdependencies and exposure concentrations per obligor segment. To reflect portfolio specific diversification effects, the loss profiles are calculated at different levels of the Allianz Group structure (pre-diversified). They are then fed into the overall partial internal risk capital model for further aggregation across sources of risk to derive group-diversified internal credit risk.

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

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

pre-diversified, € MN as of 31 December	2015	2014[1]
Property-Casualty	2,406	2,379
Life/Health	6,141	5,408
Asset Management	26	26
Corporate and Other	667	701
Total Group	**9,240**	**8,514**
Share of total Group pre-diversified risk	16.3 %	15.9 %

1 — 2014 risk profile figures recalculated based on model changes in 2015.

Throughout 2015 the credit environment was mostly stable. There were limited rating actions, as the economic situation and outlook were already reflected in current rating levels, compared to the economic disruptions of previous years. The credit risk for the Group increased, mainly due to reduced loss-absorbing capacity of technical provisions in the traditional life business, which increased the credit risk after policyholder participation. Additionally, for the purpose of asset/liability management under the low-yield environment the amount of long-duration assets has grown, which further contributed to the increase of credit risk, particularly in the Life/Health business segment.

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

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

pre-diversified, € MN	Total	
as of 31 December	2015	2014[2]
Base case	9,240	8,514
Rating down by 1 notch	10,135	9,313
Rating down by 2 notches	11,485	10,560
LGD up by 10 %	9,780	8,988

1 — A notch is referred to rating sub-classes, such as "AA+", "AA", "AA-" at Standard & Poor's scale or "Aa1", "Aa2", "Aa3" at Moody's scale.
2 — 2014 risk profile figures recalculated based on model changes in 2015.

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

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

ALLIANZ COMPONENTS OF CREDIT RISK EXPOSURE

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

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

Credit risk – investment

As of 31 December 2015, credit risk arising from the investment portfolio accounted for 88.2 % (2014: 92.7 %) of our total Group pre-diversified internal credit risk. Credit Risk in the Life/Health business segment is primarily driven by long-term assets covering long-term liabilities. Typical investments are government bonds, senior corporate bonds, covered bonds, self-originated mortgages and loans, as well as a modest amount of derivatives. Due to the nature of the business, the fixed-income securities in the Property-Casualty business segment tend to be short- to mid-term, which explains the lower Credit Risk consumption in this segment.[1]

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

As of 31 December 2015, the rating distribution based on issue (instrument) ratings of our fixed income portfolio was as follows:

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

€ BN

Type of issuer	Government & Agency		Covered Bond		Corporate		Banks		ABS/MBS		Short-term Loan		Other		Total	
as of 31 December	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
AAA	44.8	51.8	57.7	57.2	2.4	1.1	1.1	1.5	16.0	17.3	0.1	–	–	–	122.1	128.8
AA	95.9	84.0	23.8	20.2	11.3	10.3	6.2	6.6	3.0	2.4	1.1	1.4	0.1	0.1	141.4	125.2
A	15.8	15.5	11.4	23.1	49.8	45.6	14.6	16.8	1.7	2.0	0.6	0.9	0.8	0.9	94.6	104.8
BBB	52.9	50.9	5.0	6.0	81.9	72.8	7.3	5.6	0.6	0.7	0.5	0.6	0.5	0.6	148.7	137.2
BB	3.9	2.7	0.5	1.0	9.5	7.2	1.6	1.5	0.1	0.1	0.2	0.2	–	–	15.8	12.7
B	1.6	0.8	–	0.1	3.0	3.2	0.1	0.1	0.1	0.1	–	–	–	–	4.8	4.3
CCC	–	–	–	–	0.3	0.1	–	0.1	–	–	–	–	–	–	0.4	0.3
CC	–	–	–	–	0.1	0.1	0.1	–	0.1	0.2	–	–	–	–	0.2	0.3
C	–	–	–	–	0.1	0.1	–	–	–	0.1	–	–	–	–	0.1	0.1
D	0.1	0.1	–	–	0.4	0.4	–	–	–	–	–	–	–	–	0.5	0.5
Not rated	2.5	3.4	0.3	0.1	6.2	4.3	0.4	0.2	–	–	0.5	0.3	2.8	1.7	12.7	10.0
Total	**217.5**	**209.3**	**98.7**	**107.6**	**164.9**	**145.1**	**31.3**	**32.4**	**21.6**	**22.9**	**3.0**	**3.6**	**4.3**	**3.3**	**541.4**	**524.3**

1 — In accordance with the Group Management Report, figures stated include investments of Banking and Asset Management. Table excludes private loans. Stated market values include investments not in scope of the Solvency II framework.

Credit risk – reinsurance

As of 31 December 2015, 0.4 % (2014: 0.4 %) of our total Group pre-diversified internal credit risk was allocated to reinsurance exposures – of which 52.0 % (2014: 58.5 %) was related to reinsurance counterparties in the United States and Germany.

A dedicated team selects our reinsurance partners, focusing on companies with strong credit profiles. We may also require letters of credit, cash deposits, or other financial measures to further mitigate our exposure to credit risk. As of 31 December 2015, 86.0 % (2014: 82.9 %) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A-" rating by Standard & Poor's or A.M. Best. As of 31 December 2015, non-rated reinsurance recoverables represented 13.3 % (2014: 15.7 %). Reinsurance recoverables without a Standard & Poor's rating include exposures to brokers, companies in run-off, and pools – where no rating is available.

1 — Additionally, 4.8 % (2014: 2.4 %) of our total Group pre-diversified internal credit risk is allocated to receivables, potential future exposure for derivatives and reinsurance, and other off-balance sheet exposures.

REINSURANCE RECOVERABLES BY RATING CLASS[1]

€ BN as of 31 December	2015	2014
AAA	0.04	0.03
AA+ to AA-	6.64	6.06
A+ to A-	4.68	4.35
BBB+ to BBB-	0.08	0.17
Non-investment grade	–	–
Not assigned	1.76	1.97
Total	**13.19**	**12.59**

1 — Represents gross exposure broken down by reinsurer.

Credit risk – credit insurance

Our credit insurance portfolio is modeled by Euler Hermes based on a proprietary model component, which is a local adaptation of the central internal credit risk module and is reviewed by Group Risk. The result is integrated in the Group's internal credit risk to capture the concentration and diversification effects. As of 31 December 2015, 6.5 % (2014: 4.5 %) of our total Group pre-diversified internal credit risk was allocated to Euler Hermes credit insurance exposures, for which the relative increase is primarily driven by the re-allocation of credit risk from the investment portfolio, where exposure size has decreased following the reduced scope of Allianz entities in the partial internal model.

Underwriting risk

Underwriting risk consists of premium and reserve risks in the Property-Casualty business segment as well as biometric risks in the Life/Health business segment. For the Asset Management business segment and our banking operations, underwriting risks are not relevant. The following table presents the pre-diversified risk calculated for underwriting risks stemming from our insurance.[1]

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

pre-diversified, € MN	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total	
as of 31 December	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Property-Casualty	543	523	17	26	4,579	4,461	4,926	4,970	37	130	10,101	10,109
Life/Health	–	–	–	–	–	–	–	–	1,502	1,425	1,502	1,425
Asset Management	–	–	–	–	–	–	–	–	–	–	–	–
Corporate and Other	–	–	–	–	–	–	–	–	355	67	355	67
Total Group	**543**	**523**	**17**	**26**	**4,579**	**4,461**	**4,926**	**4,970**	**1,894**	**1,621**	**11,958**	**11,601**
							Share of total Group pre-diversified risk				21.1 %	21.7 %

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

Property-Casualty risk changes are mainly driven by exposure and model updates as well as foreign currency translation effects. For biometric risk there were only minor movements.

Underwriting risk Property-Casualty

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

Premium risk

As part of our Property-Casualty business operations, we receive premiums from our customers and provide insurance protection in return. Changes in profitability over time are measured based on loss ratios and their fluctuations.[2]

1 — 2014 risk profile figures recalculated based on model changes in 2015.
2 — Please refer to the section Property-Casualty Insurance Operations – Property-Casualty insurance operations by reportable segments from page 78 for a regional breakdown of loss ratios over the past two years.

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

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

%	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Loss ratio	66.2	66.0	65.9	68.3	69.9	69.1	69.5	68.0	66.1	65.0
Loss ratio excluding natural catastrophes	64.6	65.1	63.0	66.6	65.5	65.9	68.4	66.3	64.1	64.4

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

Premium risk is subdivided into natural catastrophe risk, terror risk, and non-catastrophe risk. We calculate premium risk based on actuarial models that are used to derive loss distributions. Premium risk is actively managed by the Allianz Group and its local operating entities.

Assessing the risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions, centrally defined and in place across the Group. In addition to the centrally-defined underwriting limits, the local operating entities have limits in place that take into account their business environments. Excessive risks are mitigated by external reinsurance agreements. All these measures contribute to a limitation on risk accumulation.

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

The top five perils contributing to the natural catastrophe risk as of 31 December 2015 were: Europe windstorm, Germany hail, Germany flood, U.S. hurricane and U.K. flood.

Reserve risk

We estimate and hold reserves for claims resulting from past events that have not yet been settled. If the reserves are not sufficient to cover claims to be settled in the future due to unexpected changes, we would experience losses. The volatility of past claims measured over a one-year time horizon defines our reserve risk.

In general, our operating entities constantly monitor the development of reserves for insurance claims on a line-of-business level.[1] In addition, the operating entities generally conduct annual reserve uncertainty analyses based on similar methods used for reserve risk calculations. Allianz SE performs regular independent reviews of these analyses and Allianz SE representatives participate in the local reserve committees' meetings.

Underwriting risk Life/Health

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

We measure these risks within our partial internal risk capital model by distinguishing between the different sub-components, whenever relevant or material: absolute level, trend, volatility around the best estimate assumptions, and pandemic risks. Depending on the nature and complexity of the risk involved, our health business is represented in the partial internal model, according to Property-Casualty or Life/Health calculation methods, and is therefore included in the relevant Property-Casualty and Life/Health figures accordingly. However, most of our health business is attributable to the Life/Health business segment. Due to effective product design and the diversity of our products, there were no significant concentrations of underwriting risks within our Life/Health business segment as of 31 December 2015.[2]

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

Business risk

Business risks include cost risks and policyholder behavior risks and are mostly driven by the Life/Health business segment and to a lesser extent by the Property-Casualty business segment. Cost risks are associated with the risk that expenses incurred in administering policies are higher than expected or that new business volume decreases to a level that does not allow Allianz to absorb its fixed costs.

In the Life/Health business segment, policyholder behavior risks are risks related to the unpredictability and adverse behavior of policyholders in exercising their different contractual options: early termination of contracts, surrenders, partial withdrawals, renewals, and annuity take-up options. Assumptions on policyholder behavior are set in line with accepted actuarial methods and are based on our own historical data, to the extent available. If data is not available, assumptions are based on industry data or expert judgment.

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

pre-diversified, € MN as of 31 December	2015	2014
Property-Casualty	937	987
Life/Health	3,687	3,646
Asset Management	–	–
Corporate and Other	–	–
Total Group	**4,623**	**4,634**
Share of total Group pre-diversified risk	8.2 %	8.7 %

For business risk in our Life/Health business segment there were only minor movements.

1 — For further information, please refer to note 19 to the consolidated financial statements.

2 — For further information about insurance risk in the Life/Health business segment, please refer to note 20 to the consolidated financial statements.

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

Operational risk

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

Allianz has developed a consistent Group-wide operational risk management framework that focuses on the early recognition and proactive management of operational risks in all "first line of defense"-functions. The framework defines roles and responsibilities, risk processes, and methods and has been implemented in our operating entities. Local risk managers as the "second line of defense" ensure this framework is implemented in their respective operating entity. They identify and evaluate relevant operational risks and control weaknesses via a dialogue between the "first line of defense" and the risk function. Furthermore, operational risk events are collected in a central risk event database. In 2015, Allianz also delivered internal loss data on an anonymized basis to the "Operational Riskdata eXchange Association (ORX)", a global operational loss data insurance consortium, to improve its internal control system and to 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 operating entities, so they can implement measures aimed at avoiding or reducing future losses.

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

1 — For additional information regarding our internal control over financial reporting, please refer to Controls over Financial Reporting and Risk Capital from page 131.

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

pre-diversified, € MN as of 31 December	2015	2014
Property-Casualty	2,274	2,166
Life/Health	2,019	2,090
Asset Management	686	686
Corporate and Other	580	707
Total Group	**5,559**	**5,669**
Share of total Group pre-diversified risk	9.8%	10.6%

Major failures and disasters also at our outsourcing providers, which could cause a severe disruption to our working environment, represent significant operational risks for the Allianz Group. Our Business Continuity and Crisis Management framework strives to protect critical business functions from these shocks and enables them to carry out their core tasks on time and at the highest standard. Regularly enhanced, business continuity and crisis activities are embedded in the company's risk management processes.

Allianz works on a Cyber and Information Security program on an ongoing basis, in order to better respond to current external developments and to further strengthen the internal control environment around related operational risks.

The decrease shown in the operational risk is driven by the regular update of local parameters.

OTHER RISKS

There are certain risks that cannot be fully quantified across the Group using our partial 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 on business strategies and their implementation.

Strategic risks are evaluated and analyzed in the strategic and planning dialogue between Allianz Group and its operating entities. To ensure proper implementation of strategic goals in the current business plan, strategic controls are carried out by monitoring respective business targets. We also constantly monitor market and competitive conditions, capital market requirements, regulatory conditions, etc., to decide whether to make strategic adjustments. In addition, strategic decisions are discussed in various Board of Management level committees (e.g. Group Capital Committee, Group Finance and Risk Committee). The assessment of the associated risks is a fundamental element in these discussions.

Liquidity risk

Liquidity risk is defined as the risk that requirements from current or future payment obligations cannot be met or can only be met on the basis of adversely altered conditions. Liquidity risk can arise primarily if there are mismatches in the timing of cash flows on the asset and liability side. Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity and funding – including changes in cash and cash equivalents – is provided in Liquidity and Funding Resources from page 105 onwards and notes 17, 23, 24 and 43 to the consolidated financial statements.

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

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

Our insurance operating entities manage liquidity risk locally, using asset/liability management systems designed to ensure that assets and liabilities are adequately matched. The local investment strategies particularly focus on the quality of investments and ensure a significant portion of liquid assets (e.g. high-rated government bonds or covered bonds) in the portfolios. This also allows us to meet increased liquidity requirements in the case of unlikely events. We employ actuarial methods for estimating our liabilities arising from insurance contracts. In the course of standard liquidity planning we reconcile the cash flows from our investment portfolio with the estimated liability cash flows. These analyses are performed at the operating entity level and aggregated at the Group level.

Regarding our Asset Management business, forecasting and managing liquidity is a regular process designed to meet both regulatory requirements and Group standards. This process is supported by the liquidity management framework implemented in Allianz Asset Management.

In addition, we 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. The framework will be rolled out to the Group during 2016 and will further strengthen the Allianz liquidity position and resilience to stress scenarios.

Reputational risk

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

With the support of Group Communications, Group Compliance and the ESG Office[1], Group Risk defines sensitive business areas and applicable risk guidelines, which are mandatory for all operating entities in the Allianz Group. All affected Group and operating entity functions cooperate in the identification of reputational risk. Group Communications is responsible for the risk assessment, based on a Group-wide methodology. In 2015, Allianz has embedded conduct risk triggers for products and services into the reputational risk management process.

Single reputational risk management decisions are integrated in the overall risk management framework and reputational risks are identified and assessed as part of a yearly Top Risk Assessment, during which senior management also decides on a risk management strategy and related actions. This is supplemented by quarterly updates. In addition, reputational risk is managed on a case-by-case basis. Single cases with a potential impact on other operating entities or the Group have to be reported to the Allianz Group for pre-approval.

Risk governance

RISK MANAGEMENT FRAMEWORK

As a provider of financial services, we consider risk management to be one of our core competencies. It is therefore an integral part of our business process. Our risk management framework covers, on a risk-based approach, all operations including IT, processes, products, and departments/subsidiaries within the Group. The key elements of our risk management framework are:

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

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

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

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

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

Risk reporting and monitoring: Our comprehensive qualitative and quantitative risk reporting and monitoring framework provides senior management with the transparency and risk indicators to help them decide on 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 the entire Group.

RISK GOVERNANCE STRUCTURE

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

Supervisory Board and Board of Management

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

Supervisory Board

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

Board of Management

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

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

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

Overall risk organization and roles in risk management

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

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

Group Risk

Group Risk is managed by the Group Chief Risk Officer, who reports to the Board member responsible for Finance, Controlling and Risk. Group Risk supports the aforementioned Allianz Group committees responsible for risk oversight through the analysis and communication of risk management-related information and by facilitating the communication and implementation of committee decisions. For example, Group Risk is operationally responsible for monitoring the limits and accumulation of specific types of risks across business lines, such as natural disasters and exposures to financial markets and counterparties.

In addition, Group Risk independently supports the adequacy of the operating entities' risk management through the development of a common risk management framework and by monitoring adherence to Group minimum requirements for methods and processes. Group Risk strengthens the Group's risk network through regular and close interaction with the operating entities' management and with key areas such as the local finance, risk, actuarial and investment departments. A strong risk network across the Group allows us to identify risks early and bring them to the attention of management.

Operating entities

Operating entities are responsible for their own risk management, including adherence to both external requirements (for example, those imposed by local regulators) and internal Group-wide standards. The operating entities' Board of Management is responsible for setting and approving a local risk strategy during the annual Strategic and Planning Dialogues with the Group and for ensuring operating entities' adherence to their risk strategy.

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

A risk function that is independent from the business line management is established by each operating entity. This function operates under the direction of the operating entity's Chief Risk Officer. In addition, a local Risk Committee supports both the operating entity's Board of Management and the Chief Risk Officer by acting as the primary risk controlling body. Group Risk is also represented on the local Risk Committees to enhance the risk dialogue between the Group and the operating entities.

Other functions and bodies

In addition to Group Risk and the operating entities' risk functions, legal and compliance and actuarial functions have been established at both the Group and operating entity level, constituting additional components of the "second line of defense".

Group Legal and Compliance seeks to mitigate legal risks with support from other departments. Legal risks include legislative changes, litigation and disputes, regulatory proceedings and contractual clauses that are unclear or construed differently by the courts. Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation that an undertaking may suffer as a result of not complying with applicable laws, regulations, and administrative provisions. The objectives of Group Legal and Compliance are to ensure that laws and regulations are observed, to react appropriately to all impending legislative changes or new court rulings, to attend to legal disputes and litigation, and to provide legally appropriate solutions for transactions and business processes. In addition, Group Legal and Compliance is responsible for integrity management, which aims to protect the Allianz Group, our operating entities and employees from regulatory risks.

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

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

In order to adapt to a continually changing environment, the Global Issues Forum (GIF) supports the Group in the assessment of long-term trend changes in the risk landscape on a timely basis. As an active participant of the Emerging Risk Initiative of the Chief Risk Officer Forum, we monitor with other chief risk officers of major European insurance companies and financial conglomerates the industry-wide risk landscape and raise awareness of major risks for the insurance industry.

Risk management priorities for 2016

In addition to maintaining our high standards and practices in day-to-day risk management and controlling, Allianz has set the following priorities for 2016:

Our first priority is to further embed our partial internal model into business steering, for example by providing sound information on potential impacts of management decisions on the Allianz risk profile.

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

Further future challenges and opportunities[1]

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

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

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.

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 61.

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.

1 — For further information on the Cautionary note regarding forward-looking statements, please refer to Outlook 2016 from page 92.

Controls over Financial Reporting and Risk Capital

Statements pursuant to § 289 (5) and § 315 (2) no. 5 of the German Commercial Code ("Handelsgesetzbuch – HGB") and explanatory report.

Internal controls over financial reporting

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 consolidated financial statements. Our internal control system over financial reporting (ICOFR) is based on the revised framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013 and is regularly reviewed and updated. Our approach 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 right management and project and change management controls.

ACCOUNTING AND CONSOLIDATION PROCESSES

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

Accounting rules for the classification, valuation and disclosure of all items in the balance sheet, income statement and related notes of the annual and interim financial statements are primarily defined in our Group accounting manual. Internal controls are embedded in the accounting and consolidation processes to safeguard the accuracy, completeness and consistency of the information provided in the financial statements.

INTERNAL CONTROL SYSTEM APPROACH

INTERNAL CONTROL SYSTEM APPROACH

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

Our approach can be summarized as follows:

- We use a top-down, risk-based approach to determine the accounts and operating entities 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 operating entities under the scope of ICOFR as well as in the list of significant accounts. In addition to the quantitative ICOFR calculation, we also consider qualitative criteria – such as expected increase in business volume – which are provided by different Group Centers, Group Audit and external Audit.

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

- *Preventive and detective key controls* over the financial reporting process have been 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 implement IT controls.

- Finally, we focus on ensuring that controls are appropriately designed and effectively executed to mitigate risk. We have set consistent documentation requirements across the Allianz Group 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. Group Audit and local internal audit functions ensure that the overall quality of our control system is subjected to regular control-testing, to assure reasonable design and operating effectiveness. Internal Audit does so through a comprehensive risk-based approach, which holistically assesses the key controls of the company's internal procedures and processes, including local and Group internal controls over financial reporting.

GOVERNANCE

Responsibility for ensuring the completeness, accuracy and reliability of our consolidated financial statements rests with the Chairman of the Board of Management and the Board member responsible for Finance, Controlling and Risk of Allianz SE, supported by Group Center functions, the Group Disclosure Committee and operating entities.

The Group Disclosure Committee ensures that these board members are made aware of all material information that could affect our disclosures and assesses the completeness and accuracy of the information provided in the quarterly and annual financial reports. The committee met on a quarterly basis before the financial reports were issued.

Subsidiaries within the scope of our control system are individually responsible for adhering to the Group's internal governance and control policy and for creating local Disclosure Committees that are similar to the Group-level committee. The entities' CEOs and CFOs provide periodic sign-offs to the management of Allianz SE, certifying the effectiveness of their local system of internal controls as well as the completeness, accuracy and reliability of financial data reported to the Holding.

FURTHER CONTROL MECHANISMS

In our opinion, a strong internal control environment is key to managing our company successfully and to reinforce trust with our stakeholders. In addition to ICOFR, for example, we have implemented an enhanced internal control environment across our largest Life insurance operating entities for the Market Consistent Embedded Value (MCEV) reporting process.

Risk capital controls

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

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.

CONSOLIDATED FINANCIAL STATEMENTS

D

D – CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

€ MN as of 31 December	note	2015	2014
ASSETS			
Cash and cash equivalents	7	14,842	13,863
Financial assets carried at fair value through income	8	7,268	5,875
Investments	9	509,493	486,445
Loans and advances to banks and customers	10	117,630	117,075
Financial assets for unit-linked contracts		105,873	94,564
Reinsurance assets	11	14,843	13,587
Deferred acquisition costs	12	25,234	22,262
Deferred tax assets	42	1,394	1,046
Other assets	13	38,813	37,080
Non-current assets and assets of disposal groups classified as held for sale	14	109	235
Intangible assets	15	13,443	13,755
Total assets		**848,942**	**805,787**

€ MN as of 31 December	note	2015	2014
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	16	9,207	8,496
Liabilities to banks and customers	17	25,531	23,015
Unearned premiums	18	20,660	19,800
Reserves for loss and loss adjustment expenses	19	72,003	68,989
Reserves for insurance and investment contracts	20	486,222	463,334
Financial liabilities for unit-linked contracts	21	105,873	94,564
Deferred tax liabilities	42	4,003	4,932
Other liabilities	22	38,686	38,609
Liabilities of disposal groups classified as held for sale	14	18	102
Certificated liabilities	23	8,383	8,207
Participation certificates and subordinated liabilities	24	12,258	12,037
Total liabilities		**782,843**	**742,085**
Shareholders' equity		63,144	60,747
Non-controlling interests		2,955	2,955
Total equity	25	**66,099**	**63,702**
Total liabilities and equity		**848,942**	**805,787**

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

€ MN

	note	2015	2014
Gross premiums written		**76,723**	**73,883**
Ceded premiums written		(5,536)	(4,463)
Change in unearned premiums		(543)	(1,146)
Premiums earned (net)	**26**	**70,645**	**68,274**
Interest and similar income	27	22,408	21,443
Income from financial assets and liabilities carried at fair value through income (net)	28	(2,307)	(1,604)
Realized gains/losses (net)	29	7,937	4,017
Fee and commission income	30	10,945	10,119
Other income	31	476	216
Income from fully consolidated private equity investments	32	732	696
Total income		**110,836**	**103,161**
Claims and insurance benefits incurred (gross)		(54,472)	(52,140)
Claims and insurance benefits incurred (ceded)		2,770	2,490
Claims and insurance benefits incurred (net)	**33**	**(51,702)**	**(49,650)**
Change in reserves for insurance and investment contracts (net)	34	(14,065)	(13,929)
Interest expenses	35	(1,224)	(1,261)
Loan loss provisions	36	(60)	(45)
Impairments of investments (net)	37	(1,526)	(894)
Investment expenses	38	(1,094)	(961)
Acquisition and administrative expenses (net)	39	(25,718)	(23,343)
Fee and commission expenses	40	(3,777)	(3,238)
Amortization of intangible assets	15	(322)	(123)
Restructuring charges	50	(231)	(16)
Other expenses	41	(129)	(135)
Expenses from fully consolidated private equity investments	32	(792)	(720)
Total expenses		**(100,640)**	**(94,314)**
Income before income taxes		**10,196**	**8,848**
Income taxes	42	(3,209)	(2,245)
Net income		**6,987**	**6,603**
Net income attributable to:			
Non-controlling interests		371	381
Shareholders		6,616	6,221
Basic earnings per share (€)	51	14.56	13.71
Diluted earnings per share (€)	51	14.55	13.64

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

€ MN

	2015	2014
Net income	**6,987**	**6,603**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	85	2
Changes arising during the year	993	1,428
Subtotal	**1,078**	**1,431**
Available-for-sale investments		
Reclassifications to net income	(1,279)	(641)
Changes arising during the year	(1,694)	7,817
Subtotal	**(2,973)**	**7,176**
Cash flow hedges		
Reclassifications to net income	(7)	34
Changes arising during the year	(41)	50
Subtotal	**(48)**	**85**
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	1	–
Changes arising during the year	79	54
Subtotal	**80**	**54**
Miscellaneous		
Reclassifications to net income	–	–
Changes arising during the year	23	(151)
Subtotal	**23**	**(151)**
Items that may never be reclassified to profit or loss		
Actuarial gains and losses on defined benefit plans	470	(1,607)
Total other comprehensive income	**(1,370)**	**6,988**
Total comprehensive income	**5,617**	**13,590**
Total comprehensive income attributable to:		
Non-controlling interests	414	534
Shareholders	5,202	13,056

For further details concerning income taxes relating to components of the other comprehensive income, please see note 42 Income taxes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

€ MN	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2014	**28,869**	**17,786**	**(3,313)**	**6,742**	**50,083**	**2,765**	**52,849**
Total comprehensive income[1]	–	4,540	1,340	7,176	13,056	534	13,590
Paid-in capital	59	–	–	–	59	–	59
Treasury shares	–	(1)	–	–	(1)	–	(1)
Transactions between equity holders	–	(41)	(4)	–	(45)	(33)	(78)
Dividends paid	–	(2,405)	–	–	(2,405)	(311)	(2,716)
Balance as of 31 December 2014	**28,928**	**19,878**	**(1,977)**	**13,917**	**60,747**	**2,955**	**63,702**
Total comprehensive income[1]	–	7,151	1,053	(3,001)	5,202	414	5,617
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	63	–	–	63	–	63
Transactions between equity holders	–	243	(3)	4	244	(144)	99
Dividends paid	–	(3,112)	–	–	(3,112)	(270)	(3,382)
Balance as of 31 December 2015	**28,928**	**24,222**	**(926)**	**10,920**	**63,144**	**2,955**	**66,099**

1 — Total comprehensive income in shareholders' equity for the year ended 31 December 2015 comprises net income attributable to shareholders of € 6,616 MN (2014: € 6,221 MN).

CONSOLIDATED STATEMENTS OF CASH FLOWS

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN

	2015	2014
SUMMARY		
Net cash flow provided by operating activities	23,663	32,232
Net cash flow used in investing activities	(20,394)	(26,927)
Net cash flow used in financing activities	(2,837)	(3,189)
Effect of exchange rate changes on cash and cash equivalents	548	541
Change in cash and cash equivalents	**979**	**2,656**
Cash and cash equivalents at beginning of period	13,863	11,207
Cash and cash equivalents at end of period	**14,842**	**13,863**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**6,987**	**6,603**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(290)	(196)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(6,407)	(3,105)
Other investments, mainly financial assets held for trading and designated at fair value through income	3,460	2,537
Depreciation and amortization	1,359	1,159
Loan loss provisions	60	45
Interest credited to policyholder accounts	5,319	3,879
Net change in:		
Financial assets and liabilities held for trading	(3,250)	375
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(61)	107
Repurchase agreements and collateral received from securities lending transactions	2,365	466
Reinsurance assets	(806)	(218)
Deferred acquisition costs	202	(1,219)
Unearned premiums	775	1,120
Reserves for loss and loss adjustment expenses	2,040	1,039
Reserves for insurance and investment contracts	14,031	23,036
Deferred tax assets/liabilities	262	(10)
Other (net)	(2,383)	(3,384)
Subtotal	**16,676**	**25,629**
Net cash flow provided by operating activities	**23,663**	**32,232**

CONSOLIDATED STATEMENTS OF CASH FLOWS — CONTINUED

CONSOLIDATED STATEMENTS OF CASH FLOWS

€ MN	2015	2014
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	1,529	1,335
Available-for-sale investments	151,470	124,855
Held-to-maturity investments	3,218	579
Investments in associates and joint ventures	513	709
Non-current assets and disposal groups classified as held for sale	187	146
Real estate held for investment	522	329
Loans and advances to banks and customers (purchased loans)	11,465	8,345
Property and equipment	127	119
Subtotal	**169,032**	**136,416**
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(2,300)	(1,693)
Available-for-sale investments	(170,170)	(149,120)
Held-to-maturity investments	(2,474)	(331)
Investments in associates and joint ventures	(884)	(1,271)
Non-current assets and disposal groups classified as held for sale	–	–
Real estate held for investment	(1,273)	(963)
Loans and advances to banks and customers (purchased loans)	(5,461)	(5,005)
Property and equipment	(2,033)	(1,692)
Subtotal	**(184,595)**	**(160,076)**
Business combinations (note 5):		
Proceeds from sale of subsidiaries, net of cash disposed	19	–
Acquisitions of subsidiaries, net of cash acquired	–	(200)
Change in other loans and advances to banks and customers (originated loans)	**(4,142)**	**(2,403)**
Other (net)	**(708)**	**(665)**
Net cash flow used in investing activities	**(20,394)**	**(26,927)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	365	(873)
Proceeds from the issuance of certificated liabilities and subordinated liabilities	5,217	3,823
Repayments of certificated liabilities and subordinated liabilities	(5,044)	(3,435)
Cash inflow from capital increases	–	51
Transactions between equity holders	99	(78)
Dividends paid to shareholders	(3,382)	(2,716)
Net cash from sale or purchase of treasury shares	64	6
Other (net)	(157)	35
Net cash flow used in financing activities	**(2,837)**	**(3,189)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(2,609)	(3,081)
Dividends received	1,878	1,555
Interest received	19,412	18,851
Interest paid	(1,265)	(1,326)

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

1 — Nature of operations and basis of presentation

NATURE OF OPERATIONS

Allianz SE and its subsidiaries (the Allianz Group) offer Property-Casualty insurance, Life/Health insurance and Asset Management products and services in over 70 countries, with the largest of its operations in Europe. The Allianz Group's headquarters and Allianz SE as its parent company are located in Munich, Germany. Allianz SE is recorded in the Commercial Register of the municipal court in Munich under its registered address at Königinstrasse 28, 80802 Munich.

Allianz SE is a stock corporation in the form of a European Company (Societas Europaea). Allianz SE shares are listed on all German stock exchanges and Allianz SE American Depositary Receipts (ADRS) are traded in the U.S. over the counter on OTCQX.

The consolidated financial statements of the Allianz Group for the year ended 31 December 2015 were authorized for issue by the Board of Management on 16 February 2016.

BASIS OF PRESENTATION

The consolidated financial statements of the Allianz Group have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with § 315a of the German Commercial Code (HGB). Within these consolidated financial statements, the Allianz Group has applied all standards and interpretations issued by the IASB and endorsed by the E.U. that are compulsory as of 31 December 2015. IFRS comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations developed by the IFRS Interpretations Committee (formerly called the IFRIC) or the former Standing Interpretations Committee (SIC).

IFRS do not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005 have been applied.

The accounting policies adopted are consistent with those of the previous financial year, except for recently adopted IFRS effective 1 January 2015 and for the change in presentation as described in note 4 Recently adopted and issued accounting pronouncements and changes in the presentation of the consolidated financial statements.

The consolidated financial statements are prepared as of and for the year ended 31 December and presented in millions of Euro (€ MN), unless otherwise stated.

2 — Summary of significant accounting policies

PRINCIPLES OF CONSOLIDATION

Scope of consolidation

In line with IFRS 10, the consolidated financial statements of the Allianz Group comprise the financial statements of Allianz SE and its subsidiaries (including certain investment funds and structured entities) over which the Allianz Group has control. The Allianz Group controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Power over a subsidiary arises when the Allianz Group has existing rights that give it the current ability to direct the relevant activities of the subsidiary. This is usually the case when the Allianz Group owns more than half of the voting rights or similar rights. In order to determine whether control exists, potential voting rights that are currently exercisable or convertible are taken into consideration. Where subsidiaries have been designed so that voting or similar rights are not the dominant factor of control, such as when any voting rights relate to administrative tasks only and returns are directed by means of contractual arrangements, control is assessed on the basis of the Allianz Group's level of involvement in defining the terms and features of these contractual arrangements, as is the case for structured entities. In the case of investment funds managed by Allianz Group internal asset managers, the control assessment considers whether the Allianz Group is in a principal or agent role with a view to the investment funds assessed. This assessment takes into account kick-out rights held by third-party investors as well as the aggregate economic interest of the Allianz Group in the investment funds assessed.

Subsidiaries are consolidated as from the date on which control is obtained by the Allianz Group, up to the date on which the Allianz Group no longer maintains control. Accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group. The effects of intra-Allianz Group transactions are eliminated.

Third-party assets held in an agency or fiduciary capacity are not assets of the Allianz Group and are not presented in these consolidated financial statements.

In some jurisdictions the ability of subsidiaries to transfer funds to the parent company in the form of dividends or to repay loans is subject to local corporate or insurance laws and regulations as well as solvency requirements.

Business combinations including acquisitions and disposals of non-controlling interests

Business combinations are accounted for using the acquisition method. Non-controlling interests in the acquiree can be measured either at the acquisition date fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This option is exercised on a case-by-case basis.

Associates and joint arrangements

Associates are entities over which the Allianz Group can exercise significant influence. In general, if the Allianz Group holds 20 % or more of the voting power in an investee but does not control the investee, it is assumed to have significant influence, unless it can be clearly demonstrated that this is not the case. Investments in associates are generally accounted for using the equity method.

Joint arrangements are structures over which the Allianz Group and one or more other parties contractually agreed of sharing control, which exists only when decisions over the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements whereby the Allianz Group has rights to the net assets of the arrangement (joint ventures) are generally accounted for using the equity method.

The Allianz Group accounts for all material investments in associates and joint arrangements with a time lag of no more than three months. Income from investments in associates and joint arrangements – excluding distributions – is included in interest and similar income. Accounting policies of associates and joint arrangements are adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group.

In some jurisdictions the ability of associates and joint arrangements to transfer funds to the Allianz Group in the form of dividends or to repay loans is subject to local corporate or insurance laws and regulations and solvency requirements.

FOREIGN CURRENCY TRANSLATION

Translation from any foreign currency to the functional currency

The individual financial statements of each of the Allianz Group's subsidiaries are prepared in the prevailing currency in the primary economic environment where the subsidiary conducts its ordinary activities (its functional currency). Transactions recorded in currencies other than the functional currency (foreign currencies) are recorded at the exchange rate prevailing on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at historical rates and non-monetary items that are measured at fair value are translated using the closing rate. Foreign currency gains and losses arising from foreign currency transactions are reported in income from financial assets and liabilities carried at fair value through income (net), except when the gain or loss on a non-monetary item measured at fair value is recognized in other comprehensive income. In this case, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

Translation from the functional currency to the presentation currency

For the purposes of the consolidated financial statements, the results and financial position of each of the Allianz Group's subsidiaries are expressed in Euro, the presentation currency of the Allianz Group. Assets and liabilities of subsidiaries not reporting in Euro are translated at the closing rate on the balance sheet date and income and expenses are translated at the quarterly average exchange rate. Any foreign currency translation differences, including those arising from the equity method, are recorded in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial assets are generally recognized and derecognized on the trade date, i.e. when the Allianz Group commits to purchase or sell securities or incur a liability. Financial instruments are initially recognized at fair value plus, in the case of financial instruments not carried at fair value through income, directly attributable transaction costs.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Allianz Group transfers the asset and substantially all of the risks and rewards of ownership. A financial liability is derecognized when it is extinguished.

Securities lending and repurchase agreements

The Allianz Group enters into securities lending transactions and repurchase agreements. If all of the risks and rewards of the securities remain substantially with the Allianz Group these securities are not derecognized. Cash received as collateral in securities lending transactions is recognized together with a corresponding liability, whereas securities received as collateral are not recognized under the terms of the agreements if risks and rewards have not been transferred.

For repurchase agreements, the proceeds received from the sale are reported under liabilities to banks or customers. Interest expenses from such transactions are accrued over the duration of the agreements and reported in interest expenses. If for reverse repo transactions all of the risks and rewards of the securities remain substantially with the counterparty over the entire lifetime of the agreement, the securities concerned are not recognized as assets. The amounts of cash disbursed are recorded under loans and advances to banks and customers. Interest income on reverse repo agreements is accrued over the duration of the agreements and is reported in interest and similar income.

Securities borrowing transactions generally require the Allianz Group to deposit cash with the security's lender. Fees paid are reported as interest expenses.

Impairments

A held-to-maturity or available-for-sale debt security, as well as a loan, is impaired if there is objective evidence that a loss event has occurred after initial recognition and up to the relevant date of the Allianz Group's consolidated balance sheet, and that loss event has negatively affected the estimated future cash flows, i.e. amounts due according to the contractual terms of the security are not considered collectible. Once impairment is triggered for an available-for-sale debt instrument, the cumulative loss recognized in the other comprehensive income is reclassified to profit or loss. The cumulative loss corresponds to the difference between amortized cost and the current fair value of the investment. Further declines in fair value are recognized in other comprehensive income unless there is further objective evidence that such declines are due to a credit-related loss event. If in subsequent periods objective evidence results in a fair value increase after the impairment loss was recognized, the impairment loss is reversed through the income statement. The reversal is measured as the lesser of the full original impairment loss previously recognized in the income statement and the subsequent increase in fair value. For held-to-maturity investments and loans, the impairment loss is measured as the difference between the amortized cost and the expected future cash flows using the original effective interest rate. If the amount of the impairment of a held-to-maturity debt security or a loan subsequently increases or decreases due to an event occurring after the initial measurement of impairment, the change is recorded in the income statement.

For banking entities, valuation allowances of their loan book are reported as loan loss allowances. For all non-banking entities, loans to banks and customers have an investment character and valuation allowances are reported as 'impairments of investments'.

An available-for-sale equity security is considered to be impaired if there is objective evidence that the cost may not be recovered. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The Allianz Group's policy considers a decline to be significant if the fair value is below the weighted average cost by more than 20%. A decline is considered to be prolonged if the fair value is below the weighted average cost for a period of more than nine months. If an available-for-sale equity security is impaired, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairments are recognized for the difference between the fair value and the original cost basis, less any previously recognized impairment. Reversals of impairments of available-for-sale equity securities are not recorded through the income statement but recycled out of other comprehensive income when sold.

Hedge accounting

For derivative financial instruments used in hedge transactions that meet the criteria for hedge accounting, the Allianz Group designates the derivative as a hedging instrument in a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. The Allianz Group documents the hedge relationship, as well as its risk management objective and strategy for entering into the hedge transaction. The Allianz Group assesses, both at the hedge's inception and on an ongoing basis, whether the hedging instruments used are expected to be highly effective in offsetting changes in fair values or cash flows of the hedged items.

Fair value hedges are hedges of a change in the fair value of a recognized financial asset or liability or an unrecognized firm commitment due to a specified risk. Changes in the fair value of a derivative financial instrument, together with the change in fair value of the hedged item attributable to the hedged risk, are recognized in income from financial assets and liabilities carried at fair value through income (net).

Cash flow hedges offset the exposure to variability in expected future cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction. Changes in the fair value of a derivative financial instrument that represent an effective hedge are recorded in unrealized gains and losses (net) in equity and are transferred to the consolidated income statement when the offsetting gain or loss associated with the hedged item is recognized. Any ineffectiveness of the cash flow hedge is recognized directly in income from financial assets and liabilities carried at fair value through income (net).

Furthermore, hedge accounting may be applied to derivative financial instruments used to hedge the foreign currency risk associated with a net investment in a foreign operation. The effective proportion of gains or losses arising from the measurement of the derivative financial instrument is recognized in foreign currency translation adjustments in equity, while any ineffectiveness is recognized directly in income from financial assets and liabilities carried at fair value through income (net).

The Allianz Group discontinues hedge accounting prospectively when the hedge is no longer expected to be highly effective, when the derivative financial instrument or the hedged item expires, or is sold, terminated or exercised, or when the Allianz Group decides that hedge accounting is no longer appropriate.

Derivative financial instruments designated in hedge accounting relationships are included in the line item other assets and liabilities. Freestanding derivatives are included in the line item financial assets or liabilities held for trading. For further information on derivatives, please refer to note 43 Derivative financial instruments.

Disclosures relating to financial instruments

The following table summarizes the relationship between balance sheet positions and classes of financial instruments according to IFRS 7. The balance sheet positions are the same as the IAS 39 categories except when noted in parentheses.

BALANCE SHEET LINE ITEMS,
IAS 39 CATEGORIES AND IFRS 7 CLASSES OF FINANCIAL INSTRUMENTS

	Measurement basis
FINANCIAL ASSETS	
Cash and cash equivalents	Nominal value
Financial assets carried at fair value through income	
Financial assets held for trading	Fair value
Financial assets designated at fair value through income	Fair value
Investments	
Available-for-sale investments	Fair value
Held-to-maturity investments	Amortized cost
Loans and advances to banks and customers (Loans and receivables)	Amortized cost
Financial assets for unit-linked contracts	Fair value
Other assets	
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	Fair value
FINANCIAL LIABILITIES	
Financial liabilities carried at fair value through income	
Financial liabilities held for trading	Fair value
Financial liabilities designated at fair value through income	Fair value
Liabilities to banks and customers (Other liabilities)	Amortized cost
Financial liabilities for unit-linked contracts	Fair value
Other liabilities	
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	Fair value
Financial liabilities for puttable equity instruments	Redemption amount
Certificated liabilities (Other liabilities)	Amortized cost
Subordinated liabilities (Other liabilities)	Amortized cost

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, cash on hand, treasury bills to the extent they are not included in financial assets held for trading, as well as checks and bills of exchange that are eligible for refinancing at central banks, subject to a maximum term of three months from the date of acquisition.

FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets and liabilities carried at fair value through income include financial assets and liabilities held for trading as well as financial assets and liabilities designated at fair value through income. Financial assets and liabilities held for trading consist of debt and equity securities that have been principally acquired for the purpose of generating a profit from short-term fluctuations in price or for the purpose of selling in the near future as well as of derivative financial instruments, which include bifurcated embedded derivatives of hybrid financial instruments and of insurance contracts.

Financial assets and liabilities are designated at fair value through income to eliminate or significantly reduce an accounting mismatch. Subsidiaries must reach out to the Allianz Group Accounting and Reporting Department for approval before designating any financial asset or liability as at fair value through income.

INVESTMENTS

Available-for-sale investments

Available-for-sale investments comprise debt and equity securities that are designated as available-for-sale or are not classified as held-to-maturity, loans and advances, or financial assets carried at fair value through income. Available-for-sale investments are initially recognized and subsequently measured at fair value. Unrealized gains and losses, which are the difference between fair value and cost or amortized cost, are recognized as a separate component of other comprehensive income, net of deferred taxes and the latent reserves for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized. When an available-for-sale investment is derecognized or determined to be impaired, the cumulative gain or loss previously recorded in other comprehensive income is transferred and recognized in the consolidated income statement. Realized gains and losses on securities are generally determined by applying the average cost method at the subsidiary level.

Held-to-maturity investments

Held-to-maturity investments are debt securities with fixed or determinable payments and fixed maturities, for which the Allianz Group has the positive intent and ability to hold to maturity. These securities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Funds held by others under reinsurance contracts assumed

Funds held by others under reinsurance contracts assumed relate to cash deposits to which the Allianz Group is entitled, but which the ceding insurer retains as collateral for future obligations of the Allianz Group. The cash deposits are recorded at face value, less any impairment for balances that are deemed not to be recoverable.

Investments in associates and joint ventures

For details on the accounting for investments in associates and joint ventures please see the section 'principles of consolidation'.

Real estate held for investment

Real estate held for investment (i.e. real estate and rights equivalent to real property and buildings, including buildings on leased land) is carried at cost less accumulated depreciation and impairments. Real estate held for investment is depreciated on a straight-line basis over its useful life, with a maximum of 50 years. At each reporting date or whenever there are any indications that the carrying amount may not be recoverable, real estate is tested for impairment by determining its recoverable amount. Subsequent costs are capitalized if they extend the useful life or increase the value of the asset; otherwise they are expensed as incurred.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as financial assets held for trading, designated at fair value through income, or designated as available for sale. Loans and advances are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest method. Interest income is accrued on the outstanding carrying amount, net of impairments. Using the effective interest method, net deferred fees and premiums or discounts are recorded as an adjustment of other interest income yield over the lives of the related loans.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS

Financial assets for unit-linked contracts are recorded at fair value with changes in fair value recognized in the income statement together with the offsetting changes in fair value of the corresponding financial liabilities for unit-linked contracts.

REINSURANCE ASSETS

Assets and liabilities related to reinsurance are reported on a gross basis. Reinsurance assets include balances expected to be recovered from reinsurance companies. The amount of reserves ceded to reinsurers is estimated in a manner consistent with the claim liability associated with the reinsured risks. To the extent that the assuming reinsurers are unable to meet their obligations, the respective ceding insurers of the Allianz Group remain liable to its policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectible.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC)

Costs that vary with and are directly related to the acquisition and renewal of insurance contracts and investment contracts with discretionary participation features are deferred by recognizing a DAC asset. DAC generally consists of commissions, underwriting expenses, and policy issuance costs. At inception, DAC is tested to ensure that it is recoverable over the life of the contracts. Subsequently, loss recognition tests at the end of each reporting period ensure that only the amount of DAC that is covered by future profits is carried on the consolidated balance sheet. Please refer to the section reserves for insurance and investment contracts, where details on the corresponding liability adequacy test are explained.

For short-duration, traditional long-duration, and limited-payment insurance contracts, DAC is amortized in proportion to premium revenue recognized. For universal life-type and participating life insurance contracts as well as investment contracts with discretionary participation features, DAC is generally amortized over the life of a book of contracts based on estimated gross profits (EGP) or estimated gross margins (EGM), respectively. EGP and EGM are based on best estimate assumptions which are reviewed at the end of each reporting period; the effect of changes is recognized in the reporting period's income statement.

Acquisition costs for unit-linked investment contracts without discretionary participation features accounted for under IAS 39 at fair value are deferred in accordance with IAS 18 if the costs are incremental. For non-unit-linked investment contracts without discretionary participation features accounted for under IAS 39 at amortized cost, acquisition costs that meet the definition of transaction costs under IAS 39 are considered in the aggregate policy reserves.

Present value of future profits (PVFP)

The value of an insurance business or an insurance portfolio acquired is measured by the PVFP, which is the present value of net cash flows anticipated in the future from insurance contracts in force at the date of acquisition. It is amortized over the life of the related contracts.

Deferred sales inducements

Sales inducements on insurance contracts are deferred and amortized using the same methodology and assumptions as for deferred acquisition costs when they meet the following criteria: the sales inducements are recognized as part of the reserves, explicitly identified in the contract at inception and incremental to amounts credited on similar contracts without sales inducements, and higher than the contract's expected ongoing crediting rates for periods after the inducement.

Shadow accounting

For insurance contracts and investment contracts with discretionary participation features, shadow accounting is applied to DAC, PVFP and deferred sales inducements in order to include the effect of unrealized gains or losses in the measurement of these assets in the same way as it is done for realized gains or losses. Accordingly, the assets are adjusted with corresponding charges or credits recognized directly in other comprehensive income as a component of the related unrealized gain or loss. When the gains or losses are realized they are recognized in the income statement through recycling and prior adjustments due to shadow accounting are reversed.

OTHER ASSETS

Other assets primarily consist of receivables, accrued dividends, interest and rent as well as own-used property and equipment.

Receivables are generally recorded at face value less any payments received, net of valuation allowances.

Own-used property and equipment generally is carried at cost less accumulated depreciation and impairments. The assets are depreciated on a straight-line basis over their estimated useful lives.

Software, which includes software purchased from third parties or developed internally, is initially recorded at cost and amortized on a straight-line basis over the estimated useful service lives or contractual terms.

The Allianz Group accounts for fixed assets of its fully consolidated private equity investments and alternative investments as property, plant and equipment in line with IAS 16. These assets are carried at cost less accumulated depreciation and impairments. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets.

The table below summarizes estimated useful lives for real estate held for own use, equipment, software, and fixed assets of alternative investments.

ESTIMATED USEFUL LIVES (IN YEARS)

	Years
Real estate held for own use	max. 50
Software	2–10
Equipment	2–10
Fixed assets of alternative investments	4–25

INTANGIBLE ASSETS AND GOODWILL

The Allianz Group distinguishes between intangible assets with finite and with indefinite useful lives. Intangible assets with finite useful lives are measured at cost less accumulated amortization. If necessary, impairment losses are recognized. Intangible assets with indefinite useful lives are reviewed annually to determine whether the indefinite-life classification is still appropriate. If not, the intangible asset is reclassified from indefinite to finite on a prospective basis.

The amortization period of intangible assets with finite useful lives is reviewed at least once a year at year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Intangible assets with finite useful lives comprise long-term distribution agreements, acquired business portfolios and customer relationships.

The amortization method reflects the pattern in which the asset's future economic benefits are expected to be consumed. The table below summarizes estimated useful lives and the amortization methods for each class of intangible asset with finite useful lives.

ESTIMATED USEFUL LIVES (IN YEARS) AND AMORTIZATION METHODS

	Useful lives	Amortization method
Long-term distribution agreements	10–25	straight-line considering contractual terms
Acquired business portfolios	20–42	in proportion to revenue recognized
Customer relationships	8–13	straight-line or in relation to customer churn rates

Goodwill is recognized for business combinations in the amount of the consideration transferred in excess of the fair values assigned to the identifiable assets acquired and liabilities assumed. Goodwill is accounted for at the acquiree in the acquiree's functional currency. Goodwill is not amortized. It is evaluated at least annually whether the goodwill is deemed recoverable.

INSURANCE, INVESTMENT AND REINSURANCE CONTRACTS

Insurance and investment contracts

Insurance contracts and investment contracts with discretionary participating features are accounted for under the insurance accounting provisions of US GAAP, as at first-time adoption of IFRS 4 on 1 January 2005, where IFRS 4 does not provide specific guidance. Investment contracts without discretionary participation features are accounted for as financial instruments in accordance with IAS 39.

Reinsurance contracts

The Allianz Group's consolidated financial statements reflect the effects of ceded and assumed reinsurance contracts. Assumed reinsurance refers to the acceptance of certain insurance risks by the Allianz Group that other companies have underwritten. Ceded reinsurance refers to the transfer of insurance risk, along with the respective premiums, to one or more reinsurers who will share in the risks. When the reinsurance contracts do not transfer significant insurance risk, deposit accounting is applied as required under the related reinsurance accounting provisions of US GAAP or under IAS 39. Assumed reinsurance premiums, commissions and claim settlements, as well as the reinsurance element of technical provisions are accounted for in accordance with the conditions of the reinsurance contracts, and in consideration of the original contracts for which the reinsurance was concluded.

Liability adequacy tests

Liability adequacy tests are performed for each insurance portfolio on the basis of estimates of future claims, costs, premiums earned, and proportionate investment income. For short-duration contracts, a premium deficiency is recognized if the sum of expected claim costs and claim adjustment expenses, expected dividends to policyholders, DAC, and maintenance expenses exceeds related unearned premiums while considering anticipated investment income.

For traditional long-duration contracts and limited-payment contracts, if actual experience regarding investment yields, mortality, morbidity, terminations or expense indicates that existing contract liabilities, along with the present value of future gross premiums, will not be sufficient to cover the present value of future benefits and to recover DAC, a premium deficiency is recognized.

For other long-duration contracts, if the present value of estimated gross profits or margins plus unearned revenue liability, if applicable, will not be sufficient to recover DAC, a premium deficiency is recognized.

UNEARNED PREMIUMS

For short-duration insurance contracts like most of the property and casualty contracts, premiums to be earned in future years are recorded as unearned premiums. These premiums are earned in subsequent periods in relation to the insurance coverage provided.

Amounts charged as consideration for origination of certain long-duration insurance contracts (i.e. initiation or front-end fees) are reported as unearned revenue which are included in unearned premiums. These fees are recognized using the same amortization methodology as DAC.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

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

Case reserves for reported claims are based on estimates of future payments that will be made with respect to claims, including LAE relating to such claims. The estimates reflect the informed judgment of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim. These case reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.

IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Allianz Group has not yet been notified. IBNR reserves, similar to case reserves for reported claims, are established to recognize the estimated costs, including expenses, necessary to bring claims to final settlement. The Allianz Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR reserves are estimates based on actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, estimates of future inflation and other societal and economic factors. Trends in claim frequency, severity and time lag in reporting are examples of factors used in projecting the IBNR reserves. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.

In general, reserves for loss and loss adjustment expenses are not discounted, except when payment amounts are fixed and timing is reasonably determinable. Discounted loss reserves as well as their unwinding are presented within reserves for insurance and investment contracts to better reflect the nature of the reserves and to only reflect the net underwriting result within the key performance indicator combined ratio.

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

Reserves for insurance and investment contracts include aggregate policy reserves, reserves for premium refunds and other insurance reserves.

Aggregate policy reserves

The aggregate policy reserves for participating life insurance contracts are calculated using the net level premium method based on assumptions for mortality, morbidity and interest rates that are guaranteed in the contract or used in determining the policyholder dividends (or premium refunds).

For traditional long-duration insurance contracts, such as traditional life and health products, aggregate policy reserves are computed using the net level premium method based on best estimate assumptions adjusted for a provision for adverse deviation for mortality, morbidity, expected investment yields, surrenders, and expenses at the policy inception date, which remain locked in thereafter unless a premium deficiency occurs.

The aggregate policy reserves for universal life-type insurance contracts are equal to the account balance, which represents premiums received and investment return credited to the policy less deductions for mortality costs and expense charges. The aggregate policy reserve for universal life-type contracts includes insurance reserves for unit-linked insurance contracts and for investment contracts with discretionary participation features, as well as liabilities for guaranteed minimum death and similar mortality and morbidity benefits related to non-traditional contracts with annuitization options.

Insurance contract features which are not closely related to the underlying insurance contracts are bifurcated from the insurance contracts and accounted for as derivatives in line with IFRS 4 and IAS 39.

The assumptions used for aggregate policy reserves are determined using current and historical client data, industry data, and in the case of assumptions for interest reflect expected earnings on assets, which back the future policyholder benefits. The information used by the Allianz Group's actuaries in setting such assumptions includes, but is not limited to, pricing assumptions, available experience studies, and profitability analyses. The interest rate assumptions used in the calculation of deferred acquisition costs and aggregate policy reserves are as follows:

INTEREST RATE ASSUMPTIONS

	Traditional long-duration insurance contracts	Participating life insurance contracts
Deferred acquisition costs	2.5 – 6.0 %	2.2 – 5.0 %
Aggregate policy reserves	2.5 – 6.0 %	0.8 – 4.3 %

The Allianz Group has recognized all rights and obligations related to issued insurance contracts according to its accounting policies, and thus has not separately recognized an unbundled deposit component in respect of any of its insurance contracts.

Non-unit-linked investment contracts without discretionary participating features are accounted for under IAS 39. The aggregate policy reserves for those contracts are initially recognized at fair value, or the amount of the deposit by the contract holder, net of the transaction costs that are directly attributable to the issuance of the contract. Subsequently, those contracts are measured at amortized cost using the effective interest rate method.

Reserves for premium refunds

Reserves for premium refunds include the amounts allocated under the relevant local statutory/contractual regulations or at the entity's discretion to the accounts of the policyholders and the amounts resulting from the differences between these IFRS-based financial statements and the local financial statements (latent reserves for premium refunds), which will reverse and enter into future profit participation calculations. Unrealized gains and losses recognized for available-for-sale investments are recognized in the latent reserves for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized, based on and similar to shadow accounting. The profit participation allocated to participating policyholders or disbursed to them reduces the reserves for premium refunds.

FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS

The fair value measurement of financial liabilities for unit-linked contracts is equal to the fair value measurement of the financial assets for unit-linked contracts.

OTHER LIABILITIES

Other liabilities primarily consist of payables, provisions for pensions and similar obligations, employee-related provisions, deposits retained for reinsurance ceded, and financial liabilities for puttable equity instruments.

Pensions and similar obligations

For defined benefit plans, the Allianz Group uses the projected unit credit method to determine the present value of its defined benefit obligations and the related service cost and, where applicable, past service cost. The interest rate used to discount the defined benefit obligation is also used to calculate the interest income on plan assets. The resulting net interest expense or income is recognized in profit or loss under administrative expenses in the consolidated income statement. The interest rates for discounting are determined by reference to market yields at the end of the reporting period on high-quality corporate bonds in the respective markets. For maturities where no high-quality corporate bonds are available as a benchmark, discount factors are estimated by extrapolating current market rates along the yield curve.

Share-based compensation plans

The share-based compensation plans of the Allianz Group are classified as either equity-settled or cash-settled plans. Equity-settled plans are measured at fair value on the grant date (grant-date fair value) and the grant-date fair value is recognized as an expense over the vesting period. Where equity-settled plans involve equity instruments of Allianz SE, a corresponding increase in shareholders' equity is recognized. Where equity-settled plans involve equity instruments of subsidiaries of the Allianz Group, the corresponding increase is recognized in non-controlling interests. Equity-settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. For cash-settled plans, the Allianz Group accrues the fair value of the award as a compensation expense over the vesting period. Upon vesting, any change in the fair value of any unexercised awards is also recognized as a compensation expense. Where expected tax deductions differ in amount and timing from the cumulative share-based payment expense recognized in profit or loss, deferred taxes are recognized on temporary differences.

Restructuring provisions

Restructuring provisions are recognized when programs materially change the scope of business performed by an operating entity or business unit or the manner in which business is conducted, and when the main features of a detailed formal plan have been announced to those affected or the implementation of the restructuring plan has started.

Financial liabilities for puttable equity instruments

Financial liabilities for puttable equity instruments primarily include the non-controlling interests in the net assets of controlled mutual funds. These interests qualify as a financial liability of the Allianz Group, as they give the holder the right to put the instrument back to the Allianz Group for cash or another financial asset (puttable instrument). These liabilities are generally required to be recorded at the redemption amount with changes recognized in the income statement.

CERTIFICATED LIABILITIES AND SUBORDINATED LIABILITIES

Certificated liabilities and subordinated liabilities are subsequently measured at amortized cost, using the effective interest method to amortize the premium or discount to the redemption value over the life of the liability.

EQUITY

Issued capital represents the mathematical per-share value received at the issuance of shares. Additional paid-in capital represents the premium exceeding the issued capital received at the issuance of shares.

Retained earnings comprise the net income of the current year, earnings not yet distributed from prior years, treasury shares, and any amounts directly recognized in equity according to IFRS. Treasury shares are deducted from shareholders' equity. No gain or loss is recognized on the sale, issuance, acquisition or cancellation of these shares. Any consideration paid or received is recorded directly in shareholders' equity.

Please refer to the above section on foreign currency translation, where foreign currency changes that are recognized in equity are explained. The effective portion of gains and losses of hedging instruments designated as hedges of a net investment in a foreign operation is recognized in foreign currency translation adjustments.

Unrealized gains and losses (net) include unrealized gains and losses from available-for-sale investments and from derivative financial instruments that meet the criteria for cash flow hedge accounting.

Non-controlling interests represent equity in subsidiaries, not attributable directly or indirectly, to Allianz as parent.

PREMIUMS

Premiums for short-duration insurance contracts are recognized as revenues over the period of the contract in proportion to the amount of insurance protection provided. Unearned premiums are calculated separately for each individual policy to cover the unexpired portion of written premiums.

Premiums for long-duration insurance contracts are recognized as earned when due. Long-duration insurance contracts are contracts that are not cancellable by the insurance company, guaranteed to be renewable, and expected to remain in force over an extended period of time.

Revenues for universal life-type and investment contracts represent charges assessed against the policyholders' account balances for the front-end loads, net of the change in unearned revenue liabilities, cost of insurance, surrenders and policy administration, and are included within premiums earned (net).

Premiums ceded for reinsurance are deducted from premiums earned.

INTEREST AND SIMILAR INCOME AND INTEREST EXPENSES

Interest income and interest expenses are recognized on an accrual basis. Interest income is recognized using the effective interest method. This line item also includes dividends from available-for-sale equity securities and income from investments in associates and joint ventures. Dividends are recognized in income when the right to receive the dividend is established. Share of earnings from investments in associates and joint ventures represents the share of net income from entities accounted for using the equity method.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

Income from financial assets and liabilities carried at fair value through income (net) includes all investment income as well as realized and unrealized gains and losses from financial assets and liabilities carried at fair value through income. In addition, commissions attributable to trading operations and related interest expenses as well as refinancing and transaction costs are included in this line item. Foreign currency gains and losses on monetary items are also reported within income from financial assets and liabilities carried at fair value through income (net).

FEE AND COMMISSION INCOME

Fee and commission income primarily consists of asset management fees that are recognized when the service is provided. Performance fees may not be recognized as fee income before the respective benchmark period is completed, because, before its completion, the obligation to pay the fee is conditional, the fund performance is regularly not reliably estimable, and related service is not fully performed. In any case, performance-related fees from alternative investment products ('carried interest') should not be recognized as revenue prior to the date of the official declaration of distribution by the fund.

CLAIMS AND INSURANCE BENEFITS INCURRED

These expenses consist of claims and insurance benefits incurred during the period, including benefit claims in excess of policy account balances and interest credited to policy account balances. Furthermore, it includes claim handling costs that are directly related to the processing and settlement of claims. Reinsurance recoveries are deducted from claims and insurance benefits.

INCOME TAXES

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed, including interest expense and penalties on the underpayment of taxes. For the case that amounts included in the tax return are considered unlikely to be accepted by the tax authorities (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the expected tax payment. Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized.

Deferred tax assets or liabilities are calculated for temporary differences between the tax bases and the financial statement carrying amounts, including differences from consolidation, unused tax loss carry forwards, and unused tax credits. Measurement is based on enacted or substantively enacted tax rates and tax rules. The Allianz Group recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carry forwards and tax credits can be utilized.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in the consolidated income statement, except for changes recognized directly in equity.

3 — Use of estimates and assumptions

The following sections describe complex accounting areas that are especially sensitive to the use of estimates and assumptions. Any change in the assumptions and estimates could, in certain circumstances, significantly affect the reported results and values because the range of reasonable judgment may in some cases be material. The Allianz Group understands the degree of impact that these judgments may have and has established a strong system of governance as well as controls, procedures and guidelines to ensure consistency and soundness of these judgments.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES, RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS AND DEFERRED ACQUISITION COSTS

As of 31 December 2015, the Allianz Group reported:[1]

- reserves for loss and loss adjustments expenses of € 72,003 MN, mainly for the Property-Casualty operations, including run-off business and reinsurance business assumed,
- reserves for insurance and investment contracts of € 486,222 MN, mainly for the Life/Health operations, and
- deferred acquisition costs of € 25,234 MN.

For Life/Health and for Property-Casualty, the central oversight process includes the following key components:

Group-wide standards and guidelines: They define the reserving practices that must be conducted by each subsidiary, including aspects of assumptions and estimates. This includes organization and structure, data, methods and reporting. The Allianz Group Actuarial Department monitors compliance with these standards and guidelines.

Regular site visits: The Allianz Group Actuarial Department regularly visits Allianz subsidiaries in order to ensure that they apply the group-wide standards and guidelines. The on-site review focuses on all significant changes in assumptions and methodologies as well as on procedures and professional practices relevant for the reserving process. Furthermore, these meetings are to update knowledge of the underlying local business developments.

Regular quantitative and qualitative reserve monitoring: On a quarterly basis, the Allianz Group Actuarial Department monitors reserve levels, movements and trends across the Allianz Group. This monitoring is conducted on the basis of quarterly data submitted by the subsidiaries as well as through frequent dialogue with local actuaries.

The oversight and monitoring of the Allianz Group's reserves culminates in quarterly meetings of the Allianz Group Reserve Committee, which is the supervising body that governs all significant reserves. It particularly monitors key developments across the Allianz Group affecting the adequacy of loss reserves.

Life/Health reserves are dependent on estimates and assumptions, especially on the life expectancy and health of an insured individual (mortality, longevity and morbidity risk) and on the development of interest rates and investment returns (asset-liability mismatch risk). These assumptions also have an impact on the presentation of costs arising from the origination of insurance business (acquisition costs and sales inducements) and the value of acquired insurance business (PVFP). To ensure consistency in the application of actuarial methods

1 — Please refer to note 2 Summary of significant accounting policies. For further details, please refer to note 12 Deferred acquisition costs, note 19 Reserves for loss and loss adjustment expenses and note 20 Reserves for insurance and investment contracts.

and assumptions in the Life/Health reserving process, the Allianz Group has designed a two-stage reserving process:

Stage one: Life/Health reserves are calculated by qualified local staff experienced in the business of the subsidiaries. Actuaries in the local entities also conduct tests of the adequacy of the premiums and reserves to cover future claims and expenses (liability adequacy tests). The process follows group-wide standards for applying consistent and plausible assumptions. The appropriateness of the reserves and compliance with the group-wide standards is confirmed by the local actuary.

Stage two: The Allianz Group Actuarial Department regularly reviews the local reserving processes, including the appropriateness and consistency of assumptions, and analyzes the movements of reserves. Any adjustments to reserves and other insurance-related reporting items are reported to and analyzed together with the Allianz Group Reserve Committee.

Property-Casualty reserves are set by leveraging the use of actuarial techniques and educated judgment. A two-stage process exists for the setting of reserves in the Allianz Group:

Stage one: Property-Casualty reserves are calculated by local reserving actuaries in the Allianz operating entities. Reserves are set based on a thorough analysis of historical data, enhanced by interactions with other business functions (e.g. Underwriting, Claims and Reinsurance). Actuarial judgment is applied where necessary, especially in cases where data is unreliable, scanty or unavailable. The judgment of Property-Casualty actuaries is based on past experience of the characteristics of each line of business, the current stage of the underwriting cycle and the external environment in which the subsidiary operates. The reserves are proposed to a local reserve committee, whereby the rationale of the selections are discussed and subsequently documented. A final decision on the reserve selection is made in the reserve committee. Local actuaries are responsible for their compliance with the Group Actuarial Standards and Guidelines.

Stage two: The Allianz Group Actuarial Department forms an opinion on the adequacy of the reserves proposed by the local entities. The Allianz Group Actuarial Department challenges the operating entities' selection through their continuous interaction with local teams and quarterly attendance in the local reserve committees. The ability to form a view on reserve adequacy is further enabled by regular reviews of the local reserving practices. Such reviews consist of an evaluation of the reserving process as well as of the appropriateness and consistency of assumptions, and an analysis of movement of reserves. Significant findings from such reviews are communicated in the Allianz Group Reserve Committee to initiate actions where necessary.

FAIR VALUE AND IMPAIRMENTS OF FINANCIAL INSTRUMENTS

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of most other assets and liabilities. The fair value of an asset or liability is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

The level 1 inputs of financial instruments that are traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the reporting date, if the latter is a trading day.

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters. Such market inputs are observable substantially over the full term of the asset or liability and include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets, and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities and foreign currency exchange rates.

Level 3 applies where not all input parameters are observable in the market. Accordingly, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which observable market prices exist and other valuation models. Appropriate adjustments are made for credit risks. In particular when observable market inputs are not available, the use of estimates and assumptions may have a strong impact on the valuation outcome.

For fair value measurements categorized as level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used valuation techniques listed in IFRS 13:

- *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- *Cost approach*: Amount that would currently be required to replace the service capacity of an asset (replacement cost).
- *Income approach*: Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

In general, the subsidiaries assume responsibility for assessing fair values and hierarchies of assets and liabilities. This is consistent with the decentralized organizational structure of the Allianz Group and reflects local managers' market insights. Estimates and assumptions are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified within level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the level of non-market observable inputs. The Allianz Group uses a maximum of observable inputs and a minimum of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity, and general market conditions. If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values.

As of 31 December 2015, the Allianz Group reported financial instruments carried at fair value as follows:[1]

- € 211,155 MN of the financial assets and € 105,478 MN of the financial liabilities carried at fair value are classified as level 1 of the fair value hierarchy (unadjusted quoted prices in active markets)

- € 371,770 MN of the financial assets and € 4,343 MN of the financial liabilities carried at fair value are classified as level 2 of the fair value hierarchy (valuation techniques with observable market inputs)

- € 19,145 MN of the financial assets and € 8,317 MN of the financial liabilities carried at fair value are classified as level 3 of the fair value hierarchy (valuation techniques with significant input being non-observable). Level 3 financial assets represent 3.2 % of the Allianz Group's total financial assets carried at fair value. Financial liabilities classified as level 3 represent 7.0 % of the Allianz Group's total financial liabilities carried at fair value.

1 — Please refer to the consolidated financial statements note 2 Summary of significant accounting policies, note 37 Impairments of investments (net) and note 44 Financial instruments and fair value measurement for further details regarding financial instruments and impairments.

The evaluation of whether a financial debt security is impaired requires analysis of the underlying credit risk/ quality of the relevant issuer and involves significant management judgment. In particular, current publicly available information with regard to the issuer and the particular security is considered relating to factors including, but not limited to, evidence of significant financial difficulty of the issuer and breach of contractual obligations of the security, such as a default or delinquency on interest or principal payments. The Allianz Group also considers other factors which could provide objective evidence of a loss event, including the probability of bankruptcy and the lack of an active market due to financial difficulty. The presence of either a decline in fair value below amortized cost or the downgrade of an issuer's credit rating does not by itself represent objective evidence of a loss event, but may represent objective evidence of a loss event when considered with other available information.

In general, the subsidiaries assume responsibility for assessing fair values and evaluating impairments of financial instruments. This process is consistent with the decentralized organizational structure and reflects the fact that local managers are often best suited to analyze securities trading in local markets. Nevertheless, the subsidiaries are responsible for adhering to the Allianz Group's internal control policy regarding impairment assessment, measurement and disclosure. Subsidiaries must report all impairment decisions on debt securities to the Allianz Group Accounting and Reporting department, which then reviews them for consistency and resolves discrepancies.

ASSESSMENT OF THE INCLUSION METHOD

The relevant criteria for determining the appropriate inclusion method of a company are summarized in note 2 Summary of significant accounting policies of this Annual Report. The determination of the appropriate inclusion method of some entities involves management judgment.

For some subsidiaries where the Allianz Group does not hold a majority stake, management has assessed that the Allianz Group controls these companies. The Allianz Group controls these entities on the basis of distinctive rights stipulated by shareholder agreements between the Allianz Group and the other shareholders in these companies.

There are some companies where the Allianz Group holds a majority stake but where management has assessed that the Allianz Group does not control these entities because it has no majority representation in the governing bodies and/or it requires at least the confirmative vote of another investor to pass any decisions over relevant activities.

Although the Allianz Group's share in some companies is below 20 %, management has assessed that the Allianz Group has significant influence over these companies because it is represented in the governing bodies that decide on the relevant activities of these companies.

To determine control for investment funds managed by the Allianz Group, management considers in particular the remuneration to which the asset manager is entitled, the exposure to variability of returns from these investments, and the rights held by other parties. When the exposure to variability of returns is within a certain range, significant judgment is required for the determination of the appropriate inclusion method of these investment funds.

For certain investment funds managed by the Allianz Group in which the Allianz Group holds a minority stake, management has assessed that the Allianz Group controls these investment funds because of its asset management role combined with its aggregate economic interest in these investment funds.

For certain investment funds managed by third parties where the Allianz Group holds a majority stake, management has assessed that the Allianz Group does not control these investment funds because it has neither a majority representation in the governing bodies of these investment funds nor any substantial removal rights to replace the asset manager.

For certain investment funds in which the Allianz Group holds a stake of above 20 %, management has assessed that the Allianz Group has no significant influence because it is not represented in the governing bodies of these investment funds.

Pursuant to IFRS 11, investments in joint arrangements have to be classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Allianz Group has assessed the nature of all its joint arrangements and determined them to be joint ventures.

For further details, please refer to the explanations to the list of participations of the Allianz Group from page 234 of this Annual Report onwards.

GOODWILL

As of 31 December 2015, the Allianz Group reported total goodwill of € 12,101 MN, of which:[1]

- € 2,448 MN related to the business segment Property-Casualty,
- € 2,087 MN related to the business segment Life/Health, and
- € 7,566 MN related to the business segment Asset Management.

The recoverable amounts of all cash generating units (CGUs) to which goodwill has been allocated are typically determined on the basis of value in use calculations. The determination of a CGU's recoverable amount requires significant judgment regarding the selection of appropriate valuation techniques and assumptions. These assumptions include the selection of appropriate discount rates, planning horizons, capitalization requirements, and the expected future business results. Assumptions may need to change as economic, market and business conditions change. As such, the Allianz Group continuously evaluates external conditions and the operating performances of the CGUs.

The Allianz Group's processes and controls around the estimation of recoverable amounts are generally applied at the Allianz Group level and are designed to minimize subjectivity. For example, the assumptions used are required to be consistent with the parameters of the well-defined planning and controlling processes. Important input factors for those calculations are the business plan, the estimate of the sustainable returns, and eternal growth rates, as is further explained in note 15 Intangible assets. The Allianz Group also performs sensitivity tests with regard to key value drivers, such as projected long-term combined ratios or discount rates. Furthermore, the Allianz Group reviews market-based business transaction multiples where available. This information is used to assess reasonableness since directly comparable market value information is not generally available.

DEFERRED TAX ASSETS

As of 31 December 2015, the Allianz Group reported deferred tax assets of € 1,394 MN. The deferred tax assets before netting with deferred tax liabilities amounted to € 19,874 MN. € 1,614 MN thereof resulted from tax losses which are carried forward to future periods.[2]

Deferred tax assets are determined based on tax loss carry forwards, unused tax credits, and deductible temporary differences between the Allianz Group's carrying amounts of assets and liabilities in its consolidated balance sheet and their tax bases. Deferred tax assets are recognized only to the extent it is probable that sufficient future taxable income will be available for their realization. Assessments as to the recoverability of deferred tax assets require the use of judgment regarding assumptions related to estimated future taxable profits. This includes the character and amounts of taxable future profits, the periods in which those profits are expected to occur, and the availability of tax planning opportunities.

The analysis and forecasting required in this process, and as a result the determination of the deferred tax assets, is performed for individual jurisdictions by qualified local tax and financial professionals. Given the potential significance surrounding the underlying estimates and assumptions, Group-wide policies and procedures have been designed to ensure consistency and reliability around the recoverability assessment process. Forecasted operating results are based upon approved business plans, which are themselves subject to a well-defined process of control. As a matter of policy, especially strong evidence supporting the recognition of deferred tax assets is required if an entity has suffered a loss in either the current or preceding period.

Recognition and recoverability of all significant deferred tax assets are reviewed by tax professionals at Group level and the Allianz Group Tax Committee.

1 — Please refer to note 2 Summary of significant accounting policies and note 15 Intangible assets for further details.

2 — Please refer to note 2 Summary of significant accounting policies and note 42 Income taxes for further details.

PENSION LIABILITIES AND SIMILAR OBLIGATIONS

As of 31 December 2015, the Allianz Group reported a defined benefit obligation for defined benefit plans of € 22,327 MN, which is offset by the fair value of plan assets of € 13,333 MN.[1]

Liabilities for pension and similar obligations and related net pension expenses are determined in accordance with actuarial valuation models. These valuations rely on extensive assumptions. Key assumptions including discount rates, inflation rates, compensation increases, pension increases and rates of medical cost trends are defined centrally at the Allianz Group level, considering the circumstances in the particular countries. In order to ensure their thorough and consistent determination, all input parameters are discussed and defined, taking into consideration economic developments, peer reviews, and currently available market and industry data. The discount rate assumptions are determined by reference to yields of high-quality corporate bonds of appropriate duration and currency at the reporting date. In countries where there is no deep market in such bonds, market yields on government bonds are generally used as discount rates.

Due to changing market and economic conditions, the underlying assumptions may differ from actual developments. Potential financial impacts from deviations in certain critical assumptions based on respective sensitivity analyses are disclosed in note 48 Pensions and similar obligations.

RESTRUCTURING PROVISIONS

As of 31 December 2015, the Allianz Group reported provisions for restructuring programs of € 112 MN.[2]

The detailed formal plan of a restructuring program necessary for recognizing a restructuring provision is based on several estimates and assumptions, such as the number of employees to be dismissed, amount of severance payments, impacts of onerous contracts, possibilities of sub-leases of vacated properties, timing of the various steps of the program and in consequence timing of the expected cash flows.

Generally, the subsidiaries undertaking the restructuring program are responsible for determining all underlying estimates and assumptions. For this purpose, the subsidiaries must have implemented appropriate procedures in place to plan and control the program. The respective documentation has to be submitted to the Allianz Group Accounting and Reporting department, where qualified staff members review all restructuring programs. This includes a review of all estimates and assumptions, and an assessment of whether all requirements for setting up a restructuring provision are satisfied, including which cost components can be treated as restructuring charges.

4 — Recently adopted and issued accounting pronouncements and changes in the presentation of the consolidated financial statements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

effective 1 January 2015

The following interpretation as well as the amendments to and revisions of existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2015:

- IFRIC 21, Levies,
- IAS 19, Defined Benefit Plan: Employee Contributions,
- Annual Improvements to IFRSs 2010 – 2012 Cycle,
- Annual Improvements to IFRSs 2011 – 2013 Cycle.

These changes had no material impact on the financial results or financial position of the Allianz Group.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

effective on or after 1 January 2016 and not adopted early

IFRS 9, Financial Instruments

IFRS 9, Financial Instruments, was issued by the IASB in July 2014 and will replace IAS 39 with a new standard. IFRS 9 provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new impairment model for debt instruments and provides new rules for hedge accounting.

The effective date is 1 January 2018. However, the IASB decided to propose a deferral of IFRS 9 for insurers to align the effective dates between IFRS 9 and the new insurance contracts standard IFRS 4. The Allianz Group will thoroughly analyze implications from the Exposure Draft on the IFRS 9 deferral for insurers and is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements. At initial application it can be assumed that the main impact from IFRS 9 on the Allianz Group will arise from the new classification rules leading to more financial instruments being measured as at fair value through profit and loss as well as the new impairment model.

1 — Please refer to note 2 Summary of significant accounting policies and note 48 Pensions and similar obligations for further details.
2 — Please refer to note 2 Summary of significant accounting policies and note 50 Restructuring plans for further details.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue-related interpretations. With the introduction of IFRS 15, the IASB pursued the objective of developing a single revenue standard containing comprehensive principles for recognizing revenue.

Following the IASB's recent decision of deferring IFRS 15 by one year, the new standard is now effective for periods beginning on or after 1 January 2018; earlier application is permitted. The Allianz Group plans to adopt the new standard on the required effective date, after endorsement by the E.U. The Allianz Group is currently evaluating the new rules in order to determine which application method to apply as well as to assess the financial impact from applying the new rules. Fee and commission income, primarily related to asset management fees, is likely to be one of the areas most affected by IFRS 15, but other transactions outside of asset management are being explored as well.

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17. IFRS 16 eliminates the classification of leases as either operating or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases under IAS 17. For those leases previously classified as operating leases, the most significant effect of the new requirements will be an increase in lease assets and financial liabilities and a change to the nature of expenses. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases and leases of low-value assets.

The effective date announced by the IASB is 1 January 2019, with early adoption permitted if IFRS 15 is applied as well. The Allianz Group will assess the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

Further amendments and interpretations

In addition to the above-mentioned recently issued accounting pronouncements, the following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective for or adopted early by the Allianz Group.

FURTHER AMENDMENTS AND INTERPRETATIONS

STANDARD/INTERPRETATION	EFFECTIVE DATE
IAS 1, Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IFRS 11, Accounting for Acquisitions of Interests in Joint Operations	Annual periods beginning on or after 1 January 2016
Annual Improvements to IFRSs 2012 – 2014	Annual periods beginning on or after 1 January 2016
IAS 16 and IAS 38, Clarification of Acceptable Methods of Depreciation and Amortisation	Annual periods beginning on or after 1 January 2016

The amendments and interpretations are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

CHANGE IN PRESENTATION

Since the third quarter of 2015, certain changes in U.S. life products have been presented net in a single line item in order to provide more relevant information. This change in presentation had no material impact.

OTHER RECLASSIFICATIONS

Certain prior-period amounts have been reclassified to conform to the current period presentation.

5 — Consolidation

SCOPE OF CONSOLIDATION

The number of entities by type listed in the table below is included in the scope of consolidation in addition to the parent company Allianz SE.

SCOPE OF CONSOLIDATION

	2015	2014
Number of fully consolidated entities (subsidiaries)		
Germany	137	131
Other countries	672	695
Subtotal	**809**	**826**
Number of fully consolidated investment funds		
Germany	42	37
Other countries	41	40
Subtotal	**83**	**77**
Total number of fully consolidated entities	**892**	**903**
Number of joint ventures valued at equity	33	26
Number of associates valued at equity	62	58

All subsidiaries, joint ventures and associates are individually listed in the list of participations of the Allianz Group from page 234 of this Annual Report onwards.

SIGNIFICANT ACQUISITIONS

SIGNIFICANT ACQUISITIONS

	Equity interest	Date of initial consoli-dation	Goodwill[1]	Transaction
	%		€ MN	
2015				
Property-Casualty insurance business of the Territory Insurance Office (TIO), Darwin	–	1 January 2015	48	Acquisition
2014				
Part of Property-Casualty insurance business of UnipolSai Assicurazioni S.p.A., Bologna	–	1 July 2014	257	Acquisition

1 — At the date of initial consolidation.

The following section describes all significant acquisitions during the year ended 31 December 2015.

Property-Casualty insurance business of the Territory Insurance Office (TIO), Darwin

Effective 1 January 2015, the Allianz Group acquired the Property-Casualty insurance business of the Territory Insurance Office (TIO business), Darwin, and entered into a 10-year agreement to manage the compulsory motor accidents compensation scheme (MAC contract). The acquired TIO business includes, inter alia, all relevant insurance assets and liabilities, operations, employees and the brand name related to the TIO business.

The acquired TIO business represents insurance activities with premiums equal to approximately € 88 MN (for the year 2014). As a result of the acquisition, the Allianz Group expects to increase its presence in the Australian market. It also expects to reduce costs through economies of scale and through synergies in the reinsurance area.

The final consideration paid in cash amounted to € 150 MN.

The following table summarizes the recognized amounts of assets acquired and liabilities assumed in the context of the TIO business and the MAC contract:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – IDENTIFIABLE ASSETS AND LIABILITIES

€ MN	Fair value
Cash and cash equivalents	11
Financial assets carried at fair value through income	79
Investments	50
Loans and advances to banks and customers	2
Reinsurance assets	32
Deferred tax assets	2
Other assets	72
Intangible assets	37
Total assets	**285**
Unearned premiums	(45)
Reserves for loss and loss adjustment expenses	(107)
Deferred tax liabilities	(18)
Other liabilities	(13)
Total liabilities	**(183)**
Total net identifiable assets	**102**

Intangible assets mainly consist of the fair values of the MAC contract, the TIO brand name, the customer relationships related to the acquired insurance portfolio and the present value of the transferred in-force business.

The acquired TIO business comprises goodwill which was determined as follows as of 1 January 2015:

PROPERTY-CASUALTY INSURANCE BUSINESS OF THE TERRITORY INSURANCE OFFICE (TIO) – DETERMINATION OF GOODWILL

€ MN	Fair value
Consideration transferred	150
Total net identifiable assets	102
Goodwill	**48**

The goodwill of € 48 MN of the business combination largely reflects the benefits associated with cost and reinsurance synergies as well as the ability to revert to an existing infrastructure in a new geographical market.

None of this goodwill is expected to be deductible for income tax purposes.

In administrative expenses, acquisition-related costs in the amount of € 1 MN were included in fiscal year 2014 and in the amount of € 3 MN in fiscal year 2015.

The impact of the acquired Property-Casualty insurance business of the Territory Insurance Office on the Allianz Group's total revenues and net income since the acquisition was € 82 MN and € (4) MN, respectively.

SIGNIFICANT DISPOSALS AND DECONSOLIDATIONS

During the year ended 31 December 2015, the Allianz Group disposed of Allianz Suisse Rückversicherungs AG, Zurich, 100 % owned, and Selecta Group S.à r.l., Luxembourg, 99.3 % owned. Both entities were deconsolidated on 11 December 2015. In total, the Allianz Group received proceeds from the sale of € 81 MN.

The impacts of the disposals, net of cash disposed, on the consolidated statement of cashflows for the year ended 31 December 2015 were as follows:

IMPACTS OF THE DISPOSALS

€ MN	Total
Investments	61
Loans and advances to banks and customers	70
Other assets	259
Intangible assets	645
Liabilities to banks and customers	(866)
Reserves for loss and loss adjustment expenses	(37)
Deferred tax liabilities	(95)
Other liabilities	(219)
Other comprehensive income	88
Realized gains from the disposals	111
Non-controlling interests	3
Disposal of subsidiaries, net of cash disposed	**19**

SIGNIFICANT CHANGES IN NON-CONTROLLING INTERESTS

During 2015 and 2014, no significant changes in non-controlling interests occurred.

6 — Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

- German Speaking Countries and Central & Eastern Europe,
- Western & Southern Europe, Middle East, Africa, India,
- Iberia & Latin America,
- USA (Life/Health only),
- Global Insurance Lines & Anglo Markets,
- Asia Pacific,
- Allianz Worldwide Partners (Property-Casualty only).

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 16 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which the reportable segments derive revenues are described below.

Property-Casualty

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

Life/Health

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health and long-term care insurance.

Asset Management

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

Corporate and Other

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology and other functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy, the Netherlands and Bulgaria. The banks offer a wide range of products for corporate and retail clients, with a primary focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group's insurance operations.

GENERAL SEGMENT REPORTING INFORMATION

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in the Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses. Financial information is recorded based on reportable segments. Cross-segmental country-specific information is not determined.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations,
- interest expenses from external debt, as these relate to the capital structure of the Allianz Group,
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business,
- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance,
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can vary, sometimes materially, over time,
- one-off effects from pension revaluation. Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries. Service costs incurred in this context are borne by the German subsidiaries and disbursed to Allianz SE. In the financial year 2014, the German subsidiaries of Allianz SE changed the application of the option provided by article 67 (1) sentence 1 of the Introductory Act to the German Commercial Code (EGHGB) to distribute the conversion expenses resulting from the first-time application of the German Accounting Law Modernization Act (BilMoG) in 2010 over a period of up to 15 years in such a way that conversion expenses were fully recognized in the first quarter of 2014. Additionally, effective 1 January 2015, the cost allocation scheme for the pension provisions between the German subsidiaries and Allianz SE was adapted to reflect the changed interest rate environment. For both effects, the resulting one-off expenses at the German subsidiaries and one-off income at Allianz SE are shown as non-operating items. In case of policyholder participation within the Life/Health insurance business, the one-off expenses and the corresponding one-off income at Allianz SE are presented within operating profit. On the Allianz Group level, the one-off expenses and income offset each other. The only impact on the Allianz Group level is the related policyholder participation, which had a positive impact on income before income taxes of € 148 MN in 2015 and of € 116 MN in 2014.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.

- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even when they belong to policyholders. In the segment reporting, tax benefits are reclassified and shown within operating profit in order to adequately reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

RECENT ORGANIZATIONAL CHANGES

Effective 1 January 2015, the Allianz Group has reorganized the structure of its insurance activities to reflect the changes in the responsibilities of the Board of Management. The property-casualty insurance operations of the former reportable segment USA have been allocated to the reportable segment Global Insurance Lines & Anglo Markets.

Due to further changes in the Board of Management, effective 1 September 2015, the reportable segment Growth Markets ceased to exist. The reallocation of its former parts has led to changes in the structure, the renaming of other reportable segments as well as the introduction of a new reportable segment Asia Pacific which consists of the insurance business in that region. The insurance business in Central & Eastern Europe has been integrated into the previous reportable segment German Speaking Countries, which was renamed to German Speaking Countries and Central & Eastern Europe. The insurance business in Russia and Ukraine has been allocated to the reportable segment Global Insurance Lines & Anglo Markets. The insurance business in India, Middle East and North Africa has been integrated into the previous reportable segment Western & Southern Europe, which was renamed to Western & Southern Europe, Middle East, Africa, India.

Previously reported information has been adjusted to reflect this change in the composition of the Allianz Group's reportable segments. Additionally, some minor reallocations between the reportable segments have been made.

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

€ MN

as of 31 December	Property-Casualty 2015	Property-Casualty 2014	Life/Health 2015	Life/Health 2014
ASSETS				
Cash and cash equivalents	3,635	3,668	8,467	7,555
Financial assets carried at fair value through income	643	601	6,431	5,238
Investments	99,649	97,129	390,785	374,589
Loans and advances to banks and customers	13,781	14,963	95,138	91,411
Financial assets for unit-linked contracts	–	–	105,873	94,564
Reinsurance assets	9,265	8,466	5,632	5,176
Deferred acquisition costs	4,647	4,595	20,587	17,667
Deferred tax assets	1,107	1,013	310	240
Other assets	23,489	23,494	18,792	18,723
Non-current assets and assets of disposal groups classified as held for sale	37	61	72	92
Intangible assets	2,781	2,722	2,998	3,063
Total assets	**159,034**	**156,710**	**655,086**	**618,318**

€ MN

as of 31 December	Property-Casualty 2015	Property-Casualty 2014	Life/Health 2015	Life/Health 2014
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	112	129	8,834	8,240
Liabilities to banks and customers	901	878	5,807	4,273
Unearned premiums	17,071	16,595	3,605	3,222
Reserves for loss and loss adjustment expenses	61,169	58,925	10,857	10,081
Reserves for insurance and investment contracts	14,407	14,276	472,010	449,263
Financial liabilities for unit-linked contracts	–	–	105,873	94,564
Deferred tax liabilities	2,482	2,681	3,137	4,226
Other liabilities	19,533	19,445	14,856	13,739
Liabilities of disposal groups classified as held for sale	15	–	3	–
Certificated liabilities	12	38	12	13
Subordinated liabilities	–	–	95	95
Total liabilities	**115,702**	**112,969**	**625,088**	**587,714**

	Asset Management		Corporate and Other		Consolidation		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	1,329	1,449	1,952	2,028	(541)	(838)	14,842	13,863
	64	46	625	511	(495)	(521)	7,268	5,875
	230	106	127,284	108,669	(108,454)	(94,048)	509,493	486,445
	99	72	15,591	17,547	(6,980)	(6,917)	117,630	117,075
	–	–	–	–	–	–	105,873	94,564
	–	–	–	–	(54)	(55)	14,843	13,587
	–	–	–	–	–	–	25,234	22,262
	294	177	1,395	1,782	(1,712)	(2,167)	1,394	1,046
	2,677	2,951	9,626	8,595	(15,772)	(16,684)	38,813	37,080
	–	–	–	83	–	–	109	235
	7,653	7,286	11	685	–	–	13,443	13,755
	12,348	**12,087**	**156,483**	**139,900**	**(134,008)**	**(121,229)**	**848,942**	**805,787**

	Asset Management		Corporate and Other		Consolidation		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
	–	–	750	648	(489)	(521)	9,207	8,496
	174	174	21,777	20,749	(3,127)	(3,057)	25,531	23,015
	–	–	–	–	(15)	(17)	20,660	19,800
	–	–	–	–	(23)	(18)	72,003	68,989
	–	–	–	–	(195)	(205)	486,222	463,334
	–	–	–	–	–	–	105,873	94,564
	16	2	80	189	(1,712)	(2,167)	4,003	4,932
	2,750	2,231	24,256	28,028	(22,710)	(24,834)	38,686	38,609
	–	–	–	102	–	–	18	102
	–	–	12,054	12,231	(3,695)	(4,075)	8,383	8,207
	–	–	12,213	11,992	(50)	(50)	12,258	12,037
	2,940	**2,407**	**71,130**	**73,938**	**(32,018)**	**(34,943)**	**782,843**	**742,085**
					Total equity		**66,099**	**63,702**
					Total liabilities and equity		**848,942**	**805,787**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

€ MN

	Property-Casualty		Life/Health	
	2015	2014	2015	2014
Total revenues[1]	**51,597**	**48,322**	**66,903**	**67,331**
Premiums earned (net)	46,430	43,759	24,215	24,514
Operating investment result				
Interest and similar income	3,601	3,595	18,331	17,307
Operating income from financial assets and liabilities carried at fair value through income (net)	(25)	6	(2,050)	(1,367)
Operating realized gains/losses (net)	252	186	6,459	3,204
Interest expenses, excluding interest expenses from external debt	(72)	(71)	(108)	(107)
Operating impairments of investments (net)	(59)	(20)	(1,199)	(677)
Investment expenses	(337)	(323)	(1,013)	(903)
Subtotal	**3,360**	**3,373**	**20,421**	**17,457**
Fee and commission income	1,474	1,260	1,331	1,017
Other income	279	60	198	156
Claims and insurance benefits incurred (net)	(30,721)	(28,878)	(20,986)	(20,775)
Change in reserves for insurance and investment contracts (net)[2]	(460)	(538)	(13,550)	(12,563)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(13,208)	(12,400)	(6,922)	(5,860)
Fee and commission expenses	(1,367)	(1,180)	(599)	(387)
Operating amortization of intangible assets	–	–	(19)	(19)
Restructuring charges	(149)	(30)	(32)	3
Other expenses	(34)	(45)	(262)	(217)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	**5,603**	**5,382**	**3,796**	**3,327**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(99)	(114)	(51)	(131)
Non-operating realized gains/losses (net)	746	463	298	183
Non-operating impairments of investments (net)	(223)	(168)	(18)	(21)
Subtotal	**424**	**180**	**228**	**31**
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
One-off effects from pension revaluation	(181)	(537)	(13)	(7)
Non-operating amortization of intangible assets	(63)	(49)	(222)	(36)
Reclassification of tax benefits	–	–	–	–
Non-operating items	**181**	**(406)**	**(6)**	**(12)**
Income (loss) before income taxes	**5,784**	**4,976**	**3,790**	**3,316**
Income taxes	(1,660)	(1,528)	(1,169)	(996)
Net income (loss)	**4,124**	**3,448**	**2,621**	**2,320**
Net income (loss) attributable to:				
Non-controlling interests	143	159	143	122
Shareholders	3,981	3,290	2,478	2,198

1 — Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

2 — For the year ended 31 December 2015, includes expenses for premium refunds (net) in Property-Casualty of € (240) MN (2014: € (307) MN).

Asset Management		Corporate and Other		Consolidation		Group	
2015	2014	2015	2014	2015	2014	2015	2014
6,479	**6,388**	**577**	**556**	**(365)**	**(344)**	**125,190**	**122,253**
–	–	–	–	–	–	70,645	68,274
7	7	790	876	(321)	(342)	22,408	21,443
(8)	5	(15)	33	9	22	(2,089)	(1,301)
–	–	–	–	15	(184)	6,726	3,205
(12)	(10)	(454)	(573)	270	346	(375)	(415)
–	–	–	–	–	–	(1,258)	(697)
–	–	(85)	(77)	340	342	(1,094)	(961)
(13)	**2**	**237**	**259**	**314**	**183**	**24,319**	**21,274**
8,011	7,825	974	724	(845)	(707)	10,945	10,119
4	6	149	117	(154)	(124)	476	216
–	–	–	–	5	3	(51,702)	(49,650)
–	–	–	–	(55)	(828)	(14,065)	(13,929)
–	–	(60)	(45)	–	–	(60)	(45)
(4,141)	(3,787)	(1,489)	(1,310)	30	7	(25,729)	(23,351)
(1,523)	(1,445)	(745)	(567)	457	342	(3,777)	(3,238)
–	–	–	–	–	–	(19)	(19)
(41)	3	(9)	8	–	–	(231)	(16)
–	–	(2)	(7)	170	134	(129)	(135)
–	–	–	–	62	901	62	901
2,297	**2,603**	**(945)**	**(820)**	**(16)**	**(91)**	**10,735**	**10,402**
–	–	(58)	(33)	(10)	(25)	(219)	(303)
–	4	337	184	(170)	(22)	1,211	812
–	–	(27)	(7)	–	–	(268)	(197)
–	**4**	**252**	**144**	**(181)**	**(47)**	**724**	**312**
–	–	(52)	(42)	(8)	19	(60)	(23)
–	–	(849)	(846)	–	–	(849)	(846)
11	6	1	1	–	–	12	7
(31)	(14)	224	558	–	–	–	–
(11)	(11)	(8)	(8)	–	–	(304)	(104)
–	–	–	–	(62)	(901)	(62)	(901)
(31)	**(15)**	**(432)**	**(192)**	**(250)**	**(929)**	**(539)**	**(1,554)**
2,266	**2,588**	**(1,377)**	**(1,013)**	**(267)**	**(1,020)**	**10,196**	**8,848**
(817)	(967)	374	356	63	890	(3,209)	(2,245)
1,449	**1,621**	**(1,003)**	**(657)**	**(204)**	**(129)**	**6,987**	**6,603**
71	86	14	15	(1)	–	371	381
1,378	1,535	(1,017)	(673)	(203)	(129)	6,616	6,221

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

REPORTABLE SEGMENTS — PROPERTY-CASUALTY

€ MN

	German Speaking Countries and Central & Eastern Europe		Western & Southern Europe, Middle East, Africa, India	
	2015	2014	2015	2014
Gross premiums written	**14,061**	**13,673**	**11,855**	**10,939**
Ceded premiums written	(2,209)	(2,174)	(856)	(829)
Change in unearned premiums	(111)	(44)	(83)	(104)
Premiums earned (net)	**11,741**	**11,455**	**10,915**	**10,006**
Interest and similar income	1,149	1,208	931	877
Operating income from financial assets and liabilities carried at fair value through income (net)	(43)	8	16	(8)
Operating realized gains/losses (net)	252	186	–	–
Fee and commission income	162	140	33	39
Other income	39	34	33	8
Operating revenues	**13,300**	**13,030**	**11,929**	**10,922**
Claims and insurance benefits incurred (net)	(7,778)	(7,512)	(6,907)	(6,312)
Change in reserves for insurance and investment contracts (net)	(387)	(464)	(39)	(39)
Interest expenses	(14)	(11)	(16)	(17)
Operating impairments of investments (net)	(59)	(20)	–	–
Investment expenses	(114)	(109)	(103)	(106)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(3,039)	(3,012)	(3,017)	(2,799)
Fee and commission expenses	(154)	(134)	(33)	(39)
Restructuring charges	(49)	(4)	(4)	(17)
Other expenses	(23)	(21)	(11)	(5)
Operating expenses	**(11,618)**	**(11,287)**	**(10,131)**	**(9,334)**
Operating profit	**1,683**	**1,743**	**1,798**	**1,588**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(72)	(50)	(6)	(45)
Non-operating realized gains/losses (net)	236	134	221	172
Non-operating impairments of investments (net)	(82)	(37)	(96)	(98)
One-off effects from pension revaluation	(166)	(530)	–	–
Amortization of intangible assets	(2)	(2)	(40)	(35)
Non-operating items	**(87)**	**(485)**	**79**	**(6)**
Income before income taxes	**1,596**	**1,258**	**1,878**	**1,583**
Income taxes	(449)	(309)	(595)	(602)
Net income	**1,147**	**948**	**1,283**	**980**
Net income attributable to:				
Non-controlling interests	(1)	8	12	15
Shareholders	1,147	940	1,271	966
Loss ratio[2] in %	66.2	65.6	63.3	63.1
Expense ratio[3] in %	25.9	26.3	27.6	28.0
Combined ratio[4] in %	**92.1**	**91.9**	**90.9**	**91.1**

1 — The 2014 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 86 MN reflected in the operating profit for 2014.
2 — Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 — Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
4 — Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
5 — Presentation not meaningful.

Iberia & Latin America		Global Insurance Lines & Anglo Markets		Asia Pacific		Allianz Worldwide Partners		Consolidation and Other[1]		Property-Casualty	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
4,566	4,437	21,931	19,680	774	722	3,975	3,341	(5,565)	(4,469)	51,597	48,322
(738)	(705)	(6,239)	(4,224)	(254)	(250)	(200)	(247)	5,565	4,469	(4,933)	(3,961)
(87)	(33)	302	(280)	(19)	(28)	(237)	(113)	–	–	(234)	(602)
3,741	3,699	15,994	15,176	501	443	3,538	2,981	–	–	46,430	43,759
195	197	1,249	1,241	43	37	45	38	(11)	(2)	3,601	3,595
14	8	(9)	(2)	–	–	(4)	–	–	–	(25)	6
–	–	–	–	–	–	–	–	–	–	252	186
–	–	667	646	–	–	706	526	(95)	(90)	1,474	1,260
2	18	206	–	–	–	–	–	–	–	279	60
3,952	3,922	18,107	17,061	543	480	4,285	3,544	(106)	(92)	52,010	48,867
(2,799)	(2,758)	(10,711)	(10,140)	(306)	(286)	(2,220)	(1,956)	–	86	(30,721)	(28,878)
(13)	(6)	(17)	(16)	–	–	(4)	(13)	–	–	(460)	(538)
(1)	(3)	(50)	(39)	(1)	(1)	(3)	(1)	11	1	(72)	(71)
–	–	–	–	–	–	–	–	–	–	(59)	(20)
(16)	(14)	(102)	(91)	–	(1)	(1)	(2)	–	–	(337)	(323)
(1,049)	(1,035)	(4,725)	(4,506)	(163)	(136)	(1,225)	(924)	11	11	(13,208)	(12,400)
–	–	(559)	(543)	–	–	(704)	(544)	84	79	(1,367)	(1,180)
–	–	(96)	(9)	–	–	–	–	–	–	(149)	(30)
–	(1)	(1)	(18)	–	–	–	–	–	–	(34)	(45)
(3,878)	(3,818)	(16,261)	(15,362)	(469)	(423)	(4,157)	(3,439)	106	178	(46,407)	(43,485)
74	104	1,846	1,699	74	57	128	105	–	86	5,603	5,382
11	2	(33)	(22)	–	–	(1)	–	–	–	(99)	(114)
12	13	272	141	–	–	5	3	–	–	746	463
1	(2)	(47)	(31)	–	–	–	–	–	–	(223)	(168)
–	–	(13)	(7)	–	–	(1)	–	–	–	(181)	(537)
(2)	(2)	(17)	(13)	(2)	(2)	(1)	–	1	4	(63)	(49)
23	11	163	68	(2)	(2)	2	3	1	4	181	(406)
97	115	2,009	1,767	72	56	130	108	1	90	5,784	4,976
(60)	(12)	(497)	(531)	(18)	(18)	(41)	(27)	–	(30)	(1,660)	(1,528)
37	103	1,512	1,236	55	38	89	81	1	60	4,124	3,448
5	(1)	109	119	15	16	3	3	–	–	143	159
33	105	1,403	1,117	40	22	86	78	1	60	3,981	3,290
74.8	74.6	67.0	66.8	61.1	64.5	62.7	65.6	–[5]	–[5]	66.2	66.0
28.0	28.0	29.5	29.7	32.5	30.6	34.6	31.0	–[5]	–[5]	28.4	28.3
102.9	102.6	96.5	96.5	93.5	95.2	97.4	96.6	–[5]	–[5]	94.6	94.3

REPORTABLE SEGMENTS — LIFE/HEALTH

REPORTABLE SEGMENTS — LIFE/HEALTH

€ MN

	German Speaking Countries and Central & Eastern Europe		Western & Southern Europe, Middle East, Africa, India	
	2015	2014	2015	2014
Statutory premiums[1]	**24,058**	**25,176**	**23,591**	**23,266**
Ceded premiums written	(133)	(159)	(561)	(1,022)
Change in unearned premiums	(257)	(344)	52	(7)
Statutory premiums (net)	**23,668**	**24,672**	**23,082**	**22,237**
Deposits from insurance and investment contracts	(8,553)	(8,599)	(18,495)	(17,779)
Premiums earned (net)	**15,115**	**16,073**	**4,587**	**4,458**
Interest and similar income	9,325	9,226	3,962	3,918
Operating income from financial assets and liabilities carried at fair value through income (net)	(954)	383	2	(66)
Operating realized gains/losses (net)	5,416	2,369	946	742
Fee and commission income	209	203	778	531
Other income	169	133	27	21
Operating revenues	**29,281**	**28,387**	**10,303**	**9,604**
Claims and insurance benefits incurred (net)	(14,678)	(14,810)	(4,112)	(3,878)
Change in reserves for insurance and investment contracts (net)	(8,762)	(8,683)	(2,229)	(2,257)
Interest expenses	(94)	(101)	(19)	(22)
Operating impairments of investments (net)	(965)	(377)	(218)	(293)
Investment expenses	(670)	(608)	(256)	(228)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation	(2,062)	(2,017)	(1,962)	(1,845)
Fee and commission expenses	(51)	(45)	(425)	(249)
Operating amortization of intangible assets	(19)	(19)	–	–
Restructuring charges	(29)	(1)	(2)	(4)
Other expenses	(244)	(200)	(18)	(13)
Operating expenses	**(27,574)**	**(26,860)**	**(9,241)**	**(8,789)**
Operating profit (loss)	**1,707**	**1,527**	**1,062**	**815**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(4)	(5)
Non-operating realized gains/losses (net)	2	–	240	153
Non-operating impairments of investments (net)	–	–	(17)	(17)
One-off effects from pension revaluation	(13)	(7)	–	–
Non-operating amortization of intangible assets	(2)	(1)	(25)	(11)
Non-operating items	**(12)**	**(8)**	**194**	**119**
Income (loss) before income taxes	**1,695**	**1,518**	**1,256**	**934**
Income taxes	(563)	(500)	(321)	(258)
Net income (loss)	**1,133**	**1,018**	**935**	**676**
Net income (loss) attributable to:				
Non-controlling interests	16	13	47	34
Shareholders	1,116	1,005	888	642
Margin on reserves[2] in basis points	**65**	**63**	**64**	**53**

1 — Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 — Represents operating profit divided by the average of the current and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 — Presentation not meaningful.

Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Asia Pacific		Consolidation		Life/Health	
2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
2,037	**1,844**	**10,475**	**11,840**	**634**	**589**	**6,774**	**5,736**	**(666)**	**(1,120)**	**66,903**	**67,331**
(12)	(12)	(140)	(115)	(146)	(112)	(421)	(329)	666	1,120	(747)	(630)
(4)	(4)	22	(8)	6	(29)	(129)	(151)	–	–	(309)	(544)
2,021	**1,828**	**10,357**	**11,717**	**494**	**448**	**6,224**	**5,255**	**–**	**–**	**65,847**	**66,157**
(1,368)	(1,185)	(9,163)	(10,734)	–	–	(4,052)	(3,345)	–	–	(41,632)	(41,643)
653	**643**	**1,193**	**984**	**494**	**448**	**2,172**	**1,910**	**–**	**–**	**24,215**	**24,514**
360	374	3,813	3,030	74	71	838	728	(41)	(41)	18,331	17,307
27	32	(1,092)	(1,641)	(12)	(58)	(12)	(1)	(9)	(15)	(2,050)	(1,367)
35	26	55	57	–	–	11	13	(4)	(3)	6,459	3,204
180	140	115	113	–	1	51	32	(3)	(3)	1,331	1,017
–	–	–	–	–	–	1	3	–	–	198	156
1,255	**1,215**	**4,085**	**2,542**	**555**	**462**	**3,061**	**2,685**	**(56)**	**(63)**	**48,484**	**44,832**
(661)	(605)	(112)	(84)	(332)	(308)	(1,092)	(1,090)	–	–	(20,986)	(20,775)
(44)	(100)	(1,422)	(672)	(58)	(53)	(1,037)	(798)	3	–	(13,550)	(12,563)
(2)	(2)	(14)	(8)	(1)	(1)	(20)	(13)	41	41	(108)	(107)
–	(1)	(3)	–	–	–	(13)	(6)	–	–	(1,199)	(677)
(8)	(7)	(54)	(38)	(1)	–	(25)	(21)	–	–	(1,013)	(903)
(209)	(202)	(1,615)	(1,060)	(117)	(85)	(956)	(653)	–	2	(6,922)	(5,860)
(100)	(70)	(24)	(24)	–	–	(1)	(1)	2	3	(599)	(387)
–	–	–	–	–	–	–	–	–	–	(19)	(19)
–	–	–	–	–	–	–	8	–	–	(32)	3
–	–	–	–	–	–	–	(5)	–	–	(262)	(217)
(1,024)	**(987)**	**(3,244)**	**(1,886)**	**(508)**	**(447)**	**(3,144)**	**(2,580)**	**46**	**45**	**(44,688)**	**(41,504)**
231	**229**	**841**	**656**	**47**	**15**	**(83)**	**105**	**(10)**	**(17)**	**3,796**	**3,327**
–	–	(47)	(126)	–	–	–	–	–	–	(51)	(131)
–	1	45	(6)	–	(1)	10	36	–	–	298	183
–	–	(1)	–	–	(3)	(1)	(1)	–	–	(18)	(21)
–	–	–	–	–	–	–	–	–	–	(13)	(7)
(16)	(16)	–	–	–	–	(179)	(7)	–	–	(222)	(36)
(16)	**(15)**	**(2)**	**(131)**	**–**	**(4)**	**(170)**	**28**	**–**	**–**	**(6)**	**(12)**
215	**213**	**839**	**524**	**47**	**11**	**(253)**	**132**	**(10)**	**(17)**	**3,790**	**3,316**
(58)	(48)	(245)	(154)	(11)	(8)	28	(27)	–	–	(1,169)	(996)
157	**165**	**594**	**371**	**36**	**2**	**(224)**	**106**	**(10)**	**(17)**	**2,621**	**2,320**
42	44	–	–	–	–	38	31	–	–	143	122
116	121	594	371	36	2	(262)	75	(10)	(17)	2,478	2,198
235	**256**	**87**	**81**	**236**	**71**	**(30)**	**43**	**–[3]**	**–[3]**	**67**	**65**

REPORTABLE SEGMENTS — ASSET MANAGEMENT

REPORTABLE SEGMENTS — ASSET MANAGEMENT

€ MN

	2015	2014
Net fee and commission income[1]	6,488	6,380
Net interest income[2]	(5)	(3)
Income from financial assets and liabilities carried at fair value through income (net)	(8)	5
Other income	4	6
Operating revenues	**6,479**	**6,388**
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(4,141)	(3,787)
Restructuring charges	(41)	3
Operating expenses	**(4,182)**	**(3,784)**
Operating profit	**2,297**	**2,603**
Realized gains/losses (net)	–	4
Acquisition-related expenses	11	6
One-off effects from pension revaluation	(31)	(14)
Amortization of intangible assets	(11)	(11)
Non-operating items	**(31)**	**(15)**
Income before income taxes	**2,266**	**2,588**
Income taxes	(817)	(967)
Net income	**1,449**	**1,621**
Net income attributable to:		
Non-controlling interests	71	86
Shareholders	1,378	1,535
Cost-income ratio[3] in %	**64.5**	**59.2**

1 — Represents fee and commission income less fee and commission expenses.
2 — Represents interest and similar income less interest expenses.
3 — Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS — CORPORATE AND OTHER

REPORTABLE SEGMENTS — CORPORATE AND OTHER

€ MN

	Holding & Treasury	
	2015	2014
Interest and similar income	222	265
Operating income from financial assets and liabilities carried at fair value through income (net)	(28)	27
Fee and commission income	221	61
Other income	148	116
Operating revenues	**562**	**469**
Interest expenses, excluding interest expenses from external debt	(241)	(317)
Loan loss provisions	–	–
Investment expenses	(76)	(72)
Administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation	(917)	(736)
Fee and commission expenses	(405)	(266)
Restructuring charges	–	4
Other expenses	–	–
Operating expenses	**(1,639)**	**(1,386)**
Operating profit (loss)	**(1,076)**	**(917)**
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(58)	(32)
Realized gains/losses (net)	260	171
Impairments of investments (net)	(23)	(6)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(849)	(846)
Acquisition-related expenses	1	1
One-off effects from pension revaluation	230	563
Amortization of intangible assets	(8)	(8)
Non-operating items	**(447)**	**(157)**
Income (loss) before income taxes	**(1,524)**	**(1,074)**
Income taxes	414	389
Net income (loss)	**(1,110)**	**(685)**
Net income (loss) attributable to:		
Non-controlling interests	–	–
Shareholders	(1,110)	(685)
Cost-income ratio[1] for the reportable segment Banking in %		

1 — Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt, and fee and commission expenses.

Banking		Alternative Investments		Consolidation		Corporate and Other	
2015	2014	2015	2014	2015	2014	2015	2014
546	590	23	22	–	(1)	790	876
16	10	(2)	(4)	–	–	(15)	33
565	513	192	157	(3)	(7)	974	724
1	–	–	–	–	–	149	117
1,127	**1,114**	**213**	**176**	**(3)**	**(8)**	**1,899**	**1,750**
(212)	(255)	(2)	(2)	–	1	(454)	(573)
(60)	(45)	–	–	–	–	(60)	(45)
(1)	(1)	(9)	(8)	1	3	(85)	(77)
(409)	(438)	(165)	(137)	2	1	(1,489)	(1,310)
(340)	(305)	–	–	–	3	(745)	(567)
(9)	3	–	1	–	–	(9)	8
(2)	(7)	–	–	–	–	(2)	(7)
(1,032)	**(1,047)**	**(176)**	**(146)**	**3**	**8**	**(2,844)**	**(2,571)**
94	**66**	**37**	**30**	**–**	**–**	**(945)**	**(820)**
–	–	–	–	–	–	(58)	(33)
15	13	61	–	–	–	337	184
(4)	(1)	–	–	–	–	(27)	(7)
–	–	(52)	(42)	–	–	(52)	(42)
–	–	–	–	–	–	(849)	(846)
–	–	–	–	–	–	1	1
(1)	(1)	(5)	(4)	–	–	224	558
–	–	–	–	–	–	(8)	(8)
11	**11**	**4**	**(46)**	**–**	**–**	**(432)**	**(192)**
105	**77**	**41**	**(16)**	**–**	**–**	**(1,377)**	**(1,013)**
(35)	(24)	(5)	(9)	–	–	374	356
70	**53**	**36**	**(25)**	**–**	**–**	**(1,003)**	**(657)**
5	7	9	8	–	–	14	15
65	45	27	(33)	–	–	(1,017)	(673)
73.2	**79.9**						

NOTES TO THE CONSOLIDATED BALANCE SHEETS

7 — Cash and cash equivalents

CASH AND CASH EQUIVALENTS

€ MN as of 31 December	2015	2014
Balances with banks payable on demand	7,764	6,657
Balances with central banks	388	397
Cash on hand	225	184
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	6,465	6,625
Total	**14,842**	**13,863**

8 — Financial assets carried at fair value through income

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

€ MN as of 31 December	2015	2014
Financial assets held for trading		
Debt securities	489	402
Equity securities	187	195
Derivative financial instruments	1,582	1,618
Subtotal	**2,258**	**2,214**
Financial assets designated at fair value through income		
Debt securities	2,645	1,887
Equity securities	2,365	1,773
Subtotal	**5,010**	**3,660**
Total	**7,268**	**5,875**

9 — Investments

INVESTMENTS

€ MN as of 31 December	2015	2014
Available-for-sale investments	488,365	465,914
Held-to-maturity investments	2,745	3,969
Funds held by others under reinsurance contracts assumed	1,349	1,154
Investments in associates and joint ventures	5,056	4,059
Real estate held for investment	11,977	11,349
Total	**509,493**	**486,445**

AVAILABLE-FOR-SALE INVESTMENTS

AVAILABLE-FOR-SALE INVESTMENTS

€ MN as of 31 December	2015				2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	3,860	143	(10)	3,993	3,548	192	(2)	3,738
Corporate mortgage-backed securities (residential and commercial)	12,879	243	(128)	12,994	13,685	546	(44)	14,186
Other asset-backed securities	4,303	223	(98)	4,427	4,313	284	(46)	4,552
Government and government agency bonds								
France	31,039	8,052	(70)	39,021	31,113	9,509	(21)	40,601
Italy	23,459	5,521	(54)	28,926	25,203	5,557	(5)	30,755
Germany	13,081	1,919	(52)	14,948	12,900	2,152	(5)	15,048
United States	14,248	645	(82)	14,810	10,574	875	(34)	11,415
South Korea	7,430	1,190	–	8,619	6,156	882	–	7,038
Belgium	7,412	1,589	(59)	8,942	5,866	1,818	–	7,684
Austria	5,442	1,246	(10)	6,678	5,476	1,698	(1)	7,173
Spain	9,119	829	(152)	9,795	5,055	944	(1)	5,997
Switzerland	5,015	698	(2)	5,711	4,695	610	–	5,305
Netherlands	3,599	374	(10)	3,963	4,102	506	(1)	4,607
Hungary	821	98	–	918	868	105	–	972
Ireland	1,352	37	(23)	1,365	620	28	–	648
Russia	380	2	(18)	365	472	–	(71)	401
Portugal	158	29	–	187	198	29	–	227
Greece	1	2	–	3	1	2	–	3
Supranationals	16,899	2,577	(64)	19,412	15,726	3,202	(3)	18,925
All other countries	37,632	1,592	(865)	38,359	33,401	2,013	(196)	35,217
Subtotal	**177,087**	**26,398**	**(1,462)**	**202,023**	**162,426**	**29,928**	**(338)**	**192,016**
Corporate bonds	211,835	12,681	(4,149)	220,367	193,315	18,807	(837)	211,284
Other	3,357	588	(7)	3,938	2,471	499	(2)	2,968
Subtotal	**413,320**	**40,276**	**(5,854)**	**447,742**	**379,757**	**50,255**	**(1,269)**	**428,743**
Equity securities	28,906	12,119	(402)	40,624	26,113	11,313	(255)	37,171
Total	**442,226**	**52,396**	**(6,256)**	**488,365**	**405,870**	**61,568**	**(1,524)**	**465,914**

HELD-TO-MATURITY INVESTMENTS

HELD-TO-MATURITY INVESTMENTS

€ MN as of 31 December	2015				2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Government and government agency bonds	2,184	363	(2)	2,544	2,398	379	–	2,777
Corporate bonds[1]	562	62	(3)	621	1,571	362	(1)	1,933
Total	**2,745**	**425**	**(5)**	**3,165**	**3,969**	**741**	**(1)**	**4,710**

1 — Also include corporate mortgage-backed securities.

UNREALIZED LOSSES ON AVAILABLE-FOR-SALE INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

The following table sets forth gross unrealized losses on available-for-sale investments and held-to-maturity investments, as well as the related fair value, broken down by investment category and length of time such investments have been in a continuous unrealized loss position as of 31 December 2015 and 2014.

UNREALIZED LOSSES ON AVAILABLE-FOR-SALE INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

€ MN

	Up to 12 months		Greater than 12 months		Total	
as of 31 December	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
2015						
Debt securities						
Government and agency mortgage-backed securities (residential and commercial)	775	(9)	23	(1)	799	(10)
Corporate mortgage-backed securities (residential and commercial)	3,375	(73)	1,266	(54)	4,641	(128)
Other asset-backed securities	1,094	(25)	848	(74)	1,942	(98)
Government and government agency bonds	30,016	(1,212)	2,227	(253)	32,243	(1,464)
Corporate bonds	56,578	(3,057)	4,029	(1,095)	60,607	(4,152)
Other	194	(7)	4	–	197	(7)
Subtotal	**92,033**	**(4,382)**	**8,396**	**(1,477)**	**100,430**	**(5,859)**
Equity securities	3,704	(396)	1	(6)	3,705	(402)
Total	**95,737**	**(4,778)**	**8,398**	**(1,483)**	**104,135**	**(6,261)**
2014						
Debt securities						
Government and agency mortgage-backed securities (residential and commercial)	46	(1)	63	(1)	109	(2)
Corporate mortgage-backed securities (residential and commercial)	1,087	(17)	1,049	(27)	2,136	(44)
Other asset-backed securities	722	(10)	900	(36)	1,621	(46)
Government and government agency bonds	6,871	(141)	3,579	(197)	10,450	(338)
Corporate bonds	13,782	(550)	4,086	(288)	17,868	(837)
Other	126	(1)	3	–	130	(2)
Subtotal	**22,633**	**(720)**	**9,680**	**(550)**	**32,314**	**(1,270)**
Equity securities	3,566	(250)	11	(5)	3,577	(255)
Total	**26,200**	**(970)**	**9,691**	**(554)**	**35,891**	**(1,525)**

Government and government agency bonds

Total unrealized losses amounted to € 1,464 MN as of 31 December 2015. The Allianz Group holds a large variety of government bonds, mostly of OECD countries (Organization of Economic Cooperation and Development). In general, the credit risk of government and government agency bonds is rather moderate since they are backed by the fiscal capacity of the issuers who typically hold an investment grade country- and/or issue-rating.

During 2015, government and government agency bond performance has been negative, due to a increasing interest rate level, resulting in an increase of unrealized losses of € 1,126 MN. The unrealized losses on the Allianz Group's investment in government bonds were spread over many countries, particulary related to South American countries. Based on a detailed analysis of the underlying securities, the Allianz Group did not consider these investments to be impaired as of 31 December 2015.

Corporate bonds

Total unrealized losses amounted to € 4,152 MN as of 31 December 2015. The Allianz Group holds a large variety of bonds issued by corporations mostly domiciled in OECD countries. For the vast majority of the Allianz Group's corporate bonds, the issuers and/or issues are of "investment grade". The increase in unrealized losses of € 3,314 MN is is driven by an increasing interest environment and spread over several sectors with energy as main driver. Based on a detailed analysis of the underlying securities, the Allianz Group did not consider these investments to be impaired as of 31 December 2015.

Equity securities

As of 31 December 2015, unrealized losses from equity securities amounted to € 402 MN. These unrealized losses concern equity securities that did not meet the criteria of the Allianz Group's impairment policy for equity securities as described in note 2 Summary of significant accounting policies. The major part of the unrealized losses have been in a continuous loss position for less than 6 months.

CONTRACTUAL TERM TO MATURITY

The amortized cost and fair value of available-for-sale debt securities and held-to-maturity debt securities as of 31 December 2015, by contractual term to maturity, are as follows:

CONTRACTUAL TERM TO MATURITY

€ MN as of 31 December 2015	Amortized Cost	Fair Value
AVAILABLE-FOR-SALE DEBT SECURITIES		
Due in 1 year or less	28,361	28,952
Due after 1 year and up to 5 years	102,847	108,383
Due after 5 years and up to 10 years	117,713	125,753
Due after 10 years	164,399	184,654
Total	**413,320**	**447,742**
HELD-TO-MATURITY DEBT SECURITIES		
Due in 1 year or less	365	397
Due after 1 year and up to 5 years	1,104	1,209
Due after 5 years and up to 10 years	599	695
Due after 10 years	677	864
Total	**2,745**	**3,165**

Actual maturities may deviate from the contractually defined maturities because certain security issuers have the right to call or repay certain obligations ahead of schedule, with or without redemption or early repayment penalties. Investments that are not due at a single maturity date are, in general, not allocated over various maturity buckets but shown within their final contractual maturity dates.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As of 31 December 2015, loans to associates and joint ventures as well as available-for-sale debt securities issued by associates and joint ventures held by the Allianz Group amounted to € 2,195 MN (2014: € 654 MN).

ASSOCIATES AND JOINT VENTURES

€ MN	2015	2014
Share of earnings	292	196
Share of other comprehensive income	80	54
Share of total comprehensive income	**371**	**250**

REAL ESTATE HELD FOR INVESTMENT

REAL ESTATE HELD FOR INVESTMENT

€ MN	2015	2014
Cost as of 1 January	14,403	13,837
Accumulated depreciation as of 1 January	(3,054)	(3,053)
Carrying amount as of 1 January	**11,349**	**10,783**
Additions	1,025	983
Changes in the consolidated subsidiaries of the Allianz Group	247	–
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(330)	(291)
Reclassifications	(283)	30
Foreign currency translation adjustments	218	57
Depreciation	(251)	(232)
Impairments	(37)	(24)
Reversals of impairments	40	44
Carrying amount as of 31 December	**11,977**	**11,349**
Accumulated depreciation as of 31 December	3,136	3,054
Cost as of 31 December	15,113	14,403

As of 31 December 2015, real estate held for investment pledged as security and other restrictions on title were € 36 MN (2014: € 36 MN).

10 — Loans and advances to banks and customers

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

€ MN as of 31 December	2015			2014		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	3,106	–	3,106	3,622	–	3,622
Reverse repurchase agreements	5	–	5	121	4	125
Collateral paid for securities borrowing transactions and derivatives	878	–	878	696	–	696
Loans	51,063[1]	62,509	113,573	56,414[1]	55,950	112,363
Other	365	10	375	555	12	567
Subtotal	**55,417**	**62,519**	**117,936**	**61,407**	**55,966**	**117,373**
Loan loss allowance	–	(307)	(307)	–	(298)	(298)
Total	**55,417**	**62,213**	**117,630**	**61,407**	**55,668**	**117,075**

1 — Primarily include covered bonds.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

LOANS AND ADVANCES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

€ MN as of 31 December 2015	Up to 3 months	> 3 months up to 1 year	> 1 year up to 3 years	> 3 years up to 5 years	Greater than 5 years	Total
Loans and advances to banks	2,087	3,370	7,893	8,820	33,246	55,417
Loans and advances to customers	2,717	3,042	5,333	8,225	43,203	62,519
Total	**4,804**	**6,411**	**13,226**	**17,045**	**76,449**	**117,936**

As of 31 December 2015, impaired loans amounted to € 515 MN (2014: € 728 MN). The interest income recognized on these impaired loans amounted to € 1 MN (2014: € 2 MN).

11 — Reinsurance assets

REINSURANCE ASSETS

€ MN as of 31 December	2015	2014
Unearned premiums	1,655	1,519
Reserves for loss and loss adjustment expenses	7,712	6,947
Aggregate policy reserves	5,366	4,998
Other insurance reserves	110	123
Total	**14,843**	**13,587**

Changes in aggregate policy reserves ceded to reinsurers are as follows:

CHANGES IN AGGREGATE POLICY RESERVES CEDED TO REINSURERS

€ MN	2015	2014
Carrying amount as of 1 January	**4,998**	**4,463**
Foreign currency translation adjustments	397	430
Changes recorded in the consolidated income statements	183	114
Other changes	(212)	(9)
Carrying amount as of 31 December	**5,366**	**4,998**

Changes in the reserves for loss and loss adjustment expenses ceded to reinsurers in the business segment Property-Casualty are shown in the respective table in note 19 Reserves for loss and loss adjustment expenses.

The Allianz Group reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and to protect its capital resources. For natural catastrophe events, the Allianz Group maintains a centralized program that pools exposures from its subsidiaries by internal reinsurance agreements. Allianz SE limits exposures in this portfolio through external reinsurance. For other risks, the subsidiaries of the Allianz Group have individual reinsurance programs in place. Allianz SE participates with up to 100 % on an arm's length basis in these cessions, in line with local requirements. The risk coming from these cessions is also limited by external retrocessions.

Reinsurance involves credit risk and is subject to aggregate loss limits. Reinsurance does not legally discharge the respective Allianz company from primary liability under the reinsured policies. Although the reinsurer is liable to this company to the extent of the business ceded, the Allianz company remains primarily liable as the direct insurer on all the risks it underwrites, including the share that is reinsured. The Allianz Group monitors the financial condition of its reinsurers on a regular basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfill its obligations to the Allianz Group companies under existing and planned reinsurance contracts. The Allianz Group's evaluation criteria, which include the degree of creditworthiness, capital levels and marketplace reputation of its reinsurers, are such that the Allianz Group believes that its reinsurance credit risk is not significant, and historically has not experienced noteworthy difficulty in collecting claims from its reinsurers. Additionally, and as appropriate, the Allianz Group may also require letters of credit, deposits, or other financial guarantees to further minimize its exposure to credit risk. In certain cases, however, the Allianz Group does establish an allowance for doubtful amounts related to reinsurance as appropriate, although this amount was not significant as of 31 December 2015 and 2014. The Allianz Group primarily maintains business relations with highly rated reinsurers.

12 — Deferred acquisition costs

DEFERRED ACQUISITION COSTS

€ MN as of 31 December	2015	2014
Deferred acquisition costs		
Property-Casualty	4,647	4,595
Life/Health	18,941	16,089
Subtotal	**23,588**	**20,685**
Present value of future profits	613 [1]	870
Deferred sales inducements	1,033	708
Total	**25,234**	**22,262**

1 — In the second quarter of 2015, € 151 MN were reclassified from present value of future profits to intangible assets.

DEFERRED ACQUISITION COSTS

CHANGES IN DEFERRED ACQUISITION COSTS

€ MN	2015	2014
PROPERTY-CASUALTY		
Carrying amount as of 1 January	**4,595**	**4,354**
Additions	6,194	5,847
Changes in the consolidated subsidiaries of the Allianz Group	–	39
Foreign currency translation adjustments	44	82
Amortization	(6,186)	(5,727)
Carrying amount as of 31 December	**4,647**	**4,595**
LIFE/HEALTH		
Carrying amount as of 1 January	**16,089**	**15,837**
Reclassification of entities from Asset Management to Life/Health	–	159
Additions	3,268	3,350
Foreign currency translation adjustments	743	892
Changes in shadow accounting	1,895	(1,832)
Amortization	(3,055)	(2,318)
Carrying amount as of 31 December	**18,941**	**16,089**
Total	**23,588**	**20,685**

PRESENT VALUE OF FUTURE PROFITS

PRESENT VALUE OF FUTURE PROFITS

€ MN	2015	2014
Cost as of 1 January	3,021	2,954
Accumulated amortization as of 1 January	(2,151)	(1,908)
Carrying amount as of 1 January	**870**	**1,046**
Foreign currency translation adjustments	(6)	27
Changes in shadow accounting	34	(34)
Amortization	(134)	(170)
Reclassifications	(151)	–
Carrying amount as of 31 December	**613**	**870**
Accumulated amortization as of 31 December	2,277	2,151
Cost as of 31 December	2,889	3,021

DEFERRED SALES INDUCEMENTS

DEFERRED SALES INDUCEMENTS

€ MN	2015	2014
Carrying amount as of 1 January	**708**	**807**
Additions	61	121
Foreign currency translation adjustments	127	142
Changes in shadow accounting	350	(203)
Amortization	(213)	(158)
Carrying amount as of 31 December	**1,033**	**708**

13 — Other assets

OTHER ASSETS

€ MN as of 31 December	2015	2014
Receivables		
Policyholders	6,013	5,846
Agents	4,379	4,348
Reinsurers	2,264	1,951
Other	4,340	4,711
Less allowance for doubtful accounts	(647)	(693)
Subtotal	**16,349**	**16,163**
Tax receivables		
Income taxes	1,698	1,996
Other taxes	1,512	1,426
Subtotal	**3,210**	**3,422**
Accrued dividends, interest and rent	7,887	7,836
Prepaid expenses		
Interest and rent	32	25
Other prepaid expenses	296	256
Subtotal	**328**	**281**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	565	477
Property and equipment		
Real estate held for own use	3,261	2,566
Software	2,361	2,142
Equipment	1,426	1,291
Fixed assets of alternative investments	1,763	1,465
Subtotal	**8,811**	**7,464**
Other assets	1,664	1,437
Total[1]	**38,813**	**37,080**

1 — Includes other assets due within one year of € 31,068 MN (2014: € 28,069 MN).

PROPERTY AND EQUIPMENT

Real estate held for own use

REAL ESTATE HELD FOR OWN USE

€ MN	2015	2014
Cost as of 1 January	3,637	3,497
Accumulated depreciation as of 1 January	(1,071)	(1,074)
Carrying amount as of 1 January	**2,566**	**2,423**
Additions	183	346
Changes in the consolidated subsidiaries of the Allianz Group	84	–
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(110)	(116)
Reclassifications	593	(32)
Foreign currency translation adjustments	16	11
Depreciation	(74)	(68)
Reversals of impairments	4	2
Carrying amount as of 31 December	**3,261**	**2,566**
Accumulated depreciation as of 31 December	1,084	1,071
Cost as of 31 December	4,345	3,637

As of 31 December 2015, assets pledged as security and other restrictions on title were € 121 MN (2014: € 113 MN).

Software

SOFTWARE

€ MN	2015	2014
Cost as of 1 January	6,360	5,632
Accumulated amortization as of 1 January	(4,218)	(3,800)
Carrying amount as of 1 January	**2,142**	**1,832**
Additions	709	691
Changes in the consolidated subsidiaries of the Allianz Group	(15)	9
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(14)	(7)
Foreign currency translation adjustments	8	15
Amortization	(430)	(393)
Impairments	(38)	(4)
Carrying amount as of 31 December[1]	**2,361**	**2,142**
Accumulated amortization as of 31 December	4,516	4,218
Cost as of 31 December	6,878	6,360

1 — As of 31 December 2015, includes € 1,534 MN (2014: € 1,398 MN) for self-developed software and € 827 MN (2014: € 743 MN) for software purchased from third parties.

Equipment

EQUIPMENT

€ MN	2015	2014
Cost as of 1 January	3,867	3,823
Accumulated depreciation as of 1 January	(2,576)	(2,651)
Carrying amount as of 1 January	**1,291**	**1,173**
Additions	435	349
Changes in the consolidated subsidiaries of the Allianz Group	63	18
Disposals	(94)	(52)
Reclassifications	(10)	1
Foreign currency translation adjustments	30	35
Depreciation	(278)	(226)
Impairments	(13)	(5)
Carrying amount as of 31 December	**1,426**	**1,291**
Accumulated depreciation as of 31 December	2,828	2,576
Cost as of 31 December	4,254	3,867

Fixed assets of alternative investments

FIXED ASSETS OF ALTERNATIVE INVESTMENTS[1]

€ MN	2015	2014
Cost as of 1 January	2,284	2,009
Accumulated depreciation as of 1 January	(819)	(705)
Carrying amount as of 1 January	**1,465**	**1,304**
Additions	622	279
Changes in the consolidated subsidiaries of the Allianz Group	(197)	–
Disposals	(3)	(4)
Foreign currency translation adjustments	5	(1)
Depreciation	(130)	(114)
Impairments	–	(1)
Carrying amount as of 31 December	**1,763**	**1,465**
Accumulated depreciation as of 31 December	387	819
Cost as of 31 December	2,151	2,284

1 — Include fixed assets of wind parks, solar parks and Selecta.

14 — Non-current assets and disposal groups classified as held for sale

NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

€ MN as of 31 December	2015	2014
Assets of disposal groups classified as held for sale		
Münsterländische Bank Thie & Co. KG, Münster	–	83
Bürgel Wirtschaftsinformationen, Hamburg	35	–
Allianz Life & Annuity Company, Minneapolis	11	–
Subtotal	**46**	**83**
Non-current assets classified as held for sale		
Real estate held for investment	–	92
Real estate held for own use	63	61
Subtotal	**63**	**152**
Total	**109**	**235**
Liabilities of disposal groups classified as held for sale		
Münsterländische Bank Thie & Co. KG, Münster	–	102
Bürgel Wirtschaftsinformationen, Hamburg	15	–
Allianz Life & Annuity Company, Minneapolis	3	–
Total	**18**	**102**

DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Münsterländische Bank Thie & Co. KG, Münster

In May 2015, the Allianz Group completed the sale of Münsterländische Bank Thie & Co. KG, Münster, which had been classified as a disposal group held for sale during the fourth quarter of 2014. Upon measurement of the disposal group at fair value less costs to sell, no impairment losses were recognized until the disposal.

Bürgel Wirtschaftsinformationen, Hamburg

During the fourth quarter of 2015, the Allianz Group decided to dispose of Bürgel Wirtschaftsinformationen, Hamburg. Thus, the assets and liabilities of the consolidated entities, which are allocated to the reportable segment Global Insurance Lines & Anglo Markets (Property-Casualty), were classified as held for sale. As of 31 December 2015, no cumulative gains were recorded in other comprehensive income relating to the disposal group classified as held for sale. The sale is expected to occur during the first quarter of 2016. Upon measurement of the disposal group at fair value less costs to sell, no impairment loss was recognized for the year ended 31 December 2015.

Allianz Life & Annuity Company, Minneapolis

During the fourth quarter of 2015, the Allianz Group decided to dispose of Allianz Life & Annuity Company, Minneapolis, a preconsolidated subsidiary of Allianz Life Insurance Company of North America, Minneapolis. Thus, the assets and liabilities of the consolidated entity, which are allocated to the reportable segment USA (Life/Health), were classified as held for sale. As of 31 December 2015, no cumulative gains were recorded in other comprehensive income relating to the disposal group classified as held for sale. The sale is expected to occur during the first half-year of 2016. Upon measurement of the disposal group at fair value less costs to sell, no impairment loss was recognized for the year ended 31 December 2015.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As of 31 December 2014, real estate held for investment classified as held for sale had comprised several office buildings allocated to the reportable segment German Speaking Countries and Central & Eastern Europe (Life/Health), which were sold during the first quarter of 2015, as expected.

Real estate held for own use classified as held for sale had comprised, as of 31 December 2014, several office buildings allocated to the reportable segment Global Insurance Lines & Anglo Markets (Property-Casualty), which were sold during the third quarter of 2015, as expected.

As of 31 December 2015, real estate held for own use classified as held for sale comprised an office building allocated to the reportable segment Western & Southern Europe, Middle East, Africa, India (Life/Health). The sale of this building is expected to be completed during the third quarter of 2016. Upon measurement of this building at fair value less costs to sell, no impairment loss was recognized for the year ended 31 December 2015.

15 — Intangible assets

INTANGIBLE ASSETS

€ MN as of 31 December	2015	2014
Intangible assets with indefinite useful lives		
Goodwill	12,101	12,166
Brand names[1]	6	289
Subtotal	**12,107**	**12,455**
Intangible assets with finite useful lives		
Distribution agreements[2]	899	948
Acquired business portfolios[3]	186	64
Customer relationships[4]	116	231
Other[5]	135	57
Subtotal	**1,337**	**1,300**
Total	**13,443**	**13,755**

1 — For 2014, include primarily the brand name "Selecta".
2 — Include primarily the long-term distribution agreements with Commerzbank AG of € 298 MN (2014: € 335 MN), Banco Popular S.A. of € 389 MN (2014: € 353 MN), Yapı ve Kredi Bankası A.S. of € 122 MN (2014: € 147 MN) and HSBC Asia, HSBC Turkey and BTPN Indonesia of € 79 MN (2014: € 90 MN).
3 — Includes primarily acquired business portfolios of Allianz Yasam ve Emeklilik A.S. of € 120 MN (2014: € – MN), Allianz Hayat ve Emeklilik A.S. of € 10 MN (2014: € – MN) and of Allianz Popular Pensiones EGFP S.A. of € 17 MN (2014: € 18 MN). Until the third quarter of 2015, the intangible assets category "Acquired business portfolios" was included in the intangible assets category "Other". In the second quarter of 2015, € 151 MN were reclassified from present value of future profits to intangible assets category "Acquired business portfolios".
4 — Include primarily customer relationships from acquired parts of the insurance business of UnipolSai Assicurazioni S.p.A. of € 76 MN (2014: € 100 MN) and from the acquisition of Selecta of € – MN (2014: € 85 MN), Assurances Médicales S.A. of € 16 MN (2014: € 18 MN) and Yapı Kredi Sigorta A.S. of € 6 MN (2014: € 8 MN).
5 — Include primarily heritable building rights of € 38 MN (2014: € 17 MN), land use rights of € 13 MN (2014: € 8 MN) and lease rights of € 10 MN (2014: € – MN).

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

Goodwill

GOODWILL

€ MN	2015	2014
Cost as of 1 January	13,156	12,534
Accumulated impairments as of 1 January	(990)	(990)
Carrying amount as of 1 January	**12,166**	**11,544**
Additions	70	290
Disposals	(316)	–
Foreign currency translation adjustments	352	331
Impairments	(171)	–
Carrying amount as of 31 December	**12,101**	**12,166**
Accumulated impairments as of 31 December	976	990
Cost as of 31 December	13,077	13,156

2015

Additions are mainly related to goodwill arising from the acquisition of the Property-Casualty insurance business of the Territory Insurance Office, Darwin, effective 1 January 2015, as well as from the acquisition of several windparks.

Disposals relate mainly to the sale of Selecta Group S.à r.l., Luxembourg during the fourth quarter of 2015.

As a result of the impairment test, all of the goodwill of € 171 MN allocated to the CGU Asia Pacific in the business segment Life/Health was completely impaired mainly driven by steadily decreasing and persisting low interest rates in South Korea. The recoverable amount of the CGU Asia Pacific in the business segment Life/Health is its value in use and amounted to € 1,920 MN. The reference rate used for the current estimate is the local swap curve minus 10 basis points credit risk adjustment plus 15 basis points volatility adjustment (South Korea only) (2014: local swap curve minus 10 basis points credit risk adjustment plus 5 basis points volatility adjustment (South Korea only)).

Compared to 2014, the composition of several CGUs and, correspondingly, the allocation of goodwill has changed due to changes in the Board of Management of Allianz SE during 2015, accompanied by a reallocation of responsibilities among the Board Members. For the CGU Asia Pacific in the business segment Life/Health, this change translated into a transfer of the region Middle East from the CGU Asia Pacific to the CGU Insurance Western & Southern Europe, Middle East and Africa.

2014

Additions are related to goodwill arising from the acquisition of specific distribution activities of the Property-Casualty insurance business of UnipolSai Assicurazioni S.p.A., Bologna, from the acquisition of Assurances Médicales S.A., Paris, and from the acquisition of several windparks.

Brand names

Brand names in 2014 consisted primarily of the brand name "Selecta" which was disposed of in the fourth quarter of 2015.

Due to the rebranding activities of the Allianz Group in the Russian market, the amortization of the brand name of the Russian People's Insurance Society "Rosno" was € 3 MN in 2015. Thus, the brand is now completely amortized.

Impairment test for goodwill and other intangible assets with indefinite useful lives

Allocation principles

For the purpose of impairment testing, the Allianz Group has allocated goodwill to CGUs[1]. These CGUs represent the lowest level at which goodwill is monitored for internal management purposes.

CGUs in the Property-Casualty business segment are:

- Insurance German Speaking Countries,
- Insurance Western & Southern Europe, Middle East and Africa, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, Turkey, Egypt, Lebanon and Africa,
- Insurance Iberia & Latin America, including Mexico, Portugal, South America and Spain,
- Asia Pacific,
- Central and Eastern Europe, including Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovakia,
- Global Insurance Lines & Anglo Markets, including Australia, Ireland, Russia, Ukraine and the United Kingdom,
- Specialty Lines I, including Allianz Re, Allianz Global Corporate & Specialty and Credit Insurance, and
- Specialty Lines II, including Allianz Worldwide Partners.

CGUs in the Life/Health business segment are:

- Insurance German Speaking Countries,
- Health Germany,
- Insurance Western & Southern Europe, Middle East and Africa, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, Turkey, Egypt, Lebanon and Africa,
- Asia Pacific,
- Central and Eastern Europe, including Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovakia, and
- Insurance USA.

The business segment Asset Management is represented by the CGU Asset Management, including mainly Allianz Global Investors and PIMCO.

The CGU Selecta Group S.à r.l. in the business segment Corporate and Other was disposed of in the fourth quarter of 2015.

The carrying amounts of goodwill and brand names are allocated to the Allianz Group's CGUs as of 31 December 2015 and 2014[2] as follows:

ALLOCATION OF CARRYING AMOUNTS OF GOODWILL AND BRAND NAMES TO CGUS

€ MN as of 31 December	2015		2014	
CGU	Goodwill	Brand names	Goodwill	Brand names
PROPERTY-CASUALTY				
Insurance German Speaking Countries	281	–	287	–
Insurance Western & Southern Europe, Middle East and Africa	1,327	–	1,358	–
Insurance Iberia & Latin America	21	–	21	–
Asia Pacific	81	–	86	–
Central and Eastern Europe	292	–	307	3
Global Insurance Lines & Anglo Markets	386	6	321	–
Specialty Lines I	39	–	38	–
Specialty Lines II	21	–	21	–
Subtotal	**2,448**	**6**	**2,440**	**3**
LIFE/HEALTH				
Insurance German Speaking Countries	611	–	602	–
Health Germany	327	–	326	–
Insurance Western & Southern Europe, Middle East and Africa	654	–	656	–
Asia Pacific	–	–	171	–
Central and Eastern Europe	23	–	23	–
Insurance USA	471	–	454	–
Subtotal	**2,087**	**–**	**2,232**	**–**
ASSET MANAGEMENT	**7,566**	**–**	**7,187**	**–**
CORPORATE AND OTHER				
Selecta Group S.à r.l.	–	–	307	286
Subtotal	**–**	**–**	**307**	**286**
Total	**12,101**	**6**	**12,166**	**289**

Valuation techniques

The recoverable amounts for all CGUs are determined on the basis of value in use calculations. The Allianz Group applies generally acknowledged valuation principles to determine the value in use.

1 — The following paragraphs include all CGUs that contain goodwill.

2 — The allocation as of 31 December 2014 is based on the allocation of goodwill before the changes in the Board of Management of Allianz SE during 2015.

For all CGUs in the Property-Casualty business segment and for the CGU Asset Management, the Allianz Group uses the discounted earnings method to derive the value in use. Generally, the basis for the determination of the discounted earnings value is the business plan ("detailed planning period") as well as the estimate of the sustainable returns and eternal growth rates, which can be assumed to be realistic on a long-term basis ("terminal value") for the operating entities included in the CGU. The discounted earnings value is calculated by discounting the future earnings using an appropriate discount rate. The business plans applied in the value in use calculations are the results of the structured management dialogues between the Board of Management of the Allianz Group and the operating entities in connection with a reporting process integrated into these dialogues. Generally, the business plans comprise a planning horizon of three years and are based on the current market environment.

The terminal values are largely based on the expected profits of the final year of the detailed planning period. Where necessary, the planned profits are adjusted to reflect long-term sustainable earnings. The financing of the assumed eternal growth in the terminal values is accounted for by appropriate profit retention.

For all CGUs in the Life/Health business segment the value in use is based on an Appraisal Value method which is derived from the Embedded Value and new business value calculation. As a starting point for the impairment test for the CGUs in the Life/Health business segment, the Market Consistent Embedded Value (MCEV) and a multiple of the Market Consistent Value of New Business is used. MCEV is an industry-specific valuation method to assess the current value of the in-force portfolio. The Allianz Group uses an economic balance sheet approach to derive the MCEV, which is directly taken out of the Market Value Balance Sheet (MVBS) as determined using Solvency II guidance.

Significant assumptions

In determining the business plans, certain key assumptions were made in order to project future earnings.

For entities included in the CGUs of the Property-Casualty business segment, the business plans are mainly based on key assumptions including expense ratio, loss ratio, investment income, risk capital, market share, premium rate changes and taxes. The basis for determining the values assigned to the key assumptions are current market trends and earnings projections.

The discount rate is based on the capital asset pricing model (CAPM) and appropriate eternal growth rates. The assumptions, including the risk-free interest rate, market risk premium, segment beta, and leverage ratio used to calculate the discount rates are in general consistent with the parameters used in the Allianz Group's planning and controlling process. The discount rates and eternal growth rates for the CGUs in the Property-Casualty business segment are as follows:

DISCOUNT RATES AND ETERNAL GROWTH RATES FOR THE CGUS IN THE PROPERTY-CASUALTY BUSINESS SEGMENT[1]

%

CGUs in the Property-Casualty business segment	Discount rate	Eternal growth rate
Insurance German Speaking Countries	7.8	1.0
Insurance Western & Southern Europe, Middle East and Africa	9.2	2.1
Insurance Iberia & Latin America	16.5	4.5
Asia Pacific	11.5	4.0
Central and Eastern Europe	8.8	1.5
Global Insurance Lines & Anglo Markets	8.8	1.0
Specialty Lines I	8.0	1.0
Specialty Lines II	8.0	1.0

1 — The table provides an overview of weighted key parameters on CGU level of the country-specific discount rates and eternal growth rates used.

For entities included in the CGUs of the business segment Life/Health, the MCEV is the excess of assets over liabilities of the MVBS according to the Solvency II requirements. Assets and liabilities included in the MVBS are measured at their market value as of the reporting date. Technical provisions are an essential part of the liabilities included in the MVBS and generally consist of the best estimate plus a risk margin. The best estimate corresponds to the probability-weighted average of future cash flows considering the time value of money, using the relevant risk-free interest rate term structure. The calculation of the best estimate is based on assumptions made for demographic factors (e.g. mortality, morbidity, lapse/surrender rates), expense allowances, taxation, assumptions on market conditions for market consistent projections (e.g. reference rates, volatilities) as well as investment strategy and asset allocation of the entity. The risk margin ensures that the value of the technical provisions is equivalent to the amount that the entity would be expected to require in order to take on and meet the insurance and reinsurance obligations.

Reference rates used for the calculation of the best estimate follow EIOPA specifications for the Solvency II guidance.

The following table provides an overview of the reference rates for the CGUs in the Life/Health business segment:

REFERENCE RATES FOR THE CGUS IN THE LIFE/HEALTH BUSINESS SEGMENT

CGUs in the Life/Health business segment	Reference rate for entities with Appraisal Value based on MCEV
Insurance German Speaking Countries	Euro swap curve minus 10 bps credit risk adjustment plus 25 bps volatility adjustment CHF swap curve minus 10 bps credit risk adjustment plus 10 bps volatility adjustment
Health Germany	Euro swap curve minus 10 bps credit risk adjustment plus 25 bps volatility adjustment
Insurance Western & Southern Europe, Middle East and Africa	Euro swap curve minus 10 bps credit risk adjustment plus 25 bps volatility adjustment
Asia Pacific	Local swap curve minus 10 bps credit risk adjustment (South Korea only) plus 15 bps volatility adjustment (South Korea only)
Central and Eastern Europe	For those entities reporting in Euro: Euro swap curve minus 10 bps credit risk adjustment plus 25 bps volatility adjustment For other entities: Local swap curve minus 10 bps credit risk adjustment plus volatility adjustment for the following currencies only (HRK: 0 bps, CZK: 8 bps, PLN: 31 bps)
Insurance USA	Local swap curve minus 10 bps credit risk adjustment plus 83 bps volatility adjustment

The new business value calculation is based on a best estimate of one year of value of new business, multiplied by a factor (multiple) to capture expected future new business. The best estimate of new business is generally derived from the achieved value of new business. The new business multiple accounts for the risk and the growth associated with future new business in analogy to the discount rate and the growth rate in a discounted earnings method. For all CGUs in the Life/Health business segment, a multiple of not more than ten times the value of new business is applied.

For entities included in the CGU of the Asset Management business segment, key assumptions include assets under management growth, cost-income ratio and risk capital. The key assumptions are based on the current market environment. The discount rate for the CGU Asset Management is 9.6% and the eternal growth rate is 1.0%.

Sensitivity analysis

Sensitivity analyses were performed with regard to discount rates and key value drivers of the business plans.

For the CGUs in the business segment Property-Casualty and for the CGU Asset Management, sensitivity analyses were performed in respect to the long-term sustainable combined ratios and cost-income ratios. For all CGUs, excluding Property-Casualty Asia Pacific, discounted earnings value sensitivities still exceeded their respective carrying amounts. The recoverable amount of the CGU Asia Pacific in the business segment Property-Casualty slightly exceeds its carrying amount. An increase of less than 50 basis points in the discount rate or the combined ratio results in the recoverable amount of the CGU getting close to its carrying amount.

In the business segment Life/Health, excluding Life/Health Asia Pacific due to the recognized impairment, sensitivity analyses were performed based on MCEV sensitivity testing on the reference rate. The analyses have shown that in case of a decrease in reference rates by 50 basis points the appraisal value of each CGU still exceeds its carrying amount.

16 — Financial liabilities carried at fair value through income

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

€ MN as of 31 December	2015	2014
Financial liabilities held for trading		
Derivative financial instruments	9,203	8,493
Other trading liabilities	4	3
Total	**9,207**	**8,496**

17 — Liabilities to banks and customers

LIABILITIES TO BANKS AND CUSTOMERS

€ MN as of 31 December	2015			2014		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	66	5,339	5,405	69	4,803	4,872
Savings deposits	–	2,410	2,410	–	2,846	2,846
Term deposits and certificates of deposit	1,129	1,361	2,490	971	1,946	2,916
Repurchase agreements	2,922	–	2,922	1,197	–	1,197
Collateral received from securities lending transactions and derivatives	3,573	–	3,573	2,715	–	2,715
Other	3,801	4,929	8,730	4,278	4,191	8,469
Total	**11,492**	**14,039**	**25,531**	**9,230**	**13,786**	**23,015**

LIABILITIES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

LIABILITIES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

€ MN as of 31 December 2015	Up to 3 months	> 3 months up to 1 year	> 1 year up to 3 years	> 3 years up to 5 years	Greater than 5 years	Total
Liabilities to banks	6,979	1,623	971	484	1,435	11,492
Liabilities to customers	10,865	501	1,523	426	724	14,039
Total	**17,844**	**2,124**	**2,494**	**910**	**2,159**	**25,531**

18 — Unearned premiums

UNEARNED PREMIUMS

€ MN as of 31 December	2015	2014
Property-Casualty	17,071	16,595
Life/Health	3,605	3,222
Consolidation	(15)	(17)
Total	**20,660**	**19,800**

19 — Reserves for loss and loss adjustment expenses

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

€ MN as of 31 December	2015	2014
Property-Casualty	61,169	58,925
Life/Health	10,857	10,081
Consolidation	(23)	(18)
Total	**72,003**	**68,989**

Reserves for loss and loss adjustment expenses for the *Property-Casualty* business segment are described in detail in the following sections.

CHANGE IN RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The following table reconciles the beginning and ending reserves of the Allianz Group, including the effect of reinsurance ceded, for the Property-Casualty business segment for the years ended 31 December 2015 and 2014.

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES IN THE PROPERTY-CASUALTY BUSINESS SEGMENT

€ MN	2015			2014		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	**58,925**	**(6,577)**	**52,348**	**56,614**	**(6,070)**	**50,544**
Balance carry forward of discounted loss reserves	3,597	(326)	3,271	3,207	(306)	2,901
Subtotal	**62,522**	**(6,903)**	**55,619**	**59,821**	**(6,376)**	**53,445**
Loss and loss adjustment expenses incurred						
Current year	35,381	(2,735)	32,646	32,773	(2,510)	30,263
Prior years	(2,373)	448	(1,924)	(1,752)	367	(1,385)
Subtotal	**33,008**	**(2,287)**	**30,721**	**31,021**	**(2,143)**	**28,878**
Loss and loss adjustment expenses paid						
Current year	(17,123)	832	(16,291)	(16,113)	703	(15,410)
Prior years	(15,071)	1,331	(13,740)	(14,684)	1,392	(13,292)
Subtotal	**(32,194)**	**2,163**	**(30,031)**	**(30,797)**	**2,095**	**(28,702)**
Foreign currency translation adjustments and other changes[1]	1,755	(534)	1,221	2,477	(478)	1,999
Changes in the consolidated subsidiaries of the Allianz Group	(39)	1	(38)	–	–	–
Subtotal	**65,051**	**(7,560)**	**57,492**	**62,522**	**(6,903)**	**55,619**
Ending balance of discounted loss reserves	(3,882)	332	(3,550)	(3,597)	326	(3,271)
As of 31 December	**61,169**	**(7,228)**	**53,942**	**58,925**	**(6,577)**	**52,348**

1 — Include effects of foreign currency translation adjustments for prior years' claims of gross € 1,423 MN (2014: € 1,534 MN) and of net € 1,272 MN (2014: € 1,282 MN) and for current year claims of gross € (234) MN (2014: € 165 MN) and of net € (195) MN (2014: € 130 MN).

Prior years' net loss and loss adjustment expenses incurred reflect the changes in estimation charged or credited to the consolidated income statement in each year with respect to the reserves for loss and loss adjustment expenses established as of the beginning of that year. During the year ended 31 December 2015, the Allianz Group recorded additional income of € 1,924 MN (2014: € 1,385 MN) net in respect of losses occurring in prior years. During the year ended 31 December 2015, this amount, expressed as a percentage of the net balance of the beginning of the year, was 3.5 % (2014: 2.6 %).

CHANGES IN HISTORICAL RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim types such as asbestos and environmental claims. The origin year of losses is taken into consideration by analyzing each line of business by accident year. While this determines the estimates of reserves for loss and LAE by accident year, the effect in the consolidated income statement in the respective calendar year combines the accident year loss ratio for the current year with the favorable or adverse development from prior years (run-off).

Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet, the underlying business development of these non-life reserves is still considered in the loss ratio. Therefore the tables below show the loss development by accident year including the business development of discounted loss reserves.

The run-off triangle, also known as the "loss triangle", is a tabular representation of loss-related data (such as payments, loss reserves, ultimate losses) in two, time-related dimensions. One of these is the calendar year, while the other is the accident year (year of loss occurrence). Run-off triangles – as the basis for measuring loss reserves – make clear how the loss reserves change over the course of time due to payments made and new estimates of the expected ultimate loss at the respective reporting date.

The run-off triangles are not prepared on a currency-adjusted basis. This means all figures are translated from the respective local currency into the Allianz Group presentation currency (Euro), consistently using the exchange rates applicable at the respective reporting date. This ensures that the reserves reconcile with reserves in the consolidated balance sheet.

Loss payments for the individual accident years (per calendar year, net)

LOSS PAYMENTS FOR THE INDIVIDUAL ACCIDENT YEARS (PER CALENDAR YEAR, NET)

€ MN

	Accident year										
Calendar year	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
2006	24,002										24,002
2007	12,255	12,631									24,886
2008	5,608	6,397	13,130								25,135
2009	3,705	1,744	7,350	13,368							26,167
2010	2,591	934	2,151	6,688	14,094						26,459
2011	1,838	687	1,034	1,725	6,945	14,316					26,545
2012	1,673	483	716	1,107	1,972	7,434	14,443				27,828
2013	1,615	323	497	712	1,113	2,090	7,181	15,449			28,979
2014	1,517	211	303	465	729	1,169	1,890	7,009	15,410		28,702
2015	1,162	202	262	395	476	775	1,054	1,850	7,564	16,291	30,031

Reserves for loss and loss adjustment expenses for the individual accident years at the respective reporting date (net)

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

€ MN

	Accident year										
as of 31 December	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
2006	49,331										**49,331**
2007	34,665	14,012									**48,677**
2008	26,125	7,449	14,222								**47,796**
2009	21,807	5,038	7,620	14,074							**48,539**
2010	19,089	3,911	5,666	7,456	14,729						**50,850**
2011	17,565	2,973	4,337	5,147	7,218	15,596					**52,836**
2012	17,416	2,417	3,249	4,061	5,238	7,861	15,564				**55,807**
2013	15,550	1,953	2,601	3,117	3,837	5,190	7,239	13,957			**53,445**
2014	14,646	1,574	2,198	2,492	3,105	4,066	5,223	7,101	15,215		**55,619**
2015	13,751	1,362	1,838	2,018	2,540	3,156	3,874	5,088	7,504	16,358	**57,492**

Ultimate loss for the individual accident years at the respective reporting date (net)

ULTIMATE LOSS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

€ MN

	Accident year										
as of 31 December	2006 & prior	2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
2006	73,333										
2007	70,922	26,643									
2008	67,990	26,477	27,353								
2009	67,378	25,810	28,100	27,442							
2010	67,250	25,617	28,297	27,512	28,823						
2011	67,565	25,367	28,002	26,928	28,257	29,912					
2012	69,089	25,294	27,630	26,950	28,250	29,610	30,007				
2013	68,837	25,153	27,478	26,718	27,962	29,029	28,863	29,407			
2014	69,450	24,984	27,378	26,557	27,958	29,074	28,736	29,560	30,625		
2015	69,718	24,975	27,281	26,478	27,869	28,938	28,442	29,397	30,479	32,649	
Surplus[1]	3,616	1,668	72	964	954	973	1,565	10	146	–[3]	**9,968**
Reduction/(increase) 2015 to 2014[2]	(267)	9	97	78	89	136	295	163	146	–[3]	**746**

1 — Includes effects from foreign currency translation adjustments and other changes.
2 — The total development 2015 to 2014 of € 746 MN represents the cumulative surplus from reestimating the ultimate loss for prior year claims. Considering foreign currency translation adjustments of net € 1,272 MN as well as changes in the consolidated subsidiaries of the Allianz Group and other changes of in total € (94) MN, this leads to an effective run-off result of net € 1,924 MN, which can be found in the table "Change in the reserves for loss and loss adjustment expenses" within this note.
3 — Presentation not meaningful.

Calendar year premiums earned and ultimate loss ratio for the individual accident years at the respective reporting date (net)

CALENDAR YEAR PREMIUMS EARNED AND ULTIMATE LOSS RATIO FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

as of 31 December	Premiums earned (net)	Accident year								
		2007	2008	2009	2010	2011	2012	2013	2014	2015
	€ MN	%	%	%	%	%	%	%	%	%
2007	38,553	69.1								
2008	38,213	68.7	71.6							
2009	37,828	66.9	73.5	72.5						
2010	39,303	66.4	74.1	72.7	73.3					
2011	39,898	65.8	73.3	71.2	71.9	75.0				
2012	41,705	65.6	72.3	71.2	71.9	74.2	72.0			
2013	42,047	65.2	71.9	70.6	71.1	72.8	69.2	69.9		
2014	43,759	64.8	71.6	70.2	71.1	72.9	68.9	70.3	70.0	
2015	46,430	64.8	71.4	70.0	70.9	72.5	68.2	69.9	69.7	70.3

The ultimate loss of an accident year comprises all payments made for that accident year up to the reporting date, plus the loss reserve at the reporting date. Given complete information regarding all losses incurred up to the reporting date, the ultimate loss for each accident-year period would remain unchanged. In practice, however, the ultimate loss (based on estimates) is exposed to fluctuations that reflect the increase in knowledge regarding the loss cases. The loss ratio presented above deviates from the reported loss ratio because the ultimate loss in the table above is based on the sum of the payments plus the loss reserve, not the incurred loss from the consolidated income statement. This means that effects like changes in consolidated subsidiaries, foreign currency translation and reclassification of unwinding of discounted loss reserves are presented differently.

CONTRACTUAL CASH FLOWS

As of 31 December 2015, reserves for loss and loss adjustment expenses, which are expected to be due in 2016 amounted to € 16,884 MN, while those expected to be due between 2017 and 2020 amounted to € 20,725 MN and those expected to be due after 2020 amounted to € 19,883 MN.

ASBESTOS AND ENVIRONMENTAL (A & E) LOSS RESERVES

There are significant uncertainties in estimating A & E reserves for loss and LAE. Reserves for asbestos-related illnesses and environmental clean-up losses cannot be estimated using traditional actuarial techniques due to the long latency period and changes in the legal, socio-economic and regulatory environment.

Case reserves are established when sufficient information is available to indicate the involvement of a specific insurance policy. In addition, IBNR reserves are established to cover additional exposures on both known and not yet reported claims. To the extent possible, A & E loss reserve estimates are based not only on claims reported to date, but also on a survey of policies that may be exposed to claims reported in the future (i.e. an exposure analysis).

In establishing liabilities for A & E claims, management considers facts currently known and the current state of the law and coverage litigation. However, given the expansion of coverage and liability by the courts and the legislatures in the past and the possibilities of similar interpretation in the future, there is significant uncertainty regarding the extent of insurer liability. As a result, the range of reasonable potential outcomes for A & E liabilities provided in these analyses is particularly large. Given this inherent uncertainty in estimating A & E liabilities, significant deviation from the currently carried A & E reserve position is possible.

While the U.S. A & E claims still represent a majority of the total A & E claims reported to the Allianz Group, the insurance industry is facing an increased prominence in exposures to A & E claims on a global basis. The Allianz Group continues to monitor these A & E exposures. During 2015, A & E gross reserves increased from € 2,679 MN to € 2,763 MN due to claims development and foreign exchange rate effects of € 249 MN, partially offset by claim payments of € 166 MN.

The following table summarizes the gross and net loss and LAE reserves for A & E claims.

GROSS AND NET RESERVES FOR LOSS AND LAE FOR A & E CLAIMS

€ MN as of 31 December	2015	2014
A & E net reserves	2,178	2,173
A & E gross reserves	2,763	2,679
As percentage of the Allianz Group's Property-Casualty gross reserves	4.5%	4.5%

20 — Reserves for insurance and investment contracts

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

€ MN as of 31 December	2015	2014
Aggregate policy reserves	425,312	399,227
Reserves for premium refunds	59,732	63,026
Other insurance reserves	1,178	1,081
Total	**486,222**	**463,334**

AGGREGATE POLICY RESERVES

CHANGES IN AGGREGATE POLICY RESERVES

€ MN	2015	2014
As of 1 January	**399,227**	**365,519**
Balance carry forward of discounted loss reserves	(3,597)	(3,207)
Subtotal	**395,631**	**362,312**
Foreign currency translation adjustments	9,358	9,600
Changes recorded in the consolidated income statement	2,546	3,514
Premiums collected	24,076	28,085
Separation of embedded derivatives	90	972
Interest credited	5,319	3,879
Dividends allocated to policyholders	1,368	1,356
Releases upon death, surrender and withdrawal	(16,145)	(13,711)
Policyholder charges	(1,652)	(1,628)
Portfolio acquisitions and disposals	(270)	(52)
Other changes[1]	1,108	1,302
Subtotal	**421,430**	**395,630**
Ending balance of discounted loss reserves	3,882	3,597
As of 31 December	**425,312**	**399,227**

1 — Mainly relate to insurance contracts when policyholders change their contract from a unit-linked to a universal life-type contract.

RESERVES FOR PREMIUM REFUNDS

RESERVES FOR PREMIUM REFUNDS

€ MN	2015	2014
Amounts already allocated under local statutory or contractual regulations		
As of 1 January	**15,020**	**13,231**
Foreign currency translation adjustments	29	(7)
Changes in the consolidated subsidiaries of the Allianz Group	–	(1)
Changes	351	1,797
As of 31 December	**15,400**	**15,020**
Latent reserves for premium refunds		
As of 1 January	**48,006**	**24,541**
Foreign currency translation adjustments	211	51
Changes due to fluctuations in market value	(8,629)	21,338
Changes due to valuation differences charged to income	4,743	2,077
As of 31 December	**44,332**	**48,006**
Total	**59,732**	**63,026**

CONCENTRATION OF INSURANCE RISK IN THE LIFE/HEALTH BUSINESS SEGMENT

The Allianz Group's Life/Health business segment provides a wide variety of insurance and investment contracts to individuals and groups in over 30 countries around the world. Individual contracts include both traditional contracts and unit-linked contracts. Without taking policyholder participation into account, traditional contracts generally incorporate significant investment risk for the Allianz Group, while unit-linked contracts generally result in the contract holder assuming the investment risk. Traditional contracts include life, endowment, annuity and health contracts. Traditional annuity contracts are issued in both deferred and immediate types. In addition, the Allianz Group's life insurance operations in the United States issue a significant amount of equity-indexed deferred annuities. In certain markets, the Allianz Group also issues group life, group health and group pension contracts.

As of 31 December 2015 and 2014, the Allianz Group's deferred acquisition costs and reserves for insurance and investment contracts for the business segment Life/Health are summarized per reportable segment as follows:

CONCENTRATION OF INSURANCE RISK IN THE LIFE/HEALTH BUSINESS SEGMENT PER REPORTABLE SEGMENT

€ MN

as of 31 December	Deferred acquisition costs	Aggregate policy reserves	Reserves for premium refunds	Other insurance reserves	Total non-unit-linked reserves	Liabilities for unit-linked contracts	Total
2015							
German Speaking Countries and Central & Eastern Europe	9,053	208,667	45,618	267	**254,552**	9,025	**263,577**
Western & Southern Europe, Middle East, Africa, India	2,229	99,570	10,579	258	**110,407**	59,826	**170,233**
Iberia & Latin America	54	8,104	1,255	–	**9,359**	454	**9,813**
USA	7,032	80,506	–	–	**80,506**	25,999	**106,505**
Global Insurance Lines & Anglo Markets	120	1,941	–	6	**1,947**	–	**1,947**
Asia Pacific	2,099	17,792	516	557	**18,864**	10,568	**29,432**
Consolidation	–	(3,619)	(1)	(5)	**(3,626)**	–	**(3,625)**
Total	**20,587**	**412,961**	**57,966**	**1,083**	**472,010**	**105,873**	**577,883**
2014							
German Speaking Countries and Central & Eastern Europe	8,754	198,865	46,879	230	**245,974**	8,199	**254,174**
Western & Southern Europe, Middle East, Africa, India	2,377	98,536	12,435	241	**111,213**	51,649	**162,862**
Iberia & Latin America	56	7,845	1,449	–	**9,294**	158	**9,452**
USA	4,385	67,335	–	–	**67,335**	25,445	**92,780**
Global Insurance Lines & Anglo Markets	118	1,879	–	6	**1,885**	–	**1,885**
Asia Pacific	1,977	16,107	430	445	**16,983**	9,112	**26,095**
Consolidation	–	(3,414)	(1)	(5)	**(3,420)**	–	**(3,420)**
Total	**17,667**	**387,154**	**61,192**	**917**	**449,263**	**94,564**	**543,826**

The majority of the Allianz Group's Life/Health business segment operations are conducted in Western Europe. Insurance laws and regulations in Europe have historically been characterized by legal or contractual minimum participation of contract holders in the profits of the insurance company issuing the contract. In particular, life insurance business in Germany, Switzerland and Austria, which comprises approximately 47 % (2014: 48 %) of the Allianz Group's reserves for insurance and investment contracts as of 31 December 2015, includes a substantial level of policyholder participation in all sources of profit, including mortality/morbidity, investment and expense. As a result of this policyholder participation, the Allianz Group's exposure to insurance, investment and expense risk is mitigated.

Furthermore, all of the Allianz Group's annuity policies issued in the United States meet the criteria for classification as insurance contracts under IFRS 4, because they include options for contract holders to elect a life-contingent annuity. These contracts currently do not expose the Allianz Group to significant longevity risk, nor are they expected to do so in the future, as the projected and observed annuitization rates are very low. Additionally, many of the Allianz Group's traditional contracts issued in France and Italy do not incorporate significant insurance risk, although they are accounted for as insurance contracts because of their discretionary participation features. Similarly, a significant portion of the Allianz Group's unit-linked contracts in France and Italy do not incorporate significant insurance risk.

As a result of the considerable diversity in types of contracts issued, including the offsetting effects of mortality risk and longevity risk inherent in a combined portfolio of life insurance and annuity products, the geographic diversity of the Allianz Group's Life/Health business segment and the substantial level of policyholder participation in mortality/morbidity risk in certain countries in Western Europe, the Allianz Group does not believe its Life/Health segment has any significant concentrations of insurance risk, nor does it believe its net income or shareholders' equity is highly sensitive to insurance risk.

The Allianz Group's Life/Health business segment is exposed to significant investment risk as a result of guaranteed minimum interest rates being included in most of its non-unit-linked contracts. The weighted average guaranteed minimum interest rates of the Allianz Group's largest operating entities in the business segment Life/Health, comprising 87 % (2014: 87 %) of non-unit-linked reserves in 2015, can be summarized by country as follows:

WEIGHTED AVERAGE GUARANTEED MINIMUM INTEREST RATES OF LIFE INSURANCE ENTITIES

as of 31 December	2015			2014		
	Guaranteed rate	Non-unit-linked reserves	% of non-unit-linked reserves	Guaranteed rate	Non-unit-linked reserves	% of non-unit-linked reserves
	%	€ BN	%	%	€ BN	%
Germany	2.7	161.6	97.3	2.8	155.1	97.3
France	0.4	55.0	73.7	0.5	55.0	76.0
Italy	1.9	29.6	48.3	2.1	29.7	53.1
United States	0.7	80.5	75.6	0.9	67.3	72.6
Switzerland	1.8	11.7	94.6	2.1	10.3	93.5
South Korea	4.4	10.5	88.6	4.5	9.8	89.4
Belgium	2.8	8.9	94.8	2.9	8.5	95.4

In most of these markets, the effective interest rates earned on the investment portfolio exceed these guaranteed minimum interest rates. In addition, the operations in these markets may also have significant mortality and expense margins. However, the Allianz Group's Life/Health operations in Switzerland, Belgium, South Korea and Taiwan have high guaranteed minimum interest rates on older contracts in their portfolios and, as a result, may be sensitive to declines in investment rates or a prolonged low interest rate environment. As of 31 December 2015, the Allianz Group has written off deferred acquisition costs and established premium deficiency reserves on parts of the portfolio in South Korea, with an overall impact of € (244) MN on the consolidated income statement. If current interest rate levels persist, further reserve strengthening for certain portfolios may become necessary.

Future policy benefits

As of 31 December 2015, benefits for insurance and investment contracts which are expected to be due in 2016 amounted to € 57 BN, while those expected to be due between 2017 and 2020 amounted to € 200 BN and those expected to be due after 2020 amounted to € 1,029 BN.

The resulting total benefits for insurance and investment contracts in the amount of € 1,286 BN include contracts where the timing and amount of payments are considered fixed and determinable, and contracts which have no specified maturity dates and may result in a payment to the contract beneficiary depending on mortality and morbidity experience and the incidence of surrenders, lapses or maturities. Furthermore, the amounts are undiscounted and do not include any expected future premiums; therefore they exceed the reserves for insurance and investment contracts presented in the consolidated balance sheet.

For contracts without fixed and determinable payments, the Allianz Group has made assumptions in estimating the undiscounted cash flows of contractual policy benefits including mortality, morbidity, interest crediting rates, policyholder participation in profits and future lapse rates. These assumptions represent current best estimates and may differ from the estimates used to establish the reserves for insurance and investment contracts in accordance with the Allianz Group's established accounting policy. Due to the uncertainty of the assumptions used, the amount presented could be materially different from the actual incurred payments in future periods.

21 — Financial liabilities for unit-linked contracts

CHANGES IN FINANCIAL LIABILITIES FOR UNIT-LINKED INSURANCE CONTRACTS AND UNIT-LINKED INVESTMENT CONTRACTS

€ MN

	2015			2014		
	Unit-linked insurance contracts	Unit-linked investment contracts	Total	Unit-linked insurance contracts	Unit-linked investment contracts	Total
As of 1 January	**62,656**	**31,907**	**94,564**	**55,357**	**25,707**	**81,064**
Foreign currency translation adjustments	3,412	(197)	3,215	3,602	210	3,811
Changes in the consolidated subsidiaries of the Allianz Group	–	1	1	–	–	–
Premiums collected	10,257	10,692	20,948	7,868	8,860	16,728
Interest credited	839	344	1,182	3,693	1,786	5,479
Releases upon death, surrender and withdrawal	(5,842)	(4,811)	(10,653)	(5,140)	(4,453)	(9,593)
Policyholder charges	(1,826)	(109)	(1,934)	(1,551)	(99)	(1,650)
Portfolio acquisitions and disposals	(8)	(38)	(46)	23	(75)	(53)
Reclassifications[1]	(1,594)	190	(1,403)	(1,196)	(27)	(1,223)
As of 31 December	**67,894**	**37,979**	**105,873**	**62,656**	**31,907**	**94,564**

1 — These reclassifications mainly relate to insurance contracts when policyholders change their contract from a unit-linked to a universal life-type contract.

22 — Other liabilities

OTHER LIABILITIES

€ MN as of 31 December	2015	2014
Payables		
Policyholders	5,006	4,934
Reinsurance	1,413	1,460
Agents	1,625	1,615
Subtotal	**8,043**	**8,009**
Payables for social security	428	420
Tax payables		
Income taxes	1,732	1,801
Other taxes	1,450	1,387
Subtotal	**3,181**	**3,187**
Accrued interest and rent	579	613
Unearned income		
Interest and rent	36	24
Other	339	283
Subtotal	**374**	**307**
Provisions		
Pensions and similar obligations	9,149	9,765
Employee related	2,599	2,327
Share-based compensation plans	527	606
Restructuring plans	112	109
Loan commitments	6	12
Contingent losses from non-insurance business	160	134
Other provisions	1,674	1,684
Subtotal	**14,227**	**14,637**
Deposits retained for reinsurance ceded	1,636	1,843
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	472	281
Financial liabilities for puttable equity instruments	2,585	1,793
Other liabilities	7,159	7,520
Total[1]	**38,686**	**38,609**

1 — Includes other liabilities due within one year of € 25,568 MN (2014: € 25,013 MN).

23 — Certificated liabilities

CERTIFICATED LIABILITIES

€ MN[1]	Contractual maturity date						as of 31 December 2015	as of 31 December 2014
	2016	2017	2018	2019	2020	Thereafter		
Allianz SE[2]								
Senior bonds								
Fixed rate	1,498	–	499	1,486	–	3,227	6,711	6,653
Contractual interest rate	4.00 %	–	1.38 %	4.75 %	–	3.70 %	–	–
Money market securities								
Fixed rate	1,276	–	–	–	–	–	1,276	1,041
Contractual interest rate	0.40 %	–	–	–	–	–	–	–
Total Allianz SE[2]	**2,774**	**–**	**499**	**1,486**	**–**	**3,227**	**7,987**	**7,694**
Banking subsidiaries								
Senior bonds								
Fixed rate	80	42	–	–	–	–	122	186
Contractual interest rate	1.44 %	0.92 %	–	–	–	–	–	–
Floating rate	–	–	–	–	–	274	274	327
Current interest rate	–	–	–	–	–	0.17 %	–	–
Total banking subsidiaries	**80**	**42**	**–**	**–**	**–**	**274**	**395**	**513**
Total	**2,854**	**42**	**499**	**1,486**	**–**	**3,501**	**8,383**	**8,207**

1 — Except for interest rates. Interest rates represent the weighted average.
2 — Includes senior bonds issued by Allianz Finance II B.V., guaranteed by Allianz SE and money market securities issued by Allianz Finance Corporation, a wholly owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

24 — Subordinated liabilities

SUBORDINATED LIABILITIES

€ MN[1]	Contractual maturity date							
	2016	2017	2018	2019	2020	Thereafter	as of 31 December 2015	as of 31 December 2014
Allianz SE[2]								
Subordinated bonds[3]								
Fixed rate	–	–	–	–	–	1,716	1,716	1,621
Contractual interest rate	–	–	–	–	–	5.44 %	–	–
Floating rate	–	–	–	–	–	10,246	10,246	9,750
Current interest rate	–	–	–	–	–	4.47 %	–	–
Total Allianz SE[2]	–	–	–	–	–	**11,962**	**11,962**	**11,371**
Banking subsidiaries								
Subordinated bonds								
Fixed rate	15	83	20	–	30	103	251	221
Contractual interest rate	5.61 %	4.27 %	4.35 %	–	5.32 %	3.89 %	–	–
Total banking subsidiaries	**15**	**83**	**20**	–	**30**	**103**	**251**	**221**
All other subsidiaries								
Subordinated liabilities								
Fixed rate	–	–	–	–	–	–	–	400
Contractual interest rate	–	–	–	–	–	–	–	–
Hybrid equity								
Floating rate	–	–	–	–	–	45	45	45
Current interest rate	–	–	–	–	–	1.45 %	–	–
Total all other subsidiaries	–	–	–	–	–	**45**	**45**	**445**
Total	**15**	**83**	**20**	–	**30**	**12,110**	**12,258**	**12,037**

1 — Except for interest rates. Interest rates represent the weighted average.
2 — Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.
3 — Change due to redemption of a € 1.0 BN bond and the issuance of a € 1.5 BN bond in the first quarter of 2015.

25 — Equity

EQUITY

€ MN as of 31 December	2015	2014
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Retained earnings[1]	24,222	19,878
Foreign currency translation adjustments	(926)	(1,977)
Unrealized gains and losses (net)[2]	10,920	13,917
Subtotal	**63,144**	**60,747**
Non-controlling interests	2,955	2,955
Total	**66,099**	**63,702**

1 — As of 31 December 2015, include € (159) MN (2014: € (222) MN) related to treasury shares.
2 — As of 31 December 2015, include € 239 MN (2014: € 288 MN) related to cash flow hedges.

ISSUED CAPITAL

Issued capital as of 31 December 2015 amounted to € 1,170 MN 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 MN (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 € 234 MN (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 € 14 MN (5,359,375 shares).

Further, as of 31 December 2015, Allianz SE had conditional capital totaling € 250 MN (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 MN, 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 € 6 MN or 0.48 % of the share capital.

NON-CONTROLLING INTERESTS

NON-CONTROLLING INTERESTS

€ MN as of 31 December	2015	2014
Unrealized gains and losses (net)	162	189
Share of earnings	371	381
Other equity components	2,422	2,385
Total	**2,955**	**2,955**

The share of earnings attributable to non-controlling interests mainly consists of Euler Hermes Group companies of € 93 MN (2014: € 92 MN), PIMCO of € 71 MN (2014: € 86 MN), CreditRas Vita of € 35 MN (2014: € 27 MN), Allianz Ayudhya of € 35 MN (2014: € 28 MN) and Allianz p.l.c. of € 15 MN (2014: € 27 MN). The other equity components of non-controlling interests mainly consist of Euler Hermes Group companies of € 744 MN (2014: € 688 MN), PIMCO of € 89 MN (2014: € 235 MN), CreditRas Vita of € 295 MN (2014: € 269 MN), Allianz Ayudhya of € 139 MN (2014: € 141 MN) and Allianz p.l.c. of € 105 MN (2014: € 82 MN). Further information about companies with non-controlling interests are given in the list of participations of the Allianz Group.

CAPITAL REQUIREMENTS

The Allianz Group's capital requirements are primarily dependent on the type of business that it underwrites, the industry and geographic locations in which it operates and the allocation of the Allianz Group's investments. During the Allianz Group's annual planning dialogues with its operating entities, internal capital requirements are determined through business plans regarding the levels and timing of capital expenditures and investments. Internal capital requirements are determined by explicitly taking stress resilience into account. Regulators impose minimum capital requirements at the level of the Allianz Group's operating entities and the Allianz Group as a whole.

On 1 January 2005, the Financial Conglomerates Directive (FCD), a supplementary European Union (E.U.) directive, became effective in Germany. Under this directive, a financial conglomerate is defined as any financial parent holding company that, together with its subsidiaries, has significant cross-border and cross-sector activities. The Allianz Group is a financial conglomerate within the scope of the directive and the related German laws. The directive requires that the financial conglomerate calculates the capital needed to meet the respective solvency requirement on a consolidated basis.

As of 31 December 2015, the Allianz Group's eligible capital for the solvency margin, required for the insurance segments and the Asset Management and Banking business, was € 58.0 BN (2014: € 49.8 BN) including off-balance sheet reserves[1] of € 2.7 BN (2014: € 2.3 BN), surpassing the minimum legally stipulated level by € 29.0 BN (2014: € 22.2 BN). This margin resulted in a preliminary cover ratio of 200 % (2014: 181 %) as of 31 December 2015.

In addition to regulatory capital requirements, Allianz SE also uses an internal risk capital framework based on its partial internal model[2] to determine how much capital is required to absorb any unexpected volatility in results of operations and to steer its operations. This partial internal model was approved by the European college of supervisors in November 2015 and will therefore be the basis to determine capital requirements under the new Solvency II framework, which has become the binding regulatory regime as of 1 January 2016.

Insurance subsidiaries of the Allianz Group including Allianz SE prepare individual financial statements based on local laws and regulations. Local regulations establish additional restrictions on the minimum level of capital and the amount of dividends that may be paid to shareholders. The respective local minimum capital requirements are based on various criteria including, but not limited to, the volume of premiums written or claims paid, amount of insurance reserves, investment risks, mortality risks, credit risks, and underwriting risks.

As of 31 December 2015, the Allianz Group believes that there are no outstanding regulatory capital or compliance matters that would have a material adverse effect on the financial position or the results of operations of the Allianz Group.

Some insurance subsidiaries are subject to regulatory restrictions on the amount of dividends which can be remitted to Allianz SE without prior approval by the appropriate regulatory body. Such restrictions require that a company may only pay dividends up to an amount in excess of certain regulatory capital levels, or based on the levels of undistributed earned surplus or current year income or a percentage thereof. By way of example only, the operations of the Allianz Group's insurance subsidiaries located in the United States are subject to limitations on the payment of dividends to their parent company under applicable state insurance laws. Dividends paid in excess of these limitations generally require the prior approval of the insurance commissioner of the state of domicile. The Allianz Group believes that these restrictions will not affect the ability of Allianz SE to pay dividends to its shareholders in the future.

1 — Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the reported solvency ratio as of 31 December 2015 would be 191 % (31 December 2014: 172 %).

2 — From a formalistic perspective, the German Supervisory Authority deems the model to be 'partial' because it does not cover all of the operations: some of the smaller operations report under the standard model and others under the deduction & aggregation approach.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

26 — Premiums earned (net)

PREMIUMS EARNED (NET)

€ MN	Property-Casualty	Life/Health	Consoli-dation	Group
2015				
Premiums written				
Direct	47,638	24,548	–	72,186
Assumed	3,959	689	(110)	4,538
Subtotal	**51,597**	**25,237**	**(110)**	**76,723**
Ceded	(4,933)	(713)	110	(5,536)
Net	**46,664**	**24,524**	**–**	**71,188**
Change in unearned premiums				
Direct	(168)	(311)	–	(479)
Assumed	(238)	(2)	(1)	(240)
Subtotal	**(405)**	**(313)**	**(1)**	**(719)**
Ceded	171	4	1	176
Net	**(234)**	**(309)**	**–**	**(543)**
Premiums earned				
Direct	47,470	24,237	–	71,707
Assumed	3,721	687	(111)	4,298
Subtotal	**51,191**	**24,924**	**(111)**	**76,005**
Ceded	(4,762)	(709)	111	(5,360)
Net	**46,430**	**24,215**	**–**	**70,645**
2014				
Premiums written				
Direct	45,238	25,015	–	70,253
Assumed	3,084	646	(100)	3,630
Subtotal	**48,322**	**25,660**	**(100)**	**73,883**
Ceded	(3,961)	(602)	100	(4,463)
Net	**44,362**	**25,058**	**–**	**69,420**
Change in unearned premiums				
Direct	(408)	(523)	–	(931)
Assumed	(107)	(21)	5	(123)
Subtotal	**(515)**	**(544)**	**5**	**(1,053)**
Ceded	(88)	–	(5)	(93)
Net	**(602)**	**(544)**	**–**	**(1,146)**
Premiums earned				
Direct	44,830	24,492	–	69,322
Assumed	2,978	624	(95)	3,508
Subtotal	**47,808**	**25,116**	**(95)**	**72,829**
Ceded	(4,048)	(602)	95	(4,555)
Net	**43,759**	**24,514**	**–**	**68,274**

27 — Interest and similar income

INTEREST AND SIMILAR INCOME

€ MN	2015	2014
Interest from held-to-maturity investments	118	166
Dividends from available-for-sale investments	1,895	1,562
Interest from available-for-sale investments	14,276	13,609
Share of earnings from investments in associates and joint ventures	290	196
Rent from real estate held for investment	896	848
Interest from loans to banks and customers	4,731	4,868
Other interest income	203	193
Total	**22,408**	**21,443**

28 — Income from financial assets and liabilities carried at fair value through income (net)

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

€ MN	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
Income (expenses) from financial assets and liabilities held for trading (net)	(270)	(3,404)	–	(263)	1	(3,936)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	(3)	20	–	(4)	(2)	12
Income (expenses) from financial liabilities for puttable equity instruments (net)	1	11	–	1	–	13
Foreign currency gains and losses (net)	147	1,271	(8)	194	–	1,604
Total	**(125)**	**(2,101)**	**(8)**	**(72)**	**(1)**	**(2,307)**
2014						
Income (expenses) from financial assets and liabilities held for trading (net)	(313)	(3,472)	(1)	(141)	(1)	(3,928)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	2	161	2	18	(1)	182
Income (expenses) from financial liabilities for puttable equity instruments (net)	(4)	(88)	–	–	–	(91)
Foreign currency gains and losses (net)	206	1,901	3	123	–	2,234
Total	**(108)**	**(1,497)**	**5**	**–**	**(3)**	**(1,604)**

Foreign currency gains and losses are reported within income from financial assets carried at fair value through income (net) (2015: income of € 1,604 MN; 2014: income of € 2,234 MN). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income. The Allianz Group uses freestanding derivatives, included in the line item income (expenses) from financial assets and liabilities held for trading (net), to hedge against foreign currency fluctuations (2015: expenses of € 2,350 MN; 2014: expenses of € 2,502 MN).

Additionally included in the business segment Life/Health are derivative financial instruments from German entities which relate to duration management (2015: expenses of € 419 MN; 2014: income of € 780 MN) and protection against equity fluctuations (2015: income of € 239 MN; 2014: expenses of € 125 MN), and from U.S. entities which relate to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts (2015: expenses of € 1,143 MN; 2014: expenses of € 1,783 MN).

29 — Realized gains/losses (net)

REALIZED GAINS/LOSSES (NET)

€ MN	2015	2014
REALIZED GAINS		
Available-for-sale investments		
Equity securities	3,349	1,736
Debt securities	4,486	2,296
Subtotal	**7,834**	**4,033**
Investments in associates and joint ventures[1]	148	27
Real estate held for investment	115	141
Loans and advances to banks and customers	876	287
Non-current assets classified as held for sale	108	32
Subtotal	**9,081**	**4,519**
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(267)	(205)
Debt securities	(866)	(279)
Subtotal	**(1,133)**	**(484)**
Investments in associates and joint ventures[2]	(5)	(12)
Real estate held for investment	(1)	(4)
Loans and advances to banks and customers	(5)	(1)
Non-current assets classified as held for sale	–	(1)
Subtotal	**(1,144)**	**(502)**
Total	**7,937**	**4,017**

1 — During the year ended 31 December 2015, include realized gains from the disposal of subsidiaries and businesses of € 115 MN (2014: € 1 MN).

2 — During the year ended 31 December 2015, include realized losses from the disposal of subsidiaries and businesses of € 2 MN (2014: € 1 MN).

30 — Fee and commission income

FEE AND COMMISSION INCOME

€ MN	2015	2014
PROPERTY-CASUALTY		
Fees from credit and assistance business	995	790
Service agreements	478	471
Subtotal	**1,474**	**1,260**
LIFE/HEALTH		
Service agreements	93	97
Investment advisory	1,237	919
Other	–	1
Subtotal	**1,331**	**1,017**
ASSET MANAGEMENT		
Management and advisory fees	6,795	6,834
Loading and exit fees	575	670
Performance fees	607	275
Other	34	46
Subtotal	**8,011**	**7,825**
CORPORATE AND OTHER		
Service agreements	234	70
Investment advisory and banking activities	741	654
Subtotal	**974**	**724**
CONSOLIDATION	(845)	(707)
Total	**10,945**	**10,119**

31 — Other income

OTHER INCOME

€ MN	2015	2014
Income from real estate held for own use		
Realized gains from disposals of real estate held for own use	31	24
Other income from real estate held for own use	4	2
Subtotal	**35**	**26**
Income from alternative investments	235	187
Other	207[1]	2
Total	**476**	**216**

1 — Includes a net gain of € 0.2 BN on the sale of the personal insurance business of Fireman's Fund Insurance Company to ACE Limited. The sale was an integral part of the reorganization of Allianz Group's Property-Casualty insurance business in the United States.

32 — Income and expenses from fully consolidated private equity investments

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS

€ MN	2015	2014
Income		
Sales and service revenues	732	696
Subtotal	**732**	**696**
Expenses		
Cost of goods sold	(226)	(216)
General and administrative expenses	(481)	(469)
Interest expenses	(77)	(54)
Subtotal	**(784)**	**(738)**
Consolidation[1]	(8)	19
Total	**(60)**	**(23)**

1 — This consolidation effect results from the deferred policyholder participation recognized in the result from fully consolidated private equity investments within operating profit in the Life/Health business segment that was reclassified to expenses from fully consolidated private equity investments in non-operating profit to ensure the consistent presentation of the Allianz Group's operating profit.

33 — Claims and insurance benefits incurred (net)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET)

€ MN

	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Claims and insurance benefits paid	(32,194)	(21,015)	72	(53,137)
Change in reserves for loss and loss adjustment expenses	(814)	(522)	–	(1,335)
Subtotal	**(33,008)**	**(21,536)**	**72**	**(54,472)**
Ceded				
Claims and insurance benefits paid	2,163	476	(67)	2,572
Change in reserves for loss and loss adjustment expenses	124	75	–	198
Subtotal	**2,287**	**550**	**(67)**	**2,770**
Net				
Claims and insurance benefits paid	(30,031)	(20,539)	5	(50,566)
Change in reserves for loss and loss adjustment expenses	(690)	(447)	–	(1,137)
Total	**(30,721)**	**(20,986)**	**5**	**(51,702)**
2014				
Gross				
Claims and insurance benefits paid	(30,797)	(20,946)	47	(51,696)
Change in reserves for loss and loss adjustment expenses	(224)	(231)	12	(444)
Subtotal	**(31,021)**	**(21,177)**	**58**	**(52,140)**
Ceded				
Claims and insurance benefits paid	2,095	375	(42)	2,428
Change in reserves for loss and loss adjustment expenses	49	27	(14)	62
Subtotal	**2,143**	**402**	**(56)**	**2,490**
Net				
Claims and insurance benefits paid	(28,702)	(20,571)	5	(49,268)
Change in reserves for loss and loss adjustment expenses	(175)	(204)	(2)	(382)
Total	**(28,878)**	**(20,775)**	**3**	**(49,650)**

34 — Change in reserves for insurance and investment contracts (net)

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET)

€ MN

	Property-Casualty	Life/Health	Consolidation	Group
2015				
Gross				
Aggregate policy reserves	(226)	(6,492)	(2)	(6,721)
Other insurance reserves	(3)	(162)	–	(165)
Expenses for premium refunds	(241)	(7,247)	(53)	(7,540)
Subtotal	**(470)**	**(13,901)**	**(55)**	**(14,425)**
Ceded				
Aggregate policy reserves	9	338	–	347
Other insurance reserves	–	8	–	9
Expenses for premium refunds	–	5	–	5
Subtotal	**9**	**352**	**–**	**361**
Net				
Aggregate policy reserves	(218)	(6,154)	(2)	(6,374)
Other insurance reserves	(2)	(153)	–	(156)
Expenses for premium refunds	(240)	(7,242)	(53)	(7,535)
Total	**(460)**	**(13,550)**	**(55)**	**(14,065)**
2014				
Gross				
Aggregate policy reserves	(238)	(6,189)	–	(6,427)
Other insurance reserves	2	(252)	–	(250)
Expenses for premium refunds	(313)	(6,390)	(827)	(7,529)
Subtotal	**(549)**	**(12,830)**	**(827)**	**(14,206)**
Ceded				
Aggregate policy reserves	7	246	–	253
Other insurance reserves	(1)	11	–	10
Expenses for premium refunds	5	11	(1)	15
Subtotal	**10**	**268**	**(1)**	**277**
Net				
Aggregate policy reserves	(231)	(5,943)	–	(6,174)
Other insurance reserves	–	(241)	–	(240)
Expenses for premium refunds	(307)	(6,379)	(828)	(7,514)
Total	**(538)**	**(12,563)**	**(828)**	**(13,929)**

35 — Interest expenses

INTEREST EXPENSES

€ MN	2015	2014
Liabilities to banks and customers	(207)	(241)
Deposits retained for reinsurance ceded	(47)	(48)
Certificated liabilities	(294)	(285)
Subordinated liabilities	(580)	(585)
Other	(97)	(102)
Total	**(1,224)**	**(1,261)**

36 — Loan loss provisions

LOAN LOSS PROVISIONS

€ MN	2015	2014
Additions to allowances, including direct impairments	(142)	(133)
Amounts released	79	68
Recoveries on loans previously impaired	3	20
Total	**(60)**	**(45)**

37 — Impairments of investments (net)

IMPAIRMENTS OF INVESTMENTS (NET)

€ MN	2015	2014
IMPAIRMENTS		
Available-for-sale investments		
Equity securities	(1,156)	(553)
Debt securities	(344)	(345)
Subtotal	**(1,500)**	**(898)**
Investments in associates and joint ventures	(11)	–
Real estate held for investment	(37)	(24)
Loans and advances to banks and customers	(26)	(16)
Non-current assets classified as held for sale	–	(5)
Subtotal	**(1,575)**	**(944)**
REVERSALS OF IMPAIRMENTS		
Real estate held for investment	40	44
Loans and advances to banks and customers	8	6
Subtotal	**48**	**51**
Total	**(1,526)**	**(894)**

38 — Investment expenses

INVESTMENT EXPENSES

€ MN	2015	2014
Investment management expenses	(676)	(561)
Depreciation of real estate held for investment	(251)	(232)
Other expenses from real estate held for investment	(167)	(168)
Total	**(1,094)**	**(961)**

39 — Acquisition and administrative expenses (net)

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET)

€ MN	2015	2014
PROPERTY-CASUALTY		
Acquisition costs		
Incurred	(10,834)	(10,102)
Commissions and profit received on reinsurance business ceded	576	448
Deferrals of acquisition costs	6,655	6,138
Amortization of deferred acquisition costs	(6,611)	(6,035)
Subtotal	**(10,214)**	**(9,551)**
Administrative expenses[1]	(3,175)	(3,386)
Subtotal	**(13,388)**	**(12,937)**
LIFE/HEALTH		
Acquisition costs		
Incurred	(5,262)	(5,203)
Commissions and profit received on reinsurance business ceded	115	88
Deferrals of acquisition costs	3,364	3,502
Amortization of deferred acquisition costs	(3,432)	(2,648)
Subtotal	**(5,215)**	**(4,261)**
Administrative expenses[1]	(1,720)	(1,606)
Subtotal	**(6,934)**	**(5,868)**
ASSET MANAGEMENT		
Personnel expenses[1]	(2,576)	(2,380)
Non-personnel expenses	(1,585)	(1,415)
Subtotal	**(4,161)**	**(3,795)**
CORPORATE AND OTHER		
Administrative expenses[1]	(1,264)	(750)
Subtotal	**(1,264)**	**(750)**
CONSOLIDATION	30	7
Total	**(25,718)**	**(23,343)**

1 — Include one-off effects from pension revaluation. Please refer to note 6 Segment reporting for further details.

40 — Fee and commission expenses

FEE AND COMMISSION EXPENSES

€ MN

	2015	2014
PROPERTY-CASUALTY		
Fees from credit and assistance business	(999)	(820)
Service agreements	(367)	(360)
Subtotal	**(1,367)**	**(1,180)**
LIFE/HEALTH		
Service agreements	(46)	(34)
Investment advisory	(553)	(353)
Subtotal	**(599)**	**(387)**
ASSET MANAGEMENT		
Commissions	(1,440)	(1,301)
Other	(83)	(145)
Subtotal	**(1,523)**	**(1,445)**
CORPORATE AND OTHER		
Service agreements	(410)	(269)
Investment advisory and banking activities	(335)	(298)
Subtotal	**(745)**	**(567)**
CONSOLIDATION	457	342
Total	**(3,777)**	**(3,238)**

41 — Other expenses

OTHER EXPENSES

€ MN

	2015	2014
Realized losses from disposals of real estate held for own use	–	(7)
Expenses from alternative investments	(121)	(103)
Expenses from non-current assets classified as held for sale	(5)	(18)
Other	(2)	(7)
Total	**(129)**	**(135)**

42 — Income taxes

INCOME TAXES

€ MN

	2015	2014
Current income taxes	(2,889)	(2,454)
Deferred income taxes	(320)	209
Total	**(3,209)**	**(2,245)**

During the year ended 31 December 2015, current income taxes included income of € 73 MN (2014: € 485 MN) related to prior years.

Of the deferred income taxes for the year ended 31 December 2015, expenses of € 309 MN (2014: income of € 198 MN) are attributable to the recognition of deferred taxes on temporary differences, and expenses of € 12 MN (2014: € 15 MN) are attributable to tax losses carried forward. Changes of applicable tax rates due to changes in tax law produced deferred tax income of € 1 MN (2014: € 26 MN).

For the years ended 31 December 2015 and 2014, the income taxes relating to components of other comprehensive income consist of the following:

INCOME TAXES RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

€ MN

	2015	2014
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	119	124
Available-for-sale investments	1,775	(2,820)
Cash flow hedges	34	(40)
Share of other comprehensive income of associates and joint ventures	(1)	(1)
Miscellaneous	(19)	(160)
Items that may never be reclassified to profit or loss		
Actuarial gains (losses) on defined benefit plans	(228)	695
Total	**1,679**	**(2,201)**

The recognized income taxes for the year ended 31 December 2015 are € 155 MN above (2014: € 391 MN below) the calculated income taxes, which are determined by multiplying the respective income before income taxes with the applicable country-specific tax rates. The following table shows the reconciliation from the calculated income taxes to the effectively recognized taxes of the Allianz Group. The Allianz Group's reconciliation is a summary of the individual company-related reconciliations, which are based on the respective country-specific tax rates taking into consideration consolidation effects with an impact on the Group result. The applicable tax rate used in the reconciliation for domestic Allianz Group companies includes corporate tax, trade tax and the solidarity surcharge, and amounted to 31.0 % (2014: 31.0 %).

The effective tax rate is determined on the basis of the effective income tax expenses on income before income taxes.

EFFECTIVE TAX RATE

€ MN	2015	2014
Income before income taxes	10,196	8,848
Applied weighted income tax rate	30.0 %	29.8 %
Calculated income taxes	**3,054**	**2,636**
Trade tax and similar taxes	185	210
Net tax exempt income	(108)	(2)
Effects of tax losses	82	142
Other effects	(3)	(740)
Effective income taxes	**3,209**	**2,245**
Effective tax rate	**31.5 %**	**25.4 %**

For the year ended 31 December 2015, the write-down of deferred taxes on tax losses increased the tax expenses by € 113 MN (2014: € 167 MN). The reversal of write-down of deferred tax assets on tax losses carried forward resulted in deferred tax income of € – MN (2014: € 6 MN). Due to the use of tax losses carried forward, for which deferred tax assets were previously written off, the current income tax expenses decreased by € 3 MN (2014: € 9 MN). Deferred tax income increased by € 28 MN (2014: € 10 MN) due to the use of tax losses carried forward, for which deferred tax assets were previously written off. The above-mentioned effects are shown in the reconciliation statement as "effects of tax losses". The other effects include for the year ended 31 December 2014 a total of € (846) MN in current and deferred taxes for prior years, resulting from a favorable decision of the German Federal Fiscal Court (BFH) received by Allianz Leben.

The tax rates used in the calculation of the Allianz Group's deferred taxes are the applicable national rates, which in 2015 ranged from 10.0 % to 45.0 %. Changes to tax rates that had already been adopted on 31 December 2015 are taken into account. In 2015, Italy enacted a tax rate decrease from 27.5 % to 24 % effective 2017. In 2015, the United Kingdom enacted a gradual tax rate decrease to 18 % in 2018. Impacts from changes in tax rates lead to deferred tax income of € 1 MN (2014: € 26 MN).

Deferred tax assets on losses carried forward are recognized to the extent to which it is more likely than not that sufficient future taxable profits will be available for realization. Entities which suffered a tax loss in either the current or the preceding period recognized deferred tax assets in excess of deferred tax liabilities amounting to € 466 MN (2014: € 375 MN).

DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS AND LIABILITIES

€ MN as of 31 December	2015	2014
Deferred tax assets		
Financial assets carried at fair value through income	136	53
Investments	4,995	3,202
Deferred acquisition costs	967	1,759
Other assets	1,435	1,283
Intangible assets	170	166
Tax losses carried forward	2,373	2,435
Insurance reserves	4,888	4,616
Pensions and similar obligations	4,455	4,353
Other liabilities	1,214	871
Total deferred tax assets	**20,633**	**18,737**
Non-recognition or valuation allowance for deferred tax assets on tax losses carried forward	(759)	(850)
Effect of netting	(18,480)	(16,841)
Net deferred tax assets	**1,394**	**1,046**
Deferred tax liabilities		
Financial assets carried at fair value through income	235	128
Investments	9,357	9,643
Deferred acquisition costs	4,958	4,824
Other assets	1,267	1,017
Intangible assets	661	410
Insurance reserves	2,808	2,691
Pensions and similar obligations	2,674	2,609
Other liabilities	524	450
Total deferred tax liabilities	**22,483**	**21,773**
Effect of netting	(18,480)	(16,841)
Net deferred tax liabilities	**4,003**	**4,932**
Net deferred tax assets (liabilities)	**(2,609)**	**(3,886)**

Taxable temporary differences associated with investments in Allianz Group companies for which no deferred tax liabilities are recognized, as the Allianz Group is able to control the timing of their reversal, and which will not reverse in the foreseeable future, amounted to € 585 MN (2014: € 707 MN). Deductible temporary differences arising from investments in Allianz Group companies for which no deferred tax assets are recognized, as it is not probable that they will reverse in the foreseeable future, amounted to € 98 MN (2014: € 191 MN).

TAX LOSSES CARRIED FORWARD

Tax losses carried forward at 31 December 2015 of € 10,395 MN (2014: € 10,521 MN) resulted in the recognition of deferred tax assets to the extent that there is sufficient certainty that the unused tax losses will be utilized. € 9,383 MN (2014: € 9,422 MN) of the tax losses carried forward can be used for an unlimited period of time.

Tax losses carried forward are scheduled according to their expiry periods as follows:

TAX LOSSES CARRIED FORWARD

€ MN	2015
2016	37
2017 – 2018	92
2019 – 2020	156
2021 – 2025	594
>10 years	132
Unlimited	9,383
Total	**10,395**

OTHER INFORMATION

43 — Derivative financial instruments

DERIVATIVE FINANCIAL INSTRUMENTS

€ MN as of 31 December	2015						2014		
	Maturity by notional amount			Notional principal amounts	Positive fair values	Negative fair values	Notional principal amounts	Positive fair values	Negative fair values
	Up to 1 year	1 – 5 years	Over 5 years						
Interest rate contracts									
OTC									
Forwards	1,361	4,122	264	5,746	338	(238)	2,735	424	–
Swaps	864	3,847	53,334	58,046	577	(361)	31,504	556	(397)
Swaptions	–	4,000	6,081	10,081	93	–	32,228	120	–
Caps	905	4,032	2	4,939	–	(13)	4,939	–	(18)
Options	–	–	14	14	–	(14)	19	–	(3)
Exchange-traded									
Futures	4,193	–	–	4,193	–	–	5,189	34	(8)
Forwards	–	–	–	–	–	–	78	3	–
Warrants	–	–	3	3	–	–	–	–	–
Subtotal	**7,322**	**16,001**	**59,699**	**83,022**	**1,008**	**(626)**	**76,693**	**1,136**	**(426)**
Equity/Index contracts									
OTC									
Forwards	1,120	–	199	1,319	135	(59)	926	65	(15)
Floors	1	–	–	1	1	–	–	–	–
Swaps	4,191	35	1,252	5,478	24	(66)	6,332	34	(39)
Options	144,570	3,956	208	148,734	412	(8,193)	147,424	469	(7,315)
Warrants	–	–	5,442	5,442	–	(174)	4,513	–	(181)
Exchange-traded									
Futures	9,765	–	–	9,765	–	–	20,709	86	(65)
Options	5,642	–	–	5,642	58	–	6,347	84	–
Warrants	2,705	–	–	2,705	14	–	2,684	51	–
Subtotal	**167,993**	**3,992**	**7,101**	**179,085**	**644**	**(8,492)**	**188,936**	**789**	**(7,616)**
Foreign exchange contracts									
OTC									
Futures	–	–	–	–	–	–	721	1	(16)
Forwards	44,445	1,387	–	45,832	415	(396)	33,621	121	(663)
Swaps	246	218	642	1,106	60	(28)	637	19	(27)
Options	14	37	–	50	7	–	34	8	–
Subtotal	**44,705**	**1,641**	**642**	**46,988**	**482**	**(424)**	**35,013**	**148**	**(706)**
Credit contracts									
OTC									
Swaps	68	1,617	1,090	2,775	11	(130)	4,025	19	(26)
Options	8	–	–	8	–	(2)	2	–	–
Exchange-traded									
Swaps	–	–	–	–	–	–	7	3	–
Subtotal	**76**	**1,617**	**1,090**	**2,783**	**11**	**(132)**	**4,033**	**22**	**(26)**
Real estate contracts									
OTC									
Options	6	–	–	6	–	–	6	1	–
Subtotal	**6**	**–**	**–**	**6**	**–**	**–**	**6**	**1**	**–**
Total	**220,101**	**23,251**	**68,532**	**311,883**	**2,146**	**(9,675)**	**304,681**	**2,096**	**(8,774)**

The table shows the fair value and notional amounts of all freestanding derivatives as well as derivatives for which hedge accounting is applied by the Allianz Group as of 31 December 2015 and 2014, respectively. The notional principal amounts indicated in the table are cumulative, as they include the absolute value of the notional principal amounts of derivatives with positive and negative fair values. Although these notional principal amounts reflect the degree of the Allianz Group's involvement in derivative transactions, they do not represent amounts exposed to risk. Further information on the use of derivatives to hedge risks can be found in the sections on market and credit risk in the Risk and Opportunity Report which forms part of the Group Management Report.

FREESTANDING DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2015, freestanding derivatives, included in the line item financial assets and liabilities held for trading, had a notional principal amount of € 292.1 BN (2014: € 297.2 BN), as well as a positive fair value of € 1.6 BN (2014: € 1.6 BN) and a negative fair value of € 9.2 BN (2014: € 8.5 BN). Out of the total allocated to the freestanding derivatives, € 202.9 BN (2014: € 189.2 BN) of the notional principal relate to annuity products. These products are equity-indexed or contain certain embedded options or guarantees which are considered embedded derivatives under IAS 39. For these embedded derivatives, the notional principal amounts included in the table refer to the account value of the related insurance contracts. The total negative fair value of these embedded derivatives amounts to € 7.8 BN (2014: € 6.7 BN). Further information on the fair value measurement of these derivatives can be found in note 44 Financial instruments and fair value measurement.

DERIVATIVE FINANCIAL INSTRUMENTS USED IN ACCOUNTING HEDGES

As of 31 December 2015, derivatives which form part of hedge accounting relationships, which are included in the line items other assets and other liabilities, had a notional amount of € 19.8 BN (2014: € 7.5 BN), as well as a positive fair value of € 565 MN (2014: € 477 MN) and a negative fair value of € 472 MN (2014: € 281 MN). These hedging instruments mainly include interest rate forwards with a total negative fair value of € 176 MN (2014: € 151 MN).

Fair value hedges

The Allianz Group uses fair value hedges to hedge the exposure to changes in the fair value of financial assets due to movements in interest or exchange rates. As of 31 December 2015, the derivative financial instruments used for the related fair value hedges of the Allianz Group had a total negative fair value of € 177 MN (2014: € 157 MN). Within the Allianz Group's banking business, derivatives to hedge against interest rate changes are implemented for individual transactions (micro hedges) or for a portfolio of similar assets or liabilities (macro hedges).

Additionally, the Allianz Group uses fair value hedges to hedge its equity portfolio against equity market risk. As of 31 December 2015, the derivatives used as hedging instruments in the related fair value hedges had a total positive fair value of € 84 MN (2014: € 21 MN).

For the year ended 31 December 2015, the Allianz Group recognized for fair value hedges a net gain of € 3 MN (2014: net loss of € 30 MN) on the hedging instruments and a net loss of € 9 MN (2014: net gain of € 35 MN) on the hedged items attributable to the hedged risk.

Cash flow hedges

During the year ended 31 December 2015, cash flow hedges were used to hedge the exposure to the variability from cash flows arising from interest rate or exchange rate fluctuations as well as inflation. As of 31 December 2015, the derivative instruments utilized had a total positive fair value of € 177 MN (2014: € 412 MN). Unrealized gains and losses (net) in shareholders' equity decreased by € 49 MN (2014: increased by € 84 MN). Amounts accumulated in the other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss. This is the case when the forecast transactions that are hedged take place.

Hedge of net investment in foreign operations

As of 31 December 2015, the Allianz Group hedges part of its U.S. Dollar, British Pound, Australian Dollar and Swiss Franc net investments through the issuance of U.S. Dollar, British Pound, Australian Dollar and Swiss Franc denominated liabilities with a nominal amount of GBP 0.8 BN and CHF 0.5 BN, as well as the use of forward sales of U.S. Dollar, British Pound, Australian Dollar and Swiss Franc with a notional of USD 0.5 BN, GBP 0.3 BN, AUD 0.4 BN and CHF 0.1 BN. The total positive fair value in 2015 was € 9 MN (2014: total negative fair value of € 80 MN).

OFFSETTING

The Allianz Group mainly enters into enforceable master netting arrangements and similar arrangements for derivatives transactions. None of these enforceable master netting arrangements or similar arrangements meet the requirements for offsetting in line with IAS 32.

Credit risk associated with netting arrangements is further mitigated by collateral. For further information on collateral, please refer to note 44 Financial instruments and fair value measurement.

44 — Financial instruments and fair value measurement

Certain risk disclosure requirements of IFRS 7 are reflected in the following sections within the Risk and Opportunity Report in the Group Management Report:

- Internal risk capital model including all subsections,
- Limitations,
- Risk profile and risk management,
- Quantifiable risks, including all subsections other than Business risk and Operational risk,
- Liquidity risk.

FAIR VALUES AND CARRYING AMOUNTS

The following table compares the carrying amount with the fair value of the Allianz Group's financial assets and financial liabilities:

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

€ MN as of 31 December	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	14,842	14,842	13,863	13,863
Financial assets held for trading	2,258	2,258	2,214	2,214
Financial assets designated at fair value through income	5,010	5,010	3,660	3,660
Available-for-sale investments	488,365	488,365	465,914	465,914
Held-to-maturity investments	2,745	3,165	3,969	4,710
Investments in associates and joint ventures	5,056	6,207	4,059	4,820
Real estate held for investment	11,977	17,810	11,349	16,323
Loans and advances to banks and customers	117,630	136,397	117,075	140,238
Financial assets for unit-linked contracts	105,873	105,873	94,564	94,564
Derivative financial instruments and firm commitments included in other assets	565	565	477	477
FINANCIAL LIABILITIES				
Financial liabilities held for trading	9,207	9,207	8,496	8,496
Liabilities to banks and customers	25,531	25,563	23,015	23,607
Financial liabilities for unit-linked contracts	105,873	105,873	94,564	94,564
Derivative financial instruments and firm commitments included in other liabilities	472	472	281	281
Financial liabilities for puttable equity instruments	2,585	2,585	1,793	1,793
Certificated liabilities	8,383	9,208	8,207	9,293
Subordinated liabilities	12,258	13,100	12,037	13,253

As of 31 December 2015, fair values could not be reliably measured for equity investments with carrying amounts totaling € 216 MN (31 December 2014: € 189 MN). These investments are primarily investments in privately held corporations and partnerships. During the year ended 31 December 2015, such investments with carrying amounts of € 62 MN (2014: € 78 MN) were sold. The gains and losses from these disposals were immaterial.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts,
- Derivative financial instruments and firm commitments included in other assets and other liabilities, and
- Financial liabilities for puttable equity instruments.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 31 December 2015 and 2014.

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2015 (ITEMS CARRIED AT FAIR VALUE)

€ MN

	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	101	387	–	489
Equity securities	31	148	9	187
Derivative financial instruments	60	1,483	38	1,582
Subtotal	**192**	**2,018**	**47**	**2,258**
Financial assets designated at fair value through income				
Debt securities	1,605	1,014	25	2,645
Equity securities	2,230	23	112	2,365
Subtotal	**3,836**	**1,037**	**137**	**5,010**
Subtotal	**4,027**	**3,055**	**184**	**7,268**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	14	3,979	–	3,993
Corporate mortgage-backed securities (residential and commercial)	20	12,700	274	12,994
Other asset-backed securities	176	3,994	257	4,427
Government and government agency bonds	41,977	159,999	47	202,023
Corporate bonds	28,428	182,185	9,754	220,367
Other debt securities	627	1,762	1,548	3,938
Equity securities	32,932	776	6,915	40,624
Subtotal	**104,174**	**365,396**	**18,796**	**488,365**
Financial assets for unit-linked contracts	102,954	2,755	164	105,873
Derivative financial instruments and firm commitments included in other assets	–	565	–	565
Total	**211,155**	**371,770**	**19,145**	**602,071**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	28	1,041	8,134	9,203
Other trading liabilities	–	4	–	4
Subtotal	**28**	**1,046**	**8,134**	**9,207**
Financial liabilities for unit-linked contracts	102,954	2,755	164	105,873
Derivative financial instruments and firm commitments included in other liabilities	–	472	–	472
Financial liabilities for puttable equity instruments	2,496	71	19	2,585
Total	**105,478**	**4,343**	**8,317**	**118,137**

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2014 (ITEMS CARRIED AT FAIR VALUE)

€ MN

	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	79	323	–	402
Equity securities	47	133	15	195
Derivative financial instruments	260	1,336	22	1,618
Subtotal	**385**	**1,792**	**38**	**2,214**
Financial assets designated at fair value through income				
Debt securities	887	981	19	1,887
Equity securities	1,624	38	110	1,773
Subtotal	**2,512**	**1,018**	**129**	**3,660**
Subtotal	**2,897**	**2,810**	**167**	**5,875**
Available-for-sale investments				
Government and agency mortgage-backed securities (residential and commercial)	43	3,695	–	3,738
Corporate mortgage-backed securities (residential and commercial)	–	14,146	40	14,186
Other asset-backed securities	259	4,075	218	4,552
Government and government agency bonds	29,810	162,166	39	192,016
Corporate bonds	15,885	188,946	6,452	211,284
Other debt securities	273	1,966	729	2,968
Equity securities	30,077	868	6,226	37,171
Subtotal	**76,347**	**375,862**	**13,704**	**465,914**
Financial assets for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other assets	2	476	–	477
Total	**171,131**	**381,659**	**14,037**	**566,830**
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	49	1,315	7,129	8,493
Other trading liabilities	–	3	–	3
Subtotal	**49**	**1,319**	**7,129**	**8,496**
Financial liabilities for unit-linked contracts	91,885	2,511	166	94,564
Derivative financial instruments and firm commitments included in other liabilities	–	281	–	281
Financial liabilities for puttable equity instruments	1,754	24	15	1,793
Total	**93,688**	**4,135**	**7,310**	**105,134**

Financial assets carried at fair value through income

Financial assets held for trading – Debt and equity securities
The fair value is mainly determined using the market approach. In some cases, it is determined based on the income approach, using interest rates and yield curves observable at commonly quoted intervals.

Financial assets held for trading – Derivative financial instruments
The fair value is mainly determined based on the income approach, using present value techniques and the Black-Scholes-Merton model. Primary inputs for the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals.

Financial assets designated at fair value through income – Debt securities
The fair value is mainly determined based on net asset values for funds and the market approach.

Financial assets designated at fair value through income – Equity securities
For level 2, the fair value is determined using the market approach. For level 3, equity securities mainly represent unlisted equity securities measured at cost.

Available-for-sale investments

Available-for-sale investments – Debt securities
Debt securities include:

- Government and agency mortgage-backed securities (residential and commercial),
- Corporate mortgage-backed securities (residential and commercial),
- Other asset-backed securities,
- Government and government agency bonds,
- Corporate bonds, and
- Other debt securities.

The valuation techniques for these debt securities are similar. For level 2 and level 3, the fair value is determined using the market and the income approach. Primary inputs for the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means that a present value technique is applied where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Available-for-sale investments – Equity securities
For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants.

For level 3, the fair value is mainly determined using net asset values. The net asset values are based on the fair value measurement of the underlying investments and are mainly provided by fund managers. For certain level 3 equity securities, the capital invested is considered to be a reasonable proxy for the fair value.

Financial assets for unit-linked contracts

For level 2, the fair value is determined using the market or the income approach. For the income approach, primary observable inputs include yield curves observable at commonly quoted intervals.

For level 3, the fair value is mainly determined based on the net asset value.

Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

Derivative financial instruments and firm commitments included in other assets

The fair value of the derivatives is mainly determined based on the income approach using present value techniques. Primary inputs include yield curves observable at commonly quoted intervals. The derivatives are mainly used for hedging purposes. Certain derivatives are priced by Bloomberg functions, such as Black-Scholes Option Pricing or the swap manager tool.

Financial liabilities held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined using the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals and credit spreads observable in the market.

For level 3, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. A significant proportion of derivative liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates.

Financial liabilities held for trading – Other trading liabilities

The fair value is mainly determined based on the income approach using present value techniques. Primary inputs comprise swap curves, share prices and dividend estimates.

Derivative financial instruments and firm commitments included in other liabilities

For level 2, the fair value is mainly determined using the income approach. Primary inputs include interest rates and yield curves observable at commonly quoted intervals.

Financial liabilities for puttable equity instruments

Financial liabilities for puttable equity instruments are generally required to be recorded at the redemption amount with changes recognized in income. For level 2 and level 3, the fair value is mainly determined using net asset value techniques.

Significant transfers of financial instruments carried at fair value

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Significant level 3 portfolios – Narrative description and sensitivity analysis

Available-for-sale investments – Equity securities

Equity securities within available-for-sale investments classified as level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group, and in most cases are delivered as net asset values by the fund managers (€ 5.7 BN). The net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

Available-for-sale investments – Corporate bonds

Corporate bonds within available-for-sale investments classified as level 3 are mainly priced based on the income approach (€ 6.1 BN). The primary non-market observable input used in the discounted cash flow method is an option-adjusted spread taken from a benchmark security. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Financial liabilities held for trading

Financial liabilities held for trading mainly include embedded derivative financial instruments relating to annuity products that are priced internally using discounted cash flow models (€ 7.9 BN). A significant decrease (increase) in surrender rates, in mortality rates or in the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Quantification of significant non-market observable inputs

The following table shows the quantitative description of the valuation technique(s) and input(s) used for the level 3 portfolios described above.

QUANTITATIVE DESCRIPTION OF VALUATION TECHNIQUE(S) AND NON-MARKET OBSERVABLE INPUT(S) USED

€ MN

Description	Fair value as of 31 December 2015	Valuation technique(s)	Non-market observable input(s)	Range
Available-for-sale investments				
Equity securities	5,719	Net asset value	n/a	n/a
Corporate bonds	6,076	Discounted cash flow method	Option-adjusted spread	40 bps – 1,415 bps
Financial liabilities held for trading				
Derivative financial instruments	7,869			
Fixed-indexed annuities	5,526	Discounted cash flow method	Annuitizations	0 % – 25 %
			Surrenders	0 % – 25 %
			Mortality	n/a [1]
			Withdrawal benefit election	0 % – 50 %
			Volatility	n/a
Variable annuities	2,343	Discounted cash flow method	Surrenders	0.5 % – 35 %
			Mortality	n/a [1]

1 — Presentation not meaningful. Mortality assumptions are mainly derived from the Annuity 2000 Mortality Table.

Reconciliation of level 3 financial instruments

The following tables show reconciliations of the financial instruments carried at fair value and classified as level 3.

RECONCILIATION OF LEVEL 3 FINANCIAL ASSETS

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	–	–	–	–
Equity securities	15	–	–	(8)
Derivative financial instruments	22	24	–	(201)
Subtotal	**38**	**24**	**–**	**(209)**
Financial assets designated at fair value through income				
Debt securities	19	18	1	(12)
Equity securities	110	1	–	–
Subtotal	**129**	**19**	**1**	**(12)**
Available-for-sale investments				
Corporate mortgage-backed securities (residential and commercial)	40	–	171	(139)
Other asset-backed securities	218	84	–	(102)
Government and government agency bonds	39	16	1	(12)
Corporate bonds	6,452	3,582	(10)	(547)
Other debt securities	729	773	–	(57)
Equity securities	6,226	1,405	–	(1,224)
Subtotal	**13,704**	**5,859**	**162**	**(2,080)**
Financial assets for unit-linked contracts	166	5	1	(10)
Total financial assets at fair value	**14,037**	**5,907**	**164**	**(2,311)**

RECONCILIATION OF LEVEL 3 FINANCIAL LIABILITIES

€ MN

	Carrying value (fair value) as of 1 January 2015	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	7,129	1,851	26	(778)
Financial liabilities for unit-linked contracts	166	5	1	(10)
Financial liabilities for puttable equity instruments	15	9	–	(6)
Total financial liabilities at fair value	**7,310**	**1,865**	**26**	**(793)**

Net gains (losses) recognized in consolidated income statement	Net gains (losses) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 31 December 2015	Net gains (losses) in profit or loss attributable to a change in unrealized gains or losses for financial assets held at the reporting date
–	–	–	–	–	–	–
–	1	–	–	–	9	–
192	–	(1)	2	–	38	(8)
193	**1**	**(1)**	**2**	**–**	**47**	**(8)**
(1)	–	–	–	–	25	–
1	–	–	–	–	112	–
–	**–**	**–**	**–**	**–**	**137**	**–**
37	(13)	–	25	152	274	(1)
23	(29)	(1)	18	46	257	–
–	(1)	–	3	–	47	–
(3)	(291)	–	570	–	9,754	(11)
3	95	(5)	5	3	1,548	2
126	475	(111)	(13)	32	6,915	–
186	**237**	**(116)**	**609**	**234**	**18,796**	**(10)**
2	–	–	–	–	164	–
381	**238**	**(117)**	**611**	**234**	**19,145**	**(18)**

Net losses (gains) recognized in consolidated income statement	Net losses (gains) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 31 December 2015	Net losses (gains) in profit or loss attributable to a change in unrealized gains or losses for financial liabilities held at the reporting date
(891)	–	–	796	–	8,134	701
2	–	–	–	–	164	–
1	–	–	–	–	19	–
(888)	**–**	**–**	**796**	**–**	**8,317**	**701**

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment, or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 37 Impairments of investments (net).

FAIR VALUE INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2015 (ITEMS NOT CARRIED AT FAIR VALUE)

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Held-to-maturity investments	1,677	1,452	36	3,165
Investments in associates and joint ventures	362	40	5,806	6,207
Real estate held for investment	–	–	17,810	17,810
Loans and advances to banks and customers	4,978	82,913	48,505	136,397
Total assets	**7,018**	**84,405**	**72,156**	**163,579**
FINANCIAL LIABILITIES				
Liabilities to banks and customers	8,574	3,938	13,051	25,563
Certificated liabilities	–	8,625	583	9,208
Subordinated liabilities	–	12,829	271	13,100
Total liabilities	**8,574**	**25,392**	**13,905**	**47,871**

FAIR VALUE HIERARCHY AS OF 31 DECEMEBER 2014 (ITEMS NOT CARRIED AT FAIR VALUE)

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total
FINANCIAL ASSETS				
Held-to-maturity investments	1,182	3,525	2	4,710
Investments in associates and joint ventures	330	18	4,472	4,820
Real estate held for investment	–	–	16,323	16,323
Loans and advances to banks and customers	494	96,339	43,403	140,238
Total assets	**2,006**	**99,882**	**64,200**	**166,091**
FINANCIAL LIABILITIES				
Liabilities to banks and customers	7,984	1,608	14,015	23,607
Certificated liabilities	–	8,618	675	9,293
Subordinated liabilities	–	13,012	241	13,253
Total liabilities	**7,984**	**23,239**	**14,931**	**46,154**

Held-to-maturity investments

For level 2 and level 3, the fair value is mainly determined based on the market approach using quoted market prices and the income approach using deterministic discounted cash flow models.

Investments in associates and joint ventures

For level 2, fair values are mainly determined based on the net asset values. For level 3, fair values are mainly based on an income approach using a discounted cash flow method or net asset values as provided by third-party vendors.

Real estate

Fair values are mainly determined based on the income approach. In some cases, a market approach is applied using market prices of identical or comparable assets in markets which are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.

Loans and advances to banks and customers

For loans and advances to banks and customers, quoted market prices are rarely available. Level 1 consists mainly of highly liquid advances, e.g. short-term investments. The fair value for these assets in level 2 and level 3 is mainly derived based on the income approach using deterministic discounted cash flow models.

Liabilities to banks and customers

Level 1 consists mainly of highly liquid liabilities, e.g. payables on demand. The fair value for liabilities in level 2 and level 3 is mainly derived based on the income approach, using future cash flows discounted with risk-specific interest rates. Main non-market observable inputs include credit spreads. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate of the fair value.

Certificated liabilities and subordinated liabilities

For level 2, the fair value is mainly determined based on the market approach, using quoted market prices, and based on the income approach, using deterministic discounted cash flow models. For level 3, fair values are mainly derived based on the income approach using deterministic cash flows with credit spreads as primary non-market observable inputs. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

RECLASSIFICATION OF FINANCIAL ASSETS

On 31 January 2009, certain USD-denominated CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39.

As of 31 December 2014, the carrying amount and fair value of the CDOs was € 167 MN and € 169 MN, respectively. As of 31 December 2015, the carrying amount and fair value of the CDOs was € 4 MN and € 4 MN, respectively. This reduction was driven by the circumstance that one CDO vehicle was restructured during the second quarter of 2015. In the course of this, the underlying assets of the CDO vehicle were recognized as available-for-sale investments. For the year ended 31 December 2015, the net profit related to the CDOs was € 19 MN.

TRANSFERS OF FINANCIAL ASSETS

As of 31 December 2015, the Allianz Group substantially retained all the risks and rewards out of the ownership of transferred assets. There have not been any transfers of financial assets that were derecognized in full or partly, in which Allianz continues to control the transferred assets. Transfers of financial assets mainly relate to securities lending and repurchase agreement transactions. Transferred financial assets in repurchase agreement and securities lending transactions are mainly available-for-sale debt and equity securities for which substantially all of the risks and rewards are retained. As of 31 December 2015, the carrying amount of the assets transferred for securities lending transactions amounted to € 5,294 MN (2014: € 7,596 MN). For repurchase agreements, the carrying amount of the assets transferred amounted to € 1,394 MN (2014: € 1,119 MN) and the carrying amount of the associated liabilities amounted to € 1,410 MN (2014: € 1,168 MN).

ASSETS PLEDGED AND COLLATERAL

The carrying amounts of the assets pledged as collateral are displayed in the following table:

ASSETS PLEDGED AS COLLATERAL

€ MN as of 31 December	2015	2014
Collaterals without right to resell or repledge		
Financial assets carried at fair value through income	7	–
Investments	6,337	4,734
Loans and advances to banks and customers	2,726	2,877
Subtotal	**9,070**	**7,611**
Collaterals with right to resell or repledge		
Investments	2,295	2,628
Subtotal	**2,295**	**2,628**
Total	**11,365**	**10,239**

As of 31 December 2015, the Allianz Group has received collateral, consisting of fixed income and equity securities, with a fair value of € 2,349 MN (2014: € 2,501 MN), which the Allianz Group has the right to sell or repledge. For the years ended 31 December 2015 and 2014, no previously received collateral was sold or repledged by the Allianz Group.

As of 31 December 2015, the Allianz Group received cash collateral with a carrying amount of € 212 MN (2014: € 15 MN).

45 — Interests in unconsolidated structured entities

NATURE, PURPOSE AND ROLE OF THE ALLIANZ GROUP IN STRUCTURED ENTITIES

To improve transparency and to meet requirements of regulators and other financial authorities, IFRS 12 introduced additional disclosure requirements for unconsolidated structured entities often referred to as off-balance sheet activities. Unconsolidated structured entities, particularly securitization vehicles and asset-backed financings, were identified by regulators as forming part of such activities.

Under IFRS 12, a structured entity is defined as an entity that has been designed so that voting rights or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Allianz Group engages in some business activities that involve entities that fit the above-mentioned definition of structured entities. Primarily, the Allianz Group is involved with such entities due to its investment activities in the insurance business and due to its asset management activities. Furthermore, structured entities are used by the Allianz Group to source out certain risks to investors as part of its reinsurance business. Generally, the classification of entities as structured entities may require significant judgment.

In the following, the business activities involving unconsolidated structured entities are described.

Investments in asset-backed securities (ABS) and mortgage-backed securities (MBS) issued by securitization vehicles

The Allianz Group acts as investor in ABS- or MBS-issuing securitization vehicles which purchase pools of assets including commercial mortgage loans (CMBS), auto loans, credit card receivables and others. These securitization vehicles refinance the purchase of assets by issuing tranches of ABS or MBS, whose repayment is linked to the performance of the assets held by the vehicles.

Securitization vehicles invested in by the Allianz Group have been set up by third parties. Furthermore, the Allianz Group has neither transferred any assets to these vehicles nor has it provided any further credit enhancements to them.

Income derived from investments in securitization vehicles mainly includes interest income generated from ABS and MBS, as well as realized gains and losses from disposals of these securities.

Within the asset management business, the Allianz Group acts as asset manager for some securitization vehicles. The assets under management of these vehicles amounted to € 1,753 MN as of 31 December 2015 (2014: € 2,202 MN). Some of the affected vehicles have been set up by the Allianz Group whereas others have been set up by third parties. In this respect, the role of the Allianz Group is limited to asset management. The Allianz Group has not invested in these vehicles being managed.

Income derived from the management of securitization vehicles comprises asset management fees.

Investments in investment funds

Considering the broad variety of investment funds across different jurisdictions, the classification of investment funds as structured entities based on the definition in IFRS 12 and current industry practice is judgmental. As a general rule, the relevant activities of an investment fund are dedicated to the fund manager via asset management agreements. In contrast, influence from investors on the relevant activities of unconsolidated funds is usually either precluded by legal or regulatory provisions or is not deemed to be substantial.

Investment funds are generally subject to stringent regulatory requirements from financial authorities in all jurisdictions across the world. Comprehensive regulation of funds protects fund investors and also helps to limit investment risk. These mechanisms result in a legal set-up of funds, agreed and accepted by investors and investment managers, that may lead to a classification as structured entities under IFRS 12.

With regard to investment activities, income mainly includes distributions from the funds as well as realized gains and losses from disposals.

Fund management activities

Within the asset management business, investment funds are established and managed to accommodate retail and institutional clients' requirements to hold investments in specific assets, market segments or regions. Within the insurance business, policyholder money is partly invested in investment funds, which include funds managed by Allianz Group internal asset managers as well as funds set up and managed by third parties. Investment funds managed or invested in by Allianz Group may include mutual funds, special funds and other funds.

Income derived from the management of investment funds includes mainly asset management fees and performance based fees.

Investment funds launched by group-internal asset managers can be considered to be sponsored by the Allianz Group. As a sponsor, the Allianz Group through its asset management subsidiaries is involved in the legal set-up and marketing of internally managed investment funds. This may include providing seed capital to the funds and providing administrative services to ensure the investment funds' operation. Investment funds managed by group-internal asset managers can be reasonably associated with the Allianz Group. The use of the Allianz name for investment funds is another indicator that the Allianz Group has acted as a sponsor for the respective funds. Information on the management fees generated in the asset management business are disclosed in note 30 Fee and commission income of this Annual Report.

Reinsurance business

The Allianz Group also uses structured entities in the reinsurance business, where hurricane and earthquake risks are sourced to external investors via the issuance of catastrophe bonds issued by bankruptcy-remote structured entities. The performance of the issued bonds is linked to the occurrence or non-occurrence of specific catastrophe events. The cash received from the issued bonds is invested into low-risk structured notes. In parallel, the structured entities enter into derivative contracts with the Allianz Group under which the underlying risks are transferred from the Allianz Group to the structured entities. Thus, the Allianz Group transfers exposure to variable returns into the structured entities instead of exposing itself to them. Since the Allianz Group is not exposed to the variable returns of these entities, they are not consolidated within the consolidated financial statements of the Allianz Group.

Income derived from the involvement in these structured entities is only driven by the valuation of the derivatives under which insurance risks are transferred. According to the purpose those derivatives are held to maturity. They are treated as freestanding derivatives and are thus measured at fair value through profit or loss.

NATURE OF RISKS ASSOCIATED WITH UNCONSOLIDATED STRUCTURED ENTITIES

Interests in asset-backed securities (ABS) and mortgage-backed securities (MBS) issued by securitization vehicles

CARRYING AMOUNTS OF ABS AND MBS INVESTMENTS BY TYPE OF CATEGORY

€ MN

as of 31 December	Financial assets carried at fair value through income	Investments	Loans and advances to banks and customers	Total
2015				
U.S. agency	–	3,584	–	3,584
CMBS	–	9,433	–	9,433
CMO/CDO[1]	2	3,554	165	3,721
Auto	–	468	–	468
Credit card	–	284	–	284
Other	2	4,096	28	4,126
Total	**4**	**21,419**	**193**	**21,616**
2014				
U.S. agency	–	3,445	–	3,445
CMBS	–	10,347	–	10,347
RMBS	–	2,435	215	2,649
CMO/CDO	3	940	192	1,135
Auto	–	871	–	871
Credit card	–	270	–	270
Other	16	4,178	–	4,194
Total	**19**	**22,485**	**407**	**22,912**

1 — In 2015, € 2.2 BN were reclassified from RMBS to CMO/CDO.

CARRYING AMOUNTS OF ABS AND MBS INVESTMENTS BY RATING

€ MN

as of 31 December	Financial assets carried at fair value through income	Investments	Loans and advances to banks and customers	Total
2015				
AAA	–	16,000	–	16,000
AA	–	2,796	161	2,957
A	–	1,723	–	1,723
BBB	–	558	–	558
Non-investment grade	2	328	4	335
Not rated	1	14	28	44
Total	**4**	**21,419**	**193**	**21,616**
2014				
AAA	13	17,253	–	17,266
AA	–	2,301	112	2,413
A	1	1,917	103	2,021
BBB	–	695	–	695
Non-investment grade	3	309	164	476
Not rated	1	11	28	40
Total	**19**	**22,485**	**407**	**22,912**

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 21,244 MN (2014: € 21,981 MN). This amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it have the intention to provide such support in the future.

Investments in investment funds

INVESTMENTS IN INVESTMENT FUNDS BY ASSET CLASS

€ MN

as of 31 December	Financial assets carried at fair value through income	Investments	Total
2015			
Debt funds	499	5,399	5,898
Stock funds	881	2,984	3,865
Private equity funds	1	6,360	6,361
Property funds	–	2,633	2,633
Other funds	242	288	530
Total	**1,623**	**17,665**	**19,288**
2014			
Debt funds	340	5,908	6,248
Stock funds	884	3,370	4,254
Private equity funds	–	5,685	5,685
Property funds	–	1,531	1,531
Other funds	196	238	433
Total	**1,420**	**16,731**	**18,150**

Out of the total investment fund exposure, investments of € 10.1 BN (2014: € 10.0 BN) relate to listed investment funds, whereas investments of € 9.2 BN (2014: € 8.1 BN) relate to unlisted investment funds.

As of the reporting date, the Allianz Group has receivables from unconsolidated investment funds, which are mainly due in return for asset management services, amounting to € 723 MN (2014: € 724 MN). Furthermore, the Allianz Group has commitments to invest in private equity funds and similar financial instruments totaling € 5,460 MN as of 31 December 2015 (2014: € 4,388 MN).

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 16,196 MN (2014: € 15,205 MN). This amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it have the intention to provide such support in the future.

Besides the above-mentioned investments in investment funds, the Allianz Group also holds investment funds to fund unit-linked insurance contracts. However, these holdings are held on behalf and for the benefit of unit-linked policyholders only. For that reason, these holdings are not included in the above-mentioned table. As of 31 December 2015, the volume of unit-linked assets amounted to € 105,873 MN (2014: € 94,564 MN). The maximum exposure to loss on these investments is covered by liabilities recorded for unit-linked contracts.

Reinsurance business

As of 31 December 2015, the outstanding volume of catastrophe bond linked to hurricane and earthquake risks sponsored by the Allianz Group amounted to € 161 MN (2014: € 343 MN). The fair value of the derivative between the Allianz Group and the structured entity issuing the catastrophe bond amounted to € (1) MN (2014: € (4) MN).

46 — Related party transactions

Information on the remuneration of Board members and transactions with these persons can be found in the Remuneration Report, starting on page 37.

Transactions between Allianz SE and its subsidiaries that are to be deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Business relations with joint ventures and associates are set on an arm's length basis.

47 — Litigation, guarantees and other contingencies and commitments

LITIGATION

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of businesses, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management does not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial position and the results of operations of the Allianz Group, 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 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.

In September 2015, a putative class action complaint was filed against Allianz Life Insurance Company of North America (Allianz Life) in California, making allegations similar to those made in prior class actions regarding the sale of Allianz Life's two-tier annuity products, including allegations of breach of contract and violation of California unfair competition law. The ultimate outcome of the case cannot yet be determined. In 2015, Allianz Life also settled a consolidated matter, and another case was dismissed.

Pacific Investment Management Company LLC (PIMCO) and Allianz Asset Management of America, L.P. (AAM US), have been named as defendants in litigation in California brought by William H. Gross, a former employee of PIMCO, in October 2015. Mr. Gross's complaint alleges that, even though Mr. Gross resigned, he is entitled to additional profit sharing payments from PIMCO of at least USD 200 MN. Allianz believes that this lawsuit is without merit. The ultimate outcome of this matter cannot yet be determined.

GUARANTEES AND OTHER CONTINGENCIES

Guarantees

The guarantees issued by the Allianz Group consist of financial guarantees, indemnification contracts and performance contracts.

Financial guarantees

The majority of the Allianz Group's financial guarantees are issued to customers through the normal course of banking business in return for fee and commission income, which is generally determined based on rates subject to the nominal amount of the guarantees and inherent credit risks. Once a guarantee has been drawn upon, any amount paid by the Allianz Group to third parties is treated as a loan to the customer, and is, therefore, basically subject to the credit risk of the customer or the collateral pledged, respectively.

As of 31 December 2015, the financial guarantees amount to € 454 MN (2014: € 434 MN), € 393 MN of which are due within one year. The collateral held amounts to € 57 MN (2014: € 49 MN). Nearly all customers of the letters of credit have no external credit rating.

Indemnification contracts

Indemnification contracts are executed by the Allianz Group with various counterparties under existing service, lease or acquisition transactions. Such contracts may also be used to indemnify counterparties under various contingencies, such as changes in laws and regulations or litigation claims.

In connection with the sale of various of the Allianz Group's former private equity investments, subsidiaries of the Allianz Group provided indemnities to the respective buyers in the event that certain contractual warranties arise. The terms of the indemnity contracts cover ordinary contractual warranties, environmental costs, and any potential tax liabilities the entity incurred while owned by the Allianz Group.

As of 31 December 2015, the indemnification contracts amount to € 89 MN (2014: € 108 MN), which are almost entirely due after five years. No collateral was held. Nearly all customers of the indemnification contracts have an external credit rating of A.

Performance guarantees

Performance guarantees are given by the Allianz Group to ensure third-party entitlements if certain performance obligations of the guarantee recipient are not fulfilled.

As of 31 December 2015, the performance guarantees amount to € 31 MN (2014: € 43 MN), € 19 MN of which are due within one year. The collateral held amounts to € 31 MN (2014: € 55 MN).

Other contingencies

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

Allianz and HT1 Funding GmbH have signed a Contingent Indemnity Agreement in July 2006, pursuant to which Allianz may, in certain circumstances, be obliged to make payments to HT1 Funding GmbH. HT1 Funding GmbH issued nominal € 1,000 MN Tier 1 Capital Securities with an annual coupon of 6.352 % (as of 30 June 2017, the coupon will be 12-month EURIBOR plus a margin of 2.0 % p.a.). The contingent payment obligation of the Allianz Group was reduced in 2012 following a reduction of the nominal amount of the Tier 1 Capital Securities from € 1,000 MN to € 416 MN. The securities have no scheduled maturity and the security holders have no right to call for their redemption. The securities may be redeemed at the option of the issuer on 30 June 2017, and thereafter. The Allianz Group expects not to be obliged to make a payment in the foreseeable future; however, it is not possible for the Allianz Group to predict the ultimate potential payment obligations at this point in time.

COMMITMENTS

Loan commitments

The Allianz Group engages in various lending commitments to meet the financing needs of its customers. They consist of advances, standby facilities, guarantee credits, mortgage loans and public-sector loans. As of 31 December 2015, the total of loan commitments amounts to € 1,045 MN (2014: € 953 MN) and represents the amounts at risk should customers draw fully on all facilities and then default, excluding the effect of any collateral. Since the majority of these commitments may expire without being drawn upon, these loan commitments are not representative of actual liquidity requirements for such commitments.

Leasing commitments

The Allianz Group occupies property in many locations under various long-term operating leases as well as one long-term finance lease and has entered into various operating leases covering the long-term use of data processing equipment and other office equipment.

As of 31 December 2015, the future minimum lease payments under non-cancelable operating and finance leases were as follows:

Operating leases

FUTURE MINIMUM LEASE PAYMENTS - OPERATING LEASES

€ MN	2015
Due in 1 year or less	332
Due after 1 year and up to 5 years	1,141
Due after 5 years	1,397
Subtotal	**2,871**
Subleases	(307)
Total	**2,565**

For the year ended 31 December 2015, rental expenses totaled € 347 MN (2014: € 322 MN), net of sublease rental income received of € 5 MN.

Finance lease

FUTURE MINIMUM LEASE PAYMENTS - FINANCE LEASE

€ MN	2015	
	Gross amount	Present value
Due in 1 year or less	1	1
Due after 1 year and up to 5 years	21	21
Due after 5 years	1,071	181
Total	**1,093**	**203**

As of 31 December 2015, the net carrying amount of the finance lease obligation, which is included in other liabilities, amounted to € 111 MN. Gross minimum lease payments were reduced by imputed interest in the amount of € 890 MN to receive the present value of minimum lease payments. The underlying contract expires as of 31 December 2111.

Purchase obligations

The Allianz Group has commitments for mortgage loans and to buy multi-tranche loans of € 4,133 MN (2014: € 3,388 MN) as well as to invest in private equity funds and similar financial instruments totaling € 5,460 MN (2014: € 4,388 MN) as of 31 December 2015. As of 31 December 2015, commitments outstanding to invest in real estate used by third parties or used by the Allianz Group for its own activities and for infrastructure investments amount to € 1,958 MN (2014: € 1,209 MN).

In addition, as of 31 December 2015, the Allianz Group has other purchase obligations of € 2,762 MN (2014: € 743 MN) mainly referring to maintenance, IT-services, sponsoring and other obligations.

Other commitments

Within the Allianz Group several entities are obliged to make contributions to an industry-specific compensation scheme. The most important ones are the following:

Pursuant to §§ 221 ff. of the German Insurance Supervision Act in its version applicable as from 1 January 2016 (“Versicherungsaufsichtsgesetz” – VAG), a mandatory insurance guarantee scheme (“Sicherungsfonds”) for life insurers is implemented in Germany. Each member of the scheme is obliged to make annual contributions to the scheme as well as special payments under certain circumstances. The exact amount of obligations for each member is calculated according to the provisions of a Federal Regulation (“Sicherungsfonds-Finanzierungs-Verordnung (Leben)” – SichLVFinV). As of 31 December 2015, the future liabilities of Allianz Lebensversicherungs-Aktiengesellschaft and its subsidiaries to the insurance guarantee scheme pursuant to the SichLVFinV amount to annual contributions of € 11.9 MN (2014: € 10.3 MN) and an obligation for special payments of, in principle, € 157 MN (2014: € 157 MN) per year.

In accordance with §§ 221 ff. of the German Insurance Supervision Act, Allianz Private Krankenversicherungs-AG is a member of the mandatory insurance guarantee scheme (Sicherungsfonds) for German health insurers. In case the guarantee scheme has to resume responsibility for insurance contracts, it will collect special payments from its members to fulfill its tasks. Up until the reporting date, no contributions have been requested by the scheme. As of 31 December 2015, the potential liabilities of Allianz Private Krankenversicherungs-AG to the insurance guarantee scheme amount to an obligation for special payments of € 52 MN (2014: € 51 MN).

In December 2002, Protektor Lebensversicherungs-Aktiengesellschaft (“Protektor”), a life insurance company whose role is to protect policyholders of all German life insurers, was founded. Allianz Lebensversicherungs-Aktiengesellschaft and some of its subsidiaries are obligated to provide additional funds either to the mandatory insurance guarantee scheme or to Protektor, in the event that the funds provided to the mandatory insurance guarantee scheme are not sufficient to handle an insolvency case. Such obligation is based on a maximum of 1 % of the sum of the net underwriting reserves with deduction of payments already provided to the insurance guarantee scheme. As of 31 December 2015, and under inclusion of the contributions to the mandatory insurance scheme mentioned above and assuming that no other life insurer is exempted from payments, the aggregate outstanding commitment of Allianz Lebensversicherungs-Aktiengesellschaft and its subsidiaries to the insurance guarantee scheme and to Protektor is € 1,424 MN (2014: € 1,420 MN).

According to the German Investor Compensation Act (AnlEntG – “Anlegerentschädigungsgesetz”) all financial services institutions and external capital management companies, as well as certain credit institutions licensed to do business in Germany, must adhere to a statutory compensation scheme. Allianz Global Investors GmbH, PIMCO Deutschland GmbH and risklab GmbH are currently members of EdW (“Entschädigungseinrichtung der Wertpapierhandelsunternehmen”, Berlin). The annual contribution is determined in consideration of each member’s scope of business. In addition, EdW may levy special contributions from its members, if the funds available to EdW are insufficient to satisfy all eligible claims. Special contributions are determined by reference to the preceding yearly contribution. For 2015, the yearly contributions for above-mentioned entities have been determined by notification from the EdW in the amount of € 5 MN (2014: € 2 MN). With respect to the insolvency of Phoenix Kapitaldienst GmbH, the German Federal Financial Supervisory Authority (“Bundesanstalt für Finanzdienstleistungsaufsicht” – BaFin) has determined that certain investor claims will be covered under the compensation scheme and special contributions have been levied. In this regard, special contributions were notified by EdW to above-mentioned entities in 2015 in the amount of € 8 MN (2014: € 5 MN). The above-mentioned entities have appealed the special contributions. For received but not yet paid notifications and for the estimated special contribution for 2016, adequate provisions have been accrued.

48 — Pensions and similar obligations

OVERVIEW

Retirement benefits in the Allianz Group, which are granted to employees and in Germany also to agents, are either in the form of defined benefit or defined contribution plans. For defined benefit plans, the beneficiary is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance.

The Allianz Group provides competitive and cost effective retirement and disability benefits using risk appropriate vehicles. The plans may vary from country to country due to the different legal, fiscal and economic environment.

Typically associated with defined benefit plans are biometric risks like longevity, disability and death as well as economic risks like interest rates, inflation and compensation increases. The Allianz Group continued to mitigate the risk impact by applying the benefits rule as part of the Allianz Standard for HR. Major de-risking actions are described in detail in the sections for Germany and U.K. New plans are primarily based on contributions and may include, in some cases, guarantees such as the preservation of contributions or minimum interest rates.

In the Pension Task Force, the heads of Group HR, Group Accounting and Reporting, Group Treasury and Corporate Finance, Group Planning and Controlling, Group Risk and AIM met four times to provide global governance and pre-align pension-related topics such as risk management and Solvency II prior to relevant Group Committee meetings.

Pension plans in Germany, the U.K. and Switzerland are described in more detail regarding key risks and regulatory environment, as each of them contributes more than 5 % to the Allianz Group's defined benefit obligation or its plan assets.

Germany

Germany accounts for 75.3 % of the Allianz Group's defined benefit obligation and 62.9 % of the Allianz Group's plan assets. The discount rate used to calculate the defined benefit obligation at year-end was 2.25 % p.a. for pension plans, and in case of a shorter duration 2.0 % p.a.

Most active German employees participate in contribution-based systems using different vehicles to cover the base salary both below and above the German social security ceiling. The Allianz Versorgungskasse VVaG (AVK), financed through employee contributions, and the Allianz Pensionsverein e.V. (APV), financed by the employer, provide pension benefits for the base salary up to the German social security ceiling. Both plans are wholly funded along local regulatory requirements and were closed for new entrants, effective 31 December 2014. AVK and APV are legally separate administered pension funds with trustee boards being responsible for the investment of the assets and the risk management. AVK is subject to German insurance regulation.

Additionally, for salary above the German social security ceiling, the Allianz Group contributes to contribution-based pension plans. The Allianz Group decides each year whether and to which extent a budget for the contribution-based pension plans is provided. Independently from this decision, an additional risk premium is paid to cover death and disability. Generally the accruals of the contribution-based pension plans are wholly funded, whereas the grandfathered plans are funded to a minor extent. On retirement, the accumulated capital is paid as a lump sum or converted to a lifetime annuity.

Since 1 January 2015 Allianz Group contributes for new entrants and for the majority of the contribution-based pension plan beneficiaries to a new low risk pension plan, My Allianz Pension, where only the contributions are preserved.

The assets of the contribution-based pension plans are allocated to a trust (Methusalem Trust e.V.) and managed by a board of trustees.

There is also a partly funded defined benefit pension plan for agents (VertreterVersorgungsWerk, VVW), which has been closed for new entrants as of 31 December 2011. A part of the pension plan serves as a replacement for the compensatory claim of agents according to German Commercial Code (§ 89b). VVW is close to a final salary benefit and pension increases are broadly linked to inflation. This pension plan was de-risked in 2015 as 40 % of the active tied agents accepted an attractive offer to opt for a lump sum payment instead of annuities at retirement.

For the AVK the annual minimum interest rate guaranteed is 1.75 % – 3.50 %, depending on the date of joining the Allianz Group, and for the closed part of the contribution-based pension plan it is 2.75 %. Pension increases apart from AVK are guaranteed at least with 1 % p.a. Depending on legal requirements, some pension increases are linked to inflation. In AVK the complete surplus share of the retirees is used to increase their pension.

Employees generally have a choice between lump sum payments and annuities, with some vehicles providing only annuities.

The period in which a retirement benefit can be drawn is usually between age 60 and age 67. Disability benefits are granted prior to retirement in the event of an occurrence of a qualifying disability.

In the case of death, surviving dependents normally receive 60 % (widow/widower) and 20 % (per child) of the original employee's pension, in total not to exceed 100 %. In My Allianz Pension the surviving dependents gain the accrued capital.

Additionally, the Allianz Group offers a deferred compensation program, Pensionszusage durch Entgeltumwandlung (PZE), for active employees. Within some boundaries they convert at their discretion parts of their gross income and receive in exchange a pension commitment of equal value. PZEs almost qualify as defined contribution plans with minor risk exposure.

United Kingdom

The U.K. accounts for 7.6% of the Allianz Group's defined benefit obligation and 11.7% of the Allianz Group's plan assets. The discount rate used to calculate the defined benefit obligation at year-end was 3.9% p.a. for pension plans.

The U.K. operates a funded pension scheme, the Allianz Retirement and Death Benefits Fund. The trustee board is required by law to act in the best interests of members and is responsible for setting certain policies (e.g. investment and contribution policies) of the principal U.K. scheme.

The fund has a defined benefit pension section and a defined contribution section. The defined contribution section was established on 1 April 2001, from which date the defined benefit section was closed to new entrants. From 1 July 2015, the fund closed to future accrual and no more defined benefit benefits will be accrued beyond that date. A new Group Personal Pension Plan (GPPP), outside of the Allianz Retirement and Death Benefits Fund, was established in 2015. All future accrual of benefits will be via the GPPP and all defined contribution section benefits will be transferred into the GPPP, leaving only a defined benefit section of the Allianz Retirement and Death Benefits Fund, in respect of benefits built up before 1 July 2015.

The defined benefit section provides pension increases broadly linked to Retail Prices Index (RPI) inflation. The assets of this section were significantly de-risked over 2015, moving a large allocation from equities to bonds.

Since 1 July 2015, contributions to the fund are made only by the employer in respect of the deficit in the defined benefit section of the fund.

Switzerland

Switzerland accounts for 5.9% of the Allianz Group's defined benefit obligation and 10.1% of the Allianz Group's plan assets. The discount rate used to calculate the defined benefit obligation at year-end was 1.0% p.a. for pension plans.

There are obligatory corporate pension plans in Switzerland, eligible for all employees. The plans are wholly funded through legally separate trustee-administered pension funds, with the trustee board being responsible for the investment of the assets and risk management. The plans are contribution-based and cover the risks of longevity, disability and death. Employees contribute only a small amount whereas the employer contributes for the complete risk coverage and a large part of the savings components. The interest rate is decided annually by the board of the pension funds. For the mandatory part, the minimum interest rate is regulated by law and reviewed annually (1.75% in 2015, 1.25% in 2016). At retirement, beneficiaries can choose between a lump sum payment, an annuity or a combination of both where the part which is not granted as a lump sum is converted to a fixed annuity according to the rules of the pension fund, taking into account legal requirements.

If employees contract out of the Allianz Suisse pension plan, they have to take their vested pension capital ("Freizügigkeitsleistung") to the next employer, which implies a small liquidity risk.

DEFINED BENEFIT PLANS

Amounts recognized in the Allianz Group's consolidated balance sheet for defined benefit plans are as follows:

RECONCILIATION OF DEFINED BENEFIT PLANS ON THE BALANCE SHEET

€ MN	2015	2014
Net amount recognized as of 1 January	**9,707**	**7,500**
Changes in the consolidated subsidiaries of the Allianz Group[1]	(23)	(3)
Foreign currency translation adjustments	9	21
Recognized expenses[2]	686	662
Payments	(596)	(737)
OCI recognition (before deferred taxes)	(722)	2,264
Net amount recognized as of 31 December	**9,062**	**9,707**
thereof assets	(87)	(58)
thereof liabilities	9,149	9,765

1 — For 2015, these include € 21 MN for the deconsolidated subsidiary Selecta.
2 — For 2015, includes net interest expenses of € 191 MN (2014: € 253 MN).

The following table sets out the changes in the defined benefit obligation, in the fair value of plan assets and in the effect of the asset ceiling for the various Allianz Group defined benefit plans:

RECONCILIATION OF DEFINED BENEFIT OBLIGATION, PLAN ASSETS AND EFFECT OF ASSET CEILING

€ MN	2015	2014
CHANGE IN DEFINED BENEFIT OBLIGATION		
Defined benefit obligation as of 1 January	**22,767**	**19,110**
Current service costs	495	398
Interest expenses	492	663
Plan participants' contributions	111	107
Actuarial (gains)/losses due to		
Changes in demographic assumptions	20	6
Changes in financial assumptions	(664)	3,227
Experience adjustments	(47)	(111)
Past service costs	–	(4)
Foreign currency translation adjustments	275	197
Benefits paid	(693)	(680)
Changes in the consolidated subsidiaries of the Allianz Group[1]	(200)	(4)
Divestitures	–	(5)
Settlement gain/(loss)	(1)	15
Settlement payments[2]	(229)	(152)
Defined benefit obligation as of 31 December[3]	**22,327**	**22,767**
CHANGE IN FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets as of 1 January	**13,123**	**11,668**
Interest income on plan assets	302	411
Return on plan assets greater/(less) than interest income on plan assets	28	860
Employer contributions	316	317
Plan participants' contributions	111	107
Foreign currency translation adjustments	272	177
Benefits paid[4]	(413)	(381)
Changes in the consolidated subsidiaries of the Allianz Group[5]	(178)	(4)
Divestitures	–	(1)
Assets distributed on settlement[6]	(229)	(31)
Fair value of plan assets as of 31 December	**13,333**	**13,123**
CHANGE IN EFFECT OF ASSET CEILING[7]		
Effect of asset ceiling as of 1 January	**63**	**58**
Interest expenses on effect of asset ceiling	1	1
Change in effect of asset ceiling in excess of interest	(2)	2
Foreign currency translation adjustments	5	1
Effect of asset ceiling as of 31 December	**67**	**63**

1 — For 2015, these include € 204 MN for the deconsolidated subsidiary Selecta.
2 — These include a settlement payment of € 121 MN in South Korea for a plan change into a defined contribution pension plan in 2014 and € 225 MN for the plan restructuring in the U.K. in 2015.
3 — As of 31 December 2015, € 7,857 MN (2014: € 8,271 MN) of the defined benefit obligation are wholly unfunded, while € 14,470 MN (2014: € 14,496 MN) are wholly or partly funded.
4 — In addition, the Allianz Group has paid € 287 MN (2014: € 306 MN) directly to plan participants.
5 — For 2015, these include € 183 MN for the deconsolidated subsidiary Selecta.
6 — These include € 225 MN for the plan restructuring in the U.K. in 2015.
7 — The asset ceiling is determined by taking the reduction of future contributions into account.

As of 31 December 2015, post-retirement health benefits included in the defined benefit obligation and in the net amount recognized amounted to € 11 MN (2014: € 13 MN) and € 11 MN (2014: € 13 MN), respectively.

During the year ended 31 December 2015, the defined benefit costs related to post-retirement health benefits amounted to € 1 MN (2014: € – MN).

Assumptions

The assumptions for the actuarial computation of the defined benefit obligation and the recognized expense depend on the circumstances in the particular country where the plan has been established.

The calculations are based on current actuarially calculated mortality tables, projected turnover depending on age and length of service and internal Allianz Group retirement projections. Although this represents the best estimate as of today, considering a further increase in life expectancy could be reasonable. The weighted average life expectancy of a currently 65-year-old plan participant is about 89.1 years for women and 86.6 years for men. An increase in life expectancy by one year would lead to an increase of the defined benefit obligation by € 717 MN.

The weighted average values of the assumptions for the Allianz Group's defined benefit plans used to determine the defined benefit obligation and the recognized expense are as follows:

ASSUMPTIONS FOR DEFINED BENEFIT PLANS

% as of 31 December	2015	2014
Discount rate	2.4	2.2
Rate of compensation increase	2.1	2.1
Rate of pension increase	1.8	1.8
Rate of medical cost trend	1.0	2.6

The recognized expense is recorded based on the assumptions of the corresponding previous year.

The discount rate assumption is the most significant risk for the defined benefit obligation. It reflects market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities. In the Eurozone, the decision for the discount rate is based on AA-rated financial and corporate bonds, provided by Allianz Investment Data Services (IDS), and a standardized cash flow profile for a mixed population. The Internal Controls Over Financial Reporting (ICOFR) certified Allianz Global Risk Parameters (GRIPS) methodology is an internal development of the Nelson-Siegel model and consistently used by Group Risk, Group Audit, AIM and PIMCO.

The range for the sensitivity calculations was derived by analyzing the average volatility over a five-year period.

An increase (or decrease) in the discount rate by 50 basis points would lead to a decrease of € 1.5 BN (or increase of € 1.8 BN) in the defined benefit obligation.

An increase of pre-retirement benefit assumptions (e.g. salary increase) of 25 basis points would have an effect of € 67 MN on the defined benefit obligation. However, the increase of post-retirement assumptions (e.g. inflation-linked increases of pension payments) of 25 basis points would affect the defined benefit obligation by € 498 MN.

A change in the medical cost trend rate by 100 basis points would have an effect of € 1 MN on the defined benefit obligation and no material effect on the defined benefit costs.

Plan Assets/Asset Liability Management (ALM)

Based on the estimated future cash flows of € 715 MN for 2016, € 746 MN for 2017, € 769 MN for 2018, € 801 MN for 2019, € 808 MN for 2020 and € 4,475 MN for 2021 – 2025, the weighted duration of the defined benefit obligation is 17.6 years. The Allianz Group uses, based on the liability profiles of the defined benefit obligation and on the regulatory funding requirements, stochastic asset liability models to optimize the asset allocation from a risk-return perspective.

Due to a well-diversified portfolio of 136,000 plan participants, there is no reasonable uncertainty of future cash flows expected that could have an impact on the liquidity of the Allianz Group.

The target allocation for the plan assets compares to the current asset allocation as follows:

ASSET ALLOCATION OF PLAN ASSETS

as of 31 December	Target allocation %	Real allocation %	Real allocation 2015 € MN	Real allocation 2014 € MN
Equity securities	**11.9**	**12.5**		
Quoted			1,665	1,955
Non-quoted			–	–
Debt securities	**54.5**	**53.5**		
Quoted			5,089	4,816
Non-quoted			2,049	2,125
Real estate	5.0	4.7	632	654
Annuity contracts	21.8	22.4	2,980	2,697
Life insurance investment products	5.5	5.5	728	691
Other	1.3	1.4	190	185
Total	**100.0**	**100.0**	**13,333**	**13,123**

The bulk of the plan assets are held by the Allianz Versorgungskasse VVaG, Munich, which is not part of the Allianz Group.

Plan assets do not include any real estate used by the Allianz Group and include only € 6.2 MN of own transferable financial instruments.

In addition to the plan assets of € 13.3 BN, the Allianz Group has dedicated assets at Group level amounting to € 5.9 BN as of 31 December 2015, which are likewise managed according to Allianz ALM standards.

Contributions

For the year ending 31 December 2016, the Allianz Group expects to contribute € 329 MN to its defined benefit plans and to pay € 289 MN directly to participants in its defined benefit plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended 31 December 2015, the Allianz Group recognized expenses for defined contribution plans of € 242 MN (2014: € 224 MN). Additionally, the Allianz Group paid contributions for state pension schemes of € 385 MN (2014: € 344 MN).

49 — Share-based compensation plans

GROUP EQUITY INCENTIVE PLANS

The Group Equity Incentive plans (GEI plans) of the Allianz Group help senior management, in particular the Board of Management, focus on the long-term increase in the value of the Allianz Group. Until 2010, the GEI plans included grants of stock appreciation rights (SARs) and restricted stock units (RSUs). From the 2011 grant onwards, the Allianz Equity Incentive plan (AEI plan) has replaced the GEI plans. With the AEI Plan, only restricted stock units (RSUs) are granted to the plan participants.

Stock appreciation rights

The SARs granted to a plan participant obligate the Allianz Group to pay in cash the excess of the market price of an Allianz SE share over the reference price on the exercise date for each right granted. The excess is capped at 150 % of the reference price. The reference price represents the average of the closing prices of an Allianz SE share for the ten trading days following the Financial Press Conference of Allianz SE in the year of issue. SAR which were granted up to 2008 vest after two years and expire after seven years. From the 2009 grant onwards, SARs vest after four years and also expire after seven years. Upon vesting, SARs may be exercised by the plan participant if the following market conditions are attained:

- During their contractual term, the market price of the Allianz SE share has outperformed the Dow Jones EURO STOXX Price Index at least once for a period of five consecutive trading days; and

- the Allianz SE market price is in excess of the reference price by at least 20 % on the exercise date.

In addition, upon the death of a plan participant, a change of control, or notice for operational reasons, the SARs vest immediately and will be exercised by the company provided the above market conditions have been attained.

Upon the expiration date, any unexercised SARs will be exercised automatically if the above market conditions have been attained. The SAR are forfeited if the plan participant ceases to be employed by the Allianz Group or if the exercise conditions are not attained by the expiration date.

The fair value of the SARs at grant date is measured using a Cox-Ross-Rubinstein binomial tree option pricing model. Volatility was derived from observed historical market prices. In the absence of historical information regarding employee stock appreciation exercise patterns, the expected life has been estimated to equal the term to maturity of the SARs.

The SAR are accounted for as cash-settled plans by the Allianz Group. Therefore, the Allianz Group accrues the fair value of the SARs as a compensation expense over the vesting period. Upon vesting, any changes in the fair value of the unexercised SARs are recognized as a compensation expense. During the year ended 31 December 2015, the Allianz Group recognized compensation expenses related to the unexercised SARs of € 18 MN (2014: € 7 MN).

As of 31 December 2015, the Allianz Group recorded provisions of € 26 MN (2014: € 54 MN) in other liabilities for the unexercised SARs.

Restricted stock units

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the average market price of an Allianz SE share in the ten trading days preceding the vesting date or to issue one Allianz SE share, or other equivalent equity instrument, for each unit granted. The RSU vest after five years. The Allianz Group will exercise the RSUs on the first stock exchange day after their vesting date. On the exercise date, the Allianz Group can choose the settlement method for each unit.

In addition, upon the death of a plan participant, a change of control or notice for operational reasons, the RSU vest immediately and will be exercised by the company.

The RSUs are virtual stocks without dividend payments. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity of the RSUs from the prevailing share price as of the valuation date.

The RSUs are accounted for as cash-settled plans as the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as a compensation expense over the vesting period. During the year ended 31 December 2015, the Allianz Group recognized compensation expenses related to the non-vested RSUs of € 12 MN (2014: € 24 MN).

As of 31 December 2015, the Allianz Group recorded no provisions anymore (2014: € 90 MN) as the last RSUs plan was exercised during the year ended 31 December 2015.

ALLIANZ EQUITY INCENTIVE PLAN

Since the 2011 grant year, the Allianz Equity Incentive plan (AEI plan) has replaced the GEI plans. The AEI plan is granted in the form of restricted stock units (RSUs) and is part of a new variable compensation component for the plan beneficiaries.

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the average closing price of an Allianz SE share on the last day of the vesting period and the prior nine trading days, or to convert one RSU into one Allianz SE share. The payout is capped at a 200 % share price growth above the grant price.

The RSUs are subject to a vesting period of four years and will be released on the last day of the vesting period. The Allianz Group can choose the settlement method for each unit.

In addition, upon the death of a plan participant, a change of control or notice for operational reasons, the RSUs vest immediately and will be exercised by the company.

The RSUs are virtual stocks without dividend payments and a capped payout. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity as well as the fair value of the cap from the prevailing share price as of the valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date.

The following table provides the assumptions used in calculating the fair value of the RSUs at grant date:

ASSUMPTIONS OF AEI PLANS

		2016[1]	2015	2014
Share price	€	143.90	154.50	120.65
Average dividend yield	%	5.4	4.6	4.5
Average interest rate	%	(0.1)	0.1	0.5
Expected volatility	%	21.1	18.7	20.0

1 — The RSUs 2016 are deemed to have been granted to participants as part of their 2015 remuneration. Consequently, the assumptions for RSU grants delivered in March 2016 are based on best estimation.

The RSUs are accounted for as cash-settled plans as the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as a compensation expense over the service period of one year and afterwards over the vesting period. During the year ended 31 December 2015, the Allianz Group recognized compensation expenses related to the AEI plans of € 238 MN (2014: € 160 MN).

As of 31 December 2015, the Allianz Group recorded provisions of € 470 MN (2014: € 399 MN) for these RSUs in other liabilities.

SHARE-BASED COMPENSATION PLANS OF SUBSIDIARIES OF THE ALLIANZ GROUP

PIMCO LLC Class B Unit Purchase Plan

When acquiring Allianz Global Investors of America L.P. (AllianzGI L.P.) during the year ended 31 December 2000, Allianz SE caused Pacific Investment Management Company LLC (PIMCO LLC), a subsidiary of AllianzGI L.P., to enter into a Class B Purchase Plan (the "Class B Plan") for the benefit of members of the management of PIMCO LLC. The plan participants of the Class B Plan have rights to a 15 % priority claim on the adjusted operating profits of PIMCO LLC.

The Class B equity units issued under the Class B Plan vest over 3 to 5 years and are subject to repurchase by AllianzGI L.P. upon the death, disability, or termination of the participant prior to vesting. Starting 1 January 2005, AllianzGI L.P. has the right to repurchase, and the participants have the right to cause AllianzGI L.P. to repurchase, a portion of the vested Class B equity units each year. The call or put right is exercisable no earlier than 6 months after the initial vesting of each grant. On the repurchase date, the repurchase price will be based on the determined value of the Class B equity units being repurchased. As the Class B equity units are puttable by plan participants, the Class B Plan is accounted for as a cash-settled plan.

Therefore, the Allianz Group accrues the fair value of the Class B equity units as a compensation expense over the vesting period. Upon vesting, any changes in the fair value of the Class B equity units are recognized as compensation expense. During the year ended 31 December 2015, the Allianz Group recognized compensation expenses related to the Class B equity units of € (12) MN (2014: € (10) MN). In addition, the Allianz Group recognized expenses related to the priority claim on the adjusted operating profits of PIMCO LLC of € 1 MN (2014: € 3 MN). The plan participants put a total of 668 Class B equity units during the year ended 31 December 2015. The total amount paid related to the put of the Class B equity units was € 25 MN.

The total recognized compensation expenses for Class B equity units that are outstanding are recorded as a liability in other liabilities. As of 31 December 2015, the Allianz Group recorded a liability for the Class B equity units of € 15 MN (2014: € 47 MN).

PIMCO LLC Class M-unit Plan

In 2008, AllianzGI L.P. launched a new management share-based payment incentive plan for certain senior level executives and affiliates of PIMCO LLC. Participants in the plan are granted options to acquire a new class of equity instruments (M-units), which vest in one-third increments on approximately the third, fourth and fifth anniversary of the option grant date. Upon vesting, options will automatically be exercised in a cashless transaction, but only if they are in the money. Participants may elect to defer the receipt of M-units through the M-unit Deferral Plan until termination of their service at the latest. With the M-unit Plan, participants can directly participate in PIMCO's performance. Class M-units are non-voting common equity with limited information rights. They bear quarterly distributions equal to a pro-rata share of PIMCO's net distributable income. Deferred M-units have a right to receive a quarterly cash compensation equal to and in lieu of quarterly dividend payments.

A maximum of 250,000 M-units are authorized for issuance under the M-unit Plan.

The fair value of the underlying M-unit options was measured using the Black-Scholes option pricing model. Volatility was derived in part by considering the average historical and implied volatility of a selected group of peers. The expected life of one granted option was calculated based on treating the three vesting tranches (one third in years 3, 4, and 5) as three separate awards.

The following table provides the assumptions used in calculating the fair value of the M-unit options at grant date:

ASSUMPTIONS OF CLASS M-UNIT PLAN

		2015	2014
Weighted-average fair value of options granted	€	–	567.49
Assumptions:			
Expected term (years)		–	3.84
Expected volatility	%	–	24.9
Expected dividend yield	%	–	13.3
Risk free rate of return	%	–	1.1

The number and weighted-average exercise price of the M-unit options outstanding and exercisable are as follows:

RECONCILIATION OF OUTSTANDING M-UNIT OPTIONS

	2015		2014	
	Number of options	Weighted-average exercise price €	Number of options	Weighted-average exercise price €
Outstanding as of 1 January	**175,360**	**17,212.31**	**241,109**	**13,709.98**
Granted	–	–	48,894	19,749.44
Exercised	(18,059)	19,852.60	(43,321)	12,508.00
Forfeited	(42,403)	16,525.91	(44,322)	16,879.96
Outstanding as of 31 December	**114,898**	**20,043.67**	**175,360**	**17,212.31**
Exercisable as of 31 December	–	–	–	–

The aggregate intrinsic value of share options outstanding was € – MN and € 65 MN for the years ended 31 December 2015 and 2014, respectively.

As of 31 December 2015, the M-unit options outstanding have an exercise price of between € 16,947.44 and € 22,104.39 and a weighted-average remaining contractual life of 2.17 years.

The shares settled by delivery of PIMCO LLC shares are accounted for as equity-settled plans by PIMCO LLC. Therefore, PIMCO LLC measures the total compensation expense to be recognized for the equity-settled shares based on their fair value as of the grant date. The total compensation expense is recognized over the vesting period.

During the year ended 31 December 2015, the Allianz Group recorded compensation expenses of € 31 MN (2014: € 31 MN) related to these share options.

EMPLOYEE STOCK PURCHASE PLANS

The Allianz Group offers Allianz SE shares in 20 countries to entitled employees at favorable conditions. The shares have a minimum holding period of one to five years. During the year ended 31 December 2015, the number of shares sold to employees under these plans was 575,584 (2014: 510,435). During the year ended 31 December 2015, the Allianz Group recognized the difference between the issue price charged to the subsidiaries of the Allianz Group and the discounted price of the shares purchased by employees, amounting to € 18 MN (2014: € 7 MN) as compensation expenses.

OTHER SHARE OPTION AND SHAREHOLDING PLANS

The Allianz Group has other local share-based compensation plans, including share option and employee share purchase plans, none of which, individually or in the aggregate, are material to the consolidated financial statements. During the year ended 31 December 2015, the total expenses recorded for these plans were € 3 MN (2014: € 2 MN).

50 — Restructuring plans

As of 31 December 2015, the Allianz Group has provisions for restructuring resulting from a number of restructuring programs in various business segments. These provisions for restructuring primarily include personnel costs, which result from severance payments for employee terminations, and contract termination costs, including those relating to the termination of lease contracts that will arise in connection with the implementation of the relevant initiatives.

The following table shows the changes in the provisions for restructuring plans.

PROVISIONS FOR RESTRUCTURING PLANS

€ MN	2015	2014
As of 1 January	**109**	**214**
New provisions	200	8
Additions to existing provisions	8	24
Release of provisions recognized in prior years	(10)	(28)
Utilization of provisions via payments	(31)	(75)
Utilization of provisions via transfers	(163)	(35)
Foreign currency translation adjustments	–	2
As of 31 December	**112**	**109**

The development of the restructuring provisions reflects the implementation status of the restructuring initiatives. Based on the specific IFRS guidance, restructuring provisions are recognized prior to when they qualify to be recognized under the guidance for other types of provisions. In order to reflect the timely implementation of the various restructuring initiatives, restructuring provisions, as far as they are already "locked in", are transferred to the provision type that would have been used if a restructuring initiative had not been in place. This applies to each single contract. At the time an employee has contractually agreed to leave the Allianz Group by signing either an early retirement, a partial retirement (Altersteilzeit, which is a specific type of an early retirement program in Germany), or a termination arrangement, the respective part of the restructuring provision is transferred to employee-related provisions. In addition, provisions for vacant office spaces that result from restructuring initiatives are transferred to "other" provisions after the offices have been completely vacated.

ALLIANZ GLOBAL INVESTOR'S RESTRUCTURING PLAN

Allianz Global Investors (AllianzGI) launched the restructuring program AllianzGI 2.0 in the third quarter of 2015. The program aims to position AllianzGI as a global investment leader and affects all functions and regions in Europe and in parts of the U.S. in which AllianzGI is operating. The AllianzGI 2.0 plan includes the "Business Excellence Initiative" focusing on improving the effectiveness and efficiency especially within business support and "Strategic Investments" in future growth engines.

The program will result in a reduction of headcount of approximately 300 full-time equivalents by 2018. In addition, the reorganization and outsourcing of business processes will be going along with the impairment and shut-down of IT systems and early contract cancellation with service providers.

During the year ended 31 December 2015, restructuring charges of € 41 MN were recorded. As of 31 December 2015, restructuring provisions for this program amounted to € 36 MN.

FIREMAN'S FUND'S RESTRUCTURING PLAN

During 2015, the Allianz Group realigned its Property-Casualty insurance business in the U.S. One integral part of the reorganization was the sale of the personal insurance business to ACE Limited by means of a renewal rights arrangement. In addition, the realignment comprised the integration of Fireman's Fund Insurance Company's commercial business into Allianz Global Corporate & Specialty North America, as well as the internal transfer of the discontinued run-off business through a reinsurance agreement within the Allianz Group.

During the year ended 31 December 2015, restructuring charges of € 95 MN were recorded. As of 31 December 2015, restructuring provisions of € 17 MN were recorded.

ALLIANZ BERATUNGS- UND VERTRIEBS-AG'S RESTRUCTURING PLAN

In the second quarter of 2015, Allianz Beratungs- und Vertriebs-AG, Germany, initiated a restructuring program in order to reorganize its sales and distribution organization to meet changing client expectations as well as new regulatory requirements and to strengthen sustainability and competitiveness. A reduction of 368 employees in total is expected, mainly by implementing an early retirement program and by offering severance payments in addition to natural fluctuation.

In this regard, restructuring charges of € 76 MN were recorded in 2015. Restructuring provisions amounted to € 14 MN as of 31 December 2015.

OLDENBURGISCHE LANDESBANK'S RESTRUCTURING PLAN

To increase customer focus and improve profitability, the bank is planning a thorough implementation of integrated digitalization and the further introduction of online products and consulting elements as part of its strategic program "OLB 2019". The branch network will be adjusted in the course of this development. The complexity of end-to-end processes and range of products will be reduced. The reduction of complexity will result in lower staffing requirements.

During the year ended 31 December 2015, restructuring charges of € 10 MN were recorded for this program. Restructuring provisions amounted to € 10 MN as of 31 December 2015.

EFFECT OF THE REVERSAL OF DISCOUNTING

For the years ended 31 December 2015 and 2014, there was no effect of the reversal of discounting arising from the passage of time.

51 — Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period.

BASIC EARNINGS PER SHARE

€ MN	2015	2014
Net income attributable to shareholders used to calculate basic earnings per share	6,616	6,221
Weighted average number of common shares outstanding	454,367,277	453,841,370
Basic earnings per share (€)	**14.56**	**13.71**

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. These effects arise from various share-based compensation plans of the Allianz Group.

DILUTED EARNINGS PER SHARE

€ MN	2015	2014
Net income attributable to shareholders	6,616	6,221
Effect of potentially dilutive common shares	(5)	(24)
Net income used to calculate diluted earnings per share	**6,611**	**6,197**
Weighted average number of common shares outstanding	454,367,277	453,841,370
Potentially dilutive common shares resulting from assumed conversion of:		
Share-based compensation plans	61,755	425,532
Weighted average number of common shares outstanding after assumed conversion	**454,429,033**	**454,266,902**
Diluted earnings per share (€)	**14.55**	**13.64**

For the year ended 31 December 2015, the weighted average number of common shares excludes 2,632,723 (2014: 2,738,082) treasury shares.

52 — Other information

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES

as of 31 December	2015	2014
Germany	40,600	40,692
Rest of Europe	63,742 [1]	70,346
Asia Pacific & Africa	23,762	21,366
America	14,355	15,021
Total	**142,459**	**147,425**

1 — The decrease is mainly due to the disposal of Selecta.

The average total number of employees for the year ended 31 December 2015 was 146,726.

PERSONNEL EXPENSES

PERSONNEL EXPENSES

€ MN	2015	2014
Salaries and wages	9,589	9,037
Social security contributions and employee assistance	1,376	1,293
Expenses for pensions and other post-retirement benefits	1,402	1,186
Total	**12,367**	**11,515**

ISSUANCE OF THE DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO § 161 AKTG

On 10 December 2015, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance according to § 161 AktG, which has been made permanently available to shareholders on the company's website.

The Declaration of Compliance of the publicly traded group company Oldenburgische Landesbank AG was issued in December 2015 and has been made available to shareholders on a permanent basis.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG AG) serves as the external auditing firm for the Allianz Group.

Fees billed by KPMG AG and the worldwide member firms of KPMG International (KPMG) are disclosed in four categories:

KPMG FEES

€ MN

	KPMG worldwide		thereof: KPMG AG	
	2015	2014	2015	2014
Audit fees	39.6	38.1	9.3	9.9
Audit-related fees	6.9	7.9	5.4	6.5
Tax fees	1.8	2.8	0.3	1.2
All other fees	6.2	6.0	3.0	2.9
Total	**54.5**	**54.8**	**18.0**	**20.5**

Audit fees

KPMG billed the Allianz Group an aggregate of € 39.6 MN (2014: € 38.1 MN) in connection with professional services rendered for the audit of the Allianz Group's consolidated financial statements, statutory audits of the financial statements of Allianz SE and its subsidiaries, and services normally provided by KPMG in connection with statutory and regulatory filings or engagements. These services consisted mainly of periodic review engagements and the annual audit.

Audit-related fees

KPMG charged the Allianz Group an aggregate of € 6.9 MN (2014: € 7.9 MN) for assurance and services that are reasonably related to the performance of the audit or to the review of the financial statements and are not reported within audit fees. These services consisted primarily of advisory and consulting services related to accounting and financial reporting standards and financial due diligence services.

Tax fees

KPMG fees for professional services, rendered for tax advice and tax compliance, amounted to € 1.8 MN (2014: € 2.8 MN) and resulted primarily from tax advice.

All other fees

KPMG invoiced the Allianz Group an aggregate of € 6.2 MN (2014: € 6.0 MN) for other products and services, which consisted primarily of services under the guidance of Allianz Group management and general consulting services.

All services provided by KPMG to Allianz Group companies must be approved by the Audit Committee of the Allianz SE Supervisory Board. Services other than audit services must be pre-approved by the Audit Committee. The Audit Committee pre-approval process is based on the use of a "Positive List" of activities decided by the Audit Committee and, in addition, a "Guiding Principles and User Test" is applied. Group Compliance and KPMG report to the Audit Committee periodically with respect to services performed.

KPMG is the main auditing firm for the Allianz Group and is assigned more than 68 % of all audit-related tasks. Auditing firms other than KPMG billed the Allianz Group an aggregate of € 21.4 MN (2014: € 16.4 MN).

REMUNERATION FOR THE BOARD OF MANAGEMENT

As of 31 December 2015, the Board of Management is comprised of 9 members. The following values reflect the full Board of Management active in the respective year.

The sum of the total remuneration of the Allianz SE 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 MTB 2013 – 2015: € 30 MN).

The equity-related remuneration is comprised in 2015 of 84,008[1] (2014: 71,863[2]) Restricted Stock Units (RSU).

RSU with a total fair value of € 9.7 MN (2014: € 10.6 MN) were granted to the Board of Management for the year ended 31 December 2015.

In 2015, remuneration and other benefits totaling € 7 MN (2014: € 6 MN) were paid to former members of the Board of Management and dependents, while reserves for current pension obligations and accrued pension rights totaled € 122 MN (2014: € 102 MN).

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2.0 MN (2014: € 2.0 MN).

Board of Management and Supervisory Board compensation by individual is included in the Remuneration Report. The information provided there is considered part of these consolidated financial statements.

1 — The relevant share price used to determine the final number of RSUs granted is only available after sign-off of the Annual Report by the external auditors, thus numbers are based on a best estimate.

2 — 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 amount disclosed last year.

53 — Subsequent events

The Allianz Group was not subject to any subsequent events that significantly impacted the Group's financial results after the balance sheet date and before the financial statements were authorized for issue.

Munich, 16 February 2016

Allianz SE
The Board of Management

List of participations of the Allianz Group as of 31 December 2015 according to § 313 (2) HGB

	% owned [1]
GERMANY	
Consolidated affiliates	
ACP GmbH & Co. Beteiligungen KG, Munich	0.0 [2]
ACP GmbH & Co. Beteiligungen KG II, Munich	0.0 [2]
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0
ACP Vermögensverwaltung GmbH Nr. 4 d. 1, Munich	99.3
ADEUS Aktienregister-Service-GmbH, Munich	79.6
AGA Service Deutschland GmbH, Aschheim	100.0
AGCS Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8
Allianz AADB Fonds, Frankfurt am Main	100.0 [3]
Allianz ABS Fonds, Frankfurt am Main	100.0 [3]
Allianz AKR Fonds, Frankfurt am Main	100.0 [3]
Allianz ALD Fonds, Frankfurt am Main	100.0 [3]
Allianz ALIK Fonds, Frankfurt am Main	100.0 [3]
Allianz APAV Fonds, Frankfurt am Main	100.0 [3]
Allianz APKR Fonds, Frankfurt am Main	100.0 [3]
Allianz Asset Management AG, Munich	100.0
Allianz AVM-B Fonds, Frankfurt am Main	100.0 [3]
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0
Allianz Beratungs- und Vertriebs-AG, Munich	100.0
Allianz Capital Partners GmbH, Munich	100.0 [4]
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0
Allianz Climate Solutions GmbH, Munich	100.0
Allianz Deutschland AG, Munich	100.0
Allianz Digital Accelerator GmbH, Munich	100.0
Allianz DLVR Fonds, Frankfurt am Main	100.0 [3]
Allianz EEE Fonds, Frankfurt am Main	100.0 [3]
Allianz Esa cargo & logistics GmbH, Bad Friedrichshall	100.0
Allianz Esa EuroShip GmbH, Bad Friedrichshall	51.0
Allianz FAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Finanzbeteiligungs GmbH, Munich	100.0
Allianz Global Corporate & Specialty SE, Munich	100.0
Allianz Global Investors GmbH, Frankfurt am Main	100.0
Allianz GLR Fonds, Frankfurt am Main	100.0 [3]
Allianz GLRS Fonds, Frankfurt am Main	100.0 [3]
Allianz GLU Fonds, Frankfurt am Main	100.0 [3]
Allianz GRGB Fonds, Frankfurt am Main	100.0 [3]
Allianz Handwerker Services GmbH, Aschheim	100.0
Allianz Investment Management SE, Munich	100.0 [4]
Allianz LAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0
Allianz Leben Infrastrukturfonds GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0
Allianz LFE Fonds, Frankfurt am Main	100.0 [3]
Allianz L-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Managed Operations & Services SE, Munich	100.0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0
Allianz Pension Direkt Infrastruktur GmbH, Munich	100.0
Allianz Pension Partners GmbH, Munich	100.0
Allianz Pension Service GmbH, Munich	100.0
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0
Allianz PK-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz PKV-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Private Equity GmbH, Munich	100.0
Allianz Private Equity Partners Verwaltungs GmbH, Munich	100.0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0
Allianz ProzessFinanz GmbH, Munich	100.0
Allianz PV 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz PV WS Fonds, Frankfurt am Main	100.0 [3]
Allianz PV-RD Fonds, Frankfurt am Main	100.0 [3]
Allianz Re Asia, Frankfurt am Main	100.0 [3]
Allianz Real Estate Germany GmbH, Stuttgart	100.0
Allianz Real Estate GmbH, Munich	100.0
Allianz Rechtsschutz-Service GmbH, Munich	100.0
Allianz Renewable Energy Management GmbH, Sehestedt	100.0
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0
Allianz RFG Fonds, Frankfurt am Main	100.0 [3]
Allianz Risk Consulting GmbH, Munich	100.0
Allianz SDR Fonds, Frankfurt am Main	100.0 [3]
Allianz SE-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Service Center GmbH, Munich	100.0
Allianz SOA Fonds, Frankfurt am Main	100.0 [3]
Allianz Taunusanlage GbR, Stuttgart	99.5
Allianz Treuhand GmbH, Stuttgart	100.0
Allianz UGD 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VAE Fonds, Frankfurt am Main	100.0 [3]
Allianz Venture Partners Beteiligungs GmbH, Munich	100.0
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0
Allianz VGI 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VGL Fonds, Frankfurt am Main	100.0 [3]
Allianz VKA Fonds, Frankfurt am Main	100.0 [3]
Allianz VKRD Fonds, Frankfurt am Main	100.0 [3]
Allianz V-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz VSR Fonds, Frankfurt am Main	100.0 [3]
Allianz VW AV Fonds, Frankfurt am Main	100.0 [3]
Allianz Warranty GmbH, Unterföhring	100.0
AllianzGI-Fonds APF Renten, Frankfurt am Main	40.2 [2,5]
AllSecur Deutschland AG, Munich	100.0
APKV Direkt Infrastruktur GmbH, Munich	100.0
APKV Infrastrukturfonds GmbH, Munich	100.0
APKV Private Equity Fonds GmbH, Munich	100.0
ARE Brep Acht Vermögensbeteiligungsgesellschaft mbH & Co. KG, Munich	100.0
Atropos Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AUG. PRIEN Immobilien PE Verwaltung Brahms-Quartier GmbH, Stuttgart	94.9
Auros GmbH, Munich	100.0
Auros II GmbH, Munich	100.0
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 14 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 41 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 58 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 61 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 64 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 68 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 69 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 70 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 71 Vermögensverwaltungsgesellschaft mbH & Co.KG, Munich	100.0
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZL AI Nr. 1 GmbH, Munich	100.0
AZL PE Nr. 1 GmbH, Munich	100.0
AZRE AZD P&C Master Fund, Munich	100.0 [3]
AZS-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-SGD Direkt Infrastruktur GmbH, Munich	100.0
AZ-SGD Infrastrukturfonds GmbH, Munich	100.0
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0
AZT Automotive GmbH, Ismaning	100.0
Brahms Beteiligungs GmbH & Co. KG, Stuttgart	94.9
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	95.0
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH, Hamburg	50.4
dbi-Fonds Ammerland, Frankfurt am Main	100.0 [3]
dbi-Fonds DAV, Frankfurt am Main	100.0 [3]
dbi-Fonds WE, Frankfurt am Main	100.0 [3]
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0
Donator Beratungs GmbH, Munich	100.0
Donator Beteiligungsverwaltung GmbH, Munich	100.0
Euler Hermes Aktiengesellschaft, Hamburg	100.0
Euler Hermes Collections GmbH, Potsdam	100.0
Euler Hermes Rating Deutschland GmbH, Hamburg	100.0
GA Global Automotive Versicherungsservice GmbH, Halle (Saale)	100.0
InnoSolutas GmbH, Bad Friedrichshall	100.0
KomfortDynamik Sondervermögen, Frankfurt am Main	99.3 [5]
KVM ServicePlus - Kunden- und Vertriebsmanagement GmbH, Halle (Saale)	100.0
Mondial Kundenservice GmbH, Nuremberg	100.0
Münchener und Magdeburger Agrarversicherung Aktiengesellschaft, Munich	100.0
My Finance Coach Stiftung GmbH, Munich	100.0
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	90.2
PIMCO Deutschland GmbH, Munich	100.0 [4]
REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0
REC Frankfurt zweite Objektverwaltungsgesellschaft mbH, Hamburg	60.0
RehaCare GmbH, Munich	100.0
risklab GmbH, Munich	100.0
Roland Holding GmbH, Munich	75.2
Signa 12 Verwaltungs GmbH, Düsseldorf	94.9
Spherion Beteiligungs GmbH & Co. KG, Stuttgart	94.9
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0
UfS Beteiligungs-GmbH, Munich	100.0
VLS Versicherungslogistik GmbH, Berlin	100.0
Volkswagen Autoversicherung AG, Braunschweig	100.0
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0 [2]
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0

	% OWNED [1]
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0
Windpark Calau GmbH & Co. KG, Sehestedt	100.0
Windpark Cottbuser See GmbH & Co. KG, Sehestedt	100.0
Windpark Dahme GmbH & Co. KG, Sehestedt	100.0
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0
Windpark Emmendorf GmbH & Co. KG, Sehestedt	100.0
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0
Windpark Kirf GmbH & Co. KG, Sehestedt	100.0
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0
Non-consolidated affiliates	
AERS Consortio Aktiengesellschaft, Stuttgart	55.3
Allianz Global Benefits GmbH, Stuttgart	100.0
Allianz Objektbeteiligungs-GmbH, Stuttgart	100.0
Allianz Pension Consult GmbH, Stuttgart	100.0
AZ Beteiligungs-Management GmbH, Munich	100.0
AZ-Argos 56 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
Bürgel Beteiligungs GmbH, Hamburg	100.0
Elbe Forderungsmanagement GmbH, Hamburg	100.0
EURO-PRO Gesellschaft für Data Processing mbH, Grävenwiesbach	75.2
Grundstücksgesellschaft der Vereinten Versicherungen mbH, Munich	100.0
IDS GmbH - Analysis and Reporting Services, Munich	100.0
Infrastruktur Putlitz Ost GmbH & Co. KG, Husum	70.8
Lola Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
manroland AG, Offenbach am Main	100.0 [6,7]
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 [7]
META Finanz-Informationssysteme GmbH, Munich	100.0
OLB-Immobiliendienst-GmbH, Oldenburg	100.0
OLB-Service GmbH, Oldenburg	100.0
Supercheck GmbH, Cologne	100.0
Joint ventures	
BEG Weser-Ems Baugrund- und Erschließungsgesellschaft mbH & Co. OHG, Oldenburg	50.0
Dealis Fund Operations GmbH, Frankfurt am Main	50.0
SPN Service Partner Netzwerk GmbH, Munich	30.0 [8]
Associates	
AV Packaging GmbH, Munich	51.0 [9]
DCSO Deutsche Cyber-Sicherheitsorganisation GmbH, Berlin	25.0
esa EuroShip GmbH & Co. KG Underwriting for Shipping, Bad Friedrichshall	40.0
Mühl Product & Service und Thüringer Baustoffhandel Beteiligungs- und Verwaltungs GmbH, Kranichfeld	25.0
Reisegarant GmbH, Hamburg	24.0
T&R GP Management GmbH, Bonn	25.0
T&R Investment GmbH & Co. KG, Frankfurt am Main	25.0
T&R MLP GmbH, Bonn	25.0
T&R Real Estate GmbH, Bonn	25.0
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg	25.4
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
Protektor Lebensversicherungs-AG, Berlin	10.0
Sana Kliniken AG, Ismaning	14.3
FOREIGN ENTITIES	
Consolidated affiliates	
114 Venture LP, Wilmington, DE	99.0
490 Fulton JV LP, Wilmington, DE	96.5
490 Fulton REIT LP, Wilmington, DE	100.0
490 Lower Unit GP LLC, Wilmington, DE	100.0
490 Lower Unit LP, Wilmington, DE	100.0
A.V.I.P. Assurance Vie de Prévoyance SA, Courbevoie	100.0
ACMAR SA, Casablanca	55.0
Advanz Fundo de Investimento Renda Fixa Crédito Privado, São Paulo	100.0 [3]
Aero-Fonte S.r.l., Catania	100.0
AGA Alarmcentrale NL B.V., Amsterdam	100.0
AGA Assistance (India) Private Limited, Gurgaon	100.0
AGA Assistance Australia Pty Ltd., Toowong	100.0
AGA Assistance Beijing Services Co. Ltd., Beijing	100.0
AGA Assistance Japan Co. Ltd., Tokyo	80.1
AGA Inc., Richmond, VA	100.0
AGA Insurance Broker (Thailand) Co. Ltd., Bangkok	100.0
AGA Service Company Corp., Richmond, VA	100.0
AGA Service Italia S.c.a.r.l., Milan	100.0
AGA Services (India) Private Limited, Gurgaon	100.0
AGA Services (Thailand) Co. Ltd., Bangkok	97.6
AGA Servis Hizmetleri A.S., Istanbul	97.0
AGA Sigorta Aracilik Hizmetleri LS, Istanbul	100.0
AGCS Marine Insurance Company, Chicago, IL	100.0
AGCS Resseguros Brasil S.A., Rio de Janeiro	100.0
AGF Benelux S.A., Luxembourg	100.0
AGF FCR, Paris	100.0 [5]
AGF Holdings (UK) Limited, Guildford	100.0
AGF Insurance Limited, Guildford	100.0
AGF Inversiones S.A., Buenos Aires	100.0
AGIF RCM European Equity Dividend AT/IT, Senningerberg	46.3 [2,5]
AGR Services Pte Ltd., Singapore	100.0
AIM Equity EMU 1, Paris	100.0 [3]
AIM Equity US, Paris	100.0 [3]
AIM Singapore Pte Ltd., Singapore	100.0
AIM Underwriting Limited, Toronto, ON	100.0
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0
Allianz (UK) Limited, Guildford	100.0
Allianz Actio France, Paris	81.5 [5]
Allianz Actions Aéquitas, Paris	69.8 [5]
Allianz Actions Emergentes, Paris	94.6 [5]
Allianz Actions Euro, Paris	83.1 [5]
Allianz Actions Euro Convictions, Paris	88.8 [5]
Allianz Actions Euro MidCap, Paris	72.2 [5]
Allianz Actions France, Paris	74.4 [5]
Allianz Actions Internationales, Paris	99.3 [5]
Allianz Africa S.A., Paris	100.0
Allianz Air France IFC, Paris	100.0 [5]
Allianz Alapkezelõ Zrt., Budapest	100.0
Allianz Amerika Aandelen Fonds, Rotterdam	84.7 [5]
Allianz Annuity Company of Missouri, Clayton, MO	100.0
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0
Allianz Argentina RE S.A., Buenos Aires	100.0
Allianz Asac Actions, Paris	100.0 [3]
Allianz Asset Management of America Holdings Inc., Dover, DE	100.0
Allianz Asset Management of America L.P., Dover, DE	100.0
Allianz Asset Management of America LLC, Dover, DE	100.0
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0
Allianz Australia Advantage Ltd., Sydney	100.0
Allianz Australia Employee Share Plan Pty Ltd., Sydney	100.0
Allianz Australia Insurance Limited, Sydney	100.0
Allianz Australia Life Insurance Limited, Sydney	100.0
Allianz Australia Limited, Sydney	100.0
Allianz Australia Partnership Services Limited, Sydney	100.0
Allianz Australia Services Pty Limited, Sydney	100.0
Allianz Australia Workers Compensation (NSW) Limited, Sydney	100.0
Allianz Australia Workers Compensation (Victoria) Limited, Melbourne	100.0
Allianz Australian Claims Services Limited, Sydney	100.0
Allianz Australian Real Estate Trust, Sydney	100.0 [3]
Allianz Aviation Managers LLC, Burbank, CA	100.0
Allianz Ayudhya Assurance Public Company Limited, Bangkok	62.6
Allianz Bank Bulgaria AD, Sofia	99.9
Allianz Bank Financial Advisors S.p.A., Milan	100.0
Allianz Banque S.A., Courbevoie	100.0
Allianz Benelux S.A., Brussels	100.0
Allianz Bénin Assurances SA, Cotonou	83.5
Allianz Bonds Diversified Euro, Paris	100.0 [3]
Allianz Bonds Euro High Yield, Paris	100.0 [3]
Allianz Bulgaria Holding AD, Sofia	66.2
Allianz Burkina Assurances SA, Ouagadougou	60.3
Allianz Burkina Assurances Vie SA, Ouagadougou	71.8
Allianz Business Services Limited, Lancaster	100.0
Allianz business services s.r.o., Bratislava	100.0
Allianz Cameroun Assurances SA, Douala	75.4
Allianz Cameroun Assurances Vie SA, Douala	75.8
Allianz Cap ISR 2016, Paris	99.9 [5]
Allianz Capital Partners of America Inc., New York, NY	100.0
Allianz Carbon Investments B.V., Amsterdam	100.0
Allianz Cash SAS, Paris	100.0
Allianz Centrafrique Assurances SA, Bangui	88.3
Allianz Chicago Private Reit LP, Wilmington, DE	100.0
Allianz China General Insurance Company Ltd., Guangzhou	100.0
Allianz China Life Insurance Co. Ltd., Shanghai	51.0
Allianz Citizen Care SRI, Paris	76.8 [5]
Allianz Colombia S.A., Bogotá D.C.	100.0
Allianz Combinatie Fonds, Rotterdam	93.5 [5]
Allianz Compañía de Seguros y Reaseguros S.A., Barcelona	99.9
Allianz Congo Assurances SA, Brazzaville	100.0
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0
Allianz Creactions 1, Paris	100.0 [3]
Allianz Creactions 2, Paris	100.0 [3]
Allianz Defensief Mix Fonds, Rotterdam	100.0 [5]
Allianz Digital Corporate Ventures S.à r.l., Luxembourg	100.0
Allianz Discovery Asia Strategy, Senningerberg	59.0 [5]
Allianz do Brasil Participações Ltda., São Paulo	100.0
Allianz Duurzaam Wereld Aandelen Fonds, Rotterdam	53.8 [5]
Allianz Dynamic Multi Asset Strategy 75, Senningerberg	74.3 [5]
Allianz EDUKACJA S.A., Bialobrzegi	100.0
Allianz Egypt for Financial Investments Company S.A.E., New Cairo	100.0
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Emerging Markets Flexible Bond, Senningerberg	96.0 [5]
Allianz Engineering Inspection Services Limited, Guildford	100.0
Allianz Equity Emerging Markets 1, Paris	100.0 [3]
Allianz Equity Investments Ltd., Guildford	100.0
Allianz Equity Large Cap EMU, Paris	100.0 [3]
Allianz EURECO Equity, Paris	96.8 [5]
Allianz Euro Bond Plus, Paris	56.3 [5]
Allianz Euro Bond Strategy, Senningerberg	50.2 [5]
Allianz Euro Emprunts d'Etat, Paris	38.6 [2,5]
Allianz Euro Inflation-linked Bond, Senningerberg	55.0 [5]
Allianz Euro Obligations Crédit ISR, Paris	90.4 [5]
Allianz Euroland Equity SRI, Senningerberg	40.7 [2,5]

	% OWNED [1]
Allianz Europa Aandelen Fonds, Rotterdam	75.2 [5]
Allianz Europa Obligatie Fonds, Rotterdam	87.2 [5]
Allianz Europe B.V., Amsterdam	100.0
Allianz Europe Conviction Equity, Senningerberg	99.3 [5]
Allianz Europe Income and Growth, Senningerberg	40.0 [2,5]
Allianz Europe Ltd., Amsterdam	100.0
Allianz Finance Corporation, Wilmington, DE	100.0
Allianz Finance II B.V., Amsterdam	100.0
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance III B.V., Amsterdam	100.0
Allianz Finance IV Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance Obligations Monde, Paris	95.6 [5]
Allianz Finance Pty Ltd., Sydney	100.0
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0
Allianz FinanzPlan 2055, Senningerberg	74.0 [5]
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0
Allianz Foglalkoztatói Nyugdíjszolgáltató Zrt., Budapest	74.0
Allianz Foncier, Paris	56.4 [5]
Allianz Formuléo ISR, Paris	100.0 [5]
Allianz France Favart I, Paris	100.0 [3]
Allianz France Investissement OPCI, Paris	100.0
Allianz France Real Estate Invest SPPICAV, Paris	100.0
Allianz France Richelieu 1 S.A.S., Paris	100.0
Allianz France S.A., Paris	100.0
Allianz Fund Investments Inc., Wilmington, DE	100.0
Allianz Fund Investments S.A., Luxembourg	100.0
Allianz Garantie Fonds 3%, Rotterdam	100.0 [5]
Allianz Garantie Fonds 4,75%, Rotterdam	99.5 [5]
Allianz Garantiefonds 3,35%, Rotterdam	100.0 [5]
Allianz Garantiefonds 5%, Rotterdam	100.0 [5]
Allianz Geldmarkt Fonds, Rotterdam	66.4 [5]
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0
Allianz General Laos Ltd., Vientiane	51.0
Allianz generalni sluzby s.r.o., Prague	100.0
Allianz Global Assistance International SA, Paris	100.0
Allianz Global Assistance New Zealand Limited, Auckland	100.0
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0
Allianz Global Emerging Markets Equity Dividend, Senningerberg	60.0 [5]
Allianz Global Equity Selection, Senningerberg	99.0 [5]
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0
Allianz Global Investors Distributors LLC, Dover, DE	100.0
Allianz Global Investors Fund Management LLC, Dover, DE	100.0
Allianz Global Investors Ireland Ltd., Dublin	100.0
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0
Allianz Global Investors Korea Limited, Seoul	100.0
Allianz Global Investors Nominee Services Ltd., George Town	100.0
Allianz Global Investors Schweiz AG, Zurich	100.0
Allianz Global Investors Singapore Ltd., Singapore	100.0
Allianz Global Investors Taiwan Ltd., Taipei	100.0
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0
Allianz Global Investors U.S. LLC, Dover, DE	100.0
Allianz Global Life Ltd., Dublin	100.0
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0
Allianz Groen Rente Fonds, Rotterdam	100.0 [5]
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0
Allianz Hellas Insurance Company S.A., Athens	100.0
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0
Allianz Holding eins GmbH, Vienna	100.0
Allianz Holding France SAS, Paris	100.0
Allianz Holdings plc, Guildford	100.0
Allianz Hospitaliers Euro, Paris	100.0 [3]

	% OWNED [1]
Allianz Hospitaliers Valeurs Durables, Paris	100.0 [3]
Allianz Hungária Biztosító Zrt., Budapest	100.0
Allianz IARD S.A., Paris	100.0
Allianz IARD Vintage, Paris	100.0 [3]
Allianz Immo, Paris	42.8 [2,5]
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0
Allianz Informatique G.I.E., Paris	100.0
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Spain Holdco II S.à r.l., Luxembourg	100.0
Allianz Insurance Company Ghana Limited, Accra	100.0
Allianz Insurance Company Lanka Limited, Saram	100.0
Allianz Insurance Company of Kenya Limited, Nairobi	100.0
Allianz Insurance Company-Egypt S.A.E., Cairo	95.0
Allianz Insurance plc, Guildford	100.0
Allianz International Ltd., Guildford	100.0
Allianz Inversiones S.A., Bogotá D.C.	100.0
Allianz Invest 10 Division S/U, Vienna	100.0 [3]
Allianz Invest 11 Division Leben/Kranken, Vienna	100.0 [3]
Allianz Invest 12 Division Leben/Kranken, Vienna	100.0 [3]
Allianz Invest 50, Vienna	100.0 [5]
Allianz Invest Alternativ, Vienna	100.0 [5]
Allianz Invest Cash, Vienna	80.6 [5]
Allianz Invest d.o.o., Zagreb	100.0
Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0
Allianz Invest Ostrent, Vienna	95.7 [5]
Allianz Invest Spezial 3, Vienna	100.0 [3]
Allianz Investment Management LLC, Minneapolis, MN	100.0
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0
Allianz Investments I Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments III Luxembourg S.à r.l., Luxembourg	100.0
Allianz Irish Life Holdings p.l.c., Dublin	66.5
Allianz kontakt s.r.o., Prague	100.0
Allianz Langlopend Obligatie Fonds, Rotterdam	100.0 [5]
Allianz Leasing Bulgaria AD, Sofia	51.0
Allianz Life & Annuity Company, Minneapolis, MN	100.0
Allianz Life (Bermuda) Ltd., Hamilton	100.0
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0
Allianz Life Financial Services LLC, Minneapolis, MN	100.0
Allianz Life Insurance Co. Ltd., Seoul	100.0
Allianz Life Insurance Company Ltd., Moscow	100.0
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0
Allianz Life Insurance Company of New York, New York, NY	100.0
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0
Allianz Life Insurance Japan Ltd., Tokyo	100.0
Allianz Life Insurance Lanka Ltd., Colombo	100.0
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0
Allianz Life Luxembourg S.A., Luxembourg	100.0
Allianz Madagascar Assurances SA, Antananarivo	100.0
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0
Allianz Mali Assurances SA, Bamako	77.0
Allianz Managed Operations & Services Netherlands B.V., Rotterdam	100.0
Allianz Managed Operations & Services Thailand Co. Ltd., Bangkok	100.0

	% OWNED [1]
Allianz Management Services Limited, Guildford	100.0
Allianz Marine & Transit Underwriting Agency Pty Ltd., Sydney	65.0
Allianz Marine (UK) Ltd., Ipswich	100.0
Allianz Mena Holding Bermuda Ltd., Beirut	99.9
Allianz México S.A. Compañía de Seguros, Mexico City	100.0
Allianz Multi Actions Monde, Paris	95.2 [5]
Allianz Multi Croissance, Paris	100.0 [5]
Allianz Multi Dynamisme, Paris	94.1 [5]
Allianz Multi Equilibre, Paris	97.7 [5]
Allianz Multi Horizon 2018-2020, Paris	54.6 [5]
Allianz Multi Horizon 2021-2023, Paris	46.6 [2,5]
Allianz Multi Horizon 2024-2026, Paris	57.7 [5]
Allianz Multi Horizon 2027-2029, Paris	82.3 [5]
Allianz Multi Horizon 2030-2032, Paris	100.0 [5]
Allianz Multi Horizon 2033-2035, Paris	100.0 [5]
Allianz Multi Horizon 2036-2038, Paris	100.0 [5]
Allianz Multi Horizon 2039-2041, Paris	100.0 [5]
Allianz Multi Horizon Court Terme, Paris	76.8 [5]
Allianz Multi Horizon Long Terme, Paris	71.5 [5]
Allianz Multi Opportunités, Paris	99.0 [5]
Allianz Multi Rendement Premium (R), Paris	98.0 [5]
Allianz Multi Rendement Réel, Paris	87.8 [5]
Allianz Multi Sérénité, Paris	99.6 [5]
Allianz Mutual Funds Management Company S.A., Athens	100.0
Allianz Nederland Asset Management B.V., Rotterdam	100.0
Allianz Nederland Groep N.V., Rotterdam	100.0
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0
Allianz New Europe Holding GmbH, Vienna	100.0
Allianz New Zealand Limited, Auckland	100.0
Allianz Obligations Internationales, Paris	79.1 [5]
Allianz Obligations Monde, Paris	99.9 [5]
Allianz of America Inc., Wilmington, DE	100.0
Allianz Offensief Mix Fonds, Rotterdam	100.0 [5]
Allianz One Beacon GP LLC, Wilmington, DE	100.0
Allianz One Beacon LP, Wilmington, DE	100.0
Allianz Opéra, Paris	100.0 [3]
Allianz Osmea 4, Paris	100.0 [5]
Allianz p.l.c., Dublin	100.0
Allianz Pacific Aandelen Fonds, Rotterdam	86.7 [5]
Allianz Pan Asian REITs Fund Segregated Portfolio, George Town	100.0 [3]
Allianz Pension Fund Trustees Ltd., Guildford	100.0
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0
Allianz penzijní spolecnost a.s., Prague	100.0
Allianz Pimco Corporate, Vienna	73.0 [5]
Allianz Pimco Mortgage, Vienna	97.3 [5]
Allianz pojistovna a.s., Prague	100.0
Allianz Polska Services Sp. z o.o., Warsaw	100.0
Allianz Popular Asset Management SGIIC S.A., Madrid	100.0
Allianz Popular Pensiones EGFP S.A., Madrid	100.0
Allianz Popular S.L., Madrid	60.0
Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0
Allianz Potential, Paris	100.0 [5]
Allianz Private Equity Partners Europa I, Milan	86.8 [3]
Allianz Private Equity Partners Europa II, Milan	92.0 [3]
Allianz Private Equity Partners Europa III, Milan	99.6 [3]
Allianz Private Equity Partners IV, Milan	100.0 [3]
Allianz Private Equity Partners V, Milan	100.0 [3]
Allianz Private Equity UK Holdings Limited, London	100.0
Allianz Properties Limited, Guildford	100.0
Allianz Prudence, Paris	99.5 [5]
Allianz Re Dublin Limited, Dublin	100.0
Allianz Real Estate France SAS, Paris	100.0
Allianz Real Estate of America LLC, New York, NY	100.0
Allianz Renewable Energy Fund Management 1 Ltd., London	100.0
Allianz Renewable Energy Management AT GmbH, Pottenbrunn	100.0

	% OWNED [1]
Allianz Renewable Energy Partners I LP, London	100.0
Allianz Renewable Energy Partners II Limited, London	100.0
Allianz Renewable Energy Partners III LP, London	98.6
Allianz Renewable Energy Partners IV Limited, London	98.6
Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0
Allianz Renewable Energy Partners V plc., London	100.0
Allianz Risk Consultants Inc., Los Angeles, CA	100.0
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0
Allianz Risk Transfer (UK) Limited, London	100.0
Allianz Risk Transfer AG, Zurich	100.0
Allianz Risk Transfer Inc., New York, NY	100.0
Allianz Risk Transfer N.V., Amsterdam	100.0
Allianz S.A. de C.V., Mexico City	100.0
Allianz S.p.A., Trieste	100.0
Allianz Saint Marc CL, Paris	100.0 [5]
Allianz SAS S.A.S., Bogotá D.C.	100.0
Allianz Saúde S.A., São Paulo	100.0
Allianz Secteur Euro Immobilier, Paris	94.9 [5]
Allianz Secteur Europe Immobilier, Paris	89.5 [5]
Allianz Sécurité, Paris	96.5 [5]
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0
Allianz Seguros S.A., São Paulo	100.0
Allianz Seguros S.A., Bogotá D.C.	100.0
Allianz Selectie Fonds, Rotterdam	85.1 [5]
Allianz Selection Total Return Asian Equity, Hong Kong	81.8 [5]
Allianz Selection US High Yield, Hong Kong	62.3 [5]
Allianz Sénégal Assurances SA, Dakar	83.2
Allianz Sénégal Assurances Vie SA, Dakar	96.8
Allianz Services (UK) Limited, London	100.0
Allianz Sigorta A.S., Istanbul	96.2
Allianz SNA s.a.l., Beirut	100.0
Allianz Sociedad Anónima A.S. Agencia de Seguros, Barcelona	100.0
Allianz Sociedade Gestora de Fundos de Pensões S.A., Lisbon	87.6
Allianz Société Financière S.à r.l., Luxembourg	100.0
Allianz South America Holding B.V., Amsterdam	100.0
Allianz Special Opportunities Alternative Fund, Milan	100.0 [3]
Allianz Specialised Investments Limited, London	100.0
Allianz Specjalistyczny Fundusz Inwestycyjny Otwarty Subfunduszu Allianz 1, Warsaw	100.0 [3]
Allianz Subalpina Holding S.p.A., Turin	98.1
Allianz Suisse Immobilien AG, Wallisellen	100.0
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7
Allianz Telematics S.p.A., Rome	100.0
Allianz Tiriac Asigurari SA, Bucharest	52.2
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0
Allianz Togo Assurances SA, Lome	97.9
Allianz UK Credit Fund, Paris	100.0 [3]
Allianz UK Infrastructure Debt GP Limited, London	100.0
Allianz Ukraine LLC, Kiev	100.0
Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0
Allianz US Investment GP LLC, Wilmington, DE	100.0
Allianz US Investment LP, Wilmington, DE	100.0
Allianz US Private REIT GP LLC, Wilmington, DE	100.0
Allianz US Private REIT LP, Wilmington, DE	100.0
Allianz Valeurs Durables, Paris	53.3 [5]
Allianz Vermogen B.V., Rotterdam	100.0
Allianz Vie S.A., Paris	100.0
Allianz Vorsorgekasse AG, Vienna	100.0
Allianz Worldwide Care S.A., Paris	100.0
Allianz Worldwide Care Services Ltd., Dublin	100.0
Allianz Worldwide Partners S.A.S., Paris	100.0
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0
Allianz Zagreb d.d., Zagreb	83.2

	% OWNED [1]
Allianz ZB d.o.o. Company for the Management of Obligatory Pension Funds, Zagreb	51.0
Allianz ZB d.o.o. Company for the Management of Voluntary Pension Funds, Zagreb	51.0
AllianzGI Best Styles Emerging Markets Equity Fund, Boston, MA	54.0 [5]
AllianzGI China Equity Fund, Boston, MA	58.4 [5]
AllianzGI Discovery US Portfolio, Boston, MA	100.0 [5]
AllianzGI Emerging Markets Debt Fund, Boston, MA	96.8 [5]
AllianzGI Europe Equity Dividend, Boston, MA	88.5 [5]
AllianzGI Global Fundamental Strategy Fund, Boston, MA	95.4 [5]
AllianzGI Global Megatrends Fund, Boston, MA	96.7 [5]
AllianzGI Global Small-Cap Opportunity Portfolio, Boston, MA	97.9 [5]
AllianzGI Global Sustainability Fund, Boston, MA	96.8 [5]
AllianzGI International Growth Fund, Boston, MA	97.3 [5]
AllianzGI Multi-Asset Real Return Fund, Boston, MA	71.7 [5]
AllianzGo S.r.l., Trieste	100.0
Allianz-Slovenská DSS a.s., Bratislava	100.0
Allianz-Slovenská poist'ovna a.s., Bratislava	99.6
Amaya Compañía de Seguros y Reaseguros S.A., Madrid	100.0
American Automobile Insurance Company Corp., Earth City, MO	100.0
American Financial Marketing Inc., Minneapolis, MN	100.0
AMOS Austria GmbH, Vienna	100.0
AMOS European Services SAS, Paris	100.0
AMOS IberoLatAm S.L., Barcelona	100.0
AMOS International B.V., Amsterdam	100.0
AMOS IT Suisse AG, Wallisellen	100.0
AMOS Italy S.p.c.A., Milan	100.0
AMOS of America Inc., Wilmington, DE	100.0
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0
Antoniana Veneta Popolare Vita S.p.A., Trieste	100.0
APEH Europe VI, Paris	99.6 [3]
APKV US Private REIT GP LLC, Wilmington, DE	100.0
APKV US Private REIT LP, Wilmington, DE	100.0
APP Broker S.r.l., Trieste	100.0
Arab Gulf Health Services LLC, Dubai	100.0
Arcalis SA, Courbevoie	100.0
Arcalis UN, Paris	100.0 [5]
Arges Investments I N.V., Amsterdam	100.0
Arges Investments II N.V., Amsterdam	100.0
Asit Services S.R.L., Bucharest	100.0
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0
Associated Indemnity Corporation, Novato, CA	100.0
Assurances Médicales SA, Paris	65.0
Avip Actions 100, Paris	100.0 [5]
Avip Actions 60, Paris	100.0 [5]
Avip Top Croissance, Paris	99.1 [5]
Avip Top Defensif, Paris	98.9 [5]
Avip Top Harmonie, Paris	94.9 [5]
AWP Romania S.A., Bucharest	100.0
AZ Euro Investments II S.à r.l., Luxembourg	100.0
AZ Euro Investments S.à r.l., Luxembourg	100.0
AZ Jupiter 10 B.V., Amsterdam	100.0
AZ Jupiter 4 B.V., Amsterdam	100.0
AZ Jupiter 8 B.V., Amsterdam	100.0
AZ Jupiter 9 B.V., Amsterdam	100.0
AZ Real Estate GP LLC, New York, NY	100.0
AZ Servisni centar d.o.o., Zagreb	100.0
AZ Vers US Private REIT GP LLC, Wilmington, DE	100.0
AZ Vers US Private REIT LP, Wilmington, DE	100.0
AZGA Insurance Agency Canada Ltd., Kitchener, ON	100.0
AZGA Service Canada Inc., Kitchener, ON	55.0
AZL PF Investments Inc., Minneapolis, MN	100.0
AZOA C.V., Amsterdam	100.0
AZOA Services Corporation, New York, NY	100.0
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0
Beykoz Gayrimenkul Yatirim Insaat Turizm Sanayi ve Ticaret A.S., Ankara	100.0

	% OWNED [1]
Bilan Services S.N.C., Nanterre	66.0
Borgo San Felice S.r.l., Castelnuovo Berardenga (Siena)	100.0
Botanic Building SPRL, Brussels	100.0
BPS Brindisi 211 S.r.l., Lecce	100.0
BPS Brindisi 213 S.r.l., Lecce	100.0
BPS Brindisi 222 S.r.l., Lecce	100.0
BPS Mesagne 214 S.r.l., Lecce	100.0
BPS Mesagne 215 S.r.l., Lecce	100.0
BPS Mesagne 216 S.r.l., Lecce	100.0
BPS Mesagne 223 S.r.l., Lecce	100.0
BPS Mesagne 224 S.r.l., Lecce	100.0
Brasil de Imóveis e Participações Ltda., São Paulo	100.0
Bright Mission Berhad Ltd., Kuala Lumpur	100.0
British Reserve Insurance Co. Ltd., Guildford	100.0
Brobacken Nät AB, Stockholm	100.0
BSMC (Thailand) Limited, Bangkok	100.0
Bulgaria Net AD, Sofia	98.4
Bureau d'Expertises Despretz S.A., Brussels	100.0
Calobra Investments Sp. z o.o., Warsaw	100.0
Calypso S.A., Paris	100.0
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0
Caroline Berlin S.C.S., Luxembourg	93.2
Centrale Photovoltaique de Saint Marcel sur aude SAS, Paris	100.0
Centrale Photovoltaique de Valensole SAS, Paris	100.0
CEPE de Bajouve S.à r.l., Versailles	100.0
CEPE de Haut Chemin S.à r.l., Versailles	100.0
CEPE de la Forterre S.à r.l., Versailles	100.0
CEPE de Langres Sud S.à r.l., Versailles	100.0
CEPE de Mont Gimont S.à r.l., Versailles	100.0
CEPE de Sambres S.à r.l., Versailles	100.0
CEPE des Portes de la Côte d'Or S.à r.l., Versailles	100.0
CEPE du Bois de la Serre S.à r.l., Versailles	100.0
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0
Chicago Insurance Company Corp., Chicago, IL	100.0
CIC Allianz Insurance Ltd., Sydney	100.0
Club Marine Limited, Sydney	100.0
Colisee S.à r.l., Luxembourg	100.0
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8
Compañía Colombiana de Servicio Automotriz S.A., Bogotá D.C.	100.0
Consultatio Renta Mixta F.C.I., Buenos Aires	100.0 [3]
Corn Investment Ltd., London	100.0
Corsetec Assessoria e Corretagem de Seguros Ltda., São Paulo	99.5
CPRN Thailand Ltd., Bangkok	100.0
Creactif Allocation, Paris	100.0 [5]
CreditRas Assicurazioni S.p.A., Milan	50.0 [2]
CreditRas Vita S.p.A., Milan	50.0 [2]
Darta Saving Life Assurance Ltd., Dublin	100.0
Deeside Investments Inc., Wilmington, DE	50.1
Delta Technical Services Ltd., London	100.0
Diamond Point a.s., Prague	100.0
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0
EF Solutions LLC, Wilmington, DE	100.0
Energie Eolienne Lusanger S.à r.l., Versailles	100.0
Eolica Erchie S.r.l., Lecce	100.0
Etablissements J. Moneger SA, Dakar	100.0
Euler Hermes ACI Services LLP, Baltimore, MD	100.0
Euler Hermes ACMAR Services SARL, Casablanca	100.0
Euler Hermes Asset Management France S.A., Paris la Défense	100.0
Euler Hermes Canada Services Inc., Montreal, QC	100.0
Euler Hermes Cescob Service s.r.o., Prague	100.0
Euler Hermes Collections Sp. z o.o., Warsaw	100.0
Euler Hermes Consulting (Shanghai) Co. Ltd., Shanghai	100.0
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0
Euler Hermes Credit Management Services Ireland Ltd., Dublin	100.0
Euler Hermes Credit Services (JP) Ltd., Tokyo	100.0

	% OWNED [1]
Euler Hermes Excess North America LLC, Owings Mills, MD	100.0
Euler Hermes Group SA, Paris La Défense	69.5
Euler Hermes Hellas Credit Insurance SA, Athens	100.0
Euler Hermes Hellas Services Ltd., Athens	100.0
Euler Hermes Hong Kong Service Limited, Hong Kong	100.0
Euler Hermes Korea Non-life Broker Company Limited, Seoul	100.0
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0
Euler Hermes Magyar Követeleskezelö Kft., Budapest	100.0
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0
Euler Hermes North America Insurance Company Inc., Baltimore, MD	100.0
Euler Hermes Patrimonia SA, Brussels	100.0
Euler Hermes Ré SA, Luxembourg	100.0
Euler Hermes Real Estate SPPICAV, Paris	60.0
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0
Euler Hermes Reinsurance AG, Wallisellen	100.0
Euler Hermes Risk Yönetimi A.S., Istanbul	100.0
Euler Hermes S.A., Brussels	100.0
Euler Hermes Seguros de Crédito S.A., São Paulo	100.0
Euler Hermes Service AB, Stockholm	100.0
Euler Hermes Services AG, Wallisellen	100.0
Euler Hermes Services B.V., 's-Hertogenbosch	100.0
Euler Hermes Services Belgium S.A., Brussels	100.0
Euler Hermes Services Bulgaria EOOD, Sofia	100.0
Euler Hermes Services G.C.C. Limited, Dubai	100.0
Euler Hermes Services India Private Limited, Mumbai	100.0
Euler Hermes Services S.A.S., Paris la Défense	100.0
Euler Hermes Services South Africa Ltd., Johannesburg	100.0
Euler Hermes Services Sp. z o.o., Warsaw	100.0
Euler Hermes Services Tunisia S.à r.l., Tunis	100.0
Euler Hermes Services UK Limited, London	100.0
Euler Hermes Servicii Financiare S.R.L., Bucharest	100.0
Euler Hermes Serviços Ltda., São Paulo	100.0
Euler Hermes Servis s.r.o., Bratislava	100.0
Euler Hermes Sigorta A.S., Istanbul	100.0
Euler Hermes Singapore Services Pte Ltd., Singapore	100.0
Euler Hermes South Express S.A., Brussels	100.0
Euler Hermes Taiwan Services Limited, Taipei	100.0
Euler Hermes Trade Credit Limited, Auckland	100.0
Euler Hermes Trade Credit Underwriting Agents Pty Ltd., Sydney	100.0
Euler Hermes UMA, Louisville, KY	100.0
Euler Hermes World Agency SASU, Paris la Défense	100.0
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0
Eurl 20/22 Le Peletier, Paris la Défense	100.0
Euro Garantie AG, Pfäffikon	100.0
Eurosol Invest S.r.l., Udine	100.0
FAI Allianz Ltd., Sydney	100.0
FCP LBPAM IDR, Paris	100.0 [5]
FCT CIMU 92, Pantin	100.0 [3]
FCT Rocade L2 Marseille, Paris	100.0 [3]
Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0
Ferme Eolienne de Villemur-sur-Tarn S.à r.l., Versailles	100.0
Ferme Eolienne des Jaladeaux S.à r.l., Versailles	100.0
Financière Aldebaran SAS, Paris la Défense	100.0
Financière Callisto SAS, Paris la Défense	100.0
Fireman's Fund Financial Services LLC, Dallas, TX	100.0
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0
Fireman's Fund Insurance Company Corp., Novato, CA	100.0
Fireman's Fund Insurance Company of Bermuda, Hamilton	100.0
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0
Fireman's Fund Insurance Company of Ohio Corp., Cincinnati, OH	100.0
Fondo Chiuso Allianz Infrastructure Partners I, Milan	100.0 [3]
Fragonard Assurance S.A., Paris	100.0
Friederike MLP S.à r.l., Luxembourg	100.0
Fu An Management Consulting Co. Ltd., Beijing	1.0 [2]
Fusion Brokerage Inc., Richmond, VA	100.0
Fusion Company Inc., Richmond, VA	100.0
Gaipare Action, Paris	100.0 [5]
GamePlan Financial Marketing LLC, Woodstock, GA	100.0
Generation Vie S.A., Courbevoie	52.5
Genialloyd S.p.A., Milan	100.0
Gestion de Téléassistance et de Services S.A., Chatillon	100.0
GIE Euler Hermes SFAC Services, Paris la Défense	100.0
Global Transport & Automotive Insurance Solutions Pty Limited, Sydney	81.0
Hauteville Insurance Company Limited, St Peter Port	100.0
Havelaar & van Stolk B.V., Rotterdam	100.0
Helviass Verzekeringen B.V., Rotterdam	100.0
Home & Legacy (Holdings) Limited, London	100.0
Home & Legacy Insurance Services Limited, London	100.0
Hunter Premium Funding Ltd., Sydney	100.0
Immovalor Gestion S.A., Paris	100.0
Inforce Solutions LLC, Woodstock, GA	100.0
Insurance CJSC "Medexpress", Saint Petersburg	100.0
Intermediass S.r.l., Milan	100.0
International Film Guarantors Limited, London	100.0
International Film Guarantors LLC, Santa Monica, CA	100.0
Interstate Fire & Casualty Company, Chicago, IL	100.0
Investitori Real Estate Fund, Milan	100.0 [3]
Investitori SGR S.p.A., Milan	100.0
Järvsö Sörby Vindkraft AB, Danderyd	100.0
JCR Intertrade Ltd., Bangkok	40.0 [2]
Jefferson Insurance Company Corp., New York, NY	100.0
Kaishi Pte. Ltd., Singapore	67.6
Ken Tame & Associates Pty Ltd., Sydney	80.0
Kiinteistö OY Eteläesplanadi 2, Helsinki	100.0
Königinstrasse I S.à r.l., Luxembourg	100.0
La Rurale SA, Paris	99.9
LCF IDR, Paris	100.0 [5]
Les Vignobles de Larose S.A.S., Saint Laurent Médoc	100.0
LLC "Medexpress-service", Saint Petersburg	100.0
LLC "Progress-Med", Moscow	100.0
LLC "Risk Audit", Moscow	100.0
Lloyd Adriatico Holding S.p.A., Trieste	99.9
Maevaara Vind 2 AB, Stockholm	100.0
Maevaara Vind AB, Stockholm	100.0
Magdeburger Sigorta A.S., Istanbul	100.0
Martin Maurel Vie SA, Courbevoie	100.0
Medi24 AG, Bern	100.0
Mombyasen Wind Farm AB, Halmstad	100.0
Mondial Assistance Asia Pte Ltd., Singapore	100.0
Mondial Assistance Australia Holding Pty Ltd., Toowong	100.0
Mondial Assistance France SAS, Paris	95.0
Mondial Assistance France Services à la personne SAS, Paris	100.0
Mondial Assistance GmbH, Vienna	100.0
Mondial Assistance Indian Ocean LLC, Ebene	100.0
Mondial Assistance Ireland Ltd., Dublin	100.0
Mondial Assistance Mexico S.A. de C.V., Mexico City	100.0
Mondial Assistance Portugal Serviços de Assistência Lda., Lisbon	100.0
Mondial Assistance Réunion S.A., Saint Denis	100.0
Mondial Assistance s.r.o., Prague	100.0
Mondial Assistance Service España S.A., Madrid	100.0
Mondial Assistance Services Hellas A.E., Athens	51.0
Mondial Assistance Sp. z o.o., Warsaw	100.0
Mondial Assistance United Kingdom Ltd., Croydon Surrey	100.0
Mondial Chile Asistencia Veinticuatro Horas y Viajes Limitada, Santiago	100.0
Mondial Contact Center Italia S.r.l., Milan	100.0
Mondial Protection Corretora de Seguros Ltda., São Bernardo do Campo	100.0
Mondial Service - Belgium S.A., Brussels	100.0
Mondial Service Argentina S.A., Buenos Aires	100.0
Mondial Service Colombia SAS, Bogotá D.C.	100.0
Mondial Servicios S.A. de C.V., Mexico City	100.0
Mondial Serviços Ltda., São Bernardo do Campo	100.0
Morgan Stanley Italian Office Fund, Milan	100.0 [3]
National Surety Corporation, Chicago, IL	100.0
Neoasistencia Manoteras S.L., Madrid	100.0
Nextcare Bahrain Ancillary Services Company B.S.C., Manama	100.0
NEXtCARE Egypt LLC, Cairo	100.0
NEXtCARE Holding WLL, Manama	75.0
NEXtCARE Lebanon SAL, Beirut	100.0
Nextcare Tunisia S.à r.l., Tunis	100.0
NFJ Investment Group LLC, Dover, DE	100.0
Northstar Mezzanine Partners VI U.S. Feeder II L.P., Dover, DE	100.0 [3]
OJSC "My Clinic", Moscow	100.0
OJSC Insurance Company Allianz, Moscow	100.0
OJSC Insurance Company ROSNO-MS, Moscow	100.0
Ontario Limited, Toronto, ON	100.0
OOO "IC Euler Hermes Ru", Moscow	100.0
OOO Euler Hermes Credit Management, Moscow	100.0
OOO Mondial Assistance, Moscow	100.0
OPCI Allianz France Angel, Paris	100.0
Oppenheimer Group Inc., Dover, DE	100.0
Orione PV S.r.l., Milan	100.0
Orsa Maggiore PV S.r.l., Milan	100.0
Orsa Minore PV S.r.l., Milan	100.0
Pacific Investment Management Company LLC, Dover, DE	95.6
Parc Eolien de Bonneuil S.à r.l., Versailles	100.0
Parc Eolien de Bruyère Grande SAS, Versailles	100.0
Parc Eolien de Chaourse SAS, Versailles	100.0
Parc Eolien de Croquettes SAS, Versailles	100.0
Parc Eolien de Fontfroide SAS, Versailles	100.0
Parc Eolien de Forge SAS, Paris	100.0
Parc Eolien de la Sole du Bois SAS, Paris	100.0
Parc Eolien de Longchamps SAS, Versailles	100.0
Parc Eolien de Ly-Fontaine SAS, Versailles	100.0
Parc Eolien de Remigny SAS, Versailles	100.0
Parc Eolien des Barbes d´Or SAS, Versailles	100.0
Parc Eolien des Joyeuses SAS, Versailles	100.0
Parc Eolien des Mistandines SAS, Paris	100.0
Parc Eolien des Quatre Buissons SAS, Paris	100.0
Parc Eolien du Bois Guillaume SAS, Paris	100.0
Parc Eolien Les Treize SAS, Paris	100.0
Personalized Brokerage Service LLC, Topeka, KS	100.0
Pet Plan Ltd., Guildford	100.0
PFP Holdings Inc., Dover, DE	100.0
PGA Global Services LLC, Dover, DE	100.0
PGREF V 1301 Sixth Investors I LLC, Wilmington, DE	100.0
PGREF V 1301 Sixth Investors I LP, Wilmington, DE	100.0
PIMCO (Schweiz) GmbH, Zurich	100.0
PIMCO Asia Ltd., Hong Kong	100.0
PIMCO Asia Pte Ltd., Singapore	100.0
PIMCO Australia Pty Ltd., Sydney	100.0
PIMCO Canada Corp., Toronto, ON	100.0
PIMCO Canada Credit Bond Trust, Toronto, ON	100.0 [5]
PIMCO Canada Credit Long Bond Trust, Toronto, ON	100.0 [5]
PIMCO Canadian Real Return Bond Fund, Toronto, ON	56.7 [5]
PIMCO Covered Bond Source UCITS ETF, Dublin	71.0 [5]
PIMCO Emerging Markets Bond Fund III, George Town	49.4 [2,5]
PIMCO Euro Low Duration Investment Grade Corporate Fund, Dublin	100.0 [3]
PIMCO Europe Ltd., London	100.0
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0
PIMCO Global Advisors (Luxembourg) S.A., Luxembourg	100.0
PIMCO Global Advisors (Resources) LLC, Dover, DE	100.0
PIMCO Global Advisors LLC, Dover, DE	100.0
PIMCO Global Holdings LLC, Dover, DE	100.0

	% OWNED [1]
PIMCO GP I LLC, Wilmington, DE	100.0
PIMCO GP III LLC, Wilmington, DE	100.0
PIMCO GP IX LLC, Wilmington, DE	100.0
PIMCO GP V LLC, Wilmington, DE	100.0
PIMCO GP VII LLC, Wilmington, DE	100.0
PIMCO GP X LLC, Wilmington, DE	100.0
PIMCO GP XI LLC, Wilmington, DE	100.0
PIMCO GP XII LLC, Wilmington, DE	100.0
PIMCO GP XIII LLC, Wilmington, DE	100.0
PIMCO GP XIV LLC, Wilmington, DE	100.0
PIMCO GP XV LLC, Wilmington, DE	100.0
PIMCO Income Fund Wholesale, Melbourne	72.8 [5]
PIMCO International Dividend Fund, Wilmington, DE	49.9 [2,5]
PIMCO Investments LLC, Dover, DE	100.0
PIMCO Japan Ltd., Road Town	100.0
PIMCO Latin America Administradora de Carteiras Ltda., Rio de Janeiro	100.0
PIMCO RAE Fundamental Emerging Markets Fund, Dublin	100.0 [5]
PIMCO RAE Fundamental Global Developed Fund, Dublin	97.2 [5]
PIMCO RAE Fundamental Global Equities Plus Fundo de Investimento Multimercado Investimento no Exterior, Rio de Janeiro	98.9 [5]
PIMCO RAE Fundamental US Fund, Dublin	74.9 [5]
PIMCO Real Return Limited Duration Fund, Boston, MA	96.1 [5]
PIMCO RealPath Blend 2020 Fund, Wilmington, DE	95.1 [5]
PIMCO RealPath Blend 2025 Fund, Wilmington, DE	77.9 [5]
PIMCO RealPath Blend 2030 Fund, Wilmington, DE	94.4 [5]
PIMCO RealPath Blend 2035 Fund, Wilmington, DE	85.1 [5]
PIMCO RealPath Blend 2040 Fund, Wilmington, DE	96.2 [5]
PIMCO RealPath Blend 2045 Fund, Wilmington, DE	94.5 [5]
PIMCO RealPath Blend 2050 Fund, Wilmington, DE	94.9 [5]
PIMCO RealPath Blend 2055 Fund, Wilmington, DE	96.0 [5]
PIMCO RealPath Blend Income Fund, Wilmington, DE	94.0 [5]
PIMCO RealPath 2055 Fund, Boston, MA	90.7 [5]
PIMCO REIT Management LLC, Wilmington, DE	100.0
PIMCO Select U.S. High Yield BB-B Bond Fund, Dublin	57.6 [5]
PIMCO Select UK Retirement Strategy Fund, Dublin	92.8 [5]
PIMCO U.S. Dividend Fund, Wilmington, DE	46.1 [2,5]
PIMCO-World Bank Gemloc Fund, Luxembourg	100.0 [5]
POD Allianz Bulgaria AD, Sofia	65.9
Primacy Underwriting Management Ltd., Wellington	100.0
Primacy Underwriting Management Pty Ltd., Melbourne	100.0
Prosperaz Fundo de Investimento Renda Fixa Crédito Privado, São Paulo	100.0 [3]
Protexia France S.A., Paris	100.0
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8
PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	97.8
PTE Allianz Polska S.A., Warsaw	100.0
Q 207 GP S.à r.l., Luxembourg	100.0
Q207 S.C.S., Luxembourg	94.0
Quality 1 AG, Bubikon	100.0
Questar Agency Inc., Minneapolis, MN	100.0
Questar Asset Management Inc., Ann Arbor, MI	100.0
Questar Capital Corporation, Minneapolis, MN	100.0
Quintet Properties Ltd., Dublin	100.0
RAS Antares, Milan	100.0 [3]
Rävaberget Nät AB, Stockholm	100.0
RB Fiduciaria S.p.A., Milan	100.0
RCM Dynamic Multi-Asset Plus VIT, Boston, MA	68.7 [5]
Real Faubourg Haussmann SAS, Paris la Défense	100.0
Real FR Haussmann SAS, Paris la Défense	100.0
Redoma S.à r.l., Luxembourg	100.0
Rhea SA, Luxembourg	100.0
Risikomanagement und Softwareentwicklung GmbH, Vienna	100.0
Rivage Richelieu 1, Paris	100.0 [3]
Roster Financial LLC, Mount Laurel, NJ	100.0
SA Carène Assurance, Paris	100.0
Saint-Barth Assurances S.à r.l., St. Barts	100.0
San Francisco Reinsurance Company Corp., Petaluma, CA	100.0

	% OWNED [1]
SAS 20 pompidou, Paris la Défense	100.0
SAS Allianz Etoile, Paris la Défense	100.0
SAS Allianz Forum Seine, Paris la Défense	100.0
SAS Allianz Logistique, Paris la Défense	100.0
SAS Allianz Platine, Paris la Défense	100.0
SAS Allianz Rivoli, Paris la Défense	100.0
SAS Allianz Serbie, Paris la Défense	100.0
SAS Angel Shopping Centre, Paris la Défense	90.0
SAS Madeleine Opéra, Paris la Défense	100.0
SAS Passage des princes, Paris la Défense	100.0
SAS Société d'Exploitation du Parc Eolien de Nélausa, Paris	100.0
Sättravallen Wind Power AB, Strömstad	100.0
Saudi NEXtCARE LLC, Al Khobar	52.0
SC Tour Michelet, Paris la Défense	100.0
SCI 46 Desmoulins, Paris la Défense	100.0
SCI Allianz ARC de Seine, Paris la Défense	100.0
SCI Allianz Chateaudun, Paris la Défense	100.0
SCI Allianz Invest Pierre, Paris	100.0
SCI Allianz Messine, Paris la Défense	100.0
SCI AVIP SCPI Selection, Courbevoie	100.0
SCI ESQ, Paris la Défense	75.0
SCI Stratus, Courbevoie	100.0
SCI Via Pierre 1, Paris la Défense	100.0
SCI Volnay, Paris la Défense	100.0
SDIII Energy GmbH & Co. KG, Pottenbrunn	100.0
SI 173-175 Boulevard Haussmann SAS, Paris la Défense	100.0
Siac Services S.r.l., Rome	100.0
Silex Gas Management AS, Oslo	100.0
Silex Gas Norway AS, Oslo	100.0
Sirius S.A., Luxembourg	94.8
SLC "Allianz Life Ukraine", Kiev	100.0
Società Agricola San Felice S.p.A., Milan	100.0
Société de Production D'électricité D'harcourt Moulaine SAS, Versailles	100.0
Société d'Energie Eolien Cambon SAS, Versailles	100.0
Société d'Exploitation du Parc Eolien d'Aussac Vadalle SAS, Paris	100.0
Société Européenne de Protection et de Services d'Assistance à Domicile S.A., Paris	56.0
Société Foncière Européenne B.V., Amsterdam	100.0
Société Nationale Foncière S.A.L., Beirut	66.0
SOFE One Ltd., Bangkok	100.0
SOFE Two Ltd., Bangkok	100.0
Sofiholding S.A., Brussels	100.0
South City Office Broodthaers SA, Brussels	100.0
SpaceCo S.A., Paris	100.0
Standard General Agency Inc., Dallas, TX	100.0
StocksPLUS Management Inc., Dover, DE	100.0
Téléservices et Sécurité "TEL2S" SARL, Chatillon	99.9
TFI Allianz Polska S.A., Warsaw	100.0
The American Insurance Company Corp., Cincinnati, OH	100.0
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0
The MI Group Limited, Guildford	99.4
Three Pillars Business Solutions Limited, Guildford	100.0
Ticket Guard Small Amount & Short Term Insurance Co. Ltd., Tokyo	100.0
Tihama Investments B.V., Amsterdam	100.0
Top Assistance Service GmbH, Vienna	100.0
Top Immo A GmbH & Co. KG, Vienna	100.0
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0
Top Versicherungsservice GmbH, Vienna	100.0
Top Vorsorge-Management GmbH, Vienna	75.0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0
Trafalgar Insurance Public Limited Company, Guildford	100.0
TU Allianz Polska S.A., Warsaw	100.0
TU Allianz Zycie Polska S.A., Warsaw	100.0
UP 36 SA, Brussels	100.0

	% OWNED [1]
VermögensManagement 2027 Plus, Senningerberg	87.7 [5]
VertBois S.à r.l., Luxembourg	100.0
Vigny Depierre Conseils SAS, Archamps	100.0
Viveole SAS, Versailles	100.0
Volta, Paris	100.0 [5]
Vordere Zollamtsstraße 13 GmbH, Vienna	100.0
WFC Investments Sp. z o.o., Warsaw	87.5
Windpark GHW GmbH, Pottenbrunn	100.0
Windpark Ladendorf GmbH, Vienna	100.0
Windpark Les Cent Jalois SAS, Versailles	100.0
Windpark Scharndorf GmbH, Pottenbrunn	100.0
Windpark Zistersdorf GmbH, Pottenbrunn	100.0
Wm. H McGee & Co. (Bermuda) Ltd., Hamilton	100.0
Wm. H McGee & Co. Inc., New York, NY	100.0
Wm. H McGee & Co. of Puerto Rico Inc., San Juan	100.0
YAO Investment S.à r.l., Luxembourg	100.0
Yorktown Financial Companies Inc., Minneapolis, MN	100.0
ZAD Allianz Bulgaria, Sofia	87.4
ZAD Allianz Bulgaria Zhivot, Sofia	99.0
ZAD Energia, Sofia	51.0
ZiOst Energy GmbH & Co. KG, Pottenbrunn	100.0
Non-consolidated affiliates	
A. Diffusion S.A., Nanterre	99.9
AGF Pension Trustees Ltd., Guildford	100.0
Allianz America Latina S.C. Ltda., Rio de Janeiro	100.0
Allianz Financial Services S.A., Athens	100.0
Allianz Global Corporate & Specialty Escritório de Representação no Brasil Ltda., Rio de Janeiro	100.0
Allianz Insurance Services Ltd., Athens	100.0
Allianz Northern Ireland Limited, Belfast	100.0
Allianz Risk Consultants B.V., Amsterdam	100.0
Assurance France Aviation S.A., Paris	100.0
business lounge GmbH, Vienna	100.0
COGAR S.à r.l., Paris	100.0
Gesellschaft für Vorsorgeberatung AG, Bern	100.0
ICC Evaluation SARL, Paris	100.0
Knightsbridge Allianz LP, Bartlesville, OK	99.5 [5]
Office Sénégalais de Conseils en Assurance SARL, Dakar	99.6
RE-AA SA, Abidjan	97.5
SCI AVIP de Camp Laurent, Courbevoie	100.0
SCI J.T., Courbevoie	100.0
SCI Vilaje, Courbevoie	100.0
SIFCOM Assur S.A., Abidjan	60.0
Société Immobilière de l'Avenue du Roule SAS, Courbevoie	100.0
Top Versicherungs-Vermittler Service GmbH, Vienna	100.0
Joint ventures	
A&A Centri Commerciali S.r.l., Milan	50.0
Allee-Center Kft., Budapest	50.0
Allianz C.P. General Insurance Co. Ltd., Bangkok	50.0
AMLI-Allianz Investment LP, Wilmington, DE	75.0 [8]
Ancilyze Technologies LLC, Oakbrook Terrace, IL	50.0
Atencion Integral a la Dependencia S.L., Cordoba	50.0
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 [8]
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 [8]
Bajaj Allianz Financial Distributors Limited, Pune	50.0
Companhia de Seguro de Créditos S.A., Lisbon	50.0
Dorcasia Ltd., Sydney	50.0
Euromarkt Center d.o.o., Ljubljana	50.0
Europe Logistics Venture 1 FCP-FIS, Luxembourg	83.3 [5,8]
Fiumaranuova S.r.l., Genoa	50.1 [8]
Guotai Jun'an Allianz Fund Management Co. Ltd., Shanghai	49.0 [8]
International Shopping Centre Investment S.A., Luxembourg	50.0
Israel Credit Insurance Company Ltd., Tel Aviv	50.0
Market Street Trust, Sydney	50.0 [5]
NET4GAS Holdings s.r.o., Prague	50.0
NRF (Finland) AB, Västeras	50.0

	% OWNED [1]
One Beacon Joint Venture LP, Wilmington, DE	50.0
Porterbrook Holdings I Limited, London	30.0 [8]
Previndustria - Fiduciaria Previdenza Imprenditori S.p.A., Milan	50.0
Queenspoint S.L., Madrid	100.0 [8]
RMPA Holdings Limited, Colchester	56.0 [8]
SC Holding SAS, Paris	50.0
SES Shopping Center AT1 GmbH, Salzburg	50.0
Solunion Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0
Triskelion Property Holding Designated Activity Company, Dublin	50.0
Waterford Blue Lagoon LP, Wilmington, DE	49.0 [8]
Associates	
Adriatic Motorways d.d., Zagreb	33.3
Allianz EFU Health Insurance Ltd., Karachi	49.0
Allianz Euro Credit SRI, Paris	33.4 [5]
Allianz Euro Oblig Court Terme ISR, Paris	24.1 [5]
Allianz Euro Tactique, Paris	35.0 [5]
Allianz Fóndika S.A. de C.V., Mexico City	26.8
Allianz High Dividend Asia Pacific, Senningerberg	20.9 [5]
Allianz Invest Osteuropa, Vienna	21.5 [5]
Allianz Invest Vorsorgefonds, Vienna	28.6 [5]
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	32.5
Allianz Securicash SRI, Paris	22.3 [5]
Allianz Sécurité PEA, Paris	34.1 [5]
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6
Areim Fastigheter 2 AB, Stockholm	23.3
Areim Fastigheter 3 AB, Stockholm	26.2
Assurcard N.V., Haasrode	20.0
Autoelektro tehnicki pregledi d.o.o., Vojnić	49.0
Bajaj Allianz General Insurance Company Ltd., Pune	26.0
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0
Bazalgette Equity Ltd., London	34.3
Berkshire Hathaway Services India Private Limited, New Delhi	20.0
Berkshire India Private Limited, New Delhi	20.0
Broker on-line de Productores de Seguros S.A., Buenos Aires	30.0
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0
Chicago Parking Meters LLC, Wilmington, DE	49.9
CJSC "MedCentreStrakh", Moscow	36.4
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9
Data Quest SAL, Beirut	36.0
Douglas Emmett Partnership X LP, Wilmington, DE	28.6
Dr. Ignaz Fiala GmbH, Vienna	33.3
European Outlet Mall Fund FCP-FIS, Luxembourg	25.8 [5]
Foncière de Paris SIIC, Paris	22.7
Four Oaks Place LP, Wilmington, DE	49.0
Graydon Holding N.V., Amsterdam	27.5
Helios Silesia Holding B.V., Amsterdam	45.0
Henderson UK Outlet Mall Partnership LP, Edinburgh	19.5 [9]
IPE Tank and Rail Investment 1 S.C.A., Luxembourg	48.8
Madrid Gas Investments S.A., Luxembourg	33.3
Medgulf Allianz Takaful B.S.C., Seef	25.0
New Path S.A., Buenos Aires	40.0
OeKB EH Beteiligungs- und Management AG, Vienna	49.0
OJSC "Avariinyi Comissar", Moscow	23.3
OVS Opel VersicherungsService GmbH, Vienna	40.0
PGREF V 1301 Sixth Holding LP, Wilmington, DE	24.5
Professional Agencies Reinsurance Limited, Hamilton	22.0
Residenze CYL S.p.A., Milan	33.3
SAS Alta Gramont, Paris	49.0
SCI Bercy Village, Paris	49.0
SK Versicherung AG, Vienna	25.8
SNC Alta CRP Gennevilliers, Paris	49.0
SNC Alta CRP La Valette, Paris	49.0

	% OWNED [1]
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0
Solveig Gas Holdco AS, Oslo	30.0
Wildlife Works Carbon LLC, San Francisco, CA	10.0 [9]
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
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 — Controlled by the Allianz Group.
3 — Investment fund.
4 — Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 — Mutual, private equity or special fund.
6 — Group share through indirect holder Roland Holding GmbH, Munich: 75.2%.
7 — Insolvent.
8 — Classified as joint venture according to IFRS 11.
9 — Classified as associate according to IAS 28.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group.

Munich, 16 February 2016

Allianz SE
The Board of Management

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by Allianz SE, Munich, comprising the consolidated balance sheets, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated statements of cash flows and the notes, together with the group management report for the business year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a para. 1 HGB [Handelsgesetzbuch "German Commercial Code"] and supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB 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 consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group 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 consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group 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 consolidated financial statements comply with IFRSs, as adopted by the E.U., the additional requirements of German commercial law pursuant to § 315a para. 1 HGB 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 Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, 29 February 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Becker	Dr. Pfaffenzeller
Wirtschaftsprüfer	Wirtschaftsprüfer
(Independent Auditor)	(Independent Auditor)

FURTHER INFORMATION

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E – FURTHER INFORMATION

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Joint Advisory Council of the Allianz Companies

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Chairman
Chairman of the Supervisory Board
Allianz SE

DR. KURT BOCK
Chairman of the Board of Executive Directors
BASF SE

DR. THOMAS ENDERS
Chief Executive Officer
Airbus Group

FRANZ FEHRENBACH
Managing Partner
Robert Bosch Industrietreuhand KG
Chairman of the Supervisory Board
Robert Bosch GmbH

DR. RÜDIGER GRUBE
Chairman of the Board and Chief Executive Officer
Deutsche Bahn AG

HERBERT HAINER
Chairman of the Board of Management
adidas AG

DR. JÜRGEN HERAEUS
until 31 December 2015
Chairman of the Supervisory Board
Heraeus Holding GmbH

PROF. DR. DIETER HUNDT, SENATOR E.H.
until 31 December 2015
Chairman of the Supervisory Board
Allgaier Werke GmbH

AMBASSADOR PROF. DR. WOLFGANG ISCHINGER
Chairman
Munich Security Conference

PROF. DR.-ING. DR.-ING. E.H. HANS-PETER KEITEL
until 31 December 2015
Vice-President of BDI-Federation
of German Industries

DR. NICOLA LEIBINGER-KAMMÜLLER
Chief Executive Officer
TRUMPF GmbH & Co. KG

DR. THOMAS RABE
CEO & Chairman of the Executive Board
Bertelsmann SE & Co. KGaA

DR.-ING. DR.-ING. E.H. NORBERT REITHOFER
Chairman of the Supervisory Board
BMW AG

HARRY ROELS

KASPER RORSTED
Chairman of the Board of Management
Henkel AG & Co. KGaA

DR. MANFRED SCHNEIDER
until 31 December 2015
Chairman of the Supervisory Board
RWE AG
Linde AG

PROF. DR. DENNIS J. SNOWER
President of the Kiel Institute for the World Economy

PETER TERIUM
Chief Executive Officer
RWE AG

DR.-ING. E.H. HEINRICH WEISS
until 31 December 2015
Chairman of the Supervisory Board
SMS Holding GmbH

MANFRED WENNEMER

International Advisory Board

DR. PAUL ACHLEITNER
Chairman of the Supervisory Board of
Deutsche Bank AG

PAULO DE AZEVEDO
Chairman and Co-Chief Executive Officer of
Sonae SGPS, S.A.

CANSEN BASARAN-SYMES
since 5 May 2015
President of Turkish Industry & Business Association
(TUSIAD)

ALFONSO CORTINA DE ALCOCER
Vice Chairman of Rothschild Europe BV,
Senior Advisor at Texas Pacific Group

PETER COSTELLO
Chairman of Australia's Future Fund

MOHAMED A. EL-ERIAN
since 1 January 2016
Chief Economic Advisor to Allianz

DR. JÜRGEN HAMBRECHT
until 31 December 2015
Chairman of the Supervisory Board of BASF SE

DR. FRANZ B. HUMER
Chairman of DIageo plc

AMBASSADOR ROBERT M. KIMMITT
Senior International Counsel of
Wilmer Cutler Pickering Hale and Dorr

IZUMI KOBAYASHI
Member of the Board of Directors of ANA Holdings Inc.,
Director of the Board of Mitsui & Co., Ltd.

DR. MARIO MONTI
President of Bocconi University,
Chairman of the High-level Group on Own Resources of
the European Union

JACQUES A. NASSER
Chairman of BHP Billiton

LUBNA OLAYAN
since 28 May 2015
Chief Executive Officer and Deputy Chairperson of
Olayan Financing Company

DR. GIANFELICE ROCCA
Chairman of Techint Group of Companies

ANGEL RON
Chairman of Banco Popular

ANTHONI SALIM
President and Chief Executive Officer of Salim Group

LOUIS SCHWEITZER
Président d'Honneur de Renault

LORD IAIN VALLANCE OF TUMMEL
Chairman of Amsphere Ltd.

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

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

FRANZ HEISS
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 comparable[1] 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 comparable[1] 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 comparable[1] 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 comparable[1] 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 comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz S.p.A. (Vice Chairman since 7 February 2015)
Allianz Sigorta A.S. (Vice Chairman)
Allianz Yasam ve Emeklilik A.S.

MANUEL BAUER

until 31 August 2015
Insurance Growth Markets
Membership in comparable[1] supervisory bodies
Bajaj Allianz General Insurance Co. Ltd.
Bajaj Allianz Life Insurance Co. Ltd.
Membership in Group bodies
Allianz Hungária Biztosító Zrt. (Chairman)
Allianz 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 comparable[1] supervisory bodies
Unicredit S.p.A.
Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A.
Companhia de Seguros Allianz Portugal S.A.

DR. CHRISTOF MASCHER

Operations, 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 comparable[1] supervisory bodies
Membership in Group bodies
Allianz Worldwide Partners SAS
(Chairman until 1 December 2015)

JAY RALPH

Asset Management, US Life Insurance
Membership in comparable[1] 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 comparable[1] 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 comparable[1] supervisory bodies
Membership in Group bodies
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG (Vice Chairman)
Allianz Suisse Lebensversicherungs-Gesellschaft AG (Vice Chairman)
Allianz Suisse Versicherungs-Gesellschaft AG (Vice Chairman)

DR. MAXIMILIAN ZIMMERER

Investments, Global Life/Health
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.

Glossary

The accounting terms explained here are intended to help the reader understand this Annual Report. Most of these terms concern the balance sheet or the income statement.

A

ACQUISITION COST
The amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition.

ACTUARIAL GAINS AND LOSSES
Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from experience adjustments (i.e. the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions (e.g. changes in demographic and in financial assumptions).

AFFILIATES
The parent company of the Group and all subsidiaries. Subsidiaries are entities where the parent company can exercise a significant influence over their corporate strategy in accordance with the control concept. This is possible, for example, where the parent company holds, directly or indirectly, a majority of the voting rights, has the power to appoint or remove a majority of the members of the Board of Management or equivalent governing body, or where there are contractual rights of control.

AGGREGATE POLICY RESERVES
Policies in force – especially in life, health, and personal accident insurance – give rise to potential liabilities for which funds have to be set aside. The amount required is calculated actuarially.

ALLOWANCE FOR LOAN LOSSES
The overall volume of provisions includes allowances for credit losses – deducted from the asset side of the balance sheet – and provisions for risks associated with contingencies, such as guarantees, loan commitments or other obligations, which are stated as liabilities. Where it is determined that a loan cannot be repaid, the uncollectable amount is written off against any existing specific loan loss allowance, or directly recognized as an expense in the income statement. Recoveries on loans previously written off are recognized in the income statement under net loan loss provisions.

ASSETS UNDER MANAGEMENT
Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group.

ASSOCIATES
All entities over which the Allianz Group has significant influence, i.e. the power to participate in the financial and operating policy decisions of these entities, but no control or joint control of those policies.

AMORTIZED COST
The amortized cost of a financial asset or financial liability is the amount at which the financial instrument is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

AVAILABLE-FOR-SALE INVESTMENTS
Available-for-sale investments are securities which are neither held to maturity nor have been acquired for sale in the near term; available-for-sale investments are carried at fair value in the balance sheet.

B

BUSINESS COMBINATION
A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

C

CASH FLOW STATEMENT
Statement showing movements of cash and cash equivalents during a reporting period, classified by three types of activity: operating activities, investing activities and financing activities.

CERTIFICATED LIABILITIES
Certificated liabilities comprise debentures and other liabilities for which transferable certificates have been issued.

COLLATERALIZED DEBT OBLIGATION (CDO)
A way of packaging credit risk. Several classes of securities (known as tranches) are created from a portfolio of bonds. Rules determine how the cost of defaults are allocated to the classes.

COMBINED RATIO
Represents the total of acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).

CONTINGENT LIABILITIES
Financial obligations not shown as liabilities on the balance sheet because the probability of a liability actually being incurred is low. Example: guarantee obligations.

COST-INCOME RATIO
Represents operating expenses divided by operating revenues.

CREDIT RISK
The risk of a loss incurring due to a counterparty's deterioration of credit quality or its default.

CURRENT SERVICE COST
Net expense incurred in connection with a defined benefit plan less any contributions made by the beneficiary to a pension fund.

D

DEFERRED ACQUISITION COSTS (DAC)
Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. They include commissions paid, underwriting expenses and policy issuance costs.

DEFERRED TAX ASSETS/LIABILITIES
The calculation of deferred taxes is based on tax loss carry forwards, tax credit carry forwards and temporary differences between the carrying amounts of assets or liabilities in the published balance sheet and their tax base, and on differences arising from applying uniform valuation policies for consolidation purposes. The tax rates used for the calculation are the local rates applicable in the countries of the entities included in the consolidation; changes to tax rates already adopted on the balance sheet date are taken into account.

DEFINED BENEFIT PLANS
For defined benefit plans, the participant is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost of a defined benefit to the employer plan is not known with certainty in advance. To determine the expense over the period, accounting regulations require that actuarial calculations are carried out according to a fixed set of rules.

DEFINED CONTRIBUTION PLANS
Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions and does not participate in the investment success of the contributions.

DERIVATIVE FINANCIAL INSTRUMENTS
Financial contracts, the values of which move in relationship to the price of an underlying asset. Derivative financial instruments can be classified in relation to their underlying assets (e.g. interest rates, share prices, foreign currency exchange rates or prices of goods). Important examples of derivative financial instruments are options, futures, forwards and swaps.

E

EARNINGS PER SHARE (EPS)
Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).

EQUITY METHOD
The equity method is a method of accounting whereby the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets.

EXPENSE RATIO
Represents acquisition and administrative expenses (net), excluding one-off effect from pension revaluation, divided by premiums earned (net).

F

FAIR VALUE
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME
Financial assets carried at fair value through income include financial assets held for trading and financial assets designated at fair value through income.

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME
Financial liabilities carried at fair value through income include financial liabilities held for trading and financial liabilities designated at fair value through income.

FINANCIAL VAR
Financial Value at Risk (VaR) is the aggregation of market risk and credit risk taking diversification benefits into account.

FORWARDS
The parties to this type of transaction agree to buy or sell at a specified future date. The price of the underlying assets is fixed when the deal is struck.

FUNCTIONAL CURRENCY
The functional currency is the prevailing currency in the primary economic environment where the subsidiary conducts its ordinary activities.

FUNDS HELD BY OTHERS UNDER REINSURANCE CONTRACTS ASSUMED/DEPOSITS RETAINED FOR REINSURANCE CEDED
Funds held by others are funds to which the reinsurer is entitled but which the ceding insurer retains as collateral for future obligations of the reinsurer. The ceding insurer shows these amounts as "deposits retained for reinsurance ceded".

FUTURES
Standardized contracts for delivery on a future date, traded on an exchange. Normally, rather than actually delivering the underlying asset on that date, the difference between the closing market value and the exercise price is paid.

G

GOODWILL
Difference between the cost of acquisition and the fair value of the net assets acquired.

GROSS/NET
In insurance terminology, the terms gross and net mean before and after deduction of reinsurance, respectively. In investment terminology, the term net is used where the relevant expenses have already been deducted from the respective income.

H

HEDGING
The use of special financial contracts, especially derivative financial instruments, to reduce losses which may arise as a result of unfavorable movements in rates or prices.

HELD FOR SALE
A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.

HELD-TO-MATURITY INVESTMENTS
Held-to-maturity investments comprise debt securities held with the intent and ability that they will be held-to-maturity. They are valued at amortized cost.

I

IAS
International Accounting Standards.

IFRS
International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).

INCLUSIVE MERITOCRACY INDEX (IMIX)
The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)
Includes all realized and unrealized gains and losses, including interest and dividend income, from financial assets and financial liabilities carried at fair value through income, the income (net) from financial liabilities for puttable equity instruments and the foreign currency gains and losses (net).

ISSUED CAPITAL AND ADDITIONAL PAID-IN CAPITAL
Comprises the capital stock, the premium received on the issue of shares, and amounts allocated when option rights are exercised.

J

JOINT VENTURE
A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

L

LIFE/HEALTH – DEFINITION OF TERMS
Further wordings used in the Life/Health business segment performance analysis:
Front-end load products: Products with a commission applied at the time of the initial recognition.
Commission clawbacks: Commission recovered from intermediaries on lapse of (typically newer) contracts.
True-up: Retrospective update of assumptions for DAC calculation.
Unlocking: Prospective update of assumptions for DAC calculation.

LIFE/HEALTH LINES OF BUSINESS
Guaranteed savings & annuities: Guaranteed savings and annuities are life insurance obligations that always relate to the length of human life. Life obligations may be related to guarantees offering life and/or death coverage of the insured in the form of single or multiple payments to a beneficiary.
Protection & health: Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person.
Unit-linked without guarantee: Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings. Performance is linked to a separate account and the investment risk is borne by the policyholder rather than the insurer.

LIFE/HEALTH OPERATING PROFIT SOURCES
The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis.
Loadings & fees: Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses.
Investment margin: Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation.
Expenses: Includes commissions, acquisition expenses and administration expenses.
Technical margin: Comprises risk result (risk premiums less benefits in excess of reserves less policyholder participation), lapse result (surrender charges and commission clawbacks) and reinsurance result.
Impact of change in DAC: Includes effects of change in DAC, URR and VOBA and is the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit.

LOSS RATIO
Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

N

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
That part of net income for the year which is not attributable to the shareholders of the Allianz Group but to other third parties who hold shares in affiliates.

NET PROMOTER SCORE (NPS)
A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.

NON-CONTROLLING INTERESTS
Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.

O

OPTIONS
Derivative financial instruments where the holder is entitled – but not obliged – to buy (call option) or sell (put option) the underlying asset at a predetermined price sometime in the future. The grantor (writer) of the option, on the other hand, is obliged to transfer or buy the asset and receives a premium for granting the option to the purchaser.

OTC DERIVATIVES
Derivative financial instruments which are not standardized and not traded on an exchange but traded directly between two counterparties via over-the-counter (OTC) transactions.

P

PENSION AND SIMILAR OBLIGATIONS
Reserves for current and future post-employment benefits formed for the defined benefit plans of active and former employees. These also include reserves for health care benefits.

PREMIUMS WRITTEN/EARNED
Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only that part of the premiums used to cover the risk insured and costs involved is treated as premium income.

PRESENT VALUE OF NEW BUSINESS PREMIUMS (PVNBP)
Present value of projected new regular premiums, discounted with risk-free rates, plus the total amount of single premiums received.

R

REINSURANCE
An insurance company transfers part of its insurance risk assumed to another insurance company.

REPLICATING PORTFOLIO
Representation of the liabilities of the Life/Health insurance business via standard financial instruments. This form of representation mimics the behavior of these liabilities under different market conditions and allows for efficient risk calculations on the basis of Monte Carlo simulations.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

A repurchase (repo) transaction involves the sale of securities by the Group to a counterparty, subject to the simultaneous agreement to repurchase these securities at a certain later date, at an agreed price. The securities concerned are retained in the Group's balance sheet for the entire lifetime of the transaction, and are valued in accordance with the accounting principles for financial assets carried at fair value through income or investment securities, respectively. The proceeds of the sale are reported in liabilities to banks or to customers, as appropriate. A reverse repo transaction involves the purchase of securities with the simultaneous obligation to sell these securities at a future date, at an agreed price. Such transactions are reported in loans and advances to banks, or loans and advances to customers, respectively. Interest income from reverse repos and interest expenses from repos are accrued evenly over the lifetime of the transactions and reported under interest and similar income or interest expenses.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves are established for the payment of losses and loss adjustment expenses (LAE) on claims which have occurred but are not yet settled.

RESERVES FOR PREMIUM REFUNDS

That part of the surplus which will be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.

RETAINED EARNINGS

In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

RISK APPETITE

The level of risk that an organization is prepared to accept, before action is deemed necessary to reduce it. Risk appetite is therefore clearly and comprehensively defined by using target and minimum risk indicators, (quantitative) limit systems, or adequate policies, standards and guidelines to determine the "boundaries" of the Group's business operations.

S

SEGMENT REPORTING

Financial information based on the consolidated financial statements, reported by business segments (Property-Casualty, Life/Health, Asset Management and Corporate and Other) as well as by reportable segments.

SUBORDINATED LIABILITIES

Liabilities which, in the event of liquidation or bankruptcy, are not settled until after all other liabilities.

SURPLUS FUNDS

According to Solvency II guidance surplus funds are deemed to be accumulated profits, which have not been made available for distribution to policyholders and beneficiaries.

SWAPS

Agreements between two counterparties to exchange payment streams over a specified period of time. Important examples include currency swaps (in which payment streams and capital in different currencies are exchanged) and interest rate swaps (in which the parties agree to exchange normally fixed interest payments for variable interest payments in the same currency).

U

UNEARNED PREMIUMS

Premiums written attributable to income of future years. The amount is calculated separately for each policy and for every day that the premium still has to cover.

UNEARNED REVENUE RESERVES (URR)

URR contain premium components that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.

US GAAP

Generally Accepted Accounting Principles in the United States of America.

V

VALUE OF BUSINESS ACQUIRED (VOBA)

VOBA refers to the present value of future profits associated with a block of business purchased.

VARIABLE ANNUITIES

The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.

Orientation

Orientation guide

This sign indicates where to find additional information in this Annual Report or on the internet.

On pages 249 to 252, you will find a glossary of selected accounting, insurance, and financial market terms used in this report.

Multichannel reporting

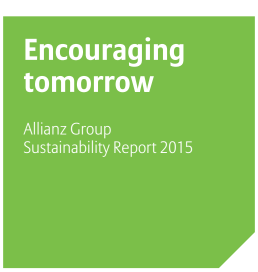
Print

Download
as PDF
www.allianz.com/annualreport

Allianz Investor Relations App
Apple App Store and Google Play Store

Further Allianz publications

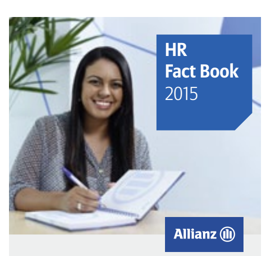
Allianz Sustainability Report 2015



The Allianz Group Sustainability Report "Encouraging tomorrow" covers our contribution to the environment, society and economy. It provides full details of our sustainability strategy, approach and progress as well as an outlook for 2016.
Date of publication: 2 May 2016.

www.allianz.com/sustainability

Allianz Human Resources Fact Book



The HR Fact Book is the official and most comprehensive report on key human resources facts and figures, highlighting major HR achievements over the past year and revealing the outlook for 2016.
Date of publication: 21 March 2016.

www.allianz.com/hrfactbook

Financial calendar

Important dates for shareholders and analysts[1]

Annual General Meeting	4 May 2016
Financial Results 1Q	11 May 2016
Financial Results 2Q/Interim Report 2Q	5 August 2016
Financial Results 3Q	11 November 2016
Financial Results 2016	17 February 2017
Annual Report 2016	10 March 2017
Annual General Meeting	3 May 2017

1 — The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.

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Annual Report on the internet: www.allianz.com/annualreport – Design / Concept: hw.design GmbH
Photography: Wolfgang Stahr (Oliver Bäte), Peter Rigaud (Board of Management), Andreas Pohlmann (Chairman of the Supervisory Board) – Date of publication: 11 March 2016