

OUTPERFORM TRANSFORM REBALANCE

ANNUAL REPORT 2019

ALLIANZ SE

Allianz 

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Disclaimer regarding roundings

Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

TO OUR INVESTORS



SUPERVISORY BOARD REPORT

Ladies and Gentlemen,

During the financial year 2019, the Supervisory Board fulfilled all its duties and obligations as laid out in the company statutes and applicable law. It monitored the activities of the company's Board of Management, dealt with the succession planning for the Board of Management and advised it on business management issues.


OVERVIEW

In the financial year 2019 the Supervisory Board held six meetings and adopted one written resolution. The regular meetings took place in February, March, May, June, September, and December.

In all of the meetings in 2019, the Board of Management reported on Group revenues and results as well as developments in individual business segments. The Board of Management informed the Supervisory Board on the course of business as well as on the development of Allianz SE and the Allianz Group, including deviations in actual business developments from the planning. In this context, the adequacy of capitalization, the solvency ratio, and the respective stress scenarios were discussed. The annual Allianz SE and the Group's consolidated financial statements including the respective auditor's reports, the half-yearly as well as the quarterly reports were reviewed in detail by the Supervisory Board after preparation by the Audit Committee.

Other focal points of reporting were strategic topics such as the new Allianz strategy "Simplicity Wins" with its three pillars "Outperform", "Transform" and "Rebalance", the risk strategy, the Allianz Customer Model (ACM), the launch of the European direct insurer Allianz Direct and the business strategy in China. In addition, the Supervisory Board was extensively involved in the Board of Management's planning for both the fiscal year 2020 and the three-year period from 2020 to 2022. Cyber risk security and developments of life business in the current low-interest environment were also regularly discussed. Implications of Brexit for Allianz and economic sanctions were other ongoing topics. Furthermore, the Supervisory Board dealt extensively with personnel matters relating to the Board of Management, the requirements of the new German Corporate Governance Code announced for 2020, and the Act Implementing the Second Shareholders' Rights Directive (ARUG II).

The Supervisory Board received regular, timely, and comprehensive reports from the Board of Management. 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 the Supervisory Board in writing about important events that occurred between meetings. The chairmen of the Supervisory and Management Boards also had regular discussions about major developments and decisions. The Chairman of the Supervisory Board also had individual discussions with each member of the Board of Management about their respective half-year as well as full-year performance. In the financial year 2019, again individual trainings and group events were held for example on actuarial and accounting aspects of the life insurance business, on the basis of an agreed development plan for further training of the members of the Supervisory Board.

Details on each member's participation in meetings of the Supervisory Board and its committees can be found in the [Corporate Governance Report](#), starting on  **page 30**. Members of the Supervisory Board who were unable to attend meetings of the Supervisory Board or its committees were excused and, as a rule, cast their votes in writing.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In the meeting of 14 February 2019, the Supervisory Board comprehensively dealt with the preliminary financial figures for the financial year 2018 as well as the Board of Management's dividend proposal. The appointed audit firm, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, reported in detail on the preliminary results of their audit. In the further course of the meeting, the Supervisory Board also discussed the target achievement of each individual member of the Board of Management and, on this basis, set their variable remuneration for the financial year 2018. As part of this performance assessment, the fitness and propriety of the members of the Board of Management were also confirmed. In addition, various special topics were discussed, such as the status of the implementation of the EU Data Protection Directive, the harmonization of the IT infrastructure in Allianz Group, the life insurance business in Asia, ongoing M&A activities, and the Board of

Management's deliberations on a potential new share buyback program. The Supervisory Board also dealt with succession planning for the Board of Management.

In the meeting of 7 March 2019, the Supervisory Board discussed the audited annual Allianz SE and consolidated financial statements including market value balance sheets, as well as the Board of Management's recommendation for the appropriation of earnings for the financial year 2018. The auditors confirmed that there were no discrepancies compared to their February report, and issued an unqualified auditor's report for the individual and consolidated financial statements. The Supervisory Board also reviewed and approved the separate non-financial report for both Allianz SE and the Group, taking into account the report of the external auditor. Further presentations concerned the Board of Management's report on risk development in 2018, the annual compliance report, and the annual report of the Head of Group Audit. Next, the Supervisory Board reviewed the agenda and proposals for resolution for Allianz SE's 2019 Annual General Meeting (AGM). At the recommendation of the Audit Committee, the Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as auditor for the 2019 individual and consolidated financial statements, the auditor's review of the 2019 half-yearly financial report, and the assurance engagement of the combined separate non-financial report. Furthermore, the Supervisory Board dealt with and approved the control and profit transfer agreement with Allsecur Deutschland AG. The Supervisory Board also received reports on Allianz's global strategy in the health insurance business and the new Allianz Digital Health unit.

On 8 May 2019, just before the AGM, the Board of Management briefed the Supervisory Board on business performance in the first quarter of 2019 as well as on the current situation of both the Allianz Group and Allianz SE, in particular with regard to share price development, capitalization, and capital management.

At the meeting on 27 June 2019, the Board of Management first reported in detail on the course of business in fiscal year 2019 to date and provided an outlook on the expected half-year results. In addition, the Board of Management reported on various M&A activities, such as the sale of the stake in the Spanish joint venture "Allianz Popular" and the acquisition of the property insurance business of Legal & General in the UK, and gave an overview of Allianz's role in ESG issues. The Board of Management then presented the new Allianz strategy "Simplicity Wins" with its three pillars "Outperform", "Transform" and "Rebalance", and set out an overview of the next steps required for growth and value creation. The Supervisory Board also dealt in detail with current market trends in China, in particular recent regulatory developments and the successful acquisition of a holding license as the first foreign insurance company to do so. The Board of Management also reported on the offer of IT solutions for external insurance companies. In addition, the Board of Management provided its regular status report on the issue of cyber risk security. Furthermore, the Supervisory Board dealt in detail with personnel matters relating to the Board of Management. Ms. Renate Wagner was appointed to the Board of Management with effect from 1 January 2020, to replace Dr. Helga Jung, who left the Board of Management at her own request at the end of 2019. Dr. Günther Thallinger's term on the Board of Management, likewise expiring at the end of 2019, was extended for five years.

The meeting on 27 September 2019 focused on the continuation of the presentation on the strategic direction of Allianz Group and Allianz SE (solo). In particular, the strategic direction and transformation issues for the "Transformation" pillar were discussed: the Allianz Customer Model (ACM), the European direct insurer Allianz Direct and the orientation of Allianz Partners. With regard to the "Rebalance" pillar, the Board of Management presented and subsequently discussed the China strategy in detail. The Board of Management report on the course of business covered the successful acquisition of Brazilian motor and property insurance operations from Sul América and the strategic realignment of Allianz in South America. In addition, the Supervisory Board dealt with corporate governance issues, the self-evaluation of the Supervisory Board required by supervisory law, and the Supervisory Board's development plan based on this. The Supervisory Board also decided to extend the Board of Management term of Ms. Jacqueline Hunt, expiring at the end of 2019, for three years.

At the meeting on 12 December 2019, the Board of Management first provided information about the third-quarter results, the further course of business, and the situation of Allianz Group. Furthermore, the Supervisory Board discussed the planning for fiscal year 2020 and the three-year plan for 2020 to 2022. With the risk strategy and the considerations on the strategic development of the Asset Management segment, the Board of Management presented the follow-up on outstanding issues regarding the new Allianz strategy. In addition, the Board of Management provided a status report on the issue of cyber risk security. The Supervisory Board also discussed the declaration of conformity with the German Corporate Governance Code and various corporate governance issues, and dealt with the requirements profile for the Supervisory Board and the Act Implementing

the Second Shareholders' Rights Directive (ARUG II). Furthermore, the Supervisory Board set targets for the variable remuneration of members of the Board of Management for 2020 and debated succession planning with regard to the Board of Management. The members of the Supervisory Board discussed the introductions of the potential candidates with the Board of Management that took place on two evenings. Finally, the results of this year's efficiency review of the Supervisory Board's activities were discussed and appropriate measures for improvement were decided and subsequently implemented.

After previous discussion, a new version of the objectives for the composition of the Supervisory Board was adopted by written procedure in December 2019. This new version came into effect as of 1 January 2020 and takes into account the requirements of the new German Corporate Governance Code expected for 2020.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On 13 December 2019, 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 in its version of 7 February 2017.

Further explanations on corporate governance in the Allianz Group can be found in the [Corporate Governance Report](#) starting on [page 30](#), as well as in the [Statement on Corporate Management pursuant to §289f of the HGB](#), which starts on [page 36](#). More details on corporate governance are provided on the Allianz website, specifically: www.allianz.com/corporate-governance.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently. The committees prepare the consultations in plenary sessions as well as the adoption of resolutions; they can also adopt their own resolutions.

The **Standing Committee** held four meetings in 2019. These were concerned primarily with corporate governance issues, the preparations for the Annual General Meeting, the Supervisory Board self-evaluation as required by supervisory law and associated development plan, and the efficiency review of the Supervisory Board. Collective and, if necessary, individual trainings are continuously carried out as part of the implementation of the development plan. In addition, the Standing Committee had to pass resolutions approving the granting of loans to senior executives.

The **Personnel Committee** held four meetings in 2019 and adopted two written resolutions. The Committee dealt in detail with the succession to the Board of Management for Dr. Helga Jung and the extensions to the terms of Ms. Jaqueline Hunt and Dr. Günther Thallinger. Other key topics included the preparatory review of the Board of Management's remuneration system, target achievement of the Board of Management members in the financial year 2018, and defining the targets for the 2020 variable remuneration. The committee also looked at various mandate matters of individual board members and at further succession planning for the Board of Management.

The **Audit Committee** held five regular meetings in 2019. In the presence of the auditors, the committee discussed both Allianz SE's annual financial statements and the Allianz Group's consolidated financial statements, as well as the management and auditor's reports and the half-yearly financial report. These reviews revealed no reasons for objection. The Audit Committee further received the Board of Management's reports on quarterly results. It prepared the engagement of the external advisor and defined key audit areas for the 2019 financial year. The committee also discussed the assignments of non-audit services to the auditors and approved an updated appropriate positive list of pre-authorized audit and non-audit services. In addition, it dealt extensively with the compliance system, the internal audit system, and the financial reporting process as well as the respective internal controls. Regular reports on legal and compliance issues in the Group and individual subsidiaries as well as on the work of the Internal Audit department were presented and discussed in detail. Furthermore the head of the actuarial department (Group Actuarial, Planning & Controlling) presented his annual report. In addition, the Audit Committee discussed the internal audit plan for 2020, current developments in data protection, and the forthcoming amendments to the IFRS 9 and 17 accounting standards.

The **Risk Committee** held two meetings in 2019. In both meetings, the committee discussed the current risk situation of the Allianz Group and Allianz SE with the Board of Management. The risk report and other risk-related statements in the annual Allianz SE and consolidated financial statements as well as management and group management reports were reviewed with the auditor and the Audit Committee was informed of the result. The appropriateness of the early risk recognition system at Allianz SE and Allianz Group and the result of further risk assessments by the auditor were also discussed. The committee took a detailed look at the risk strategy, including risk appetite and capital management, as well as the effectiveness of the risk management system for the Allianz Group and Allianz SE. Other matters considered included the report on Allianz's own risk and solvency assessment (ORSA), and the changes to the internal Solvency II model. Moreover, the Risk Committee dealt extensively with the company's exposure to cyber risks, activities to ensure information security and the specific risks of the cyber insurance industry. Besides political risks like the Brexit and the trade conflict between China and the United States, topics such as Reinsurance, industrial insurance and money laundering were dealt with.

The **Technology Committee** had two meetings in the fiscal year 2019 in which it dealt in detail with the main elements of the IT strategy. In the first meeting the committee got an overview of the IT strategy. Therefore, the realignment of the IT platform based on harmonization and standardization of processes and products as part of the transformation project Allianz Customer Model (ACM) was presented on the one hand. On the other hand the committee was informed about key central IT-projects and the ambitions for the year 2019. In the second meeting the technology committee dealt intensively with strategic IT transformation topics, such as the business master platform for the Allianz Customer Model (ACM) including a decommissioning strategy for old systems and the Allianz Direct platform. Apart from these new strategic initiatives like the strategic data use in Allianz Group, opportunities presented by the use of artificial intelligence as well as the cloud strategy for Allianz Group were discussed.

At one meeting in the fiscal year 2019, the **Nomination Committee** dealt in detail with the objectives for the composition of the Supervisory Board and prepared a revision of the objectives to bring them into line with the requirements of the new German Corporate Governance Code. In addition, the preparation process for the Supervisory Board elections at the Annual General Meeting 2022 was discussed and next steps were defined.

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

CHAIR AND COMMITTEES OF THE SUPERVISORY BOARD – AS OF 31 DECEMBER 2019

Chairman: Michael Diekmann

Vice Chairwoman/ Chairman: Gabriele Burkhardt-Berg, Jim Hagemann Snabe

Standing Committee: Michael Diekmann (Chairman), Jean-Claude Le Goaër, Herbert Hainer, Jürgen Lawrenz, Jim Hagemann Snabe

Personnel Committee: Michael Diekmann (Chairman), Gabriele Burkhardt-Berg, Herbert Hainer

Audit Committee: Dr. Friedrich Eichiner (Chairman), Sophie Boissard, Michael Diekmann, Jean-Claude Le Goaër, Martina Grundler

Risk Committee: Michael Diekmann (Chairman), Christine Bosse, Dr. Friedrich Eichiner, Godfrey Hayward, Frank Kirsch

Technology Committee: Jim Hagemann Snabe (Chairman), Gabriele Burkhardt-Berg, Michael Diekmann, Dr. Friedrich Eichiner, Jürgen Lawrenz

Nomination Committee: Michael Diekmann (Chairman), Christine Bosse, Jim Hagemann Snabe

AUDIT OF ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the special legal provisions applying to insurance companies, the statutory auditor and the auditor for the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE, not by the AGM. The Supervisory Board appointed PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) 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 financial year 2019. PwC 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. PwC performed a review of the half-yearly financial report. In addition, PwC was also mandated to perform an audit of the market value balance sheet according to Solvency II as of 31 December 2019 for Allianz SE and the Allianz Group.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from PwC on schedule. The preliminary financial statements and PwC's preliminary audit results were discussed in the Audit Committee on 19 February 2020 as well as in the Supervisory Board's plenary session on 20 February 2020. The finalized financial statements and PwC's audit reports (dated 24 February 2020) were reviewed by the Audit Committee on 4 March 2020, and in the Supervisory Board plenary session on 5 March 2020. The auditors participated in the discussions and presented key results from their audit. Particular emphasis was placed on the key audit matters described in the auditor's report and on the audit procedures performed. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence. In addition, the market value balance sheets dated 31 December 2019 for both Allianz SE and the Allianz Group as well as the respective PwC reports were addressed by the Audit Committee and the Supervisory Board.

On the basis of its own reviews of the annual Allianz SE and consolidated financial statements, the management and group management reports, and the recommendation for the appropriation of earnings, the Supervisory Board has raised no objections and instead agreed with the results of the PwC audit. It has also approved the Allianz SE and consolidated financial statements prepared by the Board of Management. The financial statements have thus been formally adopted. The Supervisory Board agrees 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.

ASSURANCE ENGAGEMENT OF THE COMBINED SEPARATE NON-FINANCIAL REPORT

In the financial year 2019, the company was required to issue a separate non-financial report. This report was combined for Allianz SE and the Allianz Group. The Supervisory Board commissioned PwC to perform an assurance engagement of this report. All Supervisory Board members received the combined separate non-financial report and the independent practitioner's assurance report in due time. The report and PwC's assurance report were discussed in the plenary session of the Supervisory Board on 5 March 2020. The auditors from PwC participated in these discussions and presented the results of their assurance engagement. Based on its own review of the combined separate non-financial report, the Supervisory Board did not raise any objections and approved by acknowledgement the results of the PwC assurance engagement.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

There were no changes in the composition of the Supervisory Board in fiscal year 2019.

As already mentioned, Dr. Helga Jung left the Board of Management of Allianz SE as of 31 December 2019. Ms. Renate Wagner was appointed as her successor with effect from 1 January 2020.

Munich, 5 March 2020

For the Supervisory Board:



Michael Diekmann
Chairman

MANDATES OF THE MEMBERS OF THE SUPERVISORY BOARD

MICHAEL DIEKMANN

Chairman
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
BASF SE
until 3 May 2019
Fresenius Management SE
Fresenius SE & Co. KGaA
Siemens AG

JIM HAGEMANN SNABE

Vice Chairman
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Siemens AG (Chairman)
Membership in comparable¹ supervisory bodies
A.P. Møller-Mærsk A/S (Chairman)

GABRIELE BURKHARDT-BERG

Vice Chairwoman
Chairwoman of the Group Works Council of Allianz SE

SOPHIE BOISSARD

Chairwoman of the Board of Management of Korian S.A.
Membership in other statutory supervisory boards and SE administrative boards in Germany
Curanum AG (Korian Group company, Chairwoman)
Membership in comparable¹ supervisory bodies
Segesta SpA (Korian Group company, Chairwoman)
Senior Living Group NV (Korian Group company)

CHRISTINE BOSSE

Member of various Supervisory Boards
Membership in comparable¹ supervisory bodies
P/F BankNordik (Chairwoman)

DR. FRIEDRICH EICHNER

Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Festo AG (Chairman)
Infineon Technologies AG
since 20 February 2020
Membership in comparable¹ supervisory bodies
Festo Management AG (Chairman)

JEAN-CLAUDE LE GOAËR

Employee of Allianz Informatique G.I.E.
Membership in comparable¹ supervisory bodies
Membership in Group bodies
Allianz France S.A.

MARTINA GRUNDLER

National Representative Insurances, ver.di Berlin

HERBERT HAINER

Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Lufthansa AG
FC Bayern München AG (Chairman since 9 December 2019)
Membership in comparable¹ supervisory bodies
Accenture Plc

GODFREY ROBERT HAYWARD

Employee of Allianz Insurance plc

FRANK KIRSCH

Employee of Allianz Beratungs- und Vertriebs-AG
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG
until 31 December 2019

JÜRGEN LAWRENZ

Employee of Allianz Technology SE
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Technology SE

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

MANDATES OF THE MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER BÄTE

Chairman of the Board of Management
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Membership in Group bodies
 Allianz Deutschland AG

SERGIO BALBINOT

Insurance Western & Southern Europe, Asia Pacific
 Membership in comparable¹ supervisory bodies
 UniCredit S.p.A.
 Bajaj Allianz General Insurance Company Ltd.
 Bajaj Allianz Life Insurance Company Ltd.
 Membership in Group bodies
 Allianz China Insurance Holding Company Ltd. (Chairman)
 since 28 November 2019
 Allianz France S.A.
 Allianz Sigorta A.S.
 Allianz Yasam ve Emeklilik A.S.

JACQUELINE HUNT

Asset Management, US Life Insurance
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Life Insurance Company of North America (Chairwoman)

DR. HELGA JUNG

until 31 December 2019
 Human Resources, Legal, Compliance, Mergers & Acquisitions
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Deutsche Telekom AG
 Membership in Group bodies
 Allianz Beratungs- und Vertriebs-AG
 Allianz Deutschland AG
 Allianz Global Corporate & Specialty SE
 Allianz Private Krankenversicherungs-AG
 Allianz Versicherungs-AG
 since 14 November 2019
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Compañía de Seguros y Reaseguros S.A.
 Companhia de Seguros Allianz Portugal S.A.

DR. CHRISTOF MASCHER

Operations, Allianz Services
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Volkswagen Autoversicherung AG
 Membership in Group bodies
 Allianz Technology SE (Chairman)
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Partners S.A.S.

NIRAN PEIRIS

Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Membership in Group bodies
 Allianz Global Corporate & Specialty SE (Chairman)
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Australia Ltd.
 until 31 July 2019
 Allianz p.l.c.

IVÁN DE LA SOTA

Business Transformation, Insurance Iberia & Latin America, Allianz Partners
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Compañía de Seguros y Reaseguros S.A., Spain
 Allianz Partners S.A.S.
 Allianz Seguros S.A., Brazil (Chairman)
 Companhia de Seguros Allianz Portugal S.A.

GIULIO TERZARIOL

Finance, Controlling, Risk

DR. GÜNTHER THALLINGER

Investment Management
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Membership in Group bodies
 Allianz Investment Management SE (Chairman)
 Allianz Lebensversicherungs-AG
 Allianz Private Krankenversicherungs-AG
 Allianz Versicherungs-AG

DR. AXEL THEIS

Insurance German Speaking Countries and Central & Eastern Europe
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Gemeinnützige ProCurand GmbH (Chairman)
 Membership in Group bodies
 Allianz Deutschland AG (Chairman)
 Allianz Investment Management SE
 Membership in comparable¹ supervisory bodies
 Membership in Group bodies
 Allianz Elementar Lebensversicherungs-AG (Chairman)
 Allianz Elementar Versicherungs-AG (Chairman)
 Allianz Investmentbank AG
 Allianz Suisse Lebensversicherungs-Gesellschaft AG
 Allianz Suisse Versicherungs-Gesellschaft AG

RENATE WAGNER

since 1 January 2020
 Human Resources, Legal, Compliance, Mergers & Acquisitions
 Membership in other statutory supervisory boards and SE administrative boards in Germany
 Membership in Group bodies
 Allianz Global Investors GmbH

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

MANAGEMENT REPORT OF ALLIANZ SE

B

EXECUTIVE SUMMARY AND OUTLOOK

Earnings summary

CONDENSED INCOME STATEMENT

€ mn

	2019	2018	Change
Gross premiums written	12,384	10,912	1,472
Premiums earned (net)	11,436	10,047	1,389
Claims (net)	(8,291)	(6,946)	(1,344)
Underwriting expenses (net)	(3,558)	(3,018)	(539)
Other technical reserves (net)	15	45	(30)
Net underwriting result	(397)	128	(526)
Change in claims equalization and similar reserves	172	160	12
Net technical result	(225)	289	(514)
Investment result	5,929	5,933	(4)
Allocated interest return	(19)	(20)	1
Other non-technical result	(1,514)	(1,358)	(157)
Non-technical result	4,396	4,555	(159)
Net operating income	4,170	4,843	(673)
Taxes	433	512	(79)
Net income	4,603	5,355	(752)

NET UNDERWRITING RESULT

Gross premiums written increased by 13.5% to € 12,384 mn (2018: € 10,912 mn), mainly driven by higher premium volume from Allianz IARD S.A., Liverpool Victoria Insurance Company Ltd., and Allianz Compañía de Seguros y Reaseguros S.A. In total, € 11,911 mn (2018: € 10,514 mn) of gross premiums came from Property-Casualty reinsurance and € 473 mn (2018: € 398 mn) from Life/Health reinsurance.

The net retention ratio slightly increased to 93.9% (2018: 92.3%).

Premiums earned (net) increased to € 11,436 mn (2018: € 10,047 mn), driven by the development of gross premiums written as well as the higher retention.

The accident year claims ratio (net) in Property-Casualty reinsurance decreased to 70.4% (2018: 71.5%). This was mainly driven by the increase in earned premiums (net), while natural catastrophe losses of € 355 mn were only slightly above prior year (2018: € 343 mn)¹.

Natural catastrophes before retrocessions

€ mn

	Losses for Allianz SE
Major Events in 2019	
Storms Jörn/Klaus, Germany	111
Typhoon Hagibis, Japan	50
Typhoon Faxai, Japan	50
Storm Eberhard, Northern and Western Europe	38
Bushfires, Australia	37
Storm Bernd, Germany	24
Tornado, Northern Italy	12
Storm Bennet, Northern and Western Europe	8
Hailstorm, France	7
Flooding, Southern France	6
Other	12
Total	355
Losses for Allianz SE	
Major Events in 2018	
Storm Friederike, Germany	114
Hailstorm, Australia	56
Typhoon Jebi, Japan	52
Storm Yvonne, Germany	20
Storm Eleanor (Burglind), Western Europe	16
Rain and storm, Italy	14
Storm Fabienne, Western Europe	13
Storm Wilma, Germany	12
Earthquake and tsunami, Indonesia	11
Storm, France	9
Other	25
Total	343

The run-off result amounted to € (204) mn (2018: € 276 mn) and was mainly influenced by liability reinsurance (€ (350) mn), partly offset by fire and property reinsurance (€ 79 mn) as well as credit and bond reinsurance (€ 67 mn). In total, there was an increase of the calendar year claims ratio (net) in Property-Casualty reinsurance to 72.3% (2018: 68.7%).

The expense ratio (net) in Property-Casualty reinsurance increased to 30.7% (2018: 30.0%), driven by a higher commission ratio of 29.8% (2018: 29.0%). The administrative expense ratio slightly decreased to 0.9% (2018: 1.0%).

In Life/Health reinsurance, the net underwriting result decreased to € (36) mn (2018: € 23 mn), mainly due to an initial commission for a new reinsurance contract.

The total **net underwriting result** amounted to € (397) mn (2018: € 128 mn), mainly driven by the negative development of the calendar year loss ratio in Property-Casualty reinsurance in 2019.

¹ Based on Group definition for large losses.

NET TECHNICAL RESULT

In 2019, a **change in claims equalization and similar reserves** of € 172 mn (2018: € 160 mn) mainly resulted from the claims development in motor business.

After the release of equalization and similar reserves, the **net technical result** amounted to € (225) mn (2018: € 289 mn).

NON-TECHNICAL RESULT

INVESTMENT RESULT

€ mn

	2019	2018	Change
Investment income			
Income from profit transfer agreements	2,625	2,111	514
Income from affiliated enterprises and participations	4,046	4,587	(541)
Income from other investments	521	615	(93)
Realized gains	265	119	145
Income from reversal of impairments	94	147	(53)
Subtotal	7,551	7,579	(28)
Investment expenses			
Expenses for the management of investments, interest, and other investment-related expenses	(1,041)	(1,072)	31
Depreciation and impairments of investments	(245)	(178)	(67)
Realized losses	(173)	(120)	(53)
Expenses for losses taken over	(163)	(277)	114
Subtotal	(1,622)	(1,647)	25
Investment result	5,929	5,933	(4)

The **investment result** decreased slightly by € 4 mn to € 5,929 mn.

Income from profit transfer agreements rose by € 514 mn to € 2,625 mn, primarily due to higher profit transfers from Allianz Argos 14 GmbH and Allianz Deutschland AG, which went up by € 372 mn to € 976 mn and by € 238 mn to € 1,158 mn. This was partly offset by lower profit transfers from Allianz Asset Management GmbH, which declined by € 12 mn to € 463 mn, and Allianz Global Corporate & Specialty SE which transferred no profit in the fiscal year, after € 90 mn in 2018.

Income from affiliated enterprises and participations declined by € 541 mn to € 4,046 mn, mainly because the dividend payment received from our subsidiary Allianz Europe B.V. was reduced by € 700 mn to € 3,400 mn in 2019.

Income from other investments went down by € 93 mn to € 521 mn, substantially driven by lower income from intra-group loans, which declined by € 65 mn to € 86 mn.

Realized gains grew by € 145 mn to € 265 mn. This increase is almost completely attributable to realized gains from the sale of bonds, which went up by € 145 mn to € 257 mn.

Income from reversal of impairments decreased by € 53 mn to € 94 mn, fully stemming from write-ups related to our bond portfolio (€ 94 mn).

Expenses for the management of investments, interest, and other investment-related expenses declined by € 31 mn to € 1,041 mn. This reduction mainly resulted from lower interest expenses (€ 42mn) as a consequence of lower refinancing rates for the rollover of matured debt instruments.

Depreciation and impairments of investments rose by € 67 mn to € 245 mn. Impairments in 2019 were particularly attributable to write-downs on shares in affiliated enterprises (€ 139 mn) and impairment charges on our bond portfolio (€ 93 mn).

Realized losses went up by € 53 mn to € 173 mn and were mainly related to the sale of bonds (€ 74 mn) and the partial buyback of a subordinated bond issued by our subsidiary Allianz Finance II B.V. via tender offer (€ 96 mn).

Expenses for losses taken over went down by € 114 mn to € 163 mn. This was primarily due to lower losses taken over from our service provider Allianz Technology SE, which decreased by € 135 mn to € 140 mn.

OTHER NON-TECHNICAL RESULT

The **other non-technical result** deteriorated by € 157 mn to € (1,514) mn. This development was primarily driven by the result on derivatives which deteriorated by € 125 mn. For further information regarding other income and expenses, please refer to [note 25](#).

TAXES AND NET INCOME

As far as legally permissible, Allianz SE acts as the controlling company ("Organträger") of the German tax group most German subsidiaries belong to. As the controlling company, Allianz SE is liable for the income taxes of this German tax group.

After being offset against tax losses, the current tax charge of Allianz SE amounted to € (67) mn (2018: € (130) mn). Moreover, Allianz SE received a tax allocation of € 485 mn (2018: € 635 mn) by Allianz SE tax group companies that recorded taxable income. Taking into account other taxes, the income from taxes amounted to € 433 mn (2018: € 512 mn).

Net income declined by € 752 mn to € 4,603 mn (2018: € 5,355 mn).

Economic outlook¹

Global growth is expected to muddle through in the next two years. Monetary policies have to deal with a threefold series of disturbances, i.e. political risk, an external shock on trade, and structural issues related to ecological transition. Monetary policy only is particularly ill-equipped to tackle these kinds of shocks, which have long-lasting impacts. Global growth is likely to converge towards but remain below its potential of +3.0% at the horizon of 2021: we expect the GDP to further decelerate in 2020 at +2.4% from +2.5% in 2019.

US-China trade tensions should neither escalate nor de-escalate much further in 2020. The deal is not a game changer, but it announces slightly lower uncertainty as a tariff escalation is unlikely in a U.S. electoral year.

Monetary policies will remain a safety net for growth and markets. We expect monetary policies to remain very accommodative in 2020. The U.S. Federal Reserve will continue easing its monetary policy, with one rate cut in the first half of 2020 to cope with the recession of the U.S. manufacturing sector. The European Central Bank is likely to implement another deposit rate cut of 10 basis points in the first half of 2020 as well to -0.6%. Monthly Quantitative Easing purchases will be maintained at the current pace of € 20 bn per month until the end of the year.

On the markets, political risk will remain the main volatility driver. In a context of wait-and-see posture of investors linked to U.S. elections and progressive erosion of profits, the global equity market is expected to register an inflexion in its upward (monetary driven) trend.

Insurance industry outlook

On the surface, 2020 promises to be very similar to 2019, with moderate premium growth despite continuing headwinds such as low yields, high political uncertainty, and weak global growth and trade. Under the surface, however, three fundamental changes are about to gather speed. First, the pivot to Asia: Asia's rising middle class emerges as the consumer of last resort with huge pent-up demand, reflecting weak social security systems and protection gaps in natural catastrophes, health, retirement, and mortality. Second, the pivot to digital ecosystems for better customer interaction, accelerating the shift from pure risk management to risk prevention and from single products to comprehensive solutions. Key for success, in particular in Europe, will be that regulation and supervision keep pace with the business transformation. Third, the pivot to higher claim costs, reflecting climate change (natural catastrophes), social change (litigation and class action) and technology change (connectivity), ushering in a new era of cost cutting (automation) and consolidation. The flip side of these changes, however, is that the topic of sustainability moves mainstream in public debates, creating new opportunities for insurance.

In the **non-life sector**, premium growth is expected to remain more or less stable. As in previous years, emerging markets are the main driver of growth. Overall, we expect global premium growth of around 4% in 2020 (in nominal terms and adjusted for foreign currency translation effects). The two opposing effects of higher rates on the one, but low investment income on the other hand point toward unchanged industry profitability.

In the **life sector**, premium growth is expected to slightly accelerate as demand in emerging markets continues to grow and demand in advanced economies should at least stabilize, reflecting the increasing supply of new savings products. Overall, we expect global premium growth to increase by about 6% in 2020 (in nominal terms and adjusted for foreign currency translation effects). Given the challenging investment environment, however, industry profitability is likely to remain under pressure.

Business outlook

Our outlook assumes no significant deviations from our underlying assumptions – specifically:

- Global economic growth to be stable albeit slightly decelerating in 2020,
- Interest rates to remain at the current level,
- No major disruptions in the capital markets,
- No disruptive fiscal or regulatory interference,
- Level of claims from natural catastrophes at expected average levels,
- An average U.S. Dollar to Euro exchange rate of 1.09.

Allianz SE provides a wide range of reinsurance coverage, primarily to Allianz insurance entities (group-internal business), but also to third-party customers (external business). This includes Property-Casualty as well as Life/Health business on both a proportional and a non-proportional basis. Due to the broad spread of exposures underwritten by types of business and geography, Allianz SE's portfolio is well diversified.

Allianz SE and its subsidiaries (the Allianz Group) use Allianz SE, in particular, as a vehicle for actively managing their overall exposure to natural catastrophes. Under a group-wide risk management framework, each operating entity is responsible for controlling its exposure to individual catastrophes and defining its local reinsurance requirements, based on its local risk appetite and capital position. The respective cover is then provided by Allianz SE or one of its subsidiaries. At the Group level, the Allianz SE Board reviews and approves the risk appetite. The reinsurance division is then responsible for designing and implementing Group catastrophe protection within given exposure limits. These covers take various forms and aim to protect the Group against excessive losses from major natural or man-made catastrophes. However, there is still the potential for an unexpected frequency and/or severity of catastrophic events that may materially impact the results of Allianz SE. The top five residual risk exposures at the Group level are summarized on [page 29](#).

Compared to previous year's outlook for 2019, net premiums were slightly higher than expected, mainly due to higher than planned quota share cessions from European Allianz entities. Driven by a negative run-off result, the combined ratio significantly exceeded plan and consequently, the net underwriting result before equalization reserve was significantly behind plan.

Despite several major natural catastrophe events in 2019, reinsurance capacity remains abundant, with 2019 losses expected to be below the 10-year average. After several years of rate decreases,

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

January renewals saw a moderate one digit increase, and we will expect further improvements in the remaining of 2020 renewals, especially for the Japanese wind renewals.

Allianz SE's technical result largely depends on group-internal cessions resulting from quota share agreements with European Allianz entities. We expect a slight decrease of net premiums in parallel with a slight improvement of the net underwriting result before equalization reserve in 2020. Based on our estimates, we expect a slightly improved combined ratio for the Property-Casualty reinsurance in 2020. It should be noted that the actual result may vary significantly as the reinsurance business is, by nature, volatile in terms of frequency and severity of losses.

While the investment result for 2019 was relatively stable compared to our outlook, the underwriting result and the other non-technical result negatively deviated. Despite that, our net earnings were in line with the expectations. For 2020, we predict an increase in net income with almost stable net earnings. Based on our current planning, the underwriting result, the investment result and the other non-technical result contribute to the higher planned earnings. We are not planning a specific foreign currency result, nor are we able to anticipate any net gains/losses from derivatives. This could considerably impact the net income of Allianz SE. Given the susceptibility of our non-technical result to adverse capital market developments, we do not provide a precise outlook for net income. Nevertheless, we are ultimately planning and managing the Allianz SE net earnings in line with the Allianz Group's dividend policy. To this end, we take advantage of the opportunity to make use of the dividends of our subsidiaries, in particular those of Allianz Europe B.V., in order to generate net earnings for Allianz SE that match the dividend policy of Allianz Group. For more detailed information on our dividend policy, see the Allianz Group's Annual Report 2019 and www.allianz.com/dividend.

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

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

Cautionary note regarding forward-looking statements

This document includes forward-looking statements, such as prospects or expectations, that are based on management's current views and assumptions and subject to known and unknown risks and uncertainties. Actual results, performance figures, or events may differ significantly from those expressed or implied in such forward-looking statements.

Deviations may arise due to changes in factors including, but not limited to, the following: (i) the general economic and competitive situation in the Allianz Group's core business and core markets, (ii) the performance of financial markets (in particular market volatility, liquidity, and credit events), (iii) the frequency and severity of insured loss events, including those resulting 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, most notably the EUR/USD exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions including and related integration issues and reorganization measures, and (xi) the general competitive conditions that, in each individual case, apply at a local, regional, national, and/or global level. Many of these changes can be exacerbated by terrorist activities.

No duty to update

The Allianz Group assumes no obligation to update any information or forward-looking statement contained herein, save for any information we are required to disclose by law.

OPERATIONS BY REINSURANCE LINES OF BUSINESS

Gross premiums written increased by 13.5% to € 12,384 mn (2018: € 10,912 mn). All in all, 87.7% (2018: 91.5%) of premiums written originated from the Allianz Group's internal business. In addition, Allianz SE

continued to write business from selected external partners in order to diversify the internal portfolio.

Gross premiums written and net technical result by reinsurance lines of business

	Gross premiums written			Combined ratio Property-Casualty		Change in claims equalization and similar reserves		Net technical result	
	2019	2018	Change	2019	2018	2019	2018	2019	2018
	€ mn	€ mn	% ¹	%	%	€ mn	€ mn	€ mn	€ mn
Motor	4,989	4,200	18.8	105.2	102.0	24	(72)	(257)	(176)
Fire and property reinsurance	3,316	2,885	14.9	98.3	97.6	(28)	(23)	23	37
thereof:									
Household and homeowner	1,080	947	14.1	90.1	93.4	-	-	103	62
Fire	868	695	24.8	99.1	86.4	(28)	(23)	(22)	51
Engineering	415	402	3.3	97.0	86.3	-	-	12	53
Business interruption	236	180	30.8	108.1	85.3	-	-	(17)	25
Other property reinsurance	718	662	8.5	109.1	128.5	-	-	(53)	(154)
Liability	1,295	1,269	2.0	113.3	102.8	161	22	(5)	(12)
Personal accident	403	382	5.3	75.9	79.6	1	-	93	79
Marine and aviation	373	312	19.5	113.4	93.6	42	(4)	(6)	15
Life	317	287	10.4	n/a	n/a	-	-	(34)	26
Credit and bond	314	408	(23.0)	90.5	61.9	6	36	35	150
Legal expenses	265	258	2.7	102.0	97.9	9	(2)	5	3
Health	156	111	41.0	n/a	n/a	-	-	(1)	(2)
Other lines	957	799	19.7	103.9	104.1	(43)	203	(77)	171
Total	12,384	10,912	13.5	102.9	98.7	172	160	(225)	289

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

Premiums written in **motor reinsurance** increased by 18.8% to € 4,989 mn (2018: € 4,200 mn), mainly driven by higher premium volume from Liverpool Victoria Insurance Company Ltd., Allianz IARD S.A. and Allianz Compañía de Seguros y Reaseguros S.A. The combined ratio increased to 105.2% (2018: 102.0%), mainly due to a higher accident year claims ratio of 77.6% (2018: 74.7%). A release of the equalization reserve by € 24 mn (2018: strengthening of € 72 mn) led to a net technical result of € (257) mn (2018: € (176) mn).

The **household and homeowner reinsurance** portfolio increased by 14.1%, with gross premiums written of € 1,080 mn (2018: € 947 mn) mainly coming from business with Allianz IARD S.A. and Allianz Versicherungs-AG. The combined ratio improved to 90.1% (2018: 93.4%), driven by a decline in the accident year claims ratio to 61.4% (2018: 63.9%) as well as in the expense ratio to 28.5% (2018: 29.5%). The net technical result increased to € 103 mn (2018: € 62 mn).

The **fire reinsurance** portfolio increased by 24.8% to € 868 mn (2018: € 695 mn) in gross premiums written, driven by business with Allianz IARD S.A., Allianz Compañía de Seguros y Reaseguros S.A. and Allianz Corporate & Speciality SE. The combined ratio worsened to 99.1% (2018: 86.4%), driven by an increase of the calendar year claims ratio to 69.6% (2018: 63.3%) due to a lower run-off result of € 100 mn (2018: € 194 mn) as well as a higher expense ratio of 29.6% (2018: 23.1%). After a further strengthening of the equalization reserve by € 28 mn (2018: € 23 mn), the net technical result amounted to € (22) mn (2018: € 51 mn).

Engineering reinsurance premiums written increased to € 415 mn (2018: € 402 mn), mainly due to its business with Allianz IARD S.A. The

combined ratio deteriorated to 97.0% (2018: 86.3%), mainly driven by a negative run-off result of € (9) mn (2018: € 25 mn). The net technical result declined to € 12 mn (2018: € 53 mn).

Other property reinsurance includes extended coverage for fire and business interruption as well as hail, storm, water damage, livestock, burglary, and glass reinsurance. Premiums written rose by 8.5% to € 718 mn (2018: € 662 mn) due to higher external business volume. Driven by a decrease of the accident year claims ratio to 87.7% (2018: 102.2%) and a higher run-off result of € 54 mn (2018: € 35 mn), the combined ratio decreased to 109.1% (2018: 128.5%). The net technical result amounted to € (53) mn (2018: € (154) mn).

Premiums written for **liability reinsurance** rose by 2.0% to € 1,295 mn (2018: € 1,269 mn), mainly driven by Allianz IARD S.A. The combined ratio worsened to 113.3% (2018: 102.8%), mainly due to a negative run-off result of € (350) mn (2018: € (90) mn). Driven by a higher release of the equalization reserve of € 161 mn (2018: € 22 mn), the net technical result amounted to € (5) mn (2018: € (12) mn).

The premium revenue of **personal accident insurance** rose by 5.3% to € 403 mn (2018: € 382 mn), driven by internal business. The combined ratio decreased to 75.9% (2018: 79.6%), driven by a better accident year claims ratio of 53.3% (2018: 54.4%) and a higher run-off result of € 47 mn (2018: € 39 mn). The net technical result increased to € 93 mn (2018: € 79 mn).

The gross premium written in **marine and aviation reinsurance** increased by 19.5% to € 373 mn (2018: € 312 mn), mainly driven by an increase in premium revenue from Allianz Corporate & Speciality SE. The combined ratio rose to 113.4% (2018: 93.6%), mainly due to a

negative run-off result of € (27) mn (2018: € 51 mn). Despite a release of the equalization reserve of € 42 mn (2018: strengthening of € 4 mn), the net technical result was negative with € (6) mn (2018: € 15 mn).

In **life reinsurance**, the premium revenue increased to € 317 mn (2018: € 287 mn), mainly driven by internal business. The net technical result decreased to € (34) mn (2018: € 26 mn), mainly driven by an initial commission for a new reinsurance contract.

Gross premiums written in **credit and bond reinsurance** decreased by 23.0% to € 314 mn (2018: € 408 mn) due to less business with Euler Hermes Reinsurance AG. Driven by a higher accident year claims ratio of 72.2% (2018: 62.3%) and a lower run-off result of € 67 mn (2018: € 115 mn), the combined ratio increased to 90.5% (2018: 61.9%). The net technical result amounted to € 35 mn (2018: € 150 mn) after a lower release of the equalization reserve of € 6 mn (2018: € 36 mn).

The premium revenue of **legal expenses reinsurance** rose by 2.7% to € 265 mn (2018: € 258 mn), driven by its business with Allianz Versicherungs-AG. The combined ratio increased to 102.0% (2018: 97.9%) due to an increase in the calendar year claims ratio to 66.7% (2018: 61.9%), stemming from a higher accident year claims ratio and a lower run-off result. Driven by a release of the equalization reserve with an amount of € 9 mn (2018: strengthening of € 2 mn), the net technical result increased to € 5 mn (2018: € 3 mn).

Other reinsurance lines include:

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

BALANCE SHEET REVIEW

Condensed balance sheet

€ mn	2019	2018
as of 31 December		
ASSETS		
Intangible assets	20	32
Investments	115,132	114,351
Receivables	5,393	4,401
Other assets	801	511
Deferred charges and prepaid expenses	266	334
Excess of plan assets over pension and similar obligations	13	13
Total assets	121,626	119,642
EQUITY AND LIABILITIES		
Shareholders' equity	40,428	41,016
Subordinated liabilities	13,390	13,750
Insurance reserves net	17,852	15,927
Other provisions	8,446	8,137
Funds held with reinsurance business ceded	1,603	1,701
Payables on reinsurance business	461	343
Other financial liabilities	39,441	38,761
Deferred income	3	8
Total equity and liabilities	121,626	119,642

Investments

€ mn	2019	2018
as of 31 December		
Real estate	264	252
Investments in affiliated enterprises and participations	74,458	76,322
Other investments	29,373	27,886
Funds held by others under reinsurance business assumed	11,037	9,891
Total investments	115,132	114,351

The book value of **investments in affiliated enterprises and participations** decreased by € 1.9 bn to € 74.5 bn, driven by a reduction of loans to affiliated enterprises (€ 2.6 bn), which was partly offset by a higher book value of shares in affiliated enterprises (€ 0.7 bn). More details regarding this position are explained in [note 5](#) to our financial statements.

Other investments rose from € 27.9 bn to € 29.4 bn, reflecting increases in debt securities (€ 0.9 bn), deposits with banks (€ 0.4 bn), and loans (€ 0.2 bn).

At the end of 2019, € 24.8 bn of other investments were invested in debt securities, of which € 9.9 bn were government bonds. We raised our overall government bond exposure by € 1.6 bn compared to year-end 2018, while keeping our investments in Spanish and Italian government bonds unchanged at € 0.8 bn and € 0.3 bn, respectively.

Funds held by others under reinsurance business assumed increased to € 11.0 bn (2018: € 9.9 bn). This increase reflects the development of reserves for loss and loss adjustment expenses.

As of 31 December 2019, the fair value of investments amounted to € 139.8 bn (2018: € 125.8 bn), compared to a carrying amount of € 115.1 bn (2018: € 114.4 bn). The significant increase of valuation reserves to € 24.7 bn (2018: € 11.4 bn) is primarily driven by higher fair values of bonds held by Allianz SE directly and by our subsidiaries due to the decline of market interest rates. Accordingly, the overall rise of valuation reserves is mostly attributable to higher net asset values of our shares in affiliated enterprises.

Receivables

Receivables increased from € 4.4 bn to € 5.4 bn driven by a rise of € 0.5 bn, each in other receivables and receivable on reinsurance business. The growth in other receivables resulted from higher intra-group receivables of € 0.5 bn.

Shareholders' equity

As of 31 December 2019, our **shareholders' equity** amounted to € 40.4 bn (2018: € 41.0 bn), a decrease of € 0.6 bn over the course of the financial year. The reduction is caused by a buy-back of own shares at acquisition costs of € 1.5 bn. The shares were cancelled without reducing of the issued capital. This decrease was partly offset by a rise of € 0.9 bn, due to net income being higher than the dividend paid and due to the sale of own shares for the Employee Stock Purchase Plan. Compared to 2018, net income decreased by € 0.8 bn to € 4.6 bn, mainly due to lower dividend payments of Allianz SE's subsidiaries. Thereof € 0.9 bn were transferred to revenue reserves.

The Board of Management proposes to use the net earnings of € 4,480 mn for dividend payments in the amount of € 3,999 mn.¹ The unappropriated earnings of € 481 mn will be carried forward.

Our disclosures concerning treasury shares as required in our financial statements in accordance with § 160(1) No. 2 AktG can be found in [note 12](#).

¹The proposal reflects the number of shares entitled to the dividend as of 31 December 2019.

Development of shareholders' equity and of issued shares

	Issued shares	Issued capital	Mathematical value of own shares	Additional paid-in capital	Revenue reserves	Net earnings	as of 31 December
	Number	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
as of 31 December 2018	424,459,661	1,169,920	(2,651)	27,949,540	7,355,135	4,544,153	41,016,097
Own shares: cancellation	(7,286,802)	-	-	-	(1,501,300)	-	(1,501,300)
Own shares	-	-	980	-	27,342	-	28,322
Own shares: realized gains	-	-	-	48,606	-	-	48,606
Dividend payment for 2018	-	-	-	-	-	(3,767,247)	(3,767,247)
Net income	-	-	-	-	900,000	3,703,376	4,603,376
as of 31 December 2019	417,172,859	1,169,920	(1,671)	27,998,146	6,781,177	4,480,282	40,427,854

Insurance reserves and other provisions

For information on **insurance reserves** and **other provisions**, please refer to [notes 14 and 15](#) to our financial statements.

Financial liabilities

As of 31 December 2019, Allianz SE had the following outstanding **financial liabilities**:

Financial liabilities

€ mn

as of 31 December	2019	2018
Intra-group subordinated liabilities	2,481	3,412
Third-party subordinated liabilities	10,909	10,337
Subordinated liabilities	13,390	13,750
Bonds issued to Group companies	2,750	1,848
Liabilities to banks	250	2
Other intra-group financial liabilities	34,415	35,516
Other third-party financial liabilities	2,026	1,394
Other financial liabilities	39,441	38,761
Total financial liabilities	52,832	52,511

Of these financial liabilities, € 39.6 bn (2018: € 40.8 bn) were intra-group liabilities.

Subordinated liabilities decreased to € 13.4 bn (2018: € 13.7 bn).

Details regarding this position are explained in [note 13](#) to our financial statements.

Liabilities from bonds issued to Group companies increased to € 2.8 bn (2018: € 1.8 bn). The issuance of new bonds totaling € 1.1 bn was partly compensated for by the redemption of bonds amounting to € 0.2 bn.

Liabilities to banks went up to € 0.3 bn (2018: € 0 bn) due to short-term funding via repurchase agreements.

Other intra-group financial liabilities declined to € 34.4 bn (2018: € 35.5 bn) and were composed of the following positions:

Other intra-group financial liabilities

€ mn

as of 31 December	2019	2018
Intra-group loans	24,508	25,931
Cash pool liabilities	9,052	8,446
Miscellaneous	855	1,140
Other intra-group financial liabilities	34,415	35,516

While liabilities from intra-group loans decreased from € 25.9 bn to € 24.5 bn and miscellaneous intra-group liabilities went down from € 1.1 bn to € 0.9 bn, liabilities from intra-group cash pooling climbed from € 8.4 bn to € 9.1 bn, partially offsetting the overall decline.

In 2019, **other third-party financial liabilities** amounted to € 2.0 bn (2018: € 1.4 bn). This increase was mainly attributable to higher short-term liabilities from unsettled security transactions, which grew by € 0.8 bn to € 0.9 bn.

LIQUIDITY AND FUNDING RESOURCES

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

Liquidity Resources and Uses

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. Main sources of liquidity available to Allianz SE are dividends and funds received from subsidiaries, reinsurance premiums received, and funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments, and highly liquid government bonds. Funds are primarily used for paying interest expenses on our debt funding, claims arising from the reinsurance business, operating costs, internal and external growth investments, and dividends to our shareholders.

Funding Sources

Allianz SE's access to external funds depends on various factors such as capital market conditions, access to credit facilities, credit ratings and credit capacity. The financial resources available to Allianz SE are both equity and debt funding. Equity can be raised by issuing ordinary no-par value shares. The issuance of debt in various maturities as well as group-wide liquidity management are the main sources of our debt funding.

SHARE CAPITAL

As of 31 December 2019, the issued share capital registered at the Commercial Register was € 1,169,920,000. This was divided into 417,172,859 no-par value shares. As of 31 December 2019, Allianz SE held 595,677 (2018: 961,636) own shares.

Allianz SE has the option to increase its share capital base according to authorizations provided by the AGM. The following table outlines Allianz SE's capital authorizations as of 31 December 2019:

Capital authorizations of Allianz SE

Capital authorization	Nominal amount	Expiry date of the authorization
Authorized Capital 2018/1 ¹	€ 334,960,000	8 May 2023
Authorized Capital 2018/II ²	€ 15,000,000	8 May 2023
Conditional Capital 2010/2018 ³	€ 250,000,000	

1. For issuance of shares against contribution in cash and/or kind, with the authorization to exclude shareholders' subscription rights.

2. For issuance of shares to employees with exclusion of shareholders' subscription rights.

3. To cover convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments, each with the authorization to exclude shareholders' subscription rights.

For further details on Allianz SE's authorized and conditional capital, please refer to [note 12](#) to our financial statements.

DEBT FUNDING

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

In 2019, we issued a € 1.0 bn subordinated bond and at the same time repurchased a subordinated bond of € 0.9 bn. Also we have called for redemption a subordinated bond of CHF 0.5 bn. Subordinated liabilities overall decreased to € 13.4 bn (2018: € 13.7 bn) at year-end.

Other financial liabilities increased to € 39.4 bn (2018: € 38.8 bn), mainly as a result of higher intra-group bonds. For further details on Allianz SE's financial liabilities, please refer to [notes 13 and 16](#) to our financial statements.

RISK AND OPPORTUNITY REPORT

Target and strategy of risk management

Allianz SE aims to ensure that it is adequately capitalized at all times for the benefit of both shareholders and policyholders. This includes meeting the Solvency II regulatory capital requirements resulting from the internal model.

We closely monitor the capital position and risk concentrations of Allianz SE (solo) and apply regular stress tests (including standardized and historical stress test scenarios). These analyses allow us to take appropriate measures to preserve our continued capital and solvency strength. Furthermore, our risk capital reflecting our risk profile and the cost of capital is an important aspect to be taken into account in business decisions.

In addition, the liquidity risk framework of Allianz SE ensures that our liquidity risks are managed and a sufficient liquidity position is maintained under both market (expected as well as stressed) and business conditions.

Risk governance system

RISK MANAGEMENT FRAMEWORK

As the holding company of the Allianz Group and as a global reinsurer, we consider risk management to be a core competency and an integral part of our business. Our risk management framework covers all operations and business units of Allianz SE (solo), in proportion to the inherent risks of the activities, ensuring that risks across Allianz SE are consistently identified, analyzed, assessed, and managed. The primary goals 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 to protect our capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes by attributing risk and allocating capital to the business units.

Our risk management system is based on the following four pillars:

Risk identification and underwriting: A robust system of risk identification and underwriting forms the foundation for adequate risk and management decisions. Supporting activities include standards for underwriting, valuation methods, individual transaction approvals, emerging-/operational-/top-risk assessments, liquidity risk and scenario analyses, among others.

Risk strategy and risk appetite: Our risk strategy defines our risk appetite consistently with our business strategy. It ensures that rewards are appropriate based on the risks taken and capital required, and that delegated decision-making authorities are in line with our overall risk-bearing capacity and strategy.

Risk reporting and monitoring: Our comprehensive qualitative and quantitative risk monitoring and reporting framework provides management with the transparency needed to assess whether our risk profile falls within the approved limits, and helps to identify emerging

issues and risks quickly. For example, risk dashboards and limit utilization reports as well as scenario analyses and stress tests are regularly prepared and communicated.

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

Our Strategy

Allianz SE's main tasks are the ownership of legal entities, in particular subsidiaries, the provision of central financing functions, and offering reinsurance services to mostly internal but also external counterparties. To this end, Allianz SE's business strategy is aligned with the strategy of Allianz Group.

ALLIANZ GROUP'S BUSINESS ASPIRATIONS

The Board of Management of Allianz SE has defined the following objectives for Allianz Group's medium-term strategy:

- **Outperform:** we seek to move ahead of our competitors, both traditional business and disruptors.
- **Transform:** we seek to become simpler and deeply digital, and to make our business more scalable.
- **Rebalance:** we seek to build dominant positions in large, profitable and fast-growing geographical markets as well as in new areas of business.

ALLIANZ GROUP'S BUSINESS STRATEGY

With regard to these strategic objectives, the Allianz Group has defined a number of strategic priorities, and is implementing initiatives and programs to address the five dimensions of the Renewal Agenda 2.0 also for Allianz SE:

- **True Customer Centricity:** Design intuitive products and processes to achieve loyalty leadership in our core markets,
- **Digital by Default:** Build legacy-free platforms with core processes automation,
- **Technical Excellence:** Move to data-driven product design, pricing and claims handling,
- **Growth Engines:** Systematically exploit new sources for profitable growth,
- **Inclusive Meritocracy:** Reinforce a culture where both people and performance matter.

The Board of Management of Allianz SE has also defined a strategy for the management of risk. This risk strategy places particular emphasis on protecting the Allianz brand and reputation, remaining solvent even in the event of extreme adverse scenarios, maintaining sufficient liquidity to always meet financial obligations, and providing resilient profitability.

OPPORTUNITIES

The Allianz Group's and Allianz SE's financial strength, coupled with ongoing transformation, makes us resilient and allows us to profit from new opportunities in a fast-changing business environment.

For example, by combining profound customer and market understanding and evolving data-analytics techniques, Allianz SE is well positioned for growth and productivity gains, as well as for mergers & acquisitions.

That said, since Allianz SE's main tasks – as laid out in our business strategy – are to provide central financing functions to Allianz Group companies and to act as a reinsurer with predominantly group-internal business, we regard the topic opportunities management to be immaterial to us, as it is primarily a responsibility for the Allianz Group's primary insurance and asset management entities.

For further details on opportunities envisaged by Allianz SE, please refer to the section "Business Outlook".

Risk governance structure

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Allianz SE's approach to risk governance ensures that our risk profile remains consistent with both our risk strategy and our capacity to bear risks.

Within our risk governance system, the Supervisory Board and the Board of Management of Allianz SE have both Allianz SE (solo) and group-wide responsibilities. The Board of Management sets business objectives and a corresponding risk strategy; the core elements of the risk framework are set out in the Allianz Group Risk Policy approved by the Board of Management, which together with the Allianz SE-specific appendix also serves as the master risk policy for Allianz SE (solo). The Supervisory Board advises, challenges, and supervises the Board of Management in performing its risk management activities. The following committees support the Board of Management and the Supervisory Board on risk issues.

SUPERVISORY BOARD RISK COMMITTEE

The Risk Committee reports to the Supervisory Board where the information and the findings are discussed with the Board of Management. It monitors the effectiveness of Allianz SE's risk management framework. Furthermore, it focuses on risk-related developments as well as the overall risk profile and specific risk exposures.

For more information please refer to the paragraph "Risk Committee" of the [Supervisory Board Report](#) on [page 5](#).

GROUP FINANCE AND RISK COMMITTEE

The Group Finance and Risk Committee (GFRC) provides 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, acts as the limit-setting authority within the framework set by the Board of Management, and approves major financing and capital management reinsurance transactions. Finally, the GFRC supports the Board of Management with recommendations regarding capital structure, capital

allocation, liquidity position and investment strategy, including the sub-portfolio strategic asset allocations.

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, limit systems, documentation, and reporting. These standards ensure the accurate and timely flow of risk-related information and a disciplined approach towards decision-making and execution.

As a general principle, the "first line of defense" rests with business managers in the business units of Allianz SE (solo). They are responsible for both the risks taken and the returns from their decisions. Our "second line of defense" is made up of independent oversight functions including Risk, Actuarial, Compliance, and Legal, which support the Board of Management in defining the risk framework within which the business can operate. Audit forms the "third line of defense", independently and regularly reviewing Allianz SE's risk governance implementation, compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework. For the first and the second line of defense, Allianz SE has established dedicated responsibilities at its departments (including reinsurance).

RISK MANAGEMENT FUNCTION

The function of Chief Risk Officer for both the Allianz Group and Allianz SE is performed by the same person. Independent risk oversight for Allianz SE is performed by risk control units within Group Risk and within the reinsurance department of Allianz SE. The risk management function supports the Board of Management of Allianz SE, including its committees, by performing various analyses, communicating risk management related information, and in implementing committee decisions.

The risk management function also supports the Board of Management in developing the risk management framework – which covers risk governance, risk strategy, and appetite – and risk monitoring and reporting. The risk management function's operational responsibilities encompass assessing risks and monitoring limits and accumulations of specific risks across business units and business lines, including natural and man-made disasters and exposures to financial markets and counterparties.

OTHER FUNCTIONS AND BODIES

In addition to the risk management function for Allianz SE, Allianz SE's legal, compliance, and actuarial functions constitute additional components of the "second line of defense".

Allianz SE's legal and compliance functions seek to mitigate legal risks for Allianz SE with support from other departments. The objectives of both functions are to ensure that laws and regulations are observed, to react appropriately to all impending legislative changes or new court rulings, to attend to legal disputes and litigation, and to provide legally appropriate solutions for transactions and business processes. In addition, Compliance – in conjunction with Legal and other experts involved – is responsible for integrity management, which aims to protect Allianz SE and employees from regulatory risks.

The Allianz SE actuarial function contributes towards assessing and managing risks in line with regulatory requirements, in particular for those risks whose management requires actuarial expertise. The

range of tasks includes, among others, the calculation and monitoring of technical provisions, technical actuarial assistance in business planning, reporting and monitoring of the results, and supporting the effective implementation of the risk management system.

Risk based steering and risk management

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

Allianz SE considers diversification across different lines of business and regions to be an important element in managing our risks efficiently, limiting the economic impact of any single event and contributing to relatively stable results. Our aim is to maintain a balanced risk profile without disproportionately large risk concentrations and accumulations.

With Solvency II being the binding regulatory regime relevant for Allianz SE since 1 January 2016, our risk profile is measured and steered based on our approved Solvency II internal model. We have introduced a target solvency ratio in accordance with Solvency II, supplemented by ad-hoc scenarios, historical stress tests, and sensitivity analyses. By that we allow for a consistent view on risk steering and capitalization according to the Solvency II framework.

Allianz SE steers its portfolio using a comprehensive view of risk and return based on the internal risk model and including scenario analyses: Risk and concentrations are actively restricted by limits based on our internal model or other considerations. Furthermore, a comprehensive analysis of the return on risk capital¹ (RoRC) is regularly conducted and translated for the underwriting of property and casualty reinsurance business. The RoRC allows us to identify profitable lines of business on a sustainable basis, and thus is a key criterion for capital allocation decisions.

As a consequence, the internal model is fully integrated in business steering, and the application of the internal model satisfies the so-called "use-test" under Solvency II.

MARKET RISK

As the holding company of the Allianz Group and as a global reinsurer, Allianz SE (solo) holds and uses a broad range of financial instruments, which are reflected on our balance sheet as both assets and liabilities.

For our holding activities (i.e. to hold participations, provide financing for Group companies, cover internal pension liabilities, invest cash pooled from subsidiaries, and as the lender of last resort within Allianz Group), Allianz SE predominantly invests in participations and fixed-income assets. As an inherent part of our reinsurance operations, we collect premiums from our customers and invest them in a wide variety of assets. The resulting reinsurance investment portfolio backs the future claims and benefits to our cedents. In addition, we also invest shareholders' capital, which is required to support the underwritten risks and the holding activities. Our market risk from liabilities primarily relates to fixed-income instruments held for financing, as well as to internal pensions² and reinsurance liabilities. Finally, we use derivatives for various purposes, especially to hedge our planned dividend income from non-Euro subsidiaries against adverse currency market movements. Asset/liability management (ALM) decisions are taken based

on the internal model, considering both the risks and the returns on the financial markets.

As the fair values of our assets and liabilities depend on changes on the financial markets, we are exposed to the risk of adverse financial market developments. Allianz SE's most important market risk results from changes in the value of its participations in Group companies. The long-dated internal pension liabilities of German Group companies on Allianz SE's balance sheet contribute to interest rate risk, in particular as they cannot be fully matched by available investments due to long maturities. In addition, we are also exposed to adverse changes in equity and real estate prices, credit spread levels, inflation, implied volatilities, and currency values, which might impact the value of our assets and liabilities.

To measure these market risks, real-world stochastic models for the relevant risk factors are calibrated using historical time series to generate possible future market developments. After the scenarios for all risk factors are generated, the asset and liability positions are revalued under each scenario. The worst-case outcome of the portfolio profit and loss distribution at a confidence level of 99.5% defines the market Value at Risk (VaR).

Market risk from material M&A transactions of Allianz SE is managed by assessing risk capital implications.

Strategic asset allocation benchmarks are defined for several sub-portfolios of the investment portfolio of Allianz SE. Furthermore, we have risk limits in place, including financial VaR, stand-alone interest rate and equity sensitivity limits, and foreign-exchange exposure limits. Limits are closely monitored and, if a breach occurs, countermeasures are implemented which may include the escalation to certain decision-making bodies and/or the closing of positions. Finally, guidelines are in place regarding certain investments, new investment products, and the use of derivatives.

EQUITY RISK

Allianz SE's equity risk predominantly results from the performance of our strategic insurance participations. Other material risk exposures reflect listed and unlisted equities, equity derivatives, own shares, and management incentive plans.

Risks from changes in equity prices are normally associated with decreasing share prices and increasing equity price volatilities. As the performance of our participations might exceed expectations and stock values also might increase, opportunities may arise from participations and other equity investments.

In 2019, Allianz SE had in place profit-and-loss transfer agreements with thirteen German subsidiaries. These are listed in the appendix on [page 80](#). Risk from these contracts is reflected via the risk capital calculation on participations.

INTEREST RATE RISK

If the duration of our assets is shorter than our liabilities, we may suffer an economic loss in a falling interest rate environment as we reinvest maturing assets at lower rates prior to the maturity of liability contracts.

By contrast, opportunities may arise when interest rates increase. Interest rate risk is managed within our asset-liability-management process and controlled via an interest rate sensitivity limit.

¹The return on risk capital is defined as the discounted present value of future real world profits on the capital requirement (including a buffer to regulatory requirements).

²Internal pensions are evaluated and modeled based on deterministic models, following IAS 19 principles.

CREDIT SPREAD RISK

Fixed-income assets such as bonds may lose value, if credit spreads widen. However, our risk appetite for credit spread risk takes into account the underlying economics of our reinsurance business model. As a liability-driven investor, we typically hold fixed-income assets covering reinsurance liabilities until maturity. This implies that short-term changes in market prices affect us to a lesser extent.

INFLATION RISK

As the holding company of the Allianz Group and as a reinsurance company, we are exposed to changing inflation rates. Since inflation increases reinsurance claims and costs as well as internal pension obligations, higher inflation rates will lead to greater liabilities.

Inflation assumptions are taken into account in our reinsurance underwriting. However, unexpected inflation increases both future claims and expenses, leading to greater liabilities. Conversely, if future inflation rates were to be lower than assumed, liabilities would be lower than anticipated. The risk of changing inflation rates is incorporated in our internal model.

CURRENCY RISK

The major part of Allianz SE's foreign currency risk results from our ownership of non-Euro group companies. In addition to this risk, Allianz SE's currency risk is driven by its non-Euro reinsurance exposure, as well as by the use of foreign currency bonds as external financing instruments.

If the Euro strengthens, the Euro-equivalent net asset value of our foreign subsidiaries and the value of our non-EUR financing instruments will decline from Allianz SE's perspective; at the same time, however, capital requirements in Euro will decrease, partially mitigating the total impact on the capitalization of Allianz SE.

An additional important source of currency risk is the planned dividend income from non-Euro subsidiaries.

Allianz SE's currency risk is monitored and managed based on our foreign exchange management limit framework.

CREDIT RISK

Credit risk is measured as the potential economic loss in the value of our portfolio that would result from either changes in the credit quality of our counterparties ("migration risk") or the inability or unwillingness of a counterparty to fulfil contractual obligations ("default risk").

Allianz SE's credit risk profile comes from three sources: our investment portfolio, guarantees and retrocession.

Investment portfolio: Credit risk results from our investments in fixed-income bonds, loans, derivatives, cash positions, and receivables, whose value may decrease depending on the credit quality of the obligor.

Guarantees: Credit risk is caused by the potential default of Group companies on commitments from contracts with external stakeholders, which are backed with guarantees from Allianz SE.

Retrocession: Credit risk to external reinsurers arises when parts of Allianz SE's reinsurance business are retroceded to external reinsurance companies to mitigate risks. Credit risk arises from potential losses from non-recoverability of reinsurance receivables, or due to default on benefits under in-force reinsurance treaties. Our reinsurance partners are carefully selected by a team of specialists. Besides focusing on companies with a strong credit rating, we may further require

letters of credit, cash deposits, or other financial measures to further mitigate our exposure to credit risk.

The internal credit risk capital model takes into account the major drivers of credit risk for each instrument, including exposure at default, rating, 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. It is based on long-term ratings from rating agencies, which are dynamically adjusted using market-implied ratings and the most recent qualitative information available.

The loss profile of the portfolio is obtained through Monte Carlo simulation, taking into account interdependencies and exposure concentrations per obligor segment.

To ensure effective credit risk management, a credit VaR limit is derived from our internal risk capital framework, and rating bucket benchmarks are used to define our risk appetite for exposures in the lower investment grade and non-investment grade area.

Our group-wide country and obligor group limit management framework (CrisP¹) allows us to manage counterparty concentration risk, covering both credit and equity exposures at the levels of the Group and of Allianz SE. This limit framework forms the basis for discussions on credit actions. Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed.

UNDERWRITING RISK

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

PROPERTY-CASUALTY

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

As part of our Property-Casualty reinsurance operations, we receive premiums from our customers and provide insurance protection in return. Premium risk is the risk that actual claims for the business in the current year develop adversely relative to expected claims ratios.

Premium risk is subdivided into three categories: natural catastrophe risk, terror risk, and non-catastrophe risk including man-made catastrophes.

Allianz SE actively manages premium risk. The assessment of risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting guidelines, limits, and restrictions in place. Excessive risks are mitigated by external retrocession agreements. All these measures contribute to a limitation of risk accumulation. We also monitor concentrations and accumulation of non-market risks on a stand-alone basis (i.e. before diversification effects) within an Allianz Group global limit framework in order to avoid substantial losses from single events such as natural catastrophes and from man-made catastrophes such as terror or large industrial risk accumulations.

Premium risk is estimated based on actuarial models that are used to derive claims distributions and consider the features of our

¹Credit Risk Platform.

reinsurance contracts (e.g. shares, limits, reinstatements, and commissions). Non-catastrophe risks are modeled using attritional loss models for frequency losses, as well as frequency and severity models for large losses. Natural disasters, such as earthquakes, storms, and floods, represent a significant challenge for risk management due to their accumulation potential and occurrence volatility. For natural catastrophe risks, we use special modeling techniques which combine portfolio data (geographic location, characteristics of insured objects, and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. For significant exposures where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses. Similar approaches are used to evaluate risk concentrations for terror and man-made catastrophes including losses from cyber incidents and industrial concentrations.

These loss distributions are then used within the internal model to calculate potential losses with a predefined confidence level of 99.5%.

Reserve risk represents the risk of adverse developments in best-estimate reserves over a one-year time horizon, resulting from fluctuations in the timing and/or amount of claims settlement. Allianz SE estimates and holds reserves for claims resulting from past events that have not yet been settled. In case of unexpected developments, we will experience a reserve gain or loss dependent on the assumptions applied for the estimate.

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

Similar to premium risk, reserve risk is calculated based on actuarial models. The reserve distributions derived are then used within the internal model to calculate potential losses based on a predefined confidence level of 99.5%.

LIFE/HEALTH

Underwriting risks in Allianz SE's Life/Health reinsurance operations and from our internal pension obligations (biometric risks) include mortality, disability, morbidity, and longevity risks. Mortality, disability, and morbidity risks are associated with the unexpected increase in the occurrence of death, disability, or medical claims. Longevity risk is the risk that the reserves covering life annuities and pension contracts might not be sufficient due to longer life expectancies of the insured persons.

Life/Health underwriting risk arises from profitability being lower than expected. As profitability calculations are based on several parameters – such as historical loss information and assumptions on inflation, mortality or morbidity – parameters realized may differ from the ones used for the calculation of pension liabilities and for underwriting. For example, higher-than-expected inflation may lead to higher medical claims in the future. On the other hand, there may also be beneficial deviations; such as, for example, a lower morbidity rate than expected will most likely result in lower claims.

We measure risks within our internal risk capital model, distinguishing, where appropriate, between risks affecting the absolute level and trend development of actuarial parameter assumptions as well as pandemic risk scenarios.

OPERATIONAL RISK

Operational risks represent losses resulting from inadequate or failed internal processes, human errors, system failures, and external events, and can stem from a wide variety of sources, for example:

- The category “execution, delivery and process management” describes potential losses arising from transaction or process management failures. Examples include interest and penalties from non-payment or underpayment of taxes. These losses tend to occur with a low financial impact (although single large loss events can occur).
- The category “clients, products & business practices” includes potential losses due to a failure to meet the professional obligations, or from the design of transactions. Examples include anti-trust behavior, data protection, sanctions and embargoes. These losses can have a high financial impact.
- “Other operational risks” include, for example, internal and external fraud, financial misstatement risk, and information security incidents causing business disruption or fines. Potential failures at our outsourcing partners can also cause a disruption to our working environment.

In view of Allianz SE's tasks as holding company for Allianz Group and reinsurer, the operational risk capital of Allianz SE is dominated by the risk of potential losses within the areas of “execution, delivery and process management” and “clients, products & business practices”. Operational risk capital is calculated using a scenario approach based on expert judgment as well as internal and external operational loss data. The estimates for frequency and severity of potential loss events for each material operational risk category are assessed and used as the basis for our internal model calibration.

Allianz SE has implemented a group-wide operational risk management framework that focuses on the early recognition and proactive management of material operational risks. The framework defines roles and responsibilities as well as management processes and methods. An important component of this framework is the Integrated Risk and Control System (IRCS), which ensures that effective controls or other risk mitigation activities are in place for all significant operational risks. Risk managers in the Allianz SE risk management function, in their capacity as the “second line of defense”, identify and evaluate relevant operational risks and control weaknesses via a dialog with the “first line of defense”, and in close interaction with both the other “second line of defense” functions at Allianz SE and with the audit function.

In the IRCS approach, risk identification, assessment and controls vary between the different operational risk sources reporting, compliance and operations. For example, compliance risks are addressed via written policies. The risk of financial misstatement is mitigated by a system of internal controls covering financial reporting. Outsourcing risks are covered by an Outsourcing Policy, by Service Level Agreements, and by Business Continuity and Crisis Management programs to protect critical business functions from these events. Cyber risks are mitigated through investments in cyber security, cyber insurance Allianz SE buys from third party insurers, and a variety of ongoing control activities.

Operational risk events are reported in a central database.

BUSINESS RISK

Allianz SE's business risk comprises of cost risk from Property-Casualty reinsurance business as well as policyholder behavior risk from both Life/Health and Property-Casualty reinsurance.

Cost risk is associated with the risk that administration expenses are higher than expected, or that the new business volume decreases to a level that does not allow Allianz SE to cover its fixed costs.

Assumptions on policyholder behavior are set in line with accepted actuarial methods and are based on our own historical data, if and as available. If there is no historical data, assumptions are based on industry data or expert judgment.

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

OTHER RISKS (NOT COVERED BY THE INTERNAL MODEL)

There are certain risks which, due to their nature, cannot be adequately addressed or mitigated by additional capital and are therefore not considered in the internal risk capital model. For the identification, analysis, assessment, monitoring, and management of these risks, we also use a systematic approach, with risk assessment generally 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 a decrease in the company's value arising from adverse management decisions on business strategies and their implementation.

Strategic risks are identified and evaluated as part of the Allianz Group's and Allianz SE's Top Risk Assessment processes and discussed in various Board of Management-level committees (e.g. the Group Finance and Risk Committee). We also monitor market and competitive conditions, capital market requirements, regulatory conditions, etc., to decide if strategic adjustments are necessary.

The most important strategic risks are directly addressed through Allianz's Renewal Agenda 2.0, which focuses on True Customer Centricity, Digital by Default, Technical Excellence, Growth Engines and Inclusive Meritocracy. Progress on mitigating strategic risks and meeting the Renewal Agenda 2.0 objectives are monitored and evaluated in the Strategic and Planning Dialogue between Allianz Group and the operative functions of Allianz SE.

LIQUIDITY RISK

Liquidity risk is defined as the risk that 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 in- and outflows.

The investment strategy of Allianz SE particularly focuses on the quality of investments and ensures a significant portion of liquid assets in the portfolio (e.g. high-rated government or corporate bonds). We employ actuarial methods for estimating our liabilities arising from reinsurance and internal pension contracts. In our liquidity planning process, we reconcile liquidity sources (e.g. dividends received from subsidiaries, cash from investments and premiums) and liquidity needs (e.g. payments due to dividends to shareholders, reinsurance claims and expenses) under a best estimate plan, as well as under idiosyncratic and systemic adverse liquidity scenarios.

The main goal of planning and managing Allianz SE's liquidity position is to ensure that we are always in a position to meet payment obligations. To comply with this objective, the liquidity position of Allianz SE is monitored and forecast on a daily basis.

Allianz SE's short-term liquidity is managed within Allianz SE's cash pool, which serves as a centralized tool also for investing the excess liquidity of other Group companies. The accumulated short-term liquidity forecast is updated daily. The cash position in this portfolio is subject to an absolute minimum amount and an absolute alert amount. Both limits are defined for the Allianz SE cash pool in order to be protected against short-term liquidity crises.

As part of our liquidity stress testing framework, contingent liquidity requirements and sources of liquidity are taken into account to ensure that Allianz SE is able to meet any future payment obligations even under adverse conditions. Major contingent liquidity requirements include non-availability of external capital markets, combined market and catastrophe risk scenarios for subsidiaries, as well as lower than expected profit transfers and dividends from subsidiaries.

In order to protect the Allianz Group against the liquidity impact of adverse risk events beyond those covered by the capital and liquidity buffers at our subsidiaries, Allianz SE holds a strategic liquidity reserve for which the target level is re-evaluated annually.

The strategic liquidity planning for Allianz SE covering the time horizons of one calendar year (more granular) and three calendar years is regularly reported to the Board of Management.

REPUTATIONAL RISK

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

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

All affected Allianz SE functions cooperate in identifying reputational risk. Group Communications and Corporate Responsibility assesses reputational risk for Allianz SE based on a group-wide methodology.

The identification and assessment of reputational risks is part of the annual Top Risk Assessment process. During this process, senior management decides on a risk management strategy for the most significant risks facing the company, including those with a potentially severe reputational impact. In addition, direct reputational risk is managed on a case-by-case basis.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses. It forms the basis for determining our Solvency II regulatory capitalization. On a quarterly basis, we calculate internal risk capital for Allianz SE in total, as well as for all contributing business units. We also project risk capital requirements on a bi-weekly basis during periods of financial market turbulence.

GENERAL APPROACH

For the management of our risk profile and solvency position, we utilize an approach that reflects the Solvency II rules.

INTERNAL MODEL

Our internal risk capital model is based on a Value at Risk (VaR) approach using a Monte Carlo simulation. Following this approach, we determine the maximum loss in portfolio value in scope of the model within a specified timeframe ("holding period", set at one year) and probability of occurrence ("confidence level", set at 99.5%). We simulate risk events from all risk categories modeled ("sources of risk") and calculate the portfolio value based on the net fair value of assets minus liabilities, including risk-mitigating measures like retrocession or derivatives, under each scenario.

The required risk capital is defined as the difference between the current portfolio value and the portfolio value under adverse conditions at the 99.5% confidence level. As we simultaneously consider the impact of a negative or positive event on all covered businesses, diversification effects across products and regions are taken into account. The results of our Monte Carlo simulation allow us to analyze our exposure to each source of risk, both separately and in aggregate. We also analyze several pre-defined stress scenarios, representing historical events and adverse scenarios relevant for our portfolio. Furthermore, we conduct ad-hoc stress tests to reflect current political and financial developments and to analyze specific non-financial risks more closely.

COVERAGE OF THE RISK CAPITAL CALCULATIONS

Allianz SE's internal risk capital model to calculate the Solvency Capital Requirement (SCR) covers the activities of Allianz SE as the holding company for Allianz Group, as well as its activities as a reinsurer.

Whereas the model treats most subsidiaries as participations, it applies a look-through rule for 32 subsidiaries and investment funds, which are ancillary to Allianz SE's operations (mainly by holding assets), and reflects their risks on a granular level either completely or partially.

The risk capital model covers all relevant assets (including fixed-income instruments, equities, real estate, and derivatives) and liabilities (including the run-off of all technical provisions, as well as deposits, issued debt and other liabilities such as guarantees).

Therefore, Allianz SE's risk capital framework covers all material and quantifiable risks. Risks specifically not covered by our internal model include strategic, liquidity, and reputational risks.

ASSUMPTIONS AND LIMITATIONS

RISK FREE RATE 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. For extrapolation of the risk-free interest rate curves beyond the last liquid tenor, we apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) in its technical documentation (EIOPA BoS-15/035).¹

In addition, we adjust the risk-free yield curves by a volatility adjustment (VA) for most markets where a volatility adjustment is defined by EIOPA and approved by BaFin. This is done to better reflect the underlying economics of our business. The advantage of being a long-term investor is the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component over the duration of the bonds. Being a long-term investor mitigates much of the risk of forced selling of debt instruments at a loss prior to maturity.

The approach of the Allianz Group to model the volatility adjustment with the help of a dynamic component differs methodologically from replicating the EIOPA VA methodology. To account for deviations with respect to the EIOPA VA methodology, the Allianz Group applies a scaling factor for the dynamic volatility adjustment. Regular validation is performed to verify the appropriateness and prudence of the approach.

DIVERSIFICATION AND CORRELATION ASSUMPTIONS

Our internal model considers concentration, accumulation, and correlation effects when aggregating results for Allianz SE. The resulting diversification reflects the fact that all potential worst-case losses are not likely to materialize at the same time.

Diversification typically occurs when looking at combined risks that are not, or only partly, interdependent. Important diversification factors include regions (for example windstorm in Australia versus windstorm in Germany), risk categories (for example market risk versus underwriting risk), and subcategories within the same risk category (for example equity risk versus interest rate risk). Ultimately, diversification is driven by the specific features of the investments or reinsurance transactions in question and their respective risk exposures. For example, an operational risk event at the Allianz SE branch in Singapore can be considered to be highly independent of a change in the credit spread for a French government bond held in Allianz SE's reinsurance investment portfolio in Munich.

Where possible, the Allianz Group derives correlation parameters for each pair of market risks through statistical analysis of historical market data, considering quarterly observations over more than a decade. In case historical data or other portfolio-specific observations are insufficient or unavailable, correlations are set by the Allianz Group Correlation Setting Committee, which combines the expertise of risk and business experts in a well-defined and controlled process. In general, when using expert judgment we set the correlation parameters to represent the joint movement of risks under adverse conditions. Based on these correlations, the Allianz Group uses an industry-standard approach, the Gaussian copula, to determine the dependency structure of quantifiable sources of risk within the applied Monte Carlo simulation.

ACTUARIAL ASSUMPTIONS

Our internal model also includes assumptions on claims trends, liability inflation, mortality, morbidity, longevity, policyholder behavior, expenses, etc. We use our own internal historical data for actuarial assumptions wherever possible, leverage expertise of other Allianz Group companies in the scope of the internal model, and also consider recommendations from the insurance industry, supervisory authorities, and actuarial associations. The derivation of our actuarial assumptions is based on generally accepted actuarial methods.

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

Within our internal risk capital and financial reporting framework, comprehensive processes and controls exist for ensuring the reliability of these assumptions.

MODEL LIMITATIONS

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

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

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

Since the internal 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 either obtain a current market price or to apply a meaningful mark-to-market approach. For such assets we apply a mark-to-model approach. For some of our liabilities, the accuracy of their values additionally depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

While the aggregate risk capital is exactly modeled, the whole account stop loss construction leads to the use of approximations when reporting contributory risk capital figures for the sub-categories of underwriting risk as the individual contributions have to be approximated based on the underlying distributions.

MODEL CHANGES IN 2019

In 2019, our internal model has been further enhanced based on regulatory developments, model validation results, and feedback received by Allianz Group during the ongoing consultations with the regulator. For the sake of clarity, model changes¹ and resulting impacts are presented within this section, based on data as of 31 December 2018.

Overall, the model changes implemented in 2019 increased the Solvency II risk capital of Allianz SE by € 10.8 bn.

In the subsequent sections, the risk figures for 2018 after model changes will form the basis for the analysis of the changes in our risk profile in 2019.

Allianz SE: Impact of model changes; Allocated risk according to the risk profile

€ mn

as of 31 December	2018 ¹	2018 ²
Market risk	34,157	23,264
Credit risk	554	567
Underwriting risk	3,270	3,282
Business risk	40	39
Operational risk	740	744
Diversification	(3,641)	(3,608)
Total Allianz SE	35,121	24,288

1_2018 risk profile figures recalculated based on model changes in 2019.

2_2018 risk profile figures as reported previously.

The changes to our internal model affected the risk categories and diversification as follows:

MARKET RISK

Several model changes, especially a changed modeling of strategic participations, increased market risk by € 10.9 bn.

CREDIT RISK

In 2019, changes in the modeling of credit risk resulted in small decrease in risk of € 13 mn.

UNDERWRITING RISK

The implementation of several small model changes decreased underwriting risk by € 12 mn.

BUSINESS RISK

A model change indirectly increased business risk by € 1 mn.

OPERATIONAL RISK

Operational risk slightly decreased by € 4 mn, also reflecting indirect model change effects.

DIVERSIFICATION

An update in the modeling of correlations, together with the indirect impact of various other model changes, increased the risk capital relief from diversification by € 33 mn.

Risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT

The quantitative risk profile of Allianz SE is primarily dominated by market risk that results from its non-traded insurance participations when measured in a manner consistent with the treatment of participations under Solvency II (e.g. without looking through to the underlying risks behind the participations). In order to provide greater transparency, the Group risk figures as reflected in the Allianz Group Annual Report can be interpreted as a “look-through” view at the consolidated risk profile represented by all of the Group’s participations as well as those risks unique to Allianz SE. The second largest risk for Allianz SE from an internal model perspective is the underwriting risk arising from its reinsurance business and from internal pension obligations.

1_As per the Allianz Standard for Model Changes (ASMC).

In 2019, the risk profile and relative contributions have changed, mainly due to changes in the market environment and management actions such as new equity and real estate investments.

POTENTIAL RISKS IN THE FINANCIAL MARKETS AND IN OPERATING ENVIRONMENT

Financial markets are characterized by historically low interest rates and risk premiums, prompting some 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, the uncertainty about future monetary and fiscal policies, rising populism, and increased tensions in international trade may lead to higher market volatility. The increasing reliance on digital technologies – to increase efficiency and competitiveness – increases the risk of cyber attacks, data breaches and system failures. There is also the risk of noncompliance with increasing regulation covering IT related business processes. 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. We therefore continue to closely monitor political and financial developments – such as the Brexit of the United Kingdom and the potential rise of Euroscepticism, and the global trade situation – in order to manage our overall risk profile to specific event risks.

Political risk is the risk that returns could suffer as a result of political changes or instability in a country, a region, or globally (for example via the Brexit, i.e. the withdrawal of the United Kingdom from the European Union). Allianz SE is exposed to the Brexit through reinsurance renewals with UK reinsurers, derivative contract continuity risk, and the impact on earnings and solvency.

Based on our assessments, Allianz SE is well prepared for the Brexit and confident that it will have only minimal direct impact. This is because our reinsurance and investment management departments have taken actions to ensure that they are in the position to handle various Brexit scenarios. Examples:

- Allianz SE has very limited exposure in terms of outward cessions to UK-based reinsurers, including replacement options.
- For inwards reinsurance, the Allianz SE reinsurance department will be able to use legal options such as Temporary Permission or Run-off Regimes, or to make use of Allianz Group branch solutions.
- No issues are expected regarding derivatives, as we are in the process of shifting our derivatives to EU markets as appropriate. In addition, we expect that all outstanding derivatives will be valid for a reasonable time period post Brexit.

Even under conservative assumptions (driven by assumed adverse financial market developments, which to a large extent are already priced across asset classes in significant risk premia related to the Brexit), Allianz SE will remain well capitalized.

REGULATORY DEVELOPMENTS

As Solvency II became effective in 2016, our approved internal model has been applied since the beginning of that year.

In addition, future Solvency II capital requirements might change depending on the outcome of the 2020 review of the Solvency II framework by EIOPA. The concrete effects of the Solvency II review for Allianz SE however can only be assessed after final results are available.

MANAGEMENT ASSESSMENT

Allianz SE's management feels comfortable with Allianz SE's overall risk profile and has confidence that the effectiveness of its risk management framework meets both the challenges of a rapidly changing environment and the day-to-day business needs. This confidence is based on several factors:

- Due to its effective capital management, Allianz SE is well capitalized. We have met our internal and regulatory solvency targets as of 31 December 2019.
- Allianz SE is well positioned to withstand potentially adverse future events – due, in part, to our strong internal limit framework, stress testing, internal model, and risk management practices.
- Allianz SE has a conservative investment profile and disciplined business practices in the reinsurance business, leading to sustainable operating earnings with a well-balanced risk-return profile.

SOLVENCY II REGULATORY CAPITALIZATION

Allianz SE's own funds and capital requirements are based on the market value balance sheet approach consistent with the economic principles of Solvency II.¹ Our regulatory capitalization is shown in the following table:

Allianz SE: Solvency II regulatory capitalization

as of 31 December		2019	2018 ¹
Own funds	€ bn	92.9	83.9
Capital requirement	€ bn	38.4	24.3
Capitalization ratio	%	242	345

1_2018 risk profile figures as reported previously.

As of 31 December 2019, the Solvency II capitalization of the legal entity Allianz SE is at 242%. The decrease by 103 percentage points in 2019 was caused by a € 14.1 bn increase in risk capital (mostly driven by the before mentioned model change for strategic participations), combined with a € 9.0 bn increase in eligible own funds.

Quantifiable risks and opportunities by risk category

This Risk and Opportunity Report outlines Allianz SE's risk figures, reflecting its risk profile based on pre-diversified risk figures and Allianz SE diversification effects.

We measure and steer risk based on an approved internal model, which measures the potential adverse developments of Own Funds. The results provide an overview of how our risk profile is distributed over different risk categories, and determine the regulatory capital requirements in accordance with Solvency II.

1_Own funds and capital requirement are calculated taking into account volatility adjustment and yield curve extension, as described in "Risk free rate and volatility adjustment assumptions" on page 25.

The pre-diversified risk figures reflect the diversification effects within each modeled risk category (i.e. within market, credit, underwriting, business, and operational risk) but do not include the diversification effects across risk categories. The Allianz SE diversified risk also captures the diversification effects across all risk categories.

The Allianz SE diversified risk is broken down as follows:

Allianz SE: Allocated risk according to the risk profile

€ mn

as of 31 December	2019	2018
Market risk	37,524	34,157
Credit risk	559	554
Underwriting risk	3,407	3,270
Business risk	48	40
Operational risk	657	740
Diversification	(3,827)	(3,641)
Total Allianz SE	38,368	35,121

As of 31 December 2019, Allianz SE's diversified risk capital amounted to € 38.4 bn (2018: € 35.1 bn). This represents a slight reduction in the diversification benefit by 0.3% to 9.1%.

The increase in Solvency II capital requirement was mainly due to higher market risk, driven by M&A transactions and business evolution.

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

MARKET RISK

The following table presents the market risk of Allianz SE related to the source of risk:

Allianz SE: Risk profile – Market risk by source of risk

pre-diversified, € mn

as of 31 December	2019	2018
Interest rate	23	37
Inflation	(333)	(288)
Credit spread	349	436
Equity	37,673	34,218
Real estate	203	93
Currency	(390)	(338)
Total Allianz SE	37,524	34,157

For Allianz SE, the pre-diversified market risk as of year-end 2019 shows an increase of € 3,367 mn driven by equity risk.

INTEREST RATE RISK

In 2019, the interest rate risk of Allianz SE decreased by € 14 mn, mainly reflecting a change in diversification.

As of 31 December 2019, Allianz SE's interest-rate-sensitive assets amounting to a market value of € 42.4 bn would have gained € 2.3 bn or lost € 2.0 bn in value, in the event of interest rates changing by -100 and +100 basis points, respectively.

¹ Impact of whole account stop loss reinsurance contract between Allianz SE and Allianz Re Dublin doc on pre-diversified insurance risks: For premium natural catastrophe risk rose of € 44 mn (2018: € 30 mn), for premium non-catastrophe and terror risk rose of € 177 mn (2018: € 179 mn).

INFLATION RISK

The € 45 mn increase in the market risk relief that results from inflation risk in 2019 mainly results from the impact of lower interest rates.

EQUITY RISK

In 2019, Allianz SE's equity risk increased by € 3,455 mn, reflecting, among others, a change in the value of participations in Allianz Group companies due to the business evolution, as well as private equity transactions.

As of 31 December 2019, those of our investment assets that are sensitive to changing equity markets would have lost € 442 mn in value, assuming equity markets declined by 30%.

CREDIT SPREAD RISK

Allianz SE's credit spread risk is € 87 mn lower than in 2018, mainly caused by diversification effects.

REAL ESTATE RISK

The € 110 mn increase in 2019 reflects higher real estate values and new investments.

CURRENCY RISK

Allianz SE's € (390) mn currency risk at year-end 2019 results from net open positions in several currencies, dominated by the U.S. Dollar. The € 52 mn increase in the relief that currency risk provides to market risk is mainly caused by a weakening of the EUR and higher values of non-EUR participations.

CREDIT RISK

Credit risk of the legal entity Allianz SE slightly increased by € 5 mn in 2019.

UNDERWRITING RISK

The following table presents the pre-diversified risk calculated for underwriting risks stemming from our reinsurance business and internal pensions:¹

Allianz SE: Risk Profile – Underwriting risk by source of risk

pre-diversified, € mn

as of 31 December	2019	2018
Premium natural catastrophe	363	331
Premium non-catastrophe and terror	1,466	1,485
Reserve	1,437	1,394
Biometric	140	60
Total Allianz SE	3,407	3,270

For Allianz SE, the pre-diversified underwriting risk showed an increase of € 137 mn, driven by increases in all subcategories except premium non-catastrophe risk.

PROPERTY-CASUALTY

Premium risk

In 2019, Allianz SE's natural catastrophe slightly increased by € 32 mn.

The top five scenarios contributing to the natural catastrophe risk of Allianz SE as of 31 December 2019 were a windstorm in Europe, a tropical cyclone in Japan, a tropical cyclone in Australia, an earthquake in Italy, and an earthquake in Australia.

The non-catastrophe and terror premium risk of Allianz SE slightly decreased by € 19 mn in 2019.

Reserve risk

Among others, the € 43 mn increase in Allianz SE's reserve risk in 2019 reflects the building up of reserves in group-internal quota shares.

LIFE/HEALTH

In 2019, Allianz SE's biometric risk is € 80 mn higher than in 2018. The main driver is an increase in longevity risk from internal pension obligations reflecting lower interest rates.


BUSINESS RISK

Business risk increased by € 8 mn, mainly due to lapse risk from higher quota share exposure.

OPERATIONAL RISK

The decrease of € 83 mn shown in the operational risk mainly results from the update of a central model parameter, whereas a reassessment of potential data errors in reinsurance underwriting resulted in higher operational risk than in the previous year.

LIQUIDITY RISK

Detailed information regarding Allianz SE's liquidity risk exposure, liquidity, and funding – including changes in cash and cash equivalents – are provided in the chapter [Liquidity and Funding Resources](#) from  **page 18**. As inferred from the section on the management of liquidity risks, they are quantified and monitored through regular stress test reporting and properly managed but are not quantified for risk capital purposes.

CORPORATE GOVERNANCE REPORT

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE therefore attach great importance to complying with the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code"). The Declaration of Conformity with the recommendations of the Code, as issued by the Board of Management and the Supervisory Board on 13 December 2019, and the company's position regarding the Code's suggestions can be found in the [Statement on Corporate Management pursuant to §289f of the HGB](#) starting on [page 36](#).

Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act ("SE-Ausführungsgesetz") in addition to the German SE Employee Involvement Act ("SE-Beteiligungsgesetz"). Notwithstanding, 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 has ten members. It is responsible for setting business objectives and the strategic direction, for coordinating and supervising the operating entities, and for implementing and overseeing an efficient risk management system. The Board of Management also prepares the annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, the market value balance sheet, and the interim report.

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 Functions, Investments, Operations and Allianz Services, Human Resources, Legal, Compliance, Internal Audit, and Mergers & Acquisitions. Business division responsibilities focus on geographical regions or Global Lines. Rules of procedure specify in more detail the structure and departmental responsibilities of the Board of Management.

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 makes 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 he cannot impose any decisions against the majority vote.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2019, the following Board of Management committees were in place:

Board Committees

Board committees	Responsibilities
GROUP FINANCE AND RISK COMMITTEE Giulio Terzariol (Chairman), Niran Peiris, Dr. Günther Thallinger, Dr. Axel Theis.	Preparation of the capital and liquidity planning for the Group and Allianz SE, implementing and overseeing the principles of group-wide capital and liquidity planning, as well as investment strategy and preparing risk strategy. This includes, in particular, significant individual investments and guidelines for currency management, Group financing and internal Group capital management, as well as establishing and overseeing a group-wide risk management and monitoring system including dynamic stress tests.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Niran Peiris, Giulio Terzariol, Dr. Günther Thallinger, Dr. Axel Theis.	Developing, proposing, implementing and monitoring a group-wide IT strategy, approving external IT contracts and business-related IT contracts with strategic and group relevance.
GROUP MERGERS AND ACQUISITIONS COMMITTEE Dr. Helga Jung (Chairwoman), Oliver Bäte, Niran Peiris, Giulio Terzariol.	Managing and overseeing Group M & A transactions, including approval of individual transactions within certain thresholds.

As of 31 December 2019

In addition to Board committees, there are also Group committees. They are responsible for preparing decisions for the Board of Management of Allianz SE, submitting proposals for resolutions, and ensuring a smooth flow of information within the Group.

In the financial year 2019, the following Group committees were in place:

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 monitoring results, along with proposals for improvement.
GROUP INVESTMENT COMMITTEE Board members of Allianz SE and Allianz Group executives.	Implementing the Group investment strategy, including monitoring group-wide investment activities as well as approving investment-related frameworks and guidelines and individual investments within certain thresholds.

As of 31 December 2019

The Allianz Group runs its operating entities and business segments via an integrated management and control process. First, the Holding and the operating entities define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for the performance-based remuneration of the members of the Board of Management. For details, see the [Remuneration Report](#) starting on [page 39](#).

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the company's financial position and earnings, planning and achievement of objectives, business strategy, and risk exposure. Details on the Board of Management's reporting to the Supervisory Board are laid down in the information rules issued by the Supervisory Board.

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

Principles and function of the Supervisory Board

The German Co-Determination Act ("Mitbestimmungsgesetz") does not apply to Allianz SE because it has the legal form of a European Company (SE). Instead, the size and composition of the Supervisory Board is determined by general European SE regulations. These regulations are implemented in the Statutes and via 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 includes four employee representatives from Germany and one each from France and the United Kingdom. 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.

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, succession planning for the Board of Management, and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2019 financial year are described in the [Supervisory Board Report](#) starting on [page 2](#).

The Supervisory Board makes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management, as stipulated in the German Co-Determination Act, and the requirement to have a Conciliation Committee do not apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who at Allianz SE must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the vice chairperson from the shareholder side. A second vice chairperson is elected at the employee representatives' proposal.

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. This self-assessment also includes an evaluation of the fitness and propriety of the individual members.

SUPERVISORY BOARD COMMITTEES

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

Supervisory Board committees

Supervisory Board committees	Responsibilities
STANDING COMMITTEE 5 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Herbert Hainer, Jim Hagemann Snabe) – Two employee representatives (Jürgen Lawrenz, Jean-Claude Le Goaër)	– 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. Friedrich Eichiner) – Three shareholder representatives (in addition to Dr. Friedrich Eichiner: Sophie Boissard, Michael Diekmann) – Two employee representatives (Jean-Claude Le Goaër, Martina Grundler)	– 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 (Michael Diekmann) – Three shareholder representatives (in addition to Michael Diekmann: Christine Bosse, Dr. Friedrich Eichiner) – Two employee representatives (Godfrey Hayward, Frank Kirsch)	– 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 (Michael Diekmann) – One further shareholder representative (Herbert Hainer) – One employee representative (Gabriele Burkhardt-Berg)	– 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 (Michael Diekmann) – Two further shareholder representatives (Christine Bosse, Jim Hagemann Snabe)	– 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
TECHNOLOGY COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Jim Hagemann Snabe) – Three shareholder representatives (in addition to Jim Hagemann Snabe: Michael Diekmann, Dr. Friedrich Eichiner) – Two employee representatives (Gabriele Burkhardt-Berg, Jürgen Lawrenz)	– Regular exchange regarding technological developments – In-depth monitoring of the Board of Management's technology and innovation strategy – Support of the Supervisory Board in monitoring the implementation of the Board of Management's technology and innovation strategy

As of 31 December 2019

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	%
PLENARY SESSIONS OF THE SUPERVISORY BOARD		
Michael Diekmann (Chairman)	6/6	100
Gabriele Burkhardt-Berg (Vice Chairwoman)	6/6	100
Jim Hagemann Snabe (Vice Chairman)	6/6	100
Sophie Boissard	6/6	100
Christine Bosse	6/6	100
Dr. Friedrich Eichiner	6/6	100
Jean-Claude Le Goaër	6/6	100
Martina Grundler	5/6	83.3
Herbert Hainer	6/6	100
Godfrey Hayward	6/6	100
Frank Kirsch	6/6	100
Jürgen Lawrenz	6/6	100
STANDING COMMITTEE		
Michael Diekmann (Chairman)	4/4	100
Jean-Claude Le Goaër	4/4	100
Herbert Hainer	4/4	100
Jürgen Lawrenz	4/4	100
Jim Hagemann Snabe	4/4	100
PERSONNEL COMMITTEE		
Michael Diekmann (Chairman)	4/4	100
Gabriele Burkhardt-Berg	4/4	100
Herbert Hainer	4/4	100
AUDIT COMMITTEE		
Dr. Friedrich Eichiner (Chairman)	5/5	100
Sophie Boissard	5/5	100
Michael Diekmann	5/5	100
Jean-Claude Le Goaër	5/5	100
Martina Grundler	5/5	100
RISK COMMITTEE		
Michael Diekmann (Chairman)	2/2	100
Christine Bosse	2/2	100
Dr. Friedrich Eichiner	2/2	100
Godfrey Hayward	2/2	100
Frank Kirsch	2/2	100
TECHNOLOGY COMMITTEE		
Jim Hagemann Snabe (Chairman)	2/2	100
Gabriele Burkhardt-Berg	2/2	100
Michael Diekmann	2/2	100
Dr. Friedrich Eichiner	2/2	100
Jürgen Lawrenz	2/2	100
NOMINATION COMMITTEE		
Michael Diekmann (Chairman)	1/1	100
Christine Bosse	1/1	100
Jim Hagemann Snabe	1/1	100

OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION

The objectives for the composition of the Supervisory Board in the version of August 2017, as specified to implement a recommendation by the Code, are set out below. In light of the new German Corporate Governance Code expected in 2020, the Supervisory Board already in December 2019 amended the objectives for its composition, effective 1 January 2020, to reflect the specifications of the new Code.

Objectives of Allianz SE's Supervisory Board regarding its composition¹

"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.

These objectives take into account the regulatory requirements for the composition of the Supervisory Board as well as the relevant recommendations of the German Corporate Governance Code ("GGCG"). In addition to the requirements for each individual member, a profile of skills and expertise ("Kompetenzprofil") as well as a diversity concept are provided for the entire Supervisory Board.

The amendment in particular relates to the skills and expertise of the Supervisory Board and the reduction of the term of membership from 15 to 12 years. In addition to the skills profile for the overall Supervisory Board, also to be established due to a new recommendation of the Code, the diversity concept in accordance with the legislation on the implementation of the European guideline as regards the disclosure of non-financial and diversity information (CSR Directive) is also included:

Employee representation within Allianz SE, according to the Agreement concerning the Participation of Employees in Allianz SE, contributes to the diversity of work experience and cultural background. Pursuant to the provisions of the German SE Participation Act (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:

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

1. Propriety

The members of the Supervisory Board must be proper as defined by the regulatory provisions. A person is assumed to be proper as long as no facts are to be known which may cause impropriety. Therefore, no personal circumstances shall exist which – according to general experience – lead to the assumption that the diligent and orderly exercise of the mandate may be affected (in particular administrative offenses or violation of criminal law, esp. in connection with commercial activity).

2. Fitness

The members of the Supervisory Board must have the expertise and experience necessary for a diligent and autonomous exercise of the Allianz SE Supervisory Board mandate, in particular for exercising control of and giving advice to the Board of Management as well as for the active support of the development of the company. This comprises in particular:

- adequate expertise in all business areas;
- adequate expertise in the insurance and finance sector or comparable relevant experience and expertise in other sectors;
- adequate expertise in the regulatory provisions material for Allianz SE (supervisory law, including Solvency II regulation, corporate and capital markets law, corporate governance);
- ability to assess the business risks;
- knowledge of accounting and risk management basics.

3. Independence

The GGCG defines a person as independent who, in particular, does 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 interest.

To further specify the definition of independence, the Supervisory Board of Allianz SE states the following:

- Former members of the Allianz SE Board of Management shall not be deemed independent during the mandatory corporate law cooling-off period.
- Members of the Supervisory Board of Allianz SE in office for more than 15 years (since 1.1.2020: 12 years) shall not be deemed independent.
- Regarding employee representatives, the mere fact of employee representation and the existence of a working relationship with the company shall not in itself affect the independence of the employee representatives.

Applying such definition, at least eight members of the Supervisory Board shall be independent. In case shareholder representatives and employee representatives are viewed separately, at least four of each should be independent.

It has to be considered that the possible emergence of conflicts of interests in individual cases cannot generally be excluded. Potential conflicts of interest must be disclosed to the Chairman of the Supervisory Board and will be resolved by appropriate measures.

4. Time of availability

Each member of the Supervisory Board must ensure that they have sufficient time to dedicate to the proper fulfilment of the mandate of this Supervisory Board position.

In addition to the mandatory mandate limitations and the GGCG recommendation for active Management Board members of listed companies (max. three mandates – since 1.1.2020: two mandates), the common capital markets requirements shall be considered.

With respect to the Allianz SE mandate, the members shall ensure that

- they can attend at least four, usually six ordinary Supervisory Board meetings per year, each of which requires adequate preparation;
- they have sufficient time for the audit of the annual and consolidated financial statements;

- they can attend the General Meeting;
- depending on possible membership in one or more of the current six Supervisory Board special committees, this involves extra time planning to participate in these Committee meetings and do the necessary preparation for these meetings; this applies in particular for the Audit and risk Committees;
- they can attend extraordinary meetings of the Supervisory Board or of a special committee to deal with special matters as and when required.

5. Retirement age

The members of the Supervisory Board shall, as a rule, not be older than 70 years of age.

6. Term of membership

The continuous period of membership for any member of the Supervisory Board should, as a rule, not exceed 15 years (since 1.1.2020: 12 years).

7. Former Allianz SE Management Board members

Former Allianz SE Management Board members are subject to the mandatory corporate law cooling-off period of two years.

According to regulatory provisions, no more than two former Allianz SE Management Board members shall be members of the Supervisory Board.

II. Requirements for the entire Supervisory Board

1. Profile of skills and expertise for the entire Supervisory Board

In addition to the expertise-related requirements for the individual members, the following shall apply with respect to the expertise and experience of the entire Supervisory Board:

- familiarity of members in their entirety with the insurance and financial services sector;
- adequate expertise of the entire board with respect to investment management, insurance actuarial practice, and accounting (since 1.1.2020: and technology);
- at least one member with considerable experience in the fields of insurance and financial services;
- at least one member with comprehensive expertise in the fields of accounting or auditing; (since 1.1.2020: at least one member with comprehensive expertise in the field of digital transformation);
- specialist expertise or experience in other economic sectors;
- managerial or operational experience.

2. Diversity concept

To promote an integrative cooperation among the Supervisory Board members, the Supervisory Board strives for an adequate diversity with respect to gender, internationality, different occupational backgrounds, professional expertise, and experience:

- 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.
- 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. For Allianz SE as a Societas Europaea, the agreement concerning the participation of employees in Allianz SE provides the following: Allianz employees from different EU member states be considered in the allocation of employee representatives' Supervisory Board seats.
- In order to provide the Board with the most diverse sources of experience and specialist knowledge possible, the members of the Supervisory Board shall complement each other with respect to their background, professional experience, and specialist knowledge."

¹As of 31 December 2019.

The composition of the Supervisory Board of Allianz SE reflects these objectives. According to the assessment by the Supervisory Board, all shareholder representatives, i.e. Ms. Boissard, Ms. Bosse as well as Mr. Diekmann, Dr. Eichiner, Mr. Hainer and Mr. Snabe, are independent within the meaning of the objectives (see No. I.3). With four female and eight male Supervisory Board members, the current legislation for

equal participation of women and men in leadership positions (statutory gender quota of 30%) is being met. In addition, the Supervisory Board has five members with international backgrounds. The skills profile is also met by all current members of the Supervisory Board. Based on the objectives regarding its composition, the Supervisory Board of Allianz SE has developed the following skills matrix.

		Diekmann	Snabe	Boissard	Bosse	Eichiner	Hainer	Burkhardt-Berg	Le Goaër	Grundler	Hayward	Kirsch	Lawrenz
Tenure	Joined Board in	2017	2014	2017	2012	2016	2017	2012	2018	2016	2017	2018	2015
Personal appropriateness	Regulatory requirement (Fit & Proper)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Independence ¹	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	No Overboarding ¹	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Diversity	Gender	male	male	female	female	male	male	female	male	female	male	male	male
	Nationality	German	Danish	French	Danish	German	German	German	French	German	British	German	German
Expertise	Accounting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Insurance Actuarial Practice	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Investment Management	✓	✓	✓	✓	✓	✓	✓	-	-	✓	✓	✓
	Technology	✓	✓	-	✓	✓	-	✓	✓	-	-	-	✓
	Digital Transformation	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	✓
	Employee Engagement	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Regional Expertise	North America	✓	✓	-	-	✓	✓	-	-	-	-	-
Regional Expertise	Growth Markets	✓	✓	-	-	✓	✓	-	-	-	-	-	-
	Europe (EU)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

✓ Criteria met. Expertise criteria based on yearly self-assessment. Tick means at least "Good knowledge" and implies the capacity to well understand the relevant matters and to take educated decisions. Good knowledge may result from existing qualifications and from the training measures regularly attended by all members of the Supervisory Board. On a scale from A-E this requires at least grade B.

¹ According to German Corporate Governance Code.

The current composition of the Supervisory Board and its committees is described on [page 5](#).

Directors' dealings

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

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, the approval of intercompany agreements, the remuneration of the Supervisory Board, and changes to the company's Statutes. Resolutions of the General Meeting shall be passed, unless mandatory legal provisions require otherwise, by a simple majority of the valid votes cast. 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 the 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 § 315e of the German Commercial Code (“Handelsgesetzbuch – HGB”) on the basis of the International Financial Reporting Standards (IFRS) adopted by the European Union. The annual financial statements of Allianz SE are prepared in accordance with German law and accounting rules.

In compliance with the 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, not the AGM. The audit of the financial statements covers the individual financial statements of Allianz SE and the consolidated financial statements of the Allianz Group.

We inform our shareholders, financial analysts, the media, and the general public about the company’s situation on a regular basis and in a timely manner. The annual financial statements of Allianz SE, the Allianz Group’s consolidated financial statements, and the respective management reports are published within 90 days of the end of each financial year. Additional information is provided in the Allianz Group’s half-yearly financial reports and quarterly statements. Information is also made available at the AGM, at press and analysts’ conferences, and 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, half-yearly financial reports, and quarterly statements, AGMs, and analyst conference calls as well as financial press conferences.

You can find the 2020 financial calendar on our website at www.allianz.com/financialcalendar.

Regulatory requirements

The regulatory requirements for corporate governance applicable for insurance companies, insurance groups, and financial conglomerates are also important. Specifically, they include the establishment and further design of significant control functions (risk management, actuarial function, compliance, and internal audit) as well as general principles for a sound business organization. These regulatory requirements are applicable throughout the Group in principle and have been implemented using written guidelines issued by the Board of Management of Allianz SE. Solvency II requires the publication of qualitative and quantitative information including a market value balance sheet. Details on the implementation of the regulatory requirements for corporate governance by Allianz SE and by the Allianz Group can be found in the Solvency and Financial Condition Report of Allianz SE and of the Allianz Group, which are published on our website at www.allianz.com/sfcr.

STATEMENT ON CORPORATE MANAGEMENT PURSUANT TO § 289F OF THE HGB

The Statement on Corporate Management pursuant to § 289f of the German Commercial Code (“Handelsgesetzbuch – HGB”) forms part of the Management Report. According to § 317 (2), sentence 6 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 13 December 2019, the Board of Management and the Supervisory Board issued the following Declaration of Conformity of Allianz SE with the German Corporate Governance Code (hereinafter the “Code”):

Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act

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

Since the last Declaration of Conformity as of December 12, 2018, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of February 7, 2017 and will comply with them in the future.

Munich, December 13, 2019
Allianz SE

For the Management Board:
Signed Oliver Bäte

Signed Dr. Helga Jung

For the Supervisory Board:
Signed Michael Diekmann

In addition, Allianz SE follows all the suggestions of the Code in its 7 February 2017 version.

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

Corporate governance practices

INTERNAL CONTROL SYSTEMS

Allianz SE, as a member of the Allianz Group, has an effective internal risk and control system for verifying and monitoring its operating activities and business processes, in particular financial reporting, as well as compliance with regulatory requirements. The requirements placed on the internal control systems are essential not only for the resilience and franchise value of the company, but also to maintain the confidence of the capital market, our customers, and the public. A comprehensive risk and control management system regularly also assesses the effectiveness and appropriateness of the internal control system as part of

the System of Governance. For further information on our risk organization and risk principles, please refer to [page 19](#). Information on the “Integrated Risk and Control System for Financial Reporting” can be found on [page 58](#).

In addition, the quality of our internal control system is assessed by the Internal Audit Function. This function conducts independent, objective assurance and consulting activities, analyzing the structure and efficiency 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 evaluating and improving 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 MANAGEMENT SYSTEM

Integrity is at the core of our compliance programs and the basis for the trust of our customers, shareholders, business partners and employees.

The compliance function fosters a corporate culture of individual and collective responsibility for ethical conduct and adherence to the rules by:

- Advising the board of management, managers and employees on business conduct that is lawful and ethical;
- Identifying and assessing material compliance risks and overseeing the implementation of adequate and effective internal controls to mitigate them;
- Providing a speak-up facility that employees and third parties can use to confidentially address irregularities;
- Interacting transparently and trustfully with regulators.

Compliance with applicable laws, rules, and regulations in all countries in which Allianz SE and Allianz Group operate, as well as with internal policies and guidelines, is key. The global compliance programs coordinated by Allianz SE’s central Group Compliance function support our employees, managers and executive board members to act responsibly and with integrity in all situations. By participating in the United Nations Global Compact, the world’s largest and most important initiative for responsible corporate leadership, and respecting the Guidelines of the Organization for Economic Cooperation and Development (OECD Guidelines) for Multinational Enterprises, we integrate sustainability and corporate responsibility into our business. By accepting and complying with European and international standards and applicable laws, Allianz aims to avoid the risks that arise from non-compliance. To enhance our understanding of compliance issues and share best practices, we work with organizations such as the German Institute for Compliance (DICO) and the Global Insurance Chief Compliance Officers’ Forum (CCO Forum).

Moreover, Allianz SE’s central Group Compliance function is responsible – in close cooperation with local compliance functions – for ensuring the effective implementation and monitoring of the compliance

programs within the Allianz Group, as well as for investigating potential compliance infringements. Furthermore, as a key function, the compliance function carries out the advisory, risk identification and assessment, monitoring and early warning tasks required under the Solvency II regime.

CODE OF CONDUCT

Our Code of Conduct for Business Ethics and Compliance and the internal Compliance policies and guidelines derived from it provide all employees, managers, and executive board members with clear and practical guidance, enabling them to act in line with the values of the Allianz Group. The rules of conduct established by the Code of Conduct are binding for all employees worldwide and build the basis for our compliance programs. The Code of Conduct is available on our website at www.allianz.com/corporate-governance.

SPEAK UP

A major component of the Allianz Group's compliance management system is a speak-up facility that allows employees and third parties to notify the relevant compliance department confidentially about potential irregularities. No employee voicing concerns about irregularities in good faith needs to fear retribution, even if the concerns later turn out to be unfounded. Third parties can contact the compliance department via an electronic mailbox on our website at www.allianz.com/complaint-system.

COMPLIANCE PROGRAMS

Allianz SE's central Group Compliance function has set up internal guidelines for the following identified compliance risk areas: bribery and corruption, money laundering and terrorism financing, economic sanctions, capital markets integrity, sales compliance/customer protection, antitrust, internal fraud, data privacy, and US Foreign Account Tax Compliance Act (FATCA). For further information on these compliance risk areas, please refer to the Combined Separate Non-Financial Report for Allianz Group and Allianz SE of the Allianz Group's Annual Report 2019 and the Sustainability Report on our website at www.allianz.com/sustainability.

COMPLIANCE TRAINING

In order to convey the principles of the Code of Conduct and the compliance programs based on these principles, Allianz has implemented interactive training programs around the world. These provide practical guidance that enables employees to make their own decisions based on internal and external requirements as well as ethical principles. Training programs comprise in-person and e-learning trainings and are delivered in several languages.

An anti-corruption training is compulsory for all Allianz employees worldwide. The same is true for the antitrust training to exposed employees. Further trainings exist for the other compliance programs.

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

A description of the composition of the Supervisory Board and its committees can be found on [page 5](#) and [page 7](#) of the Annual Report. A description of the composition of the Board of Management can be found on [page 8](#), while the composition of the Committees of the

Board of Management is described in the [Corporate Governance Report](#) starting on [page 30](#). 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 30](#), and on our website at www.allianz.com/corporate-governance.

Information in accordance with the German Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector

This section outlines the targets set by Allianz SE for the Board of Management and the two management levels below the Board of Management. Article 17(2) of the German SE Implementation Act stipulates that as of 1 January 2016, the share of women and men among the members of the Supervisory Board of Allianz SE must each total up to 30% at least. The Supervisory Board currently in office fulfils this requirement because it includes four women (33%) and eight men (67%).

In August 2017, the Supervisory Board resolved on a target for the percentage of women on Allianz SE's Board of Management at 30% up until 31 December 2021. As of 31 December 2019, the percentage of women on Allianz SE's Board of Management amounted to 20%. As regards the proportion of women on the first and second management levels below the Board of Management, the Board of Management of Allianz SE has set a target of 20% and 30%, respectively, to be met by 31 December 2021. As of 31 December 2019, this target was already met for the first management level with a percentage of women of 22%, but could not yet be met on the second level with a percentage of 24%. The first two management levels below the Board of Management comprises a very small comparative group of executives. No suitable female candidates could be identified for the very few positions that became vacant in the period considered.

In the longer term, Allianz aims to place women in at least 30% of the positions at these two management levels throughout the Group.

Diversity concepts for the Board of Management and Supervisory Board

In accordance with the legislation to implement the European CSR Directive, the diversity concepts for the Board of Management and the Supervisory Board, their objectives, implementation, and results achieved are to be reported for the 2019 financial year.

The Supervisory Board adopted the following diversity concept for the Board of Management of Allianz SE in August 2017:

“For the composition of the Management Board, the Supervisory Board aims for an adequate ‘Diversity of Minds’. This comprises broad diversity with regard to gender, internationality, and educational as well as professional background.

The Supervisory Board assesses the achievement of such target, inter alia, on the basis of the following specific indicators:

- Adequate proportion of women on the Management Board: at least 30% by 31 December 2021;
- Adequate share of members with an international background (e.g. based on origin or extensive professional experience abroad), ideally with a connection to the regions in which Allianz Group is operating;
- Adequate diversity with regard to educational and professional background, taking into account the limitations for the Supervisory Board by regulatory requirements (fitness).”

This diversity concept is implemented in the appointment procedure for members of the Board of Management by the Supervisory Board. It is ensured that lists of successors will comprise appropriate percentages of female candidates as well as of candidates with international experience. The Personnel Committee takes this into consideration especially in succession planning. The share of women on the Management Board is currently 20%. Six members of the Management Board have international backgrounds. There is an adequate degree of variety as regards educational and professional backgrounds.

The diversity concept for the Supervisory Board was approved by the Supervisory Board in August 2017, and included in the objectives for the composition of the Supervisory Board (see No. II.2 of the objectives for the composition of the Supervisory Board on [page 33](#)). The Supervisory Board pursues these objectives, and thus also the diversity concept, when nominating candidates for shareholder representatives. As employee representatives are appointed according to different national provisions, there is only limited potential influence to the selection of employee representatives. The Supervisory Board is currently composed in accordance with the diversity concept. For details please see the [Corporate Governance Report](#) on [page 30](#).

REMUNERATION REPORT

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

All information provided here concerning Allianz SE Board of Management remuneration as well as additional information can also be found on our remuneration website at www.allianz.com/remuneration.

Remuneration of the Allianz SE Board of Management

RESPONSIBILITY FOR BOARD OF MANAGEMENT REMUNERATION

The Board of Management's remuneration is decided upon by the entire Supervisory Board, based on proposals prepared by the Personnel Committee of the Supervisory Board¹. The Supervisory Board designs the remuneration system for the members of the Board of Management in accordance with the applicable laws and regulations, in particular the requirements of the German Stock Corporation Act (AktG) in the currently valid version, regulatory requirements as well as the provisions of the German Corporate Governance Code, while ensuring clarity and comprehensibility. The Supervisory Board determines the total target remuneration on the basis of the remuneration system.

KEY PRINCIPLES

- **Alignment of pay and performance:** The performance-based, variable component of the Board remuneration forms a significant portion of the overall remuneration (70%).
- **Sustainability of performance and alignment with shareholder interests:** A major part of the variable remuneration reflects longer-term performance with deferred payout (64%) and is linked to the absolute and relative performance of the share price.
- **Support of the Group's strategy:** The design of the performance targets reflects the Allianz Group's business strategy.

ADEQUACY OF THE BOARD OF MANAGEMENT REMUNERATION

The structure, weighting, and level of each remuneration component shall be adequate and appropriate.

HORIZONTAL APPROPRIATENESS

The Supervisory Board regularly benchmarks the Allianz SE Board of Management's remuneration against other DAX 30 companies. Given Allianz's relative size, complexity, and sustained performance, compensation levels are oriented towards the fourth quartile of the compensation of that peer group.

VERTICAL APPROPRIATENESS

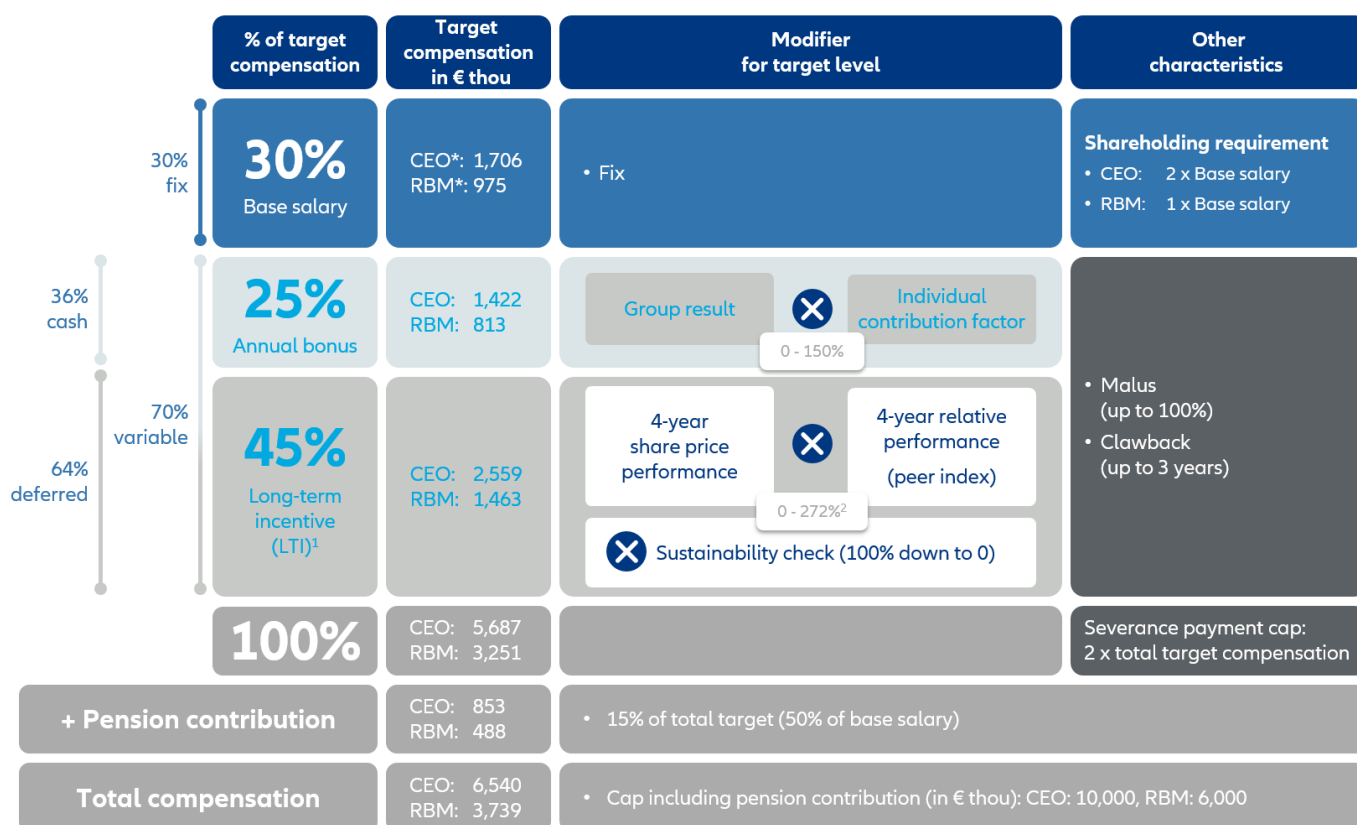
This comparison is based on the total direct compensation of a member of the Board of Management and the average direct compensation of an employee of the Allianz workforce in Germany. For the fiscal year 2019, the factor resulting from this comparison for the Chairman of Board of Management to employee is "77" and the factor regular board member to employee is "42".

REMUNERATION STRUCTURE

The current structure became effective on 1 January 2019. It was approved by the Annual Shareholder Meeting of Allianz SE on 8 May 2019 with a majority vote of 92%.

However, in order to ensure that the remuneration system is also in line with the new version of the German Corporate Governance Code announced for 2020, the special severance payment rule for the event of a change of control has been deleted without replacement and, in the event of a contractually agreed non-competition clause, provision has been made for a severance payment due to early termination of a Management Board member to be set off against a non-competition compensation (Karenzenschädigung).

¹If 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 Board of Management members – with one exception: The Chairman of the Board of Management is not involved in the discussion about his own remuneration.



* CEO = Chief Executive Officer, RBM = regular Board member

1_ For simplicity reasons, the LTI percentage as well as the LTI target amount are based on target allocation values.

2_ The overall compensation cap of € 10,000 thou | € 6,000 thou including pension contributions limits the effective payout of the LTI to a maximum of 255% (CEO) and 272% (RBM), respectively.

REMUNERATION COMPONENTS AND TARGET SETTING PROCESS

BASE SALARY

The base salary, which is not performance-related, is paid in twelve equal monthly installments.

PERQUISITES

Perquisites mainly consist of contributions to accident and liability insurances, tax consultant fees (if in the interest of Allianz) and the provision of a company car. Perquisites are not linked to performance; a contractual annual cap applies. Each member of the Board of Management is responsible for paying the income tax due on these perquisites. The Supervisory Board regularly reviews the level of perquisites.

VARIABLE REMUNERATION

Variable remuneration includes the annual bonus and a long-term incentive (LTI).

Annual bonus

The annual bonus is based on the achievement of Group financial targets for the respective financial year for which the annual bonus is granted, and adjusted by an individual contribution factor (ICF), taking into account individual and business division performance.

GROUP FINANCIAL TARGETS

The Group financial targets are based on equally weighted targets for Group operating profit and Group net income attributable to shareholders. Both key performance indicators (KPIs) are important steering parameters for the Allianz Group. Operating profit highlights the underlying performance of ongoing core operations. Net income attributable to shareholders is the profit after tax and non-controlling interests (minorities). Furthermore, the net income forms the basis for the dividend payout and for the return on equity calculation. The Group financial targets therefore reflect the level of implementation of the Group's strategy as set by the Board of Management.

INDIVIDUAL CONTRIBUTION FACTOR (ICF)

For each board member, the Group financial target achievement is multiplied by the ICF. The ICF is based on an overall discretionary assessment by the Allianz SE Supervisory Board, as well as on KPIs that take into account the specific area of responsibility of the respective board member and the personal contribution of the board member. It is limited to a range of 0.8 to 1.2.

The ICF takes into account each board member's individual contribution to the implementation of the business strategy.

For board members with business-related division responsibilities, the contribution to the financial performance considers various indicators of profitability (e.g., operating profit and net income) and productivity (e.g., expense ratio) for the respective business division. For board members with a functional focus, quantitative division-specific performance targets are determined based on their key responsibilities. Non-financial targets take into account customer satisfaction (e.g.,

NPS), employee engagement (e.g., Allianz Engagement Survey) and leadership quality, including strategic priorities. The assessment of the individual leadership quality also includes a review of behavioral aspects, such as customer orientation, collaborative leadership, entrepreneurship, and trust (e.g., corporate social responsibility, integrity, diversity as well as sustainability as measured by the reduction of the carbon footprint, the greenhouse gas reduction as well as a step-by-step plan to achieve net-zero compliant asset allocation until 2050, at the latest).

PAYOUT AND ANNUAL BONUS CAP

Following the end of the respective financial year for which the bonus is granted, the annual bonus is settled in cash and may range between zero and 150% of the target amount.

Long-term incentive (LTI)

The long-term share-based compensation component takes the highest share within the variable compensation. It fosters shareholder alignment and takes the implementation of the long-term strategy into account. Furthermore, the company's long-term development is reflected by the deferred sustainability assessment.

ALLIANZ SHARE PERFORMANCE

The LTI is granted annually in the form of virtual Allianz shares, so-called restricted stock units (RSUs), with a four-year contractual vesting period. The LTI allocation amount is derived by multiplying the LTI target amount by the annual bonus achievement factor, and capped at 150% of the LTI target level. To determine the number of RSUs to be granted, the LTI allocation amount is divided by the allocation value of an RSU at grant. The RSU allocation value is based on the ten-day average Xetra closing price of the Allianz stock following the annual financial media conference¹. As RSUs are virtual stock without dividend payments, the relevant share price is reduced by the net present value of the expected future dividend payments during the contractual vesting period.

RELATIVE PERFORMANCE VERSUS PEERS


The LTI payout takes Allianz's relative performance into account:

- The Allianz SE total shareholder return (TSR) is benchmarked against the TSR of the STOXX Europe 600 insurance index by reflecting the relation of the total performance of the Allianz share ("Allianz TSR") and the total performance of the STOXX Europe 600 Insurance Performance Index ("Index TSR") between start and end of the four-year contractual vesting period.
- In order to avoid incentivizing excessive risk taking, the relative TSR performance factor is limited: It can vary between zero (for underperformance of the index by - 50%-points or lower) and 200% (for outperformance of the index by + 50%-points or higher).
- The relative TSR performance factor is calculated as follows: Allianz TSR at the end of the contractual vesting period in %-points minus index TSR at the end of the contractual vesting period in %-points, the result times two, plus 100%.
- Example: 5%-points outperformance results in a relative performance factor of 110%, 5%-points underperformance results in a relative performance factor of 90%.

SUSTAINABILITY CHECK

Following the sustainability assessment, the LTI payout amount may be reduced to zero, if the performance of a board member was not deemed sustainable. It compares the development of the annual bonus KPIs in the grant year with the pay-out year of the LTI, additionally taking into account extraordinary events, the Solvency II ratio, and balance sheet strength.

LTI PAYOUT AND CAP

Following the end of the four-year contractual vesting period, the RSUs granted are settled in cash based on the ten-day average Xetra closing price of the Allianz SE share following the annual financial media conference in the year the respective RSU plan vests, multiplied by the relative TSR performance factor and adjusted by the sustainability assessment as described above. The payout per RSU is capped at twice the share price at grant. Taking into account the overall compensation cap, the LTI payout, relative to the LTI target, is limited to 255% for the Chairman of the Board of Management and 272% for a regular board member  **Overall cap and sensitivity of total compensation.**

¹For accounting purposes, the determination of the fair value of RSUs is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation

date to determine the volatility of the Allianz stock, the volatility of the peer index, their correlation, and the expected dividends. The value of the RSUs used for the board members compensation may deviate from this IFRS value, as a simplified calculation method was applied to increase transparency and traceability.

Illustrative Examples

LTI payout: Performance exceeds expectation (scenario 1)

Illustrative example for RBM		RSU	€ thou	€ thou
Initial grant based on:				
+LTI target			1,463	
+LTI allocation value: annual bonus achievement factor applied to LTI target	110%		1,609	
+RSU grant based on share price at grant (€ 200), reduced by the net present value of estimated future dividends (€ 40)		10,058	-	
LTI payout at vesting based on:				
+RSU x share price at vesting (€ 250)			2,515	
+TSR relative performance factor: 2 x (TSR Allianz: 45 % – TSR Stoxx Europe 600 Insurance: 40 %) + 100 %	110%			
Payout				2,766

LTI payout: Performance remains below expectation (scenario 2)

Illustrative example for RBM		RSU	€ thou	€ thou
Initial grant based on:				
+LTI target			1,463	
+LTI allocation value: annual bonus achievement factor applied to LTI target	90%		1,317	
+RSU grant based on share price at grant (€ 200), reduced by the net present value of estimated future dividends (€ 40)		8,229	-	
LTI payout at vesting based on:				
+RSU x share price at vesting (€ 190)			1,564	
+TSR relative performance factor: 2 x (TSR Allianz: 15 % – TSR Stoxx Europe 600 Insurance: 40 %) + 100 %	50%			
Payout				782

Malus/Clawback

Variable remuneration components may not be paid, or payment may be restricted, in the case of a significant breach of the Allianz Code of Conduct or regulatory Solvency II policies or standards, including risk limits. In the same way, for three years after payout, variable remuneration components already paid may be subject to a clawback.

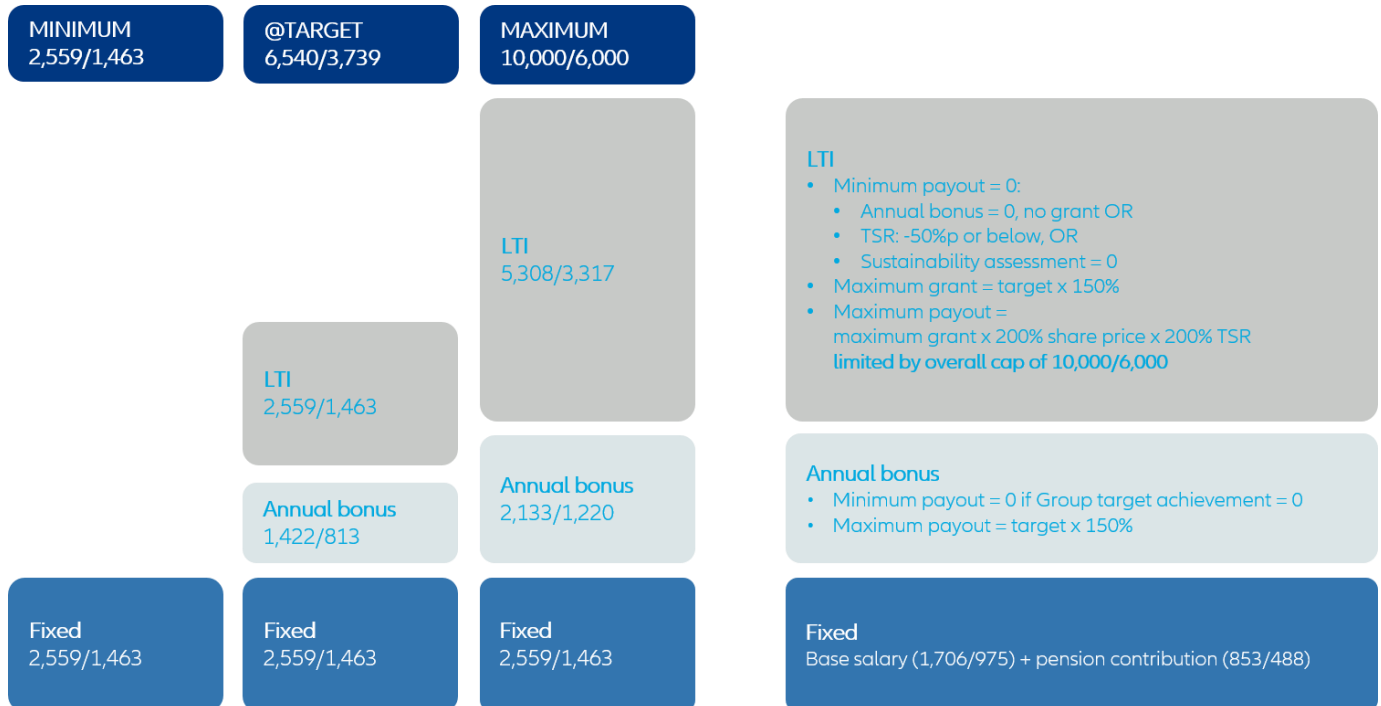
Additionally, a reduction or cancellation of variable remuneration may occur if the supervisory authority (BaFin) requires this in accordance with its statutory powers.

OVERALL CAP AND SENSITIVITY OF TOTAL COMPENSATION

The variable remuneration is designed to help achieve the operational targets and to reward sustainable performance. Therefore, payout of almost two thirds of the annual variable compensation will not occur

Compensation sensitivity

€ thou CEO/RBM



PENSION CONTRIBUTION AND SIMILAR BENEFITS

To provide competitive and cost-effective retirement and disability benefits, company contributions to the current defined-contribution pension plan "My Allianz Pension" are invested in a fund with a guarantee for the contributions paid, but no further interest guarantee. Each year the Supervisory Board decides whether and to what extent a budget is provided, also taking into account the target pension level. The current pension contribution generally represents 15% of the target compensation of the board members.

Apart from cases of occupational or general disability for medical reasons, the earliest age a pension can be drawn is 62. Should board membership cease before the retirement age is reached, accrued pension rights are maintained if vesting requirements are met.

Members of the Board of Management may have pension entitlements under former pension plans or based on previous positions in the Allianz Group or due to membership of the Board of Management before 2015.

for a period of four years; such payout is subject to sustainability assessment adjustments. A failure to meet targets may result in a maximum reduction of the variable compensation to zero, with the overall payout being capped:

MAXIMUM TOTAL COMPENSATION (OVERALL CAP)

The sum of variable compensation and base salary payout including pension contributions, which is paid in relation to one financial performance year, will be capped at a maximum amount of € 6,000 thou for a regular member of the Board of Management and at € 10,000 thou for the Chairman of the Board of Management.

SHAREHOLDING REQUIREMENTS AND TOTAL SHAREHOLDING EXPOSURE

Members of the Board of Management must build share ownership within three years, with the minimum level defined as follows:

- **Chairman of the Board of Management:** two times base salary, i.e. € 3,412 thou,
- **Regular Board of Management member:** one time base salary, i.e. € 975 thou.

Holding is required for the entire term of service on the Board of Management. Shares will be acquired through mandatory pay component conversion. The holding obligation ceases with the end of the mandate.

In combination with the virtual shares accumulated through the LTI plan, the Allianz SE Board of Management has significant economic exposure to the Allianz stock: It amounts to approx. € 14,000 thou for the Chairman (= 240% of total target direct compensation) and approx. € 7,000 thou for a regular board member (= 210% of total target direct compensation).

TERMINATION OF SERVICE

Board of Management contracts are limited to a period of five years. For new appointments, based on the recommendation by the German Corporate Governance Code announced for 2020, a shorter period of up to three years is provided. Severance payments made to board members in case of early termination are restricted according to the German Corporate Governance Code.

SEVERANCE PAYMENT CAP

Payments for early termination to board members with a remaining term of contract of more than two years are capped at twice the annual compensation, consisting of last year's base salary and 100% of the variable target compensation. If the remaining term of contract is less than two years, the payment is pro-rated for the remaining term of the contract. Contracts do not contain provisions for any other cases of early termination of Board of Management service. In particular, to comply with the recommendation by the German Corporate Governance Code announced for 2020, severance payments in case of a change of control are discontinued.

TRANSITION PAYMENT

Board members appointed before 1 January 2010 are eligible for a transition payment after leaving the Board of Management. The transition payment comprises an amount corresponding to the most recent base salary (paid for a period of six months), plus a one-time payment of 25% of the target variable remuneration at notice date. Where an Allianz pension is immediately payable, such pension is deducted from the monthly transition payments.

MISCELLANEOUS

INTERNAL AND EXTERNAL BOARD APPOINTMENTS

When a member of the Board of Management simultaneously holds an appointment at another company within the Allianz Group or their joint ventures with outside partners, the full amount of the respective remuneration is transferred to Allianz SE. In recognition of related benefits to the organization and subject to prior approval by the Supervisory Board of Allianz SE, board members are also allowed to accept a limited number of non-executive supervisory roles at appropriate external organizations. In these cases, 50% of the remuneration received is paid to Allianz SE. Only if the Allianz SE Supervisory Board classifies the appointment as a personal one (*ad personam*), the respective board member will retain the full remuneration for that position. Any remuneration paid by external organizations will be itemized in those organizations' annual reports; its level will be determined by the governing body of the relevant organization.

TARGET ACHIEVEMENT FOR 2019

GROUP FINANCIAL TARGETS

The combined target achievement level of the Group's financial targets is calculated as the simple average of the achievement of the

Group financial target achievement level

Financial Group targets	0% Floor in € bn	100% - Target in € bn	150% - max in € bn	Actual in € bn	Achievement level in %	Weight in %	Achievement level combined in %
Operating profit	5.80	11.50	14.35	11.86	106.24	50	108.72
Net income attributable to shareholders	3.80	7.50	9.35	7.91	111.19	50	

targets for the Group operating profit and Group net income attributable to shareholders. The solid achievement of the operating profit and the significant over-achievement of the net income attributable to shareholders led to an overall achievement of these Group targets of 108.72%¹.

INDIVIDUAL CONTRIBUTION FACTOR

To calculate the annual bonus, the combined target achievement level of the financial Group targets is multiplied by the individual contribution factor (ICF) which is determined by the Supervisory Board for each board member. In determining the ICF, which is provided as a multiplier of 0.8 to 1.2 in the remuneration system, the Supervisory Board, following the proposal of the Personnel Committee, has used almost the entire range from 0.8 to 1.13. In addition to business segment-specific quantitative targets, qualitative targets such as customer satisfaction, employee engagement, leadership quality, and the achievement of strategic milestones were considered.

The fulfilment of quantitative targets in the life sector and in asset management and in many property-casualty companies had a positive effect. Productivity targets were overachieved in all business divisions.

The Supervisory Board values very positively the progress made in the strategic positioning in China, the progressing diversification in

investments, and the systematic implementation of the Allianz Customer Model.

The acquisitions in England and Brazil were also considered positively.

Besides the high scores from employee and customer surveys, the Supervisory Board paid special tribute to Allianz's leading position in the Dow Jones Sustainability Index for the third consecutive year and its first-time leading position as worldwide most valuable insurance brand in the Interbrand Best Global Brands 2019 ranking.

A negative factor was the poor result in the international industrial insurance business AGCS, which was well below plan in a difficult market with increasing claims frequency and severity. This development could not be compensated by the division's otherwise very committed and successful work.

A missed target in property and casualty business in Spain and the technical difficulties in introducing the European direct insurer in Germany were also considered in the assessment.

Variable compensation 2019

Target achievement 2019	Group financial performance in %	ICF range: 0.8 - 1.2	Target achievement factor in %	Annual bonus payout in € thou	LTI allocation value in € thou
Oliver Bäte	108.72	1.13	122.85	1,747	3,144
Sergio Balbinot	108.72	1.11	120.68	981	1,766
Jacqueline Hunt	108.72	1.10	119.59	972	1,750
Dr. Helga Jung	108.72	1.07	116.33	946	1,702
Dr. Christof Mascher	108.72	1.07	116.33	946	1,702
Niran Peiris	108.72	0.80	86.98	707	1,273
Iván de la Sota	108.72	0.95	103.28	840	1,511
Giulio Terzaroli	108.72	1.07	116.33	946	1,702
Dr. Günther Thallinger	108.72	1.07	116.33	946	1,702
Dr. Axel Theis	108.72	1.11	120.68	981	1,766

¹ Group target achievement is based on an operating profit of € 11,855,449.63 thou and net income attributable to shareholders of € 7,914,009.88 thou.

REMUNERATION FOR 2019

The following remuneration disclosure, which is compliant with the disclosure requirements stipulated by the German Corporate Governance Code as well as the German Accounting Standard No. 17, shows the individual board members' remuneration for 2018 and 2019, including fixed and variable remuneration and pension service cost.

The Grant column specifies the target, minimum, and maximum remuneration. The Payout column discloses the 2018 and 2019 payments. The base salary, annual bonus, and perquisites are linked to the performance reporting years, 2018 and 2019, whereas the Allianz Equity Incentive (AEI) payouts result from grants related to performance

years 2013 and 2014. To enhance remuneration transparency for performance years 2018 and 2019, an additional column "Actual grant" was inserted: It includes the fixed compensation components, the annual bonuses paid for both performance years, the tranche of the MTB 2016 – 2018 accrued for the 2018 performance year, and the fair value of the RSU grant for 2018 and 2019 (granted under the AEI for 2018 and under the LTI for 2019).

The 2018 payout is significantly higher than in 2019 because it includes the MTB 2016 – 2018 and thus payments for three performance years. The MTB is discontinued from 2019, therefore no MTB disclosure for 2019 is made.

Individual remuneration: 2019 and 2018

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

	Oliver Bäte (Appointed: 01/2008; CEO since 05/2015)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	1,313	1,706	1,706	1,706	1,313	1,706	1,313	1,706
Perquisites	17	20	20	20	17	20	17	20
Total fixed compensation	1,329	1,726	1,726	1,726	1,329	1,726	1,329	1,726
Annual variable compensation								
Annual bonus	1,313	1,422	-	2,133	1,614	1,747	1,614	1,747
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	2,637	-	3,647	-	3,143	-	-
AEI 2019/RSU ⁴	1,313	-	-	-	1,614	-	-	-
MTB (2016 - 2018) ⁵	1,313	-	-	-	1,614	-	4,828	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	1,585
AEI 2014/RSU ⁴	-	-	-	-	-	-	1,862	-
Total	5,267	5,785	1,726	7,506	6,172	6,616	9,634	5,058
Pension service cost ⁶	696	891	891	891	696	891	696	891
Total	5,963	6,676	2,617	8,397	6,868	7,507	10,330	5,949

	Sergio Balbinot (Appointed: 01/2015)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	40	74	74	74	40	74	40	74
Total fixed compensation	790	1,049	1,049	1,049	790	1,049	790	1,049
Annual variable compensation								
Annual bonus	750	813	-	1,220	932	981	932	981
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,795	-	-
AEI 2019/RSU ⁴	750	-	-	-	932	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	932	-	3,071	-
AEI 2015/RSU ^{4, 7}	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,040	3,378	1,049	4,397	3,586	3,826	4,793	2,030
Pension service cost ⁶	360	435	435	435	360	435	360	435
Total	3,400	3,813	1,484	4,832	3,946	4,260	5,153	2,465

1_ The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_ The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_ In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_ The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_ The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016 - 2018, as adjusted based on the sustainability assessment. The MTB 2016 - 2018 was paid out in spring 2019.

6_ Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_ Sergio Balbinot received in 2015 a buyout award to compensate for forfeited grants from his previous employer. Half of this compensation was granted in the form of RSUs which vested in March 2019. A payment of € 4,807 thou was made.

Individual remuneration: 2019 and 2018

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

	Jacqueline Hunt (Appointed: 07/2016)							
	2018	Grant ¹			Actual grant ^{1,2}		Payout ³	
		Target	Target	Min	Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	11	20	20	20	11	20	11	20
Total fixed compensation	761	995	995	995	761	995	761	995
Annual variable compensation								
Annual bonus	750	813	-	1,220	904	972	904	972
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,781	-	-
AEI 2019/RSU ⁴	750	-	-	-	904	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	904	-	2,470	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,011	3,324	995	4,343	3,472	3,748	4,135	1,967
Pension service cost ⁶	317	449	449	449	317	449	317	449
Total	3,328	3,773	1,444	4,792	3,789	4,197	4,452	2,416

	Dr. Helga Jung (Appointed: 01/2012; End of service: 12/2019) ⁸							
	2018	Grant ¹			Actual grant ^{1,2}		Payout ³	
		Target	Target	Min	Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	172 ⁷	15	15	15	172 ⁷	15	172 ⁷	15
Total fixed compensation	922	990	990	990	922	990	922	990
Annual variable compensation								
Annual bonus	750	813	-	1,220	866	946	866	946
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,736	-	-
AEI 2019/RSU ⁴	750	-	-	-	866	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	866	-	2,846	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	1,199
AEI 2014/RSU ⁴	-	-	-	-	-	-	1,679	-
Total	3,172	3,319	990	4,338	3,520	3,672	6,313	3,135
Pension service cost ⁶	441	506	506	506	441	506	441	506
Total	3,612	3,825	1,496	4,844	3,961	4,178	6,753	3,641

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016 - 2018, as adjusted based on the sustainability assessment. The MTB 2016 - 2018 was paid out in spring 2019.

6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_Helga Jung received a payment of € 156 thou in 2018 for 25 years of service to Allianz.

8_The appointment of Helga Jung as member of the Board of Management of Allianz SE ended as of 31 December 2019. Helga Jung is bound by a broad post-contractual one year non-competition obligation under her service agreement. As compensation for this non-compete obligation she obtains a payment of 50% of her total target direct compensation (sum of base salary and target variable compensation), i.e. € 1,625.5 thou.

Individual remuneration: 2019 and 2018

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

	Dr. Christof Mascher (Appointed: 09/2009)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	8	9	9	9	8	9	8	9
Total fixed compensation	758	984	984	984	758	984	758	984
Annual variable compensation								
Annual bonus	750	813	-	1,220	819	946	819	946
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU ⁴	750	-	-	-	819	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	819	-	2,743	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	1,426
AEI 2014/RSU ⁴	-	-	-	-	-	-	1,669	-
Total	3,008	3,313	984	4,331	3,216	3,666	5,989	3,356
Pension service cost ⁶	432	489	489	489	432	489	432	489
Total	3,440	3,801	1,473	4,820	3,648	4,155	6,421	3,844

	Niran Peiris (Appointed: 01/2018)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	105 ⁷	47	47	47	105 ⁷	47	105 ⁷	47
Total fixed compensation	855	1,022	1,022	1,022	855	1,022	855	1,022
Annual variable compensation								
Annual bonus	750	813	-	1,220	866	707	866	707
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,331	-	-
AEI 2019/RSU ⁴	750	-	-	-	866	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	866	-	941	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,105	3,351	1,022	4,370	3,454	3,060	2,662	1,730
Pension service cost ⁶	317	413	413	413	317	413	317	413
Total	3,422	3,764	1,435	4,783	3,771	3,473	2,980	2,143

1_ The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_ The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_ In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_ The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_ The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016 - 2018, as adjusted based on the sustainability assessment. The MTB 2016 - 2018 was paid out in spring 2019.

6_ Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_ Niran Peiris received a one-time payment of € 50 thou to reimburse him for relocation cost.

Individual remuneration: 2019 and 2018

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

	Iván de la Sota (Appointed: 04/2018) ⁷							
	2018	Grant ¹			Actual grant ^{1,2}		Payout ³	
		Target	Target	Min	Max	2018	2019	2018
Base salary	563	975	975	975	563	975	563	975
Perquisites	71 ⁸	18	18	18	71 ⁸	18	71 ⁸	18
Total fixed compensation	633	993	993	993	633	993	633	993
Annual variable compensation								
Annual bonus	565	813	-	1,220	639	840	639	840
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,562	-	-
AEI 2019/RSU ⁴	565	-	-	-	639	-	-	-
MTB (2016 - 2018) ⁵	565	-	-	-	639	-	695	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	2,328	3,322	993	4,341	2,549	3,395	1,967	1,833
Pension service cost ⁶	266	488	488	488	266	488	266	488
Total	2,594	3,810	1,481	4,829	2,815	3,883	2,233	2,321

	Giulio Terzaroli (Appointed: 01/2018)							
	2018	Grant ¹			Actual grant ^{1,2}		Payout ³	
		Target	Target	Min	Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	27	26	26	26	27	26	27	26
Total fixed compensation	777	1,001	1,001	1,001	777	1,001	777	1,001
Annual variable compensation								
Annual bonus	750	813	-	1,220	885	946	885	946
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU ⁴	750	-	-	-	885	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	885	-	960	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,027	3,329	1,001	4,348	3,432	3,683	2,622	1,946
Pension service cost ⁶	304	483	483	483	304	483	304	483
Total	3,330	3,812	1,483	4,831	3,735	4,166	2,925	2,429

1_The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016 - 2018, as adjusted based on the sustainability assessment. The MTB 2016 - 2018 was paid out in spring 2019.

6_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

7_Iván de la Sota joined the Allianz SE Board of Management on 1 April 2018. He received a pro-rated base salary, annual bonus, MTB tranche, and equity-related compensation. The different pro-rated amounts for base salary and target amounts result from different pro-rating methodologies, which are generally applied.

8_Iván de la Sota received a one-time payment of € 50 thou to reimburse him for relocation cost.

Individual remuneration: 2019 and 2018

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

	Dr. Günther Thallinger (Appointed: 01/2017)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	4	6	6	6	4	6	4	6
Total fixed compensation	754	981	981	981	754	981	754	981
Annual variable compensation								
Annual bonus	750	813	-	1,220	904	946	904	946
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,737	-	-
AEI 2019/RSU ⁴	750	-	-	-	904	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	904	-	1,911	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,004	3,310	981	4,328	3,465	3,664	3,568	1,926
Pension service cost ⁶	395	473	473	473	395	473	395	473
Total	3,399	3,783	1,454	4,801	3,860	4,137	3,963	2,400

	Dr. Axel Theis (Appointed: 01/2015)							
	2018	Grant ¹			Actual grant ^{1, 2}		Payout ³	
		Target	2019 Target	2019 Min	2019 Max	2018	2019	2018
Base salary	750	975	975	975	750	975	750	975
Perquisites	32	32	32	32	32	32	32	32
Total fixed compensation	782	1,007	1,007	1,007	782	1,007	782	1,007
Annual variable compensation								
Annual bonus	750	813	-	1,220	932	981	932	981
Deferred compensation								
LTI 2019 - 2020/RSU ⁴	-	1,516	-	2,128	-	1,787	-	-
AEI 2019/RSU ⁴	750	-	-	-	932	-	-	-
MTB (2016 - 2018) ⁵	750	-	-	-	932	-	3,015	-
AEI 2015/RSU ⁴	-	-	-	-	-	-	-	-
AEI 2014/RSU ⁴	-	-	-	-	-	-	-	-
Total	3,032	3,336	1,007	4,354	3,578	3,775	4,729	1,988
Pension service cost ⁶	510	564	564	564	510	564	510	564
Total	3,542	3,900	1,571	4,919	4,087	4,340	5,238	2,552

1_ The disclosed LTI target/min/max and LTI actual 2019 figures represent the LTI fair values, which differs from the LTI allocation value. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_ The column "Actual grant 2019" is in line with the disclosure requirements under the German Accounting Standard No. 17. To reconcile figures with said requirements for 2018, the total as shown in column "Actual grant 2018" has to be adjusted to exclude the MTB accrual for 2018 and to include the payout from the MTB 2016 - 2018 as disclosed in column "Payout 2018".

3_ In accordance with the German Corporate Governance Code, the annual bonus disclosed for performance year 2019 is paid in 2020 and for performance year 2018 in 2019. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

4_ The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.

5_ The MTB figure included in the column "Actual grant 2018" shows the annual accrual before any adjustments that may follow from the sustainability assessment. The payout 2018 figure includes the payout for the performance years 2016 - 2018, as adjusted based on the sustainability assessment. The MTB 2016 - 2018 was paid out in spring 2019.

6_ Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment. The German Corporate Governance Code requires that the pension service cost be included in all columns.

GERMAN ACCOUNTING STANDARD NO. 17 DISCLOSURE

The total remuneration to be disclosed for 2019 under the German Accounting Standard No. 17 is shown in the column "Actual grant" of the 2019 individual remuneration tables. The "total" excluding pension service cost, comprises the following relevant components: the base salary, perquisites, the annual bonus, and the fair value of the RSU grant.

For 2018, the disclosure required under the German Accounting Standard No. 17 is composed of the same components but includes the payout of the MTB 2016 – 2018:

- Oliver Bäte: € 9,386 thou,
- Sergio Balbinot: € 5,725 thou,
- Jacqueline Hunt: € 5,038 thou,
- Dr. Helga Jung: € 5,500 thou,
- Dr. Christof Mascher: € 5,140 thou,
- Niran Peiris: € 3,529 thou,
- Iván de la Sota: € 2,605 thou,
- Giulio Terzariol: € 3,507 thou,
- Dr. Günther Thallinger: € 4,472 thou,
- Dr. Axel Theis: € 5,661 thou.

The sum of the total remuneration of the Board of Management for 2019, excluding the pension service cost, amounts to € 39 mn (2018, including the payments of the MTB 2016 – 2018: € 51 mn). The corresponding amount, including pension service cost, equals € 44 mn (2018, including the payments of the MTB 2016 – 2018: € 55 mn).

SHARE-BASED REMUNERATION

In accordance with the method described earlier, a number of RSUs were granted to each member of the Board of Management in March 2020. They will vest and be settled in 2024.

Grants and outstanding holdings under the Allianz Equity Program (AEI, until and including 2019) and the LTI from March 2020

Board members	RSU	
	Number of RSU granted on 6/3/2020 ¹	Number of RSU held at 31/12/2019 ¹
Oliver Bäte	17,011	42,080
Sergio Balbinot	9,553	28,660
Jacqueline Hunt	9,467	15,175
Dr. Helga Jung	9,209	24,865
Dr. Christof Mascher	9,209	25,127
Niran Peiris	6,886	16,539
Iván de la Sota	8,176	15,217
Giulio Terzariol	9,209	14,471
Dr. Günther Thallinger	9,209	17,287
Dr. Axel Theis	9,553	27,885
Total	97,482	227,306

¹The relevant value of an RSU is only available after sign-off of the Annual Report by the external auditors, therefore numbers are based on a best estimate. As disclosed in the Annual Report 2018, the share-based grant in 2019 was made to participants as part of their 2018 remuneration. The disclosure in the Annual Report 2018 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 1 March 2019 under the Allianz Equity Incentive are as follows: Oliver Bäte: 10,422, Sergio Balbinot: 6,016, Jacqueline Hunt: 5,834, Dr. Helga Jung: 5,592, Dr. Christof Mascher: 5,290, Niran Peiris: 5,592, Iván de la Sota: 4,941, Giulio Terzariol: 5,713, Dr. Günther Thallinger: 5,834, Dr. Axel Theis: 6,016.

PENSIONS

Company contributions to the current pension plan "My Allianz Pension" are generally 15% of total target direct compensation, reduced by an amount covering the death and occupational or general disability risk. They are invested in a fund with a guarantee on the contributions paid, but no further interest guarantee.

For members with pension rights under the now frozen defined-benefit plan, the above contribution rates are reduced by 19% of the expected annual pension from that frozen plan. In 2019, Allianz Group

paid € 5 mn (2018: € 4 mn) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2019, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 41 mn (2018: € 31 mn).

In 2019 former members of the Board of Management and their dependents received remunerations and other benefits totaling € 7 mn (2018: € 7 mn), while reserves for current pension obligations and accrued pension rights totaled € 153 mn (2018: € 146 mn).

Individual pensions: 2019 and 2018

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

		Defined-benefit pension plan (frozen)			Contribution-based pension plan (frozen) ¹		Current pension plan		AVK/APV ²		Transition payment ³		Total	
		Expected annual pension payment ⁴	SC ⁵	DBO ⁶	SC ⁵	DBO ⁶	SC ⁵	DBO ⁶	SC ⁵	DBO ⁶	SC ⁵	DBO ⁶	SC ⁵	DBO ⁶
Board of Management														
Oliver Bäte	2019	-	-	-	82	3,898	750	2,868	6	46	53	1,201	891	8,013
	2018	-	-	-	54	3,087	595	2,028	6	41	41	890	696	6,045
Sergio Balbinot	2019	-	-	-	4	32	429	1,836	3	9	-	-	435	1,877
	2018	-	-	-	-	28	357	1,351	2	7	-	-	360	1,386
Jacqueline Hunt	2019	-	-	-	-	-	449	1,270	-	-	-	-	449	1,270
	2018	-	-	-	-	-	317	820	-	-	-	-	317	821
Dr. Helga Jung	2019	62	61	1,814	19	2,221	417	1,773	10	253	-	-	506	6,062
	2018	62	60	1,498	26	1,841	345	1,301	9	221	-	-	441	4,861
Dr. Christof Mascher	2019	-	-	-	6	3,770	429	1,897	6	52	49	912	489	6,631
	2018	-	-	-	25	3,139	357	1,409	6	47	44	717	432	5,312
Niran Peiris	2019	-	-	-	-	-	413	751	-	-	-	-	413	751
	2018	-	-	-	-	-	317	322	-	-	-	-	317	322
Iván de la Sota	2019	14	11	377	42	61	426	710	9	122	-	-	488	1,270
	2018	14	-	303	-	34	266	268	-	96	-	-	266	701
Giulio Terzariol	2019	19	14	387	30	660	425	935	14	277	-	-	483	2,260
	2018	19	14	289	6	486	269	486	14	238	-	-	304	1,500
Dr. Günther Thallinger	2019	-	-	-	38	1,700	429	1,420	7	42	-	-	473	3,162
	2018	-	-	-	31	1,266	357	949	7	37	-	-	395	2,252
Dr. Axel Theis	2019	120	92	3,479	34	2,910	406	1,712	11	330	22	896	564	9,327
	2018	120	108	2,930	33	2,415	334	1,254	11	306	24	727	510	7,633

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

2_Plan participants contribute 3% of their relevant salary to the AVK. For the AVK the minimum guaranteed interest rate is 2.75% - 3.50% depending on the date of joining Allianz. In general, the company funds the balance required via the APV.

Before Allianz's founding of the APV in 1998, both Allianz and the plan participants were contributing to the AVK.

3_For details on the transition payment, see section "Termination of service". In any event a death benefit is included.

4_Expected annual pension payment at assumed retirement age for the frozen defined-benefit pension plan, excluding current pension plan.

5_SC = service cost. Service costs are calculatory costs for the DBO related to the business year reported.

6_DBO = defined-benefit obligation, end of year. The figures show the obligation for Allianz resulting from defined benefit plans, taking into account realistic assumptions with regard to interest rate, dynamics, and biometric probabilities.

SHAREHOLDINGS

Under the shareholding requirements, Members of the Board of Management must build share ownership within three years, i.e., a third every year (S) **shareholding requirements**. As of 31 December 2019, the members of the Board of Management held the following numbers of shares:

Board members	Number of shares	Portfolio value at 31/12/2019 in € thou
Oliver Bäte	5,754	1,260
Sergio Balbinot	1,644	360
Jacqueline Hunt	1,644	360
Dr. Helga Jung	1,644	360
Dr. Christof Mascher	1,644	360
Niran Peiris	1,644	360
Iván de la Sota	1,644	360
Giulio Terzariol	1,644	360
Dr. Günther Thallinger	1,644	360
Dr. Axel Theis	1,644	360

OUTLOOK FOR 2020

NEW BOARD MEMBER

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

Remuneration of the Allianz SE 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 regard to its compliance with German, European, and international corporate governance recommendations and regulations.

REMUNERATION PRINCIPLES

- Set total remuneration at a level both aligned with the scale and scope of the Supervisory Board's duties and appropriate in view of the company's activities and its business and financial situation.
- Establish a remuneration structure that takes into account the individual functions and responsibilities of Supervisory Board members, such as chair, vice chair, or committee mandates.
- Establish a remuneration structure that allows proper oversight of business as well as independent 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 in 2018 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 pro rata temporis after the end of the respective quarter of the business year for services rendered over that period. In 2019 each regular Supervisory Board member received a fixed compensation amounting to € 125 thou per year. Each Vice Chairperson received € 187.5 thou, the Chairperson received € 250 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 ¹	Chair	Member
Personnel Committee, Standing Committee, Risk Committee, Technology Committee	50	25
Audit Committee	100	50

¹ Members of the Nomination Committee do not receive an additional remuneration.

ATTENDANCE FEES AND EXPENSES

In addition to the fixed and committee-related remuneration, members of the Supervisory Board receive an attendance fee of € 1,000 for each Supervisory Board or committee meeting they attend. Should several meetings be held on the same or consecutive days, the attendance fee will only be paid once. In addition, Allianz SE reimburses the Supervisory Board members for their out-of-pocket expenses and the VAT payable on their Supervisory Board service. The company provides insurance coverage and technical support to the Supervisory Board members to an extent reasonable for carrying out their Supervisory Board duties.

REMUNERATION FOR 2019

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,685 thou (2018: € 2,684 thou). The following table shows the individual remuneration for 2019 and 2018:

Individual remuneration: 2019 and 2018

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

Members of the Supervisory Board	Committees ¹							Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
	A	N	P	R	S	T					
Michael Diekmann	M	C	C	C	C	M	2019	250.0	225.0	9.0	484.0
(Chairman)	M	C	C	C	C	M	2018	250.0	225.0	9.0	484.0
Jim Hagemann Snabe		M			M	C	2019	187.5	75.0	6.0	268.5
(Vice Chairman)		M			M	C	2018	187.5	75.0	6.0	268.5
Gabriele Burkhardt-Berg			M			M	2019	187.5	50.0	6.0	243.5
(Vice Chairwoman) ⁴			M ²		M ²	M	2018	145.8	50.0	7.0	202.8
Sophie Boissard	M						2019	125.0	50.0	9.0	184.0
	M						2018	125.0	50.0	8.0	183.0
Christine Bosse		M		M			2019	125.0	25.0	6.0	156.0
		M		M			2018	125.0	25.0	6.0	156.0
Dr. Friedrich Eichiner	C			M		M	2019	125.0	150.0	9.0	284.0
	C			M		M	2018	125.0	150.0	8.0	283.0
Jean-Claude Le Goëri ⁵	M				M		2019	125.0	75.0	9.0	209.0
	M ⁵				M ⁶		2018	52.1	29.2	4.0	85.3
Martina Grundler	M						2019	125.0	50.0	7.0	182.0
	M						2018	125.0	50.0	8.0	183.0
Herbert Hainer			M		M		2019	125.0	50.0	6.0	181.0
			M		M		2018	125.0	50.0	7.0	182.0
Godfrey Robert Hayward				M			2019	125.0	25.0	6.0	156.0
				M			2018	125.0	25.0	6.0	156.0
Frank Kirsch ⁷				M			2019	125.0	25.0	6.0	156.0
				M ⁷			2018	41.7	8.3	2.0	52.0
Jürgen Lawrenz					M	M	2019	125.0	50.0	6.0	181.0
					M ⁸	M ⁹	2018	125.0	50.0	6.0	181.0
Total¹⁰							2019	1,750.0	850.0	85.0	2,685.0
							2018	1,750.0	850.0	84.0	2,684.0

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, T - Technology

2_Since 1 September 2018.

3_Until 31 August 2018.

4_Since 1 September 2018.

5_Since 1 August 2018.

6_Since 1 September 2018.

7_Since 1 September 2018.

8_Until 31 August 2018.

9_Since 1 September 2018.

10_The total reflects the remuneration of the full Supervisory Board in the respective year.

REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

As remuneration for his membership in the Supervisory Board of Allianz Deutschland AG, Mr. Frank Kirsch received € 40 thou for the 2019 financial year. Mr. Jürgen Lawrenz did not receive any remuneration for his service on the Supervisory Board of Allianz Technology SE. All current employee representatives of the Supervisory Board, except for Ms. Martina Grundler, are employed by Allianz Group companies and receive a market-based remuneration for their services.

OUTLOOK 2020

The remuneration of the Supervisory Board of Allianz SE was last amended by the Annual General Meeting on 9 May 2018. In light of the development of the supervisory board remuneration at peer companies, an amended remuneration of the Supervisory Board as well as a remuneration for members of the Nomination Committee will be proposed to the Annual General Meeting on 6 May 2020.

OTHER INFORMATION

Our steering

BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our business segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other. In 2019 they were overseen by five board members. The following divisions focus on Group functions and come with business-related responsibilities: Chairman of the Board of Management; Finance, Controlling and Risk; Investment Management; Operations and Allianz Services; Human Resources, Legal, Compliance and M&A; and Business Transformation¹.

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

TARGET SETTING AND MONITORING

The Allianz Group steers its operating entities and business segments via an integrated management and control process. It begins with the definition of a business-specific strategy and goals, which are discussed and agreed upon between the Holding and operating entities. Based on this strategy, our operating entities prepare three-year plans which are then aggregated to form the financial plans for the business divisions and for the Allianz Group as a whole. This plan also forms the basis for our capital management. The Supervisory Board approves the plan and sets corresponding targets for the Board of Management. The performance-based remuneration of the Board of Management is linked to short-term and long-term targets to ensure effectiveness and emphasize sustainability. For further details about our remuneration structure, including target setting and performance assessment, please refer to the [Remuneration Report](#) starting on [page 39](#).

We continuously monitor our business performance against these targets through monthly reviews – which cover key operational and financial metrics – to ensure we can move quickly and take appropriate measures in the event of negative developments. The Allianz Group uses operating profit and net income as key financial performance indicators across all its business segments. Other indicators include segment-specific figures, such as the combined ratio for Property-Casualty, return on equity² for Life/Health, and the cost-income ratio for Asset Management. We also use new business margins for Life/Health.

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

Non-financial key performance indicators (KPIs) are used to assess the organizational health of Allianz and are reflected in the annual bonus. In line with our Renewal Agenda 2.0 motto “Simplicity Wins”, Customer Centricity and employee commitment – the two key levers identified – are reflected in two KPIs: the Net Promoter Score (NPS³) and the Inclusive Meritocracy Index. For further information on non-financial KPIs, please refer to the [Combined Separate Non-Financial Report](#) for the Allianz Group and Allianz SE (according to

§289b (3) in conjunction with §298(2) of the HGB) of the Allianz Group’s Annual Report 2019.

Branches

In 2019, Allianz SE operated its business from Munich and from branch offices in Casablanca (Morocco), Singapore, Labuan (Malaysia), Wallisellen (Switzerland), Vienna (Austria) and Dublin (Ireland).

Takeover-related Statements and Explanations

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

COMPOSITION OF SHARE CAPITAL

As of 31 December 2019, the share capital of Allianz SE was € 1,169,920,000. It was divided into 417,172,859 registered and fully paid-up shares with no par value. All shares carry the same rights and obligations. Each no-par value share carries one vote.

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

Shares may only be transferred with the consent of the company. An approval duly applied for may only be withheld if this is deemed necessary in the company’s interest on exceptional grounds. The applicant will be informed of the reasons.

Shares acquired by employees of the Allianz Group as part of the employee stock purchase plan are generally subject to a three-year lock-up period. During the lock-up period, employees can exercise their voting rights.

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

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

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

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

The appointment and removal of members of Allianz SE’s Board of Management is governed by Articles 9(1), 39(2) and 46 of the SE Regulation, §§84, 85 AktG, §24(3) and §47 No. 1 German Insurance Supervision Act (“Versicherungsaufsichtsgesetz – VAG”), and the

¹This member of the Board of Management also oversees Insurance Iberia & Latin America, Allianz Partners, and Allianz Direct.

²Excluding unrealized gains/losses on bonds net of shadow accounting.

³NPS is a measurement of customers’ willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross-industry standards and allows benchmarking against competitors in the respective markets.

Statutes. According to the Statutes, the Board of Management shall consist of at least two persons; the Supervisory Board determines the number of any additional members (§5(1) of the Statutes). The members of the Board of Management are appointed by the Supervisory Board for a term of up to five years; reappointment is permitted for a maximum of five years in each case (§5(3) of the Statutes). A simple majority of the votes cast in the Supervisory Board is required to appoint members of the Board of Management. In the case of a tie vote, the Chairperson of the Supervisory Board, who pursuant to Article 42 of the SE Regulation must be a shareholder representative, shall have the casting vote (§8(3) of the Statutes). If the Chairperson does not participate in the vote the Vice Chairperson shall have the casting vote, provided he or she is a shareholder representative. A Vice Chairperson who is an employee representative has no casting vote (§8(3) of the Statutes).

Amendments to the Statutes are governed by Article 59 SE Regulation, §179 AktG, and the Statutes §13(4) of the Statutes of Allianz SE stipulates that, unless mandatory law requires otherwise, changes to the Statutes require a two-thirds majority of the votes cast at a General Meeting or, if at least one half of the share capital is represented, a simple majority of the votes cast. Where the law requires a majority in capital for a shareholder resolution, a simple majority of the capital represented at the General Meeting is sufficient, provided this is in line with legal requirements. The Supervisory Board may alter the wording of the Statutes (§179(1) AktG and §10 of the Statutes).

AUTHORIZATION OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

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

It may increase the company's share capital on or before 8 May 2023, 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 € 334,960,000 (Authorized Capital 2018/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 below the stock market price. The Board of Management may furthermore exclude the shareholders' subscription rights with the consent of the Supervisory Board in the event of a capital increase against contributions in kind.
- Up to a total of € 15,000,000 (Authorized Capital 2018/II): The shareholders' subscription rights are excluded. New shares may only be issued to employees of Allianz SE and its Group companies.

The company's share capital is conditionally increased by up to € 250,000,000 (Conditional Capital 2010/2018). This conditional capital increase will only be carried out to the extent that the holders of convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments issued against cash by Allianz SE or its subsidiaries, based on the

authorizations granted by the General Meeting on 5 May 2010 or 9 May 2018, exercise their conversion or option rights, or to the extent that conversion obligations from such bonds are fulfilled, and to such extent that treasury shares or shares from authorized capital are not used for such purpose.

Under an authorization by the General Meeting of 9 May 2018, the Board of Management may, until 8 May 2023, buy back Allianz shares corresponding to up to 10% of the lower of (i) the share capital at the moment of the shareholder resolution and (ii) the share capital at the moment of the buy-back, and to use those shares for other purposes (§71(1) No. 8 AktG). Together with other treasury shares that are held by Allianz SE, or which are attributable to it under §§71a et seq. AktG, such shares may not exceed 10% of the share capital at any time. The shares acquired pursuant to this authorization may be used, under exclusion of the shareholders' subscription rights, for any legally admissible purposes, in particular those specified in the authorization. Furthermore, the acquisition of treasury shares under this authorization may also be carried out using derivatives, provided such derivatives do not relate to more than 5% of the share capital.

Domestic or foreign banks that are majority-owned by Allianz SE may buy and sell Allianz shares for trading purposes (§71(1) No. 7 and (2) AktG) under an authorization of the General Meeting valid until 8 May 2023. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§71a et seq. AktG, shall at no time exceed 10% of the share capital of Allianz SE.

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

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

- Our reinsurance contracts, in principle, include a clause under which both parties to the contract have an extraordinary termination right, if and when the counterparty merges with another entity or its ownership or control situation changes materially. Agreements with brokers regarding services connected with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- Allianz SE is also party to various bancassurance distribution agreements for insurance products in various regions. These distribution agreements normally include a clause under which the parties have an extraordinary termination right in the event of a change of control of the other party's ultimate holding company.
- Shareholder agreements and joint ventures to which Allianz SE is a party often contain change-of-control clauses that provide, as the case may be, for the termination of the agreement, or for put or call rights that one party can exercise with regard to the joint venture or the target company, if there is a change of control of the other party.
- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers relating to the distribution of car insurance by the respective car manufacturers each include a clause under which each party has an extraordinary termination right in case there is a change of control of the other party.

- Bilateral credit agreements in some cases provide for termination rights in the event of 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”). Where such termination rights are exercised, the respective credit lines have to be replaced by new credit lines under conditions then applicable.

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

A change-of-control clause in the service contracts of the members of Allianz SE's Board of Management provides that, if within twelve months after the acquisition of more than 50% of the company's share capital by one shareholder or several shareholders acting in concert (change of control) the appointment as a member of the Board of Management is revoked unilaterally by the Supervisory Board, or if the mandate is ended by mutual agreement, or if the Management Board member resigns because his or her responsibilities as a board member are significantly reduced through no fault of the board member, he or she shall receive his or her contractual remuneration for the remaining term of the service contract, but for the purpose hereof limited to two years, in the form of a one-off payment. The one-off payment is based on the fixed remuneration plus the variable remuneration, with this basis being limited, however, to the amount paid for the last fiscal year. This applies accordingly if, within twelve months of a change of control, a mandate in the Board of Management comes to an end and is not extended: The one-off payment will then be granted for the period between the end of the mandate and the end of the two-year period following the change of control. The change of control clauses in the service contracts of the members of Allianz SE's Board of Management cease to have effect as soon as the new German Corporate Governance Code expected in 2020 is published in the official part of the Federal Gazette (*Bundesanzeiger*). For further details, please refer to the [Remuneration Report](#) starting on **page 39**.

Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSUs) – i.e. virtual Allianz shares – are granted to senior management of the Allianz Group worldwide as a stock-based remuneration component. The conditions for these RSU contain change-of-control clauses, which apply when a majority of the voting share capital in Allianz SE is directly or indirectly acquired 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. In line with the relevant general conditions, the company will release the RSUs to 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 must equal or exceed the price offered per Allianz share in a preceding tender offer. 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 influencing the share price are substantially different when there is a change of control.

Integrated Risk and Control System for Financial Reporting

The following information is provided pursuant to §289(4) of the HGB.

In line with both our prudent approach to risk governance and compliance with regulatory requirements, we have created a framework and processes to identify and mitigate the risk of material errors in our financial statements (this also includes market value balance sheet and risk capital controls). The Integrated Risk and Control System (IRCS) of Allianz SE is regularly reviewed and updated. It differentiates between three areas: Financial Reporting, Compliance and other operational risks (including IT risks). The IT controls are based on COBIT 5 and include, for example, controls for access rights management, and for IT project and change management. Additionally, our Entity Level Control Assessment (ELCA) framework contains controls to monitor the effectiveness of the system of governance.

ACCOUNTING PROCESSES

The accounting processes we use to produce financial statements are based on a group-wide IT solution and local general ledger. Access rights to accounting systems are managed according to strict authorization procedures.

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

INTEGRATED INTERNAL RISK AND CONTROL SYSTEM APPROACH

Our approach can be summarized as follows:

- We use a **centrally developed risk catalogue** which is linked to individual accounts. This risk catalogue is reviewed on a yearly basis and is the starting point for the definition of the Group's as well as of Allianz SE's scope on financial reporting risks. The methodology is described in the IRCS Guideline. During the scoping process, both materiality and susceptibility to a misstatement are considered simultaneously. In addition to the quantitative calculation, we also consider qualitative criteria.
- Based on the centrally provided risk catalogue, we **identify risks** that could lead to material financial misstatements.
- **Preventive and detective key controls** to address financial reporting risks have been put in place to reduce the likelihood and impact of financial misstatements. If a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes on IT systems, we have also implemented IT controls.
- Finally, we ensure that controls are appropriately designed and effectively executed to mitigate risk. We conduct an annual **assessment** of our control system to maintain and continuously enhance its effectiveness. Internal audit ensures that the overall quality of our control system is subjected to regular control testing, to assure reasonable design and operating effectiveness.

FINANCIAL STATEMENTS OF ALLIANZ SE



FINANCIAL STATEMENTS

BALANCE SHEET

€ thou				
as of 31 December	Note	2019	2019	2018
ASSETS				
A. Intangible assets	1, 2			
I. Self-created industrial property rights and similar rights and assets		18,864		30,722
II. Licenses acquired against payment, industrial property rights, and similar rights and assets as well as licenses for such rights and assets		1,010		1,458
III. Advance payments made		85	19,960	61
				32,240
B. Investments	1, 3 – 6			
I. Real estate, real estate rights, and buildings, including buildings on land not owned by Allianz SE		264,130		251,549
II. Investments in affiliated enterprises and participations		74,458,220		76,321,527
III. Other investments		29,373,172		27,886,256
IV. Funds held by others under reinsurance business assumed		11,036,788		9,891,301
			115,132,310	114,350,633
C. Receivables				
I. Accounts receivable on reinsurance business		1,132,058		670,538
thereof from affiliated enterprises: € 614,161 thou (2018: € 376,373 thou)				
thereof from participations ¹ : € 20,172 thou (2018: € 4,657 thou)				
II. Other receivables	7	4,261,362		3,730,741
thereof from affiliated enterprises: € 3,998,026 thou (2018: € 3,317,797 thou)				
thereof from participations ¹ : € 1,751 thou (2018: € 1,181 thou)				
			5,393,420	4,401,278
D. Other assets				
I. Tangible fixed assets and inventories		14,135		14,269
II. Cash with banks, checks, and cash on hand		351,186		283,557
III. Miscellaneous assets	8	435,586		212,813
			800,907	510,638
E. Deferred charges and prepaid expenses	9			
I. Accrued interest and rent		197,887		276,273
II. Other deferred charges and prepaid expenses		68,592		57,303
			266,478	333,577
F. Excess of plan assets over pension and similar obligations	10			
Total Assets			121,625,585	119,641,530

¹ Companies in which we hold a participating interest.

€ thou

as of 31 December	Note	2019	2019	2019	2018
EQUITY AND LIABILITIES					
A. Shareholders' equity	12				
I. Issued capital		1,169,920			1,169,920
Less: mathematical value of own shares		1,671			2,651
			1,168,249		1,167,269
II. Additional paid-in capital			27,998,146		27,949,540
III. Revenue reserves					
1. Statutory reserve		1,229			1,229
2. Other revenue reserves		6,779,948			7,353,906
			6,781,177		7,355,135
IV. Net earnings			4,480,282		4,544,153
				40,427,854	41,016,097
B. Subordinated liabilities	13, 16			13,390,097	13,749,596
C. Insurance reserves	14				
I. Unearned premiums					
1. Gross		1,842,823			1,661,911
2. Less: amounts ceded		44,080			62,207
			1,798,743		1,599,704
II. Aggregate policy reserves					
1. Gross		614,790			640,625
2. Less: amounts ceded		28,711			27,971
			586,079		612,654
III. Reserves for loss and loss adjustment expenses					
1. Gross		15,742,376			13,969,041
2. Less: amounts ceded		2,539,816			2,685,623
			13,202,561		11,283,419
IV. Reserves for premium refunds					
1. Gross		27,423			29,361
2. Less: amounts ceded		9			2,755
			27,414		26,606
V. Claims equalization and similar reserves			2,208,537		2,380,716
VI. Other insurance reserves					
1. Gross		29,150			23,600
2. Less: amounts ceded		-			-
			29,150		23,600
				17,852,484	15,926,698
D. Other provisions	15			8,446,272	8,136,545
E. Funds held with reinsurance business ceded				1,603,237	1,701,367
F. Other liabilities					
I. Accounts payable on reinsurance business			461,375		342,595
thereof to affiliated enterprises: € 328,252 thou (2018: € 147,546 thou)					
thereof to participations ¹ : € 6 thou (2018: € 253 thou)					
II. Bonds	16		2,750,117		1,848,356
thereof to affiliated enterprises: € 2,750,117 thou (2018: € 1,848,356 thou)					
III. Liabilities to banks	16		250,375		2,374
IV. Miscellaneous liabilities	16		36,440,949		36,910,351
including taxes of: € 18,456 thou (2018: € 17,760 thou)					
thereof for social security: € 4,009 thou (2018: € 5,891 thou)					
thereof to affiliated enterprises: € 34,415,254 thou (2018: € 35,516,467 thou)					
thereof to participations ¹ : € 2 thou (2018: € 101 thou)					
				39,902,816	39,103,676
G. Deferred income				2,824	7,550
Total equity and liabilities				121,625,585	119,641,530

¹ Companies in which we hold a participating interest.

INCOME STATEMENT

€ thou

	Notes	2019	2019	2019	2018
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	18	12,384,252			10,912,145
b) Ceded premiums written		(758,707)			(840,958)
			11,625,546		10,071,186
c) Change in gross unearned premiums		(170,812)			(20,948)
d) Change in ceded unearned premiums		(19,104)			(3,348)
			(189,916)		(24,296)
Premiums earned (net)				11,435,629	10,046,890
2. Allocated interest return (net)	19			17,912	19,116
3. Other underwriting income (net)				1	17
4. Loss and loss adjustment expenses (net)	20				
a) Claims paid					
aa) Gross		(7,322,103)			(5,323,299)
ab) Amounts ceded in reinsurance		875,494			(473,171)
			(6,446,609)		(5,796,470)
b) Change in reserve for loss and loss adjustment expenses (net)					
ba) Gross		(1,658,675)			(1,823,073)
bb) Amounts ceded in reinsurance		(185,265)			673,464
			(1,843,940)		(1,149,609)
Loss and loss adjustment expenses (net)				(8,290,549)	(6,946,079)
5. Change in other insurance reserves (net)	21			21,410	53,693
6. Expenses for premium refunds (net)				(639)	(4,140)
7. Underwriting expenses (net)	22			(3,557,564)	(3,018,242)
8. Other underwriting expenses (net)				(23,654)	(23,195)
9. Subtotal (net underwriting result)				(397,454)	128,060
10. Change in claims equalization and similar reserves				172,179	160,451
11. Net technical result				(225,275)	288,511
II. Non-technical account					
1. Investment income	23	7,550,956			7,579,253
2. Investment expenses	24	(1,622,082)			(1,646,728)
3. Investment result			5,928,874		5,932,524
4. Allocated interest return			(18,860)		(20,044)
				5,910,013	5,912,480
5. Other income			2,129,025		1,989,069
6. Other expenses			(3,643,275)		(3,346,618)
7. Other non-technical result	25			(1,514,251)	(1,357,549)
8. Non-technical result				4,395,763	4,554,932
9. Net operating income				4,170,487	4,843,443
10. Income Taxes	26	(66,668)			(129,995)
Amounts charged to other Group companies		485,184			634,888
			418,516		504,893
11. Other taxes			14,373		6,675
12. Taxes				432,889	511,568
13. Net income				4,603,376	5,355,011
14. Unappropriated earnings carried forward				776,906	689,142
15. Transfer to revenue reserves					
To other revenue reserves			(900,000)		(1,500,000)
				(900,000)	(1,500,000)
16. Net earnings	27			4,480,282	4,544,153

NOTES TO THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS AND BASIS OF PREPARATION

NATURE OF OPERATIONS

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

The annual financial statements of Allianz SE and the consolidated financial statements of the Allianz Group are published digitally in the Federal Gazette ("Bundesanzeiger").

BASIS OF PREPARATION

Our financial statements and the management report have been prepared in accordance with the regulations of the German Commercial Code (HGB), the German Stock Corporation Act (AktG), the Law on the Supervision of Insurance Enterprises (VAG), and the Government Order on the External Accounting Requirements of Insurance Enterprises (RechVersV).

All amounts in these financial statements are presented in thousands of Euros (€ thou), unless otherwise stated.

ACCOUNTING, VALUATION, AND CALCULATION METHODS

INTANGIBLE ASSETS

Intangible assets are recorded at acquisition or construction cost less depreciation. They are amortized on a straight-line basis over a useful life of generally three to five years. In case of a permanent impairment, an unscheduled write-down is recognized. Based on the capitalization option in accordance with § 248 (2) sentence 1 of the German Commercial Code, the internally generated intangible assets are capitalized.

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

These items are recorded at acquisition or construction cost less depreciation. Depreciation is measured mainly using a straight-line method according to ordinary useful life. The useful life of newly acquired properties is based on the remaining useful life in the purchase report. For all other assets, we use tax depreciation tables. In case of a permanent impairment, the values of these items are adjusted through unscheduled write-downs.

INVESTMENTS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

SHARES IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

These are recorded at cost less impairments, in accordance with § 341b (1) of the German Commercial Code in conjunction with § 253(3) sentence 5 of the German Commercial Code.

Impairments are measured either as the difference between the acquisition cost and the respective value, in accordance with IDW RS HFA 10 in conjunction with IDW S1, or as the difference between the acquisition cost and the lower share price as of 31 December 2019, or in some cases as the difference between the acquisition cost and the net asset value.

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

LOANS IN AFFILIATED ENTERPRISES AND PARTICIPATIONS

These items are normally recorded at cost less impairments, in accordance with § 253 (3) sentence 5 of the German Commercial Code. However, when converting foreign currency loans into Euros at the reporting date, the strict lower of cost or market value principle is applied.

OTHER INVESTMENTS

STOCKS, INTERESTS IN FUNDS, DEBT SECURITIES AND OTHER FIXED AND VARIABLE INCOME SECURITIES, MISCELLANEOUS INVESTMENTS

These items are generally valued in accordance with § 341b (2) of the German Commercial Code in conjunction with § 253 (1), (4), and (5) of the German Commercial Code, using either the acquisition cost or the stock exchange or market value on the balance sheet date, whichever is lower. We calculate the acquisition cost by averaging the different acquisition costs for securities of the same type.

REGISTERED BONDS, DEBENTURES AND LOANS

These items are recorded at cost less impairments in accordance with § 253(3) sentence 5 of the German Commercial Code. In accordance with § 341c of the code, amortized cost accounting is applied and the difference between acquisition cost and the redemption amount is amortized over the remaining period, based on the effective interest method.

ASSETS TO MEET LIABILITIES RESULTING FROM RETIREMENT PROVISION COMMITMENTS

These assets are recorded at fair value in accordance with § 253(1) of the German Commercial Code, and offset against the liabilities in accordance with § 246(2) of the code. Group life insurance contracts are recorded at asset value.

If the liabilities exceed the fair value, the exceeding amount will be shown under other provisions. If the fair value of the assets exceeds

the liabilities, the exceeding amount is shown as an excess of plan assets over pensions and similar obligations.

The accounting and valuation method of the excess of plan assets over pension and similar obligations is the same as described in the section „Other provisions“.

TANGIBLE FIXED ASSETS, INVENTORIES, AND MISCELLANEOUS ASSETS

These items are recorded at acquisition cost less depreciation on a straight-line basis. The expected useful life is based on the tax depreciation tables. Low-value assets worth up to € 250 are written off immediately. A compound item for tax purposes formed in accordance with §6(2a) of the German Income Tax Act (EStG) for assets from € 250 to € 1,000 is depreciated by one fifth each year.

DEFERRED TAX ASSETS

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

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

REMAINING ASSETS

These consist of the following:

- funds held by others under reinsurance business assumed,
- bank deposits,
- accounts receivable on reinsurance business,
- other receivables,
- cash with banks and cash on hand.

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

INSURANCE RESERVES

These consist of the following:

- unearned premiums,
- aggregate policy reserves,
- reserves for loss and loss adjustment expenses,
- reserves for premium refunds,
- claims equalization and similar reserves,
- other insurance reserves.

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

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

Unearned premiums are accrued premiums already written for future risk periods. They are calculated in accordance with German accounting principles, partly on the basis of information received from the cedents and partly using nominal percentages. Where unearned premiums are calculated using such percentages, these are based on many years of experience and the latest information available.

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

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

Reserves for premium refunds are generally recorded according to the amounts in the cedent's statements.

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

Other insurance reserves are generally recorded according to the amounts in the cedent's statements.

OTHER PROVISIONS

Pension provisions are calculated applying actuarial principles. Other obligations such as provisions for jubilee payments, birthday payments and phased-in early retirement benefits are also calculated in accordance with actuarial principles.

According to §253 (2) sentence 1 of the German Commercial Code (HGB), the discount rate used for calculating the pension obligations has to be derived from a 10-year-average, for calculating other obligations it has to be derived from a 7-year-average.

§253(6) sentence 2 of the German Commercial Code states that a positive difference resulting from the calculation of pension obligations with the discount rate of 7-year-average versus 10-year-average is subject to the restriction on dividend payout.

Apart from that, with respect to the discount rate, the simplification option set out in §253(2) sentence 2 of the German Commercial Code has still been applied (duration of fifteen years). The effect resulting from the change in the discount rate is reported under other non-technical result.

For further information regarding the accounting for pensions and similar obligations, please refer to [note 15](#) to our financial statements.

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

REMAINING LIABILITIES

These consist of the following:

- subordinated liabilities,
- funds held with reinsurance business ceded,
- other liabilities.

These items are valued at the settlement amount. Annuities are recorded at present value.

PREPAID EXPENSES AND DEFERRED INCOME

Accrued interest and rent are valued at nominal amounts. Premiums and discounts carried forward as prepaid income and expenses are amortized over the remaining life of the related financial instruments.

CURRENCY TRANSLATION

Transactions are generally recorded in the original currency and converted into Euros at the relevant daily rate (middle forex spot rate).

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

The valuation of foreign currency shares in affiliated enterprises and participations, stocks, interests in funds, and other variable and fixed-income securities is performed by converting their value from the original currency into Euro, using the middle forex spot rate as of the reporting date.

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

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

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

All other monetary assets and liabilities with a remaining term of 1 year or less recorded in foreign currency are valued at the middle forex spot rate as of the reporting date. Both unrealized losses and gains resulting from the valuation of these foreign currency positions are reflected immediately in the other non-technical result as neither §253 (1) sentence 1 nor §252 (1) number 4 clause 2 of the German Commercial Code (HGB) are applicable.

VALUATION UNITS

Allianz SE made use of the option of forming valuation units as defined in §254 of the German Commercial Code. This option is used for derivative contracts in which Allianz SE acts as an intra-group clearing agency. In this function, Allianz SE enters into derivative transactions with other Group companies and hedges the exposure resulting from these transactions by entering into mirror positions with the same term and structure but with different partners. Opposing positions whose performance completely offset each other have been combined into valuation units and form a perfect micro hedge.

When accounting for valuation units, we apply the “freezing” method, which means that mutually offsetting changes in value of opposing positions (i.e., within valuation units) are not recorded in the income statement. More details regarding derivative transactions combined into valuation units are explained in [note 17](#) to our financial statements.

SUPPLEMENTARY INFORMATION ON ASSETS

1 _ Change of assets A., B.I. through B.III.

	Values stated as of 1 January 2019	
	€ thou	%
A. Intangible assets		
1. Self-created industrial property rights and similar rights and assets	30,722	
2. Licenses acquired against payment, industrial property rights, and similar rights and assets as well as licenses for such rights and assets	1,458	
3. Advance payments made	61	
Subtotal A.	32,240	
B.I. Real estate, real estate rights, and buildings, including buildings on land not owned by Allianz SE	251,549	0.2
B.II. Investments in affiliated enterprises and participations		
1. Shares in affiliated enterprises	72,005,738	68.9
2. Loans to affiliated enterprises	3,755,641	3.6
3. Participations	555,149	0.5
4. Loans to participations	5,000	-
Subtotal B.II.	76,321,527	73.1
B.III. Other investments		
1. Stocks, interests in funds and other variable-income securities	1,069,810	1.0
2. Debt securities and other fixed-income securities	23,969,823	22.9
3. Other loans		
a) Registered bonds	1,895,493	1.8
b) Loans and promissory notes	338,817	0.3
4. Bank deposits	612,315	0.6
Subtotal B.III.	27,886,256	26.7
Subtotal B.I. – B.III.	104,459,332	100.0
Total	104,491,572	

2 _ Intangible assets

The book value of intangible assets totaled € 20 mn (2018: € 32 mn) and mainly consists of internally generated software. The decline was primarily driven by the unscheduled write-down of € 16 mn on internally generated software.

In 2019, the research and development costs of Allianz SE amounted to € 10 mn. The total sum represents development costs for internally generated software.

3 _ Market value of investments

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

Book values and market values of investments

€ bn

as of 31 December	Book value		Market value		Valuation reserve	
	2019	2018	2019	2018	2019	2018
Real estate	0.3	0.3	0.9	0.8	0.6	0.5
Equity securities	74.6	73.6	97.5	84.1	23.0	10.5
Debt securities	24.8	24.0	25.7	24.3	0.9	0.3
Loans	3.4	6.0	3.6	6.1	0.2	0.1
Bank deposits	1.0	0.6	1.0	0.6	-	-
Funds held by others under reinsurance business assumed	11.0	9.9	11.0	9.9	-	-
Total	115.1	114.4	139.8	125.8	24.7	11.4

Additions (+)	Transfers	Disposals (-)	Revaluation (+)	Depreciation (-)	Net additions (+) Net disposals (-)	Values stated as of 31 December 2019	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
10,080	189	-	-	22,126	(11,857)	18,864	
152	(189)	-	-	410	(448)	1,010	
25	-	-	-	-	25	85	
10,256	-	-	-	22,537	(12,280)	19,960	
18,430	-	421	130	5,558	12,582	264,130	0.3
1,587,939	-	722,223	-	139,584	726,131	72,731,869	69.9
9,498	-	2,630,719	-	-	(2,621,221)	1,134,420	1.1
63,752	-	21,144	-	7,324	35,283	590,432	0.6
-	-	3,500	-	-	(3,500)	1,500	-
1,661,188	-	3,377,587	-	146,908	(1,863,307)	74,458,220	71.5
324,940	-	160,902	-	-	164,038	1,233,848	1.2
36,011,907	-	35,163,085	94,062	92,822	850,062	24,819,884	23.8
1,901,647	-	1,767,218	-	-	134,428	2,029,921	2.0
71,375	-	138,286	-	-	(66,911)	271,905	0.3
405,299	-	-	-	-	405,299	1,017,614	1.0
38,715,168	-	37,229,492	94,062	92,822	1,486,916	29,373,172	28.2
40,394,786	-	40,607,499	94,192	245,288	(363,809)	104,095,523	100.0
40,405,043	-	40,607,499	94,192	267,825	(376,089)	104,115,483	

VALUATION METHODS USED TO DETERMINE THE MARKET VALUE

REAL ESTATE

Land and buildings are valued using the Discounted Cash Flow method or, for new buildings, at cost. The fair value was determined during the fiscal year.

EQUITY SECURITIES

Investments in companies quoted on the stock exchange are generally measured by the stock exchange price quoted on the last trading day of 2019. Non-quoted companies are valued at their net asset value calculated by the German Association for Financial Analysis and Asset Management's (DVFA) method. For recent transactions the transaction prices were used.

DEBT SECURITIES

These items are measured at the stock exchange value quoted on the last trading day of 2019 or, if there is no active market, at the prices obtained from brokers or pricing services.

LOANS

Loans are valued using the Discounted Cash Flow method. Relevant discount rates are derived from observable market parameters and reflect the remaining life and credit risk of the instruments. In exceptional cases, the carrying amount is used as fair value.

BANK DEPOSITS AND FUNDS HELD BY OTHERS UNDER REINSURANCE BUSINESS ASSUMED

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

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

We disregarded market value declines of € 0.2 mn for loans with a book value of € 429 mn. Based on the expected development of market conditions, the decline in market value is not expected to be of an enduring nature. We intend to hold loans until maturity to ensure repayment at par value.

4 _ Real estate, real estate rights and buildings

The book value of own property for own use amounted to € 153 mn in 2019 (2018: € 140 mn).

5 _ Investments in affiliated enterprises and participations

€ bn			
as of 31 December	2019	2018	Change
Shares in affiliated enterprises	72.7	72.0	0.7
Loans to affiliated enterprises	1.1	3.8	(2.6)
Participations	0.6	0.6	0.0
Total	74.5	76.3	(1.9)

The book value of shares in affiliated enterprises went up by € 0.7 bn to € 72.7 bn (2018: € 72.0 bn). This increase resulted from the following:

- Funding of two newly incorporated holding companies, Allianz China Insurance Holding Company Limited, Shanghai, and Allianz Africa Holding GmbH, Munich, with € 0.3 bn and € 0.2 bn, respectively,
- A book value increase of € 0.2 bn due to purchase of shares in a newly established subsidiary Allianz Sakura Multifamily Lux SCSp, Luxembourg, for the purpose of investing in a Japanese real estate portfolio.

Loans to affiliated enterprises declined by € 2.6 bn to € 1.1 bn (2018: € 3.8 bn) mainly due to the termination of a € 2.1 bn intra-group loan provided to Allianz Holding France SAS. Further redemptions of intra-group loans amounted to € 0.5 bn.

6 _ Interests in investment funds

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

€ thou				
	Book value	Fair value	Valuation reserve	Dividend distribution
Equity funds				
Allianz Global AC Equity Insights Fund	3,939	5,313	1,374	-
Allianz US Micro Cap Equity Fund	4,202	4,346	144	-
Subtotal equity funds	8,141	9,659	1,518	-
Bond funds				
Allianz RE Asia Fund	1,037,621	1,076,111	38,490	12,391
Allianz Fixed Income Macro Fund	4,035	4,568	533	-
Allianz SE - PD Fund	74,405	78,350	3,945	-
Allianz Selective Global High Yield	4,459	4,719	260	-
Allianz SE Ashmore Emerging Markets Corporates Fund	100,000	103,560	3,560	-
Subtotal bond funds	1,220,520	1,267,308	46,788	12,391
Mixed funds				
Allianz Voyager Asia	4,500	4,513	13	22
Subtotal mixed funds	4,500	4,513	13	22
Total	1,233,161	1,281,480	48,319	12,413

Allianz SE holds more than 10.0% of the respective shares of these investment funds. The fund shares can be redeemed each trading day.

7 _ Other receivables

As of 31 December 2019, other receivables amounted to € 4,261 mn (2018: € 3,731 mn). They mainly comprise receivables from profit transfer agreements amounting to € 3,165 mn (2018: € 2,633 mn), receivables from cash pooling (€ 716 mn (2018: € 579 mn)) and tax receivables of € 241 mn (2018: € 348 mn).

8 _ Miscellaneous assets

At the end of the fiscal year, this position mainly included variation margins paid in connection with financial derivative transactions (€ 427 mn).

9 _ Deferred charges and prepaid expenses

This item includes accrued interest in the amount of € 198 mn (2018: € 276 mn), which mainly results from our investments in debt securities and loans, as well as other deferred charges and prepaid expenses amounting to € 69 mn (2018: € 57 mn). The latter comprise the discount on borrowings from affiliated enterprises, issued bonds, and subordinated liabilities.

10 _ Excess of plan assets over pension and similar obligations

A part of the pension obligations is secured by group life insurance contracts and offsettable plan assets. As a different discount rate is applied for these plan assets, compared to the calculation of the settlement amount of the pension obligations, this results in an excess of plan assets over pension and similar obligations for some pension plans.

This results in the disclosure of an excess of plan assets over pension and similar obligations of € 13 mn (2018: € 13 mn).

11 _ Collateral

Assets amounting to € 51 mn (2018: € 0.6 bn), of which € 48 mn (2018: € 0.6 bn) were in favor of affiliated enterprises, were pledged as collateral for liabilities.

SUPPLEMENTARY INFORMATION ON EQUITY AND LIABILITIES

12 _ Shareholders' equity

ISSUED CAPITAL

Issued capital as of 31 December 2019 amounted to € 1,169,920.0 thou, divided into 417,172,859 fully paid registered shares. The shares have no-par value but a mathematical per-share value as a proportion of the issued capital.¹

AUTHORIZED CAPITAL

As of 31 December 2019, Allianz SE had authorized capital with a notional amount of € 334,960.0 thou for the issuance of new shares until 8 May 2023 (Authorized Capital 2018/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 2018/I and the Conditional Capital 2010/2018 may only be excluded for the proportionate amount of the share capital of up to € 116,992.0 thou (corresponding to 10% of the share capital at year-end 2019).

In addition, Allianz SE has authorized capital (Authorized Capital 2018/II) for the issuance of new shares against contributions in cash until 8 May 2023. The shareholders' subscription rights are excluded. The new shares may only be offered to employees of Allianz SE and its Group companies. As of 31 December 2019, the Authorized Capital 2018/II amounted to € 15,000.0 thou.

CONDITIONAL CAPITAL

As of 31 December 2019, Allianz SE had conditional capital totaling € 250,000.0 thou (Conditional Capital 2010/2018). This conditional capital increase will only be carried out if conversion or option rights attached to convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments which Allianz SE or its Group companies have issued against cash payments according to the resolutions of the Annual General Meeting (AGM) on 5 May 2010 or 9 May 2018, are exercised or the conversion obligations under such bonds are fulfilled, and only to the extent that the conversion or option rights or conversion obligations are not serviced through treasury shares or through shares from authorized capital.

Convertible subordinated notes totaling € 500,000.0 thou, which may be converted into Allianz shares, were issued against cash in July 2011. Within 10 years after the issuance a mandatory conversion of the notes into Allianz shares at the then prevailing share price may apply if certain events occur, subject to a floor price of at least € 74.90 per share. Within the same period, investors have the right to convert the notes into Allianz shares at a price of € 187.26 per share.

¹ Mathematical per-share value € 2.80 (rounded).

Both conversion prices are as of inception and subject to antidilution 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 2010/2018. On or before 31 December 2019, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

Number of issued shares outstanding

	2019	2018
Number of issued shares outstanding as of 1 January	423,498,025	438,879,929
Changes in number of treasury shares	365,959	408,081
Cancellation of issued shares	(7,286,802)	(15,789,985)
Number of issued shares outstanding as of 31 December	416,577,182	423,498,025
Treasury shares ¹	595,677	961,636
Total number of issued shares	417,172,859	424,459,661

¹ Thereof 595,677 (2018: 961,636) own shares held by Allianz SE.

PROPOSAL FOR APPROPRIATION OF NET EARNINGS

The Board of Management and the Supervisory Board propose that the net earnings ("Bilanzgewinn") of Allianz SE of € 4,480,281,669.73 for the 2019 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 9.60 per no-par share entitled to a dividend: € 3,999,140,947.20
- Unappropriated earnings carried forward: € 481,140,722.53

The proposal for appropriation of net earnings reflects the 595,677 treasury shares held directly and indirectly by the company as of 31 December 2019. Such treasury shares are not entitled to the dividend pursuant to § 71b of the German Stock Corporation Act (AktG). Should there be any change in the number of shares entitled to the dividend by the date of the Annual General Meeting, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the Annual General Meeting, with an unchanged dividend of € 9.60 per each share entitled to dividend.

TREASURY SHARES

As of 31 December 2019, Allianz SE held 595,677 (2018: 961,636) treasury shares. Of these, 395,677 (2018: 761,636) were held for covering future subscriptions by employees in Germany and abroad in the context of Employee Stock Purchase Plans, whereas 200,000 (2018: 200,000) were held as a hedge for obligations from the Allianz Equity Incentive Program.

In 2019, 365,959 (2018: 407,495) treasury shares were sold to employees of Allianz SE and its subsidiaries in Germany and abroad in the context of the Employee Stock Purchase Plan. These shares were

taken from the stock of treasury shares dedicated to this purpose. In 2019, as in the previous year, no capital increase for the purpose of Employee Stock Purchase Plans was undertaken. Employees of the Allianz Group purchased approximately 75% of these shares at a reference price of € 210.21 per share and were allocated one additional share per three shares purchased, which is equivalent to a discount of approximately 25%. The shares were sold to employees at prices between € 157.66 and € 161.59. (2018: between € 137.57 and € 153.94). As of 31 December 2019, the remaining treasury shares of Allianz SE held for covering subscriptions by employees in the context of the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in Germany and abroad amounted to 395,677 shares.

In the year ending 31 December 2019, the total number of treasury shares of Allianz SE decreased by 365,959 (2018: decrease of 407,495), which corresponds to € 1,026,295.80 (2018: € 1,123,161.03) or 0.09% (2018: 0.10%) of issued capital as of 31 December 2019.

The treasury shares of Allianz SE and its subsidiaries represented € 1,670,517.20 thou (2018: € 2,650,516.16 thou) or 0.14% (2018: 0.23%) of the issued capital as of 31 December 2019.

Revenue reserves

€ thou

as of 31 December	2018	Own shares exceeding mathematical value	Own shares: cancellation ¹	Transfer to revenue reserves	2019
1. Statutory reserve	1,229	-	-	-	1,229
2. Other revenue reserves ²	7,353,906	27,342	(1,501,300)	900,000	6,779,948
Total	7,355,135	27,342	(1,501,300)	900,000	6,781,177

1_Share buy-back program 2019: Acquisition costs of the repurchased and cancelled shares of Allianz SE.

2_Thereof reserves for own shares € 1,671 thou (2018: € 2,651 thou).

SHARE BUY-BACK PROGRAM 2019

In its meeting on 14 February 2019, the Board of Management of Allianz SE resolved to carry out a share buy-back program in an amount of up to € 1.5 bn within a period between 1 March 2019 and 31 December 2019 (Share Buy-Back Program 2019) based on the authorization granted by the Annual General Meeting on 9 May 2018. In the period between 4 March 2019 and 30 July 2019, a total of 7,286,802 treasury shares with a market value of € 1,499,999,871.33 were acquired for an average price of € 205.85.

All of the treasury shares acquired within the Share Buy-Back Program 2019 have been redeemed according to the simplified procedure without reduction of the share capital.

Additional paid-in capital

€ thou

As of 31 December 2018	27,949,540
Own shares: realized gains	48,606
As of 31 December 2019	27,998,146

RESTRICTIONS ON DIVIDEND PAYOUT

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

The unappropriated reserves of Allianz SE correspond to the other revenue reserves.

Of the unappropriated reserves plus the unappropriated earnings carried forward, a total of € 910,065 thou (2018: € 1,045,224 thou) is exempt from dividend distribution. Of this amount, € 888,178 thou (2018: € 1,010,582 thou) are due to the legal requirement for discounting pension obligations according to § 253 (2) sentence 1 in connection with § 253 (6) of the German Commercial Code.

Another € 18,864 thou (2018: € 30,722 thou) account for internally generated intangible assets according to § 268 (8) sentence 1 of the German Commercial Code and € 1,352 thou (2018: € 1,269 thou) account for the surplus of the fair value of pension plan assets and phased-in early retirement plan assets compared to the acquisition costs according to § 268 (8) sentence 3 of the German Commercial Code.

Another, € 1,671 thou (2018: € 2,651 thou) correspond to the mathematical value of own shares deducted from issued capital according to § 272 (1a) of the German Commercial Code.

13 _ Subordinated liabilities

Subordinated liabilities decreased to € 13.4 bn in 2019 (2018: € 13.7 bn). Of these, € 10.9 bn (2018: € 10.3 bn) were external subordinated liabilities resulting from subordinated bonds directly issued by Allianz SE. In 2019, Allianz SE redeemed a bond with a volume of CHF 0.5 bn (equals € 0.4 bn) and placed a new bond with a volume of € 1.0 bn.

Further, intra-group subordinated liabilities amounting to € 2.5 bn (2018: € 3.4 bn) were attributable to subordinated bonds issued by Allianz Finance II B.V., an affiliated enterprise that usually transfers the proceeds from these issues to Allianz SE via intra-group loans. In 2019, Allianz Finance II B.V. bought back a principal amount of € 0.9 bn of a € 2.0 bn subordinated bond via tender offer. Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V.

14 _ Insurance reserves

€ thou

as of 31 December 2019	Unearned premiums	Aggregate policy reserves	Reserves for loss and loss adjustment expenses	Reserves for premium refunds	Claims equalization and similar reserves	Other insurance reserves	Total
Motor	615,818	-	4,156,825	-	349,316	13,123	5,135,082
Fire and property reinsurance	537,268	-	2,293,296	3,557	662,253	6,506	3,502,880
Liability	227,773	-	4,271,537	1,647	257,038	2,266	4,760,262
Personal accident	41,334	43,332	555,018	793	2,402	2,163	645,042
Marine and aviation	23,390	-	526,068	-	35,969	394	585,822
Life	48,734	541,229	153,182	-	-	1,105	744,251
Credit and bond	19,057	-	370,446	21,275	450,862	63	861,702
Legal expenses	48,951	-	343,415	-	31,299	1,025	424,691
Health	2,452	1,518	12,294	-	-	21	16,285
Other lines	233,966	-	520,479	141	419,398	2,484	1,176,467
Total	1,798,743	586,079	13,202,561	27,414	2,208,537	29,150	17,852,484

The development of the insurance reserves was mainly driven by increased reserves for loss and loss adjustment expenses due to the overall portfolio growth.

AGGREGATE POLICY RESERVES

Aggregate policy reserves declined by € 27 mn to € 586 mn, which was mainly attributable to the Life/Health reinsurance.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves for loss and loss adjustment expenses increased by 17.0% to € 13,203 mn, largely due to the growth of the portfolio.

CLAIMS EQUALIZATION AND SIMILAR RESERVES

In 2019, claims equalization and similar reserves decreased by € 172 mn to € 2,209 mn, mainly resulting from liability reinsurance (€ 161 mn).

15 _ Other provisions

Development of other provisions

€ thou

	Provision	Use	Release ¹	Additions ¹	Reversal of Discounting	Provision
	1 January 2019	(-)	(-)	(+)	(+)	31 December 2019
Provisions for pensions and similar liabilities	6,874,193	339,702	135,306	89,812	718,005	7,207,002
Tax provisions	438,565	48,680	7,217	84,283	-	466,951
Miscellaneous						
1. Anticipated losses	350,943	235,257	10,288	211,700	1,349	318,447
2. Remaining provisions	472,844	255,808	39,897	275,044	1,689	453,872
Total	8,136,545	879,447	192,708	660,839	721,043	8,446,272

¹Including currency translation effects.

The total of other provisions rose by € 310 mn. This growth resulted mainly from a net increase of pension liabilities by € 333 mn. Miscellaneous provisions went down by € 51 mn, driven by a decrease in both the provisions for anticipated losses (€ 32 mn) and the remaining provisions (€ 19 mn).

Allianz SE has made pension promises for which pension provisions are recognized. Part of these pension obligations are secured by a Contractual Trust Arrangement (Methusalem Trust e.V.). These trust assets constitute offsettable plan assets, with the asset value/market value being used as the fair value.

In 1985, the pension provisions of the German subsidiaries were centralized by transferring the corresponding assets to Allianz SE. As

a result, Allianz SE has a joint liability for a large part of these old pension promises. The German subsidiaries reimburse the costs, with Allianz SE assuming responsibility for settlement. Consequently, these pension provisions are reported by Allianz SE.

As of 1 January 2015, Allianz SE completely assumed the obligations resulting from the agents pension fund ("Vertreterversorgungswerk" – VVW) from Allianz Beratungs- und Vertriebs-AG. Effective from 1 January 2017, the German subsidiaries reimburse only the service costs for their employees. There is no cost reimbursement anymore for the risks arising from changes in interest rate, inflation, and mortality tables.

The following table shows a breakdown of pension provisions:

Settlement amount of the offset liabilities

€ thou		
as of 31 December	2019	2018
Old pension promises of the German subsidiaries	1,913,742	1,925,634
Pension promises of Allianz SE		
agents pension fund (VWV)	5,282,603	4,947,730
old pension promises to employees	227,147	216,919
contribution-based pension plans	243,748	218,073
deferred compensation	132,172	117,866
Total	7,799,411	7,426,221

The settlement amount is calculated on the basis of the projected unit credit method and/or reported as the present value of the entitlements acquired. In the case of security-linked pension plans, the fair value of the offset assets is shown.

Due to the fact that there is no employment relationship between the tied agents and Allianz SE, and since Allianz Beratungs- und Vertriebs-AG no longer reimburses any costs, the pension obligations resulting from the VWV are recorded at their full present value.

Actuarial parameters

%		
as of 31 December	2019	2018
Applied discount rate (10-year-average)	2.71	3.21
Applied discount rate (7-year-average)	1.97	2.32
Rate of assumed pension trend	1.50	1.70
Rate of assumed salary increase (inclusive average career trend)	3.25	3.25

Contrary to the above rates, part of the pension promises are calculated using a guaranteed pension increase rate of 1.00% p.a. of these pension promises.

The mortality tables used are the RT2005G-tables of Heubeck, which have been adjusted with respect to mortality, disability and labor

turnover to reflect company-specific circumstances. The adjustment was installed in 2010 and reviewed and revised in 2018. The retirement age applied is the contractual or legal retirement age.

Supplementary information

€ thou		
as of 31 December	2019	2018
Historical costs of the offset assets	603,850	563,936
Settlement amount of the offset liabilities	7,799,411	7,426,221
(-) Fair value of the offset assets	604,918	565,111
Net amount of pension provisions and excess of plan assets over pension and similar obligations	7,194,494	6,861,110

Allianz SE has obligations resulting from jubilee payments, birthday payments, and phased-in early retirement, which are reported under remaining provisions. The obligations resulting from a long-term credit account are shown under provisions for pensions and similar liabilities. These obligations are basically calculated in the same way as pension obligations, using the same actuarial assumptions (except for the discount rate).

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

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

Information on the offset assets and liabilities

€ thou		
as of 31 December	2019	2018
Historical costs of the offset assets	21,657	20,915
Settlement amount of the offset liabilities	21,837	20,929
Fair value of the offset assets	21,941	21,009

16 _ Maturity of financial liabilities

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

Maturity table as of 31 December 2019

	Total	Term < 1 year	Term 1 – 5 years	Term > 5 years
Subordinated liabilities (B.)				
Intra-group transmission of proceeds from third-party financing	2,481,240	85,440	-	2,395,800
Subordinated bonds issued by Allianz SE	10,908,857	121,226	1,500,000	9,287,631
Subtotal Subordinated liabilities (B.)	13,390,097	206,666	1,500,000	11,683,431
Bonds (intra-group – F.II.)	2,750,117	154,117	137,000	2,459,000
Liabilities to banks (F.III.)	250,375	250,375	-	-
Miscellaneous liabilities (F.IV.)				
Intra-group transmission of proceeds from third-party financing	6,929,060	1,543,948	2,250,000	3,135,112
Other intra-group liabilities ¹	27,486,194	19,122,194	8,264,000	100,000
Subtotal intra-group miscellaneous liabilities	34,415,254	20,666,141	10,514,000	3,235,112
Liabilities to third parties	2,025,695	2,025,695	-	-
Subtotal Miscellaneous liabilities (F.IV.)	36,440,949	22,691,837	10,514,000	3,235,112
Total	52,831,538	23,302,995	12,151,000	17,377,543

1. As of 31 December 2019, other intra-group liabilities due within one year amounted to € 19.1 bn. Thereof, cash pool and intra-group loans accounted for € 9.1 bn and € 9.4 bn, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

Maturity table as of 31 December 2018

	Total	Term < 1 year	Term 1 – 5 years	Term > 5 years
Subordinated liabilities (B.)				
Intra-group transmission of proceeds from third-party financing	3,412,136	112,136	-	3,300,000
Subordinated bonds issued by Allianz SE	10,337,461	124,307	1,500,000	8,713,153
Subtotal Subordinated liabilities (B.)	13,749,596	236,443	1,500,000	12,013,153
Bonds (intra-group – F.II.)	1,848,356	302,356	-	1,546,000
Liabilities to banks (F.III.)	2,374	2,374	-	-
Miscellaneous liabilities (F.IV.)				
Intra-group transmission of proceeds from third-party financing	6,784,610	1,670,207	3,500,000	1,614,404
Other intra-group liabilities ¹	28,731,857	15,993,567	12,638,290	100,000
Subtotal intra-group miscellaneous liabilities	35,516,467	17,663,774	16,138,290	1,714,404
Liabilities to third parties	1,393,884	1,393,884	-	-
Subtotal Miscellaneous liabilities (F.IV.)	36,910,351	19,057,657	16,138,290	1,714,404
Total	52,510,678	19,598,831	17,638,290	15,273,557

1. As of 31 December 2018, other intra-group liabilities due within one year amounted to € 16.0 bn. Thereof, cash pool and intra-group loans accounted for € 8.4 bn and € 6.6 bn, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

Of our total financial liabilities, other intra-group liabilities with a residual term of less than one year amounting to € 0.9 bn (2018: € 0.8 bn) were secured by assets pledged as collateral as of 31 December 2019.

17 _ Information about derivative financial instruments

Options dealing in shares and share indices as of 31 December 2019

	Nominal	Fair value	Book value	Underlying	Balance sheet position
Class	€ thou	€ thou	€ thou		
Long call	51,988	9,446	5,249	Share index	Assets D.III.
Short call	51,988	(9,466)	5,249	Share index	Liabilities F.IV.
Long put	44,999	1,540	1,872	Share index	Assets D.III.
Short put	44,999	(1,540)	1,872	Share index	Liabilities F.IV.

The options on share indices are held in the context of hedging activities of Allianz companies with Allianz SE. Allianz SE hedged these positions by entering into countertrades at the market. Both intra-group and group-external positions were combined to valuation units ("Bewertungseinheiten"). The average remaining term of the call options is eight years, the remaining term of the put options less than one year.

European-type options are valued using the Black Scholes model and American-type options using the binomial model, both based on the closing price on the valuation date. Yield curves are derived from the swap rates prevailing on the valuation date. The future dividend yield is estimated on the basis of market information on the valuation date. Volatility is estimated based on currently traded implicit volatility, taking into account the residual term and the ratio between the strike price and the prevailing share price.

Forward contracts in shares, share indices and hedge RSU as of 31 December 2019

	Nominal	Fair value	Book value	Underlying	Balance sheet position
Class	€ thou	€ thou	€ thou		
Long forward	551,764	40,940	-	Allianz SE share	Liabilities D.
Long forward	238,293	50,636	-	UniCredit S.p.A. share	-
Long forward	304,533	22,826	-	China Pacific Insurance (Group) Company Ltd. share	-
Short forward	238,293	(50,636)	-	UniCredit S.p.A. share	-
Short forward	304,533	(22,826)	-	China Pacific Insurance (Group) Company Ltd. share	-
Hedge RSU	281,579	(423,816)	423,816	Allianz SE share	Liabilities F.IV.

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

For the purpose of hedging the share price risk of UniCredit S.p.A. shares and of the shares in China Pacific Insurance (Group) Company Ltd., our subsidiary Allianz Finance II Luxembourg S.à.r.l. entered into short forwards on these underlying with Allianz SE. Allianz SE hedged these positions by entering into countertrades at the market. Both intra-group and group-external positions were combined to valuation units ("Bewertungseinheiten"). The remaining term of these forwards is less than one year.

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

Forward contracts in bonds as of 31 December 2019

	Nominal	Fair value	Book value	Underlying	Balance sheet position
Class	€ thou	€ thou	€ thou		
Long forward	535,960	16,842	-	Bonds	-
Short forward	535,960	(16,842)	-	Bonds	-

For the purpose of hedging the interest rate risk of investments, Allianz Benelux N.V. entered into forward transactions on bonds with Allianz SE. Allianz SE hedged these positions by entering into countertrades at the market. Both intra-group and group-external positions were combined to valuation units ("Bewertungseinheiten"). The average remaining term of these forwards is one year.

The fair value of a forward bond contract is determined as the difference between the market price of the underlying bond (including accrued interest) on the valuation date and the discounted forward price, taking into account the net present value of all interest payments occurring between the valuation date and the expiry date of the forward contract.

Forward currency contracts as of 31 December 2019

Class	Nominal € thou	Fair value € thou	Book value € thou	Underlying	Balance sheet position
Long forward	10,566,807	120,511	22,856	AED, AUD, BRL, CAD, CHF, CNY, COP, CZK, GBP, HKD, HUF, ILS, INR, JPY, KRW, NOK, PLN, QAR, SEK, TRY, TWD, USD, ZAR	Liabilities D.
Short forward	17,278,332	(343,920)	263,596	AED, AUD, BRL, CAD, CHF, CNY, COP, CZK, GBP, HKD, HUF, JPY, NOK, PLN, QAR, SEK, SGD, TRY, USD, ZAR	Liabilities D.

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

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

rate as a discount rate and the foreign currency interest rate as a compound interest rate.

Long forwards and short forwards with a nominal value of € 6.5 bn and a fair value of € 130.7 mn, respectively, were aggregated to valuation units ("Bewertungseinheiten"), each comprising intra-group positions offset by countertrades at the market. The average remaining term of the forwards in valuation units is less than one year.

Swap contracts as of 31 December 2019

Class	Nominal € thou	Fair value € thou	Book value € thou	Underlying	Balance sheet position
Receiver swap EUR	1,500,000	55,685	-	Long-term interest rate positions	-

Allianz SE holds a EUR receiver swap in order to hedge interest rate risk arising from interest rate positions of Allianz SE.

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

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

SUPPLEMENTARY INFORMATION ON THE INCOME STATEMENT

18 _ Gross premiums written

€ thou	2019	2018
Property-Casualty reinsurance	11,911,333	10,514,438
Life/Health reinsurance	472,920	397,706
Total	12,384,252	10,912,145

Gross premiums written increased by 13.5% to € 12,384 mn. This increase was driven by motor reinsurance (€ 789 mn) as well as fire and property reinsurance (€ 431 mn).

19 _ Allocated interest return (net)

The allocated interest return (net) mainly corresponds to the agreed interest rate for deposited provisions and is therefore transferred from the non-technical section to the technical section. It reduced to € 18 mn (2018: € 19 mn).

20 _ Run-off result

In 2019, the run-off result amounted to € (204) mn (2018: € 276 mn) and was mainly influenced by liability reinsurance (€ (350) mn), partly offset by fire and property reinsurance (€ 79 mn) as well as credit and bond reinsurance (€ 67 mn).

21 _ Change in other insurance reserves (net)

€ thou	2019	2018
Change in aggregate policy reserves (net)	26,841	47,158
Other insurance reserves (net)	(5,431)	6,535
Total	21,410	53,693

The change in aggregate policy reserves (net) was mainly driven by increased business volume in life reinsurance.

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

22 _ Underwriting expenses (net)

€ thou	2019	2018
Gross underwriting expenses	(3,599,956)	(3,191,149)
Less: commission received on retroceded business	42,392	172,907
Net	(3,557,564)	(3,018,242)

The increase of underwriting expenses (net) mainly resulted from the premium development. The expense ratio (net) in Property-Casualty reinsurance increased to 30.7% (2018: 30.0%), driven by a higher commission ratio of 29.8% (2018: 29.0%).

23 _ Investment income

€ thou	2019	2018
a) Income from participations thereof from affiliated enterprises: € 4,004,912 thou (2018: € 4,564,423 thou)	4,045,911	4,586,715
b) Income from other investments thereof from affiliated enterprises: € 212,828 thou (2018: € 258,784 thou)		
aa) Income from real estate, real estate rights, and buildings including buildings on land not owned by Allianz SE	12,808	12,196
bb) Income from other investments (see below)	508,602	602,430
c) Income from reversal of impairments	94,191	147,407
d) Realized gains	264,651	119,263
e) Income from profit transfer agreements	2,624,794	2,111,242
Total	7,550,956	7,579,253
	2019	2018
bb) Income from other investments		
Debt securities	257,266	295,386
Loans to affiliated enterprises	86,469	151,434
Funds held by others under reinsurance business assumed	125,322	87,182
Receivables from intra-group cash pooling	21,513	41,863
Interests in funds	12,540	22,076
Other	5,492	4,489
Total	508,602	602,430

24 _ Investment expenses

€ thou	2019	2018
a) Expenses for the management of investments, interest, and other investment-related expenses		
aa) Interest expenses (see below)	(959,124)	(1,000,771)
ab) Other	(81,986)	(71,574)
b) Depreciation and impairments of investments	(245,288)	(177,846)
c) Realized losses	(172,798)	(119,955)
d) Expenses from losses taken over	(162,887)	(276,582)
Total	(1,622,082)	(1,646,728)
	2019	2018
aa) Interest expenses		
Subordinated bonds issued by Allianz SE	(413,171)	(408,160)
Liabilities from intra-group loans	(235,039)	(223,107)
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(186,418)	(200,196)
Liabilities from intra-group bonds	(56,638)	(104,193)
Liabilities from intra-group cash pooling	(41,870)	(35,959)
Liabilities from commercial paper issues	(16,883)	(20,000)
Other	(9,105)	(9,156)
Total	(959,124)	(1,000,771)

Depreciation and impairments of investments include unscheduled write-downs of € 140 mn (2018: € 0.4 mn) on holdings in affiliated enterprises.

25 _ Other non-technical result

€ thou	2019	2018
Other Income		
Gains on derivatives	1,125,093	930,700
Currency gains	555,349	610,189
Other service revenues from group companies	206,565	185,610
Income from the release of other provisions	175,975	193,405
Intercompany income	39,294	36,617
Service revenues from pensions charged to group companies	12,185	15,939
Interest and similar income thereof from affiliated enterprises: € 67 thou (2018: € 17 thou)	10,694	12,102
Other	3,869	4,506
Total other income	2,129,025	1,989,069
Other expenses		
Expenses for derivatives	(974,077)	(566,503)
Interest and similar expenses thereof from reversal of discounting miscellaneous provisions: € (1,410) thou (2018: € (2,489) thou) thereof from affiliated enterprises: € (1,112) thou (2018: € (1,803) thou)	(803,309)	(731,425)
Currency losses	(698,360)	(811,659)
Other HR-related expenses	(314,859)	(283,064)
Other administrative expenses	(313,972)	(290,206)
Anticipated losses on derivatives	(210,244)	(298,588)
Other service expenses to group companies	(206,565)	(185,610)
Pension expenses	(107,053)	(157,894)
Service expenses from pensions charged to group companies	(12,185)	(15,939)
Other	(2,651)	(5,728)
Total other expenses	(3,643,275)	(3,346,618)
Other non-technical Result	(1,514,251)	(1,357,549)

Our other non-technical result amounted to € (1,514) mn after € (1,358) mn in 2018. This deterioration is mainly attributable to the result from derivatives, which turned negative to € (59) mn after € 66 mn in the previous year, driven by forward positions held to manage the foreign exchange risk in various currencies as well as the share price risk resulting from the Allianz Equity Incentive plans.

Allianz SE has a joint liability for a large part of the pension provisions of its German subsidiaries (see [note 15](#) for more details). Expenses incurred in this context are recognized as service expenses from

pension plans charged to group companies, as they are reimbursed by the German subsidiaries according to the cost allocation contract and result in corresponding service revenues.

Income from the release of other provisions refers to income from the release of pension provisions of € 135 mn in 2019. The reason is the decrease in the pension trend parameter of 1.7% p.a. to 1.5% p.a.

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

€ thou	2019		2018	
	Pensions and similar obligations	Other obligations	Pensions and similar obligations	Other obligations
Actual return of the offset assets	(19,351)	(585)	(15,123)	(270)
Imputed interest cost for the settlement amount of the offset liabilities	234,913	596	248,512	313
Effect resulting from the change in the discount rate for the settlement amount	502,444	7	446,974	11
Net amount of the offset income and expenses	718,006	18	680,363	54

FEES TO THE AUDITOR

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) is the external auditing firm for the Allianz Group.

Audit services primarily relate to services rendered for the audit of the Allianz Group's consolidated financial statements, the audit of the statutory financial statements of Allianz SE and its subsidiaries, the audit of the Allianz Group's solvency balance sheet as well as the solvency balance sheets of Allianz SE and its subsidiaries. In addition, a review of the Allianz Group's consolidated interim financial statements was performed.

Tax services primarily refer to tax compliance services, other services mainly refer to consulting services.

Details of the fees to the auditor for services to Allianz SE, pursuant to §285 (17) of the German Commercial Code, can be found in the notes to the Allianz Group's consolidated financial statements.

26 _ Income taxes

In 2019, our tax income, most of which is net operating income, decreased to € 419 mn (2018: € 505 mn).

As the controlling company ("Organträger") of the tax group, Allianz SE files a consolidated tax return with most of its German affiliated enterprises. As long as the corporate income tax loss carried forward is not fully utilized, the tax compensation payments as of € 485 mn (2018: € 635 mn) received from members of the tax group result in a tax income.

The greatest differences between accounting and tax-based valuation concern the balance sheet items "pension accruals", "reserves for loss and loss adjustment expenses", and "provisions for anticipated losses" resulting in deferred tax assets.

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

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

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

27 _ Net earnings

€ thou	2019	2018
Net income	4,603,376	5,355,011
Unappropriated earnings carried forward	776,906	689,142
Transfer to other revenue reserves	(900,000)	(1,500,000)
Net earnings	4,480,282	4,544,153

OTHER INFORMATION

Contingent liabilities, other financial commitments, and litigation

CONTINGENT LIABILITIES

GUARANTEES RELATING TO ALLIANZ GROUP COMPANIES

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

- Bonds issued by Allianz Finance II B.V. and Allianz Finance III B.V. for € 11.0 bn, of which € 2.4 bn were on a subordinated basis,
- Commercial papers issued by Allianz Finance Corporation. As of 31 December 2019, USD 0.2 bn in commercial papers were issued as part of the program,
- Letters of credit issued to various Allianz Group companies amounting to € 1.1 bn.

Guarantee declarations totaling € 1.1 bn have also been made for life policies signed by Allianz Compañía de Seguros y Reaseguros S.A.

Contingent liabilities exist because of indirect pension promises organized via pension funds (Allianz Versorgungskasse VVaG) and support funds (Allianz Pensionsverein e.V.). The adjustment obligation according to Section 16 BetrAVG is not funded in the APV old tariff. Due to this and because of the sharp decrease of the discount rate as of 31 December 2019, the plan assets of the support funds are less than the liabilities pension obligations. As of 31 December 2019, the resulting deficit amounts to € 19 mn (2018: € 8 mn). Allianz SE has a joint liability of € 501 mn for a part of the pension promises of its German subsidiaries.

In the context of the sale of investments, guarantees were given in individual cases to cover counterparty exposure or the various bases used to determine purchase prices.

In addition, Allianz SE has issued guarantees to various Allianz Group companies totaling € 0.7 bn.

OTHER GUARANTEES TO THIRD PARTIES

A contingent indemnity agreement has been entered into with respect to securities issued by HT1 Funding GmbH, in case HT1 Funding GmbH cannot serve the agreed coupon of the bond in part or in total. On 18 November 2019, HT1 has issued a call notice with respect to the securities, effective on 30 June 2020. The call is subject to the absence of an obligation to write-down the silent participation between HT1 Funding GmbH and Commerzbank AG, which is related to the securities issued by HT1 Funding GmbH. Allianz SE expects that the securities will be redeemed on 30 June 2020, and does not expect to be obliged to make any future payment under the contingent indemnity agreement, which automatically terminates upon the repayment of the securities.

As of 31 December 2019, other guarantee commitments given by Allianz SE amounted to € 3 mn.

Allianz SE enters into contingent liabilities only after careful consideration of the risks involved. On the basis of a continuous evaluation

of the risk situation of the contingent liabilities entered into, and taking into account the knowledge gained up to the preparation date, it can be assumed that the obligations underlying the contingent liabilities can be met by the respective principal debtors. As of today, and to the best of our knowledge, Allianz SE assesses the probability of a loss resulting from contingent liabilities to be extremely remote.

LEGAL OBLIGATIONS

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

- Allianz Argos 14 GmbH,
- Allianz Asset Management GmbH,
- Allianz Climate Solutions GmbH,
- Allianz Deutschland AG,
- Allianz Direct Versicherungs-AG,
- Allianz Finanzbeteiligungs GmbH,
- Allianz Global Corporate & Specialty SE,
- Allianz Global Health GmbH,
- Allianz Investment Management SE,
- Allianz Real Estate GmbH,
- Allianz Technology SE,
- AZ-Arges Vermögensverwaltungsgesellschaft mbH,
- IDS GmbH-Analysis and Reporting Services.

OTHER FINANCIAL COMMITMENTS

There are financial obligations of € 554 mn, which mainly result from advertising agreements

LITIGATION

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

Board Members

All supervisory board members, current or having resigned during the year, and all board members, current or having resigned during the year, are denoted on [pages 7 and 8](#). Their memberships in supervisory boards or similar committees of other enterprises are also mentioned on these pages.

Board of Management remuneration¹

As of 31 December 2019, the Board of Management was comprised of ten members. The following expenses reflect the full Board of Management active in the respective year.

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

The variable remuneration consists of the annual bonus (short-term), the mid-term bonus (MTB) (until 2018, discontinued from 2019) and the equity-related remuneration (long-term). In 2019, the equity-related remuneration was comprised of 97,482² (2018: 61,250³) Restricted Stock Units (RSU).

Board of Management remuneration

	2019	2018
Base salary	(10,481)	(7,875)
Annual bonus	(10,011)	(9,361)
MTB 2016 – 2018	-	(23,481)
Perquisites	(267)	(485)
Subtotal Base salary, Annual bonus, MTB and Perquisites	(20,759)	(41,202)
Fair value of RSU at grant date	(18,346)	(9,361)
Subtotal equity-related remuneration	(18,346)	(9,361)
Total	(39,105)	(50,563)

The total remuneration of the Board of Management of Allianz SE for 2019 amounted to € 39,105 thou (2018, including the pay-out from the MTB 2016 – 2018: € 50,563 thou).

EQUITY-RELATED REMUNERATION

The remuneration system as of 1 January 2010 only awards RSUs. For 2019, the fair value of the RSUs at the date of grant was € 18,346 thou (2018: € 9,361 thou).

BENEFITS TO RETIRED MEMBERS OF THE BOARD OF MANAGEMENT

In 2019, remuneration and other benefits of € 7 mn (2018: € 7 mn) were paid to retired members of the Board of Management and to surviving dependents of deceased former Board members.

1_For detailed information regarding the Board of Management remuneration, please refer to the [Remuneration Report](#) starting on page 39.

2_The relevant share price to determine the final number of RSUs granted is only available after the sign-off by the external auditors, thus numbers are based on a best estimate.

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

€ thou	2019	2018
as of 31 December		
Fair value of the offset assets	123,739	124,056
Settlement amount of the offset liabilities	128,064	128,576
Pension provisions	4,325	4,520

Supervisory Board remuneration⁴

	2019		2018	
	€ thou	%	€ thou	%
Fixed remuneration	(1,750)	65.2	(1,750)	65.2
Committee-related remuneration	(850)	31.7	(850)	31.7
Attendance fees	(85)	3.2	(84)	3.1
Total	(2,685)	100.0	(2,684)	100.0

Average number of employees

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

	2019	2018
Full-time staff	1,488	1,450
Part-time staff	223	223
Total	1,711	1,673

Staff expenses

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

€ thou	2019	2018
Wages and salaries	(326,780)	(314,304)
Statutory welfare contributions and expenses for optional support payments	(25,113)	(25,297)
Expenses for pensions and other post-retirement benefits	(26,535)	(22,466)
Total expenses	(378,428)	(362,067)

3_The disclosure in the Annual Report 2018 was based on a best estimate of the RSU grants. The figure shown here for 2018 now includes the actual fair value as of the grant date (1 March 2019), including the Board members who left as of 31 December 2018. The value therefore differs from the value disclosed last year.

4_For detailed information regarding the Supervisory Board remuneration, please refer to the [Remuneration Report](#) starting on page 39.

Events after the balance sheet date

SHARE BUY-BACK PROGRAM

In March 2020, Allianz SE has started a new share buy-back program with a volume of up to € 1.5 bn. For further information, please refer to the section "Expected dividend development" of the chapter [Outlook 2020](#) within the Group Management Report.

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

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

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

The following major shareholdings exist and were reported pursuant to §20(1) or (4) AktG or pursuant to §§33, 34 WpHG:

By way of a letter dated 15 November 2019, BlackRock Inc., Wilmington, Delaware, United States of America, notified in the course of a voluntary group notification with triggered threshold on subsidiary level its voting rights pursuant to §§33, 34 WpHG as of 12 November 2019, amounting to 6.39% (representing 26,641,372 shares), its holdings in instruments pursuant to §38(1) No. 1 WpHG as of 12 November 2019, amounting to 0.02% (representing 63,452 voting rights absolute), and its holdings in instruments pursuant to §38(1) No. 2 WpHG as of 12 November 2019, amounting to 0.03% (representing 141,728 voting rights absolute). The total position as notified on 15 November 2019 amounted to 6.43%.

By way of a letter dated 21 May 2019, the Ministry of Finance on behalf of the State of Norway, Oslo, Norway, notified that its voting rights pursuant to §§33, 34 WpHG have fallen below 3% as of 20 May 2019 and amounted to 2.65% (representing 11,250,552 shares). As of 20 May 2019, its holdings in instruments pursuant to §38(1) No. 1 WpHG amount to 0.05% (representing 213,917 voting rights absolute). The total position notified on 21 May 2019, amounted to 2.70%.

Declaration of Conformity with the German Corporate Governance Code

On 13 December 2019, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Conformity with the German Corporate Governance Code required by §161 AktG and made it permanently available on the company's website at www.allianz.com/corporate-governance.

LIST OF PARTICIPATIONS OF ALLIANZ SE, MUNICH

AS OF 31 DECEMBER 2019 ACCORDING TO § 285 NO. 11 AND 11B HGB

IN CONJUNCTION WITH § 286 (3) NO. 1 HGB

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
GERMAN ENTITIES							
Affiliates							
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	5,670	(12)	APK-Argos 75 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	36,826	-
ADAC Autoversicherung AG, Munich	51.0	112,475	11,438	APK-Argos 85 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	62,498	-
ADEUS Aktienregister-Service-GmbH, Munich	80.0	6,462	852	APKV Direkt Infrastruktur GmbH, Munich	100.0 ²	36,101	-
AGCS Infrastrukturfonds GmbH, Munich	100.0 ²	29,042	-	APKV Infrastrukturfonds GmbH, Munich	100.0 ²	141,985	-
AGCS-Argos 76 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	53,788	-	APKV Private Equity Fonds GmbH, Munich	100.0 ²	627,026	-
AGCS-Argos 86 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	42,705	-	APKV-Argos 74 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	105,272	-
ALIDA Grundstücksgesellschaft mbH & Co. KG, Hamburg	95.0 ³	398,486	10,657	APKV-Argos 84 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	202,836	-
Allianz Africa Holding GmbH, Munich	100.0	180,018	(7)	ARE Funds APKV GmbH, Munich	100.0 ^{2,3}	123,850	-
Allianz Argos 14 GmbH, Munich	100.0 ²	4,490,006	-	ARE Funds AZL GmbH, Munich	100.0 ^{2,3}	1,152,709	-
Allianz Asset Management GmbH, Munich	100.0 ²	3,308,358	-	ARE Funds AZV GmbH, Munich	100.0 ^{2,3}	9,657	-
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0	409,334	(60)	atpocvc Fund GmbH & Co. KG, Munich	100.0	25,333	(3,974)
Allianz Beratungs- und Vertriebs-AG, Munich	100.0	8,605	-	Atropos Vermögensverwaltungsgesellschaft mbH, Munich	100.0	451,996	(3,888)
Allianz Capital Partners GmbH, Munich	100.0 ²	27,388	-	AZ ATLAS GmbH & Co. KG, Stuttgart	95.0 ³	44,393	(2,009)
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	55,973	27,691	AZ ATLAS Immo GmbH, Stuttgart	100.0 ³	9,588	1
Allianz Deutschland AG, Munich	100.0	7,274,341	-	AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	172,158	-
Allianz Direct Versicherungs-AG, Munich	100.0 ²	44,831	-	AZL-Argos 73 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	581,403	-
Allianz Finanzbeteiligungs GmbH, Munich	100.0 ²	824,678	-	AZL-Argos 83 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	1,348,437	-
Allianz Global Corporate & Specialty SE, Munich	100.0 ^{2,3}	1,144,237	-	AZL-Private Finance GmbH, Stuttgart	100.0 ²	100,100	-
Allianz Global Investors GmbH, Frankfurt am Main	100.0 ²	307,838	-	AZ-SGD Classic Infrastrukturfonds GmbH, Munich	100.0 ²	19,435	-
Allianz Handwerker Services GmbH, Aschheim	100.0 ³	35,670	(4,916)	AZ-SGD Direkt Infrastruktur GmbH, Munich	100.0 ²	33,787	-
Allianz Investment Management SE, Munich	100.0 ²	5,882	-	AZ-SGD Infrastrukturfonds GmbH, Munich	100.0 ²	136,249	-
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0 ²	188,974	-	AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0 ²	18,538	-
Allianz Leben Infrastrukturfonds GmbH, Munich	100.0 ²	947,286	-	AZ-SGD Private Equity Fonds GmbH, Munich	100.0 ²	714,899	-
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0 ²	32,893	-	AZV-Argos 72 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	52,924	-
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0 ²	4,237,235	-	AZV-Argos 77 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	6,323	-
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0 ²	26,321	-	AZV-Argos 82 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	104,375	-
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0	2,991,344	535,000	AZV-Argos 87 Vermögensverwaltungsgesellschaft mbH, Munich	100.0 ²	83,200	-
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	831,291	36,389	BrahmsQ Objekt GmbH & Co. KG, Stuttgart	95.0 ³	82,626	3,366
Allianz Partners Deutschland GmbH, Aschheim	100.0 ³	11,433	(1,307)	Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0 ²	44,991	-
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0 ³	57,049	963	Euler Hermes Aktiengesellschaft, Hamburg	100.0 ³	107,698	14,372
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	297,493	25,666	Lola Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0 ³	6,070	(6)
Allianz Private Equity GmbH, Munich	100.0 ²	31,323	-	manroland AG, Offenbach am Main	100.0 ^{4,5}	148,289	(179,129)
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0 ²	337,731	-	manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 ^{4,5}	5,155	-
Allianz Real Estate GmbH, Munich	100.0 ^{2,3}	21,237	-	Mercato Leadmanagement Investments Holdings GmbH, Berlin	100.0 ³	12,036	149
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0 ³	16,500	1,414	PIMCO Deutschland GmbH, Munich	100.0 ²	35,030	-
Allianz Taunusanlage GbR, Stuttgart	100.0 ³	170,235	3,907	REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0 ³	296,097	10,307
Allianz Technology SE, Munich	100.0 ^{2,3}	328,396	-	Seine GmbH, Munich	100.0	52,218	(650)
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0	887,569	-	Seine II GmbH, Munich	100.0	32,602	(347)
Allianz X GmbH, Munich	100.0	6,764	26	Spherion Objekt GmbH & Co. KG, Stuttgart	100.0 ³	70,622	3,416
APK Infrastrukturfonds GmbH, Munich	100.0 ²	19,928	-	Syncier GmbH, Munich	90.0	5,147	(4,111)

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
Volkswagen Autoversicherung AG, Braunschweig	100.0 ²	112,561	-	Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0	76,139	35,197
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0	117,254	4,534	Allianz Argentina RE S.A., Buenos Aires	100.0	12,958	10,528
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0 ³	20,341	774	Allianz Asset Management of America L.P., Dover, DE	100.0	713,789	1,483,843
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0 ³	9,350	1,432	Allianz Asset Management of America LLC, Dover, DE	100.0	6,493,935	1,828,789
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0 ³	22,160	1,558	Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0	245,732	73,385
Windpark Calau GmbH & Co. KG, Sehestedt	100.0 ³	48,282	1,819	Allianz Australia Insurance Limited, Sydney	100.0	1,777,624	237,872
Windpark Cottbuser See GmbH & Co. KG, Sehestedt	100.0 ³	9,448	1,401	Allianz Australia Life Insurance Holdings Limited, Sydney	100.0	132,010	-
Windpark Dahme GmbH & Co. KG, Sehestedt	100.0 ³	24,596	3,637	Allianz Australia Life Insurance Limited, Sydney	100.0	105,477	(19,423)
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0 ³	34,425	1,267	Allianz Australia Limited, Sydney	100.0	1,758,570	238,427
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0 ³	18,903	1,501	Allianz Ayudhya Assurance Public Company Limited, Bangkok	83.0 ³	390,150	65,975
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0 ³	20,475	237	Allianz Ayudhya Capital Public Company Limited, Bangkok	49.0 ³	203,743	10,313
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0 ³	7,591	807	Allianz Bank Bulgaria AD, Sofia	100.0 ³	113,227	15,089
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0 ³	14,463	1,484	Allianz Bank Financial Advisors S.p.A., Milan	100.0 ³	235,504	9,039
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0 ³	14,219	1,515	Allianz Banque S.A., Puteaux	100.0	116,413	2,791
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0 ³	24,164	1,152	Allianz Benelux S.A., Brussels	100.0 ³	814,704	155,201
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0 ³	16,223	849	Allianz Bulgaria Holding AD, Sofia	66.0 ³	59,706	20,215
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0 ³	9,412	634	Allianz Cameroun Assurances SA, Douala	75.0 ³	10,998	(2,232)
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0 ³	24,421	2,334	Allianz Carbon Investments B.V., Amsterdam	100.0 ³	11,997	(412)
				Allianz Cash SAS, Paris la Défense	100.0	5,965	294
Joint ventures				Allianz Chicago Private Reit LP, Wilmington, DE	100.0 ³	179,838	15
AQ Überseehaus GmbH & Co. KG, Hamburg	40.0 ³	6,535	(498)	Allianz China Life Insurance Co. Ltd., Shanghai	51.0 ³	179,500	84,291
Dealis Fund Operations GmbH, Frankfurt am Main	50.0	32,914	(61)	Allianz Colombia S.A., Bogotá D.C.	100.0 ³	94,199	(2,636)
				Allianz Compañía de Seguros y Reaseguros S.A., Madrid	100.0	864,268	142,364
Associates				Allianz Côte d'Ivoire Assurances SA, Abidjan	74.0 ³	7,485	3,354
Autobahn Tank & Rast Gruppe GmbH & Co. KG, Bonn	25.0 ³	372,238	852	Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0 ³	7,749	3,061
AV Packaging GmbH, Munich	100.0	16,764	(262)	Allianz Debt Fund SCSp SICAV-SIF, Luxembourg	100.0 ³	946,663	20,270
T&R Real Estate GmbH, Bonn	25.0 ³	140,814	(13)	Allianz do Brasil Participações Ltda., São Paulo	100.0	293,858	76,003
Verimi GmbH, Berlin	15.0 ³	54,793	(28,661)	Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0	113,226	12,198
				Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	559,637	220,784
Other participations below 20% voting rights				Allianz EM Loans S.C.S., Luxembourg	100.0 ³	169,030	10,440
GDV Dienstleistungs-GmbH, Hamburg	19.0 ³	27,430	901	Allianz Engineering Inspection Services Limited, Guildford	100.0 ³	13,573	1,939
Sana Kliniken AG, Ismaning	14.0 ³	998,916	99,642	Allianz Equity Investments Ltd., Guildford	100.0 ³	157,114	(10,639)
EXTREMUS Versicherungs-Aktiengesellschaft, Cologne	16.0 ³	64,058	118	Allianz Europe B.V., Amsterdam	100.0 ³	45,031,308	3,513,244
Protektor Lebensversicherungs-AG, Berlin	10.0 ³	15,332	320	Allianz Europe Ltd., Amsterdam	100.0 ³	3,529,367	161,533
MLP AG, Wiesloch	10.0 ³	424,826	34,494	Allianz Finance II B.V., Amsterdam	100.0 ³	8,230	3,629
FC Bayern München AG, Munich	8.0 ³	451,273	21,954	Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0 ³	4,145,810	22,578
Simpleurance GmbH, Berlin	14.0 ³	10,885	10,354	Allianz Finance IX Luxembourg S.A., Luxembourg	100.0 ³	239,921	(139)
La Famiglia Fonds I GmbH & Co. KG, Munich	6.0 ³	15,917	-	Allianz Finance VII Luxembourg S.A., Luxembourg	100.0 ³	2,841,328	6,912
N26 GmbH, Berlin	6.0 ³	104,702	39,906	Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0 ³	858,790	3,005
STEMMER IMAGING AG, Munich	6.0 ³	70,500	7,800	Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0 ³	29,156	3,356
				Allianz France Investissement OPCI, Paris la Défense	100.0 ³	135,066	5,385
FOREIGN ENTITIES				Allianz France Real Estate Invest SPPICAV, Paris la Défense	100.0 ³	1,471,945	243,386
Affiliates				Allianz France Richelieu 1 S.A.S., Paris la Défense	100.0	534,522	(3,999)
490 Lower Unit LP, Wilmington, DE	100.0 ³	132,852	4,735	Allianz France S.A., Paris la Défense	100.0	6,142,162	979,460
Aero-Fonte S.r.l., Catania	100.0 ³	14,132	5,818	Allianz France US REIT LP, Wilmington, DE	100.0 ³	117,572	672
AGA Service Company Corp., Richmond, VA	100.0 ³	17,120	(13,003)	Allianz Fund Investments 2 S.A. (Compartment), Luxembourg	100.0 ³	47,579	29,849
AGCS International Holding B.V., Amsterdam	100.0 ³	1,257,886	805	Allianz Fund Investments Inc., Wilmington, DE	100.0 ³	271,272	761
AGCS Marine Insurance Company, Chicago, IL	100.0 ³	143,012	2,223	Allianz General Insurance Co. Ltd., Bangkok	100.0 ³	16,218	(8,249)
AGCS Resseguros Brasil S.A., São Paulo	100.0 ³	253,304	11,101	Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0 ³	419,193	48,824
AGF Benelux S.à r.l., Luxembourg	100.0 ³	324,734	(3,139)	Allianz General Laos Ltd., Vientiane	51.0 ³	9,117	1,586
AGF Holdings (UK) Limited, Guildford	100.0 ³	87,761	(13,075)				
Allianz (UK) Limited, Guildford	100.0 ³	1,014,545	197,878				
Allianz África SAS, Paris la Défense	100.0 ³	47,694	2,298				
Allianz Alapkezelő Zrt., Budapest	100.0 ³	6,870	3,485				

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0 ³	255,050	11,595	Allianz Leben Real Estate Holding II S.à r.l., Luxembourg	100.0 ³	2,212,918	7,089
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0 ³	10,664	1,311	Allianz Life (Bermuda) Ltd., Hamilton	100.0 ³	8,232	2,611
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0 ³	10,656	1,309	Allianz Life Assurance Company-Egypt S.A.E., New Cairo	100.0 ³	51,237	9,532
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0	36,368	10,653	Allianz Life Financial Services LLC, Minneapolis, MN	100.0 ³	32,529	8,022
Allianz Global Investors Distributors LLC, Dover, DE	100.0	32,636	2,840	Allianz Life Insurance Company Ltd., Moscow	100.0 ³	46,392	12,210
Allianz Global Investors Holdings Ltd., London	100.0	30,935	(4,931)	Allianz Life Insurance Company of Missouri, Clayton, MO	100.0 ³	285,966	15,534
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0	18,649	3,557	Allianz Life Insurance Company of New York, New York, NY	100.0 ³	155,919	6,086
Allianz Global Investors Singapore Ltd., Singapore	100.0	19,770	3,725	Allianz Life Insurance Company of North America, Minneapolis, MN	100.0 ³	7,059,505	587,140
Allianz Global Investors Taiwan Ltd., Taipei	100.0	41,216	22,042	Allianz Life Insurance Japan Ltd., Tokyo	100.0 ³	23,058	(446)
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0	135,219	96,700	Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0 ³	222,612	31,044
Allianz Global Investors U.S. LLC, Dover, DE	100.0	79,946	87,069	Allianz Life Luxembourg S.A., Luxembourg	100.0 ³	92,777	17,441
Allianz Global Life dac, Dublin	100.0 ³	139,000	3,906	Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0 ³	223,426	32,835
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0 ³	1,687,467	15,369	Allianz Marine (UK) Ltd., Ipswich	100.0 ³	10,656	38
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0 ³	18,066	4,808	Allianz Maroc S.A., Casablanca	99.0 ³	80,321	(7,214)
Allianz Hellas Insurance Company S.A., Athens	100.0 ³	145,882	(7,612)	Allianz MENA Holding (Bermuda) Ltd., Hamilton	100.0 ³	33,004	8,028
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0 ³	378,954	62,068	Allianz México S.A. Compañía de Seguros, Mexico City	100.0 ³	150,932	21,507
Allianz Holding eins GmbH, Vienna	100.0	2,500,026	346,799	Allianz Nederland Groep N.V., Rotterdam	100.0 ³	211,597	32,247
Allianz Holding France SAS, Paris la Défense	100.0	9,152,290	1,098,804	Allianz New Europe Holding GmbH, Vienna	100.0	802,761	233,037
Allianz Holdings p.l.c., Dublin	100.0 ³	61,516	20,006	Allianz New Zealand Limited, Auckland	100.0	37,071	2,083
Allianz Holdings plc, Guildford	100.0 ³	1,706,434	256,682	Allianz Nigeria Insurance plc, Lagos	99.0 ³	23,129	(2,075)
Allianz Hrvatska d.d., Zagreb	83.0 ³	136,710	16,705	Allianz of America Inc., Wilmington, DE	100.0	14,127,950	2,094,961
Allianz Hungária Biztosító Zrt., Budapest	100.0 ³	137,850	62,132	Allianz p.l.c., Dublin	100.0 ³	396,368	32,161
Allianz HY Investor LP, Wilmington, DE	100.0 ³	370,422	(2,968)	Allianz Partners S.A.S., Saint-Ouen	100.0 ³	856,843	9,668
Allianz IARD S.A., Paris la Défense	100.0	1,832,702	217,333	Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	12,476	762
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0 ³	193,941	(501)	Allianz penzijní společnost a.s., Prague	100.0 ³	35,510	2,776
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0 ³	106,876	29,845	Allianz PNB Life Insurance Inc., Makati City	51.0 ³	33,938	1,852
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0 ³	106,839	29,562	Allianz pojistovna a.s., Prague	100.0 ³	239,402	67,020
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0 ³	3,197,850	169,051	Allianz Polska Services Sp. z o.o., Warsaw	100.0 ³	21,201	4,271
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0 ³	667,839	35,284	Allianz Popular Pensiones EGFP S.A., Madrid	100.0	18,789	15,606
Allianz Infrastructure Luxembourg Holdco III S.A., Luxembourg	100.0 ³	264,700	(24)	Allianz Popular S.L., Madrid	60.0	888,438	129,829
Allianz Infrastructure Luxembourg Holdco IV S.A., Luxembourg	100.0 ³	65,358	(23)	Allianz Popular Vida Compañía de Seguros y Reaseguros S.A., Madrid	100.0	75,736	35,868
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0 ³	4,405,612	29,862	Allianz Presse Infra S.C.S., Luxembourg	92.0 ³	15,116	(89)
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0 ³	120,462	13,827	Allianz Presse US REIT LP, Wilmington, DE	92.0 ³	59,109	(514)
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0 ³	50,045	(10)	Allianz Properties Limited, Guildford	100.0 ³	216,298	9,418
Allianz Insurance Company of Kenya Limited, Nairobi	100.0 ³	6,100	(1,130)	Allianz Re Dublin dac, Dublin	100.0 ³	1,032,686	333,592
Allianz Insurance Company-Egypt S.A.E., New Cairo	95.0 ³	18,614	4,356	Allianz Real Estate Investment S.A., Luxembourg	100.0 ³	392,675	2,642
Allianz Insurance Lanka Limited, Colombo	100.0 ³	59,895	1,928	Allianz Reinsurance America Inc., Los Angeles, CA	100.0	408,949	17,476
Allianz Insurance plc, Guildford	100.0 ³	1,144,003	52,789	Allianz Renewable Energy Partners I LP, London	100.0	145,316	7,446
Allianz Inversiones S.A., Bogotá D.C.	100.0 ³	5,748	92	Allianz Renewable Energy Partners II Limited, London	100.0	111,698	(21,926)
Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0	8,191	2,642	Allianz Renewable Energy Partners III LP, London	99.0	125,247	6,787
Allianz Investment Management LLC, Minneapolis, MN	100.0 ³	5,305	51,026	Allianz Renewable Energy Partners IV Limited, London	99.0 ³	700,687	22,215
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	28,709	4,195	Allianz Renewable Energy Partners of America 2 LLC, Wilmington, DE	100.0	321,140	5,306
Allianz Investments III Luxembourg S.A., Luxembourg	100.0 ³	1,255,160	(34,865)	Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0	891,651	78,830
Allianz Jewel Fund ICAV, Dublin	100.0 ³	154,196	(9,667)	Allianz Renewable Energy Partners V plc., London	100.0	637,681	24,708
Allianz Jingdong General Insurance Company Ltd., Guangzhou	50.0 ³	158,853	4,193	Allianz Renewable Energy Partners VI Limited, London	100.0	721,446	8,473
Allianz Leasing Bulgaria AD, Sofia	100.0 ³	5,527	906	Allianz Renewable Energy Partners VIII Limited, London	100.0	280,319	6,783
Allianz Leben Real Estate Holding I S.à r.l., Luxembourg	100.0 ³	1,110,510	188,176	Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0 ³	105,126	21,380
				Allianz Risk Transfer AG, Schaan	100.0 ³	532,005	59,573
				Allianz Risk Transfer Inc., New York, NY	100.0 ³	75,393	8,580
				Allianz S.p.A., Trieste	100.0 ³	2,174,168	492,729
				Allianz Saúde S.A., São Paulo	100.0	38,175	2,657
				Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	51.0 ³	62,390	5,893

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0 ³	59,267	2,036	AWP USA Inc., Richmond, VA	100.0 ³	271,148	(9,860)
Allianz Seguros S.A., Bogotá D.C.	100.0 ³	42,253	(2,523)	AZ Euro Investments II S.à r.l., Luxembourg	100.0 ³	294,192	22,345
Allianz Seguros S.A., São Paulo	100.0	288,157	79,212	AZ Euro Investments S.A., Luxembourg	100.0 ³	3,443,290	257,966
Allianz Sénégal Assurances SA, Dakar	83.0 ³	5,325	999	AZ Jupiter 10 B.V., Amsterdam	100.0 ³	361,425	6,873
Allianz Services (UK) Limited, London	100.0 ³	6,529	189	AZ Jupiter 11 B.V., Amsterdam	98.0 ³	172,003	2,369
Allianz Services Private Ltd., Trivandrum	100.0 ³	19,332	9,935	AZ Jupiter 8 B.V., Amsterdam	100.0 ³	3,277,723	(439)
Allianz Sigorta A.S., Istanbul	96.0 ³	409,000	98,667	AZ Jupiter 9 B.V., Amsterdam	100.0 ³	330,851	7,498
Allianz SNA s.a.l., Beirut	100.0 ³	53,001	6,578	AZ Vers US Private REIT LP, Wilmington, DE	100.0 ³	105,334	(581)
Allianz Société Financière S.à r.l., Luxembourg	100.0 ³	1,479,575	229,582	AZGA Service Canada Inc., Kitchener, ON	55.0 ³	27,015	(1,348)
Allianz South America Holding B.V., Amsterdam	100.0 ³	450,521	(22,223)	AZL PF Investments Inc., Minneapolis, MN	100.0 ³	535,775	-
Allianz Strategic Investments S.à r.l., Luxembourg	100.0 ³	339,331	(6,646)	AZOA Services Corporation, New York, NY	100.0	11,514	(8,915)
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0	781,492	52,226	Belegingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0 ³	90,622	1,982
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0	750,932	315,623	Beykoz Gayrimenkul Yatirim Insaat Turizm Sanayi ve Ticaret A.S., Ankara	100.0 ³	120,323	11,203
Allianz Taiwan Life Insurance Co. Ltd., Taipei	100.0	533,185	60,259	British Reserve Insurance Co. Ltd., Guildford	100.0 ³	10,710	287
Allianz Technology (Thailand) Co. Ltd., Bangkok	100.0 ³	9,000	1,538	Calobra Investments Sp. z o.o., Warsaw	100.0 ³	138,756	5,276
Allianz Technology AG, Wallisellen	100.0	11,812	3,672	Calypso S.A., Paris la Défense	100.0	69,696	(3,416)
Allianz Technology GmbH, Vienna	100.0	22,284	(1,028)	CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0	41,257	9,484
Allianz Technology S.C.p.A., Milan	100.0 ³	15,818	14	Caroline Berlin S.C.S., Luxembourg	93.0 ³	183,048	3,014
Allianz Technology S.L., Barcelona	100.0 ³	68,959	(4,739)	Castle Field Limited, Hong Kong	100.0 ³	10,829	(655)
Allianz Technology S.p.A., Milan	100.0 ³	9,360	(11,438)	Central Shopping Center a.s., Bratislava	100.0 ³	57,087	3,582
Allianz Technology SAS, Paris	100.0 ³	45,432	2,134	CEPE de la Forterie S.à r.l., Versailles	100.0 ³	8,016	(1,388)
Allianz Tiriac Asigurari SA, Bucharest	52.0	194,848	31,985	CEPE de Langres Sud S.à r.l., Versailles	100.0 ³	21,779	2,684
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0	27,288	(3,735)	CEPE de Mont Gimont S.à r.l., Versailles	100.0 ³	11,818	2,231
Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0 ³	53,994	1,357	CEPE de Sambres S.à r.l., Versailles	100.0 ³	11,338	(7,556)
Allianz US Investment LP, Wilmington, DE	100.0 ³	1,809,250	(8,412)	CEPE de Vieille Carrière S.à r.l., Versailles	100.0 ³	5,771	(1,785)
Allianz US Private REIT LP, Wilmington, DE	100.0 ³	1,863,664	(8,530)	CEPE des Portes de la Côte d'Or S.à r.l., Versailles	100.0 ³	8,499	(3,281)
Allianz Vie S.A., Paris la Défense	100.0	3,072,993	300,894	CEPE du Bois de la Serre S.à r.l., Versailles	100.0 ³	5,246	(3,013)
Allianz Vorsorgekasse AG, Vienna	100.0	33,871	6,989	Chicago Insurance Company Corp., Chicago, IL	100.0 ³	58,020	(52)
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0 ³	98,232	47,403	CIC Allianz Insurance Ltd., Sydney	100.0	26,704	(220)
Allianz ZB d.o.o. Mandatory and Voluntary Pension Funds Management Company, Zagreb	51.0	21,690	7,602	Climmolux Holding SA, Luxembourg	100.0 ³	76,617	2,123
Allianz-Slovenská DSS a.s., Bratislava	100.0 ³	45,642	4,105	Club Marine Limited, Sydney	100.0	5,924	1,180
Allianz-Slovenská poisťovňa a.s., Bratislava	100.0	380,776	85,684	Companhia de Seguros Allianz Portugal S.A., Lisbon	65.0 ³	147,936	(2,669)
American Automobile Insurance Company Corp., Earth City, MO	100.0 ³	69,857	1,126	Corn Investment Ltd., London	100.0	12,539	2,961
American Financial Marketing LLC, St. Louis Park, MN	100.0 ³	31,528	647	CPRN Thailand Ltd., Bangkok	100.0 ³	68,416	(6,071)
Ann Arbor Annuity Exchange LLC, Plymouth, MI	100.0 ³	13,976	1,412	CreditRas Assicurazioni S.p.A., Milan	50.0 ³	99,180	8,880
APK US Investment LP, Wilmington, DE	100.0 ³	104,195	(246)	CreditRas Vita S.p.A., Milan	50.0 ³	481,661	35,394
APKV US Private REIT LP, Wilmington, DE	100.0 ³	280,870	(178)	Darta Saving Life Assurance dac, Dublin	100.0 ³	355,419	66,723
Appia Investments S.r.l., Milan	58.0	877,849	21,057	Delta Technical Services Ltd., London	100.0 ³	45,275	875
Arges Investments I N.V., Amsterdam	100.0 ³	141,540	1,052	Diamond Point a.s., Prague	100.0 ³	12,440	853
Arges Investments II N.V., Amsterdam	100.0 ³	105,567	368	Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0 ³	634,366	8,657
Asit Services S.R.L., Bucharest	100.0	26,810	917	Eff siebzigdreieil Beteiligungsvverwaltung GmbH, Vienna	100.0	15,042	(4,398)
Assistance Courtagé d'Assurance et de Réassurance S.A., Courbevoie	100.0	6,057	5,402	Elite Prize Limited, Hong Kong	100.0 ³	16,249	(227)
Associated Indemnity Corporation, Los Angeles, CA	100.0 ³	80,368	1,199	Eolica Erchie S.r.l., Lecce	100.0 ³	7,005	857
Assurances Médicales SA, Metz	100.0	6,502	3,733	Euler Hermes Acmar SA, Casablanca	55.0 ³	5,769	470
AWP Assistance Service España S.A., Madrid	100.0 ³	6,134	(4,513)	Euler Hermes Collections North America Company, Owings Mills, MD	100.0 ³	5,635	547
AWP Assistance UK Ltd., London	100.0 ³	8,092	(2,412)	Euler Hermes Collections Sp. z o.o., Warsaw	100.0 ³	117,713	11,788
AWP Australia Holdings Pty Ltd., Toowong	100.0 ³	6,774	-	Euler Hermes Crédit France S.A.S., Paris la Défense	100.0 ³	108,912	4,167
AWP Business Services Co. Ltd., Beijing	100.0 ³	14,915	(11,424)	Euler Hermes Group SA, Paris la Défense	100.0 ³	1,629,414	160,638
AWP France SAS, Saint-Ouen	95.0 ³	16,502	(579)	Euler Hermes Hong Kong Service Limited, Hong Kong	100.0 ³	7,046	524
AWP Health & Life S.A., Saint-Ouen	100.0 ³	461,428	(34,215)	Euler Hermes Korea Non-life Broker Company Limited, Seoul	100.0 ³	252,506	77,832
AWP MEA Holdings Co. W.L.L., Manama	100.0 ³	28,399	(8,683)	Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0 ³	103,048	(66)
AWP P&C S.A., Saint-Ouen	100.0 ³	453,964	(30,665)	Euler Hermes North America Holding Inc., Owings Mills, MD	100.0 ³	176,584	2,715
AWP Service Brasil Ltda., São Bernardo do Campo	100.0 ³	28,660	(4,397)	Euler Hermes North America Insurance Company Inc., Owings Mills, MD	100.0 ³	199,967	22,976
AWP Services NL B.V., Amsterdam	100.0 ³	11,655	2,452				

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
Euler Hermes Patrimonia SA, Brussels	100.0 ³	344,714	16,441	Kensington Fund, Milan	100.0 ³	146,572	3,516
Euler Hermes Rê SA, Luxembourg	100.0 ³	61,055	-	Keyeast Pte. Ltd., Singapore	100.0 ³	56,575	(18)
Euler Hermes Real Estate SPPICAV, Paris la Défense	60.0 ³	111,793	4,819	Kiinteistöosakeyhtiö Eteläesplanadi 2 Oy, Helsinki	100.0 ³	30,894	1,486
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0 ³	22,617	11,565	KLGCREF II Holdco Pte. Ltd., Singapore	100.0 ³	18,306	1,233
Euler Hermes Reinsurance AG, Wallisellen	100.0 ³	995,125	187,119	Kohlenberg & Ruppert Premium Properties S.à r.l., Luxembourg	100.0 ³	106,025	5,791
Euler Hermes S.A., Brussels	100.0 ³	698,669	73,068	Kuulavaara-Keulakkopään Tuulipuisto Oy, Oulu	100.0 ³	20,118	(737)
Euler Hermes Service AB, Stockholm	100.0 ³	29,351	12,126	LAD Energy GmbH & Co. KG, Pottenbrunn	100.0 ³	8,950	1,203
Euler Hermes Services B.V., 's-Hertogenbosch	100.0 ³	8,130	1,996	Legal & General Insurance Limited, Guildford	100.0 ³	275,070	(56,854)
Euler Hermes Services Italia S.r.l., Rome	100.0 ³	13,660	12,268	Liverpool Victoria General Insurance Group Limited, Guildford	100.0 ³	929,548	85,707
Euler Hermes Services North America LLC, Owings Mills, MD	100.0 ³	13,539	6,502	Liverpool Victoria Insurance Company Limited, Guildford	100.0 ³	820,663	80,350
Euler Hermes Serviços de Gestão de Riscos Ltda., São Paulo	100.0 ³	5,451	(1,315)	LLC "IC Euler Hermes Ru", Moscow	100.0 ³	12,199	6,360
Euler Hermes Sigorta A.S., Istanbul	100.0	6,813	921	LV Repair Services Limited, Guildford	100.0 ³	13,441	11,317
Euler Hermes Singapore Services Pte. Ltd., Singapore	100.0 ³	6,655	2,205	Maevaara Vind 2 AB, Stockholm	100.0 ³	39,347	3,329
Euler Hermes South Express S.A., Brussels	100.0 ³	37,303	668	Maevaara Vind AB, Stockholm	100.0 ³	98,793	2,240
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0 ³	8,435	5,582	Medi24 AG, Bern	100.0 ³	6,024	(2,553)
Eurl 20/22 Le Peletier, Paris la Défense	100.0 ³	49,996	1,405	Momybasen Wind Farm AB, Halmstad	100.0 ³	36,223	(5,871)
Eurosol Invest S.r.l., Udine	100.0 ³	9,524	895	Multiasistance S.A., Paris	100.0 ³	5,654	(4,350)
Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0	40,788	(5,724)	National Surety Corporation, Chicago, IL	100.0 ³	66,094	582
Ferme Eolienne des Jaladeaux S.à r.l., Versailles	100.0 ³	7,518	292	NEXtCARE Claims Management LLC, Dubai	100.0 ³	14,693	(6,154)
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0 ³	13,323	249	NEXtCARE Lebanon SAL, Beirut	100.0 ³	6,144	(1,696)
Fireman's Fund Insurance Company Corp., Los Angeles, CA	100.0 ³	1,148,829	28,684	Niederösterreichische Glasfaserinfrastrukturgesellschaft mbH, St. Pölten	100.0 ³	21,133	(5,846)
Flying Desire Limited, Hong Kong	100.0 ³	56,892	(125)	OPCI Allianz France Angel, Paris la Défense	100.0 ³	118,580	4,236
Foshan Geluo Storage Services Co. Ltd., Foshan	100.0 ³	10,028	(3,526)	Orione PV S.r.l., Milan	100.0 ³	8,993	662
Fragonard Assurance S.A., Paris	100.0 ³	123,131	(38,689)	Orsa Maggiore PV S.r.l., Milan	100.0 ³	19,082	2,185
Franklin S.C.S., Luxembourg	95.0 ³	85,379	8,116	Pacific Investment Management Company LLC, Dover, DE	95.0	595,710	1,900,645
Galore Expert Limited, Hong Kong	100.0 ³	20,661	(2,024)	Parc Eolien de Chource SAS, Versailles	100.0 ³	7,254	(873)
GamePlan Financial Marketing LLC, Woodstock, GA	100.0 ³	117,820	2,365	Parc Eolien de Chateau Garnier SAS, Versailles	100.0 ³	5,394	(1,349)
Generation Vie S.A., Courbevoie	53.0	79,999	3,507	Parc Eolien de Fontfroide SAS, Versailles	100.0 ³	6,258	43
Genialloyd S.p.A., Milan	100.0 ³	386,618	36,945	Parc Eolien de la Sole du Bois SAS, Paris	100.0 ³	7,340	1,287
Grupo Multiasistencia S.A., Madrid	100.0 ³	28,804	(13,256)	Pet Plan Ltd., Guildford	100.0 ³	107,981	(34)
Havelaar & van Stolk B.V., Rotterdam	100.0 ³	5,359	(168)	PFP Holdings Inc., Dover, DE	100.0	260,406	8,000
Highway Insurance Company Limited, Guildford	100.0 ³	274,684	4,174	PGA Global Services LLC, Dover, DE	100.0	6,962	2,615
Highway Insurance Group Limited, Guildford	100.0 ³	328,197	-	PIMCO (Schweiz) GmbH, Zurich	100.0	19,890	5,976
Home & Legacy Insurance Services Limited, Guildford	100.0 ³	20,599	2,690	PIMCO Asia Ltd., Hong Kong	100.0	28,779	(4,933)
Humble Bright Limited, Hong Kong	100.0 ³	56,574	(9)	PIMCO Asia Pte Ltd., Singapore	100.0	19,554	8,678
ICON Immobilien GmbH & Co. KG, Vienna	100.0 ³	207,175	4,016	PIMCO Australia Management Limited, Sydney	100.0	5,420	173
ICON Inter GmbH & Co. KG, Vienna	100.0 ³	24,420	(11)	PIMCO Australia Pty Ltd., Sydney	100.0	30,216	24,372
Immovalor Gestion S.A., Paris la Défense	100.0	12,247	6,943	PIMCO Canada Corp., Toronto, ON	100.0	18,888	23,668
ImWind AO GmbH & Co. KG, Pottenbrunn	100.0 ³	10,677	1,316	PIMCO Europe Ltd., London	100.0	159,851	169,956
ImWind GHW GmbH & Co. KG, Pottenbrunn	100.0 ³	6,420	829	PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	33,873	17,894
ImWind Loidesthal GmbH & Co. KG, Pottenbrunn	100.0 ³	18,486	3,082	PIMCO Global Advisors (Resources) LLC, Dover, DE	100.0	5,319	17
ImWind PDV GmbH & Co. KG, Pottenbrunn	100.0 ³	7,264	(435)	PIMCO Global Advisors LLC, Dover, DE	100.0	391,577	261,652
ImWind PL GmbH & Co. KG, Pottenbrunn	100.0 ³	5,457	940	PIMCO Global Holdings LLC, Dover, DE	100.0	31,206	25,158
Insurance CJSC "Medexpress", Saint Petersburg	100.0 ³	11,130	(69)	PIMCO Investments LLC, Dover, DE	100.0	94,578	250,175
Interstate Fire & Casualty Company, Chicago, IL	100.0 ³	63,476	1,511	PIMCO Japan Ltd., Road Town	100.0	36,826	36,519
Investitori Logistic Fund, Milan	100.0 ³	44,520	520	PIMCO Taiwan Ltd., Taipei	100.0	5,025	(4,111)
Investitori SGR S.p.A., Milan	100.0 ³	15,799	4,654	POD Allianz Bulgaria AD, Sofia	66.0 ³	30,588	8,058
Järvsö Sörby Vindkraft AB, Danderyd	100.0 ³	108,783	(12,103)	Protexia France S.A., Paris la Défense	100.0	49,891	13,702
Jefferson Insurance Company Corp., New York, NY	100.0 ³	319,213	15,792	PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	100.0 ³	350,890	47,200
Joukhaiselän Tuulipuisto Oy, Oulu	100.0 ³	9,511	(231)	PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	98.0 ³	55,474	(4)
Jouttikallio Wind Oy, Kotka	100.0 ³	9,402	(206)	PTE Allianz Polska S.A., Warsaw	100.0 ³	48,920	6,042
JSC Insurance Company Allianz, Moscow	100.0 ³	52,187	5,618	Q207 S.C.S., Luxembourg	94.0 ³	86,924	2,930
KAIGO Hi-Tech Development (Beijing) Co. Ltd., Beijing	100.0 ³	16,124	1,112	Questar Capital Corporation, Minneapolis, MN	100.0 ³	10,277	(4,610)
Kailong Greater China Real Estate Fund II S.C.Sp., Luxembourg	100.0 ³	28,523	1,963	Real Faubourg Hausmann SAS, Paris la Défense	100.0 ³	604,321	(503)
				Real FR Hausmann SAS, Paris la Défense	100.0 ³	62,694	2,621
				SA Carène Assurance, Paris	100.0	16,477	1,186

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
SA Vignobles de Larose, Saint-Laurent-Médoc	100.0	48,084	521	Weilong (Jiaxing) Storage Services Co. Ltd., Jiaxing	100.0 ³	14,702	(371)
Saarenkylä Tuulipuisto Oy, Oulu	100.0 ³	8,159	(1,024)	Weiyi (Shenyang) Storage Services Co. Ltd., Shenyang	100.0 ³	14,344	(1,940)
SAS 20 pompidou, Paris la Défense	100.0 ³	114,614	4,563	Windpark AO GmbH, Pottenbrunn	100.0 ³	12,494	(636)
SAS Allianz Etoile, Paris la Défense	100.0 ³	109,055	787	Windpark GHW GmbH, Pottenbrunn	100.0 ³	8,337	864
SAS Allianz Forum Seine, Paris la Défense	100.0 ³	241,421	7,363	Windpark Ladendorf GmbH, Vienna	100.0 ³	8,103	1,054
SAS Allianz Logistique, Paris la Défense	100.0 ³	693,620	9,867	Windpark Les Cent Jalois SAS, Versailles	100.0 ³	6,953	2,104
SAS Allianz Platine, Paris la Défense	100.0 ³	275,332	18,233	Windpark LOI GmbH, Pottenbrunn	100.0 ³	12,746	(1,210)
SAS Allianz Prony, Paris la Défense	100.0 ³	76,258	(142)	Windpark PDV GmbH, Pottenbrunn	100.0 ³	8,781	(264)
SAS Allianz Rivoli, Paris la Défense	100.0 ³	100,372	3,950	Windpark PL GmbH, Pottenbrunn	100.0 ³	6,723	(380)
SAS Allianz Serbie, Paris la Défense	100.0 ³	338,056	11,065	Windpark Scharndorf GmbH, Pottenbrunn	100.0 ³	5,078	587
SAS Angel Shopping Centre, Paris la Défense	90.0 ³	286,049	3,320	Windpark Zistersdorf GmbH, Pottenbrunn	100.0 ³	8,081	961
SAS Chaponnay Mérieux Logistics, Paris la Défense	100.0 ³	7,598	124	YAO NEWREP Investments S.A., Luxembourg	94.0 ³	76,620	230
SAS Madeleine Opéra, Paris la Défense	100.0 ³	639,923	19,104	Yorktown Financial Companies Inc., Minneapolis, MN	100.0 ³	152,825	4
SAS Passage des princes, Paris la Défense	100.0 ³	194,404	2,711	ZAD Allianz Bulgaria Zhivot, Sofia	99.0 ³	37,442	500
Sättravallen Wind Power AB, Strömstad	100.0 ³	47,478	(10,225)	ZAD Allianz Bulgaria, Sofia	87.0 ³	44,517	7,719
SC Tour Michelet, Paris la Défense	100.0 ³	54,646	1,564	ZAD Energia, Sofia	51.0 ³	15,483	4,754
SCI 46 Desmoulin, Paris la Défense	100.0 ³	112,978	4,180	ZiOst Energy GmbH & Co. KG, Pottenbrunn	100.0 ³	11,636	1,507
SCI Allianz ARC de Seine, Paris la Défense	100.0 ³	213,719	7,218				
SCI Allianz Immobilier Durable, Paris la Défense	100.0	62,100	339	Joint ventures			
SCI Allianz Invest Pierre, Paris la Défense	100.0	653,934	4,281,754	114 Venture LP, Wilmington, DE	50.0 ³	174,676	5,716
SCI Allianz Messine, Paris la Défense	100.0 ³	220,169	3,361	1515 Broadway Realty LP, Dover, DE	50.0 ³	944,383	8,511
SCI Allianz Value Pierre, Paris la Défense	96.0	112,004	245	1800 M Street Venture LP, Wilmington, DE	43.0 ³	377,350	5,225
SCI AVIP SCPI Selection, Courbevoie	100.0 ³	45,043	3,013	53 State JV L.P., Wilmington, DE	49.0 ³	320,172	(292)
SCI ESQ, Paris la Défense	75.0 ³	105,703	2,438	A&A Centri Commerciali S.r.l., Milan	50.0 ³	151,836	4,569
SCI Via Pierre 1, Paris la Défense	100.0 ³	250,810	8,992	Allee-Center Kft., Budapest	50.0 ³	104,051	11,437
SDIII Energy GmbH & Co. KG, Pottenbrunn	100.0 ³	6,043	537	AMLI-Allianz Investment LP, Wilmington, DE	75.0 ³	89,514	2,860
Servicios Compartidos Multiasistencia S.L., Madrid	100.0 ³	77,910	10,372	AS Gasinfrastruktur Beteiligung GmbH, Vienna	56.0 ³	338,635	39,439
Silex Gas Norway AS, Oslo	100.0 ³	62,107	2,714	Austin West Campus Student Housing LP, Wilmington, DE	45.0 ³	434,081	236
Sirius S.A., Luxembourg	95.0 ³	352,062	56,059	AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 ³	302,267	13,257
Società Agricola San Felice S.p.A., Milan	100.0 ³	42,352	(332)	AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 ³	251,404	15,428
Société Foncière Européenne B.V., Amsterdam	100.0 ³	212,764	2,186	Chapter Master Limited Partnership, London	46.0 ³	309,425	(12,214)
Société Nationale Foncière S.A.L., Beirut	66.0 ³	7,481	276	Columbia REIT - 333 Market Street LP, Wilmington, DE	45.0 ³	433,696	13,437
Sofiholding S.A., Brussels	100.0 ³	18,586	1,021	Columbia REIT-University Circle LP, Wilmington, DE	45.0 ³	474,218	18,476
South City Office Broodthaers SA, Brussels	100.0 ³	52,482	1,525	Companhia de Seguro de Créditos S.A., Lisbon	50.0 ³	46,508	5,504
Stam Fem Gångaren 11 AB, Stockholm	100.0 ³	83,238	(6,973)	CPIC Fund Management Co. Ltd., Shanghai	49.0	65,704	2,656
StocksPLUS Management Inc., Dover, DE	100.0	5,341	71	Daiwater Investment Limited, London	37.0 ³	820,936	19,204
TFI Allianz Polska S.A., Warsaw	100.0 ³	7,274	2,150	Dundrum Car Park Limited Partnership, Dublin	50.0 ³	34,073	1,984
The American Insurance Company Corp., Cincinnati, OH	100.0 ³	59,804	830	Dundrum Retail Limited Partnership, Dublin	50.0 ³	1,140,258	53,834
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0 ³	10,103	433	Elton Investments S.à r.l., Luxembourg	33.0 ³	306,856	(67,057)
Three Pillars Business Solutions Limited, Guildford	100.0 ³	5,201	(14)	Enhanced Reinsurance Ltd., Hamilton	25.0 ³	171,213	(5,372)
Top Immo A GmbH & Co. KG, Vienna	100.0	5,993	696	ESR India Logistics Fund Pte. Ltd., Singapore	50.0 ³	40,275	(1,977)
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0	9,004	1,147	Euromarkt Center d.o.o., Ljubljana	50.0 ³	43,868	7,294
Top Versicherungsservice GmbH, Vienna	100.0	17,843	(913)	Fiumaranuova S.r.l., Genoa	50.0 ³	155,510	8,354
Towarzystwo Ubezpieczeń Euler Hermes S.A., Warsaw	100.0 ³	21,359	70	Hudson One Ferry JV L.P., Wilmington, DE	45.0 ³	120,634	(1,761)
Trafalgar Insurance Public Limited Company, Guildford	100.0 ³	43,604	289	Israel Credit Insurance Company Ltd., Tel Aviv	50.0 ³	47,324	6,538
TU Allianz Zycie Polska S.A., Warsaw	100.0	109,890	17,846	Italian Shopping Centre Investment S.r.l., Milan	50.0 ³	26,150	4,980
TUIR Allianz Polska S.A., Warsaw	100.0	295,653	40,407	LBA IV-PPI Venture LLC, Dover, DE	45.0 ³	319,528	7,445
Vailog Hong Kong DC17 Limited, Hong Kong	100.0 ³	18,557	150	LBA IV-PPII-Office Venture LLC, Dover, DE	45.0 ³	28,426	1,890
Vailog Hong Kong DC19 Limited, Hong Kong	100.0 ³	11,534	172	LBA IV-PPII-Retail Venture LLC, Dover, DE	45.0 ³	41,331	2,273
Valderrama S.A., Luxembourg	100.0 ³	150,007	(752)	NET4GAS Holdings s.r.o., Prague	50.0 ³	214,474	(158)
Vanilla Capital Markets S.A., Luxembourg	100.0 ³	179,912	(1,482)	NRF (Finland) AB, Västerås	50.0 ³	193,390	20,690
VertBois S.à r.l., Luxembourg	100.0 ³	19,963	898	Podium Fund HY REIT Owner LP, Wilmington, DE	44.0 ³	798,131	683
Viveole SAS, Versailles	100.0 ³	17,326	1,248	Porterbrook Holdings I Limited, London	30.0 ³	1,235,902	77,016
Vordere Zollamtsstraße 13 GmbH, Vienna	100.0 ³	72,809	505	Queenspoint S.L., Madrid	50.0 ³	111,477	8,436
Weihong (Shanghai) Storage Services Co. Ltd., Shanghai	100.0 ³	12,300	(17)	RMPA Holdings Limited, Colchester	56.0 ³	10,548	15,034
Weilong (Hubei) Storage Services Co. Ltd., Ezhou	100.0 ³	10,537	(1,249)	SC Holding SAS, Paris	50.0 ³	12,121	1,605
				SES Shopping Center AT1 GmbH, Salzburg	50.0 ³	220,888	10,386
				SES Shopping Center FP 1 GmbH, Salzburg	50.0 ³	105,092	3,157

	Owned ¹	Equity	Net Earnings		Owned ¹	Equity	Net Earnings
	%	€ thou	€ thou		%	€ thou	€ thou
Solucion Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0 ³	105,188	6,104	Agrupación Española de Entidades Aseguradoras de los Seguros Agrarios Combinados S.A., Madrid	6.0 ³	13,051	599
Spanish Gas Distribution Investments S.à r.l., Luxembourg	40.0 ³	1,247,989	28,144	Tecnologías de la Información y Redes para las Entidades Aseguradoras S.A., Las Rozas de Madrid	6.0 ³	40,509	4,354
SPREF II Pte. Ltd., Singapore	50.0 ³	95,672	(1,782)	Oddo et Cie SCA, Paris	2.0 ³	1,705,380	90,364
Terminal Venture LP, Wilmington, DE	29.0 ³	289,558	(9,552)	Geodis SACS, Levallois-Perret	5.0 ³	1,218,200	150,600
The FIZZ Student Housing Fund S.C.S., Luxembourg	50.0 ³	169,999	11,160	Civi Pol Conseil S.A., Paris	6.0 ³	5,560	1,494
The State-Whitehall Company LP, Dover, DE	50.0 ³	232,445	4,927	Rothschild & Co SCA, Paris	2.0 ³	1,705,380	90,364
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0 ³	7,913	(1,168)	Foncière INEA, Genevilliers	5.0 ³	286,394	27,013
VGP European Logistics S.à r.l., Senningerberg	50.0 ³	306,475	(1,872)	IDI SCA, Paris	5.0 ³	154,810	(9,515)
VISION (III) Pte Ltd., Singapore	30.0 ³	55,303	44,665	Logistis SPPICAV, Paris	6.0 ³	969,871	75,727
Waterford Blue Lagoon LP, Wilmington, DE	49.0 ³	344,202	3,983	SOFIDY Pierre Europe SPPICAV, Evry	15.0 ³	2,181,061	126,326
				Wayhome Ltd., London	18.0 ³	5,880	(3,544)
				Zagrebacka banka d.d., Zagreb	12.0 ³	2,216,919	250,350
Associates				PT Asuransi Andika Raharja Putera, Jakarta	8.0 ³	14,291	821
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0 ³	53,461	19,816	PT Aplikasi Karya Anak Bangsa, Jakarta	1.0 ³	1,006,310	697,248
Archstone Multifamily Partners AC LP, Wilmington, DE	29.0 ³	95,739	(25,998)	UniCredit S.p.A., Milan	1.0 ³	55,841,000	3,892,000
Areim Fastigheter 2 AB, Stockholm	23.0 ³	168,489	120,336	Autostrade per l'Italia S.p.A., Rome	7.0 ³	2,843,597	622,233
Areim Fastigheter 3 AB, Stockholm	32.0 ³	223,944	(1,376)	Italo - Nuovo Trasporto Viaggiatori S.p.A., Rome	10.0 ³	248,624	92,889
Bajaj Allianz General Insurance Company Ltd., Pune	26.0 ³	559,631	114,128	Al-Nisr Al-Arabi Insurance Company, Amman	18.0 ³	25,961	3,051
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0 ³	1,155,036	88,716	Meiji Yasuda Asset Management Company Ltd., Tokyo	7.0	79,434	7,384
Bazalgette Equity Ltd., London	34.0 ³	567,879	-	ALTRO Invest S.C.A., Weiswampach	20.0 ³	5,341	(15)
Blue Vista Student Housing Select Strategies Fund LP., Dover, DE	25.0 ³	127,153	3,839	Logistis Luxembourg S.A., Luxembourg	6.0 ³	363,040	24,998
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0 ³	11,980	2,087	Logistis Luxembourg Feeder S.A., Luxembourg	13.0 ³	159,430	82,399
Chicago Parking Meters LLC, Wilmington, DE	50.0 ³	186,541	38,253	FLE SICAV-FIS, Luxembourg	3.0 ³	1,365,371	92,681
CPIC Allianz Health Insurance Co. Ltd., Shanghai	23.0 ³	145,659	(17,865)	CLF Fund I LP, Singapore	12.0 ³	1,875,070	241,562
Delgaz Grid S.A., Târgu Mures	30.0 ³	691,435	(12,048)	Nauto Inc., Paolo Alto, CA	2.0 ³	81,761	(39,328)
Douglas Emmett Partnership X LP, Wilmington, DE	29.0 ³	25,235	2,762	Lemonade Inc., New York, NY	5.0 ³	88,861	(44,548)
Four Oaks Place LP, Wilmington, DE	49.0 ³	462,647	11,202	Urgent.ly Inc., Wilmington, DE	10.0 ³	5,271	(11,156)
Helios Silesia Holding B.V., Amsterdam	45.0 ³	59,398	(2,258)				
Lennar Multifamily Venture LP, Wilmington, DE	11.0 ³	1,944,395	178,364				
Medgulf Takaful B.S.C.(c), Manama	25.0 ³	15,472	438				
MFM Holding Ltd., London	37.0	88,511	(1,173)				
Ocean Properties LLP, Singapore	20.0 ³	1,466,365	59,131				
OeKB EH Beteiligungs- und Management AG, Vienna	49.0 ³	120,940	10,428				
Quadgas Holdings Topco Limited, Saint Helier	13.0 ³	2,934,655	(1,289,764)				
Residenze CYL S.p.A., Milan	33.0 ³	85,514	(1,901)				
SAS Alta Gramont, Paris	49.0 ³	257,008	1,932				
SCI Bercy Village, Paris	49.0 ³	41,818	7,848				
SK Versicherung AG, Vienna	26.0 ³	15,316	1,024				
SNC Alta CRP Gennevilliers, Paris	49.0 ³	29,551	2,044				
SNC Alta CRP La Valette, Paris	49.0 ³	20,948	4,295				
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0 ³	13,504	3,136				
Tikehau Real Estate III SPPICAV, Paris	12.0 ³	238,416	22,303				
UK Outlet Mall Partnership LP, Edinburgh	20.0 ³	479,544	28,397				
Wildlife Works Carbon LLC, San Francisco, CA	9.0 ³	6,230	150				
Other participations below 20% voting rights							
Portima SCRL, Bruxelles	11.0 ³	9,713	2,181				
Cofinimmo S.A., Brussels	2.0 ³	1,903,159	121,056				
1QB Information Technologies Inc., Vancouver, BC	5.0 ³	27,941	2,760				
PERILS AG, Zürich	10.0 ³	9,408	372				
Commercial Bank of Cameroon LC, Douala	10.0 ³	22,287	3,247				
Société Générale de Banque au Cameroun LC, Douala	16.0 ³	112,501	22,018				
Société Générale de Banques en Côte d'Ivoire S.A., Abidjan	6.0 ³	255,809	63,786				
SONACO SA, Abidjan	12.0 ³	11,012	141				
China Pacific Insurance (Group) Co. Ltd., Shanghai	3.0 ³	19,057,788	2,308,471				

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

2_Profit and loss transfer agreement.

3_As per annual financial statement 2018.

4_Insolvent. Dependent entities are shown in a way, which reflects the state as of the date of filing for insolvency.

5_As per annual financial statement 2010. This is only applicable for manroland AG and their subsidiaries.

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FURTHER INFORMATION

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RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of Allianz SE give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Munich, 20 February 2020

Allianz SE
The Board of Management



Oliver Bäte



Sergio Balbinot



Jacqueline Hunt



Dr. Christof Mascher



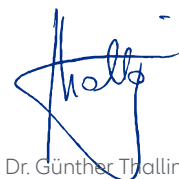
Niran Peiris



Iván de la Sota



Giulio Terzariol



Dr. Günther Thallinger



Dr. Axel Theis



Renate Wagner

INDEPENDENT AUDITOR'S REPORT

To Allianz SE, Munich

Report on the Audit of the Annual Financial Statements and of the Management Report

AUDIT OPINIONS

We have audited the annual financial statements of Allianz SE, Munich, which comprise the balance sheet as at 31 December 2019, and the income statement for the financial year from 1 January to 31 December 2019, and notes to the financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the management report of Allianz SE for the financial year from 1 January to 31 December 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2019 and of its financial performance for the financial year from 1 January to 31 December 2019 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Our audit opinion on the management report does not cover the content of those parts of the management report listed in the "Other Information" section of our auditor's report.

Pursuant to §322(3) sentence 1 HGB of the German Commercial Code ("Handelsgesetzbuch – HGB"), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with §317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional

responsibilities in accordance with these requirements. In addition, in accordance with Article 10(2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year from 1 January to 31 December 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

- Measurement of shares in affiliated enterprises
- Measurement of reserves for loss and loss adjustment expenses

Our presentation of these key audit matters has been structured in each case as follows:

- Matter and issue
- Audit approach and findings
- Reference to further information

Hereinafter, we present the key audit matters:

MEASUREMENT OF SHARES IN AFFILIATED ENTERPRISES

Matter and issue

In the annual financial statements of the Company, shares in affiliated enterprises amounting to € 72,732 mn (60% of total assets) are reported under the "Investments in affiliated enterprises and participations" balance sheet item.

Shares in affiliated enterprises are measured at the lower of cost and fair value in accordance with German commercial law.

The fair values of the material shares in affiliated enterprises are generally calculated using earnings model or appraisal values for life and health companies. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used for earnings models is the individually determined cost of capital for the relevant financial investment. For certain shares in affiliated enterprises, the fair values are calculated using valuation models. On the basis of the values determined and supplementary documentation, a write-down totalling € 139.6 mn and a reversal totalling € 0 mn were required for the financial year.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors of the future earnings

and cash flows, and on the respective discount rates and rates of growth. The valuation is therefore subject to material uncertainties. Against this background and due to the highly complex nature of the valuation and its material significance for the Company's assets, liabilities and financial performance, this matter was of particular significance in the context of our audit.

Audit approach and findings

As part of our audit, we assessed the methodology used for the purposes of the valuation, among other things.

In particular, we assessed whether the fair values of the material shares in affiliated enterprises had been appropriately determined using adequate models in compliance with the relevant measurement standards. We based our assessment, among other things, on a comparison with general and sector-specific market expectations as well as on the executive directors' detailed explanations regarding the key value drivers underlying the expected cash flows. Where the Company used alternative valuation models for individual shares in affiliated enterprises, we examined whether the application of these valuation models was sufficiently documented and substantiated.

With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model.

In our view, taking into consideration the information available, the valuation methods and parameters and underlying assumptions used by the executive directors are appropriate overall for the purpose of appropriately measuring the shares in affiliated enterprises.

Reference to further information

The Company's disclosures on the measurement of shares in affiliated enterprises are included in the sections "Accounting, valuation, and calculation methods" and "3 – Market value of investments" of the notes to the financial statements.

MEASUREMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Matter and issue

In the annual financial statements of the Company, technical provisions (so called "claims provisions") amounting to € 13,203 mn (11% of total assets) are reported under the "Reserves for loss and loss adjustment expenses" balance sheet item. Of this amount, € 13,015 mn is attributable to the Property-Casualty Insurance business segment.

Insurance companies are required to recognize technical provisions to the extent necessary in accordance with reasonable business judgment to ensure that they can meet their obligations from insurance contracts on a continuous basis. Defining assumptions for the purpose of measuring the technical provisions requires the Company's executive directors, in addition to complying with the requirements of commercial and regulatory law, to make estimations of future events and to apply appropriate measurement methods. The gross provision is generally determined on the basis of the cedents' information or, in the case of outstanding settlements, on the basis of an estimate. The Company reviews the appropriateness of the cedents' information and, if necessary, makes appropriate increases to the amounts.

The methods used to determine the amount of the claims provisions and the calculation parameters are based on judgments and assumptions made by the executive directors. In particular the lines of products with long claims settlement periods, low loss frequency or high individual losses are usually subject to increased estimation uncertainties and usually require a high degree of judgment by the Company's executive directors.

Minor changes to those assumptions and to the methods used may have a material impact on the measurement of the claims provisions. Due to the material significance of the amounts of these provisions in relation to the assets, liabilities and financial performance of the Company as well as the considerable scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, the measurement of the claims provisions was of particular significance in the context of our audit.

Audit approach and findings

As part of our audit, we evaluated the appropriateness of selected controls established by the Company for the purpose of selecting actuarial methods, determining assumptions and making estimates for the measurement of provisions for unsettled claims in property-casualty insurance.

With the support of our property-casualty insurance valuation specialists, we have compared the respective actuarial methods applied and the material assumptions with generally recognized actuarial practices and industry standards and examined to what extent these are appropriate for the valuation. Our audit also included an evaluation of the plausibility and integrity of the data and assumptions used in the valuation and an analysis of the claims settlement processes and the reconciliation of the information provided by the cedents. Furthermore, we recalculated the amount of the provisions for selected lines of products, in particular lines of products with large reserves or increased estimation uncertainties. For these lines of products we compared the recalculated provisions with the provisions calculated by the Company and evaluated any differences.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are appropriate overall for measuring the technical provisions in property-casualty insurance.

Reference to further information

The Company's disclosures on the measurement of provisions for unsettled claims are contained in section "Accounting, valuation, and calculation methods" in the notes to the financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the management report:

- the statement on corporate management pursuant to §289f HGB included in section Statement on Corporate Management pursuant to §289f of the HGB of the management report
- the Corporate Governance Report pursuant to No. 3.10 of the German Corporate Governance Code
- the separate non-financial report pursuant to §289b (3) HGB and §315b (3) HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited annual financial statements, the audited management report, and our auditor's report.

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with §317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems of the Company.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position, and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the supervisory board on 7 March 2019. We were engaged by the audit committee of the supervisory board on 13 May 2019. We have been the auditor of Allianz SE, Munich, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor Responsible for the Engagement

The German Public Auditor responsible for the engagement is Richard Burger.

Munich, 24 February 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger

Wirtschaftsprüfer
(German Public Auditor)

Julia Unkel

Wirtschaftsprüferin
(German Public Auditor)

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