Allianz Group
Annual Report 2011

Content

THEN AND NOW

Ever since it was established in 1890, Allianz has consistently geared its portfolio to meet the needs of its customers. We operate around the world and millions of people place their trust in us to this day. Our selected marketing motifs take up the spirit of the various epochs and form a bridge from the pioneering days at the beginning of the 20th century to the knowledge society of tomorrow.

NAVIGATION HELP

page no. — Additional information in Annual Report

www — Additional information on www.allianz.com

G 333 — Term explained in glossary

Allianz Group | Property-Casualty | Asset Management

Corporate Governance | Life/Health | Corporate & Other

IMPRINT

Design/Concept	Allianz SE – Group Management Reporting
Photo Story	Allianz SE – Group Management Reporting and Allianz Center for Corporate History
Photography (BoM, SB, IEC)	Andreas Pohlmann
Printing	Mediahaus Biering GmbH
Date of publication	March 23, 2012

▶ To go directly to any chapter, simply click on the headline or the page number

Allianz Group

- Operating profit of € 7,866 mn within expected range, mirroring fundamental strength of business.
- Net income of € 2,804 mn heavily impacted by financial market turmoil.

€ 44.9 bn

AA Standard & Poor's rating since 2007

Shareholders' equity | ► page 131

€ 4.50

Dividend per share (proposal) | ► page 16

€ 103.6 bn

Total revenues | ► page 89

€ 7,866 mn

Operating profit | ► page 89

€ 2,804 mn

Net income | ► page 91

179 %

Conglomerate solvency | ► page 132

Segment Overview

BY REGION/COUNTRY
as of December 31, 2011 [December 31, 2010] | in %

Property-Casualty

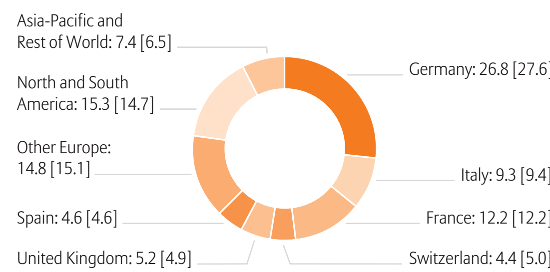
Operating profit .... € 4,196 mn

Combined ratio .... 97.8 %

- Stable performance despite the highest ever losses from natural catastrophes.
- Gross premiums written grew by 2.0 % to € 44.8 bn.
- Operating profit decreased by 2.5 % to € 4.2 bn.

▶ pages 96 - 105

GROSS PREMIUMS[1, 2]



Life/Health

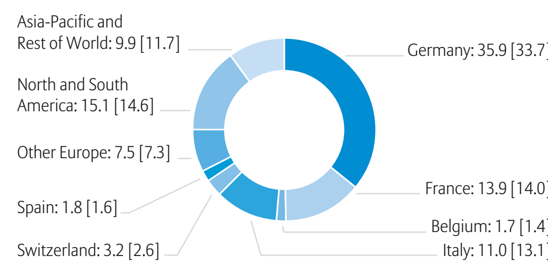
Operating profit .... € 2,420 mn

Margin on reserves .... 58 bps

- Result impacted by low investment result.
- Revenues down 7.4 % to € 52.9 bn.
- Operating investment result decreased by 6.9 % to € 14.9 bn.

▶ page 106 - 113

STATUTORY PREMIUMS[1]



Asset Management

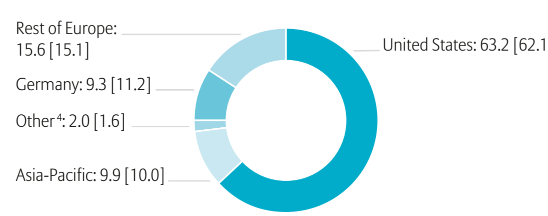
Operating profit .... € 2,256 mn

Total assets under management .... € 1,657 bn

- Another excellent year for Asset Management.
- Third-party net inflows of € 38 bn.
- Outstanding operating profit of € 2.3 bn.

▶ pages 114 - 117

THIRD-PARTY ASSETS UNDER MANAGEMENT[3]



1 | After elimination of transactions between Allianz Group companies in different geographic regions and different segments.
2 | Gross premiums written from our specialty lines have been allocated to the respective geographic regions.
3 | Based on the origination of assets by the asset management company.
4 | Consists of third-party assets managed by other Allianz Group companies (approximately € 26 bn as of December 31, 2011 and € 19 bn as of December 31, 2010, respectively).

Allianz at a Glance

Further comparison periods are not provided due to subsequent changes in presentation.

		2011	Change from previous year	2010	2009	2008	2007	2006	2005	More details on page
INCOME STATEMENT[1]										
Total revenues[2]	€ mn	103,560	(2.7%)	106,451	97,385	92,568	97,689	94,873[3]	100,967[3]	▶ 89
Operating profit[4]	€ mn	7,866	(4.6%)	8,243	7,044	7,455	10,320	9,219[3]	8,003[3]	▶ 89
Net income from continuing operations[5]	€ mn	2,804	(46.2%)	5,209	4,650	4,268	7,991	7,843	—	▶ 91
Net income (loss) from discontinued operations, net of income taxes[5]	€ mn	—	—	—	(395)	(6,373)	723	467	—	▶ —
Net income (loss)	€ mn	2,804	(46.2%)	5,209	4,255	(2,105)	8,714	8,310	5,766	▶ 91
BALANCE SHEET[1] **AS OF DECEMBER 31,**										
Total assets	€ mn	641,472	2.6%	624,945	583,717	954,999	1,061,149	1,110,081	1,054,656	▶ 132
Shareholders' equity	€ mn	44,915	1.0%	44,491	40,108	33,720	47,753	49,650	38,656	▶ 131
Non-controlling interests	€ mn	2,338	12.9%	2,071	2,121	3,564	3,628	7,180	8,386	▶ 269
SHARE INFORMATION										
Basic earnings per share[1]	€	5.63	(49.7%)	11.20	9.33	(5.25)	18.00	17.09	11.24	▶ 313
Diluted earnings per share[1]	€	5.48	(50.7%)	11.12	9.30	(5.29)	17.71	16.78	11.14	▶ 313
Dividend per share	€	4.50[6]	—	4.50	4.10	3.50	5.50	3.80	2.00	▶ 16
Total dividend	€ mn	2,049[6,7]	0.8%	2,032	1,850	1,580	2,472	1,642	811	▶ 16
Share price as of December 31,	€	73.91	(16.9%)	88.93	87.15	75.00	147.95	154.76	127.94	▶ 17
Market capitalization as of December 31,	€ mn	33,651	(16,7%)	40,419	39,557	33,979	66,600	66,880	51,949	▶ 19
OTHER DATA										
Total assets under management as of December 31,	€ mn	1,656,993	9.2%	1,517,538	1,202,122	950,548	1,009,586	1,011,802	977,957	▶ 115
thereof: Third-party assets under management as of December 31,	€ mn	1,281,256	10.1%	1,163,982	925,699	703,478	764,621	763,855	742,937	▶ 115
Employees		141,938	(6.2%)	151,338	153,203	182,865	181,207	166,505	177,625	▶ 81

1 | Figures prior to 2008 have not been restated to reflect the change in the Allianz Group's accounting policy, effective July 1, 2010. For further information please refer to note 4 of our consolidated financial statements.
2 | Total revenues comprise statutory gross premiums written in Property-Casualty and Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
3 | Figures do not reflect changes in the presentation implemented in 2009.
4 | The Allianz Group uses operating profit as a key financial indicator to assess the performance of its business segments and the Group as a whole.
5 | Following the announcement of the sale on August 31, 2008, Dresdner Bank was classified as held for sale and discontinued operations. Therefore, all revenue and profit figures presented for our continuing business do not include the parts of Dresdner Bank that we sold to Commerzbank on January 12, 2009. Starting as of 2006 the results from these operations are presented in a separate net income line "Net income (loss) from discontinued operations, net of income taxes".
6 | Proposal.
7 | Dividend sum based on total amount of shares. Actual dividend payment will be reduced by the dividend amount attributable to treasury shares.


hoffentlich
ALLIANZ
versichert

TO OUR INVESTORS

1958: The brilliant idea of advertising on matchboxes saw Allianz catapulted into the minds of one-in-two Germans overnight.
2011: From buildings and contents insurance to third-party liability insurance for oil tanks, today over 78 million Allianz policyholders can enjoy total peace of mind within their own four walls.

I. To Our Investors

LETTER BY

MICHAEL DIEKMANN
CHAIRMAN OF THE BOARD OF MANAGEMENT

Dear Investors,

The world is in turmoil. Fukushima. The sovereign debt crisis. The Euro crisis. Political stalemate in the United States. The Arab spring. Banks under stress. Nonstop. 2011 was certainly a hard year for Allianz. Hard for politics and hard for the economy, which had to readjust to a downturn after just one good year. How does this affect you, our investors?

The 2011 financial statements attest to the solid ground on which Allianz stands. Our capital strength is intact with a solvency ratio of 179 %, despite highly adverse market conditions.

With € 7.9 bn we met our published target for operating results. Once again, asset management made a key contribution to revenues and value creation. Last year it contributed almost as much to operating results as our life insurance division.

In such a challenging market environment, these figures are an impressive testimony to the excellent work of our employees and distribution partners. I would like to warmly thank our approximately 142,000 employees and our several hundred thousand distribution partners for their commitment on your behalf.

Admittedly we also had to cope with setbacks. The amounts due to our customers following natural disasters far exceeded our expectations, totaling € 1.8 bn net. There were earthquakes in New Zealand, Turkey and Japan. Japan also suffered a powerful tsunami followed by the resulting failure of the nuclear power plant in Fukushima. Tropical hurricanes and flooding ravaged parts of Australia, the United States and Thailand. Storm and hail damage was also exceptionally severe in Germany.

In addition, macroeconomic factors had a negative effect on our results. The European sovereign debt crisis forced us to make substantial impairments on our Greek sovereign bonds and our equity portfolio. Our effective tax rate also increased significantly because of high non tax-effective losses on equities.

Extreme market volatility now seems to be the "new normal" for the global economy. To be able to overcome the related risks we implemented additional safeguards and sharpened our approach to risk management. We also set up a special group charged with monitoring and analyzing our risk positions and implementing countermeasures.

The performance of some of our major subsidiaries did not meet our expectations. In last year's Letter to the Investor, I wrote that the profit turnaround program in our German, French, Italian and U.S. units should deliver noticeably better results. I am disappointed to report that we did not meet this objective everywhere, due to highly turbulent market conditions. In France and Italy the operating results of the Property-Casualty business improved considerably. In the United States and Germany however, operating profit fell further, mainly due to unusually high losses from natural catastrophes and large claims that had a negative effect on the combined ratio. Additional measures are needed as a result of these delays in the profit turnaround program. In Germany, the property insurance management team has developed a plan to boost growth and earnings in 2012 and subsequent years. Although changes were also made in the United States, we do not expect a strong boost from the market there as early as 2012.

Overall, the unusually severe natural catastrophes and grim financial market environment put a severe damper on our net income for the year, which fell by 46.2 % year-on-year to € 2.8 bn.

The value of the Allianz share was down 16.9 % in the reporting year, a price drop comparable to that of the STOXX Europe 600 Insurance index, which lost 13.7 % during the same period. Even though our stock outperformed the broad-based EURO STOXX 50 index, this price change is unsatisfactory, both for you and me.

Nevertheless, consider your investment in this way: Allianz is a global financial services provider with units worldwide. Some of these units are growing rapidly, like our Indian and Brazilian operations. Others are expanding moderately but making a huge contribution to revenues and earnings, such as our insurance companies in Germany, France and Italy. Yet other units are just at the start of a long growth curve extending far into the future, as in Indonesia, Russia and China. Our Global Automotive business continues to develop our insurance business worldwide in close cooperation with leading automobile manufacturers. We act quickly and consistently if risks become unmanageable. For example, in Japan we stopped our pension business in 2011 because the low level of interest rates was having an adverse long-term effect on profitability. All in all, Allianz shares are an investment that is providing considerable potential for growth and delivering solid results even in turbulent times.

The good operating results in 2011 and the certainty that the clear path we have chosen will prove its value under difficult market conditions in the coming fiscal year have led us to propose a stable dividend of € 4.50 per share to the Annual General Meeting. In doing so, our intention is to demonstrate our depth of conviction about the fundamental power of our business and allow you to share in this strength and reliability.

I would like to take this opportunity to express my appreciation and high regard for three members of the Board of Management who left Allianz at the end of the year, or who are about to do so. Dr. Joachim Faber retired after twelve years on the Board of Management and having successfully developed the Asset Management segment. Mr. Enrico Cucchiani is now head of the Italian Intesa San Paolo Bank, and Dr. Paul Achleitner was invited to become chairman of the Supervisory Board of Deutsche Bank. The new professional challenges pursued by Dr. Achleitner and Mr. Cucchiani are well-deserved honors for them personally. Although the fact that they were chosen is a loss for Allianz, it is even more an honor. My colleagues and I have worked extremely well together with Dr. Achleitner, Mr. Cucchiani and Dr. Faber. They spared no effort to promote the interests of Allianz and I would like to express my sincere thanks to them personally and on your behalf. We wish them success, happiness and satisfaction on the new paths they have chosen.

Please extend a warm welcome to our new members of the Board of Management, Dr. Helga Jung, Mr. Gary Bhojwani, Dr. Dieter Wemmer and Dr. Maximilian Zimmerer. They all have excellent track records. These appointments by the Supervisory Board have created a strong team consisting of older and younger members with an impressive range of experience. I look forward to working together with them to move your Allianz further forward into the future.

A change is also taking place in the Supervisory Board itself. Dr. Schulte-Noelle, Chairman of the Supervisory Board, is no longer putting himself forward for election now that he has reached retirement age. With the departure of Dr. Schulte-Noelle, Allianz is losing a highly experienced helmsman whose knowledge of Allianz and its business is second to none. He has applied great prudence, diplomacy and expertise in organizing and modernizing the work of the Supervisory Board. The Board of Management and I are grateful for his wise advice and the supportive and constructive criticism that a company and its Board need in order to achieve success. I warmly thank Dr. Schulte-Noelle on your behalf for the excellent work he has done for Allianz and wish him health and happiness on his new path in life.

So what are our objectives for the current fiscal year 2012?

In our Property-Casualty segment we expect solid growth, in particular supported by favorable price effects in several markets, as well as an improved operating result. In Life/Health we believe the revenue level will remain stable and our operating result will slightly increase – despite the ongoing difficult market conditions. We aim to maintain our excellent results in Asset Management.

Overall, we are confident that your Allianz will increase the operating profit to € 8.2 bn – plus or minus € 500 mn – based on its strong and balanced portfolio.

The current fiscal year will be no less challenging than the year under review. However, I am optimistic that our robust business model, management team and employees will not only be able to meet the challenges, but also exploit opportunities that arise. It should continue to be worthwhile for you to be part of Allianz – one of the largest financial communities – and I hope that you will continue to place your trust in us.

Sincerely yours

I. Supervisory Board Report

Ladies and Gentlemen,

During the fiscal year of 2011, the Supervisory Board fulfilled its duties and obligations as provided for under the Statutes and applicable law. We monitored the management of the company and advised the Board of Management regarding the conduct of business. We were directly involved in all major company decisions.

OVERVIEW

Within the framework of our monitoring and advisory activities, the Board of Management informed us on a regular basis, and in a timely and comprehensive manner, both verbally and in writing, on the course of business, as well as the economic and financial development of the Allianz Group and Allianz SE. Further key areas the Board of Management reported on were the company's business strategy, the development of capital resources and special topics such as the effects of the sovereign debt crisis in Europe and the status of implementation of the Solvency II Directive. In addition, we were involved in the Board of Management's planning for both the 2012 fiscal year and the medium term as well as in areas in which actual business development had deviated from the plan.

The Board of Management's reports on the business situation and other topics were supplemented by presentations and documents which members of the Supervisory Board received in preparation for each meeting. Likewise, the annual financial statements of Allianz SE, the consolidated financial statements and the auditor's reports were available to us in time for the meeting. The half-yearly and quarterly financial reports as well as the results of the auditor's review were provided in advance to members of the Audit Committee. The Supervisory Board or the Standing Committee adopted resolutions on Board of Management activities that were subject to approval, such as business contracts or the issuance of shares to employees.

In the 2011 fiscal year, the Supervisory Board held four meetings and one telephone conference. The regular meetings took place in March, May, September and December. Additionally, in February 2011, there was a discussion on the Board of Management's dividend recommendation following the meeting of the Audit Committee in which all members of the Supervisory Board could participate via telephone. The Board of Management informed us in writing of important events that occurred between meetings. The Chairs of the Supervisory Board and Board of Management also held regular discussions about major developments and decisions. All of the Supervisory Board's meetings were attended by every member, except for the March meeting, when a shareholder- and an employee representative were absent with a valid excuse. No conflicts of interest occurred in 2011 that must be disclosed to the Supervisory Board and reported to the Annual General Meeting.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In all of the Supervisory Board's 2011 meetings, the Board of Management reported on Group revenues and results, as well as the capital and financial situation. The Board also reported on developments in individual business divisions. We were regularly informed by the Board of Management about the impact of natural catastrophes, the status of major legal disputes and developments in Allianz SE's stock market price.

The Supervisory Board paid particular attention to the effects of the sovereign debt crisis in Europe. In particular, we focused on possible scenarios and their consequences, especially those related to the solvency ratio and valuation issues. We also conferred with the Board of Management about what action to take in the wake of the market disruptions.

In the Executive Session of its meeting on March 16, 2011, the Supervisory Board adopted a resolution to extend the appointment of Mr. Diekmann to the Board of Management until December 31, 2014. The mandate of Mr. Cucchiani was extended to December 31, 2012, in view of his reaching the age of 61. Afterwards, we reviewed the extent to which individual members of the Board of Management had achieved their targets, and set their variable remuneration accordingly. During the rest of the meeting, we dealt primarily with the annual Allianz SE and consolidated financial statements and the Board of Management's recommendation for the appropriation of profits for the 2010 fiscal year. The commissioned audit firm, KPMG, reported on the results of their audit procedures. The Supervisory Board approved the profit transfer agreement between Allianz SE and Allianz Global Investors AG and the spin-off and transfer agreement between Allianz SE and Allianz Deutschland AG based on the written and verbal explanations from the Board of Management. In addition, it dealt with the agenda for the 2011 Annual General Meeting of Allianz SE and approved the Supervisory Board's proposals to be submitted to it for resolution. A written and verbal report provided by the Board of Management also gave us a detailed picture of the developments and perspectives for the asset management firm PIMCO.

On May 4, 2011, just before the Annual General Meeting, the Board of Management briefed us on first quarter business results and on the Allianz Group's current situation. We also used this meeting to prepare for the Annual General Meeting. Once the Annual General Meeting had elected Mr. Heiß to the Supervisory Board, we chose him to sit on the Risk Committee.

During the meeting on September 15, 2011 the Board of Management reported in detail on the business performance and financial condition of the Allianz Group and the development of its individual segments. As in the previous year, we paid special attention to the strategy of the Allianz Group. The Supervisory Board welcomed the Board of Management's decision to give employees of the Allianz Group in 21 countries the opportunity to buy Allianz shares under favorable conditions. The Standing Committee approved the use of Authorized Capital 2010/II to issue these shares to employees. In the Executive Session, one of the issues we addressed was the reinsurance of pension entitlements. The meeting was followed by a separate session in which members of the Boards of Management within Allianz Group gave presentations on strategic asset investment, global insurance activities, the current status of Allianz Deutschland and the characteristics of life insurance products.

The Board of Management informed us of the third quarter results, further business developments, the situation of the Allianz Group, and the Group's remuneration structures during the meeting on December 14, 2011. We then discussed planning for the 2012 fiscal year, as well as medium-term perspectives. Afterwards, we issued the Declaration of Conformity with the German Corporate Governance Code. In the Executive Session, we adopted a resolution to terminate the appointment and service contract of Dr. Achleitner with effect from May 31, 2012, and of Mr. Cucchiani with effect from December 21, 2011. The decision was taken to allow Mr. Cucchiani to accept the position of CEO of Italian bank, Intesa Sanpaolo SpA, and Dr. Achleitner to comply with Deutsche Bank AG's request to stand for election as Chairman of its Supervisory Board in May 2012. Additionally, we bid farewell to Dr. Faber, who retired. Then, we approved the appointments of Mr. Bhojwani, Dr. Jung, Dr. Wemmer, and Dr. Zimmerer, and their contractual agreements. Dr. Jung and Dr. Wemmer were each appointed for a three-year term. The terms for Mr. Bhojwani and Dr. Zimmerer were set at five years and four years and seven months, respectively, in light of their previous executive roles within the Allianz Group. Based on documentation prepared by the Personnel Committee, the Supervisory Board reviewed the appropriateness of the remuneration of the Board of Management by means of vertical and horizontal comparison. The Supervisory Board followed the recommendation of the Personnel Committee to adjust the fixed remuneration of individual Board of Management members and to set the yearly premiums for their pension schemes for 2012. Taking these changes into account, we concluded that the Board of Management remuneration was appropriate. The Supervisory Board also adopted the targets for the variable remuneration of Board of Management members for 2012, as well as a change of the allocation of targets for the 2010 - 2012 Mid-term bonus, which arose from the changes in the Board of Management. We then used the meeting for our regular review of the efficiency of the Supervisory Board. Based on information prepared by the Standing Committee, we discussed possible improvement opportunities and recorded the appropriate measures for the future. Subsequently, based on the proposal of the Nomination Committee, the shareholder representatives resolved on the candidates to be proposed to the Annual General Meeting 2012 for election to the Supervisory Board as representatives of the shareholders, bearing in mind the objectives defined in December 2010 in respect of the composition of the Supervisory Board.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

24
Corporate Governance Report and Statement on Corporate Management

www
/corporate-governance

On December 14, 2011, 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. Since its last Declaration of Conformity, Allianz SE has complied with all but one of the recommendations made by the Government Commission on the German Corporate Governance Code in its May 26, 2010 version. It will also continue to comply with all but one of its recommendations in the future. Contrary to No. 5.4.6 paragraph 2 sentence 1 of the German Corporate Governance Code, the remuneration for the Supervisory Board as resolved on May 4, 2011 by the Annual General Meeting and specified in the Statutes does not include a performance-based component.

Further explanations on corporate governance in the Allianz Group can be found in the Corporate Governance Report and Statement on Corporate Management, starting on page 24. More information on corporate governance can also be found on the Allianz website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently: the Audit Committee, the Standing Committee, the Personnel Committee, the Risk Committee and the Nomination Committee. The committees prepare the discussion and adoption of resolutions in the plenary sessions. Furthermore, in appropriate cases, the authority to adopt resolutions has been delegated to the committees. There is no Conciliation Committee because the German Co-Determination Act (“Mitbestimmungsgesetz”), which provides for such a committee, does not apply to Allianz SE. Please find on page 10 the composition of the committees at the end of the reporting period.

The STANDING COMMITTEE held three regular meetings in 2011. These related primarily to corporate governance issues, preparations for the Annual General Meeting, the Employee Stock Purchase Plan and a review of the Supervisory Board’s efficiency. The committee passed resolutions requiring approval on the use of Authorized Capital 2010/II for the issue of shares to employees, the use of authorization granted by the Annual General Meeting 2010 to issue convertible bonds, and to approve loans to senior executives and board members. At the meeting in September, the committee conducted a review of efficiency, based on a list of topics sent in advance to members.

The **PERSONNEL COMMITTEE** met six times. The meetings dealt with personnel matters as well as the structure and amount of Board of Management remuneration. The committee prepared the review of the Board of Management's remuneration system, including the main contractual elements, and set the targets for variable remuneration. In addition, it reviewed the achievement of targets by Board of Management members regarding their 2010 Annual bonuses, the allocation of share-based remuneration and the indicative attribution for the 2010 - 2012 Mid-term bonuses. The committee considered on the termination of the appointments and contracts of Dr. Achleitner and Mr. Cucchiani in several meetings. Since Dr. Faber also retired for age reasons at the end of the year, we were very active in finding replacements for these positions on the Board of Management. The Personnel Committee ultimately suggested appointing Mr. Bhojwani, Dr. Jung, Dr. Wemmer and Dr. Zimmerer, and prepared their appropriate contractual agreements. The committee additionally dealt with the external mandates held by Board of Management members in the interests of the Allianz Group.

The **AUDIT COMMITTEE** held five meetings in fiscal year 2011. Together with the auditors, we discussed the Allianz SE and Allianz Group annual financial statements, management reports and auditor's reports. In addition, the committee checked the half-yearly and quarterly financial reports and, together with the auditors, went through the details of the auditor's review of these financial statements. After carrying out these checks, the Audit Committee saw no reason to raise objections. The committee also reviewed the auditor's engagement and established priorities for the annual audit. In addition, assignments to the auditors for services not connected to the audit itself were discussed. Further topics discussed included the risk management and monitoring system, the compliance system, the internal auditing system and the accounting process, and internal financial reporting control mechanisms. The committee received regular reports from the heads of the Group Audit, Legal and Compliance departments about material audit results as well as legal and compliance issues. At the March meeting, the Board of Management briefed the committee on the Allianz Group's private equity investments. In August, the committee conducted an efficiency review. Based on suggestions by members, we discussed opportunities for improvement and agreed on appropriate measures for the future in the following meeting in November. In the meeting in August, Group Audit also presented the audit plan for 2012.

The **RISK COMMITTEE** held two meetings in 2011. In both meetings, we discussed the Allianz Group's current risk situation with the Board of Management and dealt with the current status of preparations for the risk-oriented development of the capital requirements for insurance companies (Solvency II). The committee also dealt extensively with the consequences of the sovereign debt crisis in Europe and the risks from natural catastrophes. In addition, we focused on the risk organizational structure. We verified the Risk Report in the management and group management reports as well as other risk-related statements within the annual SE and consolidated financial statements. We then briefed the Audit Committee on our results. In our September meeting, we conducted an efficiency review. We discussed improvement opportunities based on a list of topics that were sent earlier to the members.

The **NOMINATION COMMITTEE** met twice during the year. In both meetings, we discussed the candidates for election to the Supervisory Board by the Annual General Meeting 2012. Taking into account the objectives for the constitution of the Supervisory Board (see page 28), the committee developed proposals for the shareholders' representatives and introduced them to the plenary session.

28
Supervisory Board targets regarding its composition

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

CHAIR AND COMMITTEES OF THE SUPERVISORY BOARD | as of December 31, 2011

CHAIRMAN OF THE SUPERVISORY BOARD | Dr. Henning Schulte-Noelle

DEPUTY CHAIRMEN | Dr. Gerhard Cromme, Rolf Zimmermann

AUDIT COMMITTEE | Dr. Wulf Bernotat (Chairman), Igor Landau, Dr. Henning Schulte-Noelle , Jean-Jacques Cette, Jörg Reinbrecht

NOMINATION COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Gerhard Cromme, Prof. Dr. Renate Köcher

PERSONNEL COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Gerhard Cromme, Rolf Zimmermann

RISK COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Prof. Dr. Renate Köcher, Peter Denis Sutherland , Godfrey Robert Hayward, Franz Heiß

STANDING COMMITTEE | Dr. Henning Schulte-Noelle (Chairman), Dr. Wulf Bernotat , Dr. Gerhard Cromme, Peter Kossubek , Rolf Zimmermann

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 of the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE and not by the Annual General Meeting. The Supervisory Board has appointed KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Munich, as statutory auditor for the annual accounts and the consolidated financial statements as well as for the review of the half-yearly financial report. KPMG audited the financial statements of Allianz SE and Allianz Group as well as the respective management reports. It issued an audit opinion without any reservations. The consolidated financial statements were prepared on the basis of the international financial reporting standards (IFRS), as applied in the European Union. KPMG performed a review of the half-yearly and quarterly financial reports.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from KPMG on schedule. The provisional financial statements and KPMG's audit results were discussed in the Audit Committee on February 22, 2012. Afterwards, all Supervisory Board members had the opportunity to participate in a telephone discussion on the Board of Management's dividend recommendation. The final financial statements and KPMG's audit reports were reviewed on March 22, 2012 by the Audit Committee and in the Supervisory Board plenary session. The auditors participated in both of these discussions and presented the main results of their audit procedures. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence.

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

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

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Mr. Cucchiani resigned from the Board of Management of Allianz SE with effect from December 21, 2011, and Dr. Faber from December 31, 2011. The Supervisory Board expressed its gratitude for their excellent and very successful work. Mr. Ralph took over Dr. Faber's responsibility for global Asset Management on January 1, 2012.

The Supervisory Board appointed Mr. Bhojwani, Dr. Jung, and Dr. Wemmer to the Board of Management as of January 1, 2012. Mr. Bhojwani was already working for Allianz Group, most recently as CEO of Allianz Life, and has taken over responsibility for Insurance USA from Mr. Ralph. Dr. Jung is responsible for Insurance Iberia & Latin America, Legal & Compliance, Strategic Participations and M&A. She has been with Allianz Group for many years and most recently as head of M&A. Dr. Wemmer took over responsibility for Insurance Western & Southern Europe (excluding German Speaking Countries and Iberia) from Mr. Cucchiani and is additionally responsible for Global Property-Casualty. Before that, Dr. Wemmer was Chief Financial Officer of the Zurich Financial Services Group and Chairman of European business at Zurich Financial Services Group.

Dr. Achleitner will resign from the Board of Management of Allianz SE as of May 31, 2012. The Supervisory Board has appointed Dr. Zimmerer as Dr. Achleitner's successor on the Board, as of June 1, 2012. He will also take over Global Life. Until he joins the Board, Dr. Zimmerer will remain a member of the Board of Management of Allianz Deutschland AG and Chairman of the Board of Management of Allianz Lebensversicherungs-AG.

The Supervisory Board was informed by the Board of Management of the responsibilities of the individual members of the Board of Management and offered its advice in this regard.

Also, in the Supervisory Board, there was a personnel change: Mr. Heiß was appointed to the Supervisory Board initially by the court, effective January 1, 2011, as successor to Mr. Grimm, who resigned from the Supervisory Board with effect from December 31, 2010. On May 4, 2011, the Annual General Meeting elected Mr. Heiß to the Supervisory Board. The current term of the Supervisory Board expires following the Annual General Meeting in 2012.

As I do not stand for reelection due to reaching the age limit of the Supervisory Board, 37 years of service for the Allianz are coming to an end. It is my sincere desire to cordially thank you, dear shareholders, for your well received support and trust throughout many years.

Munich, March 22, 2012

For the Supervisory Board:

Dr. Henning Schulte-Noelle
Chairman

I. Board of Management

MICHAEL DIEKMANN

Chairman of the Board of Management

DR. PAUL ACHLEITNER

Finance
until May 31, 2012

OLIVER BÄTE

Controlling, Reporting, Risk
as of June 1, 2012, also Investor Relations

MANUEL BAUER

Insurance Growth Markets

GARY BHOJWANI

Insurance USA
since January 1, 2012

CLEMENT BOOTH

Global Insurance Lines & Anglo Markets

ENRICO CUCCHIANI

Insurance Europe (& South America)
until December 21, 2011

DR. JOACHIM FABER

Asset Management (Worldwide)
until December 31, 2011

DR. HELGA JUNG

Insurance Iberia & Latin America ,
Legal & Compliance, M&A
since January 1, 2012

DR. CHRISTOF MASCHER

Operations

JAY RALPH

Insurance NAFTA Markets
until December 31, 2011

Asset Management (Worldwide)
since January 1, 2012

DR. DIETER WEMMER

Insurance Western & Southern Europe
since January 1, 2012

DR. WERNER ZEDELIUS

Insurance German Speaking Countries,
Human Resources

DR. MAXIMILIAN ZIMMERER

Finance
as of June 1, 2012

IEC | International Executive Committee 2011

CHAIRMAN OF THE BOARD OF MANAGEMENT

MICHAEL DIEKMANN

Allianz SE

INSURANCE NAFTA MARKETS

JAY RALPH

Allianz SE

LORI DICKERSON FOUCHÉ

United States
Property-Casualty

GARY BHOJWANI

United States
Life/Health

FINANCE

PAUL ACHLEITNER

Allianz SE

KARL-HERMANN LOWE

Allianz Investment Management

ASSET MANAGEMENT (WORLDWIDE)

JOACHIM FABER

Allianz SE

MARNA WHITTINGTON

Allianz Global Investors

INSURANCE EUROPE (& SOUTH AMERICA)

ENRICO CUCCHIANI

Allianz SE

GEORGE SARTOREL

Italy

VICENTE TARDÍO BARUTEL

Spain

JACQUES RICHIER

France

INSURANCE GERMAN SPEAKING COUNTRIES, HUMAN RESOURCES

WERNER ZEDELIUS

Allianz SE

MARKUS RIESS

Germany

WOLFRAM LITTICH

Austria

MANFRED KNOF

Switzerland

MAXIMILIAN ZIMMERER

Germany
Life/Health

ANDREE MOSCHNER

Germany
Sales

SEVERIN MOSER

Germany
Property-Casualty

CONTROLLING, REPORTING, RISK

OLIVER BÄTE

Allianz SE

INSURANCE GROWTH MARKETS

MANUEL BAUER

Allianz SE

KAMESH GOYAL

Asia-Pasific

BRUCE BOWERS

Central and Eastern Europe,
Middle East and North Africa (CEEMA)

GLOBAL INSURANCE LINES & ANGLO MARKETS

CLEMENT BOOTH

Allianz SE

AXEL THEIS

Allianz Global Corporate & Specialty

CLEMENS VON WEICHS

Reinsurance

TERRY TOWELL

Australia

ANDREW TORRANCE

United Kingdom

OPERATIONS

CHRISTOPH MASCHER

Allianz SE

I. Supervisory Board

DR. HENNING SCHULTE-NOELLE
Chairman
Former Chairman of the Board of Management, Allianz AG

DR. GERHARD CROMME
Vice Chairman
Chairman of the Supervisory Board, ThyssenKrupp AG

ROLF ZIMMERMANN
Vice Chairman
Employee, Allianz Deutschland AG

DR. WULF BERNOTAT
Former Chairman of the Board of Management, E.ON AG

JEAN-JACQUES CETTE
Secretary of the Group Works Council, Allianz France S.A.

GODFREY ROBERT HAYWARD
Employee, Allianz Insurance plc

FRANZ HEISS
Employee, Allianz Beratungs- und Vertriebs-AG

PROF. DR. RENATE KÖCHER
Director, Institut für Demoskopie Allensbach

PETER KOSSUBEK
Employee, Allianz Deutschland AG

IGOR LANDAU
Member of the Administrative Board, Sanofi-Aventis S.A.

JÖRG REINBRECHT
Union Secretary, ver.di Bezirk Hannover

PETER DENIS SUTHERLAND
Chairman, Goldman Sachs International

IEC | International Executive Committee

see inside page

The International Executive Committee includes all members of Allianz SE’s Board of Management and heads of major Allianz subsidiaries. Chaired by Michael Diekmann, this body discusses overall strategic issues for the Allianz Group.

I. Allianz Share

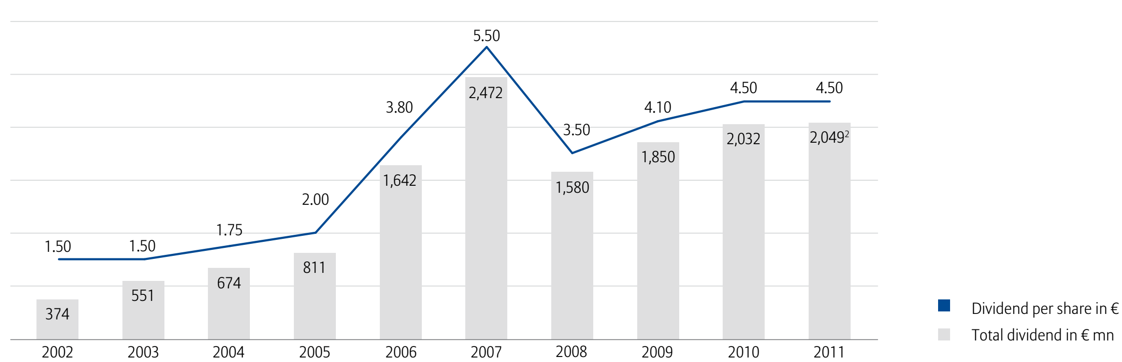
- Dividend maintained despite financial crisis.
- Financial Services share prices burdened by market concerns.
  - Persisting low interest rate environment.
  - Escalating European sovereign debt crisis.
  - Worsening industry sentiment.
- Allianz shares follow markets lower.
- Rank among highly valued financial services providers retained.

Dividend Maintained

87
Executive Summary of 2011 Results

2011 was a challenging year. Although our net results were not immune from the ongoing crisis, our operating performance and capital position remained strong. For more information about our Group performance, please refer to our Executive Summary starting on page 87. We also recognize that our shareholders value continuity in our dividends as they comprise a significant portion of total shareholder return. As such, we are proposing to the Annual General Meeting a dividend of € 4.50 per share, the same amount as in the previous year. This amounts to a dividend yield of 6.1 %. With respect to the net income[1] for the year 2011, the payout ratio is 81 %[2].

TOTAL DIVIDEND AND DIVIDEND PER SHARE



Financial Services Share Prices Burdened by Market Concerns

85
Business Environment

Over the course of 2011, the low interest rate environment persisted, which continued to have a negative impact on financial institution results and related outlook for the near term. Insurers also continue to be impacted due to the guarantees provided in many of their products. Given the continuing global deleveraging, the markets are expecting low interest rates to continue and industry returns to remain at modest levels, which is also being reflected in share price developments. For more information, please refer to our Business and Economic Environment section starting on page 85.

1 | Based on net income after non-controlling interests.
2 | Dividend sum based on total amount of shares. Actual dividend payment will be reduced by the dividend amount attributable to treasury shares.

Compounding these effects, worries about the European debt crisis intensified in 2011. As a result, volatility on global stock markets increased considerably and put additional pressure on share prices in general. Until April 2011, solid company earnings appeared to compensate for concerns about the ongoing debt crisis, with some markets recording double-digit gains. However, the tide turned in the second half of the year and European equity markets dropped sharply as worries grew that the debt crisis could not be contained within the E.U.'s periphery. For the year, the EURO STOXX 50 was down 17.1 % and the DAX fell by 14.7 %. Within the financial services sector, although all sectors were down for the year, insurance stocks performed relatively better than the banking index. The STOXX Europe 600 Insurance index decreased by 13.7 % in 2011 while the STOXX Europe 600 Banks index dropped by 32.5 %, reflecting the worsening sentiment around bank stocks in particular.

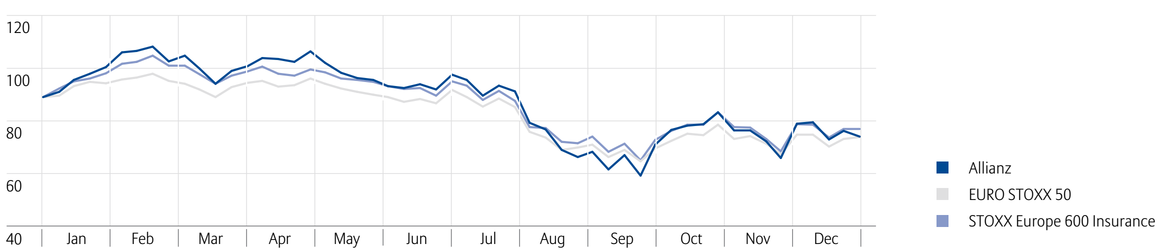
Unfortunately, we were not immune from the impact of the changing sentiment for banks. During August 2011, several European countries - excluding Germany - introduced a temporary ban on short selling of financial stocks. As a consequence, Allianz was one of the few big financial institutions in the Eurozone which could be targeted by short-sellers seeking to benefit as the crisis escalated in the second half of the year.

Allianz Shares Follow Markets Lower

Your Allianz shares performed much better than the sector average in the first half of the year but fared worse in the second half, despite our strong operational performance throughout. We partially attribute this second half shift to the short selling ban of financial stocks and the sentiment shift as the crisis escalated. Consequently, however, Allianz shares decreased by 16.9 % and closed the year at € 73.91. The overall return of the Allianz share – i.e. performance plus dividend distribution – amounted to minus 13.2 %. Nevertheless, after our financial results for 2011 were published, 64 % of analysts recommended buying Allianz shares. The overall average target price was € 104. You can find analysts' current recommendations and earnings estimates at WWW.ALLIANZ.COM/ANALYSTSRECOMMENDATIONS.

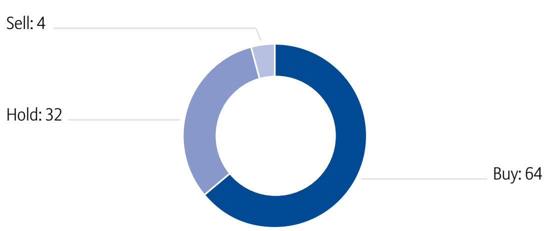
www /analystsrecommendations

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS EURO STOXX 50 AND STOXX EUROPE 600 INSURANCE | indexed on the Allianz share price in €



Source: Thomson Reuters Datastream. Up-to-date information on the development of the Allianz share price is available at WWW.ALLIANZ.COM/SHARE.

ANALYSTS' RECOMMENDATIONS | as of March 1, 2012 in %



Source: Bloomberg

www
/share

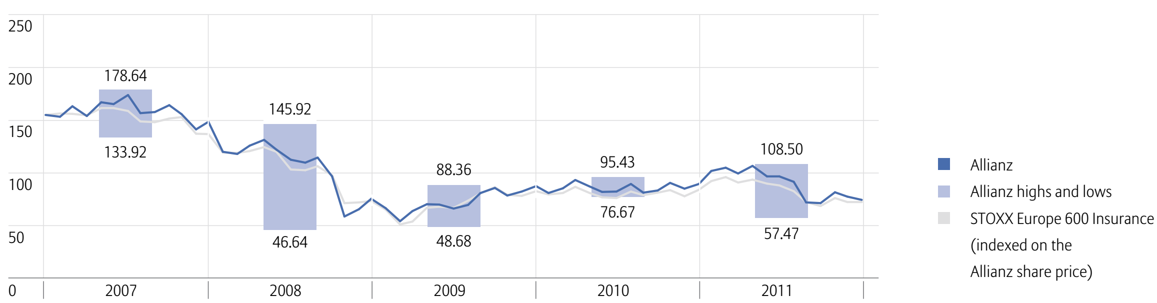
Over the last five years, Allianz shares have outperformed the STOXX Europe 600 Insurance index, however, underperforming it over the last ten years. As a convenience, we provide investors with a share price calculator at WWW.ALLIANZ.COM/SHARE which can be used to determine their own performance of an investment in Allianz shares.

ALLIANZ SHARE PERFORMANCE IN COMPARISON | average annual performance in %

	1 year 2011	5 years 2007 – 2011	10 years 2002 – 2011
Allianz (excl. dividends)	(16.9)	(13.7)	(11.0)
Allianz (incl. dividends)	(13.2)	(10.0)	(8.4)
STOXX Europe 600 Insurance	(13.7)	(14.2)	(8.5)
EURO STOXX 50	(17.1)	(10.9)	(4.8)
DAX	(14.7)	(2.2)	1.3

Source: Thomson Reuters Datastream

ANNUAL PERFORMANCE AGAINST STOXX EUROPE 600 INSURANCE – ALLIANZ SHARES: HIGHS AND LOWS | in €



Source: Thomson Reuters Datastream

ALLIANZ SHARE KEY INDICATORS AT A GLANCE

		2011	2010	2009	2008	2007
Total number of issued shares as of 12/31		455,300,000	454,500,000	453,900,000	453,050,000	450,150,000
Weighted number of shares outstanding		451,764,842	451,280,092	450,845,024	450,161,145	442,544,977
Share price as of 12/31	€	73.91	88.93	87.15	75.00	147.95
High of the year	€	108.50	95.43	88.36	145.92	178.64
Low of the year	€	57.47	76.67	48.68	46.64	133.92
Share price performance in the year	%	(16.9)	2.0	16.2	(49.3)	(4.4)
Beta coefficient[1]		1.5	0.9	1.4	1.3	1.2
Market capitalization as of 12/31	€ bn	33.7	40.4	39.6	34.0	66.6
Average number of shares traded per day (Xetra)	mn	3.1	2.5	3.0	4.9	4.1
Basic earnings per share[2]	€	5.63	11.20	9.33	(5.25)	18.0
Price-earnings ratio		13.1	7.9	9.3	—	8.2
Dividend per share	€	4.50[3]	4.50	4.10	3.50	5.50
Dividend yield as of 12/31	%	6.1	5.1	4.7	4.7	3.7
Payout ratio[2, 4]	%	81[5]	40	40	40	31
Return on equity after income tax[4, 6]	%	5.7	11.9	12.5	9.9	15

1 | In comparison with EURO STOXX 50; source: Bloomberg.
2 | Figures prior to 2008 have not been restated to reflect the change in the Allianz Group's accounting policy, effective July 1, 2010. For further information please refer to note 4 of our consolidated financial statements.
3 | Proposal.
4 | Based on net income from continuing operations after non-controlling interests.
5 | Dividend sum based on total amount of shares. Actual dividend payment will be reduced by the dividend amount attributable to treasury shares.
6 | Based on average shareholders' equity. Average shareholders' equity has been calculated based upon the average of the current and the preceding year's shareholders' equity.

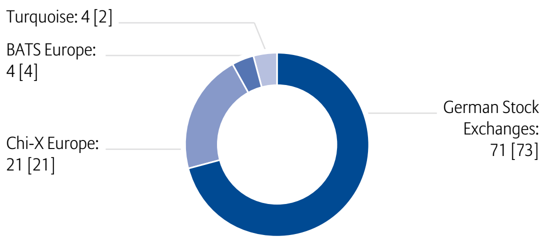
BASIC SHARE INFORMATION

Share type	Registered share with restricted transfer
Security Codes	WKN 840 400 ISIN DE 000 840 400 5
Bloomberg	ALV GY
Reuters	ALVG.DE

Allianz Share Trading Volumes

In 2011 around 71 % of total trades in Allianz shares were processed on German stock exchanges (including Xetra) with over the counter (OTC) trading platforms continuing to gain share, but at a more subdued pace than in the past.

TRADING TURNOVER IN ALLIANZ SHARES 2011 [2010] | in %



Source: Bloomberg

High Weighting in Major Indices

Due to the drop in our share price in 2011, our market capitalization decreased to € 33.7 bn. Since our peers experienced similar market developments, Allianz has remained one of the most highly valued financial services providers in the world, with our strength reflected in the weighting of Allianz shares in major German, European and world indices. We are among the top companies in worldwide indices like the MSCI World Financials index, and in the STOXX Europe 600 Insurance, which includes 32 insurance companies, our shares carry the greatest weight.

WEIGHTING OF THE ALLIANZ SHARE IN MAJOR INDICES | as of December 31, 2011

	Weighting in %	Ranking	Index members
DAX	6.5	5	30
EURO STOXX 50	2.5	12	50
STOXX Europe 600 Insurance	13.6	1	32
MSCI World Financials	1.1	19	323
MSCI World	0.2	98	1,615

Source: Deutsche Börse, STOXX Ltd., MSCI

Allianz Share as a Sustainable Investment

73
Our Progress in Sustainable Development

www
/responsibility

Our holistic entrepreneurial approach has long been recognized and resulted in our stock's inclusion in major sustainability indices, including the Dow Jones Sustainability Index and the FTSE4Good. We regularly rank amongst the best in these and other sustainability ratings and are considered one of the most sustainable insurance groups worldwide. This strengthens the attractiveness of Allianz shares for investors particularly interested in sustainable investments.

More information on sustainability in the Allianz Group is provided starting on page 73 of this Annual Report and on the internet at WWW.ALLIANZ.COM/RESPONSIBILITY.

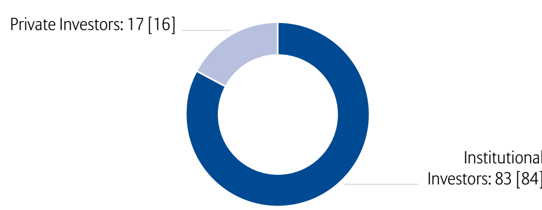
Shareholder Structure

www
/shareholders

With around 486,000 shareholders, Allianz is one of the most widely held publicly owned corporations in Europe. Apart from approximately 0.6 % of Allianz shares held in treasury, all of our shares continue to be held in free float. At the end of the year, 83 % were held by institutional investors and 17 % by private investors. The breakdown by region shows that 71 % of Allianz shares were owned by European investors, while 29 % were in the hands of non-European investors. Compared to the previous year the number of shareholders rose by about 2,000.

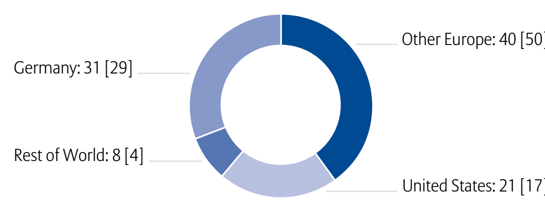
For up-to-date information on our shareholder structure, please visit WWW.ALLIANZ.COM/SHAREHOLDERS.

SHAREHOLDER STRUCTURE[1]



Source: Allianz SE share register

REGIONAL STRUCTURE[1]



Annual General Meeting 2011

On MAY 4, 2011, around 4,700 shareholders and shareholder representatives attended our Annual General Meeting at the Munich Olympiahalle. 45.1 % of subscribed capital was voted, which is an increase of 8.0 percentage points compared to the previous year. Absentee voting (by mail or online) was used by 3.6 % of the subscribed capital. The General Meeting approved each of the proposed resolutions with a clear majority.

1 | As of December 31, 2011 [December 31, 2010] in % of subscribed capital.

Communication with the Capital Markets

Communication with investors is very important to us. At numerous roadshows in Europe, the United States, Canada and Asia, members of the Board of Management and our Investor Relations (IR) team presented Allianz's strategic direction and business development in 2011. Overall, we held more than 400 meetings with institutional investors and analysts, including meetings at our headquarters in Munich. Investors and analysts also showed a strong interest in our analysts' conference covering the annual results and our telephone conferences on the quarterly figures. Our annual Capital Markets Day, which we held at our New York offices in 2011, was also very well attended. During this event our U.S. top management presented Allianz's U.S. Life insurance and worldwide Asset Management activities. In addition to the meetings we hosted, board members and experts represented Allianz at nine international investor conferences. Dialogue with private shareholders is another key component of our IR work. As in the previous year, we processed around 8,500 private shareholder enquiries in 2011.

The work of our IR team was again awarded several times by analysts and portfolio managers in 2011.

2011 SELECTED AWARDS AND RECOGNITIONS

A AWARDS

- For the fifth time in a row, we ranked top of the European insurance sector in the renowned "Extel Pan European Survey" by Thomson Reuters, which assesses the Investor Relations work of 54 European insurance companies. In its study, Thomson Reuters awarded our head of Investor Relations the title of "Leading Pan-European IR-Professional" across all industry sectors.
- The finance magazine "Institutional Investor" selected our IR team in 2011 as the best in European insurance.
- In the "Investor Perception Study 2011" conducted by "IR Magazine", Allianz's IR work was chosen as the best within the European insurance sector.

I. Services for Allianz Investors

Allianz Mobile Services

APP STORE

Since there is a clear trend towards the use of iPhones and iPads among our shareholders, investors and analysts, our current Investor Relations information is now also available as Apps for the iPhone and iPad. You can find both our iPhone and iPad Apps in the App Store. We look forward to receiving your feedback and suggestions!

ALLIANZ APPS

ALLIANZ INVESTOR RELATIONS HD

The **ALLIANZ INVESTOR RELATIONS HD** App ensures that you have the most important financial information ready on hand – at all times. This includes the current Allianz stock price, Allianz bond information, our Investor Relations news, podcasts of our analysts' conferences, video interviews with the management and a financial calendar. This new App contains comprehensive information on the development of Allianz's shares, Allianz bonds and news. Another centerpiece is a "Library" with all information released on quarterly and fiscal year results.

You can also scan the QR Code to get directly to the specific Allianz App you wish to download from the Apple App Store.

iPad App

iPhone App

iPad photo: © manaemedia / fotolia.com

ALLIANZ FINANCIAL REPORTS

Our **ALLIANZ FINANCIAL REPORTS** iPad App allows you to read our Annual and Interim Reports in the convenient format of a digital magazine. With the user-friendly navigation including cross-referencing, hot spots, menus and a bookmark function, you can access the information you require within a few finger taps. Whether you need a high level overview or wish to drill down into the detailed analysis (graphs, tables, footnotes etc.) – all of these options are available, the choice is yours!

iPad App

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80802 Munich, Germany

Allianz Investor Line
Mon - Fri: 8 a.m. - 8 p.m. CET
Phone: + 49. 89. 3800 7555
Fax: + 49. 89. 3800 3899

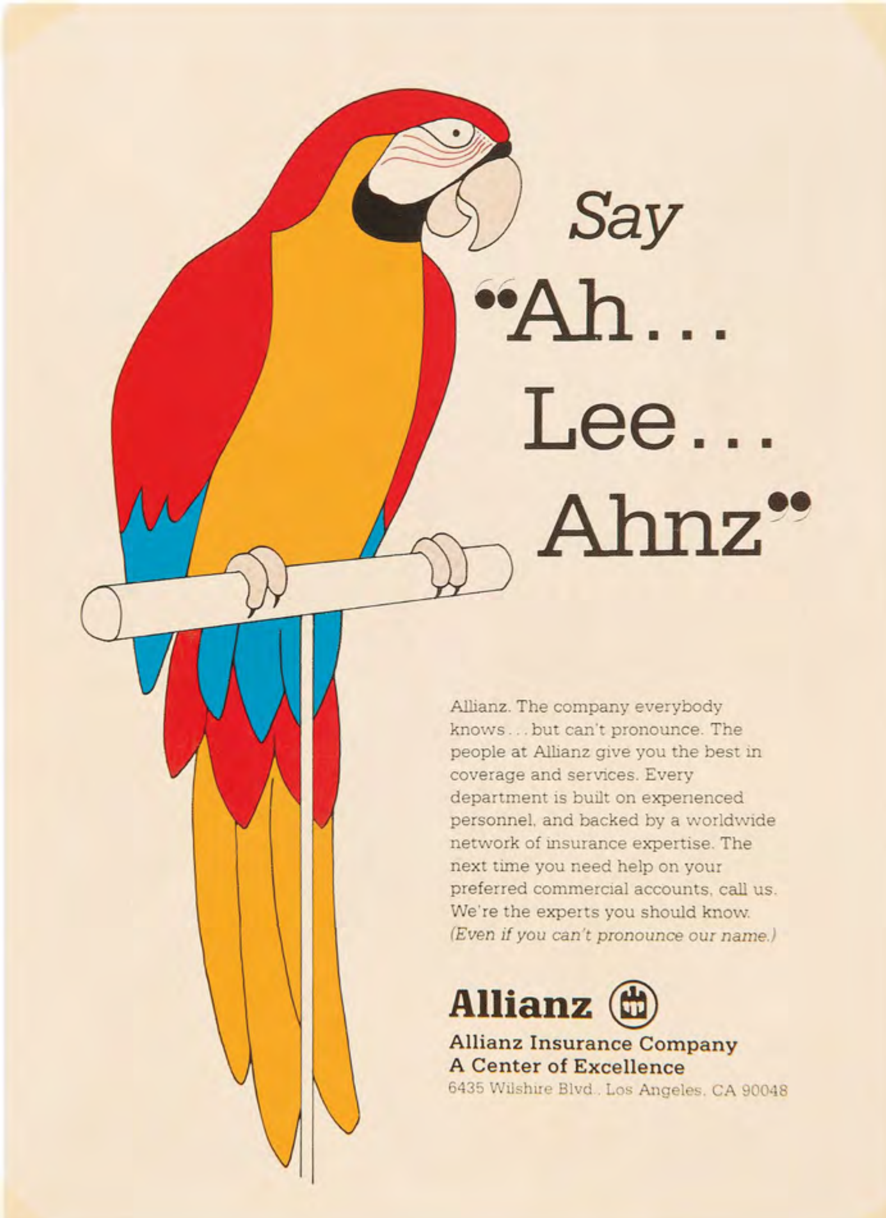
Email: investor.relations@allianz.com
www.allianz.com/investor-relations

FINANCIAL CALENDAR

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS[1]

Annual General Meeting	May 9, 2012
Interim Report 1Q	May 15, 2012
Interim Report 2Q	August 3, 2012
Interim Report 3Q	November 9, 2012
Financial Results 2012	February 21, 2013
Annual General Meeting	May 7, 2013

1 | The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at WWW.ALLIANZ.COM/FINANCIALCALENDAR.



1977: Twenty years before the world's five leading airlines formed their Star Alliance, Allianz had already become a household name for millions of new customers in the U.S.
2011: Today, about 78 million customers around the world place their trust in the comprehensive insurance cover provided by Allianz for any situation.

CORPORATE GOVERNANCE

II. Corporate Governance Report and Statement on Corporate Management

Corporate Governance Report

Good corporate governance is essential for sustainable business performance. This is why existing corporate governance structures need to be constantly reviewed and, whenever necessary, developed further. The Board of Management and the Supervisory Board both discussed in detail the conformity with the German Corporate Governance Code (Code). Allianz SE complies with all recommendations and suggestions with one exception respectively. The Declaration of Conformity issued by the Board of Management and Supervisory Board on December 14, 2011 and the company's position regarding the Code's suggestions can be found in the Statement on Corporate Management starting on page 30.

CORPORATE CONSTITUTION OF THE EUROPEAN COMPANY

www
/allianz-se

As a European Company, Allianz SE is subject to special European SE regulations and the German law implementing the European Company in addition to German stock corporation law. The main features of the company's existing corporate constitution – 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. For further details on the differences between a German stock corporation and a European Company with a registered office in Germany, please refer to our website WWW.ALLIANZ.COM/ALLIANZ-SE.

FUNCTION OF THE BOARD OF MANAGEMENT

The Board of Management manages Allianz SE and the Allianz Group. It currently comprises eleven members from different countries, reflecting the international character of Allianz. Its responsibilities include setting business objectives and strategic direction, coordinating and supervising the operating entities, as well as implementing and supervising an efficient risk management system. The Board of Management prepares the quarterly and half-yearly financial reports as well as the consolidated Annual Report of the Group and the Annual Report of Allianz SE. In addition, the Board of Management is responsible for monitoring adherence to statutory provisions and official regulations.

The members of the Board of Management are jointly responsible for overall management. Notwithstanding the overall responsibility of all members of the Board of Management, the individual members of the Board head the departments they have been assigned independently and on their own responsibility. There are divisional responsibilities for business segments as well as functional responsibilities. The functions include the Chairman's division, Finance and Investment, Operations, Risk Management, Human Resources as well as Legal and Compliance. Business division responsibilities focus on geographic regions or operating segments, such as Asset Management. Rules of procedure specify in more detail the work of the Board of Management. Such rules provide for the specific responsibilities of board members, matters reserved for the whole Board and other procedures necessary to pass resolutions.

The Board meets regularly at Board of Management meetings convened by its Chairman who coordinates the Board's activities. Each member of the Board may request a meeting providing notification of the proposed resolution. According to its rules of procedure, the Board takes decisions by ordinary resolution of participating members. In the event of a tie, the Chairman casts the deciding vote. As a consequence of the transformation into Allianz SE, the Chairman can veto decisions, however, he cannot impose any decisions against the majority vote on the Board of Management.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

Members of the Board of Management's committees – the Group Capital Committee, the Group Finance Committee, the Group IT Committee and the Group Risk Committee – are elected from within the Board itself.

BOARD COMMITTEES	RESPONSIBILITIES
GROUP CAPITAL COMMITTEE Michael Diekmann (Chair), Dr. Paul Achleitner, Oliver Bäte	Proposals to the Board of Management concerning risk strategy, strategic asset allocation and risk capital allocation within the Group.
GROUP FINANCE COMMITTEE Dr. Paul Achleitner (Chair), Oliver Bäte, Dr. Joachim Faber | until December 31, 2011, Dr. Helga Jung | since February 1, 2012, Jay Ralph | since January 1, 2012, Dr. Werner Zedelius	Decision on material investments, preparation and monitoring the Group's investment policy, financing and capital management.
GROUP IT COMMITTEE Dr. Christof Mascher (Chair), Oliver Bäte, Gary Bhojwani | since January 1, 2012, Jay Ralph | until December 31, 2011, Dr. Werner Zedelius	Developing, implementing and monitoring the Group-wide IT strategy, approval of relevant IT investments.
GROUP RISK COMMITTEE Oliver Bäte (Chair), Dr. Paul Achleitner, Clement Booth, Jay Ralph	Establishing and overseeing a Group-wide risk management and monitoring system.

As of December 31, 2011 (and subsequent changes)

The Board has also set up a Group Compensation Committee, a Group Underwriting Committee and an International Executive Committee as permanent Group committees. Such Group committees prepare decisions for the Board of Management of Allianz SE, submit proposals for resolutions and ensure the smooth flow of information within the Group.

GROUP COMMITTEES	RESPONSIBILITIES
GROUP COMPENSATION COMMITTEE Board members and executives reporting to the Allianz SE Board of Management	Designing, monitoring and improving compensation systems, yearly report on the results of its monitoring, along with proposals for improvements. The Group Compensation Committee satisfies the requirements of the Regulation governing Compensation Systems in the Insurance Sector ("Versicherungs-Vergütungsverordnung") that took effect in October 2010.
GROUP UNDERWRITING COMMITTEE Members of the Board of Management, executives below the board level and the Chief Underwriting Officers of Group companies	Monitoring the underwriting business and its risk management, developing an underwriting policy and strategy.
INTERNATIONAL EXECUTIVE COMMITTEE All members of the Board of Management of Allianz SE and heads of major Group companies	Discussing overall strategic issues for the Allianz Group (for composition see page 13).

13 International Executive Committee

The responsibilities and composition of Board of Management and Group committees are set out in the rules of procedure, which require the approval of the Board of Management.

The Allianz Group runs its operating entities and business segments via an integrated management and control process. The Holding and the operating entities first define the business strategies and goals. On this basis, joint plans are then prepared for the Supervisory Board's consideration when setting targets for performance-based remuneration of individual board members (for details please see the Remuneration Report starting on page 37). When filling managerial positions, the Board of Management takes diversity into consideration and, in particular, aims for an appropriate representation of women.

37 Remuneration Report

The Board of Management reports regularly and comprehensively to the Supervisory Board on business development, the financial position and earnings, budgeting and achievement of objectives, business strategy and risk exposure. In line with the Code's recommendation, the Supervisory Board has issued reporting guidance which more clearly defines the information and reporting requirements of the Board of Management.

Certain important decisions of the Board of Management require approval by the Supervisory Board. Some of these requirements are stipulated by law or by decisions of the Annual General Meeting. These include approval for the Board of Management to increase the share capital (Authorized Capital), acquire treasury shares or issue convertible bonds or bonds with warrants. In addition, also the Statutes provide approval requirements for certain transactions, such as intercompany agreements and the launch of new business segments or closure of existing ones, insofar as such actions are material to the Group. Approval is also required for acquiring companies and holdings in companies as well as divestments of equity stakes that result in a company leaving the Group. Unless qualifying as a financial investment, such transactions are subject to approval provided that the market value or, in the absence of the market value, the book value of the acquired or divested investment amounts to at least 10% of the equity in the most recent consolidated balance sheet. The agreement concerning the participation of employees in Allianz SE requires the approval of the Supervisory Board for the appointment of the member of the Board of Management responsible for employment and social welfare.

PRINCIPLES AND FUNCTION OF THE SUPERVISORY BOARD

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The German Co-Determination Act ("Mitbestimmungsgesetz") no longer applies to Allianz SE because it has the legal form of a European Company (SE). The size and composition of the Supervisory Board is now determined by general European SE regulations. These regulations have been implemented in the Statutes and by the Agreement Concerning the Participation of Employees in Allianz SE, which was signed on September 20, 2006 with representatives of European Allianz employees. This agreement can be found on our website at WWW.ALLIANZ.COM/ALLIANZ-SE.

The size of the Supervisory Board is stipulated by the Statutes as twelve members appointed by the Annual General Meeting. Six of these twelve members are appointed on the basis of proposals from employees, which the Annual General Meeting is bound to accept.

In accordance with the Agreement Concerning the Participation of Employees in Allianz SE, the seats for the six employee representatives are allocated in proportion to the number of Allianz employees in the different countries. The Supervisory Board currently in office comprises four employee representatives from Germany and one each from France and the United Kingdom. The last election of the Supervisory Board took place in 2007 for a term lasting until the end of the ordinary General Meeting in 2012. At the General Meeting in 2012, four employee representatives from Germany and one each from France and Italy will be up for election.

6
Supervisory Board Report

The Supervisory Board oversees and advises the Board of Management on managing the business. Furthermore, the Supervisory Board is responsible for appointing the members of the Board of Management, determining their remuneration and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2011 fiscal year are described in the Supervisory Board Report (starting on page 6).

The Supervisory Board holds regular meetings in March, April or May, September and December. Extraordinary meetings may be convened as needed. The committees also hold regular meetings. The Supervisory Board takes all decisions based on a simple majority. The special requirements for appointing members to the Board of Management contained in the German Co-Determination Act and the requirement for a Conciliation Committee no longer apply to an SE. In the event of a tie, the casting vote lies with the Chairman of the Supervisory Board, who must be a shareholder representative. If the Chairman is not present in the event of a tie, the casting vote lies with the deputy chairperson from the shareholder side. A second deputy chairperson is elected on the proposal of employee representatives, but has no casting vote.

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

SUPERVISORY BOARD COMMITTEES

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

SUPERVISORY BOARD COMMITTEES	RESPONSIBILITIES
STANDING COMMITTEE | 5 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ TWO OTHER SHAREHOLDER REPRESENTATIVES (Dr. Wulf Bernotat, Dr. Gerhard Cromme) ▪ TWO EMPLOYEE REPRESENTATIVES (Peter Kossubek, Rolf Zimmermann)	▪ Approval of certain transactions which require approval of the Supervisory Board, e.g. capital increases, acquisitions and disposals of participations ▪ Preparation of the Declaration of Conformity pursuant to § 161 AktG and control of corporate governance ▪ Preparation of the self evaluation of the Supervisory Board
AUDIT COMMITTEE | 5 members ▪ CHAIR: appointed by the Supervisory Board (Dr. Wulf Bernotat), independent and not a former Board of Management member, whose term of office ended less than two years ago ▪ THREE SHAREHOLDER REPRESENTATIVES (Dr. Wulf Bernotat, Igor Landau, Dr. Henning Schulte-Noelle) ▪ TWO EMPLOYEE REPRESENTATIVES (Jean-Jacques Cette, Jörg Reinbrecht) ▪ INDEPENDENT MEMBER WITH EXPERT KNOWLEDGE IN THE AREAS ACCOUNTING/AUDIT: Dr. Wulf Bernotat, Igor Landau	▪ Initial review of the Allianz SE and Allianz Group annual financial statements, management reports (incl. risk report) and the dividend proposal, review of half-yearly and quarterly financial reports ▪ Monitoring the financial reporting process, the effectiveness of the internal risk management and control system, internal audit system and legal and compliance issues ▪ Monitoring the audit procedures, including the independence of the auditor and the services additionally rendered, awarding the audit contract and discussing key issues of the external audit
RISK COMMITTEE | 5 members ▪ CHAIR: appointed by the Supervisory Board (Dr. Schulte-Noelle) ▪ THREE SHAREHOLDER REPRESENTATIVES (Prof. Dr. Renate Köcher, Dr. Henning Schulte-Noelle, Peter Denis Sutherland) ▪ TWO EMPLOYEE REPRESENTATIVES (Godfrey Robert Hayward, Franz Heiß)	▪ Monitoring the risk situation and special risk developments in the Allianz Group ▪ 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, information of the Audit Committee on the results of such reviews
PERSONNEL COMMITTEE | 3 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ ONE OTHER SHAREHOLDER REPRESENTATIVE (Dr. Gerhard Cromme) ▪ ONE EMPLOYEE REPRESENTATIVE (Rolf Zimmermann)	▪ Preparation of appointment of Board of Management members ▪ Preparation of resolutions of the plenary on the compensation system and the total compensation of the board members ▪ Conclusion, amendment and termination of service contracts of board members, unless the plenary has to decide on this matter as part of setting the remuneration ▪ Long-term succession planning for the Management Board taking diversity into account and particularly aiming for an adequate representation of women
NOMINATION COMMITTEE | 3 members ▪ CHAIR: Chair of the Supervisory Board (Dr. Henning Schulte-Noelle) ▪ TWO OTHER SHAREHOLDER REPRESENTATIVES (Dr. Gerhard Cromme, Prof. Dr. Renate Köcher)	▪ Establishing selection criteria for shareholder representatives for the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board ▪ Search for suitable candidates for the election of shareholder representatives to the Supervisory Board

SUPERVISORY BOARD TARGETS REGARDING ITS COMPOSITION

In order to implement a recommendation by the Code, the Supervisory Board specified the following objectives for its composition at its meeting on December 15, 2010:

"The aim of Allianz SE's Supervisory Board is to have members who are equipped with the necessary skills and competence to properly supervise and advise Allianz SE's management. Supervisory Board candidates should possess the professional expertise and experience, integrity, motivation and commitment, independence and personality required to successfully carry out the responsibilities of a Supervisory Board member in a financial-services institution with international operations. To promote additional cooperation among the Supervisory Board members, care should be taken in selecting the candidates to ensure that adequate attention is paid to ensuring diversity in occupational backgrounds, professional expertise and experience.

Employee representation within Allianz SE, as provided by the SE Agreement concerning the Participation of Employees dated September 20, 2006, contributes to diversity of work experience and cultural background. Pursuant to § 6 (2) sentence 2 of the Act on the Participation of Employees in a European Company (SEBG), the number of women and men appointed as German employee representatives should be proportional to the number of women and men working in the German companies. However, the Supervisory Board does not have the right to select the employee representatives.

The following requirements and objectives apply to the composition of Allianz SE's Supervisory Board:

I. REQUIREMENTS RELATING TO THE INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

1. GENERAL SELECTION CRITERIA
   - Managerial or operational experience
   - General knowledge of the insurance and financial services business
   - Willingness and ability to make sufficient commitments on time and substance
   - Fulfillment of the regulatory requirements:
     - Reliability
     - Knowledge of the field of corporate governance and regulation[1]
     - Knowledge of the main features of accounting and risk management[1]
- Compliance with the limitation of the number of memberships as recommended by the German Corporate Governance Code and required by § 7 a (4) of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz – VAG").

2. INDEPENDENCE
   All of the members of the Supervisory Board should be independent within the meaning of No. 5.4.2 of the Corporate Governance Code, i.e. they may not have any business or personal relations with Allianz SE or its Board of Management, which could cause a conflict of interests. Moreover, one member shall be independent within the meaning of § 100 (5) of the German Stock Corporation Act. It has to be considered that the possible emergence of conflicts of interests in individual cases cannot generally be excluded. Potential conflicts of interests must be disclosed to the Chairman of the Supervisory Board and will be resolved by appropriate measures.

3. RETIREMENT AGE
   According to the Supervisory Board's Rules of Procedure, its members may not, in general, be older than 70 years of age.

II. REQUIREMENTS RELATING TO THE COMPOSITION OF THE BOARD AS A WHOLE

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

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

   On the basis of the SE Agreement concerning the Participation of Employees, two employee representatives from other E.U. member states are already members of the Supervisory Board.

3. DIVERSITY AND APPROPRIATE REPRESENTATION OF WOMEN
   The members of the Supervisory Board shall appoint new members taking into account their background, professional experience and specialist knowledge, in order to provide the Board with the most diverse sources of experience and specialist knowledge possible.

   In the next elections of the Supervisory Board in the spring of 2012, the Supervisory Board will strive to achieve a minimum female membership of 25 %. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives."

The nomination proposals of the Supervisory Board for the election by the Annual General Meeting on May 9, 2012, have considered such aims. The Nomination Committee prepared the proposals for the shareholder representatives in several meetings and verified their alignment with the requirements for each individual candidate as well as for the

1 | For further details, please see BaFin Guidance Notice on the Monitoring of Members of Administrative and Supervisory Bodies pursuant to the German Banking Act and the German Insurance Supervision Act, dated February 22, 2010.

composition of the Board as a whole. The proposals to the Annual General Meeting 2012 will comprise four candidates with international background and three female candidates. Should all of these candidates be elected at the Annual General Meeting, we would, in particular, achieve our objectives regarding international character and representation by women. The current composition of the Supervisory Board and its committees is described on page 15.

15
Supervisory Board

SHARES HELD BY MEMBERS OF THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

The total holdings of members of the Board of Management and the Supervisory Board of Allianz SE amounted to less than 1% of the Company's issued shares as of December 31, 2011.

DIRECTORS' DEALINGS

Members of the Board of Management and Supervisory Board – and related parties – are required by the German Securities Trading Act ("Wertpapierhandelsgesetz") to disclose any acquisition or divestment of shares of Allianz SE worth € 5 thousand or more within a calendar year. These notifications are published on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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ANNUAL GENERAL MEETING

Shareholders exercise their rights at the Annual General Meeting. When adopting resolutions, each share carries one vote. In order to facilitate the exercise of shareholders' rights, Allianz allows shareholders to follow the meeting's proceedings on the internet and be represented by proxies appointed by Allianz SE. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes by postal vote. This option is also available via the internet in the form of online voting. Allianz SE regularly promotes the use of email and internet services.

Members of the Supervisory Board are appointed by the Annual General Meeting. Regarding the election of employee representatives, the Annual General Meeting is bound by the employees' proposals. The Annual General Meeting also approves actions taken by the Board of Management and the Supervisory Board. It decides on the use of profits, capital transactions and the approval of intercompany agreements, as well as the remuneration of the Supervisory Board and changes to company's Statutes. Changes to the Statutes require the backing of at least half of the share capital or a two-thirds majority of votes cast in accordance with European regulations and the Statutes. Each year, an ordinary Annual General Meeting takes place at which the Board of Management and Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the convening of an extraordinary General Meeting.

ACCOUNTING POLICIES AND AUDIT OF FINANCIAL STATEMENTS

The Allianz Group prepares its accounting according to § 315 a of the German Commercial Code ("Handelsgesetzbuch – HGB"), on the basis of IFRS international accounting standards as applied within the European Union. The financial statements of Allianz SE are prepared in accordance with German law, in particular, the HGB.

In compliance with special legal provisions applying to insurance companies, the auditor of the annual financial statements and of the half-yearly financial report is appointed by the Supervisory Board and not by the Annual General Meeting. The Supervisory Board's Audit Committee carries out the preparatory work for the appointments. The statutory audit of the financial statements covers the individual financial statements of Allianz SE and also the consolidated financial statements of the Allianz Group.

To ensure maximum transparency, we inform our shareholders, financial analysts, the media and the general public of the company's situation on a regular basis and in a timely fashion. The annual financial statements of Allianz SE, the Allianz Group's consolidated annual financial statements and the management reports are published within 90 days after the end of each financial year. Additional information for shareholders and third parties is provided in the Allianz Group's quarterly and half-yearly financial reports. These reports are reviewed by the auditor. Information is also made available at the Annual General Meeting, at press conferences and analysts' meetings, as well as on the Allianz Group's website. Our website also carries a financial calendar listing the dates of major publications and events, such as annual reports, quarterly and half-yearly financial reports and Annual General Meetings.

23
Financial Calendar

The financial calendar for 2012 and 2013 is presented on page 23.

Statement on Corporate Management pursuant to § 289 a of the German Commercial Code ("Handelsgesetzbuch – HGB")

The Statement on Corporate Management forms part of the consolidated management report. According to § 317 (2) sentence 3 of the HGB, this statement does not have to be included within the scope of the audit.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On December 14, 2011, the Board of Management and the Supervisory Board issued the following:

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

1. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code Commission in the version of May 26, 2010, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette ("elektronischer Bundesanzeiger") with the following single exception:

   Deviating from No. 5.4.6 para. 2 sentence 1 of the German Corporate Governance Code ("Code"), the compensation rules for the Supervisory Board of Allianz SE resolved by the shareholders' meeting on May 4, 2011 and set forth in the Articles of Association do not provide for any performance-related components. The Company believes a fair fixed remuneration is more suitable to the control function of the Supervisory Board irrespective of success of the Company.

2. Since the last Declaration of Conformity as of December 15, 2010, Allianz SE has complied with the recommendations of the Code in the version of May 26, 2010 with the above-mentioned exception to No. 5.4.6 para. 2 sentence 1 of the Code.

Munich, December 14, 2011

Allianz SE

For the Board of Management:
signed Michael Diekmann | signed Dr. Paul Achleitner

For the Supervisory Board:
signed Dr. Henning Schulte-Noelle"

Furthermore, we comply with all the non-binding suggestions contained in the Code, with one exception. Since changing the remuneration system for the Supervisory Board to a solely fixed remuneration, Allianz SE cannot comply with No. 5.4.6 para. 2 sentence 2 of the Code, according to which a performance-related remuneration of Supervisory Board members should also comprise components linked to the long-term performance of the company.

The Declaration of Conformity and further information on corporate governance at Allianz can be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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The listed Group company Oldenburgische Landesbank AG issued its own declaration of conformity in December 2011, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the Code except for No. 5.4.6 para. 2 sentence 1.

CORPORATE GOVERNANCE PRACTICES

INTERNAL CONTROL SYSTEMS

We view strong internal control systems over our internal and external financial reporting as critical to managing our company successfully and reinforcing trust with our stakeholders. For further information please refer to our Controls and Procedures on page 178.

178 Controls and Procedures

The quality of the internal control systems is assessed by a function performed by Allianz Group staff who are independent of the activities which are audited. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve our organization's operations. It helps us to accomplish our objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Therefore, internal audit activities are geared towards helping the company to mitigate risks as well as further assist in strengthening the organization's governance processes and structures.

COMPLIANCE AND ANTI-MONEY LAUNDERING PROGRAM

The sustained success of the Allianz Group is based on the responsible behavior of all Group employees, who embody trust, respect and integrity. By means of its compliance and anti-money laundering program, Allianz supports and follows internationally and nationally recognized guidelines and standards for rules-compliant and value-based corporate governance. These include the UN Global Compact Program, the OECD Guidelines for Multinational Enterprises, embargo regulations and the recommendations of the Financial Action Task Force on Money Laundering. Allianz manages the risk of infringements against statutory provisions and requirements (compliance risk) through its support of and adherence to these international and national principles. At the same time, it integrates sustainability and social responsibility into its corporate conduct. The central compliance department is responsible, in close cooperation with local compliance departments, for ensuring the effective implementation and monitoring of the compliance and anti-money laundering program within Allianz as well as for the investigation of any suspected infringement.

173 Risk Governance

The standards of conduct established by the Allianz Group's Code of Conduct for Business Ethics and Compliance serve to implement these guidelines and principles and are obligatory for all employees worldwide. The Code of Conduct is available on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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

There are legal provisions against corruption and bribery in almost all countries in which Allianz has a presence. For this reason, a global Anti-Corruption Program was established in the summer of 2009, which provides for the continuous monitoring and improvement of the internal anti-corruption controls.

A major component of Allianz's compliance program is a whistleblower system that allows employees to alert the relevant compliance department confidentially about irregularities. Employees who voice concerns about irregularities in good faith should not fear retribution in any form, even if the concerns turn out to be unfounded at a later date.

CODE OF ETHICS

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In addition to the Code of Conduct, Allianz SE has adopted a special Code of Ethics, which is aimed at members of the Board of Management and senior management of certain departments, primarily in the financial area. Its rules govern ethical and proper conduct in both the private and professional spheres, particularly relating to the handling of conflicts of interest and compliance with high standards of corporate disclosure. The Code of Ethics can be found on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

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

10 Supervisory Board Report

12 Board of Management

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A description of the composition of the Supervisory Board and its committees can be found on page 10 and 15 of the Annual Report. On page 12, reference is made to the composition of the Board of Management and a description of the composition of the Board of Management's committees can be found on page 25 of the Corporate Governance Report. The information can also be found 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 24 and on our website at WWW.ALLIANZ.COM/CORPORATE-GOVERNANCE.

II. Takeover-related Statements and Explanations

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

COMPOSITION OF SHARE CAPITAL

As of December 31, 2011, the share capital of Allianz SE was € 1,165,568,000. It was divided into 455,300,000 registered and fully paid-up shares with no-par value and a corresponding share capital amount of € 2.56 per share. All shares carry the same rights and obligations. Each no-par-value share carries one vote.

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

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

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

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

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

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

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

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

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

German insurance supervisory law requires that members of the Board of Management have the reliability and professional competence needed to manage an insurance company. A person cannot become a member of the Board of Management if he or she is already a manager of two other insurance undertakings, pension funds, insurance holding companies or insurance special purpose vehicles. However, more than two such mandates can be permitted by the supervisory authority if they are held within the same group (§§ 121 a, 7 a German Insurance Supervision Act ("Versicherungsaufsichtsgesetz", VAG)). The intention of appointing a member to the Board of Management must be notified to the Federal Financial Services Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht") pursuant to §§ 121 a, 13 d No. 1 German Insurance Supervision Act.

Amendments to the Statutes must be adopted by the General Meeting. § 13 (4) sentence 2 of the Statutes of Allianz SE stipulates that, unless this conflicts with mandatory law, changes to the Statutes require a two-thirds majority of the votes cast, or, if at least one half of the share capital is represented, a simple majority of the votes cast. The Statutes thereby make use of the option set out in § 51 sentence 1 SE Implementation Act ("SE-Ausführungsgesetz") which is based upon Article 59 (1) and (2) SE Regulation. A larger majority is, inter alia, required for a change in the corporate object or the relocation of the registered office to another Member State (§ 51 sentence 2 SE Implementation Act). The Supervisory Board may alter the wording of the Statutes (§ 179 (1) sentence 2 German Stock Corporation Act and § 10 of the Statutes).

AUTHORIZATIONS 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 May 4, 2015, upon approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash and/or in kind, on one or more occasions:

- Up to a total of € 550,000,000 (Authorized Capital 2010/I). The shareholders' subscription rights for these shares can be excluded, with the consent of the Supervisory Board, for fractional amounts, for safeguarding the rights pertaining to holders of convertible bonds or bonds with warrants, in the event of a capital increase against cash contribution of up to 10 % if the issue price of the new shares is not significantly less than the stock market price, and in the event of a capital increase against contributions in kind.

- Up to a total of € 11,416,000 (Authorized Capital 2010/II). The shareholders' subscription rights can be excluded in order to issue the new shares to employees of Allianz SE and its Group companies as well as for fractional amounts.

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

The Board of Management may buy back and use Allianz shares for other purposes until May 4, 2015 on the basis of the authorization of the General Meeting of May 5, 2010 (§ 71 (1) No. 8 German Stock Corporation Act). Together with other treasury shares that are in the possession of Allianz SE or which are attributable to it under §§ 71 a et seq. German Stock Corporation Act, such shares may not exceed 10 % of the share capital at any time. The shares acquired pursuant to this authorization may be used, under exclusion of the shareholders' subscription rights, for any legally admissible purposes and in particular those specified in the authorization. Furthermore, the acquisition of treasury shares under this authorization may also be carried out using derivatives such as put options, call options, forward purchases or a combination thereof, provided that such derivatives may 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) German Stock Corporation Act) under an authorization of the General Meeting valid until May 4, 2015. The total number of shares acquired thereunder, together with treasury shares held by Allianz SE or attributable to it under §§ 71 a et seq. German Stock Corporation Act, shall at no time exceed 10 % of the share capital of Allianz SE.

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

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

- Our reinsurance contracts in principle include a provision under which both parties to the contract have an extraordinary termination right in the case where the other party to the contract merges or its ownership or control situation changes materially. Agreements with brokers regarding services in connection with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- Bilateral credit agreements in some cases provide for termination rights in case of a change of control, mostly defined as the acquisition of at least 30 % of the voting rights within the meaning of § 29 (2) German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz", WpÜG). In cases where such termination rights are exercised, the respective credit lines would have to be replaced by new credit lines under conditions then applicable.

The following compensation agreements providing for the event of a takeover bid have been entered into by the Company with members of the Board of Management or employees:

A change of control clause in the service contracts of the members of the Allianz SE Board of Management provides that, if within 12 months after the acquisition of more than 50 % of the Company's share capital by one shareholder or several shareholders acting in concert (change of control), the appointment as a member of the Board of Management is revoked unilaterally by the Supervisory Board, or if the mandate is ended by mutual agreement, or if the Management Board member resigns his or her office because the responsibilities as a Board member are significantly reduced through no fault of the Board member, he or she shall receive his or her contractual remuneration for the remaining term of the service contract, but limited, for the purpose hereof, to three years, in the form of a one-off payment. The one-off payment is based on the fixed remuneration plus 50 % of the variable remuneration, however, this basis being limited to the amount paid for the last fiscal year. To the extent that the remaining term of the service contract is less than three years, the one-off payment is generally increased in line with a term of three years. This applies accordingly if, within two years of a change of control, a mandate in the Board of Management is coming to an end and is not extended; the one-off payment will then be granted for the period between the end of the mandate and the end of the three year period after the change of control. For further details please refer to the Remuneration Report starting on page 37.

37 Remuneration Report

Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSU), i.e. virtual Allianz shares, are granted as a stock-based remuneration component to senior management of the Allianz Group worldwide. In addition, until 2010 under the Group Equity Incentive (GEI) scheme, also Stock Appreciation Rights (SAR), i.e. virtual options on Allianz shares, were granted, of which some are still outstanding. The conditions for these RSU and SAR contain change of control clauses which apply if a majority of the voting share capital in Allianz SE is acquired, directly or indirectly, by one or more third parties who do not belong to the Allianz Group and which provide for an exception from the usual exercise periods. The RSU will be exercised, in line with their general conditions, by the Company for the relevant plan participants on the day of the change of control without observing any vesting period that would otherwise apply. The cash amount payable per RSU must be at least the price offered per Allianz share in a preceding tender offer. In case of a change of control as described above, SAR will be exercised, in line with their general conditions, by the Company for the relevant plan participants on the day of the change of control without observing any vesting period. By providing for the non-application of the blocking period in the event of a change of control, the terms take of the fact that the conditions under which the share price moves are very different when there is a change in control.

II. Remuneration Report

This report comprises three sections covering the remuneration arrangements for the:

- Allianz SE Board of Management
- Executives below the Board of Management of Allianz SE
- Supervisory Board

The report is prepared in accordance with the requirements of the German Commercial Code ("HGB") and International Financial Reporting Standards (IFRS). It also takes into account the recommendations of the German Corporate Governance Code and the requirements of the German Ministry of Finance's Insurance Remuneration Regulation ("Versicherungs-Vergütungsverordnung – VersVergV") that came into effect October 13, 2010.

Allianz SE Board of Management Remuneration

The remuneration of the Board of Management is set by the full Supervisory Board. Meetings are prepared by the Personnel Committee while Group HR and other corporate functions provide internal support as requested or required. Outside advice is sought from time-to-time from external consultants. The Personnel Committee and Supervisory Board consult with the Chairman of the Board of Management as appropriate in assessing the performance and remuneration of members of the Board of Management. The Chairman of the Board of Management is not present when his own remuneration is discussed. Regarding the activities and decisions taken by the Personnel Committee and the Supervisory Board, please refer to the Supervisory Board Report starting on page 6. The remuneration system was presented and approved at the 2010 Annual General Meeting.

6
Supervisory Board Report

REMUNERATION PRINCIPLES AND MARKET POSITIONING

Remuneration is designed to be competitive given the Group's scale of business activities, operating environment and performance compared to peers. While structured to attract and retain highly qualified executives, the overall goal is to support and encourage sustained value-oriented management.

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

- SUPPORT FOR THE GROUP'S STRATEGY: performance targets reflect the Allianz Group's business strategy.
- ALIGNMENT OF PAY AND PERFORMANCE: a significant performance-based, variable component.
- VARIABLE REMUNERATION MORE FOCUSED ON THE LONGER TERM: a high proportion of incentive-based reward recognizes sustained performance and payout occurs after three or five years.
- ALIGNMENT WITH SHAREHOLDER INTERESTS: an important component of remuneration is dependent upon share price performance.
- INTEGRATION AND BALANCE: incentives complement each other and represent an appropriate balance of opportunity and managed risk that is effective over varying performance scenarios and consistent with good governance.

The structure, weighting and level of remuneration components are discussed by the Supervisory Board. Survey data is regularly provided by external consultants with significant market expertise. The peer group consists primarily of other DAX 30 companies. Other major diversified insurance/financial services companies in Europe are also points of reference. Base salary levels are usually around the median of this group, but may not be in any given year. The structure of Allianz total remuneration is more strongly weighted to variable, longer-term components. Allianz remuneration and benefits arrangements are also periodically compared with best practices. The Supervisory Board determines the need for any adjustments by taking into account relevant market information, the competitiveness of the total remuneration offer, the performance of the company, general economic conditions and the evolution of Board of Management remuneration relative to remuneration levels within the Group.

REMUNERATION STRUCTURE AND COMPONENTS

There are four main remuneration components, excluding pensions/similar benefits and perquisites. Each has approximately the same weighting within annual target remuneration: Base salary, Annual bonus, annualized Three-year bonus and Equity-related remuneration. The split of remuneration is approximately 25 % fixed and 75 % target variable.

BASE SALARY

Base salary is the fixed remuneration component. It recognizes the responsibilities of the role and sustained performance in meeting Allianz's goals. Base salary is expressed as an annual cash sum, paid in twelve monthly installments.

VARIABLE REMUNERATION

Variable remuneration aims for balance between short-term performance, longer-term success and sustained value creation. It is designed to balance risk and opportunity to achieve an appropriate level of remuneration in different performance scenarios and business circumstances. Variable awards are made under the plan rules and conditions of the "Allianz Sustained Performance Plan" (ASPP) which consists of the following equally-weighted components:

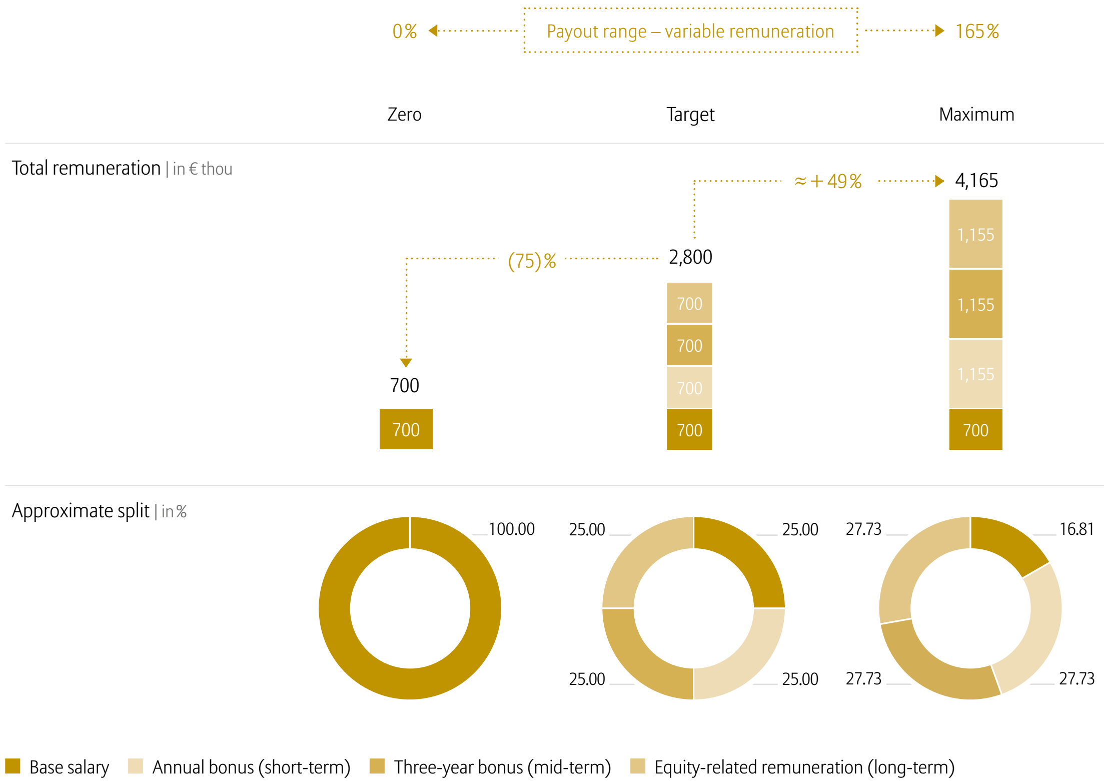
1. Annual bonus (short-term): a performance-related cash payment which rewards annual achievement of targets.
2. Three-year bonus (mid-term): a performance-related cash payment that rewards multi-year sustainable achievement of targets.
3. Equity-related remuneration (long-term): a performance-related virtual share award, known as Restricted Stock Units (RSU). Annual achievement of targets is the basis for the initial grant value. The longer-term performance of the Group is reflected in the Allianz stock price development over the four-year vesting period following the grant.

All variable remuneration components are subject to a cap of 165 % of the respective target values. The Supervisory Board determines the level of award within a range of 0 % to 165 % of target value. Additionally, the RSU payout is capped at 200 % above grant price. Furthermore, variable remuneration components may not be paid, or payment may be restricted, if the state supervisory authority requires this in accordance with its statutory powers.

The following chart illustrates the potential value of the offer – excluding pension and perquisites – at different performance outcomes (zero, target and maximum). In addition, they show the corresponding proportions delivered through fixed and variable remuneration.

VALUE OF ANNUAL OFFER IN VARIOUS PERFORMANCE ACHIEVEMENT SCENARIOS

Example: regular member of the Board of Management with € 700 thou fixed and € 2,100 thou target variable remuneration



Maximum variable remuneration payout of 165% would lead to an approximately 49% increase compared to total target remuneration while a 0% payout would reduce the total remuneration by 75% of target. The annual accrual of the mid-term (Three-year bonus) amount only indicates the assumed progress based on annual performance. The final assessment and payout is determined by the Supervisory Board after the completed three-year performance period.

The remaining remuneration components comprise of pensions/similar benefits and perquisites. These are described below.

PENSIONS AND SIMILAR BENEFITS

The purpose is to provide competitive and cost effective retirement and disability benefits using risk appropriate vehicles. Board members participate in a contribution-based system covering Board service from January 1, 2005. Prior to 2005, Board members participated in a defined benefit plan that provided fixed benefits not linked to base salary increases. Benefits generated by each year of service under this plan were frozen at the end of 2004. Additionally, all Board members participate in the Allianz Versorgungskasse VVaG (AVK), a contribution-based pension plan and the Allianz Pensionsverein e.V. (APV), which provides pension benefits for salaries up to the German social security ceiling.

Company contributions for the current pension plan depend on the years of service on the Board of Management. They are invested in a fund with a guaranteed minimum interest rate per year. On retirement the accumulated capital is converted to a lifetime annuity. An additional risk premium of 5% of the regular pension contribution is paid to cover death and disability. The earliest age a pension can be drawn is 60, except for cases of occupational or general disability for medical reasons. In these cases it may become payable earlier on. In the case of death, a pension may be paid to dependents. Surviving dependents normally receive 60% (widow/widower) and 20% (per child) of the original employee's pension, with the aggregate not to exceed 100%. In the AVK a benefit appreciation will occur in case of death or disability. Should board membership cease prior to retirement age for other reasons, the accrued pension rights are maintained if vesting requirements are met.

PERQUISITES

Members of the Board of Management also receive certain perquisites. These mainly consist of contributions to accident and liability insurances and the provision of a company car. Where applicable, there are expenses for maintenance of two households and in some cases security measures are provided. Perquisites are not linked to performance. Each member of the Board of Management is responsible for the income tax on these perquisites. The Supervisory Board reviews the level of perquisites at regular intervals.

TARGET SETTING AND PERFORMANCE ASSESSMENT FOR VARIABLE REMUNERATION

Each year, the Supervisory Board agrees on performance targets for the variable remuneration with the members of the Board of Management. These are documented for the upcoming financial year and, every three years, for the respective mid-term period. The nature of these targets is described in the table below.

TARGET CATEGORIES FOR VARIABLE REMUNERATION

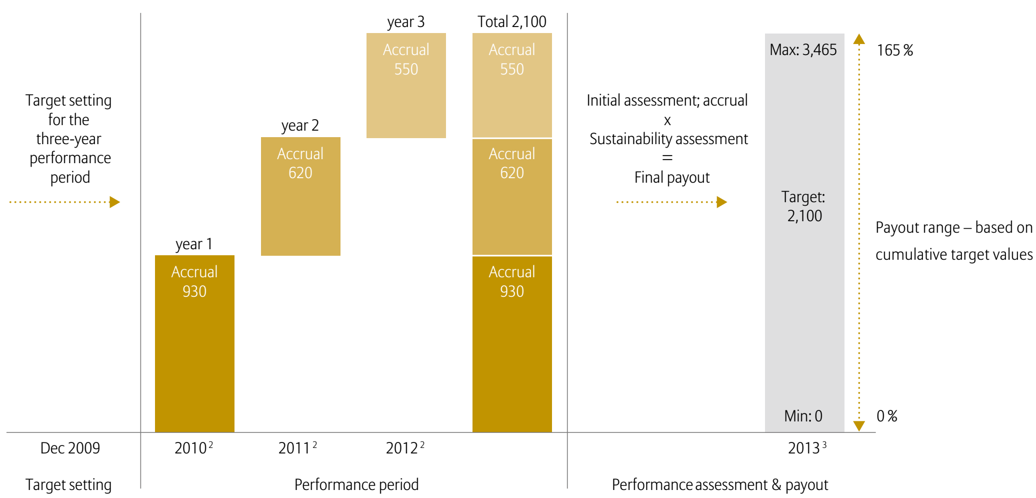
			BUSINESS DIVISION / FUNCTION	CORPORATE CENTER FUNCTIONS
ANNUAL BONUS (short-term)	QUANTITATIVE TARGETS	75 %		
	GROUP TARGETS	50 %	EQUAL SPLIT BETWEEN ■ Annual operating profit ■ Annual net income attributable to shareholders	
	TARGETS OF THE BUSINESS DIVISIONS/ CORPORATE CENTER FUNCTIONS	25 %	Operating profit of the respective business division	CONTROLLING, REPORTING, RISK ■ Solvency I ratio ■ Dividend capability FINANCE ■ Investment performance ■ Cash-Flow generation OPERATIONS ■ Efficiency ■ Operating profit of Travel/Assistance[1]
	QUALITATIVE TARGETS	25 %	SPECIFIC INDIVIDUAL PRIORITIES FOR 2011 PER MEMBER OF THE BOARD OF MANAGEMENT FIVE CATEGORIES THAT ARE ESSENTIAL TO THE 2010 - 2012 GROUP STRATEGY ■ "Partner of Choice" for stakeholders (customers, employees, investors, general public) ■ Profitable growth ■ Strengthening of competitiveness ■ Development of market management (e.g. sales channels, customer segments and profitable customer base growth) ■ Protection of shareholders' equity	
	The performance achievement of the Chairman is determined by the average target achievement of the other Board of Management members and can be adjusted by the Supervisory Board based on the Chairman's personal performance.			
THREE-YEAR BONUS (mid-term)	PORTFOLIO DEVELOPMENT		GROUP LEVEL ■ 2010 - 2012 average growth ■ 2012 return on capital BUSINESS DIVISION LEVEL ■ 2010 - 2012 average growth ■ 2012 return on capital	
	SUSTAINABILITY ASSESSMENT QUALITATIVE CRITERIA		■ Actual growth versus expectations ■ Profitability development ■ Comparison with peers ■ Extraordinary events ■ Capital situation against internal risk capital model ■ Additional sustainability criteria (e.g. customer/employee satisfaction)	
EQUITY-RELATED REMUNERATION (long-term)	SUSTAINED INCREASE IN SHARE PRICE			

1 | Additional operating profit targets were set for Dr. Christof Mascher for overseeing Mondial Assistance (now Allianz Global Assistance).

The ANNUAL BONUS award depends on the achievement of quantitative and qualitative targets for the respective financial year and any discretionary adjustment the Supervisory Board applies to reflect overall business results and individual performance achievements. These targets are set in order to achieve an appropriate return on capital, as approved by the Supervisory Board.

The THREE-YEAR BONUS recognizes both sustained target achievement over the performance period as well as a further sustainability assessment. Quantitative three-year targets focus on portfolio development, as measured by revenue growth and profit which achieve both an appropriate return on capital and relative peer group performance. As a first step, the Supervisory Board assesses achievements versus targets based on a portfolio development matrix. This assessment, which considers both growth and return on capital, ensures that the final award not only depends on a high profit margin but also profitable growth. Also, to avoid payouts due to general short-term variability not related to sustainable performance, growth is measured over a three-year period. As the final assessment is not formulaic, the Supervisory Board then considers as a second step qualitative factors as part of a sustainability assessment. This may modify the resulting award. If performance is determined to be below acceptable relative market performance or not sustainable, assessments may be significantly reduced – in extreme cases to zero.

ILLUSTRATION OF THE PROCESS AND THE UNDERLYING TIMELINE OF THE THREE-YEAR BONUS CYCLE, FROM TARGET SETTING TO FINAL PERFORMANCE ASSESSMENT[1] | in € thou

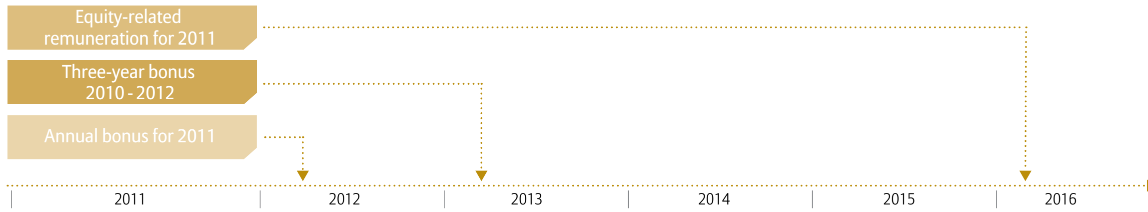


EQUITY-RELATED remuneration is granted after the end of the financial year with the annual bonus performance of plan participants determining the value of the equity grant (the same value as the Annual bonus). The number of RSU granted results from dividing this value by the calculated market value of an RSU at the time of grant. Following the end of the four year vesting period, the company makes a cash award based on the market price of Allianz share at that time. In this way the ultimate value is driven by Allianz share performance, providing alignment with shareholder interests. To avoid extreme payouts, the RSU payout is capped at 200 % above grant price. Outstanding holdings are usually forfeited when executives leave at their own request (or are terminated for cause).

Annual performance drives the value of the Annual bonus and also influences the opportunity of the mid- and long-term components. However, the values delivered under the three-year and equity components ultimately depend on sustained performance over longer periods.

1 | Example based on at target values of a regular member of the Board of Management with an annual target of € 700 thousand for the Three-year bonus.
2 | Actual accrual for the Three-year bonus (mid-term) usually equals the Annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle this value is only a notional indication.
3 | Final payout is subject to the sustainability assessment of the Supervisory Board and may vary within the full range between 0 % - 165 % of the cumulative target values independent of the notional accruals.

PAYOUT OF VARIABLE REMUNERATION



2011 REMUNERATION AND LINK TO PERFORMANCE

We discuss below the 2011 remuneration results and the link to performance against targets.

- **BASE SALARY:** The Supervisory Board approved an increase to the base salaries of Clement Booth, Enrico Cucchiani, Dr. Joachim Faber and Dr. Werner Zedelius by € 50 thousand in December 2010. This resulted in a base salary of € 750 thousand as of January 1, 2011. For all other Board members base salaries for 2011 were maintained at their existing levels.
- **ANNUAL BONUS:** The target achievement for the Group, the business division/corporate functions and the qualitative performance was on average assessed at 84 % and ranged between 71 % and 98 %. Consequently, total Annual bonus awards ranged between 71 % and 98 % of target with an average bonus award of 84 % of target bonus. This represents 51 % of the maximum payout.
- **THREE-YEAR BONUS:** Three-year performance achievement for the 2010 - 2012 plan will be measured and bonus outcomes determined during the first half of 2013. For accrual purposes, the target achievement of the Annual bonus serves as the notional indication.
- **EQUITY-RELATED REMUNERATION:** In accordance with the approach described earlier, a number of RSU were granted to each Board member in March 2012. At the time of grant, each award had the same "fair value" as the award for the 2011 Annual bonus.
- **PERQUISITES:** For 2011 the total value of the perquisites amounted to € 0.5 mn (2010: € 0.5 mn).
- **PENSIONS:** Company contributions in the current plan are 29.25 % of base salary, increasing to 36.56 % after five years and to 43.88 % after ten years service on the Board of Management. These are invested in a fund and have a minimum guaranteed interest rate of 2.75 % each year. If the net annual return of the AVK exceeds 2.75 %, the full increase in value is credited in the same year. For members with pension rights in the frozen plan, the above contribution rates are reduced by an amount equivalent to 19 % of the annual pension from that plan.
- **TOTAL REMUNERATION:** The following table shows the individual remuneration for 2011 and 2010, including fixed and variable remuneration, as well as the pension service cost.

INDIVIDUAL REMUNERATION – 2011 AND 2010

Board members		Fixed		Variable					
		Base salary	Perquisites	Annual bonus (short-term)[1]	Three-year bonus (mid-term)[2]	Fair value of RSU award at date of grant (long-term)	Total	Pensions	Total incl. Pensions
		€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Michael Diekmann	**2011**	1,200	31	1,062	1,062	1,062	4,417	846	5,263
(Chairman)	2010	1,200	24	1,544	1,544	1,544	5,856	743	6,599
Dr. Paul Achleitner[3]	**2011**	800	57	640	640	640	2,777	1,336[4]	4,113[4]
	2010	800	61	1,075	1,075	1,075	4,086	637	4,723
Oliver Bäte	**2011**	700	50	688	688	688	2,814	291	3,105
	2010	700	47	948	948	948	3,591	278	3,869
Manuel Bauer	**2011**	700	13	511	511	511	2,246	284	2,530
	2010	—	—	—	—	—	—	—	—
Clement Booth	**2011**	750	144	499	499	499	2,391	413	2,804
	2010	700	125	992	992	992	3,801	262	4,063
Enrico Cucchiani[5]	**2011**	730	68	631	0	631	2,060	188	2,248
	2010	700	46	925	925	925	3,521	197	3,718
Dr. Joachim Faber[6]	**2011**	750	21	651	651	651	2,724	351	3,075
	2010	700	20	1,029	1,029	1,029	3,807	349	4,156
Dr. Christof Mascher	**2011**	700	29	595	595	595	2,514	374	2,888
	2010	700	22	881	881	881	3,365	284	3,649
Jay Ralph	**2011**	700	54	525	525	525	2,329	262	2,591
	2010	700	81	845	845	845	3,316	264	3,580
Dr. Werner Zedelius	**2011**	750	16	559	559	559	2,443	586	3,029
	2010	700	16	837	837	837	3,227	428	3,655
Total	**2011**	**7,780**	**483**	**6,361**	**5,730**	**6,361**	**26,715**	**4,931**	**31,646**
	2010[7]	7,600	473	9,921	9,921	9,921	37,836	3,800	41,636
Change from previous year[7]		**2.4%**	**2.1%**	**(35.9)%**	**(42.2)%**	**(35.9)%**	**(29.4)%**	**29.8%**	**(24.0)%**
Change from previous year in total variable[7]					**(38.0)%**				

To provide comparable disclosure to previous years, the remuneration table includes the notional annual accrual of the Three-year bonus for 2010 to 2012. We also disclose below the actual total remuneration per member of the Board of Management for each respective year. For this purpose, the "Total" for 2011 and the "Total" for 2010 (in parenthesis) excludes the notional annual accrual of the Three-year bonus for 2010 to 2012:

Michael Diekmann € 3,355 (4,312) thousand
Oliver Bäte € 2,126 (2,643) thousand
Clement Booth € 1,892 (2,809) thousand
Dr. Joachim Faber € 2,073 (2,778) thousand
Jay Ralph € 1,804 (2,471) thousand
Dr. Paul Achleitner € 3,165[8] (3,011) thousand
Manuel Bauer € 1,735 (—) thousand
Enrico Cucchiani € 2,060 (2,596) thousand
Dr. Christof Mascher € 1,919 (2,484) thousand
Dr. Werner Zedelius € 1,884 (2,390) thousand

The total remuneration of the Board of Management of Allianz SE for 2011, excluding the notional annual accrual of the Three-year bonus, amounts to € 22 mn[8] (2010: € 28 mn).

1 | Actual bonus paid in 2012 for fiscal year 2011 and in 2011 for fiscal year 2010.
2 | For accrual purposes the value for the Mid-term bonus 2010 to 2012 equals the Annual bonus payout of the respective financial year. Since the performance assessment and the final payout occur after completion of the performance cycle this value is only a notional indication.
3 | Dr. Paul Achleitner will leave the Allianz SE Board of Management effective May 31, 2012. Based on his contract the variable remuneration for the financial year 2011 and pro-rata for the financial year 2012 will be determined and paid out according to the normal process and timeline. He will receive a cash payment for the financial year 2011 and a pro-rated cash payment for the financial year 2012 instead of RSU (Restricted Stock Units). The amount will equal the respective 2011 Annual bonus and pro-rated 2012 Annual bonus. RSU and SAR (Stock Appreciation Rights) granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans. The non-forfeitable pension entitlements continue.
4 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management. The payment is calculated based on six months of the latest Base salary and a final lump-sum payment of 25% of the target variable remuneration. In total the transition payment amounts to € 1,027.5 thousand.
5 | Enrico Cucchiani left the Allianz SE Board of Management effective December 21, 2011. For the period January 1, 2011 to December 21, 2011 he received a pro-rated Base salary, Annual bonus and Equity-related remuneration. The Annual bonus and the Equity-related remuneration will be paid in cash in spring 2012. No pro-rata Three-year bonus for 2010 and 2011 or a transition payment were awarded. RSU (Restricted Stock Units) and SAR (Stock Appreciation Rights) granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans. The non-forfeitable pension entitlements continue.
6 | Dr. Joachim Faber left the Allianz SE Board of Management upon his retirement effective December 31, 2011. According to his contract he receives a transition payment of € 900 thousand. The payment is calculated based on the latest Base salary, which is paid for a further six months starting July 1, 2012, and a final lump-sum payment of 25% of the target variable remuneration. The payable pension takes into account the monthly payments over the six-month period.
7 | The total remuneration and the percentage change between 2010 and 2011 reflects the remuneration of the full Board of Management in the respective year. Dr. Gerhard Rupprecht retired from the Board of Management of Allianz SE effective December 31, 2010.
8 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thousand. This amount is included in the Total for 2011.

The Allianz Group paid € 5 mn (2010: € 4 mn) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of December 31, 2011, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 36 mn (2010: € 38 mn).

PENSIONS: SERVICE COST AND CONTRIBUTIONS FOR EACH MEMBER OF THE BOARD OF MANAGEMENT FOR 2011 AND 2010

			Defined Benefit Pension Plan (frozen)[1]			Current Pension Plan		AVK/APV[2]		Transition payment[3]		**Total**	
Board members		Assumed retirement age	Annual pension payment[4]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	**SC[5]**	**DBO[6]**
			€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Michael Diekmann	**2011**	60	337	216	5,241	567	3,173	6	143	57	922	846	9,479
(Chairman)	2010	60	337	183	4,790	555	2,535	5	133	0	826	743	8,284
Dr. Paul Achleitner	**2011**	60	344	321	3,933	359	1,896	6	75	650	1,028[7]	1,336	6,932
	2010	60	344	271	3,449	350	1,502	5	67	11	361	637	5,379
Oliver Bäte	**2011**	60	—	—	—	262	1,068	3	10	26	103	291	1,181
	2010	60	—	—	—	268	793	2	7	8	72	278	872
Manuel Bauer	**2011**	60	57	41	869	237	834	6	130	0	1	284	1,834
	2010	---	—	—	—	—	—	—	—	—	—	—	—
Clement Booth	**2011**	60	—	—	—	327	1,798	2	13	84	464	413	2,275
	2010	60	—	—	—	258	1,345	2	11	2	362	262	1,718
Enrico Cucchiani[8]	**2011**	62	—	33[9]	n.m.	155	0[10]	0	0	0	0[11]	188	0[10]
	2010	62 (65)	635	30	n.m.	166	856	0	9	1	693	197	1,558
Dr. Joachim Faber	**2011**	62	225	0	4,301	351	1,846	0	79	0	700	351	6,926
	2010	62	225	0	4,380	349	1,459	0	72	0	686	349	6,597
Dr. Christof Mascher	**2011**	60	—	—	—	259	1,331	2	13	113	203	374	1,547
	2010	60	—	—	—	267	1,048	2	11	15	81	284	1,140
Jay Ralph	**2011**	60	—	—	—	259	511	3	5	0	0	262	516
	2010	60	—	—	—	261	261	3	3	0	0	264	264
Dr. Werner Zedelius	**2011**	60	225	113	2,782	335	1,885	6	141	132	421	586	5,229
	2010	60	225	95	2,545	320	1,487	5	131	8	273	428	4,436

The sum of total remuneration of the Board of Management of Allianz SE and the pension service costs for 2011 (excluding the notional annual mid-term bonus accrual) amounts to € 26 mn[12] (2010: € 32 mn).

1 | For Enrico Cucchiani the Company Pension Fund and TFR ("Trattamento di fine rapporto").
2 | Following Allianz's founding of the APV in 1998 the plan participants contribute 3 % of their relevant salary to the AVK. For the AVK the minimum interest rate guaranteed is 2.75 % - 3.50 % depending on the date of joining Allianz. In general, the company funds the balance (1:1 in general, and for entries prior to January 2005, 1:2.2) required via the APV. Before 1998 both Allianz and the plan participants were contributing to the AVK.
3 | For details on the transition payment see section Termination of Service starting on page 45.
4 | Expected annual pension payment at assumed retirement age.
5 | SC = Service Cost.
6 | DBO = Defined Benefit Obligation; end of year.
7 | Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thousand. The payment is calculated based on the latest Base salary, which is paid starting December 1, 2012 for a six month period and a final lump-sum payment of 25 % of the 2012 target variable remuneration. The lump-sum will be paid in spring 2013.
8 | For Enrico Cucchiani the German pension plans are only based on a portion of his fixed salary (2011: € 510 thousand; 2010: € 460 thousand) and on an assumed retirement age of 62. The Italian plans are based on the the salary he receives from Italy. In Italy he had in addition to the obligatory state pension system INPS (Istituto Nazionale della Previdenzia Sociale) the TFR and the Company Pension Fund. TFR is a lump sum accrued each year and paid out by request when the person leaves (at any age). Due to his departure from Allianz effective December 21, 2011 he was entitled to receive a payment of € 451 thousand on December 31, 2011. (The amount disclosed in 2010 of € 635 thousand was under the assumption that he would be with Allianz until his retirement age in Italy of 65). All Italian schemes are contribution-based systems. These contributions are included in the table.
9 | Direct contribution to the Company pension fund € 5 thousand and from TFR € 28 thousand.
10 | As Enrico Cucchiani left Allianz on December 21, 2011, his DBO of € 1,045 thousand is covered under former board members.
11 | Enrico Cucchiani does not receive a transition payment.
12 | The transition payment for Dr. Paul Achleitner is included in the figure for 2011.

GRANTS AND OUTSTANDING HOLDINGS IN EQUITY INCENTIVES: The Equity-related remuneration that applied before 2010[1] consisted of two vehicles, virtual stock awards known as Restricted Stock Units (RSU) and virtual stock options known as Stock Appreciation Rights (SAR). Only RSU are awarded as of 2010.

GRANTS, OUTSTANDING HOLDINGS AND EQUITY COMPENSATION EXPENSE UNDER THE ALLIANZ EQUITY PROGRAM[2]

	RSU		SAR[4]		Equity Compensation Expense 2011[5]
Board members	Number of RSU granted on 3/8/2012[3]	Number of RSU held at 12/31/2011	Number of SAR held at 12/31/2011	Strike Price Range €	€ thou
Michael Diekmann (Chairman)	15,294	47,999	105,294	51.95 – 160.13	816
Dr. Paul Achleitner	—[6]	32,494	73,249	51.95 – 160.13	595
Oliver Bäte	9,905	24,205	26,362	51.95 – 117.38	263
Manuel Bauer	7,359	9,933	22,640	51.95 – 160.13	177
Clement Booth	7,185	32,099	50,464	51.95 – 160.13	399
Enrico Cucchiani	—[7]	30,541	64,623	51.95 – 160.13	464[8]
Dr. Joachim Faber	9,379	33,937	73,596	51.95 – 160.13	545
Dr. Christof Mascher	8,573	23,109	32,648	51.95 – 160.13	329
Jay Ralph	7,560	22,568	25,449	51.95 – 117.38	256
Dr. Werner Zedelius	8,043	37,831	83,428	51.95 – 160.13	500
Total	**73,298**	**294,716**	**557,753**	**—**	**4,344**

In 2011, remuneration and other benefits totaling € 6 mn (2010: € 7 mn) were paid to retired members of the Board of Management and dependents. Reserves for current pensions and accrued pension rights totaled € 73 mn (2010: € 58 mn).

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of December 31, 2011, there were no outstanding loans granted by Allianz Group companies to members of the Board of Management. When granted, loans and overdrafts are provided according to standard market conditions or the conditions prevailing for Allianz employees. They carry no more than normal risks of repayment and do not provide any other favorable features.

TERMINATION OF SERVICE

Board of Management contracts are set for a maximum period of five years. The term of contract is reduced accordingly if a Board member reaches 60 before then. In compliance with the German Corporate Governance Code, for new appointments the maximum service period of five years is not the rule.

1 | The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (starting on page 17).
2 | As disclosed in the Annual Report 2010 the equity related grant in 2011 was granted to participants as part of their 2010 remuneration. The disclosure in the Annual Report 2010 was based on a best estimate of the RSU grants. The actual grants, as of March 10, 2011, deviate from the estimated values and have to be disclosed accordingly. The actual grants as of March 10, 2011 under the Allianz Equity Program in the form of RSU are as follows: Michael Diekmann: 18,334, Dr. Paul Achleitner: 12,767, Oliver Bäte: 11,254, Clement Booth: 11,779, Enrico Cucchiani: 10,988, Dr. Joachim Faber: 12,222, Dr. Christof Mascher: 10,466, Jay Ralph 10,037, Dr. Gerhard Rupprecht: 10,030, Dr. Werner Zedelius: 9,941.
3 | The relevant share price used to determine the final number of RSU granted is only available after sign-off by the external auditors, thus numbers are based on a best estimate.
4 | SAR are released to plan participants upon expiry of the vesting period, assuming all other exercise hurdles are met. For SAR granted until and including 2008, the vesting period was two years. For SAR granted from 2009, the vesting period is four years. SAR can be exercised on condition that the price of Allianz SE stock is at least 20% above their strike price at time they are granted. Additionally, the price of the Allianz SE stock must have exceeded the Dow Jones EURO STOXX Price Index (600) over a period of five consecutive trading days at least once during the plan period.
5 | Grants of Equity-related remuneration are accounted for as cash settled awards. The fair value of the granted RSU and SAR is remeasured at each reporting date and accrued as a compensation expense proportionately over the vesting period. Upon vesting, any subsequent changes in the fair value of the unexercised SAR are also recognized as a compensation expense.
6 | For the financial year 2011 the Equity-related remuneration for Dr. Paul Achleitner will be delivered in cash, therefore he will not receive a RSU grant on March 8, 2012.
7 | Enrico Cucchiani left the Allianz SE Board of Management on December 21, 2011. The Equity-related remuneration will be paid in cash on a pro rata basis in spring 2012. Therefore he will not receive a RSU grant on March 8, 2012. RSU and SAR granted during his service are not forfeited and can be exercised according to the terms and conditions of the respective plans.
8 | The expense is based on Board of Management service through December 21, 2011.

Arrangements for termination of service including retirement are as follows:

1. Board members who were appointed before January 1, 2010 – and who have served a term of at least five years – are eligible for a six-month transition payment after leaving the Board of Management.
2. Severance payments made to Board members in case of an early termination comply with the German Corporate Governance Code.
3. Special terms, also compliant with the German Corporate Governance Code, apply if service is terminated as a result of a "change of control". A change of control requires that a shareholder of Allianz SE, acting alone or together with other shareholders, holds more than 50 % of voting rights in Allianz SE. Termination as a result of a change of control occurs where within twelve months of the change of control:
   a. the Management Board appointment is unilaterally revoked by the Supervisory Board, or
   b. the Board member terminates service by resignation due to a substantial decrease in managerial responsibilities and without giving cause for termination, or
   c. a Management Board appointment is terminated by mutual agreement or where it is not extended within two years of the change of control.

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

TERMINATION OF SERVICE – DETAILS OF THE PAYMENT ARRANGEMENTS AND ILLUSTRATIVE EXAMPLES

	Examples in € thou	
TRANSITION PAYMENT		
Board members receiving a transition payment are subject to a six months non-compete clause.	A regular Board member with last Base salary of 700 and target variable remuneration of 2,100	
The payment is calculated based on the last base salary and 25 % of the target variable remuneration at the date when notice is given.	Base Salary for 6 months (350) + 25 % of the total variable remuneration at target (525) = 875	
An Allianz pension, where immediately payable, is taken into account in adjusting transition payment amounts.		
SEVERANCE PAYMENT CAP		
Payments to Board members for early termination with a remaining term of contract of more than two years are capped at two year's compensation:	A regular Board member with last year Base salary of 700 and target variable remuneration of 2,100	
Whereby the yearly compensation	Two year's compensation:	
a. is calculated on the basis of the previous year's annual base salary plus 50 % of the target variable remuneration (Annual bonus + annualized Three-year bonus + Equity-related remuneration) and;	Base Salary (1,400) + 50 % of the total variable remuneration at target (2,100) = 3,500	Severance payment cap of 3,500
b. shall not exceed the latest year's actual total compensation.	Assumption: Last year's actual total compensation at 2,800 = 5,600	
In case the remaining term of contract is less than two years the payment is prorated according to the remaining term of the contract.	Based on the example from above (severance payment cap at 3,500) and assuming a remaining term of contract of only half a year: Severance payment cap (3,500) prorated to half a year = 875	
CHANGE OF CONTROL		
In case of an early termination as a result of a change of control, severance payments made to board members generally amount to a three years' compensation (yearly compensation as defined above) and shall not exceed	Based on the example from above:	
150 % of the severance payment cap.	150 % of the severance payment cap (3,500) = 5,250	
Consequently, the payout is less than two years total remuneration at target.		

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

MISCELLANEOUS

INTERNAL AND EXTERNAL BOARD APPOINTMENTS

When a member of the Board of Management holds an appointment in another company within the Allianz Group, the full remuneration amount is transferred to Allianz SE. In recognition of the benefits to the organization, Board of Management members are supported if they accept a limited number of non-executive supervisory roles in appropriate external organizations. In these cases, 50% of the remuneration received is paid to Allianz SE. A Board member retains the full remuneration only when the Supervisory Board qualifies the appointment as a personal one. Remuneration paid by external organizations is shown in the Annual Reports of the companies concerned. The remuneration relating to the external appointment is set by the governing body of the relevant organization.

331 Mandates of the Members of the Board of Management

OUTLOOK FOR 2012

On December 14, 2011 the Supervisory Board:

- Appointed the following new members to the Allianz SE Board of Management as of January 1, 2012:
  - Gary Bhojwani, Dr. Helga Jung and Dr. Dieter Wemmer.
  - Dr. Maximilian Zimmerer will be joining the Allianz SE Board of Management as of June 1, 2012.
- Dr. Paul Achleitner will leave Allianz by May 31, 2012.
- Approved base salary adjustments for those members of the Board of Management who had not received an increase since 2008. The base salary shall be increased (in € thousand): Michael Diekmann by 80, Dr. Paul Achleitner by 55 and Oliver Bäte by 50. This leads to the following base salary levels as of January 1, 2012 (in € thousand): Michael Diekmann 1,280, Dr. Paul Achleitner 855 and Oliver Bäte 750.
- Approved the target remuneration for the new Board members (Gary Bhojwani, Dr. Helga Jung, Dr. Maximilian Zimmerer and Dr. Dieter Wemmer) at base salary € 700 thousand and € 2,100 thousand target variable remuneration.

Contributions as a percentage of base salary currently paid by the company to the contribution-based pension plan will continue to decrease from 2011 onwards to achieve target provision levels using new actuarial and increasing tenure assumptions:

Allianz SE Board member service	Current contribution level %	Contribution level from 2012 %
Less than 5 years	29.25	28.35
After 5 years	36.56	35.44
After 10 years	43.88	42.53

Executive Remuneration Below the Allianz SE Board of Management

For the purpose of this report, senior executives are defined as Allianz employees who may either have a material impact on the company's financial or risk positions, or lead critical operations of the Group – 164 (2010: 161) individuals. In general, the same principles and governance standards described for the Board of Management apply to the remuneration of senior executives. However, executives below the Board of Management are more directly responsible for specific lines of business or product groups. Likewise, their remuneration is more closely aligned with their specific business, country and/or regional operating environments. Consequently there is a higher degree of variation in remuneration practices and levels.

The general objective for all Allianz remuneration structures is to offer competitive reward in terms of components, structure and level which allows Allianz to attract, motivate and retain high performing employees without encouraging excessive risk-taking.

GOVERNANCE SYSTEM

Allianz operates an effective system of Compensation Committees at the business, regional, country and operating entity levels. They periodically review and decide on remuneration guidelines and practices below the Board of Management level. Based on the specific nature, scale and scope of each business the Board of Management has defined the appropriate level of Compensation Committee oversight. A Group-wide framework governs Compensation Committee operations and ensures consistent adherence to both Allianz minimum standards and regulatory requirements.

The duties of the Group Compensation Committee (GCC) are to assist the Allianz SE Board of Management in discharging its responsibilities for all compensation matters relating to the Chief Executive Officers, Board members of the International Executive Committee (IEC) companies and the heads of the major functions of Allianz SE. In addition, the committee and representatives of companies classified as significant according to the German Insurance Remuneration Regulation of October 13, 2010 have identified and approved a list of other key executives for additional review.

The membership of the GCC reflects the nature of the principal Allianz businesses and the breadth and depth of expertise required for Group oversight to comply with German Insurance Remuneration Regulation[1]. Membership is approved by the Allianz SE Board of Management. Cross-representation on different Committees (i.e. Compensation, Risk, Finance and Capital Committees) supports effective information flow between these bodies.

The responsibilities of Compensation Committees below the GCC level are similar regarding compensation systems and oversight of their respective/relevant executives. Local Compensation Committees are typically comprised of Regional Chief Executive Officers, Business Division Heads, Chief Financial Officers or Chief Operating Officers, a representative of the legal and/or compliance function and the Head of Human Resources.

Beyond local Compensation Committee oversight, the GCC must be informed quarterly of payments or individual agreements exceeding certain materiality thresholds.

FRAMEWORK AND MINIMUM STANDARDS

Allianz's global governance frameworks and minimum standards are centrally managed. This ensures global consistency and allows for timely updates to reflect changing business needs and evolving regulatory requirements. It also supports continuous improvement in sustainable performance management and exemplary governance principles.

Allianz conducted its annual remuneration risk assessment for senior executives in companies classified as significant according to VersVergV to confirm that the remuneration structures for senior executives are appropriate to their role, transparent and aligned to the sustainable development of Allianz. The objective of this review was to develop recommendations for improving risk mitigation and aligning pay with performance and, ultimately, to confirm compliance with regulation.

The results of these analyses were incorporated in the required internal Compensation Report to the Board of Management. The Board of Management provided the Supervisory Board with a summary of the analyses, recommendations for improvements in the remuneration and governance systems, and an overall assurance of compliance with regulations.

1 | In accordance with the German Insurance Remuneration Regulation, Compensation Committee membership in Allianz generally does not solely consist of board members and managing directors but also includes representatives of the business as well as representatives of HR and control functions. In order to avoid potential conflicts of interest, each Compensation Committee comprises members whose own remuneration is not covered by its remit.

REMUNERATION PRINCIPLES

Remuneration structures and incentives are designed to encourage sustainable value-creating activities for Allianz. Hence Allianz deploys a number of different remuneration structures and strategies across the Group which take into account the particular roles of executives, business activities and local remuneration and regulatory environments.

The key additional principles of executive remuneration strategy are:

- Align pay with both the performance of individuals and the achievement of the Allianz Group's financial and strategic goals consistent with shareholder interests.
- Vary the mix and weight of fixed versus variable remuneration to reflect the executive's influence on the results of the Group/business division/operating entity.
- Deliver total rewards that are competitive in the relevant markets.

REMUNERATION COMPONENTS

The primary model is that of the Allianz insurance business. Most executives are covered by the Allianz Sustained Performance Plan (ASPP). The model provides for a balance of fixed and variable remuneration components with a stronger focus on the longer-term realization of results in determining the final value of total remuneration.

38 Allianz Sustained Performance Plan (ASPP)

For the majority of operations the following components set the remuneration structure for senior executives to comply with applicable regulations, although not everyone in this group receives all of them, or has the same mix of components:

- Base salary
- Variable remuneration, including:
  - Short- and, where applicable, mid-term incentives
  - Long-term incentives in the form of Equity-related remuneration

The outline below discusses the component's purpose, performance link and operation.

BASE SALARY

Base salary recognizes the market value of the role. Annual adjustments also take account of sustained performance in the role, the performance of the company, general economic conditions and the level of increases awarded elsewhere in the Group. The proportion of the fixed component within total remuneration is designed to balance performance incentives to avoid excessive risk-taking. Base salary is expressed as an annual cash sum paid in monthly installments.

81 Remuneration

VARIABLE REMUNERATION

Variable remuneration is designed to encourage and reward achievement of both annual performance goals and the sustainable success of the Group and local companies. It is structured to align with Allianz's risk positioning strategy and reward the personal contribution of the individual. Annual targets and, where applicable, multi-year targets are set, communicated and documented in advance of the performance period and generally conform with SMART (specific, measurable, attainable, relevant and time-bound) principles. In the case of breaches of the Code of Conduct, compliance or other relevant criteria, payout can be reduced partially or in full.

For operations that represent either asset management or alternative investment business for Allianz or third-party assets, incentive programs and remuneration structures are consistent with the risk positions and competitive markets in which they operate. These may deviate from the general Allianz variable remuneration program descriptions and may include profit sharing, co-investment and other cash-based incentive plans. These businesses use appropriate risk control measures. Oversight is performed by their respective Compensation Committees.

According to the general terms applicable to all employees, senior executives who are not members of a Board of Management may also participate in the global Employee Stock Purchase Plan.

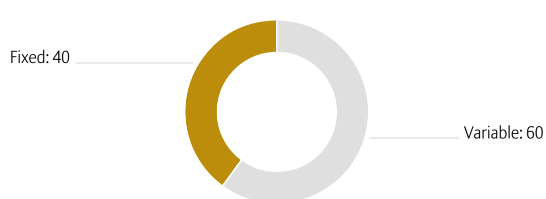
Additionally, depending on the specific country or operating entity, Allianz operates a number of pension and flexible benefit plans, in particular deferred compensation schemes – which may provide participants with other opportunities to accumulate retirement income.

2011 REMUNERATION

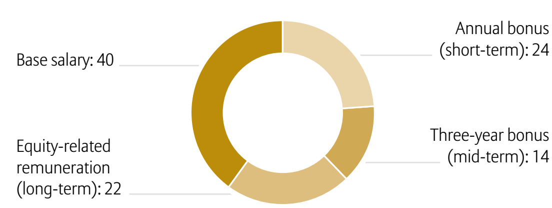
For senior executives who assume positions of high risk in the sense of the VersVergV, we disclose aggregate details of the 2011 target remuneration. The number of functions across the Group identified for analysis was 164 (2010: 161), as outlined above.

KEY FEATURES OF SENIOR EXECUTIVES' 2011 TARGET REMUNERATION[1]

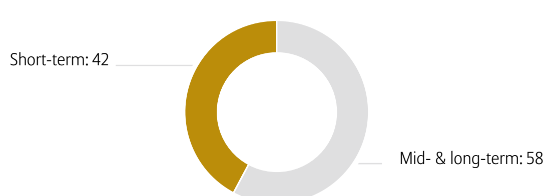
SPLIT BETWEEN FIXED AND VARIABLE REMUNERATION
in %



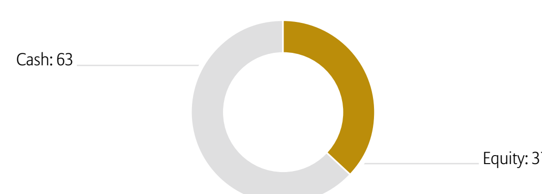
ALLOCATION PER REMUNERATION COMPONENT
in %



SPLIT BETWEEN SHORT-TERM AND MID-/LONG-TERM VARIABLE REMUNERATION
in %



SPLIT BETWEEN CASH INCENTIVES AND EQUITY-RELATED VARIABLE REMUNERATION
in %



1 | Figures excluding pensions and perquisites; including Members of the Board of Management of Allianz SE.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is governed by the Statutes of Allianz SE and the German Stock Corporation Act. Since changing to a new remuneration system with fixed remuneration only, Allianz SE deviates from the recommendation of the German Corporate Governance Code to provide a performance-related remuneration. Allianz believes that a fair, fixed remuneration is more suitable to the control function of the Supervisory Board. The structure of the Supervisory Board's remuneration is regularly reviewed with respect to German, European and international corporate governance recommendations and regulations.

REMUNERATION PRINCIPLES

- Set total remuneration at a level aligned with the scale and scope of the Supervisory Board duties and appropriate to the Company's activities, business and financial situation.
- Set a remuneration structure that takes into account the individual functions and responsibilities of Supervisory Board members, such as chair, vice-chair or committee mandates.
- Set a remuneration structure to allow for proper oversight of business as well as for adequate decisions on executive personnel and remuneration.

REMUNERATION STRUCTURE AND COMPONENTS

The Supervisory Board discussed changes to the remuneration structure in its September 2010 and December 2010 meetings based on a proposal from the Personnel Committee – considering a review of market practices and developments by Kienbaum Management Consultants. The new remuneration structure, which comprises fixed and committee related remuneration only, was approved by the Annual General Meeting 2011 and is laid down in the Statutes of Allianz SE. It became effective for the financial year 2011.

FIXED ANNUAL REMUNERATION

The remuneration of a member of the Supervisory Board consists of a fixed cash amount paid after the end of each business year to a Supervisory Board member for service rendered over the period. A regular Supervisory Board member receives a fixed remuneration of € 100 thousand per year; a deputy Chairperson receives € 150 thousand and the Chairperson € 200 thousand.

COMMITTEE-RELATED REMUNERATION

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

Committee	Chair € thou	Member € thou
Personnel Committee, Standing Committee Risk Committee	40	20
Audit Committee	80	40
Nomination Committee	0	0

ATTENDANCE FEES AND EXPENSES

In addition, members of the Supervisory Board receive an attendance fee for each Supervisory Board or committee meeting they attend in person. Along with the changes to the remuneration system as of January 1, 2011 the attendance fee was adjusted from € 500 to € 750. This amount remains unchanged if several meetings occur on one day or when various meetings are held on consecutive days.

Allianz SE reimburses the members of the Supervisory Board for their out-of-pocket expenses and the VAT payable for their remuneration and expenses. For the performance of his duties, the Chairman of the Supervisory Board is furthermore entitled to an office with secretarial support and use of the Allianz carpool service. In the financial year 2011, Allianz SE reimbursed expenses in the total amount of € 35 thousand.

REMUNERATION FOR 2011

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,009 thousand in 2011 (€ 1,463 thousand in 2010). The average annual remuneration for the Supervisory Board members increased to € 167 thousand (2010: € 122 thousand). The reason for such difference is that in 2010 no long-term variable remuneration was paid out from the previous remuneration system.

The following table shows the individual remuneration for 2011 and 2010:

Members of the Supervisory Board	Committees[1]						Fixed remuneration	Short-term variable remuneration[2]	Long-term variable remuneration[2]	Committee remuneration	Attendance fees	Total remuneration (after cap[2])
	A	N	P	R	S		€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Dr. Henning Schulte-Noelle	M	C	C	C	C	**2011**	200.0	—	—	160.0	6.8	366.8
(Chairman)	M	C	C	C	C	2010	100.0	48.0	0.0	141.0	3.5	225.5[3]
Dr. Gerhard Cromme		M	M		M	**2011**	150.0	—	—	40.0	3.8	193.8
(Vice Chairman)		M	M		M	2010	75.0	36.0	0.0	37.0	2.5	150.5
Rolf Zimmermann			M		M	**2011**	150.0	—	—	40.0	3.8	193.8
(Vice Chairman)			M		M	2010	75.0	36.0	0.0	37.0	2.5	150.5
Dr. Wulf Bernotat	C				M	**2011**	100.0	—	—	100.0	4.5	204.5
	C				M	2010	50.0	24.0	0.0	63.5	4.0	141.5
Jean-Jacques Cette	M					**2011**	100.0	—	—	40.0	4.5	144.5
	M					2010	50.0	24.0	0.0	30.0	3.0	107.0
Geoff Hayward				M		**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.5	95.0
Franz Heiß				M		**2011**	100.0	—	—	20.0	3.0	123.0
						2010	—	—	—	—	—	—
Prof. Dr. Renate Köcher		M		M		**2011**	100.0	—	—	20.0	3.0	123.0
		M		M		2010	50.0	24.0	0.0	18.5	2.0	94.5
Peter Kossubek					M	**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.5	95.0
Igor Landau	M					**2011**	100.0	—	—	40.0	5.3	145.3
	M					2010	50.0	24.0	0.0	30.0	2.5	106.5
Jörg Reinbrecht	M					**2011**	100.0	—	—	40.0	5.3	145.3
	M					2010	50.0	24.0	0.0	30.0	3.5	107.5
Peter Denis Sutherland				M		**2011**	100.0	—	—	20.0	3.0	123.0
				M		2010	50.0	24.0	0.0	18.5	2.0	94.5
Total[4]						**2011**	**1,400.0**	**0.0**	**0.0**	**560.0**	**48.8**	**2,008.8**
						2010	700.0	336.0	0.0	461.0	33.0	1,463.0

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.
2 | Only applicable for 2010 remuneration.
3 | Total remuneration (excluding attendance fees) was capped at € 222 thousand (for the Chairperson, the limit was three times the 2010 basic remuneration).
4 | The total remuneration reflects the remuneration of the full Supervisory Board in the respective year.

REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

As remuneration for their membership in the Supervisory Board of Allianz Deutschland AG Mr. Franz Heiß received € 40 thousand and Mr. Jörg Reinbrecht received € 30 thousand for the financial year 2011. Mr. Jörg Reinbrecht joined the Supervisory Board of Allianz Deutschland AG in April 2011.

All employee representatives of the Supervisory Board except for Mr. Jörg Reinbrecht are employed by Allianz Group companies and receive a remuneration at arms length for their services.

LOANS TO MEMBERS OF THE SUPERVISORY BOARD

On December 31, 2011, there were no outstanding loans granted by Allianz Group companies to members of the Supervisory Board of Allianz SE.


VERKEHRSFLUGGAST-
UNFALLVERSICHERUNG
Annahme
HIER
ALLIANZ VERSICHERUNGS-AG FRANKFURTER
VERSICHERUNGS-AG BAYERISCHE VERSICHERUNGSBANK AG

GROUP MANAGEMENT REPORT

1956: Allianz developed a special "air passenger accident insurance" for 3 million airline passengers in Germany.
2011: Over 2.5 billion air passengers around the world can choose their own individual accident insurance cover with Allianz.


26
hoffentlich
ALLIANZ
versichert
wenn ein Unfall Dich erwischt

CONTENT

III. Group Management Report

YOUR ALLIANZ

MANAGEMENT DISCUSSION AND ANALYSIS

RISK REPORT AND FINANCIAL CONTROL

YOUR ALLIANZ

III. Business Operations and Markets

Allianz offers a comprehensive range of insurance and asset management products and services to approximately 78 mn customers in about 70 countries.

Insurance Operations

Our product portfolio includes a wide range of Property-Casualty and Life/Health insurance products for both private and corporate customers. We are the leading property-casualty insurer globally and rank among the top five in the life/health insurance business.

Most of our insurance markets are served by local Allianz companies while selected business lines are run globally such as Global Corporate Customers, Credit Insurance, Assistance Services, Worldwide Care, Global Automotive and Reinsurance. Based on premiums, we estimate the split between private and corporate clients to be about 50 % and 50 % for our Property-Casualty segment, and about 80 % and 20 % for our Life/Health segment, respectively.

SELECTED PRODUCT RANGE

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

Asset Management

As of December 31, 2011, we are one of the largest asset managers in the world which manage third-party assets with active investment strategies, with over € 1,600 bn assets under management. Through 2011, our Asset Management business was governed by Allianz Global Investors, AGI, operating with investment and distribution arms in all major markets, under brands such as PIMCO, AGI, RCM or AGI Capital. Particular strongholds include the United States, Germany, France, Italy, the United Kingdom and the Asia-Pacific region. As of December 31, 2011, AGI managed € 1,255 bn of third-party assets of which the share from institutional clients amounted to 67 % while 33 % came from retail clients.

As of January 1, 2012, we are running the Asset Management business out of two distinct investment management businesses, PIMCO and AGI. Both units will operate under Allianz Asset Management (AAM), focusing solely on financial and overarching governance matters. This change is driven by the significant growth in our Asset Management business in recent years. We intend to tailor products, solutions and distribution that best meet our clients' needs, and further strengthen both brands.

SELECTED PRODUCT RANGE

RETAIL AND INSTITUTIONAL CLIENTS			
EQUITY	FIXED-INCOME	ALTERNATIVES	SOLUTIONS
■ Systematic ■ Sector/theme funds ■ Region/country funds ■ Style funds ■ Small cap funds ■ Stocks plus	■ Money market ■ Low duration ■ Real return ■ Global ■ Investment grade ■ Diversified income ■ High yield ■ Emerging markets ■ Convertible bonds	■ Structured products ■ Commodity funds ■ Certificate funds ■ Currency funds ■ Equity long/short ■ Relative value	■ Life-cycle concepts ■ Multi-asset solution ■ Variable annuity solutions ■ Asset/Liability management ■ Risk management concepts

Corporate and Other

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

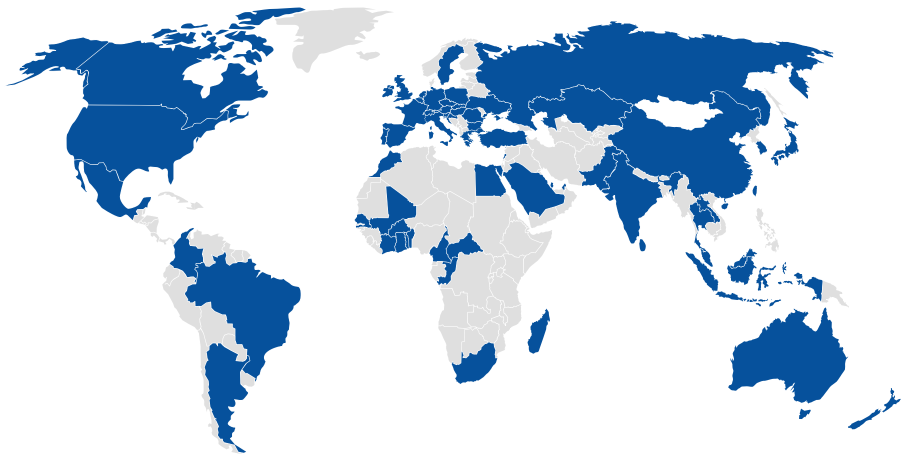
BANKING OPERATIONS

Our banking operations support our insurance business and complement our product offerings in Germany, Italy, France and Bulgaria. As a division of Allianz Deutschland AG, Oldenburgische Landesbank AG (OLB) is Allianz's main banking product and service provider in Germany. OLB, Germany's largest private regional bank, covers the northwest of Germany with 176 branches, concentrating its business on retail and corporate clients. In our core market Germany we focus our assurbanking activities (distribution of banking products through our German insurance agents' network) under the brand name Allianz Bank (operating as a branch of OLB). The number of Allianz Bank branches and certified agencies, offering integrated financial services and products, increased in 2011 to 819. Additional agencies are planned to be certified in 2012.


Beschirme Deine Urlaubsfreude
durch die
REISEWETTER-VERSICHERUNG
ALLIANZ VERSICHERUNGS-AG · FRANKFURTER VERSICHERUNGS-AG · BAYERISCHE VERSICHERUNGSBANK AG
Fordern Sie Spezial-Prospekt!
Die nächste Vermittlungsstelle:

1955: In the days of the “economic miracle”, travelers were able to get insurance from Allianz in Germany and its partner RAS in Italy in the event of a rain-soaked vacation.
2011: With a total of more than 63 million vacation trips throughout the world, many Germans can count on Allianz travel insurance coverage.

Worldwide Presence and Business Divisions



Insurance German Speaking Countries

■ I.	■ I.	■	Germany
■ II.	■ II.		Switzerland
■ II.	■ III.		Austria

Insurance Europe, South America, Africa

EUROPE			
■ II.	■ II.	■	Italy
■ II.	■ IV.		Spain
■ II.	■ IV.		Portugal
■ III.	■ III.		Greece
■ II.	■ III.		Turkey
■ II.	■ III.	■	France
■ III.	■ III.		Belgium
■ II.	■ III.		Netherlands
■ IV.	■ IV.		Luxembourg
SOUTH AMERICA			
■ IV.			Argentina
■ II.	■ IV.		Brazil
■ II.	■ III.		Colombia
AFRICA			
■ II.			Benin
■ II.	■ II.		Burkina Faso
■ II.	■ I.		Cameroon
■ II.			Central Africa
■ —	■ —		Congo Brazzaville
■ —			Ghana
■ II.	■ II.		Ivory Coast
■ II.	■ —		Madagascar
■ II.			Mali
■ I.	■ II.		Senegal
■ II.			Togo

Insurance NAFTA Markets

■ IV.	■ III.		United States
■ IV.	■ IV.		Mexico

Global Insurance Lines & Anglo Markets

■ III.			United Kingdom
■ II.	■ IV.		Australia
■ II.			Ireland
■ II.			Allianz Global Corporate and Specialty
■ I.			Credit Insurance
■ —	■ —		Reinsurance
	■ —		Allianz Worldwide Care

Insurance Growth Markets

ASIA			
■ —			Brunei[1]
■ III.	■ III.		China
■ —			Hong Kong[1]
■ III.	■ III.		India
■ III.	■ II.		Indonesia
■ —	■ IV.		Japan[1]
■ I.	■ I.		Laos
■ I.	■ III.		Malaysia
	■ —		Pakistan
■ —			Singapore[1]
	■ III.		South Korea
■ III.	■ IV.		Sri Lanka
	■ III.		Taiwan
■ IV.	■ III.		Thailand
CENTRAL AND EASTERN EUROPE			
■ II.	■ I.	■	Bulgaria
■ II.	■ I.		Croatia
■ II.	■ III.		Czech Republic
■ I.	■ II.		Hungary
■ II.			Kazakhstan
■ II.	■ III.		Poland
■ II.	■ II.		Romania
■ III.	■ III.		Russia
■ I.	■ I.		Slovakia
■ IV.			Ukraine

Insurance Growth Markets

MIDDLE EAST AND NORTH AFRICA		
■ IV.	■ III.	Bahrain
■ II.	■ II.	Egypt
■ II.	■ II.	Lebanon
	■ —	Qatar
■ III.	■ II.	Saudi Arabia

Asset Management

AMERICA		
■	■	United States
■		Canada
EUROPE/MIDDLE EAST		
■	■	Germany
■	■	France
■	■	Italy
■	■	Portugal
■	■	Spain
■	■	Switzerland
■	■	Austria
■	■	Netherlands
■	■	United Kingdom
■	■	Nordics
■	■	Middle East
ASIA-PACIFIC		
■	■	Japan
■	■	Hong Kong
■	■	Taiwan
■	■	Singapore
■	■	South Korea
■	■	China
■	■	India
■	■	Australia

■ Property-Casualty ■ Life/Health ■ Banking ■ Retail Asset Management ■ Institutional Asset Management
Insurance market position by gross premiums written:[2] I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not in the top 10

TRAVEL INSURANCE, ASSISTANCE AND PERSONAL SERVICE

Via Allianz Global Assistance, we are the worldwide leader of travel insurance, assistance services and personal services, based on revenue. Allianz Global Assistance is one of our fast growing entities and is successfully developing highly sophisticated new products. Some services provided by Allianz Global Assistance are sold with our insurance products, thus enriching our global portfolio.

ALLIANZ GLOBAL AUTOMOTIVE

Through Allianz global automotive we act as a global counterpart to car manufacturers and aim to further enhance our collaborations within the automotive industry by developing global strategic partnerships. We are the market leaders in terms of gross written premiums and have collaborations with 44 car brands across 28 countries.

1 | Property-Casualty business now belongs to Allianz Global Corporate and Specialty.
2 | Source: Own local estimations as of 2010.

Our Insurance Markets

The following sections give an overview of our business operations in our insurance markets by business divisions.

INSURANCE GERMAN SPEAKING COUNTRIES

Selected markets		Motor/non-motor as % of total property-casualty gross premiums		Traditional/non-traditional as % of total life statutory premiums[1]	Statutory gross premiums written	Operating profit	Number of customers[2] (mn)	Proprietary networks[3] (thou)	Number of brokers (thou)	Number of employees (thou)
Germany	I.	34% 66%	I.	78% 22%	€ 27,856 mn	€ 1,510 mn	19.1	14.0	10.7	27.8
Switzerland	II.	48% 52%	II.	39% 61%	€ 3,143 mn	€ 234 mn	1.0	1.0	0.7	1.9
Austria	II.	43% 57%	III.	81% 19%	€ 1,333 mn	€ 84 mn	1.1	1.4	0.8	2.7

■ Property-Casualty ■ Life/Health
Market position by gross premiums written:[4] I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not in the top 10

GERMANY

We serve our customers in Germany a full range of insurance and financial services through Allianz Deutschland AG. Products are mainly provided by Allianz Versicherungs-AG (Allianz Sach), Allianz Lebensversicherungs-AG (Allianz Leben) and Allianz Private Krankenversicherungs-AG (Allianz Private Kranken). Our products are distributed mainly through a network of full-time tied agents. Since September 2010 all Commerzbank branches have been selling Allianz products, which has helped increase the volume of products delivered via the banking distribution channel. The Allianz Beratungs- und Vertriebs-AG (Allianz ABV) serves as our distribution company.

As the market leader in the German PROPERTY-CASUALTY market, we offer a wide variety of insurance products for private and commercial clients. Germany is a rather mature market for property-casualty business, with a high degree of competition. In 2011 our motor retail business benefited from the new modular tariff ("MeinAuto") and attractive growth in direct business.

For LIFE INSURANCE, we are active in the private and commercial markets and offer a comprehensive range of products. The main classes of coverage offered include annuity, endowment, term and disability insurance. In our commercial lines, we offer group life insurance and provide companies with services and solutions in connection with pension arrangements and defined contribution plans. In 2011, we successfully increased our market share for traditional life products with individual and group contracts.

Through Allianz Private Kranken, we provide a wide range of HEALTH INSURANCE products, including full private health care coverage, supplementary health and long term care insurance as well as foreign travel medical insurance. For supplementary insurance, we expect growing demand in the future and are well positioned with newly introduced products that have earned strong market ratings (e.g. dental care and long term care insurance).

Although we expect the property-casualty market to remain challenging, our strategic program "Zukunftsprogramm Sachversicherung" aims to foster growth as well as profitability. Our focus is on strengthening sales, improving our claims management and reducing the expense ratio. Furthermore, we will continue to extend our cooperation with the automobile industry and increase our position in the direct market under the brand of AllSecur. We also anticipate growth opportunities for our life business as we see an increasing demand for private retirement products.

AUSTRIA

Our Austrian companies Allianz Elementar Versicherungs-AG and Allianz Elementar Lebensversicherungs-AG, offer a broad range of Property-Casualty and Life/Health products to individual and commercial customers primarily through a salaried sales force, tied agents and brokers.

1 | We define IFRS-premiums as "traditional" and premiums from investment-oriented products as "non-traditional". This also applies to the following pages.
2 | Customer figures are not directly comparable to financial figures. Country specifics are also excluded (e.g. microinsurance and pension funds clients). This also applies to the following pages.
3 | Including agents and financial advisors. This also applies to the following pages.
4 | Source: Own local estimations as of 2010. This also applies to the following pages.

The Austrian PROPERTY-CASUALTY market continues to be competitive, especially in the motor segment. In 2011 Allianz Austria grew roughly in line with the market and further improved its healthy level of profitability thanks to strict underwriting and a favorable development in natural catastrophe claims.

In LIFE/HEALTH business, Allianz Austria offers traditional insurance contracts, government subsidized products as well as unit-linked and investment-oriented products. Premium volume in the Austrian life market decreased by 7.6 % in 2011 driven by substantially lower production of single premium business in the bancassurance channel. Since Allianz Austria does not distribute products in the bancassurance channel, gross written premium increased by 5.6 % driven by both traditional and corporate business. Profitability in 2011, however, was hit by the turmoil of the financial markets.

Over the next few years, we expect to grow in line with the market in PROPERTY-CASUALTY. In LIFE business, the business environment has become more challenging. Although this has dampened growth expectations, our focus will remain on low risk tolerance and conservative investment management.

SWITZERLAND

We serve the Swiss property-casualty market through Allianz Suisse Versicherungs-Gesellschaft AG, CAP Rechtsschutz AG and Quality1.

The biggest and most important line of business in PROPERTY-CASUALTY is motor, with a 16 % market share. Besides motor, our broad product range for private and commercial customers includes property, liability, accident and health solutions. In 2011, strong price pressure – especially in motor – and a competitive environment had an impact on the property-casualty market.

We achieved growth in the area of corporate insurance. With the implementation of the "FIT for the future" program in 2009 – our cost reduction, re-organization and customer focus initiative in Switzerland – we have improved our customer focus and introduced a new cost-efficient structure which follows the Allianz Group's target operating model. As a result, we have now achieved one of the best cost ratios in the Swiss market.

We offer a wide range of LIFE/HEALTH products including retirement, death and disability products through Allianz Suisse Lebensversicherungs-Gesellschaft AG. In 2011 we did achieve growth in both the group and individual life businesses. Given the increased need for financial protection and the high levels of disposable income and per capita wealth in Switzerland, we believe that the Swiss market offers further potential for growth in our retirement and investment products.

Allianz Suisse started a quality program in 2011 with focus on further improvements in claims handling, service standards and distribution measures. We expect to reap the rewards from 2011 onwards, which should help us overcome strong competition and price pressure. We believe that our customer focus and service standards as well as our favorable cost position will be the basis for our success in the coming years.

INSURANCE EUROPE, SOUTH AMERICA, AFRICA

Selected markets		Motor/non-motor as % of total property-casualty gross premiums		Traditional/non-traditional as % of total life statutory premiums	Statutory gross premiums written	Operating profit	Number of customers (mn)	Proprietary networks (thou)	Number of brokers (thou)	Number of employees (thou)
Italy	II.	65 % 35 %	II.	9 % 91 %	€ 10,905 mn	€ 849 mn	5.8	18.5	0.5	5.3
Spain	II.	65 % 35 %	IV.	41 % 59 %	€ 2,976 mn	€ 450 mn	3.4	7.5	4.4	2.5
France	II.	40 % 60 %	III.	42 % 58 %	€ 11,018 mn	€ 793 mn	5.0	5.3	2.0	11.8
Netherlands	II.	66 % 34 %	III.	49 % 51 %	€ 1,146 mn	€ 100 mn	1.5	—	7.6	1.2

Property-Casualty Life/Health

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

ITALY

Allianz serves the Italian market primarily through Allianz S.p.A., which is our company mainly dedicated to the agent and broker channels. We also distribute our products through Genialloyd (a leading company in direct business), Allianz Bank, the latter's Financial Advisors network (one of the top 5 in the market), and the bancassurance channel (with Unicredit as the main partner).

The PROPERTY-CASUALTY market in 2011 was characterized by moderate growth and profitability. While third-party motor liability insurance business substantially improved compared to 2010, the non-motor segment continued to suffer from strong competition for limited demand in a weak economic environment. In Property-Casualty, motor is our most important line of business. We also have a strong presence in property, personal accident and general liability insurance.

Allianz Italy, after shrinking in PROPERTY-CASUALTY in 2010, returned to growth again in 2011. This achievement was mainly driven by motor and our direct company Genialloyd, which grew by 26 %. At the same time, we further improved profitability – largely due to better underwriting margins.

New business premiums in LIFE in the Italian market shrank by 25 % in 2011 as savings rates reached historically low levels. At Allianz, our volume declined by 22 % during the same period, roughly in line with the market. Our resilience to adverse trends was thanks, in particular, to the Financial Advisors network of Allianz Bank.

Looking ahead, we aim to consolidate our strong competitive position in PROPERTY-CASUALTY by leveraging our technical know-how, strong brand and innovation capabilities. In LIFE, we are prepared to face sustained market volatility resulting from continued low savings rates and increasing competition from banks.

SPAIN AND PORTUGAL

Allianz serves the Spanish market through its operating entities Allianz Compañía de Seguros y Reaseguros S.A. (PROPERTY-CASUALTY and LIFE), Fénix Directo S.A. (PROPERTY-CASUALTY) and our joint venture with Banco Popular ("Allianz Popular"). Our Portuguese company is Allianz Companhia de Seguros.

Besides motor, which is our largest line of business, we offer products for property and liability protection and life/health coverage in both countries. In Portugal, we also offer workers compensation coverage. We distribute our products through agents and brokers (over 11,800 in Spain and over 4,100 in Portugal). In both countries, we maintain strong bancassurance partnerships, working with Banco Popular in Spain and BPI in Portugal.

In 2011, the PROPERTY-CASUALTY markets stagnated in both countries due to the economic crisis. Regarding LIFE insurance, Spanish market grew while the sector shrank in Portugal, largely due to the weakness in the local banking sector.

In PROPERTY-CASUALTY markets we clearly outperformed the local markets both in terms of growth (premiums and customers) and profitability. In both countries we focused our LIFE operations on profitability: growth in Spain and protection of our Portuguese portfolio in a shrinking market.

Uncertainties linked to the financial crisis will continue to heavily influence the evolution of the Spain and Portugal economies, as well as their respective insurance markets. Unemployment remains at very high levels, particularly in Spain. Yet, we remain confident that our efficient operating platform and strong distribution capabilities in both countries will enable Allianz to outperform the market.

FRANCE

Allianz serves the French market through Allianz France S.A., a major market participant in insurance and financial services. We offer a broad range of PROPERTY-CASUALTY and LIFE/HEALTH products for individuals and corporate customers, including property, injury and liability insurance, short-term investment and savings products. Our sales force of over 1,950 agents, 2,441 life consultants, 372 health consultants, 2,400 brokers, 2,300 independent financial advisors and many partnerships serve over 5 mn customers. In addition to the traditional sales channels, we distribute our products via the direct sales channel AllSecur.

The French PROPERTY-CASUALTY market has seen limited growth in recent years and remains highly competitive. In this market, we continue to concentrate on increasing the efficiency of company structures and processes. To offer our customers a competitive value proposition we are committed to fully implementing our four-part strategy in France, which is based on profitable growth and enhanced financial and technical services, operational excellence and a performance culture.

We consider the French LIFE/HEALTH business to be a growth area. In the highly competitive life market, we respond to the needs of our customers with an attractive range of traditional and unit-linked products in both group and individual business. Product innovations allow us to continuously provide attractive products to our customers, even in the current low interest rate environment. As with Property-Casualty, we focus on operating profitability.

Allianz France also has a strong position in the dynamic health market, often combining elements of life, health and accident insurance as comprehensive solutions for individual and institutional clients. The very successful launch of our modular health product "Composio" has put us ahead of many competitors and confirms our strong commitment to significant growth in this market.

Our insurance activities are complemented by Allianz Banque, which permits us to offer one-stop solutions – such as combining our life offering with deposits on mortgage loans.

In the French PROPERTY-CASUALTY market, competition will remain tough, even though we expect to benefit from price increases. We expect dynamic evolution of the LIFE market in France over the coming years.

THE NETHERLANDS

Motor and fire continue to be the most important PROPERTY-CASUALTY business lines. Besides brokers, Allianz Nederland Group N.V. distributes its property-casualty products through a strongly growing direct sales channel. We also offer a range of LIFE insurance products in the Netherlands.

The Dutch insurance market is characterized by intense competition and Allianz has chosen to concentrate on profitability. Therefore, we are continuously improving our cost position. In this context, we have successfully centralized our operations to Rotterdam.

The Dutch unit-linked life insurance market suffered from discussions in the media about the transparency of cost loadings. As one of the first players in the market to react, we have risen to this challenge by introducing a new set of products, with a transparent cost structure enabled by state-of-the-art technology. In general, we expect competition to remain intense in 2012.

BELGIUM

Allianz Belgium S.A. markets a wide range of LIFE and PROPERTY-CASUALTY insurance products. Life insurance continues to be the major product line. We only distribute our products and services through brokers. We have reinforced our strong commitment through the implementation of our new broker strategy, while continuously advancing and tailoring our services and product offerings to our partners.

After strong growth in 2010, Allianz Belgium grew above the market average again in 2011. This was driven by our strong product portfolio in personal and commercial lines.

After adjusting for a portfolio transfer to Allianz Global Corporate & Specialty (AGCS), Allianz Belgium managed to grow in PROPERTY-CASUALTY insurance despite strong competition and upheld our focus on profitability. Our combined ratio improved and remained below the peer average. In 2012 the competition for insurance products will remain strong, especially in commercial lines.

TURKEY

Our entities Allianz Sigorta A.S. and Allianz Hayat ve Emeklilik A.S serve the Turkish market. We offer a wide variety of PROPERTY-CASUALTY products, both in retail (distributed mainly via agents) and commercial markets (distributed mainly via brokers). We also provide our customers with LIFE insurance and pension solutions.

In PROPERTY-CASUALTY, trading conditions continued to be difficult in 2011, with many insurers suffering significant losses. Allianz Turkey, however, achieved profitability significantly above the market average by focusing on growth in profitable lines. Beginning in mid-2011, we witnessed increasing price levels, mainly in third-party liability motor insurance. We expect this trend to continue. As we already operate on a solid capital base, we expect to profit from this development.

SOUTH AMERICA

In South America, three companies form the basis of our local presence: Allianz Brazil Seguros S.A., Aseguradora Colseguros S.A. (Colombia) and Allianz Argentina Compañía de Seguros S.A. We are also setting up local reinsurance companies in Brazil and Argentina to strengthen local operations.

In all three markets, we concentrate on PROPERTY-CASUALTY, with motor generally representing the largest individual line of business, followed by industrial business. In addition to offering LIFE insurance in Colombia, we are also one of the leading HEALTH insurers in both Brazil and Colombia. We primarily distribute via brokers.

Despite a slowdown of the local economy in 2011, we are pleased with the performance of the Brazilian insurance market, which mirrors the growth of Brazil as it develops into a major economy. Even though the general performance of the insurance sector was very strong, Allianz Brazil still managed to surpass market growth by a solid margin.

Looking to the future, we believe that the South American markets in which we are present offer significant potential for further growth. We will continue to strengthen our presence in this region, particularly in retail lines.

AFRICA

We serve the market through Allianz Africa, our specialist for Sub-Saharan Africa. We have local subsidiaries in eleven sub-Saharan countries and additional partners in bordering countries. Providing both insurance and reinsurance coverage, we are present in the market via a multi-channel distribution network consisting of agents, local and international brokers, as well as direct and bancassurance partnerships. We offer PROPERTY-CASUALTY products in all African countries where we are present. LIFE products are offered by our operating entities in Burkina Faso, Ivory Coast, Cameroon, Madagascar and Senegal.

We intend to consider further business opportunities in Africa where there is potential for organic growth. As a consequence, we have expanded our franchise into Congo Brazzaville, where we acquired insurance license in the fourth quarter of 2011.

INSURANCE NAFTA MARKETS

Selected markets		Motor/non-motor as % of total property-casualty gross premiums		Traditional/non-traditional as % of total life statutory premiums	Statutory gross premiums written	Operating profit	Number of customers (mn)	Proprietary networks (thou)	Number of brokers (thou)	Number of employees (thou)
United States	IV.	5% / 95%	III.	10% / 90%	€ 11,201 mn	€ 175 mn	1.3	—	—	5.0

Property-Casualty Life/Health
Market position by gross premiums written: I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not in the top 10

UNITED STATES

Our PROPERTY-CASUALTY insurance business in the United States is conducted through Fireman's Fund Insurance Company (Fireman's Fund) and the U.S. operations of Allianz Global Corporate & Specialty (AGCS). Our LIFE AND ANNUITY business is managed through Allianz Life Insurance Company of North America (Allianz Life U.S.).

Through Fireman's Fund, we underwrite personal, commercial and agribusiness lines, selling these products through independent agents and brokers. Our personal business unit focuses on affluent and high net worth individuals while our commercial business unit offers specialized PROPERTY-CASUALTY coverage for small and medium-sized businesses. Our agribusiness unit offers crop, farm and ranch insurance. Fireman's Fund is one of the few carriers in the United States that has a nation-wide personal and commercial presence.

Especially in the first half of 2011, the U.S. property-casualty insurance market experienced huge catastrophe losses resulting from a series of severe weather events – including tornadoes, hailstorms and flooding – and put further pressure on an already soft market. In addition, the state of the economy as well as the low investment yield environment continued to put pressure on premium growth and profits.

Our LIFE and ANNUITY business primarily underwrites fixed, fixed-indexed and variable annuities, which are sold through independent distribution channels, as well as large financial institutions such as banks and wirehouses. The industry as a whole reacted to the economic crisis by re-designing their offerings, in particular the variable annuity products. These changes, including flexible fee structures and management levers, allowed us to respond to the challenging market conditions which developed in the third quarter of 2011. Allianz Life U.S. continues to create and offer value-added products to help our customers address their financial needs, particularly in the retirement market. Our life and annuity insurance performed well and was able to expand both product portfolio and distribution partnerships.

Given the uncertain economic climate, we do not expect significant premium growth in our PROPERTY-CASUALTY business in 2012. Addressing the expense ratio, focusing on niche markets, enhancing customer service and improving Fireman's Funds' core underwriting strength should allow us to better position ourselves in this difficult market.

On the LIFE side, we foresee continued economic uncertainty, equity market volatility and a low interest rate environment. On the upside, regulatory uncertainty has decreased, especially regarding distribution. We continue to believe that the U.S. demographic trends present us with an excellent opportunity in the retirement market. In order to reap these benefits, we aim to strengthen our distribution network and value proposition to our policyholders.

MEXICO

In Mexico, our company Allianz México, S.A. Compañía de Seguros serves the market by offering PROPERTY-CASUALTY and LIFE/HEALTH products. Allianz Mexico has a solid position in the commercial and personal market segments with distribution primarily carried out by brokers. Our Mexican unit recorded stronger than average growth in recent years, most notably in Life/Health product lines. We view Mexico as an attractive market due to its strong market growth, regulatory effectiveness and potential for growth in insurance demand.

GLOBAL INSURANCE LINES AND ANGLO MARKETS

Selected markets		Motor/non-motor as % of total property-casualty gross premiums		Traditional/non-traditional as % of total life statutory premiums	Statutory gross premiums written	Operating profit	Number of customers (mn)	Proprietary networks (thou)	Number of brokers (thou)	Number of employees (thou)
Australia	II.	46% 54%	IV.	100% 0%	€ 2,508 mn	€ 313 mn	2.9	—	1.9	3.8
United Kingdom	III.	33% 67%	—		€ 2,111 mn	€ 206 mn	1.8	—	5.2	4.5

Property-Casualty Life/Health

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

AUSTRALIA

Allianz Australia Insurance Ltd. serves the Australian and New Zealand PROPERTY-CASUALTY markets. Since 2006, Allianz sells LIFE insurance products in Australia under the company name of Allianz Australia Life Insurance Ltd.

Our Australian insurance operations include a variety of products and services, with strong positions in the workers' compensation market as well as in rehabilitation, occupational health, safety and environment services. We also operate in certain niche markets, including premium financing and pleasure craft insurance. We have also expanded our premium financing business to include receivables financing. Allianz Australia markets products through brokers and non-tied agents, as well as directly to customers.

In 2011 Queensland suffered from catastrophic floods. Due to strict underwriting controls our company nevertheless managed to deliver results as planned. Market conditions in Australia remain competitive while offering growth opportunities that Allianz Australia is well positioned to exploit.

IRELAND

Allianz holds third position in the Irish insurance market, based on revenues. We offer a full range of PROPERTY-CASUALTY products for both commercial and retail customers via direct, broker and bancassurance distribution channels.

2011's difficult economic environment led to falling exposures in commercial lines, a segment which is still characterized by over-capacity and intense competition. Rate increases in personal lines were implemented in 2011 and despite the adverse economic environment, Allianz Ireland managed to increase its number of policies. For 2012 we expect the market to remain challenging.

UNITED KINGDOM

We serve the U.K. market primarily through our subsidiary Allianz Insurance plc. We offer a broad range of PROPERTY-CASUALTY products, including a number of specialty offerings like pet health insurance where we are the market leader. We sell to retail and commercial customers through a range of distribution channels, including affinity groups.

Operating in a highly competitive market, Allianz Insurance plc continues to concentrate on active cycle management in order to support operating profitability. We seek to capitalize on growth opportunities that offer a profitable correlation between premium rates and risks. We forego premium growth in areas which do not offer an adequate return on risks.

In 2011 we further expanded our retail business – especially in the affinity business with large corporate partners. Furthermore, our pricing expertise and fraud detection tools delivered the expected results. We outperformed competitors in respect of growth as well as profitability, further evidence of the company's underwriting quality and successful niche businesses, like pet plan, engineering and legal protection.

Since spring 2011 a new direct offer "Your cover" has enabled customers to customize home and motor cover through the internet and via aggregators. The commercial business again won awards for being the best in its class in the United Kingdom. For 2012 we expect the company to deliver good results in a highly competitive market.

ALLIANZ GLOBAL CORPORATE & SPECIALTY

Allianz Global Corporate & Specialty (AGCS) is the dedicated Allianz insurer for corporate and specialty clients in numerous industries around the world. In addition to its own teams and offices in nearly 30 countries, AGCS is able to support its clients' businesses in 150 countries around the world through the Allianz network and selected local partners. AGCS offers property, liability, financial lines and engineering insurance solutions to corporate clients. It focuses on larger corporations or those with multinational risk exposures. It also offers specialty coverage, for example in the marine, aviation and energy sectors. Additionally, its subsidiary Allianz Risk Transfer develops and delivers customized non-traditional risk transfer solutions for complex risks.

In 2011 AGCS was severely affected by natural catastrophes, in particular by the earthquakes in New Zealand, the tsunami and nuclear disaster in Japan and the floods in Thailand and Australia. AGCS is well positioned to cope with the challenging economic environment and the increasing number of natural catastrophes because of its global diversification and spread of exposures. On the whole, the outlook for 2012 in terms of pricing remains stable.

CREDIT INSURANCE

We underwrite credit insurance in major markets around the world through our subsidiary Euler Hermes, the global leader in this sector. Euler Hermes provides businesses with protection against the risk of non-payment of accounts receivables and buyer insolvency. Additionally, it holds a strong position in bonding and guarantees, debt collection and fidelity insurance. As a result, Euler Hermes offers a comprehensive range of services for the management of trade receivables to help companies of all sizes and in every industry sector develop their business safely in their home and export markets.

Since June 2009, Euler Hermes has been gradually increasing risk coverage to help its customers benefit from an eventual economic upswing. Although the economic climate deteriorated again in autumn 2011, we reorganized the company to show full benefits and enabled us to work with the same structures and guidelines around the world. The strengthened centralized risk governance will allow the company to continue supporting its clients through the times ahead.

Since its launch in 2010, Euler Hermes's transformation project "Excellence" is well on track to delivering market-leading levels of service and improving Euler Hermes' long-term competitive edge. For 2012 the overall goal remains to consolidate and extend Euler Hermes' market leadership in credit insurance by increasing customer satisfaction, and maintaining its positions in bonding, guarantees and debt collections. Regarding Euler Hermes' core business of credit insurance, a growth strategy has been defined and will include emerging markets such as Latin America and Asia.

ALLIANZ WORLDWIDE CARE

Allianz Worldwide Care (AWC), based in Dublin, is our specialist HEALTH insurer offering international health products to expatriates and high net worth individuals. Our products are distributed by brokers, agents and via the internet and call centers. With a tight control of expenses, process improvements and rigorous underwriting discipline, we maintained our strong growth and level of profitability in 2011. We expect to see further growth in the next years, while sustaining our profitability and widening our product offerings.

INSURANCE GROWTH MARKETS

Selected markets		Motor/non-motor as % of total property-casualty gross premiums		Traditional/non-traditional as % of total life statutory premiums	Statutory gross premiums written	Operating profit	Number of customers (mn)	Proprietary networks (thou)	Number of brokers (thou)	Number of employees (thou)
South Korea	—		III.	37 % / 63 %	€ 1,657 mn	€ 51 mn	1.2	5.6	—	1.7
Taiwan	—		III.	11 % / 89 %	€ 1,314 mn	€ (55) mn	0.3	1.4	—	0.5
Malaysia	I.	52 % / 48 %	III.	88 % / 12 %	€ 613 mn	€ 57 mn	3.2	10.5	—	1.6
Indonesia	III.	34 % / 66 %	II.	51 % / 49 %	€ 664 mn	€ 42 mn	0.4	14.7	—	1.0
Hungary	I.	54 % / 46 %	II.	35 % / 65 %	€ 522 mn	€ 43 mn	1.4	1.6	—	1.4
Poland	II.	57 % / 43 %	III.	32 % / 68 %	€ 830 mn	€ 23 mn	1.7	3.3	—	1.2
Russia	III.	40 % / 60 %	III.	100 % / 0 %	€ 791 mn	€ 11 mn	0.9	14.0	1.1	8.6

Property-Casualty Life/Health
Market position by gross premiums written: I. Position 1 II. Position 2 to 5 III. Position 6 to 10 IV. Not in the top 10

ASIA

Allianz is one of the leading international players in the Asia-Pacific region, where we offer our core businesses of LIFE/HEALTH, PROPERTY-CASUALTY insurance and ASSET MANAGEMENT. With over 33,000 employees (all Allianz entities), we serve more than 21 mn customers in this diversified region. We provide a full suite of products through our distribution network of approximately 200,000 tied agents.

In Asia we maintain PROPERTY-CASUALTY operations in Brunei, China, Hong Kong, India, Indonesia, Japan, Laos, Malaysia, Singapore, Sri Lanka and Thailand. The majority of our LIFE/HEALTH business in this region is written in South Korea through Allianz Life Insurance Co. Ltd (Allianz Life Korea) and in Taiwan through Allianz Taiwan Life Insurance Company (Allianz Life Taiwan). In recent years, our South Korean operation has developed a leading position in equity-indexed products. Allianz Taiwan Life is the leading provider of unit-linked insurance products in Taiwan, a position we have attained by concentrating on product innovations and customer service. We also operate Life/Health business in China, India, Indonesia, Malaysia and Thailand.

CHINA

Allianz has a broad presence in the Chinese market. In addition to our life insurance and general insurance entities, we have been represented in the Joint Venture of Guotai Junan Fund Management in Shanghai since 2003. Allianz Global Assistance also offers business solutions such as roadside assistance, travel insurance and medical insurance. Euler Hermes, the credit insurer of the Allianz Group, is making progress with Trade Credit Insurance in China. Also, Allianz SE owns a 2.8 % outstanding share of the China Pacific Insurance Group Ltd. (CPIC).

SOUTH KOREA

During the past four years, we have managed to preserve a steady momentum in developing our South Korean business. In 2011, Allianz Life Korea established a new sales channel of professional advisors that have abundant field experience in providing financial advice.

INDONESIA

Indonesia is one of the fastest growing markets for us and we expect this to continue due to the expanding middle class. Our LIFE business is developing particularly strongly through our tied agency channel. Allianz Indonesia today serves more than 355,000 microinsurance clients. Cooperating with 33 partners, we offer microinsurance products including credit life insurance, savings insurance, business interruption insurance and micro-education endowments.

JAPAN

In 2011, premiums of our life insurance products suffered a severe drop due to challenging local economic conditions such as low interest rates and a customer demand shift. For optimizing our business operations, we decided to focus on continuing existing policies and suspend distribution of all new life insurance products beginning in 2012.

MALAYSIA

Allianz is one of the market leaders in Malaysia. Both our LIFE/HEALTH and PROPERTY-CASUALTY insurance lines have enjoyed strong and steady growth over the past years.

After a period of strong growth in the past five years, we achieved good results in 2011 and strengthened our business for further sustainable results in future. We are moving towards a customized approach to product distribution and customer service. We expect total pension assets to grow in the Asian emerging markets. Further growth is also possible in light of the increasing wealth in Asian countries and low insurance penetration rates. We aim to take advantage of these opportunities by strengthening our product offerings and distribution in the region.

CENTRAL AND EASTERN EUROPE (CEE)/ COMMONWEALTH OF INDEPENDENT STATES (CIS)

Active in 11 countries in the region, Allianz continuously ranks among the top three players in six of the largest markets in CEE. We offer LIFE, HEALTH, PROPERTY-CASUALTY products and pension funds to our 7.4 mn customers. Our operating subsidiaries are located in Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan (until December 2011), Poland, Russia, Romania, Slovakia, Slovenia and the Ukraine. Within two decades, we have become one of the leading international insurers in the region with a market share of over 9 %, based on revenues.

In PROPERTY-CASUALTY, Allianz is among the leading companies in the CEE region. Our main products are motor third-party liability, motor own damage, property and liability insurance for retail, commercial and industrial clients. Sales of new cars showed some recovery in some countries but the overall volume remained far below the pre-crisis levels which impacted top-line growth in motor. To secure the profitability of the motor portfolio, companies in CEE continued measures initiated in 2010 for underwriting and re-pricing while updating their product offerings. In Russia we began consolidating of our Allianz Property-Casualty entities into one company, with the aim of creating an effective platform for further growth and a single point of entry under one brand for our customers.

In 2011 our LIFE/HEALTH business in CEE developed positively, particularly in investment-oriented product sales. Poland, Hungary and the Czech Republic made major contributions to growth, while diversified insurance portfolios, continuous product innovations and a multi-channel distribution approach led to strong business growth in Russia. Despite the competitive business environment, our operating entities maintained their market positions. Flexible and liquid unit-linked products became more competitive, as interest rates on bank deposits decreased.

Across the region, we aim to take advantage of the market for more pension products brought about by new government regulations. Product innovation and brand positioning remain key levers for attracting new customers. We believe Allianz will keep well on course for growth in the CEE region despite the challenging economic environment.

MIDDLE EAST AND NORTH AFRICA (MENA)

Through Allianz Egypt, Allianz Saudi Fransi and Allianz SNA (Lebanon) we offer PROPERTY-CASUALTY and LIFE/HEALTH products. We sell these via tied agents and bancassurance. In Property-Casualty we also distribute via brokers and dealers, who are a vital part of our distribution network. Allianz Egypt is the leader in bancassurance. Through its partnerships with top banks we offer a wide range of life assurance. Our strategy to develop the corporate channel has brought positive results in 2011.

In 2011 we focused our attention in the region on Saudi-Arabia, Lebanon and Egypt. In Egypt, our business performed in line with expectations despite the economic and political situation. In Lebanon, selective underwriting and portfolio cleansing impacted results of PROPERTY-CASUALTY business, while the LIFE/HEALTH business performed in line with expectations. Based on intensified support, business developments continued, leading to an increased client base with over 400,000 customers.

YOUR ALLIANZ

III. Our Strategy

Despite last year's turbulence, we have demonstrated once again that our balanced strategy, supported by our solid business model and our strong brand, has been essential to guide us through the storm and towards building the world's strongest financial community.

We seek to be the best-in-class and most trusted partner for our clients and other stakeholders in managing risks and investments. The Allianz Group therefore cherishes four fundamental values – INTEGRITY, COMPETENCE, COMMITMENT and COMPETITIVENESS. These are the values that underpin our strong brand and are put to life through our strategy and our business model.

More specifically, our strategy includes five major goals: 1. We seek to achieve profitable and sustainable growth, 2. have a well-balanced and synergetic array of businesses, 3. strong, though not excessive, capitalization, 4. world-class investment management, and 5. a state-of-the-art risk framework.

2011 was a turbulent year, not just for us but for the whole insurance sector. After 2008, the world was hit by yet another financial crisis, and this time the epicenter has been in our core continent: the European sovereign debt crisis required impairments on financial assets and increased economic uncertainty and volatility. We also saw a further decline in global interest rates. Moreover, natural catastrophes and subsequent claims were above expected levels and the regulatory environment continued to challenge us and all our peers. In addition, many of the insurance markets we operate in remained weak, price levels did not surge, and competitive pressures did anything but soften.

In 2011 our total revenues remained above the mark of € 100 bn, and despite the tough business environment we achieved operating profit within our targeted range. We saw our revenues decline in the Life/Health segment, especially in investment-oriented products, since we were cautiously guarding the profitability of our new business. In our core segments, we thus demonstrated that we are willing to balance the trade-offs between profitability and growth. Unfortunately, our net income was heavily burdened by the consequences of the financial crisis. Although the outlook going forward is somewhat constrained, we remain committed to ACHIEVE AND SUSTAIN PROFITABLE GROWTH; however, in lieu of the financial crisis we want to grow carefully and not at the cost of taking inappropriate risks.

2011 offered multiple opportunities to demonstrate the value of our BALANCED AND INTERLINKED PORTFOLIO OF BUSINESS segments and markets. The robustness of our Property-Casualty segment and the strong performance of our Asset Management business helped offset a softened demand for investment-oriented Life products. We also benefited from our broad geographic scope; while some of our Property-Casualty operations were hit very hard by natural catastrophes, others thrived.

Our customers are the main beneficiaries of our diversified product offerings, and our global presence enables us to well serve those who seek and need a globally trusted partner, such as our commercial clients or the clients of our global health or assistance businesses.

Even after the turmoil of 2011, our **CAPITALIZATION REMAINS STRONG**: Our equity grew slightly, and our conglomerate solvency was 179 % at the end of 2011; this means that our available funds exceeded the current regulatory requirements by almost 80 %. We continue to protect our capital position in the interest of our clients and our investors. For that purpose, we have allocated key resources and have prioritized our efforts to prepare for the future Solvency II requirements. Thus we are confident in our ability to maintain our strong capitalization, even under this new regulatory regime, which will help us to weather future storms.

WORLD-CLASS INVESTMENT MANAGEMENT is the foundation of our insurance and Asset Management segments. Its strategic importance has become even more obvious as low interest rates in combination with higher market volatility and constantly changing credit spreads have become the "new normal". In this market environment our sustainable and conservative investment strategy has proven very resilient. For the near future, Allianz is continuing to pursue opportunities in real estate, direct lending and alternative investments, with focus on infrastructure and renewable energies.

149
Risk Report

Our comprehensive and **STATE-OF-THE-ART RISK FRAMEWORK** and strategy aim to offer an attractive risk-reward proposition to our investors and other stakeholders. Through our risk policies, standards, guidelines and systems, we ensure that our local and global business and investment decisions operate within the limits of our carefully defined appetite and tolerance for foreseeable risks. For further information on what Allianz has done to mitigate possible impacts from the European sovereign debt crisis as well as our direct exposure to some of the potentially affected countries, please refer to the Risk Report on page 149.

In essence, we did not reach all of our strategic goals last year, especially regarding profitable growth, but we also doubt that we would have steered so safely through that extraordinarily turbulent year without our solid strategy and business model. Looking at the challenges ahead, we want to regain a path of careful growth offering solid profits, while continuing to reduce risks in our balance sheet, especially if they are not essential to support our core businesses. In the following table, we have listed an essential, though not comprehensive, list of targets to support our strategic goals. We elaborate on those targets in more detail in the chapter Outlook 2012 and 2013.

120
Outlook 2012 and 2013

STRATEGIC GOAL	TARGETS[1]
Profitable and sustainable growth	Group operating profit of € 8.2 bn, plus or minus € 0.5 bn. We remain committed to our Property-Casualty combined ratio target of 96 % over the cycle and to maintain an excellent Asset Management cost-income ratio well below 65 %. Margin on reserves in Life/Health between 50 and 70 bps.
Balanced business portfolio	Exploit attractive growth opportunities in selected geographic and product markets.
Strong capitalization	Maintain strong equity and a conglomerate solvency in principle of between 150 and 170 %.
World-class investment management	In the current low interest environment we focus on generating attractive returns and minimizing vulnarability to price fluctuations. Focus investments on businesses with stronger cash returns and lower tail risk.
State-of-the-art risk framework	Successful preparation for Solvency II requirements.

Note: as described in our chapter Outlook 2012 and 2013, all targets are subject to cautious assumptions regarding the development of the financial markets, the global economy, and depending on natural events.

1 | For detailed growth targets and underlying assumptions see Outlook 2012 and 2013.

Our Steering

BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

We serve our customers mainly through three business segments, Property-Casualty insurance, Life/ Health insurance and Asset Management. Our Banking business is reported under our Corporate and Other segment, which also includes our Group functions.

Each member of Allianz SE's Board of Management is responsible for a particular division within the Allianz Group. In 2011, six of our business divisions and their board members managed our global lines and regional business and entities. The two insurance business segments Property-Casualty and Life/Health are subdivided into five of these business divisions while Asset Management is a stand alone segment. The other four board members, including the Chairman of the Board of Management, are in charge of Group functions such as Finance, Controlling and Operations. Since January 1, 2012, we have an additional business division – Insurance Iberia & Latin America, Legal & Compliance, M&A – under the responsibility of Dr. Helga Jung, a new board member. Further changes to the Board of Management and responsibilities are summarized below.

MEMBERS OF THE BOARD OF MANAGEMENT AND THEIR RESPONSIBILITIES IN 2011 AND 2012[1]

RESPONSIBILITY / DIVISIONS	BOARD MEMBER
FUNCTIONAL DIVISIONS	
Chairman of the Board of Management	Michael Diekmann
Controlling, Reporting, Risk (and Investor Relations as of June 1, 2012)	Oliver Bäte
Finance	Dr. Paul Achleitner | until May 31, 2012 Dr. Maximilian Zimmerer | as of June 1, 2012
Operations	Dr. Christof Mascher
BUSINESS DIVISIONS	
Insurance Western & Southern Europe Insurance Europe (& South America)	Dr. Dieter Wemmer | since January 1, 2012 Enrico Cucchiani | until December 21, 2011
Insurance USA Insurance NAFTA Markets	Gary Bhojwani | since January 1, 2012 Jay Ralph | until December 31, 2011
Insurance German Speaking Countries, Human Resources	Dr. Werner Zedelius[2]
Insurance Growth Markets	Manuel Bauer
Asset Management (Worldwide)	Jay Ralph | since January 1, 2012 Dr. Joachim Faber | until December 31, 2011
Global Insurance Lines & Anglo Markets	Clement Booth
Insurance Iberia & Latin America, Legal & Compliance, M&A	Dr. Helga Jung | since January 1, 2012

1 | For further information about the remuneration structure, including target setting and performance assessment, please refer to the Remuneration Report starting on page 37.
2 | Since January 1, 2011, Dr. Werner Zedelius oversees the international HR strategy and all central HR functions.

TARGET SETTING AND MONITORING

37 Remuneration Report

140 Liquidity and Funding Resources

The Allianz Group steers its operating entities and business segments via an integrated management and control process. This starts with the definition of the business-specific strategy and goals, which are discussed and agreed between the Holding and operating entities. According to this strategy, a three-year plan is prepared by our operating entities and aggregated to form the plans for the business divisions and the Allianz Group. The Supervisory Board then approves the plan and sets corresponding targets. The performance-based remuneration of the Board of Management is linked to both short- and long-term targets to ensure effectiveness and emphasize sustainability. For further details please refer to the Remuneration Report starting on page 37. This plan also forms the basis for our capital allocation process which is described in more detail under Liquidity and Funding Resources, starting on page 140.

85 Management Discussion and Analysis

We continuously monitor our business performance against these targets through monthly reviews to ensure that appropriate measures can be taken in the event of negative developments. Throughout these processes, we monitor key financial and operational metrics. Operating profit is the main financial performance indicator across all business segments for the Allianz Group. In addition, we also use segment specific figures such as the combined ratio for our Property-Casualty segment, margin on reserves for our Life/Health segment and the cost-income ratio for our Asset Management segment. For a comprehensive view of our segment performance please refer to the Management Discussion and Analysis, starting on page 85.

149 Risk Report

Besides performance steering we also have a risk steering process in place which is described in the Risk Report starting on page 149.

YOUR ALLIANZ

III. Our Progress in Sustainable Development

Sustainable Business

A strong market and customer orientation drive our business strategy. While uncertainty in the current economic climate has shaken people's trust in the financial industry as a whole, Allianz continues to build long-lasting, mutually beneficial customer relationships. Strengthening our already solid brand positioning helps to convey the stability and security of our global organization. Together, strong customer focus as well as our brand positioning are key drivers for sustainable, profitable growth.

69 Our Strategy

Allianz strives to be the best-in-class and most trusted partner for our customers and has been recognized as the loyalty leader in a number of markets. Our employees' commitment and ambition to provide excellent service to our customers are crucial to our success. As such, both customer and employee satisfaction are key steering metrics for Allianz and the board members and top management are incentivized to ensure focus and continual improvement in these areas. We place great importance on fostering outstanding leadership, continuous talent and personal development. To support this, Allianz offers employee engagement opportunities through a variety of volunteering programs, leveraging our core competencies in sharing knowledge.

What is more, Allianz is committed to supporting the development of a low-carbon economy. Climate protection, however, is not an end in itself. At Allianz, it is also a viable business and investment case. Allianz is one of the world's largest investors in renewables and is building up a long-term portfolio in wind energy and solar power. We also offer a growing range of products and services to help individual and institutional customers mitigate the effects of climate change or manage their own environmental impact. At the end of 2012 Allianz's remaining carbon-footprint will be neutralized through its direct investments in carbon projects.

In 2011, we continued to integrate sustainability into our business to contribute to the company's sustainable and profitable growth. Our approach combines long-term economic value creation with a holistic approach to environmental stewardship, social responsibility and corporate governance. This is underscored by our ambition to be transparent in our performance as demonstrated by our A+ rating from the Global Reporting Initiative. This section highlights Allianz's sustainability performance, presenting developments in key steering indicators in the following areas: ECONOMIC, ENVIRONMENT, SOCIAL and GOVERNANCE. A full presentation of our progress can be found online at WWW.ALLIANZ.COM/RESPONSIBILITY.

www /responsibility

2011 SELECTED AWARDS AND RECOGNITIONS

- Interbrand: Allianz ranked as "Best Global Green Brand" in Financial Services.
- Trendence: Allianz ranked 32nd, up from 38th in 2010, in a ranking of the most attractive employers in Europe.
- My Finance Coach: The German UNESCO Committee has declared My Finance Coach to be an official project of the United Nations Decade of Education for Sustainable Development.
- SAM: Allianz awarded SAM Gold Class again based on Allianz's superior ranking in the Dow Jones Sustainability Index.
- Carbon Disclosure Project: Allianz is leading the financial services sector in Germany and is included in the Global Carbon Disclosure Leadership Index.

Economic

PROFITABLE GROWTH THROUGH A STRONG BRAND AND LONG-LASTING CUSTOMER RELATIONSHIPS

ALLIANZ BRAND

SOME KEY FACTS ABOUT THE ALLIANZ BRAND[1]

- The Allianz Group is active in about 70 countries, with currently 80 % of total revenues branded as Allianz. With the planned rebranding of Mondial and Rosno in 2012, branded revenues will increase to approximately 82 % of total revenues.
- Our one-brand vision, however, leaves room for renowned specialty brands such as PIMCO[1], one of the largest fixed income asset managers and Euler Hermes[1], the world's number one credit insurer.
- Allianz is ranked among the top performers within the financial services sector in the Interbrand global TOP 100 brand ranking. Based on the Interbrand ranking, the value of the Allianz Brand increased from approximately U.S. Dollar 4.9 bn in 2010 to U.S. Dollar 5.3 bn in 2011. In the category of European financial services providers, our brand value showed the highest growth rate.
- Innovation is an integral part of Allianz and serves as a key component to differentiate ourselves from our competitors. The Global Innovation Awards in 2011 were restructured to reflect the current strategic focus areas of digitalization, global and local collaboration, as well as employee engagement. A record number of submissions were received, demonstrating the ongoing importance of innovation at Allianz.

A brand provides identification and orientation for our many customers and stakeholders. Allianz builds on the heritage of a strong brand that is based on two pillars – outstanding delivery in products, services and sales to clients, and branding that is insightful, consistent and within a global perspective. The constant delivery on our brand positioning "Trusted Partner", sets us apart from our competition and creates a sustainable, long-term competitive advantage. Our brand is an important and valuable asset and therefore an essential element of our business strategy.

In order to maximize brand value and optimize our brand investments, we use a structured brand management process with most local markets covered by globally standardized brand research. As part of our brand monitoring activities we regularly conduct market research to benchmark the performance of our brand against local competitors. The market research covers over 30,000 consumers in 25 countries. The insights we collect allow us to identify key strengths we can build on globally and learn which brand building initiatives have the greatest impact.

Globalization led to our one-brand vision, supported by brand architecture and our successful and long-term global brand strategy. Being a trusted partner, helping customers to move on and up in life and business, serves as a point of orientation for our employees and distribution partners. We pursue the philosophy of "the brand starts from within" and, in a business with intangible products, we are dependent upon the superior delivery of our services via our more than 600,000 brand ambassadors. But "Trusted Partner" is also conveyed in our external communication and it is brought to life by our brand campaigns and communication activities.

1 | Our Allianz trademark is registered and protected worldwide, as are our web domains. Furthermore, we registered our rejuvenated corporate design and brand claim "Allianz. With you from A-Z." in all relevant countries worldwide. With our rebranding activities we extend the scope of our business activities under our brand "Allianz" beyond the core area of insurance and finance services. In order to maintain the distinctiveness and strength of our brand "Allianz" we continuously monitor possibly infringing third-party trade mark applications and registrations.

ENGAGING COMMUNICATION

In 2010 we successfully launched our worldwide communication campaign "One". This campaign places the customer at the center of our activities and is based on real people sharing real experiences and advice. Encouraging dialogue and sharing the wealth of our knowledge and expertise with our employees and customers is at the heart of our communication strategy. This approach aims to help us build honest and long-lasting relationships with our stakeholders to build the strongest financial community. "One" has worked well with stakeholders across different business lines and markets. In 2011, we have seen the local adaptation of our global brand building concept in 20 markets and 4 lines of business, reaching 68 %[1] of our customers worldwide. While the overall spending has stayed on a high level we saw a significant increase in strategic markets like the United States (€ 20 mn, gross rate card), Brazil (€ 15 mn, gross rate card) and Spain (€ 25 mn, gross rate card).

Allianz continues to invest in a strong global brand. Despite the rough market conditions and the efficiency imperative we have kept global brand investments in 2011 stable compared to the previous year. After the strategic consolidation of our global sponsoring portfolio to four platforms (Formula One™, football, Paralympics and golf) we have seen a major increase in local activation of the assets we provided globally (about € 30 mn annually). Also on the advertising side we stayed the course globally and maintained a strong investment level of € 7 mn (gross rate card) at ten global airports.

Another aspect of our communication approach is our long-term involvement in sports such as Formula One™, golf, Paralympics, and with "FC Bayern München" and the Allianz Arena. These global platforms allow our Allianz entities in about 70 countries to build the brand locally. They also enable Allianz to link the brand with its business, as illustrated by our Formula One™ Safety Car engagement. In 2011, more than 20 local Allianz entities were engaged in the "Drive Safely" initiative in their local markets.

Allianz also continues to drive its communication through the consistent use of digital communication. The evolution of the digital world has dramatically changed the way customers search for information, receive recommendations, and buy products. Added to this, expectations about service levels are increasing. Allianz is continually adapting to this new digital lifestyle in order to keep in touch with the next-generation target audience. Digital technologies provide many opportunities which Allianz wants to leverage in the framework of its digital program.

CUSTOMER FOCUS

Since we aim to be the loyalty leader in all our markets, we regard customer feedback as a vital tool in monitoring customer satisfaction and ensuring an ongoing improvement in our products, services and processes. Net Promoter Score (NPS), a regular measurement of a customer's willingness to recommend Allianz, has been established as the key global metric for customer loyalty. It is applied on two levels: top-down and bottom-up.

Top-down NPS is measured on an annual basis and benchmarks Allianz against relevant local competitors. In 2011, 33 Allianz companies participated representing about 80 % of our business. In bottom-up NPS Allianz directly collects customer feedback on key interactions, such as after-claims handling or sales. This method is used throughout the Group and delivers valuable insight from about a million customers annually.

Top-down NPS results indicate the company's efforts have been successful. The proportion of Allianz businesses with more loyal and satisfied customers than their local competitors rose from 46 % in 2010 to 52 % in 2011. The number of Allianz companies that have attained loyalty leadership in their market also increased from 21 % in 2010 to 28 % in 2011.

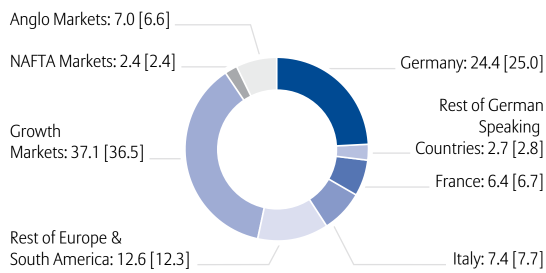
Achieving loyalty leadership is one key lever for business success as loyalty leaders tend to outperform their local peers in growth and profitability. Based on empirical analysis in many of our local markets, we could observe a positive link of NPS to new business, agent productivity and customer value growth. The reason for this is that more loyal and satisfied customers have fewer complaints, are less likely to churn and are more inclined to buy other services and products and make referrals.

1 | Based on Argentina, Austria, Brazil, China, the Czech Republic, Germany, Hungary, India, Indonesia, Ireland, Luxembourg, Malaysia, Poland, Portugal, Slovakia, South Korea, Spain, Switzerland, Taiwan, USA.

59
Our Insurance Markets

As a consequence, Allianz is experiencing an overall growth in customer numbers to approximately 78 mn customers in 2011 based on reduced customer losses in our Western European markets and significant customer gains in our growth markets such as Asia-Pacific. For further information about our customers for selected markets please refer to Our Insurance Markets on page 59.

CUSTOMERS BY REGION/COUNTRY AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010][1,2] | in %



SUSTAINABILITY IN PRODUCTS AND SERVICES

GREEN SOLUTIONS

The Allianz Group has developed more than 80 products and services that help mitigate climate change or take its environmental impact into account. The solutions range from asset management to insurance and assistance. The increasing number of green products and services offered is a reflection of the need to prepare for the negative effects of climate change on Allianz's business and customers and to mitigate the associated economic risks. The current focus is on aligning the Group-wide understanding of what constitutes green products and services and ongoing efforts to leverage their business potential.

EXAMPLES OF OUR GREEN SOLUTIONS

- Renewable energy insurance: Allianz provides tailor made and innovative insurance solutions for renewable energy projects such as wind and solar panels, fuel cells and ground source heat pumps for the construction and operation phase.
- Agricultural insurance: Climate change increases the intensity and frequency of weather extremes in Europe. Hailstorms, floods and droughts threaten the crop yields of farmers. Allianz Germany provides a variety of solutions for the agricultural sector including livestock, crop yield and machinery insurance.
- RCM Global Water Fund: This fund invests in companies that are improving the availability of clean water around the globe.

1 | Due to change of the scope of operating entities, prior year figures have been adjusted.
2 | Customer figures exclude microinsurance and pension funds clients.

MICROINSURANCE

For poor families in emerging markets and developing countries, microinsurance is a means of managing the risks associated with natural disasters, accidents and illness. Allianz provides a health and financial safety net to millions of people in Asia, Africa and South America through its microinsurance offering. While profit expectations are much lower than in the traditional insurance business, there is a strong belief that familiarizing low-income customers with the concept of insurance in general, and the Allianz brand in particular, will pay off over the years as these customers move up the economic ladder.

MICROINSURANCE KEY FIGURES[1]

	2011	2010	2009
Revenues from our microinsurance portfolio in € mn	35	78	n.a.
Microinsurance customers (rounded) in mn, as of December 31	2.6	3.8	2.4

Despite the decline in our customer base and revenues in 2011, driven by the fall-out from the so-called microfinance crisis in India[2], Allianz is further expanding and developing its microinsurance business. It entered three new markets in 2011, namely Burkina Faso, Malaysia and Mali. Allianz is also exploring the potential for further innovations in its microinsurance portfolio and generally enhancing access to microinsurance.

SUSTAINABILITY IN THIRD-PARTY ASSET MANAGEMENT

In recent years, environmental, social and governance (ESG) factors have become more important in investment analysis and asset management, with private and institutional investors increasingly considering these factors in their investment decisions. Allianz is meeting this demand, offering a range of Sustainable and Responsible Investment (SRI) funds across the major asset classes through its third-party asset managers. At the end of 2011, the assets Allianz managed in SRI funds increased by more than 10 % compared to the previous year, totalling € 3.4 bn (2010: € 3.1 bn). This increase was mainly driven by a general appreciation and inflow of new assets into our fixed income SRI funds. Given the turbulences on the equity markets in 2011, investors were generally seeking investments with a lower risk profile as has also been the case for our overall portfolio. Our assets under management in equity SRI funds developed very much in line with the total market, although our performance was slightly better. Despite slight outflows, our assets under management in equity SRI remained fairly stable.

SUSTAINABLE AND RESPONSIBLE INVESTMENTS, ASSETS UNDER MANAGEMENT

As of December 31,	2011	2010	2009
Assets under management in SRI funds in € bn	3.4	3.1	4.8

SUSTAINABILITY IN PROPRIETARY INVESTMENTS

In 2011 the Allianz Group signed the United Nations Principles for Responsible Investment, joining several of our third-party asset managers as a signatory. We have chosen to take an evolutionary learning path where we leverage our existing practices and enhance consistency over asset classes and regions to further mature our systematic approach. This commitment applies to our proprietary assets, which totaled € 461 bn in 2011.

INVESTMENTS IN RENEWABLE ENERGY

Insurance companies are not only risk managers but also large-scale institutional investors. Investment management is thus an integral part of our business. Integrating sustainability into investment strategies is not only important for Allianz's third-party Asset Management, but also influences decisions on proprietary business, i.e. how we invest the

1 | Excluding figures from November and December 2011 from India, as the data was not yet available at the date this report was published.
2 | Bajaj Allianz Life Insurance Company, India, is not a fully consolidated company of Allianz.

income from insurance premiums. As large institutional investors, insurance companies are important players in the financing of a low-carbon economy. Allianz sees renewable energies as an attractive growth market for two reasons: first, for portfolio diversification; and second, because sound returns are expected in the long run. Allianz, which is already one of the world's largest investors in this field, is building up a long-term portfolio in wind energy and solar power. Allianz's total direct investments in renewable energy projects topped the € 1.3 bn mark in 2011 and we plan to further increase them.

INVESTMENTS IN RENEWABLE ENERGY PROJECTS

	2011	2010	2009
Investments in renewable energy projects in € bn	1.3	1.0	0.8

CARBON INVESTMENTS

In addition to Allianz's voluntary commitment to reduce carbon emissions from its business operations, from 2012 we will neutralize our remaining emissions by directly investing in carbon projects that generate certificates. As only some of the certificates will be required to ensure Allianz's carbon neutrality, the rest can be sold and generate a financial return. This creates a direct incentive for us to intensify our emission reduction efforts. In this way, carbon investments are not just a voluntary means of becoming carbon-neutral, but also a viable business case for Allianz. Investments undertaken in 2011 included:

- WILDLIFE WORKS CARBON LLC (WWC): Allianz is fostering forest protection in developing and emerging countries through the acquisition of a 10 % share in the developer of Reducing Emissions from Deforestation and Forest Degradation (REDD) projects. The first project is a 208,000 hectare forest in South-East Kenya which acts as a corridor between two national parks. Over the course of the project's 30-year lifetime, the release of up to 36 mn tons of carbon dioxide will be avoided, generating the equivalent number of carbon credits.
- C-QUEST CAPITAL LLC (CQC): Allianz is financing an energy efficiency program implemented by CQC in India. The program replaces incandescent light bulbs in private households with more energy efficient compact fluorescent lamps (CFLs). Approximately 8.5 mn light bulbs will be replaced, reducing residential energy consumption and avoiding the emission of 3.7 mn tons of carbon dioxide over a 10-year period.

Environment

TAKING ENVIRONMENTAL RESPONSIBILITY SERIOUSLY

CARBON REDUCTION STRATEGY

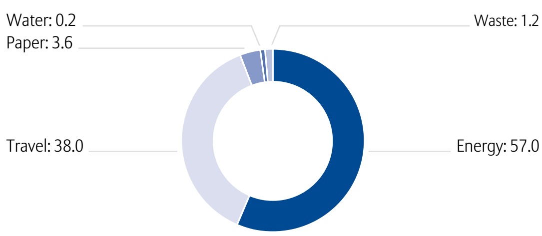
Despite the fact that the financial services sector is a comparatively low-carbon industry, Allianz is nevertheless committed to reducing its environmental impact. Our target of reducing our carbon footprint by 20 % by 2012 – compared to 2006 figures – was achieved two years ahead of schedule. By the end of 2010, greenhouse gas emissions had been reduced by 27 % per employee. In response to this, in 2011 Allianz defined a new target for 2015: a further 10 % reduction, with a focus on energy consumption as our key reduction lever. Additionally, Allianz will compensate for all remaining emissions stemming from our business operations through direct investments in carbon projects and will be carbon neutral from 2012.

ENVIRONMENTAL FOOTPRINT[1]

Allianz continued to reduce its carbon footprint in 2011, reducing CO_2 emissions from its business operations by a further 6 percentage points compared to 2010. Our overall CO_2 reduction since 2006 now stands at 33 %[2] per employee. Although we are seemingly close to our new target, as the economy continues to improve the challenge for Allianz will be in controlling our emissions over the business cycles.

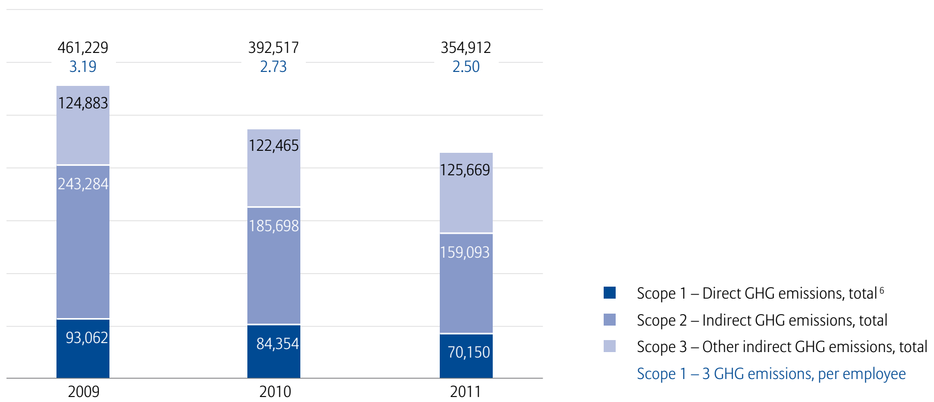
As the main drivers of our carbon footprint are energy, travel and paper, our reduction efforts focus on these areas. Energy consumption, as our key CO_2 driver, saw a further significant reduction and, combined with the effects of more renewable energy[3] sourced and a reduction of fossil fuels in the energy mix, made the most significant contribution to reducing Allianz's carbon footprint in 2011. Despite increased requirements for travelling (e.g. rebranding activities), business travel remained largely at 2010 levels. Our global travel policy, introduced in 2010, ensures we avoid unnecessary travel and use lower-carbon modes as far as possible. What is more, in 2011 we continued to reduce paper consumption, taking overall paper reduction to 44 % since 2006. Our global print policy as well as greater use of digital communication in our internal operations and in communications with clients contributed to this achievement.

BREAKDOWN OF CO_2 EMISSIONS | in %



In 2012 we will further improve the quality of our environmental data; specifically focusing on improving our carbon accounting methodology, the granularity of our environmental data collection as well as formalization and automation of our reporting systems. Better data quality will also be the basis for future decision making on environmental activities and targets.

GREENHOUSE GAS EMISSIONS (CO_2E) PER EMPLOYEE[4,5] | in metric tons



1 | Our environmental performance reporting has been independently verified by KPMG.
2 | The Allianz Group's total reported carbon footprint already considers the compensation activities of some of our subsidiaries. In 2011 these compensation activities totaled 2,157 metric tons.
3 | Energy from renewable sources now accounts for 43.6 % of our total energy consumption.
4 | In the current reporting period, we investigated methods to reduce uncertainties in our environmental data. By applying these new methods we have also restated historic performance indicators.
5 | Historic data back to our base year of 2006 has been recalculated and restated for the current reporting period due to the divestment of manroland.
6 | Company cars were reclassified from Scope 3 to Scope 1 in the current reporting period and restated back to 2009.

Social

BEST PEOPLE – TODAY AND TOMORROW

Our employees' exceptional commitment and ambition to provide excellent service to our customers are crucial to our success. We place great emphasis on fostering outstanding leadership, continuous talent and personal development. Only by unlocking our employees' potential can we achieve our primary goal of being a reliable partner to our customers.

EMPLOYEE ENGAGEMENT

Allianz annually collects feedback from employees, managers and board members to measure the overall level of engagement and identify its drivers. In 2011 we conducted the second Group-wide Allianz Engagement Survey, which brought together local surveys in gathering employees' feedback. 116,229 employees from 66 Allianz companies were invited to participate. The participation rate of 78 % was 9 percentage points up compared to 2010. The survey results are factors in the remuneration of the Group's Board of Management and top management.

DIVERSITY

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

As part of the effort on the advancement of women at Allianz, in 2008, we already set ourselves the global target of increasing the share of women in the talent pool for executive positions to 30 % by 2015. In 2011, a top management mentoring program for women and flexible work-life programs, such as part-time employment or job sharing, are part of supporting actions taken in several countries. In 2011, we also made a joint declaration with other DAX 30 companies of our commitment to increase the share of female leaders in Germany. Allianz's own commitment is to have 30 % of management positions in Germany held by women by the end of 2015.

WOMEN ACROSS ALLIANZ GROUP[1]

	2011	2010	2009
Women in executive positions[2] in %	19.2	17.6	17.2
Female managers[3] in %	33.3	32.7	31.5
Share of women in overall workforce in %	52.3	52.4	52.2

TALENT MANAGEMENT

Developing the skills and competencies of our employees across such a diverse global organization requires a common approach across the Group. Allianz strives to retain skilled employees, recruit and develop top talent, and promote high performers. Our global talent management system enables us to identify internal candidates and, importantly, supports systematic succession planning. In 2011 we evaluated more than 3,900 candidates from 70 Allianz companies in 58 countries on the basis of clearly defined competencies. We also use strategic workforce planning to help secure the future workforce as well as the talent pipeline for up to 10 years. In 2011 Allianz Group invested € 88 mn (2010: € 80 mn) in training measures. This is equivalent to an average of € 667 per employee worldwide (2010: € 606).

1 | Figures based on the number of employees in Allianz's core business; all companies in and related to the insurance and Asset Management business including our banking activities in Germany, France, Italy and Central and Eastern Europe. Excluded are fully consolidated companies which are considered as pure financial investments and companies classified as held for sale.
2 | Including women at all executive positions below the Board of Management.
3 | Including women functionally responsible for other staff, regardless of level, e.g. division, department, and team managers.

TRAINING KEY FIGURES[1]

	2011	2010	2009
Total expenses in training[2] in € mn	88	80	81
Training expenses per employee[2] in €	667	606	606
Average training days per employee, staff	2.7	2.9	2.7
Average training days per employee, managers	2.5	3.7	3.5
Employees undergoing at least one training session, staff in %	60.6	55.5	60.7
Employees undergoing at least one training session, managers in %	68.0	81.8	81.1

REMUNERATION

The Allianz Group paid a total of € 8.4 bn (2010: € 8.3 bn) to its employees worldwide in 2011. Of this, approximately 25 % was for performance related (variable) remuneration elements. € 2.2 bn (2010: € 2.2 bn) was spent on social security contributions, pension and other social benefits.

37 Remuneration Report

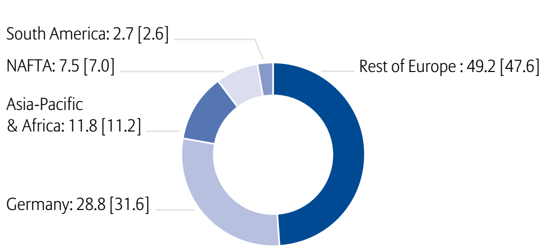
FURTHER EMPLOYEE FIGURES

EMPLOYEES BY COUNTRY[3]

As of December 31,	2011	2010
Germany	40,837	47,889
France	17,091	18,127
United States	9,746	9,808
Russia	8,846	8,434
United Kingdom	7,426	7,253
Italy	6,554	6,914
Australia	4,490	4,043
Switzerland	3,664	3,633
Spain	3,480	3,448
Austria	3,264	3,258
Brazil	2,697	2,876
Slovakia	2,381	2,432
Romania	1,958	2,121
Netherlands	1,876	2,041
China (incl. Hong Kong)	1,865	2,143
Poland	1,845	2,560
Other	23,918	24,358
Total	**141,938**	**151,338**

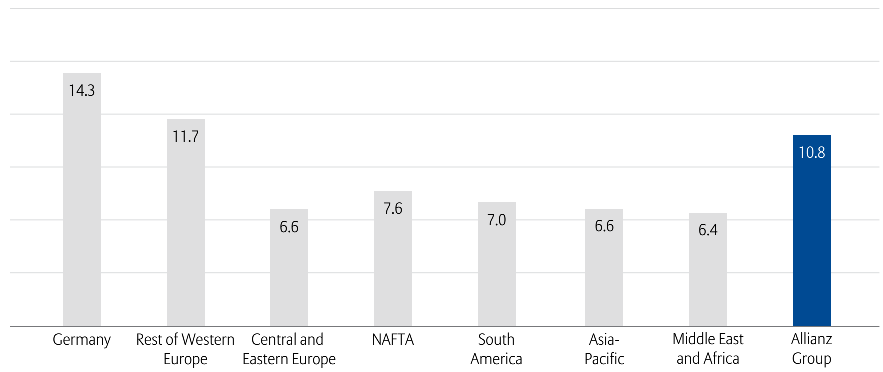
The decrease in employees compared to 2010 is mainly due to deconsolidation of subsidiaries.

EMPLOYEES BY REGION[3] AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in %



1 | Figures based on the number of employees in Allianz's core business; all companies in and related to the insurance and Asset Management business including our banking activities in Germany, France, Italy and Central and Eastern Europe. Excluded are fully consolidated companies which are considered as pure financial investments and companies classified as held for sale.
2 | Basis for calculation was changed in 2011: it includes the effective spending on training and excludes related expenses (e.g. travel expenses) and further costs (e.g. internal academy costs). Restated figures for previous years are provided.
3 | Total number of employees with an employment contract of all consolidated companies (core and non-core business).

TENURE BY REGION 2011[1,2]



	2011	2010	2009
AGE STRUCTURE[2]			
25 or under	7.7	7.8	8.1
26 - 34	27.2	27.4	28.1
35 - 44	29.6	30.0	30.2
45 - 54	25.4	25.0	24.5
55 - 64	9.8	9.5	8.9
65 or over	0.3	0.3	0.2
EMPLOYMENT RELATIONSHIP[2]			
Permanent employees, in %	93.7	93.5	94.5
Temporary employees, in %	6.3	6.5	5.5
Full-time employees, in %	88.7	88.3	89.4
Part-time employees, in %	11.3	11.7	10.6
Trainee ratio[3], in %	2.3	2.2	1.7
EMPLOYEE QUALIFICATION[2]			
University degree	44.3	44.7	37.9
Vocational training	33.7	34.7	29.4
Other qualification	22.0	20.6	32.7
EMPLOYEE TURNOVER[2]			
External recruitment	22,029	21,398	17,409
External leavers[4]	21,005	22,149	21,558

A COMMITTED CORPORATE CITIZEN

As a global company with a business presence in about 70 countries worldwide, we take our responsibility to society seriously. By offering skills, time, money and other resources, we strive to advance social well-being and give financial and practical support to our local communities. In addition to being a major tax payer, we also donated € 22.2 mn to address social, environmental and cultural issues of relevance to Allianz and the societies in which it operates. What is more, our international network of 16 Allianz-affiliated corporate foundations – for example the Allianz Cultural and Environmental Foundations – supports us in living out our role as a responsible corporate citizen.

1 | Tenure represents the period of employment in Allianz companies starting from the date of the first entry in an Allianz company.
2 | Figures based on the number of employees in Allianz's core business; all companies in and related to the insurance and Asset Management business including our Banking activities in Germany, France, Italy and Central and Eastern Europe. Excluded are fully consolidated companies which are considered as pure financial investments and companies classified as held for sale.
3 | Trainees are employees at the beginning of their career participating in a trainee program, i.e. are undergoing practical training designed to facilitate their development of knowledge and skills, e.g. apprentices, trainees, interns and working students, and with a formal arrangement (e.g. employment contract or third-party party agreement with a school or university).
4 | Number of employees who left the Allianz Group during the reporting period.

CORPORATE GIVING

Over the past two years Allianz has implemented a Group-wide corporate giving framework. 2011 is the first year Allianz has published figures on its corporate giving activities. Robust processes have been set up and data collection has been integrated into our financial accounting system, with the aim of systematically increasing the transparency of corporate giving and improving its management. The total corporate giving sum of € 22.2 mn comprises donations, charitable memberships, as well as grants made by our affiliated corporate foundations. In addition to corporate giving activities, Allianz offers its employees the possibility to donate in the event of natural catastrophes, and we also have a global platform to involve all our employees in donation campaigns. In light of the several severe natural catastrophes in 2011 – including those in Australia, Japan, Thailand and Turkey – the Allianz Group, employees and subsidiaries donated to different projects for immediate disaster response and rebuilding activities.

EMPLOYEE VOLUNTEERING

Engaging employees in social projects is a key component of our responsibility towards society. We support the development of effective solutions to critical social issues by drawing on our core competencies. Through the My Finance Coach (MFC) program, for example, Allianz and its partners aim to foster financial literacy among 11- to 15-year-olds. Familiarizing these young people with financial issues will help them to make educated financial decisions now and in the future. In 2011 more than 65,800 pupils were reached with the MFC program in Germany. The German UNESCO Committee declared MFC to be an official project of the United Nations Decade of Education for Sustainable Development (2005 - 2014). Allianz also shares its know-how and business skills with socially committed organizations by engaging both employees and retirees. In 2011, for example, through one of Allianz's leadership development and employee volunteering programs such projects were carried out in eight countries involving a total of 44 Allianz employees and 21 social entrepreneurs.

Governance

INTEGRITY

Our integrity calls upon us to make only promises we can keep and take only risks we can manage. Good corporate governance and transparency are key to gaining and keeping the trust of our shareholders, clients and employees.

Allianz's compliance management system aims to ensure compliance with internationally recognized laws, rules and regulations to promote a culture of integrity and safeguard the company's reputation. In 2011 we undertook numerous measures to further strengthen the effectiveness of compliance management. Implementation of the Allianz Anti-Corruption Program continued with further trainings. The aim of these compulsory trainings is to inform employees about the main anti-corruption and anti-fraud rules and principles, the essentials of the Anti-Corruption and Gifts and Entertainment Policies. The training courses were carried out worldwide in local languages as classroom and e-learning events.

Since 2007 Allianz has trained 82,000 employees in anti-discrimination and anti-harassment procedures. In addition, Allianz's employees gave top marks in our employee engagement survey for the statement that "My company makes it clear that discrimination will not be tolerated".

DIALOGUES WITH GOVERNMENTS AND RELATED INSTITUTIONS

The financial and sovereign debt crises urgently require solutions – preferably sooner rather than later – since they heavily impact our industry. Allianz is working to create an enabling political environment for the company's development by engaging with governments and other institutions on these and other key economic, governmental and societal issues.

The goal in 2011 was to increase contacts and interaction in order to conduct dialogue on fundamental issues and societal challenges. The key topics impacting Allianz's activities included the sovereign debt crisis, the stability of the European Monetary Union, regulatory and supervisory issues relating to Solvency II, accounting standards, the proposed financial transaction tax as well as environmental issues.

POLITICAL DONATIONS

As a large corporate citizen headquartered in Germany, Allianz SE is committed to the country's vibrant democracy. It therefore contributes to political parties in the German Parliament that support the social market economy and acknowledge the important role labor and industry have played in the creation of the modern German state.

In 2011, Allianz SE contributed equal amounts to political parties representing a variety of views within the German political spectrum: the Green Party (Bündnis 90/Die Grünen), Christian Democrats (CDU), Christian Social Union (CSU), Liberals (FDP) and Social Democrats (SPD). A donation of €50,001 was made to each party. This figure is specifically chosen to ensure it is officially published by the German Parliament, thus guaranteeing total transparency. All contributions are made on July 1 to ensure that they are in no manner connected, or perceived to be connected, to any legislative initiatives or elections.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Business Environment

Economic Environment 2011

GLOBAL ECONOMY LOSES STEAM

Following a robust start, the global economy had to deal with a wave of shocks as 2011 proceeded. In the first half of the year, two factors in particular contributed to a global economic slowdown. First, the natural and nuclear catastrophe in Japan temporarily disrupted supply chains around the globe. Secondly, a steep rise in commodity prices took a chunk out of the real incomes of both households and businesses. In the second half of 2011, the sovereign debt crisis escalated in the Eurozone, causing substantial financial market turmoil. The global economic slowdown continued and by the end of the year the Eurozone was on the brink of recession.

Gross domestic product (GDP) in industrialized countries increased in 2011 by about 1.3 % on average in 2011. The United States and the Eurozone registered fairly similar growth rates of 1.7 % and 1.5 % respectively. As in 2010, growth varied widely within the Eurozone. The GDP of Greece and Portugal contracted by around 6 % and 1.3 % respectively, while other countries like Finland and Austria registered solid growth rates of more than 2.5 %. Germany was once again an important economic engine for Europe, with a GDP increase of 3 %. Emerging markets grew almost 6 % on average, with economic expansion in emerging Asian markets coming in at 7.8 %.

As financial markets became increasingly unsettled by the escalating sovereign debt crisis in the Eurozone, volatility on global stock markets rose considerably with most major equity markets ending the year at a loss. Rising doubts about the political feasibility of an economic solution to the financial crisis led to higher risk premiums on sovereign bonds in so-called peripheral countries as well as some core Eurozone member states. By contrast, yields on German government bonds, which the markets increasingly viewed as a "safe haven", recorded new historical lows of less than 2 %. The Euro, which appreciated considerably against the U.S. Dollar in the first half of the year, came under intense pressure in the second half and surrendered more than its first half gains.

For further information on what Allianz has done to mitigate possible impacts from the European sovereign debt crisis as well as our direct exposure to some of the potentially affected countries, please refer to the Risk Report starting on page 149.

149
Risk Report

Business Environment 2011: Insurance Industry

Besides the economic slowdown, the insurance industry faced two main challenges in 2011. Firstly, the European sovereign debt crisis entrenched a low interest rate environment and secondly, catastrophe-related losses rose to over USD 100 bn. However, even in the face of these formidable challenges the insurance industry maintained its strong capital position.

Interest rates and bond yields remained stubbornly low as financial policy makers grappled with burgeoning levels of sovereign debt, tight bank credit and fragile economic growth. In December, the European Central Bank lowered its interest rate for the second time in the year – back down to just 1 %. After rising in the first half of the year, yields on 10-year German government bonds fell back even further to end 2011 at around 2 %; well below their 20-year average of 5.5 %.

2011 was another year heavily burdened by natural catastrophes, with the second highest level of insured losses since 1980. Aggregate losses were estimated to be above U.S. Dollar 100 bn, which was more or less twice the 2010 level. Major events included flooding in Australia and Thailand, the Japanese earthquake and tsunami, earthquakes in New Zealand and U.S. windstorms. 2011 was even more remarkable considering the comparatively low losses related to U.S. hurricanes – only one, Hurricane Irene, incurred losses of more than U.S. Dollar 1 bn.

Uncertainties surrounding the implementation of Solvency II once again weighed on the sector's attractiveness. The legislation's conservative capital requirements and risk approach remain, in our view, overly burdensome and in some cases inconsistent with proven business models.

In the PROPERTY-CASUALTY sector, market conditions continued to slowly improve in several of our major markets. Premium growth was still modest but slightly higher in most mature markets – for example, in Germany and France – while the United States returned to growth for the first time since the financial crisis. On the other hand, growth reached double digits in emerging markets. While Asia remained the most dynamic region, Eastern Europe and in particular Latin America also showed strong and accelerating growth.

Price increases gathered momentum in Western Europe, the United States and Australia – regions where Allianz has a significant market presence. For the most part, personal lines have experienced price increases. During 2011 we also started to see early signs of improvement on some commercial lines. Nevertheless, more significant price increases are required to restore technical pricing to adequate levels. Overall, non-life market profitability was adversely affected by the high amount of catastrophe-related losses and constrained by lower investment returns. However, adjusting for these factors, we believe that there was an underlying improvement in margins where price increases were achieved, and an improvement in attritional claims experience, albeit limited.

In the LIFE sector, global premiums fell in 2011. Whereas healthy growth continued in most emerging markets – with Latin American markets setting the pace – premium growth in China came to a halt and actually dropped significantly in 2011 due to new bancassurance regulation. Furthermore, premium growth stalled in some more mature markets, including Germany, France and Italy. Here, business fell sharply as life product sales were hit by weaker investor confidence due to a difficult economic environment. These markets also faced stiff competition from savings products issued by banks.

On a more positive note, there was a turn-around in the U.S. market with a percentage growth in sales of new annuities reaching double-digits for the first time in several years. Individual life sales grew by mid-single-digits. Earnings for traditional life insurers declined because of lower interest rates. This led to narrower spreads and increases in the reserves required for guarantees. Fee-earning businesses held up fairly well in comparison.

For the ASSET MANAGEMENT industry, 2011 was a difficult year characterized by the lingering debt crisis in developed countries, a renewed spike in market volatility in the second half of the year and an increasingly burdensome regulatory environment. In spite of these headwinds, both the asset base and operating profit of our Asset Management operations grew in 2011, albeit at a more moderate pace than in the exceptionally strong previous year.

Among the most noteworthy developments in the asset management industry in 2011 was the way mutual fund flow patterns differed between investment regions. European funds as a whole suffered significant outflows in a number of asset classes. The United States witnessed massive redemptions of money market funds but strong inflows into fixed income products. Asia attracted robust inflows both in fixed income and equity. On a global scale, fixed income remained the dominant asset class collecting roughly 80 % of total net flows into long-term mutual funds.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Executive Summary of 2011 Results

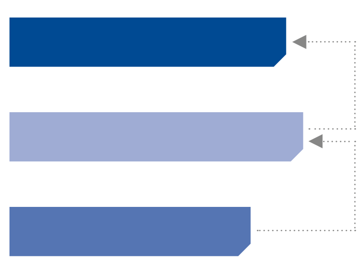
- Revenues declined slightly to € 103.6 bn.
- Operating profit of € 7,866 mn within expected range, mirroring fundamental strength of business.
- Net income of € 2,804 mn heavily impacted by financial market turmoil.
- Solvency ratio strong at 179 %.[1]

SEGMENT OVERVIEW

The Allianz Group consists of our subsidiaries in about 70 countries and the parent company Allianz SE. The Group's results are reported by business segment: Property-Casualty insurance, Life/Health insurance, Asset Management and Corporate and Other activities. Although the majority of profits are still derived from our insurance operations, contributions from Asset Management have grown steadily over recent years.

KEY FIGURES

Year	Total revenues € mn	Operating profit € mn	Δ | DIFFERENCE FROM YEAR TO YEAR	Net income € mn	Solvency ratio[1] %
2011	103,560	7,866	Δ (4.6) %	2,804	179
2010	106,451	8,243	Δ + 17.0 %	5,209	173
2009	97,385	7,044		4,650[2]	164



EARNINGS SUMMARY

ECONOMIC ENVIRONMENT IN 2011

2011 was an extraordinarily difficult year for Allianz and our peers.

Judging by the severity of natural catastrophes, it was one of the worst years the insurance industry has ever experienced. The earthquake and tsunami in Japan and the resulting failure of the nuclear power plant in Fukushima not only cost human lives, but turned into the second worst single disaster that ever hit insurers. We were also impacted by the earthquake in New Zealand and the severe floods in Australia and Thailand. The latter flood in particular had ramifications, among others, for electronic companies worldwide. Germany, our largest market, was hit by a number of heavy storms.

1 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170 % (2010: 164 %; 2009: 155 %).
2 | Net income from continuing operations.

In addition, interest rates declined further to historical lows, across all markets, assets and risk classes. That trend, resembling almost a "new normal", weakened the demand for investment related life insurance products, and also put a strain on our existing book of Life business.

On top, we experienced heavy turmoil in financial markets, fueled by a sovereign debt crisis predominantly in the Eurozone. In essence, this crisis affected us at two fronts: Firstly, the financial markets experienced a drastic increase in spreads for selected sovereign borrowers reflecting a paradigm shift – a default of an Euro member state, an improbable scenario at the beginning of 2011, meanwhile emerged as a looming threat, causing a mass flight to quality. As one consequence, we had to impair our Greek sovereign bonds, iteratively, to ever diminishing market values. Secondly, the fallout of the Eurozone crisis raised volatility in the equity and corporate bond markets, especially affecting financial services companies. Consequently, both our operating and non-operating income was burdened by impairments in our equity portfolio in general, and on selected strategic and financial participations in particular.

149
Risk Report

In spite of all of these factors, however, the discussion of our results that follow should consistently echo the fundamental strength of our businesses. Lastly, since the European sovereign debt crisis has not yet resolved itself, we will continue to mitigate the choppy waters expected in 2012. For further information on our preparations, please refer to the Risk Report on page 149.

MANAGEMENT'S ASSESSMENT OF 2011 RESULTS

TOTAL REVENUES slid moderately by 2.1 % on an internal basis[1], but at € 103,560 mn stood again above the mark of € 100 bn. Our Property-Casualty segment showed modest growth while Asset Management recorded strong revenue growth. Within Life/Health, the premium volume from our traditional Life products was quite stable but the segment overall faced a decline in revenues, mainly because of the reduced demand for investment-oriented products and our intent not to compromise profitability of new business by pushing top-line results.

OPERATING PROFIT decreased by 4.6 % to € 7,866 mn, largely influenced by the lower investment result in our Life/Health business and the highest ever natural catastrophe claims in Property-Casualty. On the positive side, however, Asset Management increased again its operating profit, and the operating result from our Corporate and Other segment improved. As a result, our total operating profit was in line with our expectations of being between € 7.5 bn and € 8.5 bn.

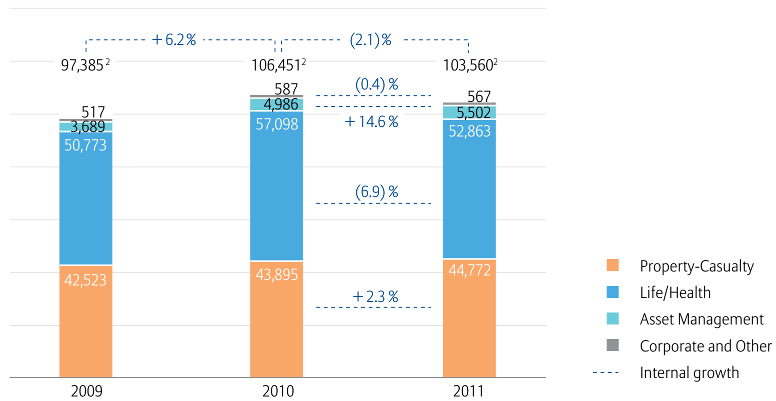
NET INCOME fell sharply by 46.2 % to € 2,804 mn, primarily driven by a profound decline of our non-operating investment result. The European sovereign debt crisis was the direct and indirect cause of that decline. The crisis affected our net income directly, because the impairments in Greek sovereign bonds impacted heavily not only our operating, but also our non-operating investment result. And indirectly we were hit, since the European sovereign debt crisis deflated the market capitalizations predominantly of financial institutions in Europe and beyond, which consequently had a negative impact on selective large exposures, for example in Commerzbank and The Hartford.

Despite the impact of the European sovereign debt crisis, our **CAPITALIZATION** remained strong. Shareholder's equity grew by 1.0 % to € 44,915 mn, and at 179 % our conglomerate solvency even topped our target range in principle of between 150 % and 170 %.

1 | Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 148 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our segments and the Allianz Group as a whole.

Total Revenues[1]

TOTAL REVENUES – SEGMENTS | in € mn



PROPERTY-CASUALTY gross premiums written grew moderately by 2.3 % on an internal basis, fueled mainly by a volume effect of 1.5 %, while the price effect contributed 0.8 %. Our crop business in the United States accounted for about half the growth. We also saw our business grow in most of our markets, especially in South America, AGCS, the United Kingdom and Australia. Our Reinsurance business, though, was lower, mainly due to the discontinuation of a single large agreement.

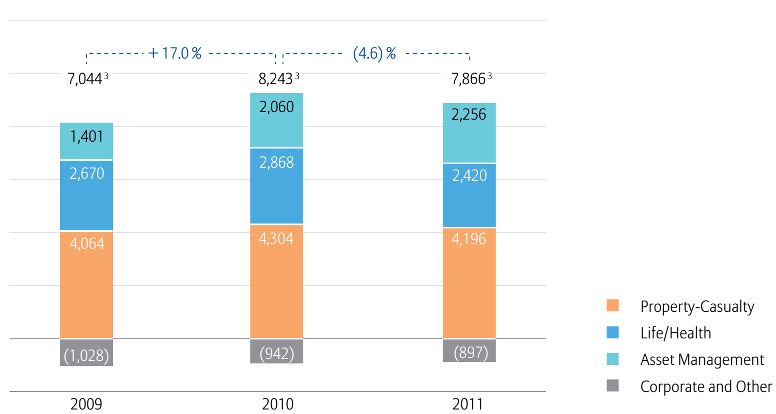
LIFE/HEALTH statutory premiums declined by 6.9 % on an internal basis. While traditional business was stable, lower sales of investment-oriented products accounted for nearly all of this decrease, especially in Italy and Asia-Pacific, and to a lesser extent in France.

ASSET MANAGEMENT generated internal growth of 14.6 %. This impressive development was mainly fueled by an increase in average assets under management and a shift to higher margin products. Despite the challenging market conditions, we recorded third-party net inflows of € 38 bn.

Total revenues from our Banking operations (reported in our CORPORATE AND OTHER segment) amounted to € 567 mn, a slight decrease compared to the previous year.

Operating Profit

OPERATING PROFIT – SEGMENTS | in € mn



1 | Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
2 | Total revenues include € (144) mn, € (115) mn and € (117) mn from consolidation for 2011, 2010 and 2009 respectively.
3 | Includes € (109) mn, € (47) mn and € (63) mn from consolidation in 2011, 2010 and 2009 respectively.

PROPERTY-CASUALTY earned an operating profit of € 4,196 mn, € 108 mn below the previous year's level. This decline can be attributed to a € 298 mn drop in our underwriting result primarily due to significantly higher losses from natural catastrophes. As a result, our combined ratio increased to 97.8 %. On the positive side, we grew our investment result by € 176 mn.

LIFE/HEALTH operating profit decreased by € 448 mn to € 2,420 mn, primarily because of a lower investment result, which was largely due to the impacts of the financial crisis and market conditions. Although our average asset base and related interest and similar income both grew around 7 %, our total operating investment result decreased by 6.9 %. This swing is reflected in the losses from impairments and financial assets and liabilities carried at fair value through income which in total deteriorated by € 2,135 mn before policyholder participation compared to 2010.

ASSET MANAGEMENT kept up the momentum and generated yet another excellent operating result. More precisely, the operating profit grew by 9.5 % to € 2,256 mn (13.7 % on an internal basis), mostly as a result of higher assets under management. The cost-income ratio stabilized at an impressive 59.0 %.

CORPORATE AND OTHER operating result improved by 4.8 % to € (897) mn, continuing a positive trend.

Non-operating Result

The European sovereign debt crisis and related deterioration in equity markets had a profound effect on our NON-OPERATING RESULT, which declined by € 1,950 mn to a loss of € 3,020 mn. The most pronounced effects are reflected in our non-operating investment result, which decreased by € 2,181 mn, resulting in a loss of € 1,159 mn. This fall was mainly driven by higher impairments on equities and debt.

REALIZED GAINS AND LOSSES (NET) decreased from € 1,539 mn to € 1,215 mn. Realized gains from equities of € 607 mn (2010: € 1,342 mn) were considerably lower than in the previous year. This was largely due to lower realized gains from the sale of shares in the Industrial and Commercial Bank of China (ICBC) amounting to € 315 mn (2010: € 864 mn). Realized gains from debt securities increased from € 87 mn to € 416 mn.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) amounted to a net loss of € 443 mn, a deterioration of € 386 mn (2010: € (57) mn) mainly stemming from the revaluation losses on The Hartford warrants.

We recorded significant IMPAIRMENTS (NET) of € 1,931 mn, up by € 1,471 mn. Equity impairments accounted for € 937 mn of this increase, primarily driven by investments in financial sector assets. Also included is a negative impact of € 185 mn related to our offer to acquire certain participation rights from Allianz customers resulting from the difference between our offer price and the related market value at year-end.[1] Debt impairments increased by € 550 mn to € 646 mn, of which € 573 mn was attributable to Greek sovereign bonds.

ACQUISITION-RELATED EXPENSES decreased by € 231 mn to € 209 mn largely due to lower PIMCO B-unit expenses[2]. We purchased in total 13,586 B-units in the first and third quarter of 2011 and have now acquired 89.0 % of all outstanding B-units. In total, 16,515 B-units are still outstanding. The decline in expenses compared to 2010 was mainly driven by the following components:

- The value of the outstanding B-units increased due to higher operating profit. The increase in acquisition-related expenses per outstanding B-unit was more than offset by the 45 % decline in the total number of outstanding B-units compared to December 31, 2010. This resulted in an overall decrease of € 204 mn in distribution expenses and expenses for the fair value adjustments to the provision for future repurchases of B-units.
- The premium to acquire 13,586 B-units in the first and third quarter of 2011 resulted in overall expenses of € 66 mn, compared to € 89 mn for the purchase of 25,854 B-units in the previous year. The premium of € 66 mn in 2011 also reflects the increased value of outstanding B-units in 2011 compared to 2010.

1 | For further information please refer to the Events after the Balance Sheet Date on page 94.
2 | When PIMCO was acquired, B-units were created entitling senior management to profit participation. Under the B-unit plan, Allianz has the right to call, while PIMCO senior management has the right to put, those B-units over several years. Fair value changes due to changes in operating earnings are reflected in acquisition-related expenses. The marginal difference between a higher call versus the put price upon any exercise, and distributions received by the senior management B-unit holders, are also included.

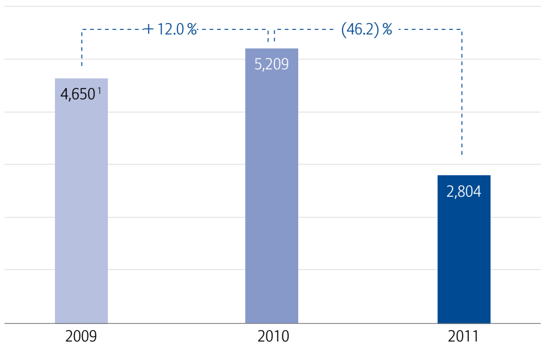
AMORTIZATION OF INTANGIBLE ASSETS increased by € 122 mn to € 449 mn, largely due to higher goodwill impairments of € 90 mn compared to 2010. For further information please refer to note 15 of our consolidated financial statements.

Income Taxes

The **INCOME TAX** increased by € 78 mn to € 2,042 mn. The effective tax rate amounted to 42.1 % (2010: 27.4 %). This increase of around 15 percentage points was primarily due to high non tax-effective losses on equities and natural catastrophe related losses in jurisdictions with below average tax rates.

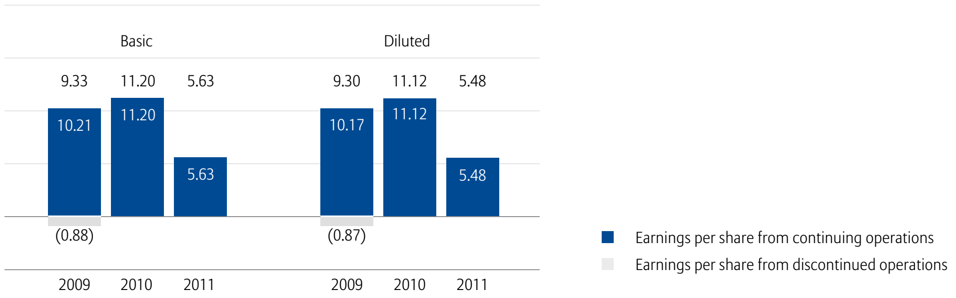
Net Income

NET INCOME | in € mn



NET INCOME was severely impacted by market-related losses – which are reflected in the investment result – primarily related to the escalating European sovereign debt crisis in 2011. Overall, our net income fell by € 2,405 mn to € 2,804 mn. Of this, **NET INCOME ATTRIBUTABLE TO SHAREHOLDERS** and **NON-CONTROLLING INTERESTS** was € 2,545 mn (2010: € 5,053 mn) and € 259 mn (2010: € 156 mn), respectively. The net income attributable to non-controlling interests of € 259 mn, of which the largest amount relates to Euler Hermes, increased over 2010 primarily due to significantly lower losses from private equity investments in the current year.

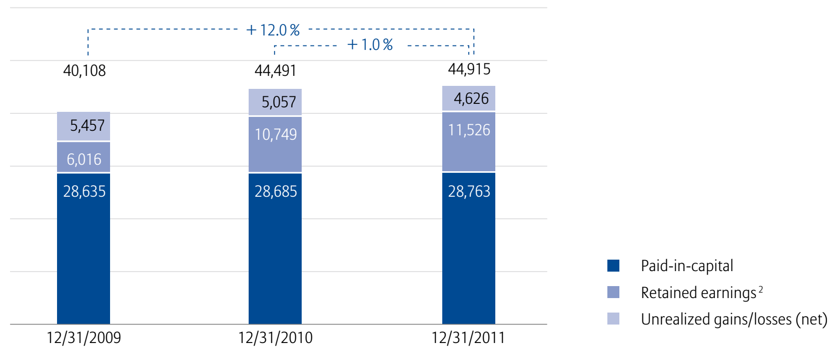
EARNINGS PER SHARE [2] | in €



1 | Net income from continuing operations.
2 | For further information please refer to note 51 of our consolidated financial statements.

Shareholders' Equity

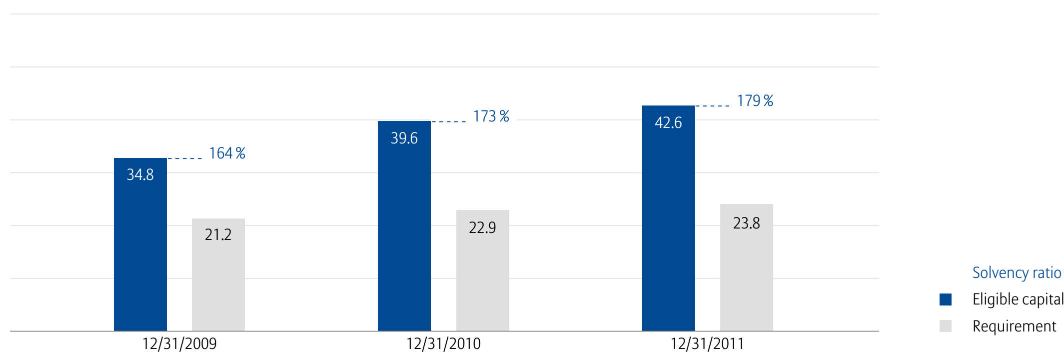
SHAREHOLDERS' EQUITY[1] | in € mn



131
Balance Sheet Review

Please refer to the Balance Sheet Review chapter on page 131 for further information on the development of shareholders' equity.

CONGLOMERATE SOLVENCY[3] | in € bn



Please refer to the Balance Sheet Review chapter on page 131 for further information on the development of conglomerate solvency.

1 | This does not include non-controlling interests.
2 | This includes foreign currency translation effects of € (1,996) mn, € (2,339) mn and € (3,626) mn as of December 31, 2011, December 31, 2010 and December 31, 2009, respectively.
3 | Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170% (2010: 164 %, 2009: 155 %).

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT TO NET INCOME (LOSS)

	2011 € mn	2010 € mn	2009 € mn
Total revenues[1]	103,560	106,451	97,385
Premiums earned (net)	63,668	63,337	59,792
Operating investment result			
Interest and similar income	20,502	19,428	18,233
Operating income from financial assets and liabilities carried at fair value through income (net)	(844)	19	726
Operating realized gains/losses (net)	2,220	2,169	1,799
Interest expenses, excluding interest expenses from external debt	(518)	(522)	(579)
Operating impairments of investments (net)	(1,730)	(384)	(1,738)
Investment expenses	(852)	(827)	(755)
Subtotal	18,778	19,883	17,686
Fee and commission income	8,406	7,920	6,239
Other income	150	118	41
Claims and insurance benefits incurred (net)	(48,867)	(46,096)	(45,646)
Change in reserves for insurance and investment contracts (net)[2]	(10,993)	(13,871)	(9,760)
Loan loss provisions	(121)	(50)	(141)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(20,553)	(20,433)	(19,712)
Fee and commission expenses	(2,564)	(2,561)	(2,212)
Operating restructuring charges	(1)	(8)	(15)
Other expenses	(65)	(57)	(2)
Reclassification of tax benefits	28	71	774
Operating profit (loss)	**7,866**	**8,243**	**7,044**
Non-operating investment result			
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(443)	(57)	148
Non-operating realized gains/losses (net)	1,215	1,539	1,617
Non-operating impairments of investments (net)	(1,931)	(460)	(994)
Subtotal	(1,159)	1,022	771
Income from fully consolidated private equity investments (net)	(35)	(102)	(232)
Interest expenses from external debt	(973)	(889)	(905)
Acquisition-related expenses	(209)	(440)	(406)
Amortization of intangible assets	(449)	(327)	(125)
Non-operating restructuring charges	(167)	(263)	(183)
Reclassification of tax benefits	(28)	(71)	(774)
Non-operating items	**(3,020)**	**(1,070)**	**(1,854)**
Income (loss) from continuing operations before income taxes	**4,846**	**7,173**	**5,190**
Income taxes	(2,042)	(1,964)	(540)
Net income (loss) from continuing operations	**2,804**	**5,209**	**4,650**
Net income (loss) from discontinued operations, net of income taxes	—	—	(395)
Net income (loss)	**2,804**	**5,209**	**4,255**
Net income (loss) attributable to:			
Non-controlling interests	259	156	48
Shareholders	2,545	5,053	4,207

1 | Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).
2 | Includes expenses for premium refunds (net) in Property-Casualty of € (110) mn (2010: € (181) mn; 2009: € (253) mn).

Proposal for Appropriation of Profit

The Board of Management and the Supervisory Board propose that the available net earnings ("Bilanzgewinn") of Allianz SE of € 2,048,850,000 for the 2011 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 4.50 per no-par share entitled to a dividend: € 2,036,533,689
- Unappropriated earnings carried forward: € 12,316,311

The proposal for appropriation of net earnings reflects the 2,736,958 treasury shares held directly and indirectly by the Company at the time of the publication of the convocation of the Annual General Meeting in the Electronic Federal Gazette. Such treasury shares are not entitled to the dividend pursuant to § 71b of the German Stock Corporation Act (AktG)[1]. Should there be any change in the number of shares entitled to the dividend until 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 € 4.50 on each share entitled to dividend.

Munich, February 20, 2012

Allianz SE

Events After the Balance Sheet Date

ISSUE OF € 1.5 BN SENIOR BOND

In February 2012 the Allianz Group issued a senior bond in the nominal amount of € 1.5 bn with a coupon of 3.5 % p.a. and a term of 10 years.

KEY TERMS OF GREEK VOLUNTARY EXCHANGE OFFER (PRIVATE SECTOR INVOLVEMENT) LAUNCHED

The key terms of a voluntary Greek sovereign bonds exchange offer were launched on February 21, 2012. If a sufficient percentage of investors relative to the aggregate nominal amount of outstanding Greek sovereign bonds vote for the exchange offer, it could become mandatory for all bondholders. In this case, outstanding Greek sovereign bonds will be exchanged for new low-interest Greek sovereign bonds having a nominal amount equal to 31.5 % of the nominal amount of the exchanged bonds and short-term notes issued by the European Financial Stability Facility (EFSF) maturing within 24 months having a nominal amount equal to 15 % of the nominal amount of the debt exchanged. The Greek sovereign bonds exchange is not expected to have a significant impact on the financial position and financial results of the Allianz Group because Greek government bonds have been written down to the current market value of 24.7 % of the nominal amount as of December 31, 2011.

COMPLETION OF SALE OF LLC ALLIANZ LIFE, MOSCOW

In January 2012, the Allianz Group completed the sale of LLC Allianz Life, Moscow, which had been classified as disposal group held for sale in the fourth quarter of 2011.

COSTA CONCORDIA

The Italian cruise ship Costa Concordia partially sank on January 13, 2012 after hitting a reef off the Italian coast and running aground at Isola del Giglio, Tuscany. The fleet operated by Costa Crociere is insured via a global insurance program, of which the Allianz Group covers only a minor stake. As of today, the Allianz Group expects a maximum net loss of € 20 mn.

1 | The provisions of the German Stock Corporation Act (Aktiengesetz) apply to the Company pursuant to Art. 9 (1) lit. c) ii), Art. 10 of the Council Regulation (EC) No. 2157/2001 dated October 8, 2001 on the Statute for a European company (SE) (hereinafter SE-Regulation or SE-VO), insofar as nothing else is stipulated in special rules of the SE-Regulation.

ALLIANZ COMPLETES ACQUISITION OF NORWEGIAN GAS GRID STAKE

On January 31, 2012 a consortium including the Allianz Group completed the acquisition of a 24.1 % stake in the Norwegian gas grid Gassled. The total value of the transaction was Norwegian Krone 17.35 bn (€ 2.26 bn). The stake was acquired through Solveig Gas Norway AS, a holding company, which is 40 % owned by Canada Pension Plan Investment Board, 30 % by the Allianz Investor Allianz Capital Partners and 30 % by Infinity Investments S.A., wholly owned by the Abu Dhabi Investment Authority.

On January 24, 2012, Allianz Group, acting through Allianz Capital Partners, had already completed the acquisition of a 6.4 % stake in Gassled. The total value of the transaction was Norwegian Krone 4.639 bn (€ 606 mn).

COMMITMENT TO BUY DEGI SHARES

The Aberdeen Immobilien Kapitalanlagegesellschaft mbH announced on October 25, 2011 that the DEGI International Fund will be liquidated on October 15, 2014. Allianz Germany has made an offer to Allianz customers (valid until February 15, 2012) to acquire their participation right at the repurchase price as of October 25, 2011 (€ 42.78). During the fourth quarter of 2011, the Allianz Group recorded a loss provision to account for the difference between the offered repurchase price and the market price of as of December 31, 2011. On February 15, 2012 approximately 98 % of Allianz customers accepted the offer resulting in a repurchase volume of € 679 mn. The Allianz Group will recognize the purchased shares in the first quarter of 2012 as available-for-sale equity instruments.

Changes in Segment Structure, Presentation and Accounting Policies

In 2011 there were no changes of the Allianz Group structure. As of January 1, 2012, we have an additional business division – Insurance Iberia & Latin America, Legal & Compliance, M&A – under the responsibility of Dr. Helga Jung as a new board member of Allianz SE. Further changes to the Board of Management and their responsibilities are summarized on page 71.

71
Our Steering

As of January 1, 2012, we are running the asset management business out of two distinct investment management businesses, PIMCO and AGI. Both units will operate under Allianz Asset Management (AAM), focusing on financial and overarching governance matters. This change is driven by the significant growth in our Asset Management business in recent years. We intend to tailor products, solutions and distribution that best meet our clients' needs, and further strengthen both brands.

There have been no material changes in our presentation and accounting policies in 2011. For further details please refer to note 4 of our consolidated financial statements.

Other Parts of the Group Management Report

The following information also forms part of the group management report:

- Statement on Corporate Management pursuant to § 289 a of the German Commercial Code (HGB) starting on page 30.
- Takeover-related Statements and Explanations starting on page 33.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Property-Casualty Insurance Operations

- Revenues at € 44.8 bn, up by 2.0 %.
- Operating profit at € 4,196 mn, despite the highest ever losses from natural catastrophes.
- Combined ratio at 97.8 %.

SEGMENT OVERVIEW

Our Property-Casualty business offers a broad range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as accident/disability, property, general liability, and motor. We conduct business worldwide in more than 55 countries. We are also a global leader for travel and assistance services and for credit insurance. We distribute our products via a broad network of agents, brokers, banks and direct channels.

KEY FIGURES

Year	Gross premiums written € mn	Operating profit € mn	Δ | DIFFERENCE FROM YEAR TO YEAR	Loss ratio %	Expense ratio %	Combined ratio %
2011	44,772	4,196	Δ (2.5) %	69.9	27.9	97.8
2010	43,895	4,304	Δ +5.9 %	69.1	28.1	97.2
2009	42,523	4,064		69.5	27.9	97.4

EARNINGS SUMMARY

GROSS PREMIUMS WRITTEN grew by € 877 mn to € 44,772 mn. On an internal basis, gross premiums increased by 2.3 %, with our crop business in the United States accounting for about half the growth.

Our **OPERATING PROFIT** amounted to € 4,196 mn – a decrease of € 108 mn or 2.5 %. The underwriting result declined by € 298 mn, mainly due to significantly higher losses from natural catastrophes. Our operating investment income improved by € 176 mn, benefiting from higher dividend income.

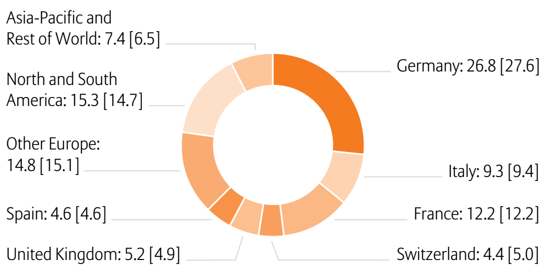
The **COMBINED RATIO** was 97.8 % compared to 97.2 % in 2010. Significantly higher losses from natural catastrophes were partly compensated for by a positive price development, more favorable run-off and a decline in expenses.

Gross Premiums Written[1]

GROSS PREMIUMS WRITTEN increased by 2.3 % consisting of a positive volume effect of 1.5 % and a positive price effect of 0.8 %. Our crop business in the United States accounted for about half the growth. The remaining increase in gross premiums – resulting mainly from South America, AGCS, the United Kingdom and Australia – was partly offset by declines in our Reinsurance business.

On a nominal basis, gross premiums written grew by 2.0 % – or € 877 mn – to € 44,772 mn. Foreign currency translation effects had a negative impact of € 84 mn on our nominal growth, primarily because of the depreciation of the U.S. Dollar and the Turkish Lira against the Euro, partly compensated for by the appreciation of the Swiss Franc and Australian Dollar[2].

GROSS PREMIUMS WRITTEN BY REGION/COUNTRY AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010][3] | in %



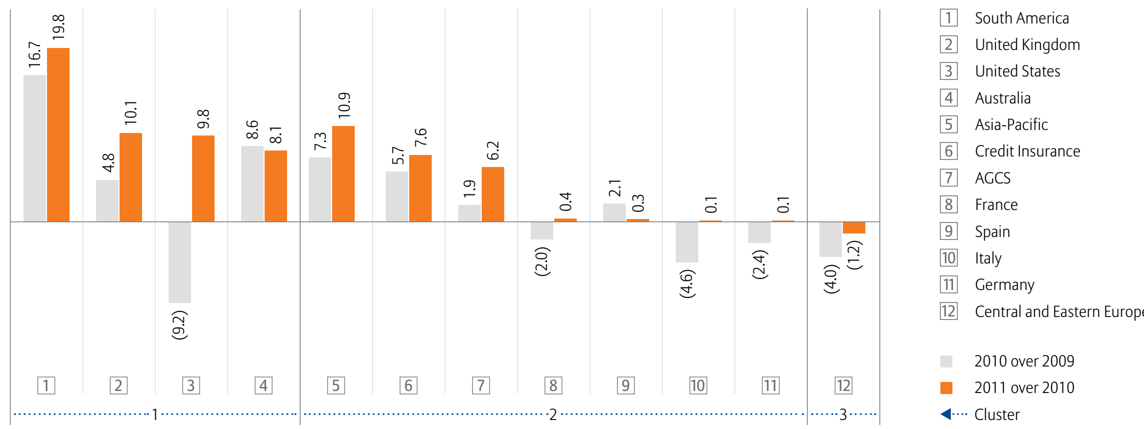
Analyzing internal premium growth in terms of price and volume, we use four clusters based on 2011 internal growth over 2010:

- CLUSTER 1:
Overall growth – both price and volume effects are positive.
- CLUSTER 2:
Overall growth – either price or volume effects are positive.
- CLUSTER 3:
Overall decline – either price or volume effects are positive.
- CLUSTER 4:
Overall decline – both price and volume effects are negative.

Cluster 4 is not shown in our 2011 results as none of our operating entities represented here recorded both negative price and volume effects.

1 | We comment on the development of our gross premiums written on an internal basis; meaning adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.
2 | Based on the quarterly average exchange rate of 2011 compared to 2010.
3 | After elimination of transactions between Allianz Group companies in different geographic regions and different segments. Gross premiums written from our specialty lines have been allocated to the respective geographic regions.

GROSS PREMIUMS WRITTEN BY OPERATING ENTITY – INTERNAL GROWTH RATES[1,2] | in %



CLUSTER 1

In SOUTH AMERICA we recorded gross premiums of € 1,846 mn. Internal growth was 19.8 %, with all countries in the region contributing positively. Brazil added the most to the positive development, benefiting from marine, aviation and transportation as well as motor and health lines of business. Winning new large commercial customers had a further positive effect on growth.

In the UNITED KINGDOM gross premiums grew to € 2,111 mn, including € 25 mn of unfavorable foreign currency translation effects. We achieved significant growth of 10.1 % thanks to an upswing in both the retail and commercial lines of our motor business. Tariff increases in a hardening market, mainly in our motor business, continued to support the overall growth. This resulted in a positive price effect of approximately 4.1 %.

In the UNITED STATES gross premiums increased to € 3,415 mn, despite unfavorable foreign currency translation effects of € 223 mn. The strong internal growth of 9.8 % stemmed from a positive volume effect from our crop business as a result of higher commodity prices. In our commercial and personal lines we saw volume losses, reflecting the continuing soft market conditions. However, tariff increases across all business lines led to an overall positive price effect of about 1.7 %.

In AUSTRALIA gross premiums amounted to € 2,508 mn. Even after adjusting for positive foreign currency translation effects of € 156 mn, we recorded robust internal growth of 8.1 %. We benefited from a significant volume increase in both retail and commercial lines through our agent and broker distribution channels. The overall price effect was positive, at around 2.1 %.

CLUSTER 2

In ASIA-PACIFIC gross premiums totaled € 486 mn thanks to the strong development of our Malaysian operations. Internal growth was 10.9 %, considering the transfers of Singapore and Hong Kong from Asia-Pacific to AGCS as well as the transfer of our China branch from Germany to Asia-Pacific. The negative price effect was estimated at 0.2 %.

In our CREDIT INSURANCE business, gross premiums stood at € 1,902 mn, up 7.6 % thanks to an increase in our customers' business volumes. In the fourth quarter of 2011, however, the growth trend in these volumes slowed. Overall the price effect was negative at about 4.4 % following higher rebates to our customers due to a lower claims environment.

1 | Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.
2 | Allianz Risk Transfer (ART) now shown within AGCS. Previous years were adjusted accordingly.

At AGCS gross premiums increased to € 4,918 mn. Excluding several business transfers to AGCS, our internal growth was 6.2 %. Some of the growth stemmed from higher production in Financial Lines, Marine and Liability. Further growth resulted from our business operations in Brazil. We estimate an overall negative price effect of 0.5 %.

In FRANCE gross premiums amounted to € 3,313 mn, up by 0.4 %. In line with market hardening, tariff increases were executed across the portfolio, in particular in our personal lines. This led to an overall positive price effect of approximately 3.4 %. Our commercial lines, however, continued to decline due to portfolio adjustments, particularly in motor fleets.

In SPAIN gross premiums were stable at € 2,011 mn and we continued to outperform the market in a difficult economic environment. Internal growth was 0.3 % accounting for a transfer of marine, aviation and transportation business to AGCS. The recessionary environment had a particularly harsh impact on our commercial lines, resulting in a negative price effect of around 2.3 %.

In ITALY gross premiums amounted to € 3,990 mn. We achieved a slight growth of 0.1 % as strong tariff increases in our motor business and the double-digit growth of our direct channel more than offset other volume losses. Our non-motor business declined slightly as a result of the difficult business environment and our enforcement of strict underwriting rules. We estimate the overall positive price effect to be 3.4 %.

In GERMANY we recorded gross premiums of € 8,979 mn. Adjusting for the transfer of our China branch to Asia-Pacific, gross premiums increased by 0.1 %. We benefited from a positive price effect of about 1.5 %, in particular from our non-motor business. This was almost offset by volume losses from both our motor and non-motor businesses.

CLUSTER 3

In CENTRAL AND EASTERN EUROPE gross premiums decreased to € 2,563 mn, including unfavorable foreign currency translation effects of € 34 mn. The overall decline in our motor business in Hungary and Romania could only be partially compensated for by a recovery in Russia, Poland and the Czech Republic. This resulted in a negative internal growth of 1.2 %, of which the adverse price effect accounted for approximately 3.6 % due to lower renewal tariffs, in particular in our motor businesses in Hungary and Romania.

Operating Profit

We analyze the operating profit in the Property-Casualty segment in terms of underwriting result, operating investment income and other result[1].

	2011 € mn	2010 € mn	2009 € mn
Underwriting result	701	999	866
Operating investment income	3,394	3,218	3,117
Other result	101	87	81
Operating profit	**4,196**	**4,304**	**4,064**

OPERATING PROFIT amounted to € 4,196 mn, down by € 108 mn.

Our UNDERWRITING RESULT declined by € 298 mn to € 701 mn, mainly due to significantly higher losses from natural catastrophes. Positive price movements and a further recovery of our business in Italy and France partially compensated for this.

Our OPERATING INVESTMENT INCOME improved by € 176 mn to € 3,394 mn, benefiting from higher dividend income.

The COMBINED RATIO stood at 97.8 %, compared to 97.2 % in 2010. Significantly higher losses from natural catastrophes were partly outweighed by a positive price development, a more favorable run-off and a decline in expenses.

1 | Consists of fee and commission income/expenses and other income/expenses as well as loan loss provisions.

Our ACCIDENT YEAR LOSS RATIO was 74.1 %. The impact from natural catastrophes was 4.4 percentage points. Net losses from natural catastrophes amounted to € 1,764 mn, our highest ever, largely driven by the earthquakes in Japan and New Zealand as well as the recent floods in Thailand. By comparison, in 2010 natural catastrophes had represented 3.2 percentage points of the accident year loss ratio of 73.0 %.

UNDERWRITING RESULT

	2011 € mn	2010 € mn	2009 € mn
Premiums earned (net)	39,898	39,303	37,828
Accident year claims	(29,580)	(28,685)	(27,387)
Previous year claims (run-off)	1,660	1,544	1,067
Claims and insurance benefits incurred (net)	(27,920)	(27,141)	(26,320)
Acquisition and administrative expenses (net)	(11,115)	(11,044)	(10,540)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(162)	(119)	(102)
Underwriting result	**701**	**999**	**866**

Excluding natural catastrophes, our accident year loss ratio slightly improved. The overall higher average annual premium, lower volume of large losses and favorable changes in claims frequency and severity were partly offset by the strong growth in our U.S. crop business – having a structurally higher loss ratio – as well as some worsening in our Credit business, even though it was still at an extraordinary level of profitability.

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

- ITALY: 0.6 percentage points. This was thanks to price increases, particularly in third-party motor liability, as well as strict profitability management. The overall strong positive trend in claims frequency more than offset the increase in claims severity, particularly in third-party motor liability.
- FRANCE: 0.5 percentage points. This was largely due to the high volume of losses from natural catastrophes in 2010 as well as a positive development of large claims. Furthermore, the French market is hardening, and hence we benefited from tariff increases, in particular in our personal lines.
- CENTRAL AND EASTERN EUROPE: 0.4 percentage points. This was largely attributable to the 2010 floodings that caused substantial losses in the Czech Republic, Hungary, Poland and Slovakia. In 2011 we recorded no material losses from natural catastrophes in the region. In addition, we improved the attritional loss ratio in most of our entities, especially in the non-motor business.

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

- REINSURANCE: 1.1 percentage points. This was entirely due to the extraordinary high level of losses from natural catastrophes in 2011.
- AGCS: 0.7 percentage points. Within a soft market environment we recorded higher losses from natural catastrophes and large claims.
- UNITED STATES: 0.6 percentage points. This was mainly due to the higher volume of losses from hurricane "Irene" and other severe weather events. In addition, we experienced higher losses in our workers compensation business, although this was in line with the market. Further deterioration came from the higher proportion of gross premiums from our crop business, which has structurally higher loss ratios but at the same time carries lower expense ratios.
- GERMANY: 0.2 percentage points. This was primarily driven by a series of thunderstorms in August and September, which were higher in volume and claims costs than natural catastrophes in 2010. In addition, average claims costs increased, mainly due to claims inflation. We continued to improve our claims handling process. Price increases partly offset above named effects.

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

Our RUN-OFF RESULT in 2011 benefited from favorable developments related to our non-US asbestos reserves of € 130 mn and a positive development from a prior year large claim of € 163 mn. Necessary reserve strengthening for workers compensation claims in the United States was compensated for by favorable developments due to reserve releases following reviews in some of our operating entities such as Italy and Spain, which also contributed to a better run-off result.

In 2011, total expenses stood at € 11,115 mn, compared to € 11,044 mn the previous year. Several special effects in 2010 and 2011 accounted for the improvement of our EXPENSE RATIO of 0.2 percentage points to 27.9 %. The underlying trend was flat.

OPERATING INVESTMENT INCOME[1]

	2011 € mn	2010 € mn	2009 € mn
Interest and similar income (net of interest expenses)	3,717	3,588	3,508
Operating income from financial assets and liabilities carried at fair value through income (net)	48	18	118
Operating realized gains/losses (net)	21	42	57
Operating impairments of investments (net)	(46)	(9)	(75)
Investment expenses	(236)	(240)	(238)
Expenses for premium refunds (net)[2]	(110)	(181)	(253)
Operating investment income	**3,394**	**3,218**	**3,117**

OPERATING INVESTMENT INCOME amounted to € 3,394 mn, up by € 176 mn mainly due to higher interest and similar income (net of interest expenses).

INTEREST AND SIMILAR INCOME (NET OF INTEREST EXPENSES) increased by € 129 mn to € 3,717 mn, benefiting from higher dividend income. The increase in dividends included higher special distributions from private equity funds of € 59 mn compared to the previous year. The total average asset base grew by 3.7 %, from € 92.9 bn as of December 31, 2010 to € 96.3 bn.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) improved by € 30 mn to € 48 mn mainly due to the foreign currency result.

We recorded lower OPERATING REALIZED GAINS/LOSSES (NET) of € 21 mn compared to € 42 mn in the previous year.

OPERATING IMPAIRMENTS OF INVESTMENTS (NET) increased by € 37 mn to € 46 mn reflecting the equity market downturn.

OTHER RESULT

	2011 € mn	2010 € mn	2009 € mn
Fee and commission income	1,154	1,099	1,075
Other income	31	22	19
Fee and commission expenses	(1,070)	(1,024)	(995)
Other expenses	(14)	(10)	—
Loan loss provisions	—	—	(18)
Other result	**101**	**87**	**81**

1 | The "Operating investment income" for our Property-Casualty segment consists of the "Operating investment result" – as shown in note 6 of the consolidated financial statements – and "Expenses for premium refunds (net)"(policyholder participation) as shown in note 34 of the consolidated financial statements.
2| Refers to policyholder participation, mainly from UBR (accident insurance with premium refunds) business, and consists of the investment-related part of "Change in reserves for insurance and investment contracts (net)". For further information please refer to note 34 of our consolidated financial statements.

PROPERTY-CASUALTY SEGMENT INFORMATION

	2011 € mn	2010 € mn	2009 € mn
Gross premiums written[1]	**44,772**	**43,895**	**42,523**
Ceded premiums written	(4,552)	(4,346)	(4,574)
Change in unearned premiums	(322)	(246)	(121)
Premiums earned (net)	**39,898**	**39,303**	**37,828**
Interest and similar income	3,771	3,680	3,612
Operating income from financial assets and liabilities carried at fair value through income (net)	48	18	118
Operating realized gains/losses (net)	21	42	57
Fee and commission income	1,154	1,099	1,075
Other income	31	22	19
Operating revenues	**44,923**	**44,164**	**42,709**
Claims and insurance benefits incurred (net)	(27,920)	(27,141)	(26,320)
Change in reserves for insurance and investment contracts (net)	(272)	(300)	(355)
Interest expenses	(54)	(92)	(104)
Loan loss provisions	—	—	(18)
Operating impairments of investments (net)	(46)	(9)	(75)
Investment expenses	(236)	(240)	(238)
Acquisition and administrative expenses (net)	(11,115)	(11,044)	(10,540)
Fee and commission expenses	(1,070)	(1,024)	(995)
Other expenses	(14)	(10)	—
Operating expenses	**(40,727)**	**(39,860)**	**(38,645)**
Operating profit	**4,196**	**4,304**	**4,064**
Loss ratio[2] in %	69.9	69.1	69.5
Expense ratio[3] in %	27.9	28.1	27.9
Combined ratio[4] in %	**97.8**	**97.2**	**97.4**

1 | For the Property-Casualty segment, total revenues are measured based upon gross premiums written.
2 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
3 | Represents acquisition and administrative expenses (net) divided by premiums earned (net).
4 | Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty Operations by Business Divisions

	Gross premiums written					Premiums earned (net)			Operating profit (loss)		
				internal[1]							
	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
Germany[2]	8,979	9,013	9,235	8,979	8,974	7,311	7,286	7,263	482	617	739
Switzerland[3]	1,436	1,389	1,309	1,271	1,268	1,423	1,377	1,274	157	155	150
Austria	913	890	888	913	890	736	691	704	71	71	75
German Speaking Countries	**11,328**	**11,292**	**11,432**	**11,163**	**11,132**	**9,470**	**9,354**	**9,241**	**710**	**843**	**964**
Italy[4]	3,990	3,986	4,190	3,990	3,986	3,829	3,935	4,182	646	370	346
France	3,313	3,300	3,368	3,313	3,300	3,098	3,085	3,118	373	174	26
Spain	2,011	2,011	2,101	2,011	2,005	1,833	1,834	1,803	331	282	294
South America	1,846	1,563	1,151	1,872	1,563	1,241	1,086	825	145	119	73
Netherlands[5]	829	910	916	829	834	778	801	803	44	54	53
Turkey	476	487	417	551	487	338	342	261	18	25	16
Belgium[5]	349	357	353	349	327	284	268	265	41	37	43
Portugal	339	293	288	301	293	257	241	238	43	37	37
Greece	121	116	99	121	116	95	86	63	15	16	11
Africa	79	71	67	79	71	47	42	40	7	7	5
Europe incl. South America	**13,353**	**13,094**	**12,950**	**13,416**	**12,982**	**11,800**	**11,720**	**11,598**	**1,680[6]**	**1,136[6]**	**926[6]**
United States[4]	3,415	3,350	3,521	3,637	3,311	2,594	2,710	3,010	(130)	266	341
Mexico	238	226	192	248	226	110	90	76	13	12	14
NAFTA Markets	**3,653**	**3,576**	**3,713**	**3,885**	**3,537**	**2,704**	**2,800**	**3,086**	**(117)**	**278**	**355**
Allianz Global Corporate & Specialty (AGCS)[4,5,7]	4,918	4,530	4,256	4,885	4,598	3,088	3,086	2,663	549	517	640
Reinsurance PC	3,409	4,014	3,719	3,409	4,014	3,130	3,274	3,076	(130)	331	365
United Kingdom	2,111	1,939	1,783	2,135	1,939	1,891	1,782	1,603	206	185	230
Credit Insurance	1,902	1,767	1,672	1,902	1,767	1,222	1,139	1,111	455	445	13
Australia	2,508	2,161	1,607	2,336	2,161	1,881	1,632	1,203	313	302	235
Ireland	745	682	627	745	682	676	600	570	85	64	(30)
Global Insurance Lines & Anglo Markets	**15,593**	**15,093**	**13,664**	**15,412**	**15,161**	**11,888**	**11,513**	**10,226**	**1,478**	**1,844**	**1,453**
Russia	732	698	642	743	698	618	565	525	10	(32)	31
Hungary	347	420	454	350	420	289	363	414	35	11	65
Poland	453	443	372	467	443	369	342	297	5	(7)	12
Slovakia	345	349	361	345	349	284	295	306	79	48	75
Romania	191	223	282	193	223	168	169	140	1	—	5
Czech Republic	288	268	274	280	268	223	206	219	30	27	41
Croatia	88	86	87	90	86	72	73	77	12	10	7
Bulgaria	97	95	101	97	95	67	67	75	20	18	19
Kazakhstan	19	38	33	19	38	5	7	6	3	2	(1)
Ukraine	13	9	9	13	9	7	6	6	—	—	(3)
Central and Eastern Europe[8]	2,563	2,629	2,615	2,597	2,629	2,102	2,093	2,065	178	55	230
Asia-Pacific (excl. Australia)[2,5]	486	486	472	487	439	284	280	259	41	49	36
Middle East and North Africa	68	76	69	71	75	48	44	35	5	2	1
Growth Markets	**3,117**	**3,191**	**3,156**	**3,155**	**3,143**	**2,434**	**2,417**	**2,359**	**224**	**106**	**267**
Assistance	**1,686**	**1,540**	**1,355**	**1,686**	**1,540**	**1,589**	**1,487**	**1,307**	**94**	**97**	**95**
Consolidation and Other[7,9]	(3,958)	(3,891)	(3,747)	(3,947)	(3,723)	13	12	11	127[10]	—	4
Total	**44,772**	**43,895**	**42,523**	**44,770**	**43,772**	**39,898**	**39,303**	**37,828**	**4,196**	**4,304**	**4,064**

1 | This reflects gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).
2 | In 2011 Allianz China General Insurance Company Ltd., a former branch of Allianz Versicherungs-AG, was transferred from Germany to Asia-Pacific (excl. Australia). Prior year figures have not been adjusted.
3 | In November 2010 the Allianz Group sold the subsidiaries Alba and Phenix Iart.
4 | The reserve strengthening for asbestos risks in 2011 at Allianz S.p.A., at Fireman's Fund Insurance Company and at AGCS in total of € 153 mn had no impact on the financial results of the Allianz Group and the single entitites' combined ratio under IFRS.
5 | Corporate customer business in the Netherlands and Belgium as well as Allianz Insurance (Hong Kong) Ltd. and Allianz Insurance Company of Singapore Pte. Ltd. were transferred to AGCS in 2010 and 2011. Prior year figures have not been adjusted.

	Combined ratio			Loss ratio			Expense ratio		
	2011 %	2010 %	2009 %	2011 %	2010 %	2009 %	2011 %	2010 %	2009 %
Germany[2]	102.9	100.8	98.7	75.1	73.4	70.9	27.8	27.4	27.8
Switzerland[3]	95.4	94.6	93.5	73.1	73.1	70.5	22.3	21.5	23.0
Austria	93.5	96.0	95.9	67.1	69.7	69.2	26.4	26.3	26.7
German Speaking Countries	**101.0**	**99.6**	**97.8**	**74.1**	**73.1**	**70.8**	**26.9**	**26.5**	**27.0**
Italy[4]	93.2	99.6	100.8	68.4	74.8	76.0	24.8	24.8	24.8
France	97.9	102.7	106.8	71.1	75.1	78.7	26.8	27.6	28.1
Spain	87.9	90.3	89.7	67.4	69.8	69.3	20.5	20.5	20.4
South America	96.7	96.7	98.4	66.0	64.9	66.0	30.7	31.8	32.4
Netherlands[5]	99.7	98.7	98.8	68.7	68.6	69.2	31.0	30.1	29.6
Turkey	101.4	99.7	105.8	74.8	74.1	79.4	26.6	25.6	26.4
Belgium[5]	97.6	99.2	97.3	63.0	64.3	61.1	34.6	34.9	36.2
Portugal	90.9	92.8	92.8	67.6	68.8	65.8	23.3	24.0	27.0
Greece	90.0	88.4	90.7	53.1	52.4	61.2	36.9	36.0	29.5
Africa	97.9	96.1	98.4	53.6	48.3	48.8	44.3	47.8	49.6
Europe incl. South America	**94.7**	**98.5**	**100.2**	**68.6**	**72.2**	**73.9**	**26.1**	**26.3**	**26.3**
United States[4]	115.5	102.4	99.8	86.5	69.9	69.9	29.0	32.5	29.9
Mexico	95.7	95.7	89.4	72.0	69.8	64.3	23.7	25.9	25.1
NAFTA Markets	**114.6**	**102.1**	**99.5**	**85.9**	**69.8**	**69.7**	**28.7**	**32.3**	**29.8**
Allianz Global Corporate & Specialty (AGCS)[4,5,7]	92.9	93.1	87.4	65.7	65.2	60.9	27.2	27.9	26.5
Reinsurance PC	108.2	93.2	92.3	81.3	68.5	66.4	26.9	24.7	25.9
United Kingdom	95.7	96.0	92.9	63.9	61.7	59.3	31.8	34.3	33.6
Credit Insurance	74.0	71.7	110.4	45.7	41.7	82.4	28.3	30.0	28.0
Australia	97.6	96.1	94.8	72.0	70.8	70.2	25.6	25.3	24.6
Ireland	93.9	97.1	114.5	68.4	74.0	84.7	25.5	23.1	29.8
Global Insurance Lines & Anglo Markets	**96.2**	**92.1**	**94.6**	**68.6**	**64.5**	**67.1**	**27.6**	**27.6**	**27.5**
Russia	101.7	109.5	97.0	61.4	64.3	58.7	40.3	45.2	38.3
Hungary	99.6	107.6	94.0	57.0	65.2	60.8	42.6	42.4	33.2
Poland	103.0	105.9	99.9	69.0	71.4	65.3	34.0	34.5	34.6
Slovakia	78.2	89.6	79.9	45.2	59.5	51.1	33.0	30.1	28.8
Romania	104.4	104.2	100.6	73.5	78.1	78.9	30.9	26.1	21.7
Czech Republic	91.9	91.2	82.9	65.4	66.4	56.9	26.5	24.8	26.0
Croatia	91.3	92.9	99.3	53.7	58.0	60.6	37.6	34.9	38.7
Bulgaria	75.9	75.2	79.0	48.8	46.4	44.6	27.1	28.8	34.4
Kazakhstan	59.8	78.4	132.3	12.5	21.3	42.3	47.3	57.1	90.0
Ukraine	112.9	122.8	169.2	57.1	38.0	69.4	55.8	84.8	99.8
Central and Eastern Europe[8]	96.6	102.0	92.9	60.5	65.2	59.7	36.1	36.8	33.2
Asia-Pacific (excl. Australia)[2,5]	93.8	91.2	93.1	64.1	61.4	58.6	29.7	29.8	34.5
Middle East and North Africa	101.5	109.9	135.4	69.1	73.9	72.2	32.4	36.0	63.2
Growth Markets	**96.4**	**101.0**	**93.6**	**61.1**	**65.0**	**59.8**	**35.3**	**36.0**	**33.8**
Assistance	**96.2**	**95.6**	**95.5**	**60.3**	**59.6**	**60.1**	**35.9**	**36.0**	**35.4**
Consolidation and Other[7,9]	—	—	—	—	—	—	—	—	—
Total	**97.8**	**97.2**	**97.4**	**69.9**	**69.1**	**69.5**	**27.9**	**28.1**	**27.9**

6 | Contains € 12 mn, € 15 mn and € 14 mn for 2011, 2010 and 2009, respectively, from a management holding located in Luxembourg and also € 5 mn, € (0.1) mn and € 8 mn for 2011, 2010 and 2009, respectively, from AGF UK.
7 | Allianz Risk Transfer (ART) business shown since 2011 within AGCS. Prior year figures have been adjusted accordingly.
8 | Contains income and expense items from a management holding and consolidations between countries in this region.
9 | Represents elimination of transactions between Allianz Group companies in different geographic regions.
10 | The 2011 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 130 mn.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Life/Health Insurance Operations

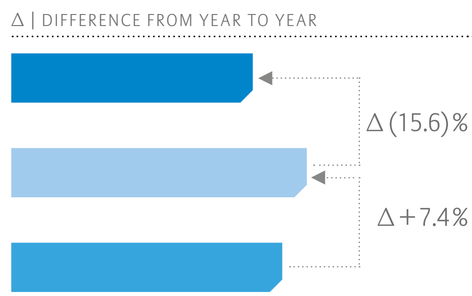
- Statutory premiums down to € 52,863 mn but traditional business held firm.
- Operating profit of € 2,420 mn impacted by lower investment result due to the financial crisis.

SEGMENT OVERVIEW

Allianz offers a broad range of life, savings and investment-oriented products including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers and bank partnerships – we offer life and health products for both private and corporate clients. As one of the worldwide market leaders in life business we serve customers in more than 45 countries. In 17 countries we are one of the market leaders based on premiums.

KEY FIGURES

Year	Statutory premiums € mn	Operating profit € mn	Margin on reserves[1] bps
2011	52,863	2,420	58
2010	57,098	2,868	73
2009	50,773	2,670	74



EARNINGS SUMMARY

STATUTORY PREMIUMS amounted to € 52,863 mn, a decrease of € 3,953 mn on an internal basis. This was almost entirely due to a drop in sales of our investment-oriented products, mainly in Italy, Asia-Pacific and France. We attribute this decline to the general market deterioration, low interest rates and strong competition – particularly within our banking channels with low margin products. A proportion of the premium decline is also attributable to extraordinary effects in 2010, especially in Italy, the United States and the Asia-Pacific region, which we did not benefit from in 2011. Despite these effects, total premiums as well as new business margin managed to remain on a high level. Premiums from our traditional Life/Health business were relatively stable.

OPERATING PROFIT decreased from last year's high level by € 448 mn to € 2,420 mn. The primary driver behind the decrease was our substantially lower investment result. The operating profit also resulted in a lower **MARGIN ON RESERVES** of 58 basis points, after relatively high levels in 2009 and 2010.

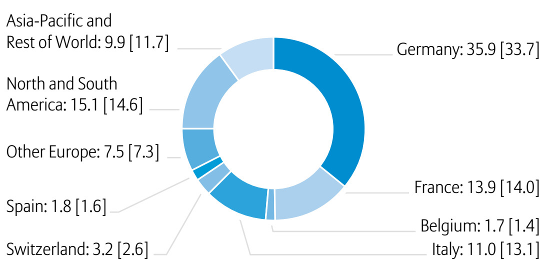
1 | Represents operating profit (loss) divided by the average of the current and prior year net reserves, whereby net reserves equals reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

Statutory Premiums[1]

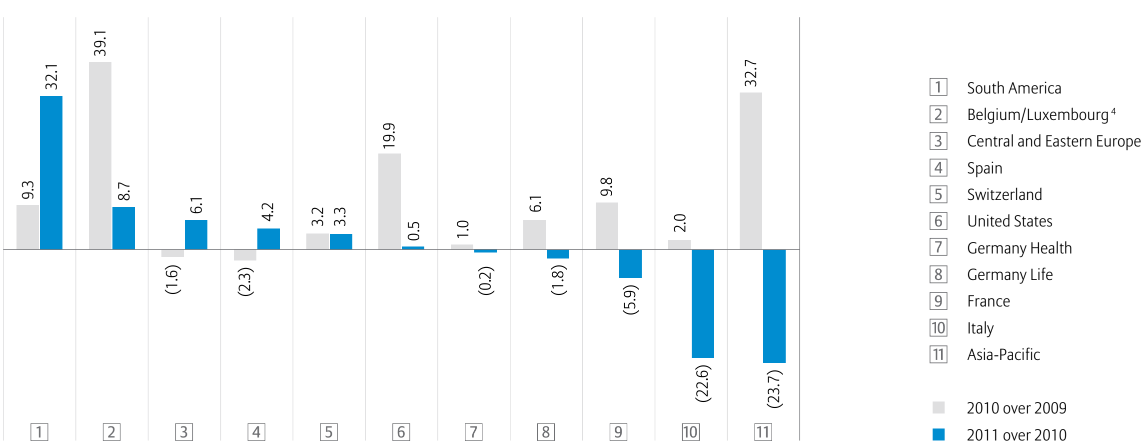
In 2011, statutory premiums amounted to € 52,863 mn, a decrease of € 3,953 mn – or 6.9 % – on an internal basis. However, our traditional business was overall stable and declined only by 0.5 % on an internal basis. Growth mainly in Belgium, Switzerland and Central and Eastern Europe was not enough to compensate for the declines in other major markets such as Italy, Asia-Pacific, France and Germany. The decline was partly an effect of the extraordinary high premium growth we had in 2010, due to new product introductions and tax incentives in certain markets, which we did not benefit from in 2011.

We were not immune to the ongoing crisis and our sales were negatively impacted by the competitive pressure, especially in our banking channel with lower margin products, and the low interest rate environment, reflected in the premium drop from our investment-oriented products. We actively work on mitigating the impacts from the low interest rate environment through renewed products and profit optimization programs. The higher proportion of recurring premium over single premium business compared to 2010 also underpins the focus on higher margin products. As a measure to protect our margin we also decided to reduce or to let go of low margin or unprofitable business, as in Japan.

STATUTORY PREMIUMS BY REGION/COUNTRY AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010][2] | in %



STATUTORY PREMIUMS – INTERNAL GROWTH RATES IN SELECTED MARKETS[3] | in %



In **SOUTH AMERICA** we reached an internal growth of 32.1 % with total premiums amounting to € 72 mn. As we do not offer investment-oriented products in this region, the growth was entirely attributable to our traditional insurance business, in particular to the good performance of a risk life product and annuities.

Premiums in **BELGIUM/LUXEMBOURG** amounted to € 1,275 mn with an internal growth of € 102 mn, of which € 88 mn was from investment-oriented products. In Belgium Life (up € 77 mn), our personal lines performed well and explained a large part of the growth. Additionally, we launched an online tool which boosted the new business volume on pension and protection products. Luxembourg Life contributed growth of € 29 mn.

1 | In the following section we comment on the development of our statutory premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.
2 | After elimination of transactions between Allianz Group companies in different geographic regions and different segments.
3 | Before elimination of transactions between Allianz Group companies in different geographic regions and different segments.
4 | Starting from the first quarter of 2010, Luxembourg Life was consolidated into Belgium for reporting purposes.

Premiums in CENTRAL AND EASTERN EUROPE increased from € 1,057 mn to € 1,113 mn, with an internal growth of 6.1 % largely driven by Russia (€ 36 mn) and Poland (€ 17 mn). Our traditional business contributed most to the growth but investment-oriented products also increased, mainly related to a stronger demand for unit-linked products in Poland.

In SPAIN premiums increased by € 39 mn, or 4.2 %, to € 965 mn, both on a nominal and internal basis. Economic recession, high unemployment and fierce competition from banks offering high interest rates on short-term accounts have been a tough challenge. Considering this difficult market environment in Spain, our strong growth has been remarkable. The premium growth was mainly in our investment-oriented products (€ 30 mn) but even traditional business increased. Products for short-term investments, annuities and individual business contributed the most.

Premiums in SWITZERLAND amounted to € 1,707 mn and the internal growth was € 48 mn, or 3.3 %. The main drivers for this development were our group Life business with an increase from recurring premiums and individual Life business due to large single premium accounts. Investment-oriented products also saw positive premium growth.

Allianz had stable internal growth in premiums in the UNITED STATES of € 41 mn, or 0.5 %, and total premiums stood at € 7,786 mn. The stable result reflected the offsetting effects of growing variable annuity business and decreasing fixed index annuity business. The variable annuity business continued its growth momentum from the product relaunch in late 2009, up 19.9 % in 2011. The extraordinary high sales of fixed index annuities in 2010 decreased to a more normal level during the first half of 2011 but declined sharply in the second half following product and pricing changes.

Our GERMAN life business ended the year with premiums at € 15,673 mn, a 1.8 % decline on an internal basis. While the investment-oriented business grew slightly, it was not enough to compensate for the decline in our traditional products. Regular premium business increased whereas single premium business declined and was the sole reason for the overall decline in new business premiums. However, the lapse rate further declined in 2011 by 17 basis points to 4.2 %. Premiums in our German health business remained stable (a decrease of 0.2 %) and amounted to € 3,204 mn. The number of individuals insured increased by 1.9 % driven by supplementary insurance products. Both in-force premiums and the number of insured persons benefited from lower lapses.

FRANCE experienced a decrease in premiums from € 8,014 mn to € 7,705 mn, or 5.9 % on an internal basis. In line with the general market decrease in life insurance, investment contracts in partnership and individual life decreased. This can be further explained by firstly, the uncertainties regarding a potential new tax on life insurance in 2011 – which the French government finally decided not to implement. Secondly, there was a trend which drove savers to invest less in life investment products in favor of short-term products with attractive yields. Thirdly, 2010 benefited from promotional offers which were reduced in 2011. Regarding type of premiums, single premium business declined while recurring premiums increased slightly.

ITALY was severely hit by several negative factors in 2011. As a result, premiums decreased by 22.6 % on an internal basis, and total premiums stood at € 6,915 mn. Most important were the negative impacts of the stagnating economic environment and the market decline driven by the low margin bancassurance business – with banks collecting liquidity through their own product offerings or higher interest rates on deposits. In addition to this, Italy had benefited from exceptionally high premiums last year due to tax incentives on foreign investments which did not recur in 2011. This translated into a significant drop in premiums from our investment-related products, whereas traditional business saw a relatively minor decrease.

Premiums in the ASIA-PACIFIC region dropped from € 6,487 mn to € 4,970 mn. On an internal basis, premiums decreased by 23.7 %, or € 1,535 mn, related to the slowing down sales in Taiwan, Japan and South Korea. Of this, Taiwan experienced a premium decline of € 889 mn, primarily attributable to high tax incentives in 2010. Also, new business sales were lower because unit-linked products were less attractive in an uncertain global economy. In Japan, premiums declined by € 735 mn due to the decision announced in September 2011 to cease writing new business in order to protect our margin. South Korea had a decrease in premiums of € 168 mn as a result of the shrinking bancassurance market since new regulations were introduced in April 2011.

Operating Profit

OPERATING PROFIT decreased by € 448 mn to € 2,420 mn, largely as a consequence of a € 1,096 mn lower operating investment result and, to a much lesser extent, costs associated with our decision to discontinue writing new business in Japan.

INTEREST AND SIMILAR INCOME NET OF INTEREST EXPENSES increased by € 1,017 mn to € 15,999 mn primarily due to higher interest income related to the increased debt securities asset base with only slightly lower yields. Although the equities asset base was relatively stable, about one fourth of the increase stemmed from equity investments, both equity securities and affiliated companies.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) decreased from € 19 mn to a loss of € 866 mn. One main driver was our Fair Value Bond portfolio which had been sold in the United States in 2010 and reinvested in assets classified as available-for-sale (a decrease of € 419 mn compared to 2010). In addition, we were affected by lower fair values due to unfavorable market conditions in France as well as a negative effect from the United States.

OPERATING REALIZED GAINS AND LOSSES (NET) saw a slight increase of € 63 mn and remained at a stable level of € 2,188 mn. Overall, higher realized gains from equity – and to some extent real estate – were partly offset by lower realized gains from debt.

OPERATING IMPAIRMENTS ON INVESTMENTS (NET) increased by € 1,250 mn to € 1,684 mn. Deteriorating equity markets led to significant equity impairments of € 1,228 mn, largely in Germany, France and Italy. These equity impairments included losses on our corporate investments in financial sector assets of approximately € 245 mn. Debt impairments also increased and amounted to € 479 mn – of which € 450 mn were from Greek government bonds.

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) amounted to € 20,947 mn , an increase of € 1,992 mn, due to higher payments for maturities of traditional German life products.

CHANGES IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) decreased by € 2,711 mn to € 10,618 mn. This decrease was driven by higher reserve releases for matured products as well as lower allocation of premiums to aggregate policy reserves. The lower expenses for premium refunds of € 611 mn related primarily to the lower investment result.

INVESTMENT EXPENSES increased by € 41 mn to € 745 mn due to higher depreciation of real estate as well as higher investment management expenses.

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET) decreased by € 148 mn to € 5,027 mn in large part related to lower amortization of deferred acquisition costs in the United States.

MARGIN ON RESERVES decreased by 15 basis points to 58 basis points from the previous year, largely driven by a lower investment result in the current challenging market environment.

LIFE/HEALTH SEGMENT INFORMATION

	2011 € mn	2010 € mn	2009 € mn
Statutory premiums[1]	**52,863**	**57,098**	**50,773**
Ceded premiums written	(669)	(564)	(549)
Change in unearned premiums	(172)	(127)	(51)
Statutory premiums (net)	52,022	56,407	50,173
Deposits from insurance and investment contracts	(28,252)	(32,373)	(28,209)
Premiums earned (net)	**23,770**	**24,034**	**21,964**
Interest and similar income	16,107	15,085	13,971
Operating income from financial assets and liabilities carried at fair value through income (net)	(866)	19	636
Operating realized gains/losses (net)	2,188	2,125	1,755
Fee and commission income	538	539	491
Other income	99	81	17
Operating revenues	**41,836**	**41,883**	**38,834**
Claims and insurance benefits incurred (net)	(20,947)	(18,955)	(19,326)
Changes in reserves for insurance and investment contracts (net)	(10,618)	(13,329)	(8,499)
Interest expenses	(108)	(103)	(127)
Loan loss provisions	—	6	(75)
Operating impairments of investments (net)	(1,684)	(434)	(1,663)
Investment expenses	(745)	(704)	(622)
Acquisition and administrative expenses (net)	(5,027)	(5,175)	(5,591)
Fee and commission expenses	(210)	(258)	(246)
Operating restructuring charges	(1)	(8)	(15)
Other expenses	(76)	(55)	—
Operating expenses	**(39,416)**	**(39,015)**	**(36,164)**
Operating profit	**2,420**	**2,868**	**2,670**
Margin on reserves[2] in basis points	**58**	**73**	**74**

1 | Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
2 | Represents operating profit (loss) divided by the average of the current and prior year net reserves, whereby net reserves equals reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

Life/Health Operations by Business Divisions

	Statutory premiums[1]					Premiums earned (net)		
				internal[3]				
	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2011 € mn	2010 € mn	2009 € mn
Germany Life[4]	15,673	15,961	15,049	15,673	15,963	11,224	11,651	10,137
Germany Health[5]	3,204	3,209	3,176	3,204	3,209	3,204	3,209	3,176
Switzerland	1,707	1,502	1,364	1,519	1,471	670	582	577
Austria	420	398	447	420	398	301	289	296
German Speaking Countries	**21,004**	**21,070**	**20,036**	**20,816**	**21,041**	**15,399**	**15,731**	**14,186**
Italy[4]	6,915	8,841	8,664	6,915	8,930	631	657	763
France[4]	7,705	8,014	7,299	7,705	8,190	3,028	3,085	2,860
Spain	965	926	948	965	926	379	374	449
South America	72	56	43	74	56	60	45	36
Netherlands	317	315	354	317	303	150	135	151
Turkey	96	103	83	112	103	34	36	35
Belgium/Luxembourg	1,275	1,160	834	1,275	1,173	437	423	375
Portugal	194	183	158	194	183	86	84	82
Greece	109	116	119	109	116	65	67	67
Africa	45	41	42	45	41	21	22	20
Europe incl. South America	**17,693**	**19,755**	**18,544**	**17,711**	**20,021**	**4,891**	**4,928**	**4,838**
United States	7,786	8,155	6,507	8,196	8,155	660	624	591
Mexico	146	111	50	151	111	42	56	33
NAFTA Markets	**7,932**	**8,266**	**6,557**	**8,347**	**8,266**	**702**	**680**	**624**
Reinsurance LH	374	314	350	374	314	343	307	343
Anglo Broker Markets & Global Lines	**374**	**314**	**350**	**374**	**314**	**343**	**307**	**343**
South Korea	1,657	1,836	1,440	1,668	1,836	596	707	641
Taiwan	1,314	2,170	1,782	1,281	2,170	133	166	117
Malaysia	269	242	177	269	242	191	183	154
Indonesia	606	431	255	615	431	266	169	80
Japan	479	1,202	182	467	1,202	95	7	19
Other	645	606	361	652	606	483	505	282
Asia-Pacific	4,970	6,487	4,197	4,952	6,487	1,764	1,737	1,293
Hungary	175	182	124	177	182	56	62	65
Slovakia	249	244	256	249	244	186	171	170
Czech Republic	152	143	112	148	143	61	57	51
Poland	377	368	428	385	368	104	121	198
Romania	22	22	23	22	22	12	12	14
Croatia	50	47	46	51	47	48	45	43
Bulgaria	29	26	25	29	26	25	25	23
Russia	59	25	18	61	25	57	24	17
Central and Eastern Europe	1,113	1,057	1,032	1,122	1,057	549	517	581
Middle East and North Africa	163	137	101	183	136	122	126	95
Global Life[4]	4	270	182	4	3	—	8	4
Growth Markets	**6,250**	**7,951**	**5,512**	**6,261**	**7,683**	**2,435**	**2,388**	**1,973**
Consolidation[7]	(390)	(258)	(226)	(395)	(259)	—	—	—
Total	**52,863**	**57,098**	**50,773**	**53,114**	**57,066**	**23,770**	**24,034**	**21,964**

1 | Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
2 | Represents operating profit divided by the average of the current and prior year net reserves, whereby net reserves equals reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
3 | Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

	Operating profit (loss)			Margin on reserves[2]		
	2011 €mn	2010 €mn	2009 €mn	**2011** bps	2010 bps	2009 bps
Germany Life[4]	878	980	677	56	65	48
Germany Health[5]	150	174	152	68	83	78
Switzerland	77	74	43	65	71	49
Austria	13	28	25	33	75	72
German Speaking Countries	**1,118**	**1,256**	**897**	**57**	**68**	**52**
Italy[4]	203	293	245	47	67	59
France[4]	420	439	662	63	67	107
Spain	119	113	115	210	201	205
South America	12	9	9	387	299	367
Netherlands	56	48	47	136	113	119
Turkey	5	6	9	99	125	212
Belgium/Luxembourg	62	64	58	74	89	89
Portugal	21	20	17	452	446	406
Greece	3	4	3	102	115	107
Africa	5	1	4	224	70	233
Europe incl. South America	**906**	**997**	**1,169**	**70**	**78**	**97**
United States	305	361	432	49	67	91
Mexico	5	5	4	201	335	354
NAFTA Markets	**310**	**366**	**436**	**50**	**67**	**91**
Reinsurance LH	28	23	29	126	102	127
Anglo Broker Markets & Global Lines	**28**	**23**	**29**	**126**	**102**	**127**
South Korea	51	87	61	61	115	98
Taiwan	(55)	51	17	(102)	95	37
Malaysia	16	14	13	198	227	277
Indonesia	45	37	18	479	566	420
Japan	(91)	(39)	(25)	(445)	(342)	(652)
Other	19	8	(34)	54	24	—[6]
Asia-Pacific	(15)	158	50	(7)	86	37
Hungary	8	6	12	227	149	309
Slovakia	27	20	37	235	182	341
Czech Republic	11	11	9	227	250	228
Poland	18	20	16	285	271	242
Romania	2	2	2	273	316	428
Croatia	4	4	2	171	193	112
Bulgaria	6	6	6	474	535	603
Russia	1	(6)	(8)	117	(1,102)	(2,097)
Central and Eastern Europe	77	63	76	245	202	262
Middle East and North Africa	9	12	8	223	399	384
Global Life[4]	(1)	(2)	4	—[6]	(61)	372
Growth Markets	**70**	**231**	**138**	**28**	**104**	**80**
Consolidation[7]	(12)	(5)	1	—[6]	—[6]	—[6]
Total	**2,420**	**2,868**	**2,670**	**58**	**73**	**74**

4 | From the first quarter of 2011 on, the variable annuity business of Allianz Global Life is shown within Germany, France and Italy, respectively. Prior year figures have not been adjusted.
5 | Loss ratios were 76.2%, 75.0% and 73.5% for 2011, 2010 and 2009, respectively.
6 | Presentation not meaningful.
7 | Represents elimination of transactions between Allianz Group companies in different geographic regions.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Asset Management

- Total assets under management at record level of € 1,657 bn.
- Third-party net inflows of € 38 bn.
- Outstanding operating profit of € 2.3 bn.

SEGMENT OVERVIEW

Allianz offers Asset Management products and services for third-party investors and the Allianz Group's insurance operations. We serve a comprehensive range of retail and institutional clients worldwide. We operate on a global basis with investment and distribution capacities in all major markets with particular strongholds in the United States, Europe and the Asia-Pacific region. Based on total assets under management we are one of the four largest asset managers in the world which manage third-party assets with active investment strategies.

KEY FIGURES

Year	Total assets under management € bn	Operating revenues € mn	Operating profit € mn	Δ | DIFFERENCE FROM YEAR TO YEAR	Cost-income ratio %
2011	1,657	5,502	2,256	Δ +9.5%	59.0
2010	1,518	4,986	2,060	Δ +47.0%	58.7
2009	1,202	3,689	1,401		62.0

EARNINGS SUMMARY

Despite the turbulent market situation, our **OPERATING REVENUES** increased in 2011 by € 516 mn to € 5,502 mn and internal growth amounted to a still impressive 14.6 %.

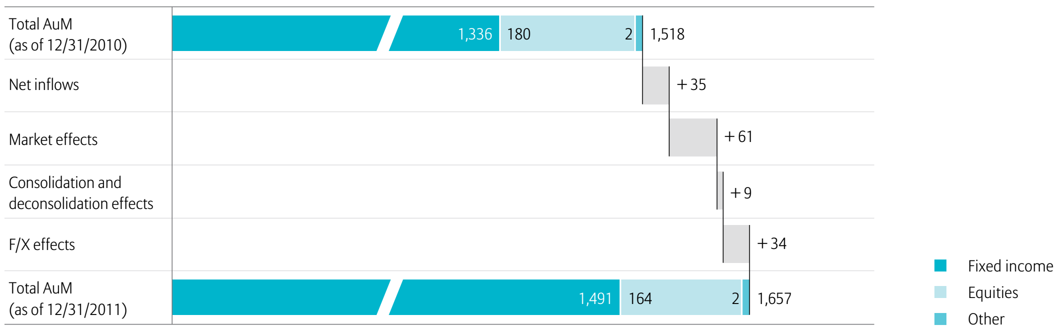
Our strong **OPERATING PROFIT** of € 2,256 mn – up by € 196 mn – reflects the continuing growth in assets under management that we have experienced. We recorded third-party assets under management net inflows of € 38 bn. The internal growth of 13.7 % also reflects the effectiveness of our operational business.

The **COST-INCOME RATIO** remained excellent at 59.0 %, representing a marginal 0.3 percentage points increase compared to the previous year.

Assets under Management

Our Asset Management segment continued to prove its strength even in this difficult economic environment. As of December 31, 2011, total assets under management reached a record high of € 1,657 bn, consisting of third-party assets of € 1,281 bn and € 376 bn of Allianz Group assets.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT | in € bn

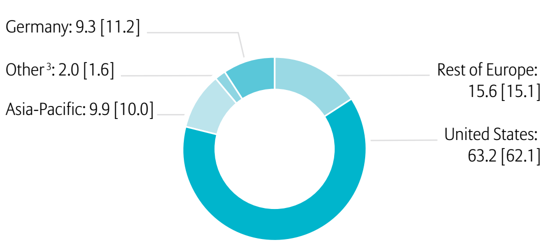


Net inflows of total assets under management amounted to € 35 bn. While our Group assets saw net outflows of € 3 bn, it is really remarkable that we recorded strong third-party net inflows of € 38 bn in this environment; our third-party fixed income business contributed with € 45 bn while the equity business saw net outflows of € 5 bn. We experienced net inflows through the first three quarters of 2011 but saw net outflows in the fourth, related to fixed income redemptions mainly by retail customers. Equity investments have been burdened by the market turmoil with high volatility and uncertainty created by the European sovereign debt crisis.

Market-related appreciation accounted for growth in total assets of € 61 bn. Of this, fixed income contributed with € 72 bn whereas equity had a € 12 bn negative impact. Total assets grew further by € 34 bn due to higher appreciation of the U.S. Dollar versus the Euro in 2011[1]. Positive consolidation effects of € 9 bn were mainly attributable to the consolidation of two Spanish entities in the third quarter.

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

THIRD-PARTY ASSETS UNDER MANAGEMENT BY REGION/COUNTRY AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010][2] | in %



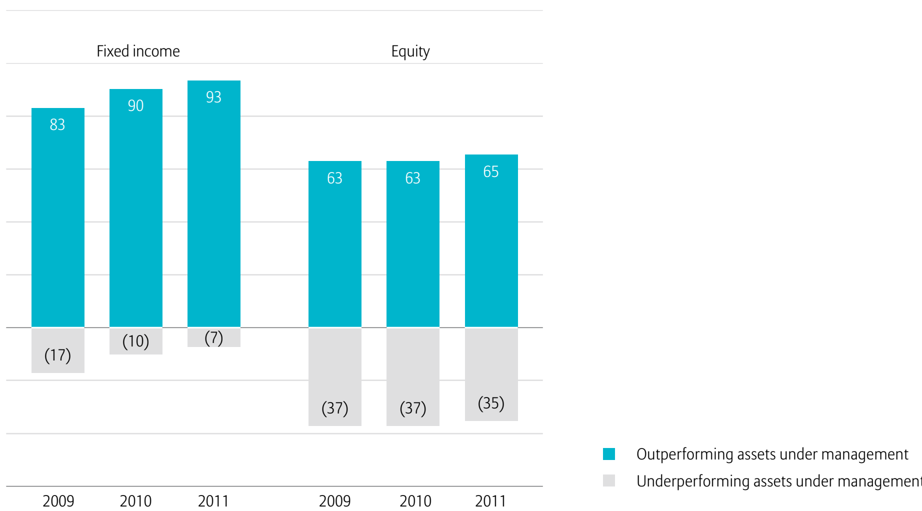
Based on the regional split of third-party assets under management, the United States increased its share slightly by 1.1 percentage points to 63.2 %. Germany decreased by 1.9 percentage points to 9.3 % mainly due to market related depreciation of equity investments and net outflows.

Strong net inflows from fixed income investments and a positive market impact on fixed income versus equity increased the proportion of third-party assets from fixed income to 89 % (December 31, 2010: 86 %). The share of equity assets therefore decreased to 11 % (December 31, 2010: 14 %).

1 | Based on the closing rate on the respective balance sheet dates.
2 | Based on the origination of assets by the asset management company.
3 | This consists of third-party assets managed by other Allianz Group companies (approximately € 26 bn as of December 31, 2011 and € 19 bn as of December 31, 2010, respectively).

The split of third-party assets under management between retail and institutional clients remained unchanged at 34 % and 66 %, respectively.

THREE-YEAR ROLLING INVESTMENT PERFORMANCE OF ALLIANZ GLOBAL INVESTORS[1] | in %



Allianz Global Investors' assets under management continued the outstanding three-year rolling investment performance with 90 % outperforming their respective benchmark (December 31, 2010: 87 %). Fixed income assets recorded an exceptional performance of 93 % versus their respective benchmarks. Our equity assets also improved with 65 % outperforming their respective benchmarks.

Operating Revenues

OPERATING REVENUES increased by € 516 mn to € 5,502 mn. Accounting for unfavorable foreign currency effects of € 214 mn as well as consolidation effects, our internal growth was 14.6 %. This reflects both the increase in average assets under management and a shift to higher margin products.

NET FEE AND COMMISSION INCOME improved by € 543 mn to € 5,470 mn. The increase was mainly attributable to the higher MANAGEMENT AND LOADING FEES as a result of the higher asset base. We also earned PERFORMANCE FEES of € 455 mn, at a slightly lower level compared to the previous year (2010: € 514 mn).

As a result of lower mark-to-market valuation of seed money investments and cash/cash pool assets, INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) recorded a loss of € 11 mn, a decrease of € 30 mn compared to 2010.

1 | AllianzGI account-based, asset-weighted three-year investment performance of third-party assets vs. benchmark including all accounts managed by equity and fixed income managers of AllianzGI. For some retail equity funds the net of fee performance is compared to the median performance of an appropriate peer group (Morningstar or Lipper; first and second quartile mean out-performance). For all other retail funds and for all institutional accounts, performance is calculated gross of fees using closing prices (revaluated) where appropriate and compared to the benchmark of each individual fund or account. Other than under GIPS (Global Investment Performance Standards), the performance of closed funds/accounts is not included in the analysis. Accounts at AllianzGI Investments Europe, Zurich Branch, and Joint-Venture GTJA China, and in parts WRAP accounts, are not considered.

Operating Profit

We recorded an outstanding OPERATING PROFIT of € 2,256 mn which is an increase of € 196 mn compared to the previous year. This impressive growth relates to our higher assets under management and the resulting increase in fee and commission income. We were negatively impacted by foreign currency effects of € 92 mn. However, even accounting for this and consolidation effects, the internal growth was 13.7 %.

ADMINISTRATIVE EXPENSES rose in line with our favorable business development and amounted to € 3,246 mn. The increase of € 320 mn related almost entirely to our fixed income business reflecting the strong growth of our asset under management and related administrative expenses as well as the ongoing investments in infrastructure and new business. We also had a higher profit sharing due to our positive results.

Our COST-INCOME RATIO increased by a marginal 0.3 percentage points and is still remarkable at 59.0 % (2010: 58.7 %).

ASSET MANAGEMENT SEGMENT INFORMATION

	2011 € mn	2010 € mn	2009 € mn
Management and loading fees	5,923	5,393	3,922
Performance fees	455	514	432
Other income	214	147	86
Fee and commission income	**6,592**	**6,054**	**4,440**
Commissions	(1,091)	(1,099)	(822)
Other expenses	(31)	(28)	(28)
Fee and commission expenses	**(1,122)**	**(1,127)**	**(850)**
Net fee and commission income	**5,470**	**4,927**	**3,590**
Net interest income[1]	22	21	30
Income from financial assets and liabilities carried at fair value through income (net)	(11)	19	40
Other income	21	19	29
Operating revenues	**5,502**	**4,986**	**3,689**
Administrative expenses (net), excluding acquisition-related expenses	(3,246)	(2,926)	(2,288)
Operating expenses	**(3,246)**	**(2,926)**	**(2,288)**
Operating profit	**2,256**	**2,060**	**1,401**
Cost-income ratio[2] in %	**59.0**	**58.7**	**62.0**

1 | Represents interest and similar income less interest expenses.
2 | Represents operating expenses divided by operating revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Corporate and Other

Operating loss decreased by € 45 mn to € 897 mn, mainly driven by Holding & Treasury.

SEGMENT OVERVIEW

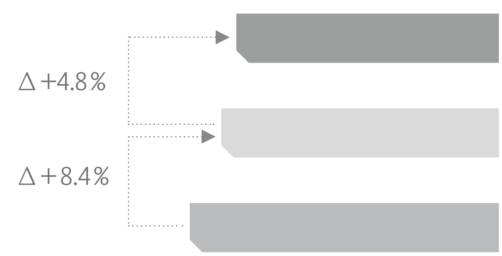
Corporate and Other encompasses the operations of Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk management, corporate finance, treasury, financial control, communication, legal, human resources and technology functions. Our banking products offered in Germany, Italy, France and Bulgaria complement our insurance product portfolio.

KEY FIGURES

CORPORATE AND OTHER[1]

Year	Operating revenues € mn	Operating expenses € mn	Operating result € mn
2011	1,776	(2,673)	(897)
2010	1,702	(2,644)	(942)
2009	1,684	(2,712)	(1,028)

Δ | DIFFERENCE FROM YEAR TO YEAR



CORPORATE AND OTHER – IN DETAIL

HOLDING & TREASURY

2011	478	(1,302)	(824)
2010	450	(1,313)	(863)
2009	446	(1,295)	(849)

BANKING[2]

2011	1,162	(1,230)	(68)
2010	1,129	(1,193)	(64)
2009	1,114	(1,279)	(165)

ALTERNATIVE INVESTMENTS

2011	148	(153)	(5)
2010	134	(149)	(15)
2009	134	(147)	(13)

1 | Consolidation included. For further information about our Corporate and Other segment please refer to note 6 of the consolidated financial statements.
2 | Including loan loss provisions in operating expenses.

EARNINGS SUMMARY

OPERATING RESULT improved by € 45 mn to € (897) mn. Holding & Treasury contributed € 39 mn and Alternative Investments € 10 mn to this improvement. The operating loss of our Banking business was almost unchanged.

Earnings Summary – Holding & Treasury

Holding & Treasury's OPERATING RESULT improved by € 39 mn and amounted to € (824) mn. This was primarily due to better investment results.

INTEREST AND SIMILAR INCOME increased by € 61 mn to € 354 mn, benefiting from higher yields and a slightly higher asset base. The increase of € 55 mn in INTEREST EXPENSES, EXCLUDING INTEREST EXPENSES FROM EXTERNAL DEBT had an offsetting effect, which was mainly due to growth in Group internal financing and higher yields.

OPERATING INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME improved by € 32 mn to record a loss of € 9 mn. This was attributable to a better foreign currency result.

ADMINISTRATIVE EXPENSES (NET), EXCLUDING ACQUISITION RELATED EXPENSES, decreased by € 55 mn to € 566 mn largely due to a reduction in legal and consulting fees as well as lower pension costs due to actuarial related changes.

Our NET FEE AND COMMISSION RESULT worsened by € 51 mn to a loss of € 68 mn. The buildup of our internal IT service provider led to losses.

Earnings Summary – Banking

Overall, the OPERATING RESULT in our Banking business declined slightly by € 4 mn to € (68) mn. The reduced losses related to the disposed Banking businesses in Hungary and Poland of € 55 mn were more than offset by an increase in the loan loss provisions of our ongoing businesses.

In the following section we focus on the development of our ongoing Banking businesses, excluding the disposed operations.

Our NET INTEREST, FEE AND COMMISSION RESULT remained stable and amounted to € 563 mn. The net interest result increased by € 25 mn to € 354 mn, due to both volume and rate effects. However, the net fee and commission result deteriorated by € 26 mn to € 209 mn.

ADMINISTRATIVE EXPENSES decreased by € 25 mn to € 509 mn.

Our LOAN LOSS PROVISION amounted to € 118 mn in 2011. The increase of € 78 mn was primarily driven by the spillover effects of the financial crisis on our customers – in particular in our ship financing business.

Earnings Summary – Alternative Investments

Alternative Investments' OPERATING LOSS more than halved to € 5 mn due to an increase in interest and similar income. This was partially offset by higher acquisition and administrative expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Outlook 2012 and 2013

- Economic upswing to continue at a moderate pace.
- Allianz Group operating profit for 2012 expected to be in the range of € 8.2 bn, plus or minus € 0.5 bn, and is expected to improve in 2013.

Overview: 2011 Actual versus Prior Year Outlook[1]

	OUTLOOK 2011 GIVEN IN ANNUAL REPORT 2010	RESULTS 2011
ALLIANZ GROUP	Operating profit of € 8.0 bn, plus or minus € 0.5 bn.	Operating profit of € 7.9 bn.
	U.S. Dollar exchange rate of 1.40 on average.	U.S. Dollar exchange rate of 1.39 on average.
	Protection of both capital and solvency position.	Regulatory solvency ratio improved to 179% (173% in 2010). AA Standard & Poor's rating maintained but with negative outlook.
	Protection of the investments of our shareholders while continuing to provide attractive returns and dividends.	Return on equity after income taxes of 5.7% (2010: 11.9%) impacted by lower net income but proposed dividend of € 4.50 (2010: € 4.50) per share even in a tough year.
	Strengthen our drive for profitable growth.	Operating profit 4.6% below previous year result mainly due to external events, in particular natural catastrophes and market conditions.
	Investment strategy focused on generating attractive returns and on minimizing vulnerability to price fluctuations.	Our operating investment result decreased 5.6% and non-operating investment result deteriorated by € 2.2 bn leading to a lower net income.
PROPERTY-CASUALTY	Slight growth of gross premiums written in 2011 after two years without positive growth effects (based on internal growth).	Gross premiums written increased by 2.0% on a nominal basis and by 2.3% on an internal basis. Half of this growth is attributable to our crop business.
	Operating profit in the range of € 4.2 bn to € 4.8 bn.	Operating profit of € 4.2 bn, at the lower end of our target range, mainly due the highest claims from natural catastrophes we have ever recorded.
	Commitment to our combined ratio target of 96%.	Combined ratio increased by 0.6 percentage points to 97.8%, due to higher than expected claims from natural catastrophes.
	Decrease of large claims from natural catastrophes to long-term average levels.	Large claims from natural catastrophes increased to € 1,764 mn.
	Pressure on investment income due to the short duration of investments in this segment combined with the low interest rate environment. Continuous striving to adapt our investment strategy to the market conditions.	Operating investment income increased by 5.5% to € 3,394 mn.
	Overcompensation of the underlying claims inflation by the aggregate effect of improvements in pricing, claims management and productivity gains.	Accident year loss ratio excluding claims from natural catastrophes decreased slightly from 69.8% to 69.7%. Our expense ratio improved from 28.1% to 27.9% in 2011.
LIFE/HEALTH	Strong but stable revenue level in 2011.	Statutory premiums of € 52.9 bn, compared to € 57.1 bn in 2010: due to a decrease in demand for investment-oriented products while demand for our traditional insurance products remained stable. Total revenues exceeded the 2009 level.
	Operating profit in the range of € 2.2 bn to € 2.8 bn.	Operating profit of € 2.4 bn, negatively affected by a lower investment result driven by significantly higher impairments.
	Lower level of realized gains in 2011 compared to 2010.	Realized gains increased by 3.0%.
ASSET MANAGEMENT	Continuation of inflows in 2011, especially into fixed income products, at an overall lower level compared to 2010.	Net inflows of € 35 bn, compared to € 121 bn in 2010.
	Operating profit in the range of € 1.8 bn to € 2.2 bn.	Operating profit of € 2.3 bn due to strong growth in assets under management and high performance fees.
	Maintenance of a cost-income ratio well below 65%.	Cost-income ratio of 59.0%.

1 | For more detailed information on the prior year outlook for 2011, please see the Annual Report 2010, starting on page 99.

Economic Outlook

Following a dip in late 2011 and early 2012, the world economy is likely to regain some momentum as the year progresses. Global output is expected to grow moderately by 2.8 % in 2012 and by 3.3 % next year (2011: 2.8 %). On both sides of the Atlantic, public and private sector efforts to adjust to high debt levels will continue to restrain economic activity. Monetary policy, however, is still very accommodative in the United States, Japan and Europe and favorable financing conditions are providing economic impetus for private households and the corporate sector. Monetary tightening is unlikely to materialize before 2013 in the Eurozone. In the United States it might take even longer. The emerging markets remain a key driver of global growth and their importance in the world economy continues to rise. We expect emerging markets to grow by 5.3 % this year and 5.9 % next year.

The U.S. economy will probably stabilize in 2012 and record higher growth than in 2011. We forecast growth rates of between 2.0 % and 2.3 % this year and next (2011: 1.7 %). In the Eurozone, economic activity is likely to rise only marginally in 2012. While fiscal austerity will act as a headwind, the global upswing, a weaker currency and supportive monetary policy should foster economic growth. Economies with high consolidation needs may stagnate or shrink. However, GDP in the Eurozone as a whole is expected to rise by 0.3 % in 2012 and 1.3 % in 2013. Growth in the German economy will be above the Eurozone average thanks to robust domestic demand, a stable labor market and relatively low public sector consolidation needs. Following real GDP growth of 1.0 % this year, we expect an increase of 1.8 % next year.

Growth will only take off in Europe if the European sovereign debt crisis does not escalate to the extent that states default or are forced out of the Eurozone. Even for such adverse scenarios, we have to be prepared and have taken several steps to mitigate possible impacts. We still expect the debt crisis to abate slowly in the course of this year as E.U. summit decisions are implemented, public finances continue to consolidate and ECB measures prove effective in preventing a credit crunch.

149
Risk Report

Other risks that could severely dampen the economic outlook include a possible disruption to global oil supplies due to geopolitical tensions, a renewed flare-up of the banking crisis, and social unrest.

Although financial market jitters regarding the European sovereign debt crisis have eased somewhat, German government bonds are still considered a “safe haven”, with yields on 10-year bonds below 2.0 %. In 2012, with the “safe haven” effect starting to fade somewhat, yields on German government bonds are likely to creep up towards 2.5 % to 3.0 %, which is more in line with macroeconomic fundamentals. As far as the stock market is concerned, solid corporate earnings, low interest rates and relatively attractive price/earning-ratios provide a sound foundation for a significant recovery of equities. However, a renewed pickup in risk aversion cannot be ruled out, which would send stock markets south again.

Industry Outlook

As the global economy recovers during 2012 and 2013, we expect growth in the insurance industry to pick up too. Throughout the period we anticipate that industry growth in emerging markets will remain robust and outpace industrialized markets.

We anticipate the financial turbulence of the last few years to continue until markets are confident the sovereign debt crisis has been resolved by policymakers. As this may take some time we expect continued pressure on insurers’ balance sheets and further investment de-risking, continuing the trend established several years ago. The pace of this de-risking could intensify further if the Solvency II legislation is implemented in its current form. Following a phase-in period, full implementation of Solvency II is now expected to be further delayed until at least 2014, although many important technical issues are still under discussion.

In the NON-LIFE sector, we anticipate that prices – which slowly increased in 2011 – will continue to rise during 2012 and 2013. Typically, these cyclical trends tend to be fairly robust and are only loosely linked with the economic and financial environment. This momentum is being driven by a combination of underwriting losses caused by years of under-pricing and heavy catastrophe losses in 2010 and 2011, a less favorable development related to claims reserves and lower investment yields. In addition, we expect demand to be stronger with the introduction of new catastrophe models in the United States and Europe, a pick-up in economic growth and increased penetration of insurance policies in emerging markets. Overall, we expect underwriting margins to expand moderately in 2012 and 2013 while also anticipating that the delayed effects of the lingering soft market, which includes significant under-pricing, will manifest itself unevenly across individual companies.

In the LIFE sector, we expect relatively low interest rates to continue, limiting sales and profitability in mature markets, but growth in emerging markets is expected to remain robust. At the product level, traditional offerings will be less favored by insurers due to the high cost of providing guarantees and stringent capital requirements. Competition with banks in the short-term savings market is also expected to remain intense - to the detriment of bancassurance life sales. If low interest rates continue as anticipated, we also envisage that the life business mix will continue to slowly evolve towards more profitable unit-linked and protection business. As this shift takes place we expect new business profitability and the quality of earnings to improve.

Due to the significant level of uncertainty regarding the further development of the global economy as well as the surrounding political conditions, financial markets are expected to remain highly volatile throughout 2012 and beyond. This uncertain outlook weighs on investors' sentiment, leading to muted flow expectations for the entire ASSET MANAGEMENT industry. Assuming that economic growth rates in the main OECD markets will continue to lag behind the long term trends for the time being, due to high national debt levels and the growing propensity of private households to save, the short-term growth prospects of the Asset Management industry would appear to be limited to some extent by the conditions in the market environment, both in the fixed income and the equity space. Further, it is hard to tell whether and which potential repercussions will impact the Asset Management industry as a result of the ongoing uncertainty about the development of the global regulatory environment (e.g. due to potentially increased administrative and equity requirements). A lot will depend on staying focused on clients' needs and manage their portfolios to achieve above-benchmark investments results. We have positioned ourselves to deal with the current market ambiguity, although we will certainly depend on the overall trends in investors' behavior. However, we are confident that the broad range of investment solutions we offer will enable us to capture flows even in an environment of fickle and highly diverse investors' preferences and expectations.

Outlook for the Allianz Group

As discussed earlier in this section, the economic upswing will continue but at a measured pace, and we look set to enter a period of moderate global economic growth. Despite the fairly strong global recovery, there are of course risks for 2012 and beyond. The outlook provided here assumes that there is only a limited impact of severe shocks such as major geopolitical tensions, sovereign debt crises in large industrial countries or currency and trade wars.

We show the operating profit outlook for 2012 and 2013 for the Group and each segment, together with the main sensitivity factors and their possible impacts. In addition, we illustrate our expectation about the revenues and claims development and the anticipated development of key ratios and income statement positions. The outlook for the Group, especially the operating profit outlook, reflects a stabilizing diversification effect that is inherent in our global, multi-segment portfolio.

Overview: Outlook and Assumptions 2012

	OUTLOOK 2012
ALLIANZ GROUP	Operating profit of € 8.2 bn, plus or minus € 0.5 bn.
	Assuming a U.S. Dollar exchange rate of 1.36 on average.
	Protect capital, solvency ratios and the investments of our shareholders.
	We protect the investments of our shareholders and rather miss an opportunity than to risk losing money in terms of our investments.
	We continue to strengthen our drive for profitable growth.
	Given the current interest rate environment our investment strategy remains focused on generating attractive returns and on minimizing vulnerability to price fluctuations.
PROPERTY-CASUALTY	Gross premiums written are expected to grow slightly, in a range of 2.0 % to 3.0 %, driven by positive price and volume effects.
	We expect an operating profit in the range of € 4.0 bn to € 5.0 bn.
	We remain committed to our combined ratio target of 96 % over the cycle.
	We anticipate large claims from natural catastrophes to decrease to long-term average levels.
	Investment result will remain under pressure due to the rather short duration of investments in this segment and the low interest rate environment. Nevertheless, we continuously strive to adapt our investment strategy to the current market conditions.
	We expect that the aggregate effect of improvements in pricing, claims management and productivity gains will more than compensate for underlying claims inflation.
LIFE/HEALTH	We expect to reach another strong but stable revenue level in 2012.
	We expect an operating profit in our Life/Health business in the range of € 2.2 bn to € 2.8 bn, with a margin on reserves between 50 and 70 bps.
	The investment result for 2012 is expected to improve compared with 2011.
ASSET MANAGEMENT	We expect inflows to continue, especially into fixed income products.
	We expect operating profit to be in the range of € 2.0 bn to € 2.4 bn.
	We expect to maintain a cost-income ratio well below 65 %.

ASSUMPTIONS

Our outlook is based on the following assumptions:

- Moderate global economic growth
- Interest rates remain low
- No dramatic interest rate movements
- No disruptive fiscal or regulatory interference
- A more average level of claims from natural catastrophes
- No severe disruptions of the capital markets

We expect our business mix and profitability contributions to remain unchanged: our Property-Casualty business will continue to contribute the majority of our operating profit. However, we anticipate that some positive and negative effects observed in 2011 will not recur in 2012 and beyond. Although the global economy has made a recovery over the last year, investment results are likely to remain under pressure due to low interest rates. This will be partially offset by better operational performance in the business segments and a growth-driven increase in our asset base. Given the magnitude of mark-to-market valuations in our profit and loss account, a precise prediction of net income for the year 2012 and beyond is not possible at this point.

Management's Assessment of Expected Earnings and Revenues for 2012

In 2011, our total revenues decreased slightly to € 103.6 bn, a 2.1 % decline on an internal basis compared to 2010. While revenues still exceeded 2009 levels, Life/Health revenues specifically reflected the current financial instability's effect on desires for investment oriented products and, to a certain extent, the trade-off between volume and margins in 2011. Ultimately, the level of total revenues will depend on market cycles, financial market developments and our ability to exploit new business opportunities, as described in the opportunities section.

Our product mix varies from country to country, therefore information about the development of sales markets and the introduction of new products also varies. We expect our product and sales market mix to remain relatively unchanged.

In 2011 we were within the range of our operating profit target and reached € 7.9 bn. The result was impacted by higher than expected natural catastrophes and a lower investment result due to the European sovereign debt crisis.

Given the inherent uncertainties described above and the susceptibility of our non-operating results to adverse capital market developments, we do not provide an outlook for net income. However, since our outlook presumes no further disruptions of capital markets, we would nevertheless expect some rebound from the low net income level experienced in 2011.

Against this background, we expect for 2012 an operating profit of € 8.2 bn plus or minus € 0.5 bn, assuming no significant deviations from the assumptions stated here and the segment-specific sensitivities mentioned below. This range is driven by operating profit sensitivities to changes in interest rates and foreign exchange rates:

- A 100 bps increase (decrease) of interest rates would boost (reduce) operating profit by approximately € 0.2 bn. This does not include fair value changes in interest rate sensitive positions that are reported in our income statement.
- A 10 % weakening (strengthening) of the average U.S. Dollar versus our planned rate of 1.36 to the Euro would have a negative (positive) impact of approximately € 0.3 bn.

PROPERTY-CASUALTY INSURANCE

Gross premiums written are expected to grow moderately in 2012 in a range of 2.0 % to 3.0 % supported by favorable price and volume effects. For 2013, we expect top line growth to further speed up. This planned development indicates that the positive growth we experienced in 2011 is expected to accelerate (based on internal growth).

The 2012 anticipated growth will be mainly driven by our global insurance lines, the Anglo markets, as well as by improvements in some of our core markets such as Italy and France. We anticipate the overall slowly improving price increases observed in 2011 to continue building momentum. In countries with ongoing soft market conditions, we will continue relying on our risk selection and pricing tools. However, we will not generate growth at any price. Instead, we will remain focussed on the production of outstanding underwriting results by adhering to our strict underwriting discipline: we will be prepared to let top line go if target margins are insufficient.

Property-Casualty operating profit amounted to € 4.2 bn in 2011, with a combined ratio of 97.8 %. The result suffered from exceptionally high losses from natural catastrophes of € 1.8 bn which was a record and € 0.5 bn higher than in the already unusually high previous year. Despite two consecutive years with extraordinary high losses from natural catastrophes and the high volatility of incurrence and loss volume of those events, we are sticking to our long-term average expected levels for such claims in 2012 and 2013.

We remain committed to our combined ratio target of 96 %. We expect that in 2012 we will make further progress towards this target as the aggregate effect of improvements in pricing, claims management and productivity gains will more than compensate for underlying claims inflation. A 1.0 percentage point change in the combined ratio would have an impact of around € 0.4 bn on our 2012 result. It is important to recognize that investment income will remain under pressure due to the rather short duration of investments in the Property-Casualty segment and the low interest rate environment. Nevertheless we continuously strive to adapt our investment strategy to the current market conditions.

Overall, we expect 2012 operating profit to be in the range of € 4.0 bn to € 5.0 bn. For 2013, we target a further strengthening of our result.

LIFE/HEALTH INSURANCE

Revenues dropped in 2011 by € 4.2 bn to € 52.9 bn, in particular driven by Germany, Italy, France and Asia-Pacific after an extraordinary high level in 2010. Revenues in 2011 suffered from the low interest rate environment and the challenging markets in general. Furthermore, our focus on achieving adequate margins has resulted in a shift towards higher margin and recurring premium business. As we expect the difficult market conditions to persist, we forecast the revenue level in 2012 to remain stable. We expect premiums to moderately increase in 2013 driven by both traditional as well as investment-oriented products.

Operating profit of € 2.4 bn was substantially impacted by the extreme market developments in 2011 and was at the lower end of the targeted range of € 2.2 bn to € 2.8 bn. We expect operating profit in our Life/Health business to again be in the range of € 2.2 bn to € 2.8 bn in 2012 and a moderate increase in 2013 consistent with the underlying growth in our asset base. The investment result for 2012 is expected to improve compared with 2011. We will continue to take action in 2012 in response to the challenging market environment, particularly low interest rates. This includes product and pricing actions, expense management, asset/liability management and capital optimization. Still , it must be noted that market volatility and the level of net harvesting can significantly affect the Life/Health segment results and make a precise prediction of results difficult.

ASSET MANAGEMENT

The success story of our Asset Management business continued in 2011. Net inflows and market effects remained strong due to fixed income assets, though on a lower level than in the exceptional year 2010.

Operating profit increased further by 9.5 % to € 2.3 bn, mostly driven by higher net fee and commission income by 11.0 % (15.3 % on internal basis).

In 2012 we expect net inflows from fixed income products to continue; in addition we expect net inflows in equity products to pick up subject to capital market development. Assuming favorable market developments and investor sentiment in 2012 and 2013, a further moderate increase of total net inflows is expected for 2013.

Although we do not anticipate the exceptionally strong operating profit growth we recorded in 2010 and 2011 to continue, we expect the 2012 operating profit to be in the range of € 2.0 bn to € 2.4 bn. Depending on the development in 2012, we consider a further moderate operating profit growth in 2013 to be possible.

Overall, the operating profit development is strongly dependent on financial markets, the development of the U.S. Dollar, investment performance and investor sentiment. Especially, net fee and commission income, including performance fees, is highly dependent on market valuations, investment performance and business mix.

We expect to maintain a cost-income ratio well below 65 % in 2012 and 2013.

CORPORATE AND OTHER

Our Corporate and Other segment recorded an operating loss of € 0.9 bn in 2011. Due to the ongoing low interest rate environment but improving results in banking and alternative investments we expect for Corporate and Other (including consolidation) an operating loss in the range of € 0.9 bn to € 1.1 bn for 2012. The result is expected to improve in 2013.

Financing and Liquidity Development and Capitalization

All external financing activities of the Allianz Group are centralized at Allianz SE. The potential sources of financing include the issuance of commercial paper, medium- and long-term notes and ordinary shares. In addition, Allianz SE has access to bank loans and long-term credit lines, which provide flexibility and allow Allianz to fine tune its funding structure.

The Allianz Group maintains a healthy liquidity position combined with a capitalization well above what supervisory authorities currently require, and superior financial strength and stability. We expect to have steady access to the financial markets at reasonable costs in order to maintain our strong financial flexibility. This will be supported by prudent steering of our liquidity resources and a maturity profile focusing on a long-dated average remaining term. Based on our current expectations of interest rates, our average capital market financing costs in 2012 should be broadly in line with the previous year.

Due to our effective capital management, which is supplemented by our liquidity management, the Allianz Group is well capitalized and its solvency ratio is resilient. We closely monitor the capital positions of the Group and operating entity level and we will continue to further strengthen our capital and solvency positions. As a consequence, we will continue to selectively de-risk our peripheral counterparty and sovereign exposures and take actions to reduce our net exposure to volatile equity investments. Additionally, we will optimize our interest rate and spread sensitivities through asset-liability management and life product design. Moreover, we will continue focusing our investments on businesses with strong cash returns or lower tail risks.

Expected Dividend Development

As we continuously strive to both protect our investors' capital and provide attractive returns and dividends, we strike a balance between payout and solvency when determining our dividend proposal. Our dividend policy is net earnings-based in principle and since 2008 our dividend payout ratio has been 40 % of net income attributable to shareholders from continued operations. This ratio allowed us to retain the capital which was needed to support our growth and provide an attractive dividend.

Given the effects of the volatile environment on our 2011 results, striking the right balance was more difficult. Although our net results were not immune from the ongoing crisis, our operating performance and capital position remained strong. As such, we are proposing to the Annual General Meeting that a dividend of € 4.50 per share be distributed to shareholders, the same amount as in the previous year. However, given the uncertainties for 2012 as described above, it is not possible to predict how the dividend might develop in the near term. Although we may re-visit the sustainability of the principles around a net earnings based payout ratio, we currently would expect that a net earnings based payout ratio would resume as the crisis resolves itself and the underlying strength of our operating performance is better reflected in our net results.

Management's Assessment of Expected Earnings for 2013

Based on current estimates we expect our 2013 operating profit to improve and to be driven again by positive contributions from all operating segments.

However, due to the volatile economic environment, it is difficult to make concrete predictions concerning our net income development.

As always, natural catastrophes and adverse developments in the capital markets, as well as factors stated in our cautionary note regarding forward-looking statements, may adversely affect the results of our operations.

Management's Views on Future Challenges and Opportunities

It is essential that we maintain and strengthen the trust our customers, employees, investors and the public, place in us. By consistently following our Group strategy, we are confident that the Allianz Group is in a privileged position to build on this trust and deal with the myriad challenges and opportunities ahead.

While many of these challenges and opportunities are specific to our segments, business lines or markets, there are many issues that are global and cross-business in nature. Allianz is evaluating the potential impacts and interdependencies as these trends cannot be viewed in isolation. The future key challenges and opportunities, as we see them, are outlined below.

MACROECONOMIC ENVIRONMENT AND STABILITY OF FINANCIAL MARKETS

While current financial turbulence may primarily be driven by the European sovereign debt and banking crisis, the pressure on the insurance sector as a whole is increasing with regulation to become much more demanding for insurers. Low interest rates primarily impact the life insurance sector (due to financial guarantees to customers), while ongoing economic uncertainties and high market volatilities are challenging in general. We therefore see a continued pressure on insurers' balance sheets well into the future.

In times of high uncertainty, insurance plays an especially important role in society: Allianz can safeguard business activities, provide protection for individuals and families and contribute to stability in capital markets by pursuing long-term investment strategies and stringently managing and transferring risks. Moreover, we will continue to engage in educational initiatives to improve financial understanding and risk awareness and support the development of financially independent individuals.

ENVIRONMENTAL CHANGES

In the past twenty years, we have registered an increase in frequency, severity and economic impact of catastrophic natural events. This is expected to continue due to changes in the climate, together with increasing urbanization and value concentration in areas that are more exposed to natural catastrophes. By updating and developing our risk models constantly and active accumulation management we are in a good position to manage these developments and remain a trusted and reliable partner to our customer in times when they need us most.

To date, the Allianz Group has developed more than 80 products and services that help mitigate climate change or take its environmental impact into account. As the world becomes more aware of the anthropogenic contribution to climate change, the increasing popularity of renewable energy and other "green" investment products is likely to gain more momentum. Our Asset Management products already include funds that invest in renewable energies, green technology and companies that are sustainably managed. Moreover, by implementing a sustainable, long-term carbon neutralization strategy alongside our internal carbon emission reduction measures, carbon investments are not just a means of voluntary neutralization, but also a viable business case for us.

We have chosen to be carbon-neutral from 2012 and directly invest in carbon projects rather than simply purchasing carbon certificates. Only some of the certificates obtained from a project will be required to neutralize Allianz's own emissions, whereas the rest will be sold and thus generate a financial return to the project's shareholders. Moreover, by continuing to reduce carbon emissions in the future, fewer certificates will be needed for neutralization purposes and can be sold instead. This creates a direct incentive for Allianz to intensify its emission reduction efforts.

SOCIAL CHANGES

CUSTOMER BEHAVIORS/EXPECTATIONS: The past two decades saw the proliferation of mobile phones, laptop computers, broadband connections and email traffic, mainly driven by younger, affluent, highly-educated members of so-called "developed societies". Social networks and other online channels play an increasingly important role in both research and advice. We have entered an age where the mastery and use of information technologies and devices is effectively part of all our stakeholders' DNA, no matter where they live, work and interact with Allianz. Today, our customers, investors and partners want to make their own decisions and expect easy, user-friendly access to information – whenever they want, wherever they are. We will continue to invest in electronic solutions in the front- and back-office in order to improve automation and efficiency.

AGING SOCIETIES: Demographic change is not only creating new challenges for financial services providers like Allianz, but also opportunities. As societies age, demand patterns change. However, our strong market position in continental Europe and the United States, as well as our strong brand and ratings and well diversified product portfolio, puts us in an excellent position to further benefit from old-age and health care provisioning opportunities as well as the provision of assistance products.

ACCESS TO FINANCE: We also see a continued shift of economic power to emerging markets with China, India and other Asian economies currently driving global economic growth. For Allianz, this increases the attractiveness of these markets. An estimated 2.6 bn people live on a daily income of between USD 1.25 and 4 per day. Poor people are more severely affected by natural disasters, accidents and illness. They also lack the opportunity to save or to take out insurance to hedge against these threats. Allianz offers a variety of microinsurance products to more than two million customers. Microinsurance can be profitable, although at a lower margin rate than traditional business. Making low-income customers familiar with the concept of insurance should pay off over the years as these customers move up the economic ladder.

RISE OF THE MIDDLE CLASS: A growing middle class population in emerging markets such as China, India, Brazil and Indonesia, also provides growth opportunities in all business segments. With a strong presence and experience in these markets, and supported by our globally esteemed brand, the Allianz Group stands to benefit from this growing pool of potential future customers.

LEGAL AND REGULATORY CHANGES

The insurance industry is faced with increased regulation in developed markets which leads to greater control and less entrepreneurial freedom. Stricter risk-management requirements will change capital needs and increase administrative costs. Additionally, new accounting rules will make investments in higher yielding asset classes, such as equity, less attractive; this will undermine insurers' role as capital providers and could lead to lower investment returns. However, these regulatory and legal trends could open up major opportunities as greater capital needs and regulation will lead to sector consolidation, where only financially sound insurance companies will survive.

However, increasing international regulatory harmonization will also create a level playing field; this will facilitate access to new markets and business segments even though the impact will only be in the longer term.

RISK MANAGEMENT AND CONTROL: Since these legal and regulatory trends are material to Allianz's business, the Group is committed to engaging in important economic, environmental, social and governance issues. Growing liability will emphasize the even greater importance of risk management, which will prove advantageous to companies with a diversified approach to risk management. After all, anticipating, monitoring and evaluating global issues is an essential aspect of our comprehensive risk management which makes us well prepared for these issues.

EXPENSE MANAGEMENT: As we develop our franchise globally and face intensified challenges to maintain and improve our performance in traditional, but mature markets we recognize the increased need to manage our operational expenses in an intelligent and sustainable way that will acknowledge the contribution and value of our employees around the globe.

COMPLEXITY REDUCTION: Also driven by increasing regulation and reporting requirements we continue to reduce the complexity of our business, supported by our Allianz Operating Model that standardizes business processes and organizational structures in our insurance segments. In parallel, we fight entropy with a Group-sponsored initiative to reduce the number of legal entities, especially insurance carriers, in Western Europe.

Opportunity Management and Strategic Investments

OPPORTUNITY MANAGEMENT

Our Allianz Operating Model has laid the foundation for a structured and harmonized approach to capture opportunities globally and in the different local markets.

Clear roles and responsibilities as well as processes involving all stakeholders ensure that identifying opportunities, evaluating their potential and driving promising ideas to implementation becomes an institutionalized part of our business. Market Management, for example, is responsible for developing and constantly evolving the local market strategy linking clear objectives with customer, sales channel, product, service and brand strategies.

THE STRATEGY DEVELOPMENT PROCESS COMPRISES THREE STEPS:

1. Analysis of markets and customers to gain insights, e. g. on trends, customer needs and behavior.
2. Understanding what impact these insights have on the current business model and the local strategy.
3. Translation of these findings into necessary adjustments to the market strategy.

The implementation of the strategy is as important as its development in terms of driving and coordinating concrete initiatives and projects. Both aspects are the responsibility of the local Boards of Management, but they are also standing agenda items in the management dialogues between the operating entities and the Holding. This demonstrates the attention given by top management to identifying and exploiting opportunities globally and locally.

As a global company with operating entities in about 70 countries, Allianz has a huge base of local expertise and examples of good practice. One key task of the Holding functions is to make use of this valuable knowledge by sharing it across the Group and supporting its transfer to other Group companies. This also contributes to constantly identifying and exploiting opportunities.

In addition to strategic approaches and knowledge sharing, major sources of opportunities stem from customer interaction and employees' ideas. Processes and tools are in place to systematically leverage these two important areas of insight. For example, Allianz conducts well over one million calls every year to collect feedback from customers at critical points of interaction. The feedback is systematically analyzed to improve business processes and make the customer's voice heard throughout the organization.

STRATEGIC INVESTMENTS

The implementation of strategy and seizing of opportunities, however, requires a commensurate investment in providing the requisite tools and platforms.

Allianz systematically leverages the opportunities of an increasingly global and digital environment. Allianz strives to further improve its IT efficiency ratio, while successfully addressing changing customer behaviors and needs as well as increasing each employee's productivity.

The company is investing approximately € 350 mn into the digitalization of the business. Allianz Group supports the operating entities by building reusable Group assets. As one example "OneWeb" is a cost-efficient Web interaction solution, which delivers an outstanding user experience across all digital devices. "OneWeb" enables customers, agents and employees to communicate, access customer data and enter claims digitally. "OneWeb" enables quick and easy local customization to address the needs of the local business, while keeping the integrity of common core elements across all local implementations. The first operating entities are already live on "OneWeb", while others will follow in 2012 and 2013. A second key digitalization example is Allianz's continued investment to implement its global core insurance platform strategy. Flexible, reusable and adaptable components allow for local customization while leveraging economies of scale and skill for the entire Group and accelerating time-to-market.

In addition, Allianz Group will invest approximately € 50 mn in its platforms for Finance and Human Resources in 2012. For our employees we aim to extend the reach of our high quality, standardized "virtual desktop client" across the Group. In 2012, Allianz Group will continue to bring this innovative digital work environment to many organizational entities globally. An initiative for one Global Identity and Access Management will also allow Allianz to raise the existing security standards within the Group.

While overall infrastructure costs are declining, a key strategic initiative for the next years is the roll-out of the "Allianz Global Network". This investment of approximately € 160 mn over three years will harmonize the local networks into one global, Group-wide network. The initiative will realize significant efficiencies while enabling advanced services such as collaboration and communication.

Since 2008 Allianz has focused significant resources to further developing its global IT architecture to support its approach to risk management. The completion of the technical platforms to calculate its risk and solvency positions is well on-track and Allianz Group already benefits from improved data quality and enhanced analytical capabilities. While significant effort will be required in 2012 and 2013 to finalize its Solvency II program, Allianz Group is well prepared to satisfy all regulatory requirements.

Management's Overall Assessment of the Current Economic Situation of the Allianz Group

Overall, at the date of issuance of this Annual Report, given current information regarding natural catastrophe and capital market development, in particular foreign currency, interest rates and equities, the Board of Management does not have any indication that the Allianz Group is facing any major adverse developments.

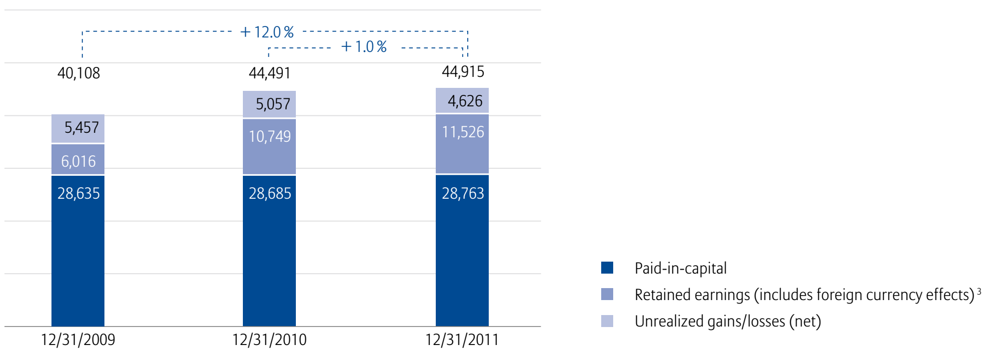
MANAGEMENT DISCUSSION AND ANALYSIS

III. Balance Sheet Review

- Shareholders' equity at € 44.9 bn.
- Strong solvency ratio increased from 173 % to 179 %.[1]

Shareholders' Equity[2]

SHAREHOLDERS' EQUITY | in € mn



As of December 31, 2011, **SHAREHOLDERS' EQUITY** amounted to € 44,915 mn, an increase of € 424 mn compared to December 31, 2010. Net income attributable to shareholders contributed € 2,545 mn. In addition, foreign currency translation effects improved by € 343 mn to € (1,996) mn, primarily due to the strengthening of the U.S. Dollar.[4] These increases were partially offset by dividend payments of € 2,032 mn. Furthermore, unrealized gains decreased by € 431 mn, driven by both realizations and market developments. Lower interest rates led to an increase in unrealized gains on bonds. This was more than offset by lower unrealized gains on equities, which was mainly attributable to negative developments on equity markets.

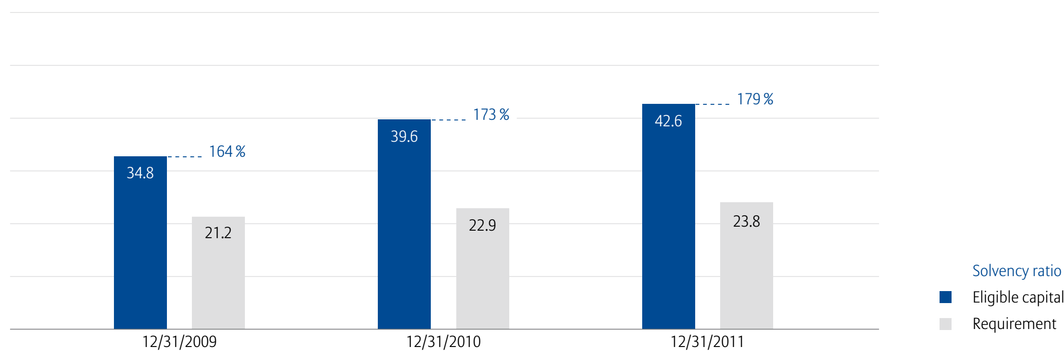
Regulatory Capital Adequacy

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since January 1, 2005. The law requires that a financial conglomerate calculate the capital available to meet its solvency requirements on a consolidated basis, which we refer to as "eligible capital".

Group Management Report

1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170 % (2010: 164 %; 2009: 155 %).
2 | This does not include non-controlling interests of € 2,338 mn, € 2,071 mn and € 2,121 mn as of December 31, 2011, December 31, 2010 and December 31, 2009, respectively. For further information please refer to note 25 of the consolidated financial statements.
3 | This includes foreign currency translation effects of € (1,996) mn, € (2,339) mn and € (3,626) mn as of December 31, 2011, December 31, 2010 and December 31, 2009, respectively.
4 | Based on the closing rate on the respective balance sheet dates.

CONGLOMERATE SOLVENCY[1] | in € bn



The conglomerate solvency ratio[2] has strengthened by 6 percentage points to 179 % since the end of 2010. As of December 31, 2011, the Group's eligible capital for solvency purposes amounted to € 42.6 bn (2010: € 39.6 bn), including an off-balance sheet reserve of € 2.2 bn (2010: € 2.1 bn). The increase of € 3.0 bn was mainly driven by the issuance of € 2.5 bn of subordinated debt and our net income of € 2.5 bn (net income net of proposed dividends: € 0.5 bn). The required funds increased by € 0.9 bn to € 23.8 bn mostly due to higher aggregate policy reserves in our Life/Health segment. As a result, our eligible capital remains strong, surpassing the minimum legally stipulated level by € 18.8 bn.

Total Assets and Total Liabilities

In the following sections, we show the asset allocation for our insurance portfolio and analyze important developments within the balance sheets of our Property-Casualty, Life/Health, Asset Management and Corporate and Other segments.

As of December 31, 2011, total assets amounted to € 641.5 bn and total liabilities were € 594.2 bn. When compared to year-end 2010, total assets and total liabilities increased by € 16.5 bn and € 15.8 bn, respectively.

This section mainly concentrates on our financial investments (debt instruments, equities, real estate, cash and other), since our own property and equipment had little effect on the balance sheet.

MARKET ENVIRONMENT OF DIFFERENT ASSET CLASSES

87
Executive Summary of 2011 Results

As highlighted in the Executive Summary starting on page 87, market-related conditions deteriorated during 2011. The European sovereign debt crisis worsened and major equity markets fell significantly. Like the rest of the industry, we were not immune to these developments.

FINANCIAL MARKETS were very volatile in 2011, especially in the second half of the year. Almost all major international equity indices dropped sharply in 2011. Economic uncertainties also drove German and U.S. government bond yields to low levels, in particular in the third and fourth quarter. Overall, **CREDIT SPREADS** for less well-rated debtors widened in the United States and Europe.

1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170 % (2010: 164 %; 2009: 155 %).
2 | Solvency according to the E.U. Financial Conglomerates Directive.

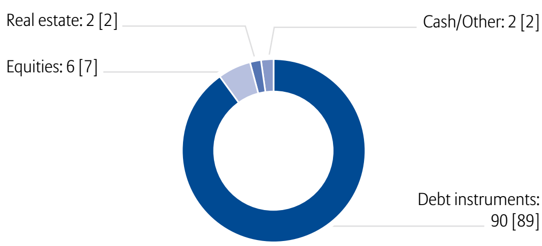
INTEREST RATES AND CREDIT SPREADS DEVELOPMENT | in %

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The Allianz Group's investment portfolio is mainly determined by our core business of insurance. The following asset allocation covers the insurance segments and the Corporate and Other segment.

ASSET ALLOCATION[1] | in %

Allianz Group's investment portfolio as of December 31, 2011: € 461.1 bn
[as of December 31, 2010: € 444.9 bn]



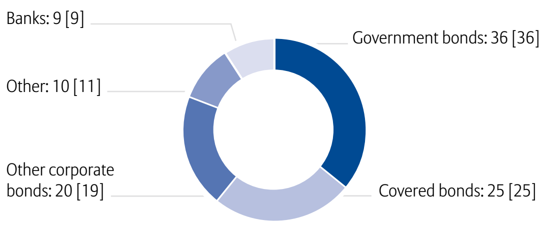
The Group's investment portfolio grew by € 16.2 bn – or 3.6 % – to € 461.1 bn. This increase was mainly driven by the investment performance of our underlying operating businesses, primarily from the Life/Health segment. The asset allocation remained stable.

Our gross exposure to **EQUITIES** decreased from € 33.0 bn to € 28.8 bn, mainly due to market developments. Our equity gearing – a ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholder's equity plus off-balance sheet reserves less goodwill – decreased from 37 % to 31 %.

The vast majority of our investment portfolio is made up of **DEBT INSTRUMENTS**. Our investments in this asset class increased from € 395.6 bn to € 416.5 bn, to a large extent based on reinvested interest flows. Our exposure in this asset class was well diversified, with more than 60 % in government and covered bonds. In line with our operating business profile, 64 % of our fixed income portfolio was invested in Eurozone bonds and loans. About 94 % of our portfolio of debt instruments[2] was invested in investment-grade bonds and loans.

FIXED INCOME PORTFOLIO | in %

Total fixed income portfolio as of December 31, 2011: € 416.5 bn
[as of December 31, 2010: € 395.6 bn]



1 | This does not include our banking operations.
2 | Excluding self-originated German private retail mortgage loans. Please refer to our Risk Report on page 165 for a description of our debt portfolio composition by ratings.

149
Market and business context

Our **SOVEREIGN EXPOSURE** accounted for 36 % of our investments in debt. As of December 31, 2011, our sovereign bond exposure in Spain (1.2 %), Greece (0.1 %), Ireland (0.1 %), Portugal (0.1 %) and Italy (6.3 %) comprised approximately 7.8 % of our fixed income portfolio. As described in our Risk Report on page 150, among several other measures, we selectively reduced our exposure to sovereign borrowers potentially affected by uncertainties surrounding the European sovereign debt crisis. Furthermore, the gross impairments on Greek sovereign bonds in 2011 totaled € 1,023 mn, resulting in a carrying value of 24.7 % of their nominal value.

CARRYING VALUES AND UNREALIZED LOSSES IN SPANISH, GREEK, IRISH, PORTUGUESE AND ITALIAN SOVEREIGN BONDS

As of December 31, 2011	Carrying value € mn	Unrealized loss (gross)[1] € mn	Unrealized loss (net)[2] € mn
Spain	4,912	(237)	(55)
Greece[3]	310	0	0
Ireland	428	(50)	(14)
Portugal	545	(205)	(103)
Subtotal	**6,195**	**(492)**	**(172)**
Italy	26,126	(3,221)	(573)
Total	**32,321**	**(3,713)**	**(745)**

55 % of the **COVERED BONDS** were German Pfandbriefe backed by either public sector loans or mortgage loans. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and over-collateralization.

Our exposure to subordinated securities in banks decreased by € 2.2 bn to € 8.4 bn, driven by market values as well as realizations. The tier 1 portion also decreased to € 1.3 bn and accounted for only 0.3 % of our fixed income portfolio.

Our portfolio included asset-backed securities (ABS) of € 19.9 bn, of which more than 80 % were related to mortgage-backed securities (MBS). Around 26 % of our ABS securities are made up of MBS issued by U.S. agencies and backed by the U.S. government. Overall, 96 % of the total ABS-portfolio received an investment grade rating, with 84 % rated "AA" or better.

Our exposure to **REAL ESTATE** held for investment remained stable at € 8.7 bn.

INVESTMENT RESULT

NET INVESTMENT INCOME

	Group		
As of December 31,	**2011** € mn	2010 € mn	Delta € mn
Interest and similar income (net)[4]	19,984	18,906	1,078
Income from financial assets and liabilities carried at fair value through income (net)	(1,287)	(38)	(1,249)
Realized gains/losses (net)	3,435	3,708	(273)
Impairments of investments (net)	(3,661)	(844)	(2,817)
Investment expenses	(852)	(827)	(25)
Net investment income	**17,619**	**20,905**	**(3,286)**

Our **NET INVESTMENT INCOME** amounted to € 17,619 mn, a decrease of 15.7 %. Higher interest and similar income (net) was more than offset by impairments on investments (net) and lower income from financial assets and liabilities carried at fair value through income (net).

As a result of our growing asset base – mainly within the Life/Health segment – **INTEREST AND SIMILAR INCOME (NET)**[4] increased by € 1,078 mn to € 19,984 mn.

1 | Before policyholder participation and taxes.
2 | After policyholder participation and taxes; based on December 31, 2011, balance sheet figures reflected in accumulated other comprehensive income.
3 | After impairments.
4 | Net of interest expenses (excluding interest expenses from external debt).

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) declined by € 1,249 mn to a loss of € 1,287 mn. The downward trend in equity markets and relatively wider credit spreads resulted in significantly lower fair values. The negative impact was mainly felt in the United States – and to a lesser extent in France. In the United States during 2010 we sold assets which had been designated **AT FAIR VALUE THROUGH INCOME** and reinvested them in assets classified as available for sale (fair value income amounted to € 419 mn in 2010). Furthermore, The Hartford warrants contributed to the decrease by € 384 mn (2011: € (316) mn, 2010: € 68 mn) driven by a decline in the price of the underlying shares.

REALIZED GAINS AND LOSSES (NET) decreased by € 273 mn to € 3,435 mn. A moderate increase in gains from debt securities was more than offset by lower realized gains on equities. These reduced equity gains mainly resulted from € 616 mn lower gains on sales of shares in the Industrial and Commercial Bank of China (ICBC) (2011: € 356 mn, 2010: € 972 mn).

Our net investment income was mostly hit by **IMPAIRMENTS (NET)** on equities and debt securities. Following the downturn in equity markets, we recorded an increase in impairments on equity investments of € 1,907 mn, in particular related to our investments in the financial sector. These included losses from corporate investments, like our participation in Commerzbank, Unicredit, China Pacific Insurance Group and Banco Popular, and a loss related to our offer to acquire certain participation rights from Allianz customers. In total, these listed losses in equity holdings amounted to € 1,128 mn in 2011. The vast majority of the increase in debt impairments of € 965 mn related to impairments on Greek sovereign bonds (2011: € 1,023 mn).

INVESTMENT EXPENSES (NET) slightly increased to € 852 mn.

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY SEGMENT

PROPERTY-CASUALTY ASSETS

In 2011, our Property-Casualty asset base amounted to € 98.3 bn, an increase of € 1.0 bn. The decreases in equity investments and cash and cash pool assets were more than compensated for by higher debt securities.

COMPOSITION OF ASSET BASE | fair values[1]

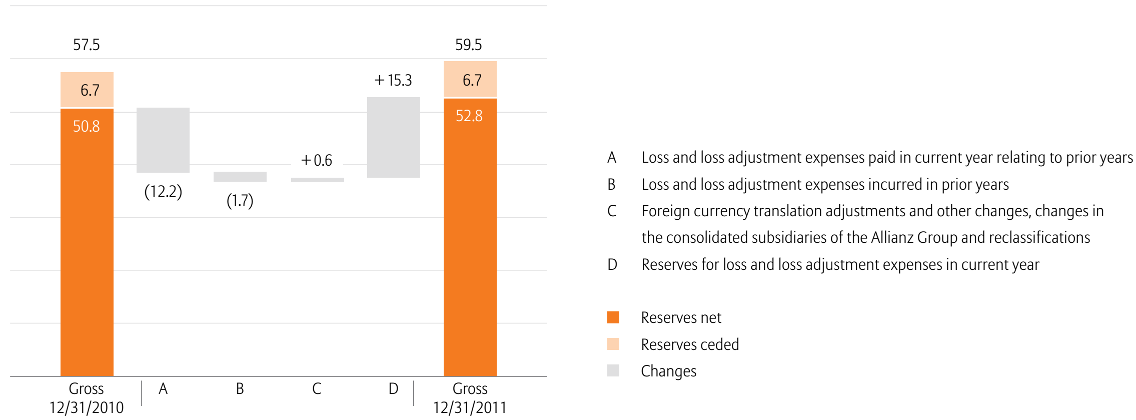
As of December 31,	2011 € bn	2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.2	0.2
Debt securities	0.9	1.5
Other[2]	0.0	0.1
Subtotal	1.1	1.8
Investments[3]		
Equities	4.9	5.4
Debt securities	63.2	60.4
Cash and cash pool assets[4]	4.2	5.3
Other	7.1	6.7
Subtotal	79.4	77.8
Loans and advances to banks and customers	17.8	17.7
Property-Casualty asset base	98.3	97.3

ABS made up € 3.9 bn of our Property-Casualty asset base, as of December 31, 2011. This was approximately 4.0 % of its asset base.

1 | Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.
2 | This comprises assets of € 0.1 bn and € 0.2 bn and liabilities of € (0.1) bn and € (0.1) bn as of December 31, 2011 and December 31, 2010, respectively.
3 | These do not include affiliates of € 9.1 bn and € 10.3 bn as of December 31, 2011 and December 31, 2010, respectively.
4 | Including cash and cash equivalents, as stated in our segment balance sheet of € 2.4 bn and € 2.5 bn and receivables from cash pooling amounting to € 2.1 bn and € 3.0 bn net of liabilities from securities lending and derivatives of € (0.3) bn and € (0.2) bn as of December 31, 2011 and December 31, 2010, respectively.

PROPERTY-CASUALTY LIABILITIES

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES[1] | in € bn



As of December 31, 2011, the segment's gross reserves for loss and loss adjustment expenses increased by € 2.0 bn to € 59.5 bn. On a net basis, reserves increased to € 52.8 bn. Foreign currency translation effects accounted for positive € 0.6 bn.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH SEGMENT

LIFE/HEALTH ASSETS

In 2011 the Life/Health asset base grew by 2.6 % to € 428.4 bn. Of this total, € 63.5 bn were financial assets for unit-linked contracts. Overall, our debt investments increased by € 16.8 bn to € 229.6 bn, primarily due to reinvested interest inflows. Equities were down by 9.4 % to € 22.1 bn, mainly driven by market developments. Cash and cash pool assets decreased slightly to € 6.0 bn.

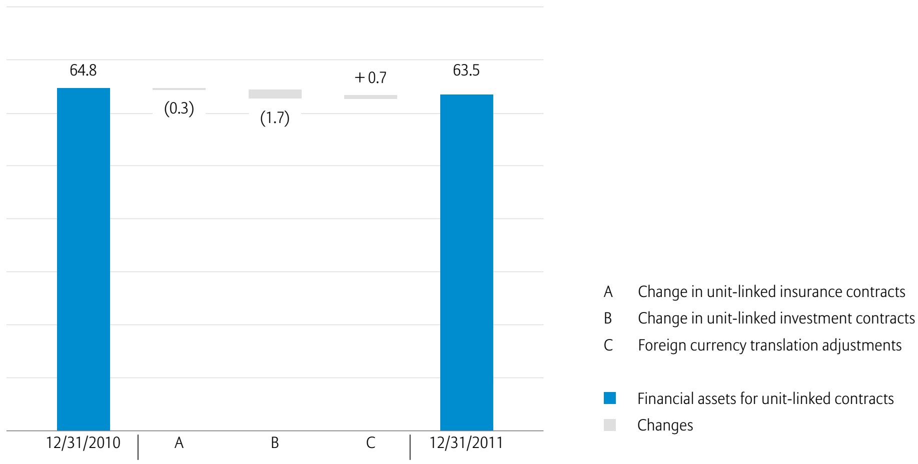
COMPOSITION OF ASSET BASE | fair values

As of December 31,	2011 € bn	2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	2.1	2.7
Debt securities	2.5	3.2
Other[2]	(4.4)	(3.9)
Subtotal	**0.2**	**2.0**
Investments[3]		
Equities	22.1	24.4
Debt securities	229.6	212.8
Cash and cash pool assets[4]	6.0	7.4
Other	9.0	8.8
Subtotal	**266.7**	**253.4**
Loans and advances to banks and customers	**98.0**	**97.4**
Financial assets for unit-linked contracts[5]	**63.5**	**64.8**
Life/Health asset base	**428.4**	**417.6**

1 | After group consolidation. For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty segment please refer to note 19 of the consolidated financial statements.
2 | This comprises assets of € 1.9 bn and € 1.0 bn and liabilities (including the market value liability option) of € (6.3) bn and € (4.9) bn as of December 31, 2011 and December 31, 2010, respectively.
3 | These do not include affiliates of € 1.4 bn and € 1.6 bn as of December 31, 2011 and December 31, 2010, respectively.
4 | Including cash and cash equivalents, as stated in our segment balance sheet, of € 5.3 bn and € 4.4 bn and receivables from cash pooling amounting to € 2.5 bn and € 3.3 bn net of liabilities from securities lending and derivatives of € (1.8) bn and € (0.3) bn as of December 31, 2011 and December 31, 2010, respectively.
5 | Financial assets for unit-linked contracts represent assets owned by, and managed on the behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts.

Within our Life/Health asset base, ABS amounted to € 15.6 bn as of December 31, 2011. This represents 3.6 % of total Life/Health assets.

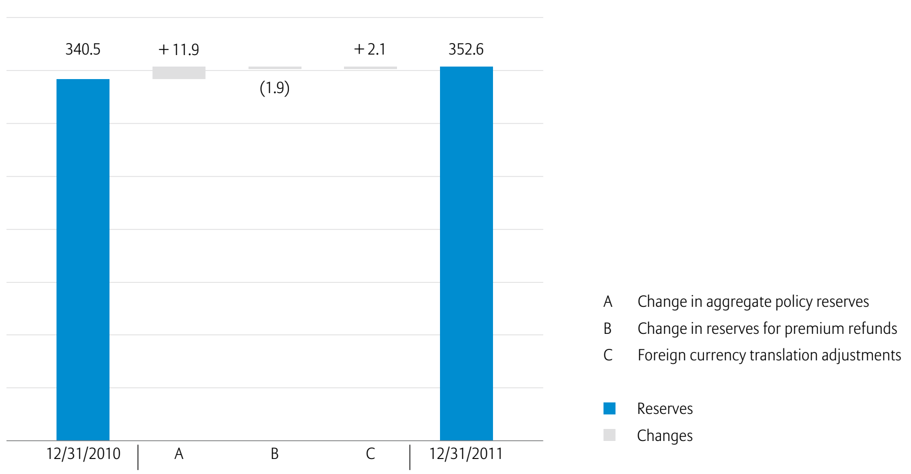
FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS | in € bn



Financial assets for unit-linked contracts decreased by € 1.3 bn – or 2.0 % – to € 63.5 bn. Unit-linked insurance contracts declined by € 0.3 bn despite premium inflows exceeding outflows by € 3.2 bn. This drop was caused by a weak fund performance (€ (1.5) bn) and by policyholders moving to non-unit-linked contracts (€ (1.9) bn). Unit-linked investment contracts decreased by € 1.7 bn, mainly driven by outflows in Italy. The main drivers of currency effects were the stronger U.S. Dollar (€ 0.5 bn) and Asian currencies (€ 0.2 bn).[1]

LIFE/HEALTH LIABILITIES

DEVELOPMENT OF RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS | in € bn



Life/Health reserves for insurance and investment contracts increased by € 12.1 bn – or 3.6 % – in 2011. The € 11.9 bn increase in aggregate policy reserves was mainly driven by our operations in Germany (€ 5.9 bn), the United States (€ 3.1 bn excluding currency effects), Italy (€ 1.1 bn) and Belgium (€ 0.6 bn). Reserves for premium refunds decreased by € 1.9 bn, primarily due to the development of unrealized losses on bonds caused by higher credit spreads (shared with the policyholders). Currency gains resulted from the stronger U.S. Dollar (€ 1.7 bn), Swiss Franc (€ 0.3 bn) and Asian currencies (€ 0.2 bn).[1]

1 | Based on the closing rate on the respective balance sheet dates.

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT SEGMENT

ASSET MANAGEMENT ASSETS

Our Asset Management segment's results are derived primarily from third-party asset management.[1] In this section we refer only to the segment's own assets.

Driven by higher loans and advances as well as cash and cash pool assets, the Asset Management segment's asset base increased by € 1.5 bn to € 4.8 bn. These two main components of the segment's asset base amounted to € 1.5 bn and € 1.6 bn, respectively. Debt securities totaled € 1.0 bn.

ASSET MANAGEMENT LIABILITIES

Liabilities in our Asset Management segment increased by € 1.3 bn to € 5.7 bn, due to growth in Group internal financing.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER SEGMENT

CORPORATE AND OTHER ASSETS

Our asset base for Corporate and Other grew slightly by € 0.9 bn to € 40.0 bn. Loans and advances to banks and customers increased by € 1.3 bn to € 17.7 bn, while investments remained stable at € 22.5 bn.

COMPOSITION OF ASSET BASE | fair values

As of December 31,	2011 € bn	2010 € bn
Financial assets and liabilities carried at fair value through income		
Equities	0.1	0.1
Debt securities	0.0	0.2
Other[2]	(0.3)	0.0
Subtotal	**(0.2)**	**0.3**
Investments[3]		
Equities	1.9	3.3
Debt securities	18.1	17.3
Cash and cash pool assets[4]	2.3	1.6
Other	0.2	0.2
Subtotal	**22.5**	**22.4**
Loans and advances to banks and customers	**17.7**	**16.4**
Corporate and Other asset base	**40.0**	**39.1**

ABS in our Corporate and Other asset base amounted to € 0.4 bn, which was 1.0 % of our Corporate and Other asset base.

CORPORATE AND OTHER LIABILITIES

Other liabilities increased by € 0.5 bn to € 15.8 bn. The decrease in certificated liabilities from € 14.4 bn to € 13.8 bn was primarily driven by a drop in Allianz SE's money market borrowings of € 0.7 bn. The increase in participation certificates and subordinated liabilities by € 2.5 bn to € 11.3 bn was mainly due to net issuances of subordinated bonds by Allianz Finance II B.V..[5]

1 | For further information on the development of these third-party assets, please refer to the Asset Management chapter.
2 | This comprises assets of € 0.2 bn and € 0.5 bn and liabilities of € (0.5) bn and € (0.5) bn as of December 31, 2011 and December 31, 2010, respectively.
3 | These do not include affiliates of € 73.4 bn and € 69.2 bn as of December 31, 2011 and December 31, 2010, respectively.
4 | Including cash and cash equivalents, as stated in our segment balance sheet, of € 1.8 bn and € 1.1 bn and receivables from cash pooling amounting to € 0.5 bn and € 0.5 bn net of liabilities from securities lending and derivatives of insignificant amounts as of December 31, 2011 and December 31, 2010, respectively.
5 | For further information on Allianz SE debt as of December 31, 2011, please refer to the Liquidity and Funding Report and to notes 23 and 24 of our consolidated financial statements.

Off-Balance Sheet Arrangements

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

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

The Allianz Group has investments in seven special purpose vehicles. Please refer to note 5 of our consolidated financial statements for more details on such investments and to note 45 for more details on our collateralized debt obligations.

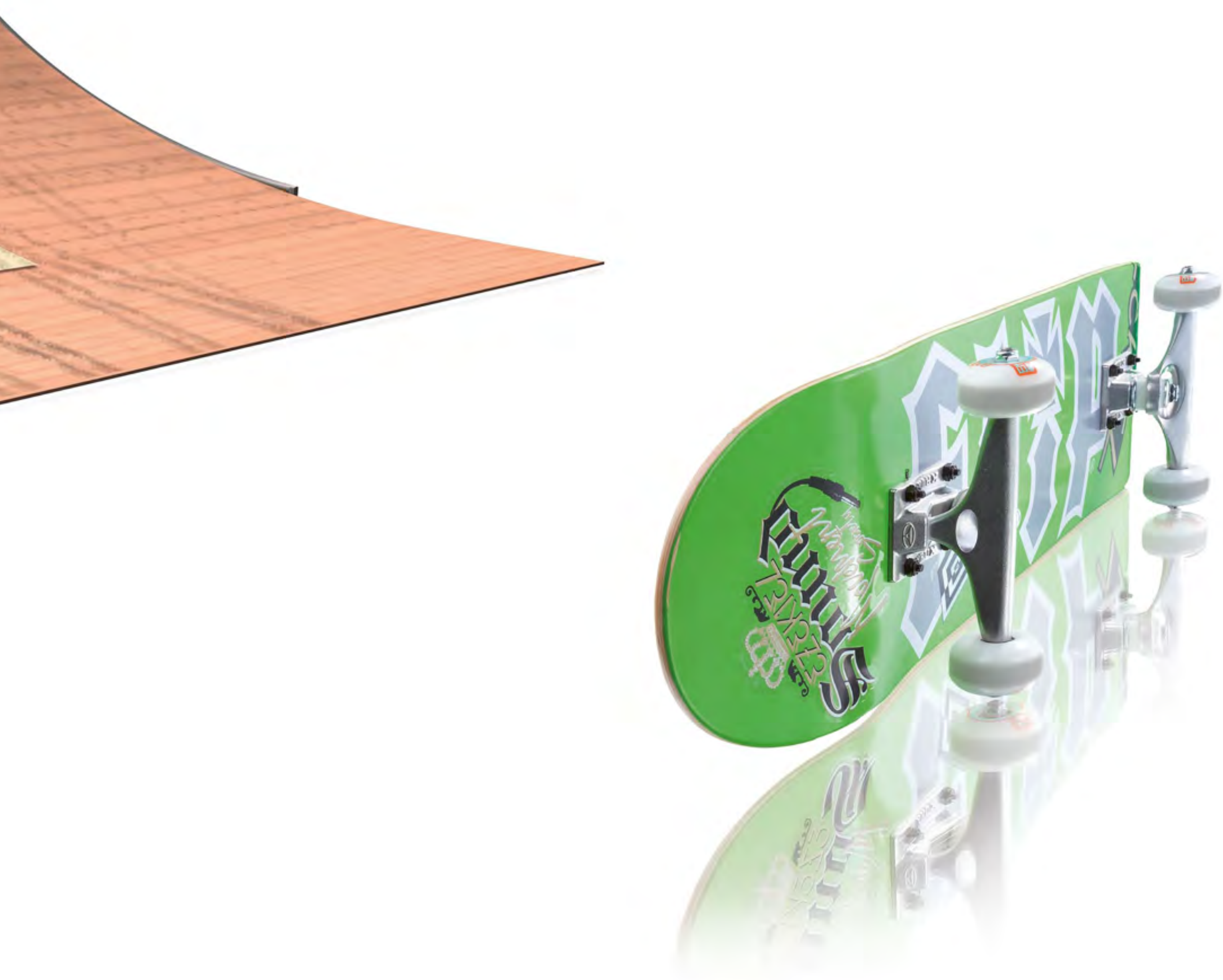
149
Risk Report

Please refer to the Risk Report from page 149 onwards for a description of the main concentrations of risk and other relevant risk positions.


Junge Leute
Wie steht's mit der Versicherung für Auto, Motorrad und Moped?

1980: With the personalized Allianz insurance package extending from their first motor insurance policy to disability coverage, more than 3 million young Germans, from 18 to 21 years old, were able to head off into their futures with confidence.

2011: More than 500,000 students and young professionals took the free Allianz Perspectives Test, thereby taking a major step on the path to their own future careers.



MANAGEMENT DISCUSSION AND ANALYSIS

III. Liquidity and Funding Resources

Organization

The Allianz Group bases its liquidity management on policies and guidelines approved by the Board of Management of Allianz SE. While it is the primary responsibility of Allianz SE and each of our major operating subsidiaries to manage their respective cash flows, Allianz SE steers the liquidity planning, capital allocation process and central liquidity pooling for the entire Group. This process enables the efficient employment of liquidity and capital resources and allows Allianz SE to ensure that the Group and its operating entities achieve the desired liquidity and capitalization levels.

Liquidity Management of our Operating Entities

INSURANCE OPERATIONS

The principal sources of liquidity for our operational activities include primary and reinsurance premiums earned, reinsurance receivables collected, as well as investment income and proceeds generated from the maturity or sale of investments. Those funds are mainly used to pay property-casualty claims and related expenses, life policy benefits, surrenders and cancellations, acquisition as well as other operating costs.

We generate strong cash flows from our insurance operations as most premiums are received before payments of claims or policy benefits are required, allowing us to invest these funds in the interim. This allows us to generate substantial investment income.

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

The overall liquidity of our insurance operations depends on the capital market developments, interest rate levels and our ability to realize the carrying value of our investment portfolio in order to meet insurance claims and policyholder benefits. Additional factors affecting the liquidity of our Property-Casualty insurance operations include the timing, frequency and severity of losses underlying our policies as well as policy renewal rates. In our Life operations, liquidity needs are generally affected by trends in actual mortality rates compared to the related assumptions underlying our life insurance reserves. Also relevant is the extent to which minimum returns or crediting rates are provided in connection with our life insurance products, and the level of surrenders and withdrawals.

ASSET MANAGEMENT OPERATIONS

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

BANKING OPERATIONS

The primary sources of liquidity in our banking operations include customer deposits, interbank loans and interest and similar income from our lending transactions. The major uses of funds are investments in fixed income securities and the issuance of new loans. The liquidity of our banking operations is largely dependent on the ability of our private and corporate customers to meet their payment obligations arising from credit lines and other outstanding commitments. Equally important is our ability to retain the deposits provided by our customers.

Liquidity Management of Allianz SE

Allianz SE is responsible for identifying the Allianz Group's liquidity needs and maximizing the access to funding sources while minimizing borrowing costs.

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. The main sources of liquidity available are dividends received from subsidiaries and funding provided by capital markets. We define liquidity resources as assets that are readily available – namely cash, money-market investments as well as highly liquid government bonds. The major uses of funds include paying interest expenses on our debt funding, operating costs, internal and external growth investments as well as dividends to our shareholders. Allianz Group's access to external funds depends on various factors such as capital market conditions, access to credit facilities as well as credit ratings and credit capacity.

FUNDING SOURCES

The financial sources available to Allianz SE in the capital markets for both short- and long-term funding needs are described below. In general, mid- to long-term financing is covered by issuing senior or subordinated bonds, or by issuing ordinary shares.

EQUITY FUNDING

As of December 31, 2011, the issued capital registered at the Commercial Register was € 1,165,568,000 divided into 455,300,000 registered shares with restricted transferability. As of December 31, 2011, Allianz SE held 2,754,556 (2010: 2,832,789) own shares.

Allianz SE has the option to increase its equity capital base according to authorizations provided by our shareholders. The following table outlines Allianz SE's capital authorizations as of December 31, 2011:

CAPITAL AUTHORIZATION	NOMINAL AMOUNT	EXPIRY DATE OF THE AUTHORIZATION
Authorized Capital 2010/I	€ 550,000,000 (214,843,750 shares)	May 4, 2015
Authorized Capital 2010/II	€ 11,416,000 (4,459,375 shares)	May 4, 2015
Authorization to issue bonds carrying conversion and/or option rights	€ 9,500,000,000 (nominal bond value)	May 4, 2015 (issuance of bonds)
Conditional Capital 2010	€ 250,000,000 (97,656,250 shares)	No expiry date for Conditional Capital 2010 (issuance in case option or conversion rights are exercised)

In July 2011, subordinated notes convertible into Allianz shares with a principal amount of € 500,000,000 were issued against cash by Allianz Finance II B.V., a wholly owned subsidiary of Allianz SE, and guaranteed by Allianz SE on a subordinated basis. The convertible notes were acquired by Nippon Life Insurance Company, thereby increasing regulatory capital and further strengthening our capital base. In light of the volatility of financial markets at the time of the issuance a comparable offering to Allianz shareholders would have resulted in a significantly increased execution risk. Therefore, the subscription rights of the shareholders for these convertible notes were excluded with the consent of the Supervisory Board under the authorization of the General Meeting of May 5, 2010 which allows to exclude the shareholders' subscription rights if the notes are issued against payment in cash and the issue price is not significantly lower than the theoretical market value of the bonds as calculated using recognized finance-mathematical methods, and as long as the shares to be issued correspond, together with any other shares issued or placed under exclusion of the shareholders' subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act, to a proportionate amount of the share capital of no more than 10 % in the aggregate. Shares that may be issued out of the Conditional Capital 2010 upon conversion of the notes will not exceed this threshold. The issue price for the notes was 100 % of the principal amount and equal to the theoretical value of the notes – taking into consideration the Allianz stock price at the time of the issuance, the conversion period, the volatility of the stock price as well as the then-current interest rates and Allianz credit spreads – as determined using recognized finance-mathematical methods. Within 10 years after the issuance a mandatory conversion of the notes into Allianz shares at the then prevailing share price may apply at the occurrence of certain events. However, a floor price of at least € 75.39 per share is foreseen. Within the same period, the investors have the right to convert the notes into Allianz shares at a price of € 188.47 per share. Both conversion prices are subject to anti-dilution provisions. In order to secure delivery of shares upon conversion an initial tranche of up to 8,000,000 shares – corresponding to 1.76 % of the share capital as of December 31, 2011 – has been pre-admitted to trading.

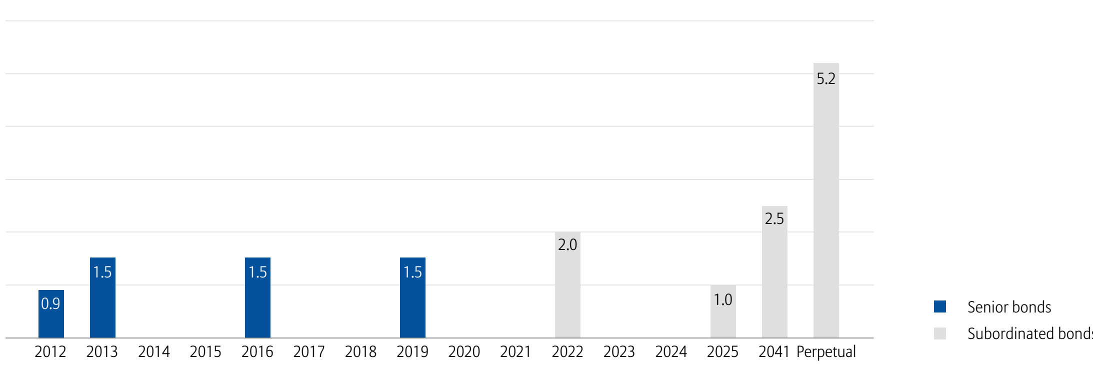
In November 2011, 800,000 new shares were issued for cash out of the Authorized Capital 2010/II at a price of € 65.21 per share, enabling Allianz employees to purchase 651,613 shares at prices ranging from € 45.65 to € 54.34 per share. The Authorized Capital 2010/II was created to enable Allianz SE to issue new shares for such employee offerings. To be able to offer the new shares to employees, the shareholders' subscription rights to these new shares also had to be excluded as provided in the authorization granted by the General Meeting on May 5, 2010. The issue price of € 65.21 per share corresponds to the Xetra closing price of the Allianz shares on September 7, 2011 and is also the reference price on which the discounted offering prices were determined.

34
Authorizations of the Board of Management to issue and repurchase shares

Please refer to page 34 regarding authorizations to issue and repurchase shares.

MATURITY STRUCTURE OF ALLIANZ SE'S SENIOR AND SUBORDINATED BONDS AS OF DECEMBER 31, 2011

nominal value | in € bn



LONG-TERM DEBT FUNDING

As of December 31, 2011, Allianz SE had senior and subordinated bonds in a variety of maturities outstanding reflecting our focus on long-term financing. As the cost and availability of external funding may be negatively affected by general market conditions or by matters specific to the financial services industry or the Allianz Group, we seek to mitigate refinancing risk by actively steering the maturity profile of our funding structure.

Interest expenses on senior bonds were almost stable amounting to € 262.5 mn (2010: € 262.2 mn); for subordinated bonds they increased to € 624.2 mn (2010: € 543.8 mn) driven by additional volumes raised in 2011.

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

As of December 31,	2011				2010			
	Nominal value € mn	Carrying value € mn	Interest expense € mn	Average interest rate[2] %	Nominal value € mn	Carrying value € mn	Interest expense € mn	Average interest rate[2] %
Senior bonds	5,400	5,343	262.5	4.9	5,400	5,336	262.2	4.9
Subordinated bonds	10,741	10,456	624.2	5.8	8,564	8,301	543.8	6.3
Total	**16,141**	**15,799**	**886.7**	**5.5**	**13,964**	**13,637**	**806.0**	**5.8**

The table below details the long-term debt issuances and redemptions of Allianz SE during the full years 2011 and 2010:

As of December 31,	2011			2010		
	Issuances[2] € mn	Redemp-tions[2] € mn	Issuances net of redemptions %	Issuances[2] € mn	Redemp-tions[2] € mn	Issuances net of redemptions %
Senior bonds	—	—	—	—	—	—
Subordinated bonds	2,500	378	2,122	—	—	—

Funding in other currencies than the Euro enables us to diversify our investor base or to take advantage of favorable funding costs. Funds raised in non-Euro currencies are incorporated in our general hedging strategy. As of December 31, 2011, approximately 9.5 % (2010: 13.3 %) of long-term debt was issued or guaranteed by Allianz SE in currencies other than the Euro.

As of December 31,	2011			2010		
	Euro nominal value € mn	Non-Euro nominal value € mn	Total nominal value € mn	Euro nominal value € mn	Non-Euro nominal value € mn	Total nominal value € mn
Senior and subordinated bonds	14,600	1,541	16,141	12,100	1,864	13,964

SHORT-TERM DEBT FUNDING

Short-term funding sources available are the Medium-Term Note Programme and the Commercial Paper Programme.

As of December 31, 2011, Allianz SE had money market securities outstanding with a carrying value of € 1,119 mn: a € 672 mn decrease in the use of commercial paper compared to the previous year-end. Interest expenses on money market securities decreased to € 13.0 mn (2010: € 13.9 mn) due to lower volumes outstanding with higher short-term interest rates having an almost offsetting effect.

As of December 31,	2011			2010		
	Carrying value € mn	Interest expense € mn	Average interest rate %	Carrying value € mn	Interest expense € mn	Average interest rate %
Money market securities	1,119	13.0	1.2	1,791	13.9	0.8

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

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

1 | For further information on Allianz SE debt (issued or guaranteed) as of December 31, 2011, please refer to notes 23 and 24 of our consolidated financial statements.
2 | Based on nominal value.

ALLIANZ SE BONDS OUTSTANDING AS OF DECEMBER 31, 2011[1]

		Interest expense in 2011
1. SENIOR BONDS[2]		
5.625 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 0.9 bn	
Year of issue	2002	
Maturity date	11/29/2012	
ISIN	XS 015 879 238 1	
Interest expense		€ 50.6 mn
5.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2008	
Maturity date	3/6/2013	
ISIN	DE 000 A0T R7K 7	
Interest expense		€ 76.3 mn
4.0 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2006	
Maturity date	11/23/2016	
ISIN	XS 027 588 026 7	
Interest expense		€ 62.1 mn
4.75 % bond issued by Allianz Finance II B.V., Amsterdam		
Volume	€ 1.5 bn	
Year of issue	2009	
Maturity date	7/22/2019	
ISIN	DE 000 A1A KHB 8	
Interest expense		€ 73.5 mn
Total interest expense for senior bonds		**€ 262.5 mn**
2. SUBORDINATED BONDS[3]		
6.125 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2002	
Maturity date	5/31/2022	
ISIN	XS 014 888 756 4	
Interest expense		€ 112.4 mn
6.5 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 1.0 bn	
Year of issue	2002	
Maturity date	1/13/2025	
ISIN	XS 015 952 750 5	
Interest expense		€ 66.3 mn
5.5 % bond issued by Allianz SE		
Volume	€ 1.5 bn	
Year of issue	2004	
Maturity date	Perpetual Bond	
ISIN	XS 018 716 232 5	
Interest expense		€ 84.5 mn
4.375 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 1.4 bn	
Year of issue	2005	
Maturity date	Perpetual Bond	
ISIN	XS 021 163 783 9	
Interest expense		€ 63.5 mn
5.375 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 0.8 bn	
Year of issue	2006	
Maturity date	Perpetual Bond	
ISIN	DE 000 A0G NPZ 3	
Interest expense		€ 43.6 mn
8.375 % bond issued by Allianz SE		
Volume	USD 2.0 bn	
Year of issue	2008	
Maturity date	Perpetual Bond	
ISIN	US 018 805 200 7	
Interest expense		€ 132.1 mn
5.75 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	€ 2.0 bn	
Year of issue	2011	
Maturity date	7/8/2041	
ISIN	DE 000 A1GNAH1	
Interest expense		€ 95.2 mn
Total interest expense for subordinated bonds		**€ 597.6 mn**
3. ISSUES MATURED IN 2011		
7.25 % bond issued by Allianz Finance II B. V., Amsterdam		
Volume	USD 0.5 bn	
Year of issue	2002	
Maturity date	Perpetual Bond	
ISIN	XS 015 915 072 0	
Interest expense		€ 11.3 mn
Total interest expense		**€ 871.4 mn**

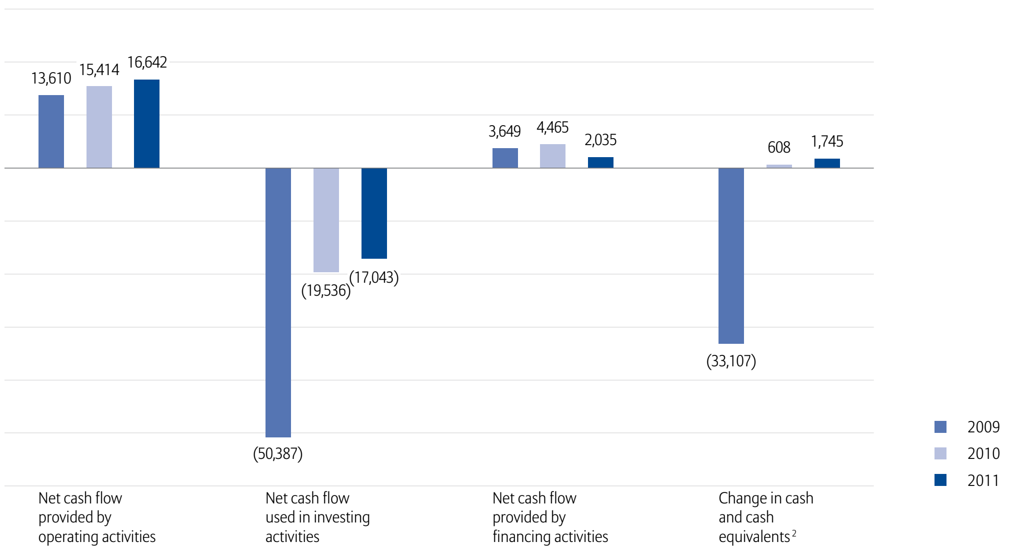
1 | This does not include, among others, the € 0.5 bn 30-year convertible subordinated note issued in July 2011. For further information on Allianz SE debt (issued or guaranteed) as of December 31, 2011, please refer to notes 23 and 24 of our consolidated financial statements.

2 | Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency of the relevant issuer or, if applicable, the relevant guarantor (Allianz SE). The same applies to one subordinated bond issued in 2002.

3 | The terms of the subordinated bonds (except for the one subordinated bond mentioned in footnote 2 above) do not explicitly provide for early termination rights in favor of the bond holder. Interest payments are subject to certain conditions which are linked, inter alia, to our net income, and may have to be deferred. Nevertheless, the terms of the relevant bonds provide for alternative settlement mechanisms which allow us to avoid an interest deferral using cash raised from the issuance of specific newly issued instruments.

Allianz Group Consolidated Cash Flows

CHANGE IN CASH AND CASH EQUIVALENTS FOR THE YEARS ENDED DECEMBER 31,[1] | in € mn



NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES amounted to € 16.6 bn, up by € 1.2 bn compared to the previous year. Net cash flow provided by operating activities is comprised of net income plus adjustments for non-cash charges, credits and other items included in net earnings and cash flows related to the net change in operating assets and liabilities. Net income after adding back non-cash charges and similar items, which were driven by a higher level of impairments for our available-for-sale investments, rose from € 8,501 mn in 2010 to € 9,646 mn in 2011 representing an increase of € 1,145 mn. There was a slight growth in operating cash flows from the net change in operating assets and liabilities from € 6,913 mn in 2010 to € 6,996 mn in 2011. This was mainly driven by higher allocations to reserves for loss and loss adjustment expenses in our Property-Casualty business, mainly in Germany and the United States. We also recorded net cash inflows from financial assets and liabilities held for trading. Lower reserves for insurance and investment contracts from our Life/Health business, especially in Germany and France and higher net changes from our operating receivables/payables, offset these positive effects.

NET CASH OUTFLOW USED IN INVESTING ACTIVITIES decreased by € 2.5 bn to € 17.0 bn in 2011. This was, to a large extent, due to lower net cash outflows for available-for-sale investments at the Holding company and in our Life/Health operations in the United States, Germany and Italy. The decrease was partially offset by higher net cash outflows from loans and advances to banks and customers, particularly at the Holding company. Moreover, we recorded lower net cash inflows from financial assets designated at fair value through income , especially at our Life/Health operation in the United States.

NET CASH INFLOW PROVIDED BY FINANCING ACTIVITIES amounted to € 2.0 bn in 2011, compared to € 4.5 bn in 2010. Net cash inflows from policyholders' deposits and withdrawals, especially from our Life/Health businesses in Italy, France and Germany, fell as a result of the general market decline. Additionally we recorded higher dividend payments to shareholders. Lower repayments from our refinancing activities[3] partly offset these effects.

1 | Figures prior to 2010 have been restated to reflect a change in Allianz Group's accounting policy. For further information please refer to note 4 of our consolidated financial statements
2 | Includes effect of exchange rate changes on cash and cash equivalents of € 111 mn, € 265 mn and € 21 mn in 2011, 2010 and 2009, respectively.
3 | Refers to repayments of certificated liabilities, participation certificates and subordinated liabilities.

CASH AND CASH EQUIVALENTS increased by € 1.7 bn to € 10.5 bn as of December 31, 2011, mainly stemming from our U.S. operations.

CASH AND CASH EQUIVALENTS

As of December 31,	2011 € mn	2010 € mn
Balances with banks payable on demand	7,498	5,813
Balances with central banks	389	279
Cash on hand	263	169
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks[1]	2,342	2,486
Total cash and cash equivalents	**10,492**	**8,747**

1 | Includes reclassificiation of € 2,050 mn from loans and advances to banks and customers at our U.S. subsidiaries in 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

III. Reconciliations

The previous analysis is based on our consolidated financial statements and should be read in conjunction with them. In addition to our stated figures according to the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, and not a substitute for, our figures determined according to IFRS.

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

Composition of Total Revenues

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

COMPOSITION OF TOTAL REVENUES

	2011 € mn	2010 € mn	2009 € mn
Property-Casualty			
Gross premiums written	44,772	43,895	42,523
Life/Health			
Statutory premiums	52,863	57,098	50,773
Asset Management			
Operating revenues	5,502	4,986	3,689
consisting of:			
Net fee and commission income	5,470	4,927	3,590
Net interest income	22	21	30
Income from financial assets and liabilities carried at fair value through income (net)	(11)	19	40
Other income	21	19	29
Corporate and Other			
Total revenues (Banking)	567	587	517
consisting of:			
Interest and similar income	734	683	708
Income from financial assets and liabilities carried at fair value through income (net)	(2)	1	17
Fee and commission income	430	445	389
Interest expenses	(374)	(333)	(395)
Fee and commission expenses	(221)	(210)	(200)
Consolidation effects (Banking within Corporate and Other)	—	1	(2)
Consolidation	(144)	(115)	(117)
Allianz Group total revenues	103,560	106,451	97,385

Composition of Total Revenue Growth

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

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

	Internal growth %	Changes in scope of consolidation %	Foreign currency translation %	Nominal growth %
2011				
Property-Casualty	2.3	(0.1)	(0.2)	2.0
Life/Health	(6.9)	(0.1)	(0.4)	(7.4)
Asset Management	14.6	0.1	(4.4)	10.3
Corporate and Other	(0.4)	(3.0)	0.0	(3.4)
Allianz Group	**(2.1)**	**(0.1)**	**(0.5)**	**(2.7)**
2010				
Property-Casualty	0.0	0.0	3.2	3.2
Life/Health	9.6	0.4	2.5	12.5
Asset Management	29.7	(0.2)	5.7	35.2
Corporate and Other	13.8	(0.4)	0.1	13.5
Allianz Group	**6.2**	**0.2**	**2.9**	**9.3**

RISK REPORT AND FINANCIAL CONTROL

III. Risk Report

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

Management's Assessment on Risk Profile

ALLIANZ GROUP

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

The Allianz Group is well capitalized and is comfortably meeting its internal and regulatory solvency targets as of December 31, 2011. Standard & Poor's affirmed our AA ratings in January 2012, while reducing the outlook to "negative" due to the impact of the capital market developments in the second half of 2011. With this rating, Allianz remains one of the highest-rated insurance groups with regards to its creditworthiness.

The Group's management also believes that Allianz is well positioned to deal with potential future adverse events, in part due to our internal limit framework which limits the impact of adverse developments on our regulatory and economic solvency ratios. Similarly, the Group's net exposure to natural catastrophes is also limited and remains within our risk appetite. The Group's management is confident that, through this risk appetite, we have achieved an appropriate balance between potential earnings, earnings volatility and solvency considerations.

Finally, the Group has the additional advantage of being internationally diversified, key for competing in the insurance industry, with a conservative investment profile and disciplined business practices in the PROPERTY-CASUALTY, LIFE/HEALTH and ASSET MANAGEMENT segments.

MARKET AND BUSINESS CONTEXT

EUROPEAN SOVEREIGN DEBT CRISIS

While our baseline scenario for the global economy is one of moderate growth, it is not difficult to imagine more adverse scenarios being driven by the uncertainty surrounding the European sovereign debt crisis.

120 Outlook 2012 and 2013

Such adverse scenarios might include, for example, a disorderly restructuring of Greek government bonds and an inability to contain the effects, possibly leading to contagion. If this or another adverse event were to materialize, one might anticipate higher levels of financial market volatility, especially in the equity and foreign exchange markets, lower interest rates due to monetary policy response, increased challenges in the banking sector, bond impairments and increased bond spreads due to a flight to quality and other difficult to predict spill-over effects. In addition, the real economy in the Eurozone and beyond would also be likely to be affected including potential social unrest.

85 Business Environment

There is currently no consensus in the political and economic debate on the probabilities associated with such scenarios, being the subject of much controversy and personal conjecture. As one of the largest insurers operating in Europe, we have to be prepared for different scenarios. The table below shows our direct exposure, using different metrics, to some of the potentially affected markets.

236
Notes to the Consolidated Financial Statements

ALLIANZ EXPOSURE TO SELECTED EUROPEAN MARKETS

	Greece € bn	Ireland € bn	Italy € bn	Portugal € bn	Spain € bn
INSURANCE ACTIVITIES					
2011 Gross premiums written	0.2	0.7	10.9	0.5	3.0
of which Property-Casualty	0.1	0.7	4.0	0.3	2.0
of which Life/Health	0.1	0.0	6.9	0.2	1.0

	Greece € bn	Ireland € bn	Italy € bn	Portugal € bn	Spain € bn
SOVEREIGN BONDS (FAIR VALUES)	0.3	0.4	26.9	0.6	4.9
of which Property-Casualty	0.1	0.1	3.7	0.2	1.1
of which Life/Health	0.2	0.3	22.0	0.4	3.8
of which held domestically	24.7 %	41.3 %	74.6 %	38.8 %	63.1 %

Recognizing the potential risks, we have taken several steps to mitigate the possible impact. These steps include the creation of a task force charged with monitoring and analyzing the situation and recommending concrete contingency plans under different scenarios. In addition, we have also selectively reduced our exposure to potentially affected sovereign borrowers. Our remaining exposure is concentrated within domestic balance sheets. Similarly, we have also reduced limits for potentially affected corporate bond issuers and deposit banks. Finally, we are continuously monitoring our new business pricing in potentially affected countries.

OTHER SIGNIFICANT FACTORS

Although details of the future regulatory requirements, especially related to Solvency II and systemically relevant financial institutions, are becoming clearer, the final rules are still evolving. This creates some uncertainties in terms of ultimate capital requirements and business implications. Due to the "market consistent" valuation of both assets and liabilities, the Solvency II regime is expected to lead to a higher volatility of regulatory capital requirements compared to Solvency I especially with regard to long-term asset accumulation and savings products in the life insurance segment. Therefore, product designs, investment strategies and hedging programs may be gradually adopted throughout the industry to mitigate this volatility.

Depending on the individual investment strategy, a continuation of the low interest rate environment may create challenges for some life insurance companies, especially in delivering sufficient investment income to meet policyholders' future expectations and the long-term guarantees embedded in individual life insurance products. At the same time, the industry may have to deal with expectations of higher interest rates due to the potential for inflation, resulting in a precarious interest rate balancing act.

In addition, insurance companies are faced with the continued trend towards consumer protection, especially in the realms of transparency, sales practices and suitability for life insurance products.

In the following sections, we provide an overview of the Allianz capital and risk management frameworks, which allow the Allianz Group to effectively manage its risks.

Capitalization

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

Our internal risk capital model plays a significant role in the management of internal capital. In addition, we consider external requirements of regulators and rating agencies. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group. Those minimum capital rules are imposed at the level of both the Allianz Group's operating entities and the Group as a whole.

We closely monitor the capital positions on the Group and operating entity level and apply regular stress tests based on standard adverse scenarios. This allows us to take appropriate measures to ensure the continued strength of capital and solvency positions.

As a consequence of our effective capital management, the Allianz Group is well capitalized and meets its internal and regulatory solvency targets as of December 31, 2011.

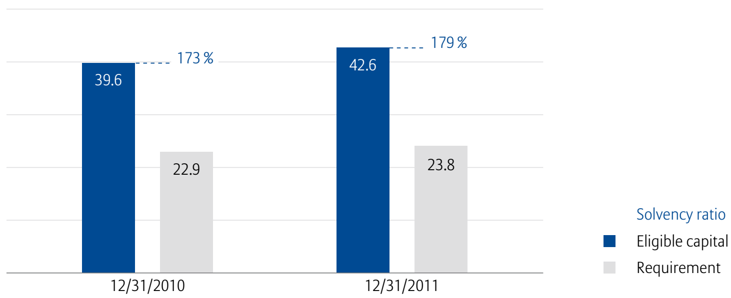
The capital management framework is supplemented by an effective liquidity management framework, which is designed to retain our financial flexibility by maintaining a strong liquidity position and access to a range of capital markets.[1]

140
Liquidity and Funding Resources

REGULATORY CAPITAL ADEQUACY

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and related German law. The law requires that a financial conglomerate calculate the capital available to meet its solvency requirements on a consolidated basis, which we refer to as "eligible capital". Currently, the requirements for our insurance business within the conglomerate solvency are based on Solvency I. The capital requirements and definition of eligible will be replaced by the Solvency II rules, once Solvency II becomes binding. Also the calculation of the eligible capital for the conglomerate solvency will be changed due to the Solvency II introduction.

CONGLOMERATE SOLVENCY[2] | in € bn



Eligible capital increased mainly due to issuance of new subordinated bonds. Due to an increase in aggregate policy reserves in the LIFE/HEALTH segment our solvency requirement is higher as well.

1 | For detailed information regarding liquidity management, please refer to Other Risks – Liquidity risks.
2 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio would be 170 % (2010: 164 %; 2009: 155 %).

EXTERNAL RATING AGENCY CAPITAL ADEQUACY

Rating agencies apply their own models to evaluate the relationship between the required risk capital of a company and its available capital resources. The assessment of capital adequacy is usually an integral part of the rating process. Meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group.

Following a review in January 2012, the Allianz Group's AA rating was affirmed by Standard and Poor's. However, as a result of the rating actions against numerous Eurozone governments in December 2011 Standard & Poor's placed the ratings of various European insurers, among them Allianz Group, under credit watch with negative implications. In addition, as a consequence of the European debt crises AM Best placed the A+ Rating under review with negative implications. Despite the rating action Allianz Group still has one of the highest ratings amongst its peers. The following table provides evidence of the sustainable financial strength of Allianz SE and our ability to meet ongoing obligations.

INSURER FINANCIAL STRENGTH RATINGS OF ALLIANZ SE

	STANDARD & POOR'S	MOODY'S	A.M. BEST
2012	AA negative outlook	Aa3 negative outlook	A+ under review with negative implications
2011	AA credit watch negative	Aa3 stable outlook	A+ under review with negative implications
2010 back to 2007	AA stable outlook	Aa3 stable outlook	A+ stable outlook
2006	AA– positive outlook	Aa3 stable outlook	A+ stable outlook

In addition to its long-term financial strength rating, Standard & Poor's determines a separate rating for "Enterprise Risk Management" (ERM). As of September 2011, Standard & Poor's assigned Allianz a "strong" rating for the ERM capabilities of our insurance operations. This rating indicates that Standard & Poor's regards it as "unlikely that Allianz Group will experience major losses outside its risk tolerance". Standard & Poor's stated that the assessment is based on the Allianz Group's strong risk management culture, strong controls for the majority of key risks and strong strategic risk management.

The overview below presents selected ratings, assigned to Allianz SE by major rating agencies.

RATINGS[1]	STANDARD & POOR'S	MOODY'S	A.M. BEST
Insurer financial strength rating	AA negative outlook (outlook changed Jan 27, 2012)	Aa3 negative outlook (outlook changed Feb 16, 2012)	A+ under review with negative implications (changed Dec 14, 2011)
Counterparty credit rating	AA negative outlook (outlook changed Jan 27, 2012)	Not rated	aa– under review with negative implications (changed Dec 14, 2011)
Senior unsecured debt rating	AA negative outlook (outlook changed Jan 27, 2012)	Aa3 negative outlook (outlook changed Feb 16, 2012)	aa– under review with negative implications (changed Dec 14, 2011)
Subordinated debt rating	A+/A[2] negative outlook (outlook changed Jan 27, 2012)	A2/A3[2] negative outlook (outlook changed Feb 16, 2012)	a+[2] under review with negative implications (changed Dec 14, 2011)
Commercial paper (short-term) rating	A–1+ (affirmed Sep 26, 2011)	Prime–1 (affirmed Dec 22, 2011)	Not rated

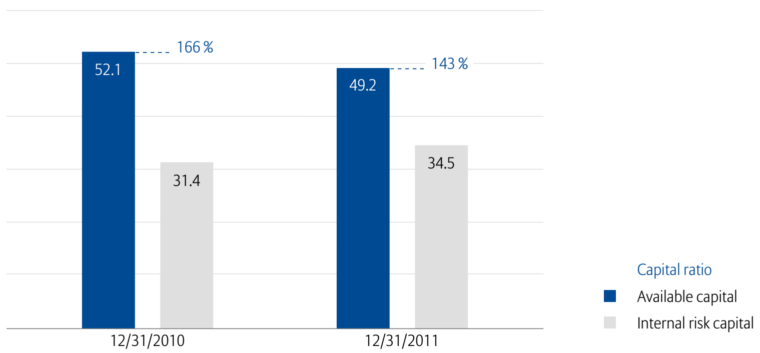
1 | Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance Corporation.
2 | Final ratings vary on the basis of the terms.

INTERNAL CAPITAL ADEQUACY

The Allianz Group's available capital is based on the Group shareholders' equity as adjusted to reflect the full economic capital base available to absorb any unexpected economic losses.[1] For example, hybrid capital and the present value of future profits of in-force business in the LIFE/HEALTH segment are added to shareholders' equity, whereas goodwill and other intangible assets are subtracted.

Our objective is to maintain available capital at the Group level in excess of the minimum requirements that are determined by our internal risk capital model according to a 99.97 % confidence interval over a holding period of one year. As we take into account the benefits of single operating entities being part of a larger, diversified Group we allow them to be capitalized at a lower confidence level of 99.93 % over the same one-year holding period. These confidence levels are more conservative than the anticipated confidence level of 99.5 % to be used under Solvency II.

AVAILABLE CAPITAL AND INTERNAL RISK CAPITAL | in € bn



Overall, our internal model solvency ratio deteriorated from 166 % to 143 %. This was due to two factors: First, a decrease in available capital which was mainly driven by a decrease in present value of future profits of in-force business and, second, due to higher internal risk capital requirements, both of which were largely caused by lower interest rates, lower equity market levels and higher credit spreads.

This Risk Report provides both pre-diversified and Group-diversified internal risk capital results. Pre-diversified internal risk capital reflects the diversification effect within each risk category (i.e. market, credit, underwriting and business risk) and does not include the diversification effect across categories. Group-diversified internal risk capital, in contrast, captures the total diversification effect across all risk categories and regions. Pre-diversified internal risk capital is used to measure concentration risks. As risks are primarily managed at the operating entity level, pre-diversified internal risk capital is based on a confidence level of 99.93 % consistent with our internal capital standards for operating entities. Group-diversified internal risk capital determines the internal capital requirements for the Group and is accordingly based on a confidence level of 99.97 %.

As of December 31, 2011, the Group-diversified internal risk capital before non-controlling interests of € 34.5 bn reflects a benefit of approximately 30.8 % due to the diversification effect across risk categories and regions. Pre-diversified and Group-diversified internal risk capital are broken down as follows:

1 | Available capital is calculated under consideration of liquidity premium and yield curve extension for Life/Health segment only according to the fifth quantitative impact study (QIS5) standards by European Insurance and Occupational Pensions Authority (EIOPA).

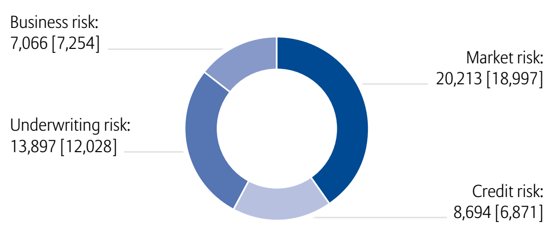
ALLOCATED INTERNAL RISK CAPITAL (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

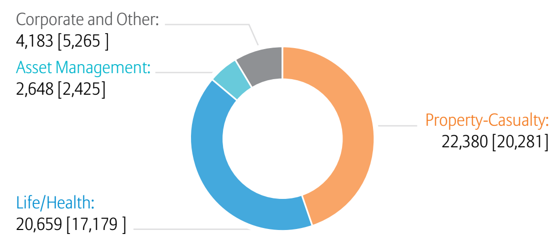
BY RISK CATEGORY

BY BUSINESS SEGMENT

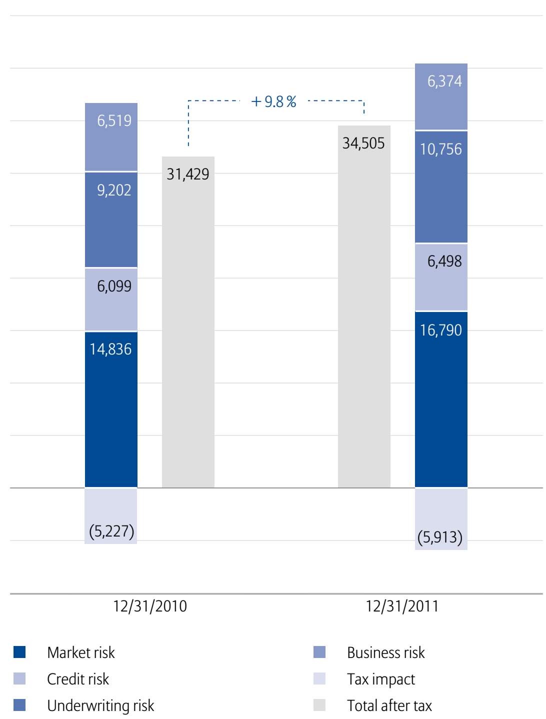
PRE-DIVERSIFIED BEFORE TAX

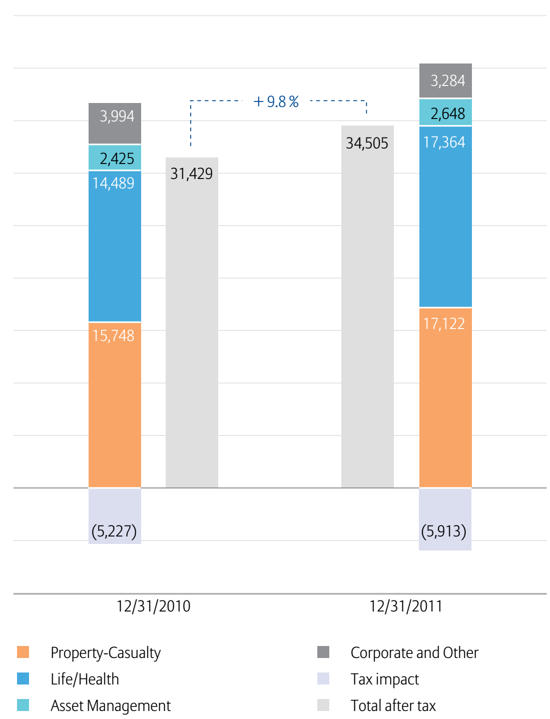
Total Group internal risk capital: 49,870 [45,149]





GROUP-DIVERSIFIED





Detailed discussions of movements are provided in the sections specifically related to the risk categories.

While internal risk capital as an economic solvency measure focuses on extreme events according to a confidence level of 99.97 % over a holding period of one year, we also monitor risk indicators representing possible economic value impacts that would be more "tangible" or likely. Specifically we monitor a 1:10 year Capital-at-Risk event (CaR) defined as the maximum economic loss over a one year time horizon with a significantly lower confidence level of 90.0 % (€ 14.2 bn as of December 31, 2011).

Internal Risk Assessment

INTERNAL RISK CAPITAL FRAMEWORK

We define internal risk capital as the capital required to protect against unexpected, extreme economic losses. On a quarterly basis, we calculate and aggregate internal risk capital consistently across all business segments providing a common standard for measuring and comparing risks across the wide range of different activities that we undertake as an integrated financial services provider.

178
Controls and Procedures

GENERAL APPROACH

We apply an internal risk capital model for the management of our risk and solvency position and are working towards meeting forthcoming Solvency II internal model requirements. The model is based on a best practice technical platform with an up-to-date methodology covering all modeled sources of quantifiable risks and forms the integral part of our internal risk capital framework.

The implementation of this framework incorporates our internal approach of managing risks while reflecting our current interpretation of the evolving Solvency II standards. The model framework is being assessed by European regulators in the course of the internal model pre-application process. It will be adjusted in accordance with the final regulatory Solvency II rules.

INTERNAL RISK CAPITAL MODEL

Our internal risk capital model is based on a Value-at-Risk (VaR) approach using Monte Carlo simulation. Following this approach, we determine the maximum loss in the portfolio value of our businesses in the scope of the model ("covered businesses") within a specified timeframe ("holding period") and probability of occurrence ("confidence level"). At Group level, we assume a confidence level of 99.97 %, which is assumed to be equivalent to an "AA" rating of Standard & Poor's. We apply a holding period of one year because it is generally assumed that it may take up to one year to identify a counterparty to which we can transfer the assets and liabilities in our portfolio.

By using a Monte Carlo simulation based on 30,000 scenarios we consider market, credit, insurance and other business events ("sources of risk") and calculate the portfolio value based on the net fair value of assets and liabilities under potential adverse conditions to determine the portfolio value distribution taking the holding period into account.

The required internal risk capital is defined as the difference between the current portfolio value and the portfolio value under adverse conditions dependent on the chosen confidence level. Because we consider the impact of an adverse event on all sources of risks and all covered businesses at the same time, diversification effects across sources of risk and regions are also 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. Therefore it can also be applied towards managing the risks resulting from reasonably possible, smaller adverse events that could occur in the near term.

Our internal risk capital model makes use of various techniques which require a significant number of estimates and assumptions applied to risk and financial data, both internally and externally derived. We use four specific sets of assumptions discussed below in more detail.

YIELD CURVE AND LIQUIDITY PREMIUM ASSUMPTIONS

When calculating the fair values of assets and liabilities, the assumptions regarding the underlying risk-free yield curve are crucial to determine future cash flows and to discount them. We apply the same methodology as provided by the European Insurance and Occupational Pensions Authority (EIOPA) in the fifth quantitative impact study (QIS 5).

In addition we adjust the risk-free yield curves for the LIFE/HEALTH segment to make allowance for a liquidity premium consistent with QIS 5.

VALUATION ASSUMPTION: REPLICATING PORTFOLIOS

Since efficient valuation and advanced, timely analysis is desired, we use a replicating portfolio technique to determine and revalue the liabilities of our LIFE/HEALTH insurance business under 30,000 potentially adverse Monte Carlo scenarios, including guarantees embedded in these products.

DIVERSIFICATION AND CORRELATION ASSUMPTIONS

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

We strive to diversify the risks to which we are exposed in order to limit the impact of any single source of risk and to help ensure that the positive developments of some businesses neutralize the possibly negative developments of others. The degree to which diversification can be realized depends in part on the level of relative concentration of those risks. For example, the greatest diversification is generally obtained in a balanced portfolio without any disproportionately large exposures to any one or more risks. In addition, the diversification effect depends upon the co-movement of sources of risks. One measure of the degree of co-movement of two sources of risk is linear correlation, characterized by a value between "–1" and "+1".

Where possible, we develop correlation parameters for each pair of market risks through statistical analysis of historical market data, considering weekly observations over several years. If insufficient or no historical market data or other portfolio specific observations are available, we use professional judgment, governed by a conservative approach taking into account standard assumptions as for example those proposed by EIOPA. In general, we set the correlation parameters to represent the co-movement of risks under adverse conditions. Based on these correlations, we use an industry standard approach, the Gaussian copula approach, to determine the dependency structure of quantifiable sources of risk within the applied Monte Carlo simulation.

NON-MARKET ASSUMPTIONS

Our internal risk capital model also includes non-market assumptions such as claims trend and inflation, mortality, morbidity, policyholder behavior, etc. To the extent available, we use own internal historical data for our non-market assumptions and also consider suggestions from supervisory authorities and actuarial associations.

ASSESSMENT OF ASSUMPTIONS

Internal controls exist within our internal risk capital and financial reporting frameworks which cover the use of estimates and assumptions.[1] Acknowledging the potential impact on our economic capital, we consider the assumptions made for our internal risk capital calculations and for reserving to be appropriate and adequate.

1 | For additional information regarding our internal controls over financial reporting, please refer to the section Controls and Procedures.

SCOPE

By design, our internal risk capital model takes into account the following sources of risk, classified as risk categories per segment:

RISK CATEGORY	INSURANCE	ASSET MANAGEMENT	CORPORATE AND OTHER	DESCRIPTION	EXAMPLE MANAGEMENT LEVERS
MARKET RISK		X[1]		Possible losses caused by changes in interest rates, equity prices and real estate values or their volatilities as well as by changes in credit spreads and foreign exchange rates.	Strategic asset allocation benchmarks, equity and duration limits
▪ interest rate including volatility	X		X		
▪ credit spread	X		X		
▪ equity including volatility	X		X		
▪ real estate including volatility	X		X		
▪ currency	X		X		
CREDIT RISK	X[2]	X[1]	X	Possible losses in the market value of the portfolio due to deterioration in the credit quality of counterparties including their failure to meet payment obligations or due to non-performance of instruments (i. e. overdue payment).	Country limits, single counterparty concentration limits
UNDERWRITING RISK				Unexpected financial losses due to the inadequacy of premiums for natural catastrophe, terror and non-catastrophe risks, due to the inadequacy of reserves or due to the unpredictability of mortality or longevity.	Minimum underwriting standards, natural catastrophe limits, reinsurance programs
▪ premium natural catastrophe	X				
▪ premium terror	X				
▪ premium non-catastrophe	X				
▪ reserve	X		X		
▪ biometric	X				
BUSINESS RISK				Possible losses resulting from inadequate or failed internal processes, from personnel and systems, or from external events, as well as unexpected changes in business assumptions and unanticipated earnings fluctuations due to a decline in income without corresponding decrease in expenses, as well as changes in policyholder behavior related to early termination of contracts and unanticipated use of options such as renewals and annuitization.	Internal controls, business continuity management, adequate product design
▪ operational	X	X	X		
▪ cost	X	X	X		
▪ lapse	X				

OUR INTERNAL RISK CAPITAL MODEL COVERS:

- All of our major insurance operations.
- Substantially all of our assets (including bonds, mortgages, investment funds, loans, equities and real estate) and liabilities (including the cash flow profile of all technical reserves as well as deposits and issued securities). If applicable for the LIFE/HEALTH segment, the model reflects the interaction between assets and liabilities driven by local management decisions such as investment strategies and policyholder participation rules.
- Substantially all of our derivatives (options, swaps and futures), in particular if they are part of the operating entity's regular business model (e. g. at Allianz Life Insurance Company of North America) or if they have a significant impact on the resulting internal risk capital (e. g. in the LIFE/HEALTH segment, if material obligations to policyholders are hedged through financial derivatives). In general, embedded derivatives contained in a host contract are also included.[3]

For our ASSET MANAGEMENT segment as well as smaller insurance operating entities that have an immaterial impact on the Group's risk profile, we assign internal risk capital requirements based on an approach which takes local regulatory rules and results from a risk factor based model into account. This approach uses the same risk categories as our internal risk capital model, thereby allowing us to consistently aggregate internal risk capital for all segments at the Group level.

1 | The internal risk capital requirements for the Asset Management segment only reflect business risk (please see below for further information). The evaluation of market risk and credit risk on the account of third parties is an integral part of the risk management process of our local operating entities.
2 | The premium risk which our credit insurance entity Euler Hermes is exposed to due to its business model is also covered here, as this type of risk is a special form of credit risk.
3 | For further information about additional risk disclosure regarding derivative financial instruments please refer to note 44 of our consolidated financial statements.

Approximately 99.8 % of the investments managed by the ASSET MANAGEMENT operating entities are held for the benefit of third parties or Allianz Group insurance entities and, therefore, do not result in significant market and credit risk for the segment. As a result, the internal risk capital requirements for the Asset Management segment only reflect business risk. However, the assessment of market risk and credit risk on the account of third parties is an integral part of the risk management process of our local operating entities. Internal risk capital related to our banking operations in Germany, Italy, France as well as Central and Eastern Europe is allocated to the CORPORATE AND OTHER segment, based on the approach as applied by banks under the Basel II standards. It represents an insignificant amount of approximately 1.5 % of total pre-diversified internal risk capital. Therefore, risk management with respect to banking operations is not discussed in detail below.

LIMITATIONS

Our internal risk capital model expresses the potential "worst case" amount in economic value that we might lose at a certain level of confidence. However, there is a statistically low probability of 0.03 % that actual losses could exceed this threshold at Group level.

We also assume that model and scenario parameters derived from historical data, where available, are a useful approximation to characterize future possible risk events; if future market conditions differ substantially from the past, as in an unprecedented crisis, then our VaR approach may be too conservative or too liberal in ways that are too difficult to predict. Our ability to back-test the model's accuracy is limited because of the high confidence level of 99.97 % and the one-year holding period as well as only limited data for some insurance risk events such as natural catastrophes is available. Furthermore, as historical data is used where possible to calibrate the model, it cannot be used for validation. Instead, we validate the model and parameters through sensitivity analyses and external reviews by independent consulting firms focusing on methods for selecting parameters and control processes. Overall, we believe that our validation efforts are effective to the extent validation is possible and that our model adequately assesses the risks to which we are exposed.

As described previously, insurance liability values are derived from replicated portfolios of standard financial market instruments in order to allow for effective risk management. In particular for life portfolios with embedded guarantees, the available replicating instruments may be too simple or too restrictive to capture all factors affecting the change in value of insurance liabilities. Therefore, the optimal replicating portfolio, which is used to calculate internal risk capital, is subject to the set of available replicating instruments. Its value and behavior under market movements may deviate from the actual liabilities' characteristics. However, we believe that overall the liabilities are adequately represented by the replicating portfolios due to our stringent data and process quality controls.

Since required internal risk capital takes into account the change in economic "fair value" of our assets and liabilities, it is crucial to accurately estimate the "fair market value" of each item. For some assets and liabilities, it may be difficult if not impossible, in turbulent financial markets, to obtain either a current market price or to apply a meaningful mark-to-market approach. For certain assets and liabilities, where a current market price for that instrument or similar instruments is not available, we apply a mark-to-model approach. For some of our liabilities, the accuracy of fair values depends on the quality of the actuarial cash flow estimates. Despite these limitations, we believe the estimated fair values are appropriately assessed.

We apply derivative valuation tools which are suitable to our business to reflect substantially all of our derivatives in internal risk capital. The internal risk capital model used for most of our major insurance operations only allows for the modeling of common derivatives such as equity calls, puts, forwards and interest rate swaps. For internal risk capital calculations, non-standardized instruments, such as derivatives embedded in structured financial products, are represented by the most comparable standard derivative types, because the volume of non-standard instruments is not material on either the local or the Group level. A more precise modeling of these instruments might change the fair value and resulting internal risk capital for these derivatives. However we also believe that any such change would not be material.

CONCENTRATION OF RISKS

As we are an integrated financial services provider offering a variety of products across different business segments and geographic regions, diversification is key to our business model. Diversification helps us manage our risks efficiently by limiting the economic impact of any single event and by contributing to relatively stable results and risk profile in general. As discussed in section Diversification and Correlation Assumptions, the degree to which the diversification effect can be realized depends not only on the correlation between risks but also on the relative concentration level of those risks. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risks.

At the Group level, we generally identify and measure concentration risks consistently across the business segments in terms of pre-diversified internal risk capital and in line with the risk categories covered by our internal risk capital model. Within the individual categories, we use supplementary approaches to manage concentration risks, which are described in the remainder of this section. In the subsequent sections all risks are presented on a pre-diversified and Group-diversified basis and concentrations of single sources of risk are discussed accordingly.

With respect to investments, top-down indicators such as strategic asset allocation benchmarks are defined and closely monitored to ensure balanced investment portfolios. Financial VaR limits are in place for the LIFE/HEALTH and the PROPERTY-CASUALTY segments at Group level based on the internal risk capital model, in order to protect the economic capital position and manage peak risks.

G 333
Financial VaR

To avoid disproportionately large risks that might accumulate and have the potential to produce substantial losses (e. g. natural or man-made catastrophes or credit events) we closely monitor those risks on a standalone basis (i. e. before the diversification effect) within a global limit framework.

For example, the Management Board of Allianz SE has implemented a framework of natural catastrophe limits at both the operating entity and Group levels in an effort to reduce potential earnings volatility and restrict potential losses from single events as well as on an annual aggregate basis. The exposure is limited to losses having an occurrence probability of once in 250 years. These limits are subject to an annual review. Traditional reinsurance coverage and dedicated financial transactions at Group level are examples of two instruments to mitigate the peak risks and to limit the potential adverse impact on our financial results and shareholders' equity (e. g. severe natural catastrophe losses). In 2011, for example, we renewed the risk swaps by which we exchange European windstorm, U.S. hurricane and earthquake risks – which are among our largest natural catastrophe exposures – for Japanese typhoon and earthquake risks, to which we have less exposure as our PROPERTY-CASUALTY operations are smaller in this region. In addition, we issued a new Catastrophe Bond ("Blue Fin 4"), protecting us against U.S. hurricane and earthquake risks.

For credit risk concentration, we run a Group-wide country and obligor group limit management framework (CRisP), which is based on consistent data used by the investment and risk functions on Group level as well as on the operating entity level. It forms the basis for discussions on credit actions and provides notification services for a quick and broad communication of credit related decisions across the Group.

Clearly defined processes ensure exposure concentrations and use of limits are appropriately monitored and managed. The limit framework covers counterparty concentration risk that is related to credit and equity exposures.

It is the ultimate responsibility of the Board of Management to decide upon maximum country and obligor exposure limits from the Group's perspective (i.e. the maximum concentration limit). This limit takes into account the Allianz Group's portfolio size and structure as well as its overall risk strategy. The Board of Management delegates authorities for limit setting and modification to the Group Risk Committee and Group CRO by clearly defining maximum limit amounts. All limits are subject to annual review and approval according to the delegated authorities.

In order to assess and monitor concentration risk, standardized CRisP reports are provided quarterly to senior management of the Group and operating entities presenting the top 100 obligor group concentrations and their contribution to the credit risk of the respective portfolio.

QUANTIFIABLE RISKS

The following table shows an overview of Group-diversified risk capital figures by risk category.

	Market risks		Credit risks		Underwriting risks		Business risks		Total	
As of December 31,	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn
GROUP-DIVERSIFIED										
Property-Casualty	3,652	3,564	1,515	1,789	10,229	8,525	1,727	1,871	17,122	15,748
Life/Health	11,262	8,998	4,039	2,961	492	551	1,572	1,979	17,364	14,489
Asset Management	—	—	—	—	—	—	2,648	2,425	2,648	2,425
Corporate and Other	1,876	2,275	944	1,349	35	126	429	245	3,284	3,994

MARKET RISK

The Allianz Group holds and uses many different financial instruments in managing its businesses. As part of our insurance operations, we collect premiums from our customers and invest them in a wide variety of assets. These investment portfolios ultimately cover the future claims and benefits to our customers. In addition we need to invest shareholders' capital, which is required to support the risks underwritten. As the fair values of our investment portfolios depend on financial markets, which may change over time, we are exposed to market risks. For example, an unexpected overall increase in interest rates or an unanticipated drop in equity markets may generally result in a devaluation of the portfolios.

Movements in financial markets also have an impact on the fair value of our insurance liabilities. Therefore, our exposure to market risks is ultimately determined by the net positions between assets and liabilities.

In order to limit the impact of any of these financial market changes, to ensure that assets adequately back policyholder liabilities and that they are held to provide investment income in line with policyholders' expectations we have a limit system in place. The limit system is defined at the Group level separately for the LIFE/HEALTH and the PROPERTY-CASUALTY segment and based on a variety of different risk measures including Financial VaR, equity sensitivities and duration mismatch as well as investment limits around the benchmark portfolio approved by the Board of Management.

G 333
Fair value options

Furthermore we have defined standards for hedging activities in place due to exposures to fair value options embedded in life insurance products. LIFE/HEALTH operating entities carrying these exposures are required to follow these standards including a conscious decision on the amount of hedging.

Regional diversification also helps mitigate market risks across individual market places.[1]

We have allocated a significant part of the Group's internal risk capital for market risk to the LIFE/HEALTH segment whereas we do not consider market risk related to our banking operations to be significant at the Group level.

The Allianz Group's internal market risk capital model is an integral part of the overall internal risk capital framework. It is centrally developed, parameterized and controlled.

POLICYHOLDER PARTICIPATION

Traditional LIFE/HEALTH products sold in Western Europe generally feature policyholder participation in the profits (or losses), subject to management discretion and typically floored at a minimum guaranteed crediting rate. The majority of our Life/Health contracts in Western Europe comprise a significant level of policyholder participation, reducing major sources of risk, including market, credit, underwriting and cost risks.[2]

1 | For further information about the concentration of life business please refer to note 20 of our consolidated financial statements.
2 | For further information about participating life business please refer to note 20 of our consolidated financial statements.

In the following table, we present our Group-wide internal risk capital related to market risks:

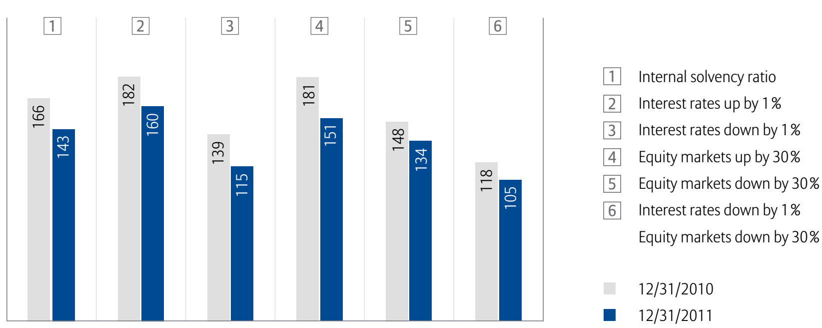
ALLOCATED INTERNAL MARKET RISK CAPITAL BY BUSINESS SEGMENT AND SOURCE OF RISK (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS)

	Interest rate		Credit spread		Equity		Real estate		Currency		Total	
As of December 31,	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn	**2011** €mn	2010 €mn
PRE-DIVERSIFIED												
Property-Casualty	545	717	834	482	1,931	2,084	1,078	1,305	531	542	4,919	5,130
Life/Health	4,031	2,944	3,711	2,445	3,785	3,584	854	1,069	634	788	13,015	10,830
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	292	421	1,121	732	748	1,660	84	166	34	56	2,279	3,036
Total Group	**4,868**	**4,082**	**5,666**	**3,660**	**6,464**	**7,328**	**2,016**	**2,541**	**1,199**	**1,386**	**20,213**	**18,997**
Share of total Group-internal risk capital in %											40.5	42.0
GROUP-DIVERSIFIED												
Property-Casualty	393	530	489	298	1,601	1,599	1,013	958	156	178	3,652	3,564
Life/Health	3,375	2,643	2,809	1,756	3,644	3,104	963	965	470	530	11,262	8,998
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	232	321	826	466	701	1,305	93	142	24	41	1,876	2,275
Total Group	**4,001**	**3,494**	**4,124**	**2,519**	**5,946**	**6,009**	**2,069**	**2,065**	**650**	**749**	**16,790**	**14,836**

Total Group-diversified internal market risk capital increased significantly due to the impact of changed market conditions on the LIFE/HEALTH segment. The increase is driven by a higher value and sensitivity of options and guarantees due to the low interest rates in combination with high implied volatilities. The existence of minimum guaranteed crediting rates also limit our ability to participate policy holders in large losses under the overall prevailing low yield environment.

The following diagram presents the sensitivity of the internal solvency ratio under certain standard financial scenarios which are defined by reasonably possible individual movements in key market parameters while keeping all other parameters constant with the effects impacting both the available capital and internal risk capital.

IMPACT OF STANDARD FINANCIAL SCENARIOS ON INTERNAL SOLVENCY RATIOS (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND AFTER TAX AND GROUP DIVERSIFICATION) | in %



INTEREST RATE RISK

Due to our insurance business model, interest rate risk is highly relevant for the LIFE/HEALTH segment, bearing in mind that our life insurance entities, e.g. in Germany, France, Italy, the United States and South Korea, typically offer long-term asset accumulation and savings products subject to minimum guaranteed crediting rates. However, many local fixed income asset markets, in particular bonds are not sufficiently deep and liquid to adequately match our long-term life insurance obligations which gives rise to re-investment risk.

As interest rates may fall below the guaranteed rates in those markets, we are specifically exposed to interest rate risk, when we have to re-invest maturing assets prior to the maturity of life contracts. This interaction of investment strategy and obligations to policyholders forms an integral part of our internal risk capital model. In addition, our asset liability management approach is closely linked to the internal risk capital framework and designed to achieve long-term investment returns in excess of the obligations related to insurance and investment contracts.

These effects are reflected in the internal risk capital results and managed by duration mismatch limits. We have allocated a significant part of the LIFE/HEALTH segment's pre-diversified internal risk capital for interest rate risk to Western Europe (86.7 % as of December 31, 2011), mainly to cover traditional life insurance products.

We also strive to leverage the diversification effect: While the potential payments related to our liabilities in the PROPERTY-CASUALTY segment are typically shorter in maturity than the financial assets backing them, the opposite usually holds true for our LIFE/HEALTH segment due to the long-term life insurance contracts. This provides us with a natural hedge on an economic basis at the Group level.

Due to the fact that we manage our net interest rate risk exposure from a Group perspective including securities issued to fund the capital requirements of the Allianz Group, the assets and liabilities of the CORPORATE AND OTHER segment are not necessarily matched in terms of interest rate duration.

EQUITY RISK

The Allianz Group's insurance operating entities hold equity investments usually to diversify their portfolios and take advantage of attractive long-term returns. Strategic asset allocation benchmarks and investment limits are used to manage and monitor these exposures. In addition, they come within the scope of the Group-wide country and obligor group limit management framework (CRisP) to avoid disproportionately large concentration risk. 80.9 % of the pre-diversified internal risk capital allocated to the PROPERTY-CASUALTY and LIFE/HEALTH segments for equity risk is assigned to our entities operating locally in Germany, Italy, France and the United States.

The CORPORATE AND OTHER segment manages the equity investments of Allianz SE including strategic participations and its finance subsidiary holding companies.

REAL ESTATE RISK

Because of our diversified real estate portfolio, real estate risk is currently of less relevance for the Allianz Group. About 4.0 % of the total pre-diversified internal risk capital is related to real estate exposures.

CURRENCY RISK

In addition to any local regulatory requirements, the Group's policy is to generally require each operating entity to match the currency of their material assets and liabilities or to hedge foreign currency risk. From the perspective of the operating entity's balance sheet, this leaves only a small amount of currency risk exposure related to the respective local currency.

Therefore, because the Group reports in Euro, the predominant part of foreign currency risk results from the economic value of our non-Euro operating entities. If non-Euro foreign exchange rates decline against the Euro, from a Group perspective the Euro equivalent net asset values also decline. This risk is allocated to the respective business segments.

In addition, certain exposures to non-Euro denominated assets and liabilities are held at the CORPORATE AND OTHER segment level. Based on a foreign exchange management limit framework, currency risk is monitored and managed through the Group Finance Committee process with the support of Group Treasury and Corporate Finance at the Group level.

CREDIT SPREAD RISK

Our internal model framework fully acknowledges the risk of declining market values of our fixed income assets such as bonds due to any widening of credit spreads. However, for internal risk management and appetite, we take into account the underlying economics of our business model, i.e. the fact that the cash flows of our insurance liabilities are to a large degree predictable, limiting to a large extent the risk that we are forced to sell these bonds prior to maturity at a loss and allowing us to keep the bonds as a long-term investor till the maturity date. As a consequence, we view the more relevant risk to be credit default risk rather than credit spread risk.

CREDIT RISK

We classify credit risk into counterparty risk and country risk. Both types of risk are covered by our internal credit risk capital model.

Counterparty risk arises from our fixed income investments, cash positions, derivatives, structured transactions, receivables from Allianz agents and other debtors as well as reinsurance recoverables. Our credit insurance activities also expose us to counterparty risk. If a counterparty's credit quality deteriorates ("migration risk"), the instrument's fair value will decline, resulting in a loss in portfolio value. Migration risk also includes overdue payments and the inability or unwillingness of the counterparty to fulfill contractual obligations ("default risk").

Exposures to the national governments of OECD and EEA states are modeled as risk free in the credit risk internal model, if the exposure is issued in the local currency of the government. This is in line with the EIOPA's advice on Level 2 Implementation Measures on Solvency II.

Country risk is specifically related to counterparties with cross-border payment obligations. For example, capital transfers may be prohibited or restricted by sovereign acts, currency moratoria, freezing of money or repatriation of capital ("transfer risk") or currency conversion is prohibited or restricted ("convertibility risk").

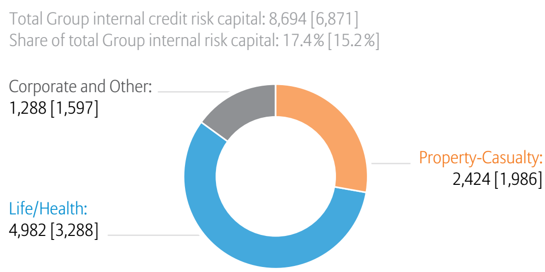
The Allianz Group monitors and manages credit risk exposures and concentrations with the objective of ensuring that it is able to meet policyholder obligations when they are due, and to maintain adequate capital and solvency positions for the operating entities and the Group as a whole. This objective is supported by the Group-wide country and obligor group limit management framework (CRisP) as described under Concentration of Risks. In addition, standard credit portfolio analysis reports are available for the investment and risk functions on the Group and operating entity levels. They allow us to closely monitor the credit risk profile of the different portfolios.

The Allianz Group's internal credit risk capital model is an integral part of the overall internal risk capital framework. It is centrally developed, parameterized and controlled. Group-wide credit data is collected following a centralized process and using standard obligor and obligor group mappings.

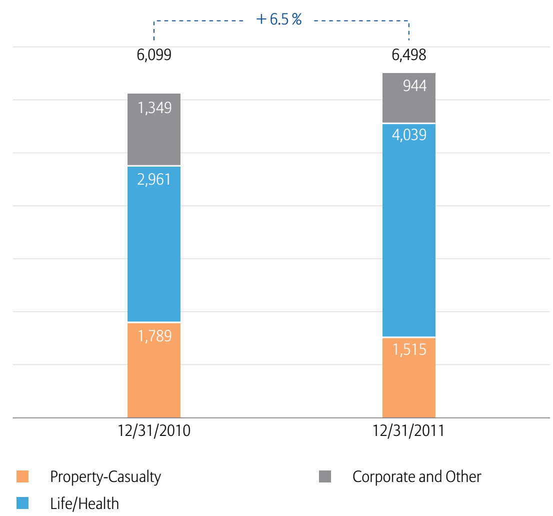
The internal credit risk capital model is based on obligor ratings and estimates of exposure at default, loss given default and default correlations. Default correlations capture dependencies between single obligors within the portfolio in terms of their default. These parameters are estimated using statistical analysis and professional judgment. Our aggregation methodology is comparable to approaches widely used in the industry and known as the "structural model". In a structural model, a company is deemed to have defaulted when the value of its total assets is lower than its total liabilities. Since changes in the asset value of a company determine whether it defaults, the correlation between different firms' asset values determines the correlation between the firms' defaults. Credit risk is aggregated across individual obligors using Monte Carlo simulations to obtain the loss profile of a given portfolio, i.e. its loss probability distribution. The portfolio loss profiles are calculated at different levels of our portfolio hierarchy (e. g. at local operating entity or segment level). They are then fed into the overall internal risk capital model for further aggregation across sources of risk to derive Group-diversified internal credit risk capital.

ALLOCATED INTERNAL CREDIT RISK CAPITAL BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

PRE-DIVERSIFIED



GROUP-DIVERSIFIED



Total Group-diversified internal credit risk capital rose for the LIFE/HEALTH segment because the exposure increased due to lower policy holder participation driven by lower interest rate levels, downgrades of financial institutions as well as changes in foreign exchange rates.

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

IMPACT OF SELECTED CREDIT SCENARIOS ON INTERNAL CREDIT RISK CAPITAL (PRE-DIVERSIFIED)

	Total	
As of December 31,	**2011** € mn	2010 € mn
Base case	8,694	6,871
Rating down by 1 notch[3]	9,839	7,867
Rating down by 2 notches	11,107	9,084
LGD up by 10%	9,335	7,416

Most of the credit risk capital requirements and impact of the sensitivities in the above table can be attributed to senior unsecured and lower investment grade borrowers.

In the PROPERTY-CASUALTY and LIFE/HEALTH segments, credit risk arises from reinsurance counterparties as well as from issuers and counterparties related to our investment activities. For the CORPORATE AND OTHER segment, our internal risk capital model covers only investment credit risk, as reinsurance activities are generally allocated to the PROPERTY-CASUALTY segment. We do not consider credit risk related to our banking operations to be significant at the Group level.

1 | Credit risk capital calculations are based on issuer (borrower) ratings as opposed to issue (instrument) ratings. The difference between issue and issuer ratings is primarily due to collateralization and seniority and is reflected in loss-given-default (LGD).
2 | Scenarios are applied only to investment and reinsurance exposure positions in portfolios of Allianz operating entities.
3 | A notch is referred to rating sub-classes, such as AA+, AA, AA- at S&P scale or Aa1, Aa2, Aa3 at Moody's scale.

Different sources of Allianz credit risk exposure are described in the table below:

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

CREDIT RISK – INVESTMENT

As of December 31, 2011, 87.5 % of our total Group pre-diversified internal credit risk capital is allocated to investment exposures of the PROPERTY-CASUALTY, LIFE/HEALTH as well as CORPORATE AND OTHER segments, 63.3 % of which is related to issuers and counterparties in the United States and Germany. We limit the credit risk of our fixed income investments by setting high requirements on the creditworthiness of our issuers, by diversifying our investments and by setting obligor concentration limits.

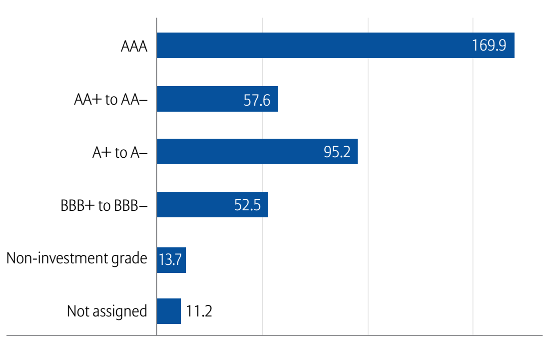
As of December 31, 2011, approximately 93.8 % (2010: 94.4 %) of the fixed income investment portfolio (€ 400.3 bn) of the insurance companies of the Allianz Group had an investment grade rating and approximately 80.6 % (2010: 84.6 %) of the fixed income investments were distributed among obligors that had been assigned at least an "A" rating by Standard & Poor's. Only 2.8 % of this portfolio is non-rated, half of which is due to commercial mortgage loans in Germany (less than € 3 bn) and the United States (less than € 5 bn).

The U.S. commercial mortgage loan investments are subject to thorough credit assessment and conservative underwriting by the responsible credit manager. In 2011, there were no defaulting loans, foreclosures or deeds in lieu of foreclosure[1] in this portfolio. Taking into account that there have been only five delinquent or foreclosed loans since 1994 and based on additional stress test analysis, we still regard the portfolio as investment grade.

In addition to these fixed income investments, the Allianz Group also has non-tradable self-originated residential mortgage loan portfolios mainly in Germany (€ 10.7 bn). As of December 31, 2011, 84.5 % of the German mortgage portfolio is considered to be equivalent to a Standard & Poor's investment grade rating based on an internal scoring model.

FIXED INCOME INVESTMENTS BY RATING CLASS AS OF DECEMBER 31, 2011

Fair values | in € bn



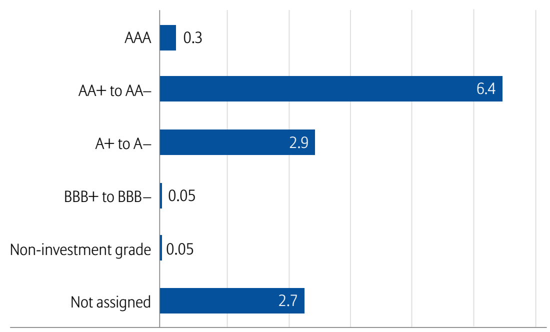
1 | A deed in lieu of foreclosure is a deed instrument in which a mortgagor (i.e. the borrower) conveys all interest in a real property, such as land and associated structures, to the mortgagee (i.e. the lender) to satisfy a loan that is in default and avoid foreclosure proceedings.

CREDIT RISK – REINSURANCE

As of December 31, 2011, 3.8 % of our total Group pre-diversified internal credit risk capital is allocated to reinsurance exposures, 52.4 % of which is related to reinsurance counterparties in the United States and Germany.

A dedicated team selects our reinsurance partners and considers only companies with strong credit profiles. We may also require letters of credit, cash deposits or other financial measures to further mitigate our exposure to credit risk. As of December 31, 2011, 77.6 % (2010: 78.3 %) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A" rating by Standard & Poor's. Non-rated reinsurance recoverables represented 21.6 % (2010: 21.3 %) of the total reinsurance recoverables as of December 31, 2011. Reinsurance recoverables without Standard & Poor's rating include exposures to brokers, companies in run-off and pools – where no rating is available – as well as companies rated by A.M. Best.

REINSURANCE RECOVERABLES BY RATING CLASS[1] AS OF DECEMBER 31, 2011 | in € bn



CREDIT RISK – CREDIT INSURANCE

The parameters used to model credit insurance portfolios are estimated by Euler Hermes based on proprietary models reviewed by the Group and provided as input to the Group's internal credit risk capital model. In particular, since credit exposures are actively managed by Euler Hermes, a proprietary rating system is applied as opposed to the long-term public ratings primarily used for investment portfolios. Euler Hermes ratings evaluate the short-term creditworthiness of a company taking into account various key risk indicators available on the market and from policyholders.

As of December 31, 2011, 8.7 % of our total Group pre-diversified internal credit risk capital is allocated to credit insurance exposures of Euler Hermes.

UNDERWRITING RISK

Underwriting risks consist of premium and reserve risks in the Property-Casualty segment as well as biometric risks in our Life/Health segment. For the Asset Management segment and our banking operations, underwriting risks are not relevant. Although the Corporate and Other segment provides some guarantees that transfer small parts of the underwriting risk away from local entities. Risks transferred by internal reinsurance are allocated to the Property-Casualty segment.

Our PROPERTY-CASUALTY insurance businesses are exposed to premium risk related to the current year's new and renewed business as well as reserve risks related to the business in force. A substantial portion of the Property-Casualty segment's pre-diversified internal underwriting risk capital is assigned to our entities operating locally in Germany, Italy, France and the United States (34.8 % as of December 31, 2011).

1 | Represents gross exposure broken down by reinsurer.

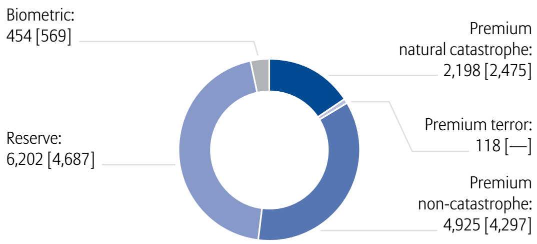
ALLOCATED INTERNAL UNDERWRITING RISK CAPITAL (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

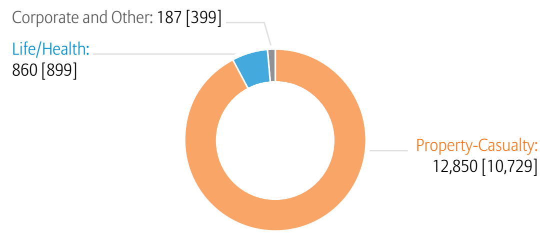
BY SOURCE OF RISK[1]

BY BUSINESS SEGMENT[2]

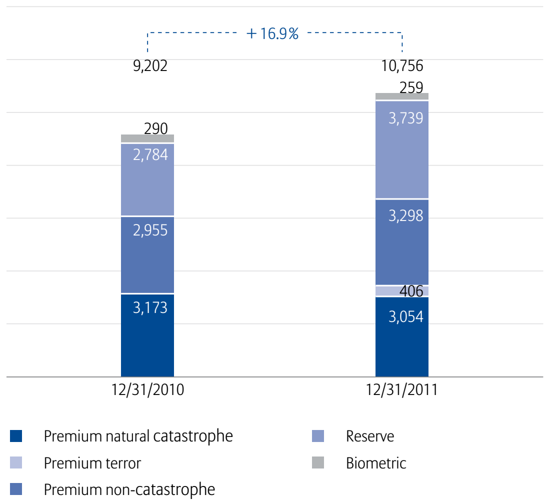
PRE-DIVERSIFIED

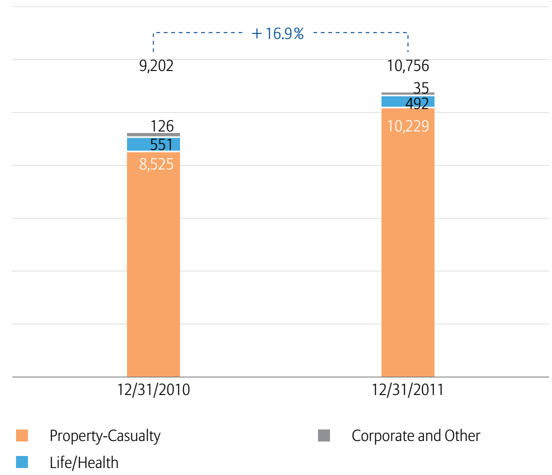
Total Group internal underwriting risk capital: 13,897 [12,028]
Share of total Group internal risk capital: 27.9 % [26.6 %]





GROUP-DIVERSIFIED





Total Group-diversified internal underwriting risk capital increased primarily due to an increase in reserve risk. In 2011, we introduced a centrally developed and locally parameterized PROPERTY-CASUALTY Insurance Risk Model for risk capital calculations. This stochastic state-of-the-art model framework aligns multiple aspects of actuarial portfolio assessment and provides high flexibility regarding scenario impact analysis for non-life insurance risks. The tool provides full predictive distributions for ultimate risk and risk emerging over the 1-year holding period. With the introduction of the tool we increased the scope of entities reporting internal risk capital figures and in particular increased modeling granularity which resulted in an enhanced aggregation methodology. The combination of these aspects contributes about 72.2 % to the risk capital increase. The remainder of 27.8 % is in line with underlying portfolio growth.

1 | As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account.
2 | As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account. Allowing for a defined deductible, there are contingent liabilities of up to U.S. Dollar 263 mn in connection with certain insurance reserves of Fireman's Fund Insurance Co., Novato, allocated to the Corporate and Other segment.

The table below presents the average internal risk capital calculated for underwriting risks over the four quarters of 2011 and 2010, as well as the high and low quarterly internal risk capital amounts calculated in both years.

AVERAGE, HIGH AND LOW ALLOCATED INTERNAL UNDERWRITING RISK CAPITAL BY SOURCE OF RISK (TOTAL PORTFOLIO BEFORE NON-CONTROLLING INTERESTS AND AFTER GROUP DIVERSIFICATION)

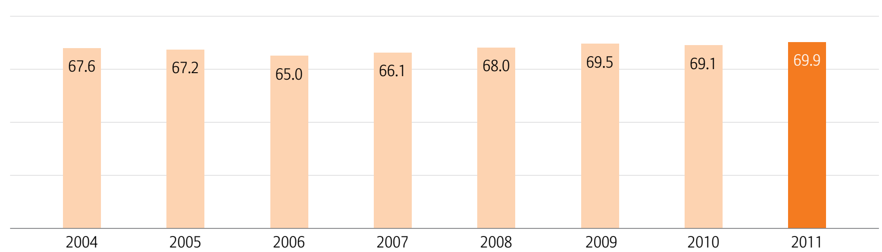
	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total Group	
	2011 € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn	**2011** € mn	2010 € mn
QUARTERLY RESULTS												
Average	2,911	3,040	418	—	3,324	3,139	3,478	2,839	237	389	10,367	9,407
High	3,054	3,173	474	—	3,457	3,253	3,973	2,961	301	592	11,140	9,847
Low	2,742	2,910	339	—	3,173	2,955	2,970	2,685	186	290	9,506	9,111

PREMIUM RISK

As part of our PROPERTY-CASUALTY business operations, we receive premiums from our customers and provide insurance protection in return. Changes in profitability over time are measured based on loss ratios and their fluctuations.[1]

We face the risk that underwriting profitability is lower than expected. The volatility of the underwriting profitability measured over a one-year time horizon defines our premium risk.

PROPERTY-CASUALTY LOSS RATIOS[2] FOR THE PAST EIGHT YEARS | in %



Premium risk is subdivided into natural catastrophe risk ("premium NatCat risk"), terror risk ("premium terror risk") and non-catastrophe risk ("premium non-cat risk"). We quantify premium risk based on actuarial models that are used to derive loss distributions.

Premium risk is actively managed by the Allianz Group and the local operating entities. Assessing the risks as part of the underwriting process is a key element of our risk management framework. There are clear underwriting limits and restrictions centrally defined and in place across the Group. Specialty lines risk carriers such as Allianz Global Corporate and Specialty pool specific risks which require expert knowledge. In addition to the centrally defined underwriting limits, the local operating entities have local limits in place that take their individual business environment into account. Premium risk relative to the underlying exposures is positively affected by the diversification effect between different lines of business at the local operating entity level, or different markets at the Group level. In addition, risks are mitigated by external reinsurance agreements.

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

1 | Please refer to the section Property-Casualty Insurance Operations – Property-Casualty Operations by Business Division for a regional breakdown of loss ratios over the past three years.
2 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

The Group's net exposure to natural catastrophes remained within our risk appetite in 2011. In order to further reduce some potential earnings volatility, we purchased slightly more reinsurance capacity for scenarios in some of our smaller business regions, taking advantage of lower prices.

About 46.4 % of the pre-diversified internal premium risk capital allocated to natural catastrophe risk was borne by our top five perils: Europe Windstorm, Australia Earthquake, Germany Flood, Germany Hail and U.S. Hurricane as of December 31, 2011. Our largest exposures to natural catastrophes are provided in the following table.

THE FIVE LARGEST SINGLE ACCUMULATION SCENARIOS: LOSS POTENTIAL NET OF REINSURANCE FOR INDIVIDUAL EVENTS, MEASURED AT A PROBABILITY LEVEL OF ONE LOSS IN 250 YEARS (I.E. 99.6 % CONFIDENCE LEVEL)

As of December 31, 2011	Loss potential[1] € mn
Europe Windstorm	912
Germany Hail	742
Australia Earthquake	697
U.S. Hurricane	671
U.S. California Earthquake	587

RESERVE RISK

We estimate and hold reserves for past claims that have not yet been settled. If the reserves were not sufficient to cover the claims to be settled in the future due to unexpected changes, we would experience losses. The volatility of past claims development measured over a one-year time horizon defines our reserve risk. An indicator for this coverage is the amount of net surplus[2] compared to the initial reserves.[3]

The future uncertainty regarding potential loss developments is significantly driven by the risks underwritten. In general, our operating entities constantly monitor the development of reserves for insurance claims on a line of business level.[4] Results are discussed by local reserve committees at least on a quarterly basis. If necessary, we re-estimate reserves in line with actuarial standards. In addition, the operating entities generally conduct annual reserve uncertainty analyses. The approaches applied are similar to the methods used for reserve risk calculations. The Allianz Group performs regular independent reviews of these analyses and Group representatives participate in the local reserve committee meetings. Similar to premium risk, reserve risk at the Group level is positively affected by the diversification effect between different lines of business at the local level and different markets at the Group level.

1 | Based on most recent estimates, exposures are calculated using either vendor or proprietary models developed by in-house experts. All models are subject to uncertainty arising from scientific assumptions and underlying data.
2 | Net surplus represents the cumulative surplus from re-estimating the reserves for loss and loss adjustment expenses for prior years' claims and includes foreign currency translation adjustments. For further information please refer to note 19 of our consolidated financial statements.
3 | This figure is provided on a calendar year basis over the past five years in note 19 of our consolidated financial statements.
4 | For further information please refer to note 19 of our consolidated financial statements.

BIOMETRIC RISK

We consider mortality, morbidity and longevity risks within biometric risk as they can cause variability in policyholder benefits resulting from the unpredictability of the timing and (non-)incidence of death or illness. For modeling these risks within our internal risk capital model, we distinguish level, trend and calamity risks. Biometric assumptions, such as life expectancy, play a significant role.[1]

Due to the offsetting effects of mortality risk, morbidity risk and longevity risk inherent in the combined portfolios of life insurance and annuity products, as well as due to a geographically diverse portfolio, our LIFE/HEALTH segment does not have significant concentrations of biometric risk as of December 31, 2011.[2]

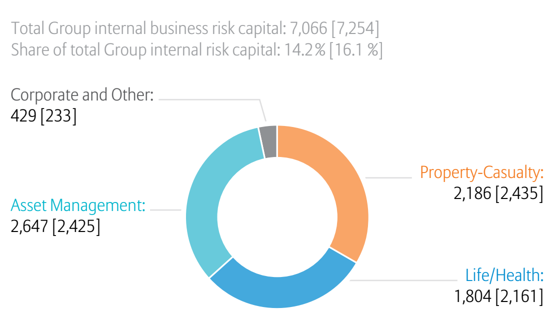
BUSINESS RISK

Business risks consist of operational risks, cost risks and policyholder behavior risks. Operational risks represent the loss resulting from inadequate or failed internal processes, from personnel and systems, or from external events such as interruption of business operations due to a breakdown of electricity or a flood, damage caused by employee fraud or the losses caused by court cases. Operational risks also include legal risk. Strategic risk and reputational risks are excluded in accordance with the capital requirements of Solvency II and Basel II/III. Cost risks consist of unexpected changes in business assumptions and unanticipated fluctuations in earnings arising from a decline in income without a corresponding decrease in expenses. They also include the risk of budget deficits resulting from lower revenues or higher costs than budgeted.

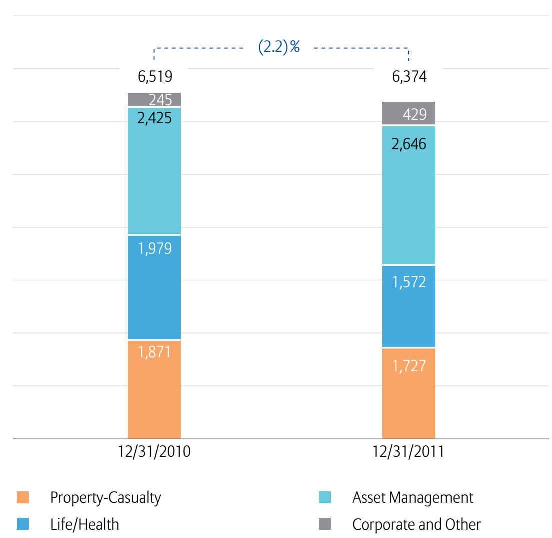
Policyholder behavior risks represent losses related to early termination of contracts and unanticipated use of options such as renewals and annuitization.

ALLOCATED INTERNAL BUSINESS RISK CAPITAL BY BUSINESS SEGMENT (TOTAL PORTFOLIO BEFORE TAX AND NON-CONTROLLING INTERESTS) AS OF DECEMBER 31, 2011 [DECEMBER 31, 2010] | in € mn

PRE-DIVERSIFIED



GROUP-DIVERSIFIED



Total Group-diversified internal business risk capital slightly increased in the ASSET MANAGEMENT segment mainly driven by positive market returns and net inflows which lead to an increase in third-party assets under management.

The internal risk capital requirements for the Asset Management segment only reflect business risk, because substantially all of the investments managed by the Asset Management operating entities are held for third parties or Allianz insurance entities, reflected in their own capital requirement.[3]

1 | For further information regarding biometric assumptions please refer to Internal Risk Capital Framework – Non-market assumptions.
2 | For further information about insurance risk in the Life/Health segment please refer to note 20 of our consolidated financial statements.
3 | Internal risk capital for guarantees in our Asset Management segment is not significant.

Allianz has developed a Group-wide operational risk management framework that focuses on early recognition and proactive management of operational risks. The framework defines roles and responsibilities, risk processes and methods and has been implemented at the major Group companies. Local risk managers ensure this framework is implemented in the respective operating entities. The operating entities identify and evaluate relevant operational risks and control weaknesses via a structured self assessment. Furthermore, operational losses are collected in a central loss database by all our operating entities. An analysis of the causes of significant losses is used to enable the operating entities to implement measures for avoiding or reducing future losses. The measures adopted may include revising processes, improving failed or inappropriate controls, installing comprehensive security systems and strengthening emergency plans. This reporting is designed to provide comprehensive and timely information to senior management of the Allianz Group and the relevant local operating entities.

Major failures and disasters which could cause a severe disruption to working environment, facilities and personnel, may represent significant operational risks for the Allianz Group and its operating entities. Our Business Continuity Management (BCM) framework strives to protect critical business functions from these effects and enables them to carry out their core tasks in time and at the quality required. Regularly enhanced, BCM activities and knowledge are embedded within the organization's culture.

Dedicated minimum security standards are in place for the IT systems across the Allianz Group to ensure the proper use and protection of the Group's information assets. With respect to financial statements, our system of internal control is designed to mitigate operational risks.[1] In general, we aim to reduce process failures by clearly documenting relevant methods, procedures, structures and processes across the Group. Comprehensive and timely documentation across the Group is one of the fundamental principles of the Allianz Group Risk Policy.

As described under Risk Governance Structure, the department Group Legal Services seeks to mitigate legal risks with support from other departments.

OTHER RISKS

There are certain risks that cannot be fully quantified across the Group using our internal risk capital model. For these risks, we also pursue a systematic approach with respect to identification, analysis, assessment and monitoring. In general, the risk assessment is based on qualitative criteria or scenario analyses. The most important of these other risks include liquidity, reputational and strategic risk.

STRATEGIC RISK

Strategic risk is the risk of an unexpected negative change in the company value, arising from the adverse effect of management decisions regarding business strategies and their implementation. This risk reflects the compatibility between strategic goals, the business strategies and the resources deployed to achieve those goals. Strategic risk also includes the lack of management's ability to effectively analyze and react to external factors (e.g. market conditions), which could affect the future direction of the relevant operating entity or the Group as a whole.

These risks are evaluated and analyzed quarterly in the same way as reputational risk. The Board of Management of Allianz SE formulates the business objectives. Strategic goals are translated into a three-year business plan, which is approved by the Supervisory Board of Allianz SE. To ensure proper implementation of these goals, strategic controls are carried out through monitoring of respective business targets. We also constantly monitor market and competitive conditions, capital market requirements, regulatory conditions, etc. with respect to changes which may require strategic adjustments. In addition, strategic decisions are discussed in various Board of Management level committees (e.g. Group Capital Committee, Group Risk Committee, Group Finance Committee). The assessment of the associated risks is a fundamental element of these discussions. For example, large merger and acquisition transactions are subject to review by the Group Finance Committee if the size exceeds the defined thresholds set for the type of transaction.

1 | For additional information regarding our internal control over financial reporting please refer to the section Controls and Procedures.

LIQUIDITY RISK

Liquidity risk has two aspects: the risk that short-term current or future payment obligations cannot be met or can only be met on the basis of altered conditions, and the risk that in the event of a company liquidity crisis, refinancing is only possible at higher interest rates or by liquidating assets at a discount. Liquidity risk can arise primarily if there are mismatches in the timing of cash payments and funding obligations. Liquidity risk does not include the risk of a change in market prices due to a worsening of the market liquidity of assets, as this is a component of market risk analyzed trough our internal risk capital model (e.g. the assumed volatility of real estate investments takes historical observations into account). Funding risk, a particular form of liquidity risk, arises when the necessary liquidity to fund illiquid asset positions cannot be obtained at the expected terms and when required.

140 Liquidity and Funding Resources

189 Notes to the Consolidated Financial Statements

Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity and funding including the change in cash and cash equivalents is provided, for instance, in the chapter Liquidity and Funding Resources and the notes 17, 23, 24 and 44 of our consolidated financial statements.

On the Group level, liquidity risks arise mainly from capital requirements of subsidiaries and necessary refinancing of expiring financial liabilities.

The main objective of planning and managing the liquidity position of Allianz SE is to ensure that Allianz SE is always able to meet payment obligations. To comply with this objective, the liquidity position of Allianz SE is monitored and forecasted on a daily basis. Strategic liquidity planning over a time horizon of 12 months and 3 years is reported to the Board of Management regularly. The main tools to meet unforeseen liquidity requirements are committed credit lines from banks, commercial paper facilities, medium-term debt issuance programs, a centrally managed, highly liquid bond portfolio with direct access to the market of sale and repurchase agreements (the so-called "Repo market"), as well as internal resources in the form of intra-group loans and an international cash pooling infrastructure.

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

Liquidity risk relating to our banking operations is deemed not to be significant at the Group level. This is because of the small size and defensive risk profile of Allianz banks reflected in risk-weighted assets and total assets (as of December 31, 2011, € 9.0 bn and € 19.4 bn, respectively).

Our insurance operating entities manage liquidity risk locally, using local asset-liability management systems designed to ensure that assets and liabilities are adequately matched. This decentralized approach ensures sufficient flexibility in providing liquidity.

Liquidity risk in our PROPERTY-CASUALTY and LIFE/HEALTH segments is a secondary risk following external events, such as natural disasters, that are generally reflected in our internal risk capital model. Therefore, limiting and monitoring the associated primary risks (such as through the use of reinsurance) also helps limit our liquidity risk related to such events. Extreme adverse changes in business assumptions such as lapse or renewal rates or costs may cause liquidity risk as well. These effects are also covered by our internal risk capital model.

The local investment strategies particularly focus on the quality of investments and ensure a significant portion of liquid assets (e.g. government bonds or covered bonds) in the portfolios. This helps us to meet high liquidity requirements in unlikely events.

Furthermore, in the case of an extraordinary event, a portion of the applicable payments may be made with a certain time lag, which reduces the risk that short-term current payment obligations cannot be met.

We employ actuarial methods for estimating our liabilities arising from insurance contracts. In the course of standard liquidity planning we reconcile the cash flows from our investment portfolio with the estimated liability cash flows.

These analyses are performed on the operating entity level and aggregated at the Group level. Excess liquidity is centrally pooled at the Group level and can be transferred to single operating entities if necessary.

With respect to our ASSET MANAGEMENT business, forecasting and managing liquidity is a regular process, designed to meet both regulatory requirements and Group standards. This process is supported by liquidity guidelines for new products, implemented at our Allianz Global Investors entities.

REPUTATIONAL RISK

Reputational risk is the risk of direct loss or loss in future business caused by a decline in the reputation of the Allianz Group or one or more of its operating entities among its stakeholders (i.e. shareholders, customers, staff, business partners or the general public). For example, every action, existing or new transaction or product can lead to losses in the value of our reputation – either directly or indirectly – and can also result in losses in other risk categories. In addition, every loss in other risk categories, irrespective of its size, can pose reputational risk to the Allianz Group. Therefore, reputational risk can both cause and result from losses in all risk categories such as market, credit or insurance risks.

Our operating entities identify, assess and manage reputational risks predominately within their business processes (e.g. as part of the underwriting or product development processes). Management of reputational risks solely relevant at the level of a single operating entity is based on the local risk governance framework. Planned activities which might endanger the reputation of the Allianz Group as a whole have to be reported to Allianz SE for pre-approval. In addition, Group Risk and the local risk functions identify and assess reputational risks qualitatively as part of a quarterly evaluation ("Top Risk Assessment"). On the basis of this evaluation, an overview of local and global risks is created, which also includes reputational risks. Group Risk analyzes the Allianz Group's risk profile and regularly informs management about the current situation.

Risk Governance

RISK MANAGEMENT FRAMEWORK

As a provider of financial services, we consider risk management to be one of our core competencies. It is therefore an integrated part of our business processes. The key elements of our risk management framework are:

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

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

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

RISK UNDERWRITING AND IDENTIFICATION: A sound risk underwriting and identification framework forms the foundation for adequate risk taking and management decisions such as individual transaction approval, new product approval, strategic or tactical asset allocation. The framework includes risk assessments, risk standards, valuation methods and clear minimum standards for underwriting.

RISK REPORTING AND MONITORING: Our comprehensive qualitative and quantitative risk reporting and monitoring framework provides transparency and risk indicators to senior management for our overall risk profile and whether it falls within delegated limits and authorities. For example, risk dashboards, internal risk capital allocation and limit consumption reports are regularly prepared, communicated and monitored.

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

COMMUNICATION AND TRANSPARENCY: Finally, a transparent and robust risk disclosure provides a basis for communicating this strategy to our internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing.

EXAMPLES

PROPERTY-CASUALTY UNDERWRITING FRAMEWORK

Our sound Group-wide underwriting framework forms the basis for adequate risk taking and management decisions and helps us limit individual potentially significant risks including reputational risks. The framework defines common minimum requirements for our underwriting activities in the international corporate and commercial Property-Casualty insurance business, both for direct and reinsurance business.

Dedicated minimum standards protect Allianz from taking unwanted or excessive risks. They determine non-admitted coverages and define clear approval requirements at different levels of the Allianz Group. In particular, they specify all activities that require approval by or reporting to the Group Underwriting Committee , which is a Group Committee of Allianz SE, established by the Allianz SE Board of Management. These standards also document delegated underwriting authorities and establish mandatory rules for individual policies. Exceptions require approval by the local Chief Underwriting Officer and, if material, the Group Chief Risk Officer, as well as reporting to the Group Insurance Risk Committee.

LIFE PRODUCT MANAGEMENT FRAMEWORK

Under our Life product management framework, product development and approval are local processes at the operating entities. However, there are Group review requirements for new high-risk products or product features to ensure that the operating entities are aware of the associated risks. Alternative risk mitigating product features are considered in the design phase and material real world assumptions are explicitly acknowledged as a core component of the business model. The framework also defines profitability standards, while at the same time allowing for individual exceptions approved for competitive reasons in light of local market characteristics. Profitability of new and existing business is closely monitored and regularly reported to the Board of Management of Allianz SE.

RISK GOVERNANCE STRUCTURE

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

1 | For additional information regarding opportunities, please refer to the section Outlook 2012 and 2013.

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Within our risk governance system the Supervisory Board and Board of Management of Allianz SE have both Allianz SE-specific and Group-wide responsibilities and have authorized committees at their respective levels for support. Examples include:

24 Corporate Governance Report and Statement on Corporate Management

SUPERVISORY BOARD

- The Audit Committee supervises the effectiveness of the Allianz risk management and monitoring framework.
- The Risk Committee focuses on the Allianz Group's overall risk profile and monitors risk-related developments as well as general risks and specific risk exposures.

BOARD OF MANAGEMENT

- The Board of Management formulates business objectives and a corresponding, consistent risk strategy. The core elements of the risk framework are set down in the Allianz Group Risk Policy, which has been approved by the Board of Management.
- The Group Capital Committee supports the Board of Management with recommendations regarding risk strategy, capital and limit allocation.
- The Group Risk Committee defines risk standards and forms the major limit setting authority within the framework set by the Board of Management.
- The Group Finance Committee has been authorized by the Board of Management to oversee the investment and financing activities, including the approval of significant transactions of Allianz SE and Allianz Group companies.

OVERALL RISK ORGANIZATION AND ROLES IN RISK MANAGEMENT

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

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

GROUP RISK

Group Risk is headed by the Group Chief Risk Officer (Group CRO) and reports to the board member responsible for Controlling, Reporting and Risk. Group Risk supports the mentioned Allianz Group committees responsible for risk oversight, through (i) the analysis and communication of risk management related information and (ii) by facilitating the communication and implementation of committee decisions.

For example, Group Risk is operationally responsible for monitoring limits and accumulation of specific types of risks across business lines, such as natural disasters and exposures to financial markets and counterparties.

In addition, Group Risk independently supports the adequacy of the operating entity (OE) risk management (i) through the development of a common risk management framework and (ii) by monitoring adherence to Group minimum requirements for methods and processes.

Group Risk strengthens and maintains the Group's risk network through regular and close interaction with the operating entities' management and key areas such as the local finance, risk, actuarial and investment departments. A strong risk network across the Group allows us to identify risks early and bring them to management's attention.

OPERATING ENTITIES

Operating entities assume responsibility for their own risk management, including adherence to both external requirements (e. g. requirements imposed by local regulators) and internal Group-wide minimum standards.

The OE Board of Management is responsible for (i) setting and approving an OE risk strategy during the annual Strategic and Planning Dialogues with the Group and (ii) ensures OE adherence to this risk strategy.

All business line management functions with a direct profit and loss responsibility (i.e. first line of defense, or "risk taking units") are in charge of active risk-return management through adherence to delegated limits and the OE policy framework. They also support, where applicable, the risk assessment and management activities carried out by the second and third lines of defense.

A Risk Function that is independent from the business line management has to be established by the OE. This function operates under the direction of the OE CRO who is responsible for overseeing the OE Risk Function. In addition, an OE Risk Committee supports both the OE Board of Management and OE CRO by acting as the primary risk controlling body within the OE. Group Risk is also represented in the local Risk Committees to enhance the risk dialogue between the Group and the operating entities.

OTHER FUNCTIONS AND BODIES

In addition to Group Risk and the OE Risk Function, actuarial, compliance and legal functions have been established at both the Group and OE level, constituting additional components of the second line of defense.

Group Compliance is responsible for integrity management which aims to protect the Allianz Group, our operating entities and employees from regulatory risks.

Group Legal Services seeks to mitigate legal risks with support from other departments. Legal risks include legislative changes, major litigation and disputes, regulatory proceedings and contractual clauses that are unclear or construed differently by the courts. The objectives of Group Legal Services are to ensure that developments in 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 order to adapt a continually changing environment, the Global Issues Forum (GIF) supports the Group in the assessment of long-term trends and its early awareness of changes in the risk landscape. This includes activities such as desk research, interviews with internal and external experts and workshops to evaluate the impact for us and propose necessary actions to take. The process is coordinated with the Group Risk department, the Group Risk Committee and other risk assessing entities like our Emerging Risk Initiative Working Group, which focuses on emerging risks relevant for our underwriting.

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

Disclosures Relating to Financial Instruments

The risk disclosure requirements of IFRS 7 are reflected in the consolidated financial statements and the preceding Risk Report in the group management report.

This Risk Report, with the exception of the Risk Management Priorities for 2012 section, is an integral part of the audited consolidated financial statements.

Risk Management Priorities for 2012

Our general objectives for 2012 include three priorities for risk management. First and foremost, to be as successful as we were in 2011 in meeting the risk management and reporting challenges. Second, to continue developing and strengthening our risk management framework and network globally.

Our third priority is to do what is necessary to meet forthcoming Solvency II internal model requirements, one of the Group's top priorities set by the Board of Management. More specifically, we are focusing on the finalization of the internal risk capital methodology and its further embedding into relevant business processes. In addition, the documentation and further validation of the internal model as well as the completion of the enhancements to our risk analysis infrastructure will be a priority. In this context, we will also continue with our preparation for the new reporting and disclosure requirements and prepare our reporting architecture accordingly. With respect to the risk governance framework our emphasis will be on the regular and rigorous application of the relevant components. All these initiatives are subject to formal internal sign-off processes before final adoption.

Solvency II is a major European initiative that is expected to lead to significant changes in European insurance solvency requirements in the coming years. The Allianz Group is actively participating in the process and is continuously providing feedback regarding the proposals and analysis of the European Insurance and Occupational Pensions Authority (EIOPA) and the E.U. Commission. Furthermore, we give technical advice, for instance, through the Chief Risk Officer Forum and the Chief Financial Officer Forum. We also participate actively in the voluntary pre-approval process for Solvency II with the relevant European supervisors. Given the remaining uncertainty surrounding the final implementation measures and their interpretation, we are constantly reviewing our internal risk capital framework and risk processes, and we enhance them as necessary to comply with the evolving Solvency II standards.

Based on the various initiatives underway, we are confident, that we will achieve full compliance with the final Solvency II requirements once they become binding.

RISK REPORT AND FINANCIAL CONTROL

III. Controls and Procedures

Statements pursuant to § 289 (5) and § 315 (2) no. 5 of the German Commercial Code ("Handelsgesetzbuch – HGB") and explanatory report.

Internal Controls over Financial Reporting

In line with both our prudent approach to risk governance and compliance with regulatory requirements, we have implemented a structure to identify and mitigate the risk of material errors in our consolidated financial statements. Our internal control system over financial reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission. We regularly review and update our internal control system.

INTERNAL CONTROL APPROACH

SCOPING	RISKS	KEY CONTROLS	ASSESSMENT
Determination of significant accounts and operating entities to be covered by systems of internal control →	Identification of risk scenarios that could result in a material financial misstatement →	Identification of key controls that prevent or detect errors or fraud resulting from risk scenarios →	Assessment of the design and operating effectiveness of key controls

FINANCIAL MISSTATEMENT RISK ASSESSMENT

Our approach can be summarized as follows:

- We use a top-down, risk-based approach to determine the accounts and operating entities that should fall under the **SCOPE OF OUR INTERNAL CONTROL SYSTEMS**. We do so by carrying out an annual, qualitative and quantitative analysis of our consolidated financial statements and disclosures.
- Then, our local entities **IDENTIFY RISK SCENARIOS** that could lead to material financial misstatements, taking into account the likelihood of a risk materializing and the potential impact of any resulting error.
- **KEY CONTROLS** are then put in place over the reporting process to ensure that if a potential risk materializes, the likelihood and potential impact of it resulting in a financial misstatement is mitigated. In addition to these focused controls, we also establish controls over the Group as a whole, with an emphasis on the control environment, the effectiveness of information and communication flows, the risk assessment process and the ongoing monitoring of the internal control system. Given the heavy dependence of financial reporting processes upon IT systems, establishing controls around these systems is also vitally important.
- Finally, we focus not only on ensuring that controls are appropriately designed to mitigate risk, but also that they are effectively executed. We have set consistent documentation requirements across the Allianz Group for elements such as processes, related key controls and their execution. We conduct an annual **ASSESSMENT** of our system of controls to continuously maintain and enhance the process effectiveness. Group Audit and local internal audit functions ensure that the overall quality of our internal control system is kept under continuous scrutiny.

GOVERNANCE

Responsibility for ensuring the completeness, accuracy and reliability of our consolidated financial statements rests with the Chairman of the Board of Management and the board member responsible for Controlling, Reporting and Risk of Allianz SE, supported by Group Center functions, the Group Disclosure Committee and operating entities.

The Group Disclosure Committee ensures that the Chairman of the Board of Management and the board member responsible for Controlling, Reporting and Risk of Allianz SE are made aware of all material information that could affect our disclosures and ascertains the completeness and accuracy of the information provided in the quarterly and annual financial reports. The committee meets on a quarterly basis before the financial reports are issued.

Subsidiaries within the scope of our control system are individually responsible for adhering to the Group's internal control policy and creating local Disclosure Committees that are similar to the Group-level committee. The entities' Chief Executive Officers and Chief Financial Officers provide periodic sign-offs to the management of Allianz SE, certifying the effectiveness of their local system of internal controls as well as the completeness, accuracy and reliability of financial data reported to the Group.

FURTHER CONTROL MECHANISMS

We view a strong internal control environment as critical to managing our company successfully and reinforcing trust with our stakeholders. We have therefore implemented an enhanced internal control environment similar to the system we currently have for financial reporting across our largest Life insurance operating entities in our Market Consistent Embedded Value (MCEV) computation and reporting process.

Risk Capital Controls

We have implemented a robust and comprehensive RISK GOVERNANCE STRUCTURE. This structure is supported by audit, compliance and independent review functions similar to our financial reporting governance. However, since our internal risk capital computations incorporate economic factors not fully reflected in accounting results, we have implemented additional controls within our management reporting processes to ensure that these additional estimates, including models used and relevant assumptions made, are adequately controlled.

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

In 2011, we rolled out an enhanced internal control environment for the computation of our internal risk capital in anticipation of the future Solvency II regime. We will continue to make further refinements as the Solvency II requirements evolve during 2012.

Overall, just as with estimates and assumptions involving financial reporting, the management reporting processes that underpin our risk capital framework are well controlled, consistently applied and prudent.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我的心得是：
越早規劃，
未来就越自在！
夏韻芬
人到了一個階段，都希望做自己想做的事，開咖啡廳、經營民宿、提前退休...大家都希望過著不必再為錢煩惱的生活。台灣投資型保險領導品牌—安聯人壽擁有超過500檔的連結標的平台，一次完整佈局所有契機，讓你的財務規劃跟保障一起及早開始。你越早規劃，未來生活就越自在。更多詳細內容請上官網Allianz.com.tw。
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CONSOLIDATED FINANCIAL STATEMENTS

2010: Modern training concepts, a multiplicity of science and technology environments, research from a global perspective – in the age of the knowledge society Allianz resolutely focuses on passing on information and expertise to enhance the quality of life of our customers.
2011: Whether in Asia, Europe or South America, Allianz's customers are well covered and can sit back, relax and look forward to everything life has to offer.


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hoffentlich
ALLIANZversichert
wenn ein Ball ins Fenster geht


SPEEDCELL
OFFICIAL MATCH BALL
GERMANY 2011
FIFA
WOMEN'S WORLD CUP

CONTENT

IV. Consolidated Financial Statements

Consolidated Balance Sheets

As of December 31,	Note	2011 € mn	2010 € mn
ASSETS			
Cash and cash equivalents	7	10,492	8,747
Financial assets carried at fair value through income[1]	8	8,466	9,843
Investments[2]	9	350,645	334,618
Loans and advances to banks and customers	10	124,738	122,678
Financial assets for unit-linked contracts		63,500	64,847
Reinsurance assets	11	12,874	13,135
Deferred acquisition costs	12	20,772	20,733
Deferred tax assets	43	2,321	2,663
Other assets	13	34,346	34,001
Non-current assets and assets of disposal groups classified as held for sale	14	14	299
Intangible assets	15	13,304	13,381
Total assets		**641,472**	**624,945**

As of December 31,	Note	2011 € mn	2010 € mn
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	16	6,610	5,013
Liabilities to banks and customers	17	22,155	21,155
Unearned premiums	18	17,255	16,497
Reserves for loss and loss adjustment expenses	19	68,832	66,474
Reserves for insurance and investment contracts	20	361,954	349,793
Financial liabilities for unit-linked contracts	21	63,500	64,847
Deferred tax liabilities	43	3,881	3,976
Other liabilities	22	31,210	33,213
Liabilities of disposal groups classified as held for sale	14	—	188
Certificated liabilities	23	7,649	8,229
Participation certificates and subordinated liabilities	24	11,173	8,998
Total liabilities		**594,219**	**578,383**
Shareholders' equity		44,915	44,491
Non-controlling interests		2,338	2,071
Total equity	25	**47,253**	**46,562**
Total liabilities and equity		**641,472**	**624,945**

1 | As of December 31, 2011, € — mn (2010: € 613 mn) are pledged to creditors and can be sold or repledged.
2 | As of December 31, 2011, € 2,541 mn (2010: € 90 mn) are pledged to creditors and can be sold or repledged.

Consolidated Income Statements

	Note	2011 € mn	2010 € mn	2009 € mn
Premiums written		69,299	68,582	65,025
Ceded premiums written		(5,136)	(4,873)	(5,061)
Change in unearned premiums		(495)	(372)	(172)
Premiums earned (net)	26	**63,668**	**63,337**	**59,792**
Interest and similar income	27	20,502	19,428	18,233
Income from financial assets and liabilities carried at fair value through income (net)	28	(1,287)	(38)	874
Realized gains/losses (net)	29	3,435	3,708	3,416
Fee and commission income	30	8,406	7,920	6,239
Other income	31	150	118	41
Income from fully consolidated private equity investments	32	1,618	1,701	1,910
Total income		**96,492**	**96,174**	**90,505**
Claims and insurance benefits incurred (gross)		(51,376)	(48,038)	(47,879)
Claims and insurance benefits incurred (ceded)		2,509	1,942	2,233
Claims and insurance benefits incurred (net)	33	**(48,867)**	**(46,096)**	**(45,646)**
Change in reserves for insurance and investment contracts (net)	34	(10,993)	(13,871)	(9,760)
Interest expenses	35	(1,491)	(1,411)	(1,484)
Loan loss provisions	36	(121)	(50)	(141)
Impairments of investments (net)	37	(3,661)	(844)	(2,732)
Investment expenses	38	(852)	(827)	(755)
Acquisition and administrative expenses (net)	39	(20,762)	(20,883)	(20,118)
Fee and commission expenses	40	(2,564)	(2,561)	(2,212)
Amortization of intangible assets	15	(449)	(327)	(125)
Restructuring charges	50	(168)	(271)	(198)
Other expenses	41	(65)	(57)	(2)
Expenses from fully consolidated private equity investments	32	(1,653)	(1,803)	(2,142)
Total expenses		**(91,646)**	**(89,001)**	**(85,315)**
Income from continuing operations before income taxes		**4,846**	**7,173**	**5,190**
Income taxes	43	(2,042)	(1,964)	(540)
Net income from continuing operations		**2,804**	**5,209**	**4,650**
Net income (loss) from discontinued operations, net of income taxes	42	**—**	**—**	**(395)**
Net income		**2,804**	**5,209**	**4,255**
Net income attributable to:				
Non-controlling interests		259	156	48
Shareholders		2,545	5,053	4,207

	Note	2011 €	2010 €	2009 €
Basic earnings per share	51	**5.63**	**11.20**	**9.33**
from continuing operations		5.63	11.20	10.21
from discontinued operations		—	—	(0.88)
Diluted earnings per share	51	**5.48**	**11.12**	**9.30**
from continuing operations		5.48	11.12	10.17
from discontinued operations		—	—	(0.87)

Consolidated Statements of Comprehensive Income

	2011 € mn	2010 € mn	2009 € mn
Net income	2,804	5,209	4,255
Other comprehensive income			
Foreign currency translation adjustments			
Reclassifications to net income	4	(9)	516
Changes arising during the year	344	1,347	(122)
Subtotal	**348**	**1,338**	**394**
Available-for-sale investments			
Reclassifications to net income	623	(1,353)	(753)
Changes arising during the year	(1,096)	925	4,242
Subtotal	**(473)**	**(428)**	**3,489**
Cash flow hedges			
Reclassifications to net income	(1)	(2)	(5)
Changes arising during the year	(4)	11	(11)
Subtotal	**(5)**	**9**	**(16)**
Share of other comprehensive income of associates			
Reclassifications to net income	—	(2)	6
Changes arising during the year	46	41	26
Subtotal	**46**	**39**	**32**
Miscellaneous			
Reclassifications to net income	—	(1)	—
Changes arising during the year	4	194	(87)
Subtotal	**4**	**193**	**(87)**
Total other comprehensive income	(80)	1,151	3,812
Total comprehensive income	2,724	6,360	8,067
Total comprehensive income attributable to:			
Non-controlling interests	307	169	79
Shareholders	2,417	6,191	7,988

For further details concerning income taxes relating to components of the other comprehensive income please see note 43.

Consolidated Statements of Changes in Equity

	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Balance as of January 1, 2009	28,569	7,153	(4,013)	2,011	33,720	3,564	37,284
Total comprehensive income	—	4,154	388	3,446	7,988	79	8,067
Paid-in capital	66	—	—	—	66	—	66
Treasury shares	—	(66)	—	—	(66)	—	(66)
Transactions between equity holders[1]	—	(19)	(1)	—	(20)	(1,401)	(1,421)
Dividends paid	—	(1,580)	—	—	(1,580)	(121)	(1,701)
Balance as of December 31, 2009	28,635	9,642	(3,626)	5,457	40,108	2,121	42,229
Total comprehensive income	—	5,294	1,297	(400)	6,191	169	6,360
Paid-in capital	50	—	—	—	50	—	50
Treasury shares	—	(24)	—	—	(24)	—	(24)
Transactions between equity holders	—	26	(10)	—	16	(91)	(75)
Dividends paid	—	(1,850)	—	—	(1,850)	(128)	(1,978)
Balance as of December 31, 2010	28,685	13,088	(2,339)	5,057	44,491	2,071	46,562
Total comprehensive income	—	2,505	343	(431)	2,417	307	2,724
Paid-in capital	78	—	—	—	78	—	78
Treasury shares	—	14	—	—	14	—	14
Transactions between equity holders	—	(53)	—	—	(53)	126	73
Dividends paid	—	(2,032)	—	—	(2,032)	(166)	(2,198)
Balance as of December 31, 2011	28,763	13,522	(1,996)	4,626	44,915	2,338	47,253

1 | Includes € (1,738) mn changes in non-controlling interests from the derecognition of Dresdner Bank and € 337 mn related to capital movements of subsidiaries in which the Allianz Group owns less than 100 %.

Consolidated Statements of Cash Flows

	2011 € mn	2010 € mn	2009 € mn
SUMMARY			
Net cash flow provided by operating activities	16,642	15,414	13,610
Net cash flow used in investing activities	(17,043)	(19,536)	(50,387)
Net cash flow provided by financing activities	2,035	4,465	3,649
Effect of exchange rate changes on cash and cash equivalents	111	265	21
Change in cash and cash equivalents	**1,745**	**608**	**(33,107)**
Cash and cash equivalents at beginning of period of continuing operations	8,747	6,089	8,958
Cash and cash equivalents at beginning of period reclassified to assets of disposal groups classified as held for sale	—	—	30,238
Reclassifications[1]	—	2,050	—
Cash and cash equivalents at end of period	**10,492**	**8,747**	**6,089**
CASH FLOW FROM OPERATING ACTIVITIES			
Net income	**2,804**	**5,209**	**4,255**
Adjustments to reconcile net income to net cash flow provided by operating activities			
Share of earnings from investments in associates and joint ventures	(201)	(183)	(80)
Realized gains/losses (net) and impairments of investments (net) of			
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers	226	(2,864)	(684)
Other investments, mainly financial assets held for trading and designated at fair value through income	957	444	(1,008)
Depreciation and amortization	1,053	1,098	902
Loan loss provisions	121	50	141
Interest credited to policyholder accounts	4,686	4,747	4,166
Net change in			
Financial assets and liabilities held for trading	399	(1,525)	100
Reverse repurchase agreements and collateral paid for securities borrowing transactions	277	(189)	751
Repurchase agreements and collateral received from securities lending transactions	900	346	47
Reinsurance assets	425	1,143	1,041
Deferred acquisition costs	(899)	(821)	3
Unearned premiums	658	247	258
Reserves for loss and loss adjustment expenses	1,921	74	(117)
Reserves for insurance and investment contracts	5,399	8,138	5,190
Deferred tax assets/liabilities	163	159	(612)
Other (net)	(2,247)	(659)	(743)
Subtotal	**13,838**	**10,205**	**9,355**
Net cash flow provided by operating activities	**16,642**	**15,414**	**13,610**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from the sale, maturity or repayment of			
Financial assets designated at fair value through income	6,210	14,161	4,193
Available-for-sale investments	129,383	125,134	94,459
Held-to-maturity investments	181	242	419
Investments in associates and joint ventures	164	1,042	1,957
Non-current assets and assets of disposal groups classified as held for sale	142	—	—
Real estate held for investment	916	682	391
Loans and advances to banks and customers (purchased loans)	8,090	9,248	11,537
Property and equipment	145	380	210
Subtotal	**145,231**	**150,889**	**113,166**
Payments for the purchase or origination of			
Financial assets designated at fair value through income	(4,930)	(8,973)	(2,513)
Available-for-sale investments	(143,928)	(153,527)	(112,667)
Held-to-maturity investments	(362)	(463)	(192)
Investments in associates and joint ventures	(176)	(448)	(973)
Non-current assets and assets of disposal groups classified as held for sale	—	—	(36)
Real estate held for investment	(671)	(1,610)	(349)
Loans and advances to banks and customers (purchased loans)	(8,485)	(7,624)	(20,584)
Property and equipment	(1,201)	(1,472)	(1,160)
Subtotal	**(159,753)**	**(174,117)**	**(138,474)**

1 | Includes reclassifications from loans and advances to banks and customers to cash and cash equivalents at the U.S. subsidiaries.

Consolidated Statements of Cash Flows – continued

	2011 € mn	2010 € mn	2009 € mn
Business combinations (note 5)			
Proceeds from sale of subsidiaries, net of cash disposed	(14)	193	(26,975)
Acquisitions of subsidiaries, net of cash acquired	(69)	—	77
Change in other loans and advances to banks and customers (originated loans)	**(2,181)**	**3,696**	**1,384**
Other (net)	**(257)**	**(197)**	**435**
Net cash flow used in investing activities	**(17,043)**	**(19,536)**	**(50,387)**
CASH FLOW FROM FINANCING ACTIVITIES			
Policyholders' account deposits	17,508	20,061	20,162
Policyholders' account withdrawals	(15,116)	(12,958)	(12,233)
Net change in liabilities to banks and customers	378	(272)	(1,097)
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	7,486	7,157	12,541
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(5,953)	(7,428)	(14,189)
Cash inflow from capital increases	70	44	56
Transactions between equity holders	(64)	(75)	276
Dividends paid to shareholders	(2,198)	(1,978)	(1,701)
Net cash from sale or purchase of treasury shares	12	(21)	(135)
Other (net)	(88)	(65)	(31)
Net cash flow provided by financing activities	**2,035**	**4,465**	**3,649**

Consolidated Statements of Cash Flows – continued

	2011 € mn	2010 € mn	2009 € mn
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS			
Income taxes paid	(2,073)	(1,347)	(831)
Dividends received	1,144	1,015	876
Interest received	18,137	17,129	15,689
Interest paid	(1,456)	(1,468)	(1,492)
Significant non-cash transactions			
Effects from liquidation of Palmer Square 2 CDO Tranche			
Loans and advances to banks and customers	(314)	—	—
Financial assets held for trading	(5)	—	—
Available-for-sale investments	294	—	—
Other assets	2	—	—
Foreign currency translation adjustment	1	—	—
Realized loss from loans and advances to banks and customers	22	—	—
Effects from deconsolidation of Dresdner Bank			
Commerzbank shares			
Available-for-sale investments	—	—	746
Assets of disposal groups classified as held for sale	—	—	(746)
Distribution channel			
Intangible assets	—	—	480
Assets of disposal groups classified as held for sale	—	—	(480)
Cominvest			
Available-for-sale investments	—	—	179
Loans and advances to banks and customers	—	—	7
Deferred tax assets	—	—	14
Intangible assets	—	—	691
Property and equipment	—	—	3
Other assets	—	—	39
Assets of disposal groups classified as held for sale	—	—	(933)
Liabilities to banks and customers	—	—	1
Deferred tax liabilities	—	—	(72)
Certificated liabilities, participation certificates and subordinated liabilities	—	—	(57)
Other liabilities	—	—	(148)
Non-controlling interests	—	—	(5)
Liabilities of disposal groups classified as held for sale	—	—	281
Proceeds from sales of available-for-sale investments			
Debt securities	89,309	85,481	62,774
Equity securities	9,081	8,754	14,152
Total	**98,390**	**94,235**	**76,926**

IV. Notes to the Consolidated Financial Statements

1 Nature of operations and basis of presentation

NATURE OF OPERATIONS

Allianz SE and its subsidiaries (the Allianz Group) have global Property-Casualty insurance, Life/Health insurance and Asset Management operations in around 70 countries, with the largest of its operations in Europe. The Allianz Group's headquarters and Allianz SE as its parent company are located in Munich, Germany. Allianz SE is recorded in the Commercial Register of the municipal court in Munich under its registered address at Koeniginstraße 28, 80802 Munich.

Allianz SE is a stock corporation in the form of a European Company (Societas Europaea). Allianz SE shares are listed on all German stock exchanges and Allianz SE American Depositary Receipts (ADRs) are traded in the U.S.A. over the counter on OTCQX.

The consolidated financial statements of the Allianz Group for the year ended December 31, 2011, were authorized for issue by the Board of Management on February 20, 2012.

BASIS OF PRESENTATION

The consolidated financial statements of the Allianz Group have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with § 315 a of the German Commercial Code (HGB). Within these consolidated financial statements, the Allianz Group has applied all IFRS issued by the IASB and endorsed by the E.U., that are compulsory as of December 31, 2011. IFRS comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

IFRS does not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) have been applied to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts.

The accounting policies adopted are consistent with those of the previous financial year, except for recently adopted IFRS effective January 1, 2011, and changes in accounting policies as described in note 4.

The consolidated financial statements are prepared as of and for the year ended December 31, and presented in millions of Euro (€), unless otherwise stated.

2 Summary of significant accounting policies

PRINCIPLES OF CONSOLIDATION

SCOPE OF CONSOLIDATION

The consolidated financial statements of the Allianz Group comprise the financial statements of Allianz SE, its subsidiaries and certain investment funds and Special Purpose Entities (SPEs). Subsidiaries, investment funds and SPEs, hereafter "subsidiaries", which are directly or indirectly controlled by the Allianz Group, are consolidated. Control exists when the Allianz Group has the power to govern the financial and operating policies of the subsidiary generally either when the Allianz Group owns directly or indirectly more than half of the voting rights of the subsidiary or when control can be legally evidenced otherwise because of an agreement with other investors or of a specific corporate charter. In order to determine whether control exists, potential voting rights that are currently exercisable or convertible have to be taken into consideration. If no control exists from a legal perspective, it has to be assessed whether control exists from an economic perspective, as in the case of SPEs.

Subsidiaries are consolidated from the date that control is obtained by the Allianz Group. Subsidiaries are consolidated until the date that the Allianz Group no longer maintains control. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group. The effects of intra-Allianz Group transactions have been eliminated.

Third-party assets held in an agency or fiduciary capacity are not assets of the Allianz Group and are not presented in these consolidated financial statements.

☐ BUSINESS COMBINATIONS INCLUDING ACQUISITIONS AND DISPOSALS OF NON-CONTROLLING INTERESTS

A business combination occurs when the Allianz Group obtains control over a business.

BUSINESS COMBINATIONS FROM JANUARY 1, 2010 are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquired. Acquisition-related costs are generally recognized as expenses. For each business combination, the Allianz Group has an option to measure any non-controlling interests in the acquired either at the acquisition date fair value or at the non-controlling interest's proportionate share of the acquired's identifiable net assets.

Goodwill is measured as the difference at the acquisition date between the cost of the acquisition and the fair value of the net assets acquired. The acquirer recalculates any previously-held equity interest to fair value at the date of obtaining control, with the difference being recorded in the consolidated income statement. If the Allianz Group's proportionate share in the fair value of the net assets exceeds the acquisition cost, the Allianz Group reassesses the identification and measurement of the identifiable assets, liabilities and contingent liabilities, as well as the measurement of the cost of the combination and recognizes any excess remaining after that assessment immediately in income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration - which is deemed to be an asset or a liability - will be recognized in accordance with the applicable IFRS. If the contingent consideration is classified as equity, it will not be remeasured and its subsequent settlement will be accounted for within equity.

Any additional acquired share of interest after having obtained control does not affect previously recognized goodwill. Transactions with non-controlling interests, i.e. changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions. Losses are allocated to a non-controlling interest even if they exceed the non-controlling interest's share of equity in the subsidiary. Any retained non-controlling investment at the date that control is lost is remeasured to fair value.

When the Allianz Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

BUSINESS COMBINATIONS PRIOR TO JANUARY 1, 2010 are accounted for using the purchase method. The purchase method requires that the Allianz Group allocates the cost of a business combination on the date of acquisition by recognizing the acquired's identifiable assets, liabilities and certain contingent liabilities at their fair values. The cost of a business combination represents the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date, plus any costs directly attributable to the acquisition. If the acquisition cost of the business combination exceeds the Allianz Group's proportionate share of the fair value of the net assets of the acquiree, the difference is recorded as goodwill. Any non-controlling interest is recorded at the non-controlling interest's proportion of the fair value of the net identifiable assets of the acquiree.

For **BUSINESS COMBINATIONS WITH AN AGREEMENT DATE BEFORE MARCH 31, 2004**, non-controlling interests are recorded at their proportion of the pre-acquisition carrying amounts of the identifiable assets and liabilities.

☐ ASSOCIATED ENTERPRISES AND JOINT VENTURES

Associated enterprises are entities over which the Allianz Group can exercise significant influence and which are neither subsidiaries nor joint ventures. Significant influence is the power to participate in, but not to control, the financial and operating policies of an enterprise. Significant influence is presumed to exist where the Allianz Group has at least 20% but not more than 50% of the voting rights unless it can be clearly demonstrated that this is not the case. If the Allianz Group holds less than 20% of the voting power of the investee, it is presumed that the Allianz Group does not have significant influence unless such influence can be clearly demonstrated. In general, the Allianz Group accounts for its investments in limited partnerships with ownership interests of 20% or greater using the equity method due to the rebuttable presumption that the limited partner has no control over the limited partnership. Joint ventures are entities over which the Allianz Group and one or more other parties have joint control.

Investments in associated enterprises and joint ventures are generally accounted for using the equity method of accounting, in which the results and the carrying amount of the investment represent the Allianz Group's proportionate share of the entity's net income and net assets, respectively. The investments are initially recognized at cost and subsequently increased or decreased to recognize the Allianz Group's share in profit or loss after the date of acquisition. The investments are tested for impairment when respective triggering events occur. Any impairment loss will correspond to the excess of the investment's carrying amount over its recoverable amount. In general, the triggering events are similar to those used for impairment testing for financial instruments while the measurement of impairment losses is similar to the measurement of impairment losses for other assets.

The Allianz Group accounts for all material investments in associates on a time lag of no more than three months. The positive difference between the cost of the investment and the Allianz Group's share of the net fair value of the associate's or joint ventures identifiable assets and liabilities is accounted for as goodwill and included in the carrying amount of the investment. Income from investments in associated enterprises and joint ventures, which reflects the earnings rather than the distributions of the associate or jointly-controlled entity, is included in interest and similar income. Profits or losses resulting from transactions between the Allianz Group and the associated enterprise or joint venture are eliminated to the extent of the interest in the associate or joint venture. Accounting policies of associated enterprises and joint ventures have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group.

In the event that significant influence or joint control over an associate or jointly controlled entity is lost, a gain or loss equal to the difference between (i) the sum of any proceeds from interests disposed of, fair value of any interests retained and any amounts reclassified from equity and (ii) the carrying amount of the investment at the date significant influence or joint control was lost, is recognized in profit or loss.

■ FOREIGN CURRENCY TRANSLATION

☐ TRANSLATION FROM ANY FOREIGN CURRENCY INTO FUNCTIONAL CURRENCY

The individual financial statements of each of the Allianz Group's subsidiaries are prepared in the prevailing currency in the primary economic environment where the subsidiary conducts its ordinary activities (its functional currency). Transactions recorded in currencies other than the functional currency (foreign currencies) are recorded at the exchange rate prevailing on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated at historical rates and non-monetary items that are measured at fair value are translated using the closing rate. Foreign currency gains and losses arising from foreign currency transactions are reported in income from financial assets and liabilities carried at fair value through income (net), except when the gain or loss on a non-monetary item measured at fair value is recognized directly in other comprehensive income. In this case, any foreign exchange component of that gain or loss is also directly recognized in other comprehensive income.

☐ TRANSLATION TO THE PRESENTATION CURRENCY

For the purposes of the consolidated financial statements, the results and financial position of each of the Allianz Group's subsidiaries are expressed in Euro, the presentation currency of the Allianz Group. Assets and liabilities of subsidiaries not reporting in Euro are translated at the closing rate on the balance sheet date and income and expenses are translated at the quarterly average exchange rate. Any foreign currency translation differences, including those arising from the equity method, are recorded directly in other comprehensive income, as foreign currency translation adjustments.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, cash on hand, treasury bills to the extent they are not included in financial assets held for trading, as well as checks and bills of exchange which are eligible for refinancing at central banks, subject to a maximum term of three months from the date of acquisition.

REAL ESTATE HELD FOR INVESTMENT

Real estate held for investment (i.e. real estate and rights equivalent to real property and buildings, including buildings on leased land) is carried at cost less accumulated depreciation and impairments. Real estate held for investment is depreciated on a straight-line basis over its estimated life, with a maximum of 50 years. At each reporting date or whenever there are any indications that the carrying amount may not be recoverable, real estate is tested for impairment by determining its fair value using discounted cash flow methods. Improvement costs are capitalized if they extend the useful life or increase the value of the asset; otherwise they are expensed as incurred.

FINANCIAL INSTRUMENTS

CLASSIFICATION, RECOGNITION AND INITIAL MEASUREMENT

Financial assets within the scope of IAS 39 are either classified as

- financial assets carried at fair value through income,
- available-for-sale investments,
- held-to-maturity investments,
- loans and advances to banks and customers, or
- derivative financial instruments used for hedging.

Furthermore financial assets include funds held by others under reinsurance contracts assumed and financial assets for unit-linked contracts.

Financial liabilities within the scope of IAS 39 are either classified as

- financial liabilities carried at fair value through income,
- liabilities to banks and customers,
- investment contracts with policyholders,
- derivative financial instruments used for hedging,
- financial liabilities for puttable equity instruments,
- certificated liabilities, or
- participation certificates and subordinated liabilities.

Furthermore, financial liabilities comprise financial liabilities for unit-linked contracts.

The classification depends on the nature and purpose of the financial instrument and is determined at initial recognition.

Financial instruments are initially recognized at fair value plus, in the case of financial instruments not carried at fair value through income, directly attributable transaction costs.

Financial instruments are generally recognized and derecognized on trade date, i.e. when the Allianz Group commits to purchase or sell securities or incur a liability.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Allianz Group applies the IAS 39 fair value measurement rules to determine the fair value of financial instruments.

ACTIVE MARKETS – QUOTED MARKET PRICE: The fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations on the last exchange trading day prior to and at the balance sheet date. The quoted market price used for a financial asset held by the Allianz Group is the current bid price; the quoted market price used for financial liabilities is the current ask price.

NO ACTIVE MARKETS – VALUATION TECHNIQUES: If the market for a financial instrument is not active, the fair value is determined by using valuation techniques. The valuation techniques used are based on market observable inputs when available. Such market inputs include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, option volatilities and foreign currency exchange rates. Where observable market inputs are not available, fair value is based on appropriate valuation techniques using non-market observable inputs. Valuation techniques include net present value techniques, the discounted cash flow method, comparison to similar instruments for which observable market prices exist and other valuation models. In the process, appropriate adjustments are made for credit risks. In particular when observable market inputs are not available, the use of estimates and assumptions may have a high impact on the valuation outcome. Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

NO ACTIVE MARKET – EQUITY INSTRUMENTS: Equity securities are measured at fair value when the ownership interest is less than 20 % and no significant influence exists, and the fair value is reliably measurable. If the fair value cannot be measured reliably, unquoted equity instruments and derivatives linked to such instruments are stated at cost until a fair value can be measured reliably. These financial instruments are subject to the normal impairment procedures.

AMORTIZED COST OF FINANCIAL INSTRUMENTS

The amortized cost of a financial instrument is the amount at which the financial instrument is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between that initial amount and the redemption amount, minus any subsequent reduction for impairment or uncollectability.

RECOGNITION OF A DAY ONE PROFIT OR LOSS

A day one profit or loss is recognized when the fair value of a financial instrument differs from its initial transaction price. In this case the fair value is evidenced by comparison with other observable current market transactions in the same instrument class or is based on a valuation technique incorporating only observable market data.

SUBSEQUENT MEASUREMENT OF FINANCIAL INSTRUMENTS

The subsequent measurement of financial instruments depends on their classification as follows:

FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets and liabilities carried at fair value through income include financial assets and liabilities held for trading and financial assets and liabilities designated at fair value through income.

Financial assets held for trading consist of debt and equity securities that have been principally acquired for the purpose of generating a profit from short-term fluctuations in price or for the purpose of selling in the near future and derivative financial instruments with positive fair values that do not meet the criteria for hedge accounting.

Financial liabilities held for trading primarily consist of derivative financial instruments with negative fair values that do not meet the criteria for hedge accounting.

Derivative financial instruments include separated embedded derivatives of hybrid financial instruments.

Financial assets and liabilities carried at fair value through income are measured at fair value. Changes in fair value are recognized directly in the consolidated income statement. The recognized net gains and losses include dividends and interest of the underlying financial instruments. A financial instrument may only be designated at inception as held at fair value through income and cannot be subsequently changed.

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise debt and equity securities that are designated as available-for-sale or are not classified as held-to-maturity, loans and advances to banks and customers, or financial assets carried at fair value through income. Available-for-sale investments are measured at fair value. Unrealized gains and losses, which are the difference between fair value and cost or amortized cost, are recognized as a separate component of other comprehensive income, net of deferred taxes and the latent reserve for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized. When an available-for-sale investment is derecognized or determined to be impaired, the cumulative gain or loss previously recorded in other comprehensive income is transferred and recognized in the consolidated income statement. Realized gains and losses on securities are generally determined by applying the average cost method at the subsidiary level.

Available-for-sale equity securities are measured at fair value when the ownership interest is less than 20 % and no significant influence exists, and the fair value is reliably measurable. Available-for-sale equity securities include investments in limited partnerships. The Allianz Group records its investments in limited partnerships at cost, where the ownership interest is less than 20 %, and when the limited partnerships do not have a quoted market price and fair value cannot be reliably measured.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are debt securities with fixed or determinable payments and fixed maturities for which the Allianz Group has the positive intent and ability to hold to maturity. These securities are recorded at amortized cost using the effective interest method over the life of the security, less any impairment losses. Amortization of a premium or discount is included in interest and similar income.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

Loans and advances to banks and customers are non-derivative financial assets with fixed or determinable payments, which are not quoted in an active market and which are not classified as available-for-sale investments or held-to-maturity investments, financial assets held for trading, or financial assets designated at fair value through income. Loans to banks and customers are initially recognized at fair value. Subsequently they are recorded at amortized cost using the effective interest method. Interest income is accrued on the unpaid principal balance, net of charge-offs. Using the effective interest method, net deferred fees and premiums or discounts are recorded as an adjustment of interest income yield over the lives of the related loans.

Loans and advances to banks and customers include reverse repurchase ("reverse repo") agreements and collateral paid for securities borrowing transactions. Reverse repo transactions involve the purchase of securities by the Allianz Group from a counterparty, subject to a simultaneous obligation to sell these securities at a certain later date, at an agreed upon price. If all of the risks and rewards of the securities remain substantially with the counterparty over the entire lifetime of the agreement of the transaction, the securities concerned are not recognized as assets. The amounts of cash disbursed are recorded under loans and advances to banks and customers. Interest income on reverse repo agreements is accrued over the duration of the agreements and is reported in interest and similar income.

Securities borrowing transactions generally require the Allianz Group to deposit cash with the security's lender. Fees paid are reported as interest expenses.

FUNDS HELD BY OTHERS UNDER REINSURANCE CONTRACTS

Funds held by others under reinsurance contracts assumed relate to cash deposits to which the Allianz Group is entitled, but which the ceding insurer retains as collateral for future obligations of the Allianz Group. The cash deposits are recorded at face value, less any impairments for balances that are deemed not to be recoverable.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS

Financial assets for unit-linked contracts are recorded at fair value with changes in fair value recorded in net income together with the offsetting changes in fair value of the corresponding financial liabilities for unit-linked contracts.

LIABILITIES TO BANKS AND CUSTOMERS

Liabilities to banks and customers are subsequently measured at amortized cost. Herein included are repurchase ("repo") agreements and securities lending transactions. Repo transactions involve the sale of securities by the Allianz Group to a counterparty, subject to the simultaneous agreement to repurchase these securities at a certain later date, at an agreed upon price. If all of the risks and rewards of the securities remain substantially with the Allianz Group over the entire lifetime of the transaction, the securities concerned are not derecognized by the Allianz Group. The proceeds of the sale are reported under liabilities to banks or customers. Interest expenses from repo transactions are accrued over the duration of the agreements and reported in interest expenses.

In securities lending transactions, the Allianz Group generally receives cash collateral which is recorded as liabilities to banks or customers. Fees received are recognized as interest income.

INVESTMENT CONTRACTS WITH POLICYHOLDERS

Fair values for investment and annuity contracts are determined using the cash surrender values of policyholders' and contract holders' account balances.

FINANCIAL LIABILITIES FOR UNIT-LINKED CONTRACTS

The fair value of financial liabilities for unit-linked contracts is equal to the fair value of the financial assets for unit-linked contracts.

FINANCIAL LIABILITIES FOR PUTTABLE EQUITY INSTRUMENTS

Financial liabilities for puttable equity instruments include the non-controlling interests in shareholders' equity of certain consolidated investment funds. These interests qualify as a financial liability of the Allianz Group, as they give the holder the right to put the instrument back to the Allianz Group for cash or another financial asset (puttable instrument). These liabilities are generally required to be recorded at the redemption amount with changes recognized in income.

CERTIFICATED LIABILITIES, PARTICIPATION CERTIFICATES AND SUBORDINATED LIABILITIES

Certificated liabilities, participation certificates and subordinated liabilities are subsequently measured at amortized cost, using the effective interest method to amortize the premium or discount to the redemption value over the life of the liability.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts issued by the Allianz Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts which are not accounted for as insurance contracts are recognized initially at fair value. Subsequently, unless the financial guarantee contract was designated at inception as at fair value through income, the Allianz Group measures it at the higher of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortization when appropriate.

IMPAIRMENT OF FINANCIAL ASSETS

IMPAIRMENT OF HELD-TO-MATURITY AND AVAILABLE-FOR-SALE DEBT SECURITIES AND OF LOANS

A held-to-maturity or available-for-sale debt security, as well as a loan is impaired if there is objective evidence that a loss event has occurred after initial recognition of the security and up to the relevant date of the Allianz Group's consolidated balance sheet, and that loss event has negatively affected the estimated future cash flows, i.e. amounts due according to the contractual terms of the security are not considered collectible.

If a held-to-maturity debt security or a loan is impaired, the related impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If an available-for-sale debt security is impaired, the related impairment loss is measured as the difference between the security's amortized cost and current fair value, less any previously recognized impairment losses.

If the amount of the impairment of a held-to-maturity debt security or a loan subsequently increases or decreases due to an event occurring after the initial measurement of impairment, the change is recorded in the income statement.

In a subsequent period, if the fair value of an available-for-sale debt security instrument increases and the increase can be objectively related to an event occurring after the recognition of an impairment loss, such as an improvement in the debtor's credit rating, the impairment is reversed through impairments of investments (net).

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

IMPAIRMENT OF AVAILABLE-FOR-SALE EQUITY SECURITIES

If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. The Allianz Group's policy considers a significant decline to be one in which the fair value is below the weighted average cost by more than 20 %. A prolonged decline is considered to be one in which the fair value is below the weighted average cost for a period of more than nine months.

If an available-for-sale equity security is impaired, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that was determined to be impaired, additional impairments are recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. Reversals of impairments of available-for-sale equity securities are not recorded through the income statement but recycled out of other comprehensive income when sold.

RECLASSIFICATION OF FINANCIAL INSTRUMENTS

Once a financial instrument has been classified into a particular category at initial recognition, transfers into or out of that category from or to another category are prohibited for some categories and are expected to be rare in all other circumstances.

The 2008 amendments to IAS 39 permit an entity to reclassify certain non-derivative financial assets out of the "held for trading" (at fair value through income) category and out of the "available-for-sale" category if the following specific conditions are met.

- Debt instruments, classified as "held for trading" (at fair value through income) or as "available for sale" may be reclassified to the "loans and receivables" category, if they meet the definition of loans and receivables at the reclassification date and where the Allianz Group has the intent and ability to hold the assets for the foreseeable future or until maturity.
- Any other debt instrument and any other equity instrument, classified as "held for trading" (at fair value through income) may be reclassified to the "held-to-maturity" category (debt instruments) or to the "available-for-sale" category in rare circumstances (e.g. deterioration of the world's financial markets in 2008) and where the Allianz Group does not have the intention to sell or trade the assets in the short term.

At the reclassification date, non-derivative financial assets have to be reclassified at their fair value, which becomes the new cost or amortized cost of the financial asset, as applicable. Previously recognized gains and losses cannot be reversed. After the reclassification date, the existing requirements of IAS 39 for measuring financial assets at cost or at amortized cost apply.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Allianz Group transfers the asset and substantially all of the risks and rewards of ownership. A financial liability is derecognized when it is extinguished.

DERIVATIVE FINANCIAL INSTRUMENTS

The Allianz Group uses derivative financial instruments such as swaps, options and futures to hedge against market risks (i.e. interest rates, equity prices or foreign exchange rates) or credit risks in its investment portfolios.

Derivative financial instruments that do not meet the criteria for hedge accounting are recognized at fair value as financial assets held for trading when the fair value is positive or financial liabilities held for trading when the fair value is negative. Gains or losses from valuation at fair value are included in income from financial assets and liabilities held for trading. This treatment is also applicable for bifurcated embedded derivatives of hybrid financial instruments.

A component that meets the definition of a derivative must be separated from its host contract (bifurcated) and measured as if it were a stand-alone derivative if its economic characteristics are not closely related to those of the host contract.

For derivative financial instruments used in hedge transactions that meet the criteria for hedge accounting (accounting hedges), the Allianz Group designates the derivative as a hedging instrument in a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign entity. The Allianz Group documents the hedge relationship, as well as its risk management objective and strategy for entering into the hedge transaction. The Allianz Group assesses, both at the hedge's inception and on an ongoing basis, whether the derivative financial instruments that are used for hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items. Derivative financial instruments used in accounting hedges are recognized as follows:

FAIR VALUE HEDGES

Fair value hedges are hedges of a change in the fair value of a recognized financial asset or liability or a firm commitment due to a specified risk. Changes in the fair value of a derivative financial instrument, together with the change in fair value of the hedged item attributable to the hedged risk, are recognized in income from financial assets and liabilities carried at fair value through income (net).

CASH FLOW HEDGES

Cash flow hedges offset the exposure to variability in expected future cash flows that is attributable to a particular risk associated with a recognized asset or liability or a forecasted transaction. Changes in the fair value of a derivative financial instrument that represent an effective hedge are recorded in unrealized gains and losses (net) in other comprehensive income, and are transferred to the consolidated income statement when the offsetting gain or loss associated with the hedged item is recognized. Any ineffectiveness of the cash flow hedge is recognized directly in income from financial assets and liabilities carried at fair value through income (net).

HEDGES OF A NET INVESTMENT IN A FOREIGN ENTITY

Hedge accounting may be applied to derivative financial instruments used to hedge the foreign currency risk associated with a net investment in a foreign entity. The proportion of gains or losses arising from valuation of the derivative financial instrument, which is determined to be an effective hedge, is recognized in foreign currency translation adjustments in other comprehensive income, while any ineffectiveness is recognized directly in income from financial assets and liabilities carried at fair value through income (net).

For all fair value hedges, cash flow hedges, and hedges of a net investment in a foreign entity, the derivative financial instruments are included in other assets or other liabilities.

The Allianz Group discontinues hedge accounting prospectively when it is determined that the derivative financial instrument is no longer highly effective, when the derivative financial instrument or the hedged item expires, or is sold, terminated or exercised, or when the Allianz Group determines that designation of the derivative financial instrument as a hedging instrument is no longer appropriate. After a fair value hedge is discontinued, the Allianz Group continues to report the derivative financial instrument at its fair value with changes in fair value recognized in the consolidated income statement, but changes in the fair value of the hedged item are no longer recognized in the consolidated income statement. After hedge accounting for a cash flow hedge is discontinued, the Allianz Group continues to record the derivative financial instrument at its fair value; any net unrealized gains and losses accumulated in other comprehensive income are recognized in the consolidated income statement (i.e. recycled) when the planned transaction affects the consolidated income statement. After a hedge of a net investment in a foreign entity is discontinued, the Allianz Group continues to report the derivative financial instrument at its fair value and any net unrealized gains or losses accumulated in other comprehensive income remain there until the disposal of the foreign entity.

DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

IFRS 7, Financial Instruments: Disclosures, requires the grouping of financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. The scope of IFRS 7 includes recognized and unrecognized financial instruments. Recognized financial instruments are those financial assets and financial liabilities within the scope of IAS 39. Unrecognized financial instruments, such as loan commitments, are financial instruments that are outside of the scope of IAS 39 but within the scope of IFRS 7. The classes of financial instruments within the Allianz Group are mainly in line with the categories according to IAS 39.

The risk disclosure requirements of IFRS 7 and the requirements of IAS 1, Presentation of Financial Statements, with regard to capital disclosures are reflected in the consolidated financial statements and the risk report in the group management report.

The risk report is an integral part of the consolidated financial statements.

The following table summarizes the relationship between the balance sheet positions and the classes of financial instruments according to IFRS 7. The balance sheet positions are the same as the IAS 39 categories except when noted in parenthesis.

Balance sheet line items, IAS 39 categories and IFRS 7 classes of financial instruments	Measurement basis
FINANCIAL ASSETS	
Cash and cash equivalents	Nominal value
Financial assets carried at fair value through income	
– Financial assets held for trading	Fair value
– Financial assets designated at fair value through income	Fair value
Investments	
– Available-for-sale investments	Fair value
– Held-to-maturity investments	Amortized cost
Loans and advances to banks and customers (Loans and receivables)	Amortized cost
Financial assets for unit-linked contracts	Fair value
Other assets	
– Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	Fair value
Assets held in trust [1]	Fair value
FINANCIAL LIABILITIES	
Financial liabilities carried at fair value through income	
– Financial liabilities held for trading	Fair value
– Financial liabilities designated at fair value through income	Fair value
Liabilities to banks and customers (Other liabilities)	Amortized cost
Reserves for insurance and investment contracts	
– Non-unit-linked investment contracts	Amortized cost
Financial liabilities for unit-linked contracts	Fair value
Other liabilities	
– Derivative financial instruments used for hedging purposes that meet the criteria for hedge accounting and firm commitments	Fair value
– Financial liabilities for puttable equity instruments	Redemption amount
Certificated liabilities (Other liabilities)	Amortized cost
Participation certificates and subordinated liabilities (Other liabilities)	Amortized cost
Liabilities held in trust [1]	Fair value
OFF-BALANCE SHEET	
Financial guarantees	Nominal value
Irrevocable loan commitments	Nominal value

1 | Include receivables and obligations of deferred compensation plans outsourced to a trust.

INSURANCE, INVESTMENT AND REINSURANCE CONTRACTS

INSURANCE AND INVESTMENT CONTRACTS

Contracts issued by insurance subsidiaries of the Allianz Group are classified according to IFRS 4 as insurance or investment contracts. Contracts under which the Allianz Group accepts significant insurance risk from a policyholder are classified as insurance contracts. Contracts under which the Allianz Group does not accept significant insurance risk are classified as investment contracts. Certain investment contracts include discretionary participation features. All insurance contracts and investment contracts with discretionary participating features are accounted for under the related insurance accounting provisions of US GAAP when IFRS 4 does not provide specific guidance. Investment contracts without discretionary participation features are accounted for as financial instruments in accordance with IAS 39.

REINSURANCE CONTRACTS

The Allianz Group's consolidated financial statements reflect the effects of ceded and assumed reinsurance contracts. Assumed reinsurance refers to the acceptance of certain insurance risks by the Allianz Group that other companies have underwritten. Ceded reinsurance refers to the transfer of insurance risk, along with the respective premiums, to one or more reinsurers who will share in the risks. When the reinsurance contracts do not transfer significant insurance risk according to the related reinsurance accounting provisions of US GAAP, deposit accounting is applied as required under the related reinsurance accounting provisions of US GAAP or under IAS 39.

Assumed reinsurance premiums, commissions and claim settlements, as well as the reinsurance element of technical provisions are accounted for in accordance with the conditions of the reinsurance contracts and with consideration of the original contracts for which the reinsurance was concluded.

Premiums ceded for reinsurance and reinsurance recoveries on benefits and claims incurred are deducted from premiums earned and insurance and investment contract benefits, respectively. Assets and liabilities related to reinsurance are reported on a gross basis. The amount of reserves ceded to reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured risks. Revenues and expenses related to reinsurance agreements are recognized in a manner consistent with the underlying risk of the business reinsured.

To the extent that the assuming reinsurers are unable to meet their obligations, the Allianz Group remains liable to its policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectible.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC), present value of future profits (PVFP) and deferred sales inducements comprise the deferred acquisition costs in the consolidated balance sheets.

Costs that vary with and are directly related to the acquisition and renewal of insurance contracts are deferred by recognizing a DAC asset. DAC generally consists of commissions, underwriting expenses and policy issuance costs. At inception, DAC is tested to ensure that it is recoverable over the life of the contracts. Subsequently, loss recognition tests at the end of each reporting period ensure that only the amount of DAC that is covered by future profits is carried on the consolidated balance sheet. For short-duration contracts, traditional long-duration contracts, and limited-payment contracts, DAC is amortized in proportion to premium revenue recognized.

For universal life-type contracts, participating life insurance contracts and investment contracts with discretionary participation features, DAC is amortized over the contract life of a book of contracts based on estimated gross profits (EGP) or estimated gross margins (EGM), as appropriate, based on historical and anticipated future experience, which is evaluated at the end of each reporting period.

For unit-linked investment contracts without discretionary participation features (DPF) accounted for under IAS 39 at fair value, acquisition costs are deferred in accordance with IAS 18, Revenue, if the costs are incremental. Acquisition costs are incremental, so long as no costs are incurred from non-issuance of the related contracts. For non-unit-linked investment contracts without discretionary participation features accounted for under IAS 39 at amortized cost, acquisition costs that meet the definition of transaction costs under IAS 39, are considered in the aggregate policy reserves.

The value of an insurance business or an insurance portfolio acquired is measured by the PVFP, which is the present value of net cash flows anticipated in the future from insurance contracts in force at the date of acquisition. It is amortized over the life of the related contracts. PVFP was determined using discount rates ranging from 8.0 % to 12.0 %. Interest accrues on the PVFP balance based upon the policy liability rate or contract rate. Interest currently accrues on PVFP at rates between 2.0 % and 6.5 %.

Sales inducements on insurance contracts that meet the following criteria are generally deferred and amortized using the same methodology and assumptions used for amortized deferred acquisition costs:

- recognized as part of reserves for insurance and investment contracts,
- explicitly identified in the contract at inception,
- incremental to amounts the Allianz Group credits on similar contracts without sales inducements, and
- higher than the contract's expected ongoing crediting rates for periods after the inducement.

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

SHADOW ACCOUNTING

For insurance contracts and investment contracts with discretionary participation features, shadow accounting is applied to DAC, PVFP and deferred sales inducements. The Allianz Group uses EGPs or EGMs, which include realized gains and losses in measuring these assets. Shadow accounting is applied in order to include the effect of unrealized gains or losses in the measurement of these intangible assets in the same way as it is done for realized gains or losses. Accordingly, the assets are adjusted with corresponding charges or credits recognized directly in other comprehensive income as a component of the related unrealized gain or loss. When the gains or losses are realized, they are recorded in the income statement through recycling and prior adjustments due to shadow accounting are reversed.

Shadow accounting in a broader sense is also applied to all valuation differences between statutory accounting, which is the basis for profit participation of policyholders, and IFRS accounting. These valuation differences generally are accounted for as latent reserves for premium refunds. Losses that can be born by policyholders in future periods are considered in the corresponding insurance liability. Further information is included in a succeeding section entitled "Reserves for insurance and investment contracts".

UNEARNED PREMIUMS

For short-duration insurance contracts, like most of the property and casualty contracts, premiums to be earned in future years are recorded as unearned premiums according to the insurance accounting provisions of US GAAP. These premiums are earned in subsequent periods in relation to the insurance coverage provided.

Amounts charged as consideration for origination of certain long-duration insurance contracts (i.e. initiation or front-end fees) are reported as unearned revenue which are included in unearned premiums. According to the insurance accounting provisions of US GAAP, these fees are recognized using the same amortization methodology as DAC.

UNBUNDLING

The deposit component of an insurance contract is unbundled when both of the following conditions are met:

1. the deposit component (including any embedded surrender options) can be measured separately (i. e. without taking into account the insurance component); and

2. the Allianz Group's accounting policies do not require the recognition of all obligations and rights arising from the deposit component.

Currently, the Allianz Group has recognized all rights and obligations related to issued insurance contracts according to its accounting policies. As a result, the Allianz Group has not recognized an unbundled deposit component in respect of any of its insurance contracts, and accordingly the Allianz Group has not recorded any related provisions in its consolidated financial statements.

BIFURCATION

Some of the Allianz Group's universal life-type and investment-type insurance contracts contain features, which are not closely related to the underlying insurance contracts. These features are bifurcated from the insurance contracts and accounted for as derivatives in line with IFRS 4 and IAS 39.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves are established for the payment of losses and loss adjustment expenses (LAE) on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for incurred but not reported losses (IBNR).

Case reserves for reported claims are based on estimates of future payments that will be made with respect to claims, including LAE relating to such claims. Such estimates are made on a case-by-case basis, based on the facts and circumstances available at the time the reserves are established. The estimates reflect the informed judgment of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim. These case reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.

IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Allianz Group has not yet been notified. IBNR reserves, similar to case reserves for reported claims, are established to recognize the estimated costs, including expenses, necessary to bring claims to final settlement. The Allianz Group relies on its past experience, adjusted for current trends and any other relevant factors to estimate IBNR reserves. IBNR reserves are estimates based on actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, estimates of future inflation and other societal and economic factors. Trends in claim frequency, severity and time lag in reporting are examples of factors used in projecting the IBNR reserves. IBNR reserves are reviewed and revised periodically as additional information becomes available and actual claims are reported.

The process of estimating loss and LAE reserves is by nature uncertain due to the large number of variables affecting the ultimate amount of claims. The Allianz Group reduces the uncertainty in reserve estimates through the use of multiple actuarial and reserving techniques and certain Group-wide processes and controls. For further information please see note 3.

There is no adequate statistical data available for some risk exposures in liability insurance, such as environmental and asbestos claims and large-scale individual claims, because some aspects of these types of claims become known very slowly and continue to evolve. Appropriate provisions have been made for such cases based on the Allianz Group's judgment and analyses of the portfolios in which such risks occur. These provisions represent the Allianz Group's best estimate. Current reserves reflect subsequent loss development and re-estimation of initial reserves. The reserves for loss and loss adjustment expenses for asbestos and environmental claims were reviewed in 2011. As a result, reserves developed favorably by € 130 mn for asbestos reserves outside of the United States, partially offset by an adverse development of environmental claims in the United States. The overall favourable development of € 24 mn or 0.7 % of the reserves as at December 31, 2010, supports the prior level of reserves for A&E claims. In addition, operating entities regularly monitor asbestos and environmental claims emergence and trends.

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

Reserves for insurance and investment contracts include aggregate policy reserves, reserves for premium refunds and other insurance reserves.

AGGREGATE POLICY RESERVES FOR PARTICIPATING LIFE INSURANCE CONTRACTS

The aggregate policy reserves for participating life insurance contracts are computed in accordance with the related insurance accounting provisions under US GAAP using the net level premium method. The method uses assumptions for mortality, morbidity and interest rates that are guaranteed in the contract or used in determining the policyholder dividends (or premium refunds). DAC and PVFP for traditional participating insurance products are amortized over the expected life of the contracts in proportion to EGMs based upon historical and anticipated future experience, which is determined on a best estimate basis and evaluated at the end of each reporting period. The present value of EGMs is computed using the expected investment yield. EGMs include premiums, investment income including realized gains and losses, insurance benefits, administration costs, changes in the aggregate reserves and policyholder dividends. The effect of changes in EGMs are recognized in net income in the period revised.

AGGREGATE POLICY RESERVES FOR TRADITIONAL LONG-DURATION INSURANCE CONTRACTS

Aggregate policy reserves for traditional long-duration insurance contracts, such as traditional life and health products, are computed in accordance with the related insurance accounting provisions under US GAAP using the net level premium method, which represents the present value of estimated future policy benefits to be paid including future claims handling costs and administration fees less the present value of estimated future net premiums to be collected from policyholders. The method uses best estimate assumptions adjusted for a provision for adverse deviation for mortality, morbidity, expected investment yields, surrenders and expenses at the policy inception date, which remain locked in thereafter unless a premium deficiency occurs. DAC and PVFP for traditional life and health products are amortized over the premium paying period of the related policies in proportion to the earned premium using assumptions consistent with those used in computing the aggregate policy reserves.

AGGREGATE POLICY RESERVES FOR UNIVERSAL LIFE-TYPE INSURANCE CONTRACTS

The aggregate policy reserves for universal life-type insurance contracts in accordance with the related insurance accounting provisions under US GAAP are equal to the account balance, which represents premiums received and investment return credited to the policy less deductions for mortality costs and expense charges. The aggregate policy reserve for universal life-type contracts includes insurance reserves for unit-linked insurance contracts and investment contracts with discretionary participation features. DAC and PVFP for universal life-type contracts are amortized over the expected life of the contracts in proportion to EGPs based upon historical and anticipated future experience, which is determined on a best estimate basis and evaluated at the end of each reporting period. The present value of EGPs is computed using the interest rate that accrues to the policyholders, or the credited rate. EGPs include margins from mortality, administration, investment income including realized gains and losses and surrender charges. The effect of changes in EGPs are recognized in net income in the period revised.

Aggregate policy reserves also consider liabilities for guaranteed minimum death and similar mortality and morbidity benefits related to non-traditional contracts with annuitization options. These liabilities are calculated based on contractual obligations using actuarial assumptions.

ASSUMPTIONS USED FOR AGGREGATE POLICY RESERVES FOR PARTICIPATING LIFE INSURANCE CONTRACTS, TRADITIONAL LONG-DURATION INSURANCE CONTRACTS AND UNIVERSAL LIFE-TYPE INSURANCE CONTRACTS

Current and historical client data, as well as industry data is used to determine the assumptions.

Assumptions for interest reflect expected earnings on assets, which back the future policyholder benefits. The information used by the Allianz Group's actuaries in setting such assumptions includes, but is not limited to, pricing assumptions, available experience studies, and profitability analyses.

The interest rate assumptions used in the calculation of deferred acquisition costs and aggregate policy reserves were as follows:

	Traditional long-duration insurance contracts	Participating life insurance contracts
Deferred acquisition costs	2.5 – 6.0%	2.2 – 5.0%
Aggregate policy reserves	2.5 – 6.0%	1.5 – 4.3%

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

RESERVES FOR PREMIUM REFUNDS

Reserves for premium refunds include the amounts allocated under the relevant local statutory or contractual regulations to the accounts of the policyholders and the amounts resulting from the differences between these IFRS based financial statements and the local financial statements (latent reserve for premium refunds), which will reverse and enter into future profit participation calculations. Unrealized gains and losses recognized for available-for-sale investments are recognized in the latent reserve for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized. The profit participation allocated to participating policyholders or disbursed to them reduces the reserve for premium refunds.

Methods and corresponding percentages for participation in profits by the policyholders are set out below for the most significant countries for latent reserves:

Country	Base	Percentage
Germany		
Life	all sources of profit	90 %
Health	all sources of profit	80 %
France		
Life	all sources of profit	85 %
Italy		
Life	investment result	85 %
Switzerland		
Group Life	all sources of profit	90 %
Individual Life	all sources of profit	100 %

AGGREGATE POLICY RESERVES FOR NON-UNIT-LINKED INVESTMENT CONTRACTS

Non-unit-linked investment contracts without DPF are accounted for under IAS 39. The aggregate policy reserve for those contracts is initially recognized at amortized cost, or the amount of the deposit by the contract holder, net of the transaction costs that are directly attributable to the issuance of the contract. Subsequently, those contracts are measured at amortized cost using the effective interest rate method.

LIABILITY ADEQUACY TESTING

Liability adequacy tests are performed for each insurance portfolio on the basis of estimates of future claims, costs, premiums earned and proportionate investment income. For short-duration contracts, a premium deficiency is recognized if the sum of expected claim costs and claim adjustment expenses, expected dividends to policyholders, capitalized DAC, and maintenance expenses exceeds related unearned premiums while considering anticipated investment income. For traditional long-duration contracts and limited payment contracts, if actual experience regarding investment yields, mortality, morbidity, terminations or expense indicate that existing contract liabilities, along with the present value of future gross premiums, will not be sufficient to cover the present value of future benefits and to recover capitalized DAC, a premium deficiency is recognized. For other long-duration contracts, if the present value of estimated gross profits or margins, plus unearned revenue liability if applicable, will not be sufficient to recover capitalized DAC, a premium deficiency is recognized.

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

OTHER ASSETS

Other assets primarily consist of receivables, prepaid expenses, derivative financial instruments used for hedging that meet the criteria for hedge accounting, firm commitments, property and equipment and other assets.

Receivables are generally recorded at face value less any payments received, net of valuation allowances.

Property and equipment includes real estate held for own use, software, equipment and fixed assets of fully consolidated private equity investments and Alternative Investments.

Real estate held for own use (e.g. real estate and buildings, including buildings on leased land) is carried at cost less accumulated depreciation and impairments. The capitalized cost of buildings is calculated on the basis of acquisition cost and depreciated on a straight-line basis over a maximum of 50 years in accordance with their useful lives. An impairment is recognized when the recoverable amount of these assets is less than their carrying amount. Where it is not possible to identify separate cash flows for estimating the recoverable amount of an individual asset, an estimate of the recoverable amount of the cash generating unit to which the asset belongs is used.

Software, which includes software purchased from third parties or developed internally, is initially recorded at cost and is amortized on a straight-line basis over the estimated useful service lives or contractual terms, generally over 3 to 5 years.

Equipment is carried at cost less accumulated depreciation and impairments. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life of equipment ranges from 2 to 10 years, except for purchased information technology equipment, which is 2 to 8 years.

The Allianz Group also records the fixed assets of its fully consolidated private equity investments and Alternative Investments, e.g. wind parks, solar parks and vending machines, within property and equipment. These assets are carried at cost less accumulated depreciation and impairments. Depreciation is generally computed using the straight-line method over estimated useful lives of the assets. The estimated useful life for the wind parks ranges from 20 to 25 years and for the vending machines from 4 to 8 years.

Costs for repairs and maintenance are expensed as incurred, while improvements, if they extend the useful life of the asset, provide additional functionality or otherwise enhance the value of the asset, are capitalized.

NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be principally recovered through a sale transaction rather than through continuing use. This requires that the asset or disposal group must be available for immediate sale in its present condition and its sale must be highly probable. The appropriate level of management must be committed to a plan to sell the asset or disposal group and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets or disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Any subsequent increases in fair value less costs to sell are recognized as a gain but not in excess of the cumulative impairment loss that has been recognized previously. A non-current asset is not depreciated while classified as held for sale. A gain or loss on the date of the sale not previously recognized is recorded at the date of derecognition.

GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets include intangible assets with indefinite useful lives like goodwill and brand names and intangible assets with finite useful lives like long-term distribution agreements and customer relationships.

Goodwill resulting from business combinations is initially recorded at cost and subsequently measured at cost less accumulated impairments. Goodwill is allocated to each of the Allianz Group's cash generating units expected to benefit from the business combination.

The Allianz Group conducts an annual impairment test of goodwill during the fourth quarter or more frequently if there is an indication that goodwill is not recoverable. The impairment test includes comparing the recoverable amount to the carrying amount, including goodwill, of all relevant cash generating units. A cash generating unit is impaired if the carrying amount is greater than the recoverable amount. The impairment amount is allocated to first reduce any goodwill, followed by allocation to the carrying amount of any remaining non financial assets of the cash generating unit. Impairments of goodwill are not reversed. Gains or losses realized on the disposal of subsidiaries include any related goodwill. Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

Separately acquired intangible assets are initially recorded at cost which is usually its purchase price and any directly attributable costs. Intangible assets acquired in business combinations are initially recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Internally generated intangible assets are initially recorded at cost which is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria in the development phase.

Indefinite life intangibles are not amortized but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that impairment may have occurred. Intangible assets with finite useful lives are amortized over their useful lives and are subsequently recorded at cost less accumulated amortization and impairments. An intangible asset is impaired and a respective impairment amount is recognized if the carrying amount is greater than the recoverable amount. Where it is not possible to identify separate cash flows for estimating the recoverable amount of an individual asset, an estimate of the recoverable amount of the cash generating unit to which the asset belongs is used.

OTHER LIABILITIES

Other liabilities include payables, unearned income, provisions, deposits retained for reinsurance ceded, derivative financial instruments used for hedging, that meet the criteria for hedge accounting, firm commitments, financial liabilities for puttable equity instruments and other liabilities. These liabilities are reported at redemption value.

Tax payables are calculated in accordance with relevant local tax regulations.

EQUITY

Issued capital represents the mathematical per share value received from the issuance of shares.

Capital reserves represent the premium, or additional paid-in capital, received from the issuance of shares.

Retained earnings comprise the net income of the current year, not yet distributed earnings of prior years and treasury shares as well as any amounts directly recognized in equity according to IFRS. Treasury shares are deducted from shareholders' equity. No gain or loss is recognized on the sale, issuance, acquisition or cancellation of these shares. Any consideration paid or received is recorded directly in shareholders' equity.

Foreign currency translation differences, including those arising in the application of the equity method of accounting, are recorded as foreign currency translation adjustments directly in shareholders' equity without affecting earnings.

Unrealized gains and losses (net) include unrealized gains and losses from available-for-sale investments and derivative financial instruments that meet the criteria for hedge accounting, including cash flow hedges and hedges of a net investment in a foreign entity.

Non-controlling interests represent the proportion of equity that is attributable to the respective shareholders of subsidiaries.

PREMIUMS EARNED AND CLAIMS AND INSURANCE BENEFITS PAID

Premiums for short-duration contracts are recognized as revenues over the period of the contract in proportion to the amount of insurance protection provided. Unearned premiums are calculated separately for each individual policy to cover the unexpired portion of written premiums. Premiums for short-duration contracts could arise from Property-Casualty, Life and Health insurance contracts. For those contracts, benefits are recognized when incurred.

Long-duration contracts are contracts that are non-cancelable by the insurance company and guaranteed renewable and that are expected to remain in force over an extended period of time. Premiums for long-duration contracts are recognized as earned when due. Long-duration contracts can comprise Property-Casualty, Life and Health insurance contracts.

Revenues for universal life-type and investment contracts, such as universal life and variable annuity contracts, represent charges assessed against the policyholders' account balances for the front-end loads, net of the change in unearned revenue liability, cost of insurance, surrenders and policy administration and are included within premiums earned (net).

Benefits charged to expense include benefit claims incurred during the period in excess of policy account balances and interest credited to policy account balances.

INTEREST AND SIMILAR INCOME/EXPENSES

Interest income and interest expenses are recognized on an accrual basis. Interest income is recognized using the effective interest method. This line item also includes dividends from available-for-sale equity securities, interest recognized on finance leases and income from investments in associated entities and joint ventures. Dividends are recognized in income when the right to receive the dividend is established. Interest on finance leases is recognized in income over the term of the respective lease so that a constant period yield based on the net investment is attained.

Income from investments in associated entities and joint ventures (net) represents the share of net income from entities accounted for using the equity method.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

Income from financial assets and liabilities carried at fair value through income includes all investment income, and realized and unrealized gains and losses from financial assets and liabilities carried at fair value through income. In addition, commissions attributable to trading operations and related interest expenses and transaction costs are included in this line item. Foreign currency gains and losses are also reported within income from financial assets and liabilities carried at fair value through income (net).

FEE AND COMMISSION INCOME AND EXPENSES

Fee and commission income is recognized when the corresponding service is provided. Such fees comprise commission income received on security transactions, financial advisory services, trust and custody services, brokerage of insurance policies, and services related to credit cards, home loans, savings contracts and real estate.

Assets and liabilities held in trust by the Allianz Group in its own name, but for the account of third parties, are not reported in its consolidated balance sheet. Commissions received from such business are shown in fee and commission income.

Investment advisory fees are recognized as the services are performed. Such fees are primarily based on percentages of the market value of the assets under management. Investment advisory fees receivable for private accounts consist primarily of accounts billed on a quarterly basis. Private accounts may also generate a fee based on investment performance, which is recognized at the end of the respective contract period if the prescribed performance hurdles have been achieved.

Distribution, servicing and administration fees are recognized as the services are performed. Such fees are generally based on percentages of the market value of assets under management.

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS

All of the income and expenses from fully consolidated private equity investments are presented in separate income and expense line items. Revenue from fully consolidated private equity investments is recognized upon customer acceptance of goods delivered and when services have been rendered.

INCOME TAXES

Income tax expense consists of current taxes on taxable income actually charged to the individual Allianz Group companies and changes in deferred tax assets and liabilities. Expense and income from interest and penalties to or from tax authorities are included in current taxes. The calculation of deferred taxes is based on tax loss carry forwards, unused tax credits and on temporary differences between the Allianz Group's carrying amounts of assets or liabilities in its consolidated balance sheet and their tax bases. The tax rates used for the calculation of deferred taxes are the local rates applicable in the countries concerned; changes to tax rates which have been substantively enacted prior to or as of the consolidated balance sheet date are taken into account. Deferred tax assets on losses carried forward are recognized only to the extent it is probable that sufficient future taxable income will be available for their realization.

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

LEASES

Payments made under operating leases to the lessor are charged to administrative expenses using the straight-line method over the period of the lease. When an operating lease is terminated before the lease period has expired, any penalty is recognized in full as an expense at the time when such termination takes place.

PENSIONS AND SIMILAR OBLIGATIONS

Contributions to defined contribution plans are recognized as an expense when employees have rendered services entitling them to the contributions.

For defined benefit plans, the Allianz Group uses the projected unit credit actuarial method to determine the present value of its defined benefit plans and the related service cost and, where applicable, past service cost. The principal assumptions used by the Allianz Group are included in note 48. The census date for the primary pension plans is October or November, with any significant changes through December 31 taken into account.

The Allianz Group applies the corridor approach. For each individual defined benefit pension plan, the Allianz Group recognizes a portion of its actuarial gains and losses as an income or expense if the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceeded the greater of:

a) 10 % of the defined benefit obligation at that date, or

b) 10 % of the fair value of any plan assets at that date.

Any unrecognized actuarial net gain or loss exceeding the greater of these two values is generally recognized as an income or expense in the consolidated income statements over the expected average remaining working lives of the employees participating in the plans.

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

SHARE BASED COMPENSATION PLANS

The share-based compensation plans of the Allianz Group are classified as either equity settled or cash settled plans. Equity settled plans are measured at fair value on the grant date and recognized as an expense, with a corresponding increase to shareholders' equity, over the vesting period. Equity settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. For cash settled plans, the Allianz Group accrues the fair value of the award as a compensation expense over the vesting period. Upon vesting, any change in the fair value of any unexercised awards is also recognized as a compensation expense.

RESTRUCTURING PLANS

Provisions for restructuring plans are recognized when the Allianz Group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features. The detailed formal plan includes the business concerned, approximate number of employees who will be compensated for terminating their services, the expenses to be incurred and the time period over which the plan will be implemented. The detailed plan must be communicated such that those affected have an expectation that the plan will be implemented. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, i. e. those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. The income statement line item restructuring charges includes additional restructuring related expenditures that are necessarily entailed by the restructuring and not associated with the ongoing activities of the entity but which are not included in the restructuring provisions, such as impairments of assets affected by restructuring.

Please refer to note 3, where the processes and controls for ensuring an appropriate use of estimates and assumptions are explained.

3 Use of estimates and assumptions

The preceding note 2 describes the accounting policies that the Allianz Group follows in preparing their consolidated financial statements. The section below describes how certain reported figures can be significantly affected by the use of estimates and assumptions, and the processes the Allianz Group has in place to control the judgments which are made.

Both sides of the Allianz Group's balance sheet have a high degree of estimation and numerous assumptions embedded in the valuation of assets and liabilities. The estimation process and selection of appropriate assumptions requires significant judgment to be applied and management decisions to be taken in order to establish appropriate values for these assets and liabilities. Any change in the assumptions and estimates could, in certain circumstances, significantly affect the reported results and values because the range of reasonable judgment in some cases may be very large. The Allianz Group understands the degree of impact that these judgments may have and has established a strong system of governance as well as controls, procedures and guidelines to ensure consistency and soundness over these judgments.

Subsidiaries of the Allianz Group are required to establish controls which promote a culture of good judgment and sound decision-making around accounting estimates. These include providing training programs, hiring people with the right background for the job (i.e., certified or experienced accountants, actuaries and finance professionals), and providing formalized policies and procedures manuals for accounting and internal controls.

At the Allianz Group level, processes and committees have been established to ensure sound judgment and consistent application of the Allianz Group's standards. Furthermore, the Allianz Group has a culture that is strongly committed to reliability, encourages open and transparent discussions, provides a venue for asking questions and admitting mistakes, recognizes experts and expertise, and respects the four eyes principle of review. Committees, none of which are chaired by the CFO of the Allianz Group, ensure that judgmental decisions and selection of assumptions are discussed in an open setting among experts and that inconsistencies are identified and resolved.

Complex accounting areas that are especially sensitive to the estimates and assumptions are described in the following sections.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES, INSURANCE AND INVESTMENT CONTRACTS AND DEFERRED ACQUISITION COSTS

As of December 31, 2011, the Allianz Group reported:[1]

- reserves for loss and loss adjustments expenses of € 68,832 mn mainly for the Property-Casualty operations, including run-off business and reinsurance business assumed,
- reserves for insurance and investment contracts of € 361,954 mn mainly for the Life/Health operations and
- deferred acquisition costs of € 20,772 mn for both insurance operations.

LIFE/HEALTH reserves are dependent on estimates and assumptions, especially on the life expectancy of an insured individual (mortality and longevity risk) and on the development of interest rates and investment returns (asset-liability mismatch risk). These assumptions also have an impact on the presentation of costs arising from the origination of insurance business (acquisition costs and sales inducements) and the value of acquired insurance business (PVFP). To ensure consistency in the application of actuarial methods and assumptions in the Life/Health reserving process, the Allianz Group has designed a two stage reserving process. In a first stage, Life/Health reserves are calculated by qualified local staff experienced in the business of the subsidiaries. Actuaries in the local entities also conduct tests of the adequacy of the premiums and reserves to cover future claims and expenses (liability adequacy tests). The process follows Group-wide standards for applying consistent and plausible assumptions. The appropriateness of the reserves and compliance with the Group-wide standards is confirmed by the local actuary. In a second stage, the Allianz Group Actuarial Department regularly reviews the local reserving processes, including the appropriateness and consistency of assumptions, and analyzes the movements of reserves. Any adjustments to reserves and other insurance related reporting items are reported to and analyzed together with the Allianz Group Reserve Committee.

PROPERTY-CASUALTY reserves are particularly dependent on the use of estimates and judgment regarding the development of loss reserves. Similar to Life/Health, a two stage reserving process is in place.

1 | Please refer to note 2 Summary of significant accounting policies. For further details, please refer to note 12 Deferred acquisition costs, note 19 Reserves for loss and loss adjustment expenses, and note 20 Reserves for insurance and investment contracts.

In a first stage, in each jurisdiction, reserves are calculated for individual lines of business, taking into consideration a wide range of local factors. This local reserving process begins with local reserving actuaries gathering data, typically dividing reserving data into the smallest possible homogeneous segments, while maintaining sufficient volume to form the basis for stable projections. Once data is collected, they derive patterns of loss payment and emergence of claims based on historical data organized into development triangles arrayed by accident year versus development year. Loss payment and reporting patterns are selected based on observed historical development factors and also on the judgment of the reserving actuary using an understanding of the underlying business, claims processes, data and systems as well as the market, economic, societal and legal environment. Expected loss ratios are then developed, which are derived from the analysis of historical observed loss ratios, adjusted for a range of factors such as loss development, claims inflation, changes in premium rates, changes in portfolio mix and change in policy terms and conditions.

Using the development patterns and expected loss ratios described above, local reserving actuaries produce estimates of ultimate loss and allocated loss adjustment expenses using several methods, such as Loss Development or Chain-Ladder Method, Bornhuetter-Ferguson Method, or Frequency-Severity Methods.

Using the above estimate of ultimate loss and LAE by accident year – with respect to the origin year of losses – subsidiaries of the Allianz Group directly estimate the total loss and LAE reserves by subtracting cumulative payments for claims and LAE through the relevant balance sheet date. Finally, local reserving actuaries calculate the relevant IBNR reserves as the difference between

- the total loss and LAE reserves, and
- the case reserves as established by claims adjusters on a case-by-case basis.

Estimates for the current accident year determine the loss ratios and profitability of the business of the most recent year. For all prior accident years the change in estimates is reported as a run-off – adverse or favorable – in the consolidated income statement.

As loss reserves represent estimates of uncertain future events, the local reserving actuaries determine a range of reasonably possible outcomes. To analyze the variability of loss reserve estimates, actuaries employ a range of methods and approaches, including simple sensitivity testing using alternative assumptions, as well as more sophisticated stochastic techniques. The Allianz Group's reserving standards require that all local reserve committees in Allianz subsidiaries meet quarterly to discuss and document reserving decisions as well as to select the best estimate of the ultimate amount of reserves within a range of possible outcomes and to document the rationale for that selection for the particular entity.

In a second stage, the Allianz Group Actuarial department regularly reviews the local reserving processes, including the appropriateness and consistency of assumptions. Significant aspects are reported to the Allianz Group Reserve Committee to initiate actions when necessary.

For Life/Health, as well as for Property-Casualty the central oversight process includes the following key components:

GROUP-WIDE STANDARDS AND GUIDELINES: They define the reserving practices which must be conducted by each subsidiary including aspects of assumptions and estimates. This includes the organization and structure, data, methods, and reporting. The Allianz Group Actuarial Department monitors compliance with these standards and guidelines.

REGULAR SITE VISITS: The Allianz Group Actuarial Department regularly visits Allianz subsidiaries in order to ensure that they apply the Group-wide standards and guidelines. The on-site review focuses on all significant changes in assumptions and methodologies as well as on procedures and professional practices relevant for the reserving process. Furthermore, these meetings are to update knowledge of the underlying local business developments.

REGULAR QUANTITATIVE AND QUALITATIVE RESERVE MONITORING: On a quarterly basis, the Allianz Group Actuarial Department monitors reserve levels, movements and trends across the Allianz Group. This monitoring is conducted on the basis of quarterly data submitted by the subsidiaries as well as through frequent dialogue with local actuaries.

The oversight and monitoring of the Allianz Group's reserves culminate in quarterly meetings of the Allianz Group Reserve Committee, which is the supervising body that governs all significant reserves. It particularly monitors key developments across the Allianz Group affecting the adequacy of loss reserves.

FAIR VALUE AND IMPAIRMENTS OF FINANCIAL INSTRUMENTS

As of December 31, 2011, the Allianz Group reported financial instruments carried at fair value of:[1]

- € 229,555 mn of the financial assets and € 64,660 mn of the financial liabilities carried at fair value are classified within level 1 of the fair value hierarchy (quoted prices in active markets)
- € 168,932 mn of the financial assets and € 4,659 mn of the financial liabilities carried at fair value are classified within level 2 of the fair value hierarchy (valuation technique with observable market inputs)
- € 8,055 mn of the financial assets and € 5,351 mn of the financial liabilities carried at fair value are classified within level 3 of the fair value hierarchy (valuation technique with significant input being non-observable). Level 3 financial assets represent less than 2 % of the Allianz Group's total financial assets carried at fair value

Estimates and assumptions are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified within level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers. When appropriate, values are adjusted on the basis of available market information including pricing, credit-related factors, volatility levels, and liquidity considerations. If sufficient market information is unavailable, management's best estimate of a particular input is used to determine the value.

The evaluation of whether a financial debt security is impaired requires analysis of the underlying credit of the relevant issuer and involves significant management judgment. In particular, current publicly available information relating to the issuer and the particular security is considered relating to factors including, but not limited to, evidence of significant financial difficulty of the issuer and breach of contractual obligations of the security, such as a default or delinquency on interest or principal payments. The Allianz Group also considers other factors which could provide objective evidence of a loss event, including the probability of bankruptcy and the lack of an active market due to financial difficulty. The presence of either a decline in fair value below amortized cost or the downgrade of an issuer's credit rating does not by itself represent objective evidence of a loss event, but may represent objective evidence of a loss event when considered with other available information.

In general, the subsidiaries assume responsibility for assessing fair values and evaluating impairments of financial instruments. This process is consistent with the decentralized organizational structure and reflects the fact that local managers are often best suited to analyze securities trading in local markets. Nevertheless, the subsidiaries are responsible for adhering to the Allianz Group's internal control policy regarding impairment assessment, measurement and disclosure. Subsidiaries must report all impairment decisions on debt securities to the Allianz Group Financial Reporting department, which then reviews them for consistency and resolves discrepancies.

GOODWILL

As of December 31, 2011, the Allianz Group reported total goodwill of € 11,722 mn, of which:[2]

- € 2,072 mn related to the Property-Casualty business
- € 2,174 mn related to the Life/Health business
- € 6,985 mn related to the Asset Management business
- € 491 mn related to the business segment Corporate and Other

Goodwill represents the excess of the cost of a business over the fair value of net assets acquired. Upon acquisition, goodwill is allocated to the cash generating units (CGU) that are expected to benefit from the acquisition. Since goodwill is not amortized, the Allianz Group must evaluate at least annually whether the carrying value per CGU is deemed recoverable. This is assumed as long as the carrying value is not in excess of the unit's estimated value in use (present value of expected cash flows). If it is not deemed recoverable, the excess goodwill will need to be impaired. The determination of a unit's estimated recoverable value requires significant judgment regarding the selection of appropriate valuation techniques and assumptions. These assumptions include selection of appropriate discount rates, planning horizons, capitalization requirements and the expected future business results. Assumptions may need to change as economic, market and business conditions change. As such, the Allianz Group continually evaluates external conditions and the operating performances of the CGUs.

1 | Please refer to the consolidated financial statements note 2 Summary of significant accounting policies, note 37 Impairments of investments (net), and note 45 Financial instruments, for further details regarding financial instruments and impairments.

2 | Please refer to note 2 Summary of significant accounting policies, and note 15 Intangible assets, for further details.

The Allianz Group's processes and controls around the estimation of recoverable values are generally applied at the Allianz Group level and are designed to minimize subjectivity. For example, the assumptions used are required to be consistent with the parameters of the well defined planning and controlling processes. The recoverable amounts of all cash generating units are generally determined on the basis of value in use calculations. Important input factors for those calculations are the business plan, the estimate of the sustainable returns and eternal growth rates as is further explained in note 15. The Allianz Group also performs sensitivity tests with regard to key value drivers, such as projected long-term combined ratios or discount rates. Furthermore, the Allianz Group reviews market-based business transaction multiples where available. This information is used to assess reasonableness since directly comparable market value information is not generally available. Although the Allianz Group believes short-term fluctuations in the market capitalization do not reflect the long-term value of the aggregate of the CGUs, the market capitalization is also compared to the aggregate of the CGU's realizable values as a high level test of the entire process. The Allianz Group believes that the controls over assessing the recoverability of goodwill ensure both consistent and reliable results.

DEFERRED TAX ASSETS

As of December 31, 2011, the Allianz Group reported deferred tax assets of € 2,321 mn. € 2,081 mn thereof resulted from tax losses which are carried forward to future periods.[1]

Deferred taxes are determined based on tax loss carry forwards, unused tax credits and on temporary differences between the Allianz Group's carrying amounts of assets and liabilities in its consolidated balance sheet and their tax bases. Deferred tax assets are recognized only to the extent it is probable that sufficient future taxable income will be available for their realization. Assessments as to the recoverability of deferred tax assets require the use of judgment regarding assumptions related to estimated future taxable profits. This includes the character and amounts of taxable future profits, the periods in which those profits are expected to occur and as well as the availability of tax planning opportunities.

The analysis and forecasting required in this process, and in result the determination of the deferred tax assets, is performed for individual jurisdictions by qualified local tax and financial professionals. Given the potential significance surrounding the underlying estimates and assumptions, Group-wide policies and procedures have been designed to ensure consistency and reliability around the recoverability assessment process. Forecasted operating results are based upon approved business plans which are themselves subject to a well defined process of control. As a matter of policy, especially strong evidence supporting the recognition of deferred tax assets is required if an entity has suffered a loss in either the current or preceding period.

Recognition and recoverability of all significant deferred tax assets are reviewed by tax professionals at Group level and the Allianz Group Tax Committee. The Allianz Group Tax Committee consists of senior Group financial staff and is chaired by the Head of the Allianz Group Tax department.

PENSION LIABILITIES AND SIMILAR OBLIGATIONS

As of December 31, 2011, the Allianz Group reported pension liabilities for defined benefit plans of € 15,619 mn which is offset by the fair value of plan assets of € 10,136 mn.[2]

Liabilities for pension and similar obligations and related net pension expenses are determined in accordance with actuarial valuation models. These valuations rely on extensive assumptions. Key assumptions including discount rates, inflation rates, expected returns on plan assets, compensation increases, pension increases and rates of medical cost trend are defined centrally at the Allianz Group level considering the circumstances in the particular countries. In order to ensure their thorough and consistent determination all input parameters are discussed and defined, taking into consideration economic developments, peer reviews, currently available market and industry data as well as historical performance of the plans and their assets. The discount rate assumptions are determined by reference to yields of high-quality corporate bonds of appropriate duration and currency at the balance sheet date. In countries where there is no deep market in such bonds, market yields on government bonds are generally used as discount rates. Expected returns on plan assets are determined based on the plan asset mix and observed historical returns.

Due to changing market and economic conditions the underlying assumptions may differ from actual developments. Potential financial impacts from deviations in certain critical assumptions based on respective sensitivity analysis are disclosed in note 48.

1 | Please refer to note 2 Summary of significant accounting policies, and note 43 Income taxes, for further details.
2 | Please refer to note 2 Summary of significant accounting policies, and note 48 Pensions and similar obligations, for further details.

RESTRUCTURING PROVISIONS

As of December 31, 2011, the Allianz Group reported a provision for restructuring programs of € 280 mn.[1]

Provisions for restructuring programs are recognized when the Allianz Group has a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or by announcing its main features. The detailed formal plan of a restructuring program is in particular based on estimates and assumptions, such as the number of employees to be dismissed, amount of compensation payments, impacts of onerous contracts, possibilities of sub-leases, timing of the various steps of the program and in consequence timing of the expected cash flows.

Generally, the subsidiaries, which are undertaking the restructuring program, set up a formal plan and determine all underlying estimates and assumptions. Therefore, it is the Allianz Group's policy that the subsidiaries are responsible for an adequate planning process, controlling the execution of the program, and for the fulfillment of all requirements of IFRS. The respective documentation has to be submitted to the Allianz Group Accounting department, where qualified staff members review all restructuring programs. This includes a review of all estimates and assumptions, and an assessment of whether all requirements for setting up a restructuring provision are satisfied including which cost components can be treated as restructuring charges.

1 | Please refer to note 2 Summary of significant accounting policies, and note 50 Restructuring plans, for further details.

4 Recently adopted and issued accounting pronouncements and changes in the presentation of the consolidated financial statements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS | effective January 1, 2011

The following amendments and revisions to standards and interpretations became effective for the Allianz Group's consolidated financial statements as of January 1, 2011:

- IAS 32, Financial Instruments: Presentation – Amendments relating to classification of rights issues
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments
- IAS 24, Related Party Disclosures – revised
- IFRIC 14, IAS 19 , The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments
- Annual Improvements to IFRSs 2010

The Allianz Group adopted the revisions, amendments and interpretations as of January 1, 2011, with no material impact on its financial result or financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS | effective on or after January 1, 2012 and not adopted early

IFRS 9, FINANCIAL INSTRUMENTS: CLASSIFICATION AND MEASUREMENT

IFRS 9, Financial Instruments: Classification and Measurement, was issued by the IASB in November 2009 and is part of the project to replace IAS 39 with a new standard. The project is divided into four components, classification and measurement of financial instruments, impairment and provisioning, hedge accounting as well as asset and liability offsetting. In 2011, the IASB issued an amendment that postpones the effectiveness date for IFRS 9 from January 1, 2013 to annual periods starting on or after January 1, 2015. The IASB also decided to reopen IFRS 9 in order to consider interaction with insurance contracts projects as well as the FASB's classification and measurement model for financial instruments. The Allianz Group is currently evaluating the impact of IFRS 9 on its consolidated financial statements. Early adoption is generally allowed but not intended by the Allianz Group.

IFRS 10, 11, 12, AMENDMENTS TO IAS 27 AND 28 – CONSOLIDATION

As part of the consolidation project, the IASB issued IFRSs 10, 11 and 12 as well as amendments to IAS 27 and IAS 28 in 2011. These new standards and amendments are effective for periods beginning on or after January 1, 2013. The aim of the consolidation project was to develop a single consolidation model that applies the same criteria for all entities. In this context, the IASB reaffirmed the control concept as primary determinant for consolidation, revised the definition of 'control' and enhanced related disclosure requirements. IFRS 10, Consolidated Financial Statements, supersedes the requirements of IAS 27, Consolidated and Separate Financial Statements, for consolidated financial statements as well as SIC-12, Consolidation – Special Purpose Entities. Financial reporting in separate financial statements is set out by the amended version of IAS 27. The revised version of IAS 28, Investments in Associates and Joint Ventures, supersedes the former IAS 28, Investments in Associates. It defines 'significant influence', provides guidance on the application of the equity method of accounting and describes how impairment is assessed in associates and joint ventures. IFRS 11, Joint Arrangements, supersedes IAS 31, Interests in Joint Ventures, as well as SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. The standard requires entities to define their rights and obligations arising from a joint arrangement such as joint operations or joint ventures and provides guidance on how to account for these rights and obligations. IFRS 12, Disclosure of Interests in Other Entities, contains disclosure requirements previously set out in IASs 27, 28 and 31. The Allianz Group is currently evaluating the impact of IFRS 10, 11 and 12 as well as IAS 28 on its consolidated financial statements. Early adoption is generally allowed but not intended by the Allianz Group.

IFRS 13 FAIR VALUE MEASUREMENT

IFRS 13, Fair Value Measurement, was issued in May 2011 and is effective for annual periods beginning on or after January 1, 2013. It defines the term 'fair value', sets out a framework how fair value is to be measured as well as the disclosure requirements when fair value is applied. However, the standard with a few exceptions does not determine when an asset, a liability or an entity's own equity instrument is required or permitted to be measured at fair value. The requirements of IFRS 13 regarding measurement and disclosure apply when another IFRS requires or permits an item to be measured at fair value. The adoption of this standard is not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

AMENDMENTS TO IAS 19 – EMPLOYEE BENEFITS

In June 2011, the IASB issued an amended version of IAS 19 which will be effective for annual periods beginning on or after January 1, 2013. The amendments eliminate the corridor approach and require all actuarial gains and losses to be recognized in the other comprehensive income (OCI). While all remeasurements need to be recorded in the OCI, service and interest costs have to be recognized in the profit and loss account. The long-term return on plan assets has to be calculated using the same discount rate that is used to measure the defined benefit obligation (DBO). Disclosure requirements are increased under the amended IAS 19, e.g. regarding plan characteristics and cash flow variations. The amendments are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

FURTHER AMENDMENTS AND INTERPRETATIONS

In addition to the above mentioned recently issued accounting pronouncements, the following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective for or early adopted by the Allianz Group:

STANDARD/INTERPRETATION	EFFECTIVE DATE
IFRS 7 Financial Instruments: Disclosures - Amendment for Transfers of Financial Asset	annual periods beginning on or after July 1, 2011
IAS 12 Income Taxes - Amendment for Deferred Taxes: Recovery of Underlying Asset	annual periods beginning on or after January 1, 2012
IAS 1 Presentation of Financial Statements: Amendment for Presentation of Items of Other Comprehensive Income	annual periods beginning on or after July 1, 2012

The amendments and interpretations are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

OTHER RECLASSIFICATIONS

Certain prior period amounts have been reclassified to conform to the current period presentation.

5 Consolidation

SCOPE OF CONSOLIDATION

In addition to Allianz SE, the consolidated financial statements for the period ended December 31, 2011, generally include all German and foreign operating companies in which Allianz SE directly or indirectly holds a majority of voting rights, or whose activities it can in some other way control. The companies are consolidated from the date on which Allianz SE is able to exercise control.

The companies listed in the table below are consolidated in addition to the parent company Allianz SE.

	2011	2010	2009
SCOPE OF CONSOLIDATION			
Number of fully consolidated companies (subsidiaries)[1]			
Germany	129	139	135
Other countries	699	775	753
Subtotal	828	914	888
Number of fully consolidated investment funds			
Germany	44	46	46
Other countries	29	22	11
Subtotal	73	68	57
Number of fully consolidated Special Purpose Entities (SPE)	7	4	4
Total number of fully consolidated entities	908	986	949
Number of joint ventures valued at equity	16	17	14
Number of associated entities valued at equity	112	125	146

1 | Includes 5 (2010: 6; 2009: 8) subsidiaries, where the Allianz Group owns less than the majority of the voting power, including CreditRas Vita S.p.A. and CreditRas Assicurazioni S.p.A. (CreditRas) as well as Antoniana Veneta Popolare Vita S.p.A. and Antoniana Veneta Popolare Assicurazioni S.p.A. (Antoniana). The Allianz Group controls these entities on the basis of shareholder agreements between the Allianz Group subsidiary owning 50.0 % of each such entity and the other shareholders. Pursuant to these shareholder agreements, the Allianz Group has the power to govern the financial and operating policies of these subsidiaries and the right to appoint the general manager, in the case of CreditRas, and the CEO, in the case of Antoniana, who have been given unilateral authority over all aspects of the financial and operating policies of these entities, including the hiring and termination of staff and the purchase and sale of assets. Furthermore, all management functions of these subsidiaries are performed by the employees of the Allianz Group. The Allianz Group also develops all insurance products written through these subsidiaries. Although the Allianz Group and the other shareholders each have the right to appoint half of the directors of each subsidiary, the rights of the other shareholders are limited to matters specifically reserved to the board of directors and shareholders under Italian law, such as decisions concerning capital increases, amendments to articles and similar matters. In addition, in the case of Antoniana, the Allianz Group has the right to appoint the Chairman.

All subsidiaries, joint ventures and associated enterprises are individually listed in the List of participations of the Allianz Group from page 318 of this Annual Report onwards.

SIGNIFICANT ACQUISITIONS

	Equity interest %	Date of first-time consolidation	Segment	Goodwill[1] € mn	Transaction
2011					
Europensiones S.A. Entidad Gestora de Fondos de Pensiones, Madrid	60.0	9/8/2011	Asset Management	—	Purchase
Popular Gestión S.G.I.I.C. S.A., Madrid	60.0	9/8/2011	Asset Management	—	Purchase
2009					
Cominvest Asset Management GmbH, Frankfurt am Main	100.0	1/12/2009	Asset Management	452	Purchase
Ayudhya Allianz C.P. Life Public Company Limited, Bangkok	62.6	6/29/2009	Life/Health	—	Obtain control

1 | At the date of first-time consolidation.

2011 SIGNIFICANT ACQUISITIONS

EUROPENSIONES S.A. ENTIDAD GESTORA DE FONDOS DE PENSIONES, MADRID, AND POPULAR GESTIÓN S.G.I.I.C. S.A., MADRID

To strengthen the existing partnership with Banco Popular, on March 23, 2011, the Allianz Group signed a share purchase agreement to acquire 11 % of the shares in the pension fund manager Europensiones S.A., Madrid, and 60 % of the shares in the asset manager Popular Gestión S.G.I.I.C. S.A., Madrid. After the approval of the relevant regulatory and competition authorities the transactions were closed on September 8, 2011, so that the Allianz Group now holds 60 % of the shares in each company.

The total consideration comprises the following components:

	€ mn
Cash and cash equivalents	84
Contingent consideration arrangement	1
Total consideration transferred	**85**
Fair value of the Allianz Group's equity interest in Europensiones held before the business combination	120
Total consideration	**205**

The contingent consideration arrangement requires the Allianz Group to pay the former owner 20 % of the difference between the net income and the agreed net income targets for Eurovida S.A., Europensiones S.A. and Popular Gestión S.G.I.I.C. S.A. The contingent consideration will be paid out in five installments until 2026, each installment comprising a time period of three years. The minimum potential amount of all future payments that the Allianz Group could be required to make under the contingent consideration agreement is zero, the maximum amount is unlimited.

The fair value of the contingent consideration arrangement is € 1 mn.

Immediately before the acquisition date, the acquisition-date fair value of the interest in Europensiones S.A. amounted to € 120 mn. As a result of remeasuring to fair value the interest in Europensiones S.A., a gain of € 99 mn was recognized in the consolidated income statement and is reported in the line realized gains/losses (net).

The amounts recognized for major classes of assets and liabilities were as follows:

	Fair value € mn	Carrying amount € mn
Cash and cash equivalents	15	15
Loans and advances to banks and customers	78	78
Other assets	8	8
Intangible assets	368	—
Total assets	**469**	**101**
Deferred tax liabilities	111	—
Other liabilities	17	17
Total equity	341	84
Total liabilities and equity	**469**	**101**

As of the acquisition date, the non-controlling interests in Europensiones and Popular Gestión, both unlisted companies, amounted to € 137 mn and were measured at the non-controlling interest's proportionate share of the acquirees' identifiable net assets.

The impact of Europensiones S.A., Madrid, and Popular Gestión S.G.I.I.C. S.A., Madrid, on the Allianz Group's net income for the year ended December 31, 2011, was € 11 mn.

The total revenues of the combined entity (Allianz Group including Europensiones and Popular Gestión) for the year ended December, 31, 2011, would have been € 103,595 mn if the acquisition date had been January 1, 2011. The net income of the combined entity for the year ended December 31, 2011, would have been € 2,824 mn if the acquisition date had been January 1, 2011.

The impact of the acquisition of Europensiones and Popular Gestión, net of cash acquired, on the consolidated statement of cashflows for the year ended December 31, 2011, was:

	€ mn
Intangible assets	(368)
Loans and advances to banks and customers	(78)
Other assets	(8)
Deferred tax liabilities	111
Other liabilities	17
Non-controlling interests	137
Less: fair value of previous investment in Europensiones	120
Acquisition of subsidiaries, net of cash acquired	**(69)**

2009 SIGNIFICANT ACQUISITIONS

COMINVEST

On January 12, 2009, the Allianz Group acquired, as part of the consideration received for the sale of Dresdner Bank to Commerzbank, 100 % of the fund manager cominvest (including cominvest Asset Management GmbH, cominvest Asset Management S.A. (Luxembourg), cominvest Vertriebs AG and MK Luxinvest S.A. (Luxembourg)).

COMPONENTS OF COSTS

The acquisition of cominvest was part of the consideration received from Commerzbank for the sale of Dresdner Bank on January 12, 2009. The fair value of the cominvest entities was determined to be € 700 mn and was recognized as the cost of this acquisition.

The amounts recognized for major classes of assets and liabilities were as follows:

	Fair value € mn	Carrying amount € mn
Cash and cash equivalents	48	48
Investments	186	186
Deferred tax assets	14	8
Other assets	42	41
Intangible assets	239	—
Total assets	**529**	**283**
Deferred tax liabilities	72	1
Other liabilities	147	128
Participation certificates and subordinated liabilities	57	50
Total equity	253	104
Total liabilities and equity	**529**	**283**

At the date of the acquisition, goodwill reflects to a large extent the strengthening and expansion of the market position of the Allianz Group's Asset Management operations.

The impact of cominvest on the Allianz Group's net income for the year ended December 31, 2009, was € (23) mn.

If the acquisition date of the combined entity (Allianz Group including cominvest) had been on January 1, 2009, the revenues and net income for the year ended December 31, 2009, would have been immaterially different from the revenues and net income as presented in the consolidated income statement for the year ended December 31, 2009.

For details on the impact of the acquisition on the consolidated statement of cash flows, please refer to the consolidated statement of cash flows.

AYUDHYA ALLIANZ C.P. LIFE PUBLIC COMPANY LIMITED

On June 29, 2009, the Allianz Group obtained control of the Thai life insurance company Ayudhya Allianz C.P. Life Public Company Limited, Bangkok, by appointing the majority of the members of the board of directors.

The cost of the investment in Ayudhya Allianz C.P. Life Public Company Limited amounted to € 71 mn.

The amounts recognized for major classes of assets and liabilities were as follows:

	Fair value € mn	Carrying amount € mn
Cash and cash equivalents	77	77
Investments	1,708	1,714
Deferred acquisition costs (PVFP)	230	209
Other assets	93	40
Total assets	**2,108**	**2,040**
Unearned premiums	5	5
Reserves for insurance and investment contracts	1,973	1,853
Other liabilities	26	11
Total equity	104	171
Total liabilities and equity	**2,108**	**2,040**

The impact of Ayudhya on the Allianz Group's net income for the year ended December 31, 2009, was € 4 mn.

The premiums written of the combined entity (Allianz Group including Ayudhya Allianz C.P. Life Public Company Limited) for the year ended December 31, 2009, would have been € 65,172 mn, if the acquisition date had been on January 1, 2009. The net income of the combined entity for the year ended December 31, 2009, would have been € 4,279 mn if the acquisition date had been on January 1, 2009.

The impact of the acquisition, net of cash acquired, on the consolidated statement of cash flows for the year ended December 31, 2009 was:

	€ mn
Investments	(1,708)
Deferred acquisition costs (PVFP)	(230)
Other assets	(93)
Unearned premiums	5
Reserves for insurance and investment contracts	1,973
Other liabilities	26
Non-controlling interests	33
Less: previous investments in Ayudhya	71
Acquisition of subsidiary, net of cash acquired	**77**

SIGNIFICANT DISPOSALS AND DECONSOLIDATIONS

	Equity interest %	Date of deconsolidation	Proceeds from sale € mn	Segment	Goodwill € mn	Transaction
2011						
Allianz Bank Polska S.A., Warsaw	100.0	5/31/2011	38	Corporate and Other	—	Sale to third party
Coparc, Paris	100.0	12/21/2011	27	Life/Health	—	Sale to third party
Allianz Asset Management a.s., Bratislava	100.0	11/30/2011	—	Asset Management	—	Sale to third party
W Finance, Paris	100.0	12/21/2011	27	Life/Health	—	Sale to third party
Allianz Takaful, Manama	100.0	11/30/2011	—	Property-Casualty Life/Health	—	Sale to third party
Allianz Kazakhstan ZAO, Almaty	100.0	12/6/2011	—	Property-Casualty	7	Sale to third party
manroland AG, Offenbach	74.0	11/25/2011	—	Corporate and Other	28	Deconsolidation due to insolvency
2010						
Alba Allgemeine Versicherungs-Gesellschaft AG, Basel	100.0	11/1/2010	219	Property-Casualty	—	Sale to third party
Phenix Compagnie d'assurances SA, Lausanne	100.0			Property-Casualty		
Phenix Compagnie d'assurances sur la vie SA, Lausanne	100.0			Life/Health		
Allianz Bank Zrt., Budapest	100.0	9/30/2010	10	Corporate and Other	—	Sale to third party
2009						
Dresdner Bank Aktiengesellschaft, Frankfurt am Main	100.0	1/12/2009	5,140	Corporate and Other	1,511	Sale to third party

2011 SIGNIFICANT DISPOSALS AND DECONSOLIDATIONS

ALLIANZ BANK POLSKA S.A., WARSAW

In May, 2011, the Allianz Group sold Allianz Bank Polska S.A., Warsaw. The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended December 31, 2011, was:

	€ mn
Non-current assets and assets of disposal groups classified as held for sale	220
Liabilities of disposal groups classified as held for sale	(176)
Other comprehensive income	11
Deconsolidation result	(21)
Consolidation	(34)
Disposal of subsidiary, net of cash disposed	**—**

COPARC, PARIS

In December 2011, the Allianz Group sold Coparc, Paris. The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended December 31, 2011, was:

	€ mn
Financial assets carried at fair value through income	4
Investments	529
Financial assets for unit-linked contracts	490
Other assets	11
Reserves for loss and loss adjustment expenses	(7)
Reserves for insurance and investment contracts	(519)
Financial liabilites for unit-linked contracts	(490)
Deferred tax liabilities	(1)
Other liabilities	(1)
Other comprehensive income	(2)
Realized gain from the disposal	1
Less non-cash components:	
Impairment losses	(3)
Disposal of subsidiary, net of cash disposed	**12**

MANROLAND AG, OFFENBACH

In November 2011, the Allianz Group deconsolidated manroland AG, Offenbach, and its subsidiaries. The impact of the deconsolidation, net of cash balances, on the consolidated statement of cash flows for the year ended December 31, 2011, was:

	€ mn
Investments	5
Loans to banks and customers	143
Intangible assets	86
Other assets	595
Liabilities to banks and customers	(315)
Other liabilities	(560)
Other comprehensive income	5
Non-controlling interests	8
Deconsolidation result	5[1]
Effect from deconsolidation of subsidiaries, net of cash balances	**(28)**

1 | Thereof a gain of € 5 mn is attributable to the retained investment, which was remeasured to its fair value at the date of deconsolidation.

2010 SIGNIFICANT DISPOSALS

ALBA ALLGEMEINE VERSICHERUNGS-GESELLSCHAFT AG (ALBA), BASEL, PHENIX COMPAGNIE D'ASSURANCES SA (PHENIX), LAUSANNE, AND PHENIX COMPAGNIE D'ASSURANCES SUR LA VIE SA (PHENIX VIE), LAUSANNE

On November 1, 2010, the Allianz Group sold Alba, Phenix and Phenix Vie. The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended December 31, 2010, was:

	€ mn
Investments	686
Reinsurance assets	29
Deferred acquisition costs	16
Other assets	39
Unearned premiums	(38)
Reserves for insurance and investment contracts	(548)
Other liabilities	(80)
Other comprehensive income	(27)
Realized gain from the disposal	130
Consolidation	(7)
Disposal of subsidiaries, net of cash disposed	**200**

ALLIANZ BANK ZRT., BUDAPEST

In September 2010, the Allianz Group completed the sale of Allianz Bank Zrt., Budapest. The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended December 31, 2010, was:

	€ mn
Investments	284
Other assets	15
Liabilities to banks and customers	(173)
Other liabilities	(32)
Other comprehensive income	2
Less non-cash components:	
Available-for-sale investments received	(8)
Impairment losses	(42)
Consolidation	(53)
Disposal of subsidiary, net of cash disposed	**(7)**

2009 SIGNIFICANT DISPOSALS

DRESDNER BANK AG

The transfer of ownership of Dresdner Bank to Commerzbank was completed on January 12, 2009. According to the agreement Allianz received a total of € 3.215 bn in cash plus cash and cash equivalents of the Asset Manager cominvest of € 48 mn.

The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended December 31, 2009, was:

	€ mn
Assets of disposal groups classified as held for sale	417,874
Less: cash and cash equivalents	(30,238)
Liabilities of disposal groups classified as held for sale	(410,469)
Non-controlling interests	(1,738)
Treasury shares	69
Less non-cash components of the consideration received:	
Commerzbank shares	(746)
Distribution agreement	(480)
Cominvest (net of cash acquired)	(652)
Consolidation	(595)
Disposal of subsidiary, net of cash disposed	**(26,975)**

ACQUISITIONS AND DISPOSALS OF SIGNIFICANT NON-CONTROLLING INTERESTS

	Date of acquisition	Equity interest change %	Costs of acquisition € mn	Decrease in shareholders' equity € mn	Decrease of non-controlling interests € mn
2011					
Eurovida S.A., Madrid	9/8/2011	9.0	61	(53)	(8)
2010					
Allianz Seguros S.A., Sao Paulo	1/14/2010	14.0	77	(14)	(63)
2009					
Roland Holding GmbH, Munich	11/10/2009	12.0	50	(28)	(22)

EUROVIDA S.A., MADRID

In addition to the acquisitions of the shares in Europensiones S.A., Madrid, and Popular Gestión S.G.I.I.C. S.A., Madrid, the Allianz Group acquired 9 % of the non-controlling interests of Eurovida S.A. Compañía de Seguros y Reaseguros, Madrid, for a total consideration of € 61 mn so that the Allianz Group now holds 60 % of the shares in this company.

6 Segment Reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided between Property-Casualty and Life/Health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into the following reportable segments:

- German Speaking Countries
- Europe incl. South America
- NAFTA Markets
- Global Insurance Lines & Anglo Markets
- Growth Markets
- Assistance (Property-Casualty only)

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 15 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which reportable segments derive revenue are described below.

PROPERTY-CASUALTY

In the Property-Casualty category, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

LIFE/HEALTH

In the Life/Health category, reportable segments offer a comprehensive range of life and health insurance products on both individual and group basis, including annuity, endowment and term insurance, unit-linked and investment-oriented products as well as full private health and supplemental health and long-term care insurance.

ASSET MANAGEMENT

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

CORPORATE AND OTHER

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial control, communication, legal, human resources and technology functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy and Bulgaria. The banks offer a wide range of products for corporate and retail clients with the main focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors mainly on behalf of the Allianz Group's insurance operations. The Alternative Investments reportable segment also includes a fully consolidated private equity investment.

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments and the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations;
- restructuring charges, because the timing of these is largely at the discretion of the Allianz Group, and accordingly their exclusion provides additional insight into the operating trends of the underlying business;
- interest expenses from external debt, as these relate to the capital structure of the Allianz Group;
- income from fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business;
- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance;
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can and do vary, sometimes materially, through time.

Against this general rule the following exceptions apply:

- in all segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income refers to operating business;
- for Life/Health insurance business and Property-Casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even though these belong to policyholders. In the segment reporting, the tax benefits are reclassified and shown within operating profit in order to properly reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

Business Segment Information – Consolidated Balance Sheets

	Property-Casualty		Life/Health	
As of December 31,	2011 € mn	2010 € mn	2011 € mn	2010 € mn
ASSETS				
Cash and cash equivalents	2,405	2,520	5,301	4,482
Financial assets carried at fair value through income	1,187	1,852	6,518	6,867
Investments	84,195	82,786	262,126	247,568
Loans and advances to banks and customers	17,842	17,697	98,019	97,377
Financial assets for unit-linked contracts	—	—	63,500	64,847
Reinsurance assets	8,050	8,365	4,846	4,793
Deferred acquisition costs	4,197	4,121	16,429	16,460
Deferred tax assets	1,050	1,110	236	208
Other assets	20,772	21,738	16,085	16,424
Non-current assets and assets of disposal groups classified as held for sale	3	28	4	24
Intangible assets	2,232	2,308	2,195	2,346
Total assets	**141,933**	**142,525**	**475,259**	**461,396**

	Property-Casualty		Life/Health	
As of December 31,	2011 € mn	2010 € mn	2011 € mn	2010 € mn
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	122	79	6,302	4,905
Liabilities to banks and customers	1,488	1,368	2,348	796
Unearned premiums	14,697	14,206	2,562	2,291
Reserves for loss and loss adjustment expenses	59,493	57,509	9,357	8,984
Reserves for insurance and investment contracts	9,520	9,338	352,558	340,539
Financial liabilities for unit-linked contracts	—	—	63,500	64,847
Deferred tax liabilities	2,246	2,461	2,186	1,559
Other liabilities	14,999	16,756	13,077	15,124
Liabilities of disposal groups classified as held for sale	—	—	—	—
Certificated liabilities	25	—	—	2
Participation certificates and subordinated liabilities	—	398	65	65
Total liabilities	**102,590**	**102,115**	**451,955**	**439,112**

Asset Management		Corporate and Other		Consolidation		Group	
2011 €mn	2010 €mn	2011 €mn	2010 €mn	2011 €mn	2010 €mn	2011 €mn	2010 €mn
1,406	899	1,846	1,045	(466)	(199)	10,492	8,747
726	729	312	826	(277)	(431)	8,466	9,843
1,087	1,208	93,665	90,039	(90,428)	(86,983)	350,645	334,618
1,443	358	17,717	16,443	(10,283)	(9,197)	124,738	122,678
—	—	—	—	—	—	63,500	64,847
—	—	—	—	(22)	(23)	12,874	13,135
146	152	—	—	—	—	20,772	20,733
262	271	1,657	1,372	(884)	(298)	2,321	2,663
1,889	3,725	5,066	5,525	(9,466)	(13,411)	34,346	34,001
7	—	—	248	—	(1)	14	299
7,498	7,065	1,379	1,662	—	—	13,304	13,381
14,464	**14,407**	**121,642**	**117,160**	**(111,826)**	**(110,543)**	**641,472**	**624,945**

Asset Management		Corporate and Other		Consolidation		Group	
2011 €mn	2010 €mn	2011 €mn	2010 €mn	2011 €mn	2010 €mn	2011 €mn	2010 €mn
—	—	516	461	(330)	(432)	6,610	5,013
2,231	876	20,112	20,499	(4,024)	(2,384)	22,155	21,155
—	—	—	—	(4)	—	17,255	16,497
—	—	—	—	(18)	(19)	68,832	66,474
—	—	—	42	(124)	(126)	361,954	349,793
—	—	—	—	—	—	63,500	64,847
168	80	165	174	(884)	(298)	3,881	3,976
3,237	3,364	15,822	15,333	(15,925)	(17,364)	31,210	33,213
—	—	—	241	—	(53)	—	188
—	—	13,845	14,448	(6,221)	(6,221)	7,649	8,229
14	14	11,349	8,778	(255)	(257)	11,173	8,998
5,650	**4,334**	**61,809**	**59,976**	**(27,785)**	**(27,154)**	**594,219**	**578,383**
				Total equity		**47,253**	**46,562**
				Total liabilities and equity		**641,472**	**624,945**

Consolidated Financial Statements

Business Segment Information – Total revenues and reconciliation of Operating profit (loss) to Net income (loss)

	Property-Casualty			Life/Health		
	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
Total revenues[1]	**44,772**	**43,895**	**42,523**	**52,863**	**57,098**	**50,773**
Premiums earned (net)	39,898	39,303	37,828	23,770	24,034	21,964
Operating investment result						
Interest and similar income	3,771	3,680	3,612	16,107	15,085	13,971
Operating income from financial assets and liabilities carried at fair value through income (net)	48	18	118	(866)	19	636
Operating realized gains/losses (net)	21	42	57	2,188	2,125	1,755
Interest expenses, excluding interest expenses from external debt	(54)	(92)	(104)	(108)	(103)	(127)
Operating impairments of investments (net)	(46)	(9)	(75)	(1,684)	(434)	(1,663)
Investment expenses	(236)	(240)	(238)	(745)	(704)	(622)
Subtotal	**3,504**	**3,399**	**3,370**	**14,892**	**15,988**	**13,950**
Fee and commission income	1,154	1,099	1,075	538	539	491
Other income	31	22	19	99	81	17
Claims and insurance benefits incurred (net)	(27,920)	(27,141)	(26,320)	(20,947)	(18,955)	(19,326)
Change in reserves for insurance and investment contracts (net)[2]	(272)	(300)	(355)	(10,618)	(13,329)	(8,499)
Loan loss provisions	—	—	(18)	—	6	(75)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(11,115)	(11,044)	(10,540)	(5,027)	(5,175)	(5,591)
Fee and commission expenses	(1,070)	(1,024)	(995)	(210)	(258)	(246)
Operating restructuring charges	—	—	—	(1)	(8)	(15)
Other expenses	(14)	(10)	—	(76)	(55)	—
Reclassification of tax benefits	—	—	—	—	—	—
Operating profit (loss)	**4,196**	**4,304**	**4,064**	**2,420**	**2,868**	**2,670**
Non-operating investment result						
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(52)	(64)	(45)	(24)	(40)	(22)
Non-operating realized gains/losses (net)	562	605	732	3	36	63
Non-operating impairments of investments (net)	(452)	(191)	(519)	(291)	(47)	(76)
Subtotal	**58**	**350**	**168**	**(312)**	**(51)**	**(35)**
Income from fully consolidated private equity investments (net)	(3)	—	—	—	—	—
Interest expenses from external debt	—	—	—	—	—	—
Acquisition-related expenses	—	—	—	—	—	—
Amortization of intangible assets	(107)	(156)	(21)	(155)	(3)	(3)
Non-operating restructuring charges	(127)	(178)	(69)	(21)	(31)	(19)
Reclassification of tax benefits	—	—	—	—	—	—
Non-operating items	**(179)**	**16**	**78**	**(488)**	**(85)**	**(57)**
Income (loss) from continuing operations before income taxes	**4,017**	**4,320**	**4,142**	**1,932**	**2,783**	**2,613**
Income taxes	(1,205)	(1,216)	(1,363)	(734)	(934)	(656)
Net income (loss) from continuing operations	**2,812**	**3,104**	**2,779**	**1,198**	**1,849**	**1,957**
Net income (loss) from discontinued operations, net of income taxes	—	—	—	—	—	—
Net income (loss)	**2,812**	**3,104**	**2,779**	**1,198**	**1,849**	**1,957**
Net income (loss) attributable to:						
Non-controlling interests	174	161	55	74	72	48
Shareholders	2,638	2,943	2,724	1,124	1,777	1,909

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

2 | In 2011 includes expenses for premium refunds (net) in Property-Casualty of € (110) mn (2010: € (181) mn; 2009: € (253) mn).

Asset Management			Corporate and Other			Consolidation			Group		
2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
5,502	**4,986**	**3,689**	**567**	**587**	**517**	**(144)**	**(115)**	**(117)**	**103,560**	**106,451**	**97,385**
—	—	—	—	—	—	—	—	—	63,668	63,337	59,792
57	51	51	1,103	978	1,066	(536)	(366)	(467)	20,502	19,428	18,233
(11)	19	40	(11)	(41)	(106)	(4)	4	38	(844)	19	726
—	—	—	—	—	—	11	2	(13)	2,220	2,169	1,799
(35)	(30)	(21)	(811)	(714)	(838)	490	417	511	(518)	(522)	(579)
—	—	—	—	—	—	—	59	—	(1,730)	(384)	(1,738)
—	—	—	(100)	(97)	(79)	229	214	184	(852)	(827)	(755)
11	**40**	**70**	**181**	**126**	**43**	**190**	**330**	**253**	**18,778**	**19,883**	**17,686**
6,592	6,054	4,440	680	761	723	(558)	(533)	(490)	8,406	7,920	6,239
21	19	29	4	4	1	(5)	(8)	(25)	150	118	41
—	—	—	—	—	—	—	—	—	(48,867)	(46,096)	(45,646)
—	—	—	—	—	—	(103)	(242)	(906)	(10,993)	(13,871)	(9,760)
—	—	—	(121)	(56)	(48)	—	—	—	(121)	(50)	(141)
(3,246)	(2,926)	(2,288)	(1,220)	(1,350)	(1,348)	55	52	55	(20,553)	(20,443)	(19,712)
(1,122)	(1,127)	(850)	(420)	(424)	(397)	258	272	276	(2,564)	(2,561)	(2,212)
—	—	—	—	—	—	—	—	—	(1)	(8)	(15)
—	—	—	(1)	(3)	(2)	26	11	—	(65)	(57)	(2)
—	—	—	—	—	—	28	71	774	28	71	774
2,256	**2,060**	**1,401**	**(897)**	**(942)**	**(1,028)**	**(109)**	**(47)**	**(63)**	**7,866**	**8,243**	**7,044**
—	—	—	(426)	51	249	59	(4)	(34)	(443)	(57)	148
6	35	7	500	788	842	144	75	(27)	1,215	1,539	1,617
(4)	(1)	(5)	(1,005)	(221)	(394)	(179)	—	—	(1,931)	(460)	(994)
2	**34**	**2**	**(931)**	**618**	**697**	**24**	**71**	**(61)**	**(1,159)**	**1,022**	**771**
—	—	—	(98)	(215)	(366)	66	113	134	(35)	(102)	(232)
—	—	—	(973)	(889)	(905)	—	—	—	(973)	(889)	(905)
(213)	(440)	(403)	4	—	(3)	—	—	—	**(209)**	**(440)**	**(406)**
(34)	(30)	(30)	(153)	(197)	(71)	—	59	—	**(449)**	**(327)**	**(125)**
(12)	(19)	(68)	(7)	(35)	(27)	—	—	—	**(167)**	**(263)**	**(183)**
—	—	—	—	—	—	(28)	(71)	(774)	(28)	(71)	(774)
(257)	**(455)**	**(499)**	**(2,158)**	**(718)**	**(675)**	**62**	**172**	**(701)**	**(3,020)**	**(1,070)**	**(1,854)**
1,999	**1,605**	**902**	**(3,055)**	**(1,660)**	**(1,703)**	**(47)**	**125**	**(764)**	**4,846**	**7,173**	**5,190**
(687)	(659)	(359)	554	775	1,063	30	70	775	(2,042)	(1,964)	(540)
1,312	**946**	**543**	**(2,501)**	**(885)**	**(640)**	**(17)**	**195**	**11**	**2,804**	**5,209**	**4,650**
—	**—**	**—**	**—**	**—**	**(395)**	**—**	**—**	**—**	**—**	**—**	**(395)**
1,312	**946**	**543**	**(2,501)**	**(885)**	**(1,035)**	**(17)**	**195**	**11**	**2,804**	**5,209**	**4,255**
18	—	5	(7)	(77)	(60)	—	—	—	259	156	48
1,294	946	538	(2,494)	(808)	(975)	(17)	195	11	2,545	5,053	4,207

Reportable segments – Property-Casualty business

	German Speaking Countries[1]			Europe incl. South America[2,3]		
	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
Gross premiums written	**11,328**	**11,292**	**11,432**	**13,353**	**13,094**	**12,950**
Ceded premiums written	(1,892)	(1,956)	(2,133)	(1,415)	(1,356)	(1,452)
Change in unearned premiums	34	18	(58)	(138)	(18)	100
Premiums earned (net)	**9,470**	**9,354**	**9,241**	**11,800**	**11,720**	**11,598**
Interest and similar income	1,216	1,180	1,185	1,086	1,037	1,002
Operating income from financial assets and liabilities carried at fair value through income (net)	(8)	28	37	82	60	115
Operating realized gains/losses (net)	21	42	57	—	—	—
Fee and commission income	152	131	182	22	33	49
Other income	25	12	4	6	1	10
Operating revenues	**10,876**	**10,747**	**10,706**	**12,996**	**12,851**	**12,774**
Claims and insurance benefits incurred (net)	(7,023)	(6,838)	(6,537)	(8,092)	(8,456)	(8,566)
Change in reserves for insurance and investment contracts (net)	(229)	(280)	(312)	(1)	(1)	(2)
Interest expenses	(73)	(79)	(71)	(15)	(51)	(82)
Loan loss provisions	—	—	(9)	—	—	—
Operating impairments of investments (net)	(46)	(9)	(75)	—	—	—
Investment expenses	(87)	(89)	(80)	(95)	(94)	(96)
Acquisition and administrative expenses (net)	(2,546)	(2,475)	(2,497)	(3,083)	(3,083)	(3,052)
Fee and commission expenses	(150)	(125)	(161)	(28)	(30)	(50)
Other expenses	(12)	(9)	—	(2)	—	—
Operating expenses	**(10,166)**	**(9,904)**	**(9,742)**	**(11,316)**	**(11,715)**	**(11,848)**
Operating profit (loss)	**710**	**843**	**964**	**1,680**	**1,136**	**926**
Loss ratio[6] in %	74.1	73.1	70.8	68.6	72.2	73.9
Expense ratio[7] in %	26.9	26.5	27.0	26.1	26.3	26.3
Combined ratio[8] in %	**101.0**	**99.6**	**97.8**	**94.7**	**98.5**	**100.2**

1 | In 2011, Allianz China General Insurance Company Ltd., a former branch of Allianz Versicherungs-AG, was transferred from German Speaking Countries to Growth Markets. Prior year figures have not been adjusted.
2 | Corporate customer business in the Netherlands and Belgium as well as Allianz Insurance (Hong Kong) Ltd. and Allianz Insurance Company of Singapore Pte. Ltd. were transferred to AGCS in 2010 and 2011. Prior year figures have not been adjusted.
3 | The reserve strengthening for asbestos risks in 2011 at Allianz S.p.A., at Fireman's Fund Insurance Company and at AGCS of in total € 153 mn had no impact on the financial results of the Allianz Group and the single entities' combined ratio under IFRS.
4 | Allianz Risk Transfer (ART) business shown within AGCS since 2011. Prior year figures have been adjusted accordingly.
5 | The 2011 analysis of the Allianz Group's asbestos risks resulted in a reduction of reserves and a positive run-off result of € 130 mn.
6 | Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
7 | Represents acquisition and administrative expenses (net) divided by premiums earned (net).
8 | Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).
9 | Presentation not meaningful.

NAFTA Markets[3]			Global Insurance Lines & Anglo Markets[2,3,4]			Growth Markets[1,2]			Assistance		
2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
3,653	3,576	3,713	15,593	15,093	13,664	3,117	3,191	3,156	1,686	1,540	1,355
(1,033)	(895)	(847)	(3,510)	(3,343)	(3,106)	(659)	(690)	(785)	(14)	(9)	(9)
84	119	220	(195)	(237)	(332)	(24)	(84)	(12)	(83)	(44)	(39)
2,704	2,800	3,086	11,888	11,513	10,226	2,434	2,417	2,359	1,589	1,487	1,307
284	343	350	1,068	1,016	961	156	160	166	31	24	28
—	—	—	(31)	(71)	(40)	3	1	1	1	(2)	2
—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	626	584	528	61	60	59	367	358	336
—	—	—	—	4	—	—	5	5	2	—	—
2,988	3,143	3,436	13,551	13,046	11,675	2,654	2,643	2,590	1,990	1,867	1,673
(2,323)	(1,955)	(2,152)	(8,156)	(7,428)	(6,859)	(1,488)	(1,570)	(1,410)	(957)	(885)	(785)
—	—	(1)	(42)	(18)	(24)	—	(1)	(15)	—	—	(1)
—	—	—	(30)	(36)	(34)	(6)	(6)	(7)	—	(1)	(1)
—	—	(1)	—	—	—	—	—	(8)	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—
(5)	(5)	(7)	(41)	(38)	(39)	(10)	(14)	(11)	(1)	(1)	—
(777)	(905)	(920)	(3,283)	(3,174)	(2,816)	(858)	(870)	(797)	(571)	(536)	(463)
—	—	—	(521)	(508)	(450)	(68)	(75)	(75)	(367)	(347)	(328)
—	—	—	—	—	—	—	(1)	—	—	—	—
(3,105)	(2,865)	(3,081)	(12,073)	(11,202)	(10,222)	(2,430)	(2,537)	(2,323)	(1,896)	(1,770)	(1,578)
(117)	278	355	1,478	1,844	1,453	224	106	267	94	97	95
85.9	69.8	69.7	68.6	64.5	67.1	61.1	65.0	59.8	60.3	59.6	60.1
28.7	32.3	29.8	27.6	27.6	27.5	35.3	36.0	33.8	35.9	36.0	35.4
114.6	102.1	99.5	96.2	92.1	94.6	96.4	101.0	93.6	96.2	95.6	95.5

	Consolidation and Other[4]			Property-Casualty		
	2011 €mn	2010 €mn	2009 €mn	2011 €mn	2010 €mn	2009 €mn
Gross premiums written	(3,958)	(3,891)	(3,747)	44,772	43,895	42,523
Ceded premiums written	3,971	3,903	3,758	(4,552)	(4,346)	(4,574)
Change in unearned premiums	—	—	—	(322)	(246)	(121)
Premiums earned (net)	13	12	11	39,898	39,303	37,828
Interest and similar income	(70)	(80)	(80)	3,771	3,680	3,612
Operating income from financial assets and liabilities carried at fair value through income (net)	1	2	3	48	18	118
Operating realized gains/losses (net)	—	—	—	21	42	57
Fee and commission income	(74)	(67)	(79)	1,154	1,099	1,075
Other income	(2)	—	—	31	22	19
Operating revenues	(132)	(133)	(145)	44,923	44,164	42,709
Claims and insurance benefits incurred (net)	119[5]	(9)	(11)	(27,920)	(27,141)	(26,320)
Change in reserves for insurance and investment contracts (net)	—	—	—	(272)	(300)	(355)
Interest expenses	70	81	91	(54)	(92)	(104)
Loan loss provisions	—	—	—	—	—	(18)
Operating impairments of investments (net)	—	—	—	(46)	(9)	(75)
Investment expenses	3	1	(5)	(236)	(240)	(238)
Acquisition and administrative expenses (net)	3	(1)	5	(11,115)	(11,044)	(10,540)
Fee and commission expenses	64	61	69	(1,070)	(1,024)	(995)
Other expenses	—	—	—	(14)	(10)	—
Operating expenses	259	133	149	(40,727)	(39,860)	(38,645)
Operating profit	127	—	4	4,196	4,304	4,064
Loss ratio[6] in %	—[9]	—[9]	—[9]	69.9	69.1	69.5
Expense ratio[7] in %	—[9]	—[9]	—[9]	27.9	28.1	27.9
Combined ratio[8] in %	—[9]	—[9]	—[9]	97.8	97.2	97.4

Reportable segments – Life/Health business

	German Speaking Countries[1]			Europe incl. South America[1]			NAFTA Markets		
	2011 €mn	2010 €mn	2009 €mn	2011 €mn	2010 €mn	2009 €mn	2011 €mn	2010 €mn	2009 €mn
Statutory premiums[2]	**21,004**	**21,070**	**20,036**	**17,693**	**19,755**	**18,544**	**7,932**	**8,266**	**6,557**
Ceded premiums written	(176)	(187)	(196)	(467)	(355)	(355)	(137)	(144)	(150)
Change in unearned premiums	(183)	(57)	(78)	30	38	65	(2)	14	5
Statutory premiums (net)	20,645	20,826	19,762	17,256	19,438	18,254	7,793	8,136	6,412
Deposits from insurance and investment contracts	(5,246)	(5,095)	(5,576)	(12,365)	(14,510)	(13,416)	(7,091)	(7,456)	(5,788)
Premiums earned (net)	**15,399**	**15,731**	**14,186**	**4,891**	**4,928**	**4,838**	**702**	**680**	**624**
Interest and similar income	8,388	7,848	7,501	4,378	4,132	3,868	2,580	2,389	2,027
Operating income from financial assets and liabilities carried at fair value through income (net)	172	148	5	(128)	65	355	(855)	(216)	216
Operating realized gains/losses (net)	1,464	1,331	1,104	544	597	613	89	156	13
Fee and commission income	40	30	27	370	410	379	55	49	35
Other income	94	65	12	5	2	3	—	—	1
Operating revenues	**25,557**	**25,153**	**22,835**	**10,060**	**10,134**	**10,056**	**2,571**	**3,058**	**2,916**
Claims and insurance benefits incurred (net)	(14,944)	(12,974)	(13,408)	(4,242)	(4,479)	(4,557)	(94)	(103)	(81)
Changes in reserves for insurance and investment contracts (net)	(6,378)	(8,640)	(5,062)	(1,890)	(2,216)	(1,495)	(1,582)	(1,574)	(1,219)
Interest expenses	(119)	(114)	(126)	(42)	(35)	(51)	(7)	(7)	(5)
Loan loss provisions	—	(3)	(14)	—	—	1	—	3	(62)
Operating impairments of investments (net)	(914)	(274)	(1,168)	(763)	(151)	(427)	22	(8)	(66)
Investment expenses	(470)	(422)	(361)	(208)	(206)	(191)	(41)	(46)	(40)
Acquisition and administrative expenses (net)	(1,524)	(1,381)	(1,759)	(1,844)	(1,854)	(1,986)	(525)	(912)	(959)
Fee and commission expenses	(17)	(30)	(25)	(161)	(194)	(181)	(34)	(45)	(48)
Operating restructuring charges	(1)	(8)	(15)	—	—	—	—	—	—
Other expenses	(72)	(51)	—	(4)	(2)	—	—	—	—
Operating expenses	**(24,439)**	**(23,897)**	**(21,938)**	**(9,154)**	**(9,137)**	**(8,887)**	**(2,261)**	**(2,692)**	**(2,480)**
Operating profit	**1,118**	**1,256**	**897**	**906**	**997**	**1,169**	**310**	**366**	**436**
Margin on reserves[3] in basis points	**57**	**68**	**52**	**70**	**78**	**97**	**50**	**67**	**91**

1 | From 2011 on, the variable annuity business of Allianz Global Life is shown within Germany, France and Italy, respectively. Prior year figures have not been adjusted.
2 | Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3 | Represents operating profit divided by the average of the current and prior year net reserves, whereby net reserves equals reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.
4 | Presentation not meaningful.

Global Insurance Line & Anglo Markets			Growth Markets[1]			Consolidation			Life/Health		
2011	2010	2009	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
€ mn	€ mn	€ mn	**€ mn**	€ mn	€ mn	**€ mn**	€ mn	€ mn	**€ mn**	€ mn	€ mn
374	**314**	**350**	**6,250**	**7,951**	**5,512**	**(390)**	**(258)**	**(226)**	**52,863**	**57,098**	**50,773**
(32)	(10)	(2)	(247)	(126)	(72)	390	258	226	(669)	(564)	(549)
1	3	(5)	(18)	(125)	(38)	—	—	—	(172)	(127)	(51)
343	307	343	5,985	7,700	5,402	—	—	—	52,022	56,407	50,173
—	—	—	(3,550)	(5,312)	(3,429)	—	—	—	(28,252)	(32,373)	(28,209)
343	**307**	**343**	**2,435**	**2,388**	**1,973**	**—**	**—**	**—**	**23,770**	**24,034**	**21,964**
75	**73**	**109**	**756**	**695**	**528**	**(70)**	**(52)**	**(62)**	**16,107**	**15,085**	**13,971**
(36)	(35)	11	(10)	68	46	(9)	(11)	3	(866)	19	636
—	—	—	91	41	25	—	—	—	2,188	2,125	1,755
(1)	—	—	76	62	59	(2)	(12)	(9)	538	539	491
—	—	—	—	14	1	—	—	—	99	81	17
381	**345**	**463**	**3,348**	**3,268**	**2,632**	**(81)**	**(75)**	**(68)**	**41,836**	**41,883**	**38,834**
(331)	(307)	(355)	(1,336)	(1,092)	(925)	—	—	—	(20,947)	(18,955)	(19,326)
38	48	(21)	(806)	(947)	(702)	—	—	—	(10,618)	(13,329)	(8,499)
(1)	(2)	(2)	(9)	(6)	(7)	70	61	64	(108)	(103)	(127)
—	—	—	—	6	—	—	—	—	—	6	(75)
—	—	—	(28)	(1)	(2)	(1)	—	—	(1,684)	(434)	(1,663)
(2)	(3)	(3)	(24)	(24)	(24)	—	(3)	(3)	(745)	(704)	(622)
(57)	(58)	(53)	(1,075)	(970)	(834)	(2)	—	—	(5,027)	(5,175)	(5,591)
—	—	—	—	(1)	—	2	12	8	(210)	(258)	(246)
—	—	—	—	—	—	—	—	—	(1)	(8)	(15)
—	—	—	—	(2)	—	—	—	—	(76)	(55)	—
(353)	**(322)**	**(434)**	**(3,278)**	**(3,037)**	**(2,494)**	**69**	**70**	**69**	**(39,416)**	**(39,015)**	**(36,164)**
28	**23**	**29**	**70**	**231**	**138**	**(12)**	**(5)**	**1**	**2,420**	**2,868**	**2,670**
126	**102**	**127**	**28**	**104**	**80**	**—[4]**	**—[4]**	**—[4]**	**58**	**73**	**74**

Reportable segments – Asset Management business

	2011 €mn	2010 €mn	2009 €mn
Net fee and commission income[1]	5,470	4,927	3,590
Net interest income[2]	22	21	30
Income from financial assets and liabilities carried at fair value through income (net)	(11)	19	40
Other income	21	19	29
Operating revenues	**5,502**	**4,986**	**3,689**
Administrative expenses (net), excluding acquisition-related expenses	(3,246)	(2,926)	(2,288)
Operating expenses	**(3,246)**	**(2,926)**	**(2,288)**
Operating profit	**2,256**	**2,060**	**1,401**
Cost-income ratio[3] in %	**59.0**	**58.7**	**62.0**

1 | Represents fee and commission income less fee and commission expenses.
2 | Represents interest and similar income less interest expenses.
3 | Represents operating expenses divided by operating revenues.

Reportable segments – Corporate and Other business

	Holding & Treasury			Banking		
	2011 €mn	2010 €mn	2009 €mn	**2011** €mn	2010 €mn	2009 €mn
Interest and similar income	354	293	359	734	683	708
Operating income from financial assets and liabilities carried at fair value through income (net)	(9)	(41)	(122)	(2)	1	17
Fee and commission income	132	198	209	430	445	389
Other income	1	—	—	—	—	—
Operating revenues	**478**	**450**	**446**	**1,162**	**1,129**	**1,114**
Interest expenses, excluding interest expenses from external debt	(438)	(383)	(445)	(374)	(333)	(395)
Loan loss provisions	—	—	—	(121)	(56)	(48)
Investment expenses	(98)	(94)	(81)	(1)	—	—
Administrative expenses (net), excluding acquisition-related expenses	(566)	(621)	(574)	(512)	(591)	(634)
Fee and commission expenses	(200)	(215)	(195)	(221)	(210)	(200)
Other expenses	—	—	—	(1)	(3)	(2)
Operating expenses	**(1,302)**	**(1,313)**	**(1,295)**	**(1,230)**	**(1,193)**	**(1,279)**
Operating loss	**(824)**	**(863)**	**(849)**	**(68)**	**(64)**	**(165)**
Cost-income ratio[1] for the reportable segment Banking in %				**90.7**	**101.4**	**122.5**

1 | Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

	Alternative Investments			Consolidation			Corporate and Other		
	2011 €mn	2010 €mn	2009 €mn	**2011** €mn	2010 €mn	2009 €mn	**2011** €mn	2010 €mn	2009 €mn
	18	6	2	(3)	(4)	(3)	1,103	978	1,066
	(1)	(1)	(1)	1	—	—	(11)	(41)	(106)
	125	123	132	(7)	(5)	(7)	680	761	723
	6	6	1	(3)	(2)	—	4	4	1
	148	**134**	**134**	**(12)**	**(11)**	**(10)**	**1,776**	**1,702**	**1,684**
	(2)	(1)	—	3	3	2	(811)	(714)	(838)
	—	—	—	—	—	—	(121)	(56)	(48)
	(3)	(3)	(1)	2	—	3	(100)	(97)	(79)
	(148)	(145)	(142)	6	7	2	(1,220)	(1,350)	(1,348)
	—	—	(4)	1	1	2	(420)	(424)	(397)
	—	—	—	—	—	—	(1)	(3)	(2)
	(153)	**(149)**	**(147)**	**12**	**11**	**9**	**(2,673)**	**(2,644)**	**(2,712)**
	(5)	**(15)**	**(13)**	**—**	**—**	**(1)**	**(897)**	**(942)**	**(1,028)**

IV. Supplementary Information to the Consolidated Balance Sheets

7 Cash and cash equivalents

As of December 31,	2011 € mn	2010 € mn
Balances with banks payable on demand	7,498	5,813
Balances with central banks	389	279
Cash on hand	263	169
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	2,342	2,486
Total	10,492	8,747

As of December 31, 2011, compulsory deposits on accounts with national central banks under restrictions due to required reserves from the European Central Bank totaled € 389 mn (2010: € 279 mn).

8 Financial assets carried at fair value through income

As of December 31,	2011 € mn	2010 € mn
Financial assets held for trading		
Debt securities	238	546
Equity securities	135	139
Derivative financial instruments	2,096	1,416
Subtotal	2,469	2,101
Financial assets designated at fair value through income		
Debt securities	3,375	4,430
Equity securities	2,622	3,312
Subtotal	5,997	7,742
Total	8,466	9,843

DEBT AND EQUITY SECURITIES INCLUDED IN FINANCIAL ASSETS HELD FOR TRADING

Debt and equity securities included in financial assets held for trading are primarily marketable and listed securities. As of December 31, 2011, the debt securities include € 74 mn (2010: € 173 mn) from public sector issuers and € 164 mn (2010: € 373 mn) from other issuers.

9 Investments

As of December 31,	2011 € mn	2010 € mn
Available-for-sale investments	333,880	318,315
Held-to-maturity investments	4,220	3,987
Funds held by others under reinsurance contracts assumed	1,123	1,117
Investments in associates and joint ventures	2,758	2,527
Real estate held for investment	8,664	8,672
Total	350,645	334,618

AVAILABLE-FOR-SALE INVESTMENTS

As of December 31,	2011				2010			
	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	5,095	300	(1)	5,394	5,043	235	(6)	5,272
Corporate mortgage-backed securities (residential and commercial)	10,868	863	(182)	11,549	10,023	625	(174)	10,474
Other asset-backed securities	2,393	196	(30)	2,559	3,501	186	(34)	3,653
Government and government agency bonds								
Germany	11,988	1,269	(3)	13,254	14,475	740	(24)	15,191
Italy	30,158	4	(3,263)	26,899	29,242	183	(778)	28,647
France	25,326	1,531	(45)	26,812	18,248	1,194	(73)	19,369
United States	7,202	704	(3)	7,903	6,667	197	(97)	6,767
Spain	5,097	46	(286)	4,857	5,142	31	(332)	4,841
Belgium	5,801	175	(25)	5,951	4,466	102	(56)	4,512
Greece	303	—	—	303	1,815	—	(554)	1,261
Portugal	761	—	(209)	552	1,148	1	(90)	1,059
Ireland	439	—	(51)	388	990	3	(136)	857
Hungary	723	—	(60)	663	962	3	(18)	947
All other countries	41,887	2,903	(155)	44,635	40,571	1,885	(95)	42,361
Subtotal	129,685	6,632	(4,100)	132,217	123,726	4,339	(2,253)	125,812
Corporate bonds	151,481	6,571	(4,298)	153,754	138,576	4,786	(2,743)	140,619
Other	2,045	190	(16)	2,219	1,723	123	(9)	1,837
Subtotal	301,567	14,752	(8,627)	307,692	282,592	10,294	(5,219)	287,667
Equity securities	18,746	7,623	(181)	26,188	19,893	10,903	(148)	30,648
Total	320,313	22,375	(8,808)	333,880	302,485	21,197	(5,367)	318,315

HELD-TO-MATURITY INVESTMENTS

As of December 31,	2011				2010			
	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn	Amortized Cost € mn	Unrealized Gains € mn	Unrealized Losses € mn	Fair Value € mn
Government and government agency bonds	2,462	196	(31)	2,627	2,264	165	(5)	2,424
Corporate bonds[1]	1,756	54	(17)	1,793	1,719	68	(4)	1,783
Other	2	—	—	2	4	—	—	4
Total	4,220	250	(48)	4,422	3,987	233	(9)	4,211

1 | Also includes corporate mortgage-backed securities.

UNREALIZED LOSSES ON AVAILABLE-FOR-SALE INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

The following table sets forth gross unrealized losses on available-for-sale investments and held-to-maturity investments and the related fair value, segregated by investment category and length of time such investments have been in a continuous unrealized loss position as of December 31, 2011 and 2010.

	Less than 12 months		Greater than 12 months		Total	
As of December 31,	Fair Value €mn	Unrealized Losses €mn	Fair Value €mn	Unrealized Losses €mn	Fair Value €mn	Unrealized Losses €mn
2011						
Debt securities						
Government and agency mortgage-backed securities (residential and commercial)	22	(1)	—	—	22	(1)
Corporate mortgage-backed securities (residential and commercial)	1,333	(101)	455	(81)	1,788	(182)
Other asset-backed securities	470	(13)	161	(17)	631	(30)
Government and government agency bonds	20,821	(1,728)	15,584	(2,403)	36,405	(4,131)
Corporate bonds	33,874	(2,443)	11,004	(1,872)	44,878	(4,315)
Other	290	(15)	27	(1)	317	(16)
Subtotal	56,810	(4,301)	27,231	(4,374)	84,041	(8,675)
Equity securities	2,160	(175)	55	(6)	2,215	(181)
Total	58,970	(4,476)	27,286	(4,380)	86,256	(8,856)
2010						
Debt securities						
Government and agency mortgage-backed securities (residential and commercial)	761	(6)	1	—	762	(6)
Corporate mortgage-backed securities (residential and commercial)	627	(33)	1,230	(141)	1,857	(174)
Other asset-backed securities	655	(5)	493	(29)	1,148	(34)
Government and government agency bonds	39,520	(1,366)	3,762	(892)	43,282	(2,258)
Corporate bonds	38,664	(1,408)	7,807	(1,339)	46,471	(2,747)
Other	244	(8)	16	(1)	260	(9)
Subtotal	80,471	(2,826)	13,309	(2,402)	93,780	(5,228)
Equity securities	1,503	(131)	44	(17)	1,547	(148)
Total	81,974	(2,957)	13,353	(2,419)	95,327	(5,376)

CORPORATE MORTGAGE-BACKED SECURITIES (RESIDENTIAL AND COMMERCIAL)

Total unrealized losses amounted to € 182 mn as of December 31, 2011. The unrealized loss positions mainly stem from issues in the security market of certain European countries. Based on a detailed analysis of the underlying securities and collaterals, the Allianz Group did not consider these investments to be impaired as of December 31, 2011.

GOVERNMENT AND GOVERNMENT AGENCY BONDS

Total unrealized losses amounted to € 4,131 mn as of December 31, 2011. The Allianz Group holds a large variety of government bonds, mostly of OECD countries (Organization of Economic Cooperation and Development). Given the fact that the issuers of these bonds are backed by the fiscal capacity of the issuers and the issuers typically hold an "investment grade" country- and/or issue-rating, credit risk is as a general rule not a significant factor. The unrealized losses on the Allianz Group's investment in government bonds were mainly caused by investments in certain European countries. These unrealized losses are attributable to changes in credit spreads, caused by concerns in the market. The Allianz Group believes that this is a temporary issue and that markets will recover. Based on a detailed analysis of the underlying securities the Allianz Group did not consider these investments to be impaired as of December 31, 2011.

CORPORATE BONDS

Total unrealized losses amounted to € 4,315 mn as of December 31, 2011. The Allianz Group holds a large variety of bonds issued by corporations mostly domiciled in OECD countries. For the vast majority of the Allianz Group's corporate bonds, issuers and/or issues are of "investment grade". The unrealized losses have increased by € 1,568 mn, primarily due the negative bond market performance of the financial sector. Based on a detailed analysis of the underlying securities the Allianz Group did not consider these investments to be impaired as of December 31, 2011.

EQUITY SECURITIES

As of December 31, 2011, unrealized losses from equity securities amounted to € 181 mn. These unrealized losses concern equity securities that did not meet the criteria of the Allianz Group's impairment policy for equity securities as described in note 2. Substantially all of the unrealized losses have been in a continuous loss position for less than 6 months.

CONTRACTUAL TERM TO MATURITY

The amortized cost and estimated fair value of available-for-sale debt securities and held-to-maturity debt securities as of December 31, 2011, by contractual term to maturity, are as follows:

As of December 31, 2011	Amortized Cost € mn	Fair Value € mn
AVAILABLE-FOR-SALE DEBT SECURITIES		
Due in 1 year or less	24,638	24,856
Due after 1 year and up to 5 years	96,790	97,766
Due after 5 years and up to 10 years	80,189	81,845
Due after 10 years	99,950	103,225
Total	**301,567**	**307,692**
HELD-TO-MATURITY DEBT SECURITIES		
Due in 1 year or less	175	203
Due after 1 year and up to 5 years	1,664	1,754
Due after 5 years and up to 10 years	930	924
Due after 10 years	1,451	1,541
Total	**4,220**	**4,422**

Actual maturities may deviate from the contractually defined maturities, because certain security issuers have the right to call or repay certain obligations ahead of schedule, with or without redemption or early repayment penalties. Investments that are not due at a single maturity date are, in general, not allocated over various maturity buckets, but are shown within their final contractual maturity dates.

EQUITY INVESTMENTS CARRIED AT COST

As of December 31, 2011, fair values could not be reliably measured for equity investments with carrying amounts totaling € 418 mn (2010: € 352 mn). These investments are primarily investments in privately held corporations and partnerships. During the year ended December 31, 2011, such investments with carrying amounts of € 96 mn (2010: € 52 mn) were sold leading to gains of € 1 mn (2010: € 1 mn) and losses of € 1 mn (2010: € — mn).

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As of December 31, 2011, loans to associated enterprises and joint ventures and available-for-sale debt securities issued by associated enterprises and joint ventures held by the Allianz Group amounted to € 136 mn (2010: € 192 mn). As of December 31, 2011, the fair value of investments in associates and joint ventures was € 2,801 mn (2010: € 2,598 mn).

REAL ESTATE HELD FOR INVESTMENT

	2011 € mn	2010 € mn	2009 € mn
Cost as of January 1,	11,630	10,413	10,139
Accumulated depreciation as of January 1,	(2,958)	(2,899)	(2,588)
Carrying amount as of January 1,	**8,672**	**7,514**	**7,551**
Additions	666	1,041	325
Changes in the consolidated subsidiaries of the Allianz Group	1	544	—
Disposals	(393)	(409)	(197)
Reclassifications	110	(22)	180
Reclassifications into non-current assets and assets of disposal groups classified as held for sale	(238)	(46)	—
Foreign currency translation adjustments	48	292	14
Depreciation	(185)	(171)	(174)
Impairments	(52)	(106)	(199)
Reversals of impairments	35	35	14
Carrying amount as of December 31,	**8,664**	**8,672**	**7,514**
Accumulated depreciation as of December 31,	2,719	2,958	2,899
Cost as of December 31,	11,383	11,630	10,413

As of December 31, 2011, the fair value of real estate held for investment was € 13,168 mn (2010: € 12,929 mn). As of December 31, 2011, real estate held for investment pledged as security and other restrictions on title were € 37 mn (2010: € 73 mn).

10 Loans and advances to banks and customers

As of December 31,	2011			2010		
	Banks € mn	Customers € mn	Total € mn	Banks € mn	Customers € mn	Total € mn
Short-term investments and certificates of deposit	6,341	—	6,341	5,216	—	5,216
Reverse repurchase agreements	1,147	—	1,147	1,018	—	1,018
Collateral paid for securities borrowing transactions and derivatives	264	—	264	38	—	38
Loans	67,442	48,393	115,835	67,303	46,575	113,878
Other	1,310	38	1,348	2,605	69	2,674
Subtotal	**76,504**	**48,431**	**124,935**	**76,180**	**46,644**	**122,824**
Loan loss allowance	—	(197)	(197)	—	(146)	(146)
Total	**76,504**	**48,234**	**124,738**	**76,180**	**46,498**	**122,678**

LOANS AND ADVANCES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

As of December 31, 2011	Up to 3 months € mn	> 3 months up to 1 year € mn	> 1 year up to 3 years € mn	> 3 years up to 5 years € mn	Greater than 5 years € mn	Total € mn
Loans and advances to banks	6,466	3,583	9,854	8,879	47,722	76,504
Loans and advances to customers	2,612	3,536	6,765	6,094	29,424	48,431
Total	**9,078**	**7,119**	**16,619**	**14,973**	**77,146**	**124,935**

LOANS AND ADVANCES TO BANKS AND CUSTOMERS BY GEOGRAPHIC REGION

As of December 31,	2011			2010		
	Germany €mn	Other countries €mn	Total €mn	Germany €mn	Other countries €mn	Total €mn
Short-term investments and certificates of deposit	1,510	4,831	6,341	1,165	4,051	5,216
Reverse repurchase agreements	484	663	1,147	—	1,018	1,018
Collateral paid for securities borrowing transactions and derivatives	46	218	264	25	13	38
Loans	93,396	22,439	115,835	92,088	21,790	113,878
Other	594	754	1,348	1,286	1,388	2,674
Subtotal	**96,030**	**28,905**	**124,935**	**94,564**	**28,260**	**122,824**
Loan loss allowance	(127)	(70)	(197)	(70)	(76)	(146)
Total	**95,903**	**28,835**	**124,738**	**94,494**	**28,184**	**122,678**

LOANS AND ADVANCES TO CUSTOMERS (PRIOR TO LOAN LOSS ALLOWANCES) BY ECONOMIC SECTOR

As of December 31,	2011 €mn	2010 €mn
GERMANY		
Corporate Customers		
Manufacturing industry	1,063	1,353
Construction	358	262
Wholesale and retail trade	423	450
Financial institutions (excluding banks) and insurance companies	370	439
Service providers	3,200	2,171
Other	2,763	2,494
Subtotal	8,177	7,169
Public authorities	7,143	6,824
Private customers	17,413	17,514
Subtotal	32,733	31,507
OTHER COUNTRIES		
Corporate Customers		
Industry, wholesale and retail trade and service providers	6,023	5,854
Financial institutions (excluding banks) and insurance companies	1,056	1,521
Other	2,098	1,759
Subtotal	9,177	9,134
Public authorities	504	84
Private customers	6,017	5,919
Subtotal	15,698	15,137
Total	48,431	46,644

RECONCILIATION OF ALLOWANCES FOR CREDIT LOSSES BY CLASS OF FINANCIAL ASSETS

As of December 31, 2011, the overall volume of allowances for credit losses includes loan loss allowances deducted from loans and advances to banks and customers totaling € 197 mn (2010: € 146 mn; 2009: € 144 mn) and provisions for credit losses included in other liabilities totaling € 24 mn (2010: € 7 mn; 2009: € 8 mn).

	Loan loss allowance			Provision for credit losses			Total		
	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn	2011 € mn	2010 € mn	2009 € mn
As of January 1,	146	144	119	7	8	8	153	152	127
Changes in the consolidated subsidiaries of the Allianz Group	—	(19)	—	—	(1)	—	—	(20)	—
Additions charged to the consolidated income statements	156	110	212	20	13	3	176	123	215
Charge-offs	(48)	(35)	(157)	—	—	—	(48)	(35)	(157)
Releases	(40)	(46)	(35)	(3)	(7)	(4)	(43)	(53)	(39)
Other additions (reductions)	(17)	(9)	3	—	—	1	(17)	(9)	4
Foreign currency translation adjustments	—	1	2	—	—	—	—	1	2
Reclassifications to non-current assets and assets of disposal groups classified as held for sale	—	—	—	—	(6)	—	—	(6)	—
As of December 31,	197	146	144	24	7	8	221	153	152

The following table presents information relating to the Allianz Group's impaired loans:

As of December 31,	2011 € mn	2010 € mn
Impaired loans	766	1,074
Impaired loans with specific allowances	762	1,063
Average balance of impaired loans	688	874
Interest income recognized on impaired loans	8	10

11 Reinsurance assets

As of December 31,	2011 € mn	2010 € mn
Unearned premiums	1,394	1,372
Reserves for loss and loss adjustment expenses	7,006	6,986
Aggregate policy reserves	4,364	4,674
Other insurance reserves	110	103
Total	12,874	13,135

Changes in aggregate policy reserves ceded to reinsurers are as follows:

	2011 € mn	2010 € mn	2009 € mn
Carrying amount as of January 1,	4,674	4,613	5,018
Foreign currency translation adjustments	102	193	(82)
Changes recorded in the consolidated income statements	(4)	(46)	(11)
Other changes	(408)	(86)	(312)
Carrying amount as of December 31,	4,364	4,674	4,613

The Allianz Group reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and to protect its capital resources. For natural catastrophe events the Allianz Group maintains a centralized program that pools exposures from a number of subsidiaries by internal reinsurance agreements. Allianz SE limits exposures in this portfolio through external reinsurance. For other risks the subsidiaries of the Allianz Group have individual reinsurance programs in place. Allianz SE participates as a reinsurer on an arm's length basis in these programs.

Reinsurance involves credit risk and is subject to aggregate loss limits. Reinsurance does not legally discharge the respective Allianz company from primary liability under the reinsured policies. Although the reinsurer is liable to this company to the extent of the business ceded, the Allianz company remains primarily liable as the direct insurer on all the risks it underwrites, including the share that is reinsured. The Allianz Group monitors the financial condition of its reinsurers on a regular basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfill its obligations to the Allianz Group companies under existing and planned reinsurance contracts. The Allianz Group's evaluation criteria, which include the credit risk, claims-paying and debt ratings, capital and surplus levels, and marketplace reputation of its reinsurers, are such that the Allianz Group believes that its reinsurance credit risk is not significant, and historically has not experienced noteworthy difficulty in collecting from its reinsurers. Additionally, and as appropriate, the Allianz Group may also require letters of credit, deposits, or other financial guarantees to further minimize its exposure to credit risk. In certain cases, however, the Allianz Group does establish an allowance for doubtful amounts related to reinsurance as appropriate, although this amount was not significant as of December 31, 2011 and 2010. The Allianz Group primarily maintains business relations with highly rated reinsurers.

12 Deferred acquisition costs

As of December 31,	2011 € mn	2010 € mn
Deferred acquisition costs		
Property-Casualty	4,197	4,121
Life/Health	14,579	14,459
Asset Management	146	152
Subtotal	**18,922**	**18,732**
Present value of future profits	**1,053**	**1,180**
Deferred sales inducements	**797**	**821**
Total	**20,772**	**20,733**

DEFERRED ACQUISITION COSTS

	2011 € mn	2010 € mn	2009 € mn
PROPERTY-CASUALTY			
Carrying amount as of January 1,	**4,121**	**3,789**	**3,721**
Additions	4,939	4,798	4,506
Changes in the consolidated subsidiaries of the Allianz Group	1	(4)	—
Foreign currency translation adjustments	(5)	151	54
Amortization	(4,859)	(4,613)	(4,492)
Carrying amount as of December 31,	**4,197**	**4,121**	**3,789**
LIFE/HEALTH			
Carrying amount as of January 1,	**14,459**	**14,452**	**16,214**
Additions	2,867	2,719	2,285
Changes in the consolidated subsidiaries of the Allianz Group	—	(10)	—
Foreign currency translation adjustments	195	492	(42)
Shadow Accounting	(874)	(977)	(1,693)
Amortization	(2,068)	(2,217)	(2,312)
Carrying amount as of December 31,	**14,579**	**14,459**	**14,452**
ASSET MANAGEMENT	146	152	149
Total	18,922	18,732	18,390

PRESENT VALUE OF FUTURE PROFITS

	2011 € mn	2010 € mn	2009 € mn
Cost as of January 1,	2,782	2,694	2,415
Accumulated amortization as of January 1,	(1,602)	(1,482)	(1,180)
Carrying amount as of January 1,	**1,180**	**1,212**	**1,235**
Changes in the consolidated subsidiaries of the Allianz Group	—	—	230
Foreign currency translation adjustments	(10)	48	(2)
Shadow Accounting	11	(1)	(70)
Amortization[1]	(128)	(79)	(181)
Carrying amount as of December 31,	**1,053**	**1,180**	**1,212**
Accumulated amortization as of December 31,	1,725	1,602	1,482
Cost as of December 31,	2,778	2,782	2,694

1 | During the year ended December 31, 2011, includes interest accrued on unamortized PVFP of € 63 mn (2010: € 65 mn; 2009: € 40 mn).

As of December 31, 2011, the percentage of PVFP that is expected to be amortized in 2012 is 15.36 % (12.49 % in 2013, 11.58 % in 2014, 10.21 % in 2015 and 9.51 % in 2016).

DEFERRED SALES INDUCEMENTS

	2011 € mn	2010 € mn	2009 € mn
Carrying amount as of January 1,	**821**	**693**	**688**
Additions	231	335	256
Foreign currency translation adjustments	43	46	(17)
Shadow Accounting	(193)	(124)	(141)
Amortization	(105)	(129)	(93)
Carrying amount as of December 31,	**797**	**821**	**693**

13 Other assets

As of December 31,	2011 € mn	2010 € mn
Receivables		
Policyholders	5,653	5,322
Agents	4,352	4,129
Reinsurers	2,497	2,581
Other	3,405	3,515
Less allowance for doubtful accounts	(669)	(629)
Subtotal	**15,238**	**14,918**
Tax receivables		
Income taxes	1,708	1,691
Other taxes	1,150	1,043
Subtotal	**2,858**	**2,734**
Accrued dividends, interest and rent	**7,672**	**7,356**
Prepaid expenses		
Interest and rent	18	16
Other prepaid expenses	286	334
Subtotal	**304**	**350**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	**430**	**452**
Property and equipment		
Real estate held for own use	2,806	3,075
Software	1,393	1,287
Equipment	849	735
Fixed assets of Alternative Investments	1,113	1,117
Subtotal	**6,161**	**6,214**
Other assets[1]	**1,683**	**1,977**
Total	**34,346**	**34,001**

1 | As of December 31, 2011, includes prepaid benefit costs for defined benefit plans of € 385 mn (2010: € 372 mn).

As of December 31, 2011, other assets due within one year totaled € 27,746 mn (2010: € 27,448 mn), and those due in more than one year totaled € 6,600 mn (2010: € 6,553 mn).

PROPERTY AND EQUIPMENT

REAL ESTATE HELD FOR OWN USE

	2011 € mn	2010 € mn	2009 € mn
Cost as of January 1,	4,269	4,008	4,136
Accumulated depreciation as of January 1,	(1,194)	(1,092)	(1,014)
Carrying amount as of January 1,	**3,075**	**2,916**	**3,122**
Additions	115	243	84
Changes in the consolidated subsidiaries of the Allianz Group	(124)	(97)	27
Disposals	(53)	(70)	(31)
Reclassifications	(128)	96	(240)
Reclassifications out of/(into) non-current assets and assets of disposal groups classified as held for sale	—	(11)	4
Foreign currency translation adjustments	(5)	89	31
Depreciation	(76)	(92)	(81)
Reversals of impairments	2	1	—
Carrying amount as of December 31,	**2,806**	**3,075**	**2,916**
Accumulated depreciation as of December 31,	1,216	1,194	1,092
Cost as of December 31,	4,022	4,269	4,008

As of December 31, 2011, the fair value of real estate held for own use was € 4,128 mn (2010: € 4,363 mn). As of December 31, 2011, assets pledged as security and other restrictions on title were € 119 mn (2010: € 266 mn).

SOFTWARE

	2011 € mn	2010 € mn	2009 € mn
Cost as of January 1,	4,162	3,828	3,400
Accumulated amortization as of January 1,	(2,875)	(2,531)	(2,284)
Carrying amount as of January 1,	**1,287**	**1,297**	**1,116**
Additions	530	426	492
Changes in the consolidated subsidiaries of the Allianz Group	(20)	(5)	(2)
Disposals	(31)	(88)	(45)
Reclassification out of/(into) non-current assets and assets of disposal groups classified as held for sale	—	(8)	18
Foreign currency translation adjustments	(2)	21	(3)
Amortization	(352)	(329)	(275)
Impairments	(19)	(27)	(4)
Carrying amount as of December 31,[1]	**1,393**	**1,287**	**1,297**
Accumulated amortization as of December 31,	3,191	2,875	2,531
Cost as of December 31,	4,584	4,162	3,828

1 | As of December 31, 2011, includes € 865 mn (2010: € 829 mn; 2009: 812 mn) for software developed in-house and € 528 mn (2010: € 458 mn; 2009: 485 mn) for software purchased from third parties.

EQUIPMENT

	2011 €mn	2010 €mn	2009 €mn
Cost as of January 1,	3,297	3,311	3,102
Accumulated depreciation as of January 1,	(2,562)	(2,508)	(2,279)
Carrying amount as of January 1,	**735**	**803**	**823**
Additions	380	318	295
Changes in the consolidated subsidiaries of the Allianz Group	3	3	6
Disposals	(86)	(101)	(124)
Reclassifications	5	(27)	—
Reclassifications out of/(into) non-current assets and assets of disposal groups classified as held for sale	—	(22)	—
Foreign currency translation adjustments	8	22	13
Depreciation	(195)	(244)	(206)
Impairments	(1)	(17)	(4)
Carrying amount as of December 31,	**849**	**735**	**803**
Accumulated depreciation as of December 31,	2,631	2,562	2,508
Cost as of December 31,	3,480	3,297	3,311

FIXED ASSETS OF ALTERNATIVE INVESTMENTS[1]

	2011 €mn	2010 €mn	2009 €mn
Cost as of January 1,	1,587	1,152	538
Accumulated depreciation as of January 1,	(470)	(330)	(119)
Carrying amount as of January 1,	**1,117**	**822**	**419**
Additions	176	177	153
Changes in the consolidated subsidiaries of the Allianz Group	(46)	248	164
Disposals	(6)	(3)	(7)
Reclassifications out of non-current assets and assets of disposal groups classified as held for sale	—	—	309
Foreign currency translation adjustments	2	13	(4)
Depreciation	(130)	(140)	(212)
Carrying amount as of December 31,	**1,113**	**1,117**	**822**
Accumulated depreciation as of December 31,	460	470	330
Cost as of December 31,	1,573	1,587	1,152

1 | Includes fixed assets of wind parks, solar parks, manroland and Selecta.

14 Non-current assets and assets and liabilities of disposal groups classified as held for sale

As of December 31,	2011 €mn	2010 €mn
Assets of disposal groups classified as held for sale		
LLC Allianz Life, Moscow	4	—
Allianz Bank Polska S.A.	—	247
Subtotal	**4**	**247**
Non-current assets classified as held for sale	**10**	**52**
Total	**14**	**299**
Liabilities of disposal groups classified as held for sale		
Allianz Bank Polska S.A.	—	188
Total	**—**	**188**

NON-CURRENT ASSETS AND ASSETS AND LIABILITIES OF DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE AS OF DECEMBER 31, 2011

LLC ALLIANZ LIFE, MOSCOW

During the fourth quarter of 2011, the Allianz Group decided to dispose of LLC Allianz Life, Moscow. Thus, the assets and liabilities related to the Allianz Group's 100 % ownership of LLC Allianz Life, Moscow and allocated to the segment Life/Health, were reclassified as disposal group held for sale. As of December 31, 2011, cumulative losses recognized in other comprehensive income relating to the disposal group classified as held for sale amounted to € 1 mn. The sale is expected to occur during the first quarter of 2012. Upon measurement of the disposal group at fair value less costs to sell, no impairment loss was recognized in the consolidated income statement for the year ended December 31, 2011.

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets classified as held for sale of € 10 mn comprise assets allocated to the Property-Casualty and Asset Management segment, none of which are individually material. The sale of these assets is expected to be completed during 2012. Upon measurement of the non-current assets at fair value less costs to sell no impairment losses were recognized for the year ended December 31, 2011.

DISPOSALS DURING THE YEAR ENDED DECEMBER 31, 2011

The following table provides an overview of all assets and liabilities of disposal groups classified as held for sale during the year ended December 31, 2011 or as of December 31, 2010, which were sold in 2011:

Disposal group	Period, in which classified as held for sale	Assets of disposal group € mn	Liabilities of disposal group € mn	Period, in which disposal was completed	Cumulative impairment losses recognized until disposal € mn	Realized gains/(losses) € mn	Segment
Allianz Kazakhstan ZAO, Almaty	Q1 2011	55	55	Q4 2011	18	(3)	Property-Casualty
Allianz Asset Management a.s., Bratislava	Q2 2011	3	2	Q4 2011	2	0.5	Asset Management
Coparc, Paris	Q3 2011	1,117	1,101	Q4 2011	3	1	Life/Health
W Finance, Paris	Q3 2011	35	22	Q4 2011	—	13	Life/Health
Allianz Takaful, Manama	Q3 2011	29	29	Q4 2011	4	2	Property-Casualty Life/Health
Allianz Bank Polska S.A., Warsaw	Q4 2010	247	188	Q2 2011	34[1]	(4)	Corporate and Other

1 | Recognized in the consolidated income statement in the fourth quarter of 2010.

The following table provides an overview of all non-current assets classified as held for sale during the year ended December 31, 2011 or as of December 31, 2010, which were sold in 2011:

Non-current assets	Period, in which classified as held for sale	Non-current assets € mn	Period, in which disposal was completed	Cumulative impairment losses recognized until disposal € mn	Realized gains/(losses) € mn	Segment
Residential properties of Allianz IARD S.A. and Allianz Vie S.A. in Paris	Q4 2010	22	Q1 2011	—	19	Property-Casualty
		24			57	Life/Health
Commercial property of Allianz Hungaria in Budapest	Q4 2010	6	Q2 2011	—	—	Property-Casualty
Several office buildings held by Allianz Deutschland AG and German Real Estate Fund	Q2 2011	27	Q3 2011	—	3	Property-Casualty
		8		6	(2)	Corporate and Other
Several warehouses and industrial buildings held by Allianz Life Insurance of North America	Q2/Q3 2011	226	Q4 2011	—	gains: 25 losses: (16)	Life/Health

15 Intangible assets

As of December 31,	2011 € mn	2010 € mn
Intangible assets with indefinite useful lives		
Goodwill	11,722	12,020
Brand names[1]	310	311
Subtotal	**12,032**	**12,331**
Intangible assets with finite useful lives		
Long-term distribution agreements[2]	941	585
Customer relationships	207	287
Other[3]	124	178
Subtotal	**1,272**	**1,050**
Total	**13,304**	**13,381**

1 | Includes primarily the brand name of Selecta AG, Muntelier.
2 | Consists of the long-term distribution agreements with Commerzbank AG of € 539 mn (2010: € 585 mn) and Banco Popular S.A. of € 402 mn (2010: € — mn).
3 | Includes primarily acquired business portfolios of € 34 mn (2010: € 20 mn), other distribution rights of € 22 mn (2010: € 24 mn), bancassurance agreements of € 12 mn (2010: € 14 mn) and research and development costs of € 9 mn (2010: € 67 mn).

GOODWILL

	2011 € mn	2010 € mn	2009 € mn
Cost as of January 1,	12,603	12,291	11,445
Accumulated impairments as of January 1,	(583)	(277)	(224)
Carrying amount as of January 1,	**12,020**	**12,014**	**11,221**
Additions	7	56	468
Disposals	(28)	—	—
Foreign currency translation adjustments	67	256	(113)
Impairments	(337)	(306)	(53)
Reclassifications out of/(into) non-current assets and assets of disposal groups classified as held for sale	(7)	—	491
Carrying amount as of December 31,	**11,722**	**12,020**	**12,014**
Accumulated impairments as of December 31,	805	583	277
Cost as of December 31,	12,527	12,603	12,291

2011

Disposals of 2011 include goodwill from the loss of control in manroland AG, Offenbach due to the opening of insolvency proceedings during the fourth quarter.

The reclassification of 2011 affects the goodwill of Allianz Kazakhstan ZAO, Almaty, as this subsidiary was reclassified to non-current assets and assets and liabilities of disposal groups classified as held for sale.

2010

Additions of 2010 include goodwill from the acquisition of a 100 % participation in Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt, the acquisition of a 100 % participation in Solarpark BPS Brindisi S.r.l., Brindisi, and the acquisition of a 100 % participation in Solarpark Orsa Maggiore PV S.r.l., Milan.

The allocated goodwill of the cash generating units (CGU) Banking Europe, Central and Eastern Europe in the Property-Casuality segment and manroland AG in the Corporate and Other segment was impaired as a result of the annual impairment test 2010.

2009

Additions include goodwill from the acquisition of a 100 % participation in cominvest Asset Management GmbH, Frankfurt am Main.

The allocated goodwill of the CGU Banking was impaired as a result of the annual impairment test.

The reclassification affects the goodwill of Selecta AG, Muntelier, as this subsidiary was reclassified out of disposal groups held for sale.

IMPAIRMENT TEST FOR GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing, the Allianz Group has allocated goodwill to Cash Generating Units (CGU). These CGU represent the lowest level at which goodwill is monitored for internal management purposes.

Also for the purpose of impairment testing, the capitalized long-term distribution agreement with Commerzbank AG has been allocated to the CGU German Speaking Countries in the Life/Health segment since the cash flows are economically generated in this CGU.

As a result of the impairment test in 2011, the goodwill of the CGU Property-Casualty NAFTA Markets was impaired by € 93 mn, the goodwill of the CGU Life/Health Asia-Pacific and Middle East was impaired by € 149 mn, the goodwill of the CGU Banking Germany was impaired by € 95 mn and the intangible asset of the CGU Banking Germany was impaired by € 19 mn.

These impairments were driven by revised projections for earnings, new business volumes and in force portfolios in the context of depressed financial markets as well as the persisting low interest environment in Asia.

Cash generating units in the Property-Casualty segment are:

- German Speaking Countries,
- Europe, including France, the Netherlands, Belgium, Luxembourg, Italy, Spain, Portugal, Greece, Turkey and Africa,
- South America,
- Asia-Pacific and Middle East,
- Central and Eastern Europe, including Bulgaria, Croatia, the Czech Republic, Hungary, Slovakia, Poland, Romania and Russia,
- Global Insurance Lines & Anglo Markets,
- NAFTA Markets,
- Specialty Lines I, including Allianz Global Corporate & Specialty and Credit Insurance,
- Specialty Lines II, including Travel Insurance and Assistance Services.

Cash generating units in the Life/Health segment are:

- German Speaking Countries,
- Health Germany,
- Europe, including France, the Netherlands, Belgium, Luxembourg, Italy, Spain, Portugal, Greece, Turkey and Africa,
- Asia-Pacific and Middle East,
- NAFTA Markets.

Cash generating units in the Corporate and Other segment are:

- Banking Germany,
- Banking Europe,
- Selecta AG.

The recoverable amounts for all CGU are determined on the basis of value in use calculations. The Allianz Group applies generally acknowledged valuation principles to determine the value in use, whereas the valuation methods applied for the CGU Selecta AG are based on industry-specific standards.

In this regard, the Allianz Group uses the capitalized earnings method to derive the value in use for all CGU in the Property-Casualty segment, for the CGU Asset Management as well as for the CGU Banking Germany and Banking Europe. Generally, the basis for the determination of the capitalized earnings value is the business plan ("detailed planning period") as well as the estimate of the sustainable returns and eternal growth rates which can be assumed to be realistic on a long-term basis ("terminal value") for the companies included in the CGU. The capitalized earnings value is calculated by discounting the future earnings using an appropriate discount rate. The business plans applied in the value in use calculations are the results of the structured management dialogues between the Board of Management of the Allianz Group and the operating entities in connection with a reporting process integrated into these dialogues. Generally, the business plans comprise a planning horizon of three years and are based on the current market environment. The terminal values are largely based on the expected profits of the final year of the detailed planning period. Where necessary, the planned profits are adjusted to reflect long-term sustainable earnings. The financing of the assumed eternal growth in the terminal values is accounted for by appropriate profit retention.

The discount rate is based on the capital asset pricing model and appropriate eternal growth rates. The assumptions, including the risk free interest rate, market risk premium, segment beta and leverage ratio, used to calculate the discount rates are in general consistent with the parameters used in the Allianz Group's planning and controlling process.

The discount rates and eternal growth rates for the CGU are as follows:

Cash generating unit	Discount rate %	Eternal growth rate %
PROPERTY-CASUALTY		
German Speaking Countries	7.4	1.0
Europe	8.0	1.0
South America	16.3	3.0
Asia-Pacific and Middle East	9.5	3.0
Central and Eastern Europe	10.5	2.4
Global Insurance Lines & Anglo Markets	8.1	1.0
NAFTA Markets	8.0	1.0
Specialty Lines I	7.7	1.0
Specialty Lines II	7.9	1.0
ASSET MANAGEMENT	**9.0**	**1.0**
BANKING		
Banking Germany	8.5	1.0

Sensitivity analyses were performed with regard to discount rates and key value drivers of the business plans. In the segments Property-Casualty and Asset Management, sensitivity analyses were performed in respect to the long-term sustainable combined ratios and cost income ratios.

For all CGU excluding Property-Casualty Asia-Pacific and Middle East as well as Central and Eastern Europe, capitalized earnings value sensitivities still exceeded their respective carrying values.

An increase of 0.5 % points in the discount rate or the combined ratio could result in the recoverable amount for the CGU Asia-Pacific and Middle East reaching its carrying value. The recoverable amount of the CGU Central and Eastern Europe almost equals its carrying value.

For all CGU in the Life/Health segment the goodwill impairment test is based on an Appraisal Value method which is derived from the Market Consistent Embedded Value and a multiple of the Market Value of new business.

The Market Consistent Embedded Value is an industry specific valuation method to assess the fair value of the current in force portfolio and is in compliance with the general principles of the discounted earnings methods. The Market Consistent Embedded Value approach applied is based on the CFO Forum Principles and the Allianz Group's Embedded Value guidelines.

For Taiwan and the United States, instead of the Market Consistent Embedded Value, the Appraisal Value was derived from a Traditional Embedded Value and new business value calculation as no adequate valuation reflecting a long-term view in line with management judgment and market experience could be derived from market consistent methodology.

Sensitivity analyses were performed with regard to considered new business values. For all CGU in the Life/Health segment with appraisal values exceeding their carrying values except NAFTA Markets even a significant reduction in the applied new business multiple would lead to respective Appraisal Values which still exceed the respective carrying values. With respect to the CGU NAFTA Markets the appraisal value exceeds its carrying value assuming eight times the new business value.

The carrying amounts of goodwill and brand names are allocated to the Allianz Group's CGU as of December 31, 2011 and 2010 as follows:

As of December 31,	2011		2010	
Cash generating units	Goodwill €mn	Brand names €mn	Goodwill €mn	Brand names €mn
PROPERTY-CASUALTY				
German Speaking Countries	284	—	283	—
Europe	851	—	874	—
South America	22	—	21	—
NAFTA Markets	—	—	94	—
Global Insurance Lines & Anglo Markets	317	—	312	—
Asia-Pacific and Middle East	88	—	87	—
Central and Eastern Europe	454	24	467	25
Specialty Lines I	38	—	38	—
Specialty Lines II	18	—	18	—
Subtotal	2,072	24	2,194	25
LIFE/HEALTH				
German Speaking Countries	592	—	590	—
Health Germany	325	—	325	—
Europe	642	—	653	—
NAFTA Markets	444	—	440	—
Asia-Pacific and Middle East	171	—	320	—
Subtotal	2,174	—	2,328	—
ASSET MANAGEMENT	6,985	—	6,884	—
CORPORATE AND OTHER				
Banking Germany	—	—	95	—
manroland AG	—	—	28	—
Selecta AG	491	286	491	286
Subtotal	491	286	614	286
Total	11,722	310	12,020	311

BRAND NAMES

The position brand names consists primarily of the brand name "Selecta". The brand name "Selecta" has an indefinite life, as there is no foreseeable end to its economic life. The fair value of this brand name, registered as a trade name, was determined using a royalty savings approach.

INTANGIBLE ASSETS WITH FINITE USEFUL LIVES

Amortization expenses of intangible assets with finite useful lives are estimated to be € 151 mn in 2012, € 126 mn in 2013, € 120 mn in 2014, € 123 mn in 2015 and € 123 mn in 2016. Thereof, the amortization expenses relating to the intangible assets of Selecta AG are included in the line item "Expenses from fully consolidated private equity investments".

The long-term distribution agreements with Commerzbank AG have useful lives of 13.5 years and 15 years, which were determined by contractual agreements. They are amortized on a straight line basis over the remaining useful life of 12 years. The long-term distribution agreements with Banco Popular S.A. have useful lives of 25 years, which were determined by contractual agreements. They are amortized on a straight line basis over the remaining useful lives of 25 years.

The customer relationships of cominvest and Selecta have useful lives of 4 years and 10 years, which were determined by average customer retention period for German mutual funds and by the multi-period excess earnings method. They are amortized on a straight line basis over the remaining useful lives of 1 year and 5.5 years.

16 Financial liabilities carried at fair value through income

As of December 31	2011 €mn	2010 €mn
Financial liabilities held for trading		
Derivative financial instruments	6,608	5,012
Other trading liabilities	2	1
Subtotal	**6,610**	**5,013**
Financial liabilities designated at fair value through income	—	—
Total	**6,610**	**5,013**

17 Liabilities to banks and customers

As of December 31,	2011			2010		
	Banks €mn	Customers €mn	Total €mn	Banks €mn	Customers €mn	Total €mn
Payable on demand	409	4,138	4,547	68	4,110	4,178
Savings deposits	—	2,879	2,879	—	2,504	2,504
Term deposits and certificates of deposit	1,107	2,234	3,341	1,328	2,301	3,629
Repurchase agreements	229	106	335	867	129	996
Collateral received from securities lending transactions and derivatives	2,151	—	2,151	591	—	591
Other	5,693	3,209	8,902	6,278	2,979	9,257
Total	**9,589**	**12,566**	**22,155**	**9,132**	**12,023**	**21,155**

LIABILITIES TO BANKS AND CUSTOMERS BY CONTRACTUAL MATURITY

As of December 31, 2011	Up to 3 months €mn	> 3 months up to 1 year €mn	> 1 year up to 3 years €mn	> 3 years up to 5 years €mn	Greater than 5 years €mn	Total €mn
Liabilities to banks	4,063	790	1,160	1,516	2,060	9,589
Liabilities to customers	9,302	1,165	968	214	917	12,566
Total	**13,365**	**1,955**	**2,128**	**1,730**	**2,977**	**22,155**

LIABILITIES TO BANKS AND CUSTOMERS BY TYPE OF CUSTOMER AND GEOGRAPHIC REGION

As of December 31,	2011			2010		
	Germany €mn	Other countries €mn	Total €mn	Germany €mn	Other countries €mn	Total €mn
Liabilities to banks	3,982	5,607	9,589	5,358	3,774	9,132
Liabilities to customers						
Corporate customers	2,545	1,766	4,311	2,431	1,518	3,949
Public authorities	166	11	177	193	8	201
Private customers	4,898	3,180	8,078	4,749	3,124	7,873
Subtotal	**7,609**	**4,957**	**12,566**	**7,373**	**4,650**	**12,023**
Total	**11,591**	**10,564**	**22,155**	**12,731**	**8,424**	**21,155**

As of December 31, 2011, liabilities to customers include € 1,049 mn (2010: € 987 mn) of non-interest bearing deposits.

18 Unearned premiums

As of December 31,	2011 € mn	2010 € mn
Property-Casualty	14,697	14,206
Life/Health	2,562	2,291
Consolidation	(4)	—
Total	**17,255**	**16,497**

19 Reserves for loss and loss adjustment expenses

As of December 31,	2011 € mn	2010 € mn
Property-Casualty	59,493	57,509
Life/Health	9,357	8,984
Consolidation	(18)	(19)
Total	**68,832**	**66,474**

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE PROPERTY-CASUALTY SEGMENT

RECONCILIATION OF BEGINNING AND ENDING RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The following table reconciles the beginning and ending reserves of the Allianz Group, including the effect of reinsurance ceded, for the Property-Casualty segment for each of the years in the three-year period ended December 31, 2011.

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE PROPERTY-CASUALTY SEGMENT

	2011			2010			2009		
	Gross € mn	Ceded € mn	Net € mn	Gross € mn	Ceded € mn	Net € mn	Gross € mn	Ceded € mn	Net € mn
As of January 1,	**57,509**	**(6,659)**	**50,850**	**55,715**	**(7,175)**	**48,540**	**55,616**	**(7,820)**	**47,796**
Loss and loss adjustment expenses incurred									
Current year	32,024	(2,444)	29,580	31,158	(2,473)	28,685	30,072	(2,685)	27,387
Prior years	(2,080)	420	(1,660)	(2,551)	1,007	(1,544)	(1,962)	895	(1,067)
Subtotal	**29,944**	**(2,024)**	**27,920**	**28,607**	**(1,466)**	**27,141**	**28,110**	**(1,790)**	**26,320**
Loss and loss adjustment expenses paid									
Current year	(15,011)	695	(14,316)	(14,899)	805	(14,094)	(14,159)	791	(13,368)
Prior years	(13,646)	1,417	(12,229)	(13,860)	1,495	(12,365)	(14,531)	1,732	(12,799)
Subtotal	**(28,657)**	**2,112**	**(26,545)**	**(28,759)**	**2,300**	**(26,459)**	**(28,690)**	**2,523**	**(26,167)**
Foreign currency translation adjustments and other changes[1]	**684**	**(84)**	**600**	**2,188**	**(344)**	**1,844**	**679**	**(88)**	**591**
Changes in the consolidated subsidiaries of the Allianz Group	**20**	**(8)**	**12**	**(242)**	**26**	**(216)**	**—**	**—**	**—**
Reclassifications[2]	**(7)**	**5**	**(2)**	**—**	**—**	**—**	**—**	**—**	**—**
As of December 31,	**59,493**	**(6,658)**	**52,835**	**57,509**	**(6,659)**	**50,850**	**55,715**	**(7,175)**	**48,540**

1 | Includes effects of foreign currency translation adjustments for prior years claims of gross € 295 mn (2010: € 1,999 mn; 2009: € 607 mn) and of net € 247 mn (2010: € 1,707 mn; 2009: € 536 mn) and for current year claims of gross € 444 mn (2010: € 101 mn; 2009: € 73 mn) and of net € 345 mn (2010: € 63 mn; 2009: € 77 mn).
2 | In the first quarter of 2011, Allianz Kazakhstan ZAO and in the third quarter of 2011, Allianz Takaful were classified as held for sale. See note 14 for further information.

Prior years' loss and loss adjustment expenses incurred reflect the changes in estimation charged or credited to the consolidated income statement in each year with respect to the reserves for loss and loss adjustment expenses established as of the beginning of that year. During the year ended December 31, 2011, the Allianz Group recorded additional income of € 1,660 mn (2010: € 1,544 mn; 2009: € 1,067 mn) with respect of losses occurring in prior years. During the year ended December 31, 2011, these amounts as percentages of the net balance of the beginning of the year were 3.3 % (2010: 3.2 %; 2009: 2.2 %).

CHANGES IN HISTORICAL RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim type topics like asbestos claims. The origin year of losses is taken into consideration by analyzing each line of business also by accident year. While this determines the estimates of reserves for loss and LAE by accident year as recorded in the consolidated balance sheet, the effect in the consolidated income statement in the respective calendar year combines the accident year loss ratio for the current year with the favorable or adverse development from prior years (run-off). The tables below first show the loss development by accident year followed by the resulting change for the most recent calendar years.

The run-off triangle, also known as "loss triangle" is a tabular representation of loss-related data (such as payments, loss reserves, ultimate losses) in two, time-related dimensions. One of these is the calendar year, while the other is the accident year (year of loss occurrence). Run-off triangles – as the basis for measuring loss reserves – make clear how the loss reserves change over the course of time due to payments made and new estimates of the expected ultimate loss at the respective balance sheet date.

LOSS PAYMENTS FOR THE INDIVIDUAL ACCIDENT YEARS (PER CALENDAR YEAR, NET)

	Accident year									
Calendar Year	2003 & Prior € mn	2004 € mn	2005 € mn	2006 € mn	2007 € mn	2008 € mn	2009 € mn	2010 € mn	**2011** € mn	**Total** € mn
2003	25,015									**25,015**
2004	11,808	11,445								**23,253**
2005	4,827	5,889	11,881							**22,597**
2006	4,049	1,561	6,632	11,760						**24,002**
2007	2,831	962	2,058	6,403	12,631					**24,885**
2008	2,163	644	1,158	1,643	6,397	13,130				**25,135**
2009	1,907	312	531	955	1,744	7,350	13,368			**26,167**
2010	1,363	211	432	586	934	2,151	6,688	14,094		**26,459**
2011	927	220	294	397	687	1,034	1,725	6,945	14,316	**26,545**

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

	Accident year									
As of December 31,	2003 & Prior € mn	2004 € mn	2005 € mn	2006 € mn	2007 € mn	2008 € mn	2009 € mn	2010 € mn	**2011** € mn	**Total** € mn
2003	44,683									**44,683**
2004	31,454	14,025								**45,479**
2005	27,221	7,658	14,777							**49,656**
2006	22,324	4,920	8,238	13,848						**49,330**
2007	18,820	3,354	4,878	7,612	14,012					**48,676**
2008	16,007	2,382	3,248	4,488	7,449	14,222				**47,796**
2009	14,055	1,987	2,334	3,432	5,038	7,620	14,074			**48,540**
2010	12,838	1,624	1,811	2,815	3,911	5,666	7,456	14,729		**50,850**
2011	12,258	1,424	1,442	2,440	2,973	4,337	5,147	7,218	15,596	**52,835**

ULTIMATE LOSS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

	Accident year									
As of December 31,	2003 & Prior € mn	2004 € mn	2005 € mn	2006 € mn	2007 € mn	2008 € mn	2009 € mn	2010 € mn	**2011** € mn	**Total** € mn
2003	69,698									
2004	68,278	25,470								
2005	68,871	24,993	26,658							
2006	68,022	23,816	26,751	25,610						
2007	67,349	23,212	25,450	25,776	26,643					
2008	66,699	22,884	24,977	24,295	26,477	27,353				
2009	66,654	22,801	24,594	24,194	25,810	28,100	27,442			
2010	66,800	22,650	24,502	24,164	25,617	28,297	27,512	28,823		
2011	67,149	22,669	24,427	24,185	25,367	28,002	26,928	28,257	29,912	
Surplus[1]	2,549	2,801	2,231	1,425	1,276	(649)	514	566	—[2]	**10,713**
Reduction/ (increase) 2011 to 2010[1]	(349)	(19)	75	(21)	250	295	584	566	—[2]	**1,381**

1 | Includes effects from foreign currency translation adjustments and other changes.
2 | Presentation not meaningful.

CALENDAR YEAR PREMIUMS EARNED AND ULTIMATE LOSS RATIO FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

		Accident year							
As of December 31	Premiums earned (net) € mn	2004 %	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %	**2011** %
2004	37,385	68.1							
2005	37,686	66.9	70.7						
2006	37,950	63.7	71.0	67.5					
2007	38,553	62.1	67.5	67.9	69.1				
2008	38,213	61.2	66.3	64.0	68.7	71.6			
2009	37,828	61.0	65.3	63.8	66.9	73.5	72.5		
2010	39,303	60.6	65.0	63.7	66.4	74.1	72.7	73.3	
2011	39,898	60.6	64.8	63.7	65.8	73.3	71.2	71.9	75.0

The ultimate loss of an accident year comprises all payments made for that accident year up to the reporting date, plus the loss reserve at the reporting date. Given complete information regarding all losses incurred up to the balance sheet date, the ultimate loss status for each accident-year period would remain the same. In practice, however, the ultimate loss status (based on estimates) is exposed to fluctuations that reflect the growth in knowledge about the loss cases. The loss ratio varies slightly from the reported loss ratio because the ultimate loss in the table above is based on the sum of the payments plus the loss reserve, and not the incurred loss from the profit and loss account.

The run-off triangles are not prepared on a currency-adjusted basis. This means all figures are translated from the respective local currency into the Allianz Group currency (Euro), consistently using the exchange rates applicable at the reporting date. This ensures that the reserves reconcile with reserves in the consolidated balance sheet reserves.

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

The following table summarizes the development of the Allianz Group's loss and LAE reserves over the past seven years. The table presents calendar year data, not accident year data.

Each column of this table shows reserves as of a single reporting date and subsequent development of these reserves. The top section of each column shows net reserves as initially established at the end of each stated year. The next section, reading down, shows the cumulative net amounts paid as of the end of the successive years with respect to the reserve initially established. The next section shows the retroactive re-estimation of the initially established net reserves for loss and LAE as of the end of each successive year. This re-estimation results primarily from additional facts and circumstances that pertain to open claims.

The bottom section compares the latest re-estimated gross and net reserves, respectively, for loss and LAE to the gross and net reserves, respectively, as initially established, and indicates the cumulative development of the initially established reserves through December 31, 2011. The surplus shown in the table for each year represents the aggregate amount by which the original estimates of reserves at that year-end have changed in subsequent years. Accordingly, the cumulative surplus for a year-end relates only to reserves at that year-end and such amounts are not additive. Caution should be exercised in evaluating the information shown in this table, as each amount includes the effects of all changes in amounts for prior periods. For example, the development of 2005 reserves during 2011 is included in the cumulative surplus of the 2005 through 2010 columns.

Given that the table below presents calendar year data and not, like the one above, accident year data, conditions and trends that have affected development of liability in the past may or may not necessarily occur in the future. Consequently, conclusions about future results may not be derived from information presented in this table.

Companies acquired or divested during the period shown in the table, can lead to distortions in the cumulative surplus. The table starts with the presentation of net and gross liabilities for unpaid claims and claims expenses as accounted, as of the respective date of the balance sheet. Over time, these liabilities are re-estimated. In addition, these liabilities will change if, through either acquisition, sale of a company or reclassification, entire new portfolios of claim payments and reserves are added to or subtracted from the data. In addition, changes in currency exchange rates can lead to distortions in the cumulative surplus.

	Calendar year							
	2004 € mn	2005 € mn	2006 € mn	2007 € mn	2008 € mn	2009 € mn	2010 € mn	**2011** € mn
Reserves for loss and loss adjustment expenses (gross)	55,528	60,259	58,664	56,943	55,616	55,715	57,509	59,493
Reserves for loss and loss adjustment expenses (ceded)	10,048	10,603	9,333	8,266	7,820	7,176	6,659	6,658
Reserves for loss and loss adjustment expenses (net)	**45,480**	**49,656**	**49,331**	**48,677**	**47,796**	**48,539**	**50,850**	**52,835**
Net paid (cumulative) as of								
One year later	10,716	12,242	12,255	12,005	12,799	12,364	12,229	
Two years later	16,326	18,093	17,863	17,455	18,476	17,648		
Three years later	20,119	22,058	21,568	20,980	22,035			
Four years later	22,926	24,807	24,159	23,505				
Five years later	25,145	26,812	25,997					
Six years later	26,719	28,254						
Seven years later	27,867							
Net liabilities re-estimated as of								
One year later	45,595	47,725	46,919	45,579	47,265	48,486	49,469	
Two years later	43,570	45,145	43,988	44,300	47,142	47,671		
Three years later	42,293	43,695	43,375	43,980	46,911			
Four years later	41,315	43,183	43,248	44,044				
Five years later	41,187	43,086	43,562					
Six years later	41,181	43,379						
Seven years later	41,550							
Cumulative surplus								
Net surplus before adjustments[1]	3,930	6,277	5,769	4,633	885	868	1,381	
Net surplus	457	1,199	969	1,360	1,067	1,544	1,660	
Net surplus before adjustments as a % of initial reserves	**8.6%**	**12.6%**	**11.7%**	**9.5%**	**1.9%**	**1.8%**	**2.7%**	
Gross surplus before adjustments[1]	4,553	7,386	6,950	5,449	2,201	1,846	1,812	
Gross surplus	1,293	1,632	1,186	1,708	1,962	2,551	2,080	

1 | Gross/Net surplus before adjustments represents the cumulative surplus from re-estimating the reserves for loss and loss adjustment expenses for prior years claims and includes foreign currency translation adjustments of gross € 295 mn (2010: € 1,999 mn) and net € 247 mn (2010: € 1,707 mn), changes in the consolidated subsidiaries of the Allianz Group, reclassifications and other changes. This leads to an effective run-off result of gross € 2,080 mn (2010: € 2,551 mn) and net € 1,660 mn (2010: € 1,544 mn) which can be found in the table "Change in the reserves for loss and loss adjustment expenses for the Property-Casualty segment" within this section.

In 2011, net loss and LAE reserves increased by € 1,985 mn or 3.9% to € 52,835 mn, resulting partially from the impact of currency fluctuations during 2011. Reserve developments during 2011 are described in further detail in the succeeding section "Changes in reserves for loss and LAE during 2011".

COMPOSITION OF RESERVES FOR LOSS AND LAE BY LINES OF BUSINESS

The time required to learn of and settle claims is an important consideration in establishing reserves. Short-tail claims, such as motor property damage claims, are typically reported within a few days or weeks and are generally settled within two to three years. Medium-tail claims such as personal and commercial motor liability claims generally take four to six years to settle, while long-tail claims, such as general liability, workers compensation, construction and professional liability claims take longer.

The Allianz Group estimates that loss and LAE reserves consist of approximately 10 % short-tail, 50 % medium-tail and 40 % long-tail business.

The following table breaks down the loss and LAE reserves of the Allianz Group, in total and separately by IBNR and case reserves, gross of reinsurance, by lines of business for the years ending December 31, 2011, 2010 and 2009.

LOSS AND LAE RESERVES BY LINE OF BUSINESS, GROSS OF REINSURANCE

	2011 € mn	2010 € mn	2009 € mn
Motor	**18,783**	**19,088**	**19,018**
Case Reserves	15,297	15,540	15,851
IBNR Reserves	3,486	3,548	3,167
General Liability	**11,390**	**11,619**	**11,062**
Case Reserves	7,128	7,211	6,909
IBNR Reserves	4,262	4,408	4,153
Workers Compensation/Employers Liability	**4,559**	**4,560**	**4,273**
Case Reserves	2,309	2,227	2,038
IBNR Reserves	2,250	2,333	2,235
Property	**4,571**	**4,127**	**3,952**
Case Reserves	4,088	3,862	3,595
IBNR Reserves	483	265	357
Inwards Reinsurance	**2,521**	**2,186**	**1,854**
Case Reserves	1,522	1,219	1,095
IBNR Reserves	999	967	759
Personal Accident	**1,462**	**1,377**	**1,278**
Case Reserves	1,507	1,366	1,243
IBNR Reserves	(45)	11	35
Construction Damage and Liability	**2,096**	**2,020**	**1,945**
Case Reserves	525	505	517
IBNR Reserves	1,571	1,515	1,428
Credit Insurance	**1,406**	**1,302**	**1,419**
Case Reserves	1,109	1,179	1,388
IBNR Reserves	297	123	31
AGCS	**8,307**	**7,632**	**7,062**
Case Reserves	4,906	4,553	4,189
IBNR Reserves	3,401	3,079	2,873
Other[1]	**4,398**	**3,598**	**3,638**
Case Reserves	2,210	2,221	2,129
IBNR Reserves	2,188	1,377	1,509
Allianz Group Total[2]	**59,493**	**57,509**	**55,501**
Case Reserves	**40,601**	**39,883**	**38,954**
IBNR	**18,892**	**17,626**	**16,547**

1 | Other comprises primarily Package/Multiple Perils, Legal Protection, Aviation and Travel Insurance lines of business.
2 | Alba and Phenix were sold to an external party during 2010. As a result, the historical data for this unit was removed from the 2009 reporting period. The reduction in the gross reserves associated with the sale was € 214 mn in 2009. Furthermore a portfolio from the Spanish subsidiary was transferred to AGCS and hence the history for 2009 has been restated. The total gross reserves transferred to AGCS was € 154 mn.

When reviewing the foregoing tables, caution should be used in comparing the split between case and IBNR reserves across line of business. The portion of IBNR on total loss reserves varies by line of business due to different reporting and settlement patterns. For short-tail lines of business, such as property, claims are generally reported immediately after occurrence and settled in a period of only a few years. For long-tail lines of business, such as product liability, it is not unusual that a claim is reported years after its occurrence and settlement can also take a significant length of time, in particular for bodily injury claims.

CHANGES IN RESERVES FOR LOSS AND LAE DURING 2011

As noted above, prior year loss and LAE reserves of the Allianz Group developed favorably during 2011 by € 2,080 mn gross of reinsurance and € 1,660 mn net of reinsurance, representing 3.6 % of gross reserves and 3.3 % of net reserves as of December 31, 2010. The following table provides a breakdown of these amounts by line of business.

CHANGES IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES DURING 2011, GROSS AND NET OF REINSURANCE

	Gross reserves as of December 31, 2010 € mn	Gross development related to prior years € mn	%[1]	Net reserves as of December 31, 2010 € mn	Net development related to prior years € mn	%[2]
Motor	19,089	(728)	(3.8)	17,238	(795)	(4.6)
General Liability	11,619	(119)	(1.0)	9,454	197	2.1
Workers Compensation/Employers Liability	4,560	102	2.2	4,469	123	2.8
Property	4,127	(132)	(3.2)	3,087	(91)	(2.9)
Inwards Reinsurance	2,186	(407)	(18.6)	4,284	(327)	(7.6)
Personal Accident	1,377	(8)	(0.6)	1,101	(11)	(1.0)
Construction Damage and Liability	2,019	(36)	(1.8)	1,849	(5)	(0.3)
Credit Insurance	1,302	(288)	(22.1)	1,029	(210)	(20.4)
AGCS	7,632	(652)	(8.5)	5,421	(546)	(10.1)
Other	3,598	188	5.2	2,918	5	0.2
Allianz Group	**57,509**	**(2,080)**	**(3.6)**	**50,850**	**(1,660)**	**(3.3)**

1 | In % of gross reserves as of December 31, 2010.
2 | In % of net reserves as of December 31, 2010.

Below, the major highlights of the reserve developments in 2011 are discussed by line of business. The discussion is based on net loss and LAE reserves in the local currency of the relevant local operating entity before consolidation and converted into Euro for uniform presentation. Individual explanations of amounts in the following discussion, which includes only significant developments for our major operating entities, do not fully reconcile to the line of business totals in the above table.

MOTOR

For Motor, net loss and LAE reserves developed favorably during 2011 by € 795 mn, or 4.6 % of reserves at December 31, 2010. Favorable development was seen for different effects across several operating entities. The following subsidiaries were the largest contributors:

€ 166 mn at the Allianz Group's Spanish subsidiary. The reduction was driven by lower than expected claim severity for three reasons: an increase was anticipated to respond to a legislative change which did not become effective, extraordinarily low inflation and the price conditions with external providers, especially repair shops, lawyers and doctors, reached more favorable agreements.

€ 122 mn at the Allianz Group's Australian subsidiary for motor third-party liability, mainly driven by better than expected incurred cost experience but also lower than expected claims frequency in 2011.

€ 105 mn at Allianz Suisse. The release in reserves is due to allowance for change in claims management practice, effect of portfolio cleaning as well as more favorable judicial decisions for Bodily Injury claims.

€ 100 mn at the Allianz Group's Italian subsidiary. The reduction was driven by a lower than expected claims severity, leading to a more positive view of the cost of claims in the projections being adopted.

€ 51 mn at the Allianz Group's United Kingdom subsidiary, mainly arising from the Commercial Motor Classes where fewer large claims emerged than were expected.

GENERAL LIABILITY

For General Liability, net loss and LAE reserves developed unfavorably during 2011 by € 197 mn, or 2.1 % of reserves at December 31, 2010. This development was seen for different effects across several operating entities. The following subsidiaries were the largest contributors:

€ 103 mn at the Allianz Group's Italian subsidiary. The increase in reserves was mainly driven by an increase in the observed average claim size, leading to a more pessimistic view of future payments being adopted in the projection.

€ 46 mn at the Allianz Group's German subsidiary due to adverse claim trends, in particular above-average claim severity for several accident years in the commercial business.

€ 45 mn in the General Liability line at Fireman's Fund Insurance Company driven primarily by higher than expected frequency and severity for some environmental claims, partially offset by minor developments from regular claims.

WORKERS COMPENSATION/EMPLOYERS LIABILITY

For Workers Compensation/Employers Liability, net loss and LAE reserves developed unfavorably during 2011 by € 123 mn, or 2.8 % of reserves at December 31, 2010. This development was seen for different effects across several operating entities. The following subsidiary was the largest contributor:

€ 126 mn at Fireman's Fund Insurance Company due to updating of the reserving assumptions and methodologies to reflect the on-going trends in the Workers Compensation market.

PROPERTY

For Property Insurance, net loss and LAE reserves developed favorably during 2011 by € 91 mn, or 2.9 % of reserves at December 31, 2010. Favorable development was seen for different effects across several operating entities. The following subsidiary was the largest contributor:

€ 58 mn at our French entity on its property business, mainly driven by favorable development on large losses and better than expected experience on older accident years.

INWARDS REINSURANCE

For Inwards Reinsurance, net loss and LAE reserves developed favorably during 2011 by € 327 mn, or 7.6 % of reserves at December 31, 2010. Favorable development was seen for different effects across several operating entities. The following subsidiary was the largest contributor:

€ 100 mn at Allianz Re significantly driven by the positive development of the reinsured book of Euler Hermes.

CREDIT INSURANCE

Credit insurance is underwritten in the Allianz Group by Euler Hermes. During 2011, Euler Hermes experienced favorable development of € 210 mn, or 20.4 % of reserves at December 31, 2010, mainly driven by less insolvencies than expected on previous years and favorable development on large losses.

ALLIANZ GLOBAL CORPORATE AND SPECIALTY

Allianz Global Corporate and Specialty (AGCS) is the Allianz Group's global carrier for corporate and specialty risks and also includes the corporate branch of the German business. Overall, AGCS experienced € 546 mn of favorable development in 2011 net of reinsurance, or 10.1 % of the reserves as at December 31, 2010. The major contributors of the run-off included:

€ 208 mn from favorable claims development in the property portfolio in the U.S. branch.

€ 82 mn from the Swiss branch due to commutation of one contractual relationship.

€ 78 mn from the German branch property portfolio due to the release of IBNR on prior year reserves following continued better than expected experience.

€ 76 mn from the German branch engineering portfolio due to better than expected results mostly from the 2009 accident year.

DISCOUNTING OF RESERVES FOR LOSS AND LAE

As of December 31, 2011, 2010 and 2009, the Allianz Group's consolidated Property-Casualty reserves included discounted reserves of € 2,182 mn, € 2,031 mn and € 1,860 mn, respectively.

In general, reserves for loss and loss adjustment expenses are not discounted, except when payment amounts are fixed and timing is reasonably determinable. Reserves are discounted to varying degrees in the United States, Germany, the United Kingdom, Switzerland, Portugal and France. The reserve discounts relate to reserves for structured settlements in various classes of business. These classes include personal accident, general liability and motor liability in Germany and France, workers' compensation, general liability and motor liability in the United Kingdom and the United States and workers' compensation in Switzerland and Portugal.

The following table shows, by line of business, the carrying amounts of reserves for claims and claim adjustment expenses that have been discounted, and the interest rates used for discounting for the years ended December 31:

DISCOUNTING OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

	Discounted reserves			Amount of the discount			Interest rate used for discounting[1]		
As of December 31,	**2011** € mn	2010 € mn	2009 € mn	**2011** € mn	2010 € mn	2009 € mn	**2011** %	2010 %	2009 %
Motor liability	669	626	583	557	452	426	2.25 – 5.98	2.25 – 5.98	2.25 – 5.55
General liability	192	187	184	163	161	156	2.25 – 5.98	2.25 – 5.98	2.25 – 5.55
Personal accident	419	387	360	245	229	218	2.25 – 3.92	2.25 – 4.00	2.25 – 4.00
Workers compensation/Employers liability[2]	884	815	718	418	432	397	1.00 – 5.98	2.00 – 5.98	3.00 – 5.55
Others	18	16	15	13	12	12	2.25 – 5.98	2.25 – 5.98	2.25 – 5.55
Total	**2,182**	**2,031**	**1,860**	**1,396**	**1,286**	**1,209**			

1 | The wide range of interest rates is the result of the presentation of the above information by line of business thus each line reflecting interest rates used in various countries.
2 | Additional reserves were included in 2011 for the first time and the historical figures were adjusted accordingly.

ASBESTOS AND ENVIRONMENTAL (A&E) LOSS RESERVES

There are significant uncertainties in estimating A&E reserves for loss and LAE. Reserves for asbestos-related illnesses and environmental clean up losses cannot be estimated using traditional actuarial techniques due to the long latency period and changes in the legal, socio-economic and regulatory environment. Case reserves are established when sufficient information is available to indicate the involvement of a specific insurance policy. In addition, IBNR reserves are established to cover additional exposures on both known and not yet reported claims. To the extent possible, A&E loss reserve estimates are based not only on claims reported to date, but also on a survey of policies that may be exposed to claims reported in the future (i. e. an exposure analysis).

In establishing liabilities for A&E claims, management considers facts currently known and the current state of the law and coverage litigation. However, given the expansion of coverage and liability by the courts and the legislatures in the past and the possibilities of similar interpretation in the future, there is significant uncertainty regarding the extent of remediation and insurer liability. As a result, the range of reasonable potential outcomes for A&E liabilities provided in these analyses is particularly large. Given this inherent uncertainty in estimating A&E liabilities, significant deviation from the currently carried A&E reserve position is possible.

While the U.S. A&E claims still represent a majority of the total A&E claims reported to the Allianz Group, the insurance industry is facing an increased prominence in exposures to A&E claims on a global basis. The Allianz Group continues to monitor these A&E exposures. Allianz reviewed the A&E exposures in 2011. As a result, reserves developed favourably by € 130 mn for asbestos reserves outside of the United States, partially offset by an adverse development of environmental claims in the United States. The overall favorable development of € 24 mn or 0.7 % of the reserves as at December 31, 2010, supports the prior level of reserves for A&E claims.

The following table summarizes the gross and net loss and LAE reserves for A&E claims.

GROSS AND NET LOSS AND LAE RESERVES FOR A&E CLAIMS

As of December 31,	2011 € mn	2010 € mn	2009 € mn
A&E net reserves	2,586	2,713	2,652
A&E gross reserves	3,124	3,272	3,099
As percentage of the Allianz Group's Property-Casualty gross reserves	5.3%	5.7%	5.6%

The following table shows total A&E loss activity for the past three years.

ASBESTOS AND ENVIRONMENTAL GROSS LOSS AND LOSS ADJUSTMENT EXPENSES

	2011 € mn	2010 € mn	2009 € mn
Total asbestos and environmental:			
Loss and LAE reserves as of January 1,	**3,272**	**3,099**	**3,140**
– Loss and LAE payments	(124)	(195)	(166)
+ Change in loss and LAE reserves	(24)	368	125
Loss and LAE reserves as of December 31,	**3,124**	**3,272**	**3,099**

20 Reserves for insurance and investment contracts

As of December 31,	2011 € mn	2010 € mn
Aggregate policy reserves	338,318	324,189
Reserves for premium refunds	22,868	24,802
Other insurance reserves	768	802
Total	**361,954**	**349,793**

AGGREGATE POLICY RESERVES

As of December 31,	2011 € mn	2010 € mn
Participating life insurance contracts	141,776	138,588
Traditional long-duration insurance contracts	56,520	54,860
Universal life-type insurance contracts	138,846	129,680
Non-unit-linked investment contracts	1,176	1,061
Total	**338,318**	**324,189**

Changes in aggregate policy reserves for participating life insurance contracts and traditional long-duration insurance contracts for the years ended December 31, 2011 and 2010 were as follows:

	2011		2010	
	Participating life insurance contracts € mn	Traditional long-duration insurance contracts € mn	Participating life insurance contracts € mn	Traditional long-duration insurance contracts € mn
As of January 1,	**138,588**	**54,860**	**132,774**	**50,948**
Foreign currency translation adjustments	151	124	748	1,220
Changes in the consolidated subsidiaries of the Allianz Group	—	—	—	(67)
Changes recorded in consolidated income statements	2,037	1,170	4,265	929
Dividends allocated to policyholders	1,023	123	1,135	461
Additions and disposals	3	47	4	(47)
Other changes[1]	(26)	196	(338)	1,416
As of December 31,	**141,776**	**56,520**	**138,588**	**54,860**

1 | For the year ended December 31, 2011, includes changes of shadow accounting of € (26) mn (2010: € (9) mn) for participating life insurance contracts.

Changes in aggregate policy reserves for universal life-type insurance contracts and non-unit-linked investment contracts for the years ended December 31, 2011 and 2010 were as follows:

	2011		2010	
	Universal life-type insurance contracts € mn	Non-unit-linked investment contracts € mn	Universal life-type insurance contracts € mn	Non-unit-linked investment contracts € mn
As of January 1,	**129,680**	**1,061**	**114,054**	**949**
Foreign currency translation adjustments	1,912	(16)	3,606	23
Changes in the consolidated subsidiaries of the Allianz Group	(513)	—	(85)	—
Premiums collected	16,933	575	19,585	472
Separation of embedded derivatives	(307)	—	(321)	(1)
Interest credited	4,647	39	4,719	28
Releases upon death, surrender and withdrawal	(13,379)	(474)	(11,227)	(420)
Policyholder charges	(1,245)	(16)	(1,303)	(8)
Portfolio acquisitions and disposals	(2)	—	4	—
Transfers[1]	1,120	7	648	18
As of December 31,	**138,846**	**1,176**	**129,680**	**1,061**

1 | The transfers mainly relate to insurance contracts when policyholders change their contract from a unit-linked to a universal life-type contract.

As of December 31, 2011, participating life business represented approximately 57 % (2010: 59 %) of the Allianz Group's gross insurance in force. During the year ended December 31, 2011, participating policies represented approximately 64 % (2010: 64 %) of gross statutory premiums written and 63 % (2010: 63 %) of life premiums earned. As of December 31, 2011, reserves for conventional participating policies were approximately 48 % (2010: 49 %) of the Allianz Group's consolidated aggregate policy reserves.

RESERVES FOR PREMIUM REFUNDS

	2011 € mn	2010 € mn	2009 € mn
Amounts already allocated under local statutory or contractual regulations			
As of January 1,	**11,565**	**12,409**	**12,458**
Foreign currency translation adjustments	5	35	4
Changes in the consolidated subsidiaries of the Allianz Group	(2)	(20)	—
Changes	556	(859)	(53)
As of December 31,	**12,124**	**11,565**	**12,409**
Latent reserves for premium refunds			
As of January 1,	**13,237**	**12,021**	**4,737**
Foreign currency translation adjustments	29	150	(6)
Changes in the consolidated subsidiaries of the Allianz Group	(22)	(7)	—
Changes due to fluctuations in market value	(2,886)	(682)	6,599
Changes due to valuation differences charged to income	386	1,755	691
As of December 31,	**10,744**	**13,237**	**12,021**
Total	**22,868**	**24,802**	**24,430**

CONCENTRATION OF INSURANCE RISK IN THE LIFE/HEALTH SEGMENT

The Allianz Group's Life/Health segment provides a wide variety of insurance and investment contracts to individuals and groups in approximately 30 countries around the world. Individual contracts include both traditional contracts and unit-linked contracts. Without consideration of policyholder participation, traditional contracts generally incorporate significant investment risk for the Allianz Group, while unit-linked contracts generally result in the contract holder assuming the investment risk. Traditional contracts include life, endowment, annuity, and health contracts. Traditional annuity contracts are issued in both deferred and immediate types. In addition, the Allianz Group's life insurance operations in the United States issue a significant amount of equity-indexed deferred annuities. In certain markets, the Allianz Group also issues group life, group health and group pension contracts.

As of December 31, 2011 and 2010, the Allianz Group's deferred acquisition costs and reserves for insurance and investment contracts for the Life/Health segment are summarized as follows:

As of December 31,	Deferred acquisition costs €mn	Aggregate policy reserves €mn	Reserves for premium refunds €mn	Other insurance reserves €mn	Total non-unit-linked reserves €mn	Liabilities for unit-linked contracts €mn	Total €mn
2011							
Germany Life	6,616	139,571	15,844	80	155,495	3,483	158,978
Germany Health	1,029	16,682	5,411	14	22,107	—	22,107
France	1,554	50,528	1,043	208	51,779	11,586	63,365
Italy	777	26,513	(1,942)	—	24,571	17,401	41,972
Switzerland	193	9,176	1,238	149	10,563	722	11,285
Belgium	111	7,083	(31)	38	7,090	236	7,326
Spain	20	5,695	(65)	—	5,630	28	5,658
Austria	206	3,362	215	—	3,577	608	4,185
Eastern Europe	365	1,926	(5)	3	1,924	1,029	2,953
Other Western and Southern Europe	307	2,529	15	4	2,548	4,649	7,197
United States	3,622	52,177	—	—	52,177	15,837	68,014
South America	1	568	—	—	568	3	571
South Korea	536	7,693	34	—	7,727	748	8,475
Taiwan	303	1,141	20	27	1,188	3,695	4,883
Other Asia-Pacific	769	4,194	129	73	4,396	3,415	7,811
Other	20	1,211	6	1	1,218	60	1,278
Total	**16,429**	**330,049**	**21,912**	**597**	**352,558**	**63,500**	**416,058**
2010							
Germany Life	6,290	134,431	16,127	120	150,678	3,153	153,831
Germany Health	971	15,983	4,943	16	20,942	—	20,942
France	1,396	50,374	1,578	186	52,138	12,715	64,853
Italy	755	25,437	(319)	—	25,118	19,415	44,533
Switzerland	220	8,511	1,030	140	9,681	721	10,402
Belgium	110	6,522	23	38	6,583	257	6,840
Spain	21	5,502	39	—	5,541	37	5,578
Austria	190	3,307	206	1	3,514	586	4,100
Eastern Europe	351	1,986	7	4	1,997	1,153	3,150
Other Western and Southern Europe	335	2,352	25	5	2,382	4,661	7,043
United States	4,181	47,365	—	—	47,365	14,407	61,772
South America	3	491	—	—	491	3	494
South Korea	573	7,261	35	—	7,296	770	8,066
Taiwan	272	1,748	—	26	1,774	4,171	5,945
Other Asia-Pacific	785	3,799	131	37	3,967	2,737	6,704
Other	7	1,067	3	2	1,072	61	1,133
Total	**16,460**	**316,136**	**23,828**	**575**	**340,539**	**64,847**	**405,386**

The majority of the Allianz Group's Life/Health segment operations are conducted in Western Europe. Insurance laws and regulations in Western Europe have historically been characterized by legal or contractual minimum participation of contract holders in the profits of the insurance company issuing the contract. In particular, Germany, Switzerland and Austria, which comprise approximately 48 % of the Allianz Group's reserves for insurance and investment contracts as of December 31, 2011 and 2010, include a substantial level of policyholder participation in all sources of profit including mortality/morbidity, investment and expense. As a result of this policyholder participation, the Allianz Group's exposure to insurance, investment and expense risk is mitigated.

Furthermore, all of the Allianz Group's annuity policies issued in the United States meet the criteria for classification as insurance contracts under IFRS 4, because they include options for contract holders to elect a life-contingent annuity. These contracts currently do not expose the Allianz Group to significant longevity risk, nor are they expected to do so in the future, as the projected and observed annuitization rates are very low. Additionally, many of the Allianz Group's traditional contracts issued in France and Italy do not incorporate significant insurance risk, although they are accounted for as insurance contracts because of their discretionary participation features. Similarly, a significant portion of the Allianz Group's unit-linked contracts in France and Italy do not incorporate significant insurance risk.

As a result of the considerable diversity in types of contracts issued, including the offsetting effects of mortality risk and longevity risk inherent in a combined portfolio of life insurance and annuity products, and the geographic diversity of the Allianz Group's Life/Health segment, as well as the substantial level of policyholder participation in mortality/morbidity risk in certain countries in Western Europe, the Allianz Group does not believe its Life/Health segment has any significant concentrations of insurance risk, nor does it believe its net income or shareholders' equity is highly sensitive to insurance risk.

The Allianz Group's Life/Health segment is exposed to significant investment risk as a result of guaranteed minimum interest rates included in most of its non-unit-linked contracts. The weighted average guaranteed minimum interest rates of the Allianz Group's largest operating entities in the Life/Health segment (comprising 87% of non-unit-linked reserves in both 2011 and 2010) can be summarized by country as follows:

As of December 31,	2011			2010		
	Guaranteed rate in %	Non-unit-linked reserves € bn	% of non-unit-linked reserves in %	Guaranteed rate in %	Non-unit-linked reserves € bn	% of non-unit-linked reserves in %
Germany Life	3.2	133.3	98.0	3.3	129.0	98.0
France	1.0	50.6	80.7	1.1	50.4	79.8
Italy[1]	2.5	26.2	60.1	2.6	25.2	56.7
United States	1.4	55.5	77.8	1.5	51.0	78.0
Switzerland	2.0	9.3	92.8	2.3	8.6	92.3
South Korea	4.8	7.7	91.1	4.9	7.3	90.5
Belgium	3.6	7.6	87.0	3.6	6.9	88.9

1 | Excludes L'Assicuratrice Italiana Vita S.p.A. (€ 283 mn of non-unit-linked reserves).

In most of these markets, the effective interest rates earned on the investment portfolio exceed these guaranteed minimum interest rates. In addition, the operations in these markets may also have significant mortality and expense margins. As a result, as of December 31, 2011 and 2010, the Allianz Group does not believe that it is exposed to a significant risk of premium deficiencies in its Life/Health segment. However, the Allianz Group's Life/Health operations in Switzerland, Belgium, South Korea and Taiwan have high guaranteed minimum interest rates on older contracts in their portfolios and, as a result, may be sensitive to declines in investment rates or a prolonged low interest rate environment.

21 Financial liabilities for unit-linked contracts

As of December 31,	2011 € mn	2010 € mn
Unit-linked insurance contracts	43,446	43,027
Unit-linked investment contracts	20,054	21,820
Total	**63,500**	**64,847**

Changes in financial liabilities for unit-linked insurance contracts and unit-linked investment contracts for the years ended December 31, 2011 and 2010 were as follows:

	2011		2010	
	Unit-linked insurance contracts € mn	Unit-linked investment contracts € mn	Unit-linked insurance contracts € mn	Unit-linked investment contracts € mn
As of January 1,	**43,027**	**21,820**	**35,576**	**21,387**
Foreign currency translation adjustments	697	(71)	1,677	241
Changes in the consolidated subsidiaries of the Allianz Group	(588)	—	(4)	—
Premiums collected	8,090	5,001	8,804	5,932
Interest credited	(1,502)	(583)	3,405	915
Releases upon death, surrender and withdrawal	(3,748)	(6,034)	(3,610)	(6,348)
Policyholder charges	(1,182)	(87)	(1,187)	(99)
Portfolio acquisitions and disposals	(24)	(1)	(44)	(3)
Transfers[1]	(1,324)	9	(1,590)	(205)
As of December 31,	**43,446**	**20,054**	**43,027**	**21,820**

1 | These transfers mainly relate to insurance contracts when policyholders change their contract from a unit-linked to a universal life-type contract.

22 Other liabilities

As of December 31,	2011 € mn	2010 € mn
Payables		
Policyholders	4,979	4,855
Reinsurance	1,990	1,813
Agents	1,443	1,471
Subtotal	**8,412**	**8,139**
Payables for social security	**469**	**434**
Tax payables		
Income taxes	1,504	1,661
Other taxes	1,086	1,086
Subtotal	**2,590**	**2,747**
Accrued interest and rent	**695**	**659**
Unearned income		
Interest and rent	6	13
Other	268	293
Subtotal	**274**	**306**
Provisions		
Pensions and similar obligations	3,754	3,925
Employee related	1,901	1,887
Share-based compensation plans	792	1,099
Restructuring plans	280	409
Loan commitments	24	7
Contingent losses from non-insurance business	374	155
Other provisions	1,430	1,564
Subtotal	**8,555**	**9,046**
Deposits retained for reinsurance ceded	**1,760**	**2,320**
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	**237**	**225**
Financial liabilities for puttable equity instruments	**2,881**	**3,111**
Other liabilities	**5,337**	**6,226**
Total	**31,210**	**33,213**

As of December 31, 2011, other liabilities due within one year amounted to € 23,181 mn (2010: € 24,748 mn) and those due after more than one year amounted to € 8,028 mn (2010: € 8,465 mn).

23 Certificated liabilities

	Contractual Maturity Date 2012 €mn[1]	2013 €mn[1]	2014 €mn[1]	2015 €mn[1]	2016 €mn[1]	Thereafter €mn[1]	As of December 31, 2011 €mn	As of December 31, 2010 €mn
Allianz SE[2]								
Senior bonds								
Fixed rate	884	1,487	—	—	1,490	1,482	5,343	5,336
Contractual interest rate	5.63%	5.00%	—	—	4.00%	4.75%	—	—
Money market securities								
Fixed rate	1,119	—	—	—	—	—	1,119	1,791
Contractual interest rate	1.10%	—	—	—	—	—	—	—
Total Allianz SE[2]	2,003	1,487	—	—	1,490	1,482	6,462	7,127
Banking subsidiaries								
Senior bonds								
Fixed rate	192	343	42	54	9	—	640	386
Contractual interest rate	2.11%	2.24%	2.55%	1.30%	3.15%	—	—	—
Floating rate	—	—	—	2	—	520	522	713
Current interest rate	—	—	—	1.05%	—	1.88%	—	—
Total banking subsidiaries	192	343	42	56	9	520	1,162	1,099
All other subsidiaries								
Certificated liabilities								
Fixed rate	—	—	—	—	—	—	—	3
Contractual interest rate	—	—	—	—	—	—	—	—
Floating rate	—	25	—	—	—	—	25	—
Current interest rate	—	2.58%	—	—	—	—	—	—
Total all other subsidiaries	—	25	—	—	—	—	25	3
Total	2,195	1,855	42	56	1,499	2,002	7,649	8,229

1 | Except for the interest rates. The interest rates represent the weighted average.
2 | Includes senior bonds issued by Allianz Finance II B.V., guaranteed by Allianz SE and money market securities issued by Allianz Finance Corporation, a wholly-owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

24 Participation certificates and subordinated liabilities

	Contractual Maturity Date 2012 €mn[1]	2013 €mn[1]	2014 €mn[1]	2015 €mn[1]	2016 €mn[1]	Thereafter €mn[1]	As of December 31, 2011 €mn	As of December 31, 2010 €mn
Allianz SE[2]								
Subordinated bonds[3]								
Fixed rate	—	—	—	—	—	2,326	2,326	2,639
Contractual interest rate	—	—	—	—	—	7.34%	—	—
Floating rate	—	—	—	—	—	8,130	8,130	5,662
Current interest rate	—	—	—	—	—	5.68%	—	—
Total Allianz SE[2]	—	—	—	—	—	10,456	10,456	8,301
Banking subsidiaries								
Subordinated bonds								
Fixed rate	—	70	48	—	15	141	274	254
Contractual interest rate	—	5.66%	5.04%	—	5.61%	4.61%	—	—
Total banking subsidiaries	—	70	48	—	15	141	274	254
All other subsidiaries								
Subordinated liabilities								
Fixed rate	—	—	—	—	—	398	398	398
Contractual interest rate	—	—	—	—	—	4.63%	—	—
Hybrid equity								
Floating rate	—	—	—	—	—	45	45	45
Current interest rate	—	—	—	—	—	3.17%	—	—
Total all other subsidiaries	—	—	—	—	—	443	443	443
Total	—	70	48	—	15	11,040	11,173	8,998

1 | Except for interest rates. Interest rates represent the weighted average.
2 | Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.
3 | Change due to the issuance of a € 2.0 bn subordinated bond in the first quarter of 2011, the repayment of a USD 0.5 bn subordinated bond in the second quarter of 2011 and the issuance of a € 0.5 bn convertible subordinated note in the third quarter of 2011.

25 Equity

As of December 31,	2011 € mn	2010 € mn
Shareholders' equity		
Issued capital	1,166	1,164
Capital reserves	27,597	27,521
Retained earnings[1]	13,522	13,088
Foreign currency translation adjustments	(1,996)	(2,339)
Unrealized gains and losses (net)[2]	4,626	5,057
Subtotal	**44,915**	**44,491**
Non-controlling interests	**2,338**	**2,071**
Total	**47,253**	**46,562**

1 | As of December 31, 2011, includes € (223) mn (2010: € (237) mn) related to treasury shares.
2 | As of December 31, 2011, includes € 191 mn (2010: € 196 mn) related to cash flow hedges.

ISSUED CAPITAL

Issued capital as of December 31, 2011, amounted to € 1,165,568,000 divided into 455,300,000 registered shares. The shares have no par value but a mathematical per share value of € 2.56 each as a proportion of the issued capital.

AUTHORIZED CAPITAL

As of December 31, 2011, Allianz SE had authorized capital for the issuance of 214,843,750 shares until May 4, 2015, with a notional amount of € 550,000,000 (Authorized Capital 2010/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 either for fractional amounts, or if the issue price is not significantly below the market price and the shares issued under exclusion of the subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Law (Aktiengesetz) do not exceed 10 % of the share capital. Finally, shareholders' subscription rights can be excluded to the extent necessary to grant a subscription right for new shares to the holders of bonds that carry conversion or option rights or provide for mandatory conversion. An overall limit for the exclusion of subscription rights of up to € 232,396,800 (corresponding to 20 % of the share capital at year-end 2009) applies for the Authorized Capital 2010/I and the Conditional Capital 2010.

In addition, Allianz SE had authorized capital (Authorized Capital 2010/II) for the issuance of shares against cash until May 4, 2015. The shareholders' subscription rights can be excluded in order to issue new shares to employees of Allianz SE and its Group companies. As of December 31, 2011, the Authorized Capital 2010/II amounted to € 11,416,000 (4,459,375 shares).

Further, as of December 31, 2011, Allianz SE had conditional capital totaling € 250,000,000 (97,656,250 shares) (Conditional Capital 2010). This conditional capital increase will only be carried out if conversion or option rights attached to bonds which Allianz SE or its Group companies have issued against cash payments according to the resolution of the General Meeting on May 5, 2010, are exercised or the conversion obligations under such bonds are fulfilled, and only insofar as no other methods are used in serving these rights.

Convertible subordinated notes totaling € 500,000,000 which may be converted into Allianz shares were issued against cash in July 2011. The subscription rights of the shareholders for these convertible notes have been excluded with the consent of the Supervisory Board pursuant to the authorization of the General Meeting on May 5, 2010. The issue price for the convertible notes was not significantly lower than the theoretical market value of the notes, as calculated using recognized finance-mathematical methods. The granting of new shares to persons entitled under such convertible notes is secured by the Conditional Capital 2010. On or before December 31, 2011, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

	2011	2010	2009
Issued shares outstanding as of January 1,	**451,548,760**	**451,197,223**	**451,490,223**
Capital increase for employee shares	800,000	600,000	850,000
Change in treasury shares held for non-trading purposes	124,265	(248,463)	(2,038,558)
Change in treasury shares held for trading purposes	—	—	895,558
Issued shares outstanding as of December 31,	**452,473,025**	**451,548,760**	**451,197,223**
Treasury shares	2,826,975	2,951,240	2,702,777
Total number of issued shares	**455,300,000**	**454,500,000**	**453,900,000**

In November 2011, 800,000 (2010: 600,000) shares were issued at a price of € 65.21 (2010: € 83.34) per share, enabling employees of Allianz Group subsidiaries in Germany and abroad to purchase 651,613 (2010: 373,380) shares at prices ranging from € 45.65 (2010: € 58.34) to € 54.34 (2010: € 69.58) per share. The remaining 148,387 (2010: 226,620) shares continue to be recognized as treasury shares for further subscriptions by employees in the context of the Employee Stock Purchase Plan in 2012. As a result, issued capital increased by € 2 mn and capital reserves by € 50 mn. The shareholders' subscription rights to these new shares were excluded with the consent of the Supervisory Board pursuant to the authorization granted by the General Meeting on May 5, 2010.

All shares issued during the years ending December 31, 2011, 2010 and 2009 are qualifying shares from the beginning of the year of issue.

DIVIDENDS

For the year ending December 31, 2011, the Board of Management will propose to shareholders at the Annual General Meeting the distribution of a dividend of € 4.50 per qualifying share. For the years ended December 31, 2010 and 2009, Allianz SE paid a dividend of € 4.50 and € 4.10, respectively, per qualifying share.

TREASURY SHARES

As of December 31, 2011, Allianz SE held 2,754,556 (2010: 2,832,789) own shares. Of these, 148,387 (2010: 226,620) shares were held for covering subscriptions by employees of the Allianz Group in the context of the Employee Stock Purchase Plan 2012, whereas 2,606,169 (2010: 2,606,169) shares were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In the fourth quarter of 2011, 800,000 new Allianz shares were issued in the context of a capital increase for the Employee Stock Purchase Plan 2011. In 2011, 878,233 shares were sold to employees of Allianz SE and its subsidiaries. Of these, 226,620 shares originated from the capital increase for the Employee Stock Purchase Plan in 2010 and 651,613 shares from the capital increase for the Employee Stock Purchase Plan in 2011. The remaining 148,387 shares from the capital increase in 2011 will be used for the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in 2012. The total change of holdings in own shares for the year ending December 31, 2011, amounted to a decrease of 78,233 (2010 increase of 248,422) shares which corresponds to € 200,276 (2010: € 635,960) or 0.02 % (2010: 0.05 %) of issued capital.

Changes in the treasury shares were:

As of December 31,	Acquisition costs € mn	Number of shares	Issued capital %
2011			
Allianz SE	214	2,754,556	0.60
Other	9	72,419	0.02
Total	**223**	**2,826,975**	**0.62**
2010			
Allianz SE	224	2,832,789	0.62
Other	13	118,451	0.03
Total	**237**	**2,951,240**	**0.65**

NON-CONTROLLING INTERESTS

As of December 31,	2011	2010
	€ mn	€ mn
Unrealized gains and losses (net)	(13)	36
Share of earnings	259	156
Other equity components	2,092	1,879
Total	**2,338**	**2,071**

CAPITAL REQUIREMENTS

The Allianz Group's capital requirements are primarily dependent on the growth and the type of business that it underwrites, as well as the industry and geographic locations in which it operates. In addition, the allocation of the Allianz Group's investments plays an important role. During the Allianz Group's annual planning dialogues with its operating entities, capital requirements are determined through business plans regarding the levels and timing of capital expenditures and investments. Regulators impose minimum capital rules at the level of the Allianz Group's operating entities and the Allianz Group as a whole.

On January 1, 2005, the Financial Conglomerates Directive, a supplementary European Union (E.U.) directive, became effective in Germany. Under this directive, a financial conglomerate is defined as any financial parent holding company that, together with its subsidiaries, has significant cross-border and cross-sector activities. The Allianz Group is a financial conglomerate within the scope of the directive and the related German laws. The directive requires that the financial conglomerate calculates the capital needed to meet the respective solvency requirement on a consolidated basis.

As of December 31, 2011, the Allianz Group's eligible capital for the solvency margin, required for the insurance segments and the Asset Management and Banking business, was € 42.6 bn (2010: € 39.6 bn) including off-balance sheet reserves[1] of € 2.2 bn (2010: € 2.1 bn), surpassing the minimum legally stipulated level by € 18.8 bn (2010: € 16.7 bn). This margin resulted in a preliminary cover ratio of 179 % (2010: 173 %) as of December 31, 2011.

In addition to regulatory capital requirements, Allianz SE also uses an internal risk capital model to determine how much capital is required to absorb any unexpected volatility in results of operations.

Insurance subsidiaries of the Allianz Group including Allianz SE prepare individual financial statements based on local laws and regulations. These laws establish to some extent different restrictions on the minimum level of capital and the amount of dividends that may be paid to shareholders. The minimum capital requirements are based on various criteria including, but not limited to, volume of premiums written or claims paid, amount of insurance reserves, investment risks, mortality risks, credit risks, underwriting risks and off-balance sheet risks.

As of December 31, 2011, the Allianz Group's insurance subsidiaries were in compliance with all applicable solvency and capital adequacy requirements.

Some insurance subsidiaries are subjected to regulatory restrictions on the amount of dividends which can be remitted to Allianz SE without prior approval by the appropriate regulatory body. Such restrictions provide that a company may only pay dividends up to an amount in excess of certain regulatory capital levels or based on the levels of undistributed earned surplus or current year income or a percentage thereof. By way of example only, the operations of the Allianz Group's insurance subsidiaries located in the United States are subject to limitations on the payment of dividends to their parent company under applicable state insurance laws. Dividends paid in excess of these limitations generally require prior approval of the insurance commissioner of the state of domicile. The Allianz Group believes that these restrictions will not affect the ability of Allianz SE to pay dividends to its shareholders in the future.

1 | Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. The solvency ratio excluding off-balance sheet reserves would be 170 % (2010: 164 %).

IV. Supplementary Information to the Consolidated Income Statements

26 Premiums earned (net)

	Property-Casualty €mn	Life/Health €mn	Consolidation €mn	Group €mn
2011				
Premiums written				
Direct	41,777	24,050	—	65,827
Assumed	2,995	507	(30)	3,472
Subtotal	**44,772**	**24,557**	**(30)**	**69,299**
Ceded	(4,552)	(614)	30	(5,136)
Net	**40,220**	**23,943**	**—**	**64,163**
Change in unearned premiums				
Direct	(478)	(169)	—	(647)
Assumed	105	(1)	4	108
Subtotal	**(373)**	**(170)**	**4**	**(539)**
Ceded	51	(3)	(4)	44
Net	**(322)**	**(173)**	**—**	**(495)**
Premiums earned				
Direct	41,299	23,881	—	65,180
Assumed	3,100	506	(26)	3,580
Subtotal	**44,399**	**24,387**	**(26)**	**68,760**
Ceded	(4,501)	(617)	26	(5,092)
Net	**39,898**	**23,770**	**—**	**63,668**
2010				
Premiums written				
Direct	40,720	24,294	—	65,014
Assumed	3,175	415	(22)	3,568
Subtotal	**43,895**	**24,709**	**(22)**	**68,582**
Ceded	(4,346)	(549)	22	(4,873)
Net	**39,549**	**24,160**	**—**	**63,709**
Change in unearned premiums				
Direct	(110)	(126)	—	(236)
Assumed	50	—	(4)	46
Subtotal	**(60)**	**(126)**	**(4)**	**(190)**
Ceded	(186)	—	4	(182)
Net	**(246)**	**(126)**	**—**	**(372)**
Premiums earned				
Direct	40,610	24,168	—	64,778
Assumed	3,225	415	(26)	3,614
Subtotal	**43,835**	**24,583**	**(26)**	**68,392**
Ceded	(4,532)	(549)	26	(5,055)
Net	**39,303**	**24,034**	**—**	**63,337**

26 Premiums earned (net) – continued

	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Group € mn
2009				
Premiums written				
Direct	39,490	22,125	—	61,615
Assumed	3,033	401	(24)	3,410
Subtotal	**42,523**	**22,526**	**(24)**	**65,025**
Ceded	(4,574)	(511)	24	(5,061)
Net	**37,949**	**22,015**	**—**	**59,964**
Change in unearned premiums				
Direct	(135)	(43)	—	(178)
Assumed	—	(5)	(5)	(10)
Subtotal	**(135)**	**(48)**	**(5)**	**(188)**
Ceded	14	(3)	5	16
Net	**(121)**	**(51)**	**—**	**(172)**
Premiums earned				
Direct	39,355	22,082	—	61,437
Assumed	3,033	396	(29)	3,400
Subtotal	**42,388**	**22,478**	**(29)**	**64,837**
Ceded	(4,560)	(514)	29	(5,045)
Net	**37,828**	**21,964**	**—**	**59,792**

27 Interest and similar income

	2011 € mn	2010 € mn	2009 € mn
Interest from held-to-maturity investments	188	177	171
Dividends from available-for-sale investments	1,145	1,001	873
Interest from available-for-sale investments	12,553	11,699	10,618
Share of earnings from investments in associates and joint ventures	201	183	80
Rent from real estate held for investment	754	699	693
Interest from loans to banks and customers	5,477	5,507	5,617
Other interest	184	162	181
Total	**20,502**	**19,428**	**18,233**

28 Income from financial assets and liabilities carried at fair value through income (net)

	Property-Casualty €mn	Life/Health €mn	Asset Management €mn	Corporate and Other €mn	Consolidation €mn	Group €mn
2011						
Income (expenses) from financial assets and liabilities held for trading (net)	(99)	(731)	(5)	(427)	56	(1,206)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	59	(169)	(40)	(3)	(1)	(154)
Income (expenses) from financial liabilities for puttable equity instruments (net)	11	85	39	—	—	135
Foreign currency gains and losses (net)	25	(75)	(5)	(7)	—	(62)
Total	(4)	(890)	(11)	(437)	55	(1,287)
2010						
Income (expenses) from financial assets and liabilities held for trading (net)	(114)	(1,040)	1	76	3	(1,074)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	107	867	27	2	(1)	1,002
Income (expenses) from financial liabilities for puttable equity instruments (net)	(21)	(286)	(12)	—	—	(319)
Foreign currency gains and losses (net)	(18)	438	3	(68)	(2)	353
Total	(46)	(21)	19	10	—	(38)
2009						
Income (expenses) from financial assets and liabilities held for trading (net)	(23)	(584)	5	293	4	(305)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	158	1,499	106	19	—	1,782
Income (expenses) from financial liabilities for puttable equity instruments (net)	(31)	(400)	(71)	(4)	—	(506)
Foreign currency gains and losses (net)	(31)	99	—	(165)	—	(97)
Total	73	614	40	143	4	874

INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (NET)

LIFE/HEALTH SEGMENT

For the year ended December 31, 2011, income (expenses) from financial assets and liabilities held for trading (net) in the Life/Health segment includes expenses of € 735 mn (2010: € 1,072 mn; 2009: € 615 mn) from derivative financial instruments. This includes income of € 276 mn (2010: expenses of € 366 mn; 2009: expenses of € 165 mn) of German entities from financial derivative positions held for duration management and protection against equity and foreign exchange rate fluctuations. Also included are expenses related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of € 864 mn (2010: € 681 mn; 2009: € 328 mn) from U.S. entities.

CORPORATE AND OTHER SEGMENT

For the year ended December 31, 2011, income (expenses) from financial assets and liabilities held for trading (net) in the Corporate and Other segment includes expenses of € 458 mn (2010: income of € 72 mn; 2009: income of € 317 mn) from derivative financial instruments. This includes expenses of € 9 mn (2010: income of € 33 mn; 2009: income of € 84 mn) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2011, hedging of strategic equity investments not designated for hedge accounting induced expenses of € 36 mn (2010: € 16 mn; 2009: € 182 mn). Financial derivatives related to investment strategies exhibited expenses of € 316 mn (2010: income of € 68 mn; 2009: income of € 370 mn). Income of € 32 mn (2010: expenses of € 14 mn; 2009: expenses of € 36 mn) from the hedges of share based compensation plans (restricted stock units) are also included.

INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH INCOME (NET)

For the year ended December 31, 2011, income (expenses) from financial assets and liabilities designated at fair value through income (net) in the Life/Health segment includes expenses from equity investments of € 217 mn (2010: income of € 132 mn; 2009: income of € 586 mn) and income of € 48 mn (2010: € 736 mn; 2009: € 913 mn) from debt investments.

FOREIGN CURRENCY GAINS AND LOSSES (NET)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency, that are monetary items. This excludes exchange differences arising on financial assets and liabilities measured at fair value through profit or loss, which do not have to be disclosed separately. The Allianz Group uses freestanding derivatives to hedge against foreign currency fluctuations, for which it recognized expenses of € (251) mn (2010: € (267) mn; 2009: income of € 89 mn) for the year ended December 31, 2011.

29 Realized gains/losses (net)

	2011 € mn	2010 € mn	2009 € mn
REALIZED GAINS			
Available-for-sale investments			
Equity securities	2,303	2,587	4,248
Debt securities	1,935	1,834	1,480
Subtotal	4,238	4,421	5,728
Investments in associates and joint ventures[1]	120	237	26
Real estate held for investment	285	277	206
Loans and advances to banks and customers	215	135	150
Non-current assets and assets and liabilities of disposal groups classified as held for sale	104	—	—
Subtotal	4,962	5,070	6,110
REALIZED LOSSES			
Available-for-sale investments			
Equity securities	(339)	(204)	(1,602)
Debt securities	(1,104)	(1,052)	(970)
Subtotal	(1,443)	(1,256)	(2,572)
Investments in associates and joint ventures[2]	(29)	(21)	(8)
Real estate held for investment	(8)	(3)	(12)
Loans and advances to banks and customers	(29)	(82)	(102)
Non-current assets and assets and liabilities of disposal groups classified as held for sale	(18)	—	—
Subtotal	(1,527)	(1,362)	(2,694)
Total	3,435	3,708	3,416

1 | During the year ended December 31, 2011, includes realized gains from the disposal of subsidiaries and businesses of € 18 mn (2010: € 224 mn; 2009: € 14 mn).
2 | During the year ended December 31, 2011, includes realized losses from the disposal of subsidiaries of € 27 mn (2010: € 15 mn; 2009: € 2 mn).

30 Fee and commission income

	2011			2010			2009		
	Segment €mn	Consolidation €mn	Group €mn	Segment €mn	Consolidation €mn	Group €mn	Segment €mn	Consolidation €mn	Group €mn
PROPERTY-CASUALTY									
Fees from credit and assistance business	673	(4)	669	661	(4)	657	663	—	663
Service agreements	481	(63)	418	438	(53)	385	412	(82)	330
Investment advisory	—	—	—	—	—	—	—	—	—
Subtotal	1,154	(67)	1,087	1,099	(57)	1,042	1,075	(82)	993
LIFE/HEALTH									
Service agreements	79	(16)	63	107	(31)	76	102	(36)	66
Investment advisory	457	(50)	407	432	(33)	399	384	(24)	360
Other	2	—	2	—	—	—	5	(5)	—
Subtotal	538	(66)	472	539	(64)	475	491	(65)	426
ASSET MANAGEMENT									
Management fees	5,522	(125)	5,397	5,012	(110)	4,902	3,641	(108)	3,533
Loading and exit fees	401	—	401	381	—	381	281	(2)	279
Performance fees	455	(19)	436	514	(14)	500	432	(4)	428
Other	214	(14)	200	147	(5)	142	86	(1)	85
Subtotal	6,592	(158)	6,434	6,054	(129)	5,925	4,440	(115)	4,325
CORPORATE AND OTHER									
Service agreements	131	(17)	114	198	(31)	167	211	(28)	183
Investment advisory and Banking activities	549	(250)	299	563	(252)	311	512	(200)	312
Subtotal	680	(267)	413	761	(283)	478	723	(228)	495
Total	8,964	(558)	8,406	8,453	(533)	7,920	6,729	(490)	6,239

31 Other income

	2011 €mn	2010 €mn	2009 €mn
Income from real estate held for own use			
Realized gains from disposals of real estate held for own use	10	18	3
Other income from real estate held for own use	2	1	5
Subtotal	12	19	8
Income from non-current assets and and assets and liabilities of disposal groups classified as held for sale	1	—	—
Income from alternative investments[1]	118	78	—
Other	19	21	33
Total	150	118	41

1 | Beginning in 2010, income and expenses from alternative investments are shown gross in other income and other expenses.

32 Income and expenses from fully consolidated private equity investments

	2011 € mn	2010 € mn	2009 € mn
Income			
Sales and service revenues	1,552	1,684	1,812
Other operating revenues	65	15	96
Interest income	1	2	2
Subtotal	**1,618**	**1,701**	**1,910**
Expenses			
Cost of goods sold	(871)	(1,040)	(1,186)
Commissions	(86)	(114)	(126)
General and administrative expenses	(627)	(573)	(704)
Other operating expenses	(81)	(112)	(159)
Interest expenses	(65)	(77)	(99)
Subtotal	**(1,730)[1]**	**(1,916)[1]**	**(2,274)[1]**
Total	**(112)[1]**	**(215)[1]**	**(364)[1]**

1 | The presented subtotal for expenses and total income and expenses from fully consolidated private equity investment for the year ended December 31, 2011 differs from the amounts presented in the "Consolidated Income Statements" and in "Total revenues and reconciliation of Operating profit (loss) to Net income (loss)". This difference is due to a consolidation effect of € 77 mn (2010: € 113 mn; 2009: € 132 mn) for the year ended December 31, 2011. This consolidation effect results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the Life/Health segment, that was reclassified into expenses from fully consolidated private equity investments in non-operating profit to ensure a consistent presentation of the Allianz Group's operating profit.

33 Claims and insurance benefits incurred (net)

	Property-Casualty € mn	Life/Health € mn	Consolidation € mn	Group € mn
2011				
Gross				
Claims and insurance benefits paid	(28,657)	(21,180)	15	(49,822)
Change in loss and loss adjustment expenses	(1,287)	(266)	(1)	(1,554)
Subtotal	(29,944)	(21,446)	14	(51,376)
Ceded				
Claims and insurance benefits paid	2,112	481	(15)	2,578
Change in loss and loss adjustment expenses	(88)	18	1	(69)
Subtotal	2,024	499	(14)	2,509
Net				
Claims and insurance benefits paid	(26,545)	(20,699)	—	(47,244)
Change in loss and loss adjustment expenses	(1,375)	(248)	—	(1,623)
Total	(27,920)	(20,947)	—	(48,867)
2010				
Gross				
Claims and insurance benefits paid	(28,759)	(19,189)	11	(47,937)
Change in loss and loss adjustment expenses	152	(258)	5	(101)
Subtotal	(28,607)	(19,447)	16	(48,038)
Ceded				
Claims and insurance benefits paid	2,300	451	(11)	2,740
Change in loss and loss adjustment expenses	(834)	41	(5)	(798)
Subtotal	1,466	492	(16)	1,942
Net				
Claims and insurance benefits paid	(26,459)	(18,738)	—	(45,197)
Change in loss and loss adjustment expenses	(682)	(217)	—	(899)
Total	(27,141)	(18,955)	—	(46,096)
2009				
Gross				
Claims and insurance benefits paid	(28,690)	(19,537)	16	(48,211)
Change in loss and loss adjustment expenses	580	(248)	—	332
Subtotal	(28,110)	(19,785)	16	(47,879)
Ceded				
Claims and insurance benefits paid	2,523	463	(16)	2,970
Change in loss and loss adjustment expenses	(733)	(4)	—	(737)
Subtotal	1,790	459	(16)	2,233
Net				
Claims and insurance benefits paid	(26,167)	(19,074)	—	(45,241)
Change in loss and loss adjustment expenses	(153)	(252)	—	(405)
Total	(26,320)	(19,326)	—	(45,646)

34 Change in reserves for insurance and investment contracts (net)

	Property-Casualty €mn	Life/Health €mn	Consolidation €mn	Group €mn
2011				
Gross				
Aggregate policy reserves	(157)	(6,210)	—	(6,367)
Other insurance reserves	10	(152)	—	(142)
Expenses for premium refunds	(118)	(4,388)	(103)	(4,609)
Subtotal	**(265)**	**(10,750)**	**(103)**	**(11,118)**
Ceded				
Aggregate policy reserves	(16)	113	—	97
Other insurance reserves	1	12	—	13
Expenses for premium refunds	8	7	—	15
Subtotal	**(7)**	**132**	**—**	**125**
Net				
Aggregate policy reserves	(173)	(6,097)	—	(6,270)
Other insurance reserves	11	(140)	—	(129)
Expenses for premium refunds	(110)	(4,381)	(103)	(4,594)
Total	**(272)**	**(10,618)**	**(103)**	**(10,993)**
2010				
Gross				
Aggregate policy reserves	(146)	(8,126)	—	(8,272)
Other insurance reserves	3	(255)	—	(252)
Expenses for premium refunds	(185)	(5,010)	(242)	(5,437)
Subtotal	**(328)**	**(13,391)**	**(242)**	**(13,961)**
Ceded				
Aggregate policy reserves	23	32	—	55
Other insurance reserves	1	12	—	13
Expenses for premium refunds	4	18	—	22
Subtotal	**28**	**62**	**—**	**90**
Net				
Aggregate policy reserves	(123)	(8,094)	—	(8,217)
Other insurance reserves	4	(243)	—	(239)
Expenses for premium refunds	(181)	(4,992)	(242)	(5,415)
Total	**(300)**	**(13,329)**	**(242)**	**(13,871)**
2009				
Gross				
Aggregate policy reserves	(105)	(5,036)	1	(5,140)
Other insurance reserves	(1)	(98)	—	(99)
Expenses for premium refunds	(259)	(3,444)	(907)	(4,610)
Subtotal	**(365)**	**(8,578)**	**(906)**	**(9,849)**
Ceded				
Aggregate policy reserves	3	70	—	73
Other insurance reserves	1	9	—	10
Expenses for premium refunds	6	—	—	6
Subtotal	**10**	**79**	**—**	**89**
Net				
Aggregate policy reserves	(102)	(4,966)	1	(5,067)
Other insurance reserves	—	(89)	—	(89)
Expenses for premium refunds	(253)	(3,444)	(907)	(4,604)
Total	**(355)**	**(8,499)**	**(906)**	**(9,760)**

35 Interest expenses

	2011 € mn	2010 € mn	2009 € mn
Liabilities to banks and customers	(389)	(379)	(483)
Deposits retained on reinsurance ceded	(47)	(74)	(72)
Certificated liabilities	(300)	(300)	(294)
Participation certificates and subordinated liabilities	(658)	(557)	(548)
Other	(97)	(101)	(87)
Total	(1,491)	(1,411)	(1,484)

36 Loan loss provisions

	2011 € mn	2010 € mn	2009 € mn
Additions to allowances including direct impairments	(186)	(123)	(215)
Amounts released	47	53	39
Recoveries on loans previously impaired	18	20	35
Total	(121)	(50)	(141)

37 Impairments of investments (net)

	2011 € mn	2010 € mn	2009 € mn
IMPAIRMENTS			
Available-for-sale investments			
Equity securities	(2,487)	(531)	(2,289)
Debt securities	(1,109)	(142)	(286)
Subtotal	(3,596)	(673)	(2,575)
Held-to-maturity investments	(33)	(1)	—
Investments in associates and joint ventures	—	—	(4)
Real estate held for investment	(52)	(106)	(199)
Loans and advances to banks and customers	(26)	(28)	—
Non-current assets and assets and liabilities of disposal groups classified as held for sale	(33)	(82)	—
Subtotal	(3,740)	(890)	(2,778)
REVERSALS OF IMPAIRMENTS			
Available-for-sale investments			
Debt securities	11	10	32
Real estate held for investment	35	35	14
Loans and advances to banks and customers	33	1	—
Subtotal	79	46	46
Total	(3,661)	(844)	(2,732)

IMPAIRMENTS OF GREEK SOVEREIGN BOND PORTFOLIO

As of December 31, 2011, Greek sovereign bonds were impaired and consequently written down to the current market value in accordance with IFRS impairment rules for available-for-sale debt securities.

The following table provides an overview of the gross and net impact of the impairment losses on operating profit and non-operating result as well as on net income for the year ended December 31, 2011:

	2011 € mn
GROSS IMPACT (BEFORE POLICYHOLDER PARTICIPATION)	
Operating profit	(450)
Non-operating result	(573)
Total gross impairments	**(1,023)**
NET IMPACT (AFTER POLICYHOLDER PARTICIPATION)	
Operating profit	(81)
Non-operating result	(573)
Total net impairments	**(654)**
Income taxes	140
Impact on net income	**(514)**

38 Investment expenses

	2011 € mn	2010 € mn	2009 € mn
Investment management expenses	(477)	(466)	(394)
Depreciation of real estate held for investment	(185)	(171)	(174)
Other expenses from real estate held for investment	(190)	(190)	(187)
Total	**(852)**	**(827)**	**(755)**

39 Acquisition and administrative expenses (net)

	2011			2010			2009		
	Segment €mn	Consolidation €mn	Group €mn	Segment €mn	Consolidation €mn	Group €mn	Segment €mn	Consolidation €mn	Group €mn
PROPERTY-CASUALTY									
Acquisition costs									
Incurred	(8,947)	1	(8,946)	(8,936)	1	(8,935)	(7,844)	1	(7,843)
Commissions and profit received on reinsurance business ceded	490	(4)	486	509	(3)	506	555	(4)	551
Deferrals of acquisition costs	5,253	—	5,253	5,081	—	5,081	4,811	—	4,811
Amortization of deferred acquisition costs	(5,186)	—	(5,186)	(4,966)	—	(4,966)	(4,807)	—	(4,807)
Subtotal	(8,390)	(3)	(8,393)	(8,312)	(2)	(8,314)	(7,285)	(3)	(7,288)
Administrative expenses	(2,725)	14	(2,711)	(2,732)	9	(2,723)	(3,255)	4	(3,251)
Subtotal	(11,115)	11	(11,104)	(11,044)	7	(11,037)	(10,540)	1	(10,539)
LIFE/HEALTH									
Acquisition costs									
Incurred	(4,448)	6	(4,442)	(4,365)	3	(4,362)	(3,871)	4	(3,867)
Commissions and profit received on reinsurance business ceded	99	(1)	98	94	(1)	93	79	(1)	78
Deferrals of acquisition costs	3,133	(2)	3,131	3,069	—	3,069	2,316	—	2,316
Amortization of deferred acquisition costs	(2,302)	—	(2,302)	(2,450)	1	(2,449)	(2,582)	—	(2,582)
Subtotal	(3,518)	3	(3,515)	(3,652)	3	(3,649)	(4,058)	3	(4,055)
Administrative expenses	(1,509)	61	(1,448)	(1,523)	40	(1,483)	(1,533)	6	(1,527)
Subtotal	(5,027)	64	(4,963)	(5,175)	43	(5,132)	(5,591)	9	(5,582)
ASSET MANAGEMENT									
Personnel expenses	(2,240)	—	(2,240)	(2,272)	—	(2,272)	(1,849)	—	(1,849)
Non-personnel expenses	(1,219)	31	(1,188)	(1,094)	13	(1,081)	(842)	15	(827)
Subtotal	(3,459)	31	(3,428)	(3,366)	13	(3,353)	(2,691)	15	(2,676)
CORPORATE AND OTHER									
Administrative expenses	(1,216)	(51)	(1,267)	(1,350)	(11)	(1,361)	(1,351)	30	(1,321)
Subtotal	(1,216)	(51)	(1,267)	(1,350)	(11)	(1,361)	(1,351)	30	(1,321)
Total	(20,817)	55	(20,762)	(20,935)	52	(20,883)	(20,173)	55	(20,118)

40 Fee and commission expenses

	2011			2010			2009		
	Segment € mn	Consoli-dation € mn	Group € mn	Segment € mn	Consoli-dation € mn	Group € mn	Segment € mn	Consoli-dation € mn	Group € mn
PROPERTY-CASUALTY									
Fees from credit and assistance business	(612)	4	(608)	(597)	—	(597)	(594)	—	(594)
Service agreements	(458)	61	(397)	(427)	51	(376)	(401)	84	(317)
Subtotal	**(1,070)**	**65**	**(1,005)**	**(1,024)**	**51**	**(973)**	**(995)**	**84**	**(911)**
LIFE/HEALTH									
Service agreements	(34)	4	(30)	(61)	13	(48)	(66)	21	(45)
Investment advisory	(176)	3	(173)	(197)	5	(192)	(180)	9	(171)
Subtotal	**(210)**	**7**	**(203)**	**(258)**	**18**	**(240)**	**(246)**	**30**	**(216)**
ASSET MANAGEMENT									
Commissions	(1,091)	173	(918)	(1,099)	168	(931)	(822)	134	(688)
Other	(31)	1	(30)	(28)	7	(21)	(28)	2	(26)
Subtotal	**(1,122)**	**174**	**(948)**	**(1,127)**	**175**	**(952)**	**(850)**	**136**	**(714)**
CORPORATE AND OTHER									
Service agreements	(198)	10	(188)	(215)	27	(188)	(195)	25	(170)
Investment advisory and Banking activities	(222)	2	(220)	(209)	1	(208)	(202)	1	(201)
Subtotal	**(420)**	**12**	**(408)**	**(424)**	**28**	**(396)**	**(397)**	**26**	**(371)**
Total	**(2,822)**	**258**	**(2,564)**	**(2,833)**	**272**	**(2,561)**	**(2,488)**	**276**	**(2,212)**

41 Other expenses

	2011 € mn	2010 € mn	2009 € mn
Realized losses from disposals of real estate held for own use	—	(3)	—
Expenses from alternative investments[1]	(64)	(51)	—
Other	(1)	(3)	(2)
Total	**(65)**	**(57)**	**(2)**

1 | Beginning in 2010, income and expenses from alternative investments are shown gross in other income and other expenses.

42 Net income (loss) from discontinued operations, net of income taxes

	2011 € mn	2010 € mn	2009 € mn
Net income (loss) from discontinued operations, net of income taxes	**—**	**—**	**(395)**
Net income (loss) from discontinued operations attributable to:			
Non-controlling interests	—	—	—
Shareholders	—	—	(395)

The net loss from discontinued operations, net of income taxes, for the year ended December 31, 2009, relates to the transfer of ownership of Dresdner Bank to Commerzbank AG, which was completed on January 12, 2009. Accordingly, assets and liabilities of Dresdner Bank which were classified as held for sale as of December 31, 2008, were deconsolidated in the first quarter of 2009. The loss from derecognition of discontinued operations of € 395 mn in 2009 represents mainly the reclassification of components of other comprehensive income to net income.

43 Income taxes

	2011 €mn	2010 €mn	2009 €mn
Current income taxes			
Germany	(516)	(198)	299
Other countries	(1,281)	(1,723)	(1,494)
Subtotal	(1,797)	(1,921)	(1,195)
Deferred income taxes			
Germany	188	89	500
Other countries	(433)	(132)	155
Subtotal	(245)	(43)	655
Total	(2,042)	(1,964)	(540)

For the years ended December 31, 2011, 2010 and 2009, the income taxes relating to components of the other comprehensive income consist of the following:

	2011 €mn	2010 €mn	2009 €mn
Foreign currency translation adjustments	(1)	41	(13)
Available-for-sale investments	81	(146)	(1,312)
Cash flow hedges	4	(9)	3
Share of other comprehensive income of associates	(1)	(6)	—
Miscellaneous	66	23	3
Total	149	(97)	(1,319)

During the year ended December 31, 2011, current income taxes included expenses of € 92 mn (2010: income of € 150 mn, 2009: income of € 320 mn) related to prior years.

Due to the transition from the imputation system to the classical tax system in Germany (so called "Halbeinkünfteverfahren"), provided by the Tax Reduction Act 2001, Allianz lost potential tax savings. This has been corrected by the Annual German Tax Act published in December 2010 leading to a tax income of € 110 mn from the recognition of additional corporate tax credits. This tax benefit is included in current income taxes related to prior years in 2010.

In 2009, decisions of the European Court of Justice (Steko case) and the German Federal Tax Court (BFH) ruled that impairments recognized in 2001 on certain investments should be considered tax deductible. These court decisions led in 2009 to a tax benefit for the Group of € 283 mn and for the policyholders of € 730 mn. The tax benefit from these court decisions consisted of current and deferred taxes in respect of 2009 and prior years.

Of the deferred income taxes for the year ended December 31, 2011, expenses of € 224 mn (2010: income of € 69 mn; 2009: income of € 197 mn) are attributable to the recognition of deferred taxes on temporary differences and income of € 25 mn (2010: expenses of € 117 mn; 2009: income of € 452 mn) is attributable to tax losses carried forward. Additionally, changes of applicable tax rates due to changes in tax law produced deferred tax expenses of € 46 mn (2010: income of € 5 mn; 2009: income of € 6 mn).

The recognized income taxes for the year ended December 31, 2011, are € 644 mn above (2010: € 135 mn below; 2009: € 1,007 mn below) the expected income taxes. The following table shows the reconciliation from the expected income taxes of the Allianz Group to the effectively recognized taxes. The Allianz Group's reconciliation is a summary of the individual company-related reconciliations, which are based on the respective country-specific tax rates after taking into consideration consolidation effects with impact on the Group result. The expected tax rate for domestic Allianz Group companies applied in the reconciliation includes corporate tax, trade tax and the solidarity surcharge, and amounts to 31.0% (2010: 31.0%; 2009: 31.0%).

The effective tax rate is determined on the basis of the effective income tax expenses on income from continuing operations before income taxes.

	2011 € mn	2010 € mn	2009 € mn
Income from continuing operations before income taxes			
Germany	(711)	651	(221)
Other countries	5,557	6,522	5,411
Total	**4,846**	**7,173**	**5,190**
Expected income tax rate	28.8%	29.3%	29.8%
Expected income taxes	**1,398**	**2,099**	**1,547**
Trade tax and similar taxes	201	176	150
Net tax exempt income	(40)	(571)	(599)
Effects of tax losses	178	279	(59)
Other effects	305	(19)	(499)
Income taxes	**2,042**	**1,964**	**540**
Effective tax rate	**42.1%**	**27.4%**	**10.4%**

Other effects include an effect of € 205 mn resulting from natural catastrophe related losses in jurisdictions with below average tax rates and from non tax-effective impairments. In the tax reconciliation for 2009, the other effects of € (499) mn include € (505) mn current and deferred taxes for prior years, a major part resulting from the court decisions (Steko/BFH) mentioned above.

During the year ended December 31, 2011, the write-down of deferred tax assets on tax losses carried forward resulted in deferred tax expenses of € 33 mn (2010: € 153 mn; 2009: € 11 mn). The non-recognition of deferred taxes on tax losses for the current fiscal year increased the tax expenses by € 161 mn (2010: € 142 mn; 2009: € 85 mn). Due to the use of tax losses carried forward for which no deferred tax asset was recognized, the current income tax expenses decreased by € 14 mn (2010: € 15 mn; 2009: € 5 mn). Deferred tax income of € 2 mn (2010: € 1 mn; 2009: € 150 mn) resulted from the recognition of deferred tax assets on tax losses carried forward from earlier periods for which no deferred taxes had yet been recognized. The above mentioned effects are shown in the reconciliation statement as "effects of tax losses".

The tax rates used in the calculation of the Allianz Group deferred taxes are the applicable national rates, which in 2011 ranged from 10.0% to 40.0%. Changes to tax rates already adopted on December 31, 2011, are taken into account.

Deferred tax assets on losses carried forward are recognized to the extent to which it is more likely than not that sufficient future taxable profits will be available for realization. Entities which suffered a tax loss in either the current or the preceding period recognized deferred tax assets in excess of deferred tax liabilities amounting to € 846 mn.

DEFERRED TAX ASSETS AND LIABILITIES

As of December 31,	2011 € mn	2010 € mn
Deferred tax assets		
Financial assets carried at fair value through income	103	84
Investments	3,597	2,869
Deferred acquisition costs	1,449	958
Other assets	923	845
Intangible assets	136	137
Tax losses carried forward	2,834	2,748
Insurance reserves	3,824	3,763
Pensions and similar obligations	171	225
Other liabilities	810	842
Total deferred tax assets	**13,847**	**12,471**
Non-recognition or valuation allowance for deferred tax assets on tax losses carried forward	(753)	(763)
Effect of netting	(10,773)	(9,045)
Net deferred tax assets	**2,321**	**2,663**
Deferred tax liabilities		
Financial assets carried at fair value through income	78	100
Investments	5,934	4,625
Deferred acquisition costs	4,428	4,114
Other assets	620	448
Intangible assets	368	336
Insurance reserves	2,375	2,468
Pensions and similar obligations	218	228
Other liabilities	633	702
Total deferred tax liabilities	**14,654**	**13,021**
Effect of netting	(10,773)	(9,045)
Net deferred tax liabilities	**3,881**	**3,976**
Net deferred tax assets/(liabilities)	**(1,560)**	**(1,313)**

Taxable temporary differences associated with investments in Allianz Group companies, for which no deferred tax liabilities are recognized because the Allianz Group is able to control the timing of their reversal and they will not reverse in the foreseeable future, amount to € 596 (2010: € 521 mn). Deductible temporary differences arising from investments in Allianz Group companies, for which no deferred tax assets are recognized because it is not probable that they reverse in the foreseeable future amount to € 102 (2010: € 208 mn).

TAX LOSSES CARRIED FORWARD

Tax losses carried forward at December 31, 2011, of € 11,551 mn (2010: € 10,829 mn) resulted in recognition of deferred tax assets to the extent there is sufficient certainty that the unused tax losses will be utilized. € 10,518 mn (2010: € 9,572 mn) of the tax losses carried forward can be used without time limitation.

Tax losses carried forward are scheduled according to their expiry periods as follows:

	2011 € mn
2012	69
2013	176
2014	75
2015	87
2016	193
2017	94
2018	60
2019	50
2020	13
2021	6
>10 years	210
Unlimited	10,518
Total	**11,551**

IV. Other Information

44 Derivative financial instruments

Derivatives derive their fair values from one or more underlying assets or specified reference values.

Examples of derivatives include contracts for future delivery in the form of futures or forwards, options on shares or indices, interest rate options such as caps and floors, and swaps relating to both interest rate and non-interest rate markets. The latter include agreements to exchange previously defined assets or payment series.

Derivatives used by individual subsidiaries in the Allianz Group comply with the relevant supervisory regulations and the Allianz Group's own internal guidelines. The Allianz Group's investment and monitoring rules exceed regulations imposed by supervisory authorities. In addition to local management supervision, comprehensive financial and risk management systems are in force across the Allianz Group. Risk management is an integral part of the Allianz Group's controlling process that includes identifying, measuring, aggregating and managing risks. Risk management objectives are implemented at the Allianz Group level and by the local operational units. The use of derivatives is one key strategy used by the Allianz Group to manage its market and investment risks.

Insurance subsidiaries in the Allianz Group use derivatives to manage the risk exposures in their investment portfolios based on general thresholds and targets. The most important purpose of these instruments is hedging against adverse market movements for selected securities or for parts of a portfolio. Specifically, the Allianz Group selectively uses derivative financial instruments such as swaps, options and forwards to hedge against changes in prices or interest rates in its investment portfolio.

Within the Allianz Group's Banking business, derivatives are used both for trading purposes and to hedge against movements in interest rates, currency rates and other price risks of the Allianz Group's investments, loans, deposit liabilities and other interest-sensitive assets and liabilities.

Market and counterparty risks arising from the use of derivative financial instruments are subject to control procedures. Credit risks related to counterparties are assessed by calculating gross replacement values. Market risks are monitored by means of up-to-date value-at-risk calculations and stress tests, and are limited by specific stop-loss limits.

The counterparty settlement risk is virtually excluded in the case of exchange-traded products, as these are standardized products. By contrast, over-the-counter (OTC) products, which are individually traded contracts, carry a theoretical credit risk amounting to the replacement value. The Allianz Group therefore closely monitors the credit rating of counterparties for OTC derivatives. To reduce the counterparty risk from trading activities, so-called cross-product netting master agreements with the business partners are established. In the case of a defaulting counterparty, netting makes it possible to offset claims and liabilities not yet due.

DERIVATIVE FINANCIAL INSTRUMENTS WITHIN THE ALLIANZ GROUP

As of December 31,	2011						2010		
	Maturity by notional amount								
	Up to 1 year € mn	1–5 years € mn	Over 5 years € mn	Notional principal amounts € mn	Positive fair values € mn	Negative fair values € mn	Notional principal amounts € mn	Positive fair values € mn	Negative fair values € mn
Interest rate contracts, consisting of:									
OTC									
Forwards	40	273	17	330	8	—	77	—	(1)
Swaps	2,320	1,433	15,689	19,442	1,114	(744)	14,776	231	(238)
Swaptions	3,150	—	3,130	6,280	118	(1)	3,264	9	(36)
Caps	333	944	4,033	5,310	—	(7)	10,259	4	(1)
Floors	—	25	104	129	2	—	129	1	—
Options	20	—	—	20	—	—	315	—	(1)
Exchange traded									
Futures	2,039	—	—	2,039	29	(12)	2,458	5	(8)
Swaps	—	—	659	659	13	(43)	250	8	(4)
Options	—	—	—	—	—	—	1	—	—
Subtotal	**7,902**	**2,675**	**23,632**	**34,209**	**1,284**	**(807)**	**31,529**	**258**	**(289)**
Equity/Index contracts, consisting of:									
OTC									
Forwards	1,109	288	50	1,447	240	(131)	2,184	374	(87)
Swaps	2,491	—	1,425	3,916	72	(64)	2,303	1	(28)
Floors	3	—	—	3	1	(1)	1	—	—
Options[1]	25,283	2,215	3,085	30,583	553	(5,044)	87,763	942	(4,599)
Warrants	—	—	1,240	1,240	—	(13)	—	—	—
Exchange traded									
Futures	5,457	—	149	5,606	23	(19)	3,456	2	(10)
Forwards	—	—	—	—	—	—	149	—	(3)
Options	2,490	—	149	2,639	33	(27)	6,414	87	(60)
Warrants	1,248	6	—	1,254	16	—	13	1	—
Subtotal	**38,081**	**2,509**	**6,098**	**46,688**	**938**	**(5,299)**	**102,283**	**1,407**	**(4,787)**
Foreign exchange contracts, consisting of:									
OTC									
Futures	—	152	205	357	1	(12)	—	—	—
Forwards	29,055	107	197	29,359	226	(674)	12,345	125	(140)
Swaps	109	82	245	436	20	(9)	454	39	(8)
Options	912	2	—	914	12	—	76	3	(3)
Subtotal	**30,076**	**343**	**647**	**31,066**	**259**	**(695)**	**12,875**	**167**	**(151)**
Credit contracts, consisting of:									
OTC									
Swaps	43	1,159	128	1,330	39	(44)	1,083	27	(10)
Exchange traded									
Swaps	—	—	—	—	6	—	19	9	—
Subtotal	**43**	**1,159**	**128**	**1,330**	**45**	**(44)**	**1,102**	**36**	**(10)**
Total	**76,102**	**6,686**	**30,505**	**113,293**	**2,526**	**(6,845)**	**147,789**	**1,868**	**(5,237)**

1 | As of December 31, 2011, includes embedded derivatives related to equity-indexed annuities with negative fair values of € (3,513) mn (2010: € (3,861) mn).

DERIVATIVE FINANCIAL INSTRUMENTS USED IN ACCOUNTING HEDGES

Important hedging instruments are equity forward contracts, equity options, total returns swaps, interest rate swaps, interest rate forwards, currency swaps and currency forwards. Hedging instruments may be implemented for individual transactions (micro hedge) or for a portfolio of similar assets or liabilities (portfolio hedge).

At the local level, Allianz subsidiaries are obliged to assess whether the criteria for hedge accounting are met, in particular whether the hedge relationships are highly effective in offsetting changes in fair values or cash flows between the hedging instrument and the hedged item. Furthermore, the Allianz subsidiaries have to prepare the required hedge documentation. At inception of all hedge relationships, the conclusions reached by the Allianz subsidiaries must be approved at Group level to ensure that all hedge requirements are fulfilled and the hedge documentation is complete.

FAIR VALUE HEDGES

The Allianz Group uses fair value hedges to hedge its equity portfolio against equity market risk. The financial instruments used in the related fair value hedges had a positive fair value of € 334 mn (2010: positive fair value of € 302 mn) as of December 31, 2011.

Additionally, the Allianz Group uses fair value hedges to protect against the change in the fair value of financial assets due to movements in interest rates or exchange rates. The derivative financial instruments used for the related fair value hedges of the Allianz Group had a total negative fair value as of December 31, 2011 of € 139 mn (2010: negative fair value of € 92 mn).

For the year ended December 31, 2011, the Allianz Group recognized for fair value hedges a net gain of € 249 mn (2010: net loss of € 1 mn; 2009: net loss of € 412 mn) on the hedging instrument and a net loss of € 311 mn (2010: net loss of € 30 mn; 2009: net gain of € 390 mn) on the hedged item attributable to the hedged risk.

CASH FLOW HEDGES

During the year ended December 31, 2011, cash flow hedges were used to hedge variable cash flows exposed to interest rate, exchange rate fluctuations and inflation. As of December 31, 2011, the derivative instruments utilized had a negative fair value of € 2 mn (2010: positive fair value of € 17 mn). Unrealized gains and losses (net) in shareholders' equity decreased by € 5 mn (2010: increased by € 9 mn).

HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

As of December 31, 2011, the Allianz Group hedges part of its U.S. Dollar and Australian Dollar net investments through the issuance of U.S. Dollar and Australian Dollar denominated liabilities with a nominal amount of USD 700 mn and AUD 200 mn.

45 Financial instruments

FAIR VALUES AND CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table compares the carrying amount with the fair value of the Allianz Group's financial assets and financial liabilities.

As of December 31,	2011		2010	
	Carrying amount € mn	Fair value € mn	Carrying amount € mn	Fair value € mn
FINANCIAL ASSETS				
Cash and cash equivalents	10,492	10,492	8,747	8,747
Financial assets held for trading	2,469	2,469	2,101	2,101
Financial assets designated at fair value through income	5,997	5,997	7,742	7,742
Available-for-sale investments	333,880	333,880	318,315	318,315
Held-to-maturity investments	4,220	4,422	3,987	4,211
Loans and advances to banks and customers	124,738	134,059	122,678	127,351
Financial assets for unit-linked contracts	63,500	63,500	64,847	64,847
Derivative financial instruments and firm commitments included in other assets	430	430	452	452
Assets held in trust[1]	266	266	246	246
FINANCIAL LIABILITIES				
Financial liabilities held for trading	6,610	6,610	5,013	5,013
Liabilities to banks and customers	22,155	23,030	21,155	21,445
Investment contracts with policyholders	140,022	140,022	130,741	130,741
Financial liabilities for unit-linked contracts	63,500	63,500	64,847	64,847
Derivative financial instruments and firm commitments included in other liabilities	237	237	225	225
Financial liabilities for puttable equity instruments	2,881	2,881	3,111	3,111
Certificated liabilities, participation certificates and subordinated liabilities	18,822	18,299	17,227	17,534
Liabilities held in trust[1]	266	266	246	246

1 | Include receivables and obligations of deferred compensation plans outsourced to a trust.

The fair value of a financial instrument is defined as the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction.

DETERMINATION OF FAIR VALUE FOR FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE

The determination of the fair value for financial instruments that are not carried at fair value in the consolidated balance sheet, but for which a fair value has to be disclosed under IFRS 7, is described below:

CASH AND CASH EQUIVALENTS: Cash and cash equivalents comprises cash and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. They are carried at nominal value, which represents a reasonable estimate of the fair value for these short-term financial instruments.

HELD-TO-MATURITY INVESTMENTS: The fair value of held-to-maturity investments is determined using the quoted market price as of the balance sheet date.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS: For loans and advances to banks and customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair value is determined using generally accepted valuation techniques with current market parameters. For short-term loans the carrying amount represents a reasonable estimate of the fair value. For long-term loans the fair value is estimated by discounting future contractual cash flows using risk-adjusted discount rates. Additionally, the individually assessed component of the allowance for loan losses and the recoverable amounts of collateral is considered in the fair value determination of loans.

LIABILITIES TO BANKS AND CUSTOMERS: For short-term liabilities the carrying amount represents a reasonable estimate of the fair value. For long-term instruments the fair value is determined by discounting future cash flows. The fair value determination reflects current market interest rates and the credit rating of the Allianz Group.

CERTIFICATED LIABILITIES, PARTICIPATION CERTIFICATES AND SUBORDINATED LIABILITIES: The fair value of certificated liabilities, participation certificates and subordinated liabilities is determined using quoted market prices, if available. If quoted prices are not available, for short-term liabilities the carrying amount represents a reasonable estimate of the fair value. For long-term instruments the fair value is determined by discounting the remaining contractual future cash flows at a discount rate at which Allianz Group could issue debt with a similar remaining maturity. The fair value determination reflects current market interest rates and considers the credit rating of the Allianz Group.

DETERMINATION OF FAIR VALUE FOR FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

For the following financial instruments, carried at fair value in the consolidated balance sheets, the fair value is determined as described in note 2 Summary of significant accounting policies:

- Financial assets and liabilities held for trading
- Financial assets and liabilities designated at fair value through income
- Available-for-sale investments
- Financial assets and liabilities for unit-linked contracts
- Derivative financial instruments and firm commitments included in other assets and other liabilities
- Investment contracts with policyholders
- Financial liabilities for puttable equity instruments
- Assets and liabilities held in trust

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

IFRS 7 requires that financial instruments carried at fair value in the consolidated balance sheets are classified into a three-level hierarchy ("the fair value hierarchy") depending on the valuation techniques used and whether the inputs to those valuation techniques are observable in the market.

▫ LEVEL 1 Financial instruments for which the fair value is determined by using quoted prices (unadjusted) in active markets for identical assets or liabilities are classified into this category. According to IAS 39 a financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available and those prices represent actual and regularly occurring market transactions on an arm's length basis.

▫ LEVEL 2 Financial instruments for which the fair value is determined by using valuation-techniques, with any significant input being based on observable market data (observable inputs), are classified into this category.

▫ LEVEL 3 Financial instruments for which the fair value is determined by using valuation-techniques, with at least one significant input not being based on observable market data (non-observable inputs) are classified into this category.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of December 31, 2011 and 2010.

As of December 31,	2011			
	Level 1 Quoted prices in active markets €mn	Level 2 Valuation technique – market observable inputs €mn	Level 3 Valuation technique – non-market observable inputs €mn	Total fair value €mn
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	150	85	3	238
Equity securities	37	98	—	135
Derivative financial instruments	83	1,867	146	2,096
Subtotal	270	2,050	149	2,469
Financial assets designated at fair value through income				
Debt securities	2,786	589	—	3,375
Equity securities	2,364	65	193	2,622
Subtotal	5,150	654	193	5,997
Subtotal	5,420	2,704	342	8,466
Available-for-sale investments				
Equity securities	20,955	1,083	4,150[2]	26,188
Government and agency mortgage-backed securities (residential and commercial)	33	5,361	—	5,394
Corporate mortgage-backed securities (residential and commercial)	10	11,320	219	11,549
Other asset-backed securities	91	2,203	265	2,559
Government and government agency bonds	113,975	18,184	58	132,217
Corporate bonds	26,964	124,426	2,364	153,754
Other debt securities	784	986	449	2,219
Subtotal	162,812	163,563	7,505	333,880
Financial assets for unit-linked contracts	61,082	2,235	183	63,500
Derivative financial instruments and firm commitments included in other assets	—	430	—	430
Assets held in trust	241	—	25	266
Total	229,555	168,932	8,055	406,542
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	47	1,885	4,676	6,608
Other trading liabilities	—	2	—	2
Subtotal	47	1,887	4,676	6,610
Investment contracts with policyholders[1]	490	268	418	1,176
Financial liabilities for unit-linked contracts	61,082	2,235	183	63,500
Derivative financial instruments and firm commitments included in other liabilities	—	237	—	237
Financial liabilities for puttable equity instruments	2,799	33	49	2,881
Liabilities held in trust	241	—	25	266
Total	64,659	4,660	5,351	74,670

1 | Excludes universal life-type contracts.
2 | For the purpose of matching the disclosures made in note 9, the Allianz Group's unlisted equity securities and investments in limited partnerships of € 418 mn, which are measured at cost less impairment charges because the fair value cannot be reliably measured, are included.

As of December 31,	2010			
	Level 1 Quoted prices in active markets € mn	Level 2 Valuation technique – market observable inputs € mn	Level 3 Valuation technique – non-market observable inputs € mn	Total fair value € mn
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	282	219	45	546
Equity securities	46	93	—	139
Derivative financial instruments	52	1,311	53	1,416
Subtotal	380	1,623	98	2,101
Financial assets designated at fair value through income				
Debt securities	3,610	820	—	4,430
Equity securities	3,018	86	208	3,312
Subtotal	6,628	906	208	7,742
Subtotal	7,008	2,529	306	9,843
Available-for-sale investments				
Equity securities	25,281	1,387	3,980[2]	30,648
Government and agency mortgage-backed securities (residential and commercial)	1	5,271	—	5,272
Corporate mortgage-backed securities (residential and commercial)	24	10,251	199	10,474
Other asset-backed securities	91	3,386	176	3,653
Government and government agency bonds	108,951	16,842	19	125,812
Corporate bonds	25,988	112,535	2,096	140,619
Other debt securities	533	943	361	1,837
Subtotal	160,869	150,615	6,831	318,315
Financial assets for unit-linked contracts	62,641	2,054	152	64,847
Derivative financial instruments and firm commitments included in other assets	—	452	—	452
Assets held in trust	221	—	25	246
Total	230,739	155,650	7,314	393,703
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	78	808	4,126	5,012
Other trading liabilities	—	1	—	1
Subtotal	78	809	4,126	5,013
Investment contracts with policyholders[1]	340	259	462	1,061
Financial liabilities for unit-linked contracts	62,641	2,054	152	64,847
Derivative financial instruments and firm commitments included in other liabilities	—	225	—	225
Financial liabilities for puttable equity instruments	3,008	26	77	3,111
Liabilities held in trust	221	—	25	246
Total	66,288	3,373	4,842	74,503

1 | Excludes universal life-type contracts.
2 | For the purpose of matching the disclosures made in note 9, the Allianz Group's unlisted equity securities and investments in limited partnerships of € 352 mn, which are measured at cost less impairment charges because the fair value cannot be reliably measured, are included.

SIGNIFICANT TRANSFERS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE BETWEEN LEVEL 1 AND LEVEL 2

	2011 € mn
Financial assets transferred from Level 1 to Level 2	
Available-for-sale equity securities	156
Available-for-sale corporate bonds	1,151
Financial assets transferred from Level 2 to Level 1	
Available-for-sale – Government and government agency bonds	252

Certain available-for-sale equity securities and corporate bonds transfered from Level 1 to Level 2 during the year ended December 31, 2011, because of decreased liquidity, trade frequency and activity of the markets, where those equity securities and corporate bonds are traded.

Certain government and government agency bonds were transfered from Level 2 to Level 1 during the year ended December 31, 2011 because of changes in the assessment of the liquidity of these bonds.

LEVEL 3 PORTFOLIOS

The fair value of certain financial instruments is determined using valuation techniques with non-market observable input parameters (Level 3).

Equity securities within financial assets designated at fair value through income and available-for-sale investments mainly comprise mainly private equity fund investments of the Allianz Group. Private equity fund investments are usually priced on net asset values calculated by the fund asset manager and are thus based on unobservable market data. As the Allianz Group has only limited access to company specific data, the fund asset manager prices the underlying single portfolio companies generally on discounted cash flow or multiple approaches. Furthermore, any transaction of a fund, thus a further investment or divestment, has an impact on the sensitivity of a fund valuation. Due to these constraints a reasonable sensitivity calculation is not feasible.

The fair value of € 2.0 bn of certain corporate bonds within available-for-sale investments is determined using matrix pricing, which is based on unobservable inputs. The remaining corporate bonds classified as Level 3 consist of various porfolios for which different valuation techniques with non-observable inputs including broker quotes and pricing services are used. While in total the effect of changing the valuation assumptions to reasonable possible alternative values might have a significant impact on the fair values, when considered individually for each portfolio, the impact would not be significant.

Financial liabilities held for trading include € 4.6 bn of embedded derivative financial instruments relating to annuity products. Internal discounted cash flow models are used to determine the present value of the underlying insurance benefits and expenses. Sensitivities of the fair value to changes in inputs to reasonable possible alternative assumptions are calculated by varying policyholder assumptions, such as annuitizations and surrenders, that impact future projected benefits, by plus or minus 10 %. Assumption changes made to increase future projected benefits would increase the fair value by € 267 mn, whereas assumption changes made to decrease future projected benefits would decrease the fair value by € 284 mn.

RECONCILIATION OF LEVEL 3 FINANCIAL INSTRUMENTS

The following table shows a reconciliation of the financial instruments carried at fair value and classified as Level 3:

	Carrying value (fair value) as of January 1, 2011 € mn	Additions through purchases and issues € mn	Net transfers into (out of) Level 3 € mn	Disposals through sales and settlements € mn
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	45	—	—	(40)
Derivative financial instruments	53	119	98	(82)
Subtotal	**98**	**119**	**98**	**(122)**
Financial assets designated at fair value through income				
Equity securities	208	42	—	(56)
Subtotal	**306**	**161**	**98**	**(178)**
Available-for-sale investments				
Equity securities	3,980	859	69	(832)
Corporate mortgage-backed securities (residential and commercial)	199	168	(146)	(9)
Other asset-backed securities	176	119	41	(88)
Government and government agency bonds	19	35	—	—
Corporate bonds	2,096	383	(55)	(194)
Other debt securities	361	144	21	(8)
Subtotal	**6,831**	**1,708**	**(70)**	**(1,131)**
Financial assets for unit-linked contracts	**152**	**19**	**24**	**(9)**
Assets held in trust	**25**	**3**	**—**	**(4)**
Total financial assets at fair value	**7,314**	**1,891**	**52**	**(1,322)**

	Carrying value (fair value) as of January 1, 2011 € mn	Additions through purchases and issues € mn	Net transfers into (out of) Level 3 € mn	Disposals through sales and settlements € mn
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	4,126	846	85	(537)
Investment contracts with policyholders[1]	**462**	**64**	**—**	**(130)**
Financial liabilities for unit-linked contracts	**152**	**19**	**24**	**(9)**
Financial liabilities for puttable equity instruments	**77**	**—**	**—**	**—**
Liabilities held in trust	**25**	**4**	**—**	**(5)**
Total financial liabilities at fair value	**4,842**	**933**	**109**	**(681)**

1 | Excludes universal life-type contracts.

During the year ended December 31, 2011, the Allianz Group transferred certain corporate mortgage-backed securities from Level 3 into Level 2. This was due to the fact that the valuation techniques of these securities were modified and are no longer based on significant non-observable inputs.

RECLASSIFICATION OF FINANCIAL ASSETS

In January 2009, certain USD-denominated CDOs with a fair value of € 1.1 bn (notional amount of € 2.2 bn) were retained from Dresdner Bank. On January 31, 2009, subsequent to the derecognition of Dresdner Bank, the CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39. The fair value of € 1.1 bn became the new carrying amount of the CDOs at the reclassification date. The expected recoverable cash flows as of the date of reclassification were € 1.8 bn, leading to an effective interest rate of approximately 7 %.

During mid-2009, the CDOs were transferred to one of the Allianz Group's USD functional currency subsidiaries. As of December 31, 2010, the carrying amount and fair value of the CDOs was € 808 mn and € 810 mn, respectively. As of December 31, 2011, the carrying amount and fair value of the CDOs was € 431 mn and € 428 mn, respectively. For 2011, the changes in carrying amount and fair value were primarily impacted by the liquidation of the Palmer Square 2 CDO tranche, which resulted in direct ownership of the underlying collateral securities and a € 22 mn loss on disposal. The loss on disposal of the Palmer Square 2 CDO tranche was the difference between the carrying value of the Palmer Square 2 CDO and the fair value of the collateral securities received, which are classified as available for sale. As of December 31, 2011, the carrying amount of the collateral securities received was € 301 mn. The portfolio of the collateral securities received consists of residential mortgage-backed securities and CDOs.

MATURITY OF FINANCIAL LIABILITIES

The disclosure requirements of IFRS 7 with regard to liquidity risk are reflected in the risk report in the group management report. This risk report is an integral part of the audited consolidated financial statements.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The table sets forth the Allianz Group's contractual obligations as of December 31, 2011. Contractual obligations do not include contingent liabilities or commitments. Only transactions with parties outside the Allianz Group are considered.

The table includes only liabilities that represent fixed and determinable amounts. The table excludes interest on floating rate long-term debt obligations and interest on money market securities, as the contractual interest rate on floating rate obligations is not fixed and determinable. The amount and timing of interest on money market securities is not fixed and determinable since these instruments have a daily maturity. For further information, see notes 23 and 24 to the consolidated financial statements.

As of December 31, 2011, the income tax obligations amounted to € 1,504 mn. The Allianz Group expects to pay € 1,019 mn thereof within the twelve months after the balance sheet date. For the remaining amount of € 485 mn an estimate of the timing of cash outflows is not reasonably possible. The income tax obligations are not included in the table below.

	Contractual cash flows as of December 31, 2011			
	Due in 2012 € mn	Due in 2013 - 2016 € mn	Due after 2016 € mn	Total € mn
Financial liabilities				
Financial liabilities carried at fair value through income		please refer to note 44		
Liabilities to banks and customers[1]	15,320	3,858	2,977	**22,155**
Derivative financial instruments and firm commitments included in other liabilites		please refer to note 44		
Financial liabilities for puttable equity instruments	2,881	—	—	**2,881**
Certificated liabilities, participation certificates and subordinated liabilities[1]	2,195	3,585	13,042	**18,822**
Insurance liabilities				
Future policy benefits[2]	39,753	153,580	800,716	**994,049**
Reserves for loss and loss adjustment expenses	17,857	22,719	18,917	**59,493**
Other liabilities				
Operating lease obligations[3]	280	1,008	1,280	**2,568**
Purchase obligations[4]	209	513	51	**773**

1 | For materiality reasons the carrying amount is split up into the different contractual maturities.
2 | Including investment contracts with policyholders and financial liabilities for unit-linked contracts.
3 | The amount of € 2,568 mn is gross of € 43 mn related to subleases, which represent cash inflow to the Allianz Group.
4 | Purchase obligations only include transactions related to goods and services; purchase obligations for financial instruments are not included.

☐ FUTURE POLICY BENEFITS

Reserves for insurance and investment contracts of € 994,049 mn presented in the table include contracts where the timing and amount of payments are considered fixed and determinable, and contracts which have no specified maturity dates and may result in a payment to the contract holder depending on mortality and morbidity experience and the incidence of surrenders, lapses or maturities. Furthermore, the amounts presented in the table above are undiscounted and therefore exceed the reserves for insurance and investment contracts presented in the consolidated balance sheet that reflect the time value of the money.

For contracts without fixed and determinable payments, the Allianz Group has made assumptions to estimate the undiscounted cash flows of contractual policy benefits including mortality, morbidity, interest crediting rates, policyholder participation in profits and future lapse rates. These assumptions represent current best estimates and may differ from the estimates originally used to establish the reserves for insurance and investment contracts as a result of the lock-in of assumptions on the issue dates of the contracts as required by the Allianz Group's established accounting policy. The effect of discounting and the differences between locked-in and best estimate assumptions is € 422,084 mn. For further information, see note 2 of the consolidated financial statements. Due to the uncertainty of the assumptions used, the amount presented could be materially different from the actual incurred payments in future periods.

Furthermore, these amounts do not include € 166,206 mn of premiums and fees expected to be received, expenses incurred to parties other than the policyholders such as agents and administrative expenses; nor do they include investment income earned. In addition, these amounts are presented net of reinsurance expected to be received as a result of these cash flows. For further information on reserves for insurance and investment contracts, see note 20 of the consolidated financial statements.

■ DERECOGNITION OF FINANCIAL ASSETS

The Allianz Group enters into repurchase-agreement-transactions in which recognized financial assets, mainly available-for-sale debt securities, are transferred, but substantially all of the risks and rewards of those assets are retained. As of December 31, 2011, the carrying amount of those assets amounted to € 226 mn (2010: € 868 mn) and the carrying amount of the related liabilities amounted to € 227 mn (2010: € 875 mn).

46 Related party transactions

Information on the remuneration of Board members and transactions with these persons can be found in the "Remuneration Report", starting on page 37.

Transactions between Allianz SE and its subsidiaries that are to be deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Business relations with joint ventures and associated enterprises are set on an arm's length basis. Due to reinsurance agreements with a joint venture and an associated enterprise in Thailand, Allianz SE recorded losses from the flood in Thailand amounting to € 129 mn for the year ended December 31, 2011.

47 Contingent liabilities, commitments, guarantees, and assets pledged and collateral

CONTINGENT LIABILITIES

LITIGATION

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of businesses, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management does not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial position and the results of operations of the Allianz Group, after consideration of any applicable reserves.

On May 24, 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. The amount of the cash settlement was established by Allianz on the basis of an expert opinion, and its adequacy was confirmed by a court appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure ("Spruchverfahren"), which is pending with the district court ("Landgericht") of Frankfurt. The Management believes that a claim to increase the cash settlement does not exist. In the event that the court were to determine a higher amount as an appropriate cash settlement, this would affect all of the approximately 16 mn shares that were transferred to Allianz.

Allianz Global Investors of America L.P. and certain of its subsidiaries have been named as defendants in multiple civil U.S. lawsuits commenced as putative class actions and other proceedings related to matters involving market timing in the mutual fund industry. These lawsuits have been consolidated into and transferred to a multi-district litigation proceeding in the U.S. District Court for the District of Maryland. In April 2011 the Court approved the parties' settlement that resolves all of the claims. The settlement does not have a material negative financial impact on the Allianz Group.

The U.S. Department of Justice (DOJ) is conducting an investigation into whether certain employees of Fireman's Fund Insurance Company's (FFIC), a subsidiary of Allianz SE, engaged in violation (criminal or civil) of the False Claims Act in connection with FFIC's involvement as a provider of federal crop insurance from 1997 to 2003. The investigation concerns the issue of whether FFIC employees submitted false claims to the government through various practices, including backdating and inappropriately designating new producer status. Two former FFIC claims employees and one contract adjuster have pled guilty to assisting farmers in asserting fraudulent crop claims. The DOJ and FFIC are in negotiations to reach a final resolution of this matter. The outcome cannot be predicted at this stage.

Three members of the Fireman's Fund group of companies in the United States, all subsidiaries of Allianz SE, are among the defendants named in a class action filed on August 1, 2005 in the United States District Court of New Jersey in connection with allegations relating to contingent commissions in the insurance industry. The court dismissed with prejudice the federal court causes of action and dismissed without prejudice the state law causes of action. Upon plaintiffs' appeal the Court of Appeals affirmed the dismissal of the majority of plaintiffs' claims. It vacated and remanded the remainder of the claims. The defendant Fireman's Fund Group companies reached a settlement with plaintiffs. The settlement does not have a material negative financial impact on the Allianz Group.

Allianz Life Insurance Company of North America (Allianz Life) has been named as a defendant in various putative class action lawsuits in connection with the marketing and sale of deferred annuity products. Two of those lawsuits are currently pending as certified class actions in California. The complaints allege generally that the defendant engaged in, among other practices, deceptive trade practices and misleading advertising in connection with the sale of such products. These lawsuits have not yet progressed to a stage at which the outcome or exposure can be determined. In a class action lawsuit in Minnesota the Court, based upon a jury trial, entered final judgment in favor of Allianz Life in January 2010. In another California class action the parties reached settlement, which the court approved in 2011.

OTHER CONTINGENCIES

In accordance with § 5 (10) of the Statutes of the Joint Fund for Securing Customer Deposits ("Einlagensicherungsfonds"), Allianz SE has undertaken to indemnify the Federal Association of German Banks ("Bundesverband deutscher Banken e.V.") for any losses it may incur by reason of supporting measures taken in favor of Oldenburgische Landesbank AG (OLB), Münsterländische Bank Thie & Co. KG and Bankhaus W. Fortmann & Söhne KG.

With the sale of Dresdner Bank becoming effective on January 12, 2009, Allianz terminated the indemnification undertaking issued in 2001 in favor of the Federal Association of German Banks with respect to Dresdner Bank. As a result, the indemnification is only relevant for supporting measures that are based on facts that were already existing at the time of the termination.

Allianz and HT1 Funding GmbH have signed a Contingent Indemnity Agreement in July 2006, pursuant to which Allianz may, in certain circumstances, be obliged to make payments to HT1 Funding GmbH. HT1 Funding GmbH issued nominal € 1,000 mn Tier 1 Capital Securities with an annual coupon of 6.352 % (as of June 30, 2017, the coupon will be 12-months EURIBOR plus a margin of 2.0 % p.a.). The securities have no scheduled maturity and the security holders have no right to call for their redemption. The securities may be redeemed at the option of the issuer on June 30, 2017, and thereafter. It is not possible for the Allianz Group to predict potential payment obligations for the fiscal year 2012 and future periods at this time.

COMMITMENTS

LOAN COMMITMENTS

The Allianz Group engages in various lending commitments to meet the financing needs of its customers. The following table represents the amounts at risk should customers draw fully on all facilities and then default, excluding the effect of any collateral. Since the majority of these commitments may expire without being drawn upon, the amounts shown may not be representative of actual liquidity requirements for such commitments.

As of December 31,	2011 € mn	2010 € mn
Advances	430	598
Stand-by facilities	29	28
Guarantee credits	97	89
Mortgage loans/Public-sector loans	100	59
Total	**656**	**774**

LEASING COMMITMENTS

The Allianz Group occupies property in many locations under various long-term operating leases and has entered into various operating leases covering the long-term use of data processing equipment and other office equipment.

As of December 31, 2011, the future minimum lease payments under non-cancelable operating leases were as follows:

	2011 €mn
2012	280
2013	269
2014	270
2015	238
2016	231
Thereafter	1,280
Subtotal	**2,568**
Subleases	(43)
Total	**2,525**

For the year ended December 31, 2011, rental expenses totaled € 268 mn (2010: € 239 mn; 2009: € 271 mn), net of sublease rental income received of € 10 mn.

PURCHASE OBLIGATIONS

The Allianz Group has commitments for mortgage loans and to buy multi-tranche loans of € 2,913 mn (2010: € 3,647 mn) as well as to invest in private equity funds and similar financial instruments totaling € 3,536 mn (2010: € 2,517 mn) as of December 31, 2011. As of December 31, 2011, commitments outstanding to invest in real estate used by third parties or used by the Allianz Group for its own activities and for infrastructure investments amounted to € 1,565 mn (2010: € 310 mn).

In addition, as of December 31, 2011, the Allianz Group has other commitments of € 121 mn (2010: € 252 mn) referring to maintenance, real estate development, sponsoring and purchase obligations.

OTHER COMMITMENTS

Other principal commitments of the Allianz Group include the following:

Pursuant to §§ 124 ff. of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz" – VAG), a mandatory insurance guarantee scheme ("Sicherungsfonds") for life insurers is implemented in Germany. Each member of the scheme is obliged to make annual contributions to the scheme as well as special payments under certain circumstances. The exact amount of obligations for each member is calculated according to the provisions of a Federal Regulation ("Sicherungsfonds-Finanzierungs-Verordnung (Leben)" – SichLVFinV). As of December 31, 2011, the future liabilities of Allianz Lebensversicherungs-Aktiengesellschaft and its subsidiaries to the insurance guarantee scheme amount to annual contributions of € 5.3 mn (2010: € 0.1 mn) and an obligation for special payments of € 118 mn (2010: € 101 mn).

In December 2002, Protektor Lebensversicherungs-Aktiengesellschaft ("Protektor"), a life insurance company whose role is to protect policyholders of all German life insurers was founded. Allianz Lebensversicherungs-Aktiengesellschaft and some of its subsidiaries are obligated to provide additional funds either to the mandatory insurance guarantee scheme or to Protektor, in the event that the funds provided to the mandatory insurance guarantee scheme are not sufficient to handle an insolvency case. Such obligation amounts to a maximum of 1 % of the sum of the net underwriting reserve with deduction of payments already provided to the insurance guarantee scheme. As of December 31, 2011, and under inclusion of the contributions to the mandatory insurance scheme mentioned above, the aggregate outstanding commitment of Allianz Lebensversicherungs-Aktiengesellschaft and its subsidiaries to the insurance guarantee scheme and to Protektor was € 1,071 mn (2010: € 905 mn).

According to the German Deposit Guarantee and Investor Compensation Act (EAEG – "Einlagensicherungs- und Anlegerentschädigungsgesetz") all credit institutions and investment companies licenced to do business in Germany must adhere to a statutory compensation scheme. Allianz Global Investors Kapitalanlagegesellschaft mbH and Allianz Global Investors Europe GmbH are currently members of EdW ("Entschädigungseinrichtung der Wertpapierhandelsunternehmen", Berlin). The annual contribution is determined in consideration of each member's scope of business. In addition, EdW may levy special contributions from investment companies, if the funds available to EdW are insufficient to satisfy all eligible claims. Special contributions are determined by reference to the preceding yearly contribution. For

2011, the yearly contributions for the AGI companies have not yet been determined (2010: € 1 mn). With respect to the insolvency of Phoenix Kapitaldienst GmbH, the German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht" – BaFin) has determined that certain investor claims will be covered under the compensation scheme and special contributions have been levied. In 2011, AGI companies have been requested to contribute € 4 mn (2010: € 3 mn) in special contributions. The AGI companies have appealed against the special contributions. Payments have not been made, however adequate provisions – also for potential liabilities from future special contributions – have been accrued.

GUARANTEES

A summary of guarantees issued by the Allianz Group by maturity and related collateral-held is as follows:

	Letters of credit and other financial guarantees € mn	Market value guarantees € mn	Indemnification contracts € mn	Performance guarantees € mn
2011				
Up to 1 year	424	90	—	26
1 - 3 years	40	415	—	11
3 - 5 years	23	478	—	1
Over 5 years	123	714	108	119
Total	**610**	**1,697**	**108**	**157**
Collateral	112	—	—	29
2010				
Up to 1 year	424	134	7	55
1 - 3 years	16	432	30	20
3 - 5 years	22	652	—	3
Over 5 years	14	852	17	123
Total	**476**	**2,070**	**54**	**201**
Collateral	31	—	—	38

Nearly all customers of the letters of credit and of the indemnification contracts have no external credit ranking.

LETTERS OF CREDIT AND OTHER FINANCIAL GUARANTEES

The majority of the Allianz Group's letters of credit and other financial guarantees are issued to customers through the normal course of banking business in return for fee and commission income, which is generally determined based on rates subject to the nominal amount of the guarantees and inherent credit risks. Once a guarantee has been drawn upon, any amount paid by the Allianz Group to third parties is treated as a loan to the customer, and is, therefore, principally subject to collateral pledged by the customer as specified in the agreement.

MARKET VALUE GUARANTEES

Market value guarantees represent assurances given to customers of certain mutual funds and fund management agreements, under which initial investment values and/or minimum market performance of such investments are guaranteed at levels as defined under the relevant agreements. The obligation to perform under a market value guarantee is triggered when the market value of such investments does not meet the guaranteed targets at predefined dates.

The Allianz Group's Asset Management segment, in the ordinary course of business, issues market value guarantees in connection with investment trust accounts and mutual funds it manages. The levels of market value guarantees and maturity dates differ based on the separate governing agreements of the respective investment trust accounts and mutual funds. As of December 31, 2011, the maximum potential amount of future payments of the market value guarantees was € 714 mn (2010: € 799 mn), which represents the total value guaranteed under the respective agreements including the obligation that would have been due had the investments matured on that date. The fair value of the investment trust accounts and mutual funds related to these guarantees as of December 31, 2011, was € 761 mn (2010: € 881 mn).

The Allianz Group's Banking operations in France, in the ordinary course of business, issue market value and performance-at-maturity guarantees in connection with mutual funds offered by the Allianz Group's Asset Management operations in France. The levels of market value and performance-at-maturity guarantees, as well as the maturity dates, differ based on the underlying agreements. In most cases, the same mutual fund offers both a market value guarantee and a performance-at-maturity guarantee. Additionally, the performance-at-maturity guarantees are generally linked to the performance of an equity index or group of equity indexes. As of December 31, 2011, the maximum potential amount of future payments of the market value and performance-at-maturity guarantees was € 983 mn (2010: € 1,271 mn), which represents the total value guaranteed under the respective agreements. The fair value of the mutual funds related to the market guarantees as of December 31, 2011, was approximately € 948 mn (2010: € 1,204 mn). Such funds generally have a duration of five to eight years.

INDEMNIFICATION CONTRACTS

Indemnification contracts are executed by the Allianz Group with various counterparties under existing service, lease or acquisition transactions. Such contracts may also be used to indemnify counterparties under various contingencies, such as changes in laws and regulations or litigation claims.

In connection with the sale of various of the Allianz Group's former private equity investments, subsidiaries of the Allianz Group provided indemnities to the respective buyers in the event that certain contractual warranties arise. The terms of the indemnity contracts cover ordinary contractual warranties, environmental costs and any potential tax liabilities the entity incurred while owned by the Allianz Group.

PERFORMANCE GUARANTEES

Performance guarantees are given by the Allianz Group to ensure third-party entitlements if certain performance obligations of the guarantee recipient are not fulfilled.

CREDIT DERIVATIVES

Credit derivatives consist of credit default swaps, which require payment in the event of default of debt obligations, as well as of total return swaps, under which the performance of underlying assets is guaranteed. The notional principal amounts and fair values of the Allianz Group's credit derivative positions as of December 31, 2011 are provided in note 44.

ASSETS PLEDGED AND COLLATERAL

The carrying amounts of the assets pledged as collateral are as follows:

As of December 31,	2011 € mn	2010 € mn
Collaterals without right to resell or repledge		
Investments	320	810
Loans and advances to banks and customers	2,672	2,278
Subtotal	**2,992**	**3,088**
Collaterals with right to resell or repledge		
Financial assets carried at fair value through income	—	613
Investments	2,541	90
Subtotal	**2,541**	**703**
Total	**5,533**	**3,791**

As of December 31, 2011, the Allianz Group has received collateral, consisting of fixed income and equity securities, with a fair value of € 799 mn (2010: € 567 mn), which the Allianz Group has the right to sell or repledge. As of December 31, 2011 and 2010, respectively, no previously received collateral was sold or repledged by the Allianz Group.

As of December 31, 2011 and 2010, the Allianz Group did not take possession of collateral it holds as security.

48 Pensions and similar obligations

Retirement benefits in the Allianz Group are either in the form of defined benefit or defined contribution plans. Employees, including agents in Germany, are granted such retirement benefits by the various legal entities of the Allianz Group. In Germany, these are primarily defined benefit plans in nature.

For defined benefit plans, the participant is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance.

DEFINED BENEFIT PLANS

Amounts recognized in the Allianz Group's consolidated balance sheets for defined benefit plans are as follows:

As of December 31,	2011 € mn	2010 € mn
Net amount recognized as of January 1,	**3,553**	**3,543**
Changes in the consolidated subsidiaries of the Allianz Group[1]	(216)	—
Foreign currency translation adjustments	(3)	2
Expenses	622	658
Payments	(587)	(650)
Net amount recognized as of December 31,	**3,369**	**3,553**
thereof assets	(385)	(372)
thereof liabilities	3,754	3,925

1 | For 2011, the amount consists of the defined benefit liability of the deconsolidated subsidiary manroland with an amount of € 197 mn.

The following table sets forth the changes in the defined benefit obligation, the changes in fair value of plan assets and the net amount recognized for the various Allianz Group defined benefit plans:

	2011 € mn	2010 € mn
CHANGE IN DEFINED BENEFIT OBLIGATION		
Defined benefit obligation as of January 1,	**15,320**	**13,727**
Service costs	327	340
Interest costs	678	693
Plan participants' contributions	93	72
Amendments	(9)	2
Actuarial (gains)/losses	177	835
Foreign currency translation adjustments	80	240
Benefits paid	(606)	(593)
Changes in the consolidated subsidiaries of the Allianz Group[1]	(443)	64
Divestitures	—	(43)
Settlements, curtailments, termination benefits	2	(17)
Defined benefit obligation as of December 31,[2]	**15,619**	**15,320**
CHANGE IN FAIR VALUE OF PLAN ASSETS		
Fair value of plan assets as of January 1,	**9,780**	**8,913**
Expected return on plan assets	456	454
Actuarial gains/(losses)	(36)	53
Employer contributions	322	392
Plan participants' contributions	93	72
Foreign currency translation adjustments	71	229
Benefits paid[3]	(343)	(336)
Changes in the consolidated subsidiaries of the Allianz Group[4]	(207)	61
Divestitures	—	(48)
Assets distributed on settlement	—	(10)
Fair value of plan assets as of December 31,	**10,136**	**9,780**
Funded status as of December 31,	**5,483**	**5,540**
Unrecognized net actuarial gains/(losses)	(2,182)	(2,058)
Unrecognized past service costs	11	5
Amount not recognized due to asset ceiling	57	66
Net amount recognized as of December 31,	**3,369**	**3,553**

1 | For 2011, the amount mainly consists of the defined benefit obligation of the deconsolidated subsidiary manroland AG in the amount of € 411 mn.
2 | As of December 31, 2011, € 5,415 mn (2010: € 5,329 mn) of the defined benefit obligation are wholly unfunded, while € 10,204 mn (2010: € 9,991 mn) are wholly or partly funded.
3 | In addition, the Allianz Group paid € 263 mn (2010: € 257 mn) directly to plan participants.
4 | For 2011, the amount mainly consists of the plan assets of the deconsolidated subsidiary manroland AG in the amount of € 197 mn.

As of December 31, 2011, post-retirement health benefits included in the defined benefit obligation and in the net amount recognized amounted to € 11 mn (2010: € 11 mn) and € 11 mn (2010: € 11 mn), respectively.

The expense recognized in profit or loss related to defined benefit plans of the Allianz Group consists of the following components:

	2011 **€ mn**	2010 € mn	2009 € mn
Service costs	327	340	288
Interest costs	678	693	695
Expected return on plan assets	(456)	(454)	(440)
Amortization of past service costs	(3)	3	(8)
Amortization of net actuarial (gains)/losses	84	124	(55)
Effect of asset ceiling	(10)	(48)	99
(Income)/expenses of plan curtailments or settlements	2	—	(8)
Expense recognized in the consolidated income statements	**622**	**658**	**571**

During the year ended December 31, 2011, the expense recognized in profit or loss includes expenses related to post-retirement health benefits of € 1 mn (2010: € 1 mn; 2009: € (46) mn).

The actual return on plan assets during the year ended December 31, 2011, amounted to € 420 mn (2010: € 507 mn; 2009: € 723 mn).

A summary of amounts related to defined benefit plans is as follows:

	2011 **€ mn**	2010 € mn	2009 € mn	2008 € mn	2007 € mn
Defined benefit obligation	15,619	15,320	13,727	12,247	16,142
Fair value of plan assets	10,136	9,780	8,913	7,964	10,931
Funded status	5,483	5,540	4,814	4,283	5,211
Actuarial (gains)/losses from experience adjustments on:					
Plan obligations	(33)	(125)	(73)	(42)	(56)
Plan assets	36	(53)	(283)	781	331

ASSUMPTIONS

The assumptions for the actuarial computation of the defined benefit obligation and the expense recognized in profit or loss depend on the circumstances in the particular country where the plan has been established.

The calculations are based on current actuarially calculated mortality estimates. Projected turnover depending on age and length of service have also been used, as well as internal Allianz Group retirement projections.

The weighted average value of the assumptions for the Allianz Group's defined benefit plans used to determine the defined benefit obligation and the expense recognized in profit or loss are as follows:

As of December 31,	**2011** **%**	2010 %	2009 %
Discount rate	4.6	4.7	5.1
Expected long-term return on plan assets	4.8	5.0	5.4
Rate of compensation increase	2.2	2.4	2.4
Rate of pension increase	1.4	1.5	1.6
Rate of medical cost trend	4.1	4.1	5.4

The expense recognized in profit and loss is recorded based on the assumptions of the corresponding previous year. For the assumptions regarding the expected long-term return on plan assets the value of the corresponding current year is relevant.

The discount rate assumptions reflect the market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities.

Especially the discount rate assumption results in uncertainty and a significant risk. A change in the discount rate by 25 bps would lead to an effect of € 551 mn on the defined benefit obligation.

A change in the medical cost trend rate by one percentage point would have an effect of € 1 mn on the defined benefit obligation and no material effect on the expense recognized in profit or loss.

For the year ended December 31, 2011, the weighted expected long-term return on plan assets was derived from the following target allocation and expected long-term rate of return for each asset category:

	Target allocation %	Weighted expected long-term rate of return %
Equity securities	17.5	7.8
Debt securities	72.5	4.1
Real estate	5.7	5.2
Other	4.3	4.1
Total	**100.0**	**4.8**

The determination of the expected long-term rate of return for the individual asset categories is based on capital market surveys.

PLAN ASSETS

The defined benefit plans' weighted average asset allocations by asset category are as follows:

As of December 31,	**2011** %	2010 %
Equity securities	11.2	14.4
Debt securities[1]	57.8	75.6
Real estate	4.1	4.8
Other[1]	26.9	5.2
Total	**100.0**	**100.0**

1 | The asset class for annuity contracts changed. In the year 2010, annuity contracts were included in debt securities, while in the year 2011 they are allocated to asset class Other.

The bulk of the plan assets are held by the Allianz Versorgungskasse VVaG, Munich. This entity insures effectively all employees of the German insurance operations and is not part of the Allianz Group.

Plan assets do not include equity securities issued by the Allianz Group or real estate used by the Allianz Group.

The Allianz Group plans to gradually increase its actual equity securities allocation towards the target allocation for plan assets of defined benefit plans in the long term.

CONTRIBUTIONS

During the year ending December 31, 2012, the Allianz Group expects to contribute € 280 mn to its defined benefit plans and to pay € 274 mn directly to participants of its defined benefit plans.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended December 31, 2011, the Allianz Group recognized expenses for defined contribution plans of € 185 mn (2010: € 163 mn; 2009: € 149 mn). Additionally, the Allianz Group paid contributions for state pension schemes of € 332 mn (2010: € 367 mn; 2009: € 373 mn).

49 Share-based compensation plans

GROUP EQUITY INCENTIVE PLANS

The Group Equity Incentive Plans (GEI) of the Allianz Group support the orientation of senior management, in particular the Board of Management, toward the long-term increase of the value of the Allianz Group. Until 2010, the GEI include grants of stock appreciation rights (SAR) and restricted stock units (RSU). From the 2011 grant onwards, the Allianz Equity Incentive Plan (AEI) replaces the GEI plans. With the AEI Plan only restricted stock units (RSU) are granted to the plan participants.

STOCK APPRECIATION RIGHTS

The SAR granted to a plan participant obligate the Allianz Group to pay in cash the excess of the market price of an Allianz SE share over the reference price on the exercise date for each right granted. The excess is capped at 150% of the reference price. The reference price represents the average of the closing prices of an Allianz SE share for the ten trading days following the Financial Press Conference of Allianz SE in the year of issue. Until the 2008 grant, the SAR vest after two years and expire after seven years. From the 2009 grant onwards, the SAR vest after four years and also expire after seven years. Upon vesting, the SAR may be exercised by the plan participant if the following market conditions are attained:

- during their contractual term, the market price of the Allianz SE share has outperformed the Dow Jones Europe STOXX Price Index at least once for a period of five consecutive trading days; and
- the Allianz SE market price is in excess of the reference price by at least 20% on the exercise date.

In addition, upon death of a plan participant, a change of control or notice for operational reason, the SAR vest immediately and will be exercised by the company provided the above market conditions have been attained.

Upon the expiration date, any unexercised SAR will be exercised automatically if the above market conditions have been attained. The SAR are forfeited if the plan participant ceases to be employed by the Allianz Group or if the exercise conditions are not attained by the expiration date.

The fair value of the SAR at grant date is measured using a Cox-Rubinstein binomial tree option pricing model. Volatility was derived from observed historical market prices. In the absence of historical information regarding employee stock appreciation exercise patterns (especially all plans issued between 2005 and 2008 are significantly “out of the money”), the expected life has been estimated to equal the term to maturity of the SAR.

The following table provides the assumptions used in estimating the fair value of the SAR at grant date:

		2010	2009
Expected volatility	%	29.0	60.0
Risk-free interest rate	%	2.7	2.6
Expected dividend rate	%	5.6	6.2
Share price	€	88.09	55.19
Expected life (years)		7	7

The SAR are accounted for as cash settled plans by the Allianz Group. Therefore, the Allianz Group accrues the fair value of the SAR as a compensation expense over the vesting period. Upon vesting, any changes in the fair value of the unexercised SAR are recognized as a compensation expense. During the year ended December 31, 2011, the Allianz Group recognized compensation income related to the unexercised SAR of € 10 mn (2010: expenses of € 5 mn; 2009: expenses of € 12 mn).

As of December 31, 2011, the Allianz Group recorded a provision of € 25 mn (2010: € 48 mn) in other liabilities for the unexercised SAR.

□ RESTRICTED STOCK UNITS

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the average market price of an Allianz SE share in the ten trading days preceding the vesting date or to issue one Allianz SE share, or other equivalent equity instrument, for each unit granted. The RSU vest after five years. The Allianz Group will exercise the RSU on the first stock exchange day after their vesting date. On the exercise date, the Allianz Group can choose the settlement method for each unit.

In addition, upon death of a plan participant, a change of control or notice for operational reasons, the RSU vest immediately and will be exercised by the company.

The RSU are virtual stocks without dividend payments. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity of the RSU from the prevailing share price as of the valuation date.

The following table provides the assumptions used in calculating the fair value of the RSU at grant date:

	2010 %	2009 %
Average interest rate	1.4	2.1
Average dividend yield	5.5	7.1

The RSU are accounted for as cash settled plans as the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSU as a compensation expense over the vesting period. During the year ended December 31, 2011, the Allianz Group recognized a compensation expense related to the non-vested RSU of € 29 mn (2010: € 58 mn; 2009: € 72 mn).

As of December 31, 2011, the Allianz Group recorded a provision of € 106 mn (2010: € 121 mn) in other liabilities for the non-vested RSU.

■ ALLIANZ EQUITY INCENTIVE PLAN

Since the 2011 grant year, the Allianz Equity Incentive Plan (AEI) replaces the GEI plans. The AEI is granted in the form of restricted stock units (RSU) and is part of a new variable compensation component for the plan beneficiaries.

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the average closing price of an Allianz SE share on the last day of the vesting period and the prior nine trading days or to convert one RSU to one Allianz SE share. The payout is capped at a 200 % share price growth above the grant price.

The RSU are subject to a vesting period of four years and will be released on the last day of the vesting period. The Allianz Group can choose the settlement method for each unit.

In addition, upon death of a plan participant, a change of control or notice for operational reason, the RSU vest immediately and will be exercised by the company.

The RSU are virtual stocks without dividend payments and a capped payout. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity and the fair value of the cap from the prevailing share price as of the valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date.

The following table provides the assumptions used in calculating the fair value of the RSU at grant date:

		2012[1]	2011
Share price	€	87.49	102.00
Average dividend yield	%	5.3	4.8
Average interest rate	%	1.2	2.0
Expected volatility	%	21.6	18.5

1 | The RSU 2012 are deemed to have been granted to participants as part of their 2011 remuneration. Consequently, the assumptions for RSU grants delivered in March 2012 are based on best estimation.

The RSU are accounted for as cash settled plans as the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSU as a compensation expense over the service period of one year and afterwards over the vesting period. During the year ended December 31, 2011, the Allianz Group recognized a compensation expense related to the AEI plans of € 29 mn (2010: € 17 mn).

As of December 31, 2011, the Allianz Group recorded a provision of € 42 mn (2010: € 17 mn) for these RSU in other liabilities.

SHARE-BASED COMPENSATION PLANS OF SUBSIDIARIES OF THE ALLIANZ GROUP

PIMCO LLC CLASS B UNIT PURCHASE PLAN

When acquiring Allianz Global Investors of America L.P. (AGI L.P.) during the year ended December 31, 2000, Allianz SE caused Pacific Investment Management Company LLC (PIMCO LLC), a subsidiary of AGI L.P., to enter into a Class B Purchase Plan (the "Class B Plan") for the benefit of members of the management of PIMCO LLC. The plan participants of the Class B Plan have rights to a 15 % priority claim on the adjusted operating profits of PIMCO LLC.

The Class B equity units issued under the Class B Plan vest over 3 to 5 years and are subject to repurchase by AGI L.P. upon death, disability or termination of the participant prior to vesting. Starting January 1, 2005, AGI L.P. has the right to repurchase, and the participants have the right to cause AGI L.P. to repurchase, a portion of the vested Class B equity units each year. The call or put right is exercisable for the first time 6 months after the initial vesting of each grant. On the repurchase date, the repurchase price will be based upon the determined value of the Class B equity units being repurchased. As the Class B equity units are puttable by the plan participants, the Class B Plan is accounted for as a cash settled plan.

Therefore, the Allianz Group accrues the fair value of the Class B equity units as a compensation expense over the vesting period. Upon vesting, any changes in the fair value of the Class B equity units are recognized as a compensation expense. During the year ended December 31, 2011, the Allianz Group recognized a compensation expense related to the Class B equity units of € 167 mn (2010: € 367 mn; 2009: € 311 mn). In addition, the Allianz Group recognized an expense related to the priority claim on the adjusted operating profits of PIMCO LLC of € 47 mn (2010: € 74 mn; 2009: € 92 mn). Furthermore, the Allianz Group called 13,786 Class B equity units during the year ended December 31, 2011. The total amount paid related to the call of the Class B equity units was € 449 mn.

The total recognized compensation expense for Class B equity units that are outstanding is recorded as a liability in other liabilities. As of December 31, 2011, the Allianz Group recorded a liability for the Class B equity units of € 614 mn (2010: € 902 mn).

PIMCO LLC CLASS M-UNIT PLAN

In 2008, Allianz Global Investors of America L.P. (AGI L.P.) launched a new management share-based payment incentive plan for certain senior level executives and affiliates of PIMCO LLC. Participants in the plan are granted options to acquire a new class of equity instruments (M-units), which vest in one-third increments on approximately the third, fourth and fifth anniversary of the option grant date. Upon vesting, options will be automatically exercised in a cashless transaction. Participants may elect to defer the receipt of M-units through the M-unit Deferral Plan until termination of their service as a maximum. With the M-unit Plan, participants can directly participate in PIMCO's performance. Class M-units are non-voting common equity with limited information rights. They bear quarterly distributions equal to a pro-rata share of PIMCO's net distributable income. Deferred M-units have a right to receive a quarterly cash compensation equal to and in lieu of quarterly dividend payments.

The maximum of 250,000 M-units are authorized for issuance under the M-unit Plan.

The fair value of the underlying M-options was measured using the Black-Scholes option-pricing model. Volatility was derived in part by considering the average historical and implied volatility of a selected group of peers. The expected life of one granted option was calculated based upon treating the three vesting tranches (one third in years 3, 4, and 5) as three separate awards.

The following table provides the assumptions used in calculating the fair value of the M-options at grant date:

		2011	2010	2009
Weighted average fair value of options granted	€	1,719.35	1,462.84	1,207.91
Assumptions:				
Expected term (years)		3.84	3.83	3.85
Expected volatility	%	42.1	45.9	48.9
Expected dividend yield	%	11.1	10.9	10.5
Risk free rate of return	%	1.5	1.9	1.7

A summary of the number and weighted average exercise price of the M-options outstanding and exercisable are as follows:

	2011		2010		2009	
	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €
Outstanding as of January 1,	**96,451**	**8,478.86**	**66,889**	**6,323.40**	**26,532**	**6,230.01**
Granted	72,050	14,187.52	36,010	11,489.07	41,606	6,102.66
Exercised	(7,780)	7,365.13	—	—	—	—
Forfeited	(4,436)	11,089.64	(6,448)	7,487.13	(1,249)	6,206.01
Outstanding as of December 31,	**156,285**	**11,266.93**	**96,451**	**8,478.86**	**66,889**	**6,323.40**
Exercisable as of December 31,	—	—	—	—	—	—

The aggregate intrinsic value of share options outstanding was € 202 mn and € 93 mn for the years ended December 31, 2011 and 2010, respectively.

The M-options outstanding as of December 31, 2011 have an exercise price of between € 6,547.78 and € 14,351.19 and a weighted average remaining contractual life of 3.11 years.

The shares settled by delivery of PIMCO LLC shares are accounted for as equity settled plans by PIMCO LLC. Therefore, PIMCO LLC measures the total compensation expense to be recognized for the equity settled shares based upon their fair value as of the grant date. The total compensation expense is recognized over the vesting period.

During the year ended December 31, 2011, the Allianz Group recorded a compensation expense of € 52 mn (2010: € 28 mn; 2009: € 9 mn) related to these share options.

ALLIANZ FRANCE SHARE OPTION PLAN

Allianz France, formerly AGF, awarded options on its former Holding (AGF S.A.) quoted shares to eligible AGF Group executives, managers of subsidiaries, as well as to some of the employees, whose performance justified grants.

During the year ended December 31, 2007, Allianz acquired all of the remaining AGF shares from non-controlling interests in the context of the Tender Offer and Squeeze-out. Under the terms of an agreement (the "Liquidity Agreement") between Allianz SE, AGF and the beneficiaries of the AGF share option plans 2003-2006 (AGF employees), Allianz has the right to purchase all AGF shares issued through the exercise of these AGF share option plans after the put period (where the beneficiaries have the right to sell to Allianz). The price payable by Allianz per AGF share is a cash consideration equal to the Allianz 20-day-average share price prior to the date the right to buy or to sell is exercised, multiplied by a ratio representing the consideration proposed in the Tender Offer for each AGF share (€ 126.43) divided by the Allianz share price on January 16, 2007 (€ 155.72). This ratio is subject to adjustments in case of transactions impacting Allianz or AGF share capital or net equity. The cash settlement is based upon the initial offer proposed for each AGF share during the Tender Offer. As of December 31, 2007, all shares issued under these plans were fully vested and exercisable.

Due to the change in settlement arising from the Liquidity Agreement, the Allianz Group accounts for the AGF share option plans as cash settled plans, as all AGF employees will receive cash for their AGF shares. Therefore, the Allianz Group recognizes any change in the fair value of the unexercised plans as a compensation expense.

During the year ended December 31, 2011, the Allianz Group recognized total compensation income related to the modified share option plans of € 4 mn (2010: income of € 0.4 mn; 2009: expenses of € 3 mn). As of December 31, 2011, the Allianz Group recorded a provision for these plans of € 4 mn (2010: € 10 mn).

ALLIANZ SE SHARE OPTION PLAN OF FORMER RAS GROUP (MODIFIED RAS GROUP SHARE OPTION PLAN 2005)

The former RAS Group awarded eligible members of senior management with share purchase options on RAS ordinary shares.

The fair value of the options at grant date was measured using a trinomial tree option pricing model. Volatility was derived from observed historical market prices aligned with the expected life of the options. The expected life was estimated to be equal to the term to maturity of the options.

On the effective date of the merger between Allianz SE and RAS, the RAS share option plan was modified. The outstanding share options, which were granted in 2005, were replaced with Allianz SE share options on the basis of 1 Allianz SE option for every 5.501 RAS share options outstanding. The outstanding RAS Group options of 953,000 were replaced by 173,241 Allianz SE options. The Allianz SE share options have the same vesting period of 2 years; however, the former market conditions were replaced with a performance condition, which was already achieved on the date of the modification.

A summary of the number and weighted average exercise price of the options outstanding and exercisable are as follows:

	2011		2010		2009	
	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €
Outstanding as of January 1,	71,833	93.99	84,920	93.99	117,825	93.99
Granted	—	—	—	—	—	—
Exercised	—	—	—	—	—	—
Forfeited	—	—	(13,087)	93.99	(32,905)	93.99
Outstanding as of December 31,	71,833	93.99	71,833	93.99	84,920	93.99
Exercisable as of December 31,	71,833	93.99	71,833	93.99	84,920	93.99

The aggregate intrinsic value of share options outstanding was € 4 mn (2010: € 4 mn) for the year ended December 31, 2011.

The options outstanding as of December 31, 2011, have an exercise price of € 93.99 and a weighted average remaining contractual life of 1 month.

The shares settled by delivery of Allianz SE shares are accounted for as equity settled plans by Allianz S.p.A. and ACIF. Therefore, these entities measure the total compensation expense to be recognized for the equity settled shares based upon their fair value as of the grant date. The total compensation expense is recognized over the vesting period.

As all share option plans are completely vested, the Allianz Group recorded no compensation expenses for the years ended December 31, 2011, 2010 and 2009.

EMPLOYEE STOCK PURCHASE PLANS

The Allianz Group offers Allianz SE shares in 19 countries to qualified employees at favorable conditions. The shares have a minimum holding period of 1 to 5 years. During the year ended December 31, 2011, the number of shares sold to employees under these plans was 878,233 (2010: 623,412; 2009: 721,740). During the year ended December 31, 2011, the Allianz Group recognized a compensation expense, the difference between the market price (closing price of the Allianz SE stock in Xetra on September 7, 2011) and the discounted price of the shares purchased by employees, of € 12 mn (2010: € 10 mn; 2009: € 11 mn).

OTHER SHARE OPTION AND SHAREHOLDING PLANS

The Allianz Group has other local share-based compensation plans, including share option and employee share purchase plans, none of which, individually or in the aggregate, are material to the consolidated financial statements. During the year ended December 31, 2011, the total expense recorded for these plans was € 1 mn (2010: € 1 mn; 2009: € 2 mn).

50 Restructuring plans

As of December 31, 2011, the Allianz Group has provisions for restructuring resulting from a number of restructuring programs in various segments. These provisions for restructuring primarily include personnel costs, which result from severance payments for employee terminations, and contract termination costs, including those relating to the termination of lease contracts that will arise in connection with the implementation of the respective initiatives.

Changes in the provisions for restructuring plans:

	Allianz Deutschland AG € mn	Fireman's Fund Insurance Company € mn	manroland AG € mn	Allianz Beratungs- und Vertriebs AG € mn	Euler Hermes Group € mn	Other € mn	Total € mn
As of January 1, 2009	**148**	**—**	**4**	**—**	**—**	**191**	**343**
New provisions	—	—	89	37	—	145	271
Additions to existing provisions	3	—	—	—	—	24	27
Release of provisions recognized in prior years	(53)	—	—	—	—	(16)	(69)
Utilization of provisions via payments	(16)	—	(28)	—	—	(121)	(165)
Utilization of provisions via transfers	(27)	—	(2)	—	—	(57)	(86)
Foreign currency translation adjustments	—	—	—	—	—	1	1
Other	—	—	24	—	—	—	24
As of December 31, 2009	**55**	**—**	**87**	**37**	**—**	**167**	**346**
New provisions	—	—	—	42	67	64	173
Additions to existing provisions	13	—	47	—	—	42	102
Release of provisions recognized in prior years	—	—	—	(5)	—	(12)	(17)
Utilization of provisions via payments	(7)	—	(44)	—	—	(88)	(139)
Utilization of provisions via transfers	(13)	—	—	(21)	—	(24)	(58)
Foreign currency translation adjustments	—	—	—	—	—	2	2
As of December 31, 2010	**48**	**—**	**90**	**53**	**67**	**151**	**409**
New provisions	—	71	—	—	—	40	111
Additions to existing provisions	1	—	—	1	3	14	19
Release of provisions recognized in prior years	—	—	—	—	(5)	(5)	(10)
Utilization of provisions via payments	(5)	(13)	(27)	—	(11)	(93)	(149)
Utilization of provisions via transfers	—	—	—	(20)	—	(22)	(42)
Foreign currency translation adjustments	—	3	—	—	—	—	3
Changes in the consolidated subsidiaries of the Allianz Group	—	—	(63)	—	—	—	(63)
Other	—	2	—	—	—	—	2
As of December 31, 2011	**44**	**63**	**—**	**34**	**54**	**85**	**280**

The development of the restructuring provisions reflects the implementation status of the restructuring initiatives. Based on the specific IFRS guidance, restructuring provisions are recognized prior to when they qualify to be recognized under the guidance for other types of provisions. In order to reflect the timely implementation of the various restructuring initiatives, restructuring provisions, as far as they are already "locked in", have been transferred to the provision type, which would have been used if a restructuring initiative were not in place. This applies for each single contract. For personnel costs, at the time an employee has contractually agreed to leave the Allianz Group by signing either an early retirement, a partial retirement (Altersteilzeit, which is a specific type of an early retirement program in Germany), or a termination arrangement, the respective part of the restructuring provision has been transferred to employee related provisions. In addition, provisions for vacant office spaces that result from restructuring initiatives have been transferred to "other" provisions after the offices have been completely vacated.

ALLIANZ DEUTSCHLAND AG'S RESTRUCTURING PLAN

In 2006, Allianz Deutschland AG announced a restructuring plan for the insurance business in Germany. With the exception of two insurance centers, the restructuring program ended on December 31, 2009. For the remaining two insurance centers, the restructuring measures will be completed by December 31, 2012, comprising a headcount reduction of approximately 50 employees. Further costs of the restructuring plan mainly relate to ongoing payments for onerous contracts until their expiration.

As of December 31, 2011, the Allianz Deutschland AG restructuring provision for this plan was € 44 mn (2010: € 48 mn). During the year ended December 31, 2011, the Allianz Deutschland AG recorded restructuring charges of € 2 mn (2010: € 15 mn).

FIREMAN'S FUND INSURANCE COMPANY'S RESTRUCTURING PLAN (FIREMAN'S FUND)

In 2011, Fireman's Fund, a U.S.-based property and casualty insurer, launched a restructuring plan which is expected to be completed by early 2013. The primary objective was to address declining premiums and a high expense ratio by aligning staff levels with a reduced volume of business, including changes that will enable the company to be more customer focused and effectively compete in its markets going forward.

The first phase of the restructuring initiated in the second quarter of 2011 included a voluntary retirement incentive program, involuntary reductions in force and closure of nine offices, which resulted in headcount decreasing by 7 % and the scope of business narrowing to focus on particular products, states and agents. The second phase of the restructuring initiated at the end of 2011 entailed the implementation of a customer centric structure that will facilitate better, more efficient decision-making in the field (versus at home office) and a decision to abandon development of a policy administration system to reduce expenses. In the fourth quarter of 2011, Fireman's Fund started to consolidate unoccupied office space at the Novato, California, home office facility, which resulted in a vacant space provision for a long term lease expiring in 2018.

During the year ended December 31, 2011, Fireman's Fund recorded restructuring charges of € 90 mn. As of December 31, 2011, the Fireman's Fund provision for restructuring was € 63 mn.

MANROLAND AG'S RESTRUCTURING PLAN

The execution of the restructuring activities initiated in 2009 and expanded in 2010, which affected all lines of business and several locations has been further promoted. Until manroland AG filed petition for insolvency, € 27 mn of the provision for restructuring as of December 31, 2010, have been utilized. Due to loss of control as a result of manroland AG's insolvency, the remaining portion of the provision for restructuring in the amount of € 63 mn was deconsolidated in the fourth quarter of 2011.

ALLIANZ BERATUNGS- UND VERTRIEBS-AG'S RESTRUCTURING PLANS (ABV AG)

In 2009, the ABV AG announced restructuring plans for the reorganization of the sales division in Germany that will be completed in 2012. The objective of the restructuring program is to increase quality, efficiency and process stability of the office work and the special sales department. In the context of office work restructuring, the head office and local offices have been reorganized. Furthermore, the human resources administration and the contract processing have been reorganized and centralized. The special sales department has been restructured in order to provide a better support to insurance agencies. The reduction of staff within this program mainly occurs by employee consent. From the original objective to reduce approximately 225 positions, approximately 14 positions remain as of December 31, 2011.

As of December 31, 2011, the ABV AG restructuring provision for the plan announced in 2009 was € 6 mn (2010: € 11 mn). During the year ended December 31, 2011, no (2010: € (5) mn) restructuring charges were recorded.

In 2010, the ABV AG announced a restructuring plan for the reorganization of the sales channel via part-time insurance agents in Germany that will be completed in 2014. The main objectives of the restructuring program are to increase quality and efficiency of the part-time insurance agents' supervision and support, and to raise the attractiveness of this sales channel. The reduction of staff within this program is executed mainly by terminations in mutual consent with the employees. From the original objective of reducing approximately 454 district manager positions, approximately 240 positions remain as of December 31, 2011.

As of December 31, 2011, the ABV AG restructuring provision for the plan announced in 2010 was € 28 mn (2010: € 42 mn). During the year ended December 31, 2011, ABV AG recorded restructuring charges of € 1 mn (2010: € 42 mn).

EULER HERMES GROUP'S RESTRUCTURING PLANS

In 2010, the Euler Hermes Group launched the program "Excellence" which will be executed over a period of four years. This program comprises several measures including voluntary leaver programs, early and partial retirements, involuntary dismissals and termination of rental contracts. From the original objective of reducing approximately 570 positions by 2013 in the regions concerned by the restructuring program, approximately 200 positions remain as of December 31, 2011. The staff reduction concerns mainly Euler Hermes in Germany, the United Kingdom, Italy, Belgium and France.

As of December 31, 2011, the Euler Hermes Group restructuring provision was € 46 mn (2010: € 57 mn). During the year ended December 31, 2011, Euler Hermes Group recorded restructuring charges of € 6 mn (2010: € 73 mn).

In addition, Euler Hermes Belgium decided in 2010 to close its retail credit insurance business at the Brussels office which is no longer profitable in the long run. This measure comprises a reduction of approximately 40 employees, mainly through early retirement. The program was finished in the third quarter of 2011 with ongoing payments occuring over the next years.

As of December 31, 2011, Euler Hermes Belgium recorded a restructuring provision of € 8 mn (2010: € 10 mn). During the year ended December 31, 2011, Euler Hermes Belgium recorded no (2010: € 10 mn) restructuring charges.

OTHER RESTRUCTURING PLANS

A summary of the changes in the provisions for other restructuring plans during the year ended December 31, 2011 is as follows:

	Provisions as of January 1, 2011	Provisions recorded during 2011				Utilization of provisions via transfer	Provisions as of December 31, 2011
		New provisions	Additions to existing provisions	Release of provisions recognized in prior years	Utilization of provisions via cash payments		
	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn	€ mn
Allianz Life Insurance Japan Ltd.	—	16	—	—	(4)	—	12
Allianz Belgium S.A.	16	—	9	—	(7)	(11)	7
AGCS	—	6	—	—	—	—	6
Other	135	18	5	(5)	(82)	(11)	60
Total	**151**	**40**	**14**	**(5)**	**(93)**	**(22)**	**85**

ALLIANZ LIFE INSURANCE JAPAN LTD. (ALLIANZ LIFE JAPAN)

In 2011, Allianz Life Japan decided to suspend new sales of its life insurance products, effective January 1, 2012, and restructure its business to focus on existing policies. This decision is primarily due to challenging local economic conditions such as low interest rates and a customer demand shift. The restructuring involves significant headcount reduction which will align staffing with business needs going forward.

ALLIANZ BELGIUM S.A. (ALLIANZ BELGIUM)

In 2009, the Board of Allianz Belgium announced the realization of two major initiatives of the Operational Transformation Program: the closing of the headquarters of Antwerp and the outsourcing of the IT developments. In 2011, the Operational Transformation Program was fully completed.

ALLIANZ GLOBAL CORPORATE & SPECIALTY (AGCS)

In 2011, AGCS decided, in response to the market conditions in recent years, to implement a new strategy of Property underwriting giving up significant segments of the Property business, such as government business in the United States, food sector globally and reduction of non-core business activities. Giving up significant underwriting sectors has resulted in the need for substantial personnel reduction related to the discontinued business, impacting not only the underwriting teams but also the global support functions and back-office areas. The staff reduction concerns mainly the locations in Munich, Chicago and Burbank, California. The restructuring program is planned to be finalized to a large extent in 2013.

51 Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income (loss) attributable to shareholders by the weighted average number of common shares outstanding for the period.

	2011 € mn	2010 € mn	2009 € mn
Net income (loss) attributable to shareholders used to calculate basic earnings per share	**2,545**	**5,053**	**4,207**
from continuing operations	2,545	5,053	4,602
from discontinued operations	—	—	(395)
Weighted average number of common shares outstanding	**451,764,842**	**451,280,092**	**450,845,024**
Basic earnings per share (in €)	**5.63**	**11.20**	**9.33**
from continuing operations	5.63	11.20	10.21
from discontinued operations	—	—	(0.88)

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income (loss) attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. Potentially dilutive common shares arise from the assumed conversion of participation certificates issued by Allianz SE and various share-based compensation plans of the Allianz Group.

	2011 € mn	2010 € mn	2009 € mn
Net income (loss) attributable to shareholders	**2,545**	**5,053**	**4,207**
Effect of potentially dilutive common shares	(61)	(22)	—
Net income (loss) used to calculate diluted earnings per share	**2,484**	**5,031**	**4,207**
from continuing operations	2,484	5,031	4,602
from discontinued operations	—	—	(395)
Weighted average number of common shares outstanding	**451,764,842**	**451,280,092**	**450,845,024**
Potentially dilutive common shares resulting from assumed conversion of:			
Participation certificates	—	—	728,683
Share-based compensation plans	1,362,570	1,221,057	814,046
Subtotal	**1,362,570**	**1,221,057**	**1,542,729**
Weighted average number of common shares outstanding after assumed conversion	**453,127,412**	**452,501,149**	**452,387,753**
Diluted earnings per share (in €)	**5.48**	**11.12**	**9.30**
from continuing operations	5.48	11.12	10.17
from discontinued operations	—	—	(0.87)

For the twelve months ended December 31, 2011, the weighted average number of common shares excludes 2,879,816 (2010: 2,725,114; 2009: 2,365,661) treasury shares.

52 Other information

EMPLOYEE INFORMATION

As of December 31,	2011	2010
Germany	40,837	47,889
Other countries	101,101	103,449
Total[1]	**141,938**	**151,338**

1 | The decrease is mainly due to the deconsolidation of manroland AG.

The average total number of employees for the year ended December 31, 2011, was 147,990.

PERSONNEL EXPENSES

	2011 € mn	2010 € mn	2009 € mn
Salaries and wages	8,355	8,344	7,707
Social security contributions and employee assistance	1,136	1,107	1,051
Expenses for pensions and other post-retirement benefits	1,034	1,100	1,123
Total	**10,525**	**10,551**	**9,881**

ISSUANCE OF THE DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO § 161 AKTG

On December 14, 2011, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance according to § 161 AktG and made it available on a permanent basis to the shareholders on the company's website.

The Declaration of Compliance of the publicly traded group company Oldenburgische Landesbank AG was issued in December 2011 and was made permanently available to the shareholders.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG AG) serves as the external auditing firm for the Allianz Group.

Fees billed by KPMG AG and affiliated entities, and KPMG AG and the worldwide member firms of KPMG International (KPMG) are disclosed in four categories:

	KPMG worldwide		thereof: KPMG AG and affiliated entities[1]	
	2011 € mn	2010 € mn	2011 € mn	2010 € mn
Audit fees	34.6	34.4	15.5	15.8
Audit-related fees	3.8	5.0	2.7	4.1
Tax fees	1.8	1.9	1.1	1.3
All other fees	2.4	1.8	2.0	1.7
Total	**42.6**	**43.1**	**21.3**	**22.9**

1 | As of December 31, 2011, KPMG AG and affiliated entities comprised KPMG operations in Belgium, Germany, Kazakhstan, Luxembourg, the Netherlands, Russia, Spain, Switzerland, Turkey, Ukraine and the United Kingdom.

AUDIT FEES

KPMG billed the Allianz Group an aggregate of € 34.6 mn (2010: € 34.4 mn) in connection with professional services rendered for the audit of the Allianz Group's consolidated financial statements, statutory audits of the financial statements of Allianz SE and its subsidiaries and services normally provided by KPMG in connection with statutory and regulatory filings or engagements. These services consisted mainly of periodic review engagements and the annual audit.

AUDIT-RELATED FEES

KPMG charged the Allianz Group an aggregate of € 3.8 mn (2010: € 5.0 mn) for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported within audit fees. These services consisted primarily of advisory and consulting services related to accounting and financial reporting standards and financial due diligence services.

TAX FEES

KPMG fees for professional services, rendered for tax advice and tax compliance, amounted to € 1.8 mn (2010: € 1.9 mn) and resulted primarily from tax advice.

ALL OTHER FEES

KPMG invoiced the Allianz Group an aggregate of € 2.4 mn (2010: € 1.8 mn) for other products and services, which consisted primarily of services under the guidance of Allianz Group management and general consulting services.

All services provided by KPMG to Allianz Group companies must be approved by the Audit Committee of the Allianz SE Supervisory Board. Services other than audit services must be pre-approved by the Audit Committee. The Audit Committee pre-approval process is based on the use of a "Positive List" of activities decided by the Audit Committee and, in addition, a "Guiding Principles and User Test" is applied. Group Compliance and KPMG report to the Audit Committee periodically with respect to services performed.

KPMG is the main auditing firm for the Allianz Group and assigned in more than 75 % of all audit-related tasks. Auditing firms other than KPMG billed the Allianz Group an aggregate of € 11.6 mn (2010: € 13.1 mn).

REMUNERATION FOR THE BOARD OF MANAGEMENT

As of December 31, 2011, the Board of Management is comprised of 9 members. The following values reflect the full Board of Management active in the respective year.

The total remuneration of the Board of Management of Allianz SE for 2011, excluding the notional annual accrual of the three-year bonus for the period 2010 - 2012, amounted to € 22 mn[1] (2010: € 28 mn).

The Equity-related remuneration is comprised in 2011 of 73,298[2] (2010: 117,818[3]) Restricted Stock Units (RSU).

RSU with a total fair value of € 6.4 mn (2010: € 9.9 mn) were granted to the Board of Management for the year ended December 31, 2011.

Remuneration to former members of the Board of Management and their beneficiaries totaled € 6 mn (2010: € 7 mn). Reserves for current pensions and accrued pension rights totaled € 73 mn (2010: € 58 mn).

Total compensation to the Supervisory Board amounted to € 2.0 mn (2010: € 1.5 mn).

Board of Management and Supervisory Board compensation by individual is included in the "Remuneration Report". The information provided there is considered part of these consolidated financial statements.

1 | According to his contract Dr. Paul Achleitner receives a transition payment after leaving the Allianz SE Board of Management in the amount of € 1,027.5 thou. This amount is included in the total for 2011.
2 | The relevant share price to determine the final number of RSU granted is only available after sign-off by the auditors, thus numbers are based on a best estimate.
3 | The disclosure in the Annual Report 2010 was based on a best estimate of the RSU grants. The figures shown here for 2010 now include the actual fair value as of the grant date (March 10, 2011). These values therefore differ from those disclosed last year.

53 Subsequent events

ISSUE OF € 1.5 BN SENIOR BOND

In February 2012 the Allianz Group issued a senior bond in the nominal amount of € 1.5 bn with a coupon of 3.5 % p.a. and a term of 10 years.

KEY TERMS OF GREEK VOLUNTARY EXCHANGE OFFER (PRIVATE SECTOR INVOLVEMENT) LAUNCHED

The key terms of a voluntary Greek sovereign bonds exchange offer were launched on February 21, 2012. If a sufficient percentage of investors relative to the aggregate nominal amount of outstanding Greek sovereign bonds vote for the exchange offer, it could become mandatory for all bondholders. In this case, outstanding Greek sovereign bonds will be exchanged for new low-interest Greek sovereign bonds having a nominal amount equal to 31.5 % of the nominal amount of the exchanged bonds and short-term notes issued by the European Financial Stability Facility (EFSF) maturing within 24 months having a nominal amount equal to 15 % of the nominal amount of the debt exchanged. The Greek sovereign bonds exchange is not expected to have a significant impact on the financial position and financial results of the Allianz Group because Greek government bonds have been written down to the current market value of 24.7 % of the nominal amount as of December 31, 2011.

COMPLETION OF SALE OF LLC ALLIANZ LIFE, MOSCOW

In January 2012, the Allianz Group completed the sale of LLC Allianz Life, Moscow, which had been classified as disposal group held for sale in the fourth quarter of 2011.

COSTA CONCORDIA

The Italian cruise ship Costa Concordia partially sank on January 13, 2012 after hitting a reef off the Italian coast and running aground at Isola del Giglio, Tuscany. The fleet operated by Costa Crociere is insured via a global insurance program, of which the Allianz Group covers only a minor stake. As of today, the Allianz Group expects a maximum net loss of € 20 mn.

ALLIANZ COMPLETES ACQUISITION OF NORWEGIAN GAS GRID STAKE

On January 31, 2012 a consortium including the Allianz Group completed the acquisition of a 24.1 % stake in the Norwegian gas grid Gassled. The total value of the transaction was NOK 17.35 bn (€ 2.26 bn). The stake was acquired through Solveig Gas Norway AS, a holding company, which is 40 % owned by Canada Pension Plan Investment Board, 30 % by the Allianz Investor Allianz Capital Partners and 30 % by Infinity Investments SA, wholly owned by the Abu Dhabi Investment Authority.

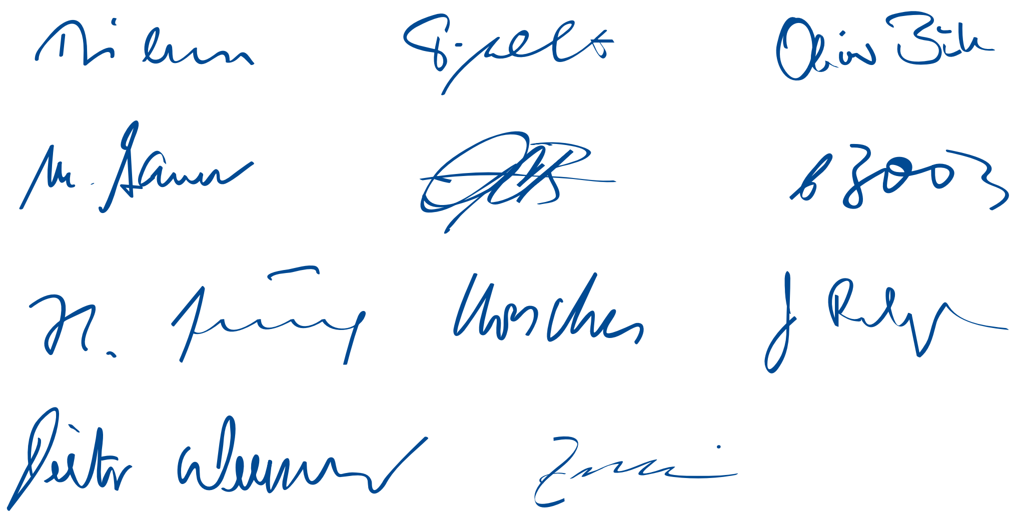
On January 24, 2012, the Allianz Group, acting through Allianz Capital Partners, had already completed the acquisition of a 6.4 % stake in Gassled. The total value of the transaction was NOK 4.639 bn (€ 606 mn).

COMMITMENT TO BUY DEGI SHARES

The Aberdeen Immobilien Kapitalanlagegesellschaft mbH announced on October 25, 2011 that the DEGI International Fund will be liquidated on October 15, 2014. Allianz Germany has made an offer to Allianz customers (valid until February 15, 2012) to acquire their participation right at the repurchase price as of October 25, 2011 (€ 42.78). During the fourth quarter of 2011 the Allianz Group recorded a loss provision to account for the difference between the offered repurchase price and the market price of as of December 31, 2011. On February 15, 2012 approximately 98 % of Allianz customers accepted the offer resulting in a repurchase volume of € 679 mn. The Allianz Group will recognize the purchased shares in the first quarter of 2012 as available-for-sale equity instruments.

Munich, February 20, 2012

Allianz SE
The Board of Management



IV. List of participations of the Allianz Group as of December 31, 2011 according to § 313 (2) HGB

	% owned[1]
GERMANY	
CONSOLIDATED AFFILIATED ENTITIES	
ACP GmbH & Co. Beteiligungen KG, Munich	0.0[2]
ACP GmbH & Co. Beteiligungen KG II, Munich	0.0[2]
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0
ACP Vermögensverwaltung GmbH Nr. 4 d. 1, Munich	99.3
ADEUS Aktienregister-Service-GmbH, Frankfurt am Main	79.6
ADIG Fondsvertrieb GmbH, Munich	100.0
Aequitas GmbH Allianz Equity - Alternative Strategies, Munich	100.0
AGI Total Germany Bond Portfol, Frankfurt am Main	100.0[3]
Alida Grundstücksgesellschaft mbH & Co. KG, Hamburg	55.0
Allianz AADB Fonds, Frankfurt am Main	100.0[10]
Allianz ABS Fonds, Frankfurt am Main	100.0[10]
Allianz AKR Fonds, Frankfurt am Main	100.0[10]
Allianz ALSI Fonds, Frankfurt am Main	100.0[10]
Allianz Alternative Assets Holding GmbH, Munich	100.0
Allianz APAV Fonds, Frankfurt am Main	100.0[10]
Allianz APKR Pimco Emerging Markets Fonds, Frankfurt am Main	100.0[10]
Allianz Automotive Services GmbH, Aschheim	100.0
Allianz AVM Fonds, Frankfurt am Main	100.0[10]
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0
Allianz Beratungs- und Vertriebs-AG, Munich	100.0
Allianz Capital Partners GmbH, Munich	100.0[4]
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0
Allianz Climate Solutions GmbH, Munich	100.0
Allianz Deutschland AG, Munich	100.0
Allianz dit Strategiefonds Wachstum Plus, Frankfurt am Main	63.5[3]
Allianz EEE Fonds, Frankfurt am Main	100.0[10]
Allianz Finanzbeteiligungs GmbH, Munich	100.0
Allianz GLA Fonds, Frankfurt am Main	100.0[10]
Allianz Global Assistance Service Deutschland GmbH, Munich	99.2
Allianz Global Corporate & Specialty AG, Munich	100.0
Allianz Global Investors AG, Munich	100.0
Allianz Global Investors Asia Pacific GmbH, Munich	100.0
Allianz Global Investors Europe GmbH, Munich	100.0
Allianz Global Investors Europe Holding GmbH, Munich	100.0
Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.0
Allianz GLR Fonds, Frankfurt am Main	100.0[10]
Allianz GLRS Fonds, Frankfurt am Main	100.0[10]
Allianz GLU Fonds, Frankfurt am Main	100.0[10]
Allianz GREQ Fonds, Frankfurt am Main	100.0[10]
Allianz GRGB Fonds, Frankfurt am Main	100.0[10]
Allianz Handwerker Services GmbH, Munich	95.0
Allianz Investment Management SE, Munich	100.0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0
Allianz LEBENCO Fonds, Frankfurt am Main	100.0[10]
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0
Allianz Managed Operations & Services SE, Munich	100.0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0
Allianz Pension Partners GmbH, Munich	100.0
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0
Allianz Private Equity GmbH, Munich	100.0
Allianz Private Equity Partners Verwaltungs GmbH, Munich	100.0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0
Allianz ProzessFinanz GmbH, Munich	100.0
Allianz PV WS Fonds, Frankfurt am Main	100.0[10]
Allianz PV-RD Fonds, Frankfurt am Main	100.0[10]
Allianz RCM Best Styles Euroland, Luxembourg	51.5[3]
Allianz Re Asia, Frankfurt am Main	100.0[10]

	% owned[1]
Allianz Real Estate Germany GmbH, Stuttgart	100.0
Allianz Real Estate GmbH, Munich	100.0
Allianz Rechtsschutz-Service GmbH, Munich	100.0
Allianz Renewable Energy Management GmbH, Munich	100.0
Allianz Renewable Energy Subholding GmbH & Co.KG, Haar	100.0
Allianz Risk Consulting GmbH, Munich	100.0
Allianz Service Center GmbH, Munich	100.0
Allianz Strategiefonds Balance, Frankfurt am Main	99.8[3]
Allianz Strategiefonds Stabilität, Frankfurt am Main	99.7[3]
Allianz Strategiefonds Wachstum, Frankfurt am Main	100.0[3]
Allianz Taunusanlage GbR, Stuttgart	99.5
Allianz Treuhand GmbH, Munich	100.0
Allianz Venture Partners Beteiligungs-GmbH, Munich	100.0
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0
Allianz VKA Fonds, Frankfurt am Main	100.0[10]
Allianz VKRD-Fonds, Frankfurt am Main	100.0[10]
Allianz VLBR-Fonds, Frankfurt am Main	100.0[10]
Allianz VSR Fonds, Frankfurt am Main	100.0[10]
Allianz ALD Fonds, Frankfurt am Main	100.0[10]
Allianz ALIK Fonds, Frankfurt am Main	100.0[10]
Allianz AVI 1 Fonds, Frankfurt am Main	100.0[10]
Allianz AVM B Fonds, Frankfurt am Main	100.0[10]
Allianz DGD Fonds, Frankfurt am Main	100.0[10]
Allianz FAD Fonds, Frankfurt am Main	100.0[10]
Allianz LAD Fonds, Frankfurt am Main	100.0[10]
Allianz LFE Fonds, Frankfurt am Main	100.0[10]
Allianz PV 1 Fonds, Frankfurt am Main	100.0[10]
Allianz RFG Fonds, Frankfurt am Main	100.0[10]
Allianz RMO 1 Fonds, Frankfurt am Main	100.0[10]
Allianz SDR Fonds, Frankfurt am Main	100.0[10]
Allianz SOA Fonds, Frankfurt am Main	100.0[10]
Allianz UGD 1 Fonds (UPR), Frankfurt am Main	100.0[10]
Allianz VAD Fonds, Frankfurt am Main	100.0[10]
Allianz VAE Fonds, Frankfurt am Main	100.0[10]
Allianz VGI 1 Fonds (UPR), Frankfurt am Main	100.0[10]
Allianz VGL Fonds, Frankfurt am Main	100.0[10]
AllSecur Deutschland AG, Munich	100.0
ALZGI-Ferrostaal Renten 1, Frankfurt am Main	64.3[3]
ALZGI-Ferrostaal Renten 2, Frankfurt am Main	66.0[3]
Atropos Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AUG. PRIEN Immobilien PE Verwaltung BrahmsQuartier GmbH, Stuttgart	94.9
Auros GmbH, Munich	100.0
AZ Infinity GmbH & Co. KG, Munich	100.0
Az Pensionsfonds AG (Metall), Stuttgart	55.0
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 14 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 41 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 55 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 58 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZ-Argos 59 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZL AI Nr. 1 GmbH, Munich	100.0
AZL PE Nr. 1 GmbH, Munich	100.0
AZS-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0
AZT Automotive GmbH, Ismaning	100.0
Bankhaus W. Fortmann & Söhne KG, Oldenburg	100.0
BCA Betriebs Catering GmbH Verpflegungsdienste, Gerlingen	100.0
Blitz 11-471 GmbH, Munich	100.0

	% owned[1]
Brahms Beteiligungs GmbH & Co. KG, Stuttgart	94.9
BrahmsQ Objekt GmbH & Co. KG, Hamburg	95.0
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1
Bürgel Wirtschaftsinformationen Verwaltungs-GmbH, Hamburg	50.4
DBI-FONDS ADPF2, Frankfurt am Main	100.0[3]
dbi-Fonds Ammerland, Frankfurt am Main	100.0[10]
dbi-Fonds DAV, Frankfurt am Main	100.0[10]
dbi-Fonds WE, Frankfurt am Main	100.0[10]
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0
DONATOR Beratungs GmbH, Munich	100.0
Donator Beteiligungsverwaltung GmbH, Munich	100.0
Dresdner Kleinwort Capital Italia Beteiligungsverwaltung GmbH, Grünwald	100.0
ESA Cargo & Logistics GmbH, Bad Friedrichshall	100.0
esa EuroShip GmbH, Bad Friedrichshall	51.0
Euler Hermes Collections GmbH, Potsdam	100.0
Euler Hermes Forderungsmanagement GmbH, Hamburg	100.0
Euler Hermes Kreditversicherungs-Aktiengesellschaft, Hamburg	100.0
Euler Hermes Rating GmbH, Hamburg	100.0
German Real Estate Equity Fund I, Frankfurt am Main	100.0[10]
Grundstücks-Gesellschaft mbH, Oldenburg	100.0
Jota-Vermögensverwaltungsgesellschaft mbH, Munich	100.0
Mondial Kunden Service, Munich	100.0
Münchener und Magdeburger Agrarversicherung Aktiengesellschaft, Munich	77.0
Münsterländische Bank Thie & Co. KG, Münster	100.0
My Finance Coach Stiftung GmbH, München, Munich	100.0
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0
OLB-Beteiligungsgesellschaft mbH, Oldenburg	98.8
OLB-Service GmbH, Oldenburg	100.0
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	89.6
PIMCO Deutschland GmbH, Munich	100.0
REC Frankfurt zweite Objektverwaltungsgesellschaft mbH, Hamburg	60.0
rehacare GmbH, Munich	74.9
risklab GmbH, Munich	100.0
Roland Holding GmbH, Munich	74.1
Selecta Deutschland GmbH, Eschborn	100.0
Selecta Holding GmbH, Eschborn	100.0
Signa 12 Verwaltungs GmbH, Düsseldorf	94.9
SITIA Beteiligungs- und Verwaltungs-GmbH, Cologne	100.0
Spherion Beteiligung GmbH & Co. KG, Stuttgart	94.9
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0
UfS Beteiligungs-GmbH, Munich	100.0
Vereinte Spezial Krankenversicherung Aktiengesellschaft, Munich	100.0
Windpark Berge-Kleeste GmbH & Co.KG, Haar	100.0
Windpark Büttel GmbH & Co. KG., Sehestedt	100.0
Windpark Emmendorf GmbH & Co.KG, Emmendorf	100.0
Windpark Halenbeck GmbH & Co. KG, Husum	100.0
Windpark Kesfeld - Heckhuscheid GmbH & Co KG, Pinneberg	100.0
Windpark Kirf GmbH & Co. KG, Pinneberg	100.0
Windpark Kittlitz KG GmbH & Co. KG, Husum	100.0
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0
Windpark Redekin GmbH & Co KG, Genthin	100.0
Windpark Schönwalde GmbH & Co. KG, Potsdam	100.0
Windpark Waltersdorf GmbH Co. KG Renditefonds, Bremen	100.0
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0
NON-CONSOLIDATED AFFILIATED ENTITIES	
Alida Grundstücksverwaltung GmbH, Hamburg	55.0
All Net GmbH, Stuttgart	100.0
Allianz Autowelt GmbH, Munich	100.0
Allianz Beteiligungs Management GmbH, Munich	100.0
Allianz Immobilienfonds GmbH, Stuttgart	100.0
Allianz Objektbeteiligungs- GmbH, Stuttgart	100.0
Allianz Pension Consult GmbH, Stuttgart	100.0

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100 %.
2 | Controlled by Allianz.
3 | Mutual-, Private Equity- or Specialfunds.
4 | Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 | Group share through indirect holder Roland Holding GmbH, Munich: 74.1 %.
6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
AZ-Argos 56 Vermögensverwaltungsgesellschaft mbH, Stuttgart	100.0
BEG Weser-Ems Baugrund- und Erschliessungsgesellschaft mbH & Co. OHG, Oldenburg	50.0[2]
Bürgel Beteiligungs GmbH, Hamburg	100.0
Bürgel Erfurt Beteiligungsgesellschaft mbH, Erfurt	100.0
Bürgel Erfurt GmbH & Co. KG, Erfurt	100.0
Bürgel Internationale Inkassogesellschaft GmbH, Hamburg	100.0
Bürgel Wirtschaftsinformationen Vertriebsgesellschaft mbH, Hamburg	100.0
Dealis Fund Operations GmbH, Munich	50.1
EUROGRAFICA Systemplanungs-GmbH, Augsburg	100.0
EURO-Pro Gesellschaft für Data Processing mbH, Grävenwiesbach	75.2
grapho metronic Mess- und Regeltechnik GmbH, Munich	100.0
Grundstücksgesellschaft der Vereinten Versicherungen mbH, Munich	100.0
IDS GmbH - Analysis and Reporting Services, Munich	100.0
Infrastruktur Putlitz Ost GmbH, Putlitz	70.8
Infrastruktur Putlitz Ost II G, Husum	100.0
manroland 1. Verwaltungsgesellschaft mbH, Offenbach	100.0
manroland AG, Offenbach	100.0[5,9]
manroland Heusenstamm GmbH, Heusenstamm	100.0
manroland Versicherungsvermittlungs GmbH, Offenbach	100.0
manroland Vertrieb und Service Deutschland GmbH, Lauf, Munich	100.0
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0
META Finanz-Informationssysteme GmbH, Munich	100.0
MetallRente Pensionsfonds AG i.G., Stuttgart	55.0
OLB-Immobiliendienst-GmbH, Oldenburg	100.0
ppi Media GmbH, Hamburg	100.0
Rhein-Main Metallverarbeitung GmbH, Mainhausen	100.0
Supercheck GmbH, Cologne	100.0
Werner Lies GmbH Großhandel für die Graphische Industrie, Neuhausen a.d.F.	100.0
JOINT VENTURES	
Partenreederei MT "Multitank Britannia", Hamburg	50.0
ASSOCIATED ENTERPRISES	
ALLIANZ RCM DEEP VALUE EUROPE, Frankfurt am Main	46.2[3]
AV Packaging GmbH, Munich	51.0[6]
Bürgel Braunschweig GmbH, Braunschweig	25.1[8]
Capiton IV ConFlex Co-Investment GmbH & Co.KG, Berlin	25.0[3]
Fondsdepot Bank GmbH, Hof	49.0
Mühl Product & Service und Thüringer Baustoffhandel Beteiligungs- und Verwaltungs GmbH, Kranichfeld	25.0
PrintCity GmbH, Augsburg	25.0
PrintCity GmbH & Co. KG, Augsburg	27.9
REISEGARANT, Hamburg	24.0
Scandferries Holding GmbH, Hamburg	47.7
Umspannwerk Putlitz GmbH & Co., Putlitz	25.4
OTHER PARTICIPATIONS BETWEEN 5 AND 20 % OF VOTING RIGHTS	
EXTREMUS VERSICHERUNGS-AG, Cologne	16.0
Heidelberger Druckmaschinen AG, Heidelberg	13.2
Marschollek, Lautenschläger u. Partner AG, Wiesloch	8.9
Sana Kliniken AG, Munich	13.8

FOREIGN ENTERPRISES

CONSOLIDATED AFFILIATED ENTITIES	% owned[1]
AB Servicios Selecta Espana S.L., Madrid	100.0
ACMAR, S.A., Casablanca	55.0
Administradora de Inversión Colseguros S.A., Bogota D.C.	100.0
Aero-Fonte S.r.l, Catania	100.0
AGA Assistance (India) Private Limited, Gurgaon	89.7
AGA Assistance Australia Pty Ltd., Toowong	100.0
AGA Insurance Broker (Thailand) Co Ltd, Bangkok	100.0
AGA Interactive Company, Richmond, VA	100.0
AGCS Marine Insurance Company, Chicago, IL	100.0
AGF 2X, S.A., Paris	100.0
AGF Asac Actions, S.A., Paris	100.0[10]
AGF Balanced, Paris	99.7[3]
AGF Benelux S.A., Luxembourg	100.0
AGF Capital Investissement, Paris	93.2[3]
AGF Capital Investissement 2, Paris	86.5[3]
AGF Creations 2, S.A., Paris	100.0[10]
AGF Euro Actions C et D, S.A., Paris	85.1[3]
AGF FCR, Paris	97.6[3]
AGF Holdings (UK) Limited, Guildford	100.0
AGF Hostpital Euro L, S.A., Paris	100.0[10]
AGF Hospitaliers Monde, S.A., Paris	100.0[10]
AGF IART VINTAGE, Paris	100.0[10]
AGF Insurance Limited, Guildford	100.0
AGF Inversiones S.A., Buenos Aires	100.0
AGF Marches Emergents, S.A., Paris	74.3[3]
AGF Multi Alternatives L, S.A., Paris	83.9[3]
AGF Peh Europe VA, Paris	86.7[3]
AGF Private Equity FCPR, Paris	56.0[3]
AGF RAS Holding B.V., Amsterdam	100.0
AGFimo, S.A., Paris	64.9[3]
Agricola Holdings Pty Ltd., Melbourne	70.0
Agricola Underwriting Management Ltd., Melbourne	100.0
Agricola Underwriting Pty Ltd., Melbourne	100.0
AIM EQUITY EMU 1, Paris	100.0[10]
AIM EQUITY US, Paris	100.0[10]
AIM Singapore Pte. Ltd., Singapore	100.0
AIM Underwriting Limited, Toronto	100.0
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0
Allianz (UK) Limited, Guildford	100.0
Allianz Actio France, Paris	77.4[3]
Allianz Actions Aéquitas, Paris	54.8[3]
Allianz Actions Euro Value, Paris	96.2[3]
Allianz Actions France, Paris	69.1[3]
Allianz Actions France MidCap, Paris	73.3[3]
Allianz Actions Indice Japon (couvert), Paris	55.5[3]
Allianz Actions Indice US (couvert), Paris	96.4[3]
Allianz Actions Internationales, Paris	96.3[3]
Allianz Actions Japon, Paris	76.4[3]
Allianz Actions US, Paris	80.0[3]
Allianz Actions Valeurs Moyennes, Paris	97.7[3]
Allianz Actions VD, Paris	98.6[3]
Allianz Africa, Paris	100.0
Allianz Africa S.A., Paris	100.0
Allianz AGIC Income Growth Fund, Luxembourg	100.0[3]
Allianz Air France IFC, Paris	96.9[3]
Allianz Alapkezelő Zrt., Budapest	100.0
Allianz Alp Sp. z oo, Warsaw	100.0
Allianz America Holding B.V., Amsterdam	100.0
Allianz Annuity Company of Missouri, Clayton, MO	100.0
Allianz Argentina Compania de Seguros Generales S.A., Buenos Aires	100.0
Allianz Asset Management of America Holdings Inc., Dover, DE	100.0
Allianz Asset Management of America L.P, Dover, DE	100.0
Allianz Asset Management of America LLC, Dover, DE	100.0
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0
Allianz Australia Advantage Ltd., Sydney	100.0
Allianz Australia Employee Share Plan Pty Ltd., Sydney	100.0
Allianz Australia Insurance Limited, Sydney	100.0
Allianz Australia Life Insurance Limited, Sydney	100.0
Allianz Australia Limited, Sydney	100.0
Allianz Australia Services (No. 2) Pty Ltd., Sydney	100.0
Allianz Australia Services Pty Limited, Sydney	100.0
Allianz Australia Workers Compensation (NSW) Limited, Sydney	100.0
Allianz Australia Workers Compensation (SA) Limited, Adelaide	100.0
Allianz Australia Workers Compensation (Victoria) Limited, Melbourne	100.0
Allianz Australian Claims Services Limited, Sydney	100.0
Allianz Aviation Managers, Burbank, CA	100.0
Allianz Balanced Investment Fund, Budapest	94.2[3]
Allianz Bank Bulgaria JSC, Sofia	99.9
Allianz Bank Financial Advisors S.p.A., Milan	100.0
Allianz Banque S.A., La Défense	100.0
Allianz Belgium S.A., Brussels	100.0
Allianz Bênin dommages, Cotonou	83.5
Allianz Biznes Sp. z o.o., Warsaw	100.0
Allianz Bonds Diversified Euro, Paris	100.0[10]
ALLIANZ BONDS EURO HIGH YIELD, Paris	100.0[10]
Allianz Bulgaria Holding Company Ltd., Sofia	66.2
Allianz Bulgaria Insurance and Reinsurance Company Ltd., Sofia	78.0
Allianz Bulgaria Life Insurance Company Ltd., Sofia	99.0
Allianz Bulgaria Pension Company AD, Sofia	65.9
Allianz Burkina dommages, Ouagadougou	60.3
Allianz Burkina vie, Ouagadougou	71.8
Allianz Business Services Limited, Lancaster	100.0
Allianz business services s.r.o., Bratislava	100.0
Allianz Cameroun dommages, Douala	75.4
Allianz Cameroun Vie, Douala	75.8
ALLIANZ CAP ISR 2016, Paris	97.7[3]
Allianz Capital Partners of America, Inc., New York, NY	100.0
Allianz Carbon Investments B.V., Amsterdam	100.0
Allianz Cash, Paris	100.0
Allianz Cash Pool II LLC, Westport, CT	100.0
Allianz Centrafrique dommages, Bangui	88.3
Allianz China General Insurance Company Ltd., Guangzhou	100.0
Allianz China Life Insurance Co. Ltd., Shanghai	51.0
Allianz Citizen Care SRI, Paris	79.2[3]
Allianz Compagnia Italiana Finanziamenti S.p.A., Milan	100.0
Allianz Companía de Seguros y Reaseguros S.A., Madrid	99.9
Allianz Congo Assurances S.A., Brazzaville	100.0
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0
Allianz Côte d'Ivoire dommages, Abidjan	74.1
Allianz Côte d'Ivoire vie, Abidjan	71.0
Allianz Creactions 1, Paris	100.0[10]
Allianz Destination 2014, Paris	99.7[3]
Allianz Direct Agent di Asigurare s.r.l., Bucharest	100.0
Allianz Direct Kft., Budapest	100.0
Allianz Direct New Europe Sp. z o.o., Warsaw	100.0
Allianz Direct s.r.o., Prague	100.0
Allianz do Brasil Ltda., Sao Paulo	100.0
Allianz Dynamic Investment Fund, Budapest	97.1[3]
Allianz EDUKACJA S.A., Bialobrzegi	100.0
Allianz Efficio, Paris	98.6[3]
Allianz Efficio Confort, Paris	99.8[3]
Allianz Efficio Plus, Paris	97.9[3]
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Engineering Services Limited, Guildford	100.0
ALLIANZ EQUITY EMERGING MARKETS 1, Paris	100.0[10]
Allianz Equity Investments Ltd., Guildford	100.0
Allianz Equity Large Cap EMU, Paris	100.0[10]
Allianz EURECO Equity, Paris	87.1[3]
Allianz Euro Bond Plus, Paris	90.0[3]
Allianz Euro Credit SRI, Paris	70.3[3]
Allianz Euro Emprunts d'Etat, Paris	56.3[3]
Allianz Euro Gagnant, Paris	99.2[3]
Allianz Euro Inflation, Paris	73.0[3]
Allianz Euro Investment Grade, Paris	63.4[3]
Allianz Euro Oblig 1-3 Plus, Paris	74.0[3]
Allianz Euro Oblig Court Terme ISR, Paris	63.8[3]
Allianz Euro Obligations Crédit ISR, Paris	80.3[3]
Allianz Europe B.V., Amsterdam	100.0
Allianz Europe Ltd., Amsterdam	100.0
Allianz Finance Corporation, Westport, CT	100.0
Allianz Finance II B.V., Amsterdam	100.0
Allianz Finance II Luxembourg S.A., Luxembourg	100.0
Allianz Finance III B.V., Amsterdam	100.0
Allianz Finance IV Lux S.à r.l., Luxembourg	100.0
Allianz Finance Obligations Monde, Paris	93.9[3]
Allianz Finance Pty Ltd., Sydney	100.0
Allianz Finance V Lux. S.à r.l., Luxembourg	100.0
Allianz Finance VII Lux. S.à r.l., Luxembourg	100.0
Allianz Finance VIII Luxembourg S.à r.l., Luxembourg	100.0
Allianz FinanzPlan 2015, Luxembourg	80.4[3]
Allianz FinanzPlan 2020, Luxembourg	87.7[3]
Allianz FinanzPlan 2025, Luxembourg	91.2[3]
Allianz FinanzPlan 2030, Luxembourg	95.9[3]
Allianz FinanzPlan 2035, Luxembourg	96.8[3]
Allianz FinanzPlan 2040, Luxembourg	97.9[3]
Allianz FinanzPlan 2045, Luxembourg	99.3[3]
Allianz FinanzPlan 2050, Luxembourg	99.6[3]
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0
Allianz Foncier, Paris	65.3[3]
Allianz Formuléo ISR, Paris	97.6[3]
Allianz France Infrastructure 1, Paris	100.0
Allianz France Investissement OPCI, Paris	100.0
Allianz France Real Estate Invest, Paris	100.0
Allianz France S.A., Paris	100.0
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0
Allianz General Laos Ltd., Vientiane	51.0
Allianz generalni sluzby s.r.o., Prague	100.0
Allianz Gestion Sociedad Gestora de Instituciones de Inversion Colectiva S.A., Madrid	100.0

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3 | Mutual-, Private Equity- or Specialfunds.
4 | Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 | Group share through indirect holder Roland Holding GmbH, Munich: 74.1 %.
6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
Allianz Global Assistance International S.A., Paris	100.0
Allianz Global Assistance S.A.S., Paris	100.0
Allianz Global Corporate & Specialty France, S.A., La Défense	100.0
Allianz Global Corporate & Specialty South Africa Ltd., Marshalltown	100.0
Allianz Global Investors (UK) Ltd., London	100.0
Allianz Global Investors Australia Ltd., Sydney	100.0
Allianz Global Investors Capital Limited, Cardiff	100.0
Allianz Global Investors Capital LLC, Dover, DE	100.0
Allianz Global Investors Distributors LLC, Dover, DE	100.0
Allianz Global Investors Financial Services LLC, Dover, DE	100.0
Allianz Global Investors France S.A., Paris	100.0
Allianz Global Investors Fund Management LLC, Dover, DE	100.0
Allianz Global Investors Hong Kong Ltd., Hong Kong	100.0
Allianz Global Investors Ireland Ltd., Dublin	100.0
Allianz Global Investors Italia S.p.A, Milan	100.0
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0
Allianz Global Investors Korea Limited, Seoul	100.0
Allianz Global Investors Luxembourg S.A., Senningerberg	100.0
Allianz Global Investors Managed Accounts LLC, Dover, DE	100.0
Allianz Global Investors Nominee Services Ltd., Cayman Islands	100.0
Allianz Global Investors Nominees (UK) Ltd., London	100.0
Allianz Global Investors Singapore Ltd., Singapore	100.0
Allianz Global Investors Solutions LLC, Dover, DE	100.0
Allianz Global Investors Taiwan Ltd., Taipei	100.0
Allianz Global Investors U.S. LLC, Dover, DE	100.0
Allianz Global Life Ltd., Dublin	100.0
Allianz Global Risks US Insurance Company, Corp., Burbank, CA	100.0
Allianz Graduello, Paris	98.9[3]
Allianz GRENELLE, Paris	100.0
Allianz Hayat ve Emeklilik AS, Istanbul	89.0
Allianz Hellas Insurance Company S.A., Athens	100.0
Allianz Héxéo, Paris	96.6[3]
Allianz Holding eins GmbH, Vienna	100.0
Allianz Holding France SAS, Paris	100.0
Allianz Holdings plc, Guildford	100.0
Allianz Hospitalier Valeurs Durables, Paris	100.0[10]
Allianz Hungária Biztosító Zrt., Budapest	100.0
Allianz IARD S.A., Paris	100.0
Allianz Index Tracking Shares Fund, Budapest	78.2[3]
Allianz Indice Matières Premières, Paris	80.2[3]
ALLIANZ INDICEO 2015, Paris	95.5[3]
Allianz Individual Insurance Group, LLC, Minneapolis, MN	100.0
Allianz Informatique G.I.E., Paris	100.0
Allianz Informatyka Sp. z o.o., Warsaw	100.0
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0
Allianz Infrastructure Luxembourg I SICAV-FIS, Luxembourg	100.0
Allianz Infrastructure Luxembourg II SICAF-FIS, Luxembourg	100.0
Allianz Insurance (Hong Kong) Ltd., Hong Kong	100.0
Allianz Insurance Company Lanka Limited, Saram	100.0
Allianz Insurance Company of Singapore Pte. Ltd., Singapore	100.0
Allianz Insurance Company-Egypt S.A.E., Cairo	85.0
Allianz Insurance Management Asia Pacific Pte. Ltd., Singapore	100.0
Allianz Insurance plc, Guildford	98.0
Allianz Invest 50, Vienna	69.4[3]
Allianz Invest Alternativ, Vienna	61.8[3]
ALLIANZ INVEST d.o.o., Zagreb	100.0[10]
Allianz Invest Kapitalanlage GmbH, Vienna	100.0
Allianz Invest Ostrent, Vienna	96.7[3]
Allianz Invest Portfolio Blue, Vienna	82.2[3]
Allianz Investment Company LLC, Westport, CT	100.0
Allianz Investment Management LLC, Minneapolis, MN	100.0
Allianz Investment Properties Ltd., Guildford	100.0
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0
Allianz Investments I Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments III Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments IV Luxembourg S.à r.l., Luxembourg	100.0
Allianz Investments Management Italia S.p.A., Milan	100.0
Allianz Irish Life Holdings p.l.c., Dublin	66.4
Allianz kontakt s.r.o., Prague	100.0
Allianz Leasing & Services JSC, Sofia	51.0
Allianz Life & Annuity Company, LP, Minneapolis, MN	100.0
Allianz Life (BERMUDA) Ltd., Hamilton	100.0
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0
Allianz Life Financial Services LLC, Minneapolis, MN	100.0
Allianz Life Insurance Co. Ltd., Seoul	100.0

	% owned[1]
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0
Allianz Life Insurance Company of New York, Corp., New York, NY	100.0
Allianz Life Insurance Company of North America, Corp., Minneapolis, MN	100.0
Allianz Life Insurance Japan Ltd., Tokyo	100.0
Allianz Life Insurance Lanka Ltd., Colombo	100.0
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0
Allianz Life Luxembourg S.A., Luxembourg	100.0
Allianz Life Moskau, Moscow	100.0
Allianz LJ Risk Control Fund USD, Hof	91.9[3]
Allianz Madagascar, Antananarivo	100.0
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0
Allianz Mali dommages, Bamako	77.0
Allianz Management Services Limited, Guildford	100.0
Allianz Marine (UK) Ltd., Ipswich	100.0
Allianz Mena Holding Bermuda, Beirut	99.9
Allianz Mena Holding Co. SPC, Manama	100.0
Allianz México S.A. Compañía de Seguros, Mexico City	100.0
Allianz Multi Actions Europe, Paris	92.6[3]
Allianz Multi Actions Monde, Paris	92.6[3]
Allianz Multi Croissance, Paris	98.6[3]
Allianz Multi Dynamic, Paris	100.0[3]
Allianz Multi Dynamisme, Paris	96.5[3]
Allianz Multi Equilibre, Paris	96.4[3]
Allianz Multi Horizon 2014-2015, Paris	68.2[3]
Allianz Multi Horizon 2016-2017, Paris	68.0[3]
Allianz Multi Horizon 2018-2020, Paris	78.7[3]
Allianz Multi Horizon 2021-2023, Paris	67.0[3]
Allianz Multi Horizon 2024-2026, Paris	95.6[3]
Allianz Multi Horizon 2027-2029, Paris	95.3[3]
Allianz Multi Horizon 2030-2032, Paris	95.3[3]
Allianz Multi Horizon 2033-2035, Paris	95.3[3]
Allianz Multi Horizon 2036-2038, Paris	95.0[3]
Allianz Multi Horizon 2039-2041, Paris	95.4[3]
Allianz Multi Horizon Court Terme, Paris	73.4[3]
Allianz Multi Horizon Long Terme, Paris	64.1[3]
Allianz Multi Opportunités, Paris	98.9[3]
Allianz Multi Rendement Réel, Paris	87.8[3]
Allianz Multi Sérénité, Paris	97.4[3]
Allianz Multi Top Croissance, Paris	61.8[3]
Allianz Multi Top Défensif, Paris	99.9[3]
Allianz Multi Top Harmonie, Paris	77.1[3]
Allianz Mutual Funds Management Hellas S.A., Athens	100.0
Allianz Nederland Administratie B.V., Utrecht	100.0
Allianz Nederland Asset Management B.V., Nieuwegein	100.0
Allianz Nederland Groep N.V., Rotterdam	100.0
Allianz Nederland Levensverzekering N.V., Rotterdam	100.0
Allianz Nederland Schadeverzekering N.V., Rotterdam	100.0
Allianz New Europe Holding GmbH, Vienna	100.0
Allianz New Zealand Limited, Auckland	100.0
Allianz Obligations Court Terme, Paris	91.4[3]
Allianz Obligations Internationales, Paris	76.8[3]
Allianz Obligations Monde, Paris	97.0[3]
Allianz Octomax 2, Paris	98.1[3]
Allianz Octoplus, Paris	97.2[3]
Allianz Octoplus 2, Paris	100.0[3]
Allianz Octoplus 3, Paris	99.4[3]
Allianz of America Corporation, Novato, CA	100.0
Allianz of America Inc., Westport, CT	100.0
Allianz of South Africa (Proprietary) Ltd., Marshalltown	100.0
Allianz One Beacon GP LLC, Wilmington, DE	100.0
Allianz One Beacon LP, Wilmington, DE	100.0
Allianz Opéra, Paris	100.0[10]
Allianz Optéo, Paris	98.8[3]
Allianz P.E.P Europa 1, Milan	86.8[10]
Allianz P.E.P Europa 2, Milan	92.0[10]
Allianz p.l.c., Dublin	100.0
Allianz Participations B.V., Amsterdam	100.0
Allianz Pension Fund Trustees Ltd., Guildford	100.0
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0
Allianz penzijní fond a.s., Prague	100.0
Allianz Pimco Corporate, Vienna	86.0[3]
Allianz Pimco Mortgage, Vienna	81.2[3]
Allianz pojistovna a.s., Prague	100.0
Allianz Polska Services Sp. z o.o., Warsaw	100.0
ALLIANZ POPULAR, S.L., Madrid	60.0
Allianz Primio 2015, Paris	97.9[3]

	% owned[1]
Allianz Private Equity Luxembourg I SICAV-FIS, Luxembourg	100.0
Allianz Private Equity Luxembourg II SICAV-FIS, Luxembourg	100.0
ALLIANZ PRIVATE EQUITY PARTNERS EUROPA III, Milan	99.6[10]
Allianz Private Equity UK Holdings Limited, London	100.0
Allianz Properties Limited, Guildford	100.0
Allianz Prudence, Paris	100.0[3]
Allianz RCM Islamic Global Equity Opportunities, Luxembourg	100.0[3]
Allianz Re Dublin Limited, Dublin	100.0
Allianz Real Estate France, Paris	100.0
Allianz Real Estate Nr. 1 SICAV-SIF S.A., Luxembourg	100.0
Allianz Real Estate Nr. 2 SICAV-SIF S.A., Luxembourg	100.0
Allianz Real Estate Securities Europe (AT), Luxembourg	90.3[3]
Allianz Renewable Energy Fund Management 1 Ltd., London	100.0
Allianz Renewable Energy Partners I LP, London	100.0
Allianz Renewable Energy Partners II Limited, London	100.0
Allianz Renewable Energy Partners III LP, London	100.0
Allianz Renewable Energy Partners IV Limited, London	97.7
Allianz Renewable Energy Partners V Plc., London	100.0
Allianz Risk Audit, Moscow	100.0
Allianz Risk Consultants Inc., Los Angeles, CA	100.0
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0
Allianz Risk Transfer (UK) Limited, London	100.0
Allianz Risk Transfer AG, Zurich	100.0
Allianz Risk Transfer Inc., New York, NY	100.0
Allianz Risk Transfer N.V., Amsterdam	100.0
Allianz Rosno Asset Management, Moscow	100.0
Allianz Rosno Life, Moscow	100.0
Allianz S.A. A.S. Agencia de Seguros, Barcelona	100.0
Allianz S.A. de C.V., Mexico City	100.0
Allianz S.p.A., Trieste	100.0
Allianz Saint Marc CL, Paris	96.6[3]
Allianz Saude S.A., Sao Paulo	100.0
Allianz Scalinvest, La Défense	98.9[3]
Allianz Secteur Euro Immobilier, Paris	92.4[3]
Allianz Secteur Europe Immobilier, Paris	88.5[3]
Allianz Seguros S.A., Sao Paulo	100.0
Allianz Sénégal dommages, Dakar	83.2
Allianz Sénégal vie, Dakar	95.5
Allianz Services (UK) Limited, London	100.0
Allianz Sigorta AS, Istanbul	84.2
Allianz SNA Sal, Beirut	100.0
ALLIANZ Sociedade Gestora de Fundos de Pensões S.A., Lisbon	84.4
Allianz Société Financiére S.à r.l., Luxembourg	100.0
Allianz South America Holding B.V., Amsterdam	100.0
ALLIANZ SPECIAL FIC DE FI MULTIMERCADO CRÉDITO PRIVADO, Sao Paulo	100.0[10]
Allianz Specialised Investments Limited, London	100.0
Allianz Stability Investment Fund, Budapest	54.8[3]
ALLIANZ SUBALPINA HOLDING S.p.A., Turin	98.1
Allianz Suisse Flexible Fund, Senningerberg	71.2[3]
Allianz Suisse Immobilien AG, Volketswil	100.0
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Zurich	100.0
Allianz Suisse Rückversicherungs AG, Zurich	100.0
Allianz Suisse Versicherungs-Gesellschaft, AG, Zurich	100.0
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7
Allianz Telematics S.p.A., Rome	100.0
Allianz Tiriac Asigurari S.A., Bucharest	52.2
Allianz Togo dommages, Lome	97.9
Allianz Ukraine LLC, Kiev	100.0
Allianz Underwriters Insurance Company, Corp., Burbank, CA	100.0
Allianz US Investment GP LLC, Wilmington, DE	100.0
Allianz US Investment LP, Wilmington, DE	100.0
Allianz US Private REIT GP LLC, Wilmington, DE	100.0
Allianz US Private REIT LP, Wilmington, DE	100.0
Allianz Valeurs Durables, Paris	72.9[3]
Allianz Vermögenskonzept Ausgewogen, Luxembourg	100.0[3]
Allianz Vermögenskonzept Defensiv, Luxembourg	100.0[3]
Allianz Vermögenskonzept Dynamisch, Luxembourg	100.0[3]
Allianz Vie S.A., Paris	100.0
Allianz Voltissimo, Paris	96.5[3]
Allianz Worldwide Care Ltd., Dublin	100.0
Allianz Zagreb d.d., Zagreb	83.2
Allianz ZB d.o.o. Company for the Management of an Obligatory Pension Fund, Zagreb	51.0
Allianz ZB d.o.o. company of the management of voluntary pension funds, Zagreb	51.0
Allianz Invest 10 Division S/U, Vienna	100.0[10]
Allianz Invest 11 Division Leben/Kranken, Vienna	100.0[10]

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100%.
2 | Controlled by Allianz.
3 | Mutual-, Private Equity- or Specialfunds.
4 | Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 | Group share through indirect holder Roland Holding GmbH, Munich: 74.1%.
6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
Allianz Invest 12 Division Leben/Kranken, Vienna	100.0[10]
Allianz Invest Spezial 3, Vienna	100.0[10]
Allianz-Slovenská DSS a.s., Bratislava	100.0
Allianz-Slovenská poist'ovna a.s., Bratislava	84.6
ALLIANZ-TIRIAC PENSII PRIVATE SAFPP S.A., Bucharest	100.0
AllSecur B.V., Den Bosch	100.0
Amaya Compania de Seguros y Reaseguros S.A., Madrid	100.0
American Automobile Insurance Company, Corp., Earth City, MO	100.0
American Financial Marketing Inc., Minneapolis, MN	100.0
American Standard Lloyd's Insurance Company, Corp., Dallas, TX	100.0
AMOS Austria GmbH, Vienna	100.0
AMOS IT Suisse AG, Zurich	100.0
Ann Arbor Annuity Exchange Inc., Ann Arbor, MI	100.0
Antoniana Veneta Popolare Assicurazioni S.p.A., Trieste	50.0[2]
Antoniana Veneta Popolare Vita S. p. A., Trieste	50.0[2]
APKV US Private REIT GP LLC, New York, NY	100.0
APKV US Private REIT LP, New York, NY	100.0
Approfrais S.A., Evreux	100.0
Arab Gulf Health Services LLC, Beirut	100.0
Arcalis, La Défense	99.9
Arcalis 22, Paris	99.2[3]
Arcalis 23, Paris	99.2[3]
Arcalis 24, Paris	99.1[3]
Arcalis 28, Paris	98.1[3]
Arcalis Assur 5, Paris	99.2[3]
Arcalis UN, Paris	100.0[3]
AS Selecta s.r.o., Bratislava	100.0
Aseguradora Colseguros S.A., Bogota D.C.	100.0
Aseguradora de Vida Colseguros S.A. (Salud), Bogota D.C.	100.0
Aspley AVT Pty Limited, Sydney	66.7
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0
Associated Indemnity Corporation, Novato, CA	100.0
Assurance Vie et Prévoyance (AVIP) S.A., La Défense	100.0
Audit Consulting Production, Moscow	100.0
Automaty Servis Selecta Sro, Prague	100.0
AVIP ACTIONS 100, Paris	99.5[3]
AVIP ACTIONS 60, Paris	98.1[3]
AVIP TOP CROISSANCE, Paris	69.8[3]
AVIP TOP DEFENSIF, Paris	97.4[3]
AVIP TOP HARMONIE, Paris	94.2[3]
Ayudhya Allianz C.P. Life Public Company Limited, Bangkok	62.6
AZ AAAM GLOBAL ALTERNATIVE STR, Milan	100.0[10]
AZ Euro Investments II S.à r.l., Luxembourg	100.0
AZ Euro Investments S.à r.l., Luxembourg	100.0
AZ Jupiter 4 B.V., Amsterdam	100.0
AZ Jupiter 8 B.V., Amsterdam	100.0
AZ Jupiter 9 B.V., Amsterdam	100.0
AZ SERVISNI CENTAR d.o.o., Zagreb	100.0
AZ Vers US Private REIT GP LLC, New York, NY	100.0
AZ Vers US Private REIT LP, New York, NY	100.0
AZL PF Investments Inc., Minneapolis, MN	100.0
Baladau, Paris	98.2[3]
BAWAG Allianz Mitarbeitervorsorgekasse AG, Vienna	50.0[2]
Bilan Services S.N.C., Nanterre	66.0
BMM HARMONIE, Marseille	61.0[3]
BNP PARIBAS THR, Paris	98.2[3]
Borgo San Felice S.r.l., Castelnuovo Berardenga (Siena)	100.0
Botanic Building S.P.R.L., Brussels	100.0
BPS Brindisi 213 S.r.l., Brindisi	100.0
BPS Brindisi 222 S.r.l., Brindisi	100.0
BPS Mesagne 214 S.r.l., Brindisi	100.0
BPS Mesagne 215 S.r.l., Brindisi	100.0
BPS Mesagne 223 S.r.l., Brindisi	100.0
BPS Mesagne 224 S.r.l., Brindisi	100.0
Brasil de Imoveis e Participacoes Ltda., Sao Paulo	100.0
Bright Mission Berhad Ltd., Kuala Lumpur	100.0
British Reserve Insurance Co. Ltd., Guildford	100.0
BSMC, Bangkok	100.0
Bulgaria Net Co. Ltd., Sofia	98.4
Bureau d'Expertises Despretz S.A., Brussels	100.0
Bx3 S.r.l., Trieste	100.0
Calypso S.A., Paris	100.0
CAP Rechtsschutz-Versicherungsgesellschaft AG, Zurich	100.0
CAPEX, Paris	82.7[3]
Capital Messine S.à r.l., Luxembourg	100.0
Caywood-Scholl Capital Management LLC, Wilmington, DE	100.0
Cédulas Colón de Capitalización Colseguros S.A., Bogota D.C.	100.0

	% owned[1]
CEPE de Langres Sud S.à r.l., Avignon	100.0
CEPE de Mont Gimont, Versailles	100.0
Challenging Financial Careers Insurance Marketing Corp., LLC, Huntington Beach, CA	100.0
Château Larose Trintaudon S.A., Saint Laurent Médoc	100.0
Chicago Insurance Company, Corp., Chicago, IL	100.0
CIC Allianz Insurance Ltd., Sydney	100.0
Club Marine Limited, Sydney	100.0
Colisee S.à r.l., Luxembourg	100.0
COLSEGUROS SAS S.A.S., Bogota D.C.	100.0
Compagnie de Gestion et Prevoyance, Strasbourg	99.9
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8
Compania Colombiana de Inversion Colseguros S.A., Bogota D.C.	100.0
Compañía Colombiana de Servicio Automotriz S.A., Bogota D.C.	100.0
Cornhill Solutions Limited, Guildford	100.0
Cornhill Trustee (Guernsey) Ltd., St Peter Port	100.0
Corsetec, Ltda, Sao Paulo	99.5
CPRN Thailand Ltd., Bangkok	100.0
CPRN-Holdings Limited, Bangkok	100.0
CREACTIF ALLOCATION, Paris	100.0[3]
CreditRas Assicurazioni S.p.A., Milan	50.0[2]
CreditRas Vita S.p.A., Milan	50.0[2]
Darta Saving Life Assurance Ltd., Dublin	100.0
Deeside Investments Inc., Wilmington, DE	100.0
Delaware Valley Financial Services LLC, Berwyn, PA	100.0
Delta Technical Services Ltd., London	100.0
Dresdner Kleinwort Capital Jersey Ltd., St. Helier	100.0
Dresdner RCM Global Investors (Jersey) Ltd., Jersey	100.0
EF Solutions LLC, Wilmington, DE	100.0
EH SIAC Information, Rome	100.0
EH Sigorta Anonim Sirketi, Istanbul	100.0
Emerald Global Inv., Paris	99.8[3]
Energie Eolienne Lusanger, Orleans	100.0
Euler do Brasil Seguros Exportacao, Sao Paulo	100.0
Euler Gestion, Paris	100.0[10]
Euler Hermes ACI Holding, Inc., New York, NY	100.0
Euler Hermes ACI Inc., Baltimore, MD	100.0
Euler Hermes ACI Services LLP, Baltimore, MD	100.0
Euler Hermes ACMAR Services, Casablanca	100.0
EULER HERMES ARGENTINA, Buenos Aires	100.0
Euler Hermes Canada Services, Montreal	100.0
Euler Hermes Cescob Service s.r.o., Prague	100.0
Euler Hermes Cescob uverová pojistovna a.s., Prague	100.0
Euler Hermes Chile Servicios Limitada, Santiago de Chile	100.0
Euler Hermes Collections Sp. z o.o., Warsaw	100.0
Euler Hermes Collections UK Limited, London	100.0
Euler Hermes Colombia, Bogota D.C.	100.0
Euler Hermes Credit Insurance Agency (S) Pte. Ltd., Singapore	100.0
Euler Hermes Credit Insurance Belgium S.A., Brussels	100.0
Euler Hermes Credit Insurance Nordic A.B., Stockholm	100.0
Euler Hermes Credit Management Services Ireland Ltd., Ballygowan	100.0
Euler Hermes Credit Services (JP) Ltd., Tokyo	100.0
Euler Hermes Credit Underwriters Hong Kong Ltd., Hong Kong	100.0
Euler Hermes Crédito Compañía de Seguros y Reaseguros S.A., Madrid	100.0
EULER HERMES EMPORIKI S.A., Athens	60.0
EULER HERMES EMPORIKI Services Ltd., Athens	100.0
Euler Hermes Holdings UK plc, London	100.0
Euler Hermes Information Consulting (Shanghai) Co. Ltd., Shanghai	100.0
Euler Hermes Kreditverzekering N.V., Hertogenbosch	100.0
Euler Hermes Magyar Hitelbiztosító Rt., Budapest	100.0
Euler Hermes Magyar Követeleskezelö Kft., Budapest	100.0
Euler Hermes Management Services UK Ltd., London	100.0
Euler Hermes Management UK Limited, London	100.0
Euler Hermes Netherlands, Hertogenbosch	100.0
Euler Hermes Ré, S.A., Senningerberg	100.0
EULER HERMES REAL ESTATE OPCI, Paris	100.0
Euler Hermes Reinsurance AG, Zurich	100.0
Euler Hermes Risk Services UK Limited, London	100.0
EULER HERMES RISK YÖNETIMI, Istanbul	100.0
Euler Hermes S.A., Paris	70.4
Euler Hermes Seguros de Crédito S.A., Sao Paulo	100.0
Euler Hermes Seguros de Crédito S.A., Santiago de Chile	100.0
Euler Hermes Seguros de Crédito S.A., Mexico City	100.0
Euler Hermes Service AB, Stockholm	100.0
Euler Hermes Services AG, Zurich	100.0

	% owned[1]
Euler Hermes Services B.V., Hertogenbosch	100.0
Euler Hermes Services Baltic UAB, Vilnius	100.0
Euler Hermes Services Belgium S.A., Brussels	100.0
Euler Hermes Services India Privat Limited, Mumbai	100.0
Euler Hermes Services S.A.S., Paris	100.0
Euler Hermes Services Sp. z o.o., Warsaw	100.0
Euler Hermes Servicii Financiare S.R.L., Bucharest	100.0
Euler Hermes Servicios de Crédito S.L., Madrid	100.0
Euler Hermes Servicios S.A., Mexico City	100.0
Euler Hermes Servicos Ltda, Sao Paulo	100.0
Euler Hermes Servis s.r.o., Bratislava	100.0
Euler Hermes SFAC Crédit S.A.S., Paris	100.0
Euler Hermes SFAC Recouvrement S.A.S., Paris	100.0
Euler Hermes SFAC S.A., Paris	100.0
Euler Hermes SIAC S.p.A., Rome	100.0
Euler Hermes Trade Credit Limited, Auckland	100.0
Euler Hermes Trade Credit Underwriting Agents, Pty. Ltd., Sydney	100.0
Euler Hermes UK plc, London	100.0
Euler Hermes UMA, Louisville	100.0
Euler Hermes World Agency SASU, Paris	100.0
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0
Euler SFAC Asset Management, Paris	100.0
Euler Tech, SAS, Nanterre	100.0
Eurl 20/22 Le Peletier, Paris	100.0
Euro Garantie AG, Bubikon	100.0
EURO GESTION, Paris	100.0[10]
EUROPENSIONES S.A. - Entidad Gestora de Fondos de Pensiones, Madrid	100.0
Eurosol Invest S.r.l., Buttrio	100.0
Eurovida S.A. Compañía de Seguros y Reaseguros, Madrid	100.0
EXPOSITIO USLUGE d.o.o., Zagreb	100.0
FAI Allianz Ltd., Sydney	100.0
FCPR Fregate, Paris	58.3[3]
Fenix Directo Compania de Seguros y Reaseguros S.A., Madrid	100.0
Ferme Eolienne de Villemur-sur-Tan, Toulouse	100.0
Ferme Eolienne des Jaladeaux, Toulouse	100.0
FFIC County Mutual Insurance Company, Corp., Dallas, TX	100.0
Fiduciaria Colseguros S.A., Bogota D.C.	100.0
FINANCIERE ALDEBARAN SAS, Paris	100.0
FINANCIERE CALLISTO SAS, Paris	100.0
FINANCIERE SIRIUS SAS, Paris	100.0
FINANCIERE SOHO SAS, Paris	100.0
Fireman's Fund Financial Services, LLC, Dallas, TX	100.0
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0
Fireman's Fund Insurance Company of Bermuda, Hamilton	100.0
Fireman's Fund Insurance Company of Hawaii Inc., Honolulu, HI	100.0
Fireman's Fund Insurance Company of Louisiana, Corp., Harahan, LA	100.0
Fireman's Fund Insurance Company of Ohio, Corp., Cincinnati, OH	100.0
Fireman's Fund Insurance Company, Corp., Novato, CA	100.0
FLORALIS, Paris	99.5[3]
FRAGONARD ASSURANCE, SACS, Paris	100.0
Gaipare Action, Paris	98.8[3]
GamePlan Financial Marketing LLC, Woodstock, GA	100.0
GAP Reactif Canton A, Paris	64.9[3]
Generation Vie, La Défense	52.5
Genialloyd S.p.A., Milan	100.0
Gestion Produits Dyn, Puteaux	60.7[3]
Gestion Produits Str, Puteaux	79.8[3]
GIE AZ Investment Management, Paris	100.0
GIE Euler Hermes SFAC Services, Paris	100.0
Global Transport & Automotive Insurance Solutions Pty Limited, Sydney	53.5
GTS - GESTION DE TELESECURITE ET DE SERVICES S.A., Chatillon	100.0
Hauteville Insurance Company Limited, Channel Islands	100.0
Havelaar et Van Stolk B.V., Rotterdam	100.0
HELVIASS Verzekeringen B.V., Rotterdam	100.0
Home & Legacy (Holdings) Limited, London	100.0
Home & Legacy Insurance Services Limited, London	100.0
Hunter Premium Funding Ltd., Sydney	100.0
IDR Actions Euros, Paris	89.8[3]
Immovalor Gestion S.A., Paris	100.0
Insurance and Reinsurance AG Energy, Sofia	50.9
Insurance Company "Progress Garant", Moscow	100.0
Insurance Joint Stock Company "Allianz", AOOT/OAO, Moscow	100.0
Intermediass S.r.l., Milan	100.0
International Film Guarantors LLC, Santa Monica, CA	100.0

1 | Percentage includes equity participations held by dependent enterprises in full, even if the Allianz Group's share in the dependent enterprise is under 100%.
2 | Controlled by Allianz.
3 | Mutual-, Private Equity- or Specialfunds.
4 | Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 | Group share through indirect holder Roland Holding GmbH, Munich: 74.1%.
6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
International Film Guarantors Ltd., London	100.0
Interstate Fire & Casualty Company, Chicago, IL	100.0
Investitori SGR S.p.a., Milan	100.0
ITEB B.V., Rotterdam	100.0
JCR Intertrade Ltd., Bangkok	40.0[2]
Jefferson Insurance Company of N.Y., Corp., New York, NY	100.0
Ken Tame & Associates Pty Ltd, Sydney	69.0
Kiinteistöoasakeyhtiö Eteläesplanadi 2, Helsinki	100.0
Königinstrasse I S.à r.l., Luxembourg	100.0[7]
LA RURALE, Paris	99.8
L'Assicuratrice Italiana Vita S.p.A., Milan	100.0
Le Profil des Profils, Paris	68.1[3]
LES VIGNOBLES DE LAROSE, Saint Laurent Médoc	100.0
Life Sales LLC, Novato, CA	100.0
LLC "Allianz Eurasia Healthcare", Saint Petersburg	100.0
LLC "Allianz Life and Finance Rus", Moscow	100.0
Lloyd Adriatico Holding S.p.A., Trieste	99.9
LOGICA SOFTWARE srl, Reggio Emilia	100.0
London Verzekeringen N.V., Rotterdam	100.0
LYXOR Höchststandgar. 2023, Puteaux	100.0[3]
LYXOR HÖCHSTSTANDSGARANT. 2018, Puteaux	100.0[3]
LYXOR HÖCHSTSTANDSGARANT. 2021, Puteaux	100.0[3]
LYXOR Höchststandsgarantie 2020, Puteaux	100.0[3]
LYXOR Höchststandsgarantie 2022, Puteaux	98.0[3]
LYXOR HÖCHSTSTANDSGARANTIEF. 2019, Puteaux	100.0[3]
Magdeburger Sigorta A.S., Istanbul	100.0
Managed Insurance Operations B.V., Rotterdam	100.0
Martin Maurel Vie, La Défense	100.0
Medexpress, Saint Petersburg	99.8
Medibroker s.r.o., Bratislava	100.0
Medisalud Compania Colombiana de Medicina Prepagada S.A., Bogota D.C.	100.0
METALLRENTE FONDS PORTFOLIO, Luxembourg	74.9[3]
Mondial A. Servis Hizmetleri, Istanbul	97.0
Mondial Assistance (Thailand) CO Ltd., Bangkok	97.6
Mondial Assistance Agent de Asigurare SRL, Bucharest	100.0
Mondial Assistance Asia Pacific Ltd., Singapore	100.0
Mondial Assistance Australia Holding, Pty, Toowong	100.0
Mondial Assistance Beijing Services Co. Ltd., Beijing	100.0
Mondial Assistance B.V., Amsterdam	100.0
Mondial Assistance France, Paris	100.0
Mondial Assistance France SAS, Paris	95.0
MONDIAL ASSISTANCE GmbH, Vienna	100.0
Mondial Assistance Indian Ocean, Mauritius	100.0
MONDIAL ASSISTANCE IRELAND LIMITED, Dublin	100.0
Mondial Assistance Oblig Euro, Paris	100.0[10]
Mondial Assistance OOO, Moscow	100.0
Mondial Assistance Portugal Servicos de Assistência LDA, Lisbon	100.0
Mondial Assistance Réunion S.A., Paris	100.0
Mondial Assistance Sp. z o.o., Warsaw	100.0
Mondial Assistance s.r.o, Prague	100.0
Mondial Assistance Service Chile Limitada, Las Condes	100.0
MONDIAL ASSISTANCE SERVICES HELLAS S.A., Athens	51.0
Mondial Assistance Sigorta Aracilik Hizmetleri Limited Sirketi, LS, Istanbul	100.0
Mondial Assistance United Kingdom Ltd (MAUK), Croydon Surrey	100.0
Mondial Contact Center Italia Srl., Taurisano	70.0
Mondial Mexico S.A. de C.V., Mexico City	100.0
Mondial Protection Corretora de Seguros Ltda., Sao Paulo	100.0
MONDIAL SERVICE ARGENTINA, S.A., Buenos Aires	100.0
Mondial Service- Belgium S.A., Brussels	100.0
Mondial Service Italia S.r.l, Milan	100.0
Mondial Service Switzerland AG, Bern	100.0
MONDIAL SERVICIOS Ltda, Sao Paulo	100.0
Mondial Servicios S.A. de C.V., Mexico City	100.0
Monéger, Dakar	100.0
National Surety Corporation, Chicago, IL	100.0
NEM Insurance Ireland Limited, Dublin	100.0
Nemian Life & Pensions S.A., Senningerberg	100.0
Neoasistencia Manoteras S.L., Madrid	100.0
Nextcare Egypt, Cairo	100.0
Nextcare Holding, LC, Manama	75.0
NEXtCARE Lebanon SAL, Beirut	100.0
NFJ Investment Group LLC, Dover, DE	100.0
North American London Underwriters Ltd., Hamilton	100.0
Oddo Europe Mid Cap, Paris	97.9[3]
Oddo Gestion Audac, Paris	57.2[3]

	% owned[1]
Oddo Proactif Europe, Paris	74.2[3]
Oddo Quattro 2, Paris	100.0[3]
OJSC "My Clinic", Moscow	100.0
Omega Thai Investment Holding, Amsterdam	100.0
Ontario Limited, Toronto	100.0
OOO Euler Hermes Credit Management, Moscow	100.0
Open Joint Stock Company Insurance Company Allianz, Moscow	100.0
Oppenheimer Group Inc., Dover, DE	100.0
Orione PV S.r.l., Milan	100.0
Orsa Maggiore PV S.r.l., Milan	100.0
Orsa Minore PV S.r.l., Milan	100.0
OY Selecta AB, Helsinki	100.0
Pacific Investment Management Company LLC, Dover, DE	98.0
Paramount Group Real Estate Special Situations Fund-A, L.P., New York, NY	100.0
Parc Eolien de Bonneuil, Vincennes Cedex	100.0
Parc Eolien de Forge SAS, Paris	100.0
Parc Eolien de la Sole du Bois SAS, Paris	100.0
Parc Eolien des Barbes d'Or, Paris	100.0
Parc Eolien des Joyeuses, Paris	100.0
Parc Eolien des Mistandines SAS, Paris	100.0
Parc Eolien du Bois Guillaume SAS, Paris	100.0
Personalized Brokerage Service LLC, Topeka, KS	100.0
Pet Plan Ltd., Guildford	100.0
PFP Holdings Inc., Dover, DE	100.0
PGREF V 1301 Sixth Investors I L.L.C., Wilmington, DE	100.0
PGREF V 1301 SIXTH INVESTORS I LP, Wilmington, DE	100.0
PHENIX ABSOLUT RETURN, Paris	100.0[10]
Phenix Alternative Holding, S.A., Paris	65.4[3]
Phenix Sécurité L, S.A., Paris	53.5[3]
Pimco (Switzerland) S.à r.l., Zurich	100.0
PIMCO Asia Ltd., Hong Kong	100.0
PIMCO Asia PTE Ltd., Singapore	100.0
PIMCO Australia Pty Ltd., Sydney	100.0
PIMCO Canada Corp., Toronto	100.0
PIMCO Canada Holding LLC, Dover, DE	100.0
PIMCO Europe Ltd., London	100.0
PIMCO GL INV.-EURIBORPLUS FUND, Dublin	71.5[3]
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0
PIMCO Global Advisors (Resources) Ltd., Cayman Islands	100.0
PIMCO Global Advisors LLC, Dover, DE	100.0
PIMCO Investments LLC, Dover, DE	100.0
PIMCO Japan Ltd., Road Town, Tortola	100.0
Pimco Luxembourg IV S.A., Luxembourg	100.0
Popular Gestión SGIIC, S.A., Madrid	100.0
Primacy Underwriting Agency Pty Ltd., Milson's Point	70.0
Prism Re, Hamilton	99.0
Progress, Moscow	100.0
Progress-Med, Moscow	100.0
Pronto Lloyd S.r.l., Trieste	100.0
Protexia France S.A., Paris	66.0
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8
PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	75.0
PTE Allianz Polska S.A., Warsaw	100.0
Quality 1 AG, Hombrechtikon	100.0
Questar Agency Inc., Minneapolis, MN	100.0
Questar Agency of Alabama Inc., Ann Arbor, MI	100.0
Questar Agency of Colorado Inc., Denver, CO	100.0
Questar Agency of New Mexico Inc., Santa Fe, NM	100.0
Questar Agency of Ohio Inc., Cleveland, OH	100.0
Questar Agency of Texas Inc., Houston, TX	100.0
Questar Asset Management, Corp., Ann Arbor, MI	100.0
Questar Capital Corporation, Minneapolis, MN	100.0
Quintet Properties Ltd., Dublin	100.0
RAS ANTARES, Milan	100.0[10]
Ras Private Bank (Suisse) S.A., Lugano	100.0
RB Fiduciaria S.p.A, Milan	100.0
RB Vita S.p.A., Milan	100.0
RCM (UK) Ltd., London	100.0
RCM Asia Pacific Ltd., Hong Kong	100.0
RCM Capital Management LLC, Wilmington, DE	100.0
RCM Capital Management Pty Ltd., Sydney	100.0
RCM Japan Co. Ltd., Tokyo	100.0
RCM US Holdings LLC, Wilmington, DE	100.0
Real Faubourg Haussmann SAS, Paris	100.0
Real FR Haussmann SAS, Paris	100.0
Redoma S.à r.l., Luxembourg	100.0

	% owned[1]
Resurs-Stimul-Universal, Moscow	100.0
Retail Vending Ltd., Birmingham	100.0
Return 10, Paris	74.7[3]
RHEA, S.A., Luxembourg	100.0
Risikomanagement und Softwareentwicklung GmbH, Vienna	100.0
Riskon Aktiengesellschaft geschlossenen Typs, AOZT/ZAO, Moscow	100.0
Roland Print B.V., Amsterdam	100.0
Rosno MS, Moscow	100.0
Roster Financial LLC, Voorhees, NJ	100.0
S.C. ASIT SERVICES S.R.L., Bucharest	100.0
S.I.B.I., S.A., Paris	100.0
SA CARENE ASSURANCE, Paris	100.0
Saint-Barth Assurances S.à r.l., St. Barts	100.0
San Francisco Reinsurance Company, Corp., Novato, CA	100.0
SAS 20 pompidou, Paris	100.0
SAS Allianz Colisée, Paris	100.0
SAS Allianz Forum Seine, Paris	100.0
SAS Allianz Rivoli, Paris	100.0
SAS Allianz Serbie, Paris	100.0
SAS Madeleine Opéra, Paris	100.0
SAS PASSAGE DES PRINCES, Paris	100.0
Saudi Nextcare, Al Khobar	52.0
SC Tour Michelet, Paris	100.0
SCAPI, Courbevoie	100.0
SCI Allianz Messine, Paris	100.0
SCI AVIP La Templerie, La Défense	100.0
SCI AVIP SCPI Selection, La Défense	100.0
SCI ESQ, Paris	75.0
SCI PRELLOYD, Paris	100.0
SCI R ENFANCE, Strasbourg	100.0[3]
SCI Stratus, La Défense	100.0
SCI Volnay, Paris	100.0
Selecta A/S, Rodovre	100.0
Selecta AB, Stockholm	100.0
Selecta AG, Muntelier	100.0
Selecta AS, Oslo	100.0
Selecta Betriebsverpflegungs GmbH, Vienna	100.0
Selecta Eesti Osauhing, Tallinn	100.0
Selecta Group B.V., Amsterdam	98.7
Selecta Holding AB, Stockholm	100.0
Selecta Holding B.V., Amsterdam	100.0
Selecta Holding Ltd., London	100.0
Selecta Holding SAS, Paris	100.0
Selecta Hungary Automataüzemeltetö KFT, Budapest	100.0
Selecta Italia S.p.A., Milan	100.0
Selecta Luxembourg S.A., Leudelange	100.0
Selecta Management AG, Zug	100.0
Selecta Nordic Holding AB, Stockholm	100.0
Selecta Olland B.V., Waardenburg	100.0
Selecta Purchasing AG, Zug	100.0
Selecta Refreshments Ltd., Dublin	100.0
Selecta S.A., Zaventem	100.0
Selecta S.A., Paris	99.9
Selecta TMP AG, Zug	100.0
Selecta UK Ltd., Birmingham	100.0
Selection Multi-Gerant Emerg, Paris	65.0[3]
Selection Multi-Gerants Value, Paris	54.2[3]
Semaphore, Paris	98.9[3]
SI 173-175 Boulevard Haussmann SAS, Paris	100.0
SIA Baltic Payment Systems, Riga	100.0
SIA Selecta, Riga	100.0
Siac Services Srl, Rome	100.0
Silex Gas Management AS, Oslo	100.0
Sistemi Informativi Allianz S.p.c.A., Milan	100.0
SLC "Allianz Life Ukraine", Kiev	100.0
SMG ASIE EMERGENTE, Paris	62.2[3]
SNC AGF Clearing, Paris	99.9
SOCIEDAD MUNDIAL DE ASISTENCIA S.A., Madrid	100.0
Società Agricola San Felice S.p.A., Milan	100.0
Société de Production D'électricité D'harcourt Moulaine SAS, Paris	100.0
Société d'Energie Eolien Cambon SAS, Paris	100.0
SOCIETE EUROPEENNE DE PROTECT. ET DE SERVICES D'ASSIST. A DOMICILE "S.E.P.S.A.D." S.A., Paris	56.0
Société Nationale Foncière S.A.L., Beirut	66.0
Sofiholding S.A., Brussels	100.0
South City Office Broodthaers S.A., Brussels	100.0

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2 | Controlled by Allianz.
3 | Mutual-, Private Equity- or Specialfunds.
4 | Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5 | Group share through indirect holder Roland Holding GmbH, Munich: 74.1%.
6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
SPACECO, Paris	100.0
Standard General Agency Inc., Dallas, TX	100.0
StocksPLUS Management Inc., Dover, DE	100.0
Synergie Select EV, Paris	60.5[3]
TELESERVICES ET SECURITE "TEL2S", S.à r.l., Chatillon	99.9
TFI ALLIANZ POLSKA S.A., Warsaw	100.0
The American Insurance Company, Corp., Cincinnati, OH	100.0
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0
The Export Credit Clearing House Limited, London	100.0
The MI Group Limited, Guildford	99.4
Three Pillars Business Solutions Limited, Guildford	100.0
Tihama Investments B.V., Amsterdam	100.0
Top Assistance Service GmbH, Vienna	100.0
Top Versicherungsservice GmbH, Vienna	100.0
Top Vorsorge-Management GmbH, Vienna	75.0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0
Trade Indemnity Credit Corporation Limited, London	100.0
Trafalgar Insurance Public Limited Company, Guildford	100.0
Travel Care Inc., Richmond, VA	100.0
TU Allianz Polska S.A., Warsaw	100.0
TU Allianz Zycie Polska S.A., Warsaw	100.0
UAB Selecta, Vilnius	100.0
Vendcare (Holdings) Limited, Birmingham	100.0
Vendcare Services Ltd., Birmingham	100.0
VertBois S.à r.l., Luxembourg	100.0
Via Pierre 1, Paris	100.0
Villa La Pagliaia S.r.l., Castelnuovo Berardenga (Siena)	100.0
Viveole SAS, Paris	100.0
Willemsbruggen, Rotterdam	100.0
Windpark Les Cent Jalois, Paris	100.0
Wm. H McGee & Co. (Bermuda) Ltd., Hamilton	100.0
Wm. H McGee & Co. Inc., New York, NY	100.0
Wm. H McGee & Co. of Puerto Rico Inc., San Juan	100.0
World Access Canada Inc., Kitchener, ON	100.0
World Access Europe Ltd., Croydon, Surrey	100.0
World Access Inc., Richmond, VA	100.0
World Access Insurance Broker Ltd., Kitchener, ON	100.0
World Access Service Corp., Richmond, VA	100.0
YAO Investment S.à r.l., Luxembourg	100.0
Yorktown Financial Companies Inc., Minneapolis, MN	100.0
NON-CONSOLIDATED AFFILIATED ENTITIES	
A. Diffusion, La Défense	99.9
AFA, Paris	99.9
AGF Pension Trustees, Guildford	100.0
Allianz America Latina S.C. Ltda., Rio de Janeiro	100.0
Allianz Financial Services S.A., Athens	100.0
Allianz Global Corporate & Specialty AG Escritorio de Representacao no Brasil Ltda., Sao Paulo	100.0
Allianz Global Investors Services (UK) Ltd., London	100.0
Allianz Insurance Cie of Ghana Limited, Accra	100.0
Allianz Insurance Services Ltd., Athens	100.0
Allianz International Ltd., Guildford	100.0
Allianz Northern Ireland Limited, Belfast	100.0
Allianz Risk Consultants B.V., Rotterdam	100.0
ASREX, Paris	100.0
Blikman & Sartorius B.V., Amsterdam	100.0
business lounge GmbH, Vienna	100.0
Calobra Investments Sp. z o.o., Warsaw	100.0
CCA, Paris	100.0
Cogar, Paris	100.0
Dealis Fund Operations S.A., Luxembourg	95.0
First Rate Direct Limited, Belfast	100.0
Gesellschaft für Vorsorgeberatung, AG, Bern	100.0
Gosman & Kraan B.V., Amsterdam	100.0
Guangzhou printcom Printing Supplies Co. Ltd., Guangzhou	100.0
GWS Printing Service B.V., Schijndel	100.0
GWS Printing Systems Holding B.V., Schijndel	100.0
ICC Evaluation, Paris	100.0
KNIGHTSBRIDGE ALLIANZ LP, Bartlesville, OK	99.5[3]
manroland (China) Ltd., Hong Kong	100.0[5]
manroland (India) Pvt. Ltd., New Delhi	100.0
manroland (Korea) Ltd., Seoul	100.0
manroland (Taiwan) Ltd., Taipei	100.0
manroland Australasia PTY Limited, Regents Park	100.0
manroland Baltics SIA, Riga	100.0

	% owned[1]
manroland Benelux N.V., Wemmel	100.0
manroland Bulgaria-eood, Sofia	100.0
manroland Canada Inc., Toronto	100.0
manroland CEE AG, Vienna	100.0
manroland Ceská Republika spol. S.r.o., Prague	100.0
manroland Co. Ltd., Tokyo	100.0
manroland d.o.o., Ljubljana	100.0
manroland Danmark A/S, Vaerloese	100.0
manroland do Brasil Servicios Ltda., Sao Paulo	100.0
manroland Finland Oy, Vantaa	100.0
manroland France SAS, Paris	100.0
manroland Great Britain Ltd., Mitcham	100.0
manroland Hrvatska d.o.o., Novaki-SV. Nedjelja	100.0
manroland Iberica Sistemas S.A., Cascais	74.0
manroland Iberica Sistemas S.L., Madrid	100.0
manroland Inc., Westmont, IL	100.0
manroland Ireland Ltd., Dublin	99.7
manroland Italia SpA, Segrate, Milan	99.3
manroland latina Argentina, Buenos Aires	100.0
manroland latina Colombia, Bogota D.C.	100.0
manroland latina Peru, Lima	100.0
manroland latina S.A., Santiago de Chile	100.0
manroland latina S.A. de C.V., Mexico City	100.0
manroland Magyarorszag Kft., Budapest	100.0
manroland Malaysia Sdn. Bhd., Kuala Lumpur	100.0
manroland Mexico Servicios S.A. de C.V., Mexico City	100.0
manroland Norge AS, Lörenskog	100.0
manroland Poland Sp. z o.o., Nadarzyn	100.0
manroland Polska Sp. z o.o., Nadarzyn	100.0
manroland Printing Equipment (Shanghai) Ltd., Shanghai	100.0
manroland Printing Equipment (Shenzhen) Co. Ltd., Shenzhen	100.0
manroland Romania S.R.L., Bucharest	100.0
manroland Singapore PTE.Ltd., Singapore	100.0
manroland Southern Africa (Pty) Ltd., Cape Town	100.0
manroland Sverige AB, Trollhättan	100.0
manroland Swiss AG, Kirchberg	100.0
manroland Thailand Ltd., Bangkok	100.0
manroland Western Europe Group B.V., Amsterdam	100.0
Organizacion G.o.a. S.A., Lima	100.0
OSECA, Dakar	99.6
PPI Media US Inc., Westmont, IL	100.0
Press Services Centre Limited, Mitcham, UK, Mitcham	100.0
printcom (Asia) Limited, Hong Kong	100.0
PT manroland Indonesia, Jakarta	100.0
RE-AA, Abidjan	97.5
SA Immobilière de L'Avenue du Roule, La Défense	100.0
SCI Avip des Pivolles, La Défense	100.0
SCI champ laurent, La Défense	100.0
SCI DE LA PAILLERE, Paris	99.0
SCI J.T., La Défense	100.0
SCI La Balandrane, La Défense	100.0
SCI La Rize, La Défense	100.0
SCI Paris X, La Défense	100.0
SCI Vilaje, La Défense	100.0
SIFCOM Assurances, Abidjan	60.0
Société Foncière Européenne, Amsterdam	100.0
Top Versicherungs-Vermittler Service GmbH, Vienna	100.0
Votra S.A., Lausanne	100.0
JOINT VENTURES	
Allee-Center, Budapest	50.0
Allianz CP Genral Insurance Company Limited, Bangkok	50.0
AMB Europe Logistics JV, Luxembourg	83.3
Atenction Integral a la Dependencia S.L., Cordoba	50.0
Bajaj Allianz Financial Distributors Limited, Pune	50.0
Compania de Seguro de Creditos S.A., Lisbon	50.0
Dorcasia Ltd., Sydney	50.0
Euro Nederland, Amsterdam	50.0
International Shopping Centre Investment S.A., Luxembourg	50.0
Market Street Trust, Sydney	50.0
Millea Mondial Co Ltd., Tokyo	50.0
One Beacon Joint Venture LP, Wilmington, DE	50.0
Previndustria - Fiduciaria Previdenza Imprenditori S.p.A., Milan	50.0
SC HOLDING, Paris	50.0
TopTorony Ingatlanhasznosító Zártköruen Muködo Részvénytársaság, Kft., Budapest	50.0
UTE Gesecopri Servecarve, Madrid	50.0

	% owned[1]
ASSOCIATED ENTERPRISES	
21 Gestion Active, Paris	25.3[3]
ABS Credit Plus, Paris	23.4[3]
Acropole Monde A, Paris	44.6[3]
Addax Alpha Pat., Paris	26.7[3]
AGF Peh Eur. IV FCPR, Paris	56.7[3,6]
AGF Peh France IV C, Paris	36.2[3]
AGF SECURICASH L, S.A., Paris	37.0[3]
Allianz Actions Euro MidCap, Paris	39.3[3]
Allianz Asian Multi Income Plus, Singapore	48.0[3]
Allianz EFU Health Insurance Ltd., Karachi	49.0
Allianz Euro Tactique, Paris	39.4[3]
Allianz Europe Convertible, Paris	20.2[3]
Allianz Invest Cash, Vienna	28.8
Allianz Invest Eurorent Liquid, Vienna	34.3[3]
Allianz Invest Osteuropa, Vienna	48.6[3]
Allianz Invest Vorsorgefonds, Vienna	42.8
Allianz Multi Rendement Premium (R), Paris	47.8[3]
Allianz Saudi Fransi, Riyadh	32.5
Allianz Sécurité PEA, Paris	35.8[3]
ALTAPROFITS, Paris	20.0
APEH France Investissement 2, FCPR, Paris	44.9[3]
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0
Archstone Multifamily Partners Fund, Wilmington, DE	40.0
Ariel, Paris	26.7[3]
ASSURCARD, NV/SA, Haasrode	33.3
Autoelektro tehnicki pregledi drustvo s ogranicenom odgovornoscu za trgovinu i usluge, Vojnić	49.0
Bajaj Allianz General Insurance Company Ltd., Pune	26.0
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0
Berkshire Hathaway Services India Private Limited, New Delhi	20.0
berkshire India Private Limited, New Delhi	20.0
Biosphere A, Paris	40.2[3]
BMM France Croissance, Marseille	29.5[3]
BMM Long Terme (D), Marseille	45.0[3]
BMM Obligations (D), Marseille	25.6[3]
Broker on-line de productores de seguros S.A., Buenos Aires	30.0
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0
Capimmovalor, Paris	33.6
Chicago Parking Meters, LLC, Wilmington, DE	49.9
Citylife Srl., Milan	33.0
Cofitem Cofimur, Paris	22.1
CYRIL CONVERTIBLE TAUX, Paris	24.9[3]
CYRIL Convertibles, Paris	26.7[3]
Data Quest SAL, Beirut	36.0
DIGITAL FDS STAR EUR, Luxembourg	21.0[3]
Douglas Emmett Partnership X, LP, Santa Monica, CA	28.6
Dr. Ignaz Fiala GmbH, Vienna	33.3
DSB BlackRock India Investment Fund, Mauritius	25.2[3]
Dynamic Fixed Income Fund - P - EUR, Senningerberg	47.0[3]
Euro Media Télévision S.A., Bry-sur-Marne	21.4
Fondika S.A. de CV sociedad distribuidora integral de aciones de sociedades de inversion, Mexico City	26.8
GAP 1 AN, Paris	63.5[3,6]
GAP 1 AN Canton, Paris	33.0[3]
GAP Euros Canton, Paris	37.7[3]
GMAC VersicherungsService GmbH, Vienna	40.0
Graydon Holding N.V., Amsterdam	27.5
Guotai Jun' an Allianz Fund Management Company, Shanghai	49.0
ICG Conv Rendemt, Paris	23.1[3]
ICIC, Tel Aviv	33.3
Interpolis Kreditverzekeringen, Hertogenbosch	45.0
Invesc Multi Plus E, Paris	33.1[3]
IPE TANK RAIL INVEST A 1 Sca, Luxembourg	48.8
JPMorgan IIF UK1 LP, Dublin	35.7
KGH FD Licorne Red Eur CL, Nassau	47.6[3]
Le Cottage, Paris	37.5[3]
MedCentreStrakh, Moscow	30.0
MEDGULF Allianz Takaful, Bahrain	25.0
MM Composition Amerique, Marseille	41.3[3]
MMGI EUROMIX ACTION, Marseille	25.4[3]
Natinium 2007-1, Plc, Dublin	48.4[3]
NORA, LC, Maroua	20.0
Oddo Avenir (D), Paris	21.6[3]
Oddo Court Terme, Paris	51.1[3]
ODDO ET CIE, SCA, Paris	20.0
Oddo Euro Index AC, Paris	42.3[3]

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6 | Classified as associated entity according to IAS 28.
7 | Special Purpose Entity according to SIC-12 (SPE).
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

	% owned[1]
Oddo Europe, Paris	44.3[3]
Oddo FR IND ACT A, Paris	37.2[3]
Oddo Generation C, Paris	27.4[3]
Oddo Gestion Prudente, Paris	31.2[3]
Oddo Indice Japon, Paris	34.7[3]
ODDO OPPORTUNITES B, Paris	78.4[3]
ODDO RENDEMENT 2015, Paris	29.1[3]
ODDO US MID CAP, Paris	40.1[3]
Oddo USA Index Actif, Paris	31.2[3]
Oddo Valeurs Rende, Paris	53.7[3,6]
OeKB EH Beteiligungss- und Management AG, Vienna	49.0
PAR Holdings Limited, Hamilton	20.6
PERFECTIS I Ltd., Paris	27.3[3]
PGREF V 1301 SIXTH HOLDING LP, Wilmington, DE	24.5
PGRESS Debt Holdings LP, Wilmington, DE	20.0
PHRV (Paris Hotels Roissy Vaugirard), Paris	30.6
Povolzhskiy Leasing Center, Moscow	20.0
Red Mountain Capital Partners I L.P., Los Angeles, CA	24.9[3]
Roskurort, Moscow	50.0
Scandferries Chartering A/S, Copenhagen	35.0
SDU Finco B.V., Amsterdam	49.7
Select Multi. Ger. Croissance, Paris	46.1[3]
SK Versicherung AG, Vienna	25.8
Societe de Distributuin Automatique, Tunis	49.0
Sogesector Energie, La Défense	25.4[3]
Solveig Gas Holdco AS, Oslo	30.0
Sunderland Ins. Services Inc., Fargo, ND	40.0
THE EMERGING COMMO, Paris	42.8[3]
UNIM, Paris	30.0
VERONIA SHELF s.r.o., Prague	49.0
Wheelabrator INV, Paris	27.0[3]
White Knight FCPR, S.à r.l., Paris	21.0[3]
XAnge Capital, S.à r.l., Paris	21.0[3]
OTHER PARTICIPATIONS BETWEEN 5 AND 20% OF VOTING RIGHTS	
Al Nisr Al Arabi, Amman	18.0
Banco BPI S.A., Porto	8.8
Banco Popular Espanol S.A., Madrid	9.2
Hartford Financial Services Group Inc, Hartford, CT	5.2
Zagrebacka Banka dd, Zagreb	11.7

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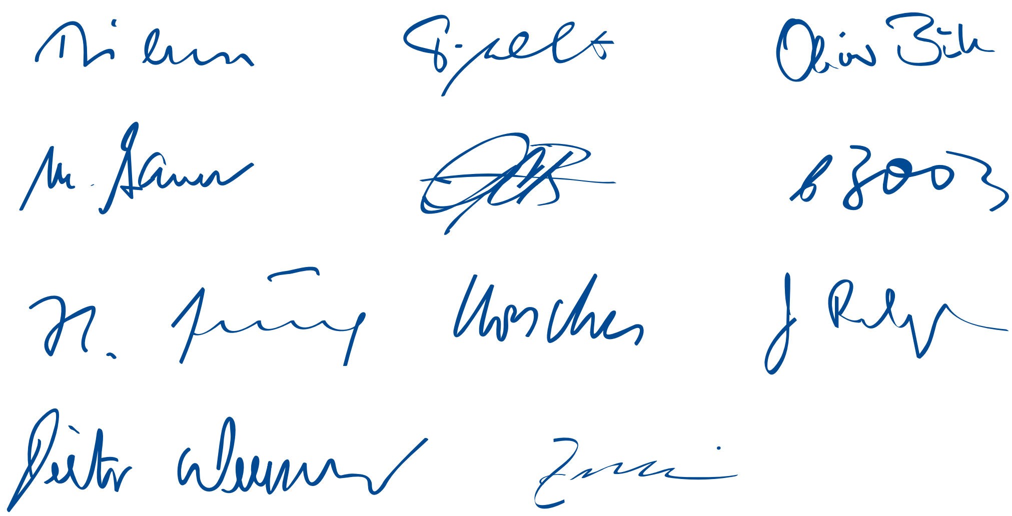
8 | Allocated as associated entity due to material influence.
9 | In insolvency.
10 | Investment fund.

IV. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Munich, February 20, 2012

Allianz SE
The Board of Management



IV. Auditor's Report

We have audited the consolidated financial statements prepared by Allianz SE, Munich, comprising the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes, together with the group management report for the business year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315 a para. 1 German Commercial Code ("Handelsgesetzbuch – HGB") and supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315 a Abs. 1 HGB and supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Munich, March 7, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Johannes Pastor
Wirtschaftsprüfer
(Independent Auditor)

Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)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ALLIANZ
versichert
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Schaden stiftet


Tempo
Tempo

FURTHER INFORMATION

1934: Whether travelling by train, steamship, bus or hackney carriage, some 66 million increasingly mobile Germans were in a position to take out lifelong travel insurance with Allianz. 2011: From vintage car insurance to model aeroplane and kite third-party liability insurance, from motorbike insurance to road user's legal expenses insurance, Allianz offers individual motor insurance cover in about 40 countries around the globe.

V. Joint Advisory Council of the Allianz Companies

DR. HENNING SCHULTE-NOELLE
Chairman
Chairman of the Supervisory Board, Allianz SE

DR. KURT BOCK
Chairman of the Board of Management, BASF SE

FRANZ FEHRENBACH
Chief Executive Officer, Robert Bosch GmbH

PROF. DR. BERND GOTTSCHALK
Managing Partner, AutoValue GmbH

DR. RÜDIGER GRUBE
Chairman of the Board of Management, Deutsche Bahn AG

HERBERT HAINER
Chairman of the Board of Management, adidas AG

PROF. DR.-ING. E. H. HANS-OLAF HENKEL
Honorary Professor, University of Mannheim

DR. JÜRGEN HERAEUS
Chairman of the Supervisory Board, Heraeus Holding GmbH

PROF. DR.-ING. DIETER HUNDT, SENATOR E. H.
Chairman of the Supervisory Board, Allgaier Werke GmbH

PROF. DR.-ING. DR.-ING. E. H. HANS-PETER KEITEL
President of BDI-Federation of German Industries

DR. NICOLA LEIBINGER-KAMMÜLLER
Chief Executive Officer, Trumpf GmbH + Co. KG

DR. BERND PISCHETSRIEDER
Advisor to the Board, Volkswagen AG

DR.-ING. DR.-ING. E. H. NORBERT REITHOFER
Chairman of the Board of Management, BMW AG

HARRY ROELS

KASPER RORSTED
Chairman of the Board of Management, Henkel AG & Co. KGaA

DR. H. C. WALTER SCHEEL
Former President of the Federal Republic of Germany

DR. MANFRED SCHNEIDER
Chairman of the Supervisory Board, Bayer AG

PROF. DR. DENNIS SNOWER
President of the Kiel Institute for the World Economy

HOLGER STRAIT
Managing Partner, J. G. Niederegger GmbH & Co. KG

DR.-ING. E. H. HEINRICH WEISS
Chief Executive Officer, SMS Holding GmbH

MANFRED WENNEMER
Chairman of the Supervisory Board , Hochtief AG

V. International Advisory Board

BELMIRO DE AZEVEDO
Chairman, Sonae S.G.P.S. S.A.

ALFONSO CORTINA DE ALCOCER
Vice Chairman, Rothschild Europe B.V.
Senior Advisor, Texas Pacific Group

PETER COSTELLO
Managing Director, BKK Partners
Director, Australian Future Fund

DR. JÜRGEN HAMBRECHT
Chairman of the Board of Executive Directors, BASF SE

FRED HU
Founder and Chairman, Primavera Capital Group

FRANZ HUMER
Chairman of the Board of Directors, Roche Holding Ltd.

RAHMI KOÇ
Honorary Chairman of the Board of Directors,
Koç Holding A.Ş.
until December 31, 2011

IAIN LORD VALLANCE OF TUMMEL

MINORU MAKIHARA
Senior Corporate Advisor, Mitsubishi Corporation

CHRISTOPHE DE MARGERIE
Chairman and CEO, Total S.A.

JACQUES NASSER
Chairman, BHP Billiton
Partner, One Equity Partners LLC
Board member, British Sky Broadcasting

DR. GIANFELICE ROCCA
Chairman, Techint Group

ANGEL RON
Chairman and CEO, Banco Popular

ANTHONY SALIM
President and CEO, Salim Group Wisma Indocement

LOUIS SCHWEITZER
Honorary Chairman, Renault S.A.

DR. MARCO TRONCHETTI PROVERA
Chairman, Pirelli & Co. S.p.A.

V. Mandates of the Members of the Supervisory Board[1]

DR. HENNING SCHULTE-NOELLE
Chairman
Former Chairman of the Board of Management, Allianz AG
Membership in other statutory supervisory boards
and SE administrative boards in Germany
E.ON AG

DR. WULF BERNOTAT
Former Chairman of the Board of Management, E.ON AG
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Bertelsmann AG
Deutsche Telekom AG
METRO AG

JEAN-JACQUES CETTE
Secretary of the Group Works Council, Allianz France S.A.
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.

DR. GERHARD CROMME
Vice Chairman
Chairman of the Supervisory Board, ThyssenKrupp AG
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Axel Springer AG
Siemens AG (Chairman)
ThyssenKrupp AG (Chairman)

Membership in comparable[1] supervisory bodies
Compagnie de Saint-Gobain S.A.

GODFREY ROBERT HAYWARD
Employee, Allianz Insurance plc

FRANZ HEISS
Employee, Allianz Beratungs- und Vertriebs-AG
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG

PROF. DR. RENATE KÖCHER
Director, Institut für Demoskopie Allensbach
Membership in other statutory supervisory boards
and SE administrative boards in Germany
BMW AG
Infineon Technologies AG
Robert-Bosch GmbH | from March 30, 2012

PETER KOSSUBEK
Employee, Allianz Deutschland AG

IGOR LANDAU
Member of the Administrative Board, Sanofi-Aventis S.A.
Membership in other statutory supervisory boards
and SE administrative boards in Germany
adidas AG (Chairman)

Membership in comparable[1] supervisory bodies
HSBC France
Sanofi-Aventis S.A.

JÖRG REINBRECHT
Union Secretary, ver.di Bezirk Hannover
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG

PETER SUTHERLAND
Chairman, Goldman Sachs International
Membership in comparable[1] supervisory bodies
BW Group Ltd.
Goldman Sachs International (Chairman)
Koç Holding A.Ş.

ROLF ZIMMERMANN
Vice Chairman
Employee, Allianz Deutschland AG

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

V. Mandates of the Members of the Board of Management[1]

MICHAEL DIEKMANN
Chairman of the Board of Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
BASF SE (Deputy Chairman)
Linde AG (Deputy Chairman)
Siemens AG

Membership in Group bodies
Allianz Deutschland AG
Allianz Asset Management AG (Chairman)
(formerly: Allianz Global Investors AG)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A. (Vice President)
Allianz S.p.A.

DR. PAUL ACHLEITNER | until May 31, 2012
Finance
Membership in other statutory supervisory boards and SE administrative boards in Germany
Bayer AG
Daimler AG
RWE AG

Membership in Group bodies
Allianz Asset Management AG
(formerly: Allianz Global Investors AG)
Allianz Investment Management SE (Chairman)

OLIVER BÄTE
Controlling, Reporting, Risk (and Investor Relations | as of June 1, 2012)
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG (Deputy Chairman)
Allianz Asset Management AG
(formerly: Allianz Global Investors AG)
Allianz Investment Management SE (Deputy Chairman)

MANUEL BAUER
Insurance Growth Markets
Membership in comparable[1] supervisory bodies
Bajaj Allianz General Insurance Company Limited
Bajaj Allianz Life Insurance Company Limited
Zagrebacka Banka

Membership in Group bodies
Allianz Hungária Biztosító Zrt. (Chairman)
Allianz-Slovenská poist'ovna a.s. (Chairman)
Allianz Tiriac Asigurari S.A. (Chairman)
OJSC IC Allianz (Chairman)
TU Allianz Polska S.A. (Chairman)
TU Allianz Życie Polska S.A. (Chairman)

GARY BHOJWANI | since January 1, 2012
Insurance USA
Membership in comparable[1] supervisory bodies
Allina Hospitals & Clinics

Membership in Group bodies
Allianz Life Insurance Company of North America
((Chairman) | since January 1, 2012)
Allianz of America, Inc (Chairman) | since January 1, 2012
Fireman's Fund Insurance Company (Chairman)
since February 15, 2012

CLEMENT BOOTH
Global Insurance Lines & Anglo Markets
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Australia Limited
Allianz Holdings plc (Chairman)
Allianz Insurance plc (Chairman)
Allianz Irish Life Holdings plc
Allianz UK Ltd (Chairman)
Euler Hermes S.A. (Chairman)

ENRICO CUCCHIANI | until December 21, 2011
Insurance Europe (& South America)
Membership in comparable[1] supervisory bodies
Pirelli & C. S.p.A. | until December 16, 2011
Unicredit S.p.A. | until December 16, 2011

Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A. Barcelona (Vice Chairman) | until December 15, 2011
Allianz Hayat ve Emeklilik A.Ş. (Vice Chairman) until December 15, 2011
Allianz Sigorta P&C A.Ş. (Vice Chairman) | until December 15, 2011
Allianz S.p.A. (Chairman) | until December 22, 2011
Companhia de Seguros Allianz Portugal S.A. | until December 15, 2011

DR. JOACHIM FABER | until December 31, 2011
Asset Management (Worldwide)
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Börse AG

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

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

DR. HELGA JUNG | since January 1, 2012
Insurance Iberia & Latin America , Legal & Compliance, M&A
Membership in comparable[1] supervisory bodies
Unicredit S.p.A. | since January 31, 2012

DR. CHRISTOF MASCHER
Operations
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Managed Operations and Services SE (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Global Assistance SAS (Chairman)

JAY RALPH
Insurance NAFTA Markets | until December 31, 2011
Asset Management (Worldwide) | since January 1, 2012
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty AG

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairman)
until December 31, 2011
Allianz of America Corporation (Chairman) | until February 16, 2012
Allianz of America, Inc. | until February 16, 2012
((Chairman) | until December 31, 2011)
Fireman's Fund Insurance Company (Chairman)
until February 15, 2012

DR. DIETER WEMMER | since January 1, 2012
Insurance Western & Southern Europe
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz S.p.A.

DR. WERNER ZEDELIUS
Insurance German Speaking Countries, Human Resources
Membership in other statutory supervisory boards
and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG (Vice Chairman)
Allianz Suisse Lebensversicherungs-Gesellschaft AG
Allianz Suisse Versicherungs-Gesellschaft AG

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

V. Glossary

The accounting terms explained here are intended to help the reader understand this Annual Report. Most of these terms concern the balance sheet or the income statement. Terminology relating to particular segments has not been included.

ACQUISITION COST
- The amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition.

AFFILIATED ENTERPRISES
- The parent company of the Group and all consolidated subsidiaries. Subsidiaries are enterprises where the parent company can exercise a significant influence over their corporate strategy in accordance with the control concept. This is possible, for example, where the parent company holds, directly or indirectly, a majority of the voting rights, has the power to appoint or remove a majority of the members of the Board of Management or equivalent governing body, or where there are contractual rights of control.

AGGREGATE POLICY RESERVES
- Policies in force – especially in life, health, and personal accident insurance – give rise to potential liabilities for which funds have to be set aside. The amount required is calculated actuarially.

ALLOWANCE FOR LOAN LOSSES
- The overall volume of provisions includes allowances for credit losses – deducted from the asset side of the balance sheet – and provisions for risks associated with contingencies, such as guarantees, loan commitments or other obligations, which are stated as liabilities.
- Where it is determined that a loan cannot be repaid, the uncollectable amount is written off against any existing specific loan loss allowance, or directly recognized as expense in the income statement. Recoveries on loans previously written off are recognized in the income statement under net loan loss provisions.

ASSETS UNDER MANAGEMENT
- The total of all investments, valued at current market value, which the Group has under management with responsibility for maintaining and improving their performance. In addition to the Group's own investments, they include investments held under management for third parties.

ASSOCIATED ENTERPRISES
- All enterprises, other than affiliated enterprises or joint ventures, in which the Group has an interest of between 20% and 50%, regardless of whether a significant influence is actually exercised or not.

AT AMORTIZED COST
- Under this accounting principle the difference between the acquisition cost and redemption value (of an investment) is added to or subtracted from the original cost figure over the period from acquisition to maturity and credited or charged to income over the same period.

AVAILABLE-FOR-SALE INVESTMENTS
- Available-for-sale investments are securities which are neither held to maturity nor have been acquired for sale in the near term; available-for-sale investments are carried at fair value in the balance sheet.

BUSINESS COMBINATION
- A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

CASH FLOW STATEMENT
- Statement showing movements of cash and cash equivalents during an accounting period, classified by three types of activity:
  - operating activities
  - investing activities
  - financing activities

CERTIFICATED LIABILITIES
- Certificated liabilities comprise debentures and other liabilities for which transferable certificates have been issued.

CFO FORUM
- The European Insurance CFO Forum is a high-level discussion group formed and attended by the Chief Financial Officers of major European listed insurance companies. Its aim is to influence the development of financial reporting, value based reporting, and related regulatory developments for insurance enterprises on behalf of its members, who represent a significant part of the European insurance industry.

COMBINED RATIO
- Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

CONTINGENT LIABILITIES
- Financial obligations not shown as liabilities on the balance sheet because the probability of a liability actually being incurred is low. Example: guarantee obligations.

CORRIDOR APPROACH
- With defined benefit plans, differences come about between the actuarial gains and losses which, when the corridor approach is applied, are not immediately recognized as income or expenses as they occur. Only when the cumulative actuarial gains or losses fall outside the corridor is recognition made from the following year onwards. The corridor is 10% of the present value of the pension rights accrued or of the market value of the pension fund assets, if this is higher.

COST-INCOME RATIO
- Represents operating expenses divided by operating revenues.

CREDIT RISK
- The risk that one party to a contract will fail to discharge its obligations and thereby cause the other party to incur financial loss.

CURRENT EMPLOYER SERVICE COST
- Net expense incurred in connection with a defined benefit plan less any contributions made by the beneficiary to a pension fund.

DEFERRED ACQUISITION COSTS
- Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. They include commissions paid, underwriting expenses and policy issuance costs.

DEFERRED TAX ASSETS/LIABILITIES

▪ The calculation of deferred tax is based on tax loss carry forwards, tax credit carry forwards and temporary differences between the carrying amounts of assets or liabilities in the published balance sheet and their tax base, and on differences arising from applying uniform valuation policies for consolidation purposes. The tax rates used for the calculation are the local rates applicable in the countries of the enterprises included in the consolidation; changes to tax rates already adopted on the balance sheet date are taken into account.

DEFINED BENEFIT PLANS

▪ For defined benefit plans, the participant is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance. To determine the expense over the period, accounting regulations require that actuarial calculations are carried out according to a fixed set of rules.

DEFINED CONTRIBUTION PLANS

▪ Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions and is not participating in the investment success of the contributions.

DERIVATIVE FINANCIAL INSTRUMENTS

▪ Financial contracts, the values of which move in relationship to the price of an underlying asset. Derivative financial instruments can be classified in relation to their underlying assets (e.g. interest rates, share prices, foreign currency exchange rates or prices of goods). Important examples of derivative financial instruments are options, futures, forwards and swaps.

EARNINGS PER SHARE (BASIC/DILUTED)

▪ Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding. For calculating diluted earnings per share the number of shares and the net income for the year attributable to shareholders are adjusted by the dilutive effects of any rights to subscribe for shares which have been or can still be exercised. Subscription rights arise in connection with participation certificates and share based compensation plans.

EQUITY CONSOLIDATION

▪ The relevant proportion of cost for the investment in a subsidiary is set off against the relevant proportion of the shareholders' equity of the subsidiary.

EQUITY METHOD

▪ Investments in joint ventures and associated companies are accounted for by this method. They are valued at the Group's proportionate share of the net assets of the companies concerned. In the case of investments in companies which prepare consolidated financial statements of their own, the valuation is based on the sub-group's consolidated net assets. The valuation is subsequently adjusted to reflect the proportionate share of changes in the company's net assets, a proportionate share of the company's net earnings for the year being added to the Group's consolidated income.

EXPENSE RATIO

▪ Represents acquisition and administrative expenses (net) divided by premiums earned (net).

FAIR VALUE

▪ The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE OPTIONS

▪ Options valued at market value.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

▪ Financial assets carried at fair value through income include financial assets held for trading and financial assets designated at fair value through income.

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

▪ Financial liabilities carried at fair value through income include financial liabilities held for trading and financial liabilities designated at fair value through income.

FINANCIAL VAR

▪ Financial Value at Risk (VaR) is the diversified aggregation of market risk and credit risk.

FORWARDS

▪ The parties to this type of transaction agree to buy or sell at a specified future date. The price of the underlying assets is fixed when the deal is struck.

FUNCTIONAL CURRENCY

▪ The functional currency is the prevailing currency in the primary economic environment where the subsidiary conducts its ordinary activities.

FUNDS HELD BY/FOR OTHERS UNDER REINSURANCE CONTRACTS

▪ Funds held by others are funds to which the reinsurer is entitled but which the ceding insurer retains as collateral for future obligations of the reinsurer. The ceding insurer shows these amounts as "funds held under reinsurance business ceded."

FUTURES

▪ Standardized contracts for delivery on a future date, traded on an exchange. Normally, rather than actually delivering the underlying asset on that date, the difference between closing market value and the exercise price is paid.

GOODWILL

▪ Difference between the cost of acquisition and the fair value of the net assets acquired.

GROSS/NET

▪ In insurance terminology the terms gross and net mean before and after deduction of reinsurance, respectively. In the investment terminology the term "net" is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.

GROUP SHARE (%)

▪ The Group share is the total of all interests held by affiliated enterprises and joint ventures in affiliated enterprises, joint ventures, and associated enterprises.

HEDGING
▪ The use of special financial contracts, especially derivative financial instruments, to reduce losses which may arise as a result of unfavorable movements in rates or prices.

HELD FOR SALE
▪ A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than though continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.

HELD-TO-MATURITY INVESTMENTS
▪ Held-to-maturity investments comprise debt securities held with the intent and ability that they will be held-to-maturity. They are valued at amortized cost.

IAS
▪ International Accounting Standards.

IFRS
▪ International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).

IFRS FRAMEWORK
▪ The framework for International Financial Reporting Standards (IFRS) which sets out the concepts that underlie the preparation and presentation of financial statements for external users.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)
▪ Income from financial assets and liabilities carried at fair value through income (net) includes all realized and unrealized gains and losses including interest and dividend income from financial assets and financial liabilities carried at fair value through income, the income (net) from financial liabilities for puttable equity instruments and the foreign currency gains and losses (net).

ISSUED CAPITAL AND CAPITAL RESERVES
▪ This heading comprises the capital stock, the premium received on the issue of shares, and amounts allocated when option rights are exercised.

JOINT VENTURE
▪ An enterprise which is managed jointly by an enterprise in the Group and one or more enterprises not included in the consolidation. The extent of joint management control is more than the significant influence exercised over associated enterprises and less than the control exercised over affiliated enterprises.

LOSS FREQUENCY
▪ Number of losses in relation to the number of insured risks.

LOSS RATIO
▪ Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

MARKET VALUE
▪ The amount obtainable from the sale of an investment in an active market.

NON-CONTROLLING INTERESTS
▪ Those parts of the equity of affiliated enterprises which are not owned by companies in the Group.

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS
▪ That part of net income for the year which is not attributable to the shareholders of the Allianz Group but to other third parties who hold shares in affiliated enterprises.

OPTIONS
▪ Derivative financial instruments where the holder is entitled – but not obliged – to buy (call option) or sell (put option) the underlying asset at a predetermined price sometime in the future. The grantor (writer) of the option, on the other hand, is obliged to transfer or buy the asset and receives a premium for granting the option to the purchaser.

OTC DERIVATIVES
▪ Derivative financial instruments which are not standardized and not traded on an exchange but are traded directly between two counterparties via over-the-counter (OTC) transactions.

PARTICIPATING CERTIFICATES
▪ Amount payable on redemption of participating certificates issued. The participating certificates of Allianz SE carry distribution rights based on the dividends paid, and subscription rights when the capital stock is increased; but they carry no voting rights, no rights to participate in any proceeds of liquidation, and no rights to be converted into shares.

PENSION AND SIMILAR OBLIGATIONS
▪ Reserves for current and future post-employment benefits formed for the defined benefit plans of active and former employees. These also include reserves for health care benefits and processing payments.

PREMIUMS WRITTEN/EARNED
▪ Premiums written represent all premium revenues in the year under review. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only that part of the premiums used to cover the risk insured and costs involved is treated as premium income.

REINSURANCE
▪ Where an insurer transfers part of the risk which he has assumed to another insurer.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS
▪ A repurchase (repo) transaction involves the sale of securities by the Group to a counterparty, subject to the simultaneous agreement to repurchase these securities at a certain later date, at an agreed price. The securities concerned are retained in the Group's balance sheet for the entire lifetime of the transaction, and are valued in accordance with the accounting principles for financial assets carried at fair value through income or investment securities, respectively. The proceeds of the sale are reported in liabilities to banks or to customers, as appropriate. A reverse repo transaction involves the purchase of securities with the simultaneous obligation to sell these securities at a future date, at an agreed price. Such transactions are reported in loans and advances to banks, or loans and advances to customers, respectively. Interest income from reverse repos and interest expenses from repos are accrued evenly over the lifetime of the transactions and reported under interest and similar income or interest expenses.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

■ Reserves for the cost of insurance claims incurred by the end of the year under review but not yet settled.

RESERVE FOR PREMIUM REFUNDS

■ That part of the operating surplus which will be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.

RETAINED EARNINGS

■ In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group enterprises and amounts transferred from consolidated net income.

SEGMENT REPORTING

■ Financial information based on the consolidated financial statements, reported by business segments (Property-Casualty, Life/Health, Asset Management and Corporate and Other) as well as by reportable segments.

SUBORDINATED LIABILITIES

■ Liabilities which, in the event of liquidation or bankruptcy, are not settled until after all other liabilities.

SWAPS

■ Agreements between two counterparties to exchange payment streams over a specified period of time. Important examples include currency swaps (in which payment streams and capital in different currencies are exchanged) and interest rate swaps (in which the parties agree to exchange normally fixed interest payments for variable interest payments in the same currency).

UNEARNED PREMIUMS

■ Premiums written attributable to income of future years. The amount is calculated separately for each policy and for every day that the premium still has to cover.

UNRECOGNIZED GAINS/LOSSES

■ Amount of actuarial gains or losses, in connection with defined benefit pension plans, which are not yet recognized as income or expenses (see also “corridor approach”).

UNRECOGNIZED PAST SERVICE COST

■ Present value of increases in pension benefits relating to previous years’ service, not yet recognized in the pension reserve.

US GAAP

■ Generally Accepted Accounting Principles in the United States of America.

VARIABLE ANNUITIES

■ The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.

V. Index

FINANCIAL CALENDAR

IMPORTANT DATES FOR SHAREHOLDERS AND ANALYSTS[1]

Annual General Meeting	May 9, 2012
Interim Report 1Q	May 15, 2012
Interim Report 2Q	August 3, 2012
Interim Report 3Q	November 9, 2012
Financial Results 2012	February 21, 2013
Annual General Meeting	May 7, 2013

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Annual Report on the internet – www.allianz.com/annualreport | Design/Concept: Allianz SE – Group Management Reporting | Photo Story: Allianz SE – Group Management Reporting and Allianz Center for Corporate History | Photography (Board of Management, Supervisory Board, IEC): Andreas Pohlmann
This is a translation of the German Annual Report of the Allianz Group. In case of any divergences, the German original is legally binding.

1 | The German Securities Trading Act ("Wertpapierhandelsgesetz") obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures of quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.