SE

Allianz SE

Annual Report 2010

Allianz

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

Content

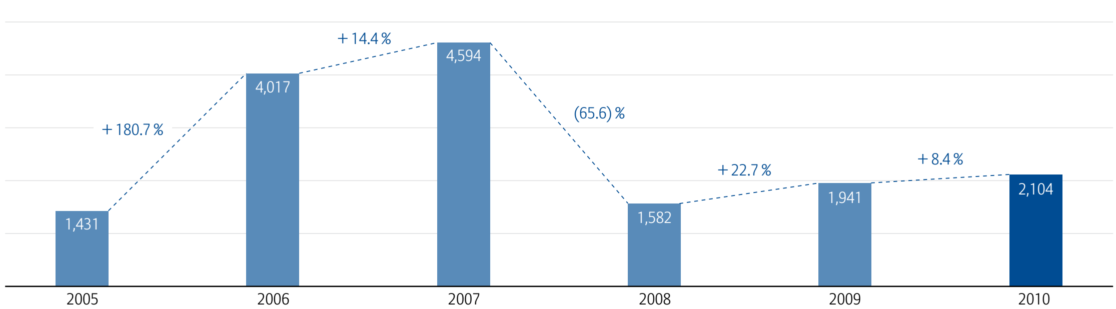
Allianz SE at a Glance

		2010	Change from previous year in %	2009	2008	2007	2006	2005	Details on page
Gross premiums written	€ mn	3,854	1.1	3,811	3,449	3,533	4,386	4,849	17
Retention	in %	81.1	(1.8) pts	82.9	83.0	67.8	65.5	68.5	12
Loss ratio (net) Property-Casualty	in %	68.2	4.8 pts	63.4	61.6	57.8	60.7	62.6	12
Expense ratio (net) Property-Casualty	in %	27.6	0.9 pts	26.7	29.3	28.4	27.6	26.9	12
Combined ratio (net) Property-Casualty	in %	95.8	5.7 pts	90.1	90.9	86.2	88.3	89.5	17
Net underwriting result	€ mn	161	(50.5)	325	187	278	315	266	12
Net technical result	€ mn	101	(85.1)	679	(68)	388	365	(125)	13
Non-technical result	€ mn	1,451	47.6	983	1,069	3,684	2,687	1,090	13
Net operating income	€ mn	1,552	(6.6)	1,662	1,001	4,072	3,052	965	
Extraordinary result	€ mn	178	—	—	—	—	—	—	14
Taxes	€ mn	374	34.1	279	581	522	965	466	14
Net income	€ mn	2,104	8.4	1,941	1,582	4,594	4,017	1,431	14
Investments	€ mn	88,337	1.0	87,442	87,018	84,782	84,624	77,842	19
Shareholders' equity	€ mn	42,404	0.2	42,309	41,882	42,525	36,649	29,660	20
Insurance reserves net	€ mn	9,999	2.2	9,780	9,850	9,384	10,486	11,509	
Dividend per share	€	4.50[1]	9.8	4.10	3.50	5.50	3.80	2.00	14
Total dividend	€ mn	2,045[1]	10.5	1,850	1,580	2,472	1,642	811	14
Share price as of December 31	€	88.93	2.0	87.15	75.00	147.95	154.76	127.94	
Market capitalization as of December 31	€ mn	40,419	2.2	39,557	33,979	66,600	66,880	51,949	

1 Proposal.

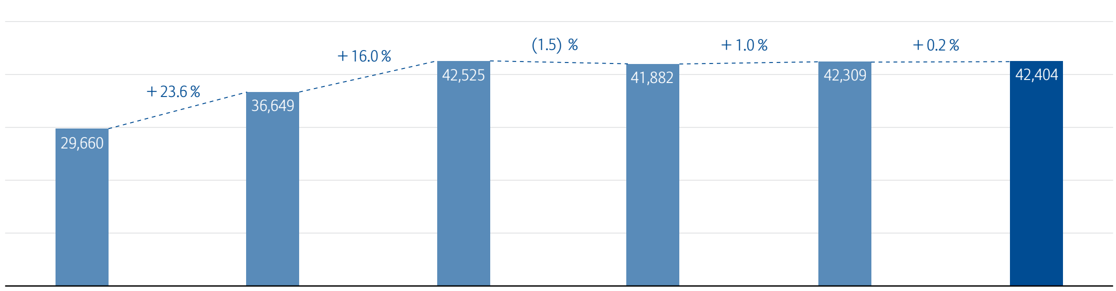
Net income

in € mn



Shareholders' equity

in € mn



Supervisory Board Report

Ladies and Gentlemen,

During the fiscal year 2010, 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 as regards the conduct of business. We were directly involved in all major decisions regarding the company.

With a view to our monitoring and advisory activities, the Board of Management informed us on a regular basis in a timely and comprehensive manner, both verbally and in writing, on the course of the business as well as the financial and economic development of the Allianz Group and Allianz SE. Further key areas of reporting were essential strategic considerations, compliance issues, the effect of the financial crisis and the high levels of debt in some E.U. countries, remuneration structures within the Allianz Group against the background of new legal requirements and the implementation status of the Solvency II Directive. Based on the reports provided by the Board of Management, we discussed the development of the business as well as decisions and procedures of importance to the company. We were involved in the Board of Management's planning for the 2011 fiscal year and the medium term as well as in areas in which actual business development deviated from the plan.

We also conferred in detail on Supervisory Board remuneration, and concluded that a transition towards a fixed remuneration system should be proposed at the ordinary General Meeting in 2011.

The Supervisory Board held five meetings in fiscal year 2010. The regular meetings were held in March, May, September and December. In February 2010, the Supervisory Board convened an extraordinary meeting on the achievement of targets for variable Board of Management remuneration and the Board of Management's dividend proposal. The Chairpersons of the Supervisory Board and Board of Management held regular discussions about major developments and decisions.

The Board of Management's reports on the business situation and on particular issues were provided on the basis of written presentations and documents that were sent before each meeting to each Supervisory Board member for preparation. This was also the case with all financial statements and the auditor's reports. For all management decisions, which required the approval of the Supervisory Board or of one of its committees (as described in detail in this report), such approval was granted. The Supervisory Board did not establish any additional approval requirements beyond those set out in the Statutes or the Rules of Procedure.

Issues discussed in the Supervisory Board plenary session

In every Supervisory Board meeting in the fiscal year 2010 (except the extraordinary meeting in February 2010), the Board of Management reported on revenues and results in the Group as well as the financial situation and gave further details on the developments in each individual business division. We were also regularly informed about the status of major legal disputes.

Within our work on the Supervisory Board, we focused on the effect of the financial and capital market crisis as well as the high levels of debt in some E.U. countries, particularly Greece. We paid particular attention to the possible effects on the risk situation and on liquidity. We also conferred with the Board of Management about valuation issues and the further course of action required in the wake of these market disruptions. We discussed in detail the issue of diversity at the level of Board of Management and the Supervisory Board, particularly due consideration of women, and were also provided by the Board of Management with information on the status and steps taken at management levels below the Board of Management.

At the extraordinary meeting held on February 24, 2010, the Supervisory Board appointed Mr. Manuel Bauer to the Board of Management as of January 1, 2011, in response to the retirement of Dr. Rupprecht from the Board of Management of Allianz SE (effective as of December 31, 2010). At the same meeting, we reviewed the extent to which individual members of the Board of Management had achieved their targets and set their variable remuneration accordingly. Lastly, a discussion on the dividend proposal of the Board of Management was held.

At the meeting held on March 17, 2010, the Supervisory Board adopted a resolution on extending the appointment of Mr. Booth to the Board of Management until December 31, 2014. The mandates of Mr. Cucchiani and Dr. Faber were extended until December 31, 2011, in view of the fact that both had reached the age of 60. In the rest of the meeting, we dealt primarily with the annual and the consolidated financial statements and the Board of Management's recommendation for the appropriation of profits from the 2009 fiscal year. KPMG reported on the material findings of the audit. The Supervisory Board gave the necessary approval to the domination and profit transfer agreements of Allianz Common Applications and Services GmbH and AZ Argos 45 Vermögensverwaltungsgesellschaft mbH. In addition, it dealt with the agenda for the 2010 General Meeting of Allianz SE and adopted the resolutions proposed by the Supervisory Board regarding the General Meeting. A written and verbal report provided by the Board of Management also gave us a detailed picture of the implementation status of the E.U.'s Solvency II Directive.

On May 5, 2010, just before the General Meeting, we were briefed by the Board of Management on business in the first quarter and on the current situation of the Allianz Group. In addition to receiving an update on the effect of the crisis in Greece and on ongoing investment projects, we used the meeting to prepare for the upcoming General Meeting.

In an Executive Session meeting on September 9, 2010, we closely examined the current changes in the German Corporate Governance Code, in particular the issue of diversity at the level of Board of Management and the Supervisory Board, and adopted corresponding amendments to the Supervisory Board's rules of procedure. We discussed possible underlying principles for specifying objectives regarding the Supervisory Board's composition. Subsequently, we dealt with the structure of Supervisory Board remuneration. Following a suggestion from the last efficiency review, the Personnel Committee had engaged Kienbaum Management Consultants to prepare a review of current Supervisory Board remuneration. Based on the outcome of this study, we reflected on possible changes to the current structure of remuneration. Upon completion of the Executive Session, the Board of Management reported in detail on the business performance and financial condition of the Allianz Group and the development of the individual segments. As in the previous year, we paid special attention to the strategy of the Allianz Group. The Supervisory Board welcomed the decision by the Board of Management 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 employee shares.

In the Executive Session of the meeting on December 15, 2010, we firstly resolved on the service contract for Mr. Bauer. The Supervisory Board then examined the appropriateness of Board of Management remuneration using a 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 pension contributions and the risk element of premiums for 2011. Taking these adjustments into account, we concluded that the Board of Management remuneration was appropriate. We also dealt with issues relating to the retirement of Board of Management members and the general conditions for the exercise of mandates and for advisory roles by retired Board of Management members. Deliberations continued on a change to Supervisory Board remuneration and we decided to propose transition towards a fixed remuneration system to the General Meeting in 2011. On the basis of the preparations by the Nomination Committee and the Personnel Committee, we adopted objectives regarding the Supervisory Board's composition, as well as key points governing the selection procedure for appointing Board of Management members. We then used the meeting for our regular review of the efficiency of the Supervisory Board. All the Supervisory Board members had previously received a written survey on important aspects of the Supervisory Board's work. We discussed the key findings of the survey and the resulting recommendations for improvements. Lastly, the resignation of Mr. Grimm from the Supervisory Board of Allianz SE as of year-end 2010 necessitated by-elections in the committees. In the Standing Committee, Mr. Kossubek was elected on the proposal of the employee representatives. Mr. Franz Heiß, who had been proposed by the group works council as the successor to Mr. Grimm in the Supervisory Board of Allianz SE, was elected to the Risk Committee. Upon completion of the Executive Session, the Board of Management reported on the business performance and condition of the Allianz Group as well as on the legal requirements to be met by remuneration systems in the insurance sector and on remuneration structures within the Allianz Group. We then discussed planning for the fiscal year 2011 as well as medium-term planning. In this context, the Supervisory Board also adopted the targets for the variable remuneration of members of the Board of Management for 2011. Lastly, we issued the Declaration of Compliance with the German Corporate Governance Code.

Corporate Governance and the Declaration of Compliance

On December 15, 2010, the Board of Management and the Supervisory Board issued the Declaration of Compliance 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 the last Declaration, Allianz SE has complied with all recommendations made by the Government Commission on the German Corporate Governance Code. It will comply with all the recommendations in the current version of the Code dated May 26, 2010, with the exception of No. 5.4.6 section 2 sentence 1 because the company intends to propose to the General Meeting a transition towards a fixed remuneration system for the Supervisory Board.

Chair and Committees of the Supervisory Board
As of December 31, 2010 (and subsequent changes)

Chairperson of the Supervisory Board
Dr. Henning Schulte-Noelle

Deputy Chairmen
Dr. Gerhard Cromme
Rolf Zimmermann

Audit Committee
Dr. Wulf H. 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 (since January 1, 2011)
Peter Kossubek (until December 31, 2010)

Standing Committee
Dr. Henning Schulte-Noelle (Chairman)
Dr. Wulf H. Bernotat
Dr. Gerhard Cromme
Karl Grimm (until December 31, 2010)
Peter Kossubek (since January 1, 2011)
Rolf Zimmermann

Further explanations on Corporate Governance in the Allianz Group are available in the report on Corporate Governance and the Statement on Corporate Management beginning on page 52. The Allianz website www.allianz.com/corporate-governance contains further information on Corporate Governance.

Committee Activities

In order to exercise its functions efficiently, the Supervisory Board has set up an Audit Committee, a Standing Committee, a Personnel Committee, a Risk Committee and a Nomination Committee. The committees prepare the discussion and adoption of resolutions in the plenary session. Furthermore, in appropriate cases, the authority to adopt resolutions has been delegated to the committees themselves. The Conciliation Committee no longer exists because the German Co-Determination Act (Mitbestimmungsgesetz), which provides for such a committee, does not apply to Allianz SE. The current members of these committees are set out in the adjacent list.

In the 2010 fiscal year, the Standing Committee held three regular meetings. These related primarily to Corporate Governance issues, preparation for the ordinary General Meeting, the Employee Share Purchase Plan and review of the Supervisory Board's efficiency. In an additional meeting during the General Meeting in May 2010, the committee dealt with a shareholder's motion under the rules of procedure to vote out the person directing the General Meeting. During the fiscal year, the committee passed resolutions requiring approval on the use of authorized capital 2010/II for the issue of employee shares and on the granting of loans to managers and Board members.

The Personnel Committee met seven times. The meetings dealt with staffing matters as well as the structure and amount of Board of Management remuneration. The Personnel Committee prepared the review of the Board of Management's remuneration system, including the main elements of the contract and setting the targets for variable remuneration. The committee also reviewed the achievement of targets by members of the Board of Management for the 2009 annual bonus, share-based remuneration and the mid-term bonus for the years 2007 to 2009. In several meetings, the committee discussed in detail the structure and level of Supervisory Board remuneration and finally submitted to the Supervisory Board plenary session its recommendation for transition towards a fixed remuneration system. The committee also dealt with implementing the recommendation of the German Corporate Governance Code on diversity at Board level and prepared a proposal on key points governing the selection procedure for appointing Board of Management members.

The Audit Committee held five meetings in the fiscal year 2010, which took place in February, March, May, August and November. Together with the auditors, the committee discussed the Allianz SE and Allianz Group annual financial statements, the management reports and the auditor's reports. In addition, the committee checked the half year financial report and the other quarterly financial statements and, together with the auditors, went through 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 covered the auditor's engagement and established priorities for the audit. In addition, assignments to the auditors for services not connected to the audit itself were discussed. The committee also dealt with the risk management and risk monitoring system, the compliance system and the internal audit system. The committee received reports from the heads of the Group Audit department and Group Compliance department about audit and compliance issues on an ongoing basis. Furthermore, the committee obtained a report on significant audit results for the past fiscal year from the head of the Group Audit department. The Committee regularly received reports from the General Counsel regarding material legal proceedings. In the meeting in November 2010, Group Audit presented the audit plan for the year 2011.

The Risk Committee held two meetings in 2010. At both meetings, the Board of Management presented the current risk situation of the Allianz Group which we subsequently discussed with the Board of Management. The committee's work also covered the effects of the financial market crisis, the treatment of risks arising from natural catastrophes and inflation risks, and the strategic asset allocation adopted by the Group Capital Committee, which serves as a basis for capital investment decisions. The committee also dealt in detail with the effects of the planned risk-oriented changes to European solvency regulations (equity finance requirements) for insurance companies (Solvency II). It also reviewed the risk-related statements in the annual accounts, consolidated financial statements and management reports, and reported to the Audit Committee on the results of this preliminary review.

The Nomination Committee met once during the fiscal year. In September 2010, the committee discussed specifying objectives regarding the Supervisory Board's composition. These objectives were then resolved on using the circulation procedure and in December they were put forward to the Supervisory Board plenary session for adoption.

The Supervisory Board received regular comprehensive reports on the activities of the committees.

Audit of Annual Accounts and Consolidated Financial Statements

In compliance with special legal provisions applying to insurance companies, the statutory auditor and the auditor for the review of the half year financial report are appointed by the Supervisory Board of Allianz SE and not by the General Meeting. The Supervisory Board has appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Munich, as statutory auditor for the annual accounts and the consolidated financial statements as well as for the review of the half year financial report. KPMG audited the financial statements of Allianz SE and Allianz Group as well as the respective management reports and issued an audit certificate thereon without any reservations. The consolidated financial statements were prepared on the basis of the international financial reporting standards, as applied in the European Union. The half year financial report and the other quarterly financial statements were also reviewed by KPMG.

The financial statements and the KPMG auditor's report for the fiscal year 2010 were made available to all members of the Supervisory Board in a timely manner. The financial statements and the results of the KPMG audit were discussed on a provisional basis by the Audit Committee at their meeting held on February 23, 2011. Following the meeting, all Supervisory Board members had the opportunity to participate by telephone in a discussion on the dividend proposal of the Board of Management. The final financial statements and KPMG auditor's reports were examined on March 16, 2011 by the Audit Committee and in the Supervisory Board plenary session. The auditors took part in these discussions. They gave an account of the main findings of the audit and were available for any questions or further information.

On the basis of our own review of the annual and consolidated financial statements, the management report and the Group Management Report and the recommendation for appropriation of earnings, we raised no objections and agreed with the findings of the KPMG audit. We approved the annual and consolidated financial statements drawn up by the Board of Management. The company financial statements are therefore adopted. We concur with the proposal of the Board of Management as to the appropriation of earnings.

Members of the Supervisory Board and Board of Management

Mr. Sutherland was appointed to the Supervisory Board initially by the court, effective as of January 1, 2010, as successor to Dr. Humer, who resigned from the Supervisory Board with effect from December 31, 2009. On May 5, 2010 the General Meeting elected Mr. Sutherland to the Supervisory Board.

Due to his partial retirement effective as of December 31, 2010, Mr. Grimm resigned from the Supervisory Board of Allianz SE. The Supervisory Board has expressed its gratitude for, and recognition of, his commitment. By resolution of December 20, 2010, the local court (Amtsgericht) of Munich appointed Mr. Heiß as Mr. Grimm's successor on the Supervisory Board effective as of January 1, 2011, until the next General Meeting. The current term of the Supervisory Board expires following the ordinary General Meeting in 2012.

Dr. Rupprecht retired effective as of December 31, 2010 and stepped down from the Board of Management of Allianz SE. The Supervisory Board expressed its gratitude to Dr. Rupprecht for his successful work. Through his involvement with the Allianz Group for more than 30 years, Dr. Rupprecht has played a major role in shaping today's Allianz. Dr. Zedelius will assume the responsibilities previously held by Dr. Rupprecht effective as of January 1, 2011, which include the insurance business in Germany, Switzerland and Austria as well as the employment and social welfare section.

Effective as of January 1, 2011, the Supervisory Board has appointed Mr. Bauer to the Board of Management of Allianz SE. Mr. Bauer is the Board member responsible for Growth Markets assuming Dr. Zedelius' previous responsibilities. He has worked for the Allianz Group for many years and was most recently responsible for the Allianz region Central and Eastern Europe, Middle East and North Africa.

Dr. Faber will retire at the end of 2011. Mr. Ralph, currently the Allianz SE Board member responsible for the insurance business in North America and Mexico, will additionally take over Dr. Faber's board responsibility for global Asset Management effective as of January 1, 2012. Initially he will assume the role of Chief Operating Officer at Allianz Global Investors AG on April 1, 2011.

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.

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

Munich, March 16, 2011

For the Supervisory Board:

Dr. Henning Schulte-Noelle
Chairman

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 H. Bernotat
Former Chairman of the Board of Management,
E.ON AG

Jean-Jacques Cette
Secretary of the Group Works Council,
Allianz France S.A.

Karl Grimm until December 31, 2010
Employee, Allianz Deutschland AG

Godfrey Robert Hayward
Employee, Allianz Insurance plc

Franz Heiß since January 1, 2011
Employee, Allianz Beratungs- und Vertriebs-AG

Prof. Dr. Renate Köcher
Chairwoman, 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 Bundesverwaltung

Peter D. Sutherland
Chairman, Goldman Sachs International

Board of Management

Michael Diekmann
Chairman of the Board of Management

Dr. Paul Achleitner
Finance

Oliver Bäte
Controlling, Reporting, Risk

Manuel Bauer since January 1, 2011
Insurance Growth Markets

Clement B. Booth
Global Insurance Lines & Anglo Markets

Enrico Cucchiani
Insurance Europe (& South America)

Dr. Joachim Faber
Asset Management (Worldwide)

Dr. Christof Mascher
Operations

Jay Ralph
Insurance NAFTA Markets

Dr. Gerhard Rupprecht until December 31, 2010
Insurance German Speaking Countries
Director responsible for Work and Social Welfare

Dr. Werner Zedelius
Insurance Growth Markets until December 31, 2010
Insurance German Speaking Countries
Director responsible for Work and Social Welfare
since January 1, 2011

Management Report of Allianz SE

Content

Executive Summary and Outlook

- Net underwriting result decreased to € 161 million due to the burden of high impact natural catastrophe events on the loss ratio.
- Net income increased from € 1,941 million to € 2,104 million.
- Proposed dividend of € 4.50 per share.

Earnings Summary

Condensed income statement

	2010 € mn	2009 € mn
Gross premiums written	3,854	3,811
Premiums earned (net)	3,151	3,177
Claims (net)	(2,253)	(2,110)
Underwriting expenses (net)	(868)	(867)
Other technical reserves (net)	131	125
Net underwriting result	**161**	**325**
Change in claims equalization and similar reserves	(60)	354
Net technical result	**101**	**679**
Investment result	2,604	1,698
Allocated interest return	(127)	(165)
Other non-technical result	(1,026)	(550)
Non-technical result	**1,451**	**983**
Net operating income	**1,552**	**1,662**
Extraordinary result	178	—
Taxes	374	279
Net income	**2,104**	**1,941**

Net underwriting result

In view of the soft market conditions and the flat rate development in 2010, Allianz SE continued to follow its selective underwriting approach.

For further information on gross premiums written please refer to page 106.

Gross premiums written grew by 1.1 % to € 3,854 million (2009: € 3,811 million). Decreasing business volume in life and fire reinsurance was offset by growth in business interruption, extended coverage, hail and other special property and casualty reinsurance.

Due to purchasing more catastrophe protection and increased Group internal retrocession of industrial business, the net retention was reduced to 81.1 % in 2010 (2009: 82.9 %) and the premiums earned (net) decreased slightly to € 3,151 million (2009: € 3,177 million).

The accident year loss ratio (net) in Property-Casualty reinsurance increased sharply to 74.1 % (2009: 66.9 %), largely due to a strong increase in losses incurred by natural catastrophes which totaled € 237 million.

Natural catastrophe events

	Loss for Allianz SE € mn
Major Events in 2010	
Hailstorm Perth, Australia	84
Earthquake New Zealand	69
Hailstorm Victoria, Australia	62
Earthquake Chile	42
Other	128
Total	**385**
Major Events in 2009	
Bushfires Victoria, Australia	36
Hailstorm "Birgitta", Austria	27
Other	85
Total	**148**

In combination with a positive run-off result of € 166 million (2009: € 93 million) following a reserve release in engineering reinsurance and short-tail business (e.g. fire) after the annual actuarial review of the portfolio, the calendar year loss ratio (net) was 68.2 % (2009: 63.4 %).

The expense ratio (net) in Property-Casualty reinsurance increased slightly to 27.6 % (2009: 26.7 %) driven by an increase in the acquisition expense ratio by 0.9 percentage points to 25.4 % (2009: 24.5 %) caused mainly by external business written both in Singapore and Zurich branch offices. The administrative expense ratio remained unchanged at 2.2 %.

The net underwriting result of € 161 million (2009: € 325 million) is clearly below the previous year's result, reflecting in particular the high impact of the natural catastrophe events.

Net technical result

The net technical result amounted to € 101 million (2009: € 679 million). The difference of € 578 million to the previous year's result is mainly explained by change in claims equalization and similar reserves.

Whilst in 2010 these reserves increased by € 60 million primarily driven by below-average claims in credit and bond reinsurance, 2009 results included a reserve release of € 354 million mainly caused by the one-off effect from the harmonization of reinsurance lines classification throughout all branches.

Non-technical result

For further information on investment income and expenses please refer to page 106f.

Investment result

	2010 € mn	2009 € mn	Change € mn
Investment income			
Income from profit transfer agreements	1,421	1,096	325
Income from affiliated enterprises and participations	2,383	251	2,132
Income from other investments	515	575	(60)
Realized gains	369	2,142	(1,773)
Income from reversal of impairments	60	38	22
Subtotal	**4,748**	**4,102**	**646**
Investment expenses			
Expenses for the management of investments, interest and other investment-related expenses	(1,205)	(1,223)	18
Depreciations and impairments of investments	(715)	(410)	(305)
Realized losses	(91)	(518)	427
Expenses for losses taken over	(133)	(253)	120
Subtotal	**(2,144)**	**(2,404)**	**260**
Investment result	**2,604**	**1,698**	**906**

The investment result increased by € 906 million to € 2,604 million.

Income from profit transfer agreements improved by € 325 million to € 1,421 million mainly due to higher profit transfers from Allianz Deutschland AG and from Allianz Global Corporate and Specialty AG, which increased by € 156 million to € 1,103 million and by € 130 million to € 279 million respectively.

The strong increase of income from affiliated enterprises and participations by € 2,132 million to € 2,383 million primarily reflects dividend payments from Allianz of America, Inc (€ 1,591 million) and Allianz Europe B.V. (€ 443 million) in 2010.

The decrease of income from other investments by € 60 million to € 515 million particularly results from lower returns on our interest bearing funds, which are mainly short-term investments, due to reductions in the annual average short-term market interest rates.

As expected, realized gains were down by € 1,773 million to € 369 million after the extraordinary high level of 2009. Realized gains in 2010 are mainly attributable to the reorganization of holding structures concerning our subsidiary Allianz Lebensversicherungs AG (€ 205 million) and the sale of bonds (€ 125 million).

Expenses for the management of investments, interest and other investment-related expenses slightly declined by € 18 million to € 1,205 million.

Depreciations and impairments of investments increased by € 305 million to € 715 million. The impairments in 2010 mainly result from a € 406 million write-down of our shares in Commerzbank AG, write-downs of our shares in affiliated enterprises amounting to € 147 million and impairment charges to our loan (€ 76 million) and bond (€ 56 million) portfolio.

After significant one-off effects in 2009, realized losses decreased by € 427 million to € 91 million and are mainly attributable to the sale of bonds (€ 67 million).

Expenses for losses taken over declined by € 120 million to € 133 million primarily due to lower realized losses taken over from investment holding companies.

For further information on other non-technical result please refer to page 107.

For further information on extraordinary result please refer to page 108.

For further information on taxes please refer to page 108.

Other non-technical result

The other non-technical result declined from € (550) million to € (1,026) million. The main cause was a € 582 million lower foreign currency translation result primarily stemming from liabilities denominated in U.S. Dollars. Expenses for financial guarantees decreased by € 179 million.

Extraordinary result

The initial application of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz, BilMoG) led to an extraordinary result of € 178 million. For more details see note 25.

Taxes and net income

As far as legally permissible, Allianz SE serves as the controlling company ("Organträger") of the tax group for German subsidiaries with the important exception of Allianz Lebensversicherungs AG. Allianz SE files consolidated tax returns for this German tax group.

For the utilization of tax losses, Allianz SE was reimbursed in 2010 with € 438 million (2009: € 453 million) by the Group companies, which record taxable income in 2010. The current tax charge of Allianz SE amounts to € 49 million.

After the positive tax result, net income amounted to € 2,104 million (2009: € 1,941 million).

Proposal for Allocation of Profits

The Board of Management and the Supervisory Board propose that the available net earnings ("Bilanzgewinn") of Allianz SE of € 2,045,250,000 for the fiscal year 2010 shall be appropriated as follows:

– Distribution of a dividend of € 4.50 per no-par share entitled to a dividend: € 2,045,250,000

To the extent Allianz SE holds own shares on the day of the Annual General Meeting, which are not entitled to dividends pursuant to § 71 b AktG, the amount attributable to such shares shall be carried forward.

Business Outlook[1]

The outlook provided here assumes that there is only a limited likelihood of severe shocks such as major geopolitical tensions, sovereign debt crises in large industrial countries or currency and trade wars.

Our outlook is based on the following assumptions:

– Moderate global economic growth
– Slightly increasing interest rates
– No dramatic interest rate movements
– No disruptive fiscal or regulatory interference
– No adverse development in the level of claims from natural catastrophes
– No severe disruptions of the capital markets

Reinsurance business is, by nature, characterized by frequent and severe losses. Predicting results is, therefore, very difficult. Allianz SE provides a broad range of reinsurance coverage, primarily to Allianz insurance operating entities (Group internal business) but also to third-party customers (external business). This includes Property-Casualty as well as Life/Health business on proportional and non-proportional bases. Due to the wide spread of exposures underwritten by type of business and geography, the portfolio of Allianz SE is well diversified.

The Group uses in particular Allianz SE as a vehicle for active management of its overall exposures to catastrophes. Within a Group-wide risk management framework, each operating entity is responsible for controlling its exposures to individual catastrophes, and decides its local reinsurance requirements based on its local risk appetite and capital position. The respective cover is then purchased from Allianz SE. At Group level, the Allianz SE board approves the risk appetite. The reinsurance division is then responsible for designing and implementing the Group catastrophe protections within the given exposure limits. These covers take various forms and aim to protect the Group against excess losses from large natural

1 These financial statements were prepared and audited before the severe earthquake in Japan on March 11, 2011 and the resulting severe damage to various Japanese nuclear power plants; a reliable estimation of the financial impacts is not yet available at this point in time.

catastrophe events. However, there is still the potential for unexpected frequency and/or severity of catastrophic events in any one year to materially impact the results of Allianz SE. The top five residual risk exposures on Group level are summarized on page 46.

With the ongoing soft market trend during the renewals of reinsurance contracts for 2011, rates and conditions remained stable overall, but declined in some markets. Following our selective underwriting approach, we decided against renewing covers in certain cases. For the vast majority of our contracts, however, the agreements closed at technically acceptable terms. Therefore, we anticipate lower gross premiums written of € 3,600 million and a net underwriting result between € 180 million and € 210 million for 2011. It should be noted that in extreme cases the actual result may vary in comparison to this expectation by several hundred million Euros for the reasons stated above.

For 2011, we expect a stable investment result. We estimate that a slightly decreasing interest income will be compensated by a higher income from affiliated enterprises and participations. In our investment result forecast, we do not plan impairments on strategic investments.

In addition, we expect a better other non-technical result. In our forecast, we do not plan foreign exchange gains or losses and results on derivatives. These effects can significantly affect the net income of Allianz SE.

In spite of a planned increase of net operating income, Allianz SE expects a negative taxable result in 2011. Therefore, tax receivables from entities in the tax group will produce a tax income.

In 2010, we increased our net income by 8.4 % to € 2,104 million. We expect a slightly increasing net income in 2011, except in the case of huge deviations from the assumptions stated here. Overall, we believe that the results and financial position of Allianz SE will continue to progress well in the following years.

Economic Outlook[1]

The global economic upswing looks set to continue in 2011 and 2012, although at a more moderate pace of between 3 and 3.5 % in both years (2010: + 4.0 %). The need for consolidation in many government coffers, coupled with moves to cut both private household and corporate debt, will put a damper on global economic momentum. Monetary policy, however, is still very accommodative in the U.S.A., Japan and Europe and favorable financing conditions are providing plenty of economic impetus for private households and the corporate sector alike. Even a slight tightening of the monetary reins – on the cards in the second half of 2011 and still more likely in 2012 – will not fundamentally change this. Furthermore, the growth potential inherent in the emerging markets has not yet been fully exhausted and their demand will continue to reinforce the global economic recovery. We expect the emerging markets to grow by around 6 % in 2011 and 2012. Another factor at play is the investment cycle, which, with capacity utilization levels only recently returning to normal, is just getting under way. This will be of particular benefit to countries with a competitive capital goods industry.

The U.S. economy, whose fiscal policy is unlikely to shift towards consolidation until 2012, is expected to grow by 2.5 to 3 % in 2011 and by an estimated 2.5 % in 2012. Consequently, we expect to see an only moderate economic uptrend. The same is true for the Eurozone, with increasingly restrictive fiscal policy set to dampen economic momentum. GDP is expected to rise by between 1.5 and 2 % in 2011 and by around 2 % in 2012. The German economy looks poised to record above-average growth in the region of 2.5 to 3 % in 2011, before falling back more or less into line with the European average again in 2012.

Although tackling the sovereign debt crisis will remain a major challenge in Europe, we believe that the associated turmoil on the financial markets will slowly but surely begin to die down. This should help to coax

1 These financial statements were prepared and audited before the severe earthquake in Japan on March 11, 2011 and the resulting severe damage to various Japanese nuclear power plants; a reliable estimation of the financial impacts is not yet available at this point in time.

risk premiums back down. Yields on German and U.S. bonds, on the other hand, are likely to continue to creep up. As far as the stock market is concerned, further increases in corporate earnings should mean that the overall environment in 2011, and presumably also in 2012, will remain benign.

It is important, however, not to underestimate the risks lurking in the shadows for both the economy and the financial markets in 2011 and 2012. As things stand, the greatest risks lie in a surge in commodity prices, an escalation of the sovereign debt crisis, sharp exchange rate swings, especially a steep slide in the U.S. Dollar, and a renewed flare-up of the banking crisis.

Industry Outlook

During 2011 and 2012, the industry is heading for higher growth, but expectations should not be set too high. The growth in industrialized markets will probably remain on the modest side compared to that of the emerging markets where the underlying economic fundamentals and developing maturity characteristics are more favorable. Solvency II will probably continue to be the dominant industry issue through this period, however we are optimistic that the current uncertainty over its final shape will lift as we draw closer to its planned 2013 implementation. Although fixed income yields will probably improve further over these years, they are still likely to remain below pre-financial crisis levels on a rolling average basis. While we expect non-life prices to improve gently, price adequacy overall will remain a persistent concern for the industry. On balance, we forecast that the operating environment will be more favorable for life than non-life margins and returns.

In the non-life sector, we would expect premium income growth momentum to be more favorable in 2011 and 2012 on the back of improving economic conditions. While emerging markets can be expected to maintain a stronger growth trend than industrialized markets, we are encouraged by the growth prospects for our major European markets too. Our outlook for the pricing environment in 2011 and 2012 remains mixed however. In those markets where prices increased in 2010, importantly for us including Western Europe, we would anticipate further positive momentum and a broadening to other lines. Though elsewhere, for example U.S. commercial lines, there is a limited visibility on the positive catalysts that could effect a significant improvement, including a better balance of supply and demand and an exhaustion of releases from prior year claims reserves that are fuelling lower prices. We remain steadfast in our belief that prices need to be significantly higher across the board, also to compensate for claims inflation, lower investment yields and long-term catastrophe loss trends.

In the life sector, we anticipate modest growth in the high single digit range, with the majority of growth derived from investment returns as they gradually improve from their low levels. And, while low interest rates and inflation will probably be worries for the industry through 2011 and 2012, we would still anticipate margins to improve over this period. At the product level, margins on fee business can be expected to rise as they benefit from increased assets under management and a semi-fixed cost base. They should also improve for spread business as a result of gradually improving investment returns, although these will probably remain on the low side compared to historical levels. If the prevailing return environment remains low and uncertainties associated with Solvency II persist, we could foresee a further shift away from spread business to higher margin risk products. Reported margins for 2011 and 2012 should also benefit from less reserve strengthening, as well as savings from recently implemented cost improvement programs.

Operations by Reinsurance Lines of Business

Despite a soft market in 2010, gross premiums written grew by 1.1 % to € 3,854 million (2009: € 3,811 million).

Reinsurance for business interruption, health and 'other lines' (including extended coverage, storm and further special property and casualty business) recorded strong growth rates while the premium volume in life and fire decreased.

While overall premium income originated primarily from the Allianz Group's internal business, the premium volume from external clients in the Property-Casualty reinsurance continued to grow.

In comparison to 2009, the losses incurred following natural catastrophe events increased substantially. These events can hit several lines of reinsurance depending on the cover affected.

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

	Gross premiums written			Combined ratio Property-Casualty only		Change in claim equalization and similar reserves		Net technical result	
	2010 € mn	2009 € mn	Change in %[1]	**2010** in %	2009 in %	**2010** € mn	2009 € mn	**2010** € mn	2009 € mn
Motor	698	639	9.3	113.5	100.1	18	28	(56)	26
Fire	423	520	(18.6)	81.7	51.0	14	291	71	513
Life	301	470	(36.1)	n/a	n/a	—	—	22	49
Personal accident	290	286	1.5	101.9	99.7	—	3	27	23
Liability	282	318	(11.3)	92.9	114.2	(10)	33	7	(1)
Credit and bond	272	241	12.7	81.4	112.7	(48)	8	—	(21)
Engineering	212	197	7.3	90.8	94.0	—	—	17	11
Household and homeowner	161	165	(2.1)	94.3	89.5	—	—	5	11
Business interruption	124	78	59.2	84.2	87.3	—	—	17	8
Marine	109	108	0.9	98.3	93.9	(5)	(1)	(4)	5
Legal expenses	72	74	(1.9)	94.0	110.4	(2)	7	1	1
Health	57	40	43.0	n/a	n/a	—	—	(1)	(1)
Aviation, aircraft and spacecraft liability	22	18	24.1	33.3	65.2	(7)	(4)	5	1
Other lines	831	657	26.4	98.3	86.0	(20)	(11)	(10)	54
Total	**3,854**	**3,811**	**1.1**	**95.8**	**90.1**	**(60)**	**354**	**101**	**679**

Premium income in motor reinsurance increased by 9.3 % to € 698 million (2009: € 639 million) mainly driven by external business written in the Asia-Pacific region. The combined ratio was unsatisfactory, rising from 100.1 % in 2009 to 113.5 % in 2010, suffering again this year from a high level of accident year losses in Germany including a large individual claim of € 12 million in motor liability. In addition, loss reserves were increased following the annual actuarial review of the European motor portfolio.

Premium volume in fire reinsurance decreased by 18.6 % to € 423 million (2009: € 520 million). The combined ratio worsened to 81.7 % (2009: 51.0 %) being heavily affected by a number of major natural catastrophe events including the earthquakes in New Zealand and Chile with fire losses of € 42 million and € 23 million for Allianz SE respectively.

In life reinsurance, the premium volume decreased to € 301 million (2009: € 470 million) due to non-renewal of big contracts from external clients in the Asia-Pacific region. Also the All Net business stayed behind prior year results. All Net is a network of Allianz life companies and external insurers providing employee benefit programmes to international clients around the world for life, disability, medical, accident and pension risks. The net technical result decreased to € 22 million compared to € 49 million in 2009 after the transfer of the Variable Annuities business to another Group company.

1 On the basis of the accurate, non-rounded amount.

Our portfolio of personal accident reinsurance remained stable at € 290 million (2009: € 286 million) premium income and is dominated by business ceded from Allianz Sachversicherung.

Premium income in liability reinsurance decreased by € 36 million to € 282 million primarily due to reduced cessions from Group internal clients in Germany, while the combined ratio developed favorably to 92.9 % after 2009 (114.2 %) had been affected by a negative run-off.

Gross premiums written in credit and bond reinsurance increased again this year by 12.7 % to € 272 million (2009: € 241 million) after a 33.4 % increase in 2009 mainly due to additional premiums ceded by Allianz Group internal clients. The combined ratio improved significantly by 31.3 percentage points to 81.4 % as rates and reinsurance conditions strengthened and the economy strongly recovered from the financial crisis.

Engineering reinsurance premium volume increased slightly by 7.3 % to € 212 million (2009: € 197 million) following higher cessions from external clients. Driven mainly by a positive run-off, the combined ratio improved to 90.8 % (2009: 94.0 %) and the net technical result to € 17 million (2009: € 11 million).

Premium income from household and homeowner reinsurance remained stable at € 161 million (2009: € 165 million), but the combined ratio recorded a rise of 4.8 percentage points to 94.3 % as a consequence of adverse results ceded from Allianz Sachversicherung.

Business interruption reinsurance recorded a strong growth with premium volume increasing by 59.2 % to € 124 million (2009: € 78 million) driven by external business in the Asia-Pacific region while the combined ratio decreased by 3.1 percentage points to 84.2 %.

The premium volume in marine reinsurance was constant at € 109 million (2009: € 108 million). The combined ratio increased to 98.3 % (2009: 93.9 %), mainly due to unexpected results from Group internal German business.

Premium income in legal expenses reinsurance remained nearly unchanged at € 72 million (2009: € 74 million) while the combined ratio improved significantly by 16.4 percentage points to 94.0 % mainly driven by a positive development of results ceded from Allianz Sachversicherung.

In health reinsurance, premium income increased by 43.0 % to € 57 million (2009: € 40 million) with growth in the Middle East and Asia overcompensating a decrease in business volume from Turkey following a structural change from proportional to non-proportional reinsurance.

The aviation, aircraft and spacecraft liability reinsurance portfolio increased slightly to € 22 million (2009: € 18 million) premium income while the net technical result significantly improved by € 4 million to € 5 million due to extraordinarily low overall losses leading to a combined ratio of 33.3 % (2009: 65.2 %).

In 'other reinsurance lines' premium volume increased by € 174 million to € 831 million, including an increase of € 66 million from extended coverage and € 30 million from hail reinsurance, driven mainly by external business. The combined ratio increased to 98.3 % (2009: 86.0 %) primarily due to two severe hailstorms in Australia with a claims burden of € 76 million and € 60 million respectively as well as the earthquakes in New Zealand and Chile with losses of € 22 million and € 17 million. The net technical result turned negative and declined to minus € 10 million (2009: plus € 54 million) after an increase in equalization reserves of € 20 million.

'Other reinsurance lines' include the following reinsurance lines:

- emergency assistance
- burglary, theft and robbery
- omnium (comprehensive cover for goods during the manufacturing process)
- extended coverage for fire and business interruption
- glass
- hail
- water damage
- storm
- animal
- other property and casualty business

Balance Sheet Review

– Stable shareholders' equity of € 42.4 billion.

Condensed Balance Sheet

	2010 € mn	2009 € mn
Intangible assets	506	543
Investments	88,337	87,442
Receivables	3,726	2,927
Other assets	172	655
Deferred charges and prepaid expenses	231	183
Total assets	**92,972**	**91,750**
Shareholders' equity	42,404	42,309
Profit participation certificates	—	121
Insurance reserves net	9,999	9,780
Other provisions	4,428	4,624
Funds held with reinsurance business ceded	490	459
Payables on reinsurance business	446	522
Subordinated liabilities	6,931	6,834
Other financial liabilities	28,246	27,093
Deferred income	28	8
Total equity and liabilities	**92,972**	**91,750**

Intangible Assets

The book value of intangible assets totaling € 506 million (2009: € 543 million) primarily consists of the distribution rights received as part of the consideration for the sale of Dresdner Bank AG to Commerzbank AG in 2009. Under these rights, Commerzbank AG has exclusively marketed Allianz insurance products from September 2, 2010 onwards.

For further information on market values of investments please refer to page 96.

Investments

	2010 € mn	2009 € mn
Real estate	307	310
Investments in affiliated enterprises and participations	69,719	69,054
Other investments	14,371	14,101
Funds held by others under reinsurance business assumed	3,940	3,977
Investments	**88,337**	**87,442**

Investments in affiliated enterprises and participations went up from € 69.1 billion to € 69.7 billion. The higher book value mainly results from capital increases totaling € 1.5 billion, which were partly compensated by the repayment of loans (€ 0.3 billion) and impairments (€ 0.6 billion). The amount of impairments mainly includes a € 0.4 billion write-down of our shares in Commerzbank AG.

More details regarding this position are explained in note 4.

Other investments increased from € 14.1 billion to € 14.4 billion. Deposits with banks were significantly reduced by € 4.5 billion. This book value reduction was more than compensated by additional investments in debt securities (€ 4.2 billion), loans (€ 0.5 billion) and investment funds (€ 0.1 billion). Apart from the net increase of debt securities by € 4.2 billion, further additions and disposals in this position amounting to € 23.1 billion respectively, mainly result from the high volume of recurring reinvestments of securities at maturity due to a largely liquidity oriented short-term investment strategy and an active portfolio management.

At the end of 2010, € 11.9 billion of the total other investments were invested in fixed income securities, of which € 7.2 billion were government bonds. Our exposure to the most difficult governmental environments associated with the European sovereign debt crises in Greece, Ireland, Portugal and Spain is zero.

Funds held by others under reinsurance business assumed decreased slightly to € 3.9 billion (2009: € 4.0 billion).

As of December 31, 2010, the fair value of investments amounted to € 98.6 billion (2009: € 98.5 billion). The carrying amount of these investments on the balance sheet was € 88.3 billion (2009: € 87.4 billion).

For further information on shareholders' equity please refer to page 99f.

Receivables

Receivables went up from € 2,927 million to € 3,726 million, mainly driven by an increase of other receivables (€ 820 million), compensated by a slight decrease in accounts receivables on reinsurance business (€ 21 million). The € 820 million increase in other receivables mainly results from higher receivables from cash pooling (€ 360 million), profit transfers (€ 273 million) and dividends (€ 165 million).

Shareholders' Equity

As of December 31, 2010, our shareholders' equity amounted to € 42.4 billion (2009: € 42.3 billion). The increase was primarily driven by the € 2.0 billion net earnings of 2010 and partially offset by dividend payments for 2009 of € 1.9 billion.

For the Employee Stock Purchase Plan 600,000 shares were issued in 2010, leading to an allocation of € 1.5 million to paid-in capital and € 48.5 million to the capital reserve.

	Issued shares	Issued capital € thou	Mathematical value own shares € thou	Additional paid-in capital € thou	Revenue reserves € thou	Net earnings € thou	December 31 € thou
December 31, 2009	453,900,000	1,161,984	—	27,472,876	11,813,399	1,860,990	42,309,249
Employee Stock Purchase Plan	600,000	1,536	—	48,468	—	—	50,004
Own shares	—	—	(7,252)	—	(203,507)	—	(210,759)
Own shares: Realized gains	—	—	—	1,615	—	—	1,615
Dividend payment for 2009	—	—	—	—	—	(1,850,031)	(1,850,031)
Unappropriated earnings carried forward	—	—	—	—	—	(10,959)	(10,959)
Allocation to revenue reserves	—	—	—	—	69,518	—	69,518
Net earnings	—	—	—	—	—	2,045,250	2,045,250
December 31, 2010	**454,500,000**	**1,163,520**	**(7,252)**	**27,522,959**	**11,679,410**	**2,045,250**	**42,403,887**

A total of € 70 million from net income has been allocated to revenue reserves. The board of management proposes to use the remaining net earnings of € 2,045 million for dividend payments.

For further information on maturities of financial liabilities please refer to page 103.

Financial Liabilities

As of December 31, 2010, Allianz SE had the following outstanding financial liabilities:

	2010 € mn	2010 € mn	2009 € mn
Intra-group subordinated liabilities	3,855		3,855
Third-party subordinated liabilities	3,076		2,979
Subordinated liabilities		**6,931**	**6,834**
Bonds issued to Group companies	6,798		6,486
Liabilities to banks	2,073		3,075
Other intra-group financial liabilities	17,694		16,129
Other third-party financial liabilities	1,681		1,403
Other financial liabilities		**28,246**	**27,093**
Total financial liabilities		**35,177**	**33,927**

Of these financial liabilities € 28.3 billion (2009: € 26.5 billion) are intra-group liabilities.

Subordinated liabilities slightly increased by € 0.1 billion to € 6.9 billion due to currency valuation effects. Of this total, € 3.9 billion (2009: € 3.9 billion) are intra-group liabilities resulting from the issuance of subordinated bonds by Allianz Finance II B. V., Amsterdam. Allianz Finance II B. V., Amsterdam is an affiliated enterprise, which usually transfers the proceeds from these issues to Allianz SE via intra-group loans.

The liabilities from bonds issued to Group companies increased by € 0.3 billion to € 6.8 billion. The redemption of five matured bonds with a total amount of € 1.2 billion was more than compensated by ten new bonds issued amounting to € 1.5 billion.

Due to the repayment of a € 1.0 billion loan, liabilities to banks declined to € 2.1 billion.

Other intra-group financial liabilities increased by € 1.6 billion to € 17.7 billion and are composed of the following positions:

	2010 € mn	2009 € mn
Intra-group loans	13,790	10,781
Cash pool liabilities	2,816	4,029
Miscellaneous	1,088	1,319
Other intra-group financial liabilities	**17,694**	**16,129**

The increase was driven by higher intra-group loans, which went up by € 3.0 billion to € 13.8 billion, and partly compensated by a reduction of short-term liabilities from intra-group cash pooling of € 1.2 billion as well as a € 0.2 billion decrease of miscellaneous intra-group financial liabilities.

In 2010, other third-party financial liabilities increased by € 0.3 billion to € 1.7 billion due to higher short-term funding through European commercial paper, which increased by € 0.3 billion to € 1.5 billion.

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.

Overall Risk Profile

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, 2010. Measured by solvency ratio and ratings, Allianz is one of the strongest insurance groups in the industry. Even during the 2008 and 2009 financial crisis, external rating agencies confirmed their ratings for Allianz SE. In particular, as of December 31, 2010, Allianz SE had one of the best Standard & Poor's ratings among the internationally active primary insurance groups in Europe.

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 on our regulatory and economic solvency ratios of adverse shocks. 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 and Life/Health insurance and Asset Management segments.

Market and Business Context

Although details of the future regulatory requirements ("Solvency II") 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 capital requirements 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 further changed 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. The low interest rate environment also raises demand for certain types of assets. 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.

There are also some uncertainties regarding a potential escalation of the European sovereign debt crisis.

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 and to protect the assets of Allianz SE.

Capital Management Framework

For the benefit of shareholders and policyholders alike, our aim is to ensure that the Allianz Group is adequately capitalized at all times, even after significant adverse events, and that all operating entities meet their respective capital requirements. Risk capital and cost of capital are important aspects for making business decisions.

The Allianz internal risk capital model plays a significant role in the management and allocation of internal capital. We also 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. Regulators and rating agencies impose minimum capital rules at the level of both the Allianz Group's operating entities and the Group as a whole.

We closely monitor the capital positions on Group and operating entity level and apply regular stress tests based on standard adverse scenarios. This allows us proactively to take appropriate measures to ensure the continued strength of capital and solvency positions. These measures may be related to assets or liabilities, such as a recalibration of our investment policy (e. g. reduction in equity exposure and risk concentration through sales and hedging activities) or reinsurance of certain liabilities. For example, a decrease in equity exposure in relative terms compared to the Group shareholders' equity would make the Group's conglomerate and economic solvency more resistant to further drops in equity markets.

As a consequence of our effective capital management, the Allianz Group is well capitalized and meeting its internal and regulatory solvency targets as of December 31, 2010.

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]

Internal capital adequacy

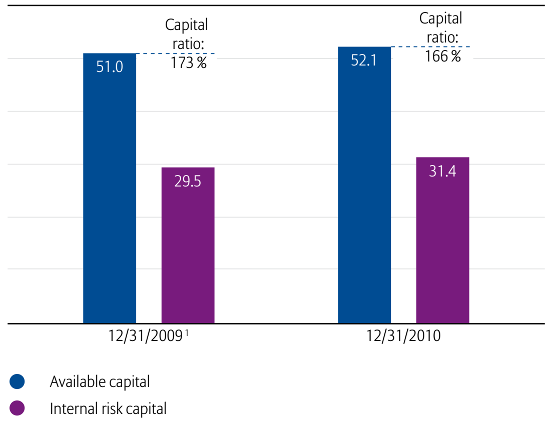
The Allianz Group's available capital is based on the Group shareholders' equity as adjusted to reflect the full economic capital base available to absorb any unexpected volatility in results of operations. For example, hybrid capital and the present value of future profits in the Life/Health segment 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 solvency probability of 99.97 % over a holding period of one year.[2] In support of this objective, we require each of our local operating entities to hold available capital resources allowing them to remain solvent at a lower confidence level of 99.93 % over the same one-year holding period. This approach is designed to ensure a consistent capital standard across the Group. In addition, we take into account the benefits of a single operating entity being part of a larger, diversified Group.

We enhanced our internal risk capital model in 2010 with the objective to align with the evolving Solvency II internal model standards. In the following sections, all 2009 internal risk capital results are presented based on the new model. More details regarding the changes and their impact on internal risk capital are provided under "Introduction of new internal risk capital framework".

1 For detailed information regarding liquidity management, please refer to "Other Risks – Liquidity risks".
2 For detailed information regarding the internal risk capital framework, please refer to "Internal Risk Capital Framework".

Available capital and internal risk capital
in € bn

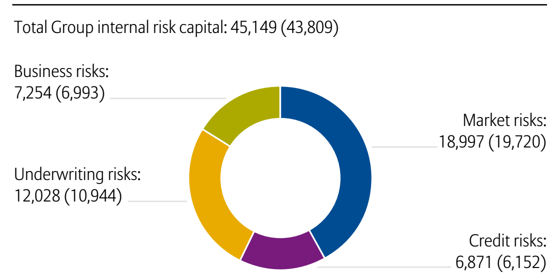


The increase in available capital was mainly driven by an increase in the Group shareholders' equity, partly compensated by a reduction in the present value of future profits in the Life/Health segment. However, due to higher internal risk capital requirements, the capital ratio dropped.

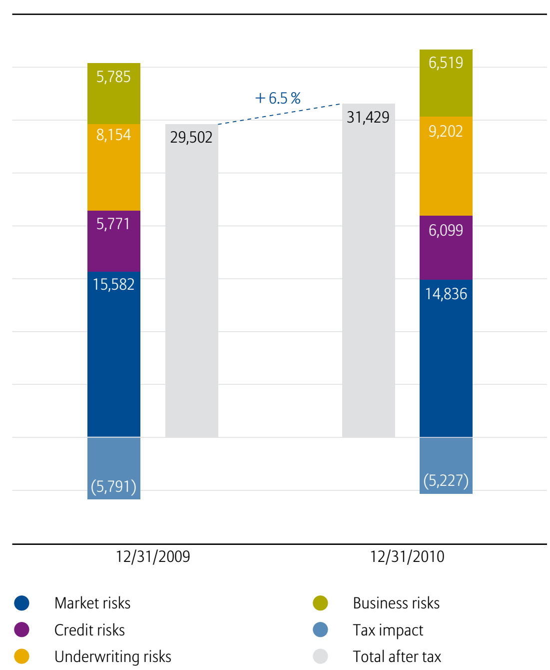
This risk report provides pre-diversified and Group diversified internal risk capital results. Pre-diversified internal risk capital reflects the diversification effect within each risk category (i. e. market, credit, underwriting and business risk) and does not include the diversification effect across 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, 2010, the Group diversified internal risk capital before non-controlling interests of € 31.4 billion reflects a benefit of approximately 30 %[2] due to the diversification effect across risk categories and regions. Pre-diversified and Group diversified internal risk capital are broken down as follows:

Allocated internal risk capital by risk category (total portfolio before non-controlling interests) as of December 31, 2010 (December 31, 2009[3])
Pre-diversified before tax, in € mn



Group diversified, in € mn

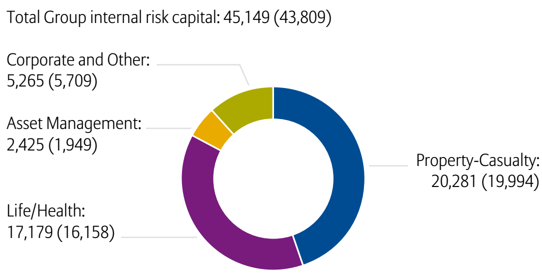


1 Internal risk capital is recalculated based on the new internal risk capital framework. Available capital is also adjusted to reflect our new methodology used to determine the yield curves for valuation purposes in line with the current proposal of the European Insurance and Occupational Pensions Authority (EIOPA).

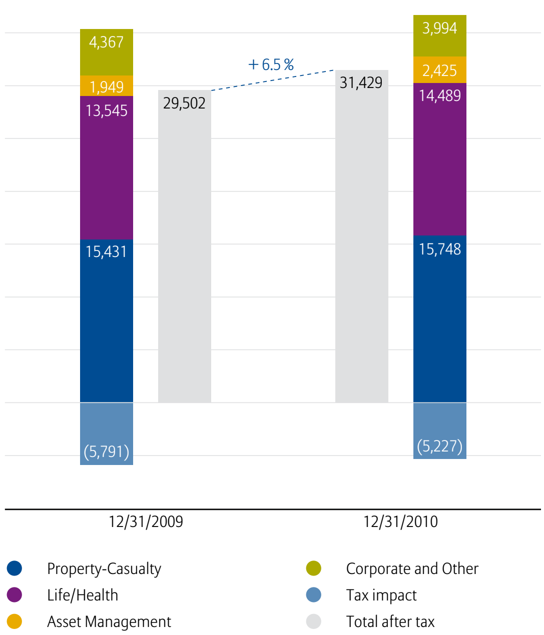
2 Based on the new internal risk capital framework, this diversification benefit was approximately 33 % as of December 31, 2009.
3 Recalculated based on new internal risk capital framework.

Allocated internal risk capital by business segment (total portfolio before non-controlling interests) as of December 31, 2010 (December 31, 2009[1])

Pre-diversified before tax, in € mn



Group diversified, in € mn



Total Group diversified internal risk capital increased, particularly because we have a higher exposure to underwriting and business risks compared to the previous year. This increase, however, is partly compensated by lower market risks. More detailed discussions of movements are provided in the sections specifically related to the risk categories.

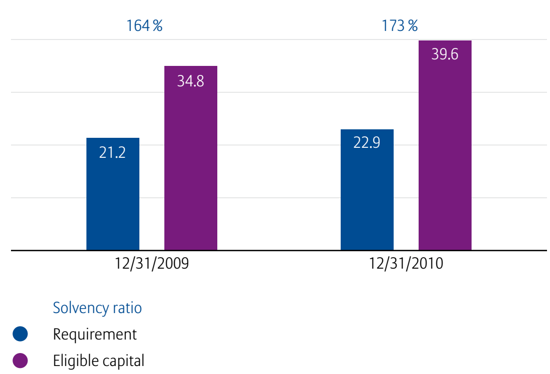
While internal risk capital as an economic solvency measure focuses on extreme events according to a confidence level of 99.97 % over a holding period of one year, we also monitor risk indicators representing reasonably possible economic value impacts that would be more "tangible" or likely, i. e. maximum economic losses over the same time horizon with a significantly lower confidence level of 90 % (€ 13.0 billion as of December 31, 2010).

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 needed to meet its solvency requirements on a consolidated basis, which we refer to as "eligible capital". Starting in 2013, these requirements are expected to reflect the Solvency II rules.

Conglomerate solvency

in € bn



As of December 31, 2010, the Allianz Group's eligible capital for the solvency margin, required for the insurance segments and the asset management and banking business, was € 39.6 billion including off-balance sheet reserves[2] of € 2.1 billion, surpassing the minimum legally stipulated level by € 16.7 billion. This margin resulted in a cover ratio of 173 % as of December 31, 2010.

1 Recalculated based on new internal risk capital framework.

2 Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not yet submitted an application. The solvency ratio excluding off-balance sheet reserves would be 164 % (2009: 155 %).

Eligible capital increased in line with the Group shareholders' equity. Due to business growth primarily related to the Life/Health segment, our solvency requirement is higher as well. As the solvency requirement increased less than eligible capital, the solvency ratio improved.

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. The following table provides evidence of the sustainable financial strength of Allianz SE and its ability to meet ongoing obligations. Notably, the ratings were confirmed and remained stable during the 2008 and 2009 financial crisis:

Insurer financial strength ratings of Allianz SE

As of December 31,	Standard & Poor's	Moody's	A.M. Best
2010 back to 2007	AA stable outlook	Aa3 stable outlook	A+ stable outlook
2006	AA– positive outlook	Aa3 stable outlook	A+ stable outlook

As of December 31, 2010, Allianz SE had one of the best Standard & Poor's ratings among the internationally active primary insurance groups in Europe.

In addition to its long-term financial strength rating, Standard & Poor's determines a separate rating for "Enterprise Risk Management" (ERM). As of September 30, 2010, 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, as of December 31, 2010. All ratings remained stable compared to the previous year.

Ratings[1]	Standard & Poor's	Moody's	A.M. Best
Insurer financial strength rating	AA stable outlook (affirmed Sep 7, 2010)	Aa3 stable outlook (affirmed Nov 22, 2010)	A+ stable outlook (affirmed Apr 13, 2010)
Counterparty credit rating	AA stable outlook (affirmed Sep 7, 2010)	Not rated	aa[2] stable outlook (affirmed Apr 13, 2010)
Senior unsecured debt rating	AA (affirmed Sep 7, 2010)	Aa3 stable outlook (affirmed Nov 22, 2010)	aa stable outlook (affirmed Apr 13, 2010)
Subordinated debt rating	A+/A[3] (affirmed Sep 7, 2010)	A2/A3[3] stable outlook (affirmed Nov 22, 2010)	aa–[3] stable outlook (affirmed Apr 13, 2010)
Commercial paper (short-term) rating	A–1+ (affirmed Sep 7, 2010)	Prime –1 stable outlook (affirmed Nov 22, 2010)	Not rated

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

1 Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance Corporation.
2 Issuer credit rating.
3 Final ratings vary on the basis of the terms.

This comprehensive framework ensures that risks are properly identified, analyzed and assessed, in the course of a regular process which is consistently implemented 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 both on the Group and operating entity level.

For the benefit of shareholders and policyholders alike, the Allianz risk management framework adds value to Allianz SE and its operating entities through the following four primary components in a layered structure as outlined in the diagram to the right.

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 targets.

Risk assessment, 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.

Please refer to the "Corporate Governance Report and Statement on Corporate Management" for a detailed description of the Committees of the Board of Management.

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 management and 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 sustainably positive impact on valuation and financing.

The Allianz risk management framework adds value through four primary components

Risk Governance Structure

As a key element of the risk management framework, the Allianz approach to risk governance is designed to enable integrated management of our local and global risks and to ensure that the Allianz Group's risk profile remains consistent with our risk strategy and our capacity to bear risks.

The Board of Management of Allianz SE formulates business objectives as well as the risk strategy. It allocates capital resources and limits across the Allianz Group, with the objective of balancing return and risk, for example by redefining the Group's natural catastrophe limits in 2010. While the Board of Management of Allianz SE is responsible overall for risk management, it has delegated some authorities to various committees. Three Board of Management level committees focus on the Group's risk exposure:

- the Group Capital Committee
- the Group Risk Committee
- the Group Finance Committee

1 For additional information regarding opportunities, please refer to Group Annual Report section "Outlook 2011 and 2012".

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 risk management function headed by the Group Risk department ("Group Risk"). Group Audit forms the "third line of defense". On a periodic basis, it independently reviews risk governance implementation, performs quality reviews of risk processes and tests adherence to business standards.

The Supervisory Board Risk and Audit Committees of Allianz SE meet on a regular and ad hoc basis to monitor the risk strategy and profile of the Allianz Group based on risk reports presented by the Chief Financial Officer, who chairs the Group Risk Committee. While the Audit Committee of the Supervisory Board of Allianz SE supervises the effectiveness of the Allianz risk management and monitoring framework, the Supervisory Board Risk Committee focuses on the overall risk profile of the Allianz Group and monitors risk-related developments as well as general risks and specific risk exposures. The Risk Committee regularly reports to the Audit Committee, in particular on enhancements to the risk management framework required by regulatory changes as well as changes in the market and business environment.

Group Risk, which reports to the Chief Financial Officer, develops methods and processes for identifying, assessing and monitoring risks across the Allianz Group based on systematic qualitative and quantitative analysis. This is the basis for informing the Board of Management of Allianz SE and senior management of the Group's risk profile on a quarterly basis. Group Risk develops the Allianz risk management framework and oversees the operating entities' adherence to the framework. 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 of Allianz SE. It defines the minimum requirements for all operating entities within the Group. Additional risk standards, such as those related to specific segments or risk categories, are in place for our operating entities worldwide. Group Risk is also operationally responsible for setting limits and monitoring the accumulation of specific types of risks across business lines, for example with respect to natural disasters and exposures to financial markets and counterparties. In addition, 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 areas. A strong risk network across the Group allows us to identify risks early and bring them to management's attention.

Within our decentralized organization, each of our local operating entities needs individually to adhere to external requirements (e. g. requirements imposed by local regulators) as well as internal Group-wide standards (e. g. Group-wide underwriting standards). In particular, local operating entities assume responsibility for their own risk management, with risk functions and committees that are consistent with the Group structure. Independent risk oversight is a fundamental principle of our risk governance structure, with a clear separation between business functions that actively take decisions and assume risk responsibility, and independent risk oversight functions. If a full alignment of an operating entity's organizational structure with this separation principle unreasonably decreased efficiency of operations, adequate mitigating measures would be taken. Risk oversight consists of independent risk identification, assessment, reporting and monitoring and also includes analyzing alternatives and proposing recommendations to the Risk Committees and local management or to the Board of Management of Allianz SE. The local risk departments performing the oversight role in our major operating entities are reporting into a local Chief Risk Officer. Group Risk is represented in the local Risk Committees to enhance the risk dialogue between the Group and the operating entities.

The risk governance structure is further complemented by Group Compliance and Group Legal Services. Group Compliance is responsible for integrity management which aims to protect the Allianz Group, its operating entities and employees from regulatory risks. Group Legal Services seek 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 objective of Group Legal Services is 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.

The Allianz Group's risk landscape is continually evolving due to changes in our environment. In order to adapt, the Global Issues Forum is responsible for early recognition of large-scale developing risks and opportunities as well as for the assessment of long-term trends that may have a significant impact on the Allianz Group's risk profile. Group Risk maintains a risk network that focuses on emerging risks relevant for underwriting and that is closely linked to the Global Issues Forum. For example, our internal climate experts specifically examine the possible effects of climate change on our business, develop risk management strategies and identify potential opportunities resulting from climate change. Furthermore, Allianz actively participates in the Emerging Risk Initiative of the Chief Risk Officer Forum, which is comprised of the Chief Risk Officers of the major European insurance companies and financial conglomerates. This initiative continuously monitors the industry-wide risk landscape and raises awareness of major risks that are relevant for the insurance industry.

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 (Property-Casualty, Life/Health, Asset Management as well as Corporate and Other), 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.

Introduction of new internal risk capital framework

The Allianz Group has used an internal risk capital model for several years for the management of its risk and solvency position. In 2008, we launched an internal multi-year Solvency II Umbrella Project to meet Solvency II internal model requirements starting in 2013. The high-level objectives of this project are to (i) improve data quality, (ii) enhance analysis capabilities, (iii) strengthen model robustness and process governance and (iv) ensure that all future qualitative Solvency II requirements will be met.

Many of these objectives have now been met. We have strengthened our risk analysis infrastructure by implementing a best practice technical platform with an improved methodology, increased coverage of modeled sources of risk and extended functionality and user benefits within our internal risk capital framework. After successful implementation and runs in parallel with the framework formerly in place, the Board of Management of Allianz SE approved the use of this new framework for 2010 risk management and reporting purposes.

The implementation of the new internal risk capital framework incorporates our internal approach of managing risks while reflecting our current interpretation of the evolving Solvency II standards. The framework will be assessed by European regulators in the course of the next years and will be adjusted in accordance with the final regulatory Solvency II rules.

A more detailed description of the new approach is provided in the section "Value-at-Risk approach".

Comparison

To compare the results of the new internal risk capital framework with the former framework, we provide recalculated internal risk capital as of December 31, 2009. The presentation of results has been adjusted to allow a direct comparison of internal risk capital results consistent with our internal reporting under the new framework.

We explain below the major changes compared to the old internal risk capital framework and their impact on results.

Group diversified allocated internal risk capital by risk category and business segment (total portfolio before non-controlling interests)

As of December 31,	Recalculated under new framework 2009 € mn	As disclosed under old framework 2009 € mn
By risk category		
Market risks	15,582	14,284
Credit risks	5,771	3,872
Underwriting risks	8,157	7,933
Business risks	5,785	6,765
Tax impact	(5,791)	(2,463)
Total Group	**29,502**	**30,391**
By business segment		
Property-Casualty	15,431	15,639
Life/Health	13,545	11,179
Asset Management	1,949	1,948
Corporate and Other	4,367	4,088
Tax impact	(5,791)	(2,463)
Total Group	**29,502**	**30,391**

Overall changes

Our new internal risk capital framework is based on a Monte Carlo simulation approach, which is designed to determine the value for any confidence level of individual and aggregated portfolios over the holding period. As a result, we are able to better analyze specific portfolio related risks by considering a wide variety of adverse scenarios. In addition, the new framework also allows us to integrate all business segments into one technical platform, resulting in a harmonization of market parameters (e.g. volatilities) and model assumptions.

Within the old framework, internal risk capital was aggregated across the different sources of risk and levels of our portfolio hierarchy up to the Group level, based on pre-selected adverse scenarios. In the new framework, we significantly enhanced the risk aggregation by implementing a Gaussian Copula approach to determine the dependency structure of all sources of risk. This approach allows for a more granular modeling of dependencies and thereby better reflects the diversification effect across all sources of risks and regions. In addition, we now use extended historical market data to estimate market correlations.

The main changes to our internal risk capital framework relate to the market and credit risk modules which are described below in detail. The underwriting risk modules used for our Property-Casualty and Life/Health segments were not materially changed. We also harmonized the treatment of economic tax liabilities across the Property-Casualty and Life/Health segments, leading to a more accurate reflection of the decreased tax liability under adverse conditions as modeled in the risk capital framework.

Changes related to market risk modeling

The new internal risk capital framework captures additional sources of risk such as credit spread risk related to bonds and implied volatility risk. We make use of replicating portfolio techniques to efficiently integrate life insurance liabilities within our Monte Carlo simulation based framework. Due to the inclusion of additional sources of risk and the consideration of individual portfolio specific market risk scenarios such as non-parallel yield curve shifts, internal market risk capital increased overall with a particular impact on the Life/Health segment. This impact is partly offset, because we also changed the methodology used to determine the yield curves for valuation purposes. In line with the current proposal of the European Insurance and Occupational Pensions Authority (EIOPA), we use macroeconomic techniques to derive long-term rates for maturities, where sufficiently deep and liquid markets do not exist, and we adjust the risk-free yield curves for the Life/Health segment to make allowance for a liquidity premium.

Changes related to credit risk modeling

For credit risk capital calculations, modeling has been improved by the inclusion of rating migration risk, higher granularity in terms of loss given default estimates and a more sophisticated correlation model using a country and industry classification for obligors as well as their asset size. In addition, exposure concentrations at the Group level are better captured.

Changes related to business risk modeling

With the introduction of the new internal risk capital framework, we also aligned our approach to measure operational risk with the current proposal of the European Insurance and Occupational Pensions Authority (EIOPA).

Value-at-Risk approach

We use an internal risk capital model based on a Value-at-Risk (VaR) approach. 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"). More specifically, we consider adverse market, credit, insurance and other business events ("sources of risk") and calculate the portfolio value of the covered businesses as the net fair value of assets and liabilities based on values under current best estimate conditions and under a large number of potential adverse conditions. These adverse conditions are described by a combination of simulated scenarios, which are linked to underlying probabilities of occurrence. Widely known as Monte Carlo simulation, the approach is designed to determine the portfolio value over the holding period for any confidence level. Based on 30,000 scenarios, the required internal risk capital is defined as the difference between the portfolio value under best estimate conditions and the portfolio value under the adverse conditions associated with the desired confidence level.

Because we consider the impact of adverse market, credit, insurance and other business events on all covered businesses at the same time, diversification effects across sources of risk and regions are taken into account.

In addition, our framework allows us to specify internal risk capital for selected risk drivers (e.g. market events) by varying only these drivers while keeping all others stable. We are also able to calculate internal risk capital at different levels of our portfolio hierarchy up to the Group level (e.g. at local operating entity or segment level).

An efficient re-valuation of the liabilities of our insurance business under many scenarios is a prerequisite for advanced and timely analysis capabilities, which are important for effective risk management. Therefore, we apply replicating portfolio techniques, a widely known concept in the industry. Because standard financial market instruments are typically easy to evaluate, the liabilities and changes in their economic value due to market movements are replicated by portfolios of these instruments particularly taking into account the guarantees related to our life portfolios. We apply dedicated statistical quality and sensitivity tests for each single replicating portfolio to ensure minimum quality criteria are met as defined by the Group Parameters and Assumptions Approval Committee.

To calculate internal risk capital using the VaR approach at the Allianz Group level, we assume a confidence level of 99.97 % and a holding period of one year, 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 whom we can transfer the assets and liabilities in our portfolio. This capital requirement is sufficient to cover losses in any one year equivalent to a 3-in-10,000 year event. Although our internal risk capital is based on extreme events, it can also be applied towards managing the risks resulting from reasonably possible, smaller adverse events that could occur in the near term, because the results allow us to analyze our exposure to each source of risk both separately and in aggregate.

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. Internal controls exist within our internal risk capital and financial reporting frameworks which cover the use of estimates and assumptions.[1] Three specific sets of assumptions include the following.

1 For additional information regarding our internal controls over financial reporting, please refer to Group Annual Report, section "Controls and Procedures – Internal Controls over Financial Reporting".

Yield curve

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 now apply the same methodology as provided by the European Insurance and Occupational Pensions Authority (EIOPA) for the fifth quantitative impact study (QIS 5), which is a major step for testing the final implementation measures of the evolving Solvency II model standards. Assuming a long-term equilibrium interest rate per currency, macroeconomic techniques are used to derive long-term rates for maturities without sufficiently deep and liquid markets. The overall aim is to construct a stable and robust valuation framework that reflects current market conditions and at the same time represents the economic view regarding the expected behavior of unobservable long-term interest rates. This is of particular relevance for the Allianz Group due to its long-term life insurance business.

Consistent with the methodology as currently proposed by EIOPA, we also adjust the risk-free yield curves for the Life/Health segment to make allowance for a liquidity premium. While the liquidity premium has been significant in the distressed markets of recent times, it is expected to be negligible under normal market conditions. Because the degree of liquidity of a financial instrument has an impact on the value of an investment portfolio value, it is considered to be appropriate to reflect liquidity in the valuation of insurance liabilities as well.

Diversification and correlation assumptions

Our internal risk capital model considers both concentration and correlation when aggregating results across the different levels of our portfolio hierarchy up to 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. Managing diversification forms a central element of our risk management framework. The Allianz Group strives to diversify the risks to which it is 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 in general obtained in a balanced portfolio without any disproportionately large exposures to any one or more risks. In addition, the diversification effect depends upon the relationship between sources of risks. One measure of the degree of relationship between 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 sufficient historical market data or other portfolio specific observations are not available, we use professional judgment, governed by a conservative approach and taking into account standard settings as currently proposed by EIOPA. We also rule out negative correlations. In general, we set the correlation parameters to represent the level of interdependency 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 all sources of risk. With respect to market risks, our approach is similar to the one applied by banks under the Basel II standards.

Non-market assumptions

To the extent available, we use non-market assumptions approved by supervisory authorities and actuarial associations to enhance our models. In addition, the internal risk capital model is based on assumptions regarding claims trend and inflation, mortality, morbidity, future lapse rates, etc.

Overall, we consider the assumptions made for our internal risk capital calculations and for reserving to be appropriate and adequate.

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 – interest rate including volatility – credit spread – equity including volatility – real estate including volatility – currency	 ✓ ✓ ✓ ✓ ✓	✓[2]	 ✓ ✓ ✓ ✓ ✓	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, etc.
Credit risk	✓[1]	✓[2]	✓	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., payment overdue).	Country limits, single counterparty concentration limits, etc.
Underwriting risk – premium catastrophe – premium non-catastrophe – reserve – biometric	 ✓ ✓ ✓ ✓			Unexpected financial losses due to the inadequacy of premiums for catastrophe 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, etc.
Business risk – operational – cost	 ✓ ✓	 ✓ ✓	 ✓ ✓	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.	Internal controls, business continuity management, adequate product design, etc.

Our internal risk capital model covers:

– Substantially all of our major insurance operations.

– Substantially all of our assets (including bonds, mortgages, investment funds, loans, floating rate notes, 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 form 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. hedges of Allianz SE or 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 smaller insurance operating entities that have an immaterial impact on the Group's risk profile, and for the Asset Management segment, we assign internal risk capital requirements based on an approach which takes local regulatory rules and results from a risk

1 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.
2 Although 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.
3 Please see Group Annual Report note 44 of the consolidated financial statements for additional risk disclosure regarding derivative financial instruments.

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. Regarding our Asset Management segment, approximately 99 % 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 1.6 % 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.

We assume that model and scenario parameters derived from historical data are a useful approximation to characterize future possible risk events; if future market conditions differ substantially from the past, as in the unprecedented financial crisis of 2008 and 2009, 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 limited data for some insurance risk events such as natural catastrophes. 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 above, the insurance liabilities are replicated by 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 replicating portfolio, which is used to calculate internal risk capital, can only be regarded as optimal, subject to the set of available replicating instruments, and it may deviate from the true liabilities in terms of value and behavior under market movements. However, we believe that overall the liabilities are adequately represented by the replicating portfolios due to our stringent data quality steering.

As our internal risk capital model 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 customized 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 largely all of our major insurance operations currently 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. The volume of non-standard instruments is not material on either the local or the Group level, but a more precise modeling of these instruments might affect the fair value and resulting internal risk capital for these derivatives. However, we 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 above, the degree to which the diversification effect can be realized depends not only on the correlation between risks but also on the level of relative concentration 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 separately for the Life/Health and the Property-Casualty segment at Group level based on the internal risk capital model, in order to protect the economic capital position and manage peak risks. In addition, adherence to the Group's strategic asset allocation benchmarks is monitored by leeway limits for each of these segments.

Disproportionately large risks that might accumulate and have the potential to produce substantial losses (e. g. natural catastrophes or credit events) are closely monitored on a standalone basis (i. e. before the diversification effect) and are subject to 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 for 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 on Group level are examples of two instruments to mitigate the peak risks and to limit the impact of adverse conditions on our financial results and shareholders' equity (e. g. severe natural catastrophe losses). In 2010, for example, we renewed the swaps to exchange European windstorm, U.S. hurricane and U.S. earthquake risks, which belong to our largest natural catastrophe exposures, for Japanese typhoon and earthquake risks, as our Property-Casualty operations are small in this region. In addition, we issued a new Catastrophe Bond ("Blue Fin 3"), protecting us against U.S. hurricane and earthquake risks.

At the beginning of 2010, we implemented a new Group-wide country and obligor group limit management framework (CRisP) for credit risk, 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 regarding appropriate credit actions and provides notification services for a quick and broad communication of credit related decisions across the Group.

Clearly defined processes ensure that exposure concentrations and utilization of limits are appropriately monitored and managed. The limit framework covers counterparty concentration risk related to credit and equity exposures.

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

In general, obligor limits are calculated by the CRisP system based on predefined rules and key indicators (e. g. the obligor's rating, balance sheet size, business segment and country of operations). The CRisP system allocates Group obligor limits to the operating entity level, following a factor based approach and taking into account various key indicators such as the operating entity's balance sheet size and area of domicile as well as the obligor's business segment and country of operations.

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 to our customers. We also 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. In order to limit the impact of any of these financial market changes, we have a limit system in place, which is based on a variety of different risk measures including financial VaR, equity sensitivities, asset durations and duration mismatch as well as investment leeways around the benchmark portfolio approved by the Board of Management of Allianz SE.

Grouped according to our internal risk capital model categories, the following are the most significant market risks in terms of market values: interest rate risk (arising from bonds, loans and other debt instruments) and equity price risk (including risks arising from common shares and preferred shares).

Because of our diversified real estate portfolio, real estate risk is currently of less relevance for the Allianz Group. About 5.6% of the total pre-diversified internal risk capital is related to real estate exposures.

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 an immaterial amount of currency risk exposure related to the respective local currency. However, for the Group's reporting in Euro, foreign currency risk results from the fair net asset 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.

Our primary exposures to foreign currency risk are related to the U.S. Dollar, Swiss Franc, Australian Dollar and South Korean Won.

Movements in financial markets also have an impact on the value of our insurance liabilities. Therefore, our exposure to market risks is ultimately determined by the net positions between assets and liabilities. These interdependencies are described in more detail under "Property-Casualty and Life/Health segments" below.

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)

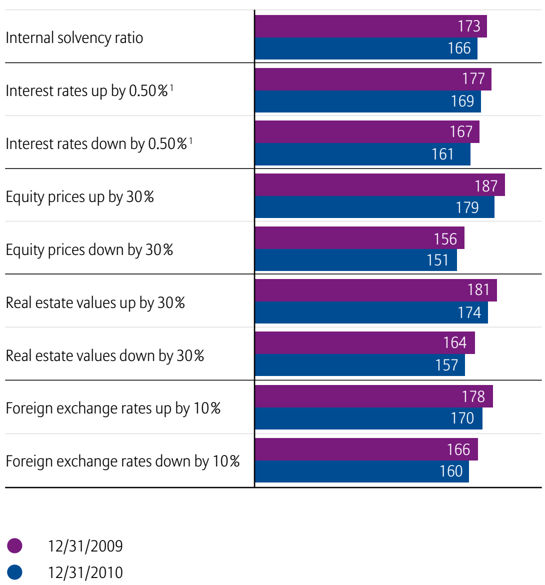
	Interest rate		Credit spread		Equity		Real estate		Currency		Total	
As of December 31,	**2010** € mn	2009[1] € mn	**2010** € mn	2009[1] € mn	**2010** € mn	2009[1] € mn	**2010** € mn	2009[1] € mn	**2010** € mn	2009[1] € mn	**2010** € mn	2009[1] € mn
Pre-diversified												
Property-Casualty	717	903	482	456	2,084	2,207	1,305	1,297	542	937	5,130	5,800
Life/Health	2,944	3,148	2,445	2,110	3,584	3,507	1,069	1,201	788	631	10,830	10,598
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	421	288	732	487	1,660	2,121	166	143	56	283	3,036	3,322
Total Group	**4,082**	**4,340**	**3,660**	**3,053**	**7,328**	**7,835**	**2,541**	**2,641**	**1,386**	**1,851**	**18,997**	**19,720**
Share of total Group internal risk capital in %											42	45
Group diversified												
Property-Casualty	530	706	298	373	1,599	1,816	958	1,023	178	451	3,564	4,369
Life/Health	2,643	2,898	1,756	1,574	3,104	2,839	965	997	530	479	8,998	8,787
Asset Management	—	—	—	—	—	—	—	—	—	—	—	—
Corporate and Other	321	216	466	357	1,305	1,547	142	120	41	188	2,275	2,427
Total Group	**3,494**	**3,820**	**2,519**	**2,304**	**6,009**	**6,201**	**2,065**	**2,141**	**749**	**1,117**	**14,836**	**15,582**

On aggregate, Group diversified internal market risk capital remained at almost the same level compared to the previous year, because there have not been any structural changes in our business mix nor any significant market developments. The decrease in internal currency risk capital is mainly derived from enhanced measurement based on a more granular representation of liabilities per currency by our globally operating insurance entity Allianz Global Corporate and Specialty.

Beginning in 2010, we have been able to use our new risk analysis infrastructure to improve the risk disclosure related to market risk, which is our major source of risk. The following table presents anticipated changes of the net fair value of our assets and liabilities under certain standard financial scenarios, which are defined by reasonably possible individual movements in key market parameters while keeping all other parameters constant. The correlations of these scenarios have a significant impact on the ultimate overall market risk as measured by our internal risk capital model. Related results are presented in the following diagram, which replaces the average, high and low internal market risk capital disclosure provided in prior years.

1 Recalculated based on new internal risk capital framework.

Impact of standard financial scenarios on economic available capital represented in terms of internal solvency ratios (total portfolio before non-controlling interests and after tax and Group diversification)
in %



Property-Casualty and Life/Health segments

Due to our insurance business model, interest rate risk is highly relevant for the Property-Casualty and Life/Health segments, bearing in mind that our life insurance entities typically offer long-term asset accumulation and savings products. Some local asset markets are not sufficiently deep and liquid to adequately match our long-term life insurance obligations, exposing us to structural mismatch positions. Interest rate risk arises from the net position between the insurance liabilities and the investments in fixed income instruments, in particular bonds, loans and mortgages, which are different in terms of maturity and size. The internal risk capital model provides management with information regarding the cash flow profiles of the segments' liabilities, which allows for active monitoring and management of our assets and liabilities. Strategic asset allocation benchmarks including leeway limits as well as other portfolio limits (e.g. equity sensitivities, asset durations) are defined at the Group level separately for the Life/Health and the Property-Casualty segment. They are designed to ensure that assets adequately back policyholder liabilities and that they are held to provide investment income in line with policyholders' expectations.

1 For 2009, this scenario is defined by a parallel yield curve shift. For 2010, we apply a scenario which is considered to be more likely in line with the evolving Solvency II standards. It assumes that the long-term rates for maturities with no sufficiently deep and liquid markets converge towards a long-term equilibrium interest rate derived by macroeconomic techniques. This approach results in a non-parallel shift of yield curves.

The Allianz Group also strives 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.

The maturity of assets and liabilities is reflected by the concept of effective duration, more specifically, how the value of a certain asset or liability portfolio moves with changes in interest rates. Accordingly, if liabilities have a longer duration than the assets backing them (e.g., because of long-term life insurance products), the liabilities will gain more in value than the assets due to a down shift in interest rates, resulting in an overall loss of the net position. This effect is reflected in the internal risk capital results and managed by duration mismatch limits, which are defined at the Group level separately for the Life/Health and the Property-Casualty segment based on our internal risk capital model.

We have allocated a significant part of the Life/Health segment's pre-diversified internal risk capital for interest rate risk to Western Europe (84% as of December 31, 2010), mainly to cover traditional life insurance products. Within certain ranges, traditional products sold in Western Europe generally feature policyholder participation in the profits (or losses) of the insurance company issuing the contract, 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, limiting major sources of risk, including market, credit, underwriting and cost risks.[1]

In accordance with related guarantees, we must still credit minimum rates for individual contracts (e.g. in Germany, France, Italy, the U.S.A. and South Korea).[2] However, in most of these markets, the effective interest rates being earned on the investment portfolio exceed these guaranteed minimum interest rates. As interest rates may fall below the guaranteed crediting rates in those markets, we are exposed to interest rate risk. The valuation of these guarantees, which takes into account the interaction of investment strategy and obligations to policyholders, forms an integral part of our internal risk capital model. The associated risks are therefore managed by the financial VaR and duration mismatch limits, based on the 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. Regional diversification also helps mitigate interest rate risks across individual market places.[3]

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 leeway 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. 81 % 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 U.S.A.

1 Please see Group Annual Report note 20 of the consolidated financial statements for additional information regarding participating life business.
2 Please see Group Annual Report note 20 of the consolidated financial statements for an overview regarding weighted average guaranteed minimum interest rates of the Allianz Group's largest operating entities in the Life/Health segment.
3 Please see Group Annual Report note 20 of the consolidated financial statements for additional information regarding concentration of life business.

Our operating entity Allianz Life Insurance Company of North America mainly offers equity-indexed and fixed annuities as well as variable annuities. These products typically provide some guarantees to the policyholders. Depending on their specific type, these guarantees gain in value for the policyholder when interest rates decrease, equity markets drop or volatilities rise. We have hedges in place to mitigate these risks. While we bear most of the risk related to the guarantees of variable annuities, we are able to share losses with policyholders of equity-indexed and fixed annuity contracts, subject to minimum guaranteed crediting rates and index caps. As the valuation of these guarantees is reflected in our internal risk capital model, they are also managed by the limit framework, based on the internal model.

In 2010, the Allianz Group defined standards for hedging activities to mitigate its exposure to market risk due to options and guarantees or to fair value options embedded in life insurance products. All life and health operating entities are required to follow these standards.

Corporate and Other segment

The primary market risks in the Corporate and Other segment are equity risks. The Corporate and Other segment manages the equity investments of Allianz SE including strategic participations and its finance subsidiary holding companies, as well as securities issued to fund the capital requirements of the Allianz Group. Some of the securities issued qualify as eligible capital for existing regulatory solvency requirements to the extent they constitute subordinated debt or are perpetual in nature.

Due to the fact that we manage our net interest rate risk exposure from a Group perspective, the assets and liabilities of the Corporate and Other segment are not necessarily matched in terms of interest rate duration. However, the internal interest rate risk capital, that is allocated to the Corporate and Other segment, adequately reflects the duration mismatch.

As described above, our residual foreign currency risk results primarily from the fair net asset value of our non-Euro operating entities. In addition, certain exposures to non-Euro denominated assets and liabilities are held at the level of the Corporate and Other segment. 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 & Corporate Finance at the Group level.

We do not consider market risk relating to our Banking operations to be significant at the Group level.

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").

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 to ensure 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.

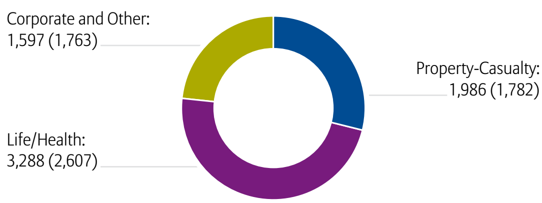
The Allianz Group's internal credit risk capital model is an integral part of the overall internal risk capital framework. It is centrally developed, parameterized and controlled. Group-wide credit data is collected following a centralized process and using standard obligor and obligor group mappings.

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 "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 fed into the overall internal risk capital model for further aggregation across sources of risk to derive Group diversified internal credit risk capital.

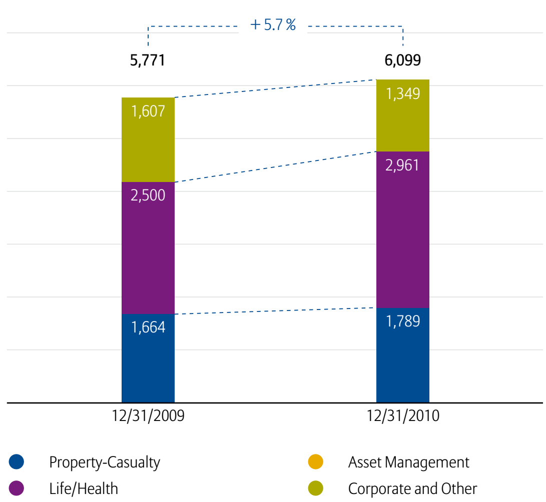
Allocated internal credit risk capital by business segment (total portfolio before tax and non-controlling interests) as of December 31, 2010 (December 31, 2009[1])

Pre-diversified, in € mn

Total Group internal credit risk capital: 6,871 (6,152)
Share of total Group internal risk capital: 15% (14%)



Group diversified, in € mn



Total Group diversified internal credit risk capital rose for the Property-Casualty and Life/Health segments, because the exposure increased due to new reinsurance agreements and investments as well as changes in foreign exchange rates.

The following table presents the average internal risk capital for credit risk calculated over four quarters of 2010 and 2009, as well as the high and low quarterly internal risk capital amounts calculated in both years.

1 Recalculated based on new internal risk capital framework.

Average, high and low allocated internal risk capital (total portfolio before non-controlling interests and after Group diversification)

	Total	
As of December 31,	2010[2] € mn	2009[3] € mn
Over quarterly results		
Average	6,602	3,692
High	7,153	3,792
Low	6,099	3,549

The difference between 2009 and 2010 figures in the table shown above is explained by the change in the internal risk capital model. Please see "Introduction of new internal risk capital framework" for further information.

Property-Casualty, Life/Health as well as Corporate and Other segments

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 relating to our Banking operations to be significant at the Group level.

Credit risk – reinsurance

We take steps to limit our liability from insurance business by ceding part of the risk exposure we assume to the international reinsurance market. This exposes us to credit risk related to external reinsurers. We may experience losses over a certain time horizon due to insufficient recoverability of reinsurance receivables on the balance sheet or due to defaulting benefits related to reinsurance treaties in force.

As of December 31, 2010, 6% of our total Group pre-diversified internal credit risk capital is allocated to reinsurance exposures, 58% of which is related to reinsurance counterparties in the U.S.A. and Germany.

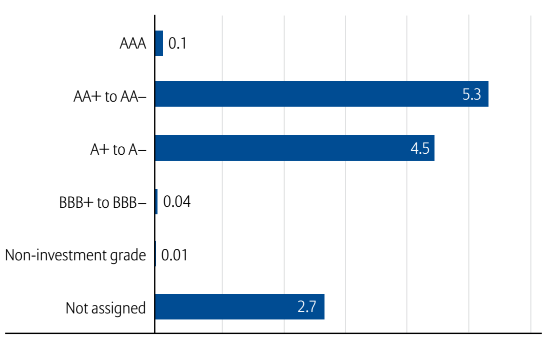
A dedicated team selects our reinsurance partners and considers only companies with strong credit profiles. We may also require letters of credit, cash deposits or

2 Numbers before tax based on new internal risk capital framework and consistent with presentation of internal credit risk capital in this section.
3 Numbers after tax as disclosed under old internal credit risk model. Please see "Introduction of new internal risk capital framework" for explanations regarding the model change.

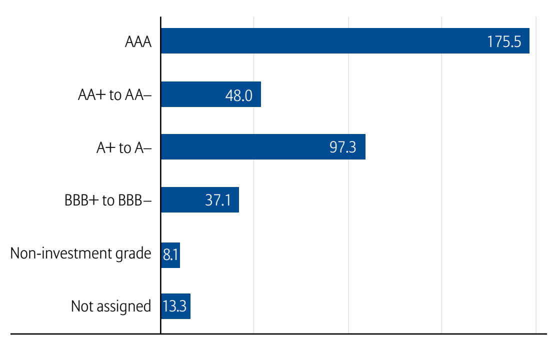
other financial measures to further mitigate our exposure to credit risk. As of December 31, 2010, 78 % (2009: 76 %) of the Allianz Group's reinsurance recoverables were distributed among reinsurers that had been assigned at least an "A" rating by Standard & Poor's. Non-rated reinsurance recoverables represented 21 % (2009: 23 %) of the total reinsurance recoverables as of December 31, 2010. Reinsurance recoverables without Standard & Poor's rating include exposures to brokers, companies in run-off and pools, where no rating is available, and companies rated by A.M. Best.

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, 2010, approximately 94 % (2009: 95 %) of the fixed income investments of the insurance companies of the Allianz Group had an investment grade rating and approximately 85 % (2009: 87 %) of the fixed income investments were distributed among obligors that had been assigned at least an "A" rating by Standard & Poor's.

Reinsurance recoverables by rating class[1] as of December 31, 2010
in € bn



Fixed income investments by rating class as of December 31, 2010
fair values in € bn



Credit risk – investment

As part of our insurance operations, we collect premiums from our customers and invest them to a great extent in fixed income instruments. These investment portfolios ultimately cover the future claims to our customers. We also need to invest shareholders' capital, which is required to support the risks underwritten. As a result, we are exposed to credit risk.

However, for certain life insurance products, we are able to share losses due to credit events with the policyholder, as described in the context of market risks.

As of December 31, 2010, 80 % 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, 64 % of which is related to issuers and counterparties in the U.S.A. and Germany.

In addition to these fixed income investments, the Allianz Group also has non-tradable self-originated mortgage loan portfolios mainly in Germany and the U.S.A. As of December 31, 2010, 96 % of the German mortgage portfolio is considered to be equivalent to a Standard & Poor's investment grade rating based on an internal scoring. The U.S. commercial mortgage loan investments are subject to thorough credit assessment and conservative underwriting by the responsible credit manager. In 2010, there were two cases of delinquent or foreclosed commercial mortgage loans due to the financial crisis. 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. The North American Allianz insurance companies have a residential mortgage portfolio exposure of less than € 1.0 million.

1 Represents gross exposure broken down by reinsurer.

Credit risk – credit insurance

The premium risk to which our credit insurance entity Euler Hermes is exposed is a special form of credit risk derived from the Euler Hermes business model. As part of a credit insurance agreement, the policyholder protects a short-term trade credit advanced to a buyer against credit losses by transferring a part of the risk to Euler Hermes. If the creditworthiness of a buyer deteriorates (including its default), it will be unable to meet its payment obligations and Euler Hermes will indemnify the claim to the policyholder. Credit risk arises from potential claim payments due to limits granted by Euler Hermes to its policyholders.

The parameters used to model credit insurance portfolios are estimated by Euler Hermes based on proprietary models 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.

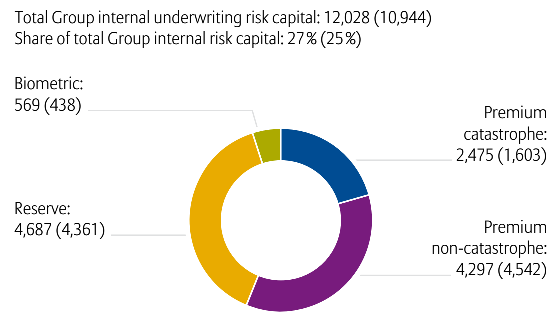
As of December 31, 2010, 14% of our total Group pre-diversified internal credit risk capital is allocated to credit insurance exposures of Euler Hermes.

Underwriting Risk

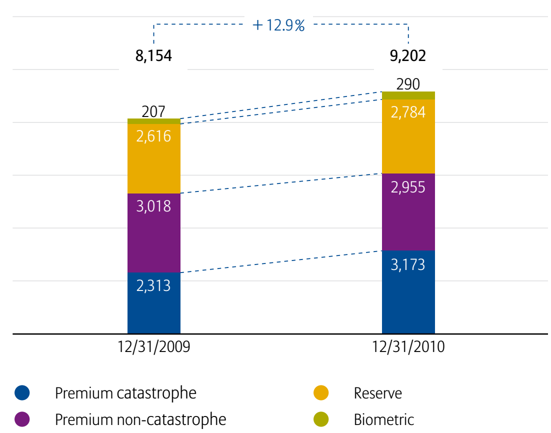
Underwriting risks consist of premium and reserve risks in the Property-Casualty segment as well as biometric risks in our Life/Health segment. For the Asset Management segment and our Banking operations, underwriting risks are not relevant. Although the Corporate and Other segment provides some guarantees that transfer small parts of the underwriting risk away from local entities, such risk is primarily transferred by internal reinsurance and allocated to the Property-Casualty segment.

Allocated internal underwriting risk capital by source of risk[1] (total portfolio before tax and non-controlling interests) as of December 31, 2010 (December 31, 2009[2])

Pre-diversified, in € mn



Group diversified, in € mn

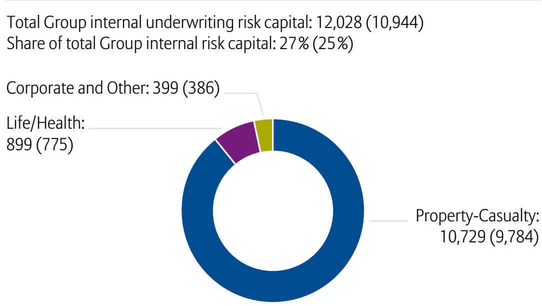


Total Group-diversified internal underwriting risk capital increased mainly due to higher premium catastrophe risks, which are primarily driven by two effects. First, following a decision by the Group Risk Committee, we changed the reinsurance program and reduced our external reinsurance protection against extreme large losses, in order to enhance the protection against multiple higher frequency and mid-sized losses and mitigate earnings volatility. Secondly, our natural catastrophe exposure grew due to larger business volume and adverse developments in foreign exchange rates particularly related to the U.S. Dollar, Australian Dollar and Japanese Yen.

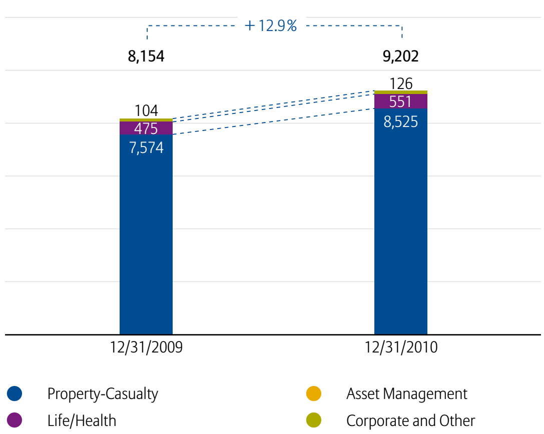
1 As risks are measured by an integrated approach on an economic basis, internal risk capital takes reinsurance effects into account.
2 Recalculated based on new internal risk capital framework.

Allocated internal underwriting risk capital by business segment[1] (total portfolio before tax and non-controlling interests) as of December 31, 2010 (December 31, 2009[2])

Pre-diversified, in € mn



Group diversified, in € mn



The table below presents the average internal risk capital calculated for underwriting risks over the four quarters of 2010 and 2009, 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 catastrophe		Premium non-catastrophe		Reserve		Biometric		Total Group	
	2010[3] € mn	2009[4] € mn	2010[3] € mn	2009[4] € mn	2010[3] € mn	2009[4] € mn	2010[3] € mn	2009[4] € mn	2010[3] € mn	2009[4] € mn
Over quarterly results										
Average	3,040	1,452	3,139	3,721	2,839	2,514	389	134	9,407	7,820
High	3,173	1,473	3,253	3,883	2,961	2,544	592	305	9,847	7,977
Low	2,910	1,434	2,955	3,554	2,685	2,480	290	72	9,111	7,669

1 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 in the Allianz Group of up to USD 465 mn in connection with certain insurance reserves of Fireman's Fund Insurance Co., Novato, allocated to the Corporate and Other segment.
2 Recalculated based on new internal risk capital framework.
3 Numbers before tax based on new internal risk capital framework and consistent with presentation of internal underwriting risk capital in this section.
4 Numbers after tax as disclosed under the old internal risk capital model. Please see "Introduction of new internal risk capital framework" for explanations regarding the model change.

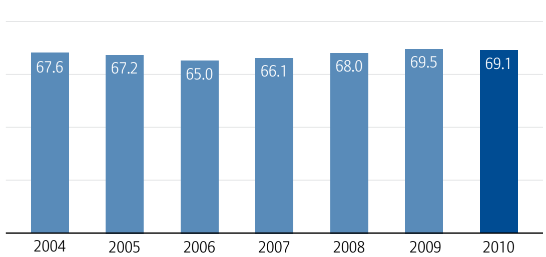
Property-Casualty segment

Our Property-Casualty insurance businesses are exposed to premium and reserve risks, both of which are related to the business in force as well as the current year's new and renewed business. 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 U.S.A. (47% as of December 31, 2010).

Premium risk

As part of these operations, we receive premiums from our customers and provide insurance protection to them. If the premiums do not cover the claims incurred due to unexpected events over a time horizon of one year, we will face losses ("premium risk"), i.e. the underwriting profitability is lower than expected. Changes in profitability over time are measured based on loss ratios and their fluctuations.[1]

Property-Casualty loss ratios[2] for the past seven years
in %



Premium risk is classified as catastrophe risk ("premium CAT risk") and non-catastrophe risk ("premium non-CAT risk"). We primarily 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 the Allianz 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. At the local operating entity and Group level, premium risk relative to the underlying exposures is positively affected by the diversification effect between different lines of business at the local 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.

In 2010, we further increased the coverage of our model inventory and included additional regions and perils related to smaller business activities in Eastern Europe and Asia in our integrated natural catastrophe risk model.

The Group's net exposure to natural catastrophes remained within our risk appetite in 2010. 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. We also continued to put emphasis on mitigating earnings volatility through our reinsurance program by enhanced protection against multiple higher frequency and mid-sized losses.

1 Please also 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).

About 35 % of the pre-diversified internal premium risk capital allocated to natural catastrophe risk was borne by our entities operating locally in the U.S.A. and Germany as of December 31, 2010. Our largest exposures to natural catastrophes are provided in the following table.

The five largest global accumulation scenarios: Loss potential net of reinsurance for individual events, measured at a probability level of one loss in 250 years (i. e. 0.4 %)

As of December 31, 2010	Loss potential[1] € mn
Europe Windstorm (Extratropical Cyclone)	860
U.S.A. Hurricane (Tropical Cyclone)	820
Australia Earthquake	780
Germany Hail	730
U.S.A. California Earthquake	670

Reserve risk

We estimate and hold reserves for past claims that have not yet been settled. If the reserves are not sufficient to cover the claims to be settled in future due to unexpected changes, we will experience losses ("reserve risk"). An indicator for this coverage is the amount of net surplus[2] compared to the initial reserves, which is provided on a calendar year basis over the past five years in Group Annual Report, note 19 to our consolidated financial statements.

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.[3] 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 is positively affected by the diversification effect between different lines of business at the local level and different markets at the Group level.

Underwriting in the corporate and commercial businesses

Our sound Group-wide underwriting framework forms the basis for adequate risk taking and management decisions and helps us proactively 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 Insurance Risk Committee, which is a sub-committee of the Group Risk Committee. These standards also document delegated underwriting authorities and lay down mandatory rules for individual policies. Exceptions require approval by the local Chief Underwriting Officer and reporting to the Group Insurance Risk Committee.

Life/Health segment

Biometric risk

We consider mortality and longevity risks which can cause variability in policyholder benefits resulting from the unpredictability of the (non-)incidence of death and the timing of its occurrence. For modeling these risks within our internal risk capital model, we distinguish level, trend and calamity risk. Biometric assumptions, such as life expectancy, play a significant role.[4]

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 see Group Annual Report note 19.
3 For further information, please see Group Annual Report note 19 of the consolidated financial statements.
4 For further information regarding biometric assumptions, please refer to Group Annual Report "Internal Risk Capital Framework – Non-market assumptions".

Due to the offsetting effects of mortality 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, 2010.[1]

Under our Life product management framework, product development and approval are local processes at the operating entities. However, there are clear Group 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.

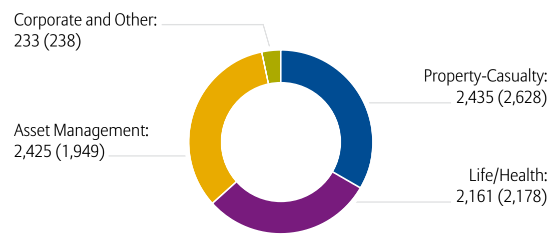
Business Risk

Business risks consist of operational risks and cost 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, whereas strategic risk and reputational risks are excluded in accordance with the requirements of Solvency II and Basel II. 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.

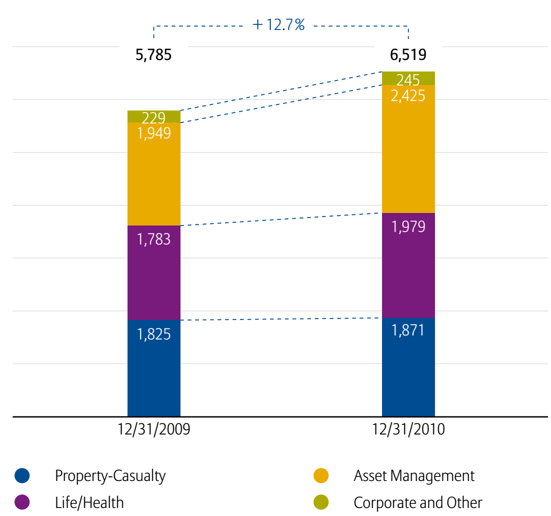
Allocated internal business risk capital by business segment (total portfolio before tax and non-controlling interests) as of December 31, 2010 (December 31, 2009[2])

Pre-diversified, in € mn

Total Group internal business risk capital: 7,254 (6,993)
Share of total Group internal risk capital: 16 % (16 %)



Group diversified, in € mn



Total Group diversified internal business risk capital rose significantly in the Asset Management segment mainly driven by 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 the benefit of either third parties or Allianz insurance entities.[3]

1 Please see Group Annual Report note 20 of the consolidated financial statements for additional information regarding concentration of insurance risk in the Life/Health segment.

2 Recalculated based on new internal risk capital framework.
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 to avoid or reduce future losses. The measures adopted may include revising processes, improving failed or inappropriate controls, installing comprehensive security systems and strengthening emergency plans. This structured 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 environments, 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 to enable 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 is required across the Group as one of the fundamental principles of the Allianz Group Risk Policy.

As described under "Risk Governance Structure", the department Group Legal Services seeks to diminish 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.

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 through 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.

Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity and funding including the change in cash and cash equivalents is provided in Group Annual Report, for instance, in the chapter "Liquidity and Funding Resources" and the notes 17, 23, 24 and 44.

1 For additional information regarding our internal control over financial reporting, please refer to the section "Internal Controls over Financial Reporting".

Corporate and Other segment

On the Group level, liquidity risks arise mainly from capital requirements of subsidiaries and necessary refinancing of expiring strategic 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 all current and future 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 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.

Because of the small size of risk-weighted assets and total assets (as of December 31, 2010, € 9.2 billion and € 19.2 billion, respectively), liquidity risk relating to our Banking operations is deemed not to be significant at the Group level.

Property-Casualty and Life/Health segments

Our insurance operating entities manage liquidity risk locally, using local asset-liability management systems designed to ensure that assets and liabilities are adequately matched. To the extent available, the approaches used to project the liability cash flows for the Property-Casualty segment are similar to the methods used for setting reserves. For the Life/Health segment, 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. This decentralized approach secures a sufficient flexibility in providing liquidity.

Liquidity risk in our insurance 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. However, 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 usually 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.

Asset Management segment

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 specific operating entities among its stakeholders (i. e. shareholders, customers, staff, business partners or the general public). First, 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. Second, 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 or credit 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 exclusively 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 analyses the risk profile of the Allianz Group and regularly informs management about the current situation.

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 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 mergers and acquisitions transactions are subject to review by the Group Finance Committee, if the volume exceeds clearly defined thresholds set for the type of transaction.

Risk Management Priorities for 2011

Our general objectives for 2011 include three priorities for risk management. First and foremost, to be as successful as we were in 2010 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 Solvency II internal model requirements starting in 2013, which is one of the Group's top priorities set by the Board of Management of Allianz SE.

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 participate in the Quantitative Impact Studies and 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 enhance them as necessary to comply with the evolving Solvency II standards.

After the successful implementation of our new risk analysis infrastructure and related risk reporting processes at the beginning of 2010, we are now shifting focus to the further refinement of our internal risk capital model methodology in line with guidance from EIOPA to ensure compliance with Solvency II requirements.

As part of these efforts, the Group Risk Committee decided in 2010 to introduce the dedicated Property-Casualty Insurance Risk Model (PRISM) for risk capital calculations and reporting purposes in 2011. This stochastic model framework aligns multiple aspects of actuarial portfolio assessment and provides high flexibility regarding scenario impact analysis for non-life insurance risks. It is also part of the voluntary pre-approval process for Solvency II with the relevant European supervisors.

We are also focusing on the development and implementation of an internal model for operational risk which will be fully integrated into the existing risk analysis infrastructure.

Moreover, we are planning to further strengthen our risk governance framework by implementing additional Solvency II relevant components including an enhanced model management framework and improved controls related to risk reporting processes. We have also started to prepare for the new reporting and disclosure requirements of Solvency II. All those initiatives are complemented by the development of adequate documentation and, where relevant, are subject to formal internal sign-off processes before final adoption.

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 in 2013.

Corporate Governance Report and Statement on Corporate Management

Good Corporate Governance and transparency are key to gaining and holding the trust of our shareholders, business partners and employees.

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 German Corporate Governance Code now in effect was amended on May 26, 2010. Besides repeating important legal provisions, the Code also contains recommendations and suggestions for proper Corporate Governance. There is no legal obligation to comply with these standards. Under § 161 of the German Stock Corporation Act, listed companies are, however, obliged to make an annual Declaration of Compliance with the terms of the Code's recommendations on a "comply or explain" basis. The declaration is meant to explain any deviations from the Code's recommendations. The Declaration of Compliance issued by the Board of Management and Supervisory Board and the company's position with regard to Code suggestions can be found in the Statement on Corporate Management on page 58.

In Germany the Code is taken as the benchmark of good Corporate Governance and control. Surveys show that acceptance of the German Corporate Governance Code remains high. At year-end 2010, the DAX-30 companies met an average of 97% of all recommendations, while in the M-DAX around 93% and in the S-DAX about 87% of the recommendations had been followed by the companies.

In view of the great importance of good Corporate Governance, in September 2010, Allianz SE established the new position of Corporate Governance Officer to coordinate the fundamental Corporate Governance issues at Allianz SE and within the Allianz Group.

Corporate Constitution of the European Company

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), as well as the principle of equal employee representation on the Supervisory Board, have been maintained in Allianz SE. For further details on the differences between a German stock corporation and a European Company with 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 ten 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 members of the Board of Management have joint responsibility 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. In addition to divisional responsibilities for each business segment, there are also functional responsibilities; the latter include the Chairman's division, the Controlling/Reporting/Risk division, the Finance division and the Chief Operating Officer's division. The business division responsibilities focus either on geographic regions or on operating segments. As of December 31, 2010, these included Insurance Europe, NAFTA markets, Insurance German Speaking Countries, Insurance Growth Markets, Global Insurance Lines & Anglo Markets and Asset Management Worldwide. Rules of procedure specify in more detail the work of the Board of Management. In these rules, the Board has in particular regulated the specific responsibilities of Board members, matters reserved for the whole Board and other ways to pass resolutions.

The Board meets regularly at Board of Management meetings convened by the Chairman of the Board. Each member of the Board may request a meeting while at the same time providing notification of the agenda. Under the Board's rules of procedure, the entire Board makes decisions on a resolution by a simple majority of the members participating.

Committees of the Board of Management
As of December 31, 2010 (and subsequent changes)

Group Finance Committee
Dr. Paul Achleitner
Oliver Bäte
Dr. Joachim Faber
Dr. Werner Zedelius

Group Risk Committee
Dr. Paul Achleitner
Oliver Bäte
Clement B. Booth
Jay Ralph

Group Capital Committee
Michael Diekmann
Dr. Paul Achleitner
Oliver Bäte

The Chairman of the Board of Management coordinates the Board's activities. As a consequence of the transformation into Allianz SE, the Chairman's position was strengthened under the Statutes by conferring a right of veto of the Board of Management's decisions. If he objects to a decision, that resolution is not adopted. However, the Chairman of the Board of Management cannot impose any decision against the majority vote on the Board of Management. In the event of a tie, the Chairman casts the deciding vote.

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

– The task of the Group Finance Committee is the preparation and monitoring of the principles of the Groupwide investment policy as well as Group financing and capital management

– The Group Risk Committee is responsible for establishing and overseeing a Group-wide risk management and risk monitoring system, including dynamic stress tests

– The Group Capital Committee submits proposals to the Board of Management concerning risk strategy and strategic asset allocation and risk capital allocation within the Group

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

The Board has also set up an International Executive Committee as a permanent Group commission. The Group commission has the task of preparing decisions reserved for the entire Board of Management of Allianz SE, submitting proposals for resolutions and ensuring the exchange of information within the Group. The Group Compensation Committee is comprised of both Board members and executives reporting to the Board of Management of Allianz SE and satisfies the requirements of the Regulation governing Compensation Systems in the Insurance Sector (Versicherungs-Vergütungsverordnung) that took effect in December 2010. It is responsible for designing, monitoring and improving compensation systems. Every year, it must submit a report on the results of its monitoring, along with proposals for improvements.

The Allianz Group steers 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 to be considered by the Supervisory Board when setting the targets for performance-based remuneration of individual Board members (for details please see the Remuneration Report on pages 61 to 80).

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, compliance issues, and on the strategy and existing risk exposure. In line with the recommendation by the German Corporate Governance Code, the Supervisory Board has issued a reporting order which more closely 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 approval requirements are stipulated by law or by decisions of the General Meeting. These include approval for the Board of Management to increase the share capital (authorized capital), acquire treasury stock, or issue convertible bonds or bonds with warrants. In addition to these approval requirements, in accordance with § 9 of the Statutes, the Supervisory Board must also approve 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, which result in a company leaving the Group. Such transactions, unless qualifying as a financial investment, are subject to approval provided that, in a particular case, 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 Supervisory Board's rules of procedure require its approval for the appointment of the member of the Board of Management responsible for employment and social welfare.

An overview of the Board of Management's members can be found on page 9.

Principles and Functions of the Supervisory Board

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 the members of the Supervisory Board are now based on the European general regulations on European Companies. These regulations have been implemented by provisions 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 under www.allianz.com/allianz-se.

The size of the Supervisory Board is stipulated by the Statutes as twelve members appointed by the General Meeting. Six of these twelve members are appointed on the proposal of the employees. The General Meeting is bound to accept the proposal of the employees.

In accordance with the Agreement Concerning the Participation of Employees in Allianz SE, the seats for the six employee representatives are arranged in proportion to the number of Allianz employees in the E.U. member states. 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.

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 the remuneration of the individual members of the Board of Management and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in fiscal year 2010 are described in the Supervisory Board Report.

The Supervisory Board holds regular meetings in March, in April or May, in September and in December. Additionally, 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 decision requirements for the appointment of 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 tied vote, the casting vote lies with the Chairman of the Supervisory Board. The Chairman of the Supervisory Board of Allianz SE may only be a shareholder representative. In the event of a tied vote, if the Chairman of the Supervisory Board is not present, the casting vote lies with the deputy chairperson from the shareholder side. A second deputy chairperson is elected on the proposal of the employee representatives, but has no casting vote.

The Supervisory Board regularly reviews the efficiency of its activities. The efficiency review is prepared by the Standing Committee. The plenary Supervisory Board then offers recommendations for improvements and, where appropriate, adopts corresponding measures.

Supervisory Board Committees

Part of the Supervisory Board's activities is delegated to the committees of the Supervisory Board. The composition of the committees and the tasks assigned to these committees are regulated in the Supervisory Board's rules of procedure. The Supervisory Board receives regular reports on the activities of the committees.

The Audit Committee has five members. Three members are nominated by the shareholders and two members are nominated by the employee representatives on the Supervisory Board. The chairman of the committee is also elected by the Supervisory Board. The Audit Committee is responsible for an initial review of the Company's and the Group's annual financial statements, management report (including the risk report) and the dividend proposal. In addition, it reviews the quarterly reports. The Audit Committee oversees the financial reporting process and the effectiveness of the internal control system, the risk management system and the internal audit system and deals with issues of compliance. Finally, the Audit Committee is an important contact for the external auditors, whose independence and additional services it also monitors.

Allianz follows the suggestion of the German Corporate Governance Code that the chairperson of the Audit Committee is expected to be independent and should not be a former member of the Board of Management whose term expired within the previous two years. Furthermore, at least one independent member of the Audit Committee must have expertise in the fields of accounting or auditing. The Supervisory Board has determined that Dr. Wulf H. Bernotat and Mr. Igor Landau satisfy these conditions. The Audit Committee has adopted rules of procedure, which specify in greater detail the committee's tasks and functions in accordance with the Supervisory Board's rules of procedure.

The Standing Committee has five members. Its members include the Chairman of the Supervisory Board as well as two members nominated by the shareholder side and two nominated by the employee side of the Supervisory Board. One of the members nominated by the employee side to the Standing Committee shall be the Supervisory Board deputy chairperson that has been elected upon proposal by the employee side. The Chairman of the Supervisory Board also serves as chairman of this committee. The Standing Committee is responsible for the approval of certain transactions that need to be approved by the Supervisory Board. These include, in particular, certain capital transactions and acquisitions or divestments. Furthermore, it is responsible for preparation of the Declaration of Compliance required by § 161 of the German Stock Corporation Act as well as for the regular review of the Company's Corporate Governance. It submits proposals for examining the efficiency of the Supervisory Board's activities to the Supervisory Board plenary session.

The Personnel Committee includes the Chairman of the Supervisory Board and two members, one nominated by the employee representatives and one nominated by the shareholder representatives. The Chairman of the Supervisory Board also serves as chairman of this committee. The Personnel Committee is responsible for personnel matters concerning members of the Board of Management as well as preparation for the Supervisory Board's plenary session in this area. It prepares the appointment of members of the Board of Management as well as the decision of the plenary session on the remuneration system and the overall remuneration of the individual members of the Board of Management. In this regard, it also submits proposals for resolutions to the plenary session. The committee is involved in the long-term succession planning for the Board of Management.

The Risk Committee has five members. Three members are nominated by the shareholder representatives and two members are nominated by the employee representatives on the Supervisory Board. The chairman of the committee is also elected by the Supervisory Board. The Risk Committee monitors the overall risk situation and the specific risk developments in the Allianz Group. This committee is also responsible for prior verification of any particular risk-related statements within the annual financial statements and management report, and for reporting to the Audit Committee on the results of this preliminary review. The Risk Committee also has rules of procedure, which govern the responsibilities of the committee and its activities on the basis of the rules of procedure of the Supervisory Board.

In December 2007, in compliance with a recommendation of the German Corporate Governance Code, the Supervisory Board established a Nomination Committee comprising the Chairman of the Supervisory Board and two other shareholder representatives elected by the shareholder side. The Chairman of the Supervisory Board also serves as chairman of this committee. The committee is responsible for drawing up selection criteria for shareholder representatives and identifying suitable candidates for the election proposals of the Supervisory Board to the General Meeting. In addition to the statutory requirements, the committee ensures compliance with the Code's recommendations on the composition of the Supervisory Board and also monitors the diversity of its members.

Supervisory Board targets regarding its composition

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

The aim of Allianz SE's Supervisory Board is to have members who are equipped with the necessary skills and competence to properly supervise and advise Allianz SE's management. Supervisory Board candidates should possess the professional expertise and experience, integrity, motivation and commitment, independence and personality required to successfully carry out the responsibilities of a Supervisory Board member in a financial-services institution with international operations. To promote additional cooperation among 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 (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

1 Cf. 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.

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 member states of the E.U. 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 the employee representatives.

Future nominations of candidates for membership by the Supervisory Board will take account of these goals. This is particularly the case in respect of the elections in spring of 2012. The current composition of the Supervisory Board and its committees is described on pages 8 and 55.

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 to be represented by proxies appointed by Allianz SE. These proxies exercise voting rights exclusively on the basis of the 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 constantly promotes the use of e-mail and Internet services.

Members of the Supervisory Board are appointed at the Annual General Meeting. As regards the election of employee representatives, the Annual General Meeting is bound by the proposals of the employees. The Annual General Meeting also approves the actions taken by the Board of Management and the Supervisory Board. It decides on the use of profits, capital transactions and the approval of intercompany agreements, as well as the remuneration of the Supervisory Board and changes to the Company's Statutes. Changes to the Statutes require the backing of at least half of the share capital or a two third majority of the 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 the Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the calling of an extraordinary General Meeting.

Accounting Policies and Audit of Financial Statements

The Allianz Group conducts its accounting according to § 315 a of the German Commercial Code (Handelsgesetzbuch), 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 German Commercial Code (HGB).

In compliance with special legal provisions applying to insurance companies, the auditor of the annual financial statements and of the half year 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 regularly and timely about the Company's situation. 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 half year financial and quarterly financial reports. These financial reports are subjected to a review by the auditor. Information is also made available at the Annual General Meeting, at press conferences and analysts' conferences, as well as on the website of the Allianz Group. The Allianz website also carries a financial calendar listing the dates of major publications and events, such as annual reports, quarterly reports and Annual General Meetings.

The financial calendar for 2011 and 2012 is also available on the website www.allianz.com/financialcalendar.

Shares held by Members of the Board of Management and the Supervisory Board

The total holdings of all of the members of the Board of Management and the Supervisory Board in Allianz SE amounted to less than 1 % of the Company's issued stock as of December 31, 2010.

Directors' Dealings

The members of the Board of Management and the Supervisory Board or related parties are required by the German Securities Trading Act (Wertpapierhandelsgesetz) to disclose any acquisition or divestment of shares of Allianz SE worth € 5,000 or more within a calendar year. These notifications are published on our website at www.allianz.com/corporate-governance.

Corporate Governance Statement pursuant to § 289 a of the German Commercial Code (Handelsgesetzbuch)

The Corporate Governance Statement pursuant to § 289 a of the German Commercial Code (Handelsgesetzbuch - HGB) forms part of the consolidated management report. According to § 317 (2), sentence 3 of the HGB, the information provided pursuant to § 289 a of the HGB does not have to be included within the scope of the audit.

Declaration of Compliance with the German Corporate Governance Code

On December, 15, 2010, the Board of Management and the Supervisory Board issued the following Declaration of Compliance of Allianz SE with the German Corporate Governance Code:

"Declaration of the Board of Management and the Supervisory Board regarding the Recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with § 161 of the German Stock Corporation Act (Aktiengesetz)

1. Since the last Declaration of Compliance as of December, 17, 2009, which referred to the German Corporate Governance Code in its version as of June, 18, 2009, Allianz SE has complied with all recommendations made by the Government Commission on the German Corporate Governance Code then in force.

2. Allianz SE will comply with all recommendations made by the Government Commission on the German Corporate Governance Code in the version as of May, 26, 2010, with the following exception:

The members of the Supervisory Board are currently receiving a fixed and a performance related compensation (No. 5.4.6 para. 2 of the German Corporate Governance Code). The Company contemplates proposing a new compensation structure to the Annual General Meeting 2011 which shall comprise a fixed remuneration only. In that respect, a deviation from No. 5.4.6 para. 2 sentence 1 of the German Corporate Governance Code is intended. The Company believes a fair fixed remuneration is more suitable to the control function of the Supervisory Board, irrespective of success of the Company.

Munich, December 15, 2010

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 have complied with all of the non-binding suggestions contained in the German Corporate Governance Code. In future, we will diverge from No. 5.4.6 para. 2 sentence 2 in respect of performance-based remuneration of the Supervisory Board.

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

The listed Group company Oldenburgische Landesbank AG issued its own declaration of compliance in December 2010, which states that Oldenburgische Landesbank AG complies with all of the recommendations of the German Corporate Governance Code.

Corporate Governance Practices

Compliance and anti-money laundering program

The sustained success of the Allianz Group is based on the responsible behavior of all Group employees embodying trust, respect and integrity. In 2008, the Ethisphere Institute named Allianz one of the world's most ethical companies.

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, the relevant applicable embargo regulations and the recommendations of the Financial Action Task Force on Money Laundering (FATF). Allianz manages the risk of infringements against statutory provisions and requirements (compliance risk) through its recognition and support of these international and national principles. At the same time, it thereby integrates sustainability and social responsibility into its corporate conduct. Group Compliance is responsible, in close cooperation with the local compliance departments, for ensuring the effective implementation and monitoring of the compliance and anti-money laundering program within

Allianz. Compliance will examine any suspected infringement of the guidelines mentioned above or of the internal compliance guidelines in cooperation with other departments where appropriate.

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 the Internet via the following link: www.allianz.com/corporate-governance.

The Code of Conduct and the internal guidelines derived from it provide all employees with clear guidance on conduct that is in accordance with 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 summer of 2009, which provides for the continuous monitoring and improvement of the internal anti-corruption controls.

A major component of the compliance program of Allianz 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 they turn out later to be unfounded.

In cases of doubt, employees within the compliance department are responsible for providing advice to the business units on regulatory provisions and on the creation, implementation, and monitoring of compliance with internal guidelines and standards. They also give employees regular training on the regulations that apply to them.

Code of Ethics

In addition to the Code of Conduct, Allianz SE has adopted a special Code of Ethics, which is directed at the members of the Board of Management and at 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 the Internet 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

A description of the composition of the Supervisory Board and its committees can be found on pages 8 and 55 of the Annual Report. On page 9, 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 53 of the Corporate Governance Report. Furthermore, a description of the composition can be accessed on the Internet via the following link: 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 on page 52ff. and on the Internet via the following link: www.allianz.com/corporate-governance.

Remuneration Report

This report comprises three sections covering the remuneration arrangements for the following executive categories:

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

2010 Report Highlights

Board of Management
- Introduction of the new remuneration system
- Base salaries remain unchanged
- Annual bonuses for 2010 reflect above target performance
- Total remuneration table on page 69
- Voluntary vote on remuneration at Annual General Meeting

Executives below the Board of Management
- Introduction of the common remuneration structure in insurance companies
- Improvements to reward governance and the management of risk
- Proportion for key executives: 32 % fixed/68 % target variable remuneration on page 76

Supervisory Board
- Fixed remuneration and attendance fees remain unchanged
- Variable remuneration reflects strong group performance
- Total remuneration table on page 79
- Change to 100 % fixed remuneration presented for implementation from 2011 onwards

Board of Management Remuneration

In support of transparency for shareholders, and recognizing the new remuneration arrangements introduced from January 2010, this section describes the:

- Governance system
- Remuneration principles and market positioning
- Remuneration structure
- Remuneration components
- Target setting and performance assessment for variable remuneration
- 2010 remuneration and link to performance
- Outlook for 2011

Governance system

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. Survey data was most recently provided by two external consultants with significant market expertise. The Personnel Committee and Supervisory Board consult with the Chairman of the Board of Management as appropriate in assessing the performance and remuneration of Management Board Members. The Chairman is not present when his own remuneration is discussed.

The Personnel Committee and the Supervisory Board met multiple times in 2010 and considered the Board of Management remuneration and contractual issues shown in the table below:

Month	Activity/Decision

February	– Appointment of Manuel Bauer as member of the Board of Management effective January 1, 2011
	– Determination of variable remuneration award based on the target performance achievement for the:
	  – Annual bonus 2009
	  – Three-year bonus 2007 – 2009
	  – Estimation of equity incentive grant 2010

March	– Renewal of contracts: Clement Booth, Enrico Cucchiani, Dr. Joachim Faber – Confirmation of equity incentive grant 2010
September	– Corporate Governance Code with focus on diversity
December	– Contractual agreement for Manuel Bauer – Review of the horizontal (external) and vertical (internal) appropriateness of remuneration – Preparation of the review of variable pay for 2010 – Individual determination of the 2011 remuneration at target and performance targets for Board Members – Adjustment of fixed remuneration for selected Board Members – Determination of pensions and risk contributions for 2011

Full descriptions of the responsibilities of the Supervisory Board and the Personnel Committee are provided on page 54 ff.

The remuneration system was presented to the Annual General Meeting 2010 for vote.

Remuneration principles and market positioning

Board of Management 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 Group's business strategy. Targets measure quantitative financial operating results. In addition, the achievement of qualitative programs and initiatives which are designed to increase the underlying sustainability of the organization are measured. Role modeling of Allianz Leadership Values and the Code of Conduct are additional qualitative considerations

- Alignment of pay and performance: significant performance-based component

- Variable remuneration bias to the longer term: a high proportion of incentive-based reward recognizes sustained performance over 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 is consistent with good governance

Market positioning of the Board of Management remuneration:

The structure, weightings and levels of remuneration components are discussed by the Supervisory Board with a view to attract, motivate and retain top talent. The peer group consists primarily of other DAX 30 companies. Other major diversified insurance/financial services companies in Europe are also points of reference. Allianz's size (e.g. market value) and global scale is top quartile, but not top end of the market.

- Base salary levels are usually around the median of this group

- The structure of Allianz total reward is more strongly weighted to variable, longer-term remuneration

Allianz remuneration and benefits arrangements are periodically compared with best practices in the European financial services sector and at other relevant, large corporations. Pension provisions are reviewed periodically to take market practice and development into account.

The Supervisory Board determines the need for any adjustment 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

There are four main remuneration components, excluding pensions and perquisites, each with approximately the same weighting within annual target remuneration: Base salary, Annual bonus, Three-year bonus and Equity-related remuneration. The split of fixed to variable remuneration in 2010 at target is 25 %:75 %.

Structure and level of annual target remuneration[1]

Split between fixed and variable remuneration %		Percentage %	Regular Member of the Board of Management[2,3] € thou	Chairman of the Board of Management € thou
25	**Base salary**	25	700	1,200
	Variable target remuneration			
	Annual bonus (short-term)	25	700	1,180
75	Three-year bonus (mid-term)	25	700	1,180
	Equity-related remuneration (long-term)	25	700	1,180
	Total target remuneration	**100**	**2,800**	**4,740**

Remuneration components

Base salary

Base salary is the fixed remuneration component.

Purpose

Recognize the responsibilities of the role and sustained performance in execution.

Operation

Base salary is expressed as an annual cash sum, paid in twelve monthly installments. Currently, separate rates apply for the Chairman, the Board Member responsible for Finance and for all other regular Board Members.

1 All percentages shown reflect approximate values.
2 All members of the Board of Management except Dr. Paul Achleitner (total target remuneration € thou 3,200) and the Chairman.
3 Due to the roles of some of Board of Management members their remuneration may be split between Allianz SE and other Allianz Group companies they oversee. Figures in the remuneration table on page 69 refer only to remuneration received from Allianz SE.

Variable remuneration

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:

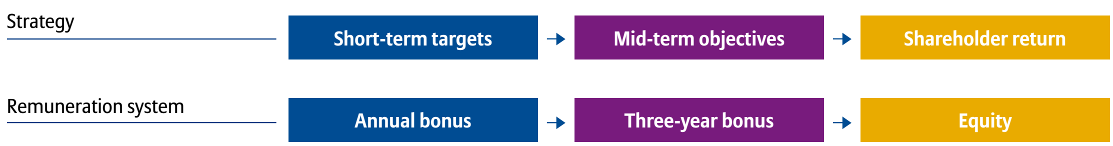
1. Annual bonus (short-term): a performance-related cash payment which rewards annual achievement of targets.

2. Three-year bonus (mid-term): a performance-related cash payment which rewards multi-year (three years) achievement of targets.

3. Equity-related remuneration (long-term): consists of virtual shares, 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 evolution over the four-year vesting period. Payout occurs after five years.

Purpose
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. It recognizes different levels of performance, providing enhanced reward at times of top performance and reduced reward at times of lower performance.

Execution strategy fully supported by the remuneration system



As stated in the Key Principles, pay is closely aligned with the achievement of the Allianz Group's strategic goals.

Performance link
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.

Detailed information in the section "Target setting and performance assessment for variable remuneration" on page 66 f.

Operation
All variable remuneration components are subject to a uniform cap of 165 % of the respective target values. The Supervisory Board therefore determines the level of award within a range of 0 to 165 % of target value. Additionally, the RSU payout is capped at 200 % above the grant price.

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

Pensions and similar benefits

For full details on Pensions, please see the pension discussion, table and notes on page 68.

Board Members participate in a contribution-based system covering Board service since January 1, 2005.

Prior to 2005, members of the Board of Management participated in a defined benefit plan that provided fixed benefits not linked to base salary increases. The levels of benefit generated for 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.

Purpose
Provide competitive and cost effective retirement and disability benefits using risk appropriate vehicles.

Operation
Company contributions for the current pension plan depend on the years of service on the Board of Management of Allianz SE and are invested in a fund with a minimum guaranteed interest rate per year. On retirement the accumulated capital is converted to a lifetime annuity. An additional risk premium of 5 % of regular pension contribution is paid to cover death and disability. Pension is payable from age 60 at the earliest.

Perquisites

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

Purpose

Align with typical market provisions.

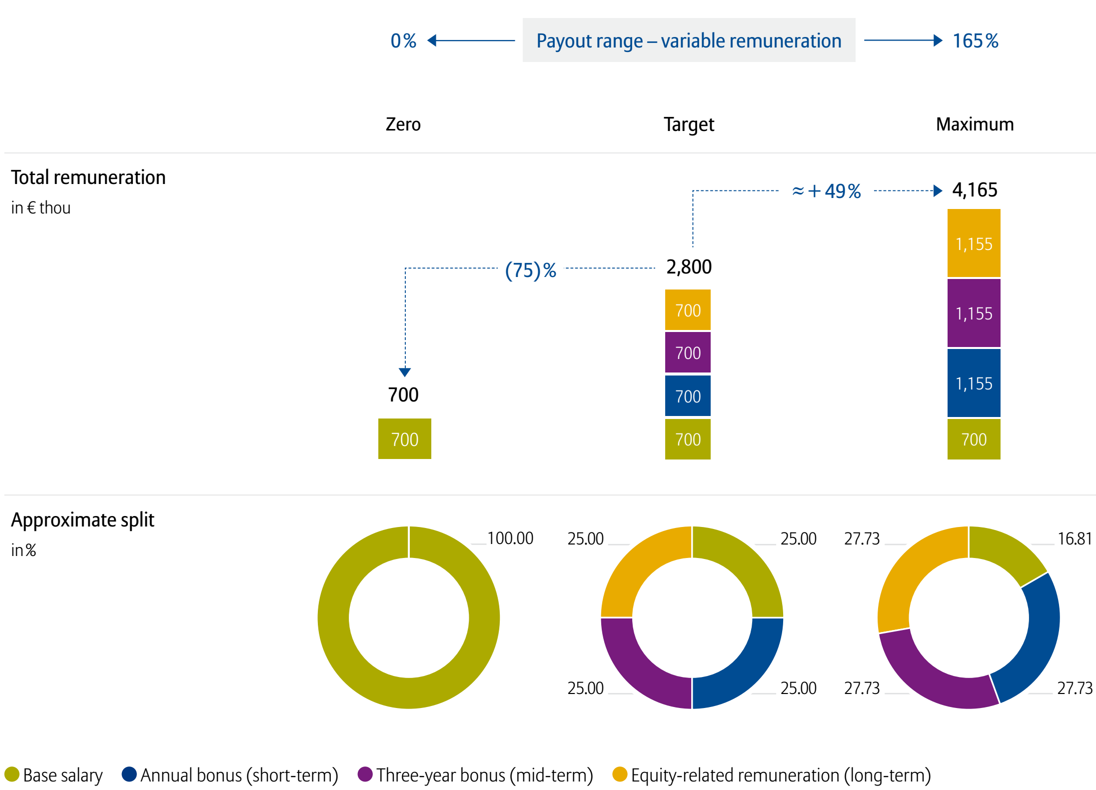
Operation

Generally administered centrally to ensure compliance with provisions and applicable regulations.

The chart below shows 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 of total target remuneration while a 0 % payout would reduce the total target remuneration by 75 %. 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.

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 in a "target letter" which sets out the quantitative and qualitative targets 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 Functions	Corporate Center Functions
Annual bonus (short-term)	**Quantitative targets 75%**		
	Group targets 50%	– 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%	5 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 channel, 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.

The following section provides additional explanation of each variable component.

The Annual bonus award depends on the quantitative and qualitative target achievement for the respective financial year set to achieve an appropriate return on capital, as approved by the Supervisory Board.

The Three-year bonus recognizes sustained target achievement over the three-year performance period as well as a sustainability assessment. Quantitative three-year targets focus on portfolio development, as measured by absolute growth and profit which achieve both an appropriate return on capital and relative peer group performance. The Supervisory Board undertakes an initial assessment of achievement versus target based on a portfolio development matrix.

This initial assessment, considering growth and return on capital, ensures that the final award not only depends on a high profit margin but also on 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 additionally considers qualitative factors as part of a sustainability assessment, and as a consequence 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.

Details of equity grants and of total holdings under our equity incentive programs on page 70.

Equity-related remuneration is granted after the end of the financial year with plan participants' annual bonus performance 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 stock at that time. In this way the ultimate value is driven by Allianz SE stock performance, providing alignment with the shareholder. To avoid extreme payouts, the RSU payout is capped at 200% above the grant price. Shares are forfeited where executives leave at their own request (or are terminated for cause) thus supporting retention.

2010 Remuneration and link to performance

We discuss below the 2010 remuneration results and the link to performance against targets. The performance results take into account financial considerations as outlined in the discussions of financial performance throughout this Annual Report.

Base salary: After reviewing appropriate data the Supervisory Board decided to maintain salaries for 2010 at their existing levels. Upon appointment to the Board of Management of the Allianz SE as of January 2010, the base salary for Mr. Ralph was set at € 700 thousand.

Annual bonus: The target achievement for the Group, the Business Division/Corporate Functions and the qualitative performance was on average assessed at 131% and ranged between 120% and 147%. Consequently, total Annual bonus awards ranged between 120% and 147% of target with an average bonus award of 131% of target bonus. This represents 79% of 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 remuneration: In accordance with the approach described earlier, a number of RSU were granted to each Board Member in March 2011. At the time of grant, each award had the same "fair value" as the award for the 2010 annual bonus and it is this figure which is shown in the Total Remuneration Table.

Perquisites: For 2010 the total value of the perquisites amounted to € 0.5 million (2009: € 0.5 million). The individual value of perquisites received in 2010 is shown in the overall remuneration chart below.

Pensions: Company contributions for the current plan are 30 % of base salary, increasing to 37.5 % after five years and to 45 % after ten years service on the Board of Management of Allianz SE. These are invested in a fund and have a minimum guaranteed interest rate of 2.75 % in 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.

A pension can be received at the earliest from age 60, except for cases of occupational or general disability for medical reasons, when it may become payable earlier-on, or in the case of death, when a pension may be paid to dependents. Surviving dependents normally receive 60 % (widow/er) and 20 % (per child) of the original pension to the employee, with the aggregate not to exceed 100 %. In the AVK a benefit appreciation will occur in cases of death or disability. Should board membership cease prior to retirement age for other reasons, the accrued pension right is maintained if vesting requirements are met.

The following table sets out the 2010 service cost and contributions for each member of the Board of Management of Allianz SE.

Board of Management	Defined Benefit Pension Plan (frozen)				Current Pension Plan		AVK/APV[1]		Transition payment[2]		**Total**	
	Assumed retirement age	Annual pension payment[3]	SC[4]	DBO[5,6]	SC[4]	DBO[5]	SC[4]	DBO[5,7]	SC[4]	DBO[5,8]	**SC[4]**	**DBO[5,6,9]**
			2010	2010	2010	2010	2010	2010	2010	2010	**2010**	**2010**
		€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Michael Diekmann (Chairman)	60	337	274	4,480	602	2,535	3	98	0	809	**879**	**7,922**
Dr. Paul Achleitner	60	344	331	3,202	381	1,502	5	62	11	351	**728**	**5,117**
Oliver Bäte	60	—	—	—	250	793	4	9	8	68	**262**	**870**
Clement B. Booth	60	—	—	—	251	1,345	4	15	2	355	**257**	**1,715**
Enrico Cucchiani	62	—	—	—	147	856	4	15	1	689	**152**	**1,560**
Dr. Joachim Faber	62	225	0	4,162	253	1,459	6	64	0	683	**259**	**6,368**
Dr. Christof Mascher	60	—	—	—	126	524	3	14	8	39	**137**	**577**
Jay Ralph	60	—	—	—	261	261	4	3	0	0	**265**	**264**
Dr. Gerhard Rupprecht	62	236	0	4,262	243	1,100	7	126	0	360	**250**	**5,848**
Dr. Werner Zedelius	60	225	185	2,354	347	1,487	3	101	8	264	**543**	**4,206**

1 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.
2 For details on the transition payment see section "Termination of Service" on page 71.
3 Expected annual pension payment at assumed retirement age.
4 SC = Service Cost.
5 DBO = Defined Benefit Obligation; end of year.
6 Total settlement amount of the offset liabilities – as the effect of the first time application of the German Accounting Law Modernization Act in fiscal year 2010 is spread across 15 years the following values apply in the German GAAP balance sheet: Michael Diekmann: € 3,829 thou, Dr. Paul Achleitner: € 2,822 thou, Dr. Joachim Faber: € 3,279 thou, Dr. Gerhard Rupprecht: € 3,366 thou, Dr. Werner Zedelius: € 1,716 thou.
7 AVK/APV are indirect pension promises which are off German GAAP balance sheet, i. e. the amount is € 0. For transparency reasons the premium reserve is shown in the table.
8 Total settlement amount of the offset liabilities.
9 Total settlement amount of the offset liabilities – the total amount in the German GAAP balance sheet is: Michael Diekmann: € 7,173 thou, Dr. Paul Achleitner: € 4,674 thou, Oliver Bäte: € 861 thou, Clement B. Booth: € 1,700, Enrico Cucchiani: € 1,545 thou, Dr. Joachim Faber: € 5,421 thou, Dr. Christof Mascher: € 563 thou, Jay Ralph: € 261 thou, Dr. Gerhard Rupprecht: € 4,826 thou, Dr. Werner Zedelius: € 3,467 thou.

Allianz Group paid € 4 million (2009: € 3 million) to increase reserves for pensions and similar benefits for active members of the Board of Management. On December 31, 2010, the total settlement amount (including AVK/APV) for members of the Board of Management active at that date amounted to € 34 million (2009 reserves for pensions: € 22 million).

Total remuneration: The following table shows the individual remuneration for 2009 and 2010 including fixed and variable remuneration. It also shows the pension service cost and further total. Of note, the table also shows the changed mix of variable remuneration resulting from the new remuneration system introduced in January 2010. This leads to a shift within the remuneration components in comparison to the previous year.

		Fixed		Variable[1]						
Board of Management		Base Salary	Perquisites[2]	Annual bonus (short-term)[3]	Three-year bonus (mid-term)[4]	Fair value of SAR award at date of grant (long-term)[5]	Fair value of RSU award at date of grant (long-term)[5]	Total	Pensions	Total incl. Pensions
		€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
Michael Diekmann	**2010**	1,200	24	1,544	1,544	—	1,544	5,856	879	6,735
(Chairman)	2009	1,200	28	2,081	257	440	771	4,777	637	5,414
Dr. Paul Achleitner	**2010**	800	61	1,075	1,075	—	1,075	4,086	728	4,814
	2009	800	49	1,387	165	291	513	3,205	450	3,655
Oliver Bäte	**2010**	700	47	948	948	—	948	3,591	262	3,853
	2009	700	56	1,175	241	259	453	2,884	275	3,159
Clement B. Booth	**2010**	700	125	992	992	—	992	3,801	257	4,058
	2009	700	110	1,148	264	336	583	3,141	247	3,388
Enrico Cucchiani	**2010**	460	45	765	925	—	925	3,120	152	3,272
	2009	460	98	970	105	330	467	2,430	165	2,595
Dr. Joachim Faber	**2010**	700	20	1,029	1,029	—	1,029	3,807	259	4,066
	2009	700	23	1,244	215	385	628	3,195	475	3,670
Dr. Christof Mascher	**2010**	350	11	441	441	—	441	1,684	137	1,821
	2009	216	12	200	62	59	125	674	80	754
Jay Ralph	**2010**	700	81	845	845	—	845	3,316	265	3,581
	2009	—	—	—	—	—	—	—	—	—
Dr. Gerhard Rupprecht	**2010**	525	23	633	633	—	633	2,447	250	2,697
	2009	350	39	510	53	176	246	1,374	164	1,538
Dr. Werner Zedelius	**2010**	700	16	837	837	—	837	3,227	543	3,770
	2009	700	16	1,115	75	595	818	3,319	363	3,682
Total	**2010**	**6,835**	**453**	**9,109**	**9,269**	**—**	**9,269**	**34,935**	**3,732**	**38,667**
	2009[6]	**6,582**	**517**	**11,011**	**1,564**	**3,044**	**4,751**	**27,469**	**3,087**	**30,556**
Change from previous year[6]		**3.8%**	**(12.4)%**	**(17.3)%**	**492.6%**	**(100.0)%**	**95.1%**	**27.2%**	**20.9%**	**26.5%**
Change from previous year in total variable				**35.7%**						

1 Due to changes in the remuneration system as of January 1, 2010, the variable remuneration components for 2010 are weighted differently from those applying to 2009. The 2010 and 2009 values are therefore of limited comparability relative to the performance achievement. The remuneration system in use until December 31, 2009 is disclosed in the Annual Report 2009 (page 55 ff).

2 Differences tend to reflect travel allowances for non-German resident Board Members.

3 Actual bonus paid in 2011 for fiscal year 2010 and in 2010 for fiscal year 2009.

4 For accrual purposes the 2010 value for the Mid-term bonus 2010 to 2012 equals the Annual bonus payout for 2010. For Mr. Cucchiani the Annual bonus is partly paid by Allianz Italy; his Three-year bonus is fully paid by Allianz SE. Hence the values for Mr. Cucchiani differ. Since the performance assessment and the final payout occur after completion of the performance cycle this value is only a notional indication.

5 In the Annual Report 2009 the disclosure of the fair value of SAR/RSU was based on a best estimate. The figures shown here for 2009 now include the actual fair value as of the grant date (March 11, 2010). These values therefore differ from those disclosed last year.

6 The total remuneration and the percentage change between 2009 and 2010 reflects the remuneration of the full Board of Management in the respective year. The following members of the Board of Management departed during 2009: Dr. Helmut Perlet, Jean-Philippe Thierry, Dr. Herbert Walter.

To provide disclosure comparable to prior years, the remuneration table includes the notional annual accrual of the Three-year bonus for 2010 to 2012. However, as in the 2009 report, 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 2010 excludes the notional annual value of the Three-year bonus 2010 to 2012 and the "Total" for 2009[1] (in parenthesis) includes the full payout of the Three-year bonus 2007 to 2009:

Michael Diekmann € 4,312 (5,560) thousand
Dr. Paul Achleitner € 3,011 (3,720) thousand
Oliver Bäte € 2,643 (3,093) thousand
Clement B. Booth € 2,809 (3,664) thousand
Enrico Cucchiani € 2,195 (3,039) thousand
Dr. Joachim Faber € 2,778 (3,718) thousand
Dr. Christof Mascher € 1,243 (674) thousand
Jay Ralph € 2,471 (—) thousand
Dr. Gerhard Rupprecht € 1,814 (1,659) thousand
Dr Werner Zedelius € 2,390 (3,967) thousand

The total remuneration of the Board of Management of Allianz SE for 2010, excluding the notional annual accrual of the Three-year bonus, amounts to € 26 million (2009: € 32 million including the payout of the Three-year bonus for the period 2007-2009).

The sum of total remuneration of the Board of Management of Allianz SE and the pension service costs for 2010 (excluding the notional annual Midterm Bonus accrual) amounts to € 29 million (2009: € 35 million including the payout of the Three-year bonus for the period 2007-2009).

Grants and outstanding holdings in equity incentives: The equity-related remuneration which applied before 2010 consisted of two vehicles, virtual stock options, known as Stock Appreciation Rights (SAR) and virtual stock awards, known as Restricted Stock Units (RSU). The new arrangements continue to award RSU. The table below shows the number of SAR and RSU held as of December 31, 2010 and the approximate number of RSU granted in March 2011 for performance in 2010.

Grants and outstanding holding under the Allianz Equity program[2]

	RSU		SAR	
Board of Management	Number of RSU granted on 3/10/2011[3]	Number of RSU held at 12/31/2010	Number of SAR held at 12/31/2010	Strike Price Range €
Michael Diekmann (Chairman)	17,764	37,417	129,136	51.95 – 160.13
Dr. Paul Achleitner	12,370	25,059	92,622	51.95 – 160.13
Oliver Bäte	10,905	12,951	26,362	51.95 – 117.38
Clement B. Booth	11,413	25,094	50,464	51.95 – 160.13
Enrico Cucchiani	10,647	23,187	84,366	51.95 – 160.13
Dr. Joachim Faber	11,842	26,639	89,105	51.95 – 160.13
Dr. Christof Mascher	5,070	7,013	18,087	51.95 – 160.13
Jay Ralph	9,725	12,531	25,449	51.95 – 117.38
Dr. Gerhard Rupprecht	7,289	24,583	84,348	51.95 – 160.13
Dr. Werner Zedelius	9,632	32,994	95,835	51.95 – 160.13

1 The values for total remuneration for 2009 now include the actual fair values of equity grants and therefore differ from the estimated figures shown in last years' report.
2 As disclosed in the Annual Report 2009 the equity related grant 2010 is deemed to have been granted to participants as part of their 2009 remuneration. The disclosure in the Annual Report 2009 was based on a best estimate of the Stock Appreciation Rights (SAR) and Restricted Stock Units (RSU) grants. The actual grants, as of March 11, 2010, deviate from the estimated values and have to be disclosed accordingly. The actual grants as of March 11, 2010 under the Group Equity Program in form of SAR and RSU are as follows: Michael Diekmann: SAR 20,884 , RSU 10,367, Dr. Paul Achleitner: SAR 13,923, RSU 6,911, Oliver Bäte: SAR 12,183, RSU 6,048, Clement B. Booth: SAR 15,572, RSU 7,730, Enrico Cucchiani: SAR 9,757, RSU 4,843, Dr. Joachim Faber: SAR 15,764, RSU 7,825, Dr. Christof Mascher: SAR 3,946, RSU 1,959 Dr. Gerhard Rupprecht: SAR 5,047, RSU 2,505, Dr. Werner Zedelius: SAR 16,296, RSU 8,089. The remuneration system valid until December 2009 is disclosed in the Annual Report 2009 (page 55ff).
3 The relevant share price to determine the final number of RSU granted is only available after the sign-off by KPMG, thus numbers are based on a best estimate.

In 2010, remuneration and other benefits totaling € 6 million (2009: € 4 million) were paid to retired members of the Board of Management and dependents. Reserves for current pensions and accrued pension rights totaled € 51 million (2009: € 40 million).

Loans to members of the Board of Management

As of December 31, 2010, 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 do not involve any more than normal risks of repayment and do not provide any other favorable features.

Termination of service

Board of Management contracts are normally initially set for a three-year period, renewable at the end of the term. If renewed, a maximum period of five years applies for the further term(s), or shorter if age 60 is reached before then. Arrangements for termination of service (including retirement) are as follows:

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 when leaving the Allianz SE Board. Board Members receiving a transition payment are subject to a six months non-compete clause. The payment is calculated based on last base salary and a proportion of the annual target bonus. An Allianz pension, where immediately payable, is taken into account in adjusting transition payment amounts. Current Board Members are eligible to use the company car for a period of 12 months after their retirement.

Severance payments made to Board Members in case of an early termination comply with the German Corporate Governance Code. The standard Management Board service contract specifies that payments for early termination shall not exceed (i) the compensation for the remaining term of the contract, (ii) two years' compensation, whereby the yearly compensation is calculated on the basis of the previous year annual base salary plus 50% of target variable remuneration and may in no event exceed last year's actual total compensation (severance payment cap).

Special terms 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 change of control occurs where within twelve months of the change of control (i) the Management Board appointment is unilaterally revoked by the Supervisory Board or (ii) the Board Member terminates service by resignation due to a substantial decrease in managerial responsibilities and without giving cause for termination, or (iii) a Management Board appointment is terminated by mutual agreement or where it is not extended within two years of the change of control.

In case of an early termination as a result of a change of control, severance payments made to Board Members shall not exceed 150% of the severance payment cap. Service contracts do not contain any special rules for other cases of early termination of appointment to the Board of Management.

Miscellaneous

Internal and external Board Appointments

Where 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 where 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.

For a list of current external appointments, please refer to page 122ff.

Outlook for 2011

- On December 15, 2010 the Supervisory Board approved a base salary adjustment for those members of the Board of Management who had not received an increase since 2006: the base salaries of Clement B. Booth, Enrico Cucchiani, Dr. Joachim Faber and Dr. Werner Zedelius shall each be increased by € 50,000 as of January 1, 2011

- In accordance with regulation, a specific clause is now included in "target letters", which confirms that variable remuneration components may not be paid, or that payment may be restricted, if the state supervisory authority requires this in accordance with its statutory powers

- A key focus for 2011 will be the continuing review of compliance with the emerging national and international regulations applying to our sector

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

Allianz SE Board Service	Current Contribution Level	Contribution Level from 2011
Less than 5 years	30.00 %	29.25 %
After 5 years	37.50 %	36.56 %
After 10 years	45.00 %	43.88 %

Executive remuneration below the Board of Management

In support of greater transparency for shareholders and to align with regulatory requirements this section on executive remuneration below the Board of Management describes the:

- Governance system
- Framework and minimum standards
- Remuneration principles
- Remuneration components
- 2010 Remuneration
- Outlook for 2011

For the purpose of this report, senior executives are defined as Allianz employees who may either have material impact on the company's financial or risk positions, or lead critical operations of the Group (approximately 160 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

Remuneration governance across Allianz is based on five key principles:

- Effective committees
- Written guidelines and policies
- Appropriate accountabilities
- Supervision and monitoring
- Effective information flow

These principles stand on a solid foundation provided by corporate risk management policies and practices, the Allianz Leadership Values and the Code of Conduct.

Allianz operates an effective system of business, regional and country or operating entity level Compensation Committees that periodically review and decide on remuneration guidelines and practices below the Board. Based on the specific nature, scale and scope of each business the Board of Management has defined the appropriate level of Compensation Committee oversight.

For further information on the GCC please refer to pages 47 and 48 of Group Annual Report.

The duties of the Group-level Compensation Committee (Group Compensation Committee or GCC) are to assist the Allianz SE Board in discharging its responsibilities for all compensation matters relating to the Chief Executive Officers and 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 effective October 13, 2010 have identified and approved a list of other key executives for additional review. These executives may either have a material impact on the company's financial or risk positions, or lead critical operations of the Group.

Compensation Committees' responsibilities below the GCC are similar with regards to compensation systems and oversight for their respective/relevant executives.

A group-wide framework governs Compensation Committee operations and ensures consistent application and adherence to both Allianz minimum standards and regulatory requirements. In compliance with the latest relevant regulations, it covers:

- Important requirements regarding the constitution of Compensation Committees
- The roles and responsibilities of its members
- Operating procedures
- Principles and boundaries of remuneration

Local Compensation Committees are typically comprised of Regional Chief Executive Officers, Business Division Heads, Chief Financial Officers or Chief Operating Officers and the Head of Human Resources, who may act as adviser.

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 allows for continuous improvement in sustainable performance management and exemplary governance principles.

In 2010, Allianz conducted a comprehensive 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 objectives of this review were to develop any recommendations for improving risk mitigation and aligning pay for performance and, ultimately, to confirm compliance with the relevant insurance regulation on remuneration.

Positions which might have a material impact on the company's overall risk profile were identified via a comprehensive, qualitative approach involving experts from various Group Centers, business representatives as well as advice from qualified external remuneration experts.

Broadly the analysis included:

– A detailed review of the performance measures and associated weightings used in annual bonus plans as specifically set down in executives' target letters

– A further review of the existing minimum standards for performance management and the implications for the annual target setting process

– An evaluation of pay for performance links to Allianz strategy and appropriateness in relation to existing and draft regulations applicable to insurers in Germany

– An effectiveness review of the governance and oversight process, which included operating entity self-assessments against the revised Compensation Committee framework

The results of these analyses were incorporated in the internal Compensation Report to the Board of Management. Following due consideration, 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 the relevant regulations.

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.

In 2010, a number of adjustments were made to executive remuneration programs. A comprehensive review of governance processes also provided support for initial program changes and informed the continuous improvement objectives going forward. However, the overall key principles of executive remuneration strategy are enduring. These are to:

– Provide a transparent, fair and integrated offer to attract, motivate and retain highly qualified executives

– Deliver total rewards that are competitive in the relevant markets

– Align pay with both the performance of individuals and the achievement of 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

– Operate effectively in different performance scenarios and business circumstances

– Mitigate inappropriate risk taking and reward risk control

Remuneration structures have been designed in general to mitigate inappropriate risk-taking as follows:

– Caps are in place on all incentives to ensure that extreme performance outcomes which might encourage risk-taking are not rewarded

– Significant proportions of the offer are deferred providing additional time to confirm the sustainability of short-term performance results

– Variable pay performance measures such as operating profit and net income are set based on risk adjusted margin. They are not purely revenue targets. Minimum capitalization requirements are supported through use of the internal risk capital model in setting targets. Mid-term targets measure return on risk-based capital

– Risk is considered at all levels where individuals can affect it

Remuneration components

The primary model is that of the Allianz insurance business. The model provides for a balance of fixed and variable remuneration components with a bias to the longer-term realization of results in determining the final value of total remuneration. 2010 was the first year of the new Allianz Sustained Performance Plan that covers most executives in insurance business.

For the majority of operations the following components set the remuneration structure for senior executives, although not everyone in this group receives all of them, or has the same mix of components. The dominant model generally employed for Allianz SE executives is the two component model (short-term and long-term only), because the Mid-term-bonus is primarily for those executives with direct business responsibilities:

- 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 each component's purpose, performance link and operation.

Base salary

Purpose
Recognizes the market value of the role and the sustained performance in execution. The proportion of the fixed component within total remuneration is designed to balance performance incentives so as to avoid excessive risk-taking.

For further information on our employees' remuneration please refer to www.allianz.com/annualreport.

Performance link
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.

Operation
Base salary is expressed as an annual cash sum paid in monthly installments.

Variable remuneration

Purpose
In general, variable remuneration is designed to encourage and reward achievement of both annual performance goals and the sustainable success of the Group and local companies.

Performance link
Variable remuneration is structured to align with risk positioning strategy and to reward the personal contribution of the individual.

Operation
Annual 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.

According to the general terms applying 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 plan solutions, in particular deferred compensation schemes which may provide participants with other opportunities or choices to accumulate retirement income.

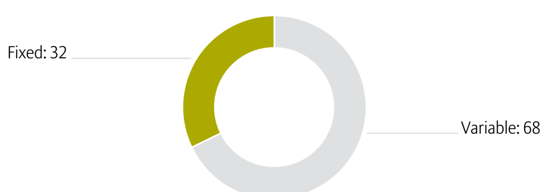
For further information regarding the global Employee Stock Purchase Plan and the remuneration of our employees please refer to www.allianz.com/annualreport.

2010 Remuneration

For senior executives who may assume positions of high risk in the sense of the VersVergV, we disclose aggregate details of the 2010 target remuneration. Within Allianz SE identified for the 2010 analysis was 20.

Key features of senior executives' 2010 target remuneration[1,2]

Split between fixed and variable remuneration
in %



Outlook for 2011

As a result of the review of key executive remuneration contained in the 2010 Compensation Report to the Board of Management and the Supervisory Board, there will also be changes to the remuneration structures covering certain senior executives.

Those who do not have sufficient proportions of deferred remuneration, and/or sufficient deferred remuneration subject to reduction based on subsequent performance review, will participate in an RSU based equity award with terms in accordance with the latest regulations applying to German Insurance Undertakings.

Performance measurement for variable remuneration will include evaluations of appropriate solvency ratios.

1 Figures excluding pensions and perquisites; including Members of the Board of Management of Allianz SE.
2 Analysis in 2009 Annual Report based on significantly different population due to previous regulatory interpretation.

Remuneration of the Supervisory Board

This Supervisory Board section describes the following topics:

– Governance system
– Remuneration principles
– Remuneration structure and components
– 2010 Remuneration
– Outlook for 2011

Governance system

The remuneration of the Supervisory Board is governed by the Statutes of Allianz SE and the German Stock Corporation Act.

The structure of the remuneration of the Supervisory Board complies with the German Corporate Governance Code and is regularly reviewed with respect to additional German, European and international recommendations and regulations.

Remuneration principles

The remuneration of the Supervisory Board is designed primarily to support alignment with stakeholder interests, while also establishing sufficient separation from Board of Management incentives to allow for proper oversight of business and executive remuneration decisions.

The key principles of the 2010 Supervisory Board remuneration are:

– Total remuneration is set at an appropriate level based on the scale and scope of the Supervisory Board Members' duties and responsibilities as well as the Company's activities, business and financial situation

– An appropriate balance is maintained between fixed remuneration and short- and long-term performance-based components

– The remuneration takes into account the individual functions and responsibilities of Supervisory Board Members, such as chair, or vice-chair or committee mandates

Remuneration structure and components

Basic remuneration

Three components make up the basic remuneration[1] of a member of the Supervisory Board of Allianz SE.

– Fixed remuneration: a set cash amount paid annually to a Supervisory Board Member for service

– Short-term variable remuneration: focuses on annual performance. Performance is measured by the growth of consolidated earnings-per-share (EPS) compared to the previous fiscal year.[2] Zero payout occurs if no growth (0 %) is achieved, and a maximum payout occurs if 16 % EPS growth is achieved

– Long-term variable remuneration: focuses on three-year performance. Performance is measured by the growth of consolidated earnings-per-share (EPS) compared to the level achieved three years earlier.[3] Zero payout occurs if no growth (0 %) is achieved, and a maximum payout occurs if 40 % EPS growth is achieved

For both variable remuneration components, payouts only occur if EPS is above an initial hurdle of € 5.

The Chairperson of the Supervisory Board receives double, and the Deputy Chairperson receives one-and-a-half times the basic remuneration of a regular member of the Supervisory Board.

The table below illustrates the range of potential basic remuneration where zero and maximum variable payout is achieved for different Supervisory Board Member positions.

Remuneration component	Chairperson € thou	Deputy Chairperson € thou	Regular member € thou
Fixed remuneration	100	75	50
Range of short-term variable remuneration	0 – 48	0 – 36	0 – 24
Range of long-term variable remuneration	0 – 48	0 – 36	0 – 24
Range of total basic remuneration	100 – 196	75 – 147	50 – 98

Committee-related remuneration

The Chairpersons and members of Supervisory Board committees receive additional committee-related remuneration. For the majority of committees, the committee-related fees are based on a percentage of the basic remuneration received by a regular member in the calendar year and reflect the performance outcome in the variable remuneration component.

The committee-related fees are determined as follows:

Roles and committee membership	Committee related remuneration
Chairpersons of the Personnel Committee, Standing Committee and Risk Committee	50 % of the basic remuneration max.: € thou 49
Members of the Personnel Committee, Standing Committee and Risk Committee	25 % of the basic remuneration max.: € thou 24.5
Chairperson of the Audit Committee	€ thou 45
Members of the Audit Committee	€ thou 30
Members of the Nomination Committee	€ 0

1 I.e. the remuneration without taking into account additional remuneration for the Chairman, Deputy Chairman and/or Committee Chairpersons or members.
2 € 150 for each tenth percentage point by which the Group's earnings-per-share increased in comparison to the previous year.
3 € 60 for each tenth percentage point by which the Group's earnings-per-share increased over the past three years.

Caps

There is a cap on the total remuneration (basic remuneration and committee-related remuneration, excluding attendance fees) of each member of the Supervisory Board. The maximum for the Chairman of the Supervisory Board is 300 % of the basic remuneration of a regular member, i. e. € 294 thousand, and for the other members of the Supervisory Board the maximum is 200 % of the basic remuneration, i. e. € 196 thousand.

Attendance fees

In addition, members of the Supervisory Board receive a € 500 attendance fee for each Supervisory Board or committee meeting that they attend in person. This sum remains unchanged if several meetings occur on one day or when various meetings are held on consecutive days.

Remuneration for 2010

The relevant performance measure determing the Supervisory Board's variable remuneration is growth in the Group's earnings-per-share (EPS). EPS for 2010 amounted to € 11.20. The Group's earnings-per-share growth in 2010 compared to 2009 and 2007 were 20.04 % and 0.00 % respectively. Taking into account the initial hurdle of € 5 for calculation purposes, the short-term variable award is 100 % of the maximum and the long-term variable award is 0 % of the maximum.

The table below provides an overview of the basic remuneration for different Supervisory Board positions in 2010. The detailed individual result for each member is in the table which follows.

Remuneration component		Chairperson € thou	Deputy Chairperson € thou	Regular member € thou
Fixed remuneration	2010	100	75	50
	2009	100	75	50
Short-term variable remuneration	2010	48	36	24
	2009	48	36	24
Long-term variable remuneration	2010	0	0	0
	2009	0	0	0
Total basic remuneration	2010	148	111	74
	2009	148	111	74

The total remuneration for the Supervisory Board Members, including attendance fees, amounted to € 1,463 thousand in 2010, compared to € 1,491 thousand in 2009. Accordingly, the average annual remuneration for the Supervisory Board Members decreased to € 122 thousand (2009: € 123 thousand). Also for 2009, no long-term variable remuneration was awarded.

The following table shows the individual remuneration for 2010 and 2009:

Members of the Supervisory Board	AC[1]	NC[2]	PC[3]	RC[4]	SC[5]		Fixed remuneration € thou	Short-term variable remuneration € thou	Long-term variable remuneration € thou	Committee remuneration € thou	Attendance fees € thou	Total remuneration (after cap) € thou
Dr. Henning Schulte-Noelle	M	C	C	C	C	**2010**	100.0	48.0	0.0	141.0	3.5	225.5[6]
(Chairman)		C	C	C	C	2009	100.0	48.0	0.0	111.0	2.5	224.5[7]
Dr. Gerhard Cromme		M	M		M	**2010**	75.0	36.0	0.0	37.0	2.5	150.5
(Deputy Chairman)		M	M		M	2009	75.0	36.0	0.0	37.0	2.0	150.0
Rolf Zimmermann			M		M	**2010**	75.0	36.0	0.0	37.0	2.5	150.5
(Deputy Chairman)			M		M	2009	70.8	34.0	0.0	35.5	2.5	142.8
Dr. Wulf H. Bernotat	C				M	**2010**	50.0	24.0	0.0	63.5	4.0	141.5
				M		2009	50.0	24.0	0.0	48.5	2.0	124.5
Jean-Jacques Cette	M					**2010**	50.0	24.0	0.0	30.0	3.0	107.0
	M					2009	50.0	24.0	0.0	30.0	3.5	107.5
Karl Grimm					M	**2010**	50.0	24.0	0.0	18.5	2.5	95.0
					M	2009	50.0	24.0	0.0	17.0	1.5	92.5
Godfrey Robert Hayward				M		**2010**	50.0	24.0	0.0	18.5	2.5	95.0
				M		2009	50.0	24.0	0.0	18.5	2.0	94.5
Prof. Dr. Renate Köcher		M		M		**2010**	50.0	24.0	0.0	18.5	2.0	94.5
				M		2009	50.0	24.0	0.0	18.5	2.0	94.5
Peter Kossubek				M		**2010**	50.0	24.0	0.0	18.5	2.5	95.0
				M		2009	50.0	24.0	0.0	18.5	2.0	94.5
Igor Landau	M					**2010**	50.0	24.0	0.0	30.0	2.5	106.5
	M					2009	50.0	24.0	0.0	30.0	2.5	106.5
Jörg Reinbrecht	M					**2010**	50.0	24.0	0.0	30.0	3.5	107.5
	M					2009	50.0	24.0	0.0	30.0	2.5	106.5
Peter D. Sutherland				M		**2010**	50.0	24.0	0.0	18.5	2.0	94.5
						2009	—	—	—	—	—	—
Total						2010	**700.0**	**336.0**	**0.0**	**461.0**	**33.0**	**1,463.0**
						2009[8]	**702.1**	**337.0**	**0.0**	**461.0**	**28.0**	**1,491.1**

Legend: C = Chairperson of the respective committee, M = Member of the respective committee
1 Audit Committee
2 Nomination Committee
3 Personnel Committee
4 Risk Committee
5 Standing Committee
6 Total remuneration (excluding attendance fees) is capped at € 222 thou (for the Chairperson, the limit is three times the 2010 actual basic remuneration)
7 Total remuneration (excluding attendance fees) was capped at € 222 thou (for the Chairperson, the limit was three times the 2009 actual basic remuneration)
8 The total remuneration reflects the remuneration of the full Supervisory Board in the respective year

Loans to members of the Supervisory Board

On December 31, 2010, there were no outstanding loans granted by Allianz Group companies to members of the Supervisory Board of Allianz SE.

Outlook for 2011

The Board of Management and Supervisory Board have decided to propose a new remuneration structure at the Annual General Meeting 2011 which will comprise fixed remuneration only. The variable components will be eliminated. In addition, committee remuneration shall be further aligned to the increased scope of responsibilities and actual workload. However, in general, the proposed remuneration level is not expected to exceed the current target levels.

A regular Supervisory Board Member shall receive a fixed remuneration of € 100 thousand per year, a deputy Chairperson shall receive € 150 thousand and the Chairperson € 200 thousand. The additional committee related remuneration is listed below.

Roles and committee membership	Committee related remuneration
Chairpersons of the Personnel Committee, Standing Committee and Risk Committee	€ thou 40
Members of the Personnel Committee, Standing Committee and Risk Committee	€ thou 20
Chairperson of the Audit Committee	€ thou 80
Members of the Audit Committee	€ thou 40
Members of the Nomination Committee	€ thou 0

The new remuneration structure – subject to approval by the Annual General Meeting and its registration with the commercial register – shall come into effect for the business year 2011. As the current German Corporate Governance Code recommends a variable remuneration component for the Supervisory Board, the company is planning to deviate from this recommendation in the future. The reason for such deviation is the belief that a fair, fixed remuneration is more suitable to the control function of the Supervisory Board. The Supervisory Board discussed the changes to the remuneration structure in its September 2010 and December 2010 meetings based on a proposal from the Personnel Committee and following a review of, and advice on, remuneration levels and practices by Kienbaum Management Consultants.

Other Information

Our Employees[1]

Our employees' exceptional commitment and dedication to providing excellent service to our customers are crucial to our success and we place great emphasis on fostering leadership, talent and continuous personal development. Only by unlocking our employees' potential and enhancing our services can we achieve our primary goal of being a reliable partner to our customers. To further strengthen the continuous development of our employees and expand the strategic advisory role of the personnel division, the Human Resource department of the Allianz Group was reorganized in 2010: under new responsibility at board level the central human resources departments were merged and the position of a Chief HR Officer with group-wide responsibility was created.

Our human resources work is characterized by four clear priorities:

– Employee Engagement
– Diversity
– Talent Management
– Remuneration

The SE Works Council

The SE Works Council represents the interests of employees of Allianz SE and its subsidiaries with registered offices in the E.U. member states, the European Economic Area and Switzerland in cross-border matters. The Works Council was informed and consulted on several items in its two regular sessions in 2010. Besides the business situation and prospects of Allianz in Europe, the items discussed included cross-border operational strategy (e.g. Grouping of Shared Services in AMOS SE, the Greenfield European Platform and Automotive), cross-border activities in Europe (e.g. the Allianz Anti-Corruption Program) and other cross-border topics (e.g. diversity).

On several occasions, the SE Works Council's Executive Committee was also informed and consulted on an ad hoc basis, e.g. with regard to Allianz Direct and the Global Allianz Engagement Survey 2010.

The constructive dialogue with the SE Works Council has helped us to build a good mutual understanding of the challenges ahead and ensures a productive cooperation between management and employee representatives at Allianz.

Branches

In 2010, Allianz SE operated its reinsurance business from Munich and branch offices in Singapore, Labuan (Malaysia), Zurich and Dublin.

Events after the balance sheet date

Flood in Brisbane, Australia
Since January 10, 2011, flooding has caused great damage in Brisbane and the surrounding area. First estimates indicate a net loss between € 30 million and € 35 million for Allianz SE.

Cyclone "Yasi" in Australia
On February 2, 2011, Cyclone "Yasi" hit Australia. First estimates indicate a net loss between € 20 million and € 25 million for Allianz SE.

Earthquake in Christchurch, New Zealand
On February 22, 2011, an earthquake occured in Christchurch, New Zealand. At present, a reliable forecast of net claims arising from this event for Allianz SE is not possible.

1 For the complete report on our employees please refer to the Allianz Group's Annual Report 2010.

Takeover-related Statements and Explanations[1]

Composition of share capital

As of December 31, 2010, the share capital of Allianz SE was € 1,163,520,000. It was divided into 454,500,000 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

Direct or indirect interests in the share capital of Allianz SE that exceed 10 % of the voting rights have not 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 tied 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

1 The following statements are made pursuant to § 289 (4) of the German Commercial Code.

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 admitted 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 majority of two thirds 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, 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 cash capital increase 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; and

– up to a total of € 13,464,000 (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 be in relation 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 have been entered into by the Company with members of the Board of Management or employees for the event of a takeover bid:

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 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 on pages 61 to 80.

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. In providing for the non-application of the blocking period in the event of a change of control, account is taken of the fact that the conditions under which the share price moves are very different when there is a change in control.

For information on the Use of Estimates and Assumptions please refer to Group Annual Report note 3 of the consolidated financial statements.

Internal Controls over Financial Reporting

Allianz SE as a control relevant operative entity is part of the internal control system of the Group. Therefore, the following statements from the Group's report are also true for Allianz SE.

In line both with a prudent risk governance structure and with regulatory requirements, we use an internal control system over financial reporting (ICOFR) to identify and mitigate the risk of material errors appearing in our consolidated financial statements. The framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) serves as the basis upon which our control system is designed.

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			

A top-down, risk-based approach is used to establish the scope of our internal control system. On an annual basis we conduct a combined qualitative and quantitative analysis of our consolidated financial statements and disclosures to identify those accounts and operating entities to be covered by internal control systems.

At the local level, entities identify processes and risk scenarios that could lead to material financial misstatements based on the likelihood of the risk scenario materializing and on the potential magnitude of any resulting error. In addition, qualitative considerations such as account composition are part of the risk identification process.

For each significant risk identified within each process, key controls are required to mitigate the likelihood and potential magnitude of a financial misstatement resulting from the risk materializing (process level controls).

An additional control category – entity level controls – includes those affecting an entity's entire internal control structure and therefore does not correspond to specific accounts or processes. In accordance with the COSO framework, such controls include those relating to the control environment of an organization, the effectiveness of information and communication flows, the risk assessment process and the ongoing monitoring of the internal control system.

Financial reporting processes are also heavily dependent upon IT systems. Consequently, IT controls are a vital part of our efforts to establish a strong control system.

It is crucial that controls are appropriately designed to mitigate risk, as well as effectively executed as designed.

We have set consistent documentation requirements across the Allianz Group on elements such as process flows, key controls and their execution. Maintaining the quality of control design and control execution plays a major role, and we conduct an annual assessment of our system by testing the effectiveness of the design and execution of process level, entity level and IT controls.

Group Audit and local internal audit functions ensure that the overall quality of our internal control system is kept under continuous scrutiny.

Further control mechanisms

We view a strong internal control environment as key to developing the business successfully and building trust with external parties. We have therefore implemented an enhanced internal control environment which is similar to the internal control system we currently run over financial reporting in our Market Consistent Embedded Value (MCEV) computation and reporting process across our largest Life operating entities.

Munich, February 10, 2011

Allianz SE
The Board of Management

Diekmann	Dr. Achleitner
Bäte	Bauer
Booth	Cucchiani
Dr. Faber	Dr. Mascher
Ralph	Dr. Zedelius

Financial Statements

Balance Sheet as of December 31	Notes Note No.	2010 € thou	2010 € thou	2009 € thou
ASSETS				
A. Intangible assets	1, 2			
I. Self-produced industrial property rights and similar rights and assets		23,090		—
II. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets		456,703		496,452
III. Advance payments made		25,962		46,074
			505,755	542,526
B. Investments	1, 3 – 5			
I. Real estate		306,562		309,632
II. Investments in affiliated enterprises and participations		69,719,372		69,054,636
III. Other investments		14,370,810		14,101,060
IV. Funds held by others under reinsurance business assumed		3,939,966		3,977,059
			88,336,710	87,442,387
C. Receivables				
I. Accounts receivables on reinsurance business		512,806		534,023
thereof from affiliated enterprises: € 103,640 thou (2009: € 86,365 thou)				
participations[1]: € 4,969 thou (2009: € 9,357 thou)				
II. Other receivables	6	3,212,873		2,392,580
thereof from affiliated enterprises: € 2,356,057 thou (2009: € 1,585,716 thou)				
participations[1]: € 1,963 thou (2009: € 10,172 thou)				
			3,725,679	2,926,603
D. Other assets				
I. Tangible fixed assets and inventories		10,325		8,627
II. Cash with banks, checks and cash on hand		129,412		184,740
III. Own shares		—		186,894
mathematical value[2]: € — thou (2009: € 6,616 thou)				
IV. Miscellaneous assets	7	32,731		274,866
			172,468	655,127
E. Deferred charges and prepaid expenses				
I. Accrued interests and rent		185,182		132,406
II. Other deferred charges and prepaid expenses	8	46,281		50,659
			231,463	183,065
Total Assets			**92,972,075**	**91,749,708**

	Notes Note No.	2010 € thou	2010 € thou	2010 € thou	2009 € thou
EQUITY AND LIABILITIES					
A. Shareholders' equity	10				
I. Issued capital		1,163,520			1,161,984
Less: mathematical value own shares[2]		7,252	—		—
			1,156,268		1,161,984
II. Additional paid-in capital			27,522,959		27,472,876
III. Revenue reserves					
1. Statutory reserves		1,229			1,229
2. Reserves for own shares		—			186,894
3. Other revenue reserves		11,678,181			11,625,276
			11,679,410		11,813,399
IV. Net earnings			2,045,250		1,860,990
				42,403,887	42,309,249
B. Profit participation certificates	11			—	121,458
C. Subordinated liabilities	12, 15			6,930,929	6,833,549
D. Insurance reserves	13				
I. Unearned premiums					
1. Gross		662,506			625,942
2. Less: amounts ceded		116,944			90,306
			545,562		535,636
II. Aggregate policy reserve					
1. Gross		3,403,147			3,473,657
2. Less: amounts ceded		347,246			316,072
			3,055,901		3,157,585
III. Reserve for loss and loss adjustment expenses					
1. Gross		6,012,049			5,856,624
2. Less: amounts ceded		1,325,070			1,404,869
			4,686,979		4,451,755
IV. Reserve for non-experience-rated premium refunds					
1. Gross		107,099			96,870
2. Less: amounts ceded		24,444			25,340
			82,655		71,530
V. Claims equalization and similar reserves			1,519,405		1,459,521
VI. Other insurance reserves					
1. Gross		111,426			104,551
2. Less: amounts ceded		2,939			1,259
			108,487		103,292
				9,998,989	9,779,319

	Notes Note No.	2010 € thou	2010 € thou	2010 € thou	2009 € thou
EQUITY AND LIABILITIES					
E. Other provisions	14			4,428,208	4,623,973
F. Funds held with reinsurance business ceded				489,477	459,299
G. Other liabilities					
I. Account payable on reinsurance business			445,913		521,517
thereof to affiliated enterprises: € 295,762 thou (2009: € 329,891 thou)					
participations[1]: € 1,781 thou (2009: € 2,213 thou)					
II. Bonds	15		6,798,417		6,486,278
thereof to affiliated enterprises: € 6,798,417thou (2009: € 6,486,278 thou)					
III. Liabilities to banks	15		2,073,106		3,075,140
IV. Miscellaneous liabilities	15		19,374,757		17,531,846
including taxes of: € 34,112 thou (2009: € 11,620 thou)					
thereof to affiliated enterprises: € 17,693,661 thou (2009: € 16,128,847 thou)					
participations[1]: € 1,092 thou (2009: € 1,316 thou)					
				28,692,193	27,614,781
H. Deferred income				28,392	8,080
Total equity and liabilities				**92,972,075**	**91,749,708**

1 Companies in which we hold a participating interest.
2 From 2010 onwards own shares are deducted from equity.

Income Statement for the Period from January 1 to December 31

	Notes Note No.	2010 € thou	2010 € thou	2010 € thou	2009 € thou
I. Technical account					
1. Premiums earned (net)					
a) Gross premiums written	17	3,853,896			3,810,701
b) Ceded premiums written		(729,563)			(650,097)
			3,124,333		3,160,604
c) Change in gross unearned premiums		2,518			21,201
d) Change in ceded unearned premiums		24,185			(5,019)
			26,703		16,182
Premiums earned (net)				3,151,036	3,176,786
2. Allocated interest return (net)	18			111,293	148,472
3. Other underwriting income (net)				965	581
4. Loss and loss adjustment expenses (net)					
a) Claims paid					
aa) Gross		(2,491,724)			(2,493,743)
bb) Amounts ceded in reinsurance		426,838			435,566
			(2,064,886)		(2,058,177)
b) Change in reserve for loss and loss adjustment expenses (net)					
aa) Gross		(75,088)			67,029
bb) Amounts ceded in reinsurance		(113,237)			(119,168)
			(188,325)		(52,139)
Loss and loss adjustment expenses (net)				(2,253,211)	(2,110,316)
5. Change in other insurance reserves (net)	19			40,065	3,764
6. Expenses for non-experience-rated premium refunds (net)				(12,318)	(18,745)
7. Underwriting expenses (net)	20			(868,462)	(866,628)
8. Other underwriting expenses (net)				(8,543)	(9,193)
9. Subtotal (Net underwriting result)				**160,825**	**324,721**
10. Change in claims equalization and similar reserves				(59,884)	354,121
11. Net technical result				**100,941**	**678,842**
II. Non-technical account					
1. Investment income	21	4,747,658			4,101,887
2. Investment expenses	22, 23	(2,143,402)			(2,403,643)
Investment result			2,604,256		1,698,244
3. Allocated interest return			(127,570)		(165,312)
				2,476,686	1,532,932
4. Other income			1,003,670		820,792
5. Other expenses			(2,029,488)		(1,370,432)
Other non-technical result	24			(1,025,818)	(549,640)
6. Non-technical result				**1,450,868**	**983,292**
7. Net operating income				**1,551,809**	**1,662,134**
8. Extraordinary income			180,224		—
9. Extraordinary expense			(2,294)		—
Extraordinary result	25			**177,930**	—
10. Income taxes	26	(48,944)			(168,728)
less amounts charged to other companies in the Group		438,216			452,920
			389,272		284,192
11. Other taxes			(15,202)		(4,754)
Taxes				374,070	279,438
12. Net income				**2,103,809**	**1,941,572**
13. Unappropriated earnings carried forward				10,959	5,209
14. Allocation to revenue reserves					
to reserves for own shares[1]			—		(6,470)
to other revenue reserves			(69,518)		(79,321)
				(69,518)	**(85,791)**
15. Net earnings	27			**2,045,250**	**1,860,990**

1 From 2010 onwards own shares are deducted from equity.

Notes to the Financial Statements

Basis of Preparation

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

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

BilMoG

The law to modernize the German accounting rules ("Bilanzrechtsmodernisierungsgesetz, BilMoG") became effective on May 29, 2009. It is the most substantial amendment of the German Commercial Code since 1985. The application is mandatory for financial years commencing after December 31, 2009. BilMoG was not applied prematurely in 2009. Prior year figures have not been adjusted.

Accounting, Valuation and Calculation Methods

Intangible assets

Intangible assets are recorded at acquisition or construction cost less depreciation. Internally generated intangible assets are capitalized and depreciated on a straight line basis. The distribution rights referred to in note 2 are depreciated on a straight line basis until the first possible termination date.

Real estate, real estate rights and buildings, including buildings on land not owned by Allianz

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

Investments in affiliated enterprises and participations

Shares in affiliated enterprises and participations

These are recorded at cost less impairments in accordance with § 341 b (1) HGB in conjunction with § 253 (3) sentence 3 HGB.

Impairments are measured either as the difference between cost and the respective value in accordance with HFA 10 in conjunction with IDW S1 or as difference between cost and the lower share price as of December 31, 2010.

Where the market value at the balance sheet date was higher than the previous year's valuation, the value is written up to not greater than the historical acquisition cost.

Loans in affiliated enterprises and participations

These items are normally recorded at cost less impairments in accordance with § 253 (3) sentence 3 HGB. But when converting loans denominated in foreign currency into Euro at the reporting date the strict lower-value principle is applied.

Other investments

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

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

Registered bonds, debentures, loans and bank deposits

These items are carried at face value in accordance with § 341 c HGB, in derogation of § 253 (1) HGB. Premium and discount amounts are reported as unearned income and offset pro rata.

Securities to meet liabilities resulting from retirement provision commitments
The securities are valued at fair value in accordance with § 253 (1) HGB and offset against the liabilities in accordance with § 246 (2) HGB.

Tangible fixed assets, inventories and other assets
These items are carried at acquisition cost less cumulated depreciation. Low-value assets worth up to € 150 are written off immediately. A compound item for tax purposes was formed in accordance with § 6 (2 a) of the German Income Tax Act (EStG) for assets from € 150 to € 1,000. This item is released with profit-decreasing effect in the year of formation and in the subsequent four years, by one fifth in each year. Options on Allianz SE shares reported under other assets are valued in accordance with § 341 b (2) HGB in conjunction with § 253 (1) and (4) HGB, at the lower of cost or stock exchange value or market value as at the balance sheet date.

Own shares
Own shares are offset in equity, irrespective of the purpose of acquiring them. In accordance with § 272 (1 a) HGB, the mathematical value of acquired own shares is deducted from the issued capital. The difference between the mathematical value and acquisition cost of own shares is offset against the unappropriated reserves. The offsetting is carried out against the other revenue reserves. Incidental acquisition cost are expenses of the financial year. The proceeds of selling own shares increase equity.

In the context of the initial application of the German Accounting Law Modernization Act (BilMoG), own shares that until now had been valued using the strict principle of lower of cost or market have been offset at amortized cost against equity as at January 1, 2010.

Other assets
Consist of the following:

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

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

Insurance reserves
Consist of the following:

- Unearned premium reserve
- Aggregate policy reserve
- Reserve for loss and loss adjustment expenses
- Reserve for non-experience-rated premium refunds
- Claims equalization and similar reserves
- Other insurance reserves

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

We calculate the insurance reserves in the ceded reinsurance business as provided for in the contracts.

The equalization reserve, the reserve for nuclear plants, the product liability reserve for major pharmaceutical risks, and risks relating to terrorist attacks are calculated according to § 341 h HGB in conjunction with §§ 29 and 30 RechVersV.

Other provisions
The pension provisions are calculated on the basis of actuarial principles. The conversion expenses resulting from the first-time application of the BilMoG will be distributed over a period of up to fifteen years. In fiscal year 2010, essentially one fifteenth of this amount was recognized as an extraordinary expense. The provisions for jubilee payments, phased-in early retirement and early retirement benefits are also calculated on the basis of actuarial principles. The obligations calculated in this manner are recognized in total as a liability.

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

Remaining other provisions are recognized at the settlement amount; long-term provisions are discounted. The valuation of provisions existing as of December 31, 2009, which have to be accumulated by December 31, 2024, was retained in accordance with Article 67 (1) sentence 2 Introductory Act to German Commercial Code (EGHGB). Provisions which existed as of December 31, 2009 and which have to be accumulated after December 31, 2024, were discounted and recognized in other non-technical result.

Remaining liabilities

Consist of the following:

- Profit participation certificates (2009)
- Subordinated liabilities
- Funds held with reinsurance business ceded
- Other liabilities

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

Prepaid expenses and deferred income

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

Currency translation

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

Loans to affiliated enterprises denominated in foreign currency are converted into Euro with the middle forex spot rate as of the reporting date applying the strict lower-value principle.

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

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

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

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

Foreign currency provisions are converted into Euro at the middle forex spot rate as of the reporting date.

Valuation units

In 2010, the company has made use of the option of forming valuation units as defined in § 254 HGB. The option is used for derivative positions, in which the company acts as group-internal clearing agency. In this function the company enters into derivative transactions with other Group companies and hedges the exposure resulting from these transactions by entering into positions with the same term and structure that are exact mirror images but entered into with different business partners. Contrary positions whose performances completely balance each other out, have been combined into valuation units and form a perfect micro hedge.

When accounting for valuation units the “freezing” method is applied, in which the offsetting changes in value of the single positions which form a valuation unit are not recorded in the income statement (see also note 16).

Supplementary Information on Assets

1 Change of assets A., B.I. through B.III. in fiscal year 2010

		Values stated as of December 31, 2009		Additions
		€ thou	%	€ thou
A.	**Intangible assets**			
	1. Self-produced industrial property rights and similar rights and assets	—		23,220
	2. Licenses acquired against payment, industrial property rights and similar rights and assets as well as licenses for such rights and assets	496,452		2,978
	3. Advance payments made	46,074		7,177
	Total A.	**542,526**		**33,375**
B.I.	**Real estate, real estate rights, and buildings, including buildings on land not owned by Allianz SE**	**309,632**	**0.4**	**290**
B.II.	**Investments in affiliated enterprises and participations**			
	1. Shares in affiliated enterprises	65,597,650	78.6	9,239,227
	2. Loans to affiliated enterprises	1,366,225	1.6	30,000
	3. Participations	1,385,325	1.7	—
	4. Loans to participations	705,436	0.8	—
	Subtotal B.II.	**69,054,636**	**82.7**	**9,269,227**
B.III.	**Other investments**			
	1. Stocks, interests in funds and other variable income securities	747,155	0.9	157,350
	2. Debt securities and other fixed-income securities	7,752,820	9.3	27,338,529
	3. Other loans			
	a) Registered bonds	—	—	300,226
	b) Loans and promissory notes	17,830	—	215,052
	4. Bank deposits	5,424,078	6.5	—
	5. Miscellaneous investments	159,177	0.2	—
	Subtotal B.III.	**14,101,060**	**16.9**	**28,011,157**
Subtotal B.I. - III.		**83,465,328**	**100.0**	**37,280,674**
Total		**84,007,854**		**37,314,049**

Transfers	Disposals	Revaluation	Depreciation	Net additions (+) Net disposals (–)	Values stated as of December 31, 2010	
€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	%
—	—	—	130	23,090	23,090	
20,846	29,453	—	34,120	(39,749)	456,703	
(20,846)	6,443	—	—	(20,112)	25,962	
—	35,896	—	34,250	(36,771)	505,755	
—	3,310	5,620	5,670	(3,070)	306,562	0.4
—	7,671,902	—	147,289	1,420,036	67,017,686	79.4
—	189,691	29,797	—	(129,894)	1,236,331	1.4
—	7,576	—	406,281	(413,857)	971,468	1.2
—	141,034	—	70,515	(211,549)	493,887	0.6
—	8,010,203	29,797	624,085	664,736	69,719,372	82.6
(1,652)	49,801	2,975	23,578	85,294	832,449	1.0
—	23,122,883	20,313	56,458	4,179,501	11,932,321	14.1
—	—	—	—	300,226	300,226	0.3
—	—	931	5,702	210,281	228,111	0.3
—	4,505,552	—	—	(4,505,552)	918,526	1.1
—	—	—	—	—	159,177	0.2
(1,652)	27,678,236	24,219	85,738	269,750	14,370,810	17.0
(1,652)	35,691,749	59,636	715,493	931,416	84,396,744	100.0
(1,652)	35,727,645	59,636	749,743	894,645	84,902,499	

2 Intangible assets

The book value of intangible assets totaling € 506 mn (2009: € 543 mn) primarily consists of the distribution rights received as part of the consideration for the sale of Dresdner Bank AG to Commerzbank AG in 2009. Under these rights, Commerzbank AG has exclusively marketed Allianz insurance products from September 2, 2010 onwards.

The research and development costs of Allianz SE in 2010 are € 24 mn, of which € 23 mn are capitalized as development costs for internally generated software.

3 Market value of investments

As of December 31, 2010, the fair value of investments amounted to € 98.6 bn (2009: € 98.5 bn). The carrying amount of these investments on the balance sheet was € 88.3 bn (2009: € 87.4 bn).

The values are subdivided into individual asset categories as follows:

	Book value		Fair value		Valuation reserve	
	2010 € bn	2009 € bn	**2010** € bn	2009 € bn	**2010** € bn	2009 € bn
Real estate	0.3	0.3	0.6	0.5	0.3	0.2
Equity securities	68.8	67.7	78.6	78.4	9.8	10.7
Debt securities	11.9	7.8	12.1	7.9	0.2	0.1
Loans	2.3	2.1	2.3	2.1	—	—
Bank deposits	0.9	5.4	0.9	5.4	—	—
Funds held by others under reinsurance business assumed	3.9	4.0	3.9	4.0	—	—
Other investments	0.2	0.1	0.2	0.2	—	0.1
Total	**88.3**	**87.4**	**98.6**	**98.5**	**10.3**	**11.1**

Valuation methods used to determine the market value

Real estate

Land and buildings are valued using the discounted cash flow method, new buildings at cost. The fair value was determined during the fiscal year.

Equity securities

Investments in companies which are quoted on the stock exchange are in general measured with the stock exchange price quoted on the last trading day of 2010. Non-quoted companies are valued at their net value calculated by the DVFA method. For recent transactions the transaction prices were utilized.

Debt securities

These items are measured at the stock exchange value quoted on the last trading day of 2010 or, if quoted prices are not available, at the prices obtained from brokers or pricing services.

Loans, bank deposits and funds held by others under reinsurance business assumed

There were no material differences between the book value and the fair value in 2010 for those items.

4 Investments in affiliated enterprises and participations

	2010 € bn	2009 € bn	Change € bn
Shares in affiliated enterprises	67.0	65.6	1.4
Loans to affiliated enterprises	1.2	1.4	(0.2)
Participations	1.0	1.4	(0.4)
Loans to participations	0.5	0.7	(0.2)
Total	**69.7**	**69.1**	**0.6**

Investments in affiliated enterprises and participations increased by € 0.6 bn to € 69.7 bn (2009: € 69.1 bn).

The book value of shares in affiliated enterprises rose by € 1.4 bn due to capital increases of net € 1.5 bn which were partly compensated by impairments of € (0.1) bn.

The book value increase mainly stems from the following transactions:

- Capital increases of our insurance holding company AZ Europe B.V. amounting to € 1.3 bn for funding group-internal transactions in order to streamline the holding structure of our Spanish operations

- Aggregation of holding structures associated with upstreaming of retained earnings of our subsidiary Allianz Lebensversicherungs-AG resulting in a book value increase of € 0.2 bn

Beyond the book value changes described above, additions and disposals amounting to € 7.3 bn respectively result from reorganizations of our portfolio of strategic holdings with a net effect of € 0. Further capital increases for cash totaling € 0.3 bn were compensated by capital reductions and group-internal sales of € 0.3 bn.

Due to write-downs of our shares in Commerzbank AG of € (0.4) bn the book value of the position participations declined to € 1.0 bn.

Loans to affiliated enterprises were repaid in the amount of € (0.2) bn, whereas the book value reduction of loans to participations by € (0.2) bn result from a redemption of € (0.1) bn and an impairment amounting to € (0.1) bn.

5 Interests in investments funds

Details on interests in investment funds in accordance with § 285 No. 26 HGB:

	Book value 2010 € thou	Fair Value 2010 € thou	Valuation reserve 2010 € thou	Dividend distribution 2010 € thou
Stock funds				
Allianz RCM Islamic Global Equity Opportunities	10,395	10,851	456	—
Allianz RCM Islamic Global Emerging Markets	6,529	6,925	396	—
Allianz RCM Greater China	2,211	2,582	371	—
Tech Alpha Fund	74,464	74,464	—[1]	—
Allianz RCM Oriental Income	9,100	11,351	2,251	157
Subtotal stock funds	**102,699**	**106,173**	**3,474**	**157**
Bond funds				
DSP Blackrock India Fund	50,445	50,512	67	—
PIMCO GIS FX Strategies Inst Acc	25,404	27,760	2,356	—
Allianz PIMCO Global ABS Fund	7,264	7,264	—[1]	125
PIMCO GIS Euribor Plus Inst Acc	52,099	59,024	6,925	—
Allianz SIN Fonds	294,735	354,252	59,517	8,078
Allianz RE Asia Fonds	122,297	146,598	24,301	30
Subtotal bond funds	**552,244**	**645,410**	**93,166**	**8,233**
Real estate funds				
German RE Equity	127,614	127,614	—[1]	—
Subtotal real estate funds	**127,614**	**127,614**	**—**	**—**
Total	**782,557**	**879,197**	**96,640**	**8,390**

Allianz SE holds more than 10 % of the respective shares of these investment funds. The fund shares can be returned each trading day.

1 No valuation reserve as of December 31, 2010 due to write up or write down to the fair value.

6 Other receivables

The € 820 mn increase in this position mainly results from higher receivables from cash pooling (€ 360 mn), profit transfers (€ 273 mn) and dividends (€ 165 mn).

7 Miscellaneous assets

The € 242 mn decrease in miscellaneous assets is primarily due to the netting of pension plan reinsurance contracts with corresponding obligations resulting from the initial application of BilMoG. This position as of the end of fiscal year mainly includes options on Allianz SE acquired to hedge intra-group obligations relating to the Group Equity Incentive program and variation margins paid in connection with financial derivative transactions.

8 Other deferred charges and prepaid expenses

This item includes the discount on borrowings from affiliated enterprises, issued bonds and subordinated liabilities as well as premiums on registered bonds and loans amounting to € 46 mn (2009: € 51 mn).

9 Collateral

Assets amounting to € 1.4 bn (2009: € 1.6 bn), thereof € 1.3 bn (2009: € 1.3 bn) to affiliated enterprises, are pledged as collateral for liabilities.

Supplementary Information on Equity and Liabilities

10 Shareholders' Equity

Issued capital

As of December 31, 2010, issued capital amounted to € 1,163,520,000 divided into 454,500,000 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, 2010, Allianz SE had an authorized capital for the issuance of further 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 as well as for fractional amounts. For a capital increase against contributions in cash, the shareholders' subscription rights can be excluded 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 AktG do not exceed 10% of the share capital. Finally, shareholders' subscription rights can be excluded to the extent necessary to grant holders of bonds that carry conversion or option rights a subscription right. An overall limit for the exclusion of subscription rights of up to 20% of the share capital (calculated as of year end 2009) applies for the authorized capital 2010/I and the conditional capital 2010. In addition, Allianz SE had another authorized capital for the issuance of further 5,259,375 shares against cash until May 4, 2015, with a notional amount of € 13,464,000 (authorized capital 2010/II). The shareholders' subscription rights can be excluded in order to issue new shares to employees of Allianz SE and its Group companies.

Further, as of December 31, 2010, Allianz SE had a conditional capital in the amount of € 250,000,000 (97,656,250 shares) (conditional capital 2010). This conditional capital increase will only be carried out to the extent that 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 of May 5, 2010, are exercised or that conversion obligations under such bonds are fulfilled, and only insofar as no other methods are used in serving these bonds.

Changes in the number of issued shares outstanding

	2010	2010	2009
Issued shares as of January 1		**453,900,000**	**453,050,000**
Capital increase for Employee Stock Purchase Plan		600,000	850,000
Total number of issued shares as of December 31		**454,500,000**	**453,900,000**
Own shares held for hedging GEI program	(2,606,169)		(2,334,335)
Own shares held for quarterly Employee Stock Purchase Plan	(226,620)		(250,032)
Own shares held by Allianz SE		**(2,832,789)**	**(2,584,367)**
Own shares held by affiliated enterprises		(118,451)	(118,410)
Total number of shares outstanding as of December 31		**451,548,760**	**451,197,223**

In November 2010, 600,000 (2009: 850,000) shares were issued at a price of € 83.34 (2009: € 77.62) per share, enabling employees of Allianz Group subsidiaries in Germany and abroad to purchase 373,380 (2009: 599,968) shares at prices ranging from € 58.34 (2009: € 36.78) to € 69.58 (2009: € 64.68) per share. The remaining 226,620 (2009: 250,032) shares continue to be recognized as treasury shares for further subscriptions by employees in the context of the Employee Stock Purchase Plan in 2011. As a result, issued capital increased by € 2 mn and capital reserves increased by € 48 mn.

All shares issued during the years ended December 31, 2010, 2009 and 2008 are qualifying shares from the beginning of the year of issue.

Dividends

For the year ended December 31, 2010, 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, 2009 and 2008, Allianz SE paid a dividend of € 4.10 and € 3.50, respectively, per qualifying share.

Treasury shares

As of December 31, 2010, Allianz SE held 2,832,789 (2009: 2,584,367) own shares. Of these, 226,620 (2009: 250,032) shares were held for covering subscriptions by employees of the Allianz Group in the context of the Employee Stock Purchase Plan 2011, whereas 2,606,169 (2009: 2,334,335) shares were held as a hedge for obligations from the Allianz Equity Incentive Program (former Group Equity Incentive Program).

In the fourth quarter of 2010, 271,834 own shares were purchased at a share price of € 89.71 for the purpose of hedging liabilities from the Allianz Equity Incentive Program. Furthermore, in the same fourth quarter of 2010, 600,000 new Allianz shares were issued in the context of a capital increase for the Employees Stock Purchase Plan 2010. In 2010, 623,412 shares were sold to employees of Allianz SE and its subsidiaries. Thereof, 250,032 shares originated from the capital increase for the Employees Stock Purchase Plan in 2009 and 373,380 shares from the capital increase for the Employees Stock Purchase Plan in 2010. The remaining 226,620 shares from the capital increase 2010 will be utilized for the Employee Stock Purchase Plan of Allianz SE and its subsidiaries in 2011. The total change of holdings in own shares for the year ended December 31, 2010 amounts to an increase of 248,422 (2009: 2,038,560) shares which corresponds to € 635,960 (2009: € 5,218,714) or 0.05 % (2009: 0.45 %) of issued capital.

As of December 31, 2010, other group companies held 118,451 (2009: 118,410) shares in Allianz SE.

The own shares of Allianz SE and its subsidiaries represent € 7,555,174.40 or 0.65 % of the share capital.

Additional paid-in capital

	€ thou
As of December 31, 2009	**27,472,876**
From capital increase 2010	48,468
Own shares: Realized gains	1,615
As of December 31, 2010	**27,522,959**

Revenue reserves

	As of December 31, 2009 € thou	Reclassification of reserves for own shares € thou	Own shares mathematical value exceeding € thou	Appropriation to other revenue reserves € thou	**As of December 31, 2010** € thou
1. Statutory reserve	1,229	—	—	—	1,229
2. Reserves for own shares	186,894	(186,894)	—	—	—
3. Other revenue reserves	11,625,276	186,894	(203,507)	69,518	11,678,181
Total	**11,813,399**	**—**	**(203,507)**	**69,518**	**11,679,410**

Bar on dividend distribution

The other revenue reserves are barred from dividend distribution in the amount of the mathematical value of own shares as deducted from issued capital (€ 7,252 thou).

In accordance with § 268 (8) HGB internally generated intangible assets in the amount of € 23,090 thou and gains from valuation of the pension plan assets at fair value above acquisition costs in the amount of € 134 thou are also barred from dividend distribution.

The amounts barred from dividend distribution are covered completely by unappropriated reserves.

11 Profit participation certificates

As of December 31, 2010, no profit participation certificates were outstanding. The amount of € 121 mn shown, as of December 31, 2009, is the total cash compensation paid on January 4, 2010 for the redemption of the outstanding profit participation certificates issued by Allianz SE.

In 2010, holders of the profit participation certificates received a distribution of € 9.84 for each certificate for the fiscal year 2009 in accordance with § 2 of the conditions of the profit participation certificates. The corresponding total distribution amount for the profit participation certificates is shown as part of other liabilities on the balance sheet as of December 31, 2009.

12 Subordinated liabilities

Subordinated liabilities slightly increased to € 6.9 bn (2009: € 6.8 bn). € 3.9 bn (2009: € 3.9 bn) are intra-group liabilities resulting from the issuance of subordinated bonds by Allianz Finance II B.V., Amsterdam, an affiliated enterprise, which usually transfers the proceeds from these issues to Allianz SE via intra-group loans.

In addition, external subordinated liabilities amounting to € 3.0 bn (2009: € 2.9 bn) result from bonds issued by Allianz SE directly. The slight increase by € 0.1 bn was caused by currency valuation effects.

Allianz SE provides a financial guarantee for the total amount of bonds issued by Allianz Finance II B.V., Amsterdam adding up to € 5.6 bn (2009: € 5.5 bn).

13 Insurance reserves

Aggregate policy reserve

Aggregate policy reserve decreased by € 102 mn, mainly due to a portfolio withdrawal in the external life business and the run-off of German life business.

Reserve for loss and loss adjustment expenses

The reserve for loss and loss adjustment expenses increased by a net amount of € 235 mn due to more natural catastrophe losses compared to 2009.

Claims equalization and similar reserves

Those reserves are set up to moderate substantial fluctuations in the claims of individual lines of business (Property-Casualty reinsurance only). In case above-average or below-average claims occur, a change in the reserves mitigates the technical result for the individual lines of business.

Whilst in 2010 these reserves increased by € 60 mn primarily driven by below-average claims in credit and bond reinsurance, 2009 results included a reserve release of € 354 mn mainly caused by the one-off effect from the harmonization of reinsurance lines classification throughout all branches.

14 Other provisions

	Provision	Use	Release	Allocation	Transfer	Discount	Compounding	Provision
		(–)	(–)	(+)	(–)	(–)	(+)	
	December 31, 2009 € thou	**2010** € thou	**2010** € thou	**2010** € thou	**2010** € thou	**2010** € thou	**2010** € thou	**December 31, 2010** € thou
Provisions for pensions and similar liabilities	3,650,902	224,998	528	348,558	212,466	—	—	3,561,468
Tax provisions	337,300	258,189	—	160,835	—	17,981	—	221,965
Other								
1. Anticipated losses	416,451	55,860	128,570	218,632	—	46,385	641	404,909
2. Miscellaneous	219,320	152,090	17,518	190,154	—	—	—	239,866
Total other provisions	4,623,973	691,137	146,616	918,179	212,466	64,366	641	4,428,208

Other provisions decreased by € 196 mn in total. The decrease was mainly driven by the netting of pension plan obligations with corresponding plan assets amounting to € 213 mn at the beginning of the fiscal year. At the same time there was a net allocation of provisions for pension liabilities of € 123 mn. The tax provisions decreased by € 115 mn. This is mainly due to the utilization of the provisions for corporate and trade tax for prior years.

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

In 1985, the pension liabilities of the German subsidiaries were centralized by transferring the corresponding assets to Allianz SE. Therefore Allianz SE has a joint liability for a large part of these old pension promises. The German subsidiaries reimburse the service cost, whereas Allianz SE covers the interest cost and has assumed responsibility for settlement. Consequently, these pension obligations are reported by Allianz SE.

The following table shows a split up of these pension liabilities:

Settlement amount of the offset liabilities

	2010 € thou
Old pension promises of the German subsidiaries	4,461,039
Pension promises of Allianz SE	
old pension promises	152,956
contribution based pension plan	63,991
deferred compensation	33,785
Total	**4,711,771**

The settlement amount is calculated on the basis of the projected unit credit method and/or reported as the present value of the entitlements acquired.

	2010
Discount rate (as published by Deutsche Bundesbank)	5.16%
Rate of assumed pension increase	1.90%
Rate of assumed salary increase (incl. average career trend)	3.25%

In derogation of the above, the contribution based pension plan (see the plan description in the remuneration report) is calculated with the guaranteed interest rate of 2.75% p.a. and the guaranteed rate of pension increase of 1% p.a. of these pension promises.

The mortality tables used are the current RT2005G-tables of Dr. Klaus Heubeck, which have been adjusted with respect to mortality, disability and fluctuation to reflect the company-specific circumstances.

The retirement age applied is the contractual or legal retirement age.

	2010 € thou
Historical costs of the offset assets	235,113
Fair value of the offset assets	235,176
Settlement amount of the offset liabilities	4,711,771
Provision amount that has not yet been recognized (Article 67 (2) EGHGB)	915,127

Allianz SE has obligations resulting from jubilee payments, a long-term credit account and phased-in early retirement/early retirement agreements, which are reported under other provisions.

These obligations are calculated basically in the same way as the pension obligations by using the same actuarial assumptions.

	2010 € thou
Historical costs of the offset assets	2,875
Fair value of the offset assets	2,913
Settlement amount of the offset liabilities	3,257

The assets held as a reserve to secure the phased-in early retirement and long-term credit account obligations at Methusalem Trust e.V. constitute offsettable plan assets, with the asset value/market value being used as the fair value.

15 Maturity of financial liabilities

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

Maturity table as of December 31, 2010

	Total € thou	Term up to 1 year € thou	Term 1–3 years € thou	Term 3–5 years € thou	Term 5–10 years € thou	Term > 10 years € thou
Subordinated liabilities (C.)						
Intra-group transmission of proceeds from third-party financing	3,855,232	161,770	—	—	—	3,693,462
Subordinated bond issued by Allianz SE	3,075,697	84,884	—	—	—	2,990,813
Subtotal	6,930,929	246,654	—	—	—	6,684,275
Bonds (intra-group – G.II.)	6,798,417	1,354,417	1,949,000	1,381,000	1,855,000	259,000
Liabilities to banks (G.III.)	2,073,106	1,023,106	1,050,000	—	—	—
Miscellaneous liabilities (G.IV.)						
Intra-group transmission of proceeds from third-party financing	1,706,728	331,728	—	—	1,375,000	—
Other intra-group liabilities[1]	15,986,933	11,807,389	3,439,450	159,942	580,152	—
Subtotal intra-group miscellaneous liabilities	17,693,661	12,139,117	3,439,450	159,942	1,955,152	—
Liabilities to third-parties	1,681,096	1,681,096	—	—	—	—
Subtotal miscellaneous liabilities	19,374,757	13,820,213	3,439,450	159,942	1,955,152	—
Total	35,177,209	16,444,390	6,438,450	1,540,942	3,810,152	6,943,275

Maturity table as of December 31, 2009

	Total € thou	Term up to 1 year € thou	Term 1–3 years € thou	Term 3–5 years € thou	Term 5–10 years € thou	Term > 10 years € thou
Subordinated liabilities (C.)						
Intra-group transmission of proceeds from third-party financing	3,855,126	161,664	—	—	—	3,693,462
Subordinated bond issued by Allianz SE	2,978,423	84,452	—	—	—	2,893,971
Subtotal	6,833,549	246,116	—	—	—	6,587,433
Bonds (intra-group – G.II.)	6,486,278	1,254,278	1,277,000	2,316,000	1,380,000	259,000
Liabilities to banks (G.III.)	3,075,140	2,025,140	800,000	250,000	—	—
Miscellaneous liabilities (G.IV.)						
Intra-group transmission of proceeds from third-party financing	1,687,145	312,145	—	—	1,375,000	—
Other intra-group liabilities	14,441,702	12,871,014	754,982	180,706	635,000	—
Subtotal intra-group miscellaneous liabilities	16,128,847	13,183,159	754,982	180,706	2,010,000	—
Liabilities to third-parties	1,402,999	1,402,999	—	—	—	—
Subtotal miscellaneous liabilities	17,531,846	14,586,158	754,982	180,706	2,010,000	—
Total	33,926,813	18,111,692	2,831,982	2,746,706	3,390,000	6,846,433

As of December 31, 2010, an amount of € 0.9 bn of the total financial liabilities is secured by assets pledged as collateral.

1 As of December 31, 2010, other intra-group liabilities due within one year amounted to € 11.8 bn. Thereof, cash pool and intra-group loans accounted for € 2.8 bn and € 8.1 bn, respectively. Upon maturity, intra-group loans are rolled forward by Allianz SE on a regular basis.

16 Information about derivative financial instruments

Options dealing in shares and share indices

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Call	101,553	7,980	7,980	Allianz SE share	Assets D.IV.
Long Call	121,084	35,080	23,355	Bank Pekao share	Assets B.III.
Short Call	588,341	(70,243)	186,536	Allianz SE share	Liabilities G.IV.
Short Call	25,309	(11,553)	12,255	The Hartford share	Liabilities G.IV.

Option positions on Allianz SE are held in the context of hedging the Allianz Equity Incentive Plans. The option positions on Bank Pekao and The Hartford have an intra-group risk transfer and yield enhancement background, respectively.

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

Forward contracts in shares, share indices and hedge RSUs

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Forward	376,866	9,943	274	Allianz SE share	Liabilities E.
Hedge RSU	177,898	(170,326)	197,903	Allianz SE share	Liabilities G.IV.

The positions in long forwards on Allianz SE shares and in hedge RSUs are held in the context of hedging the Allianz Equity Incentive Plans.

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

Forward currency contracts

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Long Forward	1,660,315	49,985	—	USD, GBP, CZK, SGD, AUD, CHF, HKD	—
Short Forward	1,352,560	(65,509)	55,358	USD, GBP, CZK, SGD, AUD, CHF, HKD, RON	Liabilities E.

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

The fair value of a forward currency contract is the difference between the discounted forward price and the spot rate in Euro whereby the discounted forward price is calculated by applying the Euro interest rate as a discount rate and the foreign currency interest rate as a compound interest rate. Long forwards and short forwards with a nominal value of € 768 mn and a fair value of € 14 mn respectively were aggregated to valuation units ("Bewertungseinheiten") and accounted for with a book value of zero. In each case diametrical positions with identical terms and conditions closed with group-internal and group-external counterparts respectively form a perfect micro hedge because the fair value changes of the diametric positions completely compensate each other.

Options on debt securities

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Underlying	Balance Sheet Position
Short Put Option	1,304,461	(109,183)	159,177	The Hartford Debentures	Liabilities E.
Long Put Option	1,304,461	109,183	159,177	The Hartford Debentures	Assets B.III.

Options on The Hartford Debentures are used to manage risk allocation within the Allianz Group.

The intra-group options are valued with a Black-Derman-Toy model that is calibrated to the current swap curve and swaption volatilities. Since terms and conditions of the short and long position perfectly match, a valuation unit ("Bewertungseinheit") is set up, and both short and long put options are recorded at acquisition cost. The fair value changes of the diametric positions completely compensate each other.

Total Return Swaps

Class	Nominal € thou	Fair Value € thou	Book Value € thou	Fixed leg	Balance Sheet Position
Short fixed leg / long floating leg	2,236	(351)	351	RCM Creater China Fund	Liabilities E.

The total return swap listed above is used to manage risk allocation within the Allianz Group.

The fair value of a Total Return Swap (TRS) is the difference between the fair values of its components, the "fixed leg" and the "floating leg". If the fixed leg is an equity instrument, the fixed leg is valued as the difference between the net present value of the reference price and the prevailing market price of the equity instrument. The net present value of dividend payments due before maturity is also taken into account, unless the dividends are subject to a pass-through agreement. The value of the floating leg is determined as the sum of the net present values of all interest payments payable before maturity. Very often, the coupon payments are based on floating interest rates. The applicable discount rates are derived from interpolated swap rates.

Overview over financial instruments

Category	Position of Allianz SE	Nominal € thou	Fair Value € thou	Book Value € thou
Currency-related transactions	Foreign currency buyer	1,660,315	49,985	—
Currency-related transactions	Foreign currency seller	1,352,560	(65,509)	55,358
Share/Index-related transactions	Share/Index buyer	599,503	53,003	31,609
Share/Index-related transactions	Share/Index seller	615,886	(82,147)	199,142
Hedge RSU	Share seller	177,898	(170,326)	197,903
Debt security-related transactions	Debt security buyer	1,304,461	(109,183)	159,177
Debt security-related transactions	Debt security seller	1,304,461	109,183	159,177

Supplementary Information to the Income Statement

17 Gross premiums written

	2010 € thou	2009 € thou
Property-Casualty reinsurance	3,495,961	3,300,262
Life/Health reinsurance	357,935	510,439
Total	**3,853,896**	**3,810,701**

Gross premiums written grew by 1.1 % to € 3.9 bn (2009: € 3.8 bn) despite soft market conditions in 2010. Decreasing business volume in life and fire reinsurance was offset by growth in business interruption and "other reinsurance lines".

18 Allocated interest return (net)

The amount of interest income transferred under this heading from the non-technical section to the technical section is calculated in accordance with § 38 RechVersV and decreased by € 37 mn in line with the run-off of a big life reinsurance contract in Germany.

19 Change in other insurance reserves (net)

	2010 € thou	2009 € thou
Change in aggregate policy reserves (net)	47,428	6,166
Change in other insurance reserves (net)	(7,363)	(2,402)
Total	**40,065**	**3,764**

The change in aggregate policy reserves (net) was mainly driven by the run-off of a big life reinsurance contract in Germany. The other insurance reserves (net) were mainly influenced by the development of the motor reinsurance business.

20 Underwriting expenses (net)

	2010 € thou	2009 € thou
Gross	(1,013,092)	(992,525)
Ceded	144,630	125,897
Net	**(868,462)**	**(866,628)**

The increase in underwriting expenses (gross) was compensated mainly by additional retrocession for facultative business in the Asia-Pacific region.

21 Investment income

	2010 € thou	2010 € thou	2009 € thou
a) Income from shares in affiliated enterprises and participations thereof from affiliated enterprises: € 2,357,863 thou (€ 249,080 thou)		2,382,612	250,640
b) Income from other investments thereof from affiliated enterprises: € 24,111 thou (€ 36,494 thou)			
ba) Income from real estate, real estate rights, and buildings, including buildings on land not owned by Allianz SE	31,788		29,302
bb) Income from other investments	483,114		546,395
		514,902	575,697
c) Income from reversal of impairments		59,636	37,798
d) Realized gains		369,010	2,141,873
e) Income from profit transfer agreements		1,421,498	1,095,879
Total		**4,747,658**	**4,101,887**

	2010 € thou	2009 € thou
ba) Income from real estate, real estate rights and buildings, including buildings on land not owned by Allianz SE	**31,788**	**29,302**
bb) Income from other investments		
Debt securities	279,912	261,915
Funds held by others under reinsurance business assumed	130,291	168,554
Loans to affiliated enterprises	18,260	31,620
Loans to third-parties	14,849	12,741
Bank deposits	13,503	40,253
Loans to participations	10,980	20,008
Interests in funds	8,989	4,869
Receivables from intra-group cash pooling	4,381	4,874
Stocks	1,520	763
Other	429	798
Subtotal	**483,114**	**546,395**
Total	**514,902**	**575,697**

22 Investment expenses

	2010 € thou	2009 € thou
a) Investment management, interest charges and other investment expenses		
aa) Interest expenses	(1,115,845)	(1,153,788)
ab) Other	(88,903)	(69,300)
b) Depreciation and impairments of investments	(715,493)	(409,561)
c) Realized losses	(90,530)	(517,521)
d) Expenses from losses taken over	(132,631)	(253,473)
Total	**(2,143,402)**	**(2,403,643)**

	2010 € thou	2009 € thou
aa) Interest expenses		
Liabilities from intra-group bonds	(286,695)	(296,703)
Liabilities from intra-group loans	(281,460)	(217,848)
Intra-group subordinated liabilities (intra-group transmission of proceeds from third-party financing)	(214,142)	(211,119)
Subordinated bonds issued by Allianz SE	(212,026)	(202,869)
Liabilities to banks	(64,650)	(110,428)
Liabilities from intra-group cash pooling	(24,448)	(66,813)
Liabilities from commercial paper issues	(13,882)	(31,349)
Other	(18,542)	(16,659)
Total	**(1,115,845)**	**(1,153,788)**

23 Depreciation and impairments of investments

The depreciation and impairments of investments include unscheduled write-downs of € 0.1 mn (2009: € 4 mn) on real estate, € 406 mn (2009: € 0) on our shares in Commerzbank AG and € 147 mn (2009: € 248 mn) on holdings in affiliated enterprises.

24 Other non-technical result

	2010 € thou	2009 € thou
Other income		
Currency gains	440,120	339,480
Gains on derivatives	324,871	220,251
Service revenues from pension plans charged to group companies	107,948	57,675
Other service revenues to group companies	87,987	99,304
Inter-company income	36,730	33,655
Other	6,014	70,427
Total	**1,003,670**	**820,792**

	2010 € thou	2009 € thou
Other expenses		
Currency losses	(829,244)	(146,698)
Interest and similar expense	(235,569)	(266,442)
Expenses on derivatives	(196,498)	(144,029)
Other human related expenses	(190,162)	(154,268)
Service expenses from pension plans charged to group companies	(107,948)	(57,675)
Other service expenses to group companies	(87,987)	(99,304)
Expenses for financial guarantees	(78,203)	(257,031)
Anticipated losses on derivatives	(50,358)	(31,386)
Pension expenses	(25,673)	(23,548)
Other	(227,846)	(190,051)
Total	**(2,029,488)**	**(1,370,432)**

In the service expenses from pension plans is also included one fifteenth of the conversion expense of the German subsidiaries due to the first-time application of BilMoG, which amounts to € 63 mn. As this amount is charged to the German subsidiaries the same amount is reflected in the service revenues from pension plans respectively.

The items other income and other expenses contain:

	2010	
	Pensions and similar obligations € thou	Other obligations € thou
Actual return of the offset assets	10,382	197
Calculated interest cost for the settlement amount of the offset liabilities	(237,527)	(241)
Effect resulting from the change in the discount rate for the settlement amount	(6,837)	(1)
Net amount of the offset income and expenses	**(233,982)**	**(45)**

Fees to the auditor

Following expenses were recorded for 2010:

	€ thou
a) Audit	(3,180)
b) Other certification and valuation services	(1,955)
c) Tax advice services	(59)
d) Other services	(625)
Total	**(5,819)**

25 Extraordinary result

Initial application of BilMoG produces the following extraordinary income / expenses:

	2010 € thou
Extraordinary income	
Foreign currency valuation of provisions	133,780
Discount of longterm provisions	46,386
Other	58
Subtotal	**180,224**
Extraordinary expenses	
Revaluation of provisions for pensions	(2,294)
Subtotal	**(2,294)**
Total	**177,930**

Provisions existing as of January 1, 2010 denominated in foreign currency were converted in accordance with § 256 a HGB with the middle forex spot rate as of the effective date of initial BilMoG application. The corresponding unrealized gains (€ 134 mn) were recognized as extraordinary income. Long-term provisions which have to be accumulated after December 31, 2024, were discounted and recognized in earnings with the amount of € 46 mn. Pension provisions have to be increased by € 31 mn. This amount was mainly portioned according to Article 67 (1) sentence 1 EGHGB leading to an extraordinary expense of € 2 mn in 2010.

26 Income taxes

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

As the controlling company ("Organträger") of the tax unity Allianz SE files a consolidated tax return with most of its German affiliated enterprises. Until the tax losses carried forward are fully utilized, the tax compensation payments received from members of the fiscal unity result in a tax income.

Based on the capitalization option of § 274 (1) sentence 2 HGB the surplus of deferred tax assets over deferred tax liabilities will not be recognized. The main differences between accounting and tax-based valuation arise from the balance sheet items loans to affilitated enterprises, reserve for loss and loss adjustment expenses and claims equalization reserves resulting in deferred tax assets as well as pension accruals resulting in deferred tax liabilities.

In addition the existing corporate and trade tax losses increase the surplus of deferred tax assets.

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

- 31 % differences in balance sheet items
- 15.825 % corporate tax losses
- 15.175 % trade tax losses

27 Net earnings

	2010 € thou	2009 € thou
Net income	2,103,809	1,941,572
Unappropriated earnings carried forward	10,959	5,209
Allocation to reserves for own shares	—	(6,470)
Allocation to other revenue reserves	(69,518)	(79,321)
Net earnings	**2,045,250**	**1,860,990**

Other Information

Contingent liabilities, legal proceedings and other financial commitments

Contingent liabilities

Guarantees to Group companies

The guarantees as described below are provided by Allianz SE to Group companies. As of today and according to our best knowledge we assess the probability of a loss resulting from outstanding guarantees is extremely remote.

- Bonds issued by Allianz Finance II B.V., Amsterdam, for € 11.0 bn, thereof € 5.6 bn on a subordinated basis
- Commercial Papers issued by Allianz Finance Corporation, U.S.A. As of December 31, 2010, USD 0.4 bn of commercial papers were issued as part of the program
- Letters of Credit issued to various operating Allianz entities amounting to € 0.5 bn

In connection with the acquisition of USD 1.75 bn subordinated debentures of The Hartford Financial Services Group, Allianz SE provided a guarantee to group companies.

Guarantee declarations in a total of € 1.5 bn have also been given for deferred annuity agreements signed by Allianz Compania de Seguros y Reaseguros S.A., Barcelona.

Allowing for a defined deductible, there are contingent liabilities of up to USD 465 mn in connection with certain insurance reserves of Fireman's Fund Insurance Co., Novato.

Allianz SE provides a maximum € 1.0 bn guarantee for the obligations of Allianz Vie, Paris, under a unit-linked pension insurance contract. As of December 31, 2010, the guaranteed obligations amounted to € 646 mn.

In addition, Allianz SE issued guarantees to various Group companies totaling € 517 mn.

Contingent liabilities exist because of indirect pension promises being organized via pension fund (Allianz Versorgungskasse VVaG) and support fund (Allianz Pensionsverein e.V.). For a part of the German pension promises and plan assets for phased-in early retirement obligations of the German subsidiaries Allianz SE has a joint liability of € 396 mn.

Commitments of Allianz Nederland Schadeverzekering N.V. arising from an insurance contract are guaranteed by Allianz SE with a maximum exposure of € 350 mn.

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

Allianz SE provides guarantees in favor of Marsh, Inc. for coverage of potential liabilities for various Allianz subsidiaries. These guarantees have a yearly maturity and are unlimited.

There is an agreement between Allianz Risk Transfer AG, Zurich, and Allianz SE regarding a target minimum capitalization in the form of a Net Worth Maintenance Agreement.

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

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

There are financial commitments of Allianz SE given to group companies in connection with share purchase agreements amounting to € 32 mn.

Allianz SE has also provided several subsidiaries and associates with either a standard indemnity guarantee or such guarantee as required by the supervisory authorities, which cannot be quantified. This includes in particular a deed of general release for Oldenburgische Landesbank AG and its subsidiaries in accordance with § 5 (10) of the Statute of Deposit Security Arrangement Fund.

Guarantees to third-parties

A contingent indemnity agreement was entered into with respect to securities issued by HT1 Funding GmbH in case HT1 Funding GmbH cannot serve the agreed coupon of the bond partly or in total. It is not possible for Allianz SE to predict potential payment obligations for the fiscal year 2011 and future periods at this time, but management currently does not expect any material negative financial impact for the Allianz SE .

As of December 31, 2010, other guarantee commitments given by Allianz SE amounted to € 52 mn. As of today and according to our best knowledge we assess the probability of a loss resulting from other guarantees is extremely remote.

Legal obligations

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

- ACM-Compagnie Mercur AG
- Allianz Alternative Assets Holding GmbH
- Allianz Argos 14 GmbH
- Allianz Autowelt GmbH
- Allianz Deutschland AG
- Allianz Finanzbeteiligungs GmbH
- Allianz Global Corporate & Specialty AG
- Allianz Investment Management SE
- Allianz Managed Operations & Services SE (formerly: Allianz Shared Infrastructure Services SE)
- AZ-Arges Vermögensverwaltungsgesellschaft mbH
- IDS GmbH-Analysis and Reporting Services
- META Finanz-Informationssysteme GmbH

Advertising agreements lead to financial liabilities of € 76 mn.

Potential liabilities amounting to € 30 mn were outstanding at the balance sheet date for calls on equity stocks not fully paid up with respect to affiliated enterprises.

Security deposits for leasing contracts amount to € 0.3 mn financial commitments.

Litigation

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. 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.

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 favour of Oldenburgische Landesbank AG, Münsterländische Bank Thie & Co. KG and Bankhaus W. Fortmann & Söhner KG.

With the sale of Dresdner Bank AG becoming effective on January 12, 2009, Allianz terminated the indemnification undertaking issued in 2001 in favour of the Federal Association of German Banks with respect to Dresdner Bank AG. 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.

Board members

All supervisory board members, current or resigned during the year and all board members, current or resigned during the year, are denoted on pages 8 and 9. Their memberships in supervisory boards or similar committees of other enterprises are mentioned on pages 121 to 124.

Board of Management remuneration

As of December 31, 2010, the Board of Management is comprised of 10 members, for which members the following expense was recorded.

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

The variable remuneration consists of the Annual bonus (short-term), the Three-year bonus (mid-term) and the Equity-related remuneration (long-term). The Equity-related remuneration is comprised in 2010 of 106,657 restricted stock units (RSU).[1]

	2010 € thou	2009[2] € thou
Base salary	(6,835)	(6,582)
Annual bonus	(9,109)	(11,011)
Perquisites	(453)	(517)
Base salary, annual bonus and perquisites total	**(16,397)**	**(18,110)**
Fair value of SAR at grant date	—	(3,044)
Fair value of RSU at grant date[1]	(9,269)	(4,751)
Equity-related remuneration	**(9,269)**	**(7,795)**
Total	**(25,666)**	**(25,905)**

Total remuneration of the board of management of the Allianz SE for 2010 (excluding the relevant Three-year bonus tranche) amounts to € 25,666 thou (2009: € 32,348 thou including the payout of the Three-year bonus 2007 to 2009).

Equity-related remuneration

The new remuneration system, effective January 1, 2010 only awards RSU. For 2010 the fair value of the RSU at date of grant was € 9,269[1] thou (2009: € 4,751 thou). The fair value of the SAR granted in 2009 was € 3,044 thou.[2]

Benefits to retired members of the Board of Management

In 2010, remuneration and other benefits of € 6 mn (2009: € 4 mn) were paid to retired members of the Board of Management and surviving dependents.

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

	2010 € thou	2009 € thou
Historical costs of the offset assets	42,366	—
Fair value of the offset assets	42,366	—
Settlement amount of the offset liabilities	50,664	—
Provision amount that has not yet been recognized (Article 67 (2) EGHGB)	9,522	—
Excess of plan assets over pension liability/Pension provisions	(1,224)	40,350

The cash surrender value of the reinsurance policies is taken as a basis for the fair value of the offset assets.

Supervisory Board remuneration

	€ thou	%
Fixed remuneration	(700)	47.8
Variable remuneration	(336)	23.0
Committee-related remuneration	(461)	31.5
Caps	67	(4.5)
Attendance fees	(33)	2.2
Total	**(1,463)**	**100**

For detailed information please refer to the remuneration report on pages 61 to 80.

Average number of Employees in 2010

Excluding members of the Board of Management, trainees, interns, employees in the passive phased-in of the partial retirement and employees on maternity leave or doing basic military training/community services.

	2010	2009
Full-time staff	1,156	1,088
Part-time staff	162	146
Total	**1,318**	**1,234**

Staff expenses

	2010 € thou	2009 € thou
1. Wages and salaries	(228,653)	(183,012)
2. Statutory welfare contributions and expenses for optional support payments	(15,526)	(13,528)
3. Expenses for pensions and other post-retirement benefits	(22,728)	(20,896)
Total expenses	**(266,907)**	**(217,436)**

1 The relevant share price to determine the final number of RSU granted (date of grant March 10, 2011) is only available after the sign-off by KPMG, thus numbers are based on a best estimate.
2 The disclosure of the Equity-related remuneration in the Annual Report 2009 was based on a best estimate. The figures shown here for 2009 now include the actual fair value as of the grant date (March 11, 2010). These values therefore differ from those disclosed last year.

Notifications pursuant to § 21 (1) WpHG

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

Company Name	Location	+ = exceeds – = falls below	Thres-hold %	Date	Propor-tion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
AXA S.A.	Paris , France	+	3	January 8, 2010	3.11	14,124,764	3.1078 % (14,106,099 voting rights) according to § 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG[1]
BlackRock Inc.	New York, U.S.A.	+	5	January 13, 2010	5.14	23,324,034	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	February 12, 2010	4.92	22,352,372	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	February 22, 2010	5.05	22,929,526	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	March 9, 2010	4.99	22,638,729	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	March 12, 2010	5.00	22,700,790	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	March 19, 2010	4.93	22,391,545	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	May 6, 2010	6.00	27,245,035	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	+	5	May 6, 2010	5.81	26,388,036	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	+	5	May 6, 2010	5.81	26,388,036	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Advisors Holdings Inc.	New York, U.S.A.	+	3	May 6, 2010	3.97	18,013,408	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock International Holdings Inc.	New York, U.S.A.	+	3	May 6, 2010	3.88	17,629,305	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	+	3	May 6, 2010	3.88	17,629,305	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	+	3	May 6, 2010	3.41	15,493,550	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	May 14, 2010	4.79	21,751,404	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	–	5	May 14, 2010	4.61	20,922,423	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	–	5	May 14, 2010	4.61	20,922,423	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Advisors Holdings Inc.	New York, U.S.A.	–	3	May 14, 2010	2.75	12,474,162	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock International Holdings Inc.	New York, U.S.A.	–	3	May 14, 2010	2.66	12,090,359	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	–	3	May 14, 2010	2.66	12,090,359	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Group Limited	London, U.K.	–	3	May 14, 2010	2.20	9,968,474	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG

1 And 0.0041 % (18,665 voting rights) according to § 22 (1) sentence 1 No. 1.

Company Name	Location	+ = exceeds – = falls below	Threshold %	Date	Proportion of voting rights %	Amount of voting rights	Attribution pursuant to § 22 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	May 28, 2010	5.50	24,978,461	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	+	5	May 28, 2010	5.33	24,203,005	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	+	5	May 28, 2010	5.33	24,203,005	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Advisors Holdings Inc.	New York, U.S.A.	+	3	May 28, 2010	3.48	15,789,388	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock International Holdings Inc.	New York, U.S.A.	+	3	May 28, 2010	3.45	15,639,169	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	+	3	May 28, 2010	3.45	15,639,169	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	June 4, 2010	4.85	22,032,677	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	–	5	June 4, 2010	4.68	21,223,563	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	–	5	June 4, 2010	4.68	21,223,563	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Advisors Holdings Inc.	New York, U.S.A.	–	3	June 4, 2010	2.80	12,688,775	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock International Holdings Inc.	New York, U.S.A.	–	3	June 4, 2010	2.76	12,538,556	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BR Jersey International Holdings L.P.	St. Helier, Jersey, Channel Islands	–	3	June 4, 2010	2.76	12,538,556	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
AXA S.A.	Paris, France	–	3	July 30, 2010	2.96	13,449,857	2.959 % (13,431,192 voting rights) according to § 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG[1]
BlackRock Inc.	New York, U.S.A.	+	5	August 2, 2010	5.02	22,786,962	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	–	5	August 25, 2010	3.87	17,562,921	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Inc.	New York, U.S.A.	+	5	September 13, 2010	5.32	24,141,419	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Holdco 2 Inc.	Wilmington, U.S.A.	+	5	September 13, 2010	5.14	23,308,535	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG
BlackRock Financial Management Inc.	New York, U.S.A.	+	5	September 13, 2010	5.14	23,308,535	§ 22 (1) sentence 1 No. 6 in conjunction with sentence 2 WpHG

1 And 0.0041 % (18,665 voting rights) according to § 22 (1) sentence 1 No. 1.

Declaration of Compliance with the German Corporate Governance Code

On December 15, 2010, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance with the German Corporate Governance Code required by § 161 AktG and made it permanently available on the company's website under www.allianz.com/corporate-governance.

Munich, February 10, 2011

Allianz SE
The Board of Management

List of participations Allianz SE, Munich as of December 31, 2010 according to § 285 No. 11 HGB in conjunction with § 286 (3) No. 1 HGB

	Owned[1] %	Equity thou €	Net earnings thou €
Domestic enterprises			
Affiliated enterprises			
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0	115,282	6,863
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0	39,964	(337,152)
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0	137,241	389
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0	215,915	(45)
ADIG Fondsvertrieb AG, Munich	50.0[2]	6,806	716
Alida Grundstücksgesellschaft mbH & Co. KG , Hamburg	55.0	103,973	(10,888)
Allianz Alternative Assets Holding GmbH, Munich	100.0[2]	14,469	0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	94.9	14,066	19,336
Allianz Beratungs-und Vertriebs-AG, Munich	100.0[2]	11,238	0
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0	535,711	6,241
Allianz Deutschland AG, Munich	100.0[2]	8,303,251	0
Allianz Finanzbeteiligungs GmbH, Munich	100.0[2]	858,838	0
Allianz Global Corporate & Specialty AG, Munich	100.0[2 3]	1,153,391	0
Allianz Global Investors AG, Munich	100.0	3,444,258	154,789
Allianz Global Investors Asia Pacific GmbH, Munich	100.0[2]	101,901	0
Allianz Global Investors Deutschland GmbH, Munich	100.0[2 3]	2,707,576	0
Allianz Global Investors Europe GmbH, Munich	100.0[2 3]	17,002	0
Allianz Global Investors Europe Holding GmbH, Munich	100.0[2 3]	2,815,009	0
Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main	100.0[2]	380,254	0
Allianz Handwerker Services GmbH, Munich	95.0	29,872	10,516
Allianz Investment Management SE, Munich	100.0	9,882	0
Allianz Leben Private Equity Fonds 1998 GmbH, Munich	100.0	181,599	14,827
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0	1,104,194	74,783
Allianz Leben Private Equity Fonds 2008 GmbH, Munich	100.0	29,523	3,836
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0	11,473	262
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0	1,691,344	500,000
Allianz Managed Operations & Services SE, Munich	100.0[2]	132,684	0
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0	66,941	20,486
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0	46,925	1,197
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0	198,694	9,000
Allianz Private Equity GmbH, Munich	100.0	234,096	8,602
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0[2]	326,227	0
Allianz Renewable Energy Subholding GmbH & Co.KG, Haar	100.0	37,355	(15)
Allianz Taunusanlage GbR, Stuttgart	99.5[3]	206,843	5,446
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0[2]	2,535,051	(57,731)
AllSecur Deutschland AG, Munich	100.0[2]	44,831	0
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	1,012,534	0
AZ-Argos 22 Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	83,687	0
AZ-Argos 44 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	49,888	(16,705)
AZ-Argos 50 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	489,016	(5)
AZ-Argos 51 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	86,425	4,644
AZ-Argos 57 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	116,229	544
AZ-Argos 58 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	21,575	0
AZ-GARI Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0	37,968	(3,692)
AZL AI Nr. 1 GmbH, Munich	100.0	35,811	7,472
AZL PE Nr. 1 GmbH, Munich	100.0	163,178	(234,242)
AZ-SGD Private Equity Fonds GmbH, Munich	100.0	287,745	25,042
Bankhaus W. Fortmann & Söhne KG, Oldenburg	100.0	8,445	455
Bürgel Wirtschaftsinformationen GmbH & Co. KG, Hamburg	50.1	22,583	6,307
Dealis Fund Operations GmbH, Munich	50.1	19,135	1,062
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0[2]	44,991	0
Euler Hermes Forderungsmanagement GmbH, Hamburg	100.0[3]	13,752	(9,980)
Euler Hermes Kreditversicherungs-Aktiengesellschaft, Hamburg	100.0[3]	201,384	71,527
Gamma-Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	58,824	0
Jota-Vermögensverwaltungsgesellschaft mbH, Munich	100.0[2]	3,098,109	0
manroland AG, Offenbach	100.0	148,289	(179,129)
Münsterländische Bank Thie & Co. KG, Münster	100.0	7,671	487
Objekt Burchardplatz GmbH & Co. KG, Stuttgart	100.0	111,780	3,675
OLB-Beteiligungsgesellschaft mbH, Oldenburg	98.8	91,342	3,553
Oldenburgische Landesbank Aktiengesellschaft, Oldenburg	89.6	568,543	49,703
Roland Holding GmbH, Munich	74.1	41,594	(6)
Selecta Deutschland GmbH, Eschborn	100.0	12,805	(3,074)
Selecta Holding GmbH, Eschborn	100.0	13,051	(474)
Spherion Objekt GmbH & Co. KG, Düsseldorf	100.0	96,351	(6,724)
Windpark Berge-Kleeste GmbH & Co.KG, Haar	100.0	18,628	328
Windpark Büttel GmbH & Co. KG., Sehestedt	100.0	37,805	631
Windpark Freyenstein GmbH & Co. KG, Husum	100.0	12,823	126
Windpark Halenbeck GmbH & Co. KG, Husum	100.0	20,131	302
Windpark Kesfeld -Heckhuscheid GmbH & Co KG, Pinneberg	100.0	31,449	(62)
Windpark Kirf GmbH & Co. KG, Pinneberg	100.0	9,098	60
Windpark Kittlitz KG GmbH & Co. KG, Husum	100.0	13,188	82
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0	25,708	676
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0	23,862	1,009
Windpark Redekin GmbH & Co KG, Genthin	100.0	39,634	190
Windpark Schönwalde GmbH & Co. KG, Potsdam	100.0	28,261	(39)
Windpark Waltersdorf GmbH Co. KG Renditefonds, Bremen	100.0	15,943	104
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0	38,962	46
Associated enterprises			
Fondsdepot Bank GmbH, Hof	49.0	42,615	1,107
REISEGARANT, Hamburg	24.0	205,475	21,721
Scandferries Holding GmbH, Hamburg	47.7[3]	144,528	(19,194)
Other participations between 5 and 20 % of voting rights			
Commerzbank AG, Frankfurt am Main	10.3		
EXTREMUS Versicherungs-AG, Cologne	16.0		
Heidelberger Druckmaschinen AG, Heidelberg	13.2		
Marschollek, Lautenschlaeger u. Partner AG, Wiesloch	8.9		
Sana Kliniken AG, Munich	13.8		
Foreign enterprises			
Affiliated enterprises			
Aero-Fonte S.r.l, Catania	100.0	12,830	5,911
AGCS Marine Insurance Company, Chicago, IL	100.0	83,528	16,121
AGF Benelux S.A., Luxembourg	100.0	700,909	21,542
AGF Holdings U.K. Limited, Guildford	100.0	62,369	14,833
AGF Insurance Limited, Guildford	100.0	150,813	(3,188)
AGF Inversiones S.A., Buenos Aires	100.0[3]	8,333	3,305
AGF RAS Holding BV, Amsterdam	100.0	1,497,069	997,863
Allegiance Marketing Group LLC, North Palm Beach, FL	100.0	27,007	729
Allianz U.K. Limited, Guildford	100.0	469,505	96,905
Allianz Africa S.A., Paris	100.0[3]	16,415	3,568
Allianz Africa, Paris	100.0	23,518	3,625
Allianz Alapkezelö Zrt., Budapest	100.0	6,766	2,799
Allianz Alp Sp. z oo, Warsaw	100.0	22,858	1,210
Allianz Annuity Company of Missouri, Clayton, MO	100.0	218,566	(91)
Allianz Argentina Compania de Seguros Generales S.A., Buenos Aires	100.0	26,448	8,266
Allianz Australia Insurance Limited, Sydney	100.0	1,270,739	209,124
Allianz Australia Life Insurance Limited, Sydney	100.0	28,437	3,003
Allianz Australia Limited, Sydney	100.0	1,129,651	197,711
Allianz Bank Bulgaria JSC, Sofia	99.9	76,973	1,905
Allianz Bank Financial Advisors S.p.A., Milan	100.0	183,683	3,823
Allianz Bank Polska S.A., Warsaw	100.0	14,243	8,342
Allianz Banque S.A., Courbevoie	100.0	163,566	6,096
Allianz Belgium S.A., Brussels	100.0	775,310	68,476
Allianz Biznes Sp. z o.o., Warsaw	100.0	7,335	457
Allianz Bulgaria Holding Company Ltd., Sofia	66.2	37,020	17,170
Allianz Bulgaria Insurance and Reinsurance Company Ltd., Sofia	78.0	28,362	5,710
Allianz Bulgaria Life Insurance Company Ltd., Sofia	99.0	17,950	5,214
Allianz Bulgaria Pension Company AD, Sofia	65.9	13,466	4,067
Allianz Burkina dommages, Ouagadougou	52.4	16,881	753
Allianz Burkina vie, Ouagadougou	70.0	13,403	15
Allianz business services s.r.o., Bratislava	100.0	6,769	(8,091)
Allianz Cameroun dommages, Douala	75.4	32,050	844
Allianz Cameroun Vie, Douala	75.8	87,563	981
Allianz Cash Pool II LLC, Westport, CT	100.0	442,212	539
Allianz Centrafrique dommages, Bangui	88.3	9,141	18
Allianz China General Insurance Company Ltd., Guangzhou	100.0	26,455	(404)
Allianz China Life Insurance Co. Ltd., Shanghai	100.0	42,627	(31,431)

1 Including shares held by dependent enterprises full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 Profit transfer agreement.
3 As per annual financial statement 2009.

	Owned[1] %	Equity thou €	Net earnings thou €
Allianz Compagnia Italiana Finanziamenti 2 S.p.A., Milan	100.0	364,274	17,341
Allianz Compagnia Italiana Finanziamenti S.p.A., Milan	100.0	3,855,224	914,452
Allianz CompanÍa de Seguros y Reaseguros S.A., Madrid	99.9	295,326	177,139
Allianz Cornhill Information Services Private Ltd., Trivandrum	100.0	11,131	1,752
Allianz Côte d'Ivoire dommages, Abidjan	74.1	32,250	1,841
Allianz Côte d'Ivoire vie, Abidjan	71.0	74,180	1,500
Allianz do Brasil Ltda., Sao Paulo	100.0	292,698	54,103
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0	90,450	17,298
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0	373,144	43,378
Allianz Equity Investments Ltd., Guildford	100.0	146,343	2,223
Allianz Europe B.V., Amsterdam	100.0	29,347,395	3 463,836
Allianz Europe Ltd., Amsterdam	100.0	22,787,329	3,625,288
Allianz Finance II Luxembourg S.A., Luxembourg	100.0	3,433,447	256,624
Allianz Finance IV Lux Sárl, Luxembourg	100.0	221,586	(93,692)
Allianz France International S.A., Paris	100.0	4,411,781	968,862
Allianz France Real Estate Invest, Paris	100.0	76,044	0
Allianz France S.A., Paris	100.0	8,819,909	610,006
Allianz General Insurance Company (Malaysia) Berhad p.l.c., Kuala Lumpur	100.0	47,346	(28,672)
Allianz Gestion Sociedad Gestora de Instituciones de Inversion Colectiva S.A., Madrid	100.0	6,527	723
Allianz Global Corporate & Specialty France, S.A., Paris	100.0	595,689	24,456
Allianz Global Investors Capital LLC, Dover, DE	100.0	41,429	33,014
Allianz Global Investors Distributors LLC, Dover, DE	100.0	154,762	42,680
Allianz Global Investors France S.A., Paris	99.9	41,110	16,539
Allianz Global Investors Holdings Inc., Dover DE	100.0	6,521	914
Allianz Global Investors Hong Kong Ltd., Hong Kong	100.0	12,106	(4,043)
Allianz Global Investors Ireland Ltd., Dublin	100.0	15,044	8,006
Allianz Global Investors Italia S.p.A, Milan	100.0	34,076	15,391
Allianz Global Investors Korea Limited, Seoul	100.0	19,024	4,327
Allianz Global Investors Luxembourg S.A., Senningerberg	100.0	138,123	49,475
Allianz Global Investors of America L.P., Dover DE	100.0	1,524,596	1,389,752
Allianz Global Investors of America LLC, Dover DE	100.0	5,233,445	1,588,396
Allianz Global Investors Taiwan Ltd., Taipei	100.0	38,353	18,723
Allianz Global Investors U.S. Holding II LLC, Dover DE	100.0	211,846	63,069
Allianz Global Investors U.S. Retail LLC, Dover DE	100.0	115,751	86,213
Allianz Global Life Ltd., Dublin	100.0	28,567	(3,110)
Allianz Global Risks US Insurance Company, Corp., Burbank	100.0	3,312,246	386,387
Allianz Hayat ve Emeklilik AS, Istanbul	89.0	50,028	4,742
Allianz Hellas Insurance Company S.A., Athens	100.0	19,881	(13,628)
Allianz Holding eins GmbH, Vienna	100.0	1,381,451	(25,833)
Allianz Holding France SAS, Paris	100.0	6,526,281	(356,738)
Allianz Holdings plc., Guildford	100.0	1,034,696	103,042
Allianz Hungária Biztosító Zrt., Budapest	100.0	143,900	(15,827)
Allianz IARD S.A., Paris	100.0	2,046,283	218,774
Allianz Individual Insurance Group, LLC, Minneapolis, MN	100.0	195,198	(5,275)
Allianz Insurance (Hong Kong) Ltd., Hong Kong	100.0	12,074	431
Allianz Insurance Company of Singapore Pte. Ltd., Singapore	100.0	23,982	2,527
Allianz Insurance Company-Egypt S.A.E., Cairo	85.0	14,831	2,200
Allianz Insurance plc., Guildford	100.0	909,086	77,237
Allianz Investment Properties Ltd., Guildford	100.0	115,517	6,561
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	13,512	7,064
Allianz Investments I Luxembourg S.à.r.l, Luxembourg	100.0	809,916	(9,983)
Allianz Investments IV Luxembourg S.à r.l., Luxembourg	100.0	472,966	(57,402)
Allianz Irish Life Holdings p.l.c., Dublin	66.4	55,323	30,000
Allianz Kazakhstan, ZAO, Almaty	100.0	8,497	291
Allianz Leasing & Services JSC, Sofia	51.0	7,936	1,141
Allianz Life & Annuity Company, LP, Minneapolis, MN	100.0	10,900	337
Allianz Life Assurance Company-Egypt S.A.E., Cairo	100.0	28,167	7,782
Allianz Life Financial Services LLC, Minneapolis, MN	100.0	17,318	(21,729)
Allianz Life Insurance Company of Missouri, Clayton, LA	100.0	206,665	5,180
Allianz Life Insurance Company of New York, Corp., New York, NY	100.0	85,549	2,723
Allianz Life Insurance Company of North America, Corp., Minneapolis, MN	100.0	5,466,634	234,563
Allianz Life Insurance Japan Ltd., Tokyo	100.0	24,822	(45,405)
Allianz Life Insurance Malaysia Berhad p.l.c., Kuala Lumpur	100.0	52,675	3,408
Allianz Life Luxembourg S.A., Luxembourg	100.0	17,423	2,409
Allianz Malaysia Berhad p.l.c., Kuala Lumpur	75.0	232,489	(60)
Allianz Mali dommages, Bamako	77.1	10,919	97
Allianz Marine U.K. Ltd., Ipswich	100.0	10,261	245
Allianz Mena Holding Bermuda, Beirut	99.9	21,203	2,464
Allianz México S.A. Compañía de Seguros, SA, Mexico City	100.0	94,265	688
Allianz Nederland Asset Management B.V., Amsterdam	100.0	46,819	4,692
Allianz Nederland Groep N.V., Rotterdam	100.0	664,243	89,851
Allianz Nederland Levensverzekering N.V., Utrecht	100.0	258,650	35,873
Allianz Nederland Schadeverzekering N.V., Rotterdam	100.0	237,646	45,639

	Owned[1] %	Equity thou €	Net earnings thou €
Allianz New Europe Holding GmbH, Vienna	100.0	1,430,280	95,708
Allianz New Zealand Limited, Auckland	100.0	15,977	(1,881)
Allianz of America Corporation, Novato	100.0	10,426	(504)
Allianz of America Inc., Westport, CT	100.0	12,409,485	1,333,247
Allianz One Beacon LP, Wilmington, DE	100.0	79,000	800
Allianz p.l.c., Dublin	100.0	324,674	35,414
Allianz Participations B.V., Amsterdam	100.0	363,476	(67,939)
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	10,161	976
Allianz penzijní fond a.s., Prague	100.0	38,639	12,253
Allianz pojistovna a.s., Prague	100.0	84,107	29,263
Allianz Private Equity UK Holdings Limited, London	100.0	22,368	15,653
Allianz Re Dublin Limited, Dublin	100.0	60,200	47,567
Allianz Real Estate France, Paris	100.0	11,823	4,963
Allianz Renewable Energy Partners I LP, London	100.0	358,217	305
Allianz Renewable Energy Partners II Limited, London	100.0	444,952	21,262
Allianz Renewable Energy Partners IV Limited, London	99.4	163,421	(1,459)
Allianz Renewable Energy Partners V PLC, London	100.0	67,511	(6)
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0[3]	42,712	(4,579)
Allianz Risk Transfer AG, Zurich	100.0	409,385	23,360
Allianz Risk Transfer Inc., New York, NY	100.0[3]	53,321	(224)
Allianz Risk Transfer N.V., Amsterdam	100.0[3]	30,345	1,082
Allianz Rosno Asset Management, Moscow	100.0	12,597	1,706
Allianz Rosno Life, Moscow	100.0	9,785	(4,978)
Allianz S.p.A., Trieste	100.0	1,277,885	82,431
Allianz Saude S.A., Sao Paulo	100.0	53,916	9,476
Allianz Seguros S.A., Sao Paulo	100.0	271,576	53,684
Allianz Sénégal dommages, Dakar	83.2	31,574	691
Allianz Sénégal vie, Dakar	95.5	22,968	97
Allianz Services U.K. Limited, London	100.0[3]	14,945	2,528
Allianz Sigorta AS, Istanbul	84.2	183,737	14,008
Allianz Société Financiére S.à.r.l., Luxembourg	100.0	158,999	(3,438)
Allianz South America Holding B.V., Amsterdam	100.0	304,421	19 770
ALLIANZ SUBALPINA HOLDING S.p.A., Turin	98.1	298,501	54,251
Allianz Suisse Immobilien AG, Volketswil	100.0	16,001	5,330
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Zurich	100.0	687,707	64,547
Allianz Suisse Rückversicherungs AG, Zurich	100.0[3]	316,259	11,928
Allianz Suisse Versicherungs-Gesellschaft, AG, Zurich	100.0	632,124	328,052
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7	77,552	4,035
Allianz Takaful, Bahrain	100.0[3]	9,600	(4,193)
Allianz Tiriac Asigurari SA, Bucharest	52.2	114,994	(5,072)
Allianz Underwriters Insurance Company, Corp., Burbank	100.0	9,702	(2,520)
Allianz US Investment LP, Wilmington, DE	100.0	122,563	(30,594)
Allianz US Private REIT LP, Wilmington, DE	100.0	89,303	433
Allianz Vie S.A., Paris	100.0	2,831,427	141,683
Allianz Worldwide Care Ltd., Dublin	100.0	48,342	8,800
Allianz Zagreb d.d., Zagreb	83.2	65,127	9,917
Allianz ZB d.o.o. Company for the Management of an Obligatory Pension Fund, Zagreb	51.0	21,905	9,553
Allianz-Slovenská DSS a.s., Bratislava	100.0	45,385	2,322
Allianz-Slovenská poist'ovna a.s., Bratislava	84.6	366,179	35,499
Amaya Compania de Seguros y Reaseguros S.A., Madrid	100.0	42,888	837
American Automobile Insurance Company, Corp., Earth City, MO	100.0	114,701	7,996
American Financial Marketing Inc., Minneapolis, MN	100.0	27,759	1,973
Ann Arbor Annuity Exchange Inc., Ann Arbor	100.0	12,217	696
Antoniana Veneta Popolare Assicurazioni S.p.A., Trieste	50.0	11,494	211
Antoniana Veneta Popolare Vita S. p. A., Trieste	50.0	138,001	18,836
Arcalis, Paris	99.9	61,447	5,872
Aseguradora Colseguros S.A., Bogotá D.C.	100.0	39,031	7,484
Aseguradora de Vida Colseguros S.A. (Salud), Bogotá D.C.	100.0	55,409	1,664
Aspley AVT Pty Limited, Sydney	66.7	27,263	(18,917)
Assistance Courtage d'Assurance et de Réassurance S.A., Paris	100.0	27,757	4,477
Associated Indemnity Corporation, Novato, CA	100.0	58,475	1,996
Assurance Vie et Prévoyance (AVIP) SA, Paris	100.0	94,957	8,110
Ayudhya Allianz C.P. Life Public Company Limited, Bangkok	62.6	142,234	16,554
AZ Euro Investments II S.à r.l, Luxembourg	100.0	180,048	(7)
AZ Euro Investments S.à r.l., Luxembourg	100.0	2,408,621	(20,646)
AZ Jupiter 4 B.V., Amsterdam	100.0	22,378	2,854
AZ Jupiter 8 B.V., Amsterdam	100.0	2,188,718	994
AZ Jupiter 9 B.V., Amsterdam	100.0	343,289	124
AZL PF Investments Inc., Minneapolis, MN	100.0	417,314	10,938
BAWAG Allianz Mitarbeitervorsorgekasse AG, Vienna	50.0	7,866	2,106
Bernese S.p.A, Rome	99.8	15,662	0
Bright Mission Berhad Ltd., Kuala Lumpur	100.0	12,090	(360)
British Reserve Insurance Co. Ltd., Guildford	100.0	28,952	2,886
BURLCO p.l.c., Dublin	100.0	10,418	0

1 Including shares held by dependent enterprises full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 Profit transfer agreement.
3 As per annual financial statement 2009.

	Owned[1] %	Equity thou €	Net earnings thou €
Calypso S.A., Paris	100.0	10,239	(9,368)
Capital Messine S.à.r.l., Luxembourg	100.0	47,827	(25)
CEPE de Langres Sud SARL, Avignon	100.0	6,667	(1,496)
Challenging Financial Careers Insurance Marketing Corp., LLC, Huntington Beach, CA	100.0	10,878	(179)
Château Larose Trintaudon S.A., Saint Laurent de Médoc	100.0	41,702	2,383
Chicago Insurance Company, Corp., Chicago, IL	100.0	41,434	2,462
CIC Allianz Insurance Ltd., Sydney	100.0	18,868	7,391
Colisee S.à r.l., Luxembourg	100.0	9,448	26
Compagnie de Gestion et Prevoyance, Strasbourg	99.9	7,610	512
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8	126,710	29,294
Compania Colombiana de Inversion Colseguros S.A., Bogotá D.C.	100.0	103,732	(1,400)
Coparc, Paris	100.0	27,371	992
CreditRas Assicurazioni S.p.A., Milan	50.0	29,698	11,299
CreditRas Vita S.p.A., Milan	50.0	359,206	1,604
DARTA SAVING LIFE ASSURANCE LTD., Dublin	100.0	51,907	0
DBI Insurance Company Ltd., Guildford	100.0	6,863	0
Deeside Investments Inc., Wilmington, DE	100.0	290,785	(8,351)
Delta Technical Services Ltd., London	100.0[3]	14,949	2,528
Dresdner RCM Global Investors (Jersey) Ltd, Jersey	100.0	8,597	472
Euler Hermes ACI Holding, Inc., New York, NY	100.0[3]	167,734	2,161
Euler Hermes ACI Inc., Baltimore	100.0[3]	133,159	(1,839)
Euler Hermes Cescob uverová pojistovna, a.s., Prague	100.0[3]	9,232	2,059
EULER HERMES CREDIT INSURANCE BELGIUM S.A., Brussels	100.0	67,320	(15,181)
Euler Hermes Guarantee plc., Tonbridge, Kent	100.0[3]	15,618	1,303
Euler Hermes Holdings UK plc, London	100.0	132,502	1,370
Euler Hermes Kreditförsäkring Norden AB, Stockholm	100.0[3]	15,718	299
Euler Hermes Kreditverzekering N.V., Hertogenbosch	100.0	24,176	(935)
Euler Hermes Réinsurance, Zurich	100.0[3]	88,951	(71,985)
Euler Hermes S.A., Paris	70 3	1,324,907	166,830
Euler Hermes Services Belgium S.A., Brussels	100.0	11,805	(154)
Euler Hermes Servicos Ltda, Sao Paulo	100.0[3]	15,106	701
Euler Hermes SFAC Crédit S.A.S., Paris	100.0	145,359	3,564
Euler Hermes SFAC Recouvrement S.A.S., Paris	100.0	33,358	2,292
Euler Hermes SFAC S.A., Paris	100.0	339,738	88,667
Euler Hermes SIAC S.p.A., Rome	100.0	53,753	9,101
Euler Hermes UK plc, London	100.0	116,565	16,714
Euler Hermes UMA, Louisville, LA	100,0[3]	9,332	1,387
Euler Re, SA, Senningerberg	100.0[3]	36,383	(6,872)
Eurl 20/22 Le Peletier, Paris	100.0	27,168	1,400
EURO GESTION, Paris	100.0	35,699	2,406
Eurosol Invest S.r.l., Udine	100.0	8,584	(16)
Eurovida S.A. Compañía de Seguros y Reaseguros, Madrid	51.0	104,393	36,658
F Jupiter SAS, Paris	100.0	61,647	(4,741)
Fenix Directo Compania de Seguros y Reaseguros S.A., Madrid	100.0	23,356	3,058
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0	10,532	178
Fireman's Fund Insurance Company of Ohio, Corp., Cincinnati, OH	100.0	27,483	721
Fireman's Fund Insurance Company, Corp., Novato	100.0	2,058,679	130,122
FRAGONARD ASSURANCE, SACS, Paris	100.0	58,588	14,498
GamePlan Financial Marketing LLC, Woodstock, GA	100.0	49,905	8,639
Generation Vie, Paris	52.5	51,332	9,920
Genialloyd S.p.A., Milan	100.0	73,600	28,775
Havelaar et Van Stolk B.V., Rotterdam	100.0	7,991	749
Home & Legacy Insurance Services Limited, London	100.0	11,847	1,407
Hungária Biztosító Számitástechnikai Kft. (Hungária EDV-Betriebsgesellschaft mbH), Budapest	100.0	15,736	(664)
Insurance and Reinsurance AG Energy, Sofia	50.9	28,072	12,231
Insurance Company "Progress Garant", Moscow	100.0	34,413	1,659
Insurance Joint Stock Company "Allianz", AOOT/OAO, Moscow	100.0	11,948	2,198
Interstate Fire & Casualty Company, Chicago, IL	100.0	112,509	5,471
Investitori SGR S.p.a., Milan	98.7	15,040	(426)
Jefferson Insurance Company of N.Y., Corp., New York, NY	100.0	19,716	1,164
Kiinteistöoasakeyhtiö Eteläesplanadi 2, Helsinki	100.0	21,603	3,021
KNIGHTSBRIDGE ALLIANZ LP, Bartlesville, OK	99.5[3]	7,600	(752)
LA RURALE, Charenton- le-Pont	99.8	7,068	493
L'Assicuratrice Italiana Vita S.p.A., Milan	100.0	28,032	1,239
LLC "Allianz Eurasia Healthcare", St. Petersburg	100.0	11,923	(1,007)
Lloyd Adriatico Holding S.p.A., Trieste	99.9	911,616	123,223
London Verzekeringen N.V., Amsterdam	100.0	111,845	10,836
manroland (China) Ltd., Hong Kong	100.0	16,668	3,885
manroland Benelux N.V., Wemmel	100.0	34,309	1,458
manroland CEE AG, Vienna	100.0	17,498	2,801
manroland Inc., Westmont, IL	100.0	19,525	(949)
manroland Western Europe Group B.V., Amsterdam	100.0	64,645	1
Martin Maurel Vie, Paris	66.0	12,406	2,021

	Owned[1] %	Equity thou €	Net earnings thou €
Medexpress, St. Petersburg	99.7	14,732	515
Mondial Assistance Australia Holding, Pty, Toowong QLD, Australia	100.0	7,626	5,866
Mondial Assistance Europe NV, Amsterdam	100.0	113,136	13,830
Mondial Assistance France SAS, Paris	95.0	37,158	21,203
Mondial Assistance International SA, Paris	100.0	217,146	36,311
Mondial Assistance S.A.S., Paris	100.0	256,209	24,021
Mondial Assistance United Kingdom Ltd (MAUK), Croydon Surrey	100.0	17,608	7,497
MONDIAL SERVICIOS Ltda, Centro	100.0	12,183	4,923
National Surety Corporation, Chicago, IL	100.0	102,459	5,191
Nemian Life & Pensions S.A., Senningerberg	100.0	15,583	1,105
NFJ Investment Group LLC, Dover, DE	100.0	7,533	61,938
OJSC "My Clinic", Moscow	100.0	21,983	(1,240)
Omega Thai Investment Holding, Amsterdam	100.0	50,256	(30)
Open Joint Stock Company Insurance Company ROSNO, Moscow	100.0	183,607	0
Oppenheimer Group Inc., Dover, DE	100.0	45,417	750
Orion Direct Nederland B.V., Etten-Leur	100.0	8,643	611
Pacific Investment Management Company LLC, Dover, DE	97.0	480,135	1,608,936
Personalized Brokerage Service LLC, Topeka, KS	100.0	7,966	2,020
Pet Plan Ltd., Guildford	100.0	113,329	(4,075)
PFP Holdings Inc., Dover, DE	100.0	226,016	5,699
PGREF V 1301 SIXTH INVESTORS I LP, Wilmington, DE	100.0	35,740	(29,995)
PIMCO Asia Ltd., Hong Kong	100.0	8,961	237
PIMCO Asia PTE Ltd., Singapore	100.0	18,015	7,539
PIMCO Australia Pty Ltd., Sydney	100.0	20,113	11,702
PIMCO Canada Corp., Toronto	100.0	10,099	2,491
PIMCO Canada Holding LLC, Dover, DE	100.0	9,775	2,490
PIMCO Europe Ltd., London	100.0	94,365	22,274
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0	9,840	(150)
PIMCO Investments LLC, Dover, DE	100.0	58,437	(2,924)
PIMCO Japan Ltd., Road Town, Tortola (British Virgin Islands)	100.0	34,014	22,420
Prism Re, Hamilton	100.0	14,204	(503)
Progress, Moscow	100.0	9,385	(67)
Protexia France S.A., Lyon	66.0	27,586	6,969
PT Asuransi Allianz Life Indonesia p.l.c., Jakarta	99.8	105,966	24,649
PT Asuransi Allianz Utama Indonesia Ltd., Jakarta	75.0	25,193	2,782
PTE Allianz Polska S.A., Warsaw	100.0	42,702	4,879
Ras Private Bank (Suisse) S.A., Lugano	100.0	11,187	(1,096)
RB Vita S.p.A., Milan	100.0	228,688	5,927
RCM U.K. Ltd., London	100.0	36,323	10,748
RCM Asia Pacific Ltd., Hong Kong	100.0	15,112	240
Real Faubourg Haussmann SAS, Paris	100.0	13,648	(752)
Real FR Haussmann SAS, Paris	100.0	48,588	1,911
Redoma S.à r.l., Luxembourg	100.0	130,966	(19)
Roland Print B.V., Amsterdam	100.0	473,048	(34)
Rosno MS, St. Petersburg	100.0	20,967	3,643
Roster Financial LLC, Quincy	100.0	23,446	423
S.C. ASIT REAL ESTATE S.R.L., Bucharest	100.0	55,656	(79)
San Francisco Reinsurance Company, Corp., Novato, CA	100.0	56,728	3,128
SAS Allianz Colisée, Paris	100.0	27,081	(1,304)
SAS LAENNEC, Paris	100.0	12,017	(212)
SAS Madeleine Opéra, Paris	100.0	1,116,785	25,773
SC Tour Michelet, Paris	100.0	58,609	1,679
Schmalbach-Lubeca Service Center N.V., Brecht	100.0[3]	7,801	33
SCI Allianz Messine, Paris	100.0	101,084	2,296
SCI AVIP SCPI Selection, Paris	100.0	40,307	5,659
SCI PRELLOYD, Paris	100.0	115,436	3,416
SCI Stratus, Paris	100.0	8,049	3,068
Selecta AB, Stockholm	100.0[3]	103,562	39,127
Selecta AG, Muntelier	100.0	250,948	37,097
Selecta Betriebsverpflegungs GmbH, Vienna	100.0	7,314	(475)
Selecta Group B.V., Amsterdam	98.7	279,467	(26)
Selecta Holding B.V., Amsterdam	100.0	7,897	(649)
Selecta Nordic Holding AB, Stockholm	100.0	54,244	(17,694)
Selecta SA, Paris	100.0	51,805	(11,899)
Selecta TMP AG, Zug	100.0	57,352	10,277
Selecta UK Ltd., Birmingham	100.0	17,938	(3,539)
SI 173-175 Boulevard Haussmann SAS, Paris	100.0	77,294	3,766
Sistemi Informativi Allianz S.p.c.A., Milan	100.0	15,837	45
Società Agricola San Felice S.p.A., Milan	100.0	33,172	(730)
Société Civile Construction Vente 33 Lafayette, Paris	100.0	38,225	112
Société Foncière Européenne, Amsterdam	100.0	19,242	601
Société Nationale Foncière S.A.L., Beirut	66.0	6,583	1,325
Sonimm, Paris	100.0	12,720	4,205
South City Office Broodthaers SA, Brussels	100.0	49,616	60
SPACECO, Paris	100.0	9,742	4,477

1 Including shares held by dependent enterprises full, even if the Allianz Group's share in the dependent enterprise is under 100.0 %.
2 Profit transfer agreement.
3 As per annual financial statement 2009.

	Owned[1] %	Equity thou €	Net earnings thou €
TFI ALLIANZ POLSKA S.A., Warsaw	100.0	7,494	1,900
The American Insurance Company, Corp., Cincinnati, OH	100.0	233,847	18,407
The Annuity Store Financial & Insurance Services LLC, Sacramento, CA	100.0	8,698	595
Top Versicherungsservice GmbH, Vienna	100.0[3]	17,801	0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0	15,836	3,194
Trafalgar Insurance Public Limited Company, Guildford	100.0	70,617	2,321
TU Allianz Polska S.A., Warsaw	100.0	170,840	(50 287)
TU Allianz Zycie Polska S.A., Warsaw	100.0	67,421	15,069
Vendcare (Holdings) Limited, Birmingham	100.0[3]	6,565	1,949
VertBois S.à.r.l., Luxembourg	100.0	28,340	1,234
Via Pierre 1, Paris	100.0	280,701	31,340
Votra S.A., Lausanne	100.0	9,004	(3,348)
W Finance, Paris	100.0	10,637	33,701
Willemsbruggen, Rotterdam	100.0	67,178	5,611
YAO Investment S.a.r.l., Luxembourg	100.0	44,183	(9,643)
Yorktown Financial Companies Inc., Minneapolis, MN	100.0	75,564	0
Joint ventures			
Allee-Center Budapest, Budapest	50.0	128,507	(93,278)
Allianz CP Genral Insurance Company Limited, Bangkok	50.0	13,489	477
Compania de Seguro de Creditos S.A. (Cosec)	50.0	39,886	4,970
Dorcasia Ltd., Sydney	50.0[3]	160,946	5,161
International Shopping Centre Investment S.A., Luxembourg	50.0	60,000	(64)
Market Street Trust, Sydney	50.0	226,827	7,450
Millea Mondial Co Ltd., Tokyo	50.0	7,834	4,672
One Beacon Joint Venture LP, Wilmington, DE	50.0	111,212	(2,075)
TopTorony Ingatlanhasznosító Zártköruen Muködo Részvénytársaság, Kft., Budapest	50.0	21,323	(986)
Associated enterprises			
Allianz Saudi Fransi, Riyadh	32.5	31,834	910
Bajaj Allianz General Insurance Company Ltd., Pune	26.0	147,345	16,564
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0	206,890	123,432
Chicago Parking Meters, LLC, Wilmington, DE	49.9	842,977	(35,713)
Citylife Srl., Milan	31.9	296,032	(57,797)
Cofitem Cofimur, Paris	22.1	253,118	21,606
Douglas Emmett Partnership X, LP	28.6	45,349	(1,123)
Euro Media Télévision S.A., Bry-sur-Marne	21.4[3]	133,359	3,702
EUROPENSIONES S.A. Entidad Gestora de Fondos de Pensiones, Madrid	49.0	51,827	24,003
Graydon Holding N.V., Amsterdam	27.5[3]	14,977	14,985
Guotai Jun' an Allianz Fund Management Company	49.0	25,256	2,200
ICIC, Tel Aviv	33 3	28,149	5,186
Interpolis Kreditverzekeringen, Hertogenbosch	45.0	10,195	604
JPMorgan IIF UK1 LP, Dublin	46.1	96,080	0
ODDO ET CIE, SCA, Paris	20.0	335,889	26,660
OeKB EH Beteiligungs -und Management AG, Vienna	49.0[3]	89,467	6,097
PAR Holdings Limited, Hamilton	20.1	20,798	3,669
PGREF V 1301 SIXTH HOLDING LP, Wilmington, DE	24.5	145,463	(123,191)
PHRV (Paris Hotels Roissy Vaugirard), Paris	30.6	164,312	1,034
SDU Finco B.V., Amsterdam	49.7[3]	75,755	(5,822)
SK Versicherung AG, Vienna	25.8[3]	7,934	1,120
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		
Pirelli & Co. SpA,, Milan	7.0		
SGS SA, Geneva	5.4		
The Hartford Financial Services Group, Inc., Hartford, CT	5.2		
Zagrebacka banka d.d., Zagreb	11.7		

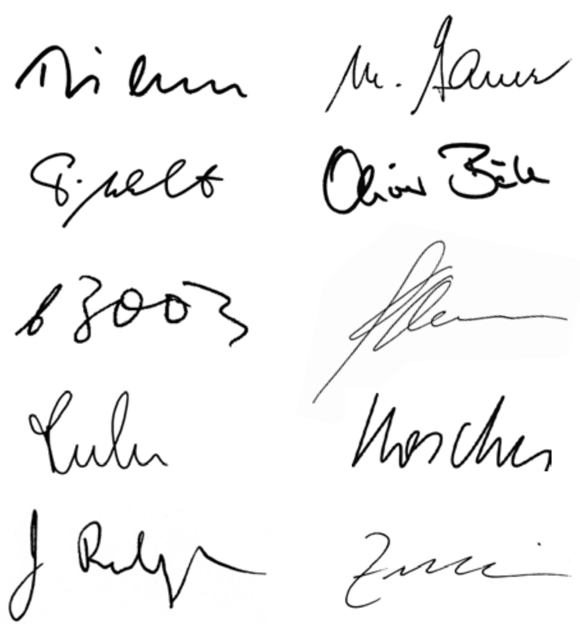
1 Including shares held by dependent enterprises full, even if the Allianz Group's share in the dependent enterprise is under 100.0%.
2 Profit transfer agreement.
3 As per annual financial statement 2009.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements of Allianz SE give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company.

Munich, February 10, 2011

Allianz SE
The Board of Management



Auditor’s Report

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the Allianz SE, Munich, for the business year from 1 January to 31 December 2010. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law and supplementary provisions of the articles of incorporation are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich

March 2, 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Frank Ellenbürger
Wirtschaftsprüfer

Johannes Pastor
Wirtschaftsprüfer

Mandates of the Members of the Supervisory Board[1]

Dr. Henning Schulte-Noelle
Membership in other statutory supervisory boards and SE administrative boards in Germany
E.ON AG
ThyssenKrupp AG (until January 21, 2011)

Dr. Wulf H. Bernotat
Membership in other statutory supervisory boards and SE administrative boards in Germany
Bertelsmann AG
Deutsche Telekom AG
METRO AG

Jean-Jacques Cette
Membership in comparable[2] supervisory bodies
Membership in group bodies
Allianz France S.A.

Dr. Gerhard Cromme
Membership in other statutory supervisory boards and SE administrative boards in Germany
Axel Springer AG
Siemens AG (Chairman)
ThyssenKrupp AG (Chairman)

Membership in comparable[2] supervisory bodies
Compagnie de Saint-Gobain S.A.

Karl Grimm until December 31, 2010
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in group bodies
Allianz Versorgungskasse VVaG (Deputy Chairman)

Godfrey Robert Hayward

Franz Heiß since January 1, 2011
Allianz Deutschland AG

Prof. Dr. Renate Köcher
Membership in other statutory supervisory boards and SE administrative boards in Germany
BMW AG
Infineon Technologies AG
MAN SE

Peter Kossubek
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in group bodies
Allianz Versorgungskasse VVaG (until May 25, 2011)

Igor Landau
Membership in other statutory supervisory boards and SE administrative boards in Germany
adidas AG (Chairman)

Membership in comparable[2] supervisory bodies
HSBC France
Sanofi-Aventis S.A.

Jörg Reinbrecht

Peter D. Sutherland
Membership in comparable[2] supervisory bodies
BW Group Ltd.
Goldman Sachs International (Chairman)
Koç Holding A.Ş.

Rolf Zimmermann

1 As of December 31, 2010 or (with members who resigned) day of resignation.
2 We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

Mandates of the Members of the Board of Management[1]

Michael Diekmann

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 Global Investors AG (Chairman)

Membership in comparable[2] supervisory bodies
Membership in Group bodies

Allianz France S.A. (Vice President)
Allianz S.p.A.

Dr. Paul Achleitner

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

Bayer AG
Daimler AG
RWE AG

Membership in Group bodies

Allianz Global Investors AG
Allianz Investment Management SE (Chairman)

Oliver Bäte

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

Allianz Global Corporate & Specialty AG (Deputy Chairman)
Allianz Global Investors AG
Allianz Investment Management SE (Deputy Chairman)

Manuel Bauer since January 1, 2011

Membership in comparable[2] supervisory bodies

Zagrebacka Banka

Membership in Group bodies

Allianz Bulgaria Insurance and Reinsurance Company Ltd. (Chairman)
Allianz Hungária Biztosító Rt.
Allianz Life Insurance Co. Ltd. Korea
Allianz pojistovna a.s. (Chairman)
Allianz-Slovenská poist'ovna a.s.
Allianz Tiriac Asigurari SA (Chairman)
Allianz Zagreb d.d. (Chairman)
Russian People's Insurance Society "ROSNO"
TU Allianz Polska S.A.
TU Allianz Życie Polska S.A.

Clement B. Booth

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[2] 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)

1 As of December 31, 2010 or (with members who resigned) day of resignation.
2 We regard memberships in other supervisory bodies as "comparable" if the company is listed on a stock exchange or has more than 500 employees.

Enrico Cucchiani

Membership in comparable[1] supervisory bodies
Pirelli & C. S.p.A.
Unicredit S.p.A.

Membership in Group bodies
Allianz Compañía de Seguros S.A. Barcelona (Vice Chairman)
Allianz Hayat ve Emeklilik A.Ş. (Vice Chairman)
Allianz Sigorta P&C A.Ş. (Vice Chairman)
Allianz S.p.A. (Chairman)
Companhia de Seguros Allianz Portugal S.A.

Dr. Joachim Faber

Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Börse AG

Membership in Group bodies
Allianz Global Investors Deutschland GmbH (Chairman)
Allianz Global Investors Kapitalanlagegesellschaft mbH (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.
Allianz S.p.A.

Dr. Christof Mascher

Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG (until December 31, 2010)
Allianz Managed Operations and Services SE (Chairman)

Membership in comparable[1] supervisory bodies
Membership in Group bodies
Mondial Assistance Group SAS (Chairman)

Jay Ralph

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),
Fireman's Fund Insurance Company (Chairman)

Dr. Gerhard Rupprecht until December 31, 2010

Membership in other statutory supervisory boards and SE administrative boards in Germany
Fresenius SE
Heidelberger Druckmaschinen AG

Membership in Group bodies
Allianz Deutschland AG (Chairman) (until December 31, 2010)

Membership in comparable[1] supervisory bodies
Membership in Group bodies (until December 31, 2010)
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG (Vice Chairman)
Allianz Suisse Lebensversicherungs-Gesellschaft
Allianz Suisse Versicherungs-Gesellschaft

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. Werner Zedelius

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

Membership in Group bodies

Allianz Deutschland AG (Chairman) (since January 1, 2011)
Allianz Private Krankenversicherungs-AG (Deputy Chairman) (until January 31, 2011)

Membership in comparable[1] supervisory bodies

Bajaj Allianz General Insurance Company Limited (until December 31, 2010)
Bajaj Allianz Life Insurance Company Limited (until December 31, 2010)

Membership in Group bodies

Allianz Elementar Lebensversicherungs-AG (Chairman-designate)
Allianz Elementar Versicherungs-AG (Chairman-designate)
Allianz Hungária Biztosító Rt. (Chairman)
Allianz Investmentbank AG (Vice Chairman-designate)
Allianz-Slovenská poist'ovna a.s. (Chairman)
Russian People's Insurance Society "ROSNO" (Chairman)
TU Allianz Polska S.A. (Chairman)
TU Allianz Życie Polska S.A. (Chairman)

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

List of Abbreviations

A.M. Best	A.M. Best Company, Inc.;
a.s.	stock corporation ("akciova společnost")
A.Ş.	stock corporation ("Anonim Şirket")
AG	stock corporation ("Aktiengesellschaft")
AGCS	Allianz Global Corporate & Specialty
AGF	Assurances Générales de France S.A.
AktG	German Stock Corporation Act ("Aktiengesetz")
All Net	Allianz International Employee Benefits Network
APV	Allianz Pensionsverein e.V.
ASPP	Allianz Sustained Performance Plan
AUD	Australian Dollar
AVK	Allianz Versorgungskasse
AZ	Allianz
B.V.	Limited Liability Company ("Besloten Vennootschap met beperkte aansprakelijkheid")
BaFin	German Federal Financial Supervisory Authority ("Bundesanstalt für Finanzdienstleistungsaufsicht")
BCM	Business Continuity Management
BilMoG	German Accounting Law Modernization Act ("Bilanzrechtsmodernisierungsgesetz")
bn	billion
CAT risk	Catastrophe risk
CHF	Swiss Franc
Corp.	Corporation
COSO	Committee of Sponsoring Organizations
CRisP	Credit Risk Reporting Platform
CZK	Czech Crown
DAX	German share index ("Deutscher Aktienindex")
DVFA	German Association for Financial Analysis and Asset Management ("Deutsche Vereinigung für Finanzanalyse und Asset Management")
E.U.	European Union
e.V.	Voluntary association ("eingetragener Verein")
EGHGB	Introductory Act to German Commercial Code ("Einführungsgesetz zum Handelsgesetzbuch")
EIOPA	European Insurance and Occupational Pensions Authority
ERM	Enterprise Risk Management
EPS	Earnings Per Share
EStG	German Income Tax Act ("Einkommenssteuergesetz")
FATF	Financial Action Task Force on Money Laundering
GAAP	Generally Accepted Accounting Principles
GBP	pound sterling
GCC	Group Compension Commitee
GEI	Group Equity Incentives
GmbH	Limited liability company ("Gesellschaft mit beschränkter Haftung")
HGB	German Commercial Code ("Handelsgesetzbuch")
HKD	Hong Kong Dollar
HR	Human Ressources
ICOFR	Internal Control Over Financial Reporting
IDW	Institute of Public Auditors in Germany ("Institut der Wirtschaftsprüfer in Deutschland e.V.")
IEC	International Executive Commitee
IFRS	International Financial Reporting Standards
Inc.	Incorporated Company
KG	limited commercial partnership ("Kommanditgesellschaft")
L.P.	Limited Partnership
LLC	Limited Liability Company
Ltd.	Limited
MCEV	Market Consistent Embedded Value
mn	million
N.V.	stock corporation ("Naamloze Vennootschap")
n/a	not applicable
NAFTA	North American Free Trade Agreement
No.	Number
OECD	Organization for economic co-operation and development
OLB	Oldenburgische Landesbank AG
PLC	Public Limited Company
PRISM	Property-Casualty Insurance Risk Model
pts	points
QIS 5	fifth quantitative impact study
RechVersV	External Accounting Requirements of Insurance Enterprises ("Verordnung über die Rechnungslegung von Versicherungsunternehmen")
Repo market	Repurchase market
RON	Romanian Leu
ROSNO	Russian People's Insurance Society
RSU	Restricted Stock Units
S.A.	stock corporation ("Société Anonyme")
S.a.r.l.	privite limited company ("Société à responsabilité limitée")
S.A.S	Limited liability company ("Société par actions simplifiée")
S.p.A.	stock corporation ("Società per Azioni")
S.R.L.	privite limited company ("Societate cu Răspundere Limitată")
s.r.o	limited liability company ("společnost s ručením omezeným")
SAR	Stock Appreciation Rights
SE	European Public Company ("Societas Europaea")
SEBG	Participation of Employees in a European Company ("SE-Beteiligungsgesetz")
SGD	Singapore Dollar
SMART	Specific, Measurable, Attainable, Relevant and Time-bound
thou	thousand
TRS	Total Return Swap
U.K.	United Kingdom
U.S.	United States
U.S.A.	United States of America
USD	United States Dollar
VAG	German Insurance Supervision Act ("Versicherungsaufsichtsgesetz")
VaR	Value at Risk
VersVergV	Decree concerning the supervisory law requirements for compensation systems in the insurance sector ("Versicherungs-Vergütungsverordnung")
VVaG	mutual insurance ("Versicherungsverein auf Gegenseitigkeit")
WpHG	German Securities Trading Act ("Wertpapierhandelsgesetz")
WpÜG	German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz")

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www.allianz.com/annualreport

Photography: Andreas Pohlmann

This is a translation of the German Annual Report of Allianz SE.
In case of any divergences, the German original is legally binding.