OUTPERFORM TRANSFORM REBALANCE

ANNUAL REPORT 2020

ALLIANZ GROUP

Allianz

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▸All references to chapters, notes, internet pages, etc. within this report are also linked.

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Disclaimer regarding roundings
The Consolidated Financial Statements are presented in millions of Euros (€ mn) unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

TO OUR INVESTORS

A

OLIVER BÄTE
Chief Executive Officer

Dear Investors –

2020 will be remembered as the year of COVID-19. As the pandemic swept the globe, it caused an unprecedented public health crisis that threw the world economy into a recession. Yet, even in this very challenging environment, we were able to deliver solid results, thanks to our strong balance sheet and globally diversified business model, proving once again that Allianz is a reliable partner for all its stakeholders.

Our financial performance has been remarkably robust across business segments, though COVID-19 also left its mark on our numbers, especially in the Property-Casualty commercial lines. We generated € 140.5 bn in revenues and our operating profit came to € 10.8 bn. Adjusted for the adverse effects of COVID-19, our operating profit even exceeded the prior year's record levels. This shows how well-diversified and healthy our underlying business performance is. Let me share just a few highlights with you: In Life/Health, we are successfully moving towards capital-efficient insurance products and have entered into reinsurance transactions for some of our European back books. In Property-Casualty, our persistent focus on productivity has led to further improvements in underlying profitability, as we managed to reduce our expense ratio for the third consecutive year. And our Asset Management segment proved highly resilient, with solid net inflows and excellent operating profitability. All in all, our 2020 net income attributable to you, our shareholders, was € 6.8 bn.

What is more, our capital position also remained strong. Despite the considerable capital market turmoil, our Solvency II capitalization stayed above our 180% target at all times, and we closed the year at a very strong 207%. Our disciplined capital and cash management approach enabled us to pay out a dividend in early 2020, in the midst of the first wave of the pandemic. We are determined to continue on this path and pay a dividend per share at the previous year's level or higher in line with our dividend policy.

Aside from financial results, the key indicator for the quality of our organization is the feedback we receive from our clients. We ask our customers to rate our services and to indicate their willingness to recommend us to friends and colleagues. The latter is captured in the so-called Net Promoter Score (NPS™). In 2020, NPS results reached all-time highs: 60% of Allianz businesses were rated "loyalty leaders" in their respective markets and 79% above market average. With these outstanding ratings, we outperformed our 2021 targets (75%+ above market average) one year ahead of time. They prove that our customer-centric strategy is spot on – also, and especially, in times of crisis. We have quickly adapted to the new circumstances and, thanks to previous investments in our global IT infrastructure, continued to offer excellent service even with 90% of our employees working remotely. We helped small and medium-sized businesses to survive financially, we offered telemedicine and psychological counseling, and our doctors dedicated part of their free time to support the healthcare system in covering the extra needs related to the pandemic.

All our actions are guided by our purpose "We secure your future". The power of this promise and the increasing role Allianz plays in people's lives were impressively confirmed by our ranking in Interbrand's 2020 Best Global Brands list: Not only was Allianz recognized once again as the number one insurance brand globally – for the first time we also ranked among the top 40 global brands across all industries.

Strong brands and customer loyalty are created by strong organizations. The exceptional quality and resilience of our employees are at the heart of our success. Despite the challenges this past year presented, our employees remained focused on serving our clients and executing our strategy. And while we are all physically distanced, I have never felt a stronger sense of togetherness and unity across our global organization – a sentiment that is also reflected in our employee engagement results, which reached record levels in 2020. For example, our Inclusive Meritocracy Index increased to 78%, 5 percentage points above the previous year's level, and already ahead of our 2021 ambition. Like our customers, our employees valued the stability, support, and security that Allianz offers in these uncertain times. I, on the other hand, certainly value our employees' tremendous commitment in serving our clients and their enthusiasm and drive in transforming our company into a simpler, more digital, and scalable organization. On behalf of the entire Board of Management – and I trust on your behalf as well – I sincerely thank our people around the world for their outstanding work.

While 2020 was not a record year in terms of financial performance, it was a record year in terms of customer and employee satisfaction. It is these impressive results that make me confident that we are not just weathering the COVID-19 crisis but building an even stronger Allianz. Our "Simplicity wins" strategy continues to deliver, and we are on track with implementing our Allianz Customer Model (ACM). Through ACM we are making insurance and investing simpler for our clients while building an integrated global IT platform that features standardized and scalable processes.

We are also moving forward with our ESG agenda: With a view to our net-zero commitment for 2050 – that is, net-zero CO_2 emissions for all Allianz insurance assets and operations – we have now set a first intermediate target for 2025. Making such clear and specific commitments to portfolio decarbonization is a unique feature of the UN-convened Net-Zero Asset Owner Alliance: Together with 32 other member organizations, covering a total of more than USD 5 trillion assets under management, we are working to create real impact towards a sustainable future for our planet.

Even if our business environment continues to remain challenging due to economic uncertainty and prolonged low interest rates, our strategy combined with our globally diversified business model, strong balance sheet, and highly qualified and dedicated employees provide a solid base for resilience and profitable growth. We are working hard to be prepared for what lies ahead.

Thank you for your continuous support – we look forward to the joint path ahead.

Sincerely yours,

SUPERVISORY BOARD REPORT

Ladies and Gentlemen,

During the financial year 2020, the Supervisory Board fulfilled all its duties and obligations as laid out in the company statutes and applicable law. It monitored the activities of the company's Board of Management, dealt with the succession planning for the Board of Management and advised it on business management issues. The Supervisory Board discussed the status and impact of the COVID-19 pandemic at each meeting.

OVERVIEW

In the financial year 2020, the Supervisory Board held six regular meetings as well as one extraordinary meeting. The regular meetings took place in February, March, May, June, September, and December, and the extraordinary meeting took place in April.

In all of the meetings in 2020, the Board of Management reported on Group revenues and results as well as business developments in the individual business segments. The Board of Management informed the Supervisory Board on the course of business as well as on the development of Allianz SE and the Allianz Group, including deviations in actual business developments from the planning. In this context, the adequacy of capitalization, the solvency ratio, and the respective stress and risk scenarios were discussed. The annual Allianz SE and the Group's consolidated financial statements including the respective auditor's reports, the half-yearly as well as the quarterly reports were reviewed in detail by the Supervisory Board after preparation by the Audit Committee.

Other focal points of reporting, in addition to the status and impact of the COVID-19 pandemic, were strategic topics such as the implementation of the Allianz strategy "Simplicity Wins" with its three pillars "Outperform", "Transform" and "Rebalance", the risk strategy, the Allianz Customer Model (ACM), and the IT strategy. In addition, the Supervisory Board was intensively involved in the Board of Management's planning for both the fiscal year 2021 and the three-year period from 2021 to 2023. Cyber risk security and developments of the life insurance business in the continuous low-interest environment were also regularly discussed. Implications of Brexit for Allianz and the trade conflict between the United States and China were other ongoing topics. Furthermore, the Supervisory Board dealt in depth with personnel matters relating to the Board of Management, the requirements of the new German Corporate Governance Code, which came into effect in 2020, and the Act Implementing the Second Shareholders' Rights Directive (ARUG II). Further, the Supervisory Board discussed the sustainability concept (ESG concept) of the Allianz Group with the Board of Management and debated its adequate treatment in the context of the work of the Supervisory Board.

The Supervisory Board received regular, timely, and comprehensive reports from the Board of Management. The Board of Management's verbal reports at the meetings were accompanied by written documents, which were sent to each member of the Supervisory Board in time for the relevant meeting. The Board of Management also informed the Supervisory Board in writing about important events that occurred between meetings. The chairmen of the Supervisory and Management Boards had regular discussions about major developments and decisions. The Chairman of the Supervisory Board also had individual discussions with each member of the Board of Management about their respective half-year as well as full-year performance.

Also in the financial year 2020, individual trainings and group sessions were held on the basis of an agreed development plan for continued training of the members of the Supervisory Board, for example on underwriting topics and the implications of the new IFRS accounting standards IFRS 9 and 17.

ISSUES DISCUSSED IN THE SUPERVISORY BOARD PLENARY SESSIONS

In the meeting of 20 February 2020, the Supervisory Board comprehensively dealt with the preliminary financial figures for the financial year 2019 as well as the Board of Management's dividend proposal. The appointed audit firm, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Munich, reported in detail on the preliminary results of their audit. In the further course of the meeting, the Supervisory Board also discussed the target achievement of each individual member of the Board of Management and, on this basis, set their variable remuneration for the financial year 2019, subject to the approval of the annual financial statements. As part of this performance assessment, the fitness and propriety of the members of the Board of Management were confirmed. The Supervisory Board also dealt with the remuneration systems for the Board of Management and the Supervisory Board and received reports on the strategy of Allianz Partners and the IT strategy. Finally, the Supervisory Board appointed Dr. Klaus-Peter Röhler to the Board of Management of Allianz SE with effect from 1 April 2020 as successor to Dr. Axel Theis, who had resigned his mandate with effect from 31 March 2020.

In the meeting of 5 March 2020, the Supervisory Board discussed and approved the audited annual Allianz SE and consolidated Group financial statements, including market value balance sheets, as well as the Board of Management's recommendation for the appropriation of earnings for the financial year 2019. The auditors confirmed that there were no discrepancies compared to their February report and issued an unqualified auditor's report for the individual and consolidated financial statements. The Supervisory Board also reviewed and approved the separate non-financial report for both Allianz SE and the Group, taking into account the report of the external auditor. Further presentations included the Board of Management's report on risk development in 2019, the annual compliance report, and the annual report of the Head of Group Audit. Next, the Supervisory Board reviewed the agenda and proposals for resolution for Allianz SE's 2020 Annual General Meeting (AGM). At the recommendation of the Audit Committee, the Supervisory Board appointed PwC as auditor for the 2020 individual and consolidated financial statements, the auditor's review of the 2020 half-yearly financial report, and the assurance engagement of the combined separate non-financial report. Furthermore, the Supervisory Board dealt with and approved the control and profit transfer agreement with Allianz Africa Holding GmbH. The Supervisory Board further received reports on the strategy in the area of "business customers" as well as the Allianz X investment unit. Furthermore, the Supervisory Board discussed the succession planning for the Board of Management.

In an extraordinary conference call meeting on 2 April 2020, the Board of Management first reported on the impact of the COVID-19 pandemic on employees, distributors and customers, the financial situation and the planned dividend payment. The Supervisory Board also approved the cancellation of the already scheduled AGM and the convening of a virtual AGM, which was made possible at short notice by the legislator, with the corresponding stipulations of the Board of Management. The specific succession planning for the Board of Management was also discussed further at this meeting.

On 6 May 2020, just before the AGM, the Board of Management briefed the Supervisory Board on business performance in the first quarter of 2020 as well as on the current situation of both the Allianz Group and Allianz SE, in particular with regard to share price development, capitalization, and capital as well as liquidity management. In addition to the update on the COVID-19 pandemic, the meeting also dealt with the withdrawal of the profit target for the 2020 financial year, which had been published in an ad hoc announcement.

In the meeting of 25 June 2020, the Board of Management first reported in detail on the course of business in fiscal year 2020 to date and provided an outlook on the expected half-year results. In addition, the Board of Management reported on various M&A activities, such as the acquisition of the property insurance business of SulAmérica in Brazil, and the cooperation in the bancassurance channel with BBVA in Spain. Furthermore, the Board of Management reported on the impact of the COVID-19 pandemic on Allianz Group employees and the individual business units, business closure and business interruption insurance and reinsurance. Other topics covered in the report were the current status of the cyber security insurance business and Allianz's ESG concept and related reporting. The Supervisory Board discussed the overall economic impact of the COVID-19 pandemic, including the consequences for the insurance industry. The Board of Management then presented the first part of the annual strategy presentation (trends and implications) for discussion. In addition, the Board of Management provided its regular status report on the issue of cyber risk security as well as the life insurance business strategy.

Furthermore, the Supervisory Board dealt in detail with personnel matters relating to the Board of Management. Dr. Barbara Karuth-Zelle was appointed to the Board of Management with effect from 1 January 2021 to replace Dr. Christof Mascher, who left the Board of Management at the end of 2020. The mandates of Mr. de la Sota and Mr. Terzariol, which were to expire at the end of 2020, were extended by five years, and the mandate of Mr. Balbinot, which was also expiring, was extended by two years. Finally, the Supervisory Board reviewed the key criteria for the selection of Board of Management members and amended them accordingly by the competencies leadership, employee engagement and change management.

The meeting on 25 September 2020 focused on the continuation of the presentation on the strategic direction of Allianz Group and Allianz SE (solo). The main focus here was on implementation under the slogan "Simply Deliver" and the definition of priorities within the framework of the Allianz strategy. In this context, the key HR initiatives to support the strategy were also presented. The Supervisory Board also discussed the transformation at Allianz Global Investors, corporate governance issues and the self-evaluation of the Supervisory Board required by supervisory law and the development plan drawn up on this basis. In addition, the Supervisory Board decided on the succession of Mr. Niran Peiris, who retired from the Board of Management on 31 December 2020, and appointed Mr. Christopher Townsend to the Board of Management with effect from 1 January 2021. In addition, the status of the COVID-19 pandemic and the Board of Management's measures with respect to the handling of the second wave of infections were in focus of the discussion.

In the meeting of 10 December 2020, the Board of Management first provided information about the third-quarter results, the further course of business, and the situation of Allianz Group. Furthermore, the Supervisory Board discussed the planning for fiscal year 2021 and the three-year plan for 2021 to 2023. In the context of the three-year plan the Board of Management reported on the updated risk strategy. The Supervisory Board ascertained that both elements are closely interlinked. With the Africa strategy and the initiative "push-to-pull", the Board of Management presented further elements of the Allianz strategy. In addition, the Board of Management provided a status report on the issue of cyber risk security. The Supervisory Board discussed the declaration of conformity with the German Corporate Governance Code and various corporate governance topics. In this context, the Supervisory Board agreed to propose to the 2021 AGM an amendment to the Articles of Association regarding the reduction of Supervisory Board members' term of office to four years. The Supervisory Board discussed in depth the Board of Management remuneration system and the appropriateness of the Board of Management remuneration. The system of Supervisory Board remuneration was also reviewed for appropriateness on the basis of an external benchmark analysis. Furthermore, the Supervisory Board set targets for the variable remuneration of members of the Board of Management for 2021. As part of the individual target-setting process, the climate strategy was added as a new indicator. The Supervisory Board reviewed the succession planning for the Board of Management. Finally, the results of this year's efficiency review of the Supervisory Board's activities were addressed.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

On 10 December 2020, the Board of Management and the Supervisory Board issued the Declaration of Conformity in accordance with § 161 of the German Stock Corporation Act ("Aktiengesetz"). The declaration was posted on the company website, where it is available to shareholders at all times. Allianz SE fully complies and will continue to fully comply with the recommendations of the German Corporate Governance Code in its version of 16 December 2019. Since the last Declaration of Conformity as of 13 December 2019, all recommendations of the Code in the version of 7 February 2017 have been complied with.

Further explanations on corporate governance in the Allianz Group can be found in the Statement on Corporate Management. More details on corporate governance are provided on the Allianz website, specifically: **www.allianz.com/corporate-governance**.

COMMITTEE ACTIVITIES

The Supervisory Board has formed various committees in order to perform its duties efficiently. The committees prepare the consultations in plenary sessions as well as the adoption of resolutions. They can also adopt their own resolutions. The composition of the committees can be found in the Statement on Corporate Management.

The Standing Committee held five meetings in 2020 and adopted two written resolutions. In doing so, the Committee primarily dealt with corporate governance topics, the preparations for the AGM, the Supervisory Board self-evaluation as required by supervisory law and associated development plan, and the efficiency review of the Supervisory Board. Collective and, if necessary, individual trainings are continuously carried out as part of the implementation of the development plan. In addition, the Standing Committee has passed resolutions approving the granting of loans to senior executives. In November, the Standing Committee gave its approval by written procedure to the exclusion of subscription rights in connection with the issue of certain financial instruments (Perpetual Fixed Rate Resettable Restricted Tier 1 bonds).

The Personnel Committee held six meetings in 2020 and dealt in detail with the succession to the Board of Management for Dr. Mascher and Mr. Peiris as well as the extension to the mandates of Mr. Balbinot, Mr. de la Sota and Mr. Terzariol. Other key topics included the preparatory review of the Board of Management's remuneration system, target achievement of the Board of Management members in the financial year 2019, and the definition of the targets for the 2021 variable remuneration. The committee also looked at various mandate matters of individual board members and at further succession planning for the Board of Management.

The Audit Committee held six regular meetings in 2020. In the presence of the auditors, the committee discussed both Allianz SE's annual financial statements and the Allianz Group's consolidated financial statements as well as the management and auditor's reports and the half-yearly financial report. These reviews revealed no reasons for objection. The Board of Management reported on the quarterly results and discussed them in detail with the Audit Committee together with the results of the auditor's review. One focus of the Audit Committee's activities was the regular review of the impact of the COVID-19 pandemic on all areas of the Allianz Group. In this context, the Audit Committee held an additional extraordinary meeting in May and dealt with the withdrawal of the profit target for 2020 by the Board of Management and the proposal for the appropriation of net earnings submitted to the AGM. Furthermore, it prepared the engagement of the external auditor and defined key audit areas for the 2020 financial year and assessed the quality of the audit. The committee also discussed the awarding of non-audit services to the auditor and approved an updated positive list of pre-approved audit and non-audit services. In addition, it discussed in depth the compliance system, the internal audit system, and the financial reporting processes as well as the respective internal controls and held intensive discussions with the Board of Management on short and midterm measures to improve and further develop systems and processes. At all regular meetings reports on legal and compliance issues in the Group, including lawsuits filed against Allianz Global Investors in a court in New York, as well as on the work of the Internal Audit department were discussed in detail. Furthermore, the head of the actuarial function (Group Actuarial, Planning & Controlling) presented his annual report. In addition, the Audit Committee discussed the internal audit plan for 2021 and had the head of the Group Taxation Department explain the processes and procedures for tax compliance.

The Risk Committee held two meetings in 2020, in March and September. In both meetings, the committee discussed the current risk situation of the Allianz Group and Allianz SE with the Board of Management. In the March meeting, the risk report and other risk-related statements in the annual Allianz SE and consolidated financial statements as well as management and group management reports were reviewed with the auditor and approved. The Audit Committee was recommended to include the Risk Report as presented in the Annual Report. The appropriateness of the early risk recognition system at Allianz SE and Allianz Group and the result of further risk assessments by the auditor were discussed. The committee took a detailed look at the risk strategy, including risk appetite and capital management, the external rating as well as the effectiveness of the risk management system for the Allianz Group and Allianz SE. Other matters for discussion were the report on Allianz's own risk and solvency assessment (ORSA), and the changes to the internal Solvency II model. Moreover, the Risk Committee intensively discussed the consequences of the COVID-19 pandemic with regard to business development and the risk situation. In this context, the quality of the solvency model and the calculation of the corresponding sensitivities were discussed. In addition, at the request of the Risk Committee, the Board of Management reported on various measures already implemented and possible further measures to safeguard the solvency ratio.

In addition, special regulatory topics, such as the EIOPA review of Solvency II, as well as business strategy topics, such as the further development of the life insurance business, the realignment of industrial insurance, the product governance in the property insurance business and the effects of the strong volatility on the capital market on financial investments were discussed. The link of the business strategy and the risk strategy was reviewed in depth in the Supervisory Board meeting on 10 December 2020.

The Technology Committee held two meetings in the fiscal year 2020 in which it continued to discuss the comprehensive IT transformation. In its first meeting, in addition to an update on the IT strategy, the committee looked in particular at Allianz's "Data Fitness" – a program that analyses the completeness, quality and accessibility of data. In addition, the committee discussed how to deal with disruptive trends in a forward-looking way and how to integrate them into the business model. In the second meeting, the Technology Committee discussed the progress of key strategic IT transformation initiatives, such as the implementation of the Business Master Platform (BMP), the legacy system decommissioning strategy, and infrastructure modernization. In this context the external evaluation of the status of the implementation of the transformation measures was presented and discussed. Furthermore, against the background of the many initiatives, the objectives and planning for the next three years were discussed.

At one meeting in the fiscal year 2020, the Nomination Committee reviewed the objectives for the composition of the Supervisory Board and its actual composition. In addition, the preparation for the Supervisory Board elections at the AGM 2022 was discussed in detail as was succession planning for the Supervisory Board. The nomination of substitute candidates for the Chairperson of the Supervisory Board and the Chairpersons of the Technology and Audit Committee in case they need to be replaced at short notice formed another focus. Subsequently, their preparedness to step in was agreed with the substitute candidates and first conversations with potential succession candidates were held.

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

OVERVIEW OF THE MEMBER PARTICIPATION IN SUPERVISORY BOARD AND COMMITTEE MEETINGS FOR THE FISCAL YEAR 2020

Publication of details of members' participation in meetings

	Presence	%
PLENARY SESSIONS OF THE SUPERVISORY BOARD		
Michael Diekmann (Chairman)	7/7	100
Gabriele Burkhardt-Berg (Vice Chairwoman)	7/7	100
Jim Hagemann Snabe (Vice Chairman)	7/7	100
Sophie Boissard	7/7	100
Christine Bosse	7/7	100
Dr. Friedrich Eichiner	7/7	100
Jean-Claude Le Goaër	7/7	100
Martina Grundler	7/7	100
Herbert Hainer	7/7	100
Godfrey Hayward	7/7	100
Frank Kirsch	7/7	100
Jürgen Lawrenz	7/7	100
STANDING COMMITTEE		
Michael Diekmann (Chairman)	5/5	100
Jean-Claude Le Goaër	5/5	100
Herbert Hainer	5/5	100
Jürgen Lawrenz	5/5	100
Jim Hagemann Snabe	5/5	100
PERSONNEL COMMITTEE		
Michael Diekmann (Chairman)	6/6	100
Gabriele Burkhardt-Berg	6/6	100
Herbert Hainer	6/6	100

	Presence	%
AUDIT COMMITTEE		
Dr. Friedrich Eichiner (Chairman)	6/6	100
Sophie Boissard	6/6	100
Michael Diekmann	6/6	100
Jean-Claude Le Goaër	6/6	100
Martina Grundler	6/6	100
RISK COMMITTEE		
Michael Diekmann (Chairman)	2/2	100
Christine Bosse	2/2	100
Dr. Friedrich Eichiner	2/2	100
Godfrey Hayward	2/2	100
Frank Kirsch	2/2	100
TECHNOLOGY COMMITTEE		
Jim Hagemann Snabe (Chairman)	2/2	100
Gabriele Burkhardt-Berg	2/2	100
Michael Diekmann	2/2	100
Dr. Friedrich Eichiner	2/2	100
Jürgen Lawrenz	2/2	100
NOMINATION COMMITTEE		
Michael Diekmann (Chairman)	1/1	100
Christine Bosse	1/1	100
Jim Hagemann Snabe	1/1	100

AUDIT OF ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

In compliance with the special legal provisions applying to insurance companies, the statutory auditor and the auditor for the review of the half-yearly financial report are appointed by the Supervisory Board of Allianz SE, not by the AGM. The Supervisory Board appointed PwC as statutory auditor for the annual Allianz SE and consolidated financial statements as well as for the review of the half-yearly financial report of the financial year 2020. PwC audited the financial statements of Allianz SE and the Allianz Group as well as the respective management reports. They issued an auditor's report without any reservations. The consolidated financial statements were prepared on the basis of the International Financial Reporting Standards (IFRS) as adopted in the European Union. The annual financial statements of Allianz SE were prepared in accordance with German law and accounting standards. PwC performed a review of the half-yearly financial report. In addition, PwC was also mandated to perform an audit of the market value balance sheet according to Solvency II as of 31 December 2020 for Allianz SE and the Allianz Group.

All Supervisory Board members received the documentation relating to the annual financial statements and the auditor's reports from PwC on schedule. The preliminary financial statements and PwC's preliminary audit results were discussed in the Audit Committee on 17 February 2021 as well as in the Supervisory Board's plenary session on 18 February 2021. The finalized financial statements and PwC's audit reports (dated 22 February 2021) were reviewed by the Audit Committee on 3 March 2021 and in the Supervisory Board plenary session on 4 March 2021. The auditors participated in the discussions and presented key results from their audit. Particular emphasis was placed on the key audit matters described in the auditor's report and on the audit procedures performed. No material weaknesses in the internal financial reporting control process were discovered. There were no circumstances that might give cause for concern about the auditor's independence. In addition, the market value balance sheets dated 31 December 2020 for both Allianz SE and the Allianz Group as well as the respective PwC reports were reviewed by the Audit Committee and the Supervisory Board.

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

The Supervisory Board would like to express its special thanks to all Allianz Group employees for their great personal commitment over the past fiscal year under the difficult conditions caused by the pandemic.

ASSURANCE ENGAGEMENT OF THE COMBINED SEPARATE NON-FINANCIAL REPORT

In the financial year 2020, the company was required to issue a separate non-financial report. This report was combined for Allianz SE and the Allianz Group. The Supervisory Board commissioned PwC to perform an assurance engagement of this report. All Supervisory Board members received the combined separate non-financial report and the independent practitioner's assurance report in due time. The report and PwC's assurance report were discussed in the plenary session of the Supervisory Board on 4 March 2021. PwC participated in these discussions and presented the results of their assurance engagement. Based on its own review of the combined separate non-financial report, the Supervisory Board did not raise any objections and approved by acknowledgement the results of the PwC assurance engagement.

MEMBERS OF THE SUPERVISORY BOARD AND BOARD OF MANAGEMENT

There were no changes in the composition of the Supervisory Board in fiscal year 2020.

Dr. Klaus-Peter Röhler was appointed to the Board of Management of Allianz SE with effect from 1 April 2020. He succeeded Dr. Axel Theis, who resigned from office as of 31 March 2020. Furthermore, Dr. Christof Mascher and Mr. Niran Peiris left the Board of Management as of 31 December 2020. Dr. Barbara Karuth-Zelle and Mr. Christopher Townsend were appointed as new members of the Board of Management with effect from 1 January 2021.

Munich, 4 March 2021

For the Supervisory Board:

Michael Diekmann
Chairman

MANDATES OF THE MEMBERS OF THE SUPERVISORY BOARD

MICHAEL DIEKMANN

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

JIM HAGEMANN SNABE

Vice Chairman
Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Siemens AG (Chairman)
Membership in comparable[1] supervisory bodies
A.P. Møller-Mærsk A/S (Chairman)

GABRIELE BURKHARDT-BERG

Vice Chairwoman
Chairwoman of the Group Works Council of Allianz SE

SOPHIE BOISSARD

Chairwoman of the Board of Management of Korian S.A.
Membership in other statutory supervisory boards and SE administrative boards in Germany
Korian Deutschland AG (Chairwoman)
Korian Management AG (Chairwoman)
Membership in comparable[1] supervisory bodies
Over SpA
since 21 January 2020
Segesta SpA (Korian Group company)
Senior Living Group NV (Korian Group company)

CHRISTINE BOSSE

Member of various Supervisory Boards
Membership in comparable[1] supervisory bodies
Coop Amba
since 25 April 2020
P/F BankNordik (Chairwoman)
until 26 March 2020

DR. FRIEDRICH EICHINER

Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Festo AG (Chairman)
until 18 January 2021
Festo Management SE (Chairman)
Infineon Technologies AG
since 20 February 2020

JEAN-CLAUDE LE GOAËR

Employee of Allianz Informatique G.I.E.
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz France S.A.

MARTINA GRUNDLER

National Representative Insurances, ver.di Berlin

HERBERT HAINER

Member of various Supervisory Boards
Membership in other statutory supervisory boards and SE administrative boards in Germany
Deutsche Lufthansa AG
until 5 May 2020
FC Bayern München AG (Chairman)
Membership in comparable[1] supervisory bodies
Accenture Plc

GODFREY ROBERT HAYWARD

Employee of Allianz Insurance plc

FRANK KIRSCH

Employee of Allianz Beratungs- und Vertriebs-AG

JÜRGEN LAWRENZ

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

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

MANDATES OF THE MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER BÄTE
Chairman of the Board of Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG
(Chairman since 19 March 2020)

SERGIO BALBINOT
Insurance Western & Southern Europe, Asia Pacific
Membership in comparable[1] supervisory bodies
UniCredit S.p.A.
Bajaj Allianz General Insurance Company Ltd.
Bajaj Allianz Life Insurance Company Ltd.
Membership in Group bodies
Allianz (China) Insurance Holding Company Ltd. (Chairman)
Allianz France S.A.
Allianz Sigorta A.S.
Allianz Yasam ve Emeklilik A.S.

JACQUELINE HUNT
Asset Management, US Life Insurance
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Life Insurance Company of North America (Chairwoman)

DR. BARBARA KARUTH-ZELLE
since 1 January 2021
Operations, Allianz Services
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Technology SE (Chairwoman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Partners S.A.S.

DR. CHRISTOF MASCHER
until 31 December 2020
Operations and IT
Membership in other statutory supervisory boards and SE administrative boards in Germany
Volkswagen Autoversicherung AG
Membership in Group bodies
Allianz Technology SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Partners S.A.S.

NIRAN PEIRIS
until 31 December 2020
Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz p.l.c.

KLAUS-PETER RÖHLER
since 1 April 2020
Insurance German Speaking Countries and Central & Eastern Europe
Membership in other statutory supervisory boards and SE administrative boards in Germany
EUROKAI GmbH & Co. KGaA
Membership in Group bodies
Allianz Beratungs- und Vertriebs-AG (Chairman)
Allianz Lebensversicherungs-AG (Chairman)
Allianz Private Krankenversicherungs-AG (Chairman)
Allianz Versicherungs-AG (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Suisse Lebensversicherungs-Gesellschaft AG since 28 April 2020
Allianz Suisse Versicherungs-Gesellschaft AG since 28 April 2020

IVAN DE LA SOTA
Business Transformation, Insurance Iberia & Latin America, Allianz Partners
Membership in other statutory supervisory boards and SE administrative boards in Germany
Volkswagen Autoversicherung AG since 1 January 2021
Membership in Group bodies
Allianz Deutschland AG since 19 March 2020
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Compañía de Seguros y Reaseguros S.A., Spain
Allianz Partners S.A.S. (Chairman)
Allianz Seguros S.A., Brazil (Chairman)
Companhia de Seguros Allianz Portugal S.A.

GIULIO TERZARIOL
Finance, Controlling, Risk
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG since 19 March 2020

DR. GÜNTHER THALLINGER
Investment Management
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Deutschland AG since 19 March 2020
Allianz Investment Management SE (Chairman)
Allianz Lebensversicherungs-AG
Allianz Private Krankenversicherungs-AG
Allianz Versicherungs-AG

DR. AXEL THEIS
until 31 March 2020
Insurance German Speaking Countries and Central & Eastern Europe
Membership in other statutory supervisory boards and SE administrative boards in Germany
Gemeinnützige ProCurand GmbH (Chairman)
Membership in Group bodies
Allianz Deutschland AG (Chairman) until 19 March 2020
Allianz Investment Management SE
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz Elementar Lebensversicherungs-AG (Chairman)
Allianz Elementar Versicherungs-AG (Chairman)
Allianz Investmentbank AG
Allianz Suisse Lebensversicherungs-Gesellschaft AG
Allianz Suisse Versicherungs-Gesellschaft AG

CHRISTOPHER TOWNSEND
since 1 January 2021
Global Insurance Lines & Anglo Markets, Reinsurance, Middle East, Africa
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Corporate & Specialty SE (Chairman)
Membership in comparable[1] supervisory bodies
Membership in Group bodies
Allianz p.l.c.

RENATE WAGNER
Human Resources, Legal, Compliance, Mergers & Acquisitions
Membership in other statutory supervisory boards and SE administrative boards in Germany
Membership in Group bodies
Allianz Global Investors GmbH until 30 June 2020

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

CORPORATE GOVERNANCE

B

STATEMENT ON CORPORATE MANAGEMENT

The Statement on Corporate Management forms part of the Group Management Report. According to § 317 (2) sentence 6 of the German Commercial Code ("Handelsgesetzbuch – HGB"), the audit of the disclosures is limited to whether the relevant disclosures have been made.

Corporate Constitution of the European Company (SE)

As a European Company, Allianz SE is subject to special European SE regulations and the German SE Implementation Act ("SE-Ausführungsgesetz") in addition to the German SE Employee Involvement Act ("SE-Beteiligungsgesetz"). Notwithstanding, the main features of a German stock corporation – in particular the two-tier board system (Board of Management and Supervisory Board) and the principle of equal employee representation on the Supervisory Board – have been maintained by Allianz SE. The Corporate Constitution of Allianz SE is laid down in its Statutes. The current version of the Statutes is available on our website at **www.allianz.com/statutes**.

Regulatory requirements

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

Declaration of Conformity with the German Corporate Governance Code

Good corporate governance is essential for sustainable business performance. The Board of Management and the Supervisory Board of Allianz SE therefore attach great importance to complying with the recommendations of the German Corporate Governance Code (hereinafter referred to as the "Code"). On 10 December 2020, the Board of Management and the Supervisory Board issued the following Declaration of Conformity of Allianz SE with the Code:

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

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

Allianz SE currently complies with all recommendations of the German Corporate Governance Code (Code) in the version of December 16, 2019 and will comply with them in the future. Since the last Declaration of Conformity as of December 13, 2019, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of February 7, 2017.

Munich, December 10, 2020
Allianz SE

For the Management Board:
Signed Oliver Bäte   Signed Renate Wagner

For the Supervisory Board:
Signed Michael Diekmann

In addition, Allianz SE follows all the suggestions of the Code in its 16 December 2019 version.

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

Function of the Board of Management and the composition and functions of committees

The Board of Management of Allianz SE has ten members. Its members may not, in general, be older than 62 years of age.

The Board of Management is responsible for setting business objectives and the strategic direction, for coordinating and supervising the operating entities, and for implementing and overseeing an efficient risk management system. The Board of Management also prepares the annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, the market value balance sheet, and the interim report.

The members of the Board of Management are jointly responsible for management and for complying with legal requirements. Notwithstanding this overall responsibility, the individual members head the departments they have been assigned independently. There are divisional responsibilities for business segments as well as functional responsibilities. The latter include the Finance, Risk Management and Controlling Functions, Investments, Operations and IT, Human Resources, Legal, Compliance, Internal Audit, or Mergers & Acquisitions. Business division responsibilities focus on geographical regions or Global Lines. Rules of procedure specify in more detail the structure and departmental responsibilities of the Board of Management.

Board of Management meetings are led by the Chairman. Each member of the Board may request a meeting, providing notification of the proposed subject. The Board makes decisions by a simple majority of participating members. In the event of a tie, the Chairman casts the deciding vote. The Chairman can also veto decisions, but he cannot impose any decisions against the majority vote.

BOARD OF MANAGEMENT AND GROUP COMMITTEES

In the financial year 2020, the following Board of Management committees were in place:

Board committees

Board committees	Responsibilities
GROUP FINANCE AND RISK COMMITTEE Giulio Terzariol (Chairman), Niran Peiris, Dr. Klaus-Peter Röhler, Dr. Günther Thallinger.	Preparing the capital and liquidity planning for the Group and Allianz SE, implementing and overseeing the principles of group-wide capital and liquidity management as well as risk standards and preparing risk strategy. This includes, in particular, significant individual financing transactions and guidelines for derivatives, Group financing and internal Group capital management as well as establishing and overseeing a group-wide risk management and monitoring system including stress tests.
GROUP IT COMMITTEE Dr. Christof Mascher (Chairman), Niran Peiris, Dr. Klaus-Peter Röhler, Ivan de la Sota, Giulio Terzariol, Dr. Günther Thallinger.	Developing and proposing a group-wide IT strategy, monitoring its implementation and, approving local and group-wide IT investments as well as reviewing and overseeing individual IT projects.
GROUP MERGERS AND ACQUISITIONS COMMITTEE Renate Wagner (Chairwoman), Oliver Bäte, Niran Peiris, Giulio Terzariol.	Managing and overseeing Group M&A transactions, including approval of individual transactions within certain thresholds.
As of 31 December 2020	

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

In the financial year 2020, the following Group committees were in place:

Group committees

Group committees	Responsibilities
GROUP COMPENSATION COMMITTEE Board members of Allianz SE and executives below Allianz SE Board level.	Designing, monitoring, and improving group-wide compensation systems in line with regulatory requirements and submitting an annual report on the monitoring results, along with proposals for improvement.
GROUP INVESTMENT COMMITTEE Board members of Allianz SE and Allianz Group executives.	Specifying the strategic asset allocation for the Group to enable consistent implementation by the operating units, particularly in relation to alternative assets, monitoring of performance across all asset classes and ensuring consistent organization of the Investment Management function and Investment Governance across the Group.
As of 31 December 2020	

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

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

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

The composition of the Board of Management is described in Mandates of the Members of the Board of Management or on our website at **www.allianz.com/management-board**. A general description of the function of the Board of Management can also be found there.

Diversity concept for the Board of Management and succession planning

In accordance with the legislation on the implementation of the European guidelines as regards the disclosure of non-financial and diversity information (CSR Directive), the diversity concept for the Board of Management, its objectives, implementation, and results achieved are to be reported for the 2020 financial year.

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

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

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

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

This diversity concept is implemented in the appointment procedure for members of the Board of Management by the Supervisory Board. For the purpose of long-term succession planning, a list of candidates is prepared and updated on an ongoing basis by the Chairman of the Board of Management in consultation with the Chairman of the Supervisory Board. It is ensured that lists of successors will comprise appropriate percentages of female candidates as well as of candidates with international experience. The Personnel Committee takes this into consideration especially in succession planning. The list of candidates includes internal and external candidates who generally meet the requirements for a mandate in the Board of Management. In the event of a vacancy on the Board of Management, the Personnel Committee, after a thorough examination, recommends a suitable candidate to the Supervisory Board plenary session and reports on the selection process and, if necessary, alternative candidates. Prior to an appointment to the Board of Management, all members of the Supervisory Board are given the opportunity to meet the candidate in person.

Currently there are three women on the Management Board representing a share of 30%. Five members of the Management Board have international backgrounds. There is an adequate degree of variety as regards educational and professional backgrounds. The Board of Management of Allianz SE is thus composed in accordance with the diversity concept.

Corporate governance practices

INTERNAL CONTROL SYSTEM

The Allianz Group has an effective internal risk and control system for verifying and monitoring its operating activities and business processes, in particular financial reporting, as well as compliance with regulatory requirements. The requirements placed on the internal control system are essential not only for the resilience and franchise value of the company, but also to maintain the confidence of the capital market, our customers, and the public. An assessment of the adequacy and effectiveness of the internal control system as part of the System of Governance is conducted regularly in the course of the review of the business organization. For further information on our risk organization and risk principles, please refer to the section "Risk governance system" in the Risk and Opportunity Report. For further information on our Integrated Risk and Control System for Financial Reporting, please refer to the respective chapter.

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

COMPLIANCE MANAGEMENT SYSTEM

Integrity is at the core of our compliance programs and the basis for the trust of our customers, shareholders, business partners, and employees. The compliance function fosters a corporate culture of individual and collective responsibility for ethical conduct and adherence to the rules by:

- Advising the Board of Management, managers, and employees on business conduct that is lawful and ethical;
- Identifying and assessing material compliance risks and overseeing the implementation of adequate and effective internal controls to mitigate them;
- Providing a speak-up facility that employees and third parties can use to confidentially report possible illegal or inappropriate behavior;
- Communicating transparently and trustfully with supervisory authorities.

The global compliance programs coordinated by Allianz SE's central Group Compliance function support our employees, managers, and executive board members to act responsibly and with integrity in all situations.

Moreover, Allianz SE's central Group Compliance function is responsible – in close cooperation with local compliance functions – for ensuring the effective implementation and monitoring of the compliance programs within the Allianz Group as well as for investigating potential compliance infringements. Furthermore, as a key function, the compliance function carries out the advisory, risk identification and assessment, monitoring, and early warning tasks required under the Solvency II regime.

CODE OF CONDUCT

Our Code of Conduct and the internal Compliance policies and guidelines derived from it provide all employees, managers, and executive board members with clear and practical guidance, enabling them to act in line with the values of the Allianz Group. The rules of conduct established by the Code of Conduct are binding for all employees worldwide and build the basis for our compliance programs. We did not identify any material violations of the Code of Conduct in 2020. The Code of Conduct is available on our website at **www.allianz.com/compliance**.

SPEAK UP

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

COMPLIANCE PROGRAMS

Allianz SE's central Group Compliance function has set up internal guidelines for the following identified compliance risk areas: financial crime, market integrity, customer protection, and compliance with legal requirements. For further information on the compliance risk areas, please refer to the Combined Separate Non-Financial Report for Allianz Group and Allianz SE of the Allianz Group's Annual Report 2020 and the Sustainability Report on our website at **www.allianz.com/sustainability**.

COMPLIANCE TRAINING

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

Training courses to prevent corruption and money laundering are mandatory for all Allianz employees worldwide. The same is true for the antitrust training to exposed employees. Further trainings exist for the other compliance programs.

Function of the Supervisory Board and the composition and functions of committees

The German Co-Determination Act ("Mitbestimmungsgesetz") does not apply to Allianz SE because it has the legal form of a European Company (SE). Instead, the size and composition of the Supervisory Board is determined by general European SE regulations. These regulations are implemented in the Statutes and via the SE Agreement.

The Supervisory Board comprises twelve members, including six shareholder representatives appointed by the AGM. The six employee representatives are appointed by the SE works council. The specific procedure for their appointment is laid down in the SE Agreement. This agreement stipulates that the six employee representatives must be allocated in proportion to the number of Allianz employees in the different countries. The Supervisory Board currently in office includes four employee representatives from Germany and one each from France and the United Kingdom. According to § 17 (2) of the German SE Implementation Act ("SE-Ausführungsgesetz"), the Supervisory Board of Allianz SE shall be composed of at least 30 % women and at least 30 % men. It is to be proposed to the AGM on 5 May 2021 that the regular term of appointment for the Supervisory Board of Allianz SE be shortened to four years in the future.

The Supervisory Board oversees and advises the Board of Management on managing the business. It is also responsible for appointing the members of the Board of Management, determining their overall remuneration, succession planning for the Board of Management, and reviewing Allianz SE's and the Allianz Group's annual financial statements. The Supervisory Board's activities in the 2020 financial year, including an individualized disclosure of the meeting participation, are described in the Supervisory Board Report.

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

The Supervisory Board regularly reviews the efficiency of its activities. The review is carried out either on the basis of a self-evaluation using a questionnaire or by consulting an external consultant. The entire Supervisory Board discusses recommendations for improvements and adopts appropriate measures on the basis of recommendations from the Standing Committee. In addition, the fitness and propriety of the individual members of the Supervisory Board are reviewed as part of an annual self-evaluation required by supervisory law, and a development plan for the Supervisory Board is drawn up on this basis.

SUPERVISORY BOARD COMMITTEES

Part of the Supervisory Board's work is carried out by its committees. The Supervisory Board receives regular reports on the activities of its committees. The composition of committees and the tasks assigned to them are regulated by the Supervisory Board's Rules of Procedure, which can be found on our website at **www.allianz.com/supervisory-board**.

Supervisory Board committees

Supervisory Board committees	Responsibilities
STANDING COMMITTEE 5 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Herbert Hainer, Jim Hagemann Snabe) – Two employee representatives (Jürgen Lawrenz, Jean-Claude Le Goaër)	– Approval of certain transactions which require the approval of the Supervisory Board, e.g., capital measures, acquisitions, and disposals of participations – Preparation of the Declaration of Conformity pursuant to § 161 "Aktiengesetz" (German Stock Corporation Act) and checks on corporate governance – Preparation of the efficiency review of the Supervisory Board
AUDIT COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Dr. Friedrich Eichiner) – Three shareholder representatives (in addition to Dr. Friedrich Eichiner: Sophie Boissard, Michael Diekmann) – Two employee representatives (Jean-Claude Le Goaër, Martina Grundler)	– Initial review of the annual Allianz SE and consolidated financial statements, management reports (including Risk Report) and the dividend proposal, review of half-yearly reports or, where applicable, quarterly financial reports or statements – Monitoring of the financial reporting process, the effectiveness of the internal control and audit system and legal and compliance issues – Monitoring of the audit procedures, including the independence of the auditor and the services additionally rendered, awarding of the audit contract and determining the focal points of the audit
RISK COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Michael Diekmann) – Three shareholder representatives (in addition to Michael Diekmann: Christine Bosse, Dr. Friedrich Eichiner) – Two employee representatives (Godfrey Hayward, Frank Kirsch)	– Monitoring of the general risk situation and special risk developments in the Allianz Group – Monitoring of the effectiveness of the risk management system – Initial review of the Risk Report and other risk-related statements in the annual financial statements and management reports of Allianz SE and the Allianz Group, informing the Audit Committee of the results of such reviews
PERSONNEL COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – One further shareholder representative (Herbert Hainer) – One employee representative (Gabriele Burkhardt-Berg)	– Preparation of the appointment of Board of Management members – Preparation of plenary session resolutions on the compensation system and the overall compensation of Board of Management members – Conclusion, amendment, and termination of service contracts of Board of Management members unless reserved for the plenary session – Long-term succession planning for the Board of Management – Approval of the assumption of other mandates by Board of Management members
NOMINATION COMMITTEE 3 members – Chairman: Chairman of the Supervisory Board (Michael Diekmann) – Two further shareholder representatives (Christine Bosse, Jim Hagemann Snabe)	– Setting of concrete objectives for the composition of the Supervisory Board – Establishment of selection criteria for shareholder representatives on the Supervisory Board in compliance with the Code's recommendations on the composition of the Supervisory Board – Selection of suitable candidates for election to the Supervisory Board as shareholder representatives
TECHNOLOGY COMMITTEE 5 members – Chairman: appointed by the Supervisory Board (Jim Hagemann Snabe) – Three shareholder representatives (in addition to Jim Hagemann Snabe: Michael Diekmann, Dr. Friedrich Eichiner) – Two employee representatives (Gabriele Burkhardt-Berg, Jürgen Lawrenz)	– Regular exchange regarding technological developments – In-depth monitoring of the Board of Management's technology and innovation strategy – Support of the Supervisory Board in monitoring the implementation of the Board of Management's technology and innovation strategy

As of 31 December 2020

OBJECTIVES OF THE SUPERVISORY BOARD REGARDING ITS COMPOSITION; DIVERSITY CONCEPT

The objectives for the composition of the Supervisory Board in the version of June 2020, as specified to implement legal requirements and a recommendation by the Code, are set out below. In addition to the skills profile for the overall Supervisory Board, the diversity concept in accordance with the legislation on the implementation of the European guideline as regards the disclosure of non-financial and diversity information (CSR Directive) is also included. The objectives for the composition of the Supervisory Board can be found on our website at **www.allianz.com/supervisory-board**.

Objectives of Allianz SE's Supervisory Board regarding its composition

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

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

Employee representation within Allianz SE, according to the Agreement concerning the Participation of Employees in Allianz SE, contributes to the diversity of work experience and cultural background. Pursuant to the provisions of the German SE Participation Act (SEBG), the number of women and men appointed as German employee representatives should be proportional to the number of women and men working in the German companies. However, the Supervisory Board does not have the right to select the employee representatives.

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

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

1. Propriety

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

2. Fitness

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

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

3. Independence

The GCGC defines a person as independent who, in particular, does not have any business or personal relations with Allianz SE or its executive bodies, a controlling shareholder, or an enterprise associated with the latter, which may cause a substantial and not merely temporary conflict of interest.

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

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

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

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

4. Time of availability

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

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

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

- they can attend at least four, usually six ordinary Supervisory Board meetings per year, each of which requires adequate preparation;
- they have sufficient time for the audit of the annual and consolidated financial statements;
- they can attend the General Meeting;
- depending on possible membership in one or more of the current six Supervisory Board special committees, this involves extra time planning to participate in these Committee meetings and do the necessary preparation for these meetings; this applies in particular for the Audit and risk Committees;
- they can attend extraordinary meetings of the Supervisory Board or of a special committee to deal with special matters as and when required.

5. Retirement age

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

6. Term of membership

The continuous period of membership for any member of the Supervisory Board should, as a rule, not exceed 12 years.

7. Former Allianz SE Management Board members

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

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

II. Requirements for the entire Supervisory Board

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

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

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

2. Diversity concept

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

- the Supervisory Board shall be composed of at least 30% women and at least 30% men. The representation of women is generally considered to be the joint responsibility of the shareholder and employee representatives.
- at least four of the members must, on the basis of their origin or function, represent regions or cultural areas in which Allianz SE conducts significant business.
  For Allianz SE as a Societas Europaea, the agreement concerning the participation of employees in Allianz SE provides the following: Allianz employees from different EU member states be considered in the allocation of employee representatives' Supervisory Board seats.
- in order to provide the Board with the most diverse sources of experience and specialist knowledge possible, the members of the Supervisory Board shall complement each other with respect to their background, professional experience, and specialist knowledge."

The Supervisory Board pursues these objectives, and thus also the diversity concept, when nominating candidates for shareholder representatives. As employee representatives are appointed according to different national provisions, there is only limited potential influence to the selection of employee representatives. The Supervisory Board of Allianz SE is currently composed in accordance with these objectives, including the diversity concept. According to the assessment by the Supervisory Board, all shareholder representatives, i.e., Ms. Boissard, Ms. Bosse as well as Mr. Diekmann, Dr. Eichiner, Mr. Hainer and Mr. Snabe, are independent within the meaning of the objectives (see No. I.3). With four female and eight male Supervisory Board members, the current legislation for equal participation of women and men in leadership positions (statutory gender quota of 30%) is being met. In addition, the Supervisory Board has five members with international backgrounds. The skills profile is also met by all current members of the Supervisory Board. Based on the objectives regarding its composition, the Supervisory Board of Allianz SE has developed the following skill matrix. From the 2021 financial year onwards, it will be expanded to include "Environment, Social & Governance" (ESG).

Supervisory Board of Allianz SE: skill matrix

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

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

1_According to German Corporate Governance Code.

The current composition of the Supervisory Board can be found in the Supervisory Board Report. In addition, the composition of the Supervisory Board as well as a general description of the functions of the Supervisory Board and its committees can be found on our website at **www.allianz.com/supervisory-board**.

Directors' dealings

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

Annual General Meeting

Shareholders exercise their rights at the AGM. When adopting resolutions, each share carries one vote. Shareholders can follow the AGM's proceedings on the internet and be represented by proxies. These proxies exercise voting rights exclusively on the basis of instructions given by the shareholder. Shareholders are also able to cast their votes via the internet in the form of online voting. Allianz SE regularly promotes the use of internet services.

The AGM elects the shareholder representatives of the Supervisory Board and approves the actions taken by the Board of Management and the Supervisory Board. It decides on the appropriation of net earnings, capital transactions, the approval of intercompany agreements, also on the approval of the remuneration system presented by the Supervisory Board for the members of the Board of Management and the remuneration of the Supervisory Board, as well as changes to the company's Statutes. Resolutions of the AGM shall be passed, unless mandatory legal provisions require otherwise, by a simple majority of the valid votes cast. In accordance with European regulations and the Statutes, changes to the Statutes require a two-thirds majority of votes cast, which at the same time represents the majority of the capital stock represented at the time of the resolution, in case less than half of the share capital is represented in the AGM. Each year, an ordinary AGM takes place at which the Board of Management and the Supervisory Board give an account of the preceding financial year. For special decisions, the German Stock Corporation Act provides for the convening of an extraordinary AGM.

Accounting and auditing

The Allianz Group prepares its accounts according to § 315e of the German Commercial Code ("Handelsgesetzbuch – HGB") on the basis of the International Financial Reporting Standards (IFRS) adopted by the European Union. The annual financial statements of Allianz SE are prepared in accordance with German law and accounting rules.

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

We inform our shareholders, financial analysts, the media, and the general public about the company's situation on a regular basis and in a timely manner. The annual financial statements of Allianz SE, the Allianz Group's consolidated financial statements, and the respective management reports are publicly available within 90 days of the end of each financial year. Additional information is provided in the Allianz Group's half-yearly financial reports and quarterly statements. Information is also made available at the AGM, at telephone conferences for analysts and journalists, and on the Allianz Group's website. Our website also provides a financial calendar listing the dates of major publications and events, such as annual reports, half-yearly financial reports, and quarterly statements, AGMs, and analyst conference calls as well as financial press conferences.

You can find the 2021 financial calendar on our website at **www.allianz.com/financialcalendar**.

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

This section outlines the targets set for Allianz SE and the other companies of the Allianz Group in Germany that are subject to co-determination (the "subsidiaries concerned") for the Supervisory Board, the Board of Management, and the two management levels below the Board of Management.

Article 17 (2) of the German SE Implementation Act stipulates that as of 1 January 2016, the share of women and men among the members of the Supervisory Board of Allianz SE must each total up to 30 % at least. The Supervisory Board currently in office fulfils this requirement as it includes four women (33 %) and eight men (67 %).

In August 2017, the Supervisory Board set a target for the percentage of women on Allianz SE's Board of Management at 30 % to be achieved by 31 December 2021. As of 31 December 2020, the percentage of women on Allianz SE's Board of Management was to 20 %. As regards the proportion of women on the first and second management levels below the Board of Management, the Board of Management of Allianz SE has set a target of 20 % and 30 %, respectively, to be met by 31 December 2021. As of 31 December 2020, this target was already met for the first management level, with a percentage of women of 28 %, but could not yet be met on the second level with a percentage of 23 %. The first two management levels below the Board of Management comprise a very small comparative group of executives. No suitable female candidates could be identified for the very few positions that became vacant in the period considered.

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

With regard to the Supervisory Boards of the subsidiaries concerned, the target quotas for eight out of nine subsidiaries concerned were set at 30 % and the target quota for the remaining subsidiary concerned was set at 33 % for 31 December 2021. Seven of the nine subsidiaries already reached this target as of 31 December 2020. The target quotas for the respective Board of Management of the subsidiaries concerned were between 20 % and 30 % (24 % on average) for 31 December 2021 and were met by six of the nine companies as of 31 December 2020. For the two management levels below the Board of Management, the respective Boards of Management of the subsidiaries concerned had set target quotas between 17 % and 33 % (23 % on average) for 31 December 2021 for the first management level and target quotas between 20 % and 33 % (26 % on average) for 31 December 2021 for the second management level below the Board of Management. As of 31 December 2020, the targets were met by five of the nine subsidiaries concerned at the first management level, while five of the nine companies likewise met the targets set for the second management level. Despite increased efforts to promote women in the Allianz Group and also at the individual subsidiaries, it was not possible to achieve the targets ahead of time in these cases, as it was not always possible to identify suitable female candidates for all vacant positions. Allianz continues to work to achieve these targets.

TAKEOVER-RELATED STATEMENTS AND EXPLANATIONS

The following information is provided pursuant to §289a and §315a of the German Commercial Code ("Handelsgesetzbuch – HGB") and §176(1) of the German Stock Company Act ("Aktiengesetz – AktG").

COMPOSITION OF SHARE CAPITAL

As of 31 December 2020, the share capital of Allianz SE was € 1,169,920,000. It was divided into 412,293,128 registered and fully paid-up shares with no par value. All shares carry the same rights and obligations. Each no-par value share carries one vote.

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

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

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

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

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

SHARES WITH SPECIAL RIGHTS CONFERRING POWERS OF CONTROL

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

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

The appointment and removal of members of Allianz SE's Board of Management is governed by Articles 9(1), 39(2) and 46 of the SE Regulation, §§84, 85 AktG, §24(3) and §47 No. 1 German Insurance Supervision Act ("Versicherungsaufsichtsgesetz – VAG"), and the Statutes. According to the Statutes, the Board of Management shall consist of at least two persons; the Supervisory Board determines the number of any additional members (§5(1) of the Statutes). The members of the Board of Management are appointed by the Supervisory Board for a term of up to five years; reappointment is permitted for a maximum of five years in each case (§5(3) of the Statutes). A simple majority of the votes cast in the Supervisory Board is required to appoint members of the Board of Management. In the case of a tie vote, the Chairperson of the Supervisory Board, who pursuant to Article 42 of the SE Regulation must be a shareholder representative, shall have the casting vote (§8(3) of the Statutes). If the Chairperson does not participate in the vote, the Vice Chairperson shall have the casting vote, provided he or she is a shareholder representative. A Vice Chairperson who is an employee representative has no casting vote (§8(3) of the Statutes).

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

AUTHORIZATION OF THE BOARD OF MANAGEMENT TO ISSUE AND REPURCHASE SHARES

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

It may increase the company's share capital on or before 8 May 2023, with the approval of the Supervisory Board, by issuing new registered no-par value shares against contributions in cash and/or in kind, on one or more occasions:

- Up to a total of € 334,960,000 (Authorized Capital 2018/I): In case of a capital increase against cash contribution, the Board of Management may exclude the shareholders' subscription rights for these shares with the consent of the Supervisory Board (i) for fractional amounts, (ii) in order to safeguard the rights pertaining to holders of convertible bonds or bonds with warrants, including mandatory convertible bonds, and (iii) in the event of a capital increase of up to 10%, if the issue price of the new shares is not significantly below the stock market price. The Board of Management may furthermore exclude the shareholders' subscription rights with the consent of the Supervisory Board in the event of a capital increase against contributions in kind.
- Up to a total of € 15,000,000 (Authorized Capital 2018/II): The shareholders' subscription rights are excluded. New shares may only be issued to employees of Allianz SE and its Group companies.

The company's share capital is conditionally increased by up to € 250,000,000 (Conditional Capital 2010/2018). This conditional capital increase will only be carried out to the extent that the holders of convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments issued against cash by Allianz SE or its subsidiaries, based on the authorizations granted by the General Meeting on 5 May 2010 or 9 May 2018, exercise their conversion or option rights, or to the extent that conversion obligations from such bonds are fulfilled, and to such extent that treasury shares or shares from authorized capital are not used for such purpose.

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

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

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

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

- Our reinsurance contracts, in principle, include a clause under which both parties to the contract have an extraordinary termination right, if and when the counterparty merges with another entity or its ownership or control situation changes materially. Agreements with brokers regarding services connected with the purchase of reinsurance cover also provide for termination rights in case of a change of control. Such clauses are standard market practice.
- Allianz SE is also party to various bancassurance distribution agreements for insurance products in various regions. These distribution agreements normally include a clause under which the parties have an extraordinary termination right in the event of a change of control of the other party's ultimate holding company.
- Shareholder agreements and joint ventures to which Allianz SE is a party often contain change-of-control clauses that provide, as the case may be, for the termination of the agreement, or for put or call rights that one party can exercise with regard to the joint venture or the target company, if there is a change of control of the other party.
- The framework agreements between Allianz SE and the subsidiaries of various car manufacturers relating to the distribution of car insurance by the respective car manufacturers each include a clause under which each party has an extraordinary termination right in case there is a change of control of the other party.
- Bilateral credit agreements in some cases provide for termination rights in the event of a change of control, mostly defined as the acquisition of at least 30% of the voting rights within the meaning of §29(2) of the German Takeover Act ("Wertpapiererwerbs- und Übernahmegesetz – WpÜG"). Where such termination rights are exercised, the respective credit lines have to be replaced by new credit lines under conditions then applicable.
- Under the Allianz Sustained Performance Plan (ASPP), Restricted Stock Units (RSUs) – i.e. virtual Allianz shares – are granted to senior management of the Allianz Group worldwide as a stock-based remuneration component. The conditions for these RSUs contain change-of-control clauses, which apply when a majority of the voting share capital in Allianz SE is directly or indirectly acquired by one or more third parties who do not belong to the Allianz Group, and which provide for an exception from the usual vesting and exercise periods. In line with the relevant general conditions, the company will release the RSUs to plan participants on the day of the change of control, without observing any vesting period that would otherwise apply. The cash amount payable per RSU must equal or exceed the average market value of the Allianz share and the price offered per Allianz share in a preceding tender offer. By providing for the non-application of the vesting period in the event of a change of control, the terms take into account the fact that the conditions influencing the share price are substantially different when there is a change of control.

REMUNERATION REPORT

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

The report has been prepared in accordance with the requirements of the German Commercial Code, the applicable German Accounting Standard No. 17, and the International Financial Reporting Standards (IFRS). It also takes into account the relevant regulatory provisions, the recommendations of the German Corporate Governance Code, and, with regard to the target achievement, the requirements of the Act implementing the Second Shareholders' Rights Directive (ARUG II) dated 12 December 2019.

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

Remuneration of the Allianz SE Board of Management

KEY PRINCIPLES OF THE BOARD REMUNERATION

Remuneration is designed to be appropriate compared to peers, given the Allianz Group's range of business activities, operating environment, and business results achieved. The aim is to ensure and promote sustainable and value-oriented management of the company that is in line with our corporate strategy. The key principles of Board of Management remuneration are as follows:

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

DETERMINATION OF THE REMUNERATION SYSTEM

The Board of Management's remuneration is decided upon by the entire Supervisory Board, based on proposals prepared by the Supervisory Board's Personnel Committee. If required, the Supervisory Board may seek outside advice from independent external consultants. The Personnel Committee and the Supervisory Board consult with the Chairman of the Board of Management, in assessing the performance and remuneration of Board of Management members. The Chairman of the Board of Management is generally not involved in the discussion about his own remuneration. The Supervisory Board designs the remuneration system for the members of the Board of Management in accordance with the requirements of the German Stock Corporation Act (AktG) in its currently valid version as well as with regulatory requirements and the recommendations of the German Corporate Governance Code, while ensuring clarity and comprehensibility. Feedback from investors is also considered.

DETERMINATION OF AND ADEQUACY OF THE BOARD OF MANAGEMENT REMUNERATION

Based on the remuneration system, the Supervisory Board determines the target total compensation and regularly reviews the appropriateness of the remuneration. This is based on both a horizontal comparison (i.e., with peer companies) and a vertical comparison (in relation to Allianz employees). Again, the Supervisory Board's Personnel Committee develops respective recommendations, if necessary with the assistance of external consultants.

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

HORIZONTAL APPROPRIATENESS

The Supervisory Board regularly benchmarks the Allianz SE Board of Management's remuneration against other DAX companies and selected international competitors, taking into account the situation of the Allianz Group as well as its longer-term performance, relative size, complexity, and global reach.

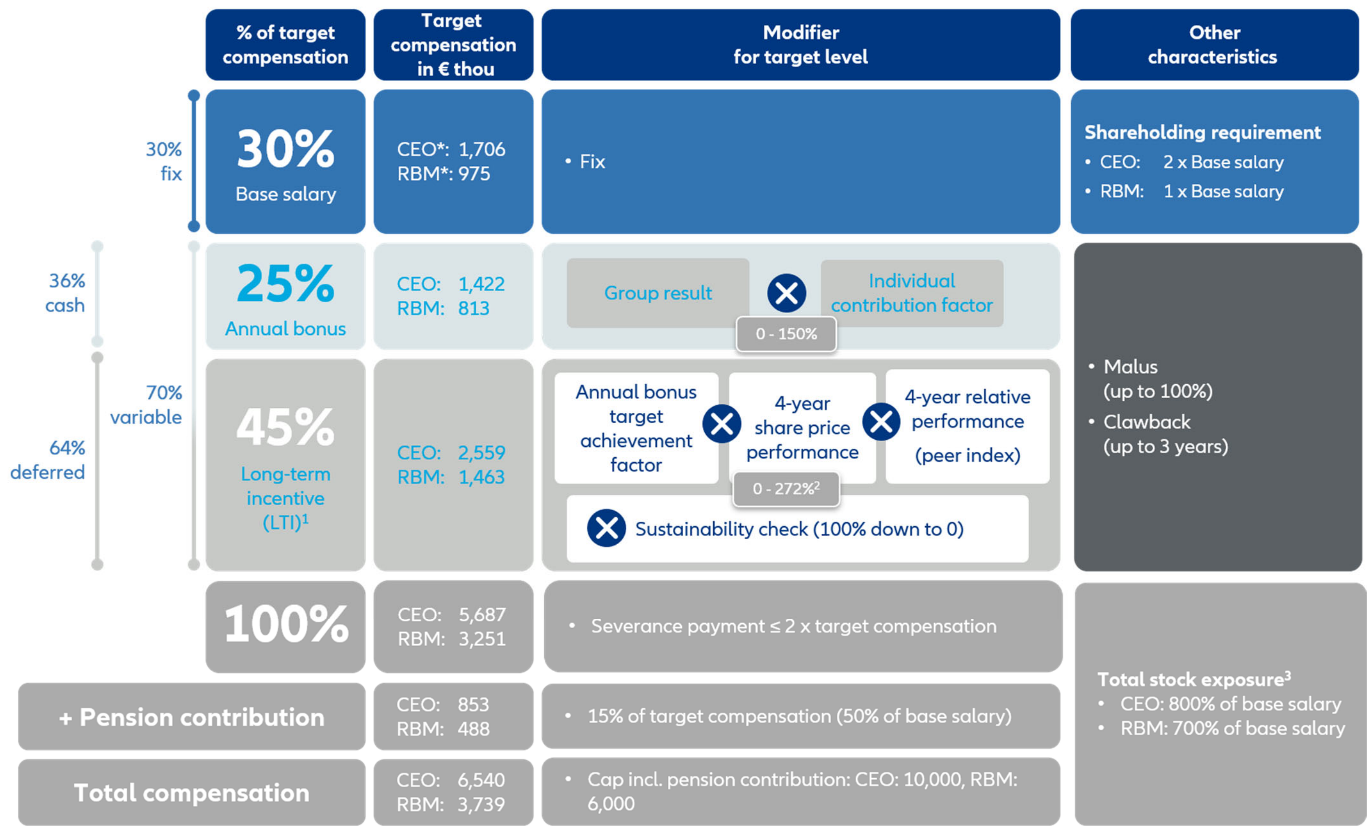
The horizontal comparison has shown that the ratio of the Chairman of the Board of Management's target compensation to that of a regular member of the Board of Management is equivalent to a factor of 1.75, whereas the average factor in the DAX is 1.96. Furthermore, Allianz is well above average relative to size (revenue, number of employees, and market capitalization) compared to the DAX companies, while the level of target compensation for Allianz SE's Chairman of the Board of Management is average. For 2021, it was therefore decided to propose to the Annual Shareholders' Meeting to adjust the Chairman of the Board of Management's target compensation **Outlook for 2021**.

VERTICAL APPROPRIATENESS

This comparison is based on the total direct compensation of a member of the Board of Management and the average direct compensation of an employee of the Allianz workforce in Germany. The Supervisory Board's decision in December is based on the factor resulting from this comparison for the previous fiscal year. For the fiscal year 2019, the factor for the Chairman of Board of Management to employee is "77" and the factor regular board member to employee is "42". For the fiscal year 2020, the respective factor for the Chairman of Board of Management to employee is "66" and the factor regular board member to employee is "36".

REMUNERATION STRUCTURE

The structure of the remuneration system of the Board of Management became effective on 1 January 2019. It was approved by Allianz SE's Annual Shareholder Meeting on 8 May 2019 on the basis of the former § 120 (4) AktG, with a majority vote of 92%.



* CEO = Chief Executive Officer, RBM = regular Board member.
1_For simplicity reasons, the LTI percentage as well as the LTI target amount are based on target allocation values.
2_The overall compensation cap of € 10,000 thou | € 6,000 thou including pension contributions limits the effective payout of the LTI to a maximum of 255% (CEO) and 272% (RBM), respectively.
3_Shareholding requirement plus LTI at full run-rate.

REMUNERATION COMPONENTS AND TARGET SETTING PROCESS

BASE SALARY

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

PERQUISITES

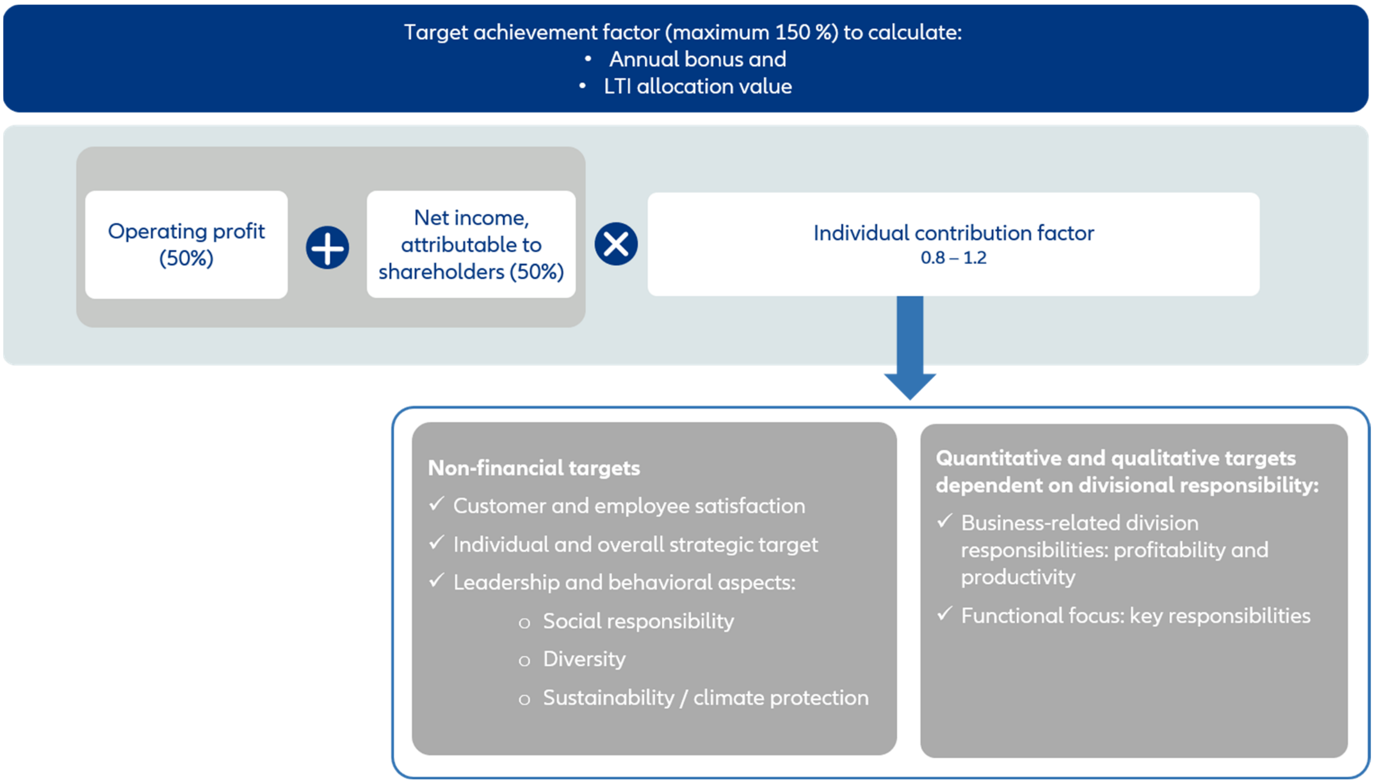
Perquisites mainly consist of contributions to accident and liability insurances, tax consultant fees (if in the interest of Allianz) and the provision of a company car. Perquisites are not linked to performance. Each member of the Board of Management is responsible for paying the income tax due on these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

VARIABLE REMUNERATION

Variable remuneration aims for balance between short-term performance, longer-term success and sustained value creation; the payout of two-thirds of this compensation components are deferred. It is designed to balance risk and opportunity while promoting the sustainable implementation of the Allianz Group's strategy. The Supervisory Board ensures that the targets underlying the variable compensation are challenging, sustainable and ambitious.

Target achievement factor to determine the variable remuneration

In line with the overarching strategic objective "simplicity wins", the calculation of variable remuneration follows a simple system. The annual bonus and LTI allocation are based on only two Group financial targets for the relevant fiscal year: operating profit and net income attributable to shareholders, each at 50%. The resulting target achievement is adjusted by an individual contribution factor (ICF) in the range of 0.8 to 1.2, which reflects both the results of the business division and the performance of the individual board member. If targets are not met, the variable compensation can be reduced to zero. If targets are significantly exceeded, the target achievement is limited to 150%.



GROUP FINANCIAL TARGETS

The Group financial targets are based on equally weighted targets for Group operating profit and Group net income attributable to shareholders. Adjustments are only applied to acquisitions and disposals that account for more than 10% of the Group's operating profit or net income attributable to shareholders or have a value-adding effect from a risk management perspective (e.g. portfolio transfers) and were not yet known at the time the plan was prepared. This regulation is intended to prevent meaningful transactions from having a negative impact on the remuneration of the Management Board. Operating profit highlights the underlying performance of ongoing core operations. Net income attributable to shareholders is the profit after tax and non-controlling interests (minorities). Furthermore, the net income forms the basis for the dividend payout and for the return on equity calculation. Both key performance indicators (KPIs) are important steering parameters for the Allianz Group and therefore reflect the level of implementation of the Group's strategy.

The Group's financial target achievement is limited to a maximum of 150% and can drop to zero.

The minimum, target, and maximum values for the Group financial targets are set annually by the Supervisory Board. These are documented for the respective next fiscal year and published ex-post in the compensation report.

INDIVIDUAL CONTRIBUTION FACTOR (ICF)

The Group financial target achievement is multiplied by the ICF for each board member. The ICF is based on an assessment by the Allianz SE Supervisory Board, resting upon KPIs reflecting the respective board member's area of responsibility and his or her personal contribution.

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

Since the performance is determined without a specified weighting, the ICF covers a narrow range of 0.8 to 1.2. The concept of non-specified weighting allows the Supervisory Board to react appropriately to changes in priorities during the year.

– Business division targets: For board members with business-related division responsibilities, the contribution to the financial performance considers various indicators of profitability (e.g., operating profit and net income) and productivity (e.g., expense ratio) for the respective business division. For board members with a functional focus, division-specific performance targets are determined based on their key responsibilities and qualitatively assessed.

– **Non-financial targets:** Non-financial targets take into account customer satisfaction (e.g., Net Promoter Score (NPS[1])), employee engagement (e.g., Allianz Engagement Survey) and leadership quality, including strategic priorities. The assessment of the individual leadership quality also includes a review of behavioral aspects, such as customer orientation, collaborative leadership, entrepreneurship, and trust (e.g., corporate social responsibility, integrity, diversity, and sustainability as measured by the reduction of the carbon footprint, greenhouse gas reduction, and a step-by-step plan to achieve net-zero compliant asset allocation until 2050 at the latest). For further information, please refer to the Combined Separate Non-Financial Report for the Allianz Group and Allianz SE.

Variable remuneration components

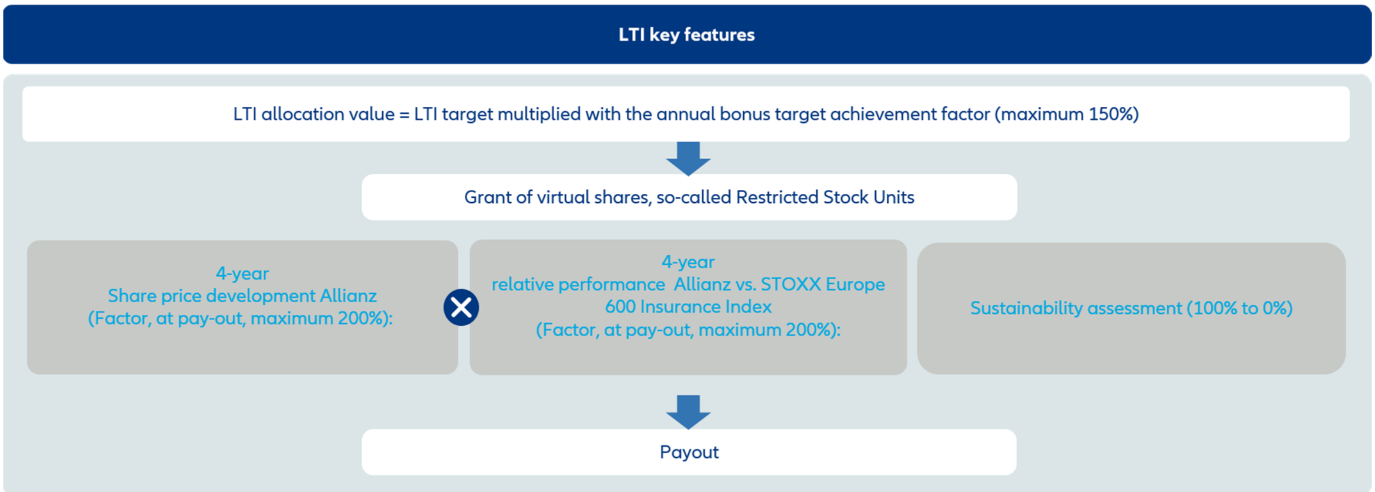
The performance-related variable remuneration consists of an annual bonus and a long-term compensation (Long-Term Incentive – LTI).

ANNUAL BONUS

The annual bonus is derived by multiplying the target achievement factor by the target amount for the annual bonus and is paid out in cash after the end of the relevant fiscal year, with payment limited to a maximum of 150% of the target amount.

LONG-TERM INCENTIVE (LTI)

The long-term, share-based compensation component makes up the largest portion of variable compensation. It promotes alignment with shareholders and reflects the sustainable implementation of the company's long-term strategy. The LTI is based on the performance in absolute and relative terms (i.e., versus competitors) of the Allianz share. Furthermore, the long-term development of KPIs is reflected in the deferred sustainability assessment following the four-year contractual vesting period.



– **Grant and contractual vesting period:** The LTI is granted annually in the form of virtual Allianz shares, so-called restricted stock units (RSUs). The number of RSUs to be granted corresponds to the LTI allocation amount divided by the allocation value of an RSU at grant:

  – The LTI allocation amount is derived by multiplying the LTI target amount by the annual bonus achievement factor and capped at 150% of the target level.
  – The RSU allocation value is based on the ten-day-average Xetra closing price of the Allianz stock following the annual financial media conference[2]. As RSUs are virtual stock without dividend payments, the relevant share price is reduced by the net present value of the expected future dividend payments during the four-year contractual vesting period.

The LTI grant is followed by a contractual vesting period of four years. After that period, the LTI amount to be paid is determined based on the relative performance of the Allianz share, the relevant share price, and the results of the sustainability assessment.

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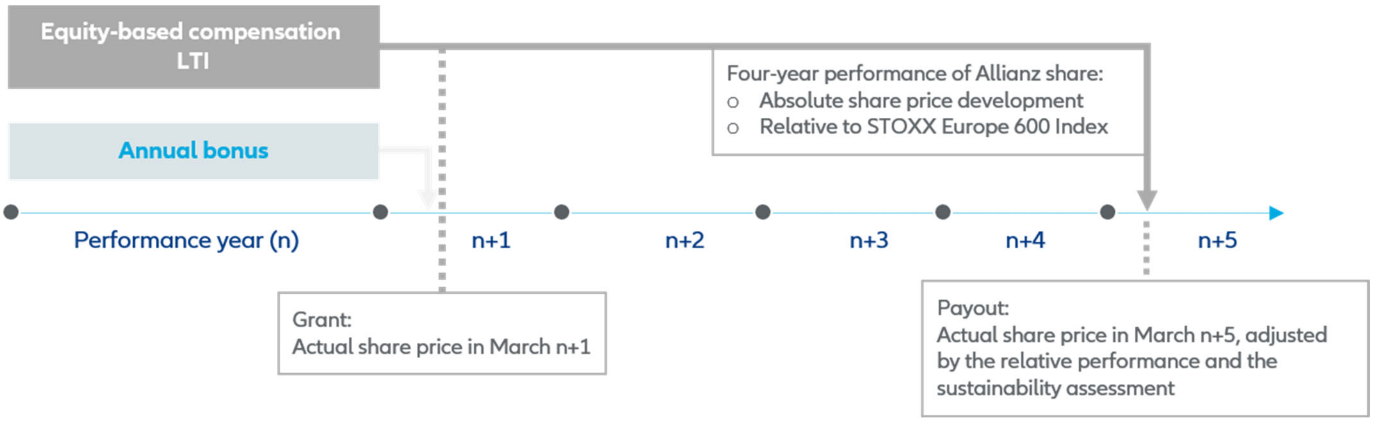
2_For accounting purposes, the determination of the fair value of RSUs is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index, their correlation, and the expected dividends. The value of the RSUs used for the board members compensation may deviate from this IFRS value, as a simplified calculation method was applied to increase transparency and traceability.

- **Relative performance versus peers:** Besides the absolute share-price development, the LTI payout takes the relative performance of the Allianz share into account. The total shareholder return (TSR) of the Allianz share is benchmarked against the TSR of the STOXX Europe 600 insurance index by reflecting the relation of the total performance of the Allianz share ("Allianz TSR") and the total performance of the STOXX Europe 600 insurance index ("Index TSR") between the start and end of the four-year contractual vesting period. The payout will be based on the TSR performance factor which is calculated as follows:

  - At the end of the contractual vesting period the difference between the Allianz TSR and the Index TSR is determined in percentage points; the result is multiplied with "2": As the comparison with competitors and the market is of outstanding importance, the outperformance/underperformance is weighted twofold.
  - To determine the factor, 100 percentage point are added to the result. Example: 1 percentage point outperformance results in a relative performance factor of 102%, 1 percentage point underperformance results in a relative performance factor of 98%.

In order to avoid incentivizing excessive risk-taking, the relative TSR performance factor is limited: it can vary between zero (for underperformance of the index by -50 percentage points or lower) and 200% (for outperformance of the index by +50 percentage points or higher).



- **Sustainability assessment:** Prior to the payout of each LTI tranche, the Supervisory Board determines, following a preliminary assessment by the Personnel Committee and the external auditor, whether there are any sustainability-related concerns regarding a full payout. If so, payment of the tranche may be canceled in full or in part.

  Subject of the sustainability assessment are:

  - Compliance breaches,
  - Balance sheet issues such as reserve strength, solvency, indebtedness, and ratings,
  - KPIs entailed in the individual board members' targets, such as NPS, employee satisfaction, and climate targets.

  The assessment is made applying a comparable basis, i.e., any regulatory changes, changes in accounting regulations, or changes in calculation methods for the KPIs in question are taken into account.

- **Allianz share performance, payout, and cap:** Following the end of the four-year contractual vesting period, the granted RSUs are settled in cash based on the ten-day average Xetra closing price of the Allianz SE share following the annual financial media conference in the year the respective RSU plan vests, multiplied by the relative TSR performance factor and adjusted by the sustainability assessment, if necessary. The relevant share price is capped at 200% of the grant price. Likewise, the relative TSR performance factor is capped at a maximum of 200%. Taking into account the overall compensation cap (€ 6,000 thou for a regular board member and € 10,000 thou for the Chairman of the Board of Management), the LTI payout in relation to the LTI target – which deviates from the individual LTI component caps – is limited to 255% for the Chairman of the Board of Management and 272% for a regular board member. See also **Sensitivity of total compensation**.

  Outstanding RSU holdings are forfeited, should a board member leave at his/her own request or be terminated for cause.

Illustrative Examples

LTI payout: Performance exceeds expectation (scenario 1)

Illustrative example for RBM	%	Number RSUs	€ thou
Initial grant based on:			
•LTI target			1,463
•LTI allocation value: annual bonus achievement factor applied to LTI target	110		1,609
•RSU grant (listed share price: € 200, for the calculation of the allocation relevant share price: € 160 (= reduced by the net present value of estimated future dividends of € 40))		10,058	
LTI payout at vesting based on:			
•RSUs x share price at vesting (€ 250)			2,515
•TSR relative performance factor: 2 x (TSR Allianz: 45% – TSR Stoxx Europe 600 Insurance: 40%) + 100%	110		
Payout			**2,766**

LTI payout: Performance remains below expectation (scenario 2)

Illustrative example for RBM	%	Number RSUs	€ thou
Initial grant based on:			
•LTI target			1,463
•LTI allocation value: annual bonus achievement factor applied to LTI target	90		1,317
•RSU grant (listed share price: € 200, for the calculation of the allocation relevant share price: € 160 (= reduced by the net present value of estimated future dividends of € 40))		8,229	
LTI payout at vesting based on:			
•RSUs x share price at vesting (€ 190)			1,564
•TSR relative performance factor: 2 x (TSR Allianz: 15% – TSR Stoxx Europe 600 Insurance: 40%) + 100%	50		
Payout			**782**

Malus/Clawback

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

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

PENSION CONTRIBUTION AND SIMILAR BENEFITS

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

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

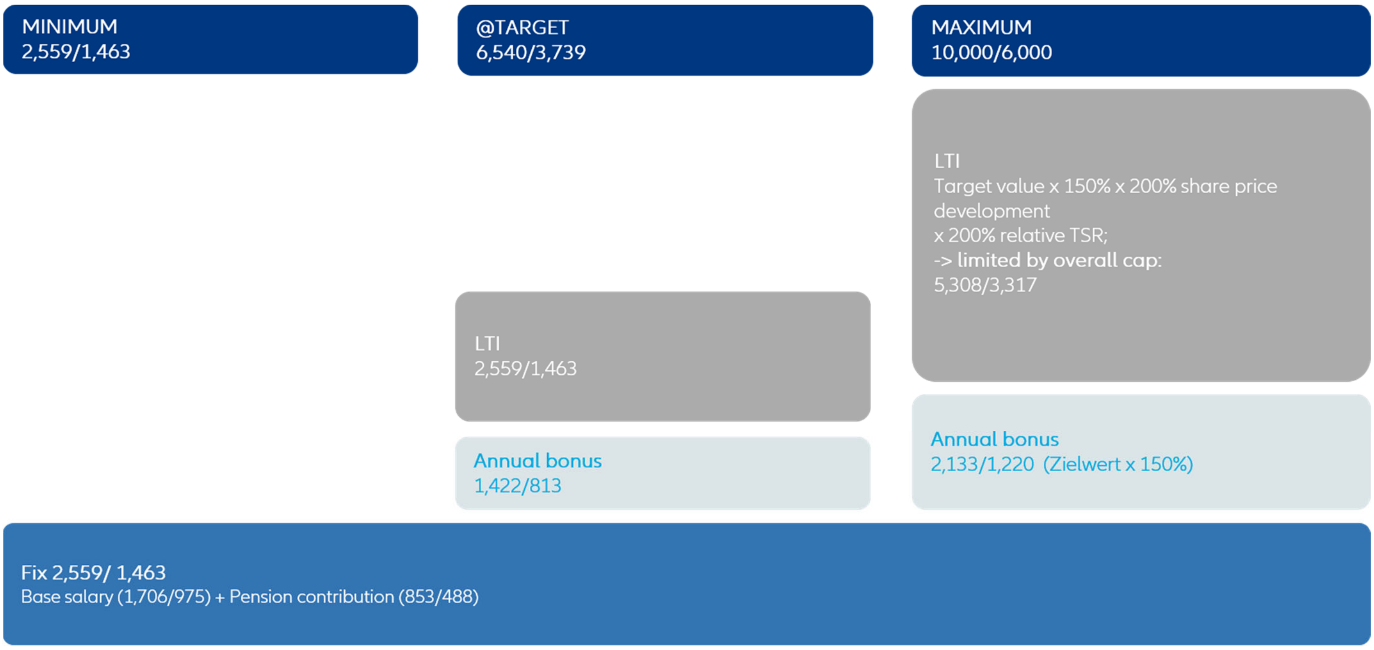
Members of the Board of Management may have additional pension entitlements under former pension plans based on previous positions in the Allianz Group or due to membership of the Board of Management prior to 2015. Payments of social insurance contributions abroad required by Allianz in individual cases may also give rise to additional pension entitlements.

SENSITIVITY OF TOTAL COMPENSATION

The variable remuneration is designed to help achieve the operational targets and to reward sustainable performance. Therefore, payout of almost two thirds of the annual variable compensation will not occur for a period of four years; such payout is subject to sustainability assessment adjustments.

A failure to meet targets may result in a maximum reduction of the variable compensation to zero, with the overall payout being capped: The sum of variable compensation and base salary payout including pension service cost, which is paid in relation to one financial performance year, will be capped at a maximum amount of € 6,000 thou for a regular member of the Board of Management and at € 10,000 thou for the Chairman of the Board of Management:

Compensation sensitivity
€ thou CEO/RBM



SHAREHOLDING REQUIREMENTS AND SHAREHOLDING EXPOSURE

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

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

Holding is required for the entire term of service on the Board of Management. Shares will be acquired through mandatory pay component conversion. In case of a base salary increase, the shareholding obligation increases accordingly. The holding obligation ceases with the end of the mandate.

In combination with the virtual shares (RSU) accumulated over four years through the LTI plan, the Allianz SE Board of Management has significant economic exposure to the Allianz stock: It amounts to approx. 800% of base salary for the Chairman and approx. 700% of base salary for a regular board member:

		Target		Stock exposure	
		CEO	RBM	CEO	RBM
Share Ownership requirement: CEO: 2x base; RBM: 1x base	€ thou	1,706	975	3,412 200%	975 100%
LTI RSU (virtual shares) • Annual grant of virtual shares • Deferred for four years, i.e. four LTI grants are subject to share price development • Similar economic exposure as physical stock • No personal hedging	€ thou % of base	2,559	1,463	10,236 600%	5,852 600%
	€ thou % of base	Total		**13,648** **800%**	**6,827** **700%**

TERMINATION OF SERVICE

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

SEVERANCE PAYMENT CAP

Payments for early termination to board members with a remaining term of contract of more than two years are capped at twice the annual compensation, consisting of last financial year's base salary and 100% of the variable target compensation. If the remaining term of contract is less than two years, the payment is pro-rated for the remaining term of the contract. Contracts do not contain provisions for any other cases of early termination of Board of Management service.

In the event of a contractually agreed non-compete clause, a severance payment is offset against compensation resulting from the non-compete clause in case of premature termination of service.

TRANSITION PAYMENT

Board members appointed before 1 January 2010 are eligible for a transition payment after leaving the Board of Management. The transition payment comprises an amount corresponding to the most recent base salary (paid for a period of six months), plus a one-time payment of 25% of the target variable remuneration at notice date. Where an Allianz pension is due at the same time, such pension is deducted from the monthly transition payments. In the event of a contractually agreed non-compete clause, the remittance of the transitional payment will be offset against the payment resulting from the non-compete clause.

MISCELLANEOUS

INTERNAL AND EXTERNAL BOARD APPOINTMENTS

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

TARGET ACHIEVEMENT FOR 2020

GROUP FINANCIAL TARGETS

The combined target achievement level of the Group's financial targets is calculated as the simple average of the achievement of the targets for the Group operating profit and Group net income attributable to shareholders. The targets set for both indicators were not achieved. This was due to the COVID-19 pandemic and its effects; the overall achievement of these Group targets was only 75.58%. If the effects of COVID-19 had been eliminated, the results would have been at least at the target level[3].

Group financial target achievement level

Financial Group targets	0% - Floor in € bn		100% - Target in € bn		150% - Max in € bn		Actual in € bn		Achievement level in %		Weight in %		Achievement level combined in %	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating profit	6.00	5.80	12.00	11.50	15.00	14.35	10.75	11.86	79.19	106.24	50.00	50.00	75.58	108.72
Net income attributable to shareholders	4.00	3.80	7.90	7.50	9.85	9.35	6.81	7.91	71.97	111.19	50.00	50.00		

INDIVIDUAL CONTRIBUTION FACTOR AND VARIABLE COMPENSATION 2020

To calculate the annual bonus, the combined level of target achievement for the financial Group targets is multiplied by the individual contribution factor (ICF) determined for each board member by the Supervisory Board.

In view of the unusual circumstances presented with the COVID-19 crisis, the financial performance of the Board of Management, including stabilizing the Group's solvency, has been rated as very strong for the financial year 2020. All business divisions are close to target or even slightly above. As in the previous year, the only exception is the business division comprising the Global Insurance Lines, Anglo-Saxon Markets, MENA, and Africa; consequently, it is almost the only area weighing down the Group's target achievement level.

The Board's overall strong performance was achieved on a sustainable basis. On the one hand, both employees and customers rated its crisis management as excellent, as reflected by indicators such as the Net Promoter Score, the Inclusive Meritocracy Index, and the Work Well Index Plus; on the other hand, Allianz fully achieved the target for reducing CO_2 emissions. As a result, the combined ICF for the Board of Management was above 1.

In the assessments of the individual board members' performance, the underperformance of Niran Peiris' business division has been addressed. However, in the area of credit insurance, one noteworthy achievement was the joint development of a protective shield for German manufacturers and suppliers in cooperation with the German government. The divisions of Ivan de la Sota, Sergio Balbinot, Dr. Klaus-Peter Röhler, until 31 March 2020 under the responsibility of Dr. Axel Theis, and Jacqueline Hunt have carried the Group's operating result through the crisis. Giulio Terzariol as CFO ensured the balance sheet strength of the Allianz Group and thus secured the dividend payment to shareholders in the difficult crisis environment. His achievements in capital market communications were also highly recognized by the investment community when he was voted "Best CFO" in the European insurance sector. Renate Wagner and the functional units she leads – Human Resources, Legal, Compliance, and M&A units – have also managed to contribute positively. One particular achievement was the fast implementation of specific supporting measures to help the organization weather the crisis, such as flexible remote working models, digital training and development offerings, and the creation of the necessary legal requirements for the virtual Annual Shareholders' Meeting. In addition, the fact that Allianz was able to go through with several acquisitions in Latin America, Spain, and Australia, despite the difficult conditions, also stands out positively. Dr. Christof Mascher's foresighted planning was another key factor in the smooth transition to remote working models, ensuring a high level of system stability. At peak times, up to 90% of employees worked from home. At the same time, Dr. Günther Thallinger continued to manage Allianz assets professionally and with a steady hand, in particular through the periods of considerable capital market volatility. Last but not least, Oliver Bäte steered the overall company prudently and firmly, providing his Board of Management team with just the right impetus to defy the crisis. He was a true role model to the entire Allianz management team.

In addition to mastering the operational challenges, the Board of Management has also invested in the future: firstly, by improving the Property-Casualty retail and commercial lines and, secondly, by repositioning Allianz Global Investors and redefining the Life strategy in the view of the continued drop of interest rates. The digitalization strategy was accelerated, and the risk and business strategies were adapted to the changed market conditions and aligned even more closely.

3_Group target achievement is based on an operating profit of € 10,751,118.35 (2019: 11,855,449.63) thou and net income attributable to shareholders of € 6,806,669.99 (2019: 7,914,009.88) thou.

Furthermore, the ambitious climate strategy developed by the Board of Management was published on 14 January 2021. For further information, please refer to the Combined Separate Non-Financial Report for the Allianz Group and Allianz SE.

With regard to the assessment of quantitative Group target achievement, no modifications have been made.

Variable compensation 2020

Target achievement 2020	Group financial performance in %	ICF range: 0.8-1.2	Target achievement factor in %	Annual bonus payout in € thou	LTI allocation value in € thou
Oliver Bäte	75.58	1.17	88.43	1,257	2,263
Sergio Balbinot	75.58	1.16	87.67	713	1,283
Jacqueline Hunt	75.58	1.14	86.16	700	1,261
Dr. Christof Mascher	75.58	1.12	84.65	688	1,238
Niran Peiris	75.58	0.80	60.46	492	885
Dr. Klaus-Peter Röhler	75.58	1.15	86.92	531	956
Ivan de la Sota	75.58	1.11	83.89	682	1,227
Giulio Terzariol	75.58	1.14	86.16	700	1,261
Dr. Günther Thallinger	75.58	1.14	86.16	700	1,261
Dr. Axel Theis	75.58	1.15	86.92	176	316
Renate Wagner	75.58	1.14	86.16	700	1,261

REMUNERATION FOR 2020 AND 2019

The following table shows the individual board members' remuneration for 2020 and 2019, including fixed and variable remuneration components and pension service cost.

The Grant column specifies the target, minimum, and maximum remuneration.

The Payout column lists the 2020 and 2019 payments. The base salary, annual bonus, and perquisites are linked to the performance reporting years 2020 and 2019, whereas the Allianz Equity Incentive (AEI) payouts result from grants related to performance years 2015 and 2014.

The column "Actual grant" is compliant with the disclosure requirements stipulated by the applicable German Accounting Standard No. 17. It includes the fixed compensation components, the annual bonuses paid for both performance years, and the fair value of the RSU grant for 2020 and 2019. It shows that the compensation system breathes with business development: The compensation reported for 2020 is significantly lower than in the previous year. The actual 2020 payout, on the other hand, may be higher for members of the Board of Management who were already appointed in 2015, as the payment of share-based compensation was due and the good share price performance had an impact on payout.

The sum of the total remuneration of the Board of Management for 2020, excluding pension service cost, amounts to € 32 mn (2019: € 39 mn). The corresponding amount including pension service cost is € 38 mn (2019: € 44 mn).

Individual remuneration: 2020 and 2019

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

	Oliver Bäte (Appointed: 01/2008; CEO since 05/2015)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	1,706	1,706	1,706	1,706	1,706	1,706	1,706	1,706
Perquisites	20	11	11	11	20	11	20	11
Total fixed compensation	1,726	1,717	1,717	1,717	1,726	1,717	1,726	1,717
Annual variable compensation								
Annual bonus	1,422	1,422	-	2,133	1,747	1,257	1,747	1,257
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	2,620	-	3,534	-	2,348	-	-
LTI 2019 – 2020/RSU[4]	2,637	-	-	-	3,143	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	2,375
AEI 2015/RSU[4]	-	-	-	-	-	-	1,585	-
Total	5,785	5,759	1,717	7,384	6,616	5,323	5,058	5,350
Pension service cost[5]	891	1,041	1,041	1,041	891	1,041	891	1,041
Total	**6,676**	**6,800**	**2,758**	**8,425**	**7,507**	**6,364**	**5,949**	**6,391**

	Sergio Balbinot (Appointed: 01/2015)[6]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	74	74	74	74	74	74	74	74
Total fixed compensation	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049
Annual variable compensation								
Annual bonus	813	813	-	1,220	981	713	981	713
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,345	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,795	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	1,883
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,378	3,374	1,049	4,337	3,826	3,107	2,030	3,644
Pension service cost[5]	435	472	472	472	435	472	435	472
Total	**3,813**	**3,845**	**1,520**	**4,809**	**4,260**	**3,578**	**2,465**	**4,116**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.

3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

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

5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.

6_Sergio Balbinot received a buyout award in 2015 to compensate for forfeited grants from his previous employer. Half of this compensation was granted in the form of RSUs, which vested in March 2019. A payment of € 4,807 thou was made.

Individual remuneration: 2020 and 2019

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

	Jacqueline Hunt (Appointed: 07/2016)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	20	23	23	23	20	23	20	23
Total fixed compensation	995	998	998	998	995	998	995	998
Annual variable compensation								
Annual bonus	813	813	-	1,220	972	700	972	700
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,324	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,781	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,324	3,323	998	4,287	3,748	3,023	1,967	1,699
Pension service cost[5]	449	458	458	458	449	458	449	458
Total	**3,773**	**3,781**	**1,456**	**4,744**	**4,197**	**3,481**	**2,416**	**2,156**

	Dr. Christof Mascher (Appointed: 09/2009; end of service: 12/2020)[6]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	9	3	3	3	9	3	9	3
Total fixed compensation	984	978	978	978	984	978	984	978
Annual variable compensation								
Annual bonus	813	813	-	1,220	946	688	946	688
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,302	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,737	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	1,619
AEI 2015/RSU[4]	-	-	-	-	-	-	1,426	-
Total	3,313	3,303	978	4,266	3,666	2,968	3,356	3,285
Pension service cost[5]	489	479	479	479	489	479	489	479
Total	**3,801**	**3,782**	**1,457**	**4,745**	**4,155**	**3,447**	**3,844**	**3,764**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.
2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.
3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.
4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.
5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.
6_The appointment of Dr. Christof Mascher as member of the Board of Management of Allianz SE ended as of 31 December 2020. On the basis of a post-contractual one-year non-compete clause already provided for in his service agreement, Dr. Christof Mascher is entitled to an allowance ("Karenzentschädigung") of 50% of his annual target compensation (sum of base salary and variable target compensation), i.e. a total of € 1,625.5 thou. Dr. Christof Mascher waived payment of the transitional allowance to which he would have been entitled. In any case, the transitional allowance would have been set-off against the non-compete allowance.

Individual remuneration: 2020 and 2019

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

	Niran Peiris (Appointed: 01/2018; end of service: 12/2020)[6]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	47	40	40	40	47	40	47	40
Total fixed compensation	1,022	1,015	1,015	1,015	1,022	1,015	1,022	1,015
Annual variable compensation								
Annual bonus	813	813	-	1,220	707	492	707	492
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	942	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,331	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,351	3,340	1,015	4,303	3,060	2,448	1,730	1,507
Pension service cost[5]	413	429	429	429	413	429	413	429
Total	**3,764**	**3,769**	**1,444**	**4,733**	**3,473**	**2,877**	**2,143**	**1,936**

	Dr. Klaus-Peter Röhler (Appointed: 04/2020)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	-	731	731	731	-	731	-	731
Perquisites	-	23	23	23	-	23	-	23
Total fixed compensation	-	754	754	754	-	754	-	754
Annual variable compensation								
Annual bonus	-	611	-	916	-	531	-	531
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,136	-	1,555	-	1,017	-	-
LTI 2019 – 2020/RSU[4]	-	-	-	-	-	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	-	2,501	754	3,225	-	2,302	-	1,285
Pension service cost[5]	-	390	390	390	-	390	-	390
Total	**-**	**2,891**	**1,144**	**3,615**	**-**	**2,692**	**-**	**1,675**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.

3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

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

5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.

6_The appointment of Niran Peiris as member of the Board of Management of Allianz SE ended as of 31 December 2020. On the basis of a post-contractual one-year non-compete clause already provided for in his service agreement, Niran Peiris is entitled to an allowance ("Karenzentschädigung") of 50% of his annual target compensation (sum of base salary and variable target compensation), i.e. a total of € 1,625.5 thou.

Individual remuneration: 2020 and 2019

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

	Ivan de la Sota (Appointed: 04/2018)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	18	60	60	60	18	60	18	60
Total fixed compensation	993	1,035	1,035	1,035	993	1,035	993	1,035
Annual variable compensation								
Annual bonus	813	813	-	1,220	840	682	840	682
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,290	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,562	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,322	3,360	1,035	4,324	3,395	3,007	1,833	1,717
Pension service cost[5]	488	560	560	560	488	560	488	560
Total	**3,810**	**3,920**	**1,595**	**4,884**	**3,883**	**3,567**	**2,321**	**2,277**

	Giulio Terzariol (Appointed: 01/2018)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	26	18	18	18	26	18	26	18
Total fixed compensation	1,001	993	993	993	1,001	993	1,001	993
Annual variable compensation								
Annual bonus	813	813	-	1,220	946	700	946	700
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,322	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,737	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,329	3,318	993	4,282	3,683	3,016	1,946	1,694
Pension service cost[5]	483	556	556	556	483	556	483	556
Total	**3,812**	**3,874**	**1,550**	**4,838**	**4,166**	**3,572**	**2,429**	**2,250**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.

3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

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

5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.

Individual remuneration: 2020 and 2019
€ thou (total might not sum up due to rounding)

	Dr. Günther Thallinger (Appointed: 01/2017)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	975	975	975	975	975	975	975
Perquisites	6	2	2	2	6	2	6	2
Total fixed compensation	981	977	977	977	981	977	981	977
Annual variable compensation								
Annual bonus	813	813	-	1,220	946	700	946	700
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,322	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,737	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,310	3,302	977	4,266	3,664	3,000	1,926	1,678
Pension service cost[5]	473	535	535	535	473	535	473	535
Total	**3,783**	**3,837**	**1,512**	**4,800**	**4,137**	**3,535**	**2,400**	**2,212**

	Dr. Axel Theis (Appointed: 01/2015; end of service: 03/2020)[6]							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	975	244	244	244	975	244	975	244
Perquisites	32	1	1	1	32	1	32	1
Total fixed compensation	1,007	244	244	244	1,007	244	1,007	244
Annual variable compensation								
Annual bonus	813	202	-	303	981	176	981	176
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	376	-	514	-	336	-	-
LTI 2019 – 2020/RSU[4]	1,516	-	-	-	1,787	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	1,801
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	3,336	822	244	1,062	3,775	756	1,988	2,221
Pension service cost[5]	564	150	150	150	564	150	564	150
Total	**3,900**	**972**	**394**	**1,212**	**4,340**	**906**	**2,552**	**2,371**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.
2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.
3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.
4_The share price related value increase is capped at 200% above grant price for the AEI/RSU and at 100% above grant price for the LTI/RSU. Furthermore, the value increase is limited by the overall payout cap. The relevant share price used to determine the RSU value, and hence the final number of RSUs granted, and the caps are only available after sign-off by the external auditors.
5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.
6_The appointment of Dr. Axel Theis as member of the Board of Management of Allianz SE ended as of 31 March 2020. On the basis of a post-contractual one-year non-compete clause already provided for in his service agreement, Dr. Axel Theis is entitled to an allowance ("Karenzentschädigung") of 50% of his annual target compensation (sum of base salary and variable target compensation), i.e. a total of € 1,625.5 thou. Dr. Axel Theis waived payment of the transitional allowance to which he would have been entitled. In any case, the transitional allowance would have been set-off against the non-compete allowance.

Individual remuneration: 2020 and 2019

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

	Renate Wagner (Appointed: 01/2020)							
	Grant[1]				Actual grant[1, 2]		Payout[3]	
	2019	2020			2019	2020	2019	2020
	Target	Target	Min	Max				
Base salary	-	975	975	975	-	975	-	975
Perquisites	-	32	32	32	-	32	-	32
Total fixed compensation	-	1,007	1,007	1,007	-	1,007	-	1,007
Annual variable compensation								
Annual bonus	-	813	-	1,220	-	700	-	700
Deferred compensation								
LTI 2020 – 2021/RSU[4]	-	1,512	-	2,069	-	1,324	-	-
LTI 2019 – 2020/RSU[4]	-	-	-	-	-	-	-	-
AEI 2016/RSU[4]	-	-	-	-	-	-	-	-
AEI 2015/RSU[4]	-	-	-	-	-	-	-	-
Total	-	3,332	1,007	4,296	-	3,032	-	1,708
Pension service cost[5]	-	477	477	477	-	477	-	477
Total	**-**	**3,809**	**1,484**	**4,773**	**-**	**3,508**	**-**	**2,185**

1_The disclosed LTI target/min/max and LTI actual figures of 2020 and 2019 represent the LTI fair values, which differ from the LTI allocation values. The determination of the LTI fair values is based on an option pricing model taking into account additional input parameters, including the term structure of interest rates and the expected relative performance of the Allianz share price compared to the peer index. For the latter, simulation techniques are applied at the valuation date to determine the volatility of the Allianz stock, the volatility of the peer index and their correlation.

2_The column "Actual grant" is in line with the disclosure requirements under the German Accounting Standard No. 17.

3_The annual bonus disclosed for performance year 2020 is paid in 2021 and for performance year 2019 in 2020. The payments for share-based deferred compensation (AEI and LTI), however, are disclosed for the year in which the actual payment was made.

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

5_Pension service cost in accordance with IAS 19: represents the company cost, not the actual entitlement or a payment.

SHARE-BASED REMUNERATION AND SHAREHOLDINGS

In accordance with the method described earlier, a number of RSUs were granted to each member of the Board of Management in March 2021. They will vest and be settled in 2025.

Grants, outstanding holdings, and equity compensation expense under the Allianz Equity Program (AEI, until and including for financial year 2018) and the LTI from the financial year 2019

Board members	RSUs		Equity compensation expense 2020 € thou[2]
	Number of RSUs granted on 5/3/2021[1]	Number of RSUs held at 31/12/2020[1]	
Oliver Bäte	14,749	49,935	2,289
Sergio Balbinot	8,360	30,361	1,365
Jacqueline Hunt	8,216	26,077	1,305
Dr. Christof Mascher	8,072	27,732	4,414
Niran Peiris	5,765	20,691	3,706
Dr. Klaus-Peter Röhler	6,228	18,394	912
Ivan de la Sota	7,999	21,592	1,071
Giulio Terzariol	8,216	21,049	1,092
Dr. Günther Thallinger	8,216	24,767	1,222
Dr. Axel Theis	2,060	29,990	3,476
Renate Wagner	8,216	5,159	461
Total	**86,097**	**275,747**	**21,312**

1_The relevant value of an RSU is only available after sign-off of the Annual Report by the external auditors, therefore numbers are based on a best estimate. As disclosed in the Annual Report 2019, the share-based grant in 2020 was made to participants as part of their 2019 remuneration. The disclosure in the Annual Report 2019 was based on a best estimate of the RSU grants. The actual grants deviated from the estimated values and have to be disclosed accordingly. The actual RSU grants as of 6 March 2020 under the LTI are as follows: Oliver Bäte: 19,588, Sergio Balbinot: 11,001, Jacqueline Hunt: 10,902, Dr. Christof Mascher: 10,604, Niran Peiris: 7,929, Ivan de la Sota: 9,415, Giulio Terzariol: 10,604, Dr. Günther Thallinger: 10,604, Dr. Axel Theis: 11,001.

2_Share-based remuneration plans are accounted for as cash-settled awards. The fair value of the RSUs granted is generally accrued, as a compensation expense, proportionately over the entire vesting period as long as there is no sufficient evidence that the appointment of a board member will cease earlier. Changes on assumptions of the expected termination date of a board member result in an accelerated expense recognition.

Under the shareholding requirements, members of the Board of Management must build share ownership within three years **share-holding requirements**.

Shareholding exposure as of 31 December 2020

€ thou

Board members	Shareowner-ship portfolio[1]	RSU portfolio[2]	Total portfolio	Proportion of total portfolio value on base salary in %
Oliver Bäte	2,611	10,022	12,633	741
Sergio Balbinot	746	6,093	6,839	701
Jacqueline Hunt	746	5,234	5,980	613
Dr. Christof Mascher	746	5,566	6,312	647
Niran Peiris	746	4,153	4,899	502
Dr. Klaus-Peter Röhler	-	3,692	3,692	379
Ivan de la Sota	746	4,334	5,080	521
Giulio Terzariol	746	4,225	4,971	510
Dr. Günther Thallinger	746	4,971	5,717	586
Dr. Axel Theis	-	6,019	6,019	617
Renate Wagner	-	1,035	1,035	106

1_Based of the XETRA closing price of the Allianz share as of 30 December 2020. Shareholdings as of 31 December 2020: Oliver Bäte: 13,011 shares, Sergio Balbinot, Jacqueline Hunt, Dr. Christof Mascher, Niran Peiris, Ivan de la Sota, Giulio Terzariol and Dr. Günther Thallinger: 3,717 shares each. As part of the shareownership guideline, the first acquisition for Dr. Klaus-Peter Röhler and Renate Wagner will take place in 2021.
2_Based on the XETRA closing price of the Allianz share as of 30 December 2020 and the portfolio as of 31 December 2020 shown in the table reporting the share-based compensation.

PENSIONS

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

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

In 2020, Allianz Group paid € 6 mn (2019: € 5 mn) to increase reserves for pensions and similar benefits for active members of the Board of Management. As of 31 December 2020, reserves for pensions and similar benefits for active members of the Board of Management amounted to € 35 mn (2019: € 41 mn).

In 2020, former members of the Board of Management and their dependents received remunerations and other benefits totaling € 8 mn (2019: € 8 mn), while reserves for current pension obligations and accrued pension rights totaled € 171 mn (2019: € 159 mn).

Individual pensions: 2020 and 2019
€ thou (total might not sum up due to rounding)

		Defined benefit pension plan (frozen)			Contribution-based pension plan (frozen)[1]		Current pension plan		AVK/APV[2]		Transition payment[3]		Total	
Board of Management		Expected annual pension payment[4]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]	SC[5]	DBO[6]
Oliver Bäte	2020	-	-	-	151	4,255	812	3,765	7	51	72	1,332	1,041	9,403
	2019	-	-	-	82	3,898	750	2,868	6	46	53	1,201	891	8,013
Sergio Balbinot	2020	-	-	-	5	34	464	2,354	3	11	-	-	472	2,400
	2019	-	-	-	4	32	429	1,836	3	9	-	-	435	1,877
Jacqueline Hunt	2020	-	-	-	-	-	458	1,720	-	-	-	-	458	1,720
	2019	-	-	-	-	-	449	1,270	-	-	-	-	449	1,270
Dr. Christof Mascher[7]	2020	-	-	-	9	4,010	464	2,417	6	58	-	-	479	6,485
	2019	-	-	-	6	3,770	429	1,897	6	52	49	912	489	6,631
Niran Peiris	2020	-	-	-	-	-	429	1,188	-	-	-	-	429	1,188
	2019	-	-	-	-	-	413	751	-	-	-	-	413	751
Dr. Klaus-Peter Röhler	2020	17	15	486	22	1,783	346	1,302	8	249	-	-	390	3,821
	2019	-	-	-	-	-	-	-	-	-	-	-	-	-
Ivan de la Sota	2020	14	13	407	74	73	462	1,197	11	137	-	-	560	1,814
	2019	14	11	377	42	61	426	710	9	122	-	-	488	1,270
Giulio Terzariol	2020	19	17	429	61	739	462	1,427	17	297	-	-	556	2,891
	2019	19	14	387	30	660	425	935	14	277	-	-	483	2,260
Dr. Günther Thallinger	2020	-	-	-	63	1,885	464	1,927	7	47	-	-	535	3,860
	2019	-	-	-	38	1,700	429	1,420	7	42	-	-	473	3,162
Dr. Axel Theis[8]	2020	120	26	-	10	-	110	-	3	-	-	-	150	-
	2019	120	92	3,479	34	2,910	406	1,712	11	330	22	896	564	9,327
Renate Wagner	2020	-	-	-	9	250	464	683	4	15	-	-	477	948
	2019	-	-	-	-	-	-	-	-	-	-	-	-	-

1_The service cost of the frozen contribution-based pension plan reflects the continued death and disability cover.
2_Plan participants contribute 3% of their relevant salary to the AVK. For the AVK the minimum guaranteed interest rate is 1.75% – 3.50% depending on the date of joining Allianz. In general, the company funds the balance required via the APV. Before Allianz's founding of the APV in 1998, both Allianz and the plan participants were contributing to the AVK.
3_For details on the transition payment, see section "Termination of service". In any event a death benefit is included.
4_Expected annual pension payment at assumed retirement age for the frozen defined benefit pension plan, excluding payments for the current pension plan.
5_SC = service cost. Service costs are calculatory costs for the DBO related to the business year reported.
6_DBO = defined benefit obligation, end of year. The figures show the obligation for Allianz resulting from defined benefit plans, taking into account realistic assumptions with regard to interest rate, dynamics, and biometric probabilities.
7_Dr. Christof Mascher waived the transitional allowance to which he would have been entitled. Such transitional allowance would have been set-off against the non-compete allowance ("Karenzentschädigung") in any case.
8_As Dr. Axel Theis retired on 31 March 2020, his employer-financed DBO of € 9,141 thou (of which € 3,748 thou for the frozen defined benefit pension plan, € 3,087 thou for the frozen contribution-based pension plan, € 1,858 thou for the current pension plan and € 448 thou AVK/APV) as of 31 December 2020, is taken into account at the former board members. He waived the transitional allowance to which he would have been entitled. In any case, the transitional allowance would have been set-off against the non-compete allowance.

LOANS TO MEMBERS OF THE BOARD OF MANAGEMENT

As of 31 December 2020, there were no outstanding loans by Allianz Group companies to members of the Board of Management of Allianz SE.

OUTLOOK FOR 2021

NEW BOARD MEMBERS

The remuneration of the new regular members of the Board of Management of Allianz SE, Dr. Barbara Karuth-Zelle and Christopher Townsend, has been set at the same level as for the other regular members of the Board of Management.

TARGET COMPENSATION ADJUSTMENT FOR THE CHAIRMAN OF THE BOARD OF MANAGEMENT OF ALLIANZ SE

The Supervisory Board has decided to adjust the total target and overall compensation cap of the Chairman of the Board of Management effective 1 January 2021. The increase of the target compensation was actually already planned for 2020 due to the contract extension of Oliver Bäte on 1 October 2019 and is in line with the usual approach at Allianz to increase the target compensation of the Chairman of the Board to market level only if – as in the case of Oliver Bäte – performance and success prove to be sustainable. The increase was postponed and the originally planned resolution on the Board of Management remuneration system was not submitted to the Annual Shareholders' Meeting for approval in 2020 in order to be able to update the horizontal comparison once again on the basis of the remuneration reports of peer companies published in 2020. This horizontal comparison has led to the following conclusion: The annual target compensation excluding pension contributions will be increased from € 5,687 thou to € 6,371 thou, and the overall compensation cap will be adjusted from € 10,000 thou to € 11,750 thou respectively. The ratio of the Chairman of the Board's target compensation to that of an regular board member has thus been set at 1.96, up from the previous factor of 1.75. This factor corresponds to the average ratio of regular board members to board chairmen in the DAX. In addition, the compensation of the Board of Management was subjected to a horizontal comparison with DAX companies and international competitors. This showed that Allianz is in the 86th percentile of DAX companies relative to its size (revenue, number of employees and market capitalization). The Supervisory Board has set the 75th percentile as the appropriate level of target compensation in terms of the horizontal comparison. The target compensation of the regular board members is at the 75th percentile and was therefore found to be appropriate, while the target compensation of the Chairman of the Board is only at the 55th percentile and was therefore not appropriate. The new target compensation of the Chairman of the Board is also at the 75th percentile. The adjustment of the target compensation of the Chairman was made with the consent of the social partners (employee representatives of the Supervisory Board) of Allianz SE.

In € thou	Base salary	Annual bonus	Long-term incentive	100 %	Pension contribution	Total compensation
2020	1,706	1,422	2,559	5,687	853	6,540
2021	1,911	1,593	2,867	6,371	956	7,327

ADJUSTMENT OF THE BOARD OF MANAGEMENT'S REMUNERATION SYSTEM OF ALLIANZ SE

At its meeting on 18 February 2021, the Supervisory Board adopted the current remuneration system for the Board of Management of Allianz SE. It differs only slightly from the system applicable until 2020 and takes into account, among other things, the current requirements of the German Stock Corporation Act (ARUG II) and the German Corporate Governance Code through technical adjustments. The remuneration system for the Board of Management thus adopted will be submitted to the 2021 Annual Shareholders' Meeting for approval.

The first change relates to the possibility of temporarily deviating from the remuneration system in exceptional circumstances in accordance with the statutory provision (§87a(2) German Stock Corporation Act), if this is necessary in the interests of the long-term welfare of the company. The assessment may take into account both macroeconomic and company-related exceptional circumstances, such as impairment of the long-term viability and profitability of the company. Any deviation requires a prior proposal by the Personnel Committee. The components of the remuneration system from which deviations may be made in exceptional cases include in particular the base salary, the annual bonus and the long-term incentive (LTI), including their relationship to each other, their respective assessment bases where applicable, the target setting and target achievement assessment principles, and the determination of any payout and payment dates. The duration of the deviation shall be determined by the Supervisory Board at its due discretion, but should not exceed a period of four years. In a crisis situation, for example, this provision is intended to allow the appointment of a new board member, e.g., with crisis management expertise, with a compensation structure that temporarily deviates from the remuneration structure.

The Supervisory Board is also entitled to take appropriate account of extraordinary unforeseeable developments when determining the amount of the variable compensation. This rule takes up a recommendation of the German Corporate Governance Code and allows to adjust the remuneration in rare unforeseeable exceptional cases. Conceivable cases of application include, for example, significant changes in accounting rules or in the tax or regulatory framework, as well as catastrophic events not yet known at the time of target setting. The application of this rule may also lead to a reduction in the variable compensation.

The Supervisory Board may also adjust the target compensation of the members of the Board of Management insofar as this is appropriate to ensure that the compensation of the Chairman of the Board of Management or a regular member of the Board of Management is appropriate with regard to their duties and performance. In doing so, it shall take into account the comparison of board compensation horizontally and vertically. The aim of this rule is to adjust board compensation moderately on the basis of horizontal and vertical compensation trends and thus avoid major compensation increases. It does not constitute an automatic adjustment, but requires a justified decision by the Supervisory Board in each case. Such a moderate adjustment of the target compensation does not in itself represent a significant change to the compensation system. These adjustments or deviations must be justified in detail in the respective remuneration report for the reported financial year. The remuneration report is prepared in accordance with ARUG II and submitted to the Annual Shareholders' Meeting for approval.

By way of clarification, it is mentioned that members of the Board of Management appointed for the first time may be granted corresponding payments or benefit commitments in connection with the commencement of their appointment to the Board of Management of Allianz SE in order to compensate for compensation or pension entitlements forfeited with previous employers. Such compensation commitments are important for the possibility of attracting external candidates for the Board of Management. Payments made on the basis of these commitments are by their nature not considered with regard to the calculation of the overall compensation cap.

Remuneration of the Allianz SE Supervisory Board

The remuneration of the Supervisory Board is governed by the Statutes of Allianz SE and the German Stock Corporation Act. The structure of the Supervisory Board's remuneration is regularly reviewed with regard to its compliance with German, European, and international corporate governance recommendations and regulations.

REMUNERATION PRINCIPLES

- In view of the activities and its business and financial situation of Allianz, the amount of the remuneration for the Supervisory Board is based on the fourth quartile of the Supervisory Board remuneration of the companies reported in the DAX.
- The remuneration structure takes into account the individual functions and responsibilities of Supervisory Board members, such as chair, vice chair, or committee mandates.
- The remuneration structure allows proper oversight of business as well as independent decisions on executive personnel and remuneration.

REMUNERATION STRUCTURE AND COMPONENTS

The remuneration structure, which comprises fixed and committee-related remuneration only, was approved by the Annual General Meeting in 2018 and is laid down in the Statutes of Allianz SE.

FIXED ANNUAL REMUNERATION

The remuneration of a Supervisory Board member consists of a fixed cash amount paid pro rata temporis after the end of the respective quarter of the business year for services rendered over that period. In 2020, each regular Supervisory Board member received a fixed compensation amounting to € 125 thou per year. The Chairperson received € 250 thou, each Vice Chairperson received € 187.5 thou.

COMMITTEE-RELATED REMUNERATION

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

FIXED ANNUAL REMUNERATION		
Chairperson € 250 thou	Vice Chairperson € 187,5 thou	Regular Member € 125 thou

COMMITTEE-RELATED REMUNERATION						
	Audit Committee	Personnel Committee	Risk Committee	Standing Committee	Technology Committee	Nomination Committee
Chairperson	€ 100 thou	€ 50 thou				none
Regular Member	€ 50 thou	€ 25 thou				none

ATTENDANCE FEES AND EXPENSES

In addition to the fixed and committee-related remuneration, members of the Supervisory Board receive an attendance fee of € 1,000 for each Supervisory Board or committee meeting they attend. Should several meetings be held on the same or consecutive days, the attendance fee will only be paid once. In addition, Allianz SE reimburses the Supervisory Board members for their out-of-pocket expenses and the VAT payable on their Supervisory Board service. The company provides insurance coverage and technical support to the Supervisory Board members to an extent reasonable for carrying out their Supervisory Board duties. In the course of the latest change to the German Corporate Governance Code, the recommendation for a 10% deductible for members of the Supervisory Board in the D&O insurance was deleted without replacement. In light of the reasons of the respective Code Commission for this change, i.e., that a deductible would not present a suitable means to increase the sense of responsibility and motivation of Supervisory Board members, it was decided to waive the deductible when signing a new D&O insurance contract in 2020.

REMUNERATION FOR 2020

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2,652 thou (2019: € 2,685 thou). The following table shows the individual remuneration for 2020 and 2019:

Individual remuneration: 2020 and 2019
€ thou (total might not sum up due to rounding)

Members of the Supervisory Board	Committees[1] A	N	P	R	S	T		Fixed remuneration	Committee remuneration	Attendance fees	Total remuneration
Michael Diekmann	M	C	C	C	C	M	2020	250.0	225.0	11.0	486.0
(Chairman)	M	C	C	C	C	M	2019	250.0	225.0	9.0	484.0
Jim Hagemann Snabe		M			M	C	2020	187.5	75.0	4.0	266.5
(Vice Chairman)		M			M	C	2019	187.5	75.0	6.0	268.5
Gabriele Burkhardt-Berg			M			M	2020	187.5	50.0	3.0	240.5
(Vice Chairwoman)			M			M	2019	187.5	50.0	6.0	243.5
Sophie Boissard	M						2020	125.0	50.0	3.0	178.0
	M						2019	125.0	50.0	9.0	184.0
Christine Bosse		M		M			2020	125.0	25.0	3.0	153.0
		M		M			2019	125.0	25.0	6.0	156.0
Dr. Friedrich Eichiner	C			M		M	2020	125.0	150.0	6.0	281.0
	C			M		M	2019	125.0	150.0	9.0	284.0
Jean-Claude Le Goaër	M				M		2020	125.0	75.0	3.0	203.0
	M				M		2019	125.0	75.0	9.0	209.0
Martina Grundler	M						2020	125.0	50.0	4.0	179.0
	M						2019	125.0	50.0	7.0	182.0
Herbert Hainer			M		M		2020	125.0	50.0	5.0	180.0
			M		M		2019	125.0	50.0	6.0	181.0
Godfrey Robert Hayward				M			2020	125.0	25.0	2.0	152.0
				M			2019	125.0	25.0	6.0	156.0
Frank Kirsch				M			2020	125.0	25.0	4.0	154.0
				M			2019	125.0	25.0	6.0	156.0
Jürgen Lawrenz					M	M	2020	125.0	50.0	4.0	179.0
					M	M	2019	125.0	50.0	6.0	181.0
Total[2]							**2020**	**1,750.0**	**850.0**	**52.0**	**2,652.0**
							2019	**1,750.0**	**850.0**	**85.0**	**2,685.0**

Legend: C = Chairperson of the respective committee, M = Member of the respective committee
1_Abbreviations: A - Audit, N - Nomination, P - Personnel, R - Risk, S - Standing, T - Technology
2_The total reflects the remuneration of the full Supervisory Board in the respective year.

REMUNERATION FOR MANDATES IN OTHER ALLIANZ COMPANIES AND FOR OTHER FUNCTIONS

Mr. Jürgen Lawrenz did not receive any remuneration for his service on the Supervisory Board of Allianz Technology SE. All current employee representatives of the Supervisory Board, except for Ms. Martina Grundler, are employed by Allianz Group companies and receive market-based remuneration for their services.

LOANS TO MEMBERS OF THE SUPERVISORY BOARD

As of 31 December 2020, there were no outstanding loans by Allianz Group companies to members of the Supervisory Board.

OUTLOOK 2021

The remuneration of the Supervisory Board of Allianz SE was last amended by the Annual General Meeting on 9 May 2018. In light of the statutory provisions, the Annual General Meeting of Allianz SE will vote on the Supervisory Board's Remuneration System on 5 May 2021, which will also entail remuneration for members of the Nomination Committee. The remuneration is set at half of the usual committee remuneration and amounts to € 25 thou for the Chairperson and € 12.5 thou for a regular member. This remuneration takes into account the increased tasks in the selection of suitable candidates for the election of shareholder representatives on the Supervisory Board as well as the increased selection frequency due to the proposed shortening of the term of office of shareholder representatives on the Supervisory Board from five to four years.

In 2021, the Supervisory Board will also set up a Sustainability Committee, in particular, to closely monitor the sustainability strategy of the Allianz SE Board of Management. The remuneration is set at the usual committee remuneration level of € 50 thou for the Chairperson and € 25 thou for a regular member.

COMBINED SEPARATE NON-FINANCIAL REPORT

About the report

This section has been compiled in accordance with the Corporate Social Responsibility (CSR) Directive Implementation Act (EU Directive 2014/95/EU). It focuses on the concepts and key performance indicators (KPIs) that reflect our most material sustainability issues. The KPIs included are the Net Promoter Score (NPS), the Inclusive Meritocracy Index (IMIX), and our environmental indicators (greenhouse gas (GHG) emissions per employee and percentage of green electricity). Based on our commitment to setting ourselves long-term climate targets, we have devoted 2020 to developing indicators and intermediary targets for the carbon performance of our proprietary investment portfolio. These targets were published in January 2021, and our performance will be disclosed in future reporting. For further information, please see **www.allianz.com/sustainability/low-carbon-economy/decarbonization.**

The concepts contained in this report are in line with the content of our 2020 Group Sustainability Report, which is compiled in accordance with the standards set out by the Global Reporting Initiative (GRI) and will be published on 29 April 2021.

This non-financial section of our 2020 annual report covers the entire Allianz Group and also includes the relevant non-financial information for Allianz SE. Where Allianz SE's concepts and processes differ from those applied on the Group level, they are described separately. All measures, activities, and key figures refer to the 2020 financial year (1 January 2020 to 31 December 2020). Where appropriate, we compare our targets, set in the previous year with the achievements from this year, and define our targets for next year. Unless otherwise stated, we use the control principle defined by the International Financial Reporting Standards when determining the scope of our reporting for Allianz Group.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft has performed a reasonable assurance engagement on the 2020 non-financial information. All 2020 data included in this report was assessed based on this reasonable assurance engagement, whereas baseline data on GHG emissions and green electricity was assessed based on a limited assurance engagement. For further information, please refer to our Independent Practitioner's Report on a Reasonable Assurance Engagement on Non-Financial Reporting.

Any references to information published outside the Group Management Report and Allianz SE's Management Report are supplementary, do not form an integral part of this non-financial information, and are not subject to any assurance engagement (unless specified in the respective document).

Company description

We provide property-casualty and life/health insurance as well as asset management products and service to our customers around the world. In our activities as a financial services provider, we take sustainability-related risks such as climate change into consideration and pursue opportunities from ESG[1] trends. We describe our management approach to these matters in this section. For further information on our Business Model, see our Business Operations, and our Group Sustainability Report 2020, **section 01.2**, **www.allianz.com/sustainability.**

Corporate Responsibility Governance and Strategy

We aim to create sustainable economic value by pursuing a long-term approach to environmental stewardship, social responsibility, and corporate governance. This is critical to our business success, as we are committed to delivering on our promises to our stakeholders, in particular our customers, investors, and society as a whole. To deliver on our purpose "We secure your future" and the ambition to be a global sustainability leader, we continually strive to adapt our business strategy to any issues that arise.

GOVERNANCE

Our principle governing body responsible for sustainability-related issues is the Group ESG Board. Established in 2012, it is composed of Allianz SE board members and meets quarterly. The Group ESG Board is responsible for the sustainability agenda, including climate-related topics, the integration of ESG into our business lines, operations and into the core processes related to insurance and investment, and the Group's activities related to our societal impact. The board members each assume responsibility for specific sustainability matters and dedicated departments directly provide the Group ESG Board with regular updates on sustainability matters.

In addition to the Group ESG Board, there are other committees under board member leadership that play an important role in our decision-making processes:

- The Group Finance and Risk Committee oversees risk management and monitoring, including sustainability risk. The Committee is the point of escalation for ESG-related risk management, based on analysis and deliberations within the ESG Board.
- The Group Underwriting Committee monitors the underwriting business and related risk management. It also develops new underwriting policies and strategies.

1_Environment, social and governance

The Board of Management and the Supervisory Board are also updated and involved in relevant decisions about sustainability-related matters.

Our group-level sustainability function is responsible for managing the strategic framework for all group-wide sustainability activities, developing and introducing relevant policies supporting with reporting on non-financial matters, and supporting operating entities (OEs) in integrating the Group's strategic approach and policies.

Until 31 December 2020, the corporate responsibility function was part of Group Communications and Corporate Responsibility. As of 1 January 2021, Allianz's ESG agenda will be managed by a new Global Sustainability function. Along with this new function, Allianz is establishing the role of a Chief Sustainability Officer (CSO). The creation of a dedicated sustainability function reflects the increasing importance of these topics to Allianz. The CSO will be reporting to the Chair of the ESG Board.

MATERIALITY

We need to understand and respond to the changing world around us in order to succeed and make a positive impact on society. Our materiality assessment identifies the ESG issues that are perceived as being most important to our stakeholders and our businesses. We have recognized four stakeholder groups most immediately affected by our business activities: customers, employees, investors, and society as a whole.

We consider the outcomes of the materiality assessment in our sustainability approach, strategy and reporting. This drives us to focus on the risks, opportunities, issues and impacts that matter most to our stakeholders and which we have the ability to influence.

Our most recent materiality assessment was carried out in 2019. Our top-3 material topics in 2019 were:

- Climate change,
- Providing environmental and social products,
- Environmental issues.

All climate and environment-related topics are covered in "Environmental Matters", while product-related issues are covered in "Social Matters", which covers topics like emerging consumers and data privacy concepts.

While we did not conduct a new materiality assessment in 2020, we did review our 2019 results with colleagues from Group Regulatory and Public Affairs, Group Economic Research and Global Sustainability in light of the COVID-19 pandemic and other developments to highlight its impact on our strategy and reporting. No new material topics were identified during this review. For more details on the outcome of this review, please refer to our Group Sustainability Report 2020, **section 02.5** **www.allianz.com/sustainability**.

Additionally, for information on the materiality analysis process and outcomes, please refer to our Group Sustainability Report 2019, **section 02.5** **www.allianz.com/sustainability**.

SUSTAINABILITY APPROACH

Within the three main themes comprised in our sustainability approach

- Climate change and decarbonization,
- Societal Impact,
- ESG Business Integration

we address risks and trends that might affect us. Through our ESG Business Integration approach, we also review and evaluate social and environmental effects arising from our business activities and business relations.

Moreover, we seize business opportunities associated with sustainability matters for example, in the areas of sustainable solutions and sustainable investments (such as in renewable energy or affordable housing).

RISK MANAGEMENT

With regard to the requirements introduced in 2017 through the German CSR Directive Implementation Act, we have not identified any remaining principal risks resulting from our operations, business activities, and business relations that could have severe adverse effects on material non-financial matters. Any potential risks and impacts identified throughout our risk assessment have been addressed by the respective concepts we have in place, which we describe in this report.

As a global insurer, investor and asset manager, understanding ESG issues allows us to reduce risks and capture opportunities in underwriting, claims, proprietary investment management, and asset management. Our concepts for all other matters for which reporting is required will be addressed in subsequent chapters. The ESG approach provides part of the foundation for these concepts.

ESG APPROACH

The types of ESG risks Allianz considers to be material in its insurance and investment activities are summarized in the Allianz ESG Integration Framework. ESG risks can turn into legal risks, reputational risks, supply chain and business disruption risks, quality risks, operational risks, human-rights risks, financial risks, and/or investment risks for Allianz, its customers, and/or its invested companies. ESG topics are integrated in our insurance, investment, and asset management businesses through multiple instruments. They include internal standards, guidelines, and processes such as the Allianz Standard for Reputational Risk and Issue Management (AS RRIM), the Allianz Standards for P&C Underwriting (ASU) and the Allianz ESG Functional Rule for Investments (EFRI). An overview of the Group's key ESG integration processes is described below:

- In underwriting and proprietary investments in non-listed asset classes, ESG risks have been managed through the ESG-sensitive business guidelines outlined in the AS RRIM since 2014.
- For investments in listed asset classes, the Allianz ESG scoring approach (defined in EFRI) is applied to manage related risks, since December 2016.

- For proprietary investments, Allianz has excluded investments in companies involved in controversial weapons[1] since 2011. Additionally, we do not provide insurance cover for activities related to such weapons.
- Furthermore, we have excluded proprietary investments in coal-based business models[2] since November 2015. Our criteria for the exclusion of coal-based business-models were further expanded in 2020.
- For the Property-Casualty insurance business, we have decided to no longer cover single-site coal-fired power plants and coal mines that have been operated or planned as of 2018. Furthermore, in April 2020, Allianz publicized its approach to dealing with clients involved with coal-based business models on a larger scale (beyond single sites). See our climate change strategy below for further details.
- Further ESG-related measures include our systematic engagement with investee companies, launched in 2017 and rolled out in 2018, as well as ESG considerations in our selection and management of asset managers.

The data related to our ESG integration approach will be included in our Group Sustainability Report 2020. An in-depth overview of our approach and processes to integrating ESG is published in the Allianz ESG Integration Framework at **www.allianz.com/esg-framework**.

In our Asset Management business segment, AllianzGI and PIMCO have developed and implemented their own processes to manage risks and capture opportunities from ESG issues. For proprietary assets that AllianzGI and PIMCO manage on behalf of other Allianz Group entities, group-level requirements are observed in combination with the asset management entities' own approaches.

Targets and Achievements: ESG approach

Topic	Achievements 2020	Targets 2021
UN initiatives	Allianz co-led a multi-year project together with UNEP FI's Principles for Sustainable Insurance initiative which resulted in the publication of the first global guide to manage ESG risks in non-life insurance in June 2020. The guide shows how insurers can develop a systematic approach to managing ESG risks such as climate change, protected sites, human rights, controversial weapons, among others.	We will actively contribute to the establishment of the UN-convened Net-Zero Underwriting Alliance alongside other insurance firms around the world.

Environmental Matters

This section describes the impact of environmental matters on our business activities and relationships, as well as the impact of Allianz's activities and relationships on the environment. Furthermore, we describe our concepts for the management of these impacts and related achievements.

CONCEPTS

Within our Sustainability Approach, the pillar "Climate change and decarbonization" addresses climate change and environmental issues, which were both identified among the three most material risks in our materiality analysis. As a company dealing with risk, managing impact on environmental matters – and their impact on us – is a key element of our business approach. Not only is climate change a major risk for societies and economies, it also directly affects our business, from our insurance products to our proprietary and third-party investments, and to our company's operations. We are tackling climate challenges by promoting the transition to a low carbon economy, through our investments and insurance solutions. In addition, we actively manage emissions from our operations and are committed to achieving net-zero greenhouse gas emissions by 2050.

CLIMATE CHANGE STRATEGY

At Allianz, we anticipate the risks of climate change. Besides caring for our customers through our insurance products, we also leverage our position as one of the world's largest insurers and institutional investors to help drive the transition to a low-carbon economy.

We are committed to making climate protection an integral part of our core business and to pursuing, for both our proprietary investments and our business operations, long-term climate targets in line with the 1.5°C ambition set forth in the Paris Climate Agreement. The Allianz SE Board of Management's 2020 remuneration is tied to the attainment of climate-related targets, among other things, which include the successful execution of our climate change strategy. Specifically, as a long-term target, we have committed to reducing the greenhouse gas emissions from our proprietary investments to net-zero by 2050. To achieve this target – and in general to support the global transition to a low-carbon economy –, we have co-founded the U.N.-convened Net Zero Asset Owner Alliance. As a first milestone towards our net-zero target, by 2025 we aim to reduce GHG emissions in equities and corporate bonds by 25% compared to 2019. In addition, by 2025, our real estate portfolio will be in line with a 1.5°C pathway.

1_Cluster munitions, anti-personnel landmines, chemical and biological weapons.

2_Utilities generating 30 % or more of their electricity from thermal coal and planning more than 0.3 gigawatts of coal capacity additions as well as mining companies generating 30 % or more of their revenue from thermal coal.

Our climate change strategy anticipates, across our lines of business, the risks associated with a changing climate. Climate change considerations are an integral part of our insurance and investment strategy, which is informed by regular climate-related scenario analyses: Using internal models and external tools, we perform sensitivity and scenario analyses with time horizons extending to 2050, and with global warming scenarios ranging from 1.5°C to 4°C. For more details on climate scenario analyses, see section 05.4 of our Group Sustainability Report. In pursuing our investment business, we consider climate-related criteria such as carbon emissions, energy efficiency, vulnerability to climate change, and opportunities in clean tech as part of our ESG integration approach for listed and non-listed assets. We also systematically engage with investee companies exposed to high ESG risks, offering advice and encouraging them to define and pursue their own climate strategies in line with the latest scientific findings. For further insights into Allianz's ESG engagement approach, please refer to our Group Sustainability Report 2020, **section 03.2** **www.allianz.com/sustainability**.

For several years we have been pursuing a decarbonization strategy. We are committed to fully withdrawing from coal-based business models across our entire proprietary investment and Property-Casualty portfolios by 2040 at the latest. For further information on our coal policy, please refer to our "statement on coal-based business models" **www.allianz.com/press/news/business/insurance/180504-allianz-announces-climate-protection-package.**

For more information on our current state of progress, please see section 05.6 of our Group Sustainability Report on "targets and target performance" **www.allianz.com/sustainability**.

As part of our dedication to our customers, we advise them on how to reduce climate change-related risks and minimize related damages, while indemnifying those who have suffered losses. We are also working on insurance solutions for climate-vulnerable populations in developing countries. Partnering with peers, NGOs, scientists, and the public sector, we are piloting new approaches that combine insurance offerings with resilience-strengthening measures. For instance, approaches to incentivizing risk reduction include dedicated training and advice as well as risk-differentiated premium structures. Key initiatives in this field that we engage in include the Insurance Development Forum (IDF), the Munich Climate Insurance Initiative (MCII), the Geneva Association and the InsuResilience Global Partnership. Since 2018, we have been implementing disaster risk management and transfer projects within our Strategic Alliance with the German Development Agency (GIZ).

Promoting the transition to a low-carbon economy and contributing our share to limit global warming to 1.5°C are among our key concerns. We therefore provide insurance solutions for renewable-energy products and energy efficiency. We are also investing in low-carbon technologies such as renewables and energy efficiency.

We work with policymakers and regulators to support sustainable financing and achieve the goals laid down in the Paris Climate Agreement. We also promote the expansion of companies' climate-related reporting. At Allianz, we report on climate-related opportunities and risks based on the framework developed by the G20's Task Force on Climate related Financial Disclosures (TCFD). The relevant disclosure can be found in our Group Sustainability Report 2020, **section 05.1** **www.allianz.com/sustainability**.

Targets and Achievements: Climate Change Strategy

Topic	Targets 2020	Achievements 2020	Targets 2021 and beyond
Decarbonizing our investments	Set long-term and intermediary climate targets (2025) for proprietary investments in line with 1.5°C based on AOA framework for target setting.	We set our first intermediate 2025 target as part of our "net-zero by 2050" commitment for our proprietary investment portfolio as well as operations (see subsequent section "environmental concept" for operational emission targets).	For our proprietary investment portfolio, we aim to reduce GHG emissions to net-zero by 2050. As intermediary target, we aim to reduce our emissions in listed equities and corporate bonds by 25% by 2025 compared to 2019 level. The fully owned real estate portfolio will be in line with scientifically based 1.5-degree pathways by 2025. For our operational emission targets see subsequent section "environmental concept".
Phase out of coal-based business models	– Fully phase out coal-based business models across our proprietary investments and P&C portfolios by 2040 at the latest along 1.5°C pathway. – Engage with companies in proprietary investment as well as P&C portfolios to move away from coal.	We further worked on the implementation of our coal exclusion approach in proprietary investments and Property-Casualty underwriting. We engaged with more than 30 insurance clients on transitioning away from coal. For further insights into our divestments, please refer to our Group Sustainability Report 2020, Section 05.6.	– Fully phase out coal-based business models across our proprietary investments and Property-Casualty portfolios by 2040 at the latest. – Reduce threshold for coal-based business models for P&C insurance as well as investment portfolios from current 30 % to 25 % as of 31 December 2022.
Net-Zero Asset Owner Alliance	– Further increase the number of members and assets under management. – Develop inaugural Target-Setting Protocol. – Engage with policy-makers, regulators, sectors and companies.	Together with our partners at the AOA we achieved the following: – Grew to 33 members across three continents with > USD 5 tn AUM. – Developed inaugural Target-Setting Protocol. – Started engagements with policy-makers, regulators, sectors and companies. – First position papers and statements published.	– Carry out and disclose portfolio baseline assessments. – Develop climate strategies and actions plans, including trajectories. – By 2023: Disclosure of quantitative joint Alliance report.

ENVIRONMENTAL CONCEPT

At Allianz, we are committed to actively managing our environmental performance, above all by preventing/reducing pollution and other climate-related effects of our business operations. We work to continually improve these aspects – specifically:

- Reduce the amount and carbon intensity of the energy consumed by our operations, in particular by making/keeping the planning, construction, and operation of buildings energy-efficient,
- Reduce the environmental impact of our business travel,
- Use resources – in particular paper and water – efficiently, and
- Minimize the environmental impact of waste by avoiding, reducing, re-using, and recycling it as appropriate.

Further, we include various environmental factors in our sourcing and procurement processes. By doing that, we seek to raise suppliers' and contractors' awareness of our environmental commitment and to encourage them to act accordingly.

Our group-wide environmental management system (EMS) provides standards and controls, supports environmental data collection, and promotes transparent reporting on environmental impacts across our operations. It guides us in monitoring and managing our use of resources. Operational implementation is monitored by the Group Environmental Officer, and supported by the Board of Management of Allianz SE.

Targets and Achievements: Environmental matters:

Topic	Targets 2020	Achievements 2020	Targets 2021 and beyond
GHG emissions per employee, Allianz Group	Reduce carbon emissions by 30 % per employee by 2020, against a 2010 baseline[1].	– Our carbon footprint per employee was 1.4 tons (2019: 2.4). This represents a 62 % reduction, against a 2010 baseline[1]. – Key approaches to meet the 2020 target were improvements in energy efficiency, due to data center consolidation, as well as an increase of the share of renewable power in our energy mix. Further emissions reductions were the result of COVID-19 pandemic-related effects including working from home and reduction of business travel, leading us to exceed our target for this year.	In 2020, we worked to develop our next GHG emission target, to be achieved by 2025, in line with the latest climate-related science findings. The new GHG emission target is a further 30 % GHG reduction per employee by 2025 (baseline year 2019).
Green electricity, Allianz Group	Achieve 100 % green electricity for our operations by 2023.	The share of green electricity in total electricity used was 57 % (2019: 49 %); this improvement is due to the expansion of green electricity use across various regions, including Asia.	Achieve 100 % green electricity for our operations by 2023.
GHG emissions per employee, Allianz SE[2]	Reduce carbon emissions by 2 % per employee by 2020, against a 2016 baseline[1].	– Our carbon footprint per employee was 1.1 tons (2019: 2.7). This represents a 61 % reduction against the 2016 baseline[1]. The improvement is mainly due to protective measures taken during the COVID-19 pandemic, such as a restriction of non-critical business travel and a reduction of occupancy in Allianz SE premises, resulting from employees' working from home. – We have achieved our targets for 2020.	
Green electricity, Allianz SE[2]	Achieve 100 % green electricity for our operations by 2023.	We achieved a share of 100 % green electricity in total electricity used (2019: 100 %) at our Munich headquarter, which is certified according to ISO 14001.	

1_Baseline data was assessed based on a limited assurance engagement.
2_2016 baseline Allianz SE data was adjusted to the physical scope of our Munich headquarter location. Allianz RE and international hubs are included in our Group reporting. The majority of the environmental impacts reported are in scope of an SE environmental management system certified to ISO14001. Allianz SE targets for 2021 and beyond are set in line with targets for other OEs.

Allianz undertakes various efforts to collect relevant environmental data from the major entities and their operations. The scope of our environmental reporting includes all entities that, at the time reports are written, have been part of Allianz for a full reporting year at minimum. In 2020, we collected environmental data for entities corresponding to 97 % of our total employee base. The data is based on meter readings (where available), invoice amounts (where available), and entities' own estimations. Wherever the necessary data cannot be determined in this way and with reasonable effort, it is extrapolated – either for entire entities or for part(s) of them – based on the relevant headcount.

This permits the performance monitoring as well as the comparison and benchmarking of entities based on comparable system boundaries. Please note that the CO2 values reported refer to the sum of Scopes 1, 2, and 3 as defined in the Greenhouse Gas (GHG) Protocol. CO2 emissions considered under Scope 3 include business travel, paper use, and energy-related emissions such as transmission and distribution losses. Scope 2 emissions are calculated applying market-based factors, with Allianz applying CO2 conversion factors mainly from IEA and DEFRA.

Social Matters

This section describes the impact of social matters on our business activities and relationships as well as, vice versa, the impact of Allianz's activities and relationships on society as a whole. In addition, we describe the concepts and achievements related to the management of these impacts with a focus on social inclusion, emerging consumers, responsible consumer/sales policies, and data privacy.

CONCEPTS

As a global insurer, we uphold the principle of solidarity. Pooling risks is at the heart of our business model, and we have a keen interest in supporting stable communities. With the COVID-19 pandemic impacting the lives, health, and livelihood of people in many countries worldwide, the subject of social responsibility has assumed even greater importance for Allianz in 2020. This has strengthened our conviction that businesses can thrive best in equitable societies. We approach our social responsibility with a long-term view on relevant developments, and we dedicate our time, skills, and money to social issues both within company walls and beyond. For further insights into our concepts, please refer to our Group Sustainability Report 2020, section 04.9.

SOCIETAL IMPACT

In 2020, we further developed our existing approach to social matters and developed our new strategy. Our overall mission is to drive transformative changes in order to enable the next generation to achieve self-sustaining livelihoods. Based on our materiality assessment, we have defined three key areas:

- Building resilient communities
- Promoting health and wellbeing
- Supporting equal opportunities while mitigate inequality.

We pursue these targets by offering a range of solutions to emerging consumers, which are designed to provide people with access to financial services suited to their needs. Inside our company, we promote equal opportunities, fight inequality, and work to establish and maintain a culture of diversity and inclusion. Specifically, we support women in management as well as people with disabilities, and we have dedicated networks in place for the LGBT (Lesbian, gay, bisexual, transgender) community. Moreover, we run health and well-being programs for our employees. Responsibility for the implementation of the framework lies with the Corporate Responsibility Team at the Group level and with our OEs at the local level. The responsible teams regularly report on progress to the Group ESG Board.

For the external public, Allianz publishes annual updates on its progress in each of these three areas – insurer, employer, and committed corporate citizen – in three reports: the Emerging Consumers Report, the People Fact Book, and the Group Sustainability Report.

Targets and Achievements: Societal Impact

Topic	Targets 2020	Achievements 2020	Targets 2021
Evolution of the Encouraging Future Generations Program		In 2020, we started to implement our new strategy for corporate citizenship activities as an evolution to our Encouraging Future Generations Program.	Continue with the implementation of the new strategy.
Corporate citizenship activities		In 2020, Allianz Group contributed through Corporate Giving and employee volunteering, as well as activities through its 12 corporate foundations. We had corporate citizenship activities benefiting communities worldwide. For further insights into our corporate citizenship activities, please refer to our Group Sustainability Report 2020, section 04.9.	Continue to contribute to society through corporate giving and employee volunteering in alignment with our strategy.
Long-term global partnership with SOS Children's Villages International (SOS CVI)	Increase the resilience and equal opportunities of children and young people in 2020 by focusing specifically on Emergency Preparedness & Response and Youth Employability programs.	In 2020 our partnership with SOS CVI with a focus on Emergency Preparedness & Response and Youth Employability programs (e.g. international Online Mentoring program connecting Allianz employees and SOS CV youth) continued. SOS CVI was also our global disaster relief partner, through which we provided immediate relief and/or long-term care on the grounds in response to e.g. COVID-19 in Italy and Indonesia, explosion in Lebanon and the refugee camp Moria in Greece. For further insights to our partnership, refer to our Group Sustainability Report 2020, section 04.9.	Continue to work with our partner to increase resilience of and equal opportunities for children and young people.

EMERGING CONSUMERS

We continue to support low-income consumers in Asia, Africa, and Latin America, where the majority of people are still severely underinsured. Responsibility for managing the emerging consumers business lies with the local Allianz OEs. We are determined to expand our range of offerings to emerging consumers further with the goal being to close the protection gap for people currently lacking access to low-cost financial services tailored to their needs.

Since many of those markets lack an established financial services infrastructure, our emerging consumers approach also focuses on digitalization. To make the most of existing opportunities, we are partnering with digital businesses to distribute and expand our reach, for example through mobile-phone-based insurance products. Further information on the Allianz concept for emerging consumers is disclosed in our Emerging Consumers Report. **www.allianz.com/en/sustainability/publications-news/ publications.**

Targets and Achievements: Emerging Consumers Concept

Topic	Achievements 2020	Targets 2021
Allianz's Emerging Consumers business and partnerships	Despite the COVID-19 pandemic's negative social and economic impact, we were able to maintain or even increase our outreach to emerging consumers in a number of target countries in 2020. We also continued to intensify our strategic partnership with the Swedish microinsurance and telehealth specialist BIMA: Following our initial investment in 2017 and the start of our joint collaboration with the German development agency GIZ to develop the next generation of mobile insurance products in 2019, we reiterated our commitment to BIMA and the emerging consumers segment by a follow-on investment in BIMA in 2020.	We aim to continue our expansion in Africa, Asia, and Latin America and to support a growing number of Emerging Consumers – especially with digital products and services – by partnering with insurtechs, mobile network operators, mobility platforms, and other digitally operating partners. Following the extension of our footprint in East Africa, we will also seek to expand our outreach to emerging consumers in this region in 2021.

RESPONSIBLE CONSUMER / SALES

Our strong reputation is built on customers', shareholders', employees' and the general public's trust in our integrity. This trust hinges on the quality of our products, the information and advice we provide to our customers, and the personal conduct and capabilities of our sales employees and representatives.

Since 2011, we have been adhering to a Global Sales Compliance Framework Program managed by the compliance team, which specifies standardized processes and controls for communication, monitoring, and review. In 2020, we revised this framework to reflect recent developments in regulatory standards. Our existing sales compliance requirements were condensed into a new corporate rule, the Allianz Standard for Sales Compliance. This standard is now our consolidated customer protection framework. In addition to providing ground rules for compliant and ethical sales practices across the Allianz Group, it lays down a set of key principles to ensure fairness and transparent information to customers – including on distributors' remuneration – and outlines the specific sales compliance risks our business segments face.

This framework and the associated controls allow us to highlight our clear commitment to fairness and transparency, as expressed in our Code of Conduct. The Code emphasizes that fairness towards customers and transparent communication about our products and services, including their limitations, maximizes our chances to earn customers' long-standing trust. A responsible sales approach is likely to increase customer satisfaction – and satisfied customers, in turn, are more likely to be loyal to Allianz and recommend us. Our customers' interests take priority whenever they seek advice from us.

Since 2006, we have been measuring customer loyalty using the Net Promoter Score (NPS). The NPS measures our customers' willingness to recommend Allianz, and we regularly apply the Top-Down NPS in accordance with global, cross-industry standards, allowing us to benchmark our scores against those of competitors in the respective markets. In 2016, we refined the NPS methodology and established a group-wide standard for the retail customer NPS, which helps us rate Allianz businesses with regard to key business drivers such as brand, product, price, and service. Around the same time, we introduced our Customer Excellence Program to systematically measure customer experience, identify key areas for improvement, and pursue an integrated approach to enhance the drivers of customer satisfaction along the entire customer journey.

In 2019, we introduced the Voice of the Customer Program (as part of the Customer Excellence Program), which allows us to continually monitor and improve customer journeys based on a standard rating method: After several touchpoints along our five customer journeys, customers are invited to rate their satisfaction level on a five-star scale. When ratings are at 3 stars or below, we follow up within 48 hours to gain more insights and, if possible, resolve the issue directly with the customer. The learnings from this approach allow Allianz to systematically improve not only our internal processes but also customers' experience in dealing with us. In the interest of full transparency, we intend to publish all feedback from motor claims customers on our website, making them visible to all existing and potential customers.

Complaints are another important source of customer feedback, and we analyze them carefully to identify potential levers for improvement. All matters related to NPS and customer feedback are managed by the Group Strategy, Marketing, Distribution team.

In 2020, we kicked off a transition process to digitalize our Top-Down NPS process, in line with our three principles "simple, digital & scalable." In this pilot phase, we applied the digital process to 30 metrics in 15 OEs. In 2021, we will roll it out to include 66 measurements in 38 OEs. The entire transition will be completed in 2022 until then, current procedures remain standard for any external communications.

In order to ensure that we will achieve our global ambitions for 2021, we plan to continue hosting so-called "NPS activation workshops" with all entities in scope. Global initiatives addressing customers' pain points – such as Voice of the Customer, Product Simplification, or Digital Services – will be extended. In addition, we will continue to implement our Allianz-specific COVID-19 measures like dedicated communication, customer care and corporate social responsibility. We will also develop new initiatives to support our customers during this pandemic.

OEs which faced challenges in implementing either global initiatives or COVID-19 measures received dedicated support in 2020 and will also be supported going forward. The process is orchestrated by Group Strategy, Marketing, and Distribution

Targets and Achievements: Responsible consumer / sales

Topic	Achievements 2020	Targets 2021
Allianz Standard for Sales Compliance	The new Allianz Standard for Sales Compliance outlines rules and principles to ensure that our companies offer fair and transparent products. We will continue the review of new products so that these are in line with the parameters set out in the Standard.	Ensure the new Sales Compliance Framework implementation throughout the Group.
Global NPS performance, Allianz Group	We achieved the highest ever measured NPS results for Allianz: - 45 out of 57 measured segments have been either above local market or Loyalty Leaders resulting in a share of 79 % (2019: 70 %). - 34 out of 57 measured segments have been Loyalty Leaders resulting in a share of 60 % (2019: 46 %). This means that we exceeded the 2021 group target (75 % + outperforming) one year ahead of time. Main drivers for this success have been Voice of the customer, Product simplifications, Expanding digital service offerings and COVID-19 measures.	For over 75 % of Allianz Group business segments to outperform their local market (meaning either above market or Loyalty Leader position).

DATA PRIVACY

Digitalization enables more people to access insurance products. We embrace the resulting opportunities through our Digital by Default strategy, which was implemented along with our Data Privacy Renewal Agenda in 2015. Digitalization, however, also comes with data privacy and protection risks. Data privacy matters are managed by the Data Privacy function. We take these risks very seriously, and we are enforcing robust security and privacy controls to reassure our customers that their personal data is safe and secure.

Our Allianz Privacy Framework includes a global standard for data privacy, a privacy impact assessment and risk management process, integration with information security standards and practices, and dedicated training programs to familiarize employees with the procedures to correctly process customers', employees', and third-party partners' personal data. All measures are subject to regular audit and assurance activities.

The Allianz Privacy Standard defines rules and principles for collecting and processing personal data. Established in 2018, it sets out six privacy principles we expect all our employees to respect: due care, purpose specification, reasonable limitation, transparency and openness, choice and consent, and privacy by design. In addition, we publish a privacy notice on our Allianz.com website which clearly states what information we collect and why.

As part of our Privacy Risk Management, we consider the identification and management of privacy risks as an integral part of our operational processes. Consequently, we measure, monitor, and remediate risks across Allianz's core businesses. For so-called high-exposure processes that use personal data, we carry out Privacy Impact Assessments (PIAs) to allow early identification of high-risk areas and ensure they are appropriately managed over the project lifecycle, including when changing an existing product or service.

In 2016, we introduced an application across all Allianz Group companies to facilitate the execution of PIAs. In conjunction with training sessions, the PIA tool permits a more uniform approach to the assessment and mitigation of privacy risks across the Allianz Group. We regularly reassess the methods we applied in performing PIAs and monitoring the risk of processing activities, and ensure that any PIA enhancements are adopted quickly. Privacy risks are also included in our Integrated Risk and Control System (IRCS).

Another, equally important matter is the security of the personal data we handle. As part of our Robust Information Security Framework, we consistently apply exacting security processes, standards, and tools at a global level. The framework also defines minimum requirements based on the ISO 27001 Standard for Information Security Management. This standard specifies various requirements for three fields: vulnerability assessment along the software development value chain (including penetration tests and security audits), system monitoring via multi-level security systems, and effective IT security management and business continuity management.

We keep abreast of regulatory and industry developments and aim to reflect these in our operational and governance processes. For example, in response to the changes in the E.U. General Data Protection Regulation (GDPR) that came into force in May 2018, we initiated the Allianz Privacy Renewal Program (APRP) – a major effort to align our privacy practices with the requirements of the GDPR. This work included work streams across the topics of data subject rights, data handling, training, accountability & governance, security & confidentiality, change management, and assurance & monitoring. In June 2020, the OEs certified that all of the required controls introduced by the APRP were fully deployed.

Additionally over the past two years, we have addressed new data privacy developments in Brazil, India, and the United States, among other jurisdictions. More recently, we have responded to judicial and regulatory statements on the GDPR, including as concerns cross-border data transfers and the use of social media, for which we have drafted practical guidance for our OEs.

Digital privacy guidelines provide guidance on privacy-related topics that affect digital projects, both for privacy by design as part of new-product and service design processes, and for privacy by default which means that wherever individuals are given choices on the use and sharing of their personal data, default settings restrict the disclosure.

DATA ETHICS

In response to the increasing regulatory initiatives and public debates on ethics and artificial intelligence (AI) worldwide, we have set up the Allianz Data Ethics Project including experts from various functions and Allianz Group companies. Aiming to further strengthen the internal governance framework for AI, in 2020 we developed AI Practical Guidance for our data science/analytics departments, extended our Privacy Impact Assessment procedure to a "Privacy & Ethics Impact Assessment," and amended the Allianz Privacy Framework respectively.

Targets and Achievements: Data privacy

Topic	Targets 2020	Achievements 2020	Targets 2021
Allianz Privacy Renewal Program (APRP)	Implement the APRP across all Allianz Group companies by mid-2020 and transform into a business-as-usual environment. We will target a sample of Allianz OEs for data privacy reviews.	We successfully concluded efforts we had begun in 2016, working with Allianz Group companies and other Group Centers on realizing the group-wide deployment of the APRP in 2020. Having reached this milestone, the data privacy program has transitioned to a business-as-usual environment. Accordingly, our emphasis and, along with it, resources deployed have been shifted from the implementation of the privacy program to monitoring activities, including on-site reviews. These efforts focus on the maturation of our group-wide privacy activities.	Data Champions will be appointed in all business units that process personal data across Allianz Group companies. Privacy Champions are employees who dedicate a portion of their time to deal with privacy related topics, including PIAs, records of processing activities, data incidents, and data access requests.

Human Rights Matters

This section describes the impact of human rights issues on our business activities and relationships, as well as the impact of Allianz's activities and relationships on human rights issues. We describe the concepts and achievements related to the management of those impacts. As we are a financial services provider, these concepts mainly relate to insurance transactions, proprietary investments, and our supply chain.

In 2020, we observed an increase in attention to human rights matters, particularly their regulatory and legislative aspects. We are closely monitoring these developments in various jurisdictions and are ready to further develop our internal approach to fulfill any additional requirements.

To increase transparency on our human rights initiatives and to reaffirm our public position, we are working to include a dedicated section on our human rights approach in our Allianz ESG Integration Framework. In addition, we have expanded our human rights reporting in the Group Sustainability Report.

CONCEPTS

We are committed to applying key human rights principles such as the United Nations Universal Declaration of Human Rights across our entire organization. As a participant in the United Nations Global Compact since 2002, we have integrated its ten principles into our globally binding Code of Conduct. We annually communicate our progress, covering both human rights and labor standards.

We require our vendors to meet fair labor requirements and practices with the aim of preventing forms of modern slavery in the supply chain and to ensure compliance with the Declaration of Human Rights and our Allianz Group Vendor Code of Conduct. All vendors with a spend volume greater than € 250,000 undergo a vendor integrity screening that is based on the requirements laid down in the Allianz Global Standard for Procurement. As of 2017, vendors must adhere to our Allianz Group Vendor Code of Conduct. Also, in order to be accepted as contractors and pass the supplier on-boarding process included in our supply chain management system, vendors must answer a series of environmental, social, and governance questions.

Screening data and information on compliance with the Code of Conduct forms part of our procurement KPI reporting.

As part of our support of and commitment to said human rights principles, we also take an active stance against modern slavery and human trafficking as we pursue a risk-based approach across our business and supply chain. In its Allianz Group Modern Slavery Statement, published in August 2020, the Group confirms that over the five preceding years, no incident of modern slavery, human trafficking, or child labor has been found involving any of the Allianz Group entities.

For insurance transactions and proprietary investments such as real estate, infrastructure, and private equity, we address ESG risks, including human rights, in our mandatory referral process for sensitive business transactions. This process is set off by specific standard steps of the transaction and by data driven analysis of major human rights issues prevailing in the country of transaction. Please refer to our "ESG approach" for further details on the concepts.

For further details on the Allianz Group's referral process and our Human Rights Guideline, see the Allianz ESG Integration Framework **www.allianz.com/esg-framework.**

Targets and Achievements: Human rights matters

Topic	Achievements 2020	Targets 2021
Human rights integration	Human rights are part of our business guidelines in our ESG risk framework and thus of our core due diligence processes on sensitive business transactions. For further details, please refer to our Group Sustainability Report 2020, section 02.4.	– Continue to apply ESG Sector Guidelines and Human Rights Guidelines for sensitive countries into all business lines and core processes dealing with insurance, investment and procurement decisions. – Continue to develop and improve our approach to human rights integration in the business and the organization and disclose this approach as part of the formal Allianz ESG Integration Framework.
Modern Slavery Act	– No issues were raised in regard to human rights issues in accordance with the Modern Slavery Act in 2020. – Allianz Group Modern Slavery Statement was updated in mid-2020.	Continue to report on human rights issues as defined in the Modern Slavery Act.

Employee Matters

This section describes our employees' impact on our business activities and relationships as well as the impact of Allianz's business activities and relationships on employees, and sets out the concepts and achievements in managing these impacts. All employee matters are managed by the Group HR function.

CONCEPTS

Our employees are our most valuable asset and key to the success of our company. It is therefore of utmost importance that we retain people and keep them motivated and engaged. We do this by managing talent, rewarding personal achievements, promoting inclusion and employee rights, and supporting employee wellbeing and engagement. In 2020, our main focus was on keeping our employees safe during the global COVID-19 pandemic, minimizing health risks, and creating flexible working conditions such as remote solutions. These aspirations are underpinned by our HR strategy, including a globally consistent set of people attributes – Customer and Market Excellence, Collaborative Leadership, Entrepreneurship and Trust – which we uphold along the entire people value chain, from recruiting and talent management to learning and performance management.

Our purpose to guide our efforts is "We secure your future". As we believe that a key to employee engagement is a company strategy both widely accepted and filled with life, on 8 July 2020 we celebrated our first-ever group-wide Global Purpose & Strategy Day. Employees from all over the world came together online to explore Allianz's corporate purpose and role in society and to discuss how each of us contributes to implementing our company strategy.

BUSINESS AS USUAL

Allianz Engagement Survey

As employee engagement is a high priority to us, we work to build and maintain a highly motivated workforce that excels by integrity and maintains a strong customer focus. With a view to all these aspects, the Allianz Engagement Survey (AES), introduced in 2010, has proven to be a valuable platform for employee feedback. It is carried out on an annual basis.

One part of the AES is the Inclusive Meritocracy Index (IMIX). It measures our progress in building a culture where both people and performance matter, as we seek to enable employees to unlock their full potential. The IMIX score comprises 10 AES questions covering the areas of leadership, performance, and corporate culture.

The results of the AES are directly linked to the performance targets for the Group's Board of Management. The Group's Chief HR Officer is responsible for all people-related activities and reports to a member of the Board of Management.

At a global level, activities resulting from the AES survey findings have focused on the three areas in 2020: Recognition and Rewards, Work-life Balance as well as Top Management and Strategy.

One activity resulting from the AES is Allianz SE's VOICE initiative. Under the sponsorship of the CEO himself, it brings together employees from different levels and functions to work on key topics related to employee engagement. Apart from the ongoing implementation of 2019 ideas, three new ideas were developed and implemented in 2020:

- "Team Check-in", a work and health activity, where a structured and continuous dialogue between managers and their teammates around well-being, workload and other stress factors is enforced.
- "Triple-E" is an initiative to further improve the transparency in our company's rewards system.
- The "Meet the eAZy way" initiative created 10 golden rules on how to run effective meetings, and to reinforce monthly Lunch & Learn sessions.

VOICE has been launched successfully at Allianz Partners and, as of 2021, Allianz Germany.

Targets and Achievements: Employee matters

Topic	Achievements 2020	Targets 2021
IMIX, Allianz Group	78 % (+ 5 %-p vs. 2019)	73 % plus
IMIX, Allianz SE[1]	76 % (+ 3 %-p vs. 2019)	

1_Allianz SE targets for 2021 are set in line with targets for other OEs

Although both the Group and Allianz SE already exceeded their 2021 targets in 2020, we will start working on new global focus areas and continue with the VOICE initiative in order to tackle the identified focus areas.

Diversity & Inclusion

In 2020, the Allianz SE Board affirmed the importance Allianz attaches to Diversity & Inclusion (D&I) matters when it granted its approval to our new D&I strategy, "Inclusive.21". The strategy is built on three pillars: employees, customers, and brand & reputation.

To help bring "Inclusive.21" to life and demonstrate to the general public our deep commitment to the topics of gender, LGBT+, and disability inclusion, Allianz has signed the UN Women Empowerment Principles, the UN LGBT Code of Conduct, and The Valuable 500 commitment.

Influenced by the #BlackLivesMatter movement, Allianz is currently setting up a new global employee network focusing on racial and cultural ethnicity inclusion. In addition, two global networks focusing on inclusion across generations as well as of people with disabilities are being established: They will complement our two existing networks that focus on LGBT+ inclusion and gender equality.

Mental and physical resilience

At Allianz, we strongly advocate workplace health through a variety of initiatives and have introduced a global minimum standard for addressing work-related stress and mental health in 2015. In 2020, we introduced global minimum health requirements, in order to address corporate health and well-being issues. In October 2020, the Global Mental Health Day was celebrated to educate on mental health and stress prevention, and to promote good health. The mental health and well-being of our employees is our ultimate goal and we therefore developed a consistent framework for all our OEs around the world that comprises the following three dimensions:

- Mental Health & Well-being including professional support for all employees.
- Motivation & Engagement including inspiration from external speakers, regular virtual team-building and virtual coffee sessions.
- Work effectiveness consisting of remote working guidelines on the organizational, team and individual level.

Learning & Development

Learning and development is a key focus area in the rapidly evolving financial services industry. Companies that develop skills for the long term will be the best prepared to respond to emerging trends and opportunities, and attract the best talent. We are responding to this with two initiatives #lead and #learn.

A major highlight in 2020 was the launch of #lead, a leadership development initiative for all Allianz people leaders around the globe. The program aims to set a minimum standard for all people leaders with an equal focus on hard skills and soft skills to improve the balance between IQ (intelligence quotient) and EQ (emotional quotient) of our leaders.

Our initiative #learn will prepare our employees for emerging trends and transformations by creating a lifelong-learning ecosystem and culture. The initiative combines insights gained from Strategic Workforce Planning, offerings from AllianzU (Allianz University) and a modern recruitment strategy. Following the introduction of LinkedIn Learning in 2018, we have further accelerated the transition to modern digital learning by introducing the AllianzU Learning Platform, powered by degreed. This platform is a state-of-the-art learning technology providing high quality training content with a particular focus on digital skills needed for our future.

TRANSFORMATION PROJECTS

HR Transformation

In the context of the current HR transformation, we are building a global HR function which, with the company's underlying business needs in mind, will act as an impactful, strategic partner and service provider to our business lines. The HR transformation will provide a foundation for all HR processes and increase the level of standardization and automation. We are also working to ensure a state-of-the-art customer orientation in our HR functions to enhance employees' experience.

Strategic Workforce Planning

The purpose behind the Strategic Workforce Planning initiative is to gain an understanding of what the transition to a digital future means for Allianz and its people. As a result, major upskilling and reskilling initiatives will be required to prepare our workforce for the future. In addition, a smart recruiting strategy will be crucial to ensure we recruit the right talent. In our Strategic Workforce Planning approach, we compare our forecasted labor supply per job profile for the next five years against our workforce demand. This enables us to determine early on where we need to invest in our workforce and how best to prepare our people for the future. At year-end 2020, the program included around 50% percent of the global Allianz workforce, up from 32% in 2019. We are planning to extend it to 80% of our workforce by the end of 2021 and to address the identified learning gaps through our Learning & Development strategy.

OUR RESPONSE TO THE COVID-19 PANDEMIC

In response to the COVID-19 pandemic, the Allianz Group established a Global Crisis Unit (GCU), which comprises three Allianz SE Board Members. It is supported by a multi-disciplinary task force with experts from Protection and Resilience, HR, IT, Chief Medical Officer (Allianz Partners), Legal, Communications, Corporate Security, and others. The task force monitors the situation in each region where we do business and proposes appropriate measures. Measures include policies for remote working, strict office rules for hygiene and distancing (which also apply to external providers working on Allianz premises), restrictions on business travel, quarantining rules, and various others. All measures are constantly updated. Policies and guidelines have been issued globally, with local task forces responsible for implementing and, as applicable, adapting them to local conditions. Moreover, the GCU reviewed our ongoing protective measures to make sure we have appropriate data protection in place for employees working remotely as well as to ensure that existing processes work as efficiently in a remote setting as they do when everyone is on the premises. In addition, to strengthening technical defenses against common types of cyber-attacks, we have also modified our training and awareness regimes to enhance their impact with a more distributed workforce.

The GCU established a return-to-office strategy, which lays out a cautious three-wave approach to gradually bring employees back to their offices. Each of the three waves is subject to certain conditions, such as national or regional infection rates and other criteria. For each wave, hygiene measures and restrictions on meetings have been defined. The GCU taskforce constantly monitors the global situation and regularly reports to the Board of Management. It also provides advice and guidance to all OEs across the Group.

Moreover, the global pandemic cast a spotlight on the importance of health and mental well-being and therefore various measures have been introduced to provide employees with extra support during the crisis. These have included help/advisory lines for physical and mental health issues, preventative health measures such as online relaxation and similar, and special support for working parents such as additional leave to enable parents to take care of unexpected childcare needs.

New Work Model

Our New Work Model is designed to shape where and how we want to work in the future. It aims to capitalize on positive impacts for customers and employees brought about by the COVID-19 pandemic and which acted as a catalyst for the transformation we had already started. The model includes a global framework and is based on the following four pillars:

– Employees: We want to provide a flexible work environment to all employees as a mix of working from home and office work will become the norm. Additionally, we want to significantly reduce non-critical business travel by leveraging technology.
– Customers: Besides offering a multi-channel interaction to customers, we will further increase the digitalization of our agency network. Developing end-to-end customer solutions and achieving a good mix of physical and virtual customer interactions will speed up our service and improve our customer relations.
– Organization & Culture: We want to create a flatter, faster and more agile organization. Moreover, we will offer continuous learning to employees and focus on building the right leadership skills.
– Resilience: On the one hand, we want to increase the resilience maturity at OE level to ensure business continuity while on the other hand also increase the resilience of our global workforce through Strategic Workforce Planning.

Compliance/Anti-Corruption and Bribery Matters

This section describes the impact of compliance matters on Allianz’s business activities and relationships as well as the impact of Allianz’s activities and relationships on compliance. Furthermore, the concepts and achievements related to the management of these impacts are described, with a focus on the compliance management system, anti-corruption, and bribery matters. All compliance matters are overseen by the Compliance team.

CONCEPTS AND PROGRAMS

One key element of our risk management framework is our Compliance Management System (CMS), which helps to ensure compliance with internationally recognized laws, rules and regulations and to promote a culture of integrity in order to safeguard the company's reputation. We take a proactive stance, working with organizations such as the German Institute for Compliance and the Global Insurance Chief Compliance Officers Forum (CCO Forum) to enhance our understanding of compliance issues and to share best practices.

Compliance risk is covered as part of the operational risk category, as laid down in the Allianz Integrated Risk and Control System (IRCS). Since 2017, in-scope OEs have been required to conduct an annual compliance risk assessment, based on group-defined risk scenarios. Together with compliance organizational maturity assessments, they form the annual cycle of our integrated compliance risk scoping and assessment activities. In 2020, the following key areas of compliance risk have been identified and aligned with the Group’s top-risk assessment procedures, as coordinated by the Group’s Risk Management function:

– Customer protection,
– Data privacy (see section Data Privacy Concepts above),
– Economic sanctions,
– Money laundering,
– Anti-trust.

In view of new and upcoming regulatory requirements and expectations, the compliance risks associated with IT regulations, increased oversight requirements, anti-money laundering, and conduct-related as well as sustainable finance standards are growing in significance.

To ensure continuous improvement in how we address compliance risks, these risks are regularly assessed, monitored, and reported across the Group. Our Compliance Quality Assurance Program, which has been in place since 2012, comprises self-assessments, independent on-site reviews, targeted reviews, and testing of key controls. An online tool for compliance issue management provides an overview of issues detected in the course of the above activities. It requires reporting on mitigating activities as well as on follow-up procedures, including a review of actions undertaken and documented in the tool.

The information gathered through this compliance issue management tool also provides the primary basis for reports to the Group Board as well as to the Allianz SE Supervisory Board's Audit Committee.

Furthermore, we have an Integrity Committee in place, chaired by Group Compliance and with members from various functions. It reviews all activities and issues related to the prevention and detection of corruption and fraud as well as the summary reports of all actions to follow up on whistleblowing cases.

In the upcoming months and years, we will continue to strengthen our risk-based approach to compliance control reviews and testing. We will also continue to improve the IT solutions we have in place to support, optimize and standardize these activities, including related reporting activities across the Group, with a particular focus on the quality of the data collected. Our compliance assurance approach includes general reviews of the compliance of newly acquired entities as well as risk-based (targeted and general) reviews of existing entities, which includes the testing of key controls as appropriate.

As part of our global compliance program, we follow international standards and applicable laws related to corruption and bribery, money laundering and terrorism financing, trade and financial sanctions, capital markets, data privacy, customer protection, antitrust, and other relevant compliance risk areas. We thoroughly investigate allegations of violations of laws as well as of breaches of Allianz-specific rules.

We take a zero-tolerance approach toward fraud and corruption, as we are strongly committed to fully complying with local and international anti-corruption and anti-bribery laws. Indeed, we are determined to do more than comply with minimum legal requirements: The Allianz Anti-Corruption Program sets high standards for a comprehensive approach that is consistent throughout the Group and across jurisdictions.

Aimed at employees and certain third parties with whom Allianz does business, the Anti-Corruption policy and program prohibits the offering, acceptance, payment, or authorization of any bribe or other form of corruption, be it in dealings with the private sector or with government officials. Anti-corruption training is compulsory for all employees, with online and classroom training delivered in multiple languages.

The obligations laid down in our various compliance programs have been derived from the Allianz Group Code of Conduct and detailed in various Allianz standards – specifically, the Economics Sanctions, the Anti-Money Laundering, the Antitrust, the Data Privacy, and the Anti-Corruption Standards.

Targets and Achievements: Compliance/anti-corruption and bribery matters

Topic	Achievements 2020	Targets 2021
Compliance	Completed the fourth cycle of our integrated compliance risk scoping and assessment activities as part of the company's IRCS.	– Complete the fifth cycle of the integrated compliance risk scoping and assessment activities as part of the company's IRCS process in 2021. – Continue enhance the effectiveness of local compliance organizations by enriching our compliance reviews, to bolster further the governance and processes of underlying compliance organizations across our OEs.

GROUP MANAGEMENT REPORT

C

BUSINESS OPERATIONS

Allianz Group structure

Allianz SE and its subsidiaries (the Allianz Group) offer property-casualty insurance, life/health insurance, and asset management products and services in over 70 countries, with the largest of our operations located in Europe. The Allianz Group serves more than 100 million private and corporate customers[1]. Allianz SE, the parent company of the Allianz Group, has its headquarters in Munich, Germany.

The Allianz Group's structure reflects both our business segments and geographical regions. Business activities are organized by product and type of service, based on how these are strategically managed: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into the two categories property-casualty and life/health. In accordance with the Board of Management's responsibilities, each of the insurance categories is grouped into regional reportable segments. In 2020, the Allianz Group had 11 reportable segments.

Allianz Group structure – business segments and reportable segments[2]

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

Insurance operations

We offer a wide range of property-casualty and life/health insurance products to both retail and corporate customers. For the Property-Casualty business segment, these include motor, accident, property, general liability, travel insurances, and assistance services. The Life/Health business segment offers savings and investment-oriented products in addition to life and health insurance. We are the leading property-casualty insurer worldwide and rank among the top five in the life/health insurance business[3]. Our key markets (in terms of premiums) are Germany, France, Italy, and the United States.

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

Asset Management

Our two major investment management entities, PIMCO and AllianzGI, operate under the governance of Allianz Asset Management (AAM). We are one of the largest asset managers in the world that actively manage assets. Our offerings cover a wide range of equity, fixed income, cash, and multi-assets products as well as a strongly growing number of alternative investment products, such as infrastructure debt/equity, real assets, liquid alternatives, and solution business. Our core markets are the United States, Canada, Germany, France, Italy, the United Kingdom, and the Asia-Pacific region. As of October 2020, PIMCO officially assumed oversight of Allianz Real Estate and, as a result, Allianz Real Estate was transferred from the Corporate and Other business segment into the Asset Management business segment. The combined entity forms one of the world's largest and most diversified real estate platforms.

Corporate and Other

The Corporate and Other business segment's activities include the management and support of the Allianz Group's businesses through its central Holding functions, Banking and Alternative as well as Digital Investments. The Holding functions manage and support the Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Our Banking operations, which place a primary focus on retail clients, support our insurance business and complement the products we offer in Italy, France, and Bulgaria. Digital Investments identifies and invests in digital growth companies and provides digital investment management services and an interface between portfolio companies and the Allianz Group.

1_Including non-consolidated entities with Allianz customers.
2_For further information on organizational changes, please refer to the Executive Summary of 2020 Results.
3_Based on currently available peer data. Final peer analysis first available after publication of this Annual Report, due to the ongoing peers' full year reporting season.

Worldwide presence and business segments

Market presence of our business operations[1]

Segments	Insurance German Speaking Countries, Insurance Central & Eastern Europe
Property-Casualty, Life/Health	Germany
Property-Casualty, Life/Health	Switzerland
Central & Eastern Europe	
Property-Casualty, Life/Health	Austria
Property-Casualty, Life/Health, Banking	Bulgaria
Property-Casualty, Life/Health	Croatia
Property-Casualty, Life/Health	Czech Republic
Property-Casualty, Life/Health	Hungary
Property-Casualty, Life/Health	Poland
Property-Casualty, Life/Health	Romania
Property-Casualty, Life/Health	Slovakia
Property-Casualty, Life/Health	Russia
Property-Casualty	Ukraine
Insurance Western & Southern Europe and Asia Pacific	
Europe	
Property-Casualty, Life/Health, Banking	Italy
Property-Casualty, Life/Health	Greece
Property-Casualty, Life/Health	Turkey
Property-Casualty, Life/Health, Banking	France
Property-Casualty, Life/Health	Belgium
Property-Casualty, Life/Health	The Netherlands
Property-Casualty, Life/Health	Luxembourg
Asia Pacific	
Property-Casualty, Life/Health	China
Property-Casualty	Hong Kong[2]
Property-Casualty, Life/Health	Indonesia
Property-Casualty, Life/Health	Japan[2]
Property-Casualty	Laos
Property-Casualty, Life/Health	Malaysia
Life/Health	Pakistan
Life/Health	Philippines
Property-Casualty	Singapore
Property-Casualty, Life/Health	Sri Lanka
Life/Health	Taiwan
Property-Casualty, Life/Health	Thailand
Property-Casualty, Life/Health	India
Insurance Iberia & Latin America and Allianz Partners	
Iberia	
Property-Casualty, Life/Health	Spain
Property-Casualty, Life/Health	Portugal
Latin America	
Property-Casualty	Argentina
Property-Casualty, Life/Health	Brazil
Property-Casualty, Life/Health	Colombia
Property-Casualty, Life/Health	Mexico
Allianz Partners	
Property-Casualty, Life/Health	Allianz Partners
Allianz Direct	
Property-Casualty	Allianz Direct
US life insurance	
Life/Health	United States

Segments	Global Insurance Lines & Anglo Markets, Insurance Middle East and Africa
Global Insurance Lines & Anglo Markets	
Property-Casualty	United Kingdom
Property-Casualty, Life/Health	Australia
Property-Casualty	Ireland
Property-Casualty	Allianz Global Corporate & Specialty
Property-Casualty	Euler Hermes
Property-Casualty, Life/Health	Reinsurance
Middle East	
Property-Casualty, Life/Health	Egypt
Property-Casualty, Life/Health	Lebanon
Property-Casualty, Life/Health	Saudi Arabia
Africa	
Property-Casualty, Life/Health	Cameroon
Property-Casualty	Congo Brazzaville
Property-Casualty, Life/Health	Ghana
Property-Casualty, Life/Health	Ivory Coast
Property-Casualty	Kenya
Property-Casualty, Life/Health	Madagascar
Property-Casualty, Life/Health	Morocco
Property-Casualty, Life/Health	Nigeria
Property-Casualty, Life/Health	Senegal
Asset Management	
North and Latin America	
Retail Asset Management, Institutional Asset Management	United States
Retail Asset Management, Institutional Asset Management	Canada
Retail Asset Management, Institutional Asset Management	Brazil
Europe	
Retail Asset Management, Institutional Asset Management	Germany
Retail Asset Management, Institutional Asset Management	Austria
Retail Asset Management, Institutional Asset Management	France
Retail Asset Management, Institutional Asset Management	Italy
Retail Asset Management, Institutional Asset Management	Ireland
Retail Asset Management, Institutional Asset Management	Luxembourg
Retail Asset Management, Institutional Asset Management	Spain
Retail Asset Management, Institutional Asset Management	Switzerland
Retail Asset Management, Institutional Asset Management	Belgium
Retail Asset Management, Institutional Asset Management	The Netherlands
Retail Asset Management, Institutional Asset Management	United Kingdom
Retail Asset Management, Institutional Asset Management	Sweden
Asia Pacific	
Retail Asset Management, Institutional Asset Management	Japan
Retail Asset Management, Institutional Asset Management	Hong Kong
Retail Asset Management, Institutional Asset Management	Taiwan
Retail Asset Management, Institutional Asset Management	Singapore
Retail Asset Management, Institutional Asset Management	China
Retail Asset Management, Institutional Asset Management	Australia

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

1_This overview is based on our organizational structure as of 31 December 2020.
2_Property-Casualty business belongs to Allianz Global Corporate & Specialty.

Our steering

BOARD OF MANAGEMENT AND ORGANIZATIONAL STRUCTURE

Allianz SE has a divisional Board structure based on functional and business responsibilities. Business-related divisions reflect our business segments Property-Casualty, Life/Health, Asset Management, and Corporate and Other. In 2020, they were overseen by five board members. The following divisions focus on Group functions and come with business-related responsibilities: Chairman of the Board of Management; Finance, Controlling and Risk; Investment Management; Operations and Allianz Services; Human Resources, Legal, Compliance and M&A; and Business Transformation[1].

For further information on Board of Management members and their responsibilities, please refer to Mandates of the Members of the Board of Management.

TARGET SETTING AND MONITORING

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

We continuously monitor our business performance against these targets through monthly reviews – which cover key operational and financial metrics – to ensure we can move quickly and take appropriate measures in the event of negative developments. The Allianz Group uses operating profit and net income as key financial performance indicators across all its business segments. Other indicators include segment-specific figures, such as the combined ratio for Property-Casualty, return on equity[2] and new business margins for Life/Health, and the cost-income ratio for Asset Management. For a comprehensive view of our business segment performance, please refer to the respective chapters on the following pages.

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

Non-financial key performance indicators (KPIs) are used to assess the organizational health of Allianz and are reflected in the annual bonus of the Board of Management. In line with our Renewal Agenda 2.0 motto "Simplicity Wins", Customer Centricity and employee commitment – the two key levers identified – are reflected in two KPIs: the Net Promoter Score (NPS[3]) and the Inclusive Meritocracy Index. For further information on non-financial KPIs, please refer to the Combined Separate Non-Financial Report for the Allianz Group and Allianz SE (according to §§ 289b (3), 315b (3), sentence 1, sentence 2 in conjunction with § 298 (2) of the HGB) and for an overview of the development and expected development of these non-financial KPIs, please refer to the chapter Outlook 2021.

1_This member of the Board of Management also oversees Insurance Iberia & Latin America and Allianz Partners.
2_Excluding unrealized gains/losses on bonds net of shadow accounting.
3_NPS is a measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross-industry standards and allows benchmarking against competitors in the respective markets.

BUSINESS ENVIRONMENT

Economic environment 2020[1]

2020 was the year of the COVID-19 pandemic, which claimed almost two million lives globally last year and brought entire economies to a standstill. As a result, the world gross domestic product slumped by around 4 %, by far the worst performance since the Second World War. (By comparison, the Financial Crisis caused a drop of only 0.1 % in 2009.) The blow from the pandemic on livelihoods could be cushioned, however – first and foremost in advanced economies – by unprecedented fiscal policy measures: Governments' outlays totaled more than € 10 tn globally. This staggering level of support helped people and companies to endure lockdowns, trade disruptions, and social distancing – at least economically. Corporate insolvencies, for example, even declined by around 10 % globally in 2020, defying economic logic in the face of a severe recession. The flip side of generous fiscal support is rapidly escalating public debt: It reached around 130 % of world gross domestic product in advanced economies in 2020.

The big fall in global economic activity conceals an unusually large dispersion of performance in large economies. Reflecting diverging strategies as well as their differing success in combating the pandemic, the growth gap between China (+2.3 % in 2020) and the Eurozone (-6.8 % in 2020) amounted to nine percentage points; the gross domestic product of the United States declined by 3.5 % in 2020.

Capital markets initially reacted with panic to the outbreak of COVID-19; even the U.S. sovereign bond market, the backbone of the global financial system, was not immune to dislocations. But as central banks quickly stepped in, offering provisions of liquidity of unparalleled scale, functionality was restored. As a consequence of the ongoing monetary support, markets enjoyed a strong recovery since the March turbulences, even setting new records in some areas such as corporate bond issuance or initial public offers. Most equity markets concluded 2020 in positive territory, with the U.S. market, measured by the market-wide index S&P 500, setting the pace with a plus of 16 %. On the other hand, interest rates and yields dropped to new record lows: The 10-year U.S. Treasury yield declined from 1.9 % to 0.9 %, while the 10-year Bund yield dropped from -0.2 % to -0.6 % at the end of 2020.

Business environment 2020 for the insurance industry

Initially, COVID-19 impacted both sides of the balance sheet of the insurance industry. But entering the crisis with strong, well-capitalized balance sheets and the quick rebound of markets helped to manage temporary losses on the asset side. On the liability side, however, underwriting losses emerged in particular in travel and event cancellation, credit, and business interruption insurance. At the same time, frozen activity during lockdowns lowered claims frequencies in some lines of business. Global insured losses of natural catastrophes increased sharply in 2020, mainly due to severe storms and wildfires in the United States.

The industry also had to cope with the operational challenge of business continuity amidst lockdowns and social distancing: Accelerating digitalization was the answer to serving clients and maintaining operations while protecting employees during the pandemic.

The **property-casualty sector** proved remarkably resilient in 2020. Specifically, a hardening of rates helped stabilize premium income in commercial lines, while in personal lines the intensive use of digital channels mitigated the impact to new business that was caused by mobility restrictions. Industry profitability came under stress as investment income kept declining. The impact on underwriting profitability, however, was mixed: While some lines of business suffered from COVID-19-related and natural catastrophe losses, others, in particular motor, benefitted from lower claims frequencies during lockdowns.

In the **life sector**, premium income is very likely to have declined in 2020. To start with, products are in general less commoditized and thus less suitable for digital channels. Furthermore, the high uncertainty and ultra-low interest rates weighed on the demand for savings-type insurance products, a trend that could only partially be offset by growing demand for protection products. The overall impact of COVID-19 on industry profitability was ambiguous as lines of business were differently impacted. By and large, profitability remained challenged as falling interest rates and yields affected investment income.

Business environment 2020 for the asset management industry

In 2020, the asset management industry was severely impacted by the COVID-19 driven market disruption at the end of the first quarter. After years of steady growth, the industry's asset base was hit by financial market volatility. Yet, with aid of monetary and fiscal stimulus, markets recovered and the global economy was supported through the crisis. Both bonds and equities saw a year of high returns with the MSCI World Index increasing by 16 % in 2020, overcompensating the effects at the end of the first quarter of 2020.

Overall, global assets continued to grow and exceeded USD 110 tn for the first time. Although active investments still make up for most assets under management, growth in both passive and alternative investments is continuing. Related acceleration in fee and profitability compression for asset managers is partly compensated by an expansion of alternative and private market offerings. Also, asset managers are putting more focus on the growing importance of ESG-engagement (ESG = Environment, Social, Governance) with investors, impacting product design, fund allocation and performance objectives.

During 2020, asset managers continued to invest in digitalization. Accelerated by COVID-19, technology has become even more essential to drive customer engagement, data mining for information on clients, operational efficiency, and regulatory and tax reporting.

1_At the date of the publication of this report, not all general market data for the year 2020 used in the chapter Business Environment was final. Also, please note that the information provided in this chapter is based on our estimates.

EXECUTIVE SUMMARY OF 2020 RESULTS

KEY FIGURES

Key figures Allianz Group[1]

		2020	2019	Delta
Total revenues[2]	€ mn	140,455	142,369	(1,914)
Operating profit[3]	€ mn	10,751	11,855	(1,104)
Net income[3]	€ mn	7,133	8,302	(1,169)
thereof: attributable to shareholders	€ mn	6,807	7,914	(1,107)
Solvency II capitalization ratio[4]	%	207	212	(5) %-p
Return on equity[5]	%	11.4	13.6	(2.2) %-p
Earnings per share	€	16.48	18.90	(2.42)
Diluted earnings per share	€	16.32	18.83	(2.52)

Earnings summary

MANAGEMENT'S ASSESSMENT OF 2020 RESULTS

On an internal basis[6], our **total revenues** declined by 1.8% compared to the previous year. Although most of this decline was attributable to our Life/Health business in the United States and Germany, our Property-Casualty business segment also registered a decrease, due to lower volumes. Our Asset Management business segment, on the other hand, generated higher revenues based on an all-time high total assets under management (AuM) level.

Our **operating profit** decreased by 9.3% mostly due to adverse impacts from COVID-19. We registered a decrease in operating profits in three of our four business segments: in Property-Casualty, this was caused by a sharp drop in the underwriting result as well as in the operating investment result, with the former being due to COVID-19-related losses and lower run-off. In Life/Health, operating profit decreased but still remained on a strong level supported by a resilient investment margin. The decline was mainly due to a positive prior-year impact in the United States and the disposal of Allianz Popular S.L. in Spain. In Corporate and Other, the operating result worsened, mainly driven by a lower operating investment result. Our Asset Management business segment, on the other hand, registered operating profit growth from higher average AuM and continued cautious cost management.

Our **operating investment result** decreased by € 220 mn to € 23,634 mn, driven by significantly higher impairments and lower interest and similar income, partly offset by higher realizations on debt securities and a higher trading result.

Our **non-operating result** worsened by € 370 mn, resulting in a € 1,148 mn loss. Key drivers were higher restructuring and integration expenses.

Income taxes decreased by € 305 mn to € 2,471 mn, a result of lower pre-tax income. The effective tax rate increased to 25.7% (2019: 25.1%), mostly due to the absence of one-off tax benefits compared to 2019.

The lower operating profit and worsened non-operating result led to a decrease in **net income**.

Our **shareholders' equity**[7] increased by € 6.8 bn to € 80.8 bn, largely due to a net income attributable to shareholders of € 6.8 bn, a € 5.0 bn increase in unrealized gains and losses (net) and the issuance of undated subordinated bonds of € 2.3 bn. Part of the increase was offset by a € 4.0 bn dividend payout, the € 2.2 bn lower foreign currency translation adjustments, as well as € 750 mn for the purchase of 4.9 million own shares[8]. Our **Solvency II capitalization ratio** was strong at 207%[9].

For a more detailed description of the results generated by each individual business segment (Property-Casualty insurance operations, Life/Health insurance operations, Asset Management, and Corporate and Other), please consult the respective chapters on the following pages.

Other information

RECENT ORGANIZATIONAL CHANGES

As of October 2020, Allianz Real Estate was transferred from the Corporate and Other business segment into the Asset Management business segment.

In the course of 2020, there were only minor reallocations between reportable segments.

Other parts of the Group Management Report

The Group Management Report also entails the following sections:
- Statement on Corporate Management,
- Takeover-Related Statements and Explanations, and the
- Remuneration Report.

1_For further information on Allianz Group figures, please refer to note 5 to the Consolidated Financial Statements.
2_Total revenues comprise Property-Casualty total revenues (gross premiums written and fee and commission income), Life/Health statutory gross premiums written, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
3_The Allianz Group uses operating profit and net income as key financial indicators to assess the performance of its business segments and of the Group as a whole.
4_Figures as of 31 December. Figure as of 31 December 2020 excludes the application of transitional measures for technical provisions.
5_Represents the ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders is adjusted for net financial charges related to undated subordinated bonds classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds classified as shareholders' equity and unrealized gains/losses on bonds net of shadow accounting are excluded.
6_Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. For a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole, please refer to the chapter Reconciliations.
7_For further information on shareholders' equity, please refer to the Balance Sheet Review.
8_For further information on the share buy-back program, please refer to note 20 to the Consolidated Financial Statements.
9_Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 240% as of 31 December 2020. For further information, please refer to the Risk and Opportunity Report.

PROPERTY-CASUALTY INSURANCE OPERATIONS

KEY FIGURES

Key figures Property-Casualty[1]

		2020	2019	Delta
Total revenues[2]	€ mn	59,412	59,156	256
Operating profit	€ mn	4,371	5,045	(674)
Net income	€ mn	2,605	3,983	(1,378)
Loss ratio[3]	%	69.5	68.0	1.5%-p
Expense ratio[4]	%	26.8	27.5	(0.7) %-p
Combined ratio[5]	%	96.3	95.5	0.8%-p

Total revenues[6]

On a nominal basis, we recorded a slight increase in total revenues by 0.4% compared to the previous year.

This included unfavorable foreign currency translation effects to the amount of € 1,088 mn[7] and positive (de)consolidation effects of € 2,201 mn. On an internal basis, our revenues decreased by 1.5%, driven mainly by a negative volume effect of 4.8% and a positive price effect of 3.8%.

The following operations contributed positively to internal growth:

AGCS: Total revenues were € 9,339 mn, a 4.2% increase on an internal basis. Key drivers were price increases in our Liability, Financial Lines, and Property lines of business.

Turkey: Total revenues went up 17.1% on an internal basis, totaling € 1,003 mn. Much of this increase was owed to favorable volume effects in our health and motor insurance business.

Germany: Total revenues amounted to € 10,918 mn, an internal growth of 1.6%. Key drivers were price increases in our motor and property insurance business.

The following operations weighed on internal growth:

Allianz Partners: Total revenues went down 19.0% on an internal basis, totaling € 5,336 mn. The main reason for this was that the COVID-19 pandemic caused a volume decline in our travel insurance business.

Euler Hermes: Total revenues amounted to € 2,755 mn, an internal decrease by 7.0%. Much of it was due to COVID-19-related unfavorable volume effects in our credit insurance business.

Italy: Total revenues fell to € 3,794 mn, a decrease of 5.0% on an internal basis. It was largely due to negative price effects in our motor insurance business.

Operating profit

Operating profit
€ mn

	2020	2019	Delta
Underwriting result	1,639	1,997	(358)
Operating investment income (net)	2,556	2,840	(283)
Other result[1]	175	208	(33)
Operating profit	**4,371**	**5,045**	**(674)**

1_Consists of fee and commission income/expenses and other income/expenses.

We registered a sharp drop in our operating profit. While most of it was driven by our underwriting result, our operating investment income also contributed negatively.

The decrease in our underwriting result was due to an overall negative impact of COVID-19 amounting to € 1.1 bn, higher claims from natural catastrophes, and a lower contribution from run-off. On the other hand, strong improvements on the expenses side had a partially offsetting effect. Overall, our combined ratio deteriorated by 0.8 percentage points to 96.3%.

Underwriting result
€ mn

	2020	2019	Delta
Premiums earned (net)	51,631	51,328	303
Accident year claims	(36,314)	(35,959)	(355)
Previous year claims (run-off)	431	1,059	(628)
Claims and insurance benefits incurred (net)	(35,883)	(34,900)	(983)
Acquisition and administrative expenses (net)	(13,846)	(14,119)	273
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds)[1]	(263)	(312)	49
Underwriting result	**1,639**	**1,997**	**(358)**

1_Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 27 to the Consolidated Financial Statements.

Our accident year loss ratio[8] stood at 70.3%, an increase by 0.3 percentage points compared to the previous year. Losses from natural catastrophes were € 880 mn, compared to € 771 mn in 2019. This translates into a negative effect on our combined ratio of 0.2 percentage points, as the impact from natural catastrophes increased from 1.5 percentage points in 2019 to 1.7 percentage points in 2020.

Leaving aside losses from natural catastrophes, our accident year loss ratio worsened by 0.1 percentage points to 68.6%.

1_For further information on Property-Casualty figures, please refer to note 5 to the Consolidated Financial Statements.
2_Total revenues in Property-Casualty also include fee and commission income.
3_Represents claims and insurance benefits incurred (net) divided by premiums earned (net).
4_Represents acquisition and administrative expenses (net) divided by premiums earned (net).
5_Represents the total of claims and insurance benefits incurred (net) plus acquisition and administrative expenses (net), divided by premiums earned (net).
6_We comment on the development of our total revenues on an internal basis, which means figures have been adjusted for foreign currency translation and (de-)consolidation effects to provide more comparable information.
7_Based on the average exchange rates in 2020 compared to 2019.
8_Represents claims and insurance benefits incurred (net) less previous year claims (run-off), divided by premiums earned (net).

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

Italy: 0.5 percentage points, due to a reduction in claims frequency.

France: 0.4 percentage points, also driven by a reduction in claims frequency.

Allianz Direct: 0.3 percentage points, due to reduced claims frequencies across all markets, with the strongest impact recorded in our motor insurance business in Italy.

The following operations weighed on the development of our accident year loss ratio:

AGCS: 0.9 percentage points. The deterioration resulted from an increase in natural catastrophes and a severe impact of COVID-19, mostly on the losses from the Entertainment line of business.

Reinsurance: 0.7 percentage points. This increase was mainly due to the negative effects from the COVID-19 pandemic.

Our positive run-off result was € 431 mn – after € 1,059 mn in 2019 – translating into a run-off ratio of 0.8 %. Reserve releases stemmed particularly from our operations in Reinsurance, Australia, and Italy, but were in many operations lower compared to 2019, leading to a drop in run-off. AGCS continued to have a negative impact on our run-off result.

Acquisition and administrative expenses amounted to € 13,846 mn in 2020, after € 14,119 mn in the previous year. Our expense ratio improved significantly by 0.7 percentage points to 26.8 %, as it benefited from our acquisitions in the United Kingdom and a positive business mix development at Allianz Partners.

Operating investment income (net)
€ mn

	2020	2019	Delta
Interest and similar income (net of interest expenses)	3,061	3,314	(252)
Operating income from financial assets and liabilities carried at fair value through income (net)	(28)	(57)	28
Operating realized gains (net)	131	204	(73)
Operating impairments of investments (net)	(141)	(42)	(99)
Investment expenses	(421)	(426)	5
Expenses for premiums refunds (net)[1]	(45)	(153)	108
Operating investments income (net)[2]	**2,556**	**2,840**	**(283)**

1_Refers to policyholder participation, mainly from APR business (accident insurance with premium refunds), reported within "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 27 to the Consolidated Financial Statements.

2_The operating investment income (net) of our Property-Casualty business segment consists of the operating investment result – as shown in note 5 to the Consolidated Financial Statements – and expenses for premium refunds (net) (policyholder participation).

Our operating investment income (net) decreased, mainly because the interest and similar income (net of interest expenses) worsened due to a lower reinvestment yield and a lower dividend income.

Other result
€ mn

	2020	2019	Delta
Fee and commission income	1,640	1,946	(305)
Other income	152	153	(1)
Fee and commission expenses	(1,617)	(1,888)	271
Other expenses	(1)	(2)	2
Other result	**175**	**208**	**(33)**

Our other result declined mostly due to negative developments in our credit insurance business.

Net income

Our net income decreased by a significant € 1,378 mn. Along with the reduction in our operating profit, our non-operating result decreased significantly by € 771 mn. It was strongly affected by a deterioration of our non-operating investment result and increasing restructuring expenses related to our efficiency initiatives.

LIFE/HEALTH INSURANCE OPERATIONS

KEY FIGURES

Key figures Life/Health[1]

		2020	2019	Delta
Statutory premiums[2]	€ mn	74,044	76,426	(2,382)
Operating profit	€ mn	4,359	4,708	(349)
Net income	€ mn	3,766	3,523	243
Return on equity[3]	%	12.8	12.7	0.0%-p

Statutory premiums[4]

On a nominal basis, our **statutory premiums** decreased by 3.1 %, impacted by COVID-19 restrictions. This includes unfavorable foreign currency translation effects of € 510 mn as well as positive (de-)consolidation effects of € 137 mn. On an internal basis, statutory premiums dropped by 2.6 % – or € 2,009 mn – to € 74,296 mn.

In the **German** life business, statutory premiums totaled € 26,232 mn, a 5.4% decrease on an internal basis that was largely driven by lower single premium sales in our business with capital-efficient products. In the German health business, statutory premiums went up to € 3,741 mn. The increase – 4.6% on an internal basis – mainly resulted from premium adjustments in comprehensive healthcare coverage as well as from the acquisition of new customers in supplementary healthcare coverage.

In the **United States,** statutory premiums declined to € 9,915 mn, a decrease of 17.6 % on an internal basis. Most of it was caused by declining sales of fixed index annuity products, with the effect partly offset by higher sales for non-traditional variable annuity products.

In **Italy,** statutory premiums grew to € 12,487 mn. Key drivers of this increase – 15.4 % on an internal basis – were stronger sales for unit-linked and capital-efficient products, while weaker sales of guaranteed savings & annuities contributed negatively.

In **France,** statutory premiums decreased to € 7,409 mn, an 8.8 % drop on an internal basis. It was largely attributable to lower sales of our guaranteed savings & annuity products.

In the **Asia-Pacific** region, statutory premiums went up to € 6,049 mn, translating into a 9.3 % increase on an internal basis. For the most part, it was due to sales increases for unit-linked products in Indonesia as well as guaranteed savings & annuity products in Taiwan.

Present value of new business premiums (PVNBP)[5]

Our **PVNBP** decreased by € 5,450 mn to € 65,448 mn, impacted by COVID-19 restrictions. Most of the drop was a result of the lower sales volumes for capital-efficient products in the German life business, fixed index annuities in the United States, and guaranteed savings & annuities in France. The negative effects were partly offset by increased volumes from unit-linked products in Italy.

Present value of new business premiums (PVNBP) by lines of business
%

	2020	2019	Delta
Guaranteed savings & annuities	13.6	18.9	(5.3)
Protection & health	17.4	15.4	2.0
Unit-linked without guarantee	24.4	20.2	4.2
Capital-efficient products	44.6	45.5	(0.9)
Total	**100.0**	**100.0**	**-**

Operating profit[6]

OPERATING PROFIT BY PROFIT SOURCES[7]

Operating profit by profit sources
€ mn

	2020	2019	Delta
Loadings and fees	6,605	6,713	(108)
Investment margin	4,194	4,039	155
Expenses	(7,365)	(7,461)	96
Technical margin	1,132	1,174	(42)
Impact of changes in DAC	(206)	243	(450)
Operating profit	**4,359**	**4,708**	**(349)**

Our **operating profit** decreased, mainly due to increased hedging expenses and a loss recognition in the United States, as well as a lower investment margin in France. Other drivers included the extension of the amortization period for deferred acquisition costs in the United States in 2019, resulting in a favorable effect in that year, as well as the disposal of Allianz Popular S.L. in Spain. Positive effects partly offsetting the decrease came from the unlocking of assumptions, as well as from a model refinement in the United States, an improved investment margin in our German life business due to a higher reserve base, and increased unit-linked management fees in Italy. We also registered higher volumes and lower claims in the Asia-Pacific region.

1_For further information on Allianz Life/Health figures, please refer to note 5 to the Consolidated Financial Statements.
2_Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
3_Represents the ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.
4_In this section, our comments in the following section on the development of statutory gross premiums written refer to values determined "on an internal basis", i.e. adjusted for foreign currency translation and (de-) consolidation effects, in order to provide more comparable information.
5_PVNBP before non-controlling interests.
6_Prior year figures changed in order to reflect the refinement of profit source reporting in the USA.
7_The purpose of the analysis of Life/Health operating profit sources is to explain movements in IFRS results by analyzing underlying drivers of performance, consolidated for the Life/Health business segment.

The negative effects on our operating profit that were due to COVID-19 amounted to € 0.2 bn in 2020, and resulted mainly from market downturns in the first quarter of 2020.

LOADINGS AND FEES[1]

Loadings and fees
€ mn

	2020	2019	Delta
Loadings from premiums	4,229	4,322	(93)
Loadings from reserves	1,655	1,639	16
Unit-linked management fees	721	752	(31)
Loadings and fees[1]	**6,605**	**6,713**	**(108)**
Loadings from premiums as % of statutory premiums	5.7	5.7	0.1
Loadings from reserves as % of average reserves[1,2]	0.3	0.3	-
Unit-linked management fees as % of average unit-linked reserves[2,3]	0.5	0.5	-

1_Aggregate policy reserves and unit-linked reserves.
2_Yields are pro rata.
3_Unit-linked management fees, excluding asset management fees, divided by unit-linked reserves.

Loadings from premiums decreased as sales volumes declined, above all, for capital-efficient products in our German life business, but also in guaranteed savings & annuities in Thailand. Stronger sales of protection & health products in the United States partly offset this development. Loadings from reserves went up, largely driven by higher reserve volumes in our German life business and remained stable in relation to reserves. Unit-linked management fees went down, mainly due to the disposal of Allianz Popular S.L. in Spain, an effect partly compensated by an increase in Italy that, for the most part, resulted from an increase in assets under management.

INVESTMENT MARGIN[2]

Investment margin
€ mn

	2020	2019	Delta
Interest and similar income	18,022	18,648	(626)
Operating income from financial assets and liabilities carried at fair value through income (net)	33	(1,707)	1,740
Operating realized gains/losses (net)	8,687	5,997	2,690
Interest expenses	(117)	(121)	4
Operating impairments of investments (net)	(4,466)	(1,201)	(3,266)
Investment expenses	(1,681)	(1,592)	(89)
Other[1]	(185)	637	(822)
Technical interest	(9,081)	(9,071)	(10)
Policyholder participation	(7,019)	(7,552)	534
Investment margin	**4,194**	**4,039**	**155**
Investment margin in basis points[2,3]	86	86	-

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

Our investment margin increased. In the United States, we registered positive effects from the unlocking of assumptions and from a model refinement in both our fixed index and our variable annuity businesses as well as from a recovered spread margin in the fixed index annuity business. On the other hand, we saw increased hedging expenses, due to market turbulences caused by the COVID-19 pandemic in our variable annuity business, which, however, only partly offset the positive developments. In our German life business, higher realizations from debt securities and equity instruments and an increased trading result outweighed higher impairments from equities and a decrease in interest income. In Switzerland, increased realizations and reduced reserve strengthening contributed positively. Negative developments included an increase in impairments from equities, due to the pandemic, and a decline in interest income in France, which could not be offset by higher realizations and lower policyholder participations.

1_Loadings and fees include premium and reserve based fees, unit-linked management fees, and policyholder participation in expenses.

2_The investment margin is defined as IFRS investment income net of expenses, less interest credited to IFRS reserves and policyholder participation (including policyholder participation beyond contractual and regulatory requirements mainly for the German life business).

EXPENSES[1]

Expenses
€ mn

	2020	2019	Delta
Acquisition expenses and commissions	(5,458)	(5,638)	180
Administrative and other expenses	(1,907)	(1,823)	(84)
Expenses	**(7,365)**	**(7,461)**	**96**
Acquisition expenses and commissions as % of PVNBP[1]	(8.3)	(8.0)	(0.4)
Administrative and other expenses as % of average reserves[2,3]	(0.3)	(0.3)	-

1_PVNBP before non-controlling interests.
2_Aggregate policy reserves and unit-linked reserves.
3_Yields are pro rata.

Acquisition expenses and commissions decreased along with lower sales volumes, particularly in our U.S. fixed index annuity business and in our capital-efficient products in our German life business. This was partly offset by higher unit-linked sales in Italy as well as stronger protection & health sales in France. Administrative and other expenses went up along with the increase in our reserves.

TECHNICAL MARGIN[2]

Our technical margin decreased, mainly because of a lower lapse margin in the United States but also deteriorated risk margins in Switzerland and France. The deconsolidation of Allianz Popular S.L. in Spain also weighed on the margin. Positive factors included lower claims and volume growth in the Asia-Pacific region as well as an improved lapse result in Italy.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)[3]

Impact of change in DAC
€ mn

	2020	2019	Delta
Capitalization of DAC	1,745	1,813	(68)
Amortization, unlocking, and true-up of DAC	(1,951)	(1,570)	(382)
Impact of change in DAC	**(206)**	**243**	**(450)**

The impact of change in DAC turned negative, driven mainly by our business in the United States. After an extension of the DAC amortization period had caused a favorable effect in the previous year, amortization rose, also due to the loss recognition in the long-term care business. Other drivers included the unlocking of assumptions in both our fixed index and our variable annuity businesses as well as the recovered spread margin in the fixed index annuity business. Lower capitalization was largely due to lower sales volumes in our fixed index annuity products in the United States, an effect partly compensated by stronger sales of unit-linked products in Italy and guaranteed savings & annuity products in Taiwan.

OPERATING PROFIT BY LINES OF BUSINESS

Operating profit by lines of business
€ mn

	2020	2019	Delta
Guaranteed savings & annuities	2,003	2,421	(418)
Protection & health	781	851	(70)
Unit-linked without guarantee	488	552	(65)
Capital-efficient products	1,087	883	205
Operating profit	**4,359**	**4,708**	**(349)**

A decline in operating profit in our guaranteed savings & annuities line of business was largely driven by increased hedging expenses and lower loadings and fees in our U.S. variable annuity business. Another key development was a shift to capital-efficient products, combined with a lower contribution due to a smaller portfolio share in the German life business. The operating profit in the protection & health line of business decreased. Key drivers included the loss recognition in the U.S. long-term care business, a deteriorated combined ratio in France, and the deconsolidation of Allianz Popular S.L. in Spain. Lower claims as well as growth in the Asia-Pacific region had a partially offsetting effect. The operating profit generated by our unit-linked without guarantee line of business went down. Most of the decline resulted from the disposal of Allianz Popular S.L. in Spain and a lower technical margin in France, due to negative one-off effects. The rise registered in the operating profit in the capital-efficient products line of business was primarily due to lower acquisition costs and a higher portfolio share in the German life business. Other contributing factors included the unlocking of assumptions and a model refinement, as well as the recovered spread margin in the United States. This was partly offset by a change in the DAC amortization period in the United States in 2019, leading to a favorable effect in that year, and in a corresponding negative impact in 2020.

Net income

Our net income increased by € 243 mn. A higher non-operating result – mainly due to increased realizations from the disposal of Allianz Popular S.L. in Spain – and reduced income taxes outweighed the decrease in operating profit.

Return on equity

Our return on equity remained stable at 12.8 %.

1_Expenses include acquisition expenses and commissions (excluding commission clawbacks, which are allocated to the technical margin) as well as administrative and other expenses.
2_The technical margin comprises the risk result (risk premiums less benefits in excess of reserves less policyholder participation), the lapse result (surrender charges and commission clawbacks) and the reinsurance result.
3_The impact of change in DAC includes effects of the change in DAC, unearned revenue reserves (URR), and the value of business acquired (VOBA). It represents the net impact of deferral and amortization of acquisition costs and front-end loadings on operating profit and therefore deviates from the IFRS financial statements.

ASSET MANAGEMENT

KEY FIGURES

Key figures Asset Management[1]

		2020	2019	Delta
Operating revenues	€ mn	7,347	7,164	183
Operating profit	€ mn	2,853	2,704	149
Cost-income ratio[2]	%	61.2	62.3	(1.1) %-p
Net income	€ mn	1,973	1,992	(19)
Total assets under management as of 31 December	€ bn	2,389	2,268	121
thereof: third-party assets under management as of 31 December	€ bn	1,712	1,686	26

Assets under management

Composition of total assets under management
€ bn

Type of asset class	As of 31 December 2020	As of 31 December 2019	Delta
Fixed income	1,848	1,801	47
Equities	181	170	11
Multi-assets[1]	178	177	1
Alternatives	182	120	62
Total	**2,389**	**2,268**	**121**

1_The term "multi-assets" refers to a combination of several asset classes (e.g., bonds, stocks, cash and real property) used as an investment. Multi-asset class investments increase the diversification of an overall portfolio by distributing investments over several asset classes.

Net inflows[3] of **total assets under management** (AuM) amounted to € 41.4 bn in 2020 (2019: € 74.2 bn) – third-party net inflows were € 32.8 bn (2019: € 75.8 bn). The full year's net inflows were attributable to both, PIMCO (€ 34.8 bn total and € 25.7 bn third-party) and AllianzGI (€ 6.6 bn total and € 7.0 bn third-party).

Positive effects from market and dividends[4] totaled € 131.5 bn. Of these, € 108.2 bn came from PIMCO and were mainly related to fixed-income assets, while € 23.3 bn were attributable to AllianzGI and related to equity, fixed-income assets and multi-assets.

Positive effects from consolidation, deconsolidation, and other adjustments added € 62.6 bn to total AuM. This is mainly related to Allianz Real Estate (ARE), which was transferred from the Corporate and Other to the Asset Management business segment as of 1 October 2020, adding € 62.5 bn total AuM to PIMCO's total AuM. By the end of the year, they had developed to a value of € 66.1 bn.

Negative foreign currency translation effects amounted to € 114.4 bn and, for the most part, weighed on PIMCO's AuM.

Third-party assets under management

		As of 31 December 2020	As of 31 December 2019	Delta
Third-party assets under management	**€ bn**	**1,712**	**1,686**	**1.5%**
Business units' share				
PIMCO	%	78.1	78.8	(0.7) %-p
AllianzGI	%	21.9	21.2	0.7%-p
Asset classes split				
Fixed income	%	78.3	78.6	(0.2) %-p
Equities	%	9.5	8.6	1.0%-p
Multi-assets	%	9.4	9.5	(0.1) %-p
Alternatives	%	2.7	3.3	(0.6) %-p
Investment vehicle split[1]				
Mutual funds	%	57.9	58.8	(0.9) %-p
Separate accounts	%	42.1	41.2	0.9%-p
Regional allocation[2]				
America	%	54.8	55.4	(0.6) %-p
Europe	%	32.8	33.4	(0.6) %-p
Asia-Pacific	%	12.4	11.2	1.3%-p
Overall three-year rolling investment outperformance[3]	%	79	92	(14) %-p

1_Mutual funds are investment vehicles (in the United States, investment companies subject to the U.S. code; in Germany, vehicles subject to the "Standard-Anlagerichtlinien des Fonds" Investmentgesetz) where the money of several individual investors is pooled into one account to be managed by the asset manager, e.g., open-end funds, closed-end funds. Separate accounts are investment vehicles where the money of a single investor is directly managed by the asset manager in a separate dedicated account (e.g., public or private institutions, high net worth individuals, and corporates).
2_Based on the location of the asset management company.
3_Three-year rolling investment outperformance reflects the mandate-based and volume-weighted three-year investment success of all third-party assets that are managed by Allianz Asset Management's portfolio-management units. For separate accounts and mutual funds, the investment success (valued on the basis of the closing prices) is compared with the investment success prior to cost deduction of the respective benchmark, based on various metrics. For some mutual funds, the investment success, reduced by fees, is compared with the investment success of the median of the respective Morningstar peer group (a position in the first and second quartile is equivalent to outperformance).

The decline in the overall three-year rolling investment outperformance is due to COVID-19-driven significant market dislocations and the fact that often the investment universe for a global active manager is significantly different from the respective benchmark.

1_For further information on our Asset Management figures, please refer to note 5 to the Consolidated Financial Statements.
2_Represents operating expenses divided by operating revenues.
3_Net flows represent the sum of new client assets, additional contributions from existing clients – including dividend reinvestment – withdrawals of assets from and termination of client accounts and distributions to investors.
4_Market and dividends represents current income earned on the securities held in client accounts as well as changes in the fair value of these securities. This also includes dividends from net investment income and from net realized capital gains to investors of both open-ended mutual funds and closed-end funds.

Operating revenues

Our operating revenues increased by 2.6 % on a nominal basis. This was driven by higher average third-party AuM mainly at PIMCO, due to strong market effects – especially from fixed-income assets – combined with net inflows. These positive impacts were partly offset by unfavorable foreign currency translation effects. On an internal basis[1], operating revenues grew by 3.6 %.

Performance fees were lower in alternative assets as a result of the extreme volatility in the first quarter of 2020. While PIMCO recovered strongly in the second half of the year, AllianzGI was burdened by the challenging performance environment in the context of COVID-19 over the year.

Other net fee and commission income rose, driven by higher average third-party AuM mainly at PIMCO.

Other operating revenues decreased due to a lower net interest and similar income.

Operating profit

Our operating profit increased by 5.5 % on a nominal basis, as growth in operating revenues by far exceeded an increase in operating expenses. On an internal basis[1], our operating profit went up by 7.2 %, which was due to higher average third-party AuM.

The nominal increase in administrative expenses was driven by PIMCO and due to investments in business growth and infrastructure.

Our cost-income ratio went down as a consequence of stronger growth in operating revenue and a lower increase in operating expenses, compared to the previous year.

Asset Management business segment information
€ mn

	2020	2019	Delta
Performance fees	402	490	(89)
Other net fee and commission income	6,956	6,681	275
Other operating revenues	(11)	(7)	(3)
Operating revenues	7,347	7,164	183
Administrative expenses (net), excluding acquisition-related expenses	(4,494)	(4,460)	(34)
Operating expenses	(4,494)	(4,460)	(34)
Operating profit	**2,853**	**2,704**	**149**

Net income

A decrease of € 19 mn in our net income was driven by a lower non-operating result, a consequence of restructuring expenses. Another contributing factor were higher income taxes due to the increase in operating profit.

1_Operating revenues/operating profit adjusted for foreign currency translation and (de-)consolidation effects.

CORPORATE AND OTHER

KEY FIGURES

Key figures Corporate and Other[1]
€ mn

	2020	2019	Delta
Operating revenues	2,969	2,895	75
Operating expenses	(3,800)	(3,496)	(304)
Operating result	(831)	(602)	(229)
Net loss	(1,216)	(1,194)	(22)

Earnings summary

We recorded a decline in our **operating result** in 2020, mainly due to a weaker operating investment result and higher administrative expenses compared to the previous year – with part of that cost increase resulting from our contribution to a COVID-19 solidarity fund. However, the result of our internal IT provider improved.

Our **net loss** increased, driven by the decline of our operating result, which was only partly offset by a significantly higher income tax result.

1_For further information on Corporate and Other figures, please refer to note 5 to the Consolidated Financial Statements.

OUTLOOK 2021

Overview: 2020 results versus previous year's outlook[1]

2020 results versus previous year's outlook for 2020

	Outlook 2020 – as per Annual Report 2019	Results 2020
Allianz Group	Operating profit of € 12.0 bn, plus or minus € 0.5 bn.	The outlook for 2020 assumed no significant deviation from underlying assumptions, i.e., stable global economic growth and no major disruption. Due to the impact of the pandemic, the overall outlook for 2020 was withdrawn on 30 April. Our operating profit in 2020 was € 10.8 bn. Adjusted for the negative impact of COVID-19 of EUR 1.3 bn, the outlook would have been achieved.
	Protection of shareholder value while continuing to provide attractive returns and dividends.	Return on equity (RoE)[1] amounted to 11.4% (2019: 13.6%). In the interest of dividend continuity, our ambition is to keep the regular dividend per share at least at the previous year's level. We therefore propose a stable dividend at € 9.60 (2019: € 9.60) per share. This leads to a pay-out ratio of 58 %.
	Selective profitable growth.	Total revenues decreased by 1.8% on an internal basis, compared to 2019. The decrease was driven by the Life/Health as well as the Property-Casualty segments.
Property-Casualty	Revenue growth of approximately 6 % of which 4 % come from our acquisitions in the United Kingdom.	Total revenues increased by 0.4%. Internal growth of (1.5)% was mainly driven by Allianz Partners partially offset by AGCS.
	Operating profit in the range of € 5.2 bn to € 6.0 bn.	Operating profit of € 4.4 bn was below our target range. Our underwriting result was negatively impacted by COVID-19.
	Combined ratio of approximately 94 %.	Combined ratio was at 96.3 %, missing our target. Despite an approximate 2 percentage points negative COVID-19 impact, our accident year loss remained almost stable. Strong improvements in our expense ratio could not compensate for this COVID-19 deterioration and a lower run-off level.
	Pressure on operating investment income (net) to continue, due to reinvestments in a consistently low interest rate environment.	Operating investment income (net) decreased, driven by lower interest and similar income.
Life/Health	Continue to focus on profitable growth; keep developing capital-efficient products; expand to new markets. Revenues expected to be in the range of € 71.0 bn to € 77.0 bn.	Revenues of € 74.0 bn are in the range indicated in our outlook. Stronger unit-linked sales in Italy were offset by lower growth of capital-efficient products in Germany and in the United States.
	Operating profit between € 4.1 bn and € 4.7 bn.	At € 4.4 bn, our operating profit was within the target range. Positive contribution from growth in Germany and Asia as well as a favorable investment margin from the unlocking of assumption in the United States are offset by higher hedge costs driven by higher market volatility due to COVID-19 in the United States.
	RoE[2] between 10.0% and 13.0%.	Our 12.8 % RoE[2] is at the upper end of the outlook range.
	Pressure on investment income due to low and even negative interest rates and continued capital market volatility.	Operating investment result reached € 20.5 bn, due to higher realized gains and a better trading result partly offset by higher impairments, and lower interest and similar income.
Asset Management	Moderate increase in total AuM due to moderate third-party net inflows, supported by an overall slightly positive market return in a volatile market environment.	Total AuM recorded a growth of 5.3 % (despite negative currency effects of 114 bn) due to an outstanding market return (€ 131 bn) and strong third-party net inflows (€ 33 bn).
	Operating profit in the range of € 2.4 bn to € 3.0 bn.	Operating profit amounted to € 2.9 bn, continuing the organic growth driven by higher AuM-driven fees.
	Cost-income ratio below 64%.	At 61.2%, the cost-income ratio is clearly below 64%.

1_Represents the ratio of net income attributable to shareholders to the average shareholders' equity at the beginning of the period and at the end of the period. The net income attributable to shareholders is adjusted for net financial charges related to undated subordinated bonds, classified as shareholders' equity. From the average shareholders' equity undated subordinated bonds, classified as shareholders' equity, and unrealized gains/losses on bonds net of shadow accounting are excluded.
2_Represents the ratio of net income to the average total equity, excluding unrealized gains/losses on bonds, net of shadow accounting, at the beginning of the year and at the end of the year.

Economic outlook[2]

2021 will be the year of the vaccine. The progress of the global vaccination campaign will be the decisive factor for the economic recovery from the pandemic. After a lackluster start into 2021 – due to new COVID-19 restrictions in Europe and other parts of the world – a successful vaccination of vulnerable populations (20 - 40% of the total) should set the stage for moderate growth in the second half of 2021. Main driver of the rebound will be the return of confidence, helping to restart the service economy, to unleash forced and precautionary savings, and to resume corporate investments. All in all, we expect global gross domestic product to expand by 4.6% in 2021, with China setting the pace (+8.4%) and the United States and the Eurozone registering more modest growth of 3.6% and 4.3%, respectively.

The downside risks are sizeable. First and foremost, vaccination hurdles on the demand side (vaccination skepticism) as well as the supply side (production and distribution bottlenecks) could easily derail the recovery; in that respect, the slow start to the vaccination rollout in Europe is not promising. Other risks include an unexpected strong bout of inflation, a premature withdrawal of fiscal and monetary support, a spike in insolvencies and social unrest in response to rising inequalities and poverty in the aftermath of the pandemic.

In our base case scenario, however, we expect policymakers to step up support to limit long-term scarring to the economy and provide a tailwind to the recovery. On the fiscal side, in Europe, safety net measures look set to be extended while in the United States stimulus spending will be stepped up in 2021. Meanwhile, central banks will continue with their bond purchases to ensure favorable refinancing rates to the public and the private sectors, with the U.S. Federal Reserve and European Central Bank maintaining record-low interest rates for the time being.

At the beginning of 2021, equity markets have already consumed most of the optimism story and high valuations provide very little

1_For more detailed information on the previous year's outlook for 2020, please see the Annual Report 2019 from page 65 onwards.

2_The information presented in the sections "Economic outlook", "Insurance industry outlook", and "Asset management industry outlook" is based on our own estimates.

cushion against unexpected bad news. On the other hand, markets for safe assets, i.e., government bonds, embrace a more cautious stance. Our baseline scenario assumes a slight increase in yields due to reflationary expectations as the economic recovery unfolds.

Insurance industry outlook

The expected economic recovery and heightened risk awareness after the pandemic should give insurance markets some tailwinds in 2021. Premiums are likely to increase in some lines of business. One of the legacies of the pandemic that will shape 2021 (and the following years) is accelerated digitalization: digital processes and distribution channels will continue to become more relevant. Another legacy, less pleasant, are low or even negative interest rates, which have become even more entrenched. Thus, falling investment returns will impact industry profitability in 2021 and beyond.

In the non-life sector, premium growth is expected to return to pre-crisis levels, with emerging markets – and particularly China – outperforming advanced markets by a wide margin. Besides the recovery, another supportive factor is the ongoing hard market in commercial lines. On the other hand, investment income will remain under pressure and in some business lines claims from COVID-19 are likely to drag on. Social inflation and impacts from natural catastrophes are other factors that could drive claims higher and thus require thorough claims management to preserve underwriting profitability.

In the life sector, premium income should largely rebound in 2021. This optimism is based on two observations: the pandemic should have raised the awareness of the need for risk cover, especially for healthcare and life insurance, and the lockdowns have swollen the amount of excess savings, parts of which might be used to bolster old-age provisions. But there are also reasons to be cautious: first and foremost, ultra-low interest rates, which will not only impact profitability but also continue to weigh on the demand for savings-type insurance products.

Asset management industry outlook

Monetary easing by central banks across the globe as well as fiscal support by many governments in the context of the COVID-19 pandemic, massively helped capital markets. Market volatility, on the other hand, is very likely to persist and investors are expected to stay alert. We therefore expect a volatile and overall moderate capital market contribution to assets under management growth.

The asset management industry benefits from the strong market performance, but nevertheless industry profitability remains under pressure, due to continuous flows into passive products, new pricing models and rising distribution costs. We also expect the trend towards industry consolidation to persist, accompanied by a growing cost awareness. Both developments lead to respective restructuring activities within the industry. At the same time, digital channels such as robo-advisory platforms are likely to continue gaining traction. The strengthening of regulatory oversight and reporting could also affect profitability in the asset management sector. Opportunities in the area of active asset management will continue to exist, particularly in alternative and solutions-oriented strategies, but also in the area of ESG (Environment, Social, Governance) investing. We expect the COVID-19 pandemic to accelerate the already existing trends within the industry. In order to continue growing, it will remain vital for asset managers to keep sufficient business volumes, ensure efficient operations, and maintain a strong investment performance.

Overview: outlook and assumptions 2021 for the Allianz Group

Outlook 2021	
ALLIANZ GROUP	Operating profit of € 12.0 bn, plus or minus € 1 bn.
	Protect shareholder value while continuing to provide attractive returns and dividends.
	Selective profitable growth.
	NPS: for over 75 % of Allianz Group business segments to outperform their local market (meaning either above market or Loyalty Leader position).
	IMIX of 73 % plus.
PROPERTY-CASUALTY	Revenue growth of up to 6 % of which 1 % will come from our acquisition in Spain.
	Operating profit of € 5.6 bn, plus or minus 10 %.
	Combined ratio of approximately 93 %.
	Pressure on operating investment income (net) to continue, due to reinvestments in a consistently low interest rate environment.
LIFE/HEALTH	Continue to focus on profitable growth; keep developing capital-efficient products; expand to new markets. Revenues expected to be in the range of € 67.0 bn to € 73.0 bn.
	Operating profit of € 4.4 bn, plus or minus 10 %.
	RoE between 10.0 % and 13.0 %.
	Pressure on investment income due to low interest rates and continued capital market volatility.
ASSET MANAGEMENT	Moderate increase in AuM driven by slight positive market return combined with third-party net inflows at PIMCO and AllianzGI.
	Operating profit € 2.8 bn, plus or minus 10 %.
	Cost-income ratio approximately 62 %

ASSUMPTIONS

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

- Expected global economic recovery,
- Interest rates to remain at the current level,
    - A 100 basis point increase (decrease) in interest rates would raise (lower) the expected operating profit by less than € 0.1 bn in the first year that follows the rate change.
- No major disruptions in the capital markets,
- No disruptive fiscal or regulatory interference,
- Level of claims from natural catastrophes at expected average levels,
- An average U.S. Dollar to Euro exchange rate of 1.17.
    - A 10% weakening (strengthening) of the U.S. Dollar, compared to the assumed exchange rate of 1.17 to the Euro, would have a negative (positive) effect on operating profits of approximately € 0.4 bn.

For further information on our ambitions for the period 2019 - 2021, please see section "Our business aspirations" in the Risk and Opportunity Report.

Management's assessment of expected revenues and earnings for 2021

In 2020, our total revenues were € 140.5 bn, a 1.3 % decrease on a nominal and a 1.8 % decrease on an internal basis,[1] compared to 2019. For 2021, we envisage moderate growth, with strong growth in Property-Casualty, moderate growth in Asset Management and Life/Health revenues remaining rather stable, owing to our selective focus on profitable growth.

Our 2020 operating profit was € 10.8 bn, with the pandemic reducing it by an estimated € 1.3 bn. As we do not expect continued material impact from the pandemic for 2021 comparable to last year, we envisage strong performance in all business segments and an overall operating profit of € 12.0 bn, plus or minus € 1.0 bn for this year.

Our net income attributable to shareholders was also affected by the pandemic in 2020, reaching a total of € 6.8 bn in 2020. Consistent with our disclosure practice in the past, and given the susceptibility of our non-operating results to capital market developments, we refrain from providing a precise outlook for net income. However, as our outlook presumes no major disruptions in our capital markets we anticipate a higher net income for 2021.

PROPERTY-CASUALTY INSURANCE

We expect our revenues to increase by up to 6 % in 2021 (2020: 0.4 %), assuming a fast recovery from the COVID-19 pandemic, of which 1 % will come from our acquisition in Spain. Organic growth will be supported by favorable price and volume effects.

We expect revenue growth at Allianz Partners where we have pooled our B2B2C activities. We expect growth to pick up here in the second half of the year, depending on further developments of the COVID-19 pandemic. Further growth is likely to happen in Germany and Ireland as well as in Asian markets such as China.

We believe that the overall rise in prices that we saw in a number of markets in the past year will continue in 2021. Nevertheless, we will maintain our focus on achieving strong underwriting results by adhering to our strict underwriting discipline, as we have in previous years, and we will be prepared to accept a lower top line if we fail to achieve target margins.

Our combined ratio was 96.3 % in 2020, missing our target. This was mainly due to negative COVID-19 impacts. In 2021, we envisage a combined ratio of approximately 93 %. The underlying assumption is that the aggregate effect of improvements in pricing, claims management, and productivity will compensate for any inflation in underlying claims. Furthermore, impacts from COVID-19 are mainly expected from Euler Hermes and Allianz Partners. As for impacts from natural catastrophes, despite the highly volatile nature of such catastrophes in recent years we assume claims to continue at comparable levels going forward.

As the low-interest-rate environment is likely to stay, investment income will remain under pressure due to the rather short investment spans in our Property-Casualty business segment. Going forward, we will continue to actively adapt our investment strategy to changing market conditions.

Overall, we expect our 2021 operating profit to be at € 5.6 bn, plus or minus 10 % (2020: € 4.4 bn).

LIFE/HEALTH INSURANCE

At € 4.4 bn, our Life/Health operating profit was within the target range in 2020. For 2021, we expect this business segment's operating profit to be at € 4.4 bn, plus or minus 10 %.

One of the key performance indicators used in steering our Life/Health business segment is RoE. In 2021, we expect it to be between 10.0 % and 13.0 %.

Allianz continuously works to make the Life/Health business model more resilient to market volatility, for instance, by adjusting our products to market needs while keeping in line with our strategy. Going forward, we will continue to pursue profitable growth and to improve our capital-efficient products – always with a particular focus on the customer – while exploring new market opportunities and building on our strong track record of product innovation. In addition, we will continue to actively manage both our new and our in-force business through continuous price reviews, expense management, asset/liability management, crediting strategies and reinsurance solutions. As in the past years, this should allow us to mitigate the impacts of difficult market conditions, in particular negative interest rates, and achieve our profitability targets.

ASSET MANAGEMENT

For 2021, we envisage overall moderate third-party net inflows and market returns at both PIMCO and AllianzGI, with relatively stable margins and stable performance fees, resulting in modest growth in operating revenues. We also assume the U.S. Dollar to remain relatively stable compared to 2020. All things considered, we expect our 2021 operating profit to be at € 2.8 bn, plus or minus 10 % (2020: € 2.9 bn).

Our cost-income ratio is expected to be approximately 62% in 2021 (2020: 61.2 %) as we continue to invest in business growth. Over the mid-term, we expect to maintain it at that level.

CORPORATE AND OTHER (INCLUDING CONSOLIDATION)

We recorded an operating loss of € 0.8 bn in Corporate and Other in 2020. For 2021, we envisage an operating loss of € 0.8 bn, plus or minus 10 %.

Non-financial key performance indicators

As outlined in our Remuneration Report as well as the section "Our Strategy" in our Risk and Opportunity Report, we have set ourselves non-financial targets. Below, we provide an overview of how the most important of these targets have developed, and are expected to develop in 2021.

1_Operating revenues adjusted for foreign currency translation and (de)consolidation effects.

NET PROMOTER SCORE (NPS)

We achieved the highest ever measured NPS results for Allianz, with:

- 45 out of 57 measured segments having been either above local market or Loyalty Leaders resulting in a share of 79 % (2019: 70 %)
- 34 out of 57 measured segments having been Loyalty Leaders resulting in a share of 60 % (2019: 46 %).

This means that we exceeded the 2021 group target (75 % plus outperforming) one year ahead of time. Main drivers for this success have been the VOICE of the customer initiative, product simplifications, expanding digital service offerings and COVID-19 measures.

INCLUSIVE MERITOCRACY INDEX (IMIX)

Our IMIX was 78 % in 2020, a five percentage point improvement compared to 2019. For 2021, our IMIX target is 73 % plus. Although the Allianz Group already exceeded its 2021 targets in 2020, we will start working on new global focus areas and continue with the VOICE initiative in order to further improve results.

For further information on our non-financial key performance indicators, please refer to the Combined Separate Non-Financial Report.

Financing, liquidity development, and capitalization

Allianz Group enjoys a very robust liquidity position and excellent financial strength as well as healthy business mix and global diversification, which allow us to outperform despite challenges in the performance of our industrial insurance segment following the COVID-19 pandemic. Allianz Group Solvency II capitalization is well above regulatory requirements.

As a result, we have full access to financial markets and are in a position to raise financing at low cost. We are determined to maintain our financial flexibility, which is supported by both prudent steering of our liquidity resources and our well-balanced debt maturity profile.

We are managing our portfolios with great diligence to ensure that the Group has sufficient resources to back its solvency capital and liquidity needs. In addition, we will continue to monitor the sensitivity of our Solvency II capitalization ratio with regard to changes in interest rates and spreads, by continuing to ensure prudent asset/liability management and life product design.

Expected dividend development[1]

Allianz management is committed to have shareholders participate in the economic development of Allianz Group through dividend payments. Through prudent capital management, Allianz Group aims to maintain a healthy balance between an attractive yield and investment in profitable growth. Of the Group's net income attributable to shareholders, we will continue to pay out 50 % as a regular dividend. While the 2020 earnings are impacted by the COVID-19 crisis, Allianz Group aims to keep the regular dividend per share at least at the previous year's level. For 2020, the Allianz SE Board of Management and the Supervisory Board propose a dividend of € 9.60 per share.

In addition, as part of our policy to return capital to the shareholders on a flexible basis, Allianz SE executed five share buy-back programs with an aggregate volume of EUR 8.2 bn in the period from 2017 to 2020. Due to the ongoing economic uncertainties caused by the COVID-19 pandemic, Allianz SE's Board of Management announced on 6 November 2020 that it would no longer execute the second tranche of € 750 mn of the initial announced € 1.5 bn 2020 share buy-back program.

All of the above remains subject to our sustainable Solvency II capitalization ratio above 160 % – which is considerably below our year-end 2020 level of 207 %[2] and 20 percentage points below our minimum solvency ambition for the Solvency II capitalization ratio of 180 %.

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

At the date of issuance of this Annual Report and based on current information regarding natural catastrophes and capital market trends – in particular foreign currency, interest rates, and equities –, the Board of Management has no indication that the Allianz Group is facing any major adverse developments.

The COVID-19 pandemic continues to have a significant impact on individuals, society, business and the wider economy across the globe. The insurance industry was hit, but the Allianz Group has responded quickly, has introduced measures to mitigate the adverse impact and still continues to run its business profitably.

Cautionary note regarding forward-looking statements

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

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

No duty to update

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

1_This represents management's current state of planning and may be revised in the future. Also, note that the decision regarding dividend payments in any given year is subject to specific dividend proposals by the Management and Supervisory Boards, each of which may elect to deviate, if and as appropriate under the then prevailing circumstances, as well as to the approval of the Annual General Meeting.

2_Including the application of transitional measures for technical provisions, the Solvency II capitalization ratio amounted to 240 % as of 31 December 2020.

BALANCE SHEET REVIEW

Shareholders' equity[1]

Shareholders' equity
€ mn

	As of 31 December 2020	As of 31 December 2019	Delta
Shareholders' equity			
Paid-in capital	28,928	28,928	-
Undated subordinated bonds	2,259	-	2,259
Retained earnings	31,371	29,577	1,793
Foreign currency translation adjustment	(4,384)	(2,195)	(2,189)
Unrealized gains and losses (net)	22,648	17,691	4,956
Total	**80,821**	**74,002**	**6,820**

Shareholders' equity increased largely due to the issuance of undated subordinated bonds of € 2.3 bn, higher unrealized gains and losses (net), and net income attributable to shareholders of € 6.8 bn. The dividend payout in May 2020 (€ 4.0 bn), the share buy-back program[2] with an amount of € 750 mn, and the lower foreign currency translation adjustments (€ 2.2 bn) partly offset this increase.

Total assets and total liabilities

As of 31 December 2020, total assets amounted to € 1,060.0 bn and total liabilities were € 975.4 bn. Compared to year-end 2019, total assets and total liabilities increased by € 48.8 bn and € 41.6 bn, respectively.

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

STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

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

Asset allocation and fixed-income portfolio overview

	As of 31 December 2020	As of 31 December 2019	Delta	As of 31 December 2020	As of 31 December 2019	Delta
Type of investment	€ bn	€ bn	€ bn	%	%	%-p
Debt instruments, thereof:	**682.4**	**643.6**	**38.7**	**86.3%**	**85.3%**	**1.0**
Government bonds	258.5	238.1	20.3	37.9%	37.0%	0.9
Covered bonds	66.7	71.3	(4.6)	9.8%	11.1%	(1.3)
Corporate bonds	249.5	228.9	20.6	36.6%	35.6%	1.0
Banks	35.9	35.8	0.1	5.3%	5.6%	(0.3)
Other	71.8	69.4	2.4	10.5%	10.8%	(0.3)
Equities	**73.1**	**78.3**	**(5.2)**	**9.3%**	**10.4%**	**(1.1)**
Real estate	**14.3**	**13.0**	**1.2**	**1.8%**	**1.7%**	**0.1**
Cash/other	**20.5**	**19.4**	**1.0**	**2.6%**	**2.6%**	**-**
Total	**790.3**	**754.4**	**35.9**	**100.0%**	**100.0%**	**-**

Compared to year-end 2019, our overall asset portfolio increased by € 35.9 bn mainly in our debt investments.

About 93 % of the **debt portfolio** was invested in investment-grade bonds and loans.[3] Our **government bonds** portfolio contained bonds from France, Germany, Italy and Spain that represented 17.0 %, 13.7 %, 7.6 % and 6.2 % of our portfolio shares. Our **corporate bonds** portfolio contained bonds from the United States, Eurozone, and Europe excl. Eurozone. They represented 38.4 %, 33.6 % and 12.6 % of our portfolio shares.

Our exposure to **equities** decreased due to sales and market movements.

1_This does not include non-controlling interests of € 3,773 mn and € 3,363 mn as of 31 December 2020 and 31 December 2019, respectively. For further information, please refer to note 20 to the Consolidated Financial Statements.
2_For further information, please refer to note 20 to the Consolidated Financial Statements
3_Excluding self-originated German private retail mortgage loans. For 3 %, no ratings were available.

LIABILITIES

PROPERTY-CASUALTY LIABILITIES

As of 31 December 2020, the business segment's gross reserves for loss and loss adjustment expenses as well as discounted loss reserves amounted to € 72.8 bn, compared to € 70.0 bn at year-end 2019. On a net basis, our reserves, including discounted loss reserves, increased from € 60.1 bn to € 62.0 bn.[1]

LIFE/HEALTH LIABILITIES

Life/Health reserves for insurance and investment contracts increased by € 23.2 bn to € 596.1 bn. A € 20.0 bn increase (before foreign currency translation effects) in aggregate policy reserves was driven by our operations in Germany (€ 14.5 bn) and the United States (€ 6.9 bn before foreign currency translation effects). Reserves for premium refunds increased by € 13.3 bn (before foreign currency translation effects), due to higher unrealized gains to be shared with policyholders. Foreign currency translation effects decreased the balance sheet value by € 10.3 bn, mainly due to the weaker U.S. Dollar (€ 9.2 bn).

Off-balance sheet arrangements

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

The Allianz Group enters into various commitments including loan commitments, purchase obligations, and other commitments. For more details, please refer to note 38 to the Consolidated Financial Statements.

The Allianz Group has also entered into contractual relationships with various types of structured entities. They have been designed in such a way that their relevant activities are directed by means of contractual arrangements rather than voting or similar rights. Typically, structured entities have been set up in connection with asset-backed financing and certain investment fund products. For more details on our involvement with structured entities, please refer to note 36 to the Consolidated Financial Statements.

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

Regulatory capital adequacy

For details on the regulatory capitalization of the Allianz Group, please refer to our Risk and Opportunity Report.

1_For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 15 to the Consolidated Financial Statements.

LIQUIDITY AND FUNDING RESOURCES

Organization

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

Liquidity management of our operating entities

INSURANCE OPERATIONS

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

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

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

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

ASSET MANAGEMENT OPERATIONS

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

Liquidity management and funding of Allianz SE

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

LIQUIDITY RESOURCES AND USES

Allianz SE ensures adequate access to liquidity and capital for our operating subsidiaries. The main sources of liquidity available for Allianz SE are dividends received from subsidiaries and funding provided by capital markets. Liquidity resources are defined as readily available assets – specifically cash, money market investments, and highly liquid government bonds. Our funds are primarily used for interest payments on our debt funding, operating costs, internal and external growth investments, and dividends to our shareholders.

FUNDING SOURCES

Allianz SE's access to external funds depends on various factors such as capital market conditions, access to credit facilities, credit ratings, and credit capacity. The financial resources available to Allianz SE in the capital markets for short-, mid- and long-term funding needs are described below. In general, mid- to long-term financing is covered by issuing senior or subordinated bonds or ordinary no-par value shares.

SHARE CAPITAL

As of 31 December 2020, the issued share capital as registered at the Commercial Register was € 1,169,920,000. This was divided into 412,293,128 no-par value shares. As of 31 December 2020, the Allianz Group held 247,489 (2019: 595,677) own shares.

Allianz SE has the option to increase its share capital according to authorizations provided by the AGM. The following table outlines Allianz SE's capital authorizations as of 31 December 2020:

Capital authorizations of Allianz SE

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

1_For issuance of shares against contribution in cash and/or in kind, with the authorization to exclude shareholders' subscription rights.
2_For issuance of shares to employees with exclusion of shareholders' subscription rights.
3_To cover convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments, each with the authorization to exclude shareholders' subscription rights.

For further information on our share capital and regarding authorizations to issue and repurchase shares, please refer to the chapter Takeover-Related Statements and Explanations (part of the Group Management Report).

LONG-TERM DEBT FUNDING

As of 31 December 2020, Allianz SE had senior and subordinated bonds with a variety of maturities outstanding, reflecting our focus on long-term financing. As the cost and availability of external funding may be negatively affected by general market conditions or by matters specific to the financial services industry or the Allianz Group, we seek to reduce refinancing risk by actively steering the maturity profile of our funding structure.

Maturity structure of Allianz SE's senior and subordinated bonds[1]

€ mn

	Contractual maturity date			
As of 31 December	Up to 1 year	1 – 5 years	Over 5 years	Total
2020				
Senior bonds	-[2]	2,745[3]	5,291[4]	8,036
Subordinated bonds (debt)	-	-	13,974[5,6]	13,974
Total bonds (debt)	**-**	**2,745**	**19,265**	**22,010**
Subordinated bonds (equity)	-	-	2,272[7]	2,272
Total bonds (equity)	**-**	**-**	**2,272**	**2,272**
2019				
Senior bonds	1,252	2,243	4,590	8,085
Subordinated bonds (debt)	-	-	13,177	13,177
Total bonds (debt)	**1,252**	**2,243**	**17,767**	**21,262**

1_Based on carrying value.
2_Senior bonds of € 0.5 bn and € 0.75 bn were redeemed in the first and fourth quarter of 2020.
3_A senior bond of € 0.5 bn was issued in the first quarter of 2020.
4_A senior bond of € 0.75 bn was issued in the first quarter of 2020.
5_Includes two subordinated bonds which Allianz resolved to call for redemption in March 2021.
6_Includes the issuance of a € 1.0 bn subordinated bond in the second quarter of 2020.
7_Includes the issuance of a dual tranche RT1 bond (€ 1.25 bn and USD 1.25 bn) in the fourth quarter of 2020.

Interest expenses on senior bonds decreased, mainly due to lower funding costs on average in 2020. For subordinated bonds, the decrease of interest expenses was also driven by lower funding costs on average in 2020, partially offset by higher volumes outstanding.

Senior and subordinated bonds issued or guaranteed by Allianz SE[1]

As of 31 December	Nominal value	Carrying value	Interest expenses	Weighted-average interest rate[2]
	€ mn	€ mn	€ mn	%
2020				
Senior bonds	8,088	8,036	158	1.8
Subordinated bonds (debt)	13,929	13,974	565	4.2
Total bonds (debt)	**22,017**	**22,010**	**723**	**3.3**
Subordinated bonds (equity)	2,272	2,272	8[3]	3.0
Total bonds (equity)	**2,272**	**2,272**	**8**	**3.0**
2019				
Senior bonds	8,135	8,085	200	2.2
Subordinated bonds (debt)	13,157	13,177	595	4.5
Total bonds (debt)	**21,293**	**21,262**	**795**	**3.6**

1_For further information on Allianz SE debt (issued or guaranteed) as of 31 December 2020, please refer to note 19 to the Consolidated Financial Statements.
2_Based on nominal value.
3_Accrued interest (not part of the consolidated income statement).

The following table details the long-term debt issuances and redemptions/buy-backs of Allianz SE during 2020 and 2019:

Issuances and redemptions of Allianz SE's senior and subordinated bonds

€ mn

As of 31 December	Issuances[1]	Redemptions/ buy-backs[1]	Issuance net of redemptions/ buy-backs
2020			
Senior bonds	1,250	1,250	-
Subordinated bonds (debt)	1,000	-	1,000
Subordinated bonds (equity)	2,272	-	2,272
2019			
Senior bonds	1,500	1,500	-
Subordinated bonds (debt)	1,000	1,364	(364)

1_Based on nominal value.

Funding in non-Euro currencies enables us to diversify our investor base or to take advantage of favorable funding costs in those markets. Funds raised in non-Euro currencies are incorporated in our general hedging strategy. As of 31 December 2020, approximately 18.1% (2019: 17.1%) of the long-term debt was issued or guaranteed by Allianz SE in currencies other than the Euro.

Currency allocation of Allianz SE's senior and subordinated bonds[1]
€ mn

As of 31 December	Euro	Non-Euro	Total
2020			
Senior and subordinated bonds (debt and equity)	19,896	4,393	24,289
2019			
Senior and subordinated bonds (debt)	17,646	3,647	21,293

1_Based on nominal value.

SHORT-TERM DEBT FUNDING

Available short-term funding sources are the Medium-Term Note Program and the Commercial Paper Program. Money market securities increased in the use of commercial paper, compared to the previous year-end. Interest expenses on money market securities decreased mainly due to lower funding costs on average in 2020.

Money market securities of Allianz SE

	Carrying value	Interest expense	Average interest rate
As of 31 December	€ mn	€ mn	%
2020			
Money market securities	1,170	5	0.5
2019			
Money market securities	1,124	17	1.5

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

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

Allianz Group consolidated cash flows

Annual changes in cash and cash equivalents
€ mn

	2020	2019	Delta
Net cash flow provided by operating activities	32,049	36,448	(4,399)
Net cash flow used in investing activities	(28,870)	(27,703)	(1,167)
Net cash flow used in financing activities	(1,390)	(4,850)	3,460
Change in cash and cash equivalents[1]	1,031	3,986	(2,955)

1_Includes effects of exchange rate changes on cash and cash equivalents of € (758) mn and € 90 mn in 2020 and 2019, respectively.

Net cash flow provided by operating activities amounted to € 32.0 bn in 2020, down by € 4.4 bn compared to the previous year. This figure comprises net income plus adjustments for non-cash charges, credits, and other items included in net earnings, as well as cash flows related to the net change in operating assets and liabilities. Net income after adding back non-cash charges and similar items decreased to € 11.0 bn in 2020. Additionally, operating cash flows from net changes in operating assets and liabilities decreased by € 3.4 bn to € 21.0 bn. This was mainly driven by lower reserves for insurance and investment contracts in our Life/Health business segment in Germany, the United States and France. Part of the effect was offset by higher net cash inflows from assets and liabilities held for trading.

Net cash outflow used in investing activities increased by € 1.2 bn to € 28.9 bn. The main driver were higher net cash outflows from loans and advances to banks and customers, mainly at our Life/Health business in Germany, Allianz SE and the United States. This was partly compensated by lower net cash outflows from financial assets and liabilities designated at fair value through income, especially in our Life/Health business in Germany and in our Property-Casualty reinsurance business.

Net cash outflow used in financing activities amounted to € 1.4 bn, compared to € 4.9 bn in 2019. This development was largely driven by higher net cash inflows from our refinancing activities – including the issuance of a dual tranche RT1 bond and lower net cash outflows from transactions between equity holders, in particular from the Allianz SE share buy-back program.

Cash and cash equivalents increased by € 1.4 bn. This figure includes € 0.3 bn cash and cash equivalents reclassified to assets of disposal groups held for sale which were disposed of in 2020.

For further information on the above, please refer to our Consolidated Statement of Cash Flows.

RECONCILIATIONS

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

For further information, please refer to note 5 to the Consolidated Financial Statements.

Composition of total revenues

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

Composition of total revenues
€ mn

	2020	2019
PROPERTY-CASUALTY		
Total revenues	**59,412**	**59,156**
consisting of:		
Gross premiums written	57,772	57,210
Fee and commission income	1,640	1,946
LIFE/HEALTH		
Statutory premiums	**74,044**	**76,426**
ASSET MANAGEMENT		
Operating revenues	**7,347**	**7,164**
consisting of:		
Net fee and commission income	7,358	7,171
Net interest and similar income	(15)	(10)
Income from financial assets and liabilities carried at fair value through income (net)	3	1
Other income	2	1
CORPORATE AND OTHER		
thereof: Total revenues (Banking)	**245**	**239**
consisting of:		
Interest and similar income	63	73
Income from financial assets and liabilities carried at fair value through income (net)[1]	2	3
Fee and commission income	561	576
Interest expenses, excluding interest expenses from external debt	(22)	(21)
Fee and commission expenses	(359)	(394)
Consolidation effects within Corporate and Other	-	1
CONSOLIDATION	(593)	(616)
Allianz Group total revenues	**140,455**	**142,369**

1_Includes trading income.

Composition of total revenue growth

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

Reconciliation of nominal total revenue growth to internal total revenue growth
%

	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
2020				
Property-Casualty	(1.5)	3.7	(1.8)	0.4
Life/Health	(2.6)	0.2	(0.7)	(3.1)
Asset Management	3.6	0.6	(1.6)	2.6
Corporate and Other	2.5	-	-	2.5
Allianz Group	**(1.8)**	**1.6**	**(1.2)**	**(1.3)**
2019				
Property-Casualty	4.7	1.7	0.4	6.8
Life/Health	7.3	-	1.2	8.5
Asset Management	1.8	0.3	4.3	6.4
Corporate and Other	(2.0)	(11.1)	-	(12.9)
Allianz Group	**5.9**	**0.7**	**1.0**	**7.6**

Life/Health insurance operations

OPERATING PROFIT

The reconciling item scope comprises the effects from out-of-scope entities in the profit sources reporting compilation. Operating profit from operating entities that are out of scope is included in the investment margin. Currently, 23 entities – comprising the vast majority of Life/Health total statutory premiums – are in scope.

EXPENSES

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

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

Acquisition, administrative, capitalization, and amortization of DAC[1]
€ mn

	2020	2019
Acquisition expenses and commissions[2]	(5,458)	(5,638)
Definitions	12	13
Scope	(129)	(194)
Acquisition costs incurred	(5,575)	(5,818)
Capitalization of DAC[2]	1,745	1,813
Definition: URR capitalized	642	625
Definition: policyholder participation[3]	1,078	1,210
Scope	30	124
Capitalization of DAC	3,494	3,772
Amortization, unlocking, and true-up of DAC[2]	(1,951)	(1,570)
Definition: URR amortized	(79)	38
Definition: policyholder participation[3]	(1,127)	(1,109)
Scope	(36)	(31)
Amortization, unlocking, and true-up of DAC	(3,194)	(2,672)
Commissions and profit received on reinsurance business ceded	131	95
Acquisition costs[4]	**(5,144)**	**(4,624)**
Administrative and other expenses[2]	(1,907)	(1,823)
Definitions	166	164
Scope	(166)	(174)
Administrative expenses on reinsurance business ceded	9	9
Administrative expenses[4]	**(1,898)**	**(1,825)**

1_Prior year figures changed in order to reflect the refinement of profit source reporting in the USA.
2_As per Group Management Report.
3_For German Speaking Countries, policyholder participation on revaluation of DAC/URR capitalization/amortization.
4_As per notes to the Consolidated Financial Statements.

IMPACT OF CHANGE IN DEFERRED ACQUISITION COSTS (DAC)

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

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

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

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

Policyholder participation is included in "Change in our reserves for insurance and investment contracts (net)" in the Group income statement.

Reconciliation to Notes to the Consolidated Financial Statements[1]
€ mn

	2020	2019
Acquisition expenses and commissions[2]	(5,458)	(5,638)
Administrative and other expenses[2]	(1,907)	(1,823)
Capitalization of DAC[2]	1,745	1,813
Amortization, unlocking, and true-up of DAC[2]	(1,951)	(1,570)
Acquisition and administrative expenses	**(7,571)**	**(7,218)**
Definitions	691	941
Scope	(302)	(276)
Commissions and profit received on reinsurance business ceded	131	95
Administrative expenses on reinsurance business ceded	9	9
Acquisition and administrative expenses (net)[3]	**(7,042)**	**(6,449)**

1_Prior year figures changed in order to reflect the refinement of profit source reporting in the USA.
2_As per Group Management Report.
3_As per notes to the Consolidated Financial Statements.

RISK AND OPPORTUNITY REPORT

Target and strategy of risk management

Allianz aims to ensure that the Group is adequately capitalized at all times and that all related undertakings at least meet their respective regulatory capital requirements for the benefit of both shareholders and policyholders.

In addition, we take the requirements of rating agencies into account. While capital requirements imposed by regulators constitute a binding constraint, meeting rating agencies' capital requirements and maintaining strong credit ratings are strategic business objectives of the Allianz Group.

We closely monitor the capital position and risk concentrations of the Group and its related undertakings and apply regular stress tests (including standardized, historical, and reverse stress test scenarios as well as monthly stress and scenario analyses focusing on current and possible future developments). These analyses allow us to take appropriate measures to preserve our continued capital and solvency strength. For example, the risk capital reflecting the risk profile and the cost of capital being an important aspect which is considered in business decisions. Furthermore, we ensure a close alignment of the risk and business strategy by the fact that business decisions to achieve our set targets are taken within the determined risk appetite and in line with the risk strategy. The implemented sound processes to steer the business and assess and manage associated risks ensure a continuous alignment of the risk and business strategy and enable us to detect and address any potential deviations.

In addition, our liquidity risk management framework ensures that all legal entities in scope are responsible for managing their liquidity risks and maintaining a sufficient liquidity position under both market conditions (expected as well as stressed) and business conditions.

Risk governance system

RISK MANAGEMENT FRAMEWORK

As a provider of financial services, we consider risk management to be a core competency and an integral part of our business. Our risk management framework covers all operations and subsidiaries within the Group in proportion to the inherent risks of their activities, ensuring that risks across the Group are consistently identified, analyzed, assessed, and adequately managed. The key elements of our risk management framework are:

- Promotion of a strong risk management culture, supported by a robust risk governance structure.
- Consistent and proportional application of an integrated risk capital framework to protect our capital base and support effective capital management.
- Integration of risk considerations and capital needs into management and decision-making processes by attributing risk and allocating capital to business segments, products, and strategies.

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

- **Risk identification and underwriting**: A robust system of risk identification and underwriting forms the foundation for adequate risk management decisions. Supporting activities include standards for underwriting, valuation methods, individual transaction and new product approvals, emerging-/operational-/top-risk assessments, liquidity risk and scenario analyses, amongst others.
- **Risk strategy and risk appetite:** Our risk strategy defines our risk appetite consistent with our business strategy. It ensures that rewards are appropriate based on the taken risks and the required capital. It also ensures that delegated decision-making bodies are in line with our overall risk-bearing capacity and strategy.
- **Risk reporting and monitoring:** Our comprehensive qualitative and quantitative risk monitoring and reporting framework provides management with the transparency needed to assess whether our risk profile remains within the approved limits and to identify emerging issues and risks quickly. For example, risk dashboard and limit utilization reports as well as scenario analyses and stress tests are regularly prepared and communicated.
- **Communication and transparency:** Transparent risk disclosure provides the basis for communicating our strategy and performance to internal and external stakeholders, ensuring a sustainable positive impact on valuation and financing. It also strengthens the risk awareness and risk culture throughout the entire Group.

OUR STRATEGY

OUR BUSINESS ASPIRATIONS

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

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

These objectives have been translated into clear ambitions for the period 2019 – 2021. With regard to financial performance, we strive for a return on equity (excluding unrealized gains/losses on bonds) of more than 13 %, while growing our earnings per share at a compound annual growth rate of more than 5 % (baseline full year 2018).

To ensure the sustainability of our performance, we have set ourselves non-financial health targets: For customer loyalty, our ambition is for more than 75 % of the business segments of our entities to be or become rated by their customers as a loyalty leader or above-market in terms of Net Promoter Score (NPS). In terms of employee engagement, our ambition is to have the Inclusive Meritocracy Index above 73 %. At the same time, we have also set a number of sustainability targets such as the reduction of our corporate greenhouse gas emissions and the transition of our proprietary investment portfolio to net-zero emissions by 2050.

The COVID-19 pandemic has accelerated some trends that shape the insurance markets, while halting others. The altered environment has reinforced many of our strategic priorities, for example, digital by default, simplification, and rebalancing of our product portfolios, for example towards Health and Protection insurance, and the transformation towards higher resilience and agility.

OUR BUSINESS STRATEGY

To implement these strategic objectives, we have defined a number of strategic priorities, and are implementing initiatives and programs to address the five dimensions of our Renewal Agenda.

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

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

Opportunities

Our financial strength, coupled with ongoing transformation, renders us resilient and allows us to profit from new opportunities in a fast-changing business environment as well, for example:

- By combining close customer understanding and evolving data analytics techniques, we provide superior insurance products and raise productivity.
- As a diversified financial group that is active in over 70 countries, we can innovate locally, then spread ideas and best practices across the Group in order to exploit economies of scale.
- We seek to grow in fast-growing regions, including Asia-Pacific, and want to profit from consolidation in developed markets such as Europe.
- We are building expertise and business models to benefit from new risk pools, including cyber risk (insurance, risk mitigation, and recovery services) and mobility fleets.
- As the world's population ages, we are improving our offerings in the retirement savings markets.

In a continuously evolving market where the demands of customers constantly change, our knowledge of the industry and our expertise in product development and risk management offers us great opportunities to create customer-focused solutions. For further details on opportunities envisaged by the Allianz Group in the various segments, please refer to Outlook 2021.

RISK GOVERNANCE STRUCTURE

SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Allianz Group's approach to risk governance permits integrated management of local and global risks and ensures that our risk profile remains consistent with both our risk strategy and our capacity to bear risks.

Within our risk governance system, the Supervisory Board and Board of Management of Allianz SE have both Allianz SE and group-wide responsibilities. The Board of Management formulates business objectives and a corresponding risk strategy; the core elements of the risk framework are set out in the Allianz Group Risk Policy and approved by the Board of Management. The Supervisory Board advises, challenges, and supervises the Board of Management in the execution of its management activities. The following committees support the Board and the Supervisory Board on risk issues:

Supervisory Board Risk Committee

The Risk Committee reports to the Supervisory Board, where the information and the findings are discussed with the Board of Management. It monitors the effectiveness of the Allianz risk management framework. Furthermore, it focuses on risk-related developments as well as general risks and specific risk exposures and ensures that the business strategy is aligned with the risk strategy.

For more information, please refer to the paragraph "Risk Committee" in the Supervisory Board Report.

Group Finance and Risk Committee

The Group Finance and Risk Committee (GFRC) provides oversight of the Group's and Allianz SE's risk management framework, acting as a primary early-warning function by monitoring the Allianz Group's and Allianz SE's risk profiles as well as the availability of capital. The GFRC also ensures that an adequate relationship between return and risk is maintained. Additionally, the GFRC defines risk standards, is the limit-setting authority within the framework set by the Board of Management, and approves major financing and capital management transactions. Finally, the GFRC supports the Board of Management with recommendations regarding the capital structure, capital allocation, liquidity position, and investment strategy, including strategic asset allocation for the different business segments.

Overall risk organization and roles in risk management

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

As a general principle, the responsibility for the First Line of Defense rests with business managers in the related undertaking. They are responsible for both the risks taken and the returns from their decisions. The Second Line of Defense is made up of independent global oversight functions including Risk, Actuarial, Compliance, and Legal, which support the Board in defining the risk frameworks within which the business can operate. Group Audit forms the Third Line of Defense, independently and regularly reviewing risk governance implementation, compliance with risk principles, performing quality reviews of risk processes, and testing adherence to business standards, including the internal control framework.

Group Risk management function

Group Risk is managed by the Group Chief Risk Officer and supports Allianz SE's Board of Management, including its committees, by performing various analyses, communicating risk management related information and preparing and implementing committee decisions.

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

Group Risk strengthens and maintains the Group's risk network through regular and close interaction with the management of related undertakings and with other key stakeholders such as the local finance, risk, actuarial, underwriting and investment departments. A strong group-wide risk network enables the Allianz Group to influence risk culture across the Group, identify risks at an early stage, and make management aware of these risks.

Related undertakings

Related undertakings[1] are responsible for their own risk management, including adherence to both external requirements (for example, those imposed by local regulators) and internal standards. Their Boards of Management are responsible for setting and approving a local risk strategy – supporting the Group's risk strategy – during the annual Strategic and Planning Dialogs with the Group and for ensuring adherence to their risk strategy.

A risk function, headed by a Chief Risk Officer which is independent from business line management, is established by each related undertaking. A local Risk Committee supports both the Board of Management and the Chief Risk Officer by acting as the primary risk controlling body.

Consistent implementation of the Group's risk management framework in the related undertakings, including regular dialog between the Group and the entity, is ensured, for example, through Group Risk representation on local Risk Committees and through regular assessment of the appropriateness of the local risk management framework and performance of the Chief Risk Officers by Group Risk. Moreover, the Group Chief Risk Officer must be consulted on decisions regarding the staffing, objectives, and performance evaluation of local Chief Risk Officers.

Other functions and bodies

In addition to Group Risk and the local risk functions, legal, compliance, and actuarial functions established at both the Group and the entity levels constitute additional components of the Second Line of Defense.

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

Group Actuarial, Planning and Controlling contributes towards assessing and managing risks in line with regulatory requirements, in particular for those risks whose management requires actuarial expertise. The range of tasks includes, amongst others, the calculation and monitoring of technical provisions, technical actuarial assistance in business planning, reporting and monitoring of the results, and supporting the effective implementation of the risk management system.

Risk-based steering and risk management

The Allianz Group is exposed to a variety of risks through its core insurance and asset management activities, including market, credit, underwriting, business, operational, strategic, liquidity, and reputational risks.

As an integrated financial services provider, we consider diversification across different business segments and regions to be an important element in managing our risks efficiently, as it limits the economic impact of any single event and contributes to relatively stable results. Our aim is to maintain a balanced risk profile without any disproportionately large risk concentrations and accumulations.

With Solvency II being the regulatory regime relevant for the Group as of 1 January 2016, our risk profile is measured and steered based on our approved Solvency II internal model[2]. We have introduced a target solvency ratio range in accordance with Solvency II, based on pre-defined stress scenarios for both the Group and related undertakings, supplemented by ad-hoc scenarios, historical and reverse stress tests, and sensitivity analyses.

In addition, central elements of Allianz's dividend policy are linked to Solvency II capitalization based on the internal model. This helps us to ensure a consistent view on risk steering and capitalization in line with the Solvency II framework.

Allianz steers its portfolio taking a comprehensive view at risk and return, which is based on the internal model and is supported by scenario analyses. Risk and concentrations are actively restricted by limits based on our internal model, and there is a comprehensive analysis of the return on risk capital[3] (RoRC). The RoRC is a new business indicator that allows us to identify profitable lines of new business and products on a sustainable basis, reflecting the capital commitment over the life time of the products, and is a key criterion for capital allocation decisions.

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

1_Related undertakings are also referred to as operating entities.
2_From a formalistic perspective, the German Supervisory Authority deems our model to be "partial" because not all of our entities are using the internal model. Some of our smaller entities report under the standard formula and others under the deduction and aggregation approach. Without loss of generality, we might use the term internal model in the following chapters, e.g., in case descriptions also referring to entities that use the internal model, or descriptions focusing on processes with respect to the internal model components.
3_The return on risk capital is defined as the present value of future real world profits on the capital requirement (including buffer to regulatory requirements) held at the local level.

MARKET RISK

As an inherent part of our insurance operations, we collect premiums from our policyholders and invest them in a wide variety of assets; the resulting investment portfolios back the future claims payments and benefits to our customers. In addition, we also invest shareholders' capital, which is required to support the business. Finally, we use derivatives, mostly to hedge our portfolio against adverse market movements (for example, protective puts) or to reduce our reinvestment risk (for example, by using forwards, swaps, or swaptions). Asset/liability management (ALM) decisions are taken based on the internal model, considering both the risks and the returns on the financial market.

As the fair values of our investment portfolios and liabilities depend on the changes observed in the financial markets, we are exposed to the risk of adverse financial market developments. The long-dated liabilities in our Life/Health business segment and those attributable to internal pensions contribute to interest rate risk, in particular when they cannot be fully matched by available investments due to long maturities. In addition, we are also exposed to adverse changes in equity and real estate prices, credit spread levels, inflation, implied volatilities, and currencies, which might impact the value of our portfolios.

To measure these market risks, real-world stochastic models[1] for the relevant risk factors are calibrated using historical time series to generate possible future market developments. After the scenarios for all the risk factors are generated, the asset and liability positions are revalued under each scenario. The worst-case outcome of the sorted portfolio profit and loss distribution at a certain confidence level (99.5%) defines the market Value at Risk (VaR). For entities modeled using the standard formula, the market risk is based on aggregating the losses under specified standard formula shock scenarios.

Strategic asset allocation benchmarks and risk limits, including financial VaR, stand-alone interest rate and equity sensitivity limits, and foreign exchange exposure limits, are defined for both the Group and related undertakings. Limits are closely monitored and, if a breach occurs, countermeasures are implemented which may include escalation to the respective decision-making bodies and/or the closing of positions. Furthermore, we have put in place standards for hedging activities, due to the exposure to fair-value options embedded in our life insurance products. Finally, guidelines are provided by the Group regarding certain investments, new investment products, and the use of derivatives. Compliance with these guidelines is controlled by the respective risk and controlling functions.

INTEREST RATE RISK

Allianz is a liability-driven investor. We may suffer an economic loss in the event of falling interest rates as we reinvest maturing assets at lower rates prior to the maturity of liability contracts, if the duration of our assets is shorter than our liabilities. This risk is higher for long-dated life investment and savings products as well as for internal pensions, with a significant part of the Life/Health business segment's interest rate risk coming from Western Europe, mainly from traditional life insurance products with guarantees. Conversely, opportunities may arise when interest rates increase, as this may result in returns from reinvestments being higher than the guaranteed rates. Interest rate risk is managed within our asset/liability management process and controlled via interest rate sensitivity and duration mismatch limits for the Group and the local entities.

INFLATION RISK

As an insurance company, we are exposed to changing inflation rates, predominantly due to our Non-Life insurance obligations but also due to inflation-indexed internal pension obligations. While inflation assumptions are taken into account in our product development and pricing, unexpected rising rate of inflation will increase both future claims and expenses, leading to higher liabilities; conversely, if future inflation rates were to be lower than assumed, liabilities would be lower than anticipated. The risk of changing inflation rates is incorporated in our internal model.

EQUITY RISK

The Group's insurance-focused operating entities may hold equity investments to diversify their portfolios and take advantage of expected long-term returns. Strategic asset allocation benchmarks, investment and equity sensitivity limits are used to monitor and manage these exposures. In addition, equity investments fall within the scope of the credit risk platform to avoid single-name risk concentrations. Risks from changes in equity prices are normally associated with decreasing share prices and increasing equity price volatilities. As stock markets might also increase, opportunities may arise from equity investments in those events.

CREDIT SPREAD RISK

Fixed-income assets such as bonds may lose value if credit spreads widen. However, our risk appetite for credit spread risk takes into account the underlying economics of our business model: As a liability-driven investor, we typically hold fixed-income assets until maturity. This implies that we are less affected economically by short-term changes in market prices. In our capacity as a long-term investor, this gives us the opportunity to invest in bonds yielding spreads over the risk-free return and earning this additional yield component.

CURRENCY RISK

Our operating entities typically invest in assets which are denominated in the same currency as their liabilities. However, some foreign currency exposures are allowed to support portfolio diversification and tactical investment decisions. Our largest exposure to foreign currency risk comes from our ownership of non-Euro entities: Whenever the Euro strengthens, the Euro equivalent net asset value of our foreign subsidiaries will decline from a Group perspective; however, at the same time the capital requirements in Euro will decrease, partially mitigating the total impact on Group capitalization. Based on our foreign exchange management limit framework, currency risk is monitored and managed at both the local and Group level.

REAL ESTATE RISK

Despite the risk of decreasing real estate values, real estate is a suitable addition to our investment portfolio due to good diversification benefits as well as to the contribution of relatively predictable, long-term cash flows.

Allianz's Group Investment Committee has defined a framework for standard transactions for real estate equity and commercial real

1_Internal pensions are evaluated and modeled based on deterministic models, following IAS 19 principles.

estate loan investments. These standards outline diversification targets, minimum-return thresholds, and other qualitative and quantitative requirements. All transactions that do not meet these standards or have a total investment volume (including costs) exceeding a defined threshold must be reviewed individually by Group Risk and other Group center functions. In addition, all applicable limits must be respected, in particular those resulting from strategic asset allocation as well as its leeways and risk limits, with regards to an investing entity's portfolio.

CREDIT RISK

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

The Group's credit risk profile originates from three sources: our investment portfolio, our credit insurance business, and our external reinsurance.

- Investment portfolio: Credit risk results from our investments in fixed-income bonds, loans, derivatives, cash positions, and receivables whose value may decrease depending on the credit quality of the obligor. However, losses due to credit events can be shared with the policyholder for certain life insurance products.
- Credit insurance: Credit risk arises from potential claim payments on limits granted by Euler Hermes to its policyholders. Euler Hermes insures its policyholders against credit risk associated with short-term trade credits advanced to policyholder's clients. When the client of the policyholder is unable to meet its payment obligations, Euler Hermes indemnifies the loss to the policyholder.
- Reinsurance: Credit risk arises from potential losses from non-recoverability of reinsurance receivables or due to default on benefits under in-force reinsurance treaties. Our reinsurance partners are carefully selected by a dedicated team. Besides focusing on companies with strong credit profiles, we may also require letters of credit, cash deposits, or other financial measures to further mitigate our exposure to credit risk.

The internal credit risk capital model takes into account the major determinants of credit risk for each instrument, including exposure at default, rating, seniority, collateral, and maturity. Additional parameters assigned to obligors are migration probabilities and obligor asset correlations reflecting dependencies within the portfolio. Ratings are assigned to single obligors using a clearly defined assignment process. Central components of this assignment process are long-term ratings from external rating agencies, and internal rating models in case of specific internal investment strategies. If available, a dynamic adjustment using market-implied ratings and the most recent qualitative information available is applied.

The loss profile of a given portfolio is obtained using a Monte Carlo simulation, taking into account interdependencies and exposure concentrations per obligor segment. The loss profiles are calculated at different levels of the Allianz Group, and then fed into the internal model at each level for further aggregation across sources of risk to derive diversified credit risk.

Our credit insurance portfolio is modeled by Euler Hermes, based on a proprietary model component which is a local adaptation of the central internal credit risk model. Euler Hermes' loss profile is integrated in the Group's internal credit risk model to capture the concentration and diversification effects.

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

Our group-wide country and obligor group limit management framework (CRisP[1]) allows us to manage counterparty concentration risk, covering both credit and equity exposures at the Group and operating-entity levels. This limit framework forms the basis for discussions on credit actions and provides notification services featuring the quick and broad communication of credit-related decisions across the Group.

Clearly defined processes ensure that exposure concentrations and limit utilizations are appropriately monitored and managed. The setting of country and obligor exposure limits from the Group's perspective (i.e., the maximum concentration limit) takes into account the Allianz Group's portfolio size and structure as well as our overall risk strategy.

UNDERWRITING RISK

Underwriting risk consists of premium and reserve risks in the Property-Casualty[2] business segment as well as biometric risks in the Life/Health[3] business segment. Underwriting risks are not relevant for the Asset Management business segment and our banking operations.

PROPERTY-CASUALTY

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

Premium risk

As part of our Property-Casualty business operations, we receive premiums from our customers and provide insurance protection in return. Premium risk is the risk that actual claims for the business in the current year develop adversely relative to expected claims ratios. Premium risk can be mitigated by reinsurance as well as by technical excellence in underwriting. Assessing risks as part of the underwriting process is therefore a key element of our risk management framework. There are clear underwriting limits and restrictions which are defined centrally and applied across the Group.

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

Premium risk is estimated based on actuarial models that are used to derive loss distributions. Non-catastrophe risks are modeled using frequency and severity models for large losses and aggregate loss distribution models for attritional losses. Natural disasters such as earthquakes, storms, and floods represent a significant challenge for risk management due to their high accumulation potential for higher return periods. For natural catastrophe risks, we use special modeling

1_Credit Risk Platform
2_Property-Casualty is also referred to as Non-Life.
3_Life/Health is also referred to as Life.

techniques which combine portfolio data (geographic location, characteristics of insured objects, and their values) with simulated natural disaster scenarios to estimate the magnitude and frequency of potential losses. Where such stochastic models do not exist, we use deterministic, scenario-based approaches to estimate potential losses. Similar approaches are used to evaluate risk concentrations for terror and man-made catastrophes, including losses from cyber incidents and industrial concentrations.

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

Reserve risk

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

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

In order to reduce the risk of unexpected reserve volatility, our operating entities constantly monitor the development of reserves for insurance claims on a line-of-business level. In addition, operating entities generally conduct annual reserve uncertainty analyses based on similar 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.

LIFE/HEALTH

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

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

We measure these risks within our internal model, distinguishing, where appropriate, between risks affecting the absolute level and trend development of the actuarial assumptions on the one hand and pandemic risk scenarios on the other. Depending on the nature and complexity of the risks involved, our health business is represented in the internal model according to Property-Casualty or Life/Health calculation methods and is therefore included in the relevant Property-Casualty and Life/Health figures accordingly. However, most of our health business is attributable to the Life/Health business segment.

BUSINESS RISK

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

For the Life/Health business, policyholder behavior risks are risks related to unpredictable, adverse behavior of policyholders in exercising their contractual options, such as, for instance, early termination of contracts, surrenders, partial withdrawals, renewals, and annuity take-up options.

Assumptions on policyholder behavior are set in line with accepted actuarial methods and based on own historical data, where available. If there is no historical data, assumptions are based on industry data or expert judgment. It is used as a basis to determine the economic impact of policyholder behavior under different scenarios within our internal model.

OPERATIONAL RISK

Operational risks refer to losses resulting from inadequate or failed internal processes, human errors, system failures, and external events, and can stem from a wide variety of sources, including the following:

- "Clients, Products & Business Practices": potential losses due to a failure to meet the professional obligations or from the design of products. Examples include misselling, non-compliance with internal or external requirements related to products, anti-trust behavior, data protection, sanctions and embargoes, etc. These losses tend to be less frequent but, when they occur, can have high financial impact.
- "Execution, Delivery and Process Management": potential losses arising from transaction or process management failures. Examples include interest and penalties from non-payment or underpayment of taxes or losses associated with broker and agent distribution processes. These losses tend to be of a relatively higher frequency but with little financial impact (although single large-loss events can occur).
- Other operational risks including, for example, internal or external fraud, financial misstatement risk, a cyber security incident causing business disruption or fines, a potential failure at our outsourcing partners causing a disruption to our working environment, etc.

The Group's operational risk capital is dominated (by more than 80 %) by the risk of potential losses within the categories "Clients, Products, and Business Practices" and "Execution, Delivery, and Process Management". With regard to the largest category "Clients, Products, and Business Practices", key external drivers are changes in laws and regulations. Internal drivers reflect potential failures of internal processes. These drivers are considered in the local scenario analyses.

Operational risk capital is calculated using a scenario-based approach based on expert judgment as well as internal and external operational loss data. The estimates for frequency and severity of potential loss events for each material operational risk category are assessed and used as a basis for our internal model calibration.

Allianz has developed a consistent operational risk management framework, which is applied across the Group based on proportionality and focuses on the early recognition and proactive management of material operational risks. The framework defines roles and responsibilities as well as management processes and methods: Local risk managers, in their capacity as Second Line of Defense, identify and evaluate relevant operational risks and control deficiencies via a dialog with the First Line of Defense, report operational risk events in a central database, and ensure that the framework is implemented in their respective operating entity.

This framework triggers specific mitigating control programs. For example, compliance risks are addressed with written policies and dedicated compliance programs monitored by the Group Compliance function at Allianz Group. The risk of financial misstatement is mitigated by a system of internal controls covering financial reporting. Outsourcing risks are covered by our Outsourcing Policy, Service Level Agreements, and Business Continuity and Crisis Management programs to protect critical business functions from these events. Cyber risks are mitigated through investments in cyber security, cyber insurance that Allianz buys from third-party insurers, and a variety of ongoing control activities.

OTHER MATERIAL RISKS NOT MODELED IN THE INTERNAL MODEL

There are risks which, due to their nature, cannot be adequately addressed or mitigated by setting aside dedicated capital. These risks are therefore not considered in the internal model. For the identification, analysis, assessment, monitoring, and management of these risks we also use a systematic approach, with risk assessment generally based on qualitative criteria or scenario analyses. The most important of these other risks are strategic, liquidity, and reputational risk.

STRATEGIC RISK

Strategic risk is the risk of a decrease in the company's value that will arise from adverse management decisions on business strategies and their implementation.

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

The most important strategic risks are directly addressed through Allianz's Renewal Agenda, which focuses on five themes: True Customer Centricity, Digital by Default, Technical Excellence, Growth Engines, and Inclusive Meritocracy. Progress on mitigating strategic risks and meeting the Renewal Agenda objectives is monitored and evaluated in the course of the Strategic and Planning Dialogs between Allianz Group and the related undertakings.

LIQUIDITY RISK

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

Each legal entity of Allianz Group manages liquidity risk locally, using asset/liability management systems designed to ensure that assets and liabilities are adequately matched. Local investment strategies particularly focus on the quality of the investments and ensure a significant portion of liquid assets (for example, high-rated government bonds or covered bonds) in the portfolios. In the course of liquidity planning, liquidity sources (for example, cash from investments and premiums) and liquidity needs (for example, payments due to insurance claims and expenses) are reconciled under a best-estimate plan, as well as under adverse idiosyncratic and systemic liquidity scenarios, to allow for a group-wide consistent view on liquidity risk. These analyses are performed at legal entity level and are monitored by the Group.

An identical liquidity stress-testing framework is applied at Allianz SE. Major contingent liquidity requirements arise mainly from market risk scenarios for Allianz SE and its subsidiaries, from the non-availability of external capital markets, and from reinsurance risk scenarios for Allianz SE.

In addition, the cash position of the Group cash pool investment portfolio is monitored and forecast on a daily basis and is subject to an absolute minimum liquidity threshold and an absolute target liquidity threshold. Both thresholds are defined for the Allianz SE cash pool in order to be protected against short-term liquidity crises.

The liquidity planning process addresses future potential liquidity needs and aims to manage available liquidity sources in an efficient and effective manner. The annual and high-level three-year cash flow plan for Allianz SE and the Holding and Treasury reportable segment of Allianz SE reflects the overall operating, financing, and investing strategy of Allianz Group. The annual liquidity plan for Allianz SE and for the Holding and Treasury reportable segment is subject to the approval of the Board of Management. Liquidity planning is constantly monitored and regularly reported to the Board of Management via GFRC.

REPUTATIONAL RISK

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

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

The identification and assessment of reputational risks is part of the annual Top Risk Assessment process. As part of this process, senior management approves the risk management strategy for the most significant risks facing the company, including those with a potentially severe reputational impact.

The management of Environmental, Social and Governance (ESG) risks – which are closely related to reputational risk – is supported by a dedicated Group ESG Board and Group ESG Office[1], which help steer the integration of ESG aspects into core investment and insurance activities. Significant ESG and other reputational risks identified in the course of business are escalated to experts from Group Communications and Corporate Responsibility[2], Group Risk, and

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

2_Until 31 December 2020, the corporate responsibility function was part of Group Communications and Corporate Responsibility. As of 1 January 2021, Allianz's ESG agenda will be managed by a new Global Sustainability function and Group Communications and Corporate Responsibility is renamed into Group Communications and Reputation.

Group ESG for assessment and decision-making, with the GFRC acting as the ultimate escalation/decision-making body.

CLIMATE CHANGE

Climate change has the potential to materially affect the global economy and our business, especially in the long run. Risks arising from climate change can be seen already today and their relevance will increase over the mid- and long-term. These can for instance be acute and chronic physical risks such as warming temperatures, extreme weather events, rising sea levels, intensifying heatwaves and droughts, or a change in vector-borne diseases, with impacts on property or health. The risks also result from the cross-sectoral structural change stemming from the transition towards a low-carbon economy. These include changes in climate policy, technology, or market sentiment, and impact thereof on the market value of financial assets as well as impact resulting from climate change litigation.

Climate change also creates opportunities – be it in connection with financing a low-carbon and climate-resilient future, e.g., by investing in renewable energy, energy efficiency in real estate, and electric vehicle infrastructure –, or by providing insurance solutions to protect against physical climate impacts and to support low-carbon business models.

Climate change impacts Allianz's business in two key ways:

- Firstly, through insurance policies e.g., covering health impacts, property damage, and other losses, and
- Secondly, through changes in the sectors and business models it underwrites.

Furthermore, Allianz is affected by climate change as a large-scale institutional investor. It has significant stakes in various economies, companies, infrastructure, and real estate that might be affected by the physical impact of climate change and by the transition to a low-carbon economy. This can directly influence the ability of assets to generate long-term value.

We address immediate risks from climate change factors following the management approach for the primary underlying risks e.g., building on our long-term expertise in the modeling of extreme weather events or analyzing emission profiles of our proprietary investments. On a forward-looking basis, we consider risks from climate change factors under emerging risks, where we closely monitor the development of the risk landscape supported by selective analyses on our portfolios.

Internal risk capital framework

We define internal risk capital as the capital required to protect us against unexpected, extreme economic losses, and which forms the basis for determining our Solvency II regulatory capitalization. On a quarterly basis, we calculate and consistently aggregate internal risk capital across all business segments. We also project risk capital requirements regularly between reporting periods in times of financial market turbulence.

GENERAL APPROACH

For the management of our risk profile and solvency position, we utilize an approach that reflects the Solvency II rules in that it comprises our approved internal model covering all major insurance operations. Other entities are reflected based on standard formula results, others under the deduction and aggregation approach as well as on sectoral or local requirements for non-insurance operations, in accordance with the Solvency II framework.

INTERNAL MODEL

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

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

COVERAGE OF THE RISK CAPITAL CALCULATIONS

The Allianz Group's internal model to calculate our Solvency Capital Requirement (SCR) covers all major insurance operations[1]. This includes both relevant assets (including fixed-income, equities, real estate, and derivatives) and liabilities (including the run-off of all current and planned technical provisions as well as deposits, issued debt and other liabilities). For with-profit products in the Life/Health business segment, the options and guarantees embedded in insurance contracts – including policyholder behavior – are taken into account.

Smaller related undertakings in the European Economic Area which are not covered by the internal model are reflected with their standard formula results. At the Group level, the Solvency Capital Requirements for smaller insurance undertakings outside the European Economic Area with only immaterial impact on the Group's risk profile are accounted for by means of book value deduction.[2]

Risk capital related to our European banking operations is allocated to the Corporate and Other business segment and calculated based on the approach applied by banks in accordance with the local requirements resulting from the Basel regulation (Basel standards). As the capital requirement for the banking business is only approximately 0.8% (2019: 0.9%) of our total pre-diversified Group Solvency Capital Requirement, risk management for the banking operations is not discussed in greater detail.

1_Allianz Life Insurance Company of North America is based on third-country equivalence.

2_Under book value deduction, the book value of the respective entity is deducted from eligible Own Funds of the Group.

For our Asset Management business segment, we assign internal risk capital requirements based on sectoral regulatory capital requirements. The Asset Management business is affected mainly by operational risks. However, since most of our Asset Management business is not located in the Eurozone, at Group level its participation value bears a foreign exchange rate risk. Our Asset Management business is covered by adequate risk controlling processes, including qualitative risk assessments (such as Top Risk Assessment) set up by the respective entities, with key results regularly reported to the Group. As the impact on the Group's total Solvency Capital Requirement is minor, risk management with respect to Asset Management is not discussed in greater detail.

In view of the above, Allianz's risk capital framework covers all material and quantifiable risks. Risks not specifically covered by the internal model include strategic, liquidity, and reputational risks.

ASSUMPTIONS AND LIMITATIONS

RISK-FREE RATE AND VOLATILITY ADJUSTMENT

When calculating the fair values of assets and liabilities, the assumptions regarding the underlying risk-free yield curve are crucial in determining and discounting future cash flows. For liability valuation, we apply the methodology provided by the European Insurance and Occupational Pensions Authority (EIOPA) as part of its technical documentation (EIOPA-BoS-20/109) to extrapolate the risk-free interest rate curves beyond the last liquid tenor.[1]

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

We take account of this by applying the volatility adjustment to mitigate the credit spread risk, which we consider to be less meaningful for long-term investors than the default risk. Allianz also models the volatility adjustment dynamically within our approved internal model, which differs from the static EIOPA VA concept applied in the standard formula. For risk capital calculations, we assume a dynamic movement of the volatility adjustment broadly consistent with the way the VA would react in practice; however, we base the movement on our own portfolio rather than the EIOPA portfolio. To account for this deviation, Allianz applies a more conservative, reduced application ratio for the dynamic volatility adjustment. Validation is performed regularly to verify the appropriateness and prudency of the approach.

VALUATION ASSUMPTIONS: REPLICATING PORTFOLIOS

We replicate the liabilities of our Life/Health insurance business. This technique enables us to represent all product-related options and guarantees, both contractual and discretionary, by means of standard financial instruments. In the risk calculation, we use the replicating portfolio – together with a Least Square Monte Carlo approach for risks that are not covered by the replication – to determine and revalue these liabilities under all potentially adverse Monte Carlo scenarios.

DIVERSIFICATION AND CORRELATION ASSUMPTIONS

Our internal model considers concentration, accumulation, and correlation effects when aggregating results at the Group level. The resulting diversification reflects the fact that all potential worst-case losses are not likely to materialize at the same time. 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 typically occurs when looking at combined risks that are not, or only partly, interdependent. Important diversification factors include regions (for example, windstorm in Australia vs. windstorm in Germany), risk categories (for example, market risk vs. underwriting risk), and subcategories within the same risk category (for example, commercial vs. personal lines of property and casualty risk). Ultimately, diversification is driven by the specific features of the investment or insurance products in question and their respective risk exposures. For example, an operational risk event at an Australian entity can be considered to be highly independent of a change in credit spreads for a French government bond held by a German entity.

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

ACTUARIAL ASSUMPTIONS

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

MODEL LIMITATIONS

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

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

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

to mitigate reliance on historical data, we complement our VaR analysis with stress testing.

Furthermore, we validate the model and parameters through sensitivity analyses, independent internal peer reviews, and, where appropriate, independent external reviews, focusing on methods for selecting parameters and control processes. To ensure that the model is validated adequately, we have established an Independent Validation Unit (IVU) within Group Risk, responsible for validating our internal model within a comprehensive model validation process. Any limitations identified during the validation process are remedied after consultation with the Group regulator. Overall, we believe that our validation efforts are effective and that the model adequately assesses the risks to which we are exposed.

The construction and application of the replicating portfolios mentioned are subject to the set of replicating instruments that are available and might be too simple or restrictive to capture all factors affecting the change in value of liabilities. As with other model components, the replication framework is subject to independent validation and to suitability assessments as well as to stringent data and process quality controls. Therefore, we believe that our liabilities are adequately represented by the replicating portfolios.

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

REGULATORY AND MODEL CHANGES IN 2020

In 2020, our internal model was further enhanced based on regulatory developments, model validation results, and the feedback received in the course of our consultations with regulators.

The net impact of regulatory and model changes on the Solvency II risk capital of the Group in 2020 was € (0.6) bn. This reduction in SCR is mainly driven by the introduction of several minor and immaterial model changes at both the Group and entity levels and the implementation of the final aspects of the cross-effect model change. Cross-effects are defined as the effects arising due to the interaction between different risk categories and/or risk types. This is partly offset by impacts of the regulatory change of a reduction in the ultimate forward rate (UFR) and the refinement of the calibration of equity volatility. The change in the modeling approach for surplus funds of Allianz Lebensversicherungs-Aktiengesellschaft contributed to the significant reduction of the capital add-on.

In all subsequent sections, the figures including model changes will form the basis for the movement analyses of our risk profile in 2020. As our general capital steering continues to focus on the Solvency II ratio impacts excluding the application of transitional measures for technical provisions, the figures in the following table exclude transitional measures unless specifically stated.

Allianz Group: Impact of regulatory and model changes – allocated risk according to the risk profile (total portfolio before non-controlling interests)

€ mn

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
As of 31 December	2019[1]	2019[2]	2019[1]	2019[2]	2019[1]	2019[2]	2019[1]	2019[2]	2019[1]	2019[2]	2019[1]	2019[2]	2019[1]	2019[2]
Property-Casualty	5,638	5,632	2,286	2,283	11,542	11,529	692	691	1,604	1,602	(6,266)	(6,259)	15,495	15,478
Life/Health	17,749	17,859	2,711	2,726	437	439	2,839	2,855	1,527	1,536	(4,907)	(4,934)	20,356	20,481
Corporate and Other	1,940	1,955	471	474	127	127	-	-	403	406	(720)	(726)	2,220	2,237
Total Group	**25,327**	**25,446**	**5,467**	**5,484**	**12,105**	**12,095**	**3,530**	**3,546**	**3,534**	**3,545**	**(11,893)**	**(11,918)**	**38,071**	**38,196**
												Tax	(5,481)	(5,434)
												Capital add-on	1,042	1,506
												Third country equivalent	3,218	3,218
												Sectoral requirement	2,038	2,038
												Total Group	**38,888**	**39,525**

1_2019 risk profile figures adjusted based on the 2020 model changes impact.
2_2019 risk profile figures as reported previously.

In 2020, the impact of model changes to our internal model concerned the following risk categories:

MARKET RISK

The overall decrease in market risk especially for the Life/Health business segment is mainly driven by the impacts of minor and immaterial model changes and the cross-effect model change. This is partly compensated by the regulatory change – the reduction in the ultimate forward rate that is mostly allocated to market risk –, the refinement of calibration of equity volatility, and the modeling of cross-effects in the surplus funds of Allianz Lebensversicherungs-Aktiengesellschaft. The combined impact on the market risk of Allianz Group was a decrease of € 0.1 bn to € 25.3 bn (2019: € 25.4 bn).

CREDIT RISK

No material model change was applied to the risk capital model for credit risk in 2020. However, minor model changes and model updates in the credit risk model as well as model changes in other risk modules that affect the credit risk model resulted in a marginal decrease of credit risk.

UNDERWRITING, BUSINESS AND OPERATIONAL RISKS

The changes to these risk categories shown in the table above are driven by minor and immaterial model changes.

CAPITAL ADD-ONS

The decrease of the risk capital requirement of € 0.5 bn is mainly driven by the reversal of the capital add-on introduced previously to reflect not modeled cross-effects in the surplus funds of Allianz Lebensversicherungs-Aktiengesellschaft. This add-on is no longer necessary due to the approach introduced for modeling these cross-effects.

IMPACT OF MODEL CHANGES ON ELIGIBLE GROUP OWN FUNDS

The regulatory and model changes in 2020 resulted in a € 1.0 bn decrease of Own Funds which was mainly driven by the adjustment of the UFR by - 15 basis points and the model changes at Allianz Lebensversicherungs-Aktiengesellschaft and Allianz Private Krankenversicherungs-Aktiengesellschaft such as the introduction of a simplified look-through on asset participations and the implementation of model changes in cashflow modeling.

IMPACTS OF TRANSITIONAL MEASURES

The application of transitional measures on technical provisions for Allianz Lebensversicherungs-Aktiengesellschaft and Allianz Private Krankenversicherungs-Aktiengesellschaft resulted in an increase in the SCR of € 66 mn and an increase in the Own Funds of € 13.6 bn at the Group level.

Allianz risk profile and management assessment

RISK PROFILE AND MARKET ENVIRONMENT

Allianz's core business as a global insurer and asset manager predominantly exposes it to a variety of risks such as underwriting risks, financial market and credit risks, and several other non-financial risks (i.e., operational, reputational, liquidity, and strategic risks). The execution of the Renewal Agenda may impact the potential severity or likelihood of these existing risks, contribute towards concentrations of certain types of risk, or potentially even give rise to new risks within a given risk category. However, from a broad perspective, the overall risk profile of Allianz has remained and is expected to remain stable. "Stable" in this context means a relatively high exposure to market and credit risks, a moderate exposure to underwriting risks and a modest exposure to operational, business, and other risks (i.e., measured as a share of the Allianz Group's Solvency II risk capital). Please refer to section Solvency II regulatory capitalization for further details.

To support the development of a risk appetite and a risk management framework for these core risks, the Allianz Group has elaborated the following risk management philosophy:

- Financial risks: Allianz Group's ultimate objective is to assure that financial risk taking is in line with risk bearing capacity at the Group and legal entity level and it creates shareholder's equity. To manage financial risk effectively and avoid accumulated losses in times of financial crisis, it is essential to clearly identify, measure, monitor and control the risks inherent in the investment portfolios and in insurance products including the development of new products.
- Underwriting risks: Exposures to these risks are required to serve customers and generate shareholder value. Quality control mechanisms are applied to ensure adherence to Allianz's underwriting standards and monitor the quality of the portfolio and underwriting process. The underwriting processes must support sustainable and profitable business, secure consistency, align with the risk appetite of the Group and of the operating entities as well as avoid undesired and/or excessive risks and accumulations. The full economic consequences of a pandemic event such as COVID-19 are uninsurable. The required capital for an effective protection against such an accumulation of risks would require premium rates, that are unattractive for the customers, if not unaffordable. In addition, a pandemic affects multiple factors such as business interruption, impact on global capital markets, increase in medical costs, and mortality.
- Other non-financial risks: These risks are inherent to the Group's core business and need to be carefully managed via continuous improvements in risk identification, risk assessment and control environments. This occurs through elements of the Group Risk management framework such as the Top Risk Assessment (TRA), Integrated Risk and Control System (IRCS), Reputational Risk Management Framework, and Liquidity Risk Management.

POTENTIAL RISKS IN THE FINANCIAL MARKET AND IN OUR OPERATING ENVIRONMENT

Financial markets are characterized by historically low interest rates and risk premiums, causing some investors to look for higher-yielding – and potentially higher-risk – investments. In addition to sustained low interest rates, the challenges of implementing long-term structural reforms in key Eurozone countries, the uncertainty about future monetary and fiscal policies, rising populism, amplified geopolitical tensions and economic nationalism amid the pandemic, which weigh on global trade with the potential of prompting long-term structural shifts in global supply chains may lead to increasing market volatility. The increasing reliance on digital technologies which has been greatly accelerated by the COVID-19 pandemic – to ensure business continuity and enhance efficiency and competitiveness – increases the risk of technology obsolescence, cyber-attacks, data breaches, system failures as well as the risk of non-compliance with increasing regulation covering IT-related business processes.

The uncertainty around the evolution of the COVID-19 pandemic remains a significant risk. The approval, production, distribution, and correct administration of the vaccines are critical in alleviating the social, economic, and financial repercussions of the pandemic. The steps are subject to a number of challenges such as the efficacy of the vaccines, high-quality mass production, potential long-term side effects, and the willingness of a majority of the population to get vaccinated. Full economic recovery is not expected to occur until the health concerns are forcefully and credibly addressed, i.e., for herd immunity to be achieved. Global vaccination is expected to be eventually successful; however, the timing and progress appear uncertain. Residual risks will remain such as further virus mutations, emerging side effects, length of the immunity, or refusal to take vaccines by the majority of the population as most authorities do not intend to make vaccination compulsory. The extended containment (lockdown) measures risk delaying economic recovery, with significant credit implications in some industries. The pace and timing of recovery, the overall economic cost, and credit implications will depend on an effective transition to post-COVID policies, as less supportive fiscal packages could hurt employment and the solvency of small or more exposed businesses.

Another strain is the future relationship between the United Kingdom and the European Union as the Trade and Cooperation Agreement negotiated between them enters into force in 2021.

Therefore, we continue to closely monitor political and financial developments as well as the global trade situation to manage our overall risk profile to specific event risks.

REGULATORY DEVELOPMENTS

Our approved internal model has been applied since the beginning of 2016 when Solvency II became effective. There is some uncertainty about future regulatory requirements resulting from the potential introduction of future global capital requirements and from the current Solvency II review.

The frameworks for potential future capital requirements for Internationally Active Insurance Groups (IAIGs) and Global Systemically Important Insurers (G-SIIs) are yet to be finalized by the International Association of Insurance Supervisors (IAIS) and the Financial Stability Board (FSB).In addition, the European Commission is conducting a review of the Solvency II directive as foreseen in European legislation. The review covers an extensive list of topics from a wide variety of areas, from capital requirements to reporting and on to proportionality, for which EIOPA provided technical advice to the European Commission in December 2020, suggesting amendments in each area. Based on this and further input from stakeholders, the European Commission is expected to provide a first legislative proposal by the third quarter of 2021, followed by trilog negotiations at the European level before changes to the directive can become effective. Depending on circumstances, a further transposition into national law will be required, so that final implementation is not expected before end of 2022. In this context, the Allianz Group is actively participating in discussions with the European Commission, EIOPA, local regulators, Insurance Europe, and GDV.

Therefore, future Solvency II Capital Requirements might change depending on the outcome of the 2020 review of the Solvency II framework by EIOPA. Concrete effects of the Solvency II review for the Group, however, can only be assessed after final results are available.

Finally, the potential for a multiplicity of different regulatory regimes, capital standards, and reporting requirements will increase operational complexity and costs.

MANAGEMENT ASSESSMENT

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

- Due to its effective capital management, the Allianz Group is well capitalized and has met its internal, rating agency, and regulatory solvency targets as of 31 December 2020. Allianz remains one of the most highly rated insurance groups in the world, as reflected by our external ratings.
- The Group has a conservative investment profile and disciplined business practices in the Property-Casualty, Life/Health, and Asset Management business segments, leading to sustainable operating earnings with a well-balanced risk-return profile.
- As a result of COVID-19 pandemic, the Group experienced the following:
  - Losses in the Property-Casualty business segment resulted from business interruption coverage and accumulations from the entertainment sector. The Group also lost revenue in the travel and credit business lines.
  - Higher market risk mainly due to the volatility of equity prices and interest rates. The Group implemented risk mitigating measures such as equity sales, increasing asset duration, and the purchase of credit default swap protection.
  - Elevated reputational risk, as law suits with respect to business interruption policies could affect our purpose statement depending on media coverage and public perception. In addition, increased regulatory pressure can be observed regarding dividend payments of insurance companies, premium deferrals, or customer friendly interpretation of policy cover.
  - Business continuity and employer liability remain a focus area. The implementation of a new work model is key to addressing employer liability risks resulting from the accelerated trend by COVID-19 to work from home. This is accompanied with respective changes in IT risk management.
- Allianz is well positioned to deal with potentially adverse future events such as the COVID-19 pandemic – due to our strong internal limit framework, stress testing, internal model, and risk management practices.
- Finally, the Group has the additional advantage of being well-diversified, both geographically and across a broad range of businesses and products.

Based on the information available to us at the moment of report completion, including the known impacts of COVID-19, we expect the Group to continue to be sufficiently capitalized and compliant with both the regulatory Solvency Capital Requirement and minimum consolidated Group Solvency Capital Requirement. However, we are carefully monitoring the development of the COVID-19 pandemic and managing our portfolios to ensure that the Group and its entities have sufficient resources to meet their solvency capital needs.

SOLVENCY II REGULATORY CAPITALIZATION

The Allianz Group's Own Funds and capital requirements are based on the market value balance sheet approach, which is consistent with the economic principles of Solvency II[1]. Our regulatory capitalization is shown in the following table.

Allianz Group: Solvency II regulatory capitalization[1]

As of 31 December		2020	2019
Own Funds	€ bn	84.9	84.0
Capital requirement	€ bn	40.9	39.5
Capitalization ratio	%	207	212

1_Excluding the application of transitional measures for technical provisions

In the second quarter of 2020, Allianz has been granted approval for the application of transitionals on technical provisions for the two entities Allianz Lebensversicherungs-Aktiengesellschaft and Allianz Private Krankenversicherungs-Aktiengesellschaft. Including the application of transitional measures for technical provisions, the Own Funds and SCR as of 31 December 2020 amounted to € 98.5 bn and € 40.9 bn leading to a Solvency II ratio of 240 %. Our general capital steering, however, continues to focus on the previous approach, i.e., excluding the application of transitional measures for technical provisions. Consequently, the figures in all subsequent sections exclude transitional measures unless otherwise stated.

The following table summarizes our Solvency II regulatory capitalization ratios disclosed over the course of the year 2020:

Allianz Group: Solvency II regulatory capitalization ratios
%

	31 Dec 2020	30 Sept 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019
Capitalization ratio	207	192	187	190	212

Compared to year-end 2019, our Solvency II capitalization ratio declined by 5 percentage points to 207% (2019: 212%) since the slight increase in Own Funds was overcompensated by the increase of the Solvency II Capital Requirement. The decrease of the Solvency II ratio was mainly driven by the COVID-19 triggered negative market developments ((27) percentage points) especially due to the decline in interest rates. Taxes and other changes ((8) percentage points) also contributed negatively. This was partially compensated by operating Solvency II capital generation and business evolution (23 percentage points), model changes (1 percentage point), and (capital) management actions (7 percentage points). The latter was mostly driven by the issuance of subordinated debts in May and November 2020 as well as de-risking measures (e.g., duration management and reduction of equity exposure). The impacts are partially offset by the executed share buy-back in the first quarter of 2020, dividend accrual, and M&A transactions (e.g., acquisition of SulAmerica and Control Expert as well as the joint venture with BBVA).

The following table presents the sensitivities of our Solvency II capitalization ratio under certain standard financial market scenarios.

1_Own Funds and capital requirement are calculated under consideration of volatility adjustment and yield curve extension, as described in section "Risk-free rate and volatility adjustment".

Allianz Group: Solvency II regulatory capitalization ratio sensitivities
%

As of 31 December	2020	2019
Base capitalization ratio	207	212
Interest rates up by 0.5 %[1]	214	217
Interest rates down by 0.5 %[1]	198	203
Equity prices up by 30 %	222	225
Equity prices down by 30 %	193	197
Combined scenario: Equity prices down by 30 % Interest rate down by 0.5 %[1]	185	190

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

The Allianz Group is a financial conglomerate within the scope of the Financial Conglomerate Directive (FCD). The FCD does not impose a materially different capital requirement on Allianz Group compared to Solvency II.

Quantifiable risks and opportunities by risk category

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

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

With the exception of the Asset Management business segment, all business segments are exposed to the full range of risk categories. As mentioned earlier, the Asset Management business segment is predominantly exposed to operational and market risks and to a lesser extent to credit risk. The risk capital for the Asset Management business segment is allocated to sectoral requirement.

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

The Group diversified risk is broken down as follows:

Allianz Group: Allocated risk according to the risk profile (total portfolio before non-controlling interests)
€ mn

	Market risk		Credit risk		Underwriting risk		Business risk		Operational risk		Diversification		Total	
As of 31 December	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]
Property-Casualty	4,439	5,638	2,334	2,286	11,300	11,542	749	692	1,530	1,604	(6,843)	(6,266)	13,508	15,495
Life/Health	21,264	17,749	3,241	2,711	652	437	2,255	2,839	1,442	1,527	(4,534)	(4,907)	24,321	20,356
Corporate and Other	1,609	1,940	526	471	207	127	-	-	363	403	(651)	(720)	2,054	2,220
Total Group	**27,313**	**25,327**	**6,101**	**5,467**	**12,159**	**12,105**	**3,004**	**3,530**	**3,335**	**3,534**	**(12,028)**	**(11,893)**	**39,883**	**38,071**
												Tax	(5,879)	(5,481)
												Capital add-on	970	1,042
												Third country equivalent	3,326	3,218
												Sectoral requirement	2,650	2,038
												Total Group	**40,950**	**38,888**

1_2019 risk profile figures adjusted based on the 2020 model changes impact.

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

As of 31 December 2020, the Group-diversified risk capital, which reflects our risk profile before considering non-controlling interests, amounted to € 40.9 bn (2019: € 39.5 bn). This represents a slight decrement in the diversification benefit – before tax – of 0.6 % to 23.2 %. The increase in Solvency II Capital Requirement was mainly due to market impacts driven by adverse market movements especially in the first half of 2020 triggered by the COVID-19 pandemic. Business evolution also contributed slightly to a higher SCR, driven by the net earned premiums in the Property-Casualty business segment. Other effects such as model updates or the loss in diversification benefit further contributed to the increment. This was partially compensated by management actions such as risk mitigating measures, including, but not limited to equity de-risking, increasing asset duration, and the purchase of credit default swap protection to dampen the impacts of COVID-19.

MARKET RISK

The following table presents our group-wide risk figures related to market risks by business segment and source of risk.

Allianz Group: Risk profile – market risk by business segment and source of risk (total portfolio before tax and non-controlling interests)
pre-diversified, € mn

	Interest rate		Inflation		Credit spread		Equity		Real estate		Currency		Total	
As of 31 December	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]	2020	2019[1]
Property-Casualty	(464)	(397)	(2,478)	(1,528)	3,548	2,700	2,341	3,193	1,339	1,422	152	248	4,439	5,638
Life/Health	1,032	2,480	(372)	(131)	10,997	7,279	8,083	6,841	1,609	1,515	(83)	(236)	21,264	17,749
Corporate and Other	225	250	(364)	(272)	424	563	1,101	1,152	120	204	103	43	1,609	1,940
Total Group	**793**	**2,332**	**(3,214)**	**(1,931)**	**14,969**	**10,542**	**11,525**	**11,187**	**3,068**	**3,142**	**172**	**55**	**27,313**	**25,327**
											Share of total Group pre-diversified risk		46.4 %	45.0 %

1_2019 risk profile figures adjusted based on the 2020 model changes impact.

The Group's total pre-diversified market risk increased by € 2.0 bn, which was mainly driven by credit spread risk, especially in the Life/Health business segment, due to higher exposures and lower policyholder participation following the decline in interest rates. The lower interest rates together with lower interest rate volatilities contributed to lower interest rate risk, which was supported by management actions – in particular duration management measures – that improved the interest rate risk profile. The volatility in equity markets caused by the COVID-19 pandemic resulted in equity de-risking activities at most entities and investment in alternatives and infrastructure. However, most equity indices fully recovered from the COVID-19 shock in the first half of the year. This effect combined with the lower policyholder participation increased the equity risk. Real estate risk remained broadly unchanged. The higher inflation risk was mainly driven by exposure especially in the Property-Casualty business segment. The overall increase in market risk was also supported by business growth, while exposure changes due to asset/liability management measures and the corresponding effects on the diversification between market risk factors reduced the impact to some extent.

INTEREST RATE RISK

As of 31 December 2020, our interest-rate-sensitive investments excluding unit-linked business – amounting to a market value of € 486.5 bn (2019: € 460.8 bn)[1] – would have gained € 58.6 bn (2019: € 49.8 bn) or lost € 49.8 bn (2019: € 42.8 bn)[2] in value in the event of interest rates shifting by -100 and +100 basis points, respectively. However, these impacts would have been partially offset by policyholder participation. In addition, the Solvency II Own Funds effect is much more limited due to our active duration management, limiting the duration mismatch of the Group to negative 0.1 years, representing Solvency II liabilities of longer duration than assets.

EQUITY RISK

As of 31 December 2020, our investments excluding unit-linked business that are sensitive to changing equity markets – amounting to a market value of € 66.6 bn[3] (2019: € 75.7 bn) – would have lost € 17.9 bn[4] (2019: € 20.0 bn) in value assuming equity markets had declined by 30%. However, this impact would have been partially offset by policyholder participation.

REAL ESTATE RISK

As of 31 December 2020, about 5.4% (2019: 5.5%) of the total pre-diversified risk was related to real estate exposures.

CREDIT RISK

The following table presents our group-wide risk figures for credit risks by business segment.

Allianz Group: Risk profile – allocated credit risk by business segment (total portfolio before tax and non-controlling interests)
pre-diversified

As of 31 December		2020	2019[1]
Property-Casualty	€ mn	2,334	2,286
Life/Health	€ mn	3,241	2,711
Corporate and Other	€ mn	526	471
Total Group	**€ mn**	**6,101**	**5,467**
Share of total Group pre-diversified risk	%	10.4	9.7

1_2019 risk profile figures adjusted based on the 2020 model changes impact.

Throughout 2020 and the COVID-19 pandemic, there were no material events with regard to credit migration risk and default risk.

The overall credit risk for the Allianz Group increased by € 0.6 bn to € 6.1 bn (2019: € 5.5 bn). This was mainly driven by the lower interest rate environment compared to the previous year, which generally increased credit risk exposures, thereby increasing credit risk. This also contributed to a decrease in the loss-absorbing capacity of technical provisions in the traditional life business, which increased the credit risk after considering policyholder participation.

CREDIT RISK – INVESTMENTS

As of 31 December 2020, the credit risk arising from our investment portfolio accounted for 81.5 % (2019: 80.6%) of our total Group pre-diversified internal credit risk[5].

Credit risk in the Life/Health business segment is primarily driven by long-term assets covering long-term liabilities. Typical investments are government bonds, senior corporate bonds, covered bonds, self-originated mortgages and loans, and a modest amount of derivatives. In the Property-Casualty business segment, fixed-income securities tend to be short- to mid-term, due to the nature of the business, which explains the lower credit risk in this segment.

The counterparty credit risk arising from derivatives is low, since derivatives usage is governed by the group-wide internal guideline for collateralization of derivatives, which stipulates master netting and collateral agreements with each counterparty and requires high-quality and liquid collateral. In addition, Allianz closely monitors counterparties' credit ratings and exposure movements.

1_The stated market value includes all assets whose market value is sensitive to interest rate movements (excluding unit-linked business) reflecting the Solvency II framework, and therefore is not based on classifications given by accounting principles.
2_The effects do not consider policyholder participation.
3_The stated market value includes all assets whose market value is sensitive to equity movements (excluding unit-linked business) reflecting the Solvency II framework, and therefore is not based on classifications given by accounting principles.
4_The effect does not consider policyholder participation.
5_Additionally, 8.7 % (2019: 7.4 %) of our total Group pre-diversified internal credit risk is allocated to receivables, potential future exposure for derivatives and reinsurance, and other off-balance sheet exposures.

As of 31 December 2020, the rating distribution based on issue (instrument) ratings of our fixed-income portfolio was as follows:

Rating distribution of Allianz Group's fixed-income portfolio[1] – fair value
€ bn

Type of issuer	Government / agency		Covered bond		Corporate		Banks		ABS / MBS		Short-term loan		Other		Total	
As of 31 December	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
AAA	49.5	46.5	47.7	46.4	3.2	2.5	3.0	2.7	19.1	20.5	0.0	-	-	0.0	122.5	118.7
AA	111.5	105.0	18.2	17.2	24.3	20.7	4.3	5.2	6.2	5.6	0.6	1.1	0.1	0.1	165.3	154.8
A	43.4	37.0	0.4	6.8	71.1	69.1	19.0	19.3	0.9	1.2	0.5	0.6	0.0	0.2	135.3	134.2
BBB	41.9	37.3	0.4	0.7	124.8	116.6	8.2	6.6	1.2	0.7	0.4	0.5	1.7	1.7	178.7	164.2
BB	6.7	5.0	-	0.0	10.5	5.9	1.0	1.3	0.1	0.1	0.0	0.0	0.0	0.0	18.4	12.2
B	3.6	5.1	-	-	4.0	2.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	-	8.0	7.7
CCC	0.3	0.0	-	-	0.2	0.2	0.0	0.0	0.1	0.1	0.0	0.0	-	-	0.6	0.4
CC	0.0	0.4	-	-	0.0	0.0	0.0	0.0	0.1	0.1	-	-	-	-	0.1	0.4
C	0.0	-	-	-	-	-	-	0.0	0.0	0.0	-	-	-	-	0.0	0.0
D	0.0	-	-	-	0.1	0.0	-	0.0	0.0	0.0	-	0.0	-	-	0.1	0.1
Not rated	1.5	2.0	0.1	0.2	11.2	11.6	0.2	0.5	0.1	0.1	0.2	0.2	7.2	6.6	20.4	21.2
Total	**258.5**	**238.1**	**66.7**	**71.3**	**249.5**	**228.9**	**35.9**	**35.8**	**28.1**	**28.5**	**1.8**	**2.5**	**9.1**	**8.6**	**649.5**	**613.9**

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

CREDIT RISK – CREDIT INSURANCE

As of 31 December 2020, 8.6% (2019: 11.0%) of our total Group pre-diversified internal credit risk was allocated to Euler Hermes credit insurance exposures.

CREDIT RISK – REINSURANCE

As of 31 December 2020, 1.2% (2019: 1.1%) of our total Group pre-diversified internal credit risk was allocated to reinsurance exposures.

Of the Allianz Group's reinsurance recoverables, 75.5% (2019: 82.4%) were distributed among reinsurers that had been assigned an investment-grade rating; the remaining 24.4% (2019: 17.5%) were non-rated reinsurance recoverables. The movements in the reinsurance exposure are mainly due to an expanded reinsurance program. For substantial single-name reinsurance exposures or exposures to non-rated captives, risk-mitigating techniques such as collateral agreements or funds-withheld concepts are in place. In particular, the economic reinsurance exposure to General Electric was reduced in 2020 by increasing the amount of trust assets and obtaining credit protection.

Reinsurance recoverables by rating class[1]
€ bn

As of 31 December	2020	2019
AAA	0.02	-
AA+ to AA-	5.67	6.12
A+ to A-	3.24	2.32
BBB+ to BBB-	8.03	8.36
Non-investment grade	0.01	0.03
Not assigned	5.49	3.57
Total	**22.46**	**20.39**

1_Represents gross exposure for external reinsurance, broken down by rating classes.

UNDERWRITING RISK

The following table presents the pre-diversified risk calculated for underwriting risks associated with our insurance business.

Allianz Group: Risk profile – allocated underwriting risk by business segment and source of risk (total portfolio before non-controlling interests)[1]
pre-diversified, € mn

	Premium natural catastrophe		Premium terror		Premium non-catastrophe		Reserve		Biometric		Total	
As of 31 December	2020	2019[2]	2020	2019[2]	2020	2019[2]	2020	2019[2]	2020	2019[2]	2020	2019[2]
Property-Casualty	806	927	17	29	4,195	4,952	6,115	5,521	167	112	11,300	11,542
Life/Health	-	-	-	-	-	-	-	-	652	437	652	437
Corporate and Other	-	-	-	-	-	-	-	-	207	127	207	127
Total Group	**806**	**927**	**17**	**29**	**4,195**	**4,952**	**6,115**	**5,521**	**1,026**	**676**	**12,159**	**12,105**
Share of total Group pre-diversified risk											20.66%	21.52%

1_As risks are measured in an integrated approach and on an economic basis, internal risk profile takes reinsurance effects into account.
2_2019 risk profile figures adjusted based on the impact of the 2020 model changes.

During 2020, the total Group pre-diversified underwriting risk capital increased marginally by € 54 mn.

PROPERTY-CASUALTY

The decrease in Property-Casualty underwriting risk was mainly driven by premium non-catastrophe risk due to model and exposure updates. This was partly offset by reserve risk which increased in line with the underlying reserve level.

Overall, the underwriting risk profile for the Allianz Group is not expected to change much, as we do not plan to significantly change our underwriting standards (Allianz Standard for P&C Underwriting) or our risk appetite with regards to natural catastrophe, man-made, or terror risks and our corresponding retrocession reinsurance strategy.

Nevertheless, the underwriting guidelines were refined to mitigate significant future accumulations from pandemics and an additional retrocession cover for natural catastrophe frequency losses was placed.

The loss ratios for the Property-Casualty business segment are presented in the following table:

Property-Casualty loss ratios[1] for the past ten years
%

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Loss ratio	69.5	68.0	66.0	66.5	65.6	66.2	66.0	65.9	68.3	69.9
Loss ratio excluding natural catastrophes	67.8	66.5	64.0	64.2	64.2	64.6	65.1	63.0	66.6	65.5

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

The top three perils contributing to the natural catastrophe risk as of 31 December 2020 were: windstorms in Europe, floods in Germany, and earthquakes in Australia.

LIFE/HEALTH

The underwriting risk capital contribution of biometric risk increased by € 0.35 bn compared to the previous year. This is mainly due to the impact of lower interest rates and other adverse market movements triggered by the COVID-19 pandemic on the longevity risk for most major Life/Health portfolios. Contributions from the Property-Casualty and the Corporate and Other business segments are generated by the longevity risk of the internal pension schemes they contain.

Due to effective product design and the diversity of our products, there were no significant concentrations of underwriting risks within our Life/Health business segment.

BUSINESS RISK

The risk capital contribution of business risk decreased by € 0.5 bn compared to the previous year. This is driven by the impact of lower interest rates and other adverse market movements triggered by the COVID-19 pandemic on the lapse and lapse mass risk for most major Life/Health insurance portfolios.

OPERATIONAL RISK

The decrease in risk capital for operational risks was driven by the regular annual update of local parameters. The decrease is largely due to reduced regulatory risks based on observed fines in the industry, e.g., for the General Data Protection Regulation (GDPR), but also due to a reduction of the originally too conservatively set prudency margin in the estimation of internal frauds. The increasing risk due to the pandemic was compensated by the decrease of operational risk in case of business continuity events based on the observed effectiveness of business continuity measures during the COVID-19 crisis. This finally led to a neutral risk capital impact of COVID-19 on operational risk capital. Foreign currency exchange effects played a minor role.

LIQUIDITY RISK

Detailed information regarding the Allianz Group's liquidity risk exposure, liquidity, and funding – including changes in cash and cash equivalents – is provided in Liquidity and Funding Resources and in notes 13, 19 and 34 to the Consolidated Financial Statements. As can be inferred from the section on the management of liquidity risks, while these are quantified and monitored through regular stress test reporting as well as properly managed, they are not quantified for risk capital purposes.

INTEGRATED RISK AND CONTROL SYSTEM FOR FINANCIAL REPORTING

The following information is provided pursuant to § 289 (4) and § 315 (4) of the German Commercial Code ("Handelsgesetzbuch – HGB").

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

ACCOUNTING AND CONSOLIDATION PROCESSES

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

Accounting rules for the classification, valuation, and disclosure of all items in the balance sheet, the income statement, and notes related to the annual and interim financial statements are defined primarily in our Group accounting manual. Internal controls are embedded in the accounting and consolidation processes to safeguard the accuracy, completeness, and consistency of the information provided in our financial statements.

INTERNAL RISK AND CONTROL SYSTEM APPROACH

Our approach can be summarized as follows:

- We use a centrally developed risk catalog which is linked to individual accounts. This risk catalog is reviewed on a yearly basis and is the starting point for the definition of the Group's as well as the operating entities' scope of financial reporting risks. The methodology is described in our IRCS Guideline. In the course of the scoping process, both materiality and susceptibility to a misstatement are considered simultaneously. In addition to the quantitative calculation, we also consider qualitative criteria, such as the expected increase in business volume or the complexity of transactions.
- Based on the centrally provided risk catalog, our local entities identify risks that could lead to material financial misstatements.
- Preventive and detective key controls addressing financial reporting risks have been put in place to reduce the likelihood and impact of financial misstatements. When a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes on information technology systems, we have also implemented IT controls.
- Last but not least, we focus on ensuring that controls are appropriately designed and effectively executed to mitigate risks. We have set consistent process and documentation requirements across the Allianz Group for elements such as the design of key controls and evidence of their execution as well as related control design and effectiveness testing procedures. We conduct an annual assessment of our internal control system to maintain and continuously enhance its effectiveness. Group Audit and local internal audit functions ensure that the overall quality of our control system is subject to regular control testing, in order to assure reasonable design and operating effectiveness. Internal Audit does so through a comprehensive risk-based approach that assesses the key controls of the company's internal procedures and processes, including local and group-internal controls over financial reporting risks, from an integrated perspective.

GOVERNANCE

The Group center functions, the Group Disclosure Committee, and our operating entities support the Allianz SE Board of Management to ensure the completeness, accuracy, and reliability of our Consolidated Financial Statements.

The Group Disclosure Committee ensures that the board members are made aware of all material information that could affect our disclosures, and assesses the completeness and accuracy of the information provided in the quarterly statements, half-year and annual financial reports as well as in the Solvency II qualitative reports[1]. In 2020, the Group Disclosure Committee met on a quarterly basis before the quarterly statements and financial reports were issued. An additional meeting was held prior to issuance of the Solvency II qualitative reports.

Subsidiaries within the scope of our control system are individually responsible for adhering to the Group's internal governance and control policy and for creating local Disclosure Committees that are similar to the Group-level committee. The entities' CEOs and CFOs provide periodic sign-offs to the management of Allianz SE, certifying the effectiveness of their local systems of internal control as well as the completeness, accuracy, and reliability of financial data reported to the Holding.

1_Solvency and Financial Condition Report and Regular Supervisory Report.

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CONSOLIDATED FINANCIAL STATEMENTS

D

CONSOLIDATED BALANCE SHEET

Consolidated balance sheet

€ mn

As of 31 December	Note	2020	2019
ASSETS			
Cash and cash equivalents		22,443	21,075
Financial assets carried at fair value through income[1]	6	21,191	13,187
Investments[1]	7	656,522	625,746
Loans and advances to banks and customers	8	116,576	112,672
Financial assets for unit-linked contracts		137,307	132,168
Reinsurance assets	9	20,170	17,545
Deferred acquisition costs	10	21,830	24,777
Deferred tax assets	33	1,006	1,133
Other assets	11	45,573	44,532
Non-current assets and assets of disposal groups classified as held for sale	4	1,790	3,555
Intangible assets	12	15,604	14,796
Total assets		**1,060,012**	**1,011,185**
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income[2]		24,079	18,049
Liabilities to banks and customers	13	14,722	13,445
Unearned premiums	14	25,341	25,468
Reserves for loss and loss adjustment expenses	15	80,897	77,541
Reserves for insurance and investment contracts	16	611,096	588,023
Financial liabilities for unit-linked contracts	17	137,307	132,168
Deferred tax liabilities	33	8,595	6,538
Other liabilities	18	49,005	47,904
Liabilities of disposal groups classified as held for sale	4	1,134	2,236
Certificated liabilities	19	9,206	9,209
Subordinated liabilities	19	14,034	13,238
Total liabilities		975,417	933,820
Shareholders' equity		80,821	74,002
Non-controlling interests		3,773	3,363
Total equity	20	84,594	77,364
Total liabilities and equity		**1,060,012**	**1,011,185**

1_For 2020, the amounts include the impact from changes in accounting policy. For further information, please refer to note 2.
2_Include mainly derivative financial instruments.

CONSOLIDATED INCOME STATEMENT

Consolidated income statement

€ mn

	Note	2020	2019
Gross premiums written		82,986	82,919
Ceded premiums written		(6,752)	(5,547)
Change in unearned premiums (net)		(520)	(1,458)
Premiums earned (net)	21	75,714	75,914
Interest and similar income	22	21,395	22,433
Income from financial assets and liabilities carried at fair value through income (net)	23	(69)	(1,609)
Realized gains/losses (net)	24	10,256	7,276
Fee and commission income	25	12,049	12,296
Other income		163	158
Total income		119,508	116,469
Claims and insurance benefits incurred (gross)		(61,818)	(59,532)
Claims and insurance benefits incurred (ceded)		4,728	3,681
Claims and insurance benefits incurred (net)	26	(57,091)	(55,851)
Change in reserves for insurance and investment contracts (net)	27	(12,976)	(13,726)
Interest expenses	28	(999)	(1,110)
Loan loss provisions		(15)	(2)
Impairments of investments (net)	29	(5,467)	(1,824)
Investment expenses	30	(1,640)	(1,494)
Acquisition and administrative expenses (net)	31	(26,644)	(26,247)
Fee and commission expenses	32	(4,024)	(4,509)
Amortization of intangible assets		(260)	(196)
Restructuring and integration expenses		(788)	(426)
Other expenses		-	(6)
Total expenses		(109,905)	(105,391)
Income before income taxes		**9,604**	**11,077**
Income taxes	33	(2,471)	(2,776)
Net income		**7,133**	**8,302**
Net income attributable to:			
Non-controlling interests		326	387
Shareholders		6,807	7,914
Basic earnings per share (€)	42	16.48	18.90
Diluted earnings per share (€)	42	16.32	18.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income
€ mn

	2020	2019
Net income	**7,133**	**8,302**
Other comprehensive income		
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments		
Reclassifications to net income	(38)	-
Changes arising during the year	(2,221)	438
Subtotal	(2,259)	438
Available-for-sale investments		
Reclassifications to net income	(241)	(867)
Changes arising during the year	5,117	11,618
Subtotal	4,877	10,750
Cash flow hedges		
Reclassifications to net income	(47)	(15)
Changes arising during the year	122	171
Subtotal	75	156
Share of other comprehensive income of associates and joint ventures		
Reclassifications to net income	-	95
Changes arising during the year	(111)	42
Subtotal	(110)	137
Miscellaneous		
Changes arising during the year	(27)	263
Subtotal	(27)	263
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	(165)	(1,064)
Total other comprehensive income	2,391	10,681
Total comprehensive income	**9,524**	**18,983**
Total comprehensive income attributable to:		
Non-controlling interests	285	1,017
Shareholders	9,238	17,966

For further information on the income taxes associated with different components of other comprehensive income, please see note 33.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity

€ mn

	Paid-in capital	Undated subordinated bonds	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Share-holders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2019	**28,928**	**-**	**27,967**	**(2,607)**	**6,945**	**61,232**	**2,447**	**63,679**
Total comprehensive income[1]	-	-	6,813	409	10,743	17,966	1,017	18,983
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares	-	-	29	-	-	29	-	29
Transactions between equity holders	-	-	(1,464)	3	4	(1,457)	193	(1,264)
Dividends paid[2]	-	-	(3,767)	-	-	(3,767)	(295)	(4,062)
Balance as of 31 December 2019	**28,928**	**-**	**29,577**	**(2,195)**	**17,691**	**74,002**	**3,363**	**77,364**
Total comprehensive income[1]	-	-	6,471	(2,189)	4,956	9,238	285	9,524
Paid-in capital	-	-	-	-	-	-	-	-
Treasury shares	-	-	25	-	-	25	-	25
Transactions between equity holders[3]	-	2,259[4]	(750)	-	-	1,509	319	1,827
Dividends paid[2]	-	-	(3,952)	-	-	(3,952)	(194)	(4,146)
Balance as of 31 December 2020	**28,928**	**2,259**	**31,371**	**(4,384)**	**22,648**	**80,821**	**3,773**	**84,594**

1_Total comprehensive income in shareholders' equity for the year ended 31 December 2020 comprises net income attributable to shareholders of € 6,807 mn (2019: € 7,914 mn).
2_In the second quarter of 2020, a dividend of € 9.60 (2019: € 9.00) per qualifying share was paid to the shareholders.
3_For further information regarding the share buy-back program 2020, please refer to note 20.
4_For further information regarding the undated subordinated bonds, please refer to note 19.

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows

€ mn

	2020	2019
SUMMARY		
Net cash flow provided by operating activities	32,049	36,448
Net cash flow used in investing activities	(28,870)	(27,703)
Net cash flow used in financing activities	(1,390)	(4,850)
Effect of exchange rate changes on cash and cash equivalents	(758)	90
Change in cash and cash equivalents	1,031	3,986
Cash and cash equivalents at beginning of period	21,075	17,234
Cash and cash equivalents reclassified to assets of disposal groups held for sale in 2019	-	(145)
Cash and cash equivalents reclassified to assets of disposal groups held for sale and disposed of in 2020	337	-
Cash and cash equivalents at end of period	**22,443**	**21,075**
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	**7,133**	**8,302**
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(112)	(422)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers, non-current assets and disposal groups classified as held for sale	(4,930)	(5,593)
Other investments, mainly financial assets held for trading and designated at fair value through income	(4,765)	2,074
Depreciation and amortization	2,244	2,068
Loan loss provisions	15	2
Interest credited to policyholder accounts	5,580	5,774
Other non-cash income/expenses[1]	5,854	(218)
Net change in:		
Financial assets and liabilities held for trading	4,190	(674)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	(689)	(595)
Repurchase agreements and collateral received from securities lending transactions	792	322
Reinsurance assets	(2,318)	(253)
Deferred acquisition costs	(201)	(1,560)
Unearned premiums	381	1,456
Reserves for loss and loss adjustment expenses	4,869	2,475
Reserves for insurance and investment contracts	14,702	22,414
Deferred tax assets/liabilities	341	208
Other (net)[1]	(1,035)	668
Subtotal	24,916	28,146
Net cash flow provided by operating activities	**32,049**	**36,448**
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	3,689	3,157
Available-for-sale investments	160,053	155,556
Held-to-maturity investments	262	404
Investments in associates and joint ventures	869	871
Non-current assets and disposal groups classified as held for sale	349	4
Real estate held for investment	806	503
Loans and advances to banks and customers (purchased loans)	3,980	5,459
Property and equipment	125	283
Subtotal	170,134	166,237

1_Other non-cash income/expenses previously included within the position Other (net) are reported separately from 2020 onwards. The comparison period has been adjusted correspondingly.

CONSOLIDATED STATEMENT OF CASH FLOWS – CONTINUED

Consolidated statement of cash flows

€ mn

	2020	2019
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(3,807)	(4,150)
Available-for-sale investments	(179,986)	(175,594)
Held-to-maturity investments	(279)	(168)
Investments in associates and joint ventures	(2,005)	(2,141)
Non-current assets and disposal groups classified as held for sale	(72)	-
Real estate held for investment	(2,043)	(2,328)
Fixed assets from alternative investments	(19)	(75)
Loans and advances to banks and customers (purchased loans)	(2,380)	(2,996)
Property and equipment	(1,429)	(1,238)
Subtotal	(192,022)	(188,691)
Business combinations (note 4):		
Proceeds from sale of subsidiaries, net of cash disposed	721	-
Acquisitions of subsidiaries, net of cash acquired	(857)	348
Change in other loans and advances to banks and customers (originated loans)	**(6,844)**	**(5,483)**
Other (net)	**(2)**	**(115)**
Net cash flow used in investing activities	**(28,870)**	**(27,703)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	659	1,353
Proceeds from the issuance of certificated liabilities and subordinated liabilities	5,719	5,506
Repayments of certificated liabilities and subordinated liabilities	(4,615)	(5,924)
Proceeds from the issuance of undated subordinated bonds classified as shareholders' equity	2,272	-
Net change in lease liabilities	(409)	(354)
Transactions between equity holders	(644)	(1,312)
Dividends paid to shareholders	(4,146)	(4,062)
Net cash from sale or purchase of treasury shares	(67)	5
Other (net)	(159)	(60)
Net cash flow used in financing activities	**(1,390)**	**(4,850)**
SUPPLEMENTARY INFORMATION ON THE CONSOLIDATED STATEMENT OF CASH FLOWS		
Income taxes paid (from operating activities)	(2,691)	(2,469)
Dividends received (from operating activities)	2,285	2,408
Interest received (from operating activities)	17,829	18,340
Interest paid (from operating activities)	(1,074)	(1,129)

Cash and cash equivalents

€ mn

As of 31 December	2020	2019
Balances with banks payable on demand	10,188	8,245
Balances with central banks	3,658	3,215
Cash on hand	64	64
Treasury bills, discounted treasury notes, similar treasury securities, bills of exchange and checks	5,847	6,952
Reverse repurchase agreements (due in three months or less)	2,685	2,598
Total	**22,443**	**21,075**

Changes in liabilities arising from financing activities
€ mn

	Liabilities to banks and customers	Certificated and subordinated liabilities	Lease liabilities	Total
As of 1 January 2019	**10,049**	**22,674**	**-**	**32,723**
Net cash flows	1,353	(419)	(354)	580
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	(3)	-	22	19
Foreign currency translation adjustments	33	10	3	46
Fair value and other changes	(2,538)	183	3,120	764
As of 31 December 2019	**8,894**	**22,448**	**2,791**	**34,132**
Net cash flows	659	1,104	(409)	1,354
Non-cash transactions				
Changes in the consolidated subsidiaries of the Allianz Group	42	-	(83)	(42)
Foreign currency translation adjustments	(28)	(22)	(88)	(138)
Fair value and other changes	(8)	(289)	514	217
As of 31 December 2020	**9,559**	**23,241**	**2,725**	**35,525**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

1 _ Nature of operations and basis of presentation

The accompanying consolidated financial statements present the operations of Allianz SE with its registered office in Königinstrasse 28, 80802 Munich, Germany, and its subsidiaries (the Allianz Group). Allianz SE is recorded in the Commercial Register of the municipal court in Munich under the number HRB 164232.

They have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with §315e (1) of the German Commercial Code (HGB). Within these consolidated financial statements, the Allianz Group has applied all standards and interpretations issued by the IASB and endorsed by the E.U. that are compulsory as of 31 December 2020.

In accordance with the provisions of IFRS 4, insurance contracts are recognized and measured on the basis of accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005.

The consolidated financial statements have been prepared as of and for the year ended 31 December 2020. The Allianz Group's presentation currency is the Euro (€). Amounts are rounded to the nearest million (€ mn) unless otherwise stated.

The consolidated financial statements were authorized for issue by the Board of Management on 16 February 2021.

The Allianz Group offers property-casualty insurance, life/health insurance, and asset management products and services in over 70 countries.

2 _ Accounting policies, significant estimates, and new accounting pronouncements

SIGNIFICANT ACCOUNTING POLICIES AND USE OF ESTIMATES AND ASSUMPTIONS

The following paragraphs describe important accounting policies as well as significant estimates and assumptions that are relevant for the Allianz Group's consolidated financial statements. Estimates and assumptions particularly influence the inclusion method as well as the accounting treatment of financial instruments and insurance contracts, goodwill, pension liabilities and similar obligations, and deferred taxes. Significant estimates and assumptions are explained in the respective paragraphs.

The Allianz Group's consolidated balance sheet is not presented using a current/non-current classification. The following balances are generally considered to be current: cash and cash equivalents, deferred acquisition costs on property & casualty contracts, non-current assets and assets of disposal groups classified as held for sale, and liabilities of disposal groups classified as held for sale.

The following balances are generally considered to be non-current: investments, deferred tax assets, intangible assets, and deferred tax liabilities.

All other balances are mixed in nature (including both current and non-current portions).

PRINCIPLES OF CONSOLIDATION

Scope of consolidation and consolidation procedures

In accordance with IFRS 10, the Allianz Group's consolidated financial statements include the financial statements of Allianz SE and its subsidiaries. The Allianz Group controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are usually entities where Allianz SE, directly or indirectly, owns more than half of the voting rights or similar rights with the ability to affect the returns of these entities for its own benefit. In order to determine whether entities qualify as subsidiaries, potential voting rights that are currently exercisable or convertible are taken into consideration.

For some subsidiaries where the Allianz Group does not hold a majority stake, management has assessed that the Allianz Group controls these entities. The Allianz Group controls these entities based on distinctive rights stipulated by shareholder agreements between the Allianz Group and the other shareholders in these companies or voting rights held by the Allianz Group are sufficient to direct the relevant activities unilaterally.

There are some entities where the Allianz Group holds a majority stake but where management has assessed that the Allianz Group does not control these entities, because it has no majority representation in the governing bodies and/or it requires at least the confirmative vote of another investor to pass any decisions over relevant activities.

For certain entities, voting or similar rights are not the dominant factor of control, such as when voting rights relate to administrative tasks only and returns are directed by means of contractual arrangements, as is the case mainly for investment funds managed by Allianz Group internal asset managers. In such cases, the investment fund qualifies as a subsidiary if the Allianz Group is in a principal instead of an agent role with regard to the investment fund. Above all, this qualification takes into account kick-out rights held by third-party investors as well as the aggregate economic interest of the Allianz Group in the investment funds.

Subsidiaries are consolidated as from the date on which control is obtained by the Allianz Group, up to the date on which the Allianz Group no longer maintains control. Accounting policies of subsidiaries are adjusted as necessary to ensure consistency with the accounting policies adopted by the Allianz Group. The effects of intra-Allianz Group transactions are eliminated.

Business combinations and measurement of non-controlling interests

Where newly acquired subsidiaries are subject to business combination accounting, the provisions of IFRS 3 are applied. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation can be measured either at their fair value at the acquisition date or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. This option is exercised on a case-by-case basis.

Associates and joint arrangements

Associates are entities over which the Allianz Group can exercise significant influence. In general, if the Allianz Group holds 20 % or more of the voting power in an investee but does not control the investee, it is assumed to have significant influence. Investments in associates are generally accounted for using the equity method.

Although the Allianz Group's share in some entities is below 20%, management has assessed that the Allianz Group has significant influence over these entities because it is sufficiently represented in the governing bodies that decide on the relevant activities of these entities.

For certain investment funds in which the Allianz Group holds a stake of above 20%, management has assessed that the Allianz Group has no significant influence because it is not represented in the governing bodies of these investment funds or their investment activities are largely predetermined.

Pursuant to IFRS 11, investments in joint arrangements have to be classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Allianz Group has assessed the nature of all its joint arrangements and determined them to be joint ventures in most cases. Those are generally accounted for using the equity method.

The Allianz Group accounts for investments in associates and joint arrangements with a time lag of no more than three months. Income from investments in associates and joint arrangements – excluding distributions – is included in interest and similar income. Accounting policies of associates and joint arrangements are generally adjusted where necessary to ensure consistency with the accounting policies adopted by the Allianz Group.

For further information, please refer to note 45.

FOREIGN CURRENCY TRANSLATION

Translation from any foreign currency to the functional currency

The individual financial statements of each of the Allianz Group's subsidiaries are prepared in their respective functional currency. The functional currency is the currency of the primary economic environment in which the subsidiary operates. Transactions recorded in currencies other than the functional currency (foreign currencies) are recorded at the exchange rate prevailing on the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rate. While non-monetary items denominated in foreign currencies and measured at historical cost are translated at historical rates, non-monetary items measured at fair value are translated using the closing rate. Foreign currency gains and losses arising from foreign currency transactions are reported in income from financial assets and liabilities carried at fair value through income (net), except when the gain or loss on a non-monetary item measured at fair value is recognized in other comprehensive income. In this case, any foreign exchange component of that gain or loss is also recognized in other comprehensive income.

Translation from the functional currency to the presentation currency

For the consolidated financial statements, the results and financial position of each of the Allianz Group's subsidiaries are expressed in Euro, the presentation currency of the Allianz Group. Assets and liabilities of subsidiaries not reporting in Euro are translated at the closing rate on the balance sheet date; income and expenses are translated at the quarterly average exchange rate. Any foreign currency translation differences, including those arising from the equity method, are recorded in other comprehensive income.

FINANCIAL INSTRUMENTS

Recognition and derecognition

Financial assets are generally recognized and derecognized on the trade date, i.e., when the Allianz Group commits to purchase or sell securities.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Allianz Group transfers the asset and substantially all of the risks and rewards of ownership. A financial liability is derecognized when it is extinguished.

Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously.

Securities lending and repurchase agreements

The Allianz Group enters into securities lending transactions and repurchase agreements. Cash received in the course of those transactions is recognized together with a corresponding liability. Securities received as collateral under lending transactions are not recognized, and securities sold under repurchase agreements are not derecognized, if risks and rewards have not been transferred. Securities borrowing transactions generally require the Allianz Group to deposit cash with the securities lender. Fees paid are reported as interest expenses.

Measurement at fair value

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of all financial instruments. The fair value of an asset or liability is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which categorizes the inputs to valuation techniques used to measure fair value into three levels.

Level 1 inputs of financial instruments traded in active markets are based on unadjusted quoted market prices or dealer price quotations for identical assets or liabilities on the last exchange trading day prior to or at the reporting date, if the latter is a trading day.

Level 2 applies if the market for a financial instrument is not active or when the fair value is determined by using valuation techniques based on observable input parameters. Such market inputs are observable substantially over the full term of the asset or liability and include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets, and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities, and foreign currency exchange rates.

Level 3 applies if not all input parameters are observable in the market. Accordingly, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cashflow method, comparison to similar instruments for which observable market prices exist, and other valuation models. Appropriate adjustments are made, for example, for credit risks.

For fair value measurements categorized as level 2 and level 3, the Allianz Group uses valuation techniques consistent with the three widely used valuation techniques listed in IFRS 13:

- Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach: Amount that would currently be required to replace the service capacity of an asset (replacement cost).
- Income approach: Conversion of future amounts such as cash flows or income to a single current amount (present value technique).

There is no one-to-one connection between valuation technique and hierarchy level. Depending on whether valuation techniques are based on significant observable or unobservable inputs, financial instruments are classified in the fair value hierarchy.

Estimates and assumptions of fair values and hierarchies are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified as level 3 of the fair value hierarchy). The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the use of non-market observable inputs. The Allianz Group uses a maximum of observable inputs and a minimum of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity, and general market conditions. If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values.

For further information, please refer to note 35.

Impairments

The evaluation of whether a financial debt instrument is impaired requires analysis of the underlying credit risk/quality of the relevant issuer and involves significant management judgment. In particular, current publicly available information with regard to the issuer and the particular security is considered relating to factors including, but not limited to, evidence of significant financial difficulty of the issuer and breach of contractual obligations of the security, such as a default or delinquency on interest or principal payments. The Allianz Group also considers other factors that could provide objective evidence of a loss event, including the probability of bankruptcy and the lack of an active market due to financial difficulty. The presence of either a decline in fair value below amortized cost or the downgrade of an issuer's credit rating does not in itself represent objective evidence of a loss event, but may represent objective evidence of a loss event when considered with other available information.

Once impairment is triggered for an available-for-sale debt instrument, the cumulative loss recognized in other comprehensive income is reclassified to profit or loss. The cumulative loss corresponds to the difference between amortized cost and the current fair value of the investment. Further declines in fair value are recognized in other comprehensive income unless there is further objective evidence that such declines are due to a credit-related loss event. If in subsequent periods the impairment loss is reversed, the reversal is measured as the lesser of the full original impairment loss previously recognized in the income statement and the subsequent increase in fair value.

For held-to-maturity investments and loans, the impairment loss is measured as the difference between the amortized cost and the estimated future cash flows discounted at the financial asset's original effective interest rate.

An available-for-sale equity security is considered to be impaired if there is objective evidence that the cost may not be recovered. The Allianz Group's policy considers a decline to be significant if the fair value is below the weighted average cost by more than 20%. A decline is considered to be prolonged if the fair value is below the weighted average cost for a period of more than nine consecutive months. If an available-for-sale equity security is impaired, any further declines in the fair value at subsequent reporting dates are recognized as impairments.

Reversals of impairments of available-for-sale equity securities are not recorded in the income statement but in other comprehensive income and recycled upon derecognition.

Hedge accounting

For derivative financial instruments used in hedge transactions that meet the criteria for hedge accounting, the Allianz Group designates the derivative as a hedging instrument in a fair value hedge, cash flow hedge, or hedge of a net investment in a foreign operation. The Allianz Group documents the hedge relationship as well as its risk management objective and strategy for entering into the hedge transaction. The Allianz Group assesses, both at the hedge's inception and on an ongoing basis, whether the hedging instruments used are highly effective in offsetting changes in fair values or cash flows of the hedged items.

Derivative financial instruments designated as hedging instruments in hedge accounting relationships are included in the line items Other assets and Other liabilities. Freestanding derivatives are included in the line items Financial assets held for trading or Financial liabilities held for trading.

For further information on derivatives, please refer to note 34.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, cash on hand, treasury bills to the extent they are not included in financial assets held for trading, and checks and bills of exchange that are eligible for refinancing at central banks, subject to a maximum term of three months from the date of acquisition.

FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets and liabilities carried at fair value through income include financial assets and liabilities held for trading as well as financial assets and liabilities designated at fair value through income. While the former category includes trading instruments and financial derivatives, the latter category is mainly designated at fair value to avoid accounting mismatches.

INVESTMENTS

Available-for-sale investments

Available-for-sale investments comprise debt and equity instruments that are designated as available for sale or do not fall into the other measurement categories. These investments are measured at fair value through other comprehensive income. When an investment is derecognized or determined to be impaired, the cumulative gain or loss previously recorded in other comprehensive income is transferred and recognized in the consolidated income statement. Realized gains and losses on those instruments are generally determined by applying the average cost method at the subsidiary or the portfolio level.

Held-to-maturity investments

Held-to-maturity investments are debt securities with fixed or determinable payments and fixed maturities for which the Allianz Group has the positive intent and ability to hold to maturity. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Funds held by others under reinsurance contracts assumed

Funds held by others under reinsurance contracts assumed relate to cash deposits to which the Allianz Group is entitled, but which the ceding insurer retains as collateral for future obligations of the Allianz Group. The cash deposits are recorded at the amount due on repayment, less any impairment for balances that are deemed not to be recoverable.

Investments in associates and joint ventures

For details on the accounting for investments in associates and joint ventures, please see the section principles of consolidation.

Real estate held for investment

Real estate held for investment is carried at cost less accumulated depreciation and impairments. Real estate held for investment is depreciated on a straight-line basis over its useful life, with a maximum of 50 years, and regularly tested for impairment.

Fixed assets from alternative investments

These assets are carried at cost less accumulated depreciation and impairments. They are depreciated on a straight-line basis over their useful life, with a maximum of 30 years, and regularly tested for impairment.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

Loans and advances are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and which are not classified as financial assets held for trading, designated at fair value through income, or designated as available for sale. These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

FINANCIAL ASSETS AND LIABILITIES FOR UNIT-LINKED CONTRACTS

Financial assets for unit-linked contracts are recorded at fair value, with changes in fair value recognized in the income statement together with the offsetting changes in fair value of the corresponding financial liabilities for unit-linked contracts. They are included in the line item Income from financial assets and liabilities carried at fair value through income (net).

REINSURANCE ASSETS

Assets and liabilities related to reinsurance are reported on a gross basis. Reinsurance assets include balances expected to be recovered from reinsurance companies. The amount of reserves ceded to reinsurers is estimated in a manner consistent with the claim liability associated with the reinsured risks. To the extent that the assuming reinsurers are unable to meet their obligations, the respective ceding insurers of the Allianz Group remain liable to their policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectible.

DEFERRED ACQUISITION COSTS

Deferred acquisition costs (DAC)

Costs that vary with and are directly related to the acquisition and renewal of insurance contracts and investment contracts with discretionary participation features are deferred by recognizing a DAC asset. At inception, DAC is tested to ensure that it is recoverable over the life of the contracts. Subsequently, loss recognition tests at the end of each reporting period ensure that the DAC is covered by future profits.

For short-duration, traditional long-duration, and limited-payment insurance contracts, DAC is amortized in proportion to premium revenue recognized. For universal life-type and participating life insurance contracts as well as investment contracts with discretionary participation features, DAC is generally amortized over the life of a book of contracts based on estimated gross profits (EGP) or estimated gross margins (EGM), respectively.

Acquisition costs for unit-linked investment contracts are deferred in accordance with IFRS 15, if the costs are incremental. For non-unit-linked investment contracts accounted for under IAS 39 at amortized cost, acquisition costs that meet the definition of transaction costs under IAS 39 are considered in the aggregate policy reserves.

Present value of future profits (PVFP)

The value of an insurance business or an insurance portfolio acquired is measured by the PVFP, which is the present value of net cash flows anticipated in the future from insurance contracts in force at the date of acquisition. It is amortized over the life of the relevant contracts.

Deferred sales inducements

Sales inducements on non-traditional insurance contracts are deferred and amortized using the same methodology and assumptions as for deferred acquisition costs.

Shadow accounting

For insurance contracts and investment contracts with discretionary participation features, shadow accounting is applied to DAC, PVFP, and deferred sales inducements, in order to include the effect of unrealized gains or losses in the measurement of these assets in the same way as it is done for realized gains or losses. Accordingly, the assets are adjusted with corresponding charges or credits recognized directly in other comprehensive income as a component of the related unrealized gain or loss. When the gains or losses are realized, they are recognized in the income statement through recycling and prior adjustments due to shadow accounting are reversed.

OTHER ASSETS

Other assets primarily consist of receivables, accrued dividends, interest, rent and deferred compensation amounts as well as leased or own used real estate, software and equipment. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets. The right-of-use assets related to leased property and equipment are depreciated generally over the lease term.

The table below summarizes estimated useful lives for real estate held for own use, software, and equipment.

Estimated useful lives (in years)

	Years
Real estate held for own use	max. 50
Software	2-13
Equipment	2-10

INTANGIBLE ASSETS AND GOODWILL

Intangible assets with finite useful lives are measured at cost less accumulated amortization and impairments. Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is a triggering event. They are also reviewed annually to determine whether the indefinite-life classification is still appropriate.

The table below summarizes estimated useful lives and the amortization methods for each class of intangible assets with finite useful lives.

Estimated useful lives (in years) and amortization methods

	Useful lives	Amortization method
Long-term distribution agreements	10 – 15	straight-line considering contractual terms
Acquired business portfolios	1 – 40	in proportion to the consumption of future economic benefit
Customer relationships	4 – 15	straight-line or in relation to customer churn rates

For business combinations, goodwill is recognized in the amount of the consideration transferred plus the amount of any non-controlling interest in the acquiree held by the direct parent in excess of the fair values assigned to the identifiable assets acquired and liabilities assumed. Goodwill is accounted for at the acquiree in the acquiree's functional currency. There is at least an annual evaluation whether it is deemed recoverable.

The recoverable amounts of all cash generating units (CGUs) to test goodwill and other intangible assets with indefinite life for impairment are typically determined on the basis of value in use calculations. The determination of a CGU's recoverable amount requires significant judgment regarding the selection of appropriate valuation techniques and assumptions.

Further explanations on the impairment test for goodwill and its significant assumptions as well as respective sensitivity analyses are given in note 12.

INSURANCE, INVESTMENT AND REINSURANCE CONTRACTS

Insurance and investment contracts

Insurance and investment contracts with discretionary participation features are accounted for under the insurance accounting provisions of US GAAP, as have been applied at first-time adoption of IFRS 4 on 1 January 2005, wherever IFRS 4 does not provide specific guidance. Investment contracts without discretionary participation features are accounted for as financial instruments in accordance with IAS 39.

Reinsurance contracts

The Allianz Group's consolidated financial statements reflect the effects of assumed and ceded reinsurance contracts. Assumed reinsurance premiums, commissions, and claim settlements as well as the reinsurance element of technical provisions, are accounted for in accordance with the conditions of the reinsurance contracts and in consideration of the original contracts for which the reinsurance was concluded. When the reinsurance contracts do not transfer significant insurance risk, deposit accounting is applied as required under the related reinsurance accounting provisions of US GAAP or under IAS 39.

Liability adequacy tests

Liability adequacy tests are performed for each insurance portfolio, based on estimates of future claims, costs, premiums earned, and proportionate expected investment income. For short-duration contracts, a premium deficiency is recognized if the sum of expected claim costs and claim adjustment expenses, expected dividends to policyholders, DAC, and maintenance expenses exceeds related unearned premiums while considering anticipated investment income.

For long-duration contracts, a premium deficiency is recognized, if actual experience regarding investment yields, mortality, morbidity, terminations, or expense indicates that existing contract liabilities, along with the present value of future gross premiums, will not be sufficient to cover the present value of future benefits and to recover DAC.

UNEARNED PREMIUMS

For short-duration insurance contracts, such as most of the property and casualty contracts, premiums to be earned in future years are recorded as unearned premiums. These premiums are earned in subsequent periods in relation to the insurance coverage provided.

Amounts charged as consideration for origination of certain long-duration insurance contracts (i.e., initiation or front-end fees) are reported as unearned revenues and, as such, included in unearned premiums. These fees are recognized using the same amortization methodology as DAC, including shadow accounting.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves are established for the payment of losses and loss adjustment expenses (LAE) on claims which have occurred but are not yet settled. Reserves for loss and loss adjustment expenses fall into two categories: case reserves for reported claims and reserves for incurred but not reported losses (IBNR).

Case reserves for reported claims are based on estimates of future payments that will be made with respect to these claims, including LAE relating to such claims. These estimates reflect the informed judgment of claims personnel based on general insurance reserving practices and knowledge of the nature and value of a specific type of claim. These case reserves are regularly re-evaluated in the ordinary course of the settlement process and adjustments are made as new information becomes available.

IBNR reserves are established to recognize the estimated cost of losses that have occurred but where the Allianz Group has not yet been notified. IBNR reserves, similar to case reserves for reported claims, are established to recognize the estimated costs, including expenses, necessary to bring claims to final settlement. The Allianz Group relies on its past experience, adjusted for current trends and any other relevant factors, in estimating IBNR reserves.

IBNR reserves are estimates based on actuarial and statistical projections of the expected cost of the ultimate settlement and administration of claims. The analyses are based on facts and circumstances known at the time, predictions of future events, estimates of future inflation, and other societal and economic factors. Trends in claim frequency, severity, and time lag in reporting are examples of factors used in projecting the IBNR reserves. IBNR reserves are reviewed and revised periodically, as additional information becomes available and actual claims are reported.

Reserves for loss and loss adjustment expenses are not discounted, except when payment amounts are fixed and timing is reasonably determinable.

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

Reserves for insurance and investment contracts include aggregate policy reserves, reserves for premium refunds, and other insurance reserves.

Aggregate policy reserves

The aggregate policy reserves for participating life insurance contracts are calculated using the net level premium method based on assumptions for mortality, morbidity, and interest rates that are guaranteed in the contract or used in determining the policyholder dividends (or premium refunds).

For traditional long-duration insurance contracts, such as traditional life and health products, aggregate policy reserves are computed using the net level premium method, based on best-estimate assumptions adjusted for a provision for adverse deviation for mortality, morbidity, expected investment yields, surrenders, and expenses at the policy inception date, which remain locked in thereafter unless a premium deficiency occurs.

The aggregate policy reserves for universal life-type insurance contracts are equal to the account balance, which represents premiums received and investment return credited to the policy, less deductions for mortality costs and expense charges. The aggregate policy reserve also includes reserves for investment contracts with discretionary participation features as well as for liabilities for guaranteed minimum mortality and morbidity benefits related to non-traditional contracts with annuitization options and unit-linked insurance contracts. For contracts with a discretionary participation feature, the whole contract is classified as one liability rather than separately recognizing the participation feature.

Insurance contract features not closely related to the underlying insurance contracts are bifurcated from the insurance contracts and accounted for as derivatives in line with IFRS 4 and IAS 39. The embedded derivatives separated from certain life insurance and annuity contracts are recognized as financial liabilities held for trading.

The assumptions used for aggregate policy reserves are determined using current and historical client data, industry data, and, in the case of assumptions for interest rates, reflect expected earnings on assets that back the future policyholder benefits. The information used by Allianz Group's actuaries in setting such assumptions includes, but is not limited to, pricing assumptions, available experience studies, and profitability analyses.

The average interest rate assumptions per operating entity used in the calculation of deferred acquisition costs and aggregate policy reserves are as follows:

Interest rate assumptions
%

	Traditional long-duration insurance contracts	Participating life insurance contracts
Deferred acquisition costs	2.5 – 6.0	1.9 – 4.2
Aggregate policy reserves	2.5 – 6.0	0.0 – 4.3

The Allianz Group has recognized all rights and obligations related to issued insurance contracts according to its accounting policies, and thus has not separately recognized an unbundled deposit component in respect of any of its insurance contracts.

Non-unit-linked investment contracts without discretionary participation features are accounted for under IAS 39. The aggregate policy reserves for those contracts are initially recognized at fair value, or the amount of the deposit by the contract holder, net of the transaction costs, that are directly attributable to the issuance of the contract. Subsequently, those contracts are measured at amortized cost using the effective interest method.

For contracts where the policyholder has the option to transfer the amounts invested in unit-linked funds to non-unit-linked funds, the insurance contract is reported in both aggregate policy reserves and financial liabilities for unit-linked contracts based upon the investment election at the reporting date.

Reserves for premium refunds

Reserves for premium refunds include the amounts allocated under the relevant local statutory/contractual regulations or, at the entity's discretion, to the accounts of the policyholders and the amounts resulting from the differences between these IFRS-based financial statements and the local financial statements (latent reserves for premium refunds), which will reverse and enter into future profit participation calculations. Unrealized gains and losses recognized for available-for-sale investments are recognized in the latent reserves for premium refunds to the extent that policyholders will participate in such gains and losses on the basis of statutory or contractual regulations when they are realized, based on and similar to shadow accounting. The latent profit participation rates are significant accounting estimates, which take into account legal and/or contractual obligations or – in some jurisdictions – the common market practice. The profit participation allocated to participating policyholders or disbursed to them reduces the reserves for premium refunds.

RESERVING PROCESS

For the business segments Life/Health and Property-Casualty, the central oversight process around reserve estimates includes the setting of group-wide standards and guidelines, regular site visits, as well as regular quantitative and qualitative reserve monitoring.

The oversight and monitoring of the Allianz Group's reserves culminate in quarterly meetings of the Allianz Group Reserve Committee, which is the supervising body that governs all significant reserves. It particularly monitors key developments across the Allianz Group affecting the adequacy of reserves.

Life/Health reserves are subject to estimates and assumptions, especially on the life expectancy and health of an insured individual (mortality, longevity, and morbidity risk) and on the development of interest rates and investment returns (asset-liability mismatch risk). These assumptions also have an impact on the presentation of costs arising from the origination of insurance business (acquisition costs and sales inducements) and the value of acquired insurance business (PVFP). To ensure consistency in the application of actuarial methods and assumptions in the Life/Health reserving process, the Allianz Group has designed a two-stage reserving process:

Stage one: Life/Health reserves are calculated by qualified local staff experienced in the subsidiaries' business. Actuaries in the local entities also conduct tests of the adequacy of the premiums and reserves to cover future claims and expenses (liability adequacy tests). The process follows group-wide standards for applying consistent and plausible assumptions. The appropriateness of the reserves and their compliance with group-wide standards is confirmed by the local actuary.

Stage two: The Allianz Group Actuarial function regularly reviews the local reserving processes, including the appropriateness and consistency of the assumptions, and analyzes the movements of the reserves. Any adjustments to the reserves and other insurance-related reporting items are reported to and analyzed together with the Allianz Group Reserve Committee.

Property-Casualty reserves are set by leveraging the use of actuarial techniques and educated judgment. A two-stage process exists for the setting of reserves in the Allianz Group:

Stage one: Property-Casualty reserves are calculated by local reserving actuaries at the Allianz operating entities. The reserves are set based on a thorough analysis of historical data, enhanced by interactions with other business functions (e.g. Underwriting, Claims and Reinsurance). Actuarial judgment is applied where necessary, especially in cases where data is unreliable, scanty, or unavailable. The judgment of Property-Casualty actuaries is based on past experience of the characteristics of each line of business, the current stage of the underwriting cycle, and the external environment in which the subsidiary operates. The reserves are proposed to a local reserve committee, whereat the rationale of the selections is discussed and subsequently documented. A final decision on the reserve selection is made in the reserve committee. Local actuaries are responsible for their compliance with the Group Actuarial Standards and Guidelines.

Stage two: The Allianz Group Actuarial function forms an opinion on the adequacy of the reserves proposed by the local entities. The Allianz Group Actuarial function challenges the operating entities' selection through their continuous interaction with local teams and quarterly attendance in the local reserve committees. The ability to form a view on reserve adequacy is further enabled by regular reviews of the local reserving practices. Such reviews consist of an evaluation of the reserving process as well as of the appropriateness and consistency of the assumptions, and an analysis of the movements of the reserves. Significant findings from these reviews are communicated in the Allianz Group Reserve Committee to initiate actions where necessary.

OTHER LIABILITIES

Pensions and similar obligations

Pensions and similar obligations are measured at present value and presented net of plan assets by applying the provisions of IAS 19. These valuations rely on extensive assumptions. Key assumptions such as discount rates, inflation rates, compensation increases, pension increases, and rates of medical cost trends are defined centrally at the Allianz Group level, considering the circumstances in the individual countries. In order to ensure their thorough and consistent determination, all input parameters are discussed and defined, taking into consideration economic developments, peer reviews, and currently available market and industry data.

Further explanations and sensitivity calculations are given in note 40.

Share-based compensation plans

The share-based compensation plans of the Allianz Group are classified as either equity-settled or cash-settled plans. Equity-settled plans are measured at fair value on the grant date (grant-date fair value) and the grant-date fair value is recognized as an expense over the vesting period. Where equity-settled plans involve Allianz SE equity instruments, a corresponding increase in shareholders' equity is recognized. Where equity-settled plans involve equity instruments of Allianz Group subsidiaries, the corresponding increase is recognized in non-controlling interests. Equity-settled plans include a best estimate of the number of equity instruments that are expected to vest in determining the amount of expense to be recognized. For cash-settled plans, the Allianz Group accrues the fair value of the award as compensation expenses over the vesting period. Upon vesting, any change in the fair value of any unexercised awards is also recognized as a compensation expense. Where expected tax deductions differ, in terms of amount and timing, from the cumulative share-based payment expense recognized in profit or loss, deferred taxes are recognized on temporary differences.

Financial liabilities for puttable financial instruments

The Allianz Group records financial liabilities where non-controlling shareholders have the right to put their financial instruments back to the Allianz Group (puttable instruments). If these non-controlling shareholders still have present access to the risks and rewards associated with the underlying ownership interests, the non-controlling interests remain recognized and profit and loss is allocated between controlling and non-controlling interests. The financial liabilities for puttable instruments are generally required to be recorded at the redemption amount, with changes recognized in equity where the non-controlling shareholders have present access to risks and rewards of ownership and in the income statement in all other cases. As an exception, for puttable instruments that are to be classified as equity instruments in the separate or individual financial statements of the issuer in accordance with IAS 32.16A - 16B and are to be presented as liabilities in the consolidated financial statements of the Allianz Group instead of non-controlling interests, valuation changes of these liabilities are always recognized in the income statement. This is the case for puttable instruments issued by mutual funds controlled but not wholly owned by the Allianz Group.

Lease Liabilities

The Allianz Group as a lessee measures its lease liability at the present value of the lease payments that are not paid at the commencement date, discounted at the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

The Allianz Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. Furthermore, the Allianz Group does not recognize right-of-use assets and lease liabilities for car leases. The expenses relating to the short-term leases and leases of low-value assets including car leases are expensed on a straight-line basis over the lease term.

For further information on these expenses, please refer to note 39.

CERTIFICATED LIABILITIES AND SUBORDINATED LIABILITIES

Certificated liabilities and subordinated liabilities are subsequently measured at amortized cost, using the effective interest method to amortize the premium or discount to the redemption value over the life of the liability.

EQUITY

Issued capital represents the mathematical per-share value received at the issuance of shares. Additional paid-in capital represents the premium exceeding the issued capital received at the issuance of shares.

Retained earnings comprise the net income of the current year and of prior years not yet distributed, treasury shares, amounts recognized in other comprehensive income, and any amounts directly recognized in equity according to IFRS. Treasury shares are deducted from shareholders' equity. No gain or loss is recognized on the sale, issuance, acquisition, or cancellation of these shares. Any consideration paid or received is recorded directly in shareholders' equity.

Please refer to the section above for an explanation of foreign currency changes that are recognized in equity. The effective portion of gains and losses of hedging instruments designated as hedges of a net investment in a foreign operation is recognized in foreign currency translation adjustments.

Unrealized gains and losses (net) include unrealized gains and losses from available-for-sale investments and from derivative financial instruments that meet the criteria for cash flow hedge accounting.

Undated subordinated bonds comprises Restricted Tier 1 notes that do not qualify as financial liabilities under IFRS. The instruments are classified as shareholders' equity and any related interest charges are classified as distributions from shareholders' equity. The notes are measured at their historical value or their closing value as regards exchange rates. The corresponding foreign exchange differences are recognized as foreign currency translation adjustments in equity.

Non-controlling interests represent equity in subsidiaries, not attributable directly or indirectly, to Allianz SE as parent.

PREMIUMS

Premiums for short-duration insurance contracts are recognized as revenues over the period of the contract in proportion to the amount of insurance protection provided. Premiums for long-duration insurance contracts are recognized as earned when due.

Revenues for universal life-type and investment contracts represent charges assessed against the policyholders' account balances for front-end loads, net of the change in unearned revenue liabilities and cost of insurance, surrenders, and policy administration, and are included within premiums earned (net).

Premiums ceded for reinsurance are deducted from premiums written.

INTEREST AND SIMILAR INCOME AND INTEREST EXPENSES

Interest income and interest expenses are recognized on an accrual basis using the effective interest method. This line item also includes dividends from available-for-sale equity securities as well as income from investments in associates and joint ventures. Dividends are recognized in income when the right to receive the dividend is established. The share of earnings from investments in associates and joint ventures represents the share of net income from entities accounted for using the equity method.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

Income from financial assets and liabilities carried at fair value through income (net) includes all investment income as well as realized and unrealized gains and losses from financial assets and liabilities carried at fair value through income. In addition, commissions attributable to trading operations and related interest expenses as well as refinancing and transaction costs are included in this line item. Foreign currency gains and losses on monetary items are also reported within income from financial assets and liabilities carried at fair value through income (net).

FEE AND COMMISSION INCOME

Fee and commission income primarily consists of asset management fees which are recognized when the service is provided. For those fees, the service is considered to be provided periodically. Performance fees may not be recognized as fee income before the respective benchmark period is completed. Before its completion, the obligation to pay the fee is conditional, the fund performance is regularly not reliably estimable, and the related service is not fully performed. In any case performance-related fees from alternative investment products (carried interest) are not recognized as revenue prior to the date of the official declaration of distribution by the fund. The transaction price for asset management services is determined by the fees contractually agreed.

LEASE INCOME

Lease income from operating leases (excluding receipts for services provided such as insurance and maintenance which are recognized directly as income) is recognized on a straight-line basis over the lease term even if the receipts are not on such a basis, for example upfront payments.

CLAIMS AND INSURANCE BENEFITS INCURRED

These expenses consist of claims and insurance benefits incurred during the period, including benefit claims in excess of policy account balances and interest credited to policy account balances. Furthermore, it includes claims handling costs directly related to the processing and settlement of claims. Reinsurance recoveries are deducted from claims and insurance benefits.

INCOME TAXES

Current income taxes are calculated based on the respective local taxable income and local tax rules for the period. In addition, current income taxes presented for the period include adjustments for uncertain tax payments or tax refunds for periods not yet finally assessed, excluding interest expenses and penalties on the underpayment of taxes. In the event that amounts included in the tax return are considered unlikely to be accepted by the tax authorities (uncertain tax positions), a provision for income taxes is recognized. The amount is based on the best possible assessment of the tax payment expected. Tax refund claims from uncertain tax positions are recognized when it is probable that they can be realized.

Deferred tax assets or liabilities are calculated for temporary differences between the tax bases and the financial statement carrying amounts, including differences from consolidation, unused tax loss carry-forwards, and unused tax credits. Measurement is based on enacted or substantively enacted tax rates and tax rules. Assessments as to the recoverability of deferred tax assets require the use of judgment regarding assumptions related to estimated future taxable profits. This includes the character and amounts of taxable future profits, the periods in which those profits are expected to occur, and the availability of tax planning opportunities. The Allianz Group recognizes a valuation allowance for deferred tax assets when it is unlikely that a corresponding amount of future taxable profit will be available against which the deductible temporary differences, tax loss carry forwards and tax credits can be utilized.

The analysis and forecasting required in this process are performed for individual jurisdictions by qualified local tax and financial professionals. Given the potential significance surrounding the underlying estimates and assumptions, group-wide policies and procedures have been designed to ensure consistency and reliability around the recoverability assessment process. Forecast operating results are based upon approved business plans, which are themselves subject to a well-defined process of control. As a matter of policy, especially strong evidence supporting the recognition of deferred tax assets is required if an entity has suffered a loss in either the current or the preceding period. Recognition and recoverability of all significant deferred tax assets are reviewed by tax professionals at Group level and by the Allianz Group Tax Committee.

Changes in deferred tax assets and liabilities are generally recognized through profit and loss in the consolidated income statement, except for changes recognized directly in equity.

Further explanations are given in note 33.

CHANGE IN ACCOUNTING POLICIES

In 2020, Allianz Group changed its accounting policy with regard to specific features embedded in some reinsurance contracts on a funds withheld basis. The interest payments on the funds withheld are based on the investment yield from a specified investment portfolio. These embedded interest features have been accounted for as embedded derivatives that were separated from the host reinsurance contracts and accounted for at fair value through income. In order to mitigate an accounting mismatch, the underlying assets related to these separated derivatives were designated at fair value through income. Allianz Group has decided to change its accounting policy, so that such features are not separated anymore. The new treatment provides more relevant information and increases comparability. Correspondingly, the underlying assets are no longer measured at fair value through income. The changes were made in the third quarter of 2020 without restating the prior years' consolidated financial statements due to materiality considerations.

In the consolidated balance sheet for the year ended 31 December 2020, the accounting policy changes in connection with prior years led to a reclassification from financial assets carried at fair value through income to investments in the amount of € 803mn compared to 31 December 2019 (€ 207mn compared to 31 December 2018). All other impacts are immaterial.

NEW ACCOUNTING PRONOUNCEMENTS

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

The following amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2020:

– IFRS 3, Definition of a Business
– IAS 1 and IAS 8, Definition of Material
– IFRS 9, IAS 39 and IFRS 7, Interest Rate Benchmark Reform – Phase 1
– IFRS 16, COVID-19-Related Rent Concessions
– Amendments to References to the Conceptual Framework in IFRS Standards

These changes had no material impact on the Allianz Group's financial results or financial position.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts. In addition, the IASB issued further amendments to IFRS 17 in June 2020. The effective date of the standard was postponed until 1 January 2023. IFRS 17 provides comprehensive guidance on accounting for insurance contracts and investment contracts with discretionary participation features. For non-life insurance contracts, IFRS 17 introduces mandatory discounting of loss reserves as well as a risk adjustment for non-financial risk. Further, IFRS 17 will change the presentation of insurance contract revenue; a gross written premium will no longer be presented in the statement of comprehensive income.

For long-duration life insurance contracts, IFRS 17 is expected to have a significant impact on actuarial modeling, as more granular cash flow projections and regular updates of all assumptions will be required, either resulting in profit or loss or impacting the "contractual service margin", a separate component of the insurance liabilities representing unearned profits from in-force contracts. Further, IFRS 17 introduces different measurement approaches for the insurance contract liabilities, reflecting a different extent of policyholder participation in investment or insurance entity performance. In the statement of financial position, the Allianz Group expects changes in particular for the L/H segment. Due to the shift to a valuation of insurance liabilities at current fulfilment value, the Allianz Group expects to present the predominant part of the underlying investments at fair value in the statement of financial position. Current IFRS equity contains the shareholder share of unrealized capital gains. These will be part of the insurance liabilities under IFRS 17, which contain an explicit future profit margin (Contractual Service Margin, CSM). In profit or loss, a number of partially offsetting effects are expected. The final figures will also depend on the calibration of transition approaches. The Allianz Group is currently assessing the impact of the application of IFRS 17. As of the date of the publication of these consolidated financial statements, it is not practicable to reliably quantify the effect on the Allianz Group consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9, Financial instruments, issued by the IASB in July 2014, fully replaces IAS 39 and provides a new approach on how to classify financial instruments based on their cash flow characteristics and the business model under which they are managed. Furthermore, the standard introduces a new forward-looking impairment model for debt instruments and provides new rules for hedge accounting.

It can be assumed that the main impact from IFRS 9 will arise from the new classification rules leading to more financial instruments being measured at fair value through income as well as the new impairment model. Interdependencies with IFRS 17 will need to be considered to assess the ultimate combined impact of both standards.

The amendments to IFRS 4, Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts, issued in September 2016, allow entities that issue insurance contracts within the scope of IFRS 4 to defer the implementation of IFRS 9 until 1 January 2021 under certain circumstances. However, together with the Amendments to IFRS 17 that were issued in June 2020, the IASB also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date in IFRS 4 for the temporary exemption from applying IFRS 9 to annual periods beginning on or after 1 January 2023.

Given the strong interrelation between the measurement of direct participating insurance contracts and the underlying assets held, the Allianz Group has decided to use the option to defer the full implementation of IFRS 9 until IFRS 17 becomes effective.

In order to qualify for the temporary exemption, an entity has to prove that its activities are predominantly connected to insurance as of 31 December 2015. Under the amended IFRS 4, this condition is met if the insurer carries significant liabilities arising from contracts within the scope of IFRS 4. Significant insurance-related liabilities are given, among others, if the percentage of the total carrying amount of liabilities connected with insurance relative to the total carrying amount of all liabilities is greater than 90 %. A reassessment at a subsequent annual reporting date is required if, and only if, there was a change in the entity's activities during the annual period that ended on that date.

As of 31 December 2015, the Allianz Group's total carrying amount of liabilities connected with insurance amounted to € 722 bn, which represented more than 90% of its total liabilities of € 783 bn. Thereof, non-derivative investment contract liabilities measured at fair value through income applying IAS 39 amounted to € 107 bn, mostly consisting of financial liabilities for unit-linked contracts. Other insurance-related liabilities amounted to € 40 bn and included mainly other liabilities (e.g., payables as well as employee-related liabilities) as well as subordinated liabilities and financial liabilities carried at fair value through income related to certain derivatives. No change in the activities of the Allianz Group occurred subsequently that would have required a reassessment.

The following table provides an overview of the fair values as of 31 December 2020 and the amounts of change in the fair values during the reporting period separately for financial assets that meet the SPPI criterion and for all other financial assets:

Financial assets under IFRS 9 classification rules
€ mn

As of 31 December 2020	Financial assets that meet the SPPI criterion[1]		All other financial assets	
	Fair value	Fair value change during the reporting period	Fair value	Fair value change during the reporting period
Cash and cash equivalents	22,443	(4)	-	-
Debt securities				
Government and government agency bonds	260,338	13,842	3,364	106
Covered bonds	73,150	871	2,831	191
Corporate bonds	276,011	9,029	14,652	65
MBS/ABS	23,728	362	4,338	(163)
Other debt securities	37,783	1,568	9,638	(63)
Subtotal	671,010	25,671	34,822	135
Equity securities	-	-	61,007	(580)
Financial assets for unit-linked contracts	-	-	137,307	6,473
Derivative financial instruments	-	-	16,598	5,665
Other	18,705	-	-	-
Total	**712,158**	**25,667**	**249,734**	**11,693**

1_Excluding any financial asset that meets the definition of held for trading in IFRS 9 or that is managed and whose performance is evaluated on a fair value basis.

Financial assets that meet the SPPI criterion are those with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The following table provides information about the credit risk exposures for financial assets with contractual terms that meet the SPPI criterion. It includes the carrying amounts applying IAS 39 (in the case of financial assets measured at amortized cost before adjusting for any impairment allowances):

Carrying amounts of financial assets that meet the SPPI[1] criterion by rating
€ mn

As of 31 December 2020	Cash and cash equivalents	Government and government agency bonds	Covered bonds	Corporate bonds	MBS/ABS	Other debt securities	Other
Investment grade							
AAA	-	49,424	46,689	6,313	16,047	425	-
AA	-	111,009	17,918	27,946	5,740	10,998	-
A	-	42,695	401	88,133	646	11,744	-
BBB	-	41,836	356	128,564	913	7,137	-
Non-investment grade	-	10,044	-	12,779	331	822	-
Not rated	22,443	580	60	8,889	52	2,513	18,705
Total	**22,443**	**255,588**	**65,424**	**272,625**	**23,728**	**33,637**	**18,705**

1_Excluding any financial asset that meets the definition of held for trading in IFRS 9 or that is managed and whose performance is evaluated on a fair value basis.

The fair values of financial assets included in the table above that are non-investment grade, and thus do not have low credit risk as of 31 December 2020, approximately equal the respective carrying amounts. The same also applies to non-rated financial assets.

The publicly available IFRS 9 information disclosed by some subsidiaries that already apply IFRS 9 is not material from the Allianz Group's perspective. Furthermore, the vast majority of the financial instruments of these subsidiaries are financial assets for unit-linked contracts that are recorded at fair value through income under IAS 39 as well as under IFRS 9.

The Allianz Group's investments in associates and joint ventures that are insurance entities also apply the temporary exemption of applying IFRS 9 to the extent they qualify. All other investments in associates and joint ventures held by the Allianz Group had already adopted IFRS 9 as of 1 January 2018. The impact of adopting or deferring the application of IFRS 9 for the investments in associates or joint ventures is not material for the Allianz Group.

Further amendments and interpretations

In addition to the above-mentioned accounting pronouncements recently issued, the following amendments and revisions to standards and interpretations have been issued by the IASB but are not yet effective for or have not been adopted early by the Allianz Group.

Further amendments and interpretations

Standard/Interpretation	Effective date
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest Rate Benchmark Reform – Phase 2	Annual periods beginning on or after 1 January 2021
IFRS 4, Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9	Annual periods beginning on or after 1 January 2021
IFRS 3, Updating a Reference to the Conceptual Framework	Annual periods beginning on or after 1 January 2022
IAS 16, Property, Plant and Equipment: Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022
IAS 37, Onerous Contracts – Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022
Annual Improvements to IFRS Standards 2018–2020 cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	Annual periods beginning on or after 1 January 2022
IAS 1, Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023

The amendments and interpretations are not expected to have a material impact on the financial position and financial results of the Allianz Group. Early adoption is generally allowed but not intended by the Allianz Group.

3 _ Impact due to COVID-19

The COVID-19 pandemic is affecting all aspects of personal and professional lives, global economic development, and the financial markets. Despite all these uncertainties, the Allianz Group is very well prepared for this situation. The consolidated financial statements for 2020 have been prepared on a going concern basis.

The profitability of the Allianz Group was negatively impacted by COVID-19. In light of the macroeconomic developments caused by the pandemic and the expected impact on the financial development of the Group's operating entities, the outlook for 2020 was withdrawn on 30 April 2020. In total, the operating profit of the Allianz Group was reduced by € 1.3 bn due to COVID-19.

The business segment Property-Casualty of the Allianz Group was negatively impacted with an amount of € 1.1 bn as of 31 December 2020. Losses resulted from unintended business interruption coverage, entertainment, and credit. These effects were partly compensated by lower claims from reduced frequencies of claims mainly in motor.

As of 31 December 2020, the Allianz Group has observed an impact of € (0.2) bn related to COVID-19 for the business segment Life/Health, mainly driven by market downturn in the first quarter of 2020 and partially recovered afterwards. Actuarial assumptions have been reviewed with no significant COVID-related impacts on biometric and lapse parameters due to the very long projection horizon they need to capture.

The business segment Asset Management was impacted by the severe financial market disruption and related investor uncertainties which led to a negative market valuation of assets under management, and net outflows in the first quarter of 2020. In the subsequent quarters of 2020, the business segment was able to fully recover from the aforementioned impacts by reaching strong positive market effects and third-party net inflows.

Given to the Solvency II capitalization ratio of 207 %[1], the Allianz Group is continuously strongly capitalized and compliant with both the regulatory Solvency Capital Requirement and the minimum consolidated Group Solvency Capital Requirement.

Due to the COVID-19 pandemic, the default risk for trade credits provided by suppliers has increased significantly. In order to protect the real economy, many governments, particularly European Union member states, established temporary state support schemes for the area of private credit insurance. In return for these state support schemes, the insurance companies have committed to maintaining their current level of credit limits.

Euler Hermes, the credit insurer within the Allianz Group, entered into agreements with Germany, France, the U.K., Italy, the Netherlands, Denmark, Belgium, and Norway. The state support schemes are consistently accounted for as reinsurance contracts. Until 31 December 2020, the total of premiums ceded under the state support schemes are € 582 mn. Against the backdrop of COVID-19, no active market exists for such transactions with comparable volume and price.

Regarding impairments of assets next to investments (e.g., software, deferred tax assets, right-of-use assets, and property, plant and equipment), the Allianz Group did not realize any material impairments. The COVID-19 pandemic and the respective economic slowdown did not result in an impairment of goodwill.

Regarding the valuation methodologies used for financial instruments carried at fair value, the policy for determining the levels within the fair value hierarchy, and the significant Level-3 portfolios, no material changes have occurred in combination with the COVID-19 pandemic.

1_Without transitionals.

4 _ Consolidation and classification as held for sale

SIGNIFICANT BUSINESS COMBINATIONS IN 2020

SULAMÉRICA SEGUROS DE AUTOMÓVEIS E MASSIFICADOS S.A., RIO DE JANEIRO

Effective 10 July 2020, Allianz Seguros S.A., São Paulo, acquired 100% of SulAmérica Seguros de Automóveis e Massificados S.A., Rio de Janeiro, ("SASAM") which contains the former automobile and other Property-Casualty business of SulAmérica. The acquisition strengthens the competitive position of Allianz in Brazil, making it one of the top 3 Property-Casualty insurers of the largest economy in South America with a market share of around 15 % in motor and 9 % in Property-Casualty insurance and establishing Allianz as the number 2 in motor insurance.

The amounts recognized as of the acquisition date for major classes of identifiable assets acquired and liabilities assumed are as follows:

Identifiable assets acquired and liabilities assumed
€ mn

Cash and cash equivalents	2
Financial assets carried at fair value through income	12
Investments	292
Reinsurance assets	1
Deferred tax assets	24
Other assets	209
Intangible assets (excluding goodwill)	181
Total identifiable assets	**720**
Unearned premiums	273
Reserves for loss and loss adjustment expenses	204
Deferred tax liabilities	18
Other liabilities	66
Total identifiable liabilities	**560**
Total identifiable net assets	**160**

The following table summarizes the total consideration transferred and the goodwill recognized at the acquisition date:

Total consideration transferred and determination of goodwill
€ mn

Cash and cash equivalents	524
Less: Total identifiable net assets	(160)
Goodwill	**364**

The total goodwill of € 364 mn arising from the acquisition consists largely of economies of scale and synergies expected from combining the operations of SASAM with Allianz Seguros S.A. The efficiency of both companies combined will enhance the competitiveness of

Allianz, allowing a more sustainable growth in an intensely competitive and concentrated Brazilian automobile insurance market.

The revenue included in the consolidated income statement of Allianz Group contributed by SASAM since the acquisition date until 31 December 2020 was € 270 mn. SASAM also contributed a net income of € 4 mn over the same period.

The impact on revenue and net income of the consolidated income statement of the Allianz Group had SASAM been consolidated from 1 January 2020 cannot be reliably disclosed.

For the year ended 31 December 2020, acquisition-related costs in the amount of € 3 mn were included in administrative expenses.

CONTROLEXPERT HOLDING B.V., AMSTERDAM

Effective 27 October 2020, Allianz Strategic Investments S.à.r.l., Luxembourg, acquired 90% of ControlExpert Holding B.V., Amsterdam. ControlExpert is a globally recognized service provider in the automation of artificial intelligence supported claims handling which gives the Allianz Group the opportunity to offer customers new services and significantly faster claims settlement.

The amounts recognized as of the acquisition date for major classes of identifiable assets acquired and liabilities assumed are as follows:

Identifiable assets acquired and liabilities assumed
€ mn

Cash and cash equivalents	5
Other assets	49
Intangible assets (excluding goodwill)	66
Total identifiable assets	**120**
Liabilities to banks and customers	6
Deferred tax liabilities	25
Other liabilities	30
Total identifiable liabilities	**61**
Total identifiable net assets	**59**

The following table summarizes the total consideration transferred and the goodwill recognized at the acquisition date:

Total consideration transferred and determination of goodwill
€ mn

Cash and cash equivalents	286
Contingent consideration	33
Plus: Initial carrying amount of non-controlling interests	6
Less: Total identifiable net assets	(59)
Goodwill	**266**

The contingent consideration arrangement requires the Allianz Group to pay the former owners of ControlExpert an amount of up to € 45 mn (undiscounted) mainly dependent on the achievement of revenues and gross margin of the acquiree during 2021. The fair value of the contingent consideration was derived from probability-weighted expectations on revenues and gross margin.

The initial carrying amount of the non-controlling interests is measured at the proportionate share of the acquiree's recognized total identifiable net assets.

The total goodwill of € 266 mn arising from the acquisition consists largely of expected cost synergies which in the short- and medium-term will be realized through the improvement of a data-driven, seamless and custom-fit claims journey along the full motor insurance value chain of Allianz Group.

The revenue included in the consolidated income statement of Allianz Group contributed by ControlExpert since the acquisition date until 31 December 2020 was € 12 mn. ControlExpert also contributed a net loss of € 3 mn over the same period.

The impact on revenue and net income of the consolidated income statement of the Allianz Group had ControlExpert been consolidated from 1 January 2020 cannot be reliably disclosed.

For the year ended 31 December 2020, acquisition-related costs in the amount of € 3 mn were included in administrative expenses.

BBVA ALLIANZ SEGUROS Y REASEGUROS S.A., MADRID

Effective 14 December 2020, Allianz, Compañía de Seguros y Reaseguros, S.A., Madrid, acquired 50% plus one share in the newly formed venture BBVA Allianz Seguros y Reaseguros, S.A., Madrid. The venture creates one of the largest non-life bancassurance alliances in Spain by coupling two global leaders with common strategic priorities. The venture offers a full range of non-life products (excluding health insurance) exclusively for BBVA's Spanish clients through BBVA's extensive branch network and leading digital platforms over the next 15 years.

The amounts recognized as of the acquisition date for major classes of identifiable assets acquired and liabilities assumed are as follows:

Identifiable assets acquired and liabilities assumed
€ mn

Cash and cash equivalents	220
Deferred tax assets	8
Other assets	19
Intangible assets (excluding goodwill)	731
Total identifiable assets	**978**
Liabilities to banks and customers	9
Unearned premiums	157
Reserves for loss and loss adjustment expenses	44
Deferred tax liabilities	61
Total identifiable liabilities	**271**
Total identifiable net assets	**707**

The following table summarizes the total consideration transferred and the goodwill recognized at the acquisition date:

Total consideration transferred and determination of goodwill
€ mn

Cash and cash equivalents	274
Contingent consideration	100
Plus: Initial carrying amount of non-controlling interests	353
Less: Total identifiable net assets	(707)
Goodwill	**21**

The contingent consideration arrangement requires the Allianz Group to pay BBVA, the seller, an amount of up to € 100 mn (undiscounted) mainly dependent on the achievement of cumulative profit targets by the venture within the first five years from the acquisition date. The fair value of the contingent consideration was derived from probability-weighted expectations on the achievement of the cumulative profit targets.

The initial carrying amount of the non-controlling interests is measured at the proportionate share of the venture's recognized total identifiable net assets.

The revenue included in the consolidated income statement of Allianz Group contributed by BBVA Allianz Seguros since the acquisition date until 31 December 2020 was € 26 mn. BBVA Allianz Seguros also contributed a net loss of € 4 mn over the same period.

The impact on revenue and net income of the consolidated income statement of the Allianz Group had BBVA Allianz Seguros been consolidated from 1 January 2020 cannot be reliably disclosed.

For the year ended 31 December 2020, acquisition-related costs in the amount of € 4 mn were included in administrative expenses.

SIGNIFICANT BUSINESS COMBINATIONS IN 2019

In 2019, Allianz UK acquired 100% in each Liverpool Victoria General Insurance Limited and Legal & General Insurance Limited. For more information, please see Annual Report 2019 note 3.

CLASSIFICATION AS HELD FOR SALE

Non-current assets and disposal groups classified as held for sale
€ mn

As of 31 December	2020	2019
Assets of disposal groups classified as held for sale		
Allianz Popular	-	1,884
Allianz Sakura	-	1,132
Closed book portfolio of Allianz Benelux	1,377	-
Other disposal groups	15	15
Subtotal	1,392	3,031
Non-current assets classified as held for sale		
Real estate held for investment	397	501
Real estate held for own use	-	23
Associates and joint ventures	1	-
Subtotal	398	524
Total	**1,790**	**3,555**
Liabilities of disposal groups classified as held for sale		
Allianz Popular	-	1,589
Allianz Sakura	-	637
Closed book portfolio of Allianz Benelux	1,125	-
Other disposal groups	10	10
Total	**1,134**	**2,236**

CLOSED BOOK PORTFOLIO OF ALLIANZ BENELUX S.A., BRUSSELS

As of 31 December 2020, all requirements were fulfilled to present the closed book portfolio covering classical life retail insurances together with mortgage loans of Allianz Benelux S.A., Brussels, allocated to the reportable segment Western & Southern Europe and Asia (Life/Health) as a disposal group classified as held for sale.

Reclassified assets and liabilities
€ mn

Investments	913
Loans and advances to banks and customers	441
Deferred acquisition costs	14
Other assets	9
Total assets	**1,377**
Reserves for insurance and investment contracts	1,056
Deferred tax liabilities	69
Total liabilities	**1,125**

No impairment loss has been recognized in connection with this transaction. The closing of the transaction is expected to be completed in 2021.

ALLIANZ POPULAR, MADRID

Effective 31 January 2020, the Allianz Group disposed of Allianz Popular S.L., Madrid, a 60% owned subsidiary of the Allianz Group allocated to the reportable segment Iberia & Latin America (Life/Health). The entity had been classified as held for sale since 30 June 2019. Until its deconsolidation on 31 January 2020, no impairment loss had been recognized. Upon closing of the sale, the Allianz Group recognized a gain of € 483 mn, included in the line realized gains/losses (net) of the consolidated income statement.

The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended 2020 was as follows:

Impact of the disposal
€ mn

Investments	1,402
Loans and advances to banks and customers	13
Financial assets for unit-linked contracts	7
Reinsurance assets	6
Deferred acquisition costs	17
Other assets	327
Unearned premiums	(29)
Reserves for loss and loss adjustment expenses	(75)
Reserves for insurance and investment contracts	(1,468)
Financial liabilities for unit-linked contracts	(7)
Deferred tax liabilities	(72)
Other liabilities	(45)
Other comprehensive income	(17)
Derecognition of a derivate asset	78
Realized gain from the disposal	483
Non-controlling interests	(150)
Proceeds from sale of the subsidiary, net of cash disposed[1]	**470**

1_Includes cash and cash equivalents at an amount of € 309 mn which were disposed of with the entity.

ALLIANZ SAKURA, TOKYO

Effective 1 July 2020, the Allianz Group disposed of 50% of the Sakura investment in Japan, allocated to the reportable segments German Speaking Countries and Central & Eastern Europe (Life/Health) and Corporate and Other. With the completion of the sale, the Allianz Group lost control of the Sakura investment, but retained a 50% interest in Sakura subject to at equity accounting. The entity had been classified as held for sale since 31 December 2019. Until its deconsolidation, no impairment loss had been recognized. Upon closing of the sale, the Allianz Group recognized a gain of € 11 mn, included in the line realized gains/losses (net) of the consolidated income statement.

The impact of the disposal, net of cash disposed, on the consolidated statement of cash flows for the year ended 2020 was as follows:

Impact of the disposal
€ mn

Investments	1,237
Other assets	1
Liabilities to banks and customers	(695)
Other liabilities	(10)
Other comprehensive income	(10)
Recognition of investments in associates and joint ventures	(280)
Realized gain from the disposal	11
Non-controlling interests	(3)
Proceeds from sale of the subsidiary, net of cash disposed[1]	**251**

1_Includes cash and cash equivalents at an amount of € 28 mn which were disposed of with the entity.

5 _ Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are organized by product and type of service: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into the business segments Property-Casualty and Life/Health. In accordance with the responsibilities of the Board of Management, each of the insurance business segments is grouped into the following reportable segments:

– German Speaking Countries and Central & Eastern Europe,
– Western & Southern Europe and Asia Pacific,
– Iberia & Latin America and Allianz Partners,
– USA (Life/Health only),
– Global Insurance Lines & Anglo Markets, Middle East and Africa.

Both asset management as well as corporate and other activities represent separate reportable segments. In total, the Allianz Group has identified 11 reportable segments in accordance with IFRS 8.

The types of products and services from which the reportable segments derive revenues are described below.

PROPERTY-CASUALTY

In the business segment Property-Casualty, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit, and travel insurance.

LIFE/HEALTH

In the business segment Life/Health, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products, as well as full private health, supplemental health, and long-term care insurance.

ASSET MANAGEMENT

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors. It also provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed-income funds as well as multi-assets and alternative products. The United States, Canada, Europe, and the Asia-Pacific region represent the primary asset management markets.

CORPORATE AND OTHER

The reportable segment Corporate and Other includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions. Furthermore, it includes the banking activities in France, Italy, and Bulgaria, as well as digital investments.

GENERAL SEGMENT REPORTING INFORMATION

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Lease transactions are accounted for in accordance with IFRS except for intragroup lease transactions which are classified as operating leases (i.e. off-balance sheet treatment by lessee) for internal and segment reporting purposes. Transactions between reportable segments are eliminated in the consolidation. Financial information is recorded based on reportable segments; cross-segmental country-specific information is not determined.

REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

– income from financial assets and liabilities carried at fair value through income (net),
– realized gains/losses (net) and impairments of investments (net),
– interest expenses from external debt,
– acquisition-related expenses (from business combinations),
– amortization of intangible assets,
– restructuring and integration expenses, and
– profit (loss) of substantial subsidiaries classified as held for sale.

The following exceptions apply to this general rule:

– In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.
– For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. There is one exception from this general rule with regard to policyholder participation in extraordinary tax benefits and expenses. As IFRS require that the consolidated income statement present all tax effects in the line item income taxes, even when they belong to policyholders, the corresponding expenses for premium refunds are shown as non-operating as well.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

RECENT ORGANIZATIONAL CHANGES

As of October 2020, Allianz Real Estate was transferred from the Corporate and Other reportable segment into the Asset Management reportable segment.

Additionally, some minor reallocations between the reportable segments have been made.

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BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEET

Business segment information – consolidated balance sheet

€ mn

	Property-Casualty		Life/Health	
As of 31 December	2020	2019	2020	2019
ASSETS				
Cash and cash equivalents	4,961	5,334	10,907	10,165
Financial assets carried at fair value through income	754	1,415	20,320	11,661
Investments	109,040	107,740	526,165	500,885
Loans and advances to banks and customers	10,987	11,016	105,209	100,466
Financial assets for unit-linked contracts	-	-	137,307	132,168
Reinsurance assets	12,713	11,739	7,535	5,898
Deferred acquisition costs	4,876	4,936	16,953	19,841
Deferred tax assets	886	794	744	836
Other assets	29,670	27,296	21,282	20,592
Non-current assets and assets of disposal groups classified as held for sale	85	100	1,701	3,016
Intangible assets	5,531	4,335	2,599	2,695
Total assets	**179,502**	**174,706**	**850,722**	**808,223**

	Property-Casualty		Life/Health	
As of 31 December	2020	2019	2020	2019
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	140	114	23,858	17,900
Liabilities to banks and customers	1,252	1,556	5,209	4,616
Unearned premiums	19,681	20,022	5,679	5,472
Reserves for loss and loss adjustment expenses	68,171	65,414	12,763	12,184
Reserves for insurance and investment contracts	15,263	15,333	596,074	572,904
Financial liabilities for unit-linked contracts	-	-	137,307	132,168
Deferred tax liabilities	3,011	2,712	6,807	5,273
Other liabilities	23,562	22,574	17,797	15,704
Liabilities of disposal groups classified as held for sale	10	10	1,125	1,958
Certificated liabilities	-	-	-	12
Subordinated liabilities	12	12	68	69
Total liabilities	**131,102**	**127,746**	**806,686**	**768,261**

Asset Management		Corporate and Other		Consolidation		Group	
2020	2019	2020	2019	2020	2019	2020	2019
953	967	5,791	4,773	(170)	(165)	22,443	21,075
65	66	460	517	(409)	(473)	21,191	13,187
76	79	111,997	106,426	(90,756)	(89,383)	656,522	625,746
51	270	6,014	5,739	(5,685)	(4,820)	116,576	112,672
-	-	-	-	-	-	137,307	132,168
-	-	-	-	(77)	(92)	20,170	17,545
-	-	-	-	-	-	21,830	24,777
166	166	782	1,092	(1,571)	(1,755)	1,006	1,133
5,011	4,582	8,033	7,668	(18,422)	(15,607)	45,573	44,532
1	-	4	566	-	(127)	1,790	3,555
7,301	7,607	172	159	-	-	15,604	14,796
13,624	**13,739**	**133,253**	**126,940**	**(117,089)**	**(112,423)**	**1,060,012**	**1,011,185**

Asset Management		Corporate and Other		Consolidation		Group	
2020	2019	2020	2019	2020	2019	2020	2019
-	-	490	523	(409)	(487)	24,079	18,049
43	43	11,129	8,827	(2,910)	(1,597)	14,722	13,445
-	-	-	-	(18)	(26)	25,341	25,468
-	-	-	-	(37)	(56)	80,897	77,541
-	-	(98)	(82)	(144)	(131)	611,096	588,023
-	-	-	-	-	-	137,307	132,168
22	24	325	284	(1,571)	(1,755)	8,595	6,538
4,453	4,408	29,140	27,960	(25,947)	(22,742)	49,005	47,904
-	-	-	319	-	(51)	1,134	2,236
-	-	11,883	12,336	(2,677)	(3,139)	9,206	9,209
-	-	13,974	13,177	(20)	(20)	14,034	13,238
4,518	**4,475**	**66,843**	**63,344**	**(33,732)**	**(30,006)**	**975,417**	**933,820**
				Total equity		**84,594**	**77,364**
				Total liabilities and equity		**1,060,012**	**1,011,185**

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

Business segment information – total revenues and reconciliation of operating profit (loss) to net income (loss)
€ mn

	Property-Casualty		Life/Health	
	2020	2019	2020	2019
Total revenues[1]	**59,412**	**59,156**	**74,044**	**76,426**
Premiums earned (net)	51,631	51,328	24,083	24,586
Operating investment result				
Interest and similar income	3,182	3,464	18,022	18,648
Operating income from financial assets and liabilities carried at fair value through income (net)	(28)	(57)	33	(1,707)
Operating realized gains/losses (net)	131	204	8,687	5,997
Interest expenses, excluding interest expenses from external debt	(121)	(150)	(117)	(121)
Operating impairments of investments (net)	(141)	(42)	(4,466)	(1,201)
Investment expenses	(421)	(426)	(1,681)	(1,592)
Subtotal	2,602	2,993	20,478	20,025
Fee and commission income	1,640	1,946	1,500	1,635
Other income	152	153	11	5
Claims and insurance benefits incurred (net)	(35,883)	(34,900)	(21,208)	(20,956)
Operating change in reserves for insurance and investment contracts (net)[2]	(308)	(465)	(12,711)	(13,291)
Loan loss provisions	-	-	-	-
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(13,846)	(14,119)	(7,042)	(6,449)
Fee and commission expenses	(1,617)	(1,888)	(712)	(795)
Operating amortization of intangible assets	-	-	(20)	(21)
Operating restructuring and integration expenses	-	-	(20)	(28)
Other expenses	(1)	(2)	-	(4)
Reclassifications	-	-	(1)	-
Operating profit (loss)	**4,371**	**5,045**	**4,359**	**4,708**
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	68	(15)	57	109
Non-operating realized gains/losses (net)	490	878	738	155
Non-operating impairments of investments (net)	(577)	(345)	(144)	(131)
Subtotal	(20)	518	651	133
Non-operating change in reserves for insurance and investment contracts (net)	-	-	27	2
Interest expenses from external debt	-	-	-	-
Acquisition-related expenses	-	-	-	-
Non-operating amortization of intangible assets	(163)	(98)	(44)	(49)
Non-operating restructuring and integration expenses	(409)	(241)	(60)	(43)
Reclassifications	-	-	1	-
Non-operating items	(592)	179	575	43
Income (loss) before income taxes	3,778	5,224	4,934	4,750
Income taxes	(1,173)	(1,241)	(1,168)	(1,227)
Net income (loss)	**2,605**	**3,983**	**3,766**	**3,523**
Net income (loss) attributable to:				
Non-controlling interests	96	73	160	187
Shareholders	2,509	3,910	3,606	3,336

1_Total revenues comprise gross premiums written and fee and commission income in Property-Casualty, statutory gross premiums in Life/ Health, operating revenues in Asset Management, and total revenues in Corporate and Other (Banking).
2_For the year ended 31 December 2020, includes expenses for premium refunds (net) in Property-Casualty of € (45) mn (2019: € (153) mn).

Asset Management		Corporate and Other		Consolidation		Group	
2020	2019	2020	2019	2020	2019	2020	2019
7,347	**7,164**	**245**	**239**	**(593)**	**(616)**	**140,455**	**142,369**
-	-	-	-	-	-	75,714	75,914
10	20	343	458	(163)	(157)	21,395	22,433
3	1	(45)	47	(3)	(1)	(41)	(1,717)
-	-	-	-	(20)	(29)	8,798	6,172
(25)	(29)	(169)	(153)	161	156	(270)	(297)
-	-	-	-	-	-	(4,608)	(1,243)
-	-	(112)	(102)	575	625	(1,640)	(1,494)
(13)	(9)	18	250	549	595	23,634	23,854
9,190	9,035	2,671	2,390	(2,953)	(2,709)	12,049	12,296
2	1	-	1	(1)	(1)	163	158
-	-	-	-	-	4	(57,091)	(55,851)
-	-	-	-	17	29	(13,003)	(13,728)
-	-	(15)	(2)	-	-	(15)	(2)
(4,494)	(4,460)	(1,221)	(1,134)	(35)	(61)	(26,637)	(26,223)
(1,833)	(1,864)	(2,284)	(2,106)	2,421	2,143	(4,024)	(4,509)
-	-	-	-	-	-	(20)	(21)
-	-	-	-	-	-	(20)	(28)
-	-	-	-	1	1	-	(6)
-	-	-	-	-	-	(1)	-
2,853	**2,704**	**(831)**	**(602)**	**(1)**	**-**	**10,751**	**11,855**
1	-	(150)	12	(3)	2	(28)	107
-	-	221	76	9	(5)	1,458	1,104
-	-	(138)	(105)	-	-	(860)	(581)
1	-	(68)	(17)	6	(3)	570	630
-	-	-	-	-	-	27	2
-	-	(729)	(813)	-	-	(729)	(813)
(8)	(24)	-	-	-	-	(8)	(24)
(16)	(16)	(18)	(13)	-	-	(240)	(176)
(171)	(9)	(128)	(104)	-	-	(768)	(398)
-	-	-	-	-	-	1	-
(194)	(49)	(942)	(947)	6	(3)	(1,148)	(778)
2,659	2,656	(1,773)	(1,549)	5	(3)	9,604	11,077
(686)	(664)	557	355	-	1	(2,471)	(2,776)
1,973	**1,992**	**(1,216)**	**(1,194)**	**5**	**(2)**	**7,133**	**8,302**
110	85	(40)	43	-	-	326	387
1,863	1,907	(1,176)	(1,237)	6	(2)	6,807	7,914

RECONCILIATION OF REPORTABLE SEGMENTS TO ALLIANZ GROUP FIGURES

Reconciliation of reportable segments to Allianz Group figures
€ mn

	Total revenues		Operating profit (loss)		Net income (loss)	
	2020	2019	2020	2019	2020	2019
German Speaking Countries and Central & Eastern Europe	16,108	15,919	1,858	1,884	1,258	1,624
Western & Southern Europe and Asia Pacific	12,081	12,320	1,646	1,518	1,108	1,083
Iberia & Latin America and Allianz Partners	11,051	12,547	680	457	357	274
Global Insurance Lines & Anglo Markets, Middle East and Africa	27,047	25,177	188	1,159	(118)	982
Consolidation	(6,875)	(6,808)	(1)	28	-	20
Total Property-Casualty	**59,412**	**59,156**	**4,371**	**5,045**	**2,605**	**3,983**
German Speaking Countries and Central & Eastern Europe	33,113	34,380	1,725	1,649	1,186	1,132
Western & Southern Europe and Asia Pacific	29,498	28,053	1,561	1,620	1,205	1,235
Iberia & Latin America	1,419	1,653	159	267	606	235
USA	9,915	12,265	907	1,153	820	1,006
Global Insurance Lines & Anglo Markets, Middle East and Africa	1,034	885	49	59	(21)	(55)
Consolidation and Other	(936)	(810)	(41)	(40)	(30)	(30)
Total Life/Health	**74,044**	**76,426**	**4,359**	**4,708**	**3,766**	**3,523**
Asset Management	**7,347**	**7,164**	**2,853**	**2,704**	**1,973**	**1,992**
Corporate and Other	**245**	**239**	**(831)**	**(602)**	**(1,216)**	**(1,194)**
Consolidation	**(593)**	**(616)**	**(1)**	**-**	**5**	**(2)**
Group	**140,455**	**142,369**	**10,751**	**11,855**	**7,133**	**8,302**

NOTES TO THE CONSOLIDATED BALANCE SHEET

6 _ Financial assets carried at fair value through income

Financial assets carried at fair value through income
€ mn

As of 31 December	2020	2019
Financial assets held for trading		
Debt securities	599	431
Equity securities	45	251
Derivative financial instruments	15,463	6,884
Subtotal	16,107	7,566
Financial assets designated at fair value through income		
Debt securities	2,569	3,005
Equity securities	2,418	2,616
Loans	97	-
Subtotal	5,084	5,620
Total	**21,191**	**13,187**

7 _ Investments

Investments
€ mn

As of 31 December	2020	2019
Available-for-sale investments	621,777	593,178
Held-to-maturity investments	2,563	2,589
Funds held by others under reinsurance contracts assumed	770	752
Investments in associates and joint ventures	14,570	13,462
Real estate held for investment	14,294	13,049
Fixed assets from alternative investments	2,548	2,716
Total	**656,522**	**625,746**

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments
€ mn

As of 31 December	2020				2019			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities[1]								
Corporate bonds	253,234	29,655	(238)	282,651	247,684	21,033	(354)	268,363
Government and government agency bonds[2]	199,267	44,740	(187)	243,820	189,229	34,743	(573)	223,400
MBS/ABS	26,654	1,466	(98)	28,023	27,752	762	(61)	28,453
Other	7,542	1,279	(82)	8,740	6,721	1,465	(30)	8,156
Subtotal[3]	486,697	77,141	(604)	563,234	471,387	58,004	(1,018)	528,373
Equity securities[1]	43,053	15,891	(400)	58,543	48,723	16,337	(255)	64,805
Total	**529,750**	**93,031**	**(1,004)**	**621,777**	**520,110**	**74,341**	**(1,273)**	**593,178**

1_For the year ended 31 December 2020, € 607 mn related to specific REIT investments were reclassified from debt securities – other to equity securities.
2_As of 31 December 2020, fair value and amortized cost of bonds from countries with a rating below AA amount to € 95,096 mn (2019: € 84,788 mn) and € 82,202 mn (2019: € 74,997 mn), respectively.
3_As of 31 December 2020, fair value and amortized cost of debt securities with a contractual maturity of less than one year amount to € 38,472 mn (2019: € 35,645 mn) and € 36,403 mn (2019: € 34,333 mn), respectively.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments
€ mn

As of 31 December	2020				2019			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Government and government agency bonds	2,322	273	(4)	2,591	2,347	245	(1)	2,591
Corporate bonds[1]	241	52	-	293	241	55	-	296
Total[2]	**2,563**	**325**	**(4)**	**2,884**	**2,589**	**300**	**(2)**	**2,887**

1_Also include corporate mortgage-backed securities.
2_As of 31 December 2020, fair value and amortized cost of debt securities with a contractual maturity of less than one year amount to € 116 mn (2019: € 215 mn) and € 114 mn (2019: € 212 mn), respectively.

UNREALIZED LOSSES ON AVAILABLE-FOR-SALE INVESTMENTS AND HELD-TO-MATURITY INVESTMENTS

DEBT SECURITIES

Total unrealized losses amounted to € 608 mn as of 31 December 2020. The Allianz Group holds a large variety of government and government agency bonds and corporate bonds, mostly of or domiciled in OECD countries.

In general, the credit risk of government and government agency bonds is rather moderate since they are backed by the fiscal capacity of the issuers, who typically hold an investment grade country and/or issue-rating. During 2020, interest rates of most government and government agency bonds held by Allianz Group decreased. This development, supported by purchases and realizations, led to a decrease in unrealized losses on government and government agency bonds of € 383 mn.

The unrealized losses on the Allianz Group's investments in government and government agency bonds are spread over several countries.

For the majority of corporate bonds, the issuer/issues have an investment-grade rating. The decrease in unrealized losses of € 116 mn compared to 31 December 2019 is due to decreasing interest rates.

The main impact from unrealized losses on corporate bonds comes from the financial, consumer and energy sector.

Based on a detailed analysis of the underlying securities, the Allianz Group did not consider these investments to be impaired as of 31 December 2020.

EQUITY SECURITIES

As of 31 December 2020, unrealized losses amounted to € 400 mn, an increase of € 145 mn compared to 31 December 2019. They concern equity securities that did not meet the criteria of the Allianz Group's impairment policy for equity instruments as described in note 2. Half of these unrealized losses have been in a continuous loss position of less than 6 months

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

As of 31 December 2020, loans to associates and joint ventures amounted to € 2,457 mn (2019: € 2,256 mn).

Associates and joint ventures
€ mn

	2020	2019
Share of earnings	111	422
Share of other comprehensive income	(110)	137
Share of total comprehensive income	**1**	**559**

REAL ESTATE HELD FOR INVESTMENT

Real estate held for investment
€ mn

	2020	2019
Cost as of 1 January	16,390	15,613
Accumulated depreciation as of 1 January	(3,341)	(3,158)
Carrying amount as of 1 January	**13,049**	**12,455**
Additions	1,854	1,171
Changes in the consolidated subsidiaries of the Allianz Group	189	118
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(382)	(570)
Reclassifications	(9)	65
Foreign currency translation adjustments	(21)	98
Depreciation	(284)	(266)
Impairments	(115)	(33)
Reversals of impairments	13	11
Carrying amount as of 31 December	**14,294**	**13,049**
Accumulated depreciation as of 31 December	3,579	3,341
Cost as of 31 December	17,873	16,390

FIXED ASSETS FROM ALTERNATIVE INVESTMENTS

Fixed assets from alternative investments
€ mn

	2020	2019
Cost as of 1 January	3,868	3,240
Accumulated depreciation as of 1 January	(1,152)	(726)
Carrying amount as of 1 January	**2,716**	**2,514**
Additions	129	83
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Disposals	-	-
Reclassifications	-	312
Foreign currency translation adjustments	(17)	1
Depreciation	(169)	(165)
Impairments	(111)	(28)
Carrying amount as of 31 December	**2,548**	**2,716**
Accumulated depreciation as of 31 December	1,416	1,152
Cost as of 31 December	3,965	3,868

8 _ Loans and advances to banks and customers

Loans and advances to banks and customers
€ mn

As of 31 December	2020	2019
Short-term investments and certificates of deposit	1,824	2,574
Loans	111,100	107,084
Other	3,720	3,072
Subtotal	116,644	112,730
Loan loss allowance	(67)	(58)
Total[1]	**116,576**	**112,672**

1_Includes loans and advances to banks and customers due within one year of € 11,057 mn (2019: € 11,031 mn).

9 _ Reinsurance assets

Reinsurance assets
€ mn

As of 31 December	2020	2019
Unearned premiums	1,810	1,853
Reserves for loss and loss adjustment expenses	11,274	10,304
Aggregate policy reserves	6,917	5,260
Other insurance reserves	169	128
Total	**20,170**	**17,545**

Changes in aggregate policy reserves ceded to reinsurers are as follows:

Changes in aggregate policy reserves ceded to reinsurers
€ mn

	2020	2019
Carrying amount as of 1 January	**5,260**	**4,887**
Foreign currency translation adjustments	(390)	75
Changes recorded in the consolidated income statement	303	231
Other changes	1,744	66
Carrying amount as of 31 December	**6,917**	**5,260**

The reserves for loss and loss adjustment expenses ceded to reinsurers in the business segment Property-Casualty amounted to € 10,471 mn (2019: € 9,496 mn) as of 31 December 2020. Their change is shown in the respective table in note 15.

The Allianz Group reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and to protect its capital resources. For natural catastrophe events, the Allianz Group has a centralized program in place that pools exposures from its subsidiaries by internal reinsurance agreements. Allianz SE limits exposures in this portfolio through external reinsurance. For other risks, the subsidiaries of the Allianz Group have individual reinsurance programs in place. Allianz SE participates with up to 100% on an arm's length basis in these cessions, in line with local requirements. The risk coming from these cessions is also limited by external retrocessions.

Reinsurance involves credit risk and is subject to aggregate loss limits. Reinsurance does not legally discharge the respective Allianz company from primary liability under the reinsured policies. Although the reinsurer is liable to this company to the extent of the business ceded, the Allianz company remains primarily liable as the direct insurer for all the risks it underwrites, including the share that is reinsured. The Allianz Group monitors the financial condition of its reinsurers on a regular basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfill its obligations to the Allianz Group companies under existing and planned reinsurance contracts. The Allianz Group's evaluation criteria, which include the degree of creditworthiness, capital levels, and marketplace reputation of its reinsurers, are such that the Allianz Group believes that its reinsurance credit risk is not significant, and historically has not experienced noteworthy difficulty in collecting claims from its reinsurers. Additionally, and as appropriate, the Allianz Group may also require letters of credit, deposits, or other financial guarantees to further minimize its exposure to credit risk. In certain cases, however, the Allianz Group does establish an allowance for doubtful amounts related to reinsurance as appropriate, although this amount was not significant as of 31 December 2020 and 2019. The Allianz Group primarily maintains business relations with highly rated reinsurers.

10 _ Deferred acquisition costs

Deferred acquisition costs
€ mn

As of 31 December	2020	2019
Deferred acquisition costs		
Property-Casualty	4,876	4,936
Life/Health	16,550	19,195
Subtotal	21,426	24,130
Deferred sales inducements	190	351
Present value of future profits	213	295
Total	**21,830**	**24,777**

Changes in deferred acquisition costs
€ mn

	2020	2019
Carrying amount as of 1 January	**24,777**	**27,709**
Additions	9,845	10,193
Changes in the consolidated subsidiaries of the Allianz Group	22	(1)
Foreign currency translation adjustments	(984)	317
Changes in shadow accounting	(2,308)	(4,573)
Amortization	(9,523)	(8,868)
Carrying amount as of 31 December	**21,830**	**24,777**

11 _ Other assets

Other assets
€ mn

As of 31 December	2020	2019
Receivables		
Policyholders	7,214	7,241
Agents	4,592	4,676
Reinsurance	3,604	3,636
Other	6,092	5,848
Less allowances for doubtful accounts	(788)	(673)
Subtotal	20,715	20,728
Tax receivables		
Income taxes	1,986	1,504
Other taxes	2,310	2,329
Subtotal	4,296	3,833
Accrued dividends, interest, and rent	5,955	6,388
Prepaid expenses	793	621
Derivative financial instruments used for hedging that meet the criteria for hedge accounting, and firm commitments[1]	1,134	702
Property and equipment		
Real estate held for own use	2,914	2,848
Software	3,340	3,183
Equipment	1,240	1,379
Right-of-use assets	2,332	2,416
Subtotal	9,827	9,826
Other assets[2]	2,853	2,434
Total[3]	**45,573**	**44,532**

1_Mainly level 2 for fair value measurement.
2_Include € 989 mn (2019: € 892 mn) assets for deferred compensation programs which are mainly level 2 for fair value measurement.
3_Includes other assets due within one year of € 38,166 mn (2019: € 37,337 mn).

PROPERTY AND EQUIPMENT

Property and equipment
€ mn

	2020				2019			
	Real estate held for own use	Software	Equipment	Right-of-use assets	Real estate held for own use	Software	Equipment	Right-of-use assets
Cost as of 1 January	3,874	8,850	4,008	2,838	3,870	7,812	4,259	-
Accumulated depreciation/amortization as of 1 January	(1,025)	(5,667)	(2,629)	423	(1,014)	(4,879)	(2,880)	-
Carrying amount as of 1 January	**2,848**	**3,183**	**1,379**	**2,416**	**2,856**	**2,934**	**1,378**	**2,290**
Additions	238	939	297	660	172	688	362	549
Changes in the consolidated subsidiaries of the Allianz Group	-	9	4	(83)	-	104	1	26
Disposals and reclassifications into non-current assets and assets of disposal groups classified as held for sale	(21)	(39)	(45)	(160)	(56)	(57)	(45)	(42)
Reclassifications	(41)	9	(5)	(16)	(67)	161	(6)	3
Foreign currency translation adjustments	(36)	(26)	(36)	(61)	14	5	15	3
Depreciation/Amortization	(74)	(724)	(344)	(410)	(72)	(618)	(325)	(401)
Impairments	-	(9)	(10)	(13)	-	(34)	(1)	(11)
Reversals of impairments	-	-	-	-	2	-	-	-
Carrying amount as of 31 December	**2,914[1]**	**3,340[2]**	**1,240**	**2,332[3]**	**2,848**	**3,183**	**1,379**	**2,416**
Accumulated depreciation/amortization as of 31 December	988	6,043	2,609	767[3]	1,025	5,667	2,629	423
Cost as of 31 December	3,902	9,383	3,849	3,099	3,874	8,850	4,008	2,838

1_As of 31 December 2020, assets pledged as security and other restrictions on title were € 90 mn (2019: € 103 mn).
2_As of 31 December 2020, includes € 2,870 mn (2019: € 2,701 mn) for self-developed software and € 470 mn (2019: € 483 mn) for software purchased from third parties. Previous year figures have been adjusted due to a refinement in the classification.
3_Consists mainly of real estate.

12 _ Intangible assets

Intangible assets
€ mn

As of 31 December	2020	2019
Goodwill	13,489	13,207
Distribution agreements[1]	995	598
Other[2]	1,120	991
Total	**15,604**	**14,796**

1_Primarily includes the long-term distribution agreements with BBVA Allianz Seguros y Reaseguros S.A. and with Commerzbank AG.
2_Primarily include acquired business portfolios, customer relationships, heritable building rights, land use rights, renewal rights, and brand names.

GOODWILL

Goodwill
€ mn

	2020	2019
Cost as of 1 January	13,499	12,622
Accumulated impairments as of 1 January	(292)	(292)
Carrying amount as of 1 January	**13,207**	**12,330**
Additions	692	807
Disposals	-	-
Foreign currency translation adjustments	(410)	70
Impairments	-	-
Carrying amount as of 31 December	**13,489**	**13,207**
Accumulated impairments as of 31 December	292	292
Cost as of 31 December	13,781	13,499

2020

Additions are mainly related to goodwill arising from the acquisitions of SulAmérica Seguros Automóveis e Massificados S.A, Rio de Janeiro, ControlExpert Holding B.V., Amsterdam and BBVA Allianz Seguros y Reaseguros S.A., Madrid.

2019

Additions are mainly related to goodwill arising from the acquisitions of Liverpool Victoria General Insurance Group Limited, Guildford, and Legal & General Insurance Limited, Guildford.

IMPAIRMENT TEST FOR GOODWILL

ALLOCATION PRINCIPLES

For the purpose of impairment testing, the Allianz Group has allocated goodwill to CGUs[1]. These CGUs represent the lowest level at which goodwill is monitored for internal management purposes.

CGUs in the Property-Casualty business segment are:

– Insurance German Speaking Countries, including Germany and Switzerland,
– Insurance Western & Southern Europe, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, and Turkey,
– Insurance Asia,
– Insurance Iberia & Latin America, including Mexico, Portugal, South America and Spain,
– Insurance Central & Eastern Europe, including Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, and Ukraine,
– Global Insurance Lines & Anglo Markets, Middle East and Africa including Australia, Ireland, the United Kingdom, Middle East and Africa,
– Specialty Lines I, including Allianz Re, Allianz Global Corporate & Specialty and Credit Insurance, and
– Specialty Lines II, including Allianz Partners and Allianz Direct.

CGUs in the Life/Health business segment are:

– Insurance German Speaking Countries, including Germany and Switzerland
– Insurance Western & Southern Europe, including Belgium, France, Greece, Italy, Luxembourg, the Netherlands, and Turkey,
– Insurance Central & Eastern Europe, including Austria, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, and Ukraine,
– Global Insurance Lines & Anglo Markets, Middle East and Africa including Australia, Ireland, the United Kingdom, Middle East and Africa, and
– US Life Insurance.

The business segment Asset Management is represented by the CGU Asset Management, mainly including Allianz Global Investors and PIMCO.

The business segment Corporate and Other mainly includes Digital Investments.

1_The following paragraphs only include the CGUs that contain goodwill.

The carrying amounts of goodwill are allocated to the Allianz Group's CGUs as of 31 December 2020 and 2019 as follows:

Allocation of carrying amounts of goodwill to CGUs
€ mn

As of 31 December	2020	2019
PROPERTY-CASUALTY		
Insurance German Speaking Countries	588	328
Insurance Western & Southern Europe	1,083	1,115
Insurance Asia	148	159
Insurance Iberia & Latin America	406	21
Insurance Central & Eastern Europe	300	300
Global Insurance Lines & Anglo Markets, Middle East and Africa	1,148	1,182
Specialty Lines I	38	38
Specialty Lines II	336	336
Subtotal	4,047	3,479
LIFE/HEALTH		
Insurance German Speaking Countries	961	946
Insurance Western & Southern Europe	628	628
Insurance Central & Eastern Europe	56	56
Global Insurance Lines & Anglo Markets, Middle East and Africa	15	16
US Life Insurance	456	470
Subtotal	2,116	2,117
ASSET MANAGEMENT	7,214	7,515
CORPORATE AND OTHER	112	97
Total	**13,489**	**13,207**

VALUATION TECHNIQUES

The recoverable amounts for all CGUs are determined on the basis of value in use calculations. The Allianz Group applies generally acknowledged valuation principles to determine the value in use.

For all CGUs in the Property-Casualty business segment and for the CGU Asset Management, the Allianz Group mainly uses the discounted earnings method to derive the value in use. Generally, the basis for the determination of the discounted earnings value is the business plan ("detailed planning period") as well as the estimate of the sustainable returns and eternal growth rates, which can be assumed to be realistic on a long-term basis ("terminal value") for the operating entities included in the CGU. The discounted earnings value is calculated by discounting the future earnings using an appropriate discount rate. The business plans applied in the value in use calculations are the results of the structured management dialogues between the Board of Management of Allianz SE and the operating entities in connection with a reporting process integrated into these dialogues. Generally, the business plans comprise a planning horizon of three years and are based on the current market environment.

The terminal values are largely based on the expected profits of the final year of the detailed planning period. Where necessary, the planned profits are adjusted to reflect long-term sustainable earnings. The financing of the assumed eternal growth in the terminal values is accounted for by appropriate profit retention.

For all CGUs in the Life/Health business segment, the value in use is based on an Appraisal Value method, which is derived from the Embedded Value and New Business Value calculation. As a starting point for the impairment test for the CGUs in the Life/Health business segment, the Market Consistent Embedded Value (MCEV) and a multiple of the Market Consistent Value of New Business is used. MCEV is an industry-specific valuation method to assess the current value of the in-force portfolio. The Allianz Group uses an economic balance sheet approach to derive the MCEV, which is directly taken out of the market value balance sheet (MVBS) as determined using Solvency II guidance. In cases where no adequate valuation reflecting a long-term view in line with management judgment and market experience could be derived from market-consistent methodology, the Appraisal Value can be derived from a Traditional Embedded Value (TEV). This was the case for the CGU US Life Insurance in 2020.

In the Corporate and Other business segment, the Value in use in the Digital Investments is derived by using the discounted cash flow and multiple method. Discounted cash flows are calculated based on the companies' business plan as well as an estimate of sustainable returns and eternal growth rates (terminal value). The discounted earnings value is calculated by discounting the future earnings using an appropriate discount rate. For the multiple, method transactions and revenues of comparable companies are used.

SIGNIFICANT ASSUMPTIONS

In determining the business plans, certain key assumptions were made in order to project future earnings.

For entities included in the CGUs of the Property-Casualty business segment, the business plans are mainly based on key assumptions including expense ratio, loss ratio, investment income, risk capital, market share, premium rate changes, and taxes. The bases for determining the values assigned to the key assumptions are current market trends and earnings projections.

The discount rate is based on the capital asset pricing model (CAPM) and appropriate eternal growth rates. The assumptions, including the risk-free interest rate, market risk premium, segment beta, and leverage ratio used to calculate the discount rates, are generally consistent with the parameters used in the Allianz Group's planning and controlling process. The discount rates and eternal growth rates for the CGUs in the Property-Casualty business segment are as follows:

Discount rates and eternal growth rates for the CGUs in the Property-Casualty business segment[1]
%

	2020		2019	
	Discount rate	Eternal growth rate	Discount rate	Eternal growth rate
Insurance German Speaking Countries	7.4	0.4	7.4	0.3
Insurance Western & Southern Europe	8.8	1.8	9.9	2.8
Insurance Asia	10.6	4.4	12.1	5.6
Insurance Iberia & Latin America	10.5	2.8	10.5	2.1
Insurance Central & Eastern Europe	8.8	1.5	8.6	1.0
Global Insurance Lines & Anglo Markets, Middle East and Africa	8.2	0.8	8.9	1.4
Specialty Lines I	7.7	0.9	7.7	1.0
Specialty Lines II	7.9	0.5	7.9	0.5

1_The table provides an overview of weighted key parameters on CGU level of the country-specific discount rates and eternal growth rates used.

For entities included in the CGUs of the Life/Health business segment, the MCEV is the excess of assets over liabilities of the MVBS according to the Solvency II requirements. Assets and liabilities included in the MVBS are measured at their market value as of the reporting date. Technical provisions are an essential part of the liabilities included in the MVBS and generally consist of the best estimate plus a risk margin. The best estimate corresponds to the probability-weighted average of future cash flows considering the time value of money, using the relevant risk-free interest rate term structure. The calculation of the best estimate is based on assumptions made for demographic factors (e.g., mortality, morbidity, lapse/surrender rates), expense allowances, taxation, assumptions on market conditions for market consistent projections (e.g., reference rates, volatilities) as well as investment strategy and asset allocation of the entity. The risk margin ensures that the value of the technical provisions is equivalent to the amount that the entity would be expected to require in order to take on and meet the insurance and reinsurance obligations.

Reference rates used for the calculation of the best estimate follow EIOPA specifications for the Solvency II guidance.

The following table provides an overview of the reference rates for the CGUs in the Life/Health business segment:

Reference rates for the CGUs in the Life/Health business segment

CGUs in the Life/Health business segment	Reference rate for entities with Appraisal Value based on MCEV
Insurance German Speaking Countries	Euro swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus 7 bps (2019: 7 bps) volatility adjustment CHF swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus 9 bps (2019: 5 bps) volatility adjustment
Insurance Western & Southern Europe	For those entities reporting in Euro: Euro swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus 7 bps (2019: 7 bps) volatility adjustment
Insurance Central & Eastern Europe	For those entities reporting in Euro: Euro swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus 7 bps (2019: 7 bps) volatility adjustment For other entities: Local swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus volatility adjustment for the following currencies only [CZK: 10 bps (2019: 12 bps), HUF: 2 bps (2019: 1 bps), PLN: 4 bps (2019: 8 bps)]
Global Insurance Lines & Anglo Markets, Middle East and Africa	For those entities reporting in Euro: Euro swap curve minus 10 bps (2019: 10 bps) credit risk adjustment plus 7 bps (2019: 7 bps) volatility adjustment
US Life Insurance	Local swap curve minus 17 bps (2019: 13 bps) credit risk adjustment plus 27 bps (2019: 28 bps) volatility adjustment

The new-business value calculation is based on a best estimate of one year of value of new business, multiplied by a factor (multiple) to capture expected future new business. The best estimate of new business is generally derived from the achieved value of new business. The new business multiple accounts for the risk and the growth associated with future new business in analogy to the discount rate and the growth rate in a discounted earnings method. For all CGUs in the Life/Health business segment other than CGU US Life Insurance, a multiple of not more than ten times the value of new business is applied.

For entities included in the CGU of the Asset Management business segment, key assumptions include assets under management growth, cost-income ratio, and risk capital. The key assumptions are based on the current market environment. The discount rate for the CGU Asset Management is 9.5 % (2019: 10.6 %) and the eternal growth rate is 0.8 % (2019: 1.6 %).

For the Digital Investments included in the Corporate and Other business segment, the bases for determining the values assigned to the key assumptions are current market trends and earnings projections. The discount rate is based on the capital asset pricing model (CAPM) and appropriate eternal growth rates. The discount rate and the eternal growth rates are calculated in line with market practice and are subject to company-specific factors, its development status and the markets in which the company operates.

SENSITIVITY ANALYSIS

Sensitivity analyses were performed with regard to discount rates and key value drivers of the business plans.

For the CGUs in the Property-Casualty business segment and for the CGU Asset Management, sensitivity analyses were performed with respect to the long-term sustainable combined ratios and cost-income ratios. For all CGUs discounted earnings, value sensitivities still exceeded their respective carrying amounts – however for the CGU Insurance Asia in the business segment Property-Casualty, an increase of 0.5 % points in the discount rate and the combined ratio results in the recoverable amount of the CGU getting close to its respective carrying value.

In the Life/Health business segment, sensitivity analyses were performed based on MCEV sensitivity testing on the reference rate. The analyses have shown that in case of a decrease in reference rates by 50 basis points, the appraisal value of each CGU – except for the CGU Insurance Western & Southern Europe – still exceeds its carrying amount. In the case of the CGU Insurance Western & Southern Europe the appraisal value is already close to its carrying amount.

In the Corporate and Other business segment, a sensitivity analysis was performed with respect to interest rates. The analysis has shown that in case of an increase in the interest rates by 50 basis points and under consideration of a holding period usual for the asset class, the recoverable amount approximates its carrying value.

13 _ Liabilities to banks and customers

Liabilities to banks and customers
€ mn

As of 31 December	2020	2019
Payable on demand and other deposits	1,263	1,082
Repurchase agreements and collateral received from securities lending transactions and derivatives	5,164	4,551
Other	8,296	7,812
Total[1]	**14,722**	**13,445**

1_Consists of liabilities to banks and customers due within one year of € 12,674 mn (2019: € 11,914 mn), 1 - 5 years of € 1,359 mn (2019: € 898 mn) and over 5 years of € 689 mn (2019: € 633 mn).

14 _ Unearned premiums

Unearned premiums
€ mn

As of 31 December	2020	2019
Property-Casualty	19,681	20,022
Life/Health	5,679	5,472
Consolidation	(18)	(26)
Total	**25,341**	**25,468**

15 _ Reserves for loss and loss adjustment expenses

As of 31 December 2020, the reserves for loss and loss adjustment expenses of the Allianz Group totaled € 80,897 mn (2019: € 77,541mn). The following table reconciles the beginning and ending reserves for the Property-Casualty business segment for the years ended 31 December 2020 and 2019.

Change in the reserves for loss and loss adjustment expenses in the Property-Casualty business segment
€ mn

	2020			2019		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	**65,414**	**(9,496)**	**55,918**	**61,442**	**(8,966)**	**52,475**
Balance carry forward of discounted loss reserves	4,552	(348)	4,204	4,157	(274)	3,883
Subtotal	69,965	(9,844)	60,122	65,598	(9,240)	56,358
Loss and loss adjustments expenses incurred						
Current year	40,321	(4,007)	36,314	38,874	(2,915)	35,959
Prior years	(255)	(176)	(431)	(801)	(258)	(1,059)
Subtotal	40,066	(4,183)	35,883	38,073	(3,173)	34,900
Loss and loss adjustments expenses paid						
Current year	(17,607)	503	(17,104)	(18,701)	596	(18,105)
Prior years	(18,171)	2,017	(16,154)	(17,905)	2,546	(15,360)
Subtotal	(35,778)	2,520	(33,258)	(36,606)	3,141	(33,465)
Foreign currency translation adjustments and other changes[1]	(1,708)	691	(1,017)	895	(91)	803
Changes in the consolidated subsidiaries of the Allianz Group	229	(1)	228	2,006	(480)	1,526
Subtotal	72,774	(10,817)	61,958	69,965	(9,844)	60,122
Ending balance of discounted loss reserves	(4,603)	346	(4,258)	(4,552)	348	(4,204)
As of 31 December	**68,171**	**(10,471)**	**57,700**	**65,414**	**(9,496)**	**55,918**

1_Include effects of foreign currency translation adjustments for prior year's claims of gross € (1,639) mn (2019: € 493 mn) and of net € (1,105) mn (2019: € 391 mn) and for current year claims of gross € (409) mn (2019: € 31 mn) and of net € (275) mn (2019: € 40 mn).

Prior years' net loss and loss adjustment expenses incurred reflect the changes in estimation charged or credited to the consolidated income statement in each year with respect to the reserves for loss and loss adjustment expenses established as of the beginning of that year. During the year ended 31 December 2020, additional income of € 431 mn (2019: € 1,059 mn) net was recorded in the Property-Casualty business segment in respect of losses occurring in prior years. During the year ended 31 December 2020, this amount, expressed as a percentage of the net balance of the beginning of the year, was 0.7 % (2019: 1.9 %).

CHANGES IN HISTORICAL RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES (LAE)

The analysis of loss and LAE reserves by actuaries and management is conducted by line of business and separately for specific claim types such as asbestos and environmental claims. The origin year of losses is taken into consideration by analyzing each line of business by accident year. While this determines the estimates of reserves for loss and LAE by accident year, the effect in the consolidated income statement in the respective calendar year combines the accident year loss ratio for the current year with the favorable or adverse development from prior years (run-off).

Although discounted loss reserves have been reclassified to "Reserves for insurance and investment contracts" in the balance sheet, the underlying business development of these non-life reserves is still considered in the loss ratio. Therefore the tables below show the loss development by accident year including the business development of discounted loss reserves.

The run-off triangle, also known as the "loss triangle", is a tabular representation of loss-related data (such as payments, loss reserves, ultimate losses) in two time-related dimensions. One of these is the calendar year, the other is the accident year (year of loss occurrence). Run-off triangles – as the basis for measuring loss reserves – express how the loss reserves change over the course of time due to payments made and new estimates of the expected ultimate loss at the respective reporting date.

The data is only presented on a net basis, as this is considered to be more meaningful in order to represent the retained impact on Group results. The run-off triangles are not prepared on a currency-adjusted basis. This means all figures are translated from the respective local currency into the Allianz Group presentation currency (Euro), consistently using the exchange rates applicable at the respective reporting date. This ensures that the reserves reconcile with reserves in the consolidated balance sheet.

LOSS PAYMENTS FOR THE INDIVIDUAL ACCIDENT YEARS (PER CALENDAR YEAR, NET)

Loss payments for the individual accident years (per calendar year, net)
€ mn

	Accident year										
Calendar year	2011 and prior	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
2011	26,545										26,545
2012	13,385	14,443									27,828
2013	6,349	7,181	15,449								28,979
2014	4,393	1,890	7,009	15,410							28,702
2015	3,272	1,054	1,850	7,564	16,291						30,031
2016	3,327	727	1,004	2,007	7,929	16,409					31,403
2017	1,848	425	710	1,022	2,261	7,842	16,669				30,778
2018	2,228	344	389	707	1,119	2,484	7,976	17,084			32,330
2019	1,253	195	314	490	788	1,044	2,753	8,524	18,105		33,465
2020	966	163	222	302	584	938	1,278	2,883	8,818	17,104	33,258

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Reserves for loss and loss adjustment expenses for the individual accident years at the respective reporting date (net)
€ mn

	Accident year										
As of 31 December	2011 and prior	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
2011	52,836										52,836
2012	40,243	15,564									55,807
2013	32,249	7,239	13,957								53,445
2014	28,080	5,223	7,101	15,215							55,619
2015	24,436	3,931	5,182	7,585	16,358						57,492
2016	20,360	3,040	3,894	5,262	7,991	16,708					57,254
2017	16,818	2,356	2,815	3,891	5,407	8,454	16,573				56,314
2018	14,299	1,808	2,352	2,954	4,114	5,424	8,327	17,081			56,358
2019	12,918	1,485	2,001	2,341	3,413	4,403	6,049	8,751	18,762		60,122
2020	11,751	1,217	1,725	1,956	2,642	3,466	4,387	5,873	9,646	19,294	61,958

ULTIMATE LOSS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Ultimate loss for the individual accident years at the respective reporting date (net)
€ mn

	Accident year										
Calendar year	2011 and prior	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
2011	79,381										
2012	80,173	30,007									
2013	78,528	28,863	29,407								
2014	78,752	28,736	29,560	30,625							
2015	78,380	28,498	29,490	30,560	32,649						
2016	77,631	28,334	29,206	30,244	32,211	33,116					
2017	75,937	28,076	28,837	29,896	31,888	32,705	33,242				
2018	75,646	27,871	28,764	29,665	31,713	32,158	32,972	34,165			
2019	75,517	27,743	28,726	29,542	31,801	32,182	33,447	34,358	36,867		
2020	75,317	27,638	28,672	29,460	31,613	32,183	33,063	34,363	36,570	36,398	
Surplus[1]	4,064	2,369	735	1,165	1,036	933	179	(199)	298	-[3]	10,580
Reduction/(increase) 2020 versus 2019[2]	200	105	54	83	188	(1)	384	(6)	298	-[3]	1,304

1_Includes effects from foreign currency translation adjustments and other changes.
2_The total development 2020 to 2019 of € 1,304 mn represents the cumulative surplus from re-estimating the ultimate loss for prior year claims. Considering foreign currency translation adjustments of net € (1,105) mn as well as changes in the consolidated subsidiaries of the Allianz Group and other changes of in total € 232 mn, this leads to an effective run-off of net € 431 mn, which can be found in the table "Change in reserves for loss and loss adjustment expenses" within this note.
3_Presentation not meaningful.

CALENDAR YEAR PREMIUMS EARNED AND ULTIMATE LOSS RATIOS FOR THE INDIVIDUAL ACCIDENT YEARS AT THE RESPECTIVE REPORTING DATE (NET)

Calendar year premiums earned and ultimate loss ratios for the individual accident years at the respective reporting date (net)

	Premiums earned (net)	Accident year								
		2012	2013	2014	2015	2016	2017	2018	2019	2020
	€ mn	%	%	%	%	%	%	%	%	%
2012	41,705	72.0								
2013	42,047	69.2	69.9							
2014	43,759	68.9	70.3	70.0						
2015	46,430	68.3	70.1	69.8	70.3					
2016	46,588	67.9	69.5	69.1	69.4	71.1				
2017	47,242	67.3	68.6	68.3	68.7	70.2	70.4			
2018	48,305	66.8	68.4	67.8	68.3	69.0	69.8	70.7		
2019	51,328	66.5	68.3	67.5	68.5	69.1	70.8	71.1	71.8	
2020	51,631	66.3	68.2	67.3	68.1	69.1	70.0	71.1	71.2	70.5

The ultimate loss of an accident year comprises all payments made for that accident year up to the reporting date, plus the loss reserves at the reporting date. Given complete information regarding all losses incurred up to the reporting date, the ultimate loss for each accident-year period would remain unchanged. In practice, however, the ultimate loss (based on estimates) is exposed to fluctuations that reflect the increase in knowledge regarding the loss cases. The loss ratio presented above deviates from the reported loss ratio because the ultimate loss in the table above is based on the sum of the payments plus the loss reserves, not the incurred loss as stated in the consolidated income statement. This means that effects like changes in consolidated subsidiaries, foreign currency translation and unwinding of discounted loss reserves are presented differently.

CONCENTRATION OF INSURANCE RISK IN THE PROPERTY-CASUALTY BUSINESS SEGMENT

Further risk disclosure requirements of IFRS 4 in connection with IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Internal risk capital framework,
- Risk-based steering and risk management,
- Underwriting risk in the section Quantifiable risks and opportunities by risk category.

CONTRACTUAL CASH FLOWS

As of 31 December 2020, the reserves for loss and loss adjustment expenses in the Property-Casualty business segment, which are expected to be due in 2021 amounted to € 19,459 mn, while those expected to be due between 2022 and 2025 amounted to € 22,675 mn and those expected to be due after 2025 amounted to € 19,824 mn.

16 _ Reserves for insurance and investment contracts

Reserves for insurance and investment contracts
€ mn

As of 31 December	2020	2019
Aggregate policy reserves	507,184	497,558
Reserves for premium refunds	103,170	89,781
Other insurance reserves	741	685
Total	**611,096**	**588,023**

AGGREGATE POLICY RESERVES

Aggregate policy reserves
€ mn

	2020	2019
As of 1 January	**497,558**	**466,406**
Balance carry forward of discounted loss reserves	(4,552)	(4,157)
Subtotal	493,006	462,249
Foreign currency translation adjustments	(10,220)	2,893
Changes in the consolidated subsidiaries of the Allianz Group	(38)	-
Changes recorded in the consolidated income statement	1,587	2,267
Premiums collected	31,181	35,002
Separation of embedded derivatives	1,356	(38)
Interest credited	5,580	5,774
Dividends allocated to policyholders	1,845	1,626
Releases upon death, surrender, and withdrawal	(21,192)	(18,681)
Policyholder charges	(1,760)	(1,714)
Portfolio acquisitions and disposals	17	68
Other changes[1]	1,219	3,560
Subtotal	502,581	493,006
Ending balance of discounted loss reserves	4,603	4,552
As of 31 December	**507,184**	**497,558**

1_Mainly relate to insurance contracts, when policyholders change their contract from an unit-linked to an universal life-type contract.

RESERVES FOR PREMIUM REFUNDS

Reserves for premium refunds
€ mn

	2020	2019
Amounts already allocated under local statutory or contractual regulations		
As of 1 January	**17,508**	**16,901**
Foreign currency translation adjustments	(3)	7
Changes in the consolidated subsidiaries of the Allianz Group	-	-
Changes	531	600
As of 31 December	**18,036**	**17,508**
Latent reserves for premium refunds		
As of 1 January	**72,273**	**45,673**
Foreign currency translation adjustments	(52)	115
Changes in the consolidated subsidiaries of the Allianz Group	(5)	-
Changes due to fluctuations in market value	11,381	23,919
Changes due to valuation differences charged to income	1,537	2,566
As of 31 December	**85,134**	**72,273**
Total	**103,170**	**89,781**

CONCENTRATION OF INSURANCE RISK IN THE LIFE/HEALTH BUSINESS SEGMENT

The Allianz Group's Life/Health business segment provides a wide variety of insurance and investment contracts to individuals and groups in over 30 countries around the world. Individual contracts include both traditional contracts and unit-linked contracts. Without taking policyholder participation into account, traditional contracts generally incorporate significant investment risk for the Allianz Group, while unit-linked contracts generally result in the contract holder assuming the investment risk. Traditional contracts include life, endowment, annuity and health contracts. Traditional annuity contracts are issued in both deferred and immediate types. In addition, the Allianz Group's life insurance operations in the United States issue a significant amount of equity-indexed deferred annuities. In certain markets, the Allianz Group also issues group life, group health and group pension contracts.

As of 31 December 2020 and 2019, the Allianz Group's reserves for insurance and investment contracts for the business segment Life/Health are summarized per reportable segment as follows:

Concentration of insurance risk in the Life/Health business segment per reportable segment
€ mn

As of 31 December	2020			2019		
	Reserves for insurance and investments contracts	Financial liabilities for unit-linked contracts	Total	Reserves for insurance and investments contracts	Financial liabilities for unit-linked contracts	Total
German Speaking Countries and Central & Eastern Europe	359,708	11,802	371,510	334,285	11,414	345,699
Western & Southern Europe and Asia Pacific	127,173	104,404	231,577	126,811	97,241	224,052
Iberia & Latin America	8,047	1,500	9,546	8,358	1,203	9,560
USA	104,413	19,164	123,577	106,706	21,944	128,651
Global Insurance Lines & Anglo Markets, Middle East and Africa	2,585	437	3,021	1,642	366	2,008
Consolidation and Other	(5,850)	1	(5,849)	(4,898)	1	(4,898)
Total	**596,074**	**137,307**	**733,382**	**572,904**	**132,168**	**705,072**

The majority of the Allianz Group's Life/Health business segment operations are conducted in Western Europe. Insurance laws and regulations in Europe have historically been characterized by legal or contractual minimum participation of contract holders in the profits of the insurance company issuing the contract. In particular, life insurance business in Germany, Switzerland, and Austria, which comprises approximately 54 % (2019: 52 %) of the Allianz Group's reserves for insurance and investment contracts as of 31 December 2020, includes a substantial level of policyholder participation in all sources of profit, including mortality/morbidity, investment, and expense. As a result of this policyholder participation, the Allianz Group's exposure to insurance, investment and expense risk is mitigated.

Furthermore, all of the Allianz Group's annuity policies issued in the United States meet the criteria for classification as insurance contracts under IFRS 4 because they include options for contract holders to elect a life-contingent annuity. These contracts currently do expose the Allianz Group to a certain longevity risk, however, adverse developments can be counteracted by using the flexible crediting options on the in-force book. Additionally, many of the Allianz Group's traditional contracts issued in France and Italy do not incorporate significant insurance risk, although they are accounted for as insurance contracts because of their discretionary participation features. Similarly, a significant portion of the Allianz Group's unit-linked contracts in France and Italy do not incorporate significant insurance risk.

As a result of the considerable diversity in types of contracts issued, including the offsetting effects of mortality risk and longevity risk inherent in a combined portfolio of life insurance and annuity products, the geographic diversity of the Allianz Group's Life/Health business segment and the substantial level of policyholder participation in mortality/morbidity risk in certain countries in Western Europe, the Allianz Group does not believe its Life/Health segment has any significant concentrations of insurance risk, nor does it believe its net income or shareholders' equity is highly sensitive to insurance risk.

The Allianz Group's Life/Health business segment is exposed to significant investment risk as a result of guaranteed minimum interest rates being included in most of its non-unit-linked contracts. The weighted average guaranteed minimum interest rates of the Allianz Group's largest operating entities in the business segment Life/Health, comprising 86 % (2019: 86 %) of the aggregate policy reserves in this business segment in 2020, can be summarized by country as follows:

Weighted average guaranteed minimum interest rates of life insurance entities

As of 31 December	2020		2019	
	Guaranteed rate	Aggregate policy reserves	Guaranteed rate	Aggregate policy reserves
	%	€ bn	%	€ bn
Germany	1.8	218.3	2.0	205.5
United States	0.5	104.3	0.5	106.7
France	0.3	56.0	0.3	56.6
Italy	1.3	28.8	1.3	29.5
Switzerland	1.5	12.0	1.5	11.8
Belgium	1.9	7.1	2.0	8.4

In most of these markets, the effective interest rates earned on the investment portfolio exceed these guaranteed minimum interest rates. In addition, the operations in these markets may also have significant mortality and expense margins. However, the Allianz Group's Life/Health operations in Switzerland and Belgium have high guaranteed minimum interest rates on older contracts in their portfolios and, as a result, may be sensitive to declines in investment rates or a prolonged low interest rate environment.

Further risk disclosure requirements of IFRS 4 in connection with IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Internal risk capital framework,
- Risk-based steering and risk management,
- Underwriting risk in the section Quantifiable risks and opportunities by risk category.

FUTURE POLICY BENEFITS

As of 31 December 2020, benefits for insurance and investment contracts which are expected to be due in 2021 amounted to € 61 bn, while those expected to be due between 2022 and 2025 amounted to € 202 bn and those expected to be due after 2025 amounted to € 1,154 bn.

The resulting total benefits for insurance and investment contracts in the amount of € 1,417 bn include contracts where the timing and amount of payments are considered fixed and determinable, as well as contracts which have no specified maturity dates and may result in a payment to the contract beneficiary, depending on mortality and morbidity experience and the incidence of surrenders, lapses, or maturities. Furthermore, the amounts are undiscounted and do not include any expected future premiums; therefore they significantly exceed the reserves for insurance and investment contracts presented in the consolidated balance sheet.

For contracts without fixed and determinable payments, the Allianz Group has made assumptions in estimating the undiscounted cash flows of contractual policy benefits including mortality, morbidity, interest crediting rates, policyholder participation in profits, and future lapse rates. These assumptions represent current best estimates and may differ from the estimates used to establish the reserves for insurance and investment contracts in accordance with the Allianz Group's established accounting policy. Due to the uncertainty of the assumptions used, the amount presented could be materially different from the actual incurred payments in future periods.

17 _ Financial liabilities for unit-linked contracts

Financial liabilities for unit-linked contracts
€ mn

	2020	2019
As of 1 January	**132,168**	**115,361**
Foreign currency translation adjustments	(3,016)	709
Changes in the consolidated subsidiaries of the Allianz Group	(930)	-
Premiums collected	21,490	19,516
Interest credited	5,330	15,584
Releases upon death, surrender, and withdrawal	(13,702)	(14,619)
Policyholder charges	(2,159)	(2,244)
Portfolio acquisitions and disposals	(5)	(40)
Reclassifications[1]	(1,867)	(2,099)
As of 31 December[2]	**137,307**	**132,168**

1_These reclassifications mainly relate to insurance contracts when policyholders change their contracts from an unit-linked to an universal life-type contract.
2_Consists of € 86,340 mn (2019: € 82,584 mn) unit-linked insurance contracts and € 50,967 mn (2019: € 49,584 mn) unit-linked investment contracts.

18 _ Other liabilities

Other liabilities
€ mn

As of 31 December	2020	2019
Payables		
Policyholders	4,741	5,425
Reinsurance	2,846	2,103
Agents	2,055	1,760
Subtotal	9,642	9,288
Payables for social security	397	425
Tax payables		
Income taxes	1,812	1,773
Other taxes, interest, and penalties	1,983	1,988
Subtotal	3,795	3,761
Accrued interest and rent	457	537
Unearned income	551	502
Provisions		
Pensions and similar obligations	10,725	10,556
Employee related	2,774	2,849
Share-based compensation plans	367	429
Restructuring plans	306	322
Other provisions	2,040	1,957
Subtotal	16,211	16,114
Deposits retained for reinsurance ceded	3,903	2,443
Derivative financial instruments used for hedging that meet the criteria for hedge accounting, and firm commitments[1]	245	532
Financial liabilities for puttable financial instruments	2,072	2,073
Lease liabilities	2,725	2,791
Other liabilities	9,005	9,439
Total[2]	**49,005**	**47,904**

1_Mainly level 2 for fair value measurement.
2_Includes other liabilities due within one year of € 33,237 mn (2019: € 31,982 mn).

19 _ Certificated and subordinated liabilities

Certificated and subordinated liabilities

€ mn[1]

	Contractual maturity date			As of 31 December 2020	As of 31 December 2019
	Up to 1 year	1 - 5 years	Over 5 years		
Senior bonds					
Fixed rate	-	2,745	5,291	8,036	7,583
Contractual interest rate	-	1.98%	1.85%		
Floating rate	-	-	-	-	502
Current interest rate	-	-	-		
Money market securities					
Fixed rate	1,170	-	-	1,170	1,124
Contractual interest rate	0.50%	-	-		
Total certificated liabilities	**1,170**	**2,745**	**5,291**	**9,206**	**9,209**
Subordinated bonds					
Fixed rate[2]	-	-	2,841	2,841	3,023
Contractual interest rate	-	-	4.76%		
Floating rate	-	-	11,148	11,148	10,170
Current interest rate	-	-	3.82%		
Hybrid equity[3]					
Floating rate	-	-	45	45	45
Current interest rate	-	-	1.12%		
Total subordinated liabilities	**-**	**-**	**14,034**	**14,034**	**13,238**

1_Except for interest rates. Interest rates represent the weighted average.
2_Includes two subordinated bonds which Allianz resolved to call for redemption in March 2021.
3_Relates to hybrid equity issued by subsidiaries.

Bonds outstanding as of 31 December 2020
mn

	ISIN	Year of issue	Currency	Notional amount	Coupon in %	Maturity date
Certificated liabilities						
Allianz Finance II B.V., Amsterdam	DE000A1G0RU9	2012	EUR	1,500	3.500	14 February 2022
	DE000A19S4U8	2017	EUR	750	0.250	6 June 2023
	DE000A28RSQ8	2020	EUR	500	Non-interest bearing	14 January 2025
	DE000A2RWAX4	2019	EUR	750	0.875	15 January 2026
	DE000A19S4V6	2017	EUR	750	0.875	6 December 2027
	DE000A1HG1K6	2013	EUR	750	3.000	13 March 2028
	DE000A2RWAY2	2019	EUR	750	1.500	15 January 2030
	DE000A28RSR6	2020	EUR	750	0.500	14 January 2031
	DE000A180B80	2016	EUR	750	1.375	21 April 2031
	DE000A1HG1L4	2013	GBP	750	4.500	13 March 2043
Subordinated liabilities						
Allianz SE, Munich	DE000A1RE1Q3	2012	EUR	1,500	5.625	17 October 2042
	DE000A14J9N8	2015	EUR	1,500	2.241	7 July 2045
	DE000A2DAHN6	2017	EUR	1,000	3.099	6 July 2047
	XS1556937891	2017	USD	600	5.100	30 January 2049
	DE000A2YPFA1	2019	EUR	1,000	1.301	25 September 2049
	DE000A254TM8	2020	EUR	1,000	2.121	8 July 2050
	XS0857872500	2012	USD	1,000	5.500	Perpetual bond[1]
	DE000A1YCQ29	2013	EUR	1,500	4.750	Perpetual bond
	DE000A13R7Z7	2014	EUR	1,500	3.375	Perpetual bond
	XS1485742438	2016	USD	1,500	3.875	Perpetual bond
	DE000A289FK7	2020	EUR	1,250	2.625	Perpetual bond[2]
	US018820AA81/ USX10001AA78	2020	USD	1,250	3.500	Perpetual bond[2]
Allianz Finance II B.V., Amsterdam	DE000A1GNAH1	2011	EUR	1,096	5.750	8 July 2041
	DE000A0GNPZ3	2006	EUR	800	5.375	Perpetual bond[1]

1_Allianz resolved to call for redemption in March 2021.
2_In November 2020, Allianz SE issued a dual tranche restricted tier 1 (RT1) transaction denominated in EUR and USD. Both tranches are classified as shareholders' equity.

20 _ Equity

Equity
€ mn

As of 31 December	2020	2019
Shareholders' equity		
Issued capital	1,170	1,170
Additional paid-in capital	27,758	27,758
Undated subordinated bonds	2,259	-
Retained earnings[1]	31,371	29,577
Foreign currency translation adjustments	(4,384)	(2,195)
Unrealized gains and losses (net)[2]	22,648	17,691
Subtotal	80,821	74,002
Non-controlling interests	3,773	3,363
Total	**84,594**	**77,364**

1_As of 31 December 2020, include € (30) mn (2019: € (55) mn) related to treasury shares.
2_As of 31 December 2020, include € 494 mn (2019: € 415 mn) related to cash flow hedges.

ISSUED CAPITAL

Issued capital as of 31 December 2020 amounted to € 1,170 mn, divided into 412,293,128 fully paid registered shares. The shares have no-par value but a mathematical per-share value as a proportion of the issued capital.[1]

AUTHORIZED CAPITAL

As of 31 December 2020, Allianz SE had authorized capital with a notional amount of € 335 mn for the issuance of new shares until 8 May 2023 (Authorized Capital 2018/I). The shareholders' subscription rights can be excluded for capital increases against contribution in kind. For a capital increase against contributions in cash, the shareholders' subscription rights can be excluded: (i) for fractional amounts, (ii) if the issue price is not significantly below the market price and the shares issued under exclusion of the subscription rights pursuant to § 186 (3) sentence 4 of the German Stock Corporation Act (Aktiengesetz) do not exceed 10 % of the share capital, and (iii) to the extent necessary to grant a subscription right for new shares to the holders of bonds that carry conversion or option rights or provide for mandatory conversion. The subscription rights for new shares from the Authorized Capital 2018/I and the Conditional Capital 2010/2018 may only be excluded for the proportionate amount of

1_Mathematical per-share value € 2.84 (rounded).

the share capital of up to € 117 mn (corresponding to 10% of the share capital at year-end 2020).

In addition, Allianz SE has authorized capital (Authorized Capital 2018/II) for the issuance of new shares against contributions in cash until 8 May 2023. The shareholders' subscription rights are excluded. The new shares may only be offered to employees of Allianz SE and its Group companies. As of 31 December 2020, the Authorized Capital 2018/II amounted to € 15 mn.

CONDITIONAL CAPITAL

As of 31 December 2020, Allianz SE had conditional capital totaling € 250 mn (Conditional Capital 2010/2018). This conditional capital increase will only be carried out if conversion or option rights attached to convertible bonds, bonds with warrants, convertible participation rights, participation rights, and subordinated financial instruments, which Allianz SE or its Group companies have issued against cash payments according to the resolutions of the Annual General Meeting (AGM) on 5 May 2010 or 9 May 2018, are exercised or the conversion obligations under such bonds are fulfilled, and only to the extent that the conversion or option rights or conversion obligations are not serviced through treasury shares or through shares from authorized capital.

Convertible subordinated notes totaling € 500 mn, which may be converted into Allianz shares, were issued against cash in July 2011. Within 10 years after the issuance a mandatory conversion of the notes into Allianz shares at the then prevailing share price may apply if certain events occur, subject to a floor price of at least € 74.90 per share. Within the same period, investors have the right to convert the notes into Allianz shares at a price of € 187.26 per share. Both conversion prices are as of inception and subject to antidilution provisions. The subscription rights of shareholders for these convertible notes have been excluded with the consent of the Supervisory Board and pursuant to the authorization of the AGM on 5 May 2010. The granting of new shares to persons entitled under such convertible notes is secured by the Conditional Capital 2010/2018. On or before 31 December 2020, there was no conversion of any such notes into new shares.

CHANGES IN THE NUMBER OF ISSUED SHARES OUTSTANDING

Number of issued shares outstanding

	2020	2019
Number of issued shares outstanding as of 1 January	416,577,182	423,498,025
Changes in number of treasury shares	348,188	365,959
Cancellation of issued shares	(4,879,731)	(7,286,802)
Number of issued shares outstanding as of 31 December	412,045,639	416,577,182
Treasury shares[1]	247,489	595,677
Total number of issued shares	**412,293,128**	**417,172,859**

1_Thereof 247,489 (2019: 595,677) own shares held by Allianz SE.

PROPOSAL FOR APPROPRIATION OF NET EARNINGS

The Board of Management and the Supervisory Board propose that the net earnings ("Bilanzgewinn") of Allianz SE of € 4,375,716,820.22 for the 2020 fiscal year shall be appropriated as follows:

- Distribution of a dividend of € 9.60 per no-par share entitled to a dividend: € 3,955,638,134.40
- Unappropriated earnings carried forward: € 420,078,685.82

The proposal for appropriation of net earnings reflects the 247,489 treasury shares held directly and indirectly by the company as of 31 December 2020. Such treasury shares are not entitled to the dividend pursuant to §71b of the German Stock Corporation Act (AktG). Should there be any change in the number of shares entitled to the dividend by the date of the Annual General Meeting, the above proposal will be amended accordingly and presented for resolution on the appropriation of net earnings at the Annual General Meeting, with an unchanged dividend of € 9.60 per each share entitled to dividend.

TREASURY SHARES

As of 31 December 2020, Allianz SE held 247,489 (2019: 595,677) treasury shares. Of these, 47,489 (2019: 395,677) were held for covering future subscriptions by employees in Germany and abroad in the context of Employee Stock Purchase Plans, whereas 200,000 (2019: 200,000) were held as a hedge for obligations from the Allianz Equity Incentive Program.

In 2020, 748,482 (2019: 365,959) treasury shares were transferred to employees of Allianz SE and its subsidiaries in Germany and abroad. This number includes 74,873 granted free shares. The 395,677 treasury shares earmarked for these purposes were fully consumed. In addition, 400,294 treasury shares were acquired from the market. As in the previous years, no capital increase for the purpose of Employee Stock Purchase Plans was carried out in 2020. Employees of the Allianz Group purchased approximately 75% of the shares of the purchase plan at a reference price of € 167.76 (2019: € 210.21) per share and were allocated one additional share per three shares purchased, which is equivalent to a discount of approximately 25%. The shares were sold to employees at a mean price of € 125.82 (2019: between € 157.66 and € 161.59). As of 31 December 2020, the remaining treasury shares of Allianz SE held for covering subscriptions by employees in the context of the Employee Stock Purchase Plans of Allianz SE and its subsidiaries in Germany and abroad amounted to 47,489 shares.

In the year ending 31 December 2020, the total number of treasury shares of Allianz SE decreased by 348,188 (2019: a decrease of 365,959), which corresponds to € 988,015.75 (2019: € 1,026,295.80) or 0.08% (2019: 0.09%) of issued capital as of 31 December 2020.

The treasury shares of Allianz SE and its subsidiaries represented € 0.7 mn (2019: € 1.7 mn) or 0.06% (2019: 0.14%) of the issued capital as of 31 December 2020.

SHARE BUY-BACK PROGRAM 2020

In its meeting on 20 February 2020, the Board of Management of Allianz SE resolved to carry out a share buy-back program in an amount of up to € 1.5 bn within a period between March 2020 and 31 December 2020 (Share Buy-Back Program 2020) based on the authorization granted by the Annual General Meeting on 9 May 2018. In the period between 9 March 2020 and 28 April 2020, a total of 4,879,731 treasury shares with a market value of € 749,999,985.35 were acquired for an average price of € 153.70. By resolution dated 4 November 2020, the Board of Management of Allianz SE decided to cancel the execution of the second tranche of the Share Buy-Back Program 2020 in the amount of € 750 mn.

All of the treasury shares acquired within the Share Buy-Back Program 2020 have been redeemed according to the simplified procedure without reduction of the share capital.

NON-CONTROLLING INTERESTS

Non-controlling interests
€ mn

As of 31 December	2020	2019
Unrealized gains and losses (net)	354	326
Share of earnings	326	387
Other equity components	3,093	2,649
Total	**3,773**	**3,363**

CAPITAL REQUIREMENTS

The Allianz Group's capital requirements primarily depend on the type of business that it underwrites, the industry and geographic locations in which it operates, and the allocation of the Allianz Group's investments. During the Allianz Group's annual planning and strategic dialogs with its related undertakings, internal capital requirements are determined through business plans regarding the levels and timing of capital expenditures and investments. These plans also form the basis for the Allianz Group's capital management. Resilience under stress conditions is also considered when determining the internal capital requirements of the Group. The regulators impose minimum capital requirements on the Group and its related undertakings. For further details on how Allianz Group manages its capital, please refer to the section "Target and strategy of risk management" of the Risk and Opportunity Report.

With Solvency II being the regulatory regime relevant for the Group as of 1 January 2016, the risk profile is measured and steered based on the approved Solvency II internal model[1]. The Allianz Group has introduced a target Solvency ratio range in accordance with Solvency II, based on pre-defined stress scenarios for both the Group and related undertakings, supplemented by ad-hoc scenarios, historical and reverse stress tests, and sensitivity analyses.

The Allianz Group's Own Funds are composed of the eligible Own Funds relating to the Group of internal model and standard formula entities, the sectoral Own Funds of entities from other financial sectors, as well as the equivalent Own Funds of entities included via the deduction and aggregation (D&A) method. The eligible Own Funds relating to the Group of internal model and standard formula entities essentially consist of the MVBS excess of assets over liabilities plus qualifying subordinated liabilities, less deductions for foreseeable dividends as well as further deductions relating, for example, to transferability restrictions.

Based on the information available to the Allianz Group as of the end of December 2020 and with a Solvency II capitalization of 207% (2019: 212%), including the known impacts of COVID-19, it is expected that the Group continues to be sufficiently capitalized and compliant with both the regulatory Solvency Capital Requirement and the minimum consolidated Group Solvency Capital Requirement. However, the Allianz Group carefully monitors the development of the COVID-19 pandemic and manages the portfolios to ensure that the Group and its entities have sufficient resources to meet their solvency capital needs. For further information on Solvency II capitalization, please refer to the section "Solvency II regulatory capitalization" of the Risk and Opportunity Report.

The Allianz Group is a financial conglomerate within the scope of the Financial Conglomerates Directive (FCD). The FCD does not impose a materially different capital requirement on Allianz Group compared to Solvency II.

The Allianz Group's insurance subsidiaries (including Allianz SE) prepare individual financial statements based on local laws and regulations. The local regulations establish additional restrictions on the minimum level of capital and the amount of dividends that may be paid to shareholders. The respective local minimum capital requirements are based on various criteria including, but not limited to, the volume of premiums written or claims paid, amount of insurance reserves, investment risks, credit risks, and underwriting risks.

As of 31 December 2020, the Allianz Group believes that there are no outstanding regulatory capital or compliance matters that would have materially adverse effects on the financial position or the results of operations of the Allianz Group.

Some insurance subsidiaries of the Allianz Group are subject to regulatory restrictions on the amount of dividends that can be remitted to Allianz SE without prior approval by the appropriate regulatory body. These restrictions require that a company may only pay dividends up to an amount in excess of certain regulatory capital levels, or based on the levels of undistributed earned surplus or current year income or a percentage thereof. Allianz Group's Board of Management believes that these restrictions will not affect the ability of Allianz SE to pay dividends to its shareholders in the future.

1_From a formalistic perspective, the German Supervisory Authority deems the model to be "partial" because not all of the related entities are using the internal model. Some of the smaller entities report under the standard formula and others under the deduction and aggregation approach. Without loss of generality, the term internal model might be used in the following chapters, e.g., in case descriptions also referring to entities that use the internal model, or descriptions focusing on processes with respect to the internal model components.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

21 _ Premiums earned (net)

Premiums earned (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2020				
Premiums written				
Gross	57,772	25,315	(101)	82,986
Ceded	(6,163)	(690)	101	(6,752)
Net	51,609	24,625	-	76,234
Change in unearned premiums (net)	22	(542)	-	(520)
Premiums earned (net)	**51,631**	**24,083**	**-**	**75,714**
2019				
Premiums written				
Gross	57,210	25,820	(111)	82,919
Ceded	(5,056)	(602)	111	(5,547)
Net	52,154	25,218	-	77,372
Change in unearned premiums (net)	(826)	(632)	-	(1,458)
Premiums earned (net)	**51,328**	**24,586**	**-**	**75,914**

22 _ Interest and similar income

Interest and similar income
€ mn

	2020	2019
Dividends from available-for-sale investments	2,260	2,405
Interest from available-for-sale investments	13,575	13,936
Interest from loans to banks and customers	3,676	3,879
Rent from real estate held for investment	1,007	929
Other	877	1,283
Total	**21,395**	**22,433**

23 _ Income from financial assets and liabilities carried at fair value through income (net)

Income from financial assets and liabilities carried at fair value through income (net)
€ mn

	2020	2019
Income from financial assets and liabilities held for trading (net)	4,983	(2,709)
Income from financial assets and liabilities designated at fair value through income (net)	218	557
Income from financial liabilities for puttable financial instruments (net)	(140)	(199)
Foreign currency gains and losses (net)[1]	(5,130)	741
Total	**(69)**	**(1,609)**

1_These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items and not measured at fair value through income.

24 _ Realized gains/losses (net)

Realized gains/losses (net)
€ mn

	2020	2019
REALIZED GAINS		
Available-for-sale investments		
Equity securities	4,440	3,104
Debt securities	6,838	4,467
Subtotal	11,277	7,571
Other	1,443	869
Subtotal	12,721	8,440
REALIZED LOSSES		
Available-for-sale investments		
Equity securities	(1,731)	(444)
Debt securities	(639)	(539)
Subtotal	(2,370)	(983)
Other	(95)	(181)
Subtotal	(2,465)	(1,163)
Total	**10,256**	**7,276**

25 _ Fee and commission income

Fee and commission income
€ mn

	2020	2019
PROPERTY-CASUALTY		
Fees from credit and assistance business	1,225	1,568
Service agreements	415	378
Subtotal	1,640	1,946
LIFE/HEALTH		
Investment advisory	1,345	1,450
Service agreements	155	185
Subtotal	1,500	1,635
ASSET MANAGEMENT		
Management and advisory fees	8,336	8,089
Loading and exit fees	389	405
Performance fees	402	490
Other	63	51
Subtotal	9,190	9,035
CORPORATE AND OTHER		
Service agreements	2,001	1,684
Investment advisory and banking activities	670	705
Subtotal	2,671	2,390
CONSOLIDATION	(2,953)	(2,709)
Total	**12,049**	**12,296**

26 _ Claims and insurance benefits incurred (net)

Claims and insurance benefits incurred (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2020				
Gross	(40,066)	(21,799)	46	(61,818)
Ceded	4,183	591	(46)	4,728
Net	**(35,883)**	**(21,208)**	**-**	**(57,091)**
2019				
Gross	(38,073)	(21,528)	69	(59,532)
Ceded	3,173	573	(65)	3,681
Net	**(34,900)**	**(20,956)**	**4**	**(55,851)**

27 _ Change in reserves for insurance and investment contracts (net)

Change in reserves for insurance and investment contracts (net)
€ mn

	Property-Casualty	Life/Health	Consolidation	Group
2020				
Gross	(320)	(12,965)	30	(13,255)
Ceded	12	281	(13)	279
Net	**(308)**	**(12,684)**	**17**	**(12,976)**
2019				
Gross	(466)	(13,559)	29	(13,997)
Ceded	1	270	-	271
Net	**(465)**	**(13,289)**	**29**	**(13,726)**

28 _ Interest expenses

Interest expenses
€ mn

	2020	2019
Liabilities to banks and customers	(83)	(120)
Deposits retained for reinsurance ceded	(88)	(78)
Certificated liabilities	(159)	(217)
Subordinated liabilities	(565)	(595)
Other	(104)	(99)
Total	**(999)**	**(1,110)**

29 _ Impairments of investments (net)

Impairments of investments (net)
€ mn

	2020	2019
Impairments		
Available-for-sale investments		
Equity securities	(4,549)	(1,192)
Debt securities	(493)	(363)
Subtotal	(5,041)	(1,555)
Other	(439)	(275)
Non-current assets and assets of disposal groups classified as held for sale	-	(10)
Subtotal	(5,481)	(1,839)
Reversals of impairments	14	15
Total	**(5,467)**	**(1,824)**

30 _ Investment expenses

Investment expenses
€ mn

	2020	2019
Investment management expenses	(905)	(805)
Expenses from real estate held for investment	(447)	(403)
Expenses from fixed assets from alternative investments	(288)	(286)
Total	**(1,640)**	**(1,494)**

31 _ Acquisition and administrative expenses (net)

Acquisition and administrative expenses (net)
€ mn

	2020	2019
PROPERTY-CASUALTY		
Acquisition costs[1]	(10,359)	(10,801)
Administrative expenses	(3,487)	(3,318)
Subtotal	(13,846)	(14,119)
LIFE/HEALTH		
Acquisition costs	(5,144)	(4,624)
Administrative expenses	(1,898)	(1,825)
Subtotal	(7,042)	(6,449)
ASSET MANAGEMENT		
Personnel expenses	(2,805)	(2,774)
Non-personnel expenses[2]	(1,696)	(1,710)
Subtotal	(4,501)	(4,483)
CORPORATE AND OTHER		
Administrative expenses	(1,221)	(1,134)
Subtotal	(1,221)	(1,134)
CONSOLIDATION	(35)	(61)
Total	**(26,644)**	**(26,247)**

1_Include € 904 mn (2019: € 699 mn) ceded acquisition costs.
2_Include € 57 mn (2019: € 95 mn) changes in assets and € (57) mn (2019: € (95) mn) changes in liabilities related to certain deferred compensation programs, entirely offsetting each other.

32 _ Fee and commission expenses

Fee and commission expenses
€ mn

	2020	2019
PROPERTY-CASUALTY		
Fees from credit and assistance business	(1,242)	(1,550)
Service agreements	(375)	(337)
Subtotal	(1,617)	(1,888)
LIFE/HEALTH		
Investment advisory	(605)	(683)
Service agreements	(108)	(111)
Subtotal	(712)	(795)
ASSET MANAGEMENT		
Commissions	(1,794)	(1,843)
Other	(38)	(21)
Subtotal	(1,833)	(1,864)
CORPORATE AND OTHER		
Service agreements	(1,931)	(1,719)
Investment advisory and banking activities	(353)	(387)
Subtotal	(2,284)	(2,106)
CONSOLIDATION	2,421	2,143
Total	**(4,024)**	**(4,509)**

33 _ Income taxes

Income taxes
€ mn

	2020	2019
Current income taxes	(2,264)	(3,006)
Deferred income taxes	(207)	230
Total	**(2,471)**	**(2,776)**

During the year ended 31 December 2020, current income taxes included expenses of € 55 mn (2019: € 149 mn) related to prior years, deferred income taxes included income of € 18 mn (2019: € 102 mn) related to prior years.

Of the deferred income taxes for the year ended 31 December 2020, expenses of € 70 mn (2019: income of € 326 mn) are attributable to the recognition of deferred taxes on temporary differences, and expenses of € 129 mn (2019: € 93 mn) are attributable to tax losses carried forward. Changes of applicable tax rates due to changes in tax law lead to deferred tax expenses of € 8 mn (2019: € 3 mn).

For the years ended 31 December 2020 and 2019, the income taxes relating to components of other comprehensive income consist of the following:

Income taxes relating to components of other comprehensive income
€ mn

	2020	2019
Items that may be reclassified to profit or loss in future periods		
Foreign currency translation adjustments	(155)	98
Available-for-sale investments	(2,018)	(2,923)
Cash flow hedges	(26)	(57)
Share of other comprehensive income of associates and joint ventures	(16)	14
Miscellaneous	(7)	37
Items that may never be reclassified to profit or loss		
Changes in actuarial gains and losses on defined benefit plans	78	411
Total	**(2,145)**	**(2,421)**

The recognized income taxes for the year ended 31 December 2020 are € 123 mn above (2019: € 47 mn below) the calculated income taxes, which are determined by multiplying the respective income before income taxes with the applicable country-specific tax rates. The following table shows the reconciliation from the calculated income taxes to the effectively recognized income taxes for the Allianz Group. The Allianz Group's reconciliation is a summary of the individual company-related reconciliations, which are based on the respective country-specific tax rates taking into consideration consolidation effects with an impact on the Group result. The applicable tax rate used in the reconciliation for domestic Allianz Group companies includes corporate tax, trade tax, and the solidarity surcharge, and amounted to 31.0 % (2019: 31.0 %).

The effective tax rate is determined on the basis of the effective income tax expenses on income before income taxes.

Effective tax rate
€ mn

	2020	2019
Income before income taxes	9,604	11,077
Applied weighted income tax rate	24.4%	25.5%
Calculated income taxes	**2,348**	**2,823**
Trade tax and similar taxes	216	223
Net tax-exempt income	(183)	(389)
Effects of tax losses	27	21
Other effects	63	98
Effective income taxes	**2,471**	**2,776**
Effective tax rate	**25.7%**	**25.1%**

For the year ended 31 December 2020, the write-down of deferred taxes on tax losses carried forward increased the tax expenses by € 46 mn (2019: € 137 mn). The reversal of write-down of deferred tax assets on tax losses carried forward resulted in deferred tax income of € 0 mn (2019: € 66 mn). Due to the use of tax losses carried forward, for which deferred tax assets had previously been written off, the current income tax expenses decreased by € 1 mn (2019: € 1 mn). Deferred tax income increased by € 19 mn (2019: € 48 mn) due to the use of tax losses carried forward, for which deferred tax assets had previously been written off. The above-mentioned effects are shown in the reconciliation statement as "effects of tax losses".

The reconciling item "other effects" includes expenses of € 17 mn (2019: € 29 mn) related to the write-down of deferred tax assets on temporary differences and tax credits. Deferred tax income increased by € 1 mn (2019: € 12 mn) due to the reversal of write-down of deferred tax assets on temporary differences and tax credits.

The tax rates used in the calculation of the Allianz Group's deferred taxes are the applicable national rates, which in 2020 ranged from 10.0 % to 40.0 %, with changes to tax rates that had already been adopted in the Netherlands and the United Kingdom by 31 December 2020 taken into account.

Deferred tax assets on losses carried forward are recognized to the extent to which it is more likely than not that sufficient future taxable profits will be available for realization. Entities which suffered a tax loss in either the current or the preceding period recognized deferred tax assets in excess of deferred tax liabilities amounting to € 363 mn (2019: € 459 mn), as there was convincing other evidence that sufficient future taxable profit will be available.

DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities
€ mn

As of 31 December	2020	2019
DEFERRED TAX ASSETS		
Financial assets carried at fair value through income	111	24
Investments	14,648	12,423
Deferred acquisition costs	2,098	1,593
Other assets	1,239	1,207
Intangible assets	221	168
Tax losses carried forward	1,544	1,724
Insurance reserves	44,215	38,529
Pensions and similar obligations	5,168	4,997
Other liabilities	2,141	1,942
Total deferred tax assets	71,383	62,607
Non-recognition or valuation allowance for deferred tax assets on tax losses carried forward	(712)	(742)
Effect of netting	(69,665)	(60,732)
Net deferred tax assets	**1,006**	**1,133**
DEFERRED TAX LIABILITIES		
Financial assets carried at fair value through income	651	519
Investments	42,266	35,154
Deferred acquisition costs	7,338	7,245
Other assets	2,336	1,695
Intangible assets	908	770
Insurance reserves	21,276	18,420
Pensions and similar obligations	3,023	2,903
Other liabilities	461	564
Total deferred tax liabilities	78,260	67,269
Effect of netting	(69,665)	(60,732)
Net deferred tax liabilities	**8,595**	**6,538**
Net deferred tax assets (liabilities)	**(7,589)**	**(5,405)**

Taxable temporary differences associated with investments in Allianz Group companies for which no deferred tax liabilities are recognized, as the Allianz Group is able to control the timing of their reversal, and which will not reverse in the foreseeable future, amounted to € 1,866 mn (2019: € 1,951 mn). Deductible temporary differences arising from investments in Allianz Group companies for which no deferred tax assets are recognized, as it is not probable that they will reverse in the foreseeable future, amounted to € 41 mn (2019: € 68 mn).

TAX LOSSES CARRIED FORWARD

Tax losses carried forward at 31 December 2020 of € 6,417 mn (2019: € 7,379 mn) resulted in the recognition of deferred tax assets to the extent that there is sufficient certainty that the unused tax losses will be utilized. At the reporting date, this prerequisite was not fulfilled for a partial amount of € 2,755 mn (2019: € 2,803 mn). According to tax legislation as of 31 December 2020, an amount of € 2,484 mn (2019: € 2,510 mn) of these tax losses may be carried forward indefinitely and in unlimited amounts, whereas an amount of € 271 mn (2019: € 293 mn) of these tax losses carried forward will expire over the next 20 years if not utilized.

Tax losses carried forward are scheduled according to their expiry periods as follows:

Tax losses carried forward
€ mn

	2020
2021	18
2022-2023	28
2024-2025	43
2026-2030	560
>10 years	1,079
Unlimited	4,689
Total	**6,417**

OTHER INFORMATION

34 _ Derivative financial instruments

Derivative financial instruments
€ mn

As of 31 December	2020						2019		
	Maturity by notional amount			Notional principal amounts	Positive fair values	Negative fair values	Notional principal amounts	Positive fair values	Negative fair values
	Up to 1 year	1 - 5 years	Over 5 years						
Interest rate contracts	39,459	25,127	73,427	138,013	1,541	(117)	118,719	1,199	(163)
Equity/index contracts	311,528	3,536	18,643	333,707	13,530	(23,733)	360,266	5,599	(17,767)
Foreign exchange contracts	111,716	3,348	1,637	116,701	1,493	(471)	95,045	765	(646)
Other	1,557	24,105	817	26,479	34	(2)	7,397	23	(5)
Total	**464,260**	**56,116**	**94,524**	**614,900**	**16,598**	**(24,323)**	**581,427**	**7,586**	**(18,581)**
thereof OTC[1]	374,439	55,609	94,524	524,572	15,738	(24,223)	481,746	7,284	(18,517)
thereof exchange-traded	89,821	507	-	90,328	860	(100)	99,681	302	(64)

1_Consists mainly of equity/index contracts and foreign exchange contracts.

The table shows the fair value and notional amounts of all freestanding derivatives, as well as derivatives for which hedge accounting is applied by the Allianz Group, as of 31 December 2020 and 2019, respectively. The notional principal amounts indicated in the table are cumulative, as they include the absolute value of the notional principal amounts of derivatives with positive and negative fair values. Although these notional principal amounts reflect the degree of the Allianz Group's involvement in derivative transactions, they do not represent amounts exposed to risk. Further information on the use of derivatives to hedge risk can be found in the sections on market and credit risk of the Risk and Opportunity Report, which forms part of the Group Management Report.

FREESTANDING DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2020, freestanding derivatives, which are included in the line item financial assets and liabilities held for trading, had a notional principal amount of € 586.9 bn (2019: € 560.3 bn) as well as a positive fair value of € 15.5 bn (2019: € 6.9 bn) and a negative fair value of € 24.1 bn (2019: € 18.0 bn). Out of the total allocated to the freestanding derivatives, € 111.6 bn (2019: € 119.9 bn) of the notional principal relate to annuity products. Annuity products are equity-indexed or contain certain embedded options or guarantees which are considered embedded derivatives under IAS 39. For these embedded derivatives, the notional principal amounts included in the table refer to the account value of the related insurance contracts. The total negative fair value of these embedded derivatives amounts to € 12.4 bn (2019: € 13.5 bn). Further information on the fair value measurement of these derivatives can be found in note 35.

DERIVATIVE FINANCIAL INSTRUMENTS USED IN ACCOUNTING HEDGES

As of 31 December 2020, derivatives, which form part of hedge accounting relationships and which are included in the line items other assets and other liabilities, had a notional amount of € 28.0 bn (2019: € 21.1 bn) as well as a positive fair value of € 1.1 bn (2019: € 0.7 bn) and a negative fair value of € 0.2 bn (2019: € 0.5 bn). These hedging instruments mainly include interest rate forwards with a total positive fair value of € 0.5 bn (2019: € 0.4 bn).

FAIR VALUE HEDGES

The Allianz Group uses fair value hedges to hedge the exposure to changes in the fair value of financial assets due to movements in interest or exchange rates and to hedge its equity portfolio against equity market risk. As of 31 December 2020, the derivative financial instruments used for the related fair value hedges of the Allianz Group had a total positive fair value of € 58 mn (2019: total negative fair value of € 24 mn).

CASH FLOW HEDGES

During the year ended 31 December 2020, cash flow hedges were used to hedge the exposure to the variability of cash flows arising from interest rate or exchange rate fluctuations as well as inflation. As of 31 December 2020, the derivative instruments utilized had a total positive fair value of € 620 mn (2019: € 503 mn).

The ineffectiveness that arises from cash flow hedges is immaterial.

HEDGE OF NET INVESTMENT IN FOREIGN OPERATIONS

As of 31 December 2020, the Allianz Group hedged part of its foreign currency net investments through the issuance of several foreign currency denominated liabilities and the use of forward sales. The total positive fair value in 2020 was € 212 mn (2019: total negative fair value of € 310 mn).

OFFSETTING

The Allianz Group enters into enforceable master netting arrangements and similar arrangements mainly for derivatives transactions. None of these enforceable master netting arrangements or similar arrangements meet the requirements for offsetting in line with IAS 32.

Credit risk associated with netting arrangements is further mitigated by collateral. For further information on collateral, please refer to note 35. The maximum credit risk exposure is represented by the carrying amount of the financial assets.

35 _ Fair values and carrying amounts of financial instruments

Certain risk disclosure requirements of IFRS 7 are reflected in the following sections of the Risk and Opportunity Report within the Group Management Report:

- Risk-based steering and risk management,
- Internal risk capital framework,
- Allianz risk profile and management assessment,
- Market risk, credit risk, and liquidity risk in the section Quantifiable risks and opportunities by risk category.

FAIR VALUES AND CARRYING AMOUNTS

The following table compares the carrying amount and fair value of the Allianz Group's financial assets and financial liabilities:

Fair values and carrying amounts of financial instruments
€ mn

As of 31 December	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Cash and cash equivalents	22,443	22,443	21,075	21,075
Financial assets held for trading	16,107	16,107	7,566	7,566
Financial assets designated at fair value through income	5,084	5,084	5,620	5,620
Available-for-sale investments	621,777	621,777	593,178	593,178
Held-to-maturity investments	2,563	2,884	2,589	2,887
Investments in associates and joint ventures	14,570	17,706	13,462	16,754
Real estate held for investment	14,294	25,094	13,049	23,463
Loans and advances to banks and customers	116,576	138,198	112,672	131,216
Financial assets for unit-linked contracts	137,307	137,307	132,168	132,168
FINANCIAL LIABILITIES				
Financial liabilities held for trading	24,079	24,079	18,049	18,049
Liabilities to banks and customers	14,722	14,768	13,445	13,475
Financial liabilities for unit-linked contracts	137,307	137,307	132,168	132,168
Financial liabilities for puttable financial instruments	2,072	2,072	2,073	2,073
Certificated liabilities	9,206	10,409	9,209	10,375
Subordinated liabilities	14,034	15,039	13,238	14,334

As of 31 December 2020, fair values could not reliably be measured for equity investments with carrying amounts totaling € 98 mn (2019: € 81 mn). These investments are primarily investments in privately held corporations and partnerships. During the year ended 31 December 2020, such investments with carrying amounts of € 93 mn (2019: € 61 mn) were sold. The gains and losses from these disposals were immaterial.

FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,
- Financial assets and liabilities for unit-linked contracts, and
- Financial liabilities for puttable financial instruments.

The following table presents the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheet as of 31 December 2020 and 2019:

Fair value hierarchy (items carried at fair value)
€ mn

As of 31 December	2020				2019			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Financial assets carried at fair value through income								
Financial assets held for trading	1,029	15,070	8	16,107	394	7,099	73	7,566
Financial assets designated at fair value through income	3,983	798	303	5,084	3,740	1,723	158	5,620
Subtotal	5,012	15,868	311	21,190	4,133	8,822	231	13,187
Available-for-sale investments								
Corporate bonds	12,986	240,154	29,511	282,651	11,645	230,327	26,391	268,363
Government and government agency bonds	15,431	227,551	839	243,820	17,836	204,721	843	223,400
MBS/ABS	35	27,703	284	28,023	46	28,154	253	28,453
Other	569	973	7,197	8,740	1,102	1,123	5,932	8,156
Equity securities	36,483	433	21,628	58,543	45,755	878	18,173	64,805
Subtotal	65,504	496,814	59,459	621,777	76,384	465,203	51,591	593,178
Financial assets for unit-linked contracts	103,746	32,260	1,302	137,307	103,695	27,314	1,159	132,168
Total	**174,262**	**544,941**	**61,071**	**780,274**	**184,212**	**501,338**	**52,982**	**738,532**
FINANCIAL LIABILITIES								
Financial liabilities held for trading	202	11,573	12,304	24,079	130	4,832	13,087	18,049
Financial liabilities for unit-linked contracts	103,746	32,260	1,302	137,307	103,695	27,314	1,159	132,168
Financial liabilities for puttable financial instruments	1,662	106	305	2,072	1,674	85	314	2,073
Total	**105,609**	**43,939**	**13,910**	**163,458**	**105,499**	**32,231**	**14,561**	**152,290**

1_Quoted prices in active markets.
2_Market observable inputs.
3_Non-market observable inputs.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets held for trading

This position mainly includes derivative financial instruments. The fair value of these derivatives is mostly determined based on the income approach, using present value techniques and the Black-Scholes-Merton model. Primary inputs for the valuation include volatilities, interest rates, yield curves, and foreign exchange rates observable at commonly quoted intervals. In some cases, it is determined based on the market approach.

Financial assets designated at fair value through income

The fair value is mainly determined based on net asset values for funds and using the market approach.

AVAILABLE-FOR-SALE INVESTMENTS

Debt securities

Debt securities include corporate and government and government agency bonds, MBS/ABS, and other debt securities.

The valuation techniques for these debt securities are similar. The fair value is determined using the market and the income approach. Primary inputs for the market approach are quoted prices for identical or comparable assets in active markets where comparability between the security and the benchmark defines the fair value level. The income approach in most cases means that a present value technique is applied where either the cash flows or the discount curve is adjusted to reflect credit risk and/or liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified as level 2 or level 3.

Level 3 investments are mainly priced based on the income approach. The primary non-market observable input used in the discounted cash flow method is an option-adjusted spread taken from a set of benchmark securities with similar characteristics. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. However, a 10 % stress of the main non-market observable inputs has only immaterial impact on fair value.

Equity securities

For level 2, the fair value is mainly determined using the market approach or net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants.

Level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group, and in most cases are delivered as net asset values by the fund managers. These net asset values are calculated using material, non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers, hence a narrative sensitivity analysis is not applicable. The fund's asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines, using discounted cash flow (income approach) or multiple methods (market approach). For certain investments, the capital invested is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS

For level 2, the fair value is determined using the market or the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

FINANCIAL LIABILITIES HELD FOR TRADING

This position mainly includes derivative financial instruments.

For level 2, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes-Merton model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals, and credit spreads observable in the market.

For level 3, the fair value is determined using the income or the market approach. Valuation techniques applied for the income approach mainly include discounted cash flow models. A significant proportion of level 3 liabilities represent derivatives embedded in certain life insurance and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates. A significant decrease (increase) in surrender rates, in mortality rates, or in the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect.

A significant decrease (increase) in withdrawal benefit election could result in a lower (higher) fair value. A 10 % change of the mortality assumption for all fixed index annuities and variable annuities could lead to a change in fair value of the embedded derivatives of up to 3.2 %. A 10 % change of the surrender assumption for all fixed index annuities and variable annuities could lead to a change in fair value of the embedded derivatives of up to 3.3 %.

Quantitative description of non-market observable input(s) used for the level 3 portfolios

Description	Non-market observable input(s)	Range
Fixed index annuities	Annuitizations	0 % - 25 %
	Surrenders	0 % - 25 %
	Mortality	n/a[1]
	Withdrawal benefit election	0 % - 50 %
Variable annuities	Surrenders	0.5 % - 35 %
	Mortality	n/a[1]

1_Mortality assumptions are mainly derived from the Annuity 2000 Mortality Table.

FINANCIAL LIABILITIES FOR PUTTABLE FINANCIAL INSTRUMENTS

Financial liabilities for puttable financial instruments are generally required to be recorded at the redemption amount with changes recognized in income or equity. The fair value is based on the net asset value or the use of present value techniques.

SIGNIFICANT TRANSFERS OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

In general, financial assets and liabilities are transferred from level 1 to level 2 when their liquidity, trade frequency, and activity are no longer indicative of an active market. The same policy applies conversely for transfers from level 2 to level 1.

Transfers into/out of level 3 may occur due to a reassessment of input parameters.

Reconciliation of level 3 financial instruments

The following tables show reconciliations of the financial instruments carried at fair value and classified as level 3:

Reconciliation of level 3 financial assets

€ mn

	Financial assets carried at fair value through income	Available-for-sale investments – Debt securities[1]	Available-for-sale investments – Equity securities	Financial assets for unit-linked contracts	Total
Carrying value (fair value) as of 1 January 2020	**231**	**33,418**	**18,173**	**1,159**	**52,982**
Additions through purchases and issues	166	5,475	6,802	206	12,649
Net transfers into (out of) level 3	1	362	51	(7)	407
Disposals through sales and settlements	(841)	(1,492)	(1,781)	(44)	(4,159)
Net gains (losses) recognized in consolidated income statement	772	(211)	4	14	578
Net gains (losses) recognized in other comprehensive income	-	1,224	(409)	-	815
Impairments	-	(47)	(704)	-	(751)
Foreign currency translation adjustments	(18)	(1,329)	(173)	(4)	(1,523)
Changes in the consolidated subsidiaries of the Allianz Group	-	431	(335)	(22)	74
Carrying value (fair value) as of 31 December 2020	**311**	**37,831**	**21,628**	**1,302**	**61,071**
Net gains (losses) recognized in consolidated income statement held at the reporting date	(68)	(298)	4	14	(348)

1_Primarily include corporate bonds.

Reconciliation of level 3 financial liabilities

€ mn

	Financial liabilities held for trading	Financial liabilities for unit-linked contracts	Financial liabilities for puttable financial instruments	Total
Carrying value (fair value) as of 1 January 2020	**13,087**	**1,159**	**314**	**14,561**
Additions through purchases and issues	583	206	5	794
Net transfers into (out of) level 3	-	(7)	-	(7)
Disposals through sales and settlements	(1,356)	(44)	(14)	(1,415)
Net losses (gains) recognized in consolidated income statement	1,124	14	-	1,138
Foreign currency translation adjustments	(1,135)	(4)	-	(1,139)
Changes in the consolidated subsidiaries of the Allianz Group	-	(22)	-	(22)
Carrying value (fair value) as of 31 December 2020	**12,304**	**1,302**	**305**	**13,910**
Net losses (gains) recognized in consolidated income statement held at the reporting date	638	14	-	652

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment or if fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 29.

FAIR VALUE INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

Fair value hierarchy (items not carried at fair value)
€ mn

As of 31 December	2020				2019			
	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
FINANCIAL ASSETS								
Held-to-maturity investments	1,169	1,711	5	2,884	1,137	1,744	5	2,887
Investments in associates and joint ventures	1	584	17,121	17,706	1	661	16,092	16,754
Real estate held for investment	-	-	25,094	25,094	-	-	23,463	23,463
Loans and advances to banks and customers	5,943	66,046	66,209	138,198	6,493	66,708	58,015	131,216
Total	**7,112**	**68,341**	**108,429**	**183,883**	**7,631**	**69,113**	**97,575**	**174,320**
FINANCIAL LIABILITIES								
Liabilities to banks and customers	8,674	3,335	2,760	14,768	7,362	3,343	2,770	13,475
Certificated liabilities	-	10,231	178	10,409	-	10,191	184	10,375
Subordinated liabilities	-	15,039	-	15,039	-	14,334	-	14,334
Total	**8,674**	**28,605**	**2,938**	**40,216**	**7,362**	**27,868**	**2,954**	**38,184**

1_Quoted prices in active markets.
2_Market observable inputs.
3_Non-market observable inputs.

HELD-TO-MATURITY INVESTMENTS

For level 2 and level 3, the fair value is mainly determined based on the market approach using quoted market prices and the income approach using deterministic discounted cash flow models.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

For level 2 and level 3, fair values are mainly based on the income approach, using a discounted cash flow method or net asset values as provided by third-party vendors.

REAL ESTATE HELD FOR INVESTMENT

Fair values are mostly determined using the market or the income approach. Valuation techniques applied for the market approach include market prices of identical or comparable assets in markets that are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

For loans and advances to banks and customers, quoted market prices are rarely available. Level 1 mainly consists of highly liquid advances, e.g., short-term investments. The fair value for these assets in level 2 and level 3 is mainly derived based on the income approach using deterministic discounted cash flow models.

LIABILITIES TO BANKS AND CUSTOMERS

Level 1 mainly consists of highly liquid liabilities, e.g., payables on demand. The fair value for liabilities in level 2 and level 3 is mainly derived based on the income approach, using future cash flows discounted with risk-specific interest rates. Main non-market observable inputs include credit spreads. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate of the fair value.

CERTIFICATED LIABILITIES AND SUBORDINATED LIABILITIES

For level 2, the fair value is mainly determined based on the market approach, using quoted market prices, and based on the income approach, using present value techniques. For level 3, fair values are mainly derived based on the income approach, using deterministic cash flows with credit spreads as primary non-market observable inputs. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

TRANSFERS OF FINANCIAL ASSETS

As of 31 December 2020, the Allianz Group substantially retained all the risks and rewards from the ownership of transferred assets. There have not been any transfers of financial assets that were derecognized in full or partly in which Allianz continues to control the transferred assets. Transfers of financial assets mainly relate to securities lending and repurchase agreement transactions. Financial assets transferred in the context of repurchase agreement and securities lending transactions are mainly available-for-sale debt and equity securities for which substantially all of the risks and rewards are retained. As of 31 December 2020, the carrying amount of the assets transferred for securities lending transactions amounted to € 11,352 mn (2019: € 9,009 mn). For repurchase agreements, the carrying amount of the assets transferred amounted to € 908 mn (2019: € 910 mn) and the carrying amount of the associated liabilities amounted to € 906 mn (2019: € 914 mn).

ASSETS PLEDGED AS COLLATERAL

The carrying amounts of the assets pledged as collateral are displayed in the following table:

Assets pledged as collateral
€ mn

As of 31 December	2020	2019
Collaterals without right to resell or repledge		
Investments	12,106	11,450
Other	5	5
Subtotal	12,111	11,455
Collaterals with right to resell or repledge		
Investments	7,090	4,224
Subtotal	7,090	4,224
Total	**19,201**	**15,679**

Financial assets are pledged as collateral as part of sales and repurchases, securities borrowing, and transactions with derivatives, under terms that are usual and customary for such activities.

In addition, as part of these transactions, the Allianz Group has received collateral that it is permitted to sell or repledge in the absence of default. As of 31 December 2020, the Allianz Group received collateral consisting of fixed income and equity securities with a fair value of € 14,187 mn (2019: € 8,972 mn), which the Allianz Group has the right to sell or repledge. For the years ended 31 December 2020 and 2019, no previously received collateral was sold or repledged by the Allianz Group.

36 _ Interests in unconsolidated structured entities

NATURE, PURPOSE, AND ROLE OF THE ALLIANZ GROUP IN STRUCTURED ENTITIES

Under IFRS 12, a structured entity is defined as an entity that has been designed so that voting rights or similar rights held by an investor are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The Allianz Group engages in some business activities that involve the use of entities that meet the above-mentioned definition of structured entities. Primarily, the Allianz Group is involved with such entities due to its investment activities associated with its insurance business and due to its asset management activities. Furthermore, structured entities are used by the Allianz Group to source out certain risks to investors as part of its reinsurance business. Generally, the classification of an entity as a structured entity may require significant judgement.

In the following sections, the business activities involving unconsolidated structured entities are described.

INVESTMENTS IN ASSET-BACKED SECURITIES (ABS) AND MORTGAGE-BACKED SECURITIES (MBS) ISSUED BY SECURITIZATION VEHICLES

The Allianz Group acts as an investor in ABS- or MBS-issuing securitization vehicles that purchase pools of assets including commercial mortgage loans (CMBS), auto loans, credit card receivables, and others. These securitization vehicles refinance the purchase of assets by issuing tranches of ABS or MBS whose repayment is linked to the performance of the assets held by the vehicles.

Securitization vehicles invested in by the Allianz Group have generally been set up by third parties. Furthermore, the Allianz Group has neither transferred any assets to these vehicles nor has it provided any further credit enhancements to them.

Income derived from investments in securitization vehicles mainly includes interest income generated from ABS and MBS, as well as realized gains and losses from disposals of these securities.

Within the asset management business, the Allianz Group acts as asset manager for some securitization vehicles. The assets under management of these vehicles amounted to € 1,517 mn as of 31 December 2020 (2019: € 1,034 mn). Some of the affected vehicles have been set up by the Allianz Group, others by third parties. In this context, the role of the Allianz Group is limited to asset management. The Allianz Group has not invested in these vehicles being managed.

Income derived from the management of securitization vehicles comprises asset management fees.

INVESTMENTS IN INVESTMENT FUNDS

Considering the broad variety of investment funds across different jurisdictions, the classification of investment funds as structured entities based on the definition in IFRS 12 is judgmental. As a general rule, the management of relevant activities of an investment fund is delegated to the fund manager via asset management agreements. In contrast, influence from investors on the relevant activities of investment funds is usually either precluded by legal or regulatory provisions or not deemed substantial.

Investment funds are generally subject to stringent regulatory requirements from financial authorities in all jurisdictions across the world. Comprehensive regulation of funds protects fund investors and also helps to limit investment risk. These mechanisms result in a legal set-up of funds that the Allianz Group has to accept as investor and which may lead to a classification as structured entities under IFRS 12.

With regard to investment activities, income mainly includes distributions from the funds as well as realized gains and losses from disposals.

ASSET MANAGEMENT ACTIVITIES

Within the asset management business, investment funds are established and managed to accommodate retail and institutional clients' requirements to hold investments in specific asset classes, market segments, or regions. Within the insurance business, policyholder money is partly invested in investment funds managed by Allianz's group-internal asset managers. Investment funds managed by Allianz Group may include mutual funds, special funds, and other funds.

Income derived from the management of investment funds mainly includes asset management fees and performance-based fees.

Investment funds launched by group-internal asset managers can be considered to be sponsored by the Allianz Group. As a sponsor, the Allianz Group is involved in the legal set-up and marketing of internally managed investment funds through its asset management subsidiaries. This may include providing seed capital to the funds and providing administrative services to ensure the investment funds' operation. Investment funds managed by group-internal asset managers can be reasonably associated with the Allianz Group. The use of the Allianz name for investment funds is another indicator that the Allianz Group has acted as a sponsor for the respective funds. Information on the management fees generated in the asset management business is disclosed in note 25.

NATURE OF RISKS ASSOCIATED WITH UNCONSOLIDATED STRUCTURED ENTITIES

INTERESTS IN ASSET-BACKED SECURITIES (ABS) AND MORTGAGE-BACKED SECURITIES (MBS) ISSUED BY SECURITIZATION VEHICLES

Carrying amounts of ABS and MBS investments by type of category
€ mn

As of 31 December	2020	2019
CMBS	13,079	12,862
CMO/CDO	6,394	5,575
U.S. Agency	3,919	5,096
Auto	677	940
Credit Card	65	107
Other	3,940	4,279
Total[1,2]	**28,074**	**28,858**

1_Comprises mainly investments.
2_Thereof rated AAA or AA € 25,357 mn (2019: € 26,445 mn).

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 26,711 mn (2019: € 28,162mn). In a very extreme scenario, this amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it intend to provide such support in the future.

INVESTMENTS IN INVESTMENT FUNDS

Investments in investment funds by asset class
€ mn

As of 31 December	2020	2019
Private equity funds	19,037	15,933
Debt funds	9,695	8,817
Property funds	7,774	7,132
Stock funds	3,440	5,417
Other funds	1,617	1,072
Total[1]	**41,563**	**38,372**

1_Comprises mainly investments.

Of this investment fund exposure of Allianz Group, investments of € 11.3 bn (2019: € 14.1 bn) relate to listed investment funds, whereas investments of € 30.2 bn (2019: € 24.2 bn) relate to unlisted investment funds.

As of the reporting date, the Allianz Group has receivables from unconsolidated investment funds, which are mainly due in return for asset management services, amounting to € 1,056 mn (2019: € 1,036 mn). Furthermore, the Allianz Group has entered commitments to invest in private equity funds and further financial instruments of up to € 25,017 mn as of 31 December 2020 (2019: € 20,691 mn).

The carrying amounts in the tables listed above correspond to an aggregated amortized cost amount of € 36,425 mn (2019: € 32,421 mn). In a very extreme scenario, this amortized cost amount represents the maximum exposure to loss for the Allianz Group from these investments. In the reporting period, the Allianz Group has not provided any financial or other support to these entities, nor does it have the intention to provide such support in the future.

Besides the above-mentioned investments in investment funds, the Allianz Group also holds investment funds to fund unit-linked insurance contracts. However, these holdings are held on behalf and for the benefit of unit-linked policyholders only. For that reason, these holdings are not included in the above-mentioned table. As of 31 December 2020, the volume of unit-linked assets amounted to € 137,307 mn (2019: € 132,168 mn). Any exposure to loss on these investments is solely borne by the unit-linked policyholder.

37 _ Related party transactions

The following table sets out the remuneration of the board members according to IAS 24.17:

Remuneration of the board members according to IAS 24.17
€ mn

As of 31 December	2020	2019
Short-term employee benefits	18	21
Post-employment benefits	6	5
Share-based payment	21	20
Total	**45**	**45**

Further information on the remuneration of board members and transactions with these persons can be found in the Remuneration Report.

Transactions between Allianz SE and its subsidiaries that are to be deemed related parties have been eliminated in the consolidation and are not disclosed in the notes.

Business relations with joint ventures and associates are set on an arm's length basis.

Due to reinsurance agreements with the joint venture Enhanzed Reinsurance Ltd., Allianz SE recognized reinsurance assets and deposits retained for reinsurance ceded amounting to each € 2.3 bn for the year ended 31 December 2020.

38 _ Litigation, guarantees, and other contingencies and commitments

LITIGATION

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of business, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. While it is not feasible to predict or determine the ultimate outcome of such proceedings, they may result in substantial damages or other payments or penalties or result in adverse publicity and damage to the Allianz Group's reputation. As a result, such proceedings could have an adverse effect on the Allianz Group's business, financial condition and results of operations. Apart from the proceedings discussed below, Allianz SE is not aware of any threatened or pending legal, regulatory or arbitration proceedings which may have, or have had in the recent past, significant effects on its and/or the Allianz Group's financial position or profitability. Material proceedings in which Allianz Group companies are involved are in particular the following:

In September 2015 and in January 2017, two separate putative class action complaints were filed against Allianz Life Insurance Company of North America ("Allianz Life") making allegations similar to those made in prior class actions regarding the sale of Allianz Life's annuity products, including allegations of breach of contract and violation of California unfair competition law. In one matter, the Court denied class certification. The case, which continued as an individual action, was settled between the parties with no effect on Allianz Group's financial position. The ultimate outcome of the remaining case cannot yet be determined.

Since July 2020, multiple complaints have been filed in the U.S. Federal Court for the Southern District of New York (the "S.D.N.Y."), and also in certain U.S. State Courts against Allianz Global Investors U.S. LLC ("Allianz GI U.S. LLC") and in certain complaints, against certain of Allianz GI U.S. LLC's affiliates, including Allianz SE and Allianz Asset Management GmbH ("Affiliate Allianz Defendants"), in connection with losses suffered by investors in Allianz GI U.S. LLC's Structured Alpha funds ("Funds") during the COVID-19 related market downturn. The actions brought to date have included institutional investor plaintiffs and individual plaintiffs with certain plaintiffs asserting claims on behalf of putative classes. An investment consultant has also asserted third-party claims against Allianz GI U.S. LLC. Plaintiffs in the pending actions have alleged losses of several billion dollars. In exchange for a tolling agreement, plaintiffs in the actions filed in the S.D.N.Y. have agreed to voluntarily dismiss claims against the Affiliate Allianz Defendants. In addition to the complaints filed to date, other investors in the Funds, or other third parties, may bring similar actions. Allianz intends to defend vigorously against the allegations contained in the complaints. Allianz GI U.S. LLC has also received information requests from the U.S. Securities and Exchange Commission ("SEC") regarding an SEC investigation of the Funds, and is fully cooperating with the SEC's investigation. The ultimate outcome of the court proceedings as well as the SEC investigation cannot yet be determined.

GUARANTEES

Guarantees
€ mn

As of 31 December	2020	2019
Financial guarantees	81	43
Indemnification contracts	106	104
Performance guarantees	23	34
Total	**210**	**181**

COMMITMENTS

Commitments
€ mn

As of 31 December	2020	2019
Commitments to acquire interests in associates and available-for-sale investments	25,017	20,691
Debt investments	7,067	8,197
Other	5,416	4,545
Total	**37,500**	**33,433**

OTHER COMMITMENTS AND CONTINGENCIES

The Tier 1 Capital Securities issued by HT1 Funding GmbH were redeemed on 30 June 2020. This automatically terminated the contingent indemnity agreement between Allianz and HT1 Funding GmbH, pursuant to which Allianz was, under certain circumstances, obliged to make payments to HT1.

Pursuant to §§221 et seq. of the German Insurance Supervision Act ("Versicherungsaufsichtsgesetz" – VAG), mandatory insurance guarantee schemes ("Sicherungsfonds") for life insurers as well as for health insurers are implemented in Germany, which are financed through their member undertakings.

The insurance guarantee scheme for life insurers levies annual contributions and, under certain circumstances, special contributions. As of 31 December 2020, the future liabilities of Allianz Lebensversicherungs-AG and its subsidiaries to the insurance guarantee scheme pursuant to the SichLVFinV amount to annual contributions of € 19.5 mn (2019: € 19.5 mn) and potential special contributions of, in principle, € 270 mn (2019: € 210 mn) per year. In addition, Allianz Lebensversicherungs-AG and some of its subsidiaries have assumed a contractual obligation to provide, if required, further funds to Protektor Lebensversicherungs-AG ("Protektor"), a life insurance company that has assumed the task of the mandatory insurance guarantee scheme for life insurers. Such obligation is, in principle, based on a maximum of 1 % of the sum of the net underwriting reserves with deduction of payments already provided to the insurance guarantee scheme. As of

31 December 2020, and under inclusion of the contributions to the mandatory insurance scheme mentioned above for a limited period of time, and assuming that no other life insurer is exempted from payments, the aggregate outstanding commitment of Allianz Lebensversicherungs-AG and its subsidiaries to the insurance guarantee scheme and to Protektor is € 2,449 mn (2019: € 1,910 mn).

39 _ Lease arrangements

The Allianz Group occupies property in many locations under various long-term leases and has entered into various leases covering the long-term use of data processing equipment and other office equipment.

AS A LESSEE

As of 31 December 2020, the maturities for lease liabilities were as follows:

Maturities for lease liabilities
€ mn

As of 31 December	2020			2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	507	40	467	500	47	453
Between one and five years	1,184	113	1,071	1,287	131	1,156
More than five years	1,310	123	1,187	1,303	121	1,182
Total	**3,001**	**276**	**2,725**	**3,089**	**299**	**2,791**

For the year ended 31 December 2020, the total cash outflow for leases amounted to € 576 mn.

AS A LESSOR

For the year ended 31 December 2020, the lease income for operating leases amounted to € 1,016 mn.

The Allianz Group leases out its investment properties (see note 7) under operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Investment property comprises a number of commercial properties that are leased to third parties.

As of 31 December 2020, the maturities for the future minimum lease payments of operating leases were as follows:

Operating leases - maturities for the future minimum lease payments
€ mn

As of 31 December	2020
One year and less	933
Between 1 and up to 2 years	834
Between 2 and up to 3 years	767
Between 3 and up to 4 years	689
Between 4 and up to 5 years	670
More than 5 years	2,847
Total	**6,741**

40 _ Pensions and similar obligations

OVERVIEW

Retirement benefits in the Allianz Group, which are granted to employees and in Germany also to agents, are either in the form of defined benefit or defined contribution plans. For defined benefit plans, the beneficiary is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance.

The Allianz Group provides competitive and cost-effective retirement and disability benefits using risk appropriate vehicles. The plans may vary from country to country due to the different legal, fiscal and economic environment.

Risks typically associated with defined benefit plans are biometric risks such as longevity, disability, and death as well as economic risks such as interest rates, inflation and compensation increases. New plans are primarily based on contributions and may include, in some cases, guarantees such as the preservation of contributions or minimum interest rates.

In the Pension Task Force, the heads of Group HR, Group Accounting and Reporting, Group Treasury and Corporate Finance, Group Actuarial, Planning & Controlling, Group Risk and AIM met four times to provide global governance and pre-align pension-related topics such as risk management and Solvency II prior to relevant Group Committee meetings.

Each of the pension plans in Germany, the U.K. and Switzerland contributes more than 5% to the Allianz Group's defined benefit obligation or its plan assets. As the Allianz Retirement and Death Benefits Fund in the U.K. closed from 1 July 2015 to future accrual and the plans in Switzerland are nearly negligible from a risk perspective, except a minor liquidity risk due to the "Freizügigkeitsleistung", only the defined benefit plans in Germany are described in more detail regarding key risks and regulatory environment.

Most active German employees participate in contribution-based plans using different vehicles to cover the base salary both below and above the German social security ceiling (GSSC). Since 1 January 2015, the Allianz Group contributes for new entrants and for the majority of contribution-based pension plan beneficiaries above the GSSC to the low-risk pension plan "My Allianz Pension", where only contributions are preserved. For salaries above the GSSC, the Allianz Group decides each year whether and to which extent a budget for the contribution-based pension plans is provided. Independently of this decision, an additional risk premium is paid to cover death and disability. Generally the accruals of the contribution-based pension plans are wholly funded, whereas the grandfathered plans are funded to a minor extent. On retirement, the accumulated capital is paid as a lump sum or converted to a lifetime annuity.

Employees who joined Allianz before 1 January 2015 participate in the Allianz Versorgungskasse VVaG (AVK), financed through employee contributions, and the Allianz Pensionsverein e.V. (APV), which is financed by the employer. Both pension funds provide pension benefits for the base salary up to the GSSC and are wholly funded along local regulatory requirements and were closed to new entrants, effective 31 December 2014. AVK and APV are legally separate administered pension funds with trustee boards being responsible for the investment of the assets and the risk management. AVK is subject to German insurance regulation. The assets of the contribution-based pension plans are allocated to a trust (Methusalem Trust e.V.) and managed by a board of trustees. For the AVK the annual minimum interest rate guaranteed is 1.75% – 3.50%, depending on the date of joining the Allianz Group, and for the closed part of the contribution-based pension plan it is 2.75%.

There is also a partly funded defined benefit pension plan for agents (VertreterVersorgungsWerk, VVW), which has been closed for new entrants as of 31 December 2011. A part of the pension plan serves as a replacement for the compensatory claim of agents according to German Commercial Code (§89b). VVW is similar to a final salary benefit plan and pension increases are broadly linked to inflation.

Pension increases apart from AVK and APV are guaranteed at least with 1% p.a. Depending on legal requirements, some pension increases are linked to inflation. In AVK the complete surplus share of the retirees is used to increase their pension.

The period in which a retirement benefit can be drawn is usually between the ages of 60 and 67. Disability benefits are granted until retirement pension is paid. In the case of death under the previous plans, surviving dependents normally receive 60% (widow/widower) and 20% (per child) of the original employee's pension, in total not to exceed 100%. Under the "My Allianz Pension" plan, the surviving dependents receive the capital accrued.

Additionally, the Allianz Group offers a deferred compensation program, "Pensionszusage durch Entgeltumwandlung (PZE)", for active employees. Within some boundaries they convert at their discretion parts of their gross income and, in exchange, receive a pension commitment of equal value. PZE is qualified as a defined benefit plan with small risk exposure.

DEFINED BENEFIT PLANS

The following table sets out the changes in the defined benefit obligation, in the fair value of plan assets, in the effect of the asset ceiling as well as in the net defined benefit balance for the various Allianz Group defined benefit plans:

Reconciliation of defined benefit obligation, fair value of plan assets, effect of asset ceiling, and net defined benefit balance
€ mn

	Defined benefit obligation		Fair value of plan assets		Effect of asset ceiling[1]		Net defined benefit balance	
	I		II		III		(I-II+III)	
	2020	2019	2020	2019	2020	2019	2020	2019
Balance as of 1 January	**26,483**	**23,436**	**16,226**	**14,624**	**44**	**40**	**10,302**	**8,853**
Current service costs	477	437	-	-	-	-	477	437
Interest expenses	286	465	-	-	-	-	286	465
Interest income	-	-	183	295	-	-	(183)	(295)
Other[2]	(109)	(44)	-	-	-	-	(109)	(44)
Expenses recognized in the consolidated income statement	**655**	**857**	**183**	**295**	**-**	**-**	**472**	**563**
Actuarial (gains)/losses due to								
Changes in demographic assumptions	20	(31)	-	-	-	-	20	(31)
Changes in financial assumptions	867	2,719	-	-	-	-	867	2,719
Experience adjustments	47	(48)	-	-	-	-	47	(48)
Return on plan assets greater/(less) than interest income on plan assets	-	-	680	1,172	-	-	(680)	(1,172)
Change in effect of asset ceiling in excess of interest	-	-	-	-	7	2	7	2
Remeasurements recognized in the consolidated statement of comprehensive income (before deferred taxes)	**933**	**2,640**	**680**	**1,172**	**7**	**2**	**259**	**1,469**
Employer contributions	-	-	352	313	-	-	(352)	(313)
Plan participants' contributions	115	127	115	127	-	-	-	-
Benefits paid	(786)	(787)	(467)	(479)	-	-	(319)	(308)
Acquisitions and divestitures	18	42	7	-	-	-	11	42
Settlement payments/assets distributed on settlement[3]	(846)	(1)	(845)	-	-	-	(1)	(1)
Foreign currency translation adjustments	(122)	156	(124)	163	-	2	2	(5)
Changes in the consolidated subsidiaries of the Allianz Group	-	13	4	12	-	-	(4)	1
Balance as of 31 December[4]	**26,450**	**26,483**	**16,130**	**16,226**	**50**	**44**	**10,370**	**10,302**
thereof assets	-	-	-	-	-	-	(354)	(255)
thereof liabilities	-	-	-	-	-	-	10,725	10,556
Thereof allotted to:								
Germany	21,301	20,479	11,204	10,590	-	-	10,096	9,889
United Kingdom	1,761	1,769	1,903	1,842	-	-	(142)	(73)
Switzerland	1,530	1,502	1,652	1,608	50	44	(71)	(62)

1_The asset ceiling is determined by taking into account the reduction of future contributions.
2_Includes for 2020 past service cost of € 113 mn in the United Kingdom due to a change in indexation of pension payments and for 2019 past service cost of € 48 mn due to a plan change in the Netherlands.
3_Includes for 2020 € 833 mn in the Netherlands and € 12 mn in Columbia due to plan settlements.
4_As of 31 December 2020, € 6,448 mn (2019: € 6,199 mn) of the defined benefit obligation are wholly unfunded, while € 20,002 mn (2019: € 20,285 mn) are wholly or partly funded.

As of 31 December 2020 and 2019, post-retirement health benefits were immaterial.

ASSUMPTIONS

The assumptions for the actuarial computation of the defined benefit obligation and the recognized expense depend on the circumstances in the country where the plan has been established.

The calculations are based on current actuarially calculated mortality tables, projected turnover depending on age and length of service, and internal Allianz Group retirement projections. Although this represents the best estimate as of today, considering a further increase in life expectancy could be reasonable. The weighted average life expectancy of a currently 65-year-old plan participant is about 89.4 (2019: 89.3) years for women and 86.7 (2019: 86.5) years for men. An increase in life expectancy by one year would lead to an increase of the defined benefit obligation by € 821 mn (2019: € 833 mn).

The weighted average values of the assumptions for the Allianz Group's defined benefit plans used to determine the defined benefit obligation and the recognized expense are as follows:

Assumptions for defined benefit plans
%

As of 31 December	2020	2019
Discount rate	**0.8**	**1.2**
This includes the following country rates:		
Germany		
long duration	0.8	1.1
short duration	0.5	0.9
United Kingdom	1.3	2.1
Switzerland	0.3	0.3
Rate of compensation increase	**1.8**	**1.9**
Rate of pension increase	**1.3**	**1.5**
Rate of medical cost trend	**0.9**	**0.9**

Asset allocation of plan assets
€ mn

As of 31 December	2020	2019
Equity securities		
Quoted	1,302	1,656
Non-quoted	3	14
Debt securities		
Quoted	4,858	4,671
Non-quoted	3,494	3,391
Real estate[1]	**900**	**827**
Annuity contracts[1]	**4,065**	**3,877**
Life insurance investment products[1]	**1,168**	**1,077**
Other[2]	**341**	**713**
Total	**16,130**	**16,226**

1_Real estate, Annuity contracts and Life insurance investment products are generally non-quoted.
2_Includes as of 31 December 2019 € 521 mn in cash and cash equivalents in the Netherlands due to a plan change.

The recognized expense is recorded based on the assumptions of the corresponding previous year.

The discount rate assumption is the most significant risk for the defined benefit obligation. It reflects market yields at the balance sheet date of high-quality fixed income investments corresponding to the currency and duration of the liabilities. In the Eurozone, the decision for the discount rate is based on AA-rated financial and corporate bonds and a standardized cash flow profile for a mixed population. For the year ending 31 December 2020, the discount curve, previously provided by Allianz Investment Data Services (IDS), was replaced by a curve provided by the external pension consultant Willis Towers Watson. This represents the market environment for pension obligations more accurately. As of 31 December 2020, the effect from this modification on the Defined Benefit Obligation is € 454 mn. For the year ending 31 December 2021, the service cost will be lower by € 16 mn and the net interest expense will be higher by € 18 mn.

The range for the sensitivity calculations was derived by analyzing the average volatility over a five-year period.

An increase in the discount rate by 50 basis points would lead to a decrease of € 1.8 bn (2019: € 1.7 bn) in the defined benefit obligation, whereas a decrease in the discount rate by 50 basis points would lead to an increase of € 2.0 bn (2019: 2.0 bn).

An increase of pre-retirement benefit assumptions (e.g. a salary increase) of 25 basis points would have an effect of € 73 mn (2019: € 73 mn) on the defined benefit obligation. However, the increase of post-retirement assumptions (e.g. inflation-linked increases of pension payments) of 25 basis points would increase the defined benefit obligation by € 586 mn (2019: € 579 mn).

PLAN ASSETS/ASSET LIABILITY MANAGEMENT (ALM)

Based on the estimated future cash flows of € 855 mn for 2021, € 899 mn for 2022, € 901 mn for 2023, € 947 mn for 2024, € 924 mn for 2025, and € 4,753 mn for 2026 – 2030, the weighted duration of the defined benefit obligation is 17.4 (2019: 17.5) years. Based on the liability profiles of the defined benefit obligation and on the regulatory funding requirements, the Allianz Group uses stochastic asset liability models to optimize the asset allocation from a risk-return perspective.

Due to a well-diversified portfolio of approximately 135,000 (2019: 140,000) plan participants, no reasonable uncertainty is expected with regard to future cash flows that could affect the liquidity of the Allianz Group. The chart below shows the asset allocation:

The bulk of the plan assets are held by Allianz Versorgungskasse VVaG, Munich, which is not part of the Allianz Group. Plan assets do not include any real estate used by the Allianz Group and include only € 3.1 mn (2019: 3.3 mn) of its own transferable financial instruments.

In addition to the plan assets of € 16.1 bn (2019: € 16.2 bn), the Allianz Group has dedicated assets at Group level amounting to € 9.7 bn as of 31 December 2020 (2019: € 9.3 bn), which are likewise managed according to Allianz ALM standards.

CONTRIBUTIONS

For the year ending 31 December 2021, the Allianz Group expects to contribute € 271 mn to its defined benefit plans (2019: € 341 mn for the year ending 31 December 2020) and to pay € 363 mn directly to participants in its defined benefit plans (2019: € 335 mn for the year ending 31 December 2020).

DEFINED CONTRIBUTION PLANS

Defined contribution plans are funded through independent pension funds or similar organizations. Contributions fixed in advance (e.g. based on salary) are paid to these institutions and the beneficiary's right to benefits exists against the pension fund. The employer has no obligation beyond payment of the contributions.

During the year ended 31 December 2020, the Allianz Group recognized expenses for defined contribution plans of € 311 mn (2019: € 273 mn). Additionally, the Allianz Group paid contributions for state pension schemes of € 329 mn (2019: € 355 mn).

41 _ Share-based compensation plans

ALLIANZ EQUITY INCENTIVE PLAN (AEI PLAN)

The AEI plan is granted in the form of restricted stock units (RSUs) and is part of the variable compensation component for the plan beneficiaries.

The RSU granted to a plan participant obligate the Allianz Group to pay in cash the ten-day average Xetra closing price of the Allianz SE share on the vesting day, or to convert one RSU into one Allianz SE share. The Allianz Group can choose the settlement method for each unit. The payout is capped at a 200 % share price growth above the grant price.

The RSUs are subject to a contractual vesting period of four years and the payout per RSU is fixed on the last day of the contractual vesting period, which ends on the tenth trading day following the annual financial media conference in the year the respective AEI plan expires.

In addition, upon the death of a plan participant, a change of control or notice for operational reasons, the RSUs vest immediately and are exercised by the company.

The RSUs are virtual stocks without dividend payments and with a capped payout. The fair value is calculated by subtracting the net present value of expected future dividend payments until maturity as well as the fair value of the cap from the prevailing share price as of the valuation date. The cap is valued as a European short call option, using prevailing market data as of the valuation date.

The following table shows the assumptions used in calculating the fair value of the RSUs at grant date:

Assumptions of AEI plans

Year of issue[1]		2021[2]	2020	2019
Share price	€	186.52	202.46	197.34
Average dividend yield of Allianz SE share	%	5.5	5.2	4.9
Average interest rate	%	(0.5)	(0.6)	(0.1)
Expected volatility of the Allianz SE share price	%	22.5	19.2	18.6

1_The AEI RSUs are granted as part of the remuneration of the respective prior year.
2_The assumptions for RSU grants delivered in March 2021 are based on best estimate.

The RSUs are accounted for as cash-settled plans because the Allianz Group intends to settle in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as compensation expenses over the IFRS vesting period. During the year ended 31 December 2020, the Allianz Group recognized compensation expenses related to the AEI plans of € 98 mn (2019: € 216 mn).

As of 31 December 2020, the Allianz Group recorded provisions of € 346 mn (2019: € 426 mn) for these RSUs in Other liabilities.

LONG-TERM INCENTIVE PLAN (LTI PLAN)

Under the LTI plan, awards are granted in the form of index-linked restricted stock units (RSUs) which are part of the remuneration policy[1] for the members of the Allianz SE's Board of Management.

RSUs granted to the members of the Board of Management obligate Allianz SE to pay per RSU a cash amount equal to the ten-day average Xetra closing price of the Allianz SE share on the last day of the contractual vesting period, multiplied by a performance factor which reflects the total performance of the Allianz stock relative to the total performance of the Stoxx Europe 600 Insurance Index during the four-year contractual vesting period.

The contractual vesting period ends on the tenth trading day following the annual financial media conference in the year the respective RSU award expires. The payout per RSU is subject to a 200% share price cap relative to the share price at the grant date and a 200% cap applied to the performance factor. In addition, there is a cap applicable to the total compensation including the LTI payout and various other compensation components.

The fair value of the index-linked RSUs is calculated as the present value of the expected future payout, taking into account the link between share price performance and relative performance compared to the index as well as the relevant caps and thresholds as defined in the payout formula. The expected future payout is determined on the basis of observable market data as of the valuation date and market standard simulation techniques.

The following table shows the assumptions used in calculating the fair value of the index-linked RSUs at grant date:

Assumptions of LTI plans

Year of issue[1]		2021[2]	2020
Share price	€	186.52	202.46
Average dividend yield of Allianz SE share	%	5.5	5.2
Average interest rate	%	(0.5)	(0.6)
Expected volatility of the Allianz SE share price	%	22.5	19.2
Expected volatility of the index	%	18.6	15.8
Expected correlation of the Allianz SE share price and index	%	93.9	90.1

1_The LTI RSUs are granted as part of the remuneration of the respective prior year.
2_The assumptions for RSU grants delivered in March 2021 are based on best estimate.

The index-linked RSUs are accounted for as cash-settled plans because the Allianz Group settles in cash. Therefore, the Allianz Group accrues the fair value of the RSUs as compensation expenses over the IFRS vesting period. During the year ended 31 December 2020, the Allianz Group recognized compensation expenses related to the LTI plans of € 16 mn (2019: € 3 mn).

As of 31 December 2020, the Allianz Group recorded provisions of € 19 mn (2019: € 3 mn) for these index-linked RSUs in Other liabilities.

PIMCO LLC CLASS M-UNIT PLAN

In 2008, Allianz GI L.P. launched a management share-based payment incentive plan for certain senior-level executives and affiliates of PIMCO LLC. Participants in the plan are granted options to acquire an own class of equity instruments (M-units), which vest in one-third increments on approximately the third, fourth, and fifth anniversary of the option grant date. Upon vesting, options will automatically be exercised in a cashless transaction, provided they are in the money. Participants may elect to defer the receipt of M-units through the M-unit Deferral Plan until termination of their service at the latest. With the M-unit Plan, participants can directly participate in PIMCO's performance. Class M-units are non-voting common equity with limited information rights. They bear quarterly distributions equal to a pro-rata share of PIMCO's net distributable income. Deferred M-units have a right to receive a quarterly cash compensation equal to and in lieu of quarterly dividend payments.

A maximum of 250,000 M-units are authorized for issuance under the M-unit Plan.

According to an amendment of the PIMCO LLC Class M-unit Plan, no new M-unit options will be issued after 14 March 2020. Already issued and outstanding M-unit options remain valid and continue as is.

The fair value of the underlying M-unit options was measured using the Black-Scholes option pricing model. Volatility was derived in part by considering the average historical and implied volatility of a selected group of peers. The expected life of one granted option was

1_For detailed information regarding the LTI plans and the remuneration policy for the members of the Allianz SE's Board of Management please see the Remuneration Report.

calculated based on treating the three vesting tranches (one third in years 3, 4, and 5) as three separate awards.

The following table provides the assumptions used in calculating the fair value of the M-unit options at grant date:

Assumptions of Class M-Unit plan

		2020	2019
Weighted-average fair value of options granted	€	719.44	194.79
Assumptions:			
Expected return (in years)		3.84	3.84
Expected volatility	%	25.1	17.9
Expected dividend yield	%	11.1	13.2
Risk free rate of return	%	0.6	2.4

The number and weighted-average exercise price of the M-unit options outstanding and exercisable are as follows:

Reconciliation of outstanding M-unit options

	2020		2019	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
		€		€
Outstanding as of 1 January	**153,400**	**12,019.69**	**143,858**	**11,902.16**
Granted	29,802	14,552.74	39,751	12,934.96
Exercised	(27,775)	9,453.45	(23,492)	14,451.99
Forfeited	(6,701)	11,781.75	(6,717)	11,241.04
Outstanding as of 31 December	**148,726**	**11,993.37**	**153,400**	**12,019.69**
Exercisable as of 31 December	-	-	-	-

As of 31 December 2020, the aggregate intrinsic value of share options outstanding was € 600 mn (2019: € 571 mn).

As of 31 December 2020, the M-unit options outstanding have an exercise price between € 9,250.95 and € 14,552.74 and a weighted-average remaining contractual life of 2.52 years.

The share options settled by delivery of PIMCO LLC shares are accounted for as equity-settled plans. Therefore, PIMCO LLC measures the total compensation expense to be recognized for the equity-settled shares based on their fair value as of the grant date. The total compensation expense is recognized over the vesting period.

During the year ended 31 December 2020, the Allianz Group recorded compensation expenses of € 14 mn (2019: € 13 mn) related to these share options.

EMPLOYEE STOCK PURCHASE PLANS

The Allianz Group offers Allianz SE shares in 40 countries to entitled employees at favorable conditions. The shares have a minimum holding period of three to five years. During the year ended 31 December 2020, the number of shares sold to employees under these plans was 748,482 (2019: 365,959). In addition, during the year ended 31 December 2020, employees were granted 74,873 (2019: -) free shares. From 2018 onwards, the employees receive one bonus share for three shares bought. For the year ended 31 December 2020, these bonus shares had an equivalent value of € 28 mn (2019: € 19 mn).

OTHER SHARE OPTION AND SHAREHOLDING PLANS

The Allianz Group has other local share-based compensation plans, including share option and employee share purchase plans, none of which, individually or in the aggregate, are material to the consolidated financial statements.

42 _ Earnings per share

Earnings per share are generally calculated by dividing net income attributable to shareholders by the weighted-average number of shares outstanding.

For the calculation of diluted earnings per share, the nominator and denominator are adjusted for the effects of potentially dilutive shares. These effects arise from various share-based compensation plans of the Allianz Group.

Earnings per share
€ mn

	2020	2019
Net income attributable to shareholders – basic	6,807	7,914
Effect of potentially dilutive shares	(44)	(28)
Net income attributable to shareholders – diluted	**6,762**	**7,886**
Weighted-average number of shares outstanding – basic	412,927,486	418,653,403
Potentially dilutive shares	1,536,909	95,628
Weighted-average number of shares outstanding – diluted	**414,464,395**	**418,749,031**
Basic earnings per share (€)	**16.48**	**18.90**
Diluted earnings per share (€)	**16.32**	**18.83**

43 _ Other information

NUMBER OF EMPLOYEES

As of 31 December 2020, the Allianz Group employed 150,269 (2019: 147,268) people, thereof 39,768 (2019: 38,412) in Germany. The average total number of employees for the year ended 31 December 2020 was 148,737.

PERSONNEL EXPENSES

Personnel expenses
€ mn

	2020	2019
Salaries and wages	9,942	9,787
Social security contributions and employee assistance	1,439	1,435
Expenses for pensions and other post-retirement benefits	1,129	1,200
Total	**12,509**	**12,422**

ISSUANCE OF THE DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE ACCORDING TO § 161 AKTG

On 10 December 2020, the Board of Management and the Supervisory Board of Allianz SE issued the Declaration of Compliance according to § 161 AktG, which has been made permanently available to shareholders on the company's website.

REMUNERATION FOR THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD ACCORDING TO § 314 (6) HGB

As of 31 December 2020, the Board of Management is comprised of ten members. The following values reflect the full Board of Management active in the respective year.

The sum of the total remuneration of the Allianz SE Board of Management for 2020, excluding pension service cost, amounts to € 32 mn (2019: € 39 mn).

The equity-related remuneration in 2020 is comprised of 86,097[1] (2019: 112,252[2]) Restricted Stock Units (RSUs).

RSUs with a total fair value of € 13.9 mn (2019: € 18.3 mn) were granted to the Board of Management for the year ended 31 December 2020.

In 2020, former members of the Board of Management and their dependents received remunerations and other benefits totaling € 8 mn (2019: € 8 mn), while reserves for current pension obligations and accrued pension rights totaled € 171 mn (2019: € 159 mn).

The total remuneration for all Supervisory Board members, including attendance fees, amounted to € 2.7 mn (2019: € 2.7 mn).

As of 31 December 2020, there were no outstanding loans granted by Allianz Group companies to members of the Board of Management or the Supervisory Board.

Board of Management and Supervisory Board compensation by individual is included in the Remuneration Report. The information provided there is considered part of these consolidated financial statements.

FEES TO THE AUDITOR

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC GmbH) is the external auditing firm for the Allianz Group.

For services rendered by PwC GmbH and the worldwide member firms of PricewaterhouseCoopers International Limited (PwCIL), the following fees were recognized in the fiscal year:

PwC fees
€ mn

	PwCIL		thereof: PwC GmbH	
	2020	2019	2020	2019
Audit services	45.6	44.2	13.8	12.8
Other attestation services	4.0	2.6	1.4	0.8
Tax services	3.3	4.0	0.4	0.5
Other services	6.5	8.7	2.7	3.0
Total	**59.3**	**59.5**	**18.3**	**17.2**

Audit services primarily relate to services rendered for the audit of the Allianz Group's consolidated financial statements, the audit of the statutory financial statements of Allianz SE and its subsidiaries, the audit of the Allianz Group's Solvency II market value balance sheet as well as those of Allianz SE and its subsidiaries. In addition, a review of the Allianz Group's consolidated interim financial statements was performed.

Tax services primarily refer to tax compliance services, other services mainly refer to consulting services.

44 _ Subsequent events

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

1_The relevant share price used to determine the final number of RSUs granted is only available after the sign-off of the Annual Report by the external auditors, thus numbers are based on a best estimate.

2_The disclosure in the Annual Report 2019 was based on a best estimate of the RSU grants. The figures shown here for 2019 now include the actual fair value as of the grant date (6 March 2020). The value therefore differs from the amount disclosed last year.

45 _ List of participations of the Allianz Group as of 31 December 2020 according to § 313 (2) HGB

	% owned[1]
GERMANY	
Consolidated affiliates	
abracar GmbH, Munich	100.0
ACP GmbH & Co. Beteiligungen KG II, Munich	0.0 [2]
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4a, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4c, Munich	100.0
ACP Vermögensverwaltung GmbH & Co. KG Nr. 4d, Munich	100.0
ADAC Autoversicherung AG, Munich	51.0
ADEUS Aktienregister-Service-GmbH, Munich	79.6
ADVANIA GmbH, Hamburg	60.0
AfricaGrow GP GmbH, Munich	100.0
AGCS Infrastrukturfonds GmbH, Munich	100.0
AGCS-Argos 76 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AGCS-Argos 86 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
ALIDA Grundstücksgesellschaft mbH & Co. KG, Hamburg	94.8
Allianz AADB Fonds, Frankfurt am Main	100.0 [3]
Allianz ADAC AV Fonds, Frankfurt am Main	100.0 [3]
Allianz Africa Holding GmbH, Munich	100.0
Allianz AKR Fonds, Frankfurt am Main	100.0 [3]
Allianz ALD Fonds, Frankfurt am Main	100.0 [3]
Allianz APAV Fonds, Frankfurt am Main	100.0 [3]
Allianz Argos 14 GmbH, Munich	100.0
Allianz Asset Management GmbH, Munich	100.0
Allianz AZL Vermögensverwaltung GmbH & Co. KG, Munich	100.0
Allianz Beratungs- und Vertriebs-AG, Munich	100.0
Allianz Capital Partners GmbH, Munich	100.0 [4]
Allianz Capital Partners Verwaltungs GmbH, Munich	100.0
Allianz Climate Solutions GmbH, Munich	100.0
Allianz Deutschland AG, Munich	100.0
Allianz Digital Health GmbH, Munich	100.0
Allianz Direct Versicherungs-AG, Munich	100.0
Allianz DLVR Fonds, Frankfurt am Main	100.0 [3]
Allianz EEE Fonds, Frankfurt am Main	100.0 [3]
Allianz EP GmbH, Munich	100.0
Allianz Esa EuroShip GmbH, Bad Friedrichshall	51.0
Allianz Esa GmbH, Bad Friedrichshall	100.0
Allianz FAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Finanzbeteiligungs GmbH, Munich	100.0
Allianz Focus Teleport Beteiligungs-GmbH & Co. KG, Stuttgart	100.0
Allianz Global Corporate & Specialty SE, Munich	100.0
Allianz Global Health GmbH, Munich	100.0
Allianz Global Investors GmbH, Frankfurt am Main	100.0
Allianz Global Investors Holdings GmbH, Frankfurt am Main	100.0
Allianz GLR Fonds, Frankfurt am Main	100.0 [3]
Allianz GLRS Fonds, Frankfurt am Main	100.0 [3]
Allianz GRGB Fonds, Frankfurt am Main	100.0 [3]
Allianz Handwerker Services GmbH, Aschheim	100.0
Allianz Hirschgarten GmbH & Co. KG, Stuttgart	100.0
Allianz Investment Management SE, Munich	100.0 [4]
Allianz LAD Fonds, Frankfurt am Main	100.0 [3]
Allianz Leben Direkt Infrastruktur GmbH, Munich	100.0
Allianz Leben Infrastrukturfonds GmbH, Munich	100.0
Allianz Leben Private Equity Fonds 2001 GmbH, Munich	100.0
Allianz Leben Private Equity Fonds Plus GmbH, Munich	100.0
Allianz Lebensversicherungs-Aktiengesellschaft, Stuttgart	100.0
Allianz LFE Fonds, Frankfurt am Main	100.0 [3]
Allianz L-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz NM 28 GmbH & Co. KG, Stuttgart	93.3
Allianz of Asia-Pacific and Africa GmbH, Munich	100.0
Allianz Partners Deutschland GmbH, Aschheim	100.0
Allianz Pension Direkt Infrastruktur GmbH, Munich	100.0
Allianz Pension Partners GmbH, Munich	100.0
Allianz Pension Service GmbH, Munich	100.0
Allianz Pensionsfonds Aktiengesellschaft, Stuttgart	100.0
Allianz Pensionskasse Aktiengesellschaft, Stuttgart	100.0
Allianz PK-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz PKV-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Private Equity GmbH, Munich	100.0
Allianz Private Equity Partners Verwaltungs GmbH, Munich	100.0
Allianz Private Krankenversicherungs-Aktiengesellschaft, Munich	100.0
Allianz ProzessFinanz GmbH, Munich	100.0
Allianz PV 1 Fonds, Frankfurt am Main	92.4 [3]
Allianz PV WS Fonds, Frankfurt am Main	92.4 [3]
Allianz PV-RD Fonds, Frankfurt am Main	92.4 [3]
Allianz Re Asia, Frankfurt am Main	100.0 [3]
Allianz Real Estate GmbH, Munich	100.0
Allianz Rechtsschutz-Service GmbH, Munich	100.0
Allianz Renewable Energy Management GmbH, Sehestedt	100.0
Allianz Renewable Energy Subholding GmbH & Co. KG, Sehestedt	100.0
Allianz RFG Fonds, Frankfurt am Main	100.0 [3]
Allianz Risk Consulting GmbH, Munich	100.0
Allianz SDR Fonds, Frankfurt am Main	100.0 [3]
Allianz SE Ashmore Emerging Markets Corporates Fund, Frankfurt am Main	100.0 [3]
Allianz SE-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz Service Center GmbH, Munich	100.0
Allianz SOA Fonds, Frankfurt am Main	100.0 [3]
Allianz Stromversorgungs-GmbH, Munich	100.0
Allianz Taunusanlage GbR, Stuttgart	99.5
Allianz Technology SE, Munich	100.0
Allianz Treuhand GmbH, Stuttgart	100.0
Allianz UGD 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VAE Fonds, Frankfurt am Main	100.0 [3]
Allianz Versicherungs-Aktiengesellschaft, Munich	100.0
Allianz VGI 1 Fonds, Frankfurt am Main	100.0 [3]
Allianz VGL Fonds, Frankfurt am Main	100.0 [3]
Allianz VKA Fonds, Frankfurt am Main	100.0 [3]
Allianz VKRD Fonds, Frankfurt am Main	100.0 [3]
Allianz V-PD Fonds, Frankfurt am Main	100.0 [3]
Allianz VSR Fonds, Frankfurt am Main	100.0 [3]
Allianz VW AV Fonds, Frankfurt am Main	100.0 [3]
Allianz Warranty GmbH, Unterföhring	100.0
Allianz X GmbH, Munich	100.0
Allianz ZWK Nürnberg GmbH & Co. KG, Hamburg	100.0
Allvest GmbH, Munich	100.0
APK Infrastrukturfonds GmbH, Munich	100.0
APK-Argos 75 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APK-Argos 85 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APKV Direkt Infrastruktur GmbH, Munich	100.0
APKV Infrastrukturfonds GmbH, Munich	100.0
APKV Private Equity Fonds GmbH, Munich	100.0
APKV-Argos 74 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
APKV-Argos 84 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
ARE Funds APKV GmbH, Munich	100.0
ARE Funds AZL GmbH, Munich	100.0
ARE Funds AZV GmbH, Munich	100.0
AREF III GER 1 GmbH, Frankfurt am Main	100.0
AREF III GER 2 GmbH, Frankfurt am Main	100.0
AREF III GER GmbH & Co. KG, Frankfurt am Main	100.0
Ashmore EM Corporates, Frankfurt am Main	100.0 [3]
atpacvc Fund GmbH & Co. KG, Munich	100.0
atpacvc GmbH, Munich	100.0
atpacvc GP GmbH, Munich	100.0
Atropos Vermögensverwaltungsgesellschaft mbH, Munich	100.0
Auros II GmbH, Munich	100.0
AVS Automotive VersicherungsService GmbH, Rüsselsheim	100.0
AZ ATLAS GmbH & Co. KG, Stuttgart	94.9
AZ ATLAS Immo GmbH, Stuttgart	100.0
AZ ATLAS Verwaltungs-GmbH, Stuttgart	100.0
AZ Northside GmbH & Co. KG, Stuttgart	94.0
AZ-Arges Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 41 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 56 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZ-Argos 71 Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
AZL AI Nr. 1 GmbH, Munich	100.0
AZL PE Nr. 1 GmbH, Munich	100.0
AZL-Argos 73 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZL-Argos 83 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZL-Argos 89 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZL-Private Finance GmbH, Stuttgart	100.0
AZRE AZD P&C Master Fund, Munich	100.0 [3]
AZ-SGD Classic Infrastrukturfonds GmbH, Munich	100.0
AZ-SGD Direkt Infrastruktur GmbH, Munich	100.0
AZ-SGD Infrastrukturfonds GmbH, Munich	100.0
AZ-SGD Private Equity Fonds 2 GmbH, Munich	100.0
AZ-SGD Private Equity Fonds GmbH, Munich	100.0
AZT Automotive GmbH, Ismaning	100.0
AZV-Argos 72 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZV-Argos 77 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
AZV-Argos 82 Vermögensverwaltungsgesellschaft mbH, Munich	100.0

	% owned[1]
AZV-Argos 87 Vermögensverwaltungsgesellschaft mbH, Munich	100.0
BrahmsQ Objekt GmbH & Co. KG, Stuttgart	94.8
ControlExpert GmbH, Langenfeld	100.0
ControlExpert Holding GmbH, Langenfeld	100.0
Deutsche Lebensversicherungs-Aktiengesellschaft, Berlin	100.0
Donator Beratungs GmbH, Munich	100.0
Donator Beteiligungsverwaltung GmbH, Munich	100.0
Driven By GmbH, Munich	100.0
EASTSIDE Joint Venture GmbH & Co. KG, Frankfurt am Main	50.0 [2]
EASTSIDE TAMARA GmbH, Frankfurt am Main	50.0 [2]
Euler Hermes Aktiengesellschaft, Hamburg	100.0
Euler Hermes Collections GmbH, Potsdam	100.0
finanzen.de Maklerservice GmbH, Berlin	100.0
finanzen.de Vermittlungsgesellschaft für Verbraucherverträge GmbH, Berlin	100.0
GA Global Automotive Versicherungsservice GmbH, Halle (Saale)	100.0
IconicFinance GmbH, Munich	100.0
IDS GmbH - Analysis and Reporting Services, Munich	100.0
Kaiser X Labs GmbH, Munich	100.0
KVM ServicePlus - Kunden- und Vertriebsmanagement GmbH, Halle (Saale)	100.0
Lola Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich	100.0
MAWISTA GmbH, Wendlingen am Neckar	100.0
Mercato Leadmanagement Investments Holdings GmbH, Berlin	100.0
META Finanz-Informationssysteme GmbH, Munich	100.0
Mondial Kundenservice GmbH, Nuremberg	100.0
Münchener & Magdeburger Agrar AG, Munich	100.0
My Finance Coach Stiftung GmbH, Munich	100.0
myHealth X GmbH, Munich	100.0
PIMCO EM Corporates, Frankfurt am Main	100.0 [3]
PIMCO Europe GmbH, Munich	100.0 [4]
Projekt Hirschgarten MK8 GmbH & Co. KG, Stuttgart	94.9
REC Frankfurt Objekt GmbH & Co. KG, Hamburg	80.0
REC Frankfurt zweite Objektverwaltungsgesellschaft mbH, Hamburg	60.0
RehaCare GmbH, Munich	100.0
Roland Holding GmbH, Munich	75.6
Seine GmbH, Munich	100.0
Seine II GmbH, Munich	100.0
Signa 12 Verwaltungs GmbH, Stuttgart	94.9
Spherion Beteiligungs GmbH & Co. KG, Stuttgart	94.9
Spherion Objekt GmbH & Co. KG, Stuttgart	100.0
Syncier Consulting GmbH, Unterföhring	100.0
Syncier GmbH, Munich	97.1
UfS Beteiligungs-GmbH, Munich	100.0
VCIS Germany GmbH, Cologne	50.0 [2]
Vivy GmbH, Berlin	100.0
VLS Versicherungslogistik GmbH, Berlin	100.0
Volkswagen Autoversicherung AG, Braunschweig	100.0
Volkswagen Autoversicherung Holding GmbH, Braunschweig	49.0 [2]
Windpark Aller-Leine-Tal GmbH & Co. KG, Sehestedt	100.0
Windpark Berge-Kleeste GmbH & Co. KG, Sehestedt	100.0
Windpark Büttel GmbH & Co. KG, Sehestedt	100.0
Windpark Calau GmbH & Co. KG, Sehestedt	100.0

	% owned[1]
Windpark Cottbuser See GmbH & Co. KG, Sehestedt	100.0
Windpark Dahme GmbH & Co. KG, Sehestedt	100.0
Windpark Dahme Repowering GmbH & Co. KG, Sehestedt	100.0
Windpark Eckolstädt GmbH & Co. KG, Sehestedt	100.0
Windpark Emmendorf GmbH & Co. KG, Sehestedt	100.0
Windpark Emmendorf Repowering GmbH & Co. KG, Sehestedt	100.0
Windpark Freyenstein-Halenbeck GmbH & Co. KG, Sehestedt	100.0
Windpark Kesfeld-Heckhuscheid GmbH & Co. KG, Sehestedt	100.0
Windpark Kirf GmbH & Co. KG, Sehestedt	100.0
Windpark Kittlitz GmbH & Co. KG, Sehestedt	100.0
Windpark Kleeste Repowering GmbH & Co. KG, Sehestedt	100.0
Windpark Pröttlin GmbH & Co. KG, Sehestedt	100.0
Windpark Quitzow GmbH & Co. KG, Sehestedt	100.0
Windpark Redekin-Genthin GmbH & Co. KG, Sehestedt	100.0
Windpark Schönwalde GmbH & Co. KG, Sehestedt	100.0
Windpark Waltersdorf GmbH & Co. KG Renditefonds, Sehestedt	100.0
Windpark Werder Zinndorf GmbH & Co. KG, Sehestedt	100.0
Non-consolidated affiliates	
AERS Consortio Aktiengesellschaft, Stuttgart	55.3
Allianz Global Benefits GmbH, Stuttgart	100.0
Allianz Objektbeteiligungs-GmbH, Stuttgart	100.0
Allianz OrtungsServices GmbH, Munich	100.0
Allianz Pension Consult GmbH, Stuttgart	100.0
Allianz zweite Objektbeteiligungs-GmbH, Stuttgart	100.0
AZ Beteiligungs-Management GmbH, Munich	100.0
Euler Hermes Rating GmbH, Hamburg	100.0
Grundstücksgesellschaft der Vereinten Versicherungen mbH, Munich	100.0
Infrastruktur Putlitz Ost GmbH & Co. KG, Husum	70.8
manroland AG, Offenbach am Main	100.0 [5,6]
manroland Vertrieb und Service GmbH, Mühlheim am Main	100.0 [6]
Stiftung Allianz für Kinder gemeinnützige GmbH, Munich	100.0
Joint ventures	
AQ Focus Teleport GmbH & Co. KG, Hamburg	50.0
AQ Focus Teleport Verwaltungs GmbH, Hamburg	50.0
AQ Überseehaus GmbH & Co. KG, Hamburg	39.9 [7]
AQ Überseehaus Verwaltungs GmbH, Hamburg	50.0
AVAG Versicherungsvermittlungs-Gesellschaft mbH, Augsburg	50.0
Dealis Fund Operations GmbH, Frankfurt am Main	50.0
Die BrückenKöpfe X BKX GmbH & Co. Invest KG, Berlin	50.0 [3]
NeuConnect Deutschland GmbH, Wilhelmshaven	26.2 [3,7]
PNE WIND Infrastruktur Calau II GmbH, Cuxhaven	50.0
PNE WIND Park III GmbH & Co. KG, Cuxhaven	50.0
SPN Service Partner Netzwerk GmbH, Munich	30.0 [7]
UGG TopCo GmbH & Co. KG, Ismaning	41.8 [7]
UGG TopCo/HoldCo General Partner GmbH, Ismaning	41.8 [7]
VGP Park München GmbH, Vaterstetten-Baldham	48.9 [7]

	% owned[1]
Associates	
Arabesque S-Ray GmbH, Frankfurt am Main	11.3 [8]
Autobahn Tank & Rast Gruppe GmbH & Co. KG, Bonn	25.0
Autobahn Tank & Rast Management GmbH, Bonn	25.0
AV Packaging GmbH, Munich	100.0 [8]
Caldera Service GmbH, Hamburg	25.1
DCSO Deutsche Cyber-Sicherheitsorganisation GmbH, Berlin	25.0
esa EuroShip GmbH & Co. KG Underwriting for Shipping, Bad Friedrichshall	40.0
InnoSolutas GmbH, Bad Friedrichshall	25.0
Instamotion Retail GmbH, Grünwald	25.6
Norsea Gas GmbH, Friedeburg-Etzel	28.0
SDA SE Open Industry Solutions, Hamburg	25.0
T&R MLP GmbH, Bonn	25.0
T&R Real Estate GmbH, Bonn	25.0
Umspannwerk Putlitz GmbH & Co. KG, Oldenburg	25.4
Verimi GmbH, Berlin	19.9 [8]
Windkraft Kirf Infrastruktur GmbH, Neumagen-Dhron	50.0 [8]
FOREIGN ENTITIES	
Consolidated affiliates	
1739908 Ontario Ltd., Toronto, ON	100.0
2media GmbH, Wallisellen	100.0
35° East SAS, Paris la Défense	100.0
490 Fulton JV LP, Wilmington, DE	96.5
490 Fulton REIT LP, Wilmington, DE	100.0
490 Lower Unit GP LLC, Wilmington, DE	100.0
490 Lower Unit LP, Wilmington, DE	100.0
ACRE Hinoki Pte. Ltd., Singapore	100.0
Aero-Fonte S.r.l., Catania	100.0
AFI2 Real Estate Fund (Compartment), Luxembourg	100.0
AGA Insurance Broker (Thailand) Co. Ltd., Bangkok	100.0
AGA Service Company Corp., Richmond, VA	100.0
AGCS International Holding B.V., Amsterdam	100.0
AGCS Marine Insurance Company, Chicago, IL	100.0
AGCS Resseguros Brasil S.A., São Paulo	100.0
AGF FCR, Paris	100.0 [3]
AGF Inversiones S.A., Buenos Aires	100.0
AIM Equity Europe Cantons, Paris	100.0 [3]
AIM Equity PG Vie, Paris	100.0 [3]
AIM Equity US, Paris	100.0 [3]
AIM Underwriting Limited, Toronto, ON	100.0
AllianzIM U.S. Large Cap Buffer10 Oct ETF, Wilmington, DE	72.2 [3]
AllianzIM U.S. Large Cap Buffer20 Oct ETF, Wilmington, DE	85.1 [3]
Allianz (UK) Limited, Guildford	100.0
Allianz 311 S.r.l., Milan	52.0
Allianz Actio France, Paris	78.4 [3]
Allianz Actions Aéquitas, Paris	70.1 [3]
Allianz Actions Emergentes, Paris	95.4 [3]
Allianz Actions Euro, Paris	44.5 [2,3]
Allianz Actions Euro Convictions, Paris	65.0 [3]
Allianz Actions France, Paris	54.0 [3]
Allianz Advisory Pte. Ltd., Singapore	100.0
Allianz Africa Financial Services S.à r.l., Casablanca	100.0
Allianz Africa SAS, Paris la Défense	100.0
Allianz Africa Services SA, Abidjan	100.0

	% owned[1]
Allianz Air France IFC, Paris	100.0 [3]
Allianz Alapkezelő Zrt., Budapest	100.0
Allianz Allvest Invest SICAV-SIF - Allvest Active Invest, Luxembourg	99.7 [3]
Allianz Allvest Invest SICAV-SIF - Allvest Passive Invest, Luxembourg	99.8 [3]
Allianz Argentina Compañía de Seguros Generales S.A., Buenos Aires	100.0
Allianz Argentina RE S.A., Buenos Aires	100.0
Allianz Asac Actions, Paris	100.0 [3]
Allianz Asia Holding Pte. Ltd., Singapore	100.0
Allianz Asia Private Credit Funds S.A. SICAV-RAIF, Senningerberg	100.0 [3]
Allianz Asset Management of America Holdings Inc., Dover, DE	100.0
Allianz Asset Management of America L.P., Dover, DE	100.0
Allianz Asset Management of America LLC, Dover, DE	100.0
Allianz Asset Management U.S. Holding II LLC, Dover, DE	100.0
Allianz Australia Claim Services Pty Limited, Sydney	100.0
Allianz Australia Employee Share Plan Pty Ltd., Sydney	100.0
Allianz Australia Insurance Limited, Sydney	100.0
Allianz Australia Life Insurance Holdings Limited, Sydney	100.0
Allianz Australia Life Insurance Limited, Sydney	100.0
Allianz Australia Limited, Sydney	100.0
Allianz Australia Partnership Services Pty Limited, Sydney	100.0
Allianz Australia Services Pty Limited, Sydney	100.0
Allianz Australia Workers Compensation (NSW) Limited, Sydney	100.0
Allianz Australia Workers Compensation (Victoria) Limited, Melbourne	100.0
Allianz Australian Real Estate Trust, Sydney	100.0 [3]
Allianz Aviation Managers LLC, Burbank, CA	100.0
Allianz Ayudhya Assurance Public Company Limited, Bangkok	82.8
Allianz Ayudhya Capital Public Company Limited, Bangkok	49.0 [2]
Allianz Ayudhya General Insurance Public Company Limited, Bangkok	100.0
Allianz Balanced Return, Senningerberg	100.0 [3]
Allianz Bank Bulgaria AD, Sofia	99.9
Allianz Bank Financial Advisors S.p.A., Milan	100.0
Allianz Banque S.A., Puteaux	100.0
Allianz Benelux S.A., Brussels	100.0
Allianz Bonds Euro High Yield, Paris	100.0 [3]
Allianz Brasil Seguradora S.A., Rio de Janeiro	100.0
Allianz Bulgaria Holding AD, Sofia	66.2
Allianz Business Services Limited, Guildford	100.0
Allianz Cameroun Assurances SA, Douala	75.4
Allianz Cameroun Assurances Vie SA, Douala	76.4
Allianz Capital Partners of America LLC, Dover, DE	100.0
Allianz Carbon Investments B.V., Amsterdam	100.0
Allianz Cash SAS, Paris la Défense	100.0
Allianz Chicago Private Reit LP, Wilmington, DE	100.0
Allianz China Insurance Holding Limited, Shanghai	100.0
Allianz China Life Insurance Co. Ltd., Shanghai	51.0
Allianz Clean Planet, Senningerberg	99.3 [3]
Allianz Colombia S.A., Bogotá D.C.	100.0
Allianz Combinatie Fonds, Rotterdam	100.0 [3]
Allianz Compañía de Seguros y Reaseguros S.A., Madrid	99.9
Allianz Congo Assurances SA, Brazzaville	100.0
Allianz Côte d'Ivoire Assurances SA, Abidjan	74.1
Allianz Côte d'Ivoire Assurances Vie SA, Abidjan	71.0
Allianz Creactions 1, Paris	100.0 [3]
Allianz Creactions 2, Paris	100.0 [3]
Allianz Crowdfunding Fund I FPCI, Paris	100.0 [3]
Allianz Crowdlending FSPI, Paris	100.0 [3]
Allianz Debt Fund FPS, Paris	100.0 [3]
Allianz Debt Fund S.à r.l., Luxembourg	100.0
Allianz Debt Fund SCSp SICAV-SIF, Luxembourg	98.3 [3]
Allianz Debt Investments S.à r.l., Luxembourg	100.0
Allianz Debt Investments SCSp SICAV-SIF, Luxembourg	100.0 [3]
Allianz Defensief Mix Fonds, Rotterdam	100.0 [3]
Allianz Digital Services Pte. Ltd., Singapore	100.0
Allianz Direct S.p.A., Milan	100.0
Allianz do Brasil Participações Ltda., São Paulo	100.0
Allianz Eiffel Square Kft., Budapest	100.0
Allianz Elementar Lebensversicherungs-Aktiengesellschaft, Vienna	100.0
Allianz Elementar Versicherungs-Aktiengesellschaft, Vienna	100.0
Allianz EM Loans S.C.S., Luxembourg	100.0
Allianz Emerging Markets SRI Corporate Bond, Senningerberg	31.8 [2,3]
Allianz Engineering Inspection Services Limited, Guildford	100.0
Allianz Equity Emerging Markets 1, Paris	100.0 [3]
Allianz Equity Investments Ltd., Guildford	100.0
Allianz Euro Core Infrastructure Debt GP S.à r.l., Senningerberg	100.0
Allianz Euro Credit Risk Control, Senningerberg	100.0 [3]
Allianz Europe B.V., Amsterdam	100.0
Allianz Europe Conviction Equity, Senningerberg	51.1 [3]
Allianz Europe Ltd., Amsterdam	100.0
Allianz Europe Small and Micro Cap Equity, Senningerberg	100.0 [3]
Allianz European Real Estate Securities, Senningerberg	93.8 [3]
Allianz Finance Corporation, Wilmington, DE	100.0
Allianz Finance II B.V., Amsterdam	100.0
Allianz Finance II Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance III B.V., Amsterdam	100.0
Allianz Finance IV Luxembourg S.à r.l., Luxembourg	100.0
Allianz Finance IX Luxembourg S.A., Luxembourg	100.0
Allianz Finance Pty Ltd., Sydney	100.0
Allianz Finance VII Luxembourg S.A., Luxembourg	100.0
Allianz Finance VIII Luxembourg S.A., Luxembourg	100.0
Allianz FinanzPlan 2055, Senningerberg	46.7 [2,3]
Allianz Fire and Marine Insurance Japan Ltd., Tokyo	100.0
Allianz Foglalkoztatói Nyugdíjszolgáltató Zrt., Budapest	100.0
Allianz Food Security, Senningerberg	98.4 [3]
Allianz France Favart I, Paris	100.0 [3]
Allianz France Investissement OPCI, Paris la Défense	100.0
Allianz France Real Estate Invest SPPICAV, Paris la Défense	100.0
Allianz France Richelieu 1 S.A.S., Paris la Défense	100.0
Allianz France S.A., Paris la Défense	100.0
Allianz France US REIT GP LLC, Wilmington, DE	100.0
Allianz France US REIT LP, Wilmington, DE	100.0
Allianz Fund Investments 2 S.A. (Compartment), Luxembourg	100.0
Allianz Fund Investments Inc., Wilmington, DE	100.0
Allianz Fund Investments S.A., Luxembourg	100.0
Allianz Garantie Fonds 3%, Rotterdam	100.0 [3]
Allianz Garantie Fonds 4,75%, Rotterdam	100.0 [3]
Allianz Garantiefonds 3,35%, Rotterdam	100.0 [3]
Allianz Garantiefonds 5%, Rotterdam	100.0 [3]
Allianz General Insurance Co. Ltd., Bangkok	100.0
Allianz General Insurance Company (Malaysia) Berhad, Kuala Lumpur	100.0
Allianz General Laos Co. Ltd., Vientiane	51.0
Allianz Global Aggregate Bond, Senningerberg	78.7 [3]
Allianz Global Corporate & Specialty do Brasil Participações Ltda., Rio de Janeiro	100.0
Allianz Global Corporate & Specialty of Africa (Proprietary) Ltd., Johannesburg	100.0
Allianz Global Corporate & Specialty of Bermuda Ltd., Hamilton	100.0
Allianz Global Corporate & Specialty South Africa Ltd., Johannesburg	100.0
Allianz Global Diversified Infrastructure Equity GP S.à r.l., Senningerberg	100.0
Allianz Global Fundamental Strategy, Senningerberg	42.7 [2,3]
Allianz Global Government Bond, Senningerberg	99.0 [3]
Allianz Global Investors Asia Pacific Ltd., Hong Kong	100.0
Allianz Global Investors Asset Management (Shanghai) Limited, Shanghai	100.0
Allianz Global Investors Distributors LLC, Dover, DE	100.0
Allianz Global Investors Holdings Ltd., London	100.0
Allianz Global Investors Ireland Ltd., Dublin	100.0
Allianz Global Investors Japan Co. Ltd., Tokyo	100.0
Allianz Global Investors Nominee Services Ltd., George Town	100.0
Allianz Global Investors Overseas Asset Management (Shanghai) Limited, Shanghai	100.0
Allianz Global Investors Schweiz AG, Zurich	100.0
Allianz Global Investors Singapore Ltd., Singapore	100.0
Allianz Global Investors Taiwan Ltd., Taipei	100.0
Allianz Global Investors U.S. Holdings LLC, Dover, DE	100.0
Allianz Global Investors U.S. LLC, Dover, DE	100.0
Allianz Global Investors UK Limited, London	100.0
Allianz Global Life dac, Dublin	100.0
Allianz Global Opportunistic Bond, Senningerberg	40.9 [2,3]
Allianz Global Risks US Insurance Company Corp., Chicago, IL	100.0
Allianz Groen Rente Fonds, Rotterdam	100.0 [3]
Allianz Hayat ve Emeklilik A.S., Istanbul	89.0
Allianz Hellas Single Member Insurance S.A., Athens	100.0
Allianz Hold Co Real Estate S.à r.l., Luxembourg	100.0
Allianz Holding eins GmbH, Vienna	100.0
Allianz Holding France SAS, Paris la Défense	100.0
Allianz Holdings p.l.c., Dublin	100.0
Allianz Holdings plc, Guildford	100.0
Allianz Hospitaliers Euro, Paris	100.0 [3]
Allianz Hospitaliers Valeurs Durables, Paris	100.0 [3]
Allianz Hrvatska d.d., Zagreb	83.2
Allianz Hungária Biztosító Zrt., Budapest	100.0
Allianz HY Investor GP LLC, Wilmington, DE	100.0
Allianz HY Investor LP, Wilmington, DE	100.0

	% owned[1]	
Allianz IARD EM Debt, Paris	100.0	3
Allianz IARD S.A., Paris la Défense	100.0	
Allianz IARD Vintage, Paris	100.0	3
Allianz Impact Green Bond, Paris	100.0	3
Allianz IndexManagement Balance, Senningerberg	86.7	3
Allianz IndexManagement Chance, Senningerberg	93.2	3
Allianz IndexManagement Substanz, Senningerberg	94.5	3
Allianz IndexManagement Wachstum, Senningerberg	78.5	3
Allianz Individual Insurance Group LLC, Minneapolis, MN	100.0	
Allianz Informatique G.I.E., Paris la Défense	100.0	
Allianz Infrastructure Czech HoldCo I S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Czech HoldCo II S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Holding I Pte. Ltd., Singapore	100.0	
Allianz Infrastructure Luxembourg Holdco I S.A., Luxembourg	100.0	
Allianz Infrastructure Luxembourg Holdco II S.A., Luxembourg	100.0	
Allianz Infrastructure Luxembourg Holdco III S.A., Luxembourg	100.0	
Allianz Infrastructure Luxembourg Holdco IV S.A., Luxembourg	100.0	
Allianz Infrastructure Luxembourg I S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Luxembourg II S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Norway Holdco I S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Spain Holdco I S.à r.l., Luxembourg	100.0	
Allianz Infrastructure Spain Holdco II S.à r.l., Luxembourg	100.0	
Allianz Insurance Company of Ghana Limited, Accra	100.0	
Allianz Insurance Company of Kenya Limited, Nairobi	100.0	
Allianz Insurance Company-Egypt S.A.E., New Cairo	95.0	
Allianz Insurance Lanka Limited, Colombo	100.0	
Allianz Insurance plc, Guildford	100.0	
Allianz Insurance Singapore Pte. Ltd., Singapore	100.0	
Allianz International Ltd., Guildford	100.0	
Allianz Inversiones S.A., Bogotá D.C.	100.0	
Allianz Invest 10 Division S/U, Vienna	100.0	3
Allianz Invest 11 Division Leben/Kranken, Vienna	100.0	3
Allianz Invest 12 Division Leben/Kranken, Vienna	100.0	3
Allianz Invest 50, Vienna	100.0	3
Allianz Invest d.o.o., Zagreb	100.0	
Allianz Invest Kapitalanlagegesellschaft mbH, Vienna	100.0	
Allianz Invest Ostrent, Vienna	94.0	3
Allianz Invest Spezial 13, Vienna	100.0	3
Allianz Invest Spezial 3, Vienna	100.0	3
Allianz Investment Management LLC, Minneapolis, MN	100.0	
Allianz Investment Management Singapore Pte. Ltd., Singapore	100.0	
Allianz Investment Management U.S. LLC, St. Paul, MN	100.0	
Allianz Investment Real Estate Solutions S.à r.l., Luxembourg	100.0	
Allianz Investmentbank Aktiengesellschaft, Vienna	100.0	
Allianz Investments I Luxembourg S.à r.l., Luxembourg	100.0	

	% owned[1]	
Allianz Investments III Luxembourg S.A., Luxembourg	100.0	
Allianz Jewel Fund ICAV, Dublin	100.0	3
Allianz Jingdong General Insurance Company Ltd., Guangzhou	50.0	2
Allianz kontakt s.r.o., Prague	100.0	
Allianz Leasing Bulgaria AD, Sofia	100.0	
Allianz Leben Real Estate Holding I S.à r.l., Luxembourg	100.0	
Allianz Leben Real Estate Holding II S.à r.l., Luxembourg	100.0	
Allianz Life (Bermuda) Ltd., Hamilton	100.0	
Allianz Life Assurance Company-Egypt S.A.E., New Cairo	100.0	
Allianz Life Financial Services LLC, Minneapolis, MN	100.0	
Allianz Life Insurance Company Ltd., Moscow	100.0	
Allianz Life Insurance Company of Ghana Limited, Accra	100.0	
Allianz Life Insurance Company of Missouri, Clayton, MO	100.0	
Allianz Life Insurance Company of New York, New York, NY	100.0	
Allianz Life Insurance Company of North America, Minneapolis, MN	100.0	
Allianz Life Insurance Lanka Ltd., Colombo	100.0	
Allianz Life Insurance Malaysia Berhad, Kuala Lumpur	100.0	
Allianz Life Luxembourg S.A., Luxembourg	100.0	
Allianz Madagascar Assurances SA, Antananarivo	100.0	
Allianz Malaysia Berhad, Kuala Lumpur	75.0	
Allianz Management Services Limited, Guildford	100.0	
Allianz Marine & Transit Underwriting Agency Pty Ltd., Sydney	75.0	
Allianz Marine (UK) Ltd., Ipswich	100.0	
Allianz Maroc S.A., Casablanca	98.9	
Allianz MENA Holding (Bermuda) Ltd., Hamilton	100.0	
Allianz Meridiam Infra Avenir SCSp, Luxembourg	100.0	3
Allianz México S.A. Compañía de Seguros, Mexico City	100.0	
Allianz Mid Cap Loans FCT, Paris	100.0	3
Allianz Multi Croissance, Paris	74.6	3
Allianz Multi Dynamisme, Paris	94.2	3
Allianz Multi Equilibre, Paris	98.2	3
Allianz Multi Harmonie, Paris	99.7	3
Allianz Multi Horizon 2024-2026, Paris	69.1	3
Allianz Multi Horizon 2027-2029, Paris	67.2	3
Allianz Multi Horizon 2030-2032, Paris	68.9	3
Allianz Multi Horizon 2033-2035, Paris	100.0	3
Allianz Multi Horizon 2036-2038, Paris	100.0	3
Allianz Multi Horizon 2039-2041, Paris	100.0	3
Allianz Multi Horizon Court Terme, Paris	74.6	3
Allianz Multi Horizon Long Terme, Paris	41.6	2,3
Allianz Multi Opportunités, Paris	90.4	3
Allianz Multi Rendement Réel, Paris	86.7	3
Allianz Mutual Funds Management Company S.A., Athens	100.0	
Allianz Nederland Groep N.V., Rotterdam	100.0	
Allianz Neo ISR 2019, Senningerberg	100.0	3
Allianz Neo Isr 2020, Senningerberg	100.0	3
Allianz New Europe Holding GmbH, Vienna	100.0	
Allianz New Zealand Limited, Auckland	100.0	
Allianz Nigeria Insurance Limited, Lagos	100.0	
Allianz Obligations Internationales, Paris	87.2	3
Allianz of America Inc., Wilmington, DE	100.0	

	% owned[1]	
Allianz Offensief Mix Fonds, Rotterdam	100.0	3
Allianz Opéra, Paris	100.0	3
Allianz p.l.c., Dublin	100.0	
Allianz Partners S.A.S., Saint-Ouen	100.0	
Allianz Patrimoine Immobilier SAS, Paris la Défense	100.0	
Allianz PCREL US Debt S.A., Luxembourg	100.0	
Allianz Pension Fund Trustees Ltd., Guildford	100.0	
Allianz Pensionskasse Aktiengesellschaft, Vienna	100.0	
Allianz penzijní spolecnost a.s., Prague	100.0	
Allianz Pimco Corporate, Vienna	82.4	3
Allianz Pimco Mortgage, Vienna	92.0	3
Allianz PNB Life Insurance Inc., Makati City	51.0	
Allianz pojistovna a.s., Prague	100.0	
Allianz Polska Services Sp. z o.o., Warsaw	100.0	
Allianz Positive Change, Senningerberg	89.6	3
Allianz Presse Infra GP S.à r.l., Luxembourg	92.4	
Allianz Presse Infra S.C.S., Luxembourg	92.4	
Allianz Presse US REIT GP LLC, Wilmington, DE	92.4	
Allianz Presse US REIT LP, Wilmington, DE	92.4	
Allianz Private Equity GP S.à r.l., Senningerberg	100.0	
Allianz Private Equity Partners Europa II, Milan	92.0	3
Allianz Private Equity Partners Europa III, Milan	99.6	3
Allianz Private Equity Partners IV, Milan	100.0	3
Allianz Private Equity Partners V, Milan	100.0	3
Allianz Properties Limited, Guildford	100.0	
Allianz Re Dublin dac, Dublin	100.0	
Allianz Real Estate (Shanghai) Co. Ltd., Shanghai	100.0	
Allianz Real Estate Asia Pacific Pte. Ltd., Singapore	100.0	
Allianz Real Estate Investment S.A., Luxembourg	100.0	
Allianz Real Estate Japan GK, Tokyo	100.0	
Allianz Real Estate of America LLC, Wilmington, DE	100.0	
Allianz Real Estate Trust II (1), Sydney	99.2	3
Allianz Real Estate Trust II (2), Sydney	99.2	3
Allianz Real Estate Trust III (1), Sydney	97.9	3
Allianz Real Estate Trust III (1) Sub-trust (1), Sydney	100.0	3
Allianz Real Estate Trust III (2), Sydney	97.9	3
Allianz Real Estate Trust IV, Sydney	95.5	3
Allianz Reinsurance America Inc., Los Angeles, CA	100.0	
Allianz Reinsurance Management Services Inc., Wilmington, DE	100.0	
Allianz Renewable Energy Fund III GP SCSp, Senningerberg	100.0	
Allianz Renewable Energy Fund III Lux GP S.à r.l., Senningerberg	100.0	
Allianz Renewable Energy Fund Management 1 Ltd., London	100.0	
Allianz Renewable Energy Management AT GmbH, Pottenbrunn	100.0	
Allianz Renewable Energy Management AT II GmbH, Pottenbrunn	100.0	
Allianz Renewable Energy Partners I LP, London	100.0	
Allianz Renewable Energy Partners II Limited, London	100.0	
Allianz Renewable Energy Partners III LP, London	99.3	
Allianz Renewable Energy Partners IV Limited, London	99.3	
Allianz Renewable Energy Partners IX Limited, London	99.2	
Allianz Renewable Energy Partners of America 2 LLC, Wilmington, DE	100.0	
Allianz Renewable Energy Partners of America LLC, Wilmington, DE	100.0	

	% owned[1]
Allianz Renewable Energy Partners V plc., London	100.0
Allianz Renewable Energy Partners VI Limited, London	100.0
Allianz Renewable Energy Partners VII LP, London	100.0
Allianz Renewable Energy Partners VIII Limited, London	100.0
Allianz Renewable Green Infrastructure Fund IV (Lux) S.A. SICAV-RAIF, Senningerberg	100.0 [3]
Allianz Renewal Energy Partners Luxembourg II S.A., Luxembourg	100.0
Allianz Renewal Energy Partners Luxembourg IV S.A., Luxembourg	99.3
Allianz Renewal Energy Partners Luxembourg V S.A., Luxembourg	100.0
Allianz Renewal Energy Partners Luxembourg VI S.A., Luxembourg	100.0
Allianz Renewal Energy Partners Luxembourg VIII S.A., Luxembourg	100.0
Allianz Residential Mortgage Company S.A., Luxembourg	100.0
Allianz Resilient Credit Euro Fund GP S.à r.l., Senningerberg	100.0
Allianz Resilient Credit UK GP Limited, London	100.0
Allianz Retraite S.A., Paris la Défense	100.0
Allianz Risk Consultants Inc., Los Angeles, CA	100.0
Allianz Risk Transfer (Bermuda) Ltd., Hamilton	100.0
Allianz Risk Transfer (UK) Limited, London	100.0
Allianz Risk Transfer AG, Schaan	100.0
Allianz Risk Transfer Inc., New York, NY	100.0
Allianz S.A. de C.V., Mexico City	100.0
Allianz S.p.A., Milan	100.0
Allianz Saint Marc CL, Paris	100.0 [3]
Allianz Sakura Multifamily 1 Pte. Ltd., Singapore	100.0
Allianz Sakura Multifamily 2 Pte. Ltd., Singapore	100.0
Allianz Sakura Multifamily Lux GP S.à r.l., Luxembourg	100.0
Allianz Sakura Multifamily Lux SCSp, Luxembourg	100.0
Allianz SAS S.A.S., Bogotá D.C.	100.0
Allianz Saúde S.A., São Paulo	100.0
Allianz Saudi Fransi Cooperative Insurance Company, Riyadh	51.0
Allianz Secteur Europe Immobilier, Paris	87.0 [3]
Allianz Sécurité, Paris	64.3 [3]
Allianz Seguros de Vida S.A., Bogotá D.C.	100.0
Allianz Seguros S.A., São Paulo	100.0
Allianz Seguros S.A., Bogotá D.C.	100.0
Allianz Selection Alternative, Senningerberg	100.0 [3]
Allianz Selection Fixed Income, Senningerberg	100.0 [3]
Allianz Selection Small and Midcap Equity, Senningerberg	100.0 [3]
Allianz Sénégal Assurances SA, Dakar	83.4
Allianz Sénégal Assurances Vie SA, Dakar	98.5
Allianz Services (UK) Limited, London	100.0
Allianz Services Mauritius LLC, Ebene	100.0
Allianz Services Private Ltd., Thiruvananthapuram	100.0
Allianz Serviços e Participações S.A., Rio de Janeiro	100.0
Allianz Servizi S.p.A., Milan	100.0
Allianz Sigorta A.S., Istanbul	96.2
Allianz SNA s.a.l., Beirut	100.0
Allianz Sociedad Anónima A.S. Agencia de Seguros, Barcelona	100.0
Allianz Sociedade Gestora de Fundos de Pensões S.A., Lisbon	88.6
Allianz Société Financière S.à r.l., Luxembourg	100.0
Allianz South America Holding B.V., Amsterdam	100.0
Allianz Special Opportunities Alternative Fund, Milan	100.0 [3]
Allianz Strategic Investments S.à r.l., Luxembourg	100.0
Allianz Strategy Select 50, Senningerberg	50.0 [2,3]
Allianz Structured Alpha US Equity 250, Senningerberg	100.0 [3]
Allianz Suisse Immobilien AG, Wallisellen	100.0
Allianz Suisse Lebensversicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Suisse Versicherungs-Gesellschaft AG, Wallisellen	100.0
Allianz Sustainable Health Evolution, Senningerberg	99.7 [3]
Allianz Taiwan Life Insurance Co. Ltd., Taipei	99.7
Allianz Team, Paris	86.8 [3]
Allianz Team Formule 1, Paris	98.9 [3]
Allianz Technology (Thailand) Co. Ltd., Bangkok	100.0
Allianz Technology AG, Wallisellen	100.0
Allianz Technology GmbH, Vienna	100.0
Allianz Technology International B.V., Amsterdam	100.0
Allianz Technology of America Inc., Wilmington, DE	100.0
Allianz Technology S.L., Barcelona	100.0
Allianz Technology S.p.A., Milan	100.0
Allianz Technology SAS, Paris	100.0
Allianz Tiriac Asigurari SA, Bucharest	52.2
Allianz Tiriac Pensii Private Societate de administrare a fondurilor de pensii private S.A., Bucharest	100.0
Allianz UK Infrastructure Debt GP 2 Limited, London	100.0
Allianz UK Infrastructure Debt GP Limited, London	100.0
Allianz Ukraine LLC, Kiev	100.0
Allianz Underwriters Insurance Company Corp., Burbank, CA	100.0
Allianz US Debt Holding S.A., Luxembourg	100.0
Allianz US Income Growth Advisory Master Fundo de Investimento Multimercado Investimento no Exterior, São Paulo	100.0 [3]
Allianz US Investment GP LLC, Wilmington, DE	100.0
Allianz US Investment LP, Wilmington, DE	100.0
Allianz US Private Credit Solutions GP LLC, Wilmington, DE	100.0
Allianz US Private REIT GP LLC, Wilmington, DE	100.0
Allianz US Private REIT LP, Wilmington, DE	100.0
Allianz Valeurs Durables, Paris	56.9 [3]
Allianz Value S.r.l., Milan	100.0
Allianz Vermogen B.V., Rotterdam	100.0
Allianz Vie EM Debt, Paris	100.0 [3]
Allianz Vie S.A., Paris la Défense	100.0
Allianz Vie Sub Sovereign Debt FCP, Paris	100.0 [3]
Allianz Vorsorgekasse AG, Vienna	100.0
Allianz Voyager Asia I, Senningerberg	95.0 [3]
Allianz Worldwide Partners (Hong Kong) Ltd., Hong Kong	100.0
Allianz X Euler Hermes Co-Investments S.à r.l., Luxembourg	100.0
Allianz Yasam ve Emeklilik A.S., Istanbul	80.0
Allianz ZB d.o.o. Mandatory and Voluntary Pension Funds Management Company, Zagreb	51.0
AllianzGI Core Plus Bond Fund, Boston, MA	93.9 [3]
AllianzGI Preferred Securities and Income Fund, Boston, MA	55.0 [3]
AllianzGI Structured Alpha Large Cap Equity 350 GP LLC, Wilmington, DE	100.0
AllianzGI US Private Credit Solutions GP II LLC, Wilmington, DE	100.0
AllianzGI USD Infrastructure Debt Fund GP LLC, Wilmington, DE	100.0
AllianzIM U.S. Large Cap Buffer10 Apr ETF, Wilmington, DE	79.5 [3]
AllianzIM U.S. Large Cap Buffer10 Jul ETF, Wilmington, DE	79.5 [3]
AllianzIM U.S. Large Cap Buffer20 Apr ETF, Wilmington, DE	80.2 [3]
AllianzIM U.S. Large Cap Buffer20 Jul ETF, Wilmington, DE	63.7 [3]
Allianz-Slovenská DSS a.s., Bratislava	100.0
Allianz-Slovenská poist'ovňa a.s., Bratislava	99.6
Alma S.r.l., Bologna	100.0
Altair - Fondo di Investimento Alternativo Immobiliare di Tipo Chiuso, Rome	100.0 [3]
American Automobile Insurance Company Corp., Earth City, MO	100.0
APEH Europe VI, Paris	99.6 [3]
APK US Investment GP LLC, Wilmington, DE	100.0
APK US Investment LP, Wilmington, DE	100.0
APKV US Private REIT GP LLC, Wilmington, DE	100.0
APKV US Private REIT LP, Wilmington, DE	100.0
APP Broker S.r.l., Trieste	100.0
Appia Investments S.r.l., Milan	57.6
AREAP Core 1 GP Pte. Ltd., Singapore	100.0
Arges Investments I N.V., Amsterdam	100.0
Arges Investments II N.V., Amsterdam	100.0
Asit Services S.R.L., Bucharest	100.0
Assistance Courtage d'Assurance et de Réassurance S.A., Courbevoie	100.0
Associated Indemnity Corporation, Los Angeles, CA	100.0
Assurances Médicales SA, Metz	100.0
atpacvc LLC, Wilmington, DE	100.0
atpacvc Ltd., London	100.0
Avip Actions 100, Paris	100.0 [3]
Avip Actions 60, Paris	100.0 [3]
Avip Top Croissance, Paris	99.3 [3]
Avip Top Harmonie, Paris	98.4 [3]
Avip Top Tempéré, Paris	99.5 [3]
AVS Automotive VersicherungsService GmbH, Vienna	100.0
AWP Argentina S.A., Buenos Aires	100.0
AWP Assistance (India) Private Limited, Gurgaon	100.0
AWP Assistance Ireland Limited, Dublin	100.0
AWP Assistance Service España S.A., Madrid	100.0
AWP Assistance UK Ltd., London	100.0
AWP Australia Holdings Pty Ltd., Toowong	100.0
AWP Australia Pty Ltd., Toowong	100.0
AWP Austria GmbH, Vienna	100.0
AWP Brokers & Services Hellas S.A., Athens	100.0
AWP Business Services Co. Ltd., Beijing	100.0
AWP Chile Limitada, Santiago	100.0
AWP Colombia SAS, Bogotá D.C.	100.0
AWP Contact Center Italia S.r.l., Milan	100.0
AWP France SAS, Saint-Ouen	95.0
AWP Health & Life S.A., Saint-Ouen	100.0
AWP Health & Life Services Limited, Dublin	100.0
AWP Japan Co. Ltd., Tokyo	100.0
AWP MEA Holdings Co. W.L.L., Manama	100.0
AWP Mexico S.A. de C.V., Mexico City	100.0
AWP P&C S.A., Saint-Ouen	100.0
AWP Polska Sp. z o.o., Warsaw	100.0
AWP Réunion SAS, Saint-Denis	100.0

	% owned[1]
AWP RUS LLC, Moscow	100.0
AWP Service Brasil Ltda., São Bernardo do Campo	100.0
AWP Services (India) Private Limited, Gurgaon	100.0
AWP Services (Thailand) Co. Ltd., Bangkok	97.6
AWP Services Belgium S.A., Brussels	100.0
AWP Services New Zealand Limited, Auckland	100.0
AWP Services NL B.V., Amsterdam	100.0
AWP Services Sdn. Bhd., Kuala Lumpur	100.0
AWP Services Singapore Pte. Ltd., Singapore	100.0
AWP Servicios Mexico S.A. de C.V., Mexico City	100.0
AWP Servis Hizmetleri A.S., Istanbul	97.0
AWP Solutions CR a SR s.r.o., Prague	100.0
AWP Ticket Guard Small Amount & Short Term Insurance Co. Ltd., Tokyo	100.0
AWP USA Inc., Richmond, VA	100.0
AZ Euro Investments II S.à r.l., Luxembourg	100.0
AZ Euro Investments S.A., Luxembourg	100.0
AZ Jupiter 10 B.V., Amsterdam	100.0
AZ Jupiter 11 B.V., Amsterdam	97.8
AZ Jupiter 14 B.V., Amsterdam	100.0
AZ Jupiter 8 B.V., Amsterdam	100.0
AZ Jupiter 9 B.V., Amsterdam	100.0
AZ Real Estate GP LLC, New York, NY	100.0
AZ Servisni centar d.o.o., Zagreb	100.0
AZ Vers US Private REIT GP LLC, Wilmington, DE	100.0
AZ Vers US Private REIT LP, Wilmington, DE	100.0
AZ-CR Seed Investor LP, Wilmington, DE	100.0
AZGA Insurance Agency Canada Ltd., Kitchener, ON	100.0
AZGA Service Canada Inc., Kitchener, ON	55.0
AZL PF Investments Inc., Minneapolis, MN	100.0
AZOA Services Corporation, New York, NY	100.0
AZP Malaysia Agency Sdn. Bhd., Kuala Lumpur	100.0
AZWP Services Portugal Lda., Lisbon	100.0
BBVA Allianz Seguros y Reaseguros S.A., Madrid	50.0 [2]
BCP-AZ Investment L.P., Wilmington, DE	98.0
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100.0
Beykoz Gayrimenkul Yatirim Insaat Turizm Sanayi ve Ticaret A.S., Ankara	100.0
Bilan Services S.N.C., Nanterre	66.0
BN Infrastruktur GmbH, St. Pölten	74.9
Borgo San Felice S.r.l., Castelnuovo Berardenga	100.0
BPS Brindisi 211 S.r.l., Lecce	100.0
BPS Brindisi 213 S.r.l., Lecce	100.0
BPS Brindisi 222 S.r.l., Lecce	100.0
BPS Mesagne 214 S.r.l., Lecce	100.0
BPS Mesagne 215 S.r.l., Lecce	100.0
BPS Mesagne 216 S.r.l., Lecce	100.0
BPS Mesagne 223 S.r.l., Lecce	100.0
BPS Mesagne 224 S.r.l., Lecce	100.0
Brasil de Imóveis e Participações Ltda., São Paulo	100.0
BRAVO II CIV LLC, Wilmington, DE	100.0
BRAVO III CIV LLC, Wilmington, DE	100.0
BRAVO IV CIV LLC, Wilmington, DE	100.0
Brobacken Nät AB, Stockholm	100.0
BSMC (Thailand) Limited, Bangkok	100.0
Buddies Enterprises Limited, Guildford	100.0
Calobra Investments Sp. z o.o., Warsaw	100.0
Candid Web Assets Ltd., Bristol	100.0
CAP Rechtsschutz-Versicherungsgesellschaft AG, Wallisellen	100.0

	% owned[1]
Caroline Berlin S.C.S., Luxembourg	93.2
Castle Field Limited, Hong Kong	100.0
CELUHO S.à r.l., Luxembourg	100.0
Central Shopping Center a.s., Bratislava	100.0
Centrale Photovoltaique de Saint Marcel sur Aude SAS, Versailles	100.0
Centrale Photovoltaique de Valensole SAS, Versailles	100.0
CEPE de Bajouve S.à r.l., Versailles	100.0
CEPE de Haut Chemin S.à r.l., Versailles	100.0
CEPE de la Baume S.à r.l., Versailles	100.0
CEPE de la Forterre S.à r.l., Versailles	100.0
CEPE de Langres Sud S.à r.l., Versailles	100.0
CEPE de Mont Gimont S.à r.l., Versailles	100.0
CEPE de Sambres S.à r.l., Versailles	100.0
CEPE de Vieille Carrière S.à r.l., Versailles	100.0
CEPE des Portes de la Côte d'Or S.à r.l., Versailles	100.0
CEPE du Blaiseron S.à r.l., Versailles	100.0
CEPE du Bois de la Serre S.à r.l., Versailles	100.0
Chicago Insurance Company Corp., Chicago, IL	100.0
CIC Allianz Insurance Ltd., Sydney	100.0
Citizen Capital Impact Initiative, Paris	90.0 [3]
Climmolux Holding SA, Luxembourg	100.0
Club Marine Limited, Sydney	100.0
COF II CIV LLC, Wilmington, DE	100.0
Companhia de Seguros Allianz Portugal S.A., Lisbon	64.8
Compañía Colombiana de Servicio Automotriz S.A., Bogotá D.C.	100.0
Consultatio Renta Mixta F.C.I., Buenos Aires	100.0 [3]
Control Expert Gestao Comercio e Desenvolvimento Ltda., Jundiaí	95.0
Control Expert Italia S.r.l., Venice	80.0
Control Expert Mexico S. de R.L. de C.V., Mexico City	95.0
Control Expert Systems Technologies S.L., Madrid	94.9
ControlExpert Argentina SRL, Buenos Aires	90.0
ControlExpert Chile Spa, Las Condes	95.0
ControlExpert China Co. Ltd., Beijing	30.0 [2]
ControlExpert Colombia SAS, Bogotá D.C.	90.0
ControlExpert Holding B.V., Amsterdam	90.0
ControlExpert Hong Kong Corp. Limited, Hong Kong	90.0
ControlExpert Inc., Wilmington, DE	90.0
ControlExpert Japan KK, Tokyo	100.0
ControlExpert Polska Sp. z o.o., Warsaw	100.0
ControlExpert Schweiz GmbH, Cham	100.0
ControlExpert Thailand Co. Ltd., Bangkok	100.0
ControlExpert UK Limited, Farnborough	87.0
Corn Investment Ltd., London	100.0
Corsetec Assessoria e Corretagem de Seguros Ltda., São Paulo	100.0
Cova Beijing Zpark Investment Pte. Ltd., Singapore	98.0
CPRN Thailand Ltd., Bangkok	100.0
CreditRas Assicurazioni S.p.A., Milan	50.0 [2]
CreditRas Vita S.p.A., Milan	50.0 [2]
CURATIO DMCC LLC, Dubai	100.0
D23E GP LLC, Wilmington, DE	100.0
Darta Saving Life Assurance dac, Dublin	100.0
Deeside Investments Inc., Wilmington, DE	50.1
Delta Technical Services Ltd., London	100.0
Demand Side Media Ltd., Bristol	100.0
Diamond Point a.s., Prague	100.0

	% owned[1]
Dresdner Kleinwort Pfandbriefe Investments II Inc., Minneapolis, MN	100.0
EF Solutions LLC, Wilmington, DE	100.0
Eiger Institutional Fund, Basel	100.0 [3]
Elite Prize Limited, Hong Kong	100.0
ELVIA eInvest AG, Wallisellen	100.0
Energie Eolienne Lusanger S.à r.l., Versailles	100.0
Enertrag-Dunowo Sp. z o.o., Szczecin	100.0
Eolica Erchie S.r.l., Lecce	100.0
EP Tactical GP LLC, Wilmington, DE	100.0
Etablissements J. Moneger SA, Dakar	100.0
Euler Hermes 39 Ouest, Paris la Défense	100.0 [3]
Euler Hermes Acmar SA, Casablanca	55.0
Euler Hermes Acmar Services SARL, Casablanca	100.0
Euler Hermes Asset Management France S.A., Paris la Défense	100.0
Euler Hermes Australia Pty Limited, Sydney	100.0
Euler Hermes Canada Services Inc., Montreal, QC	100.0
Euler Hermes Collections North America Company, Owings Mills, MD	100.0
Euler Hermes Collections Sp. z o.o., Warsaw	100.0
Euler Hermes Consulting (Shanghai) Co. Ltd., Shanghai	100.0
Euler Hermes Crédit France S.A.S., Paris la Défense	100.0
Euler Hermes Digital Ventures OPCVM, Paris la Défense	100.0 [3]
Euler Hermes Emporiki Services Ltd., Athens	100.0
Euler Hermes Excess North America LLC, Owings Mills, MD	100.0
Euler Hermes Group SA, Paris la Défense	100.0
Euler Hermes Hong Kong Service Limited, Hong Kong	100.0
Euler Hermes Intermediary Agency S.r.l., Milan	100.0
Euler Hermes Japan Services Ltd., Tokyo	100.0
Euler Hermes Korea Non-life Broker Company Limited, Seoul	100.0
Euler Hermes Luxembourg Holding S.à r.l., Luxembourg	100.0
Euler Hermes Magyar Követeleskezelö Kft., Budapest	100.0
Euler Hermes New Zealand Limited, Auckland	100.0
Euler Hermes North America Holding Inc., Owings Mills, MD	100.0
Euler Hermes North America Insurance Company Inc., Owings Mills, MD	100.0
Euler Hermes Patrimonia SA, Brussels	100.0
Euler Hermes Ré SA, Luxembourg	100.0
Euler Hermes Real Estate SPPICAV, Paris la Défense	60.0
Euler Hermes Recouvrement France S.A.S., Paris la Défense	100.0
Euler Hermes Reinsurance AG, Wallisellen	100.0
Euler Hermes Risk Yönetimi A.S., Istanbul	100.0
Euler Hermes S.A., Brussels	100.0
Euler Hermes Seguros S.A., São Paulo	100.0
Euler Hermes Service AB, Stockholm	100.0
Euler Hermes Services B.V., 's-Hertogenbosch	100.0
Euler Hermes Services Belgium S.A., Brussels	100.0
Euler Hermes Services Bulgaria EOOD, Sofia	100.0
Euler Hermes Services Ceská republika s.r.o., Prague	100.0
Euler Hermes Services G.C.C. Limited, Dubai	100.0
Euler Hermes Services India Private Limited, Mumbai	100.0
Euler Hermes Services Ireland Limited, Dublin	100.0

	% owned[1]
Euler Hermes Services Italia S.r.l., Rome	100.0
Euler Hermes Services North America LLC, Owings Mills, MD	100.0
Euler Hermes Services Romania S.R.L., Bucharest	100.0
Euler Hermes Services S.A.S., Paris la Défense	100.0
Euler Hermes Services Schweiz AG, Wallisellen	100.0
Euler Hermes Services Slovensko s.r.o., Bratislava	100.0
Euler Hermes Services South Africa Ltd., Johannesburg	100.0
Euler Hermes Services Tunisia S.à r.l., Tunis	100.0
Euler Hermes Services UK Limited, London	100.0
Euler Hermes Serviços de Gestão de Riscos Ltda., São Paulo	100.0
Euler Hermes Sigorta A.S., Istanbul	100.0
Euler Hermes Singapore Services Pte. Ltd., Singapore	100.0
Euler Hermes South Express S.A., Brussels	100.0
Euler Hermes Taiwan Services Limited, Taipei	100.0
Euler Hermes, Mierzejewska-Kancelaria Prawna Sp.k, Warsaw	100.0
Eurl 20/22 Le Peletier, Paris la Défense	100.0
Eurosol Invest S.r.l., Udine	100.0
Fairmead Distribution Services Limited, Guildford	100.0
Fairmead Insurance Limited, Guildford	100.0
FCP Allianz Africa Equity WAEMU, Abidjan	100.0 [3]
FCP LBPAM IDR, Paris	100.0 [3]
FCPI InnovAllianz 2, Paris	100.0 [3]
FCT CIMU 92, Pantin	100.0 [3]
FCT Rocade L2 Marseille, Paris	100.0 [3]
Fénix Directo Compañía de Seguros y Reaseguros S.A., Madrid	100.0
Ferme Eolienne de Villemur-sur-Tarn S.à r.l., Versailles	100.0
Ferme Eolienne des Jaladeaux S.à r.l., Versailles	100.0
Financière Callisto SAS, Paris la Défense	100.0
Finanzen France SAS, Paris	100.0
FinOS Technology Holding Pte. Ltd., Singapore	100.0
FinOS Technology Malaysia Sdn. Bhd., Kuala Lumpur	100.0
FinOS Technology Vietnam Single-Member Limited Liability Company, Ho Chi Minh City	100.0
Fireman's Fund Financial Services LLC, Dallas, TX	100.0
Fireman's Fund Indemnity Corporation, Liberty Corner, NJ	100.0
Fireman's Fund Insurance Company Corp., Los Angeles, CA	100.0
Flying Desire Limited, Hong Kong	100.0
Fondo Chiuso Allianz Infrastructure Partners I, Milan	100.0 [3]
Foshan Geluo Storage Services Co. Ltd., Foshan	100.0
FPCI Allianz Synergies, Paris	100.0 [3]
FPCI APEH Europe VII, Paris	100.0 [3]
Fragonard Assurance S.A., Paris	100.0
Franklin S.C.S., Luxembourg	94.5
Friederike MLP S.à r.l., Luxembourg	100.0
Fu An Management Consulting Co. Ltd., Beijing	1.0 [2]
Gaipare Action, Paris	100.0 [3]
Galore Expert Limited, Hong Kong	100.0
Generation Vie S.A., Courbevoie	52.5
Gestion de Téléassistance et de Services S.A., Châtillon	100.0
GIE Euler Hermes Facturation France, Paris la Défense	100.0
GIE Euler Hermes SFAC Services, Paris la Défense	100.0
Glärnisch Institutional Fund, Basel	100.0 [3]

	% owned[1]
Global Azawaki S.L., Madrid	100.0
Global Carena S.L., Madrid	100.0
Global Transport & Automotive Insurance Solutions Pty Limited, Sydney	100.0
Great Lake Funding I LP, Wilmington, DE	100.0 [3]
Grupo Multiasistencia S.A., Madrid	100.0
Gurtin Fixed Income Management LLC, Dover, DE	100.0
Harro Development Praha s.r.o., Prague	100.0
Hauteville Insurance Company Limited, St Peter Port	100.0
Havelaar & van Stolk B.V., Rotterdam	100.0
Helviass Verzekeringen B.V., Rotterdam	100.0
Highway Insurance Company Limited, Guildford	100.0
Highway Insurance Group Limited, Guildford	100.0
Home & Legacy Insurance Services Limited, Guildford	100.0
Humble Bright Limited, Hong Kong	100.0
Hunter Premium Funding Ltd., Sydney	100.0
Hwang Affin Income Fund 5, Kuala Lumpur	100.0 [3]
ICON Immobilien GmbH & Co. KG, Vienna	100.0
ICON Inter GmbH & Co. KG, Vienna	100.0
IEELV GP S.à r.l., Luxembourg	100.0
Immovalor Gestion S.A., Paris la Défense	100.0
ImWind PDV GmbH & Co. KG, Pottenbrunn	100.0
ImWind PL GmbH & Co. KG, Pottenbrunn	100.0
Inforce Solutions LLC, Woodstock, GA	100.0
InnovAllianz, Paris	99.6 [3]
Insurance CJSC "Medexpress", Saint Petersburg	100.0
Intermediass S.r.l., Milan	100.0
Interstate Fire & Casualty Company, Chicago, IL	100.0
Investitori Logistic Fund, Milan	100.0
Investitori Real Estate Fund, Milan	100.0 [3]
Investitori SGR S.p.A., Milan	100.0
Järvsö Sörby Vindkraft AB, Danderyd	100.0
JCR Intertrade Co. Ltd., Bangkok	40.0 [2]
Jefferson Insurance Company Corp., New York, NY	100.0
Joukhaisselän Tuulipuisto Oy, Oulu	100.0
Jouttikallio Wind Oy, Kotka	100.0
JSC Insurance Company Allianz, Moscow	100.0
JUSTIS GmbH, Etoy	100.0
KAIGO Hi-Tech Development (Beijing) Co. Ltd., Beijing	100.0
KaiLong Greater China Real Estate Fund II S.C.Sp., Luxembourg	100.0
Ken Tame & Associates Pty Ltd., Sydney	100.0
Kensington Fund, Milan	100.0
Keyeast Pte. Ltd., Singapore	100.0
Kiinteistöosakeyhtiö Eteläesplanadi 2 Oy, Helsinki	100.0
KLGCREF II Holdco Pte. Ltd., Singapore	100.0
Kohlenberg & Ruppert Premium Properties S.à r.l., Luxembourg	100.0
Kuolavaara-Keulakkopään Tuulipuisto Oy, Oulu	100.0
La Rurale SA, Courbevoie	99.9
Lincoln Infrastructure USA Inc., Wilmington, DE	100.0
Liverpool Victoria General Insurance Group Limited, Guildford	100.0
Liverpool Victoria Insurance Company Limited, Guildford	100.0
LLC "Euler Hermes Credit Management", Moscow	100.0
LLC "IC Euler Hermes Ru", Moscow	100.0
LLC "Medexpress-service", Saint Petersburg	100.0
LLC "Progress-Med", Moscow	100.0
LLC "Risk Audit", Moscow	100.0

	% owned[1]
LV Assistance Services Limited, Guildford	100.0
LV Insurance Management Limited, Guildford	100.0
LV Repair Services Limited, Guildford	100.0
Maevaara Vind 2 AB, Stockholm	100.0
Maevaara Vind AB, Stockholm	100.0
Medi24 AG, Bern	100.0
Medicount (Private) Limited, Islamabad	100.0
MediCount Global Ltd., Ebene	71.6
Medicount Healthcare Private Limited, Bangalore	100.0
Mindseg Corretora de Seguros Ltda., São Bernardo do Campo	100.0
Mombyasen Wind Farm AB, Halmstad	100.0
Morningchapter S.A., Grandaços	100.0
Multiasistencia S.A., Madrid	100.0
Multiassistance Luxembourg S.à r.l., Luxembourg	100.0
Multiassistance S.A., Paris	100.0
Multimags - Multiassistência e Gestão de Sinistros, Unipessoal Lda., Lisbon	100.0
National Surety Corporation, Chicago, IL	100.0
Neoasistencia Manoteras S.L., Madrid	100.0
Nextcare Bahrain Ancillary Services Company B.S.C., Manama	100.0
NEXtCARE Claims Management LLC, Dubai	100.0
NEXtCARE Claims Management LLC, Al Khuwair	70.0
NEXtCARE Egypt LLC, New Cairo	100.0
NEXtCARE Lebanon SAL, Beirut	100.0
NEXtCARE Tunisie LLC, Tunis	100.0
Niederösterreichische Glasfaserinfrastrukturgesellschaft mbH, St. Pölten	100.0
nöGIG Phase Zwei GmbH, St. Pölten	100.0
Northstar Mezzanine Partners VI U.S. Feeder II L.P., Dover, DE	100.0 [3]
öGIG GmbH, St. Pölten	100.0
öGIG Netzbetrieb GmbH, St. Pölten	100.0
OPCI Allianz France Angel, Paris la Défense	100.0
Orione PV S.r.l., Milan	100.0
Orsa Maggiore PV S.r.l., Milan	100.0
Orsa Minore PV S.r.l., Milan	100.0
Pacific Investment Management Company LLC, Dover, DE	94.5
PAF GP S.à r.l., Luxembourg	100.0
Parc Eolien de Bonneuil S.à r.l., Versailles	100.0
Parc Eolien de Bruyère Grande SAS, Versailles	100.0
Parc Eolien de Chaourse SAS, Versailles	100.0
Parc Eolien de Chateau Garnier SAS, Versailles	100.0
Parc Eolien de Croquettes SAS, Versailles	100.0
Parc Eolien de Dyé SAS, Versailles	100.0
Parc Eolien de Fontfroide SAS, Versailles	100.0
Parc Eolien de Forge SAS, Versailles	100.0
Parc Eolien de la Sole du Bois SAS, Paris	100.0
Parc Eolien de Longchamps SAS, Versailles	100.0
Parc Eolien de Ly-Fontaine SAS, Versailles	100.0
Parc Eolien de Pliboux SAS, Versailles	100.0
Parc Eolien de Remigny SAS, Versailles	100.0
Parc Eolien des Barbes d´Or SAS, Versailles	100.0
Parc Eolien des Joyeuses SAS, Versailles	100.0
Parc Eolien des Mistandines SAS, Paris	100.0
Parc Eolien des Quatre Buissons SAS, Paris	100.0
Parc Eolien du Bois Guillaume SAS, Paris	100.0
Parc Eolien Les Treize SAS, Paris	100.0
PCRED CIV LLC, Wilmington, DE	100.0
Pet Plan Ltd., Guildford	100.0

	% owned[1]
PFP Holdings Inc., Dover, DE	100.0
PGA Global Services LLC, Dover, DE	100.0
PIMCO (Schweiz) GmbH, Zurich	100.0
PIMCO Asia Ltd., Hong Kong	100.0
PIMCO Asia Pte Ltd., Singapore	100.0
PIMCO Australia Management Limited, Sydney	100.0
PIMCO Australia Pty Ltd., Sydney	100.0
PIMCO BRAVO III Offshore GP L.P., George Town	100.0
PIMCO BRAVO III Offshore GP Ltd., George Town	100.0
PIMCO BRAVO IV Offshore GP Ltd., George Town	100.0
PIMCO Canada Corp., Toronto, ON	100.0
PIMCO Climate Bond Fund, Dublin	60.4 [3]
PIMCO Climate Bond Fund, Boston, MA	32.7 [2,3]
PIMCO COF II LLC, Wilmington, DE	100.0
PIMCO COF III Offshore GP Ltd., George Town	100.0
PIMCO ESG Income Fund, Boston, MA	34.0 [2,3]
PIMCO Europe Ltd., London	100.0
PIMCO GIS Emerging Markets Opportunities Fund, Dublin	70.0 [3]
PIMCO Global Advisors (Ireland) Ltd., Dublin	100.0
PIMCO Global Advisors (Luxembourg) S.A., Luxembourg	100.0
PIMCO Global Advisors (Resources) LLC, Dover, DE	100.0
PIMCO Global Advisors LLC, Dover, DE	100.0
PIMCO Global Financials Credit FIC FIM IE, Rio de Janeiro	43.1 [2,3]
PIMCO Global Holdings LLC, Dover, DE	100.0
PIMCO GP I Canada Corporation, Toronto, ON	100.0
PIMCO GP I LLC, Wilmington, DE	100.0
PIMCO GP II S.à r.l., Luxembourg	100.0
PIMCO GP III LLC, Wilmington, DE	100.0
PIMCO GP IV S.à r.l., Luxembourg	100.0
PIMCO GP IX LLC, Wilmington, DE	100.0
PIMCO GP S.à r.l., Luxembourg	100.0
PIMCO GP V LLC, Wilmington, DE	100.0
PIMCO GP V S.à r.l., Luxembourg	100.0
PIMCO GP VII LLC, Wilmington, DE	100.0
PIMCO GP X LLC, Wilmington, DE	100.0
PIMCO GP XI LLC, Wilmington, DE	100.0
PIMCO GP XII LLC, Wilmington, DE	100.0
PIMCO GP XIII LLC, Wilmington, DE	100.0
PIMCO GP XIV LLC, Wilmington, DE	100.0
PIMCO GP XIX LLC, Wilmington, DE	100.0
PIMCO GP XL LLC, Wilmington, DE	100.0
PIMCO GP XLI LLC, Wilmington, DE	100.0
PIMCO GP XLIV LLC, Wilmington, DE	100.0
PIMCO GP XV LLC, Wilmington, DE	100.0
PIMCO GP XVI LLC, Wilmington, DE	100.0
PIMCO GP XVII LLC, Wilmington, DE	100.0
PIMCO GP XVIII LLC, Wilmington, DE	100.0
PIMCO GP XX LLC, Wilmington, DE	100.0
PIMCO GP XXI-C LLC, Wilmington, DE	100.0
PIMCO GP XXII LLC, Wilmington, DE	100.0
PIMCO GP XXIII Ltd., George Town	100.0
PIMCO GP XXIV LLC, Wilmington, DE	100.0
PIMCO GP XXIX LLC, Wilmington, DE	100.0
PIMCO GP XXV LLC, Wilmington, DE	100.0
PIMCO GP XXVI LLC, Wilmington, DE	100.0
PIMCO GP XXVII LLC, Wilmington, DE	100.0
PIMCO GP XXVIII LLC, Wilmington, DE	100.0
PIMCO GP XXX LLC, Wilmington, DE	100.0

	% owned[1]
PIMCO GP XXXI LLC, Wilmington, DE	100.0
PIMCO GP XXXII LLC, Wilmington, DE	100.0
PIMCO GP XXXIII LLC, Wilmington, DE	100.0
PIMCO GP XXXIV LLC, Wilmington, DE	100.0
PIMCO GP XXXIX LLC, Wilmington, DE	100.0
PIMCO GP XXXV LLC, Wilmington, DE	100.0
PIMCO GP XXXVI LLC, Wilmington, DE	100.0
PIMCO GP XXXVII LLC, Wilmington, DE	100.0
PIMCO GP XXXVIII LLC, Wilmington, DE	100.0
PIMCO Investment Management (Shanghai) Limited, Shanghai	100.0
PIMCO Investments LLC, Dover, DE	100.0
PIMCO Japan Ltd., Road Town	100.0
PIMCO Latin America Administradora de Carteiras Ltda., Rio de Janeiro	100.0
PIMCO REALPATH Blend 2060 Fund, Boston, MA	47.3 [2,3]
PIMCO REIT Management LLC, Wilmington, DE	100.0
PIMCO Services LLC, Dover, DE	100.0
PIMCO StocksPLUS AR Fund, Dublin	88.2 [3]
PIMCO Taiwan Ltd., Taipei	100.0
POD Allianz Bulgaria AD, Sofia	65.9
Primacy Underwriting Management Limited, Wellington	100.0
Primacy Underwriting Management Pty Ltd., Melbourne	100.0
Promultitravaux SAS, Paris	100.0
Protexia France S.A., Paris la Défense	100.0
PSS Allianz Protect 85 I, Senningerberg	100.0 [3]
PT Asuransi Allianz Life Indonesia, Jakarta	99.8
PT Asuransi Allianz Utama Indonesia, Jakarta	97.8
PT Blue Dot Services, Jakarta	100.0
PTE Allianz Polska S.A., Warsaw	100.0
Q 207 GP S.à r.l., Luxembourg	100.0
Q207 S.C.S., Luxembourg	94.0
Quality 1 AG, Bubikon	100.0
Questar Agency Inc., Minneapolis, MN	100.0
Questar Asset Management Inc., Ann Arbor, MI	100.0
Questar Capital Corporation, Minneapolis, MN	100.0
RAS Antares, Milan	100.0 [3]
RB Fiduciaria S.p.A., Milan	100.0
RE-AA SA, Abidjan	100.0
Real Faubourg Haussmann SAS, Paris la Défense	100.0
Real FR Haussmann SAS, Paris la Défense	100.0
Redoma 2 S.A., Luxembourg	100.0
Redoma S.à r.l., Luxembourg	100.0
Rivage Richelieu 1 FCP, Paris	100.0 [3]
Rogge Selective Global High Yield Bond, Istanbul	33.0 [2,3]
Rokko Development Praha s.r.o., Prague	100.0
SA Carène Assurance, Paris	100.0
SA Vignobles de Larose, Saint-Laurent-Médoc	100.0
Saarenkylä Tuulipuisto Oy, Oulu	100.0
Säntis Umbrella Fund, Zurich	100.0 [3]
SAS 20 pompidou, Paris la Défense	100.0
SAS Allianz Etoile, Paris la Défense	100.0
SAS Allianz Forum Seine, Paris la Défense	100.0
SAS Allianz Logistique, Paris la Défense	100.0
SAS Allianz Platine, Paris la Défense	100.0
SAS Allianz Prony, Paris la Défense	100.0
SAS Allianz Rivoli, Paris la Défense	100.0
SAS Allianz Serbie, Paris la Défense	100.0
SAS Angel Shopping Centre, Paris la Défense	90.0

	% owned[1]
SAS Chaponnay Mérieux Logistics, Paris la Défense	100.0
SAS Madeleine Opéra, Paris la Défense	100.0
SAS Passage des princes, Paris la Défense	100.0
SAS Société d'Exploitation du Parc Eolien de Nélausa, Versailles	100.0
Sättravallen Wind Power AB, Strömstad	100.0
Saudi NEXtCARE LLC, Al Khobar	68.0
SC Tour Michelet, Paris la Défense	100.0
SCI 46 Desmoulins, Paris la Défense	100.0
SCI Allianz Arc de Seine, Paris la Défense	100.0
SCI Allianz Citylights, Paris la Défense	100.0
SCI Allianz Immobilier Durable, Paris la Défense	100.0
SCI Allianz Invest Pierre, Paris la Défense	100.0
SCI Allianz Messine, Paris la Défense	100.0
SCI Allianz Value Pierre, Paris la Défense	100.0
SCI AVIP SCPI Selection, Paris la Défense	100.0
SCI ESQ, Paris la Défense	75.0
SCI Onnaing Escaut Logistics, Paris la Défense	100.0
SCI Pont D'Ain Septembre Logistics, Paris la Défense	100.0
SCI Réau Papin Logistics, Paris la Défense	100.0
SCI Stratus, Courbevoie	100.0
SCI Via Pierre 1, Paris la Défense	100.0
Servicios Compartidos Multiasistencia S.L., Madrid	100.0
Sicredi - Fundo de Investimento Sulamérica Renda Fixa Crédito Privado, Porto Alegre	100.0 [3]
SIFCOM Assur S.A., Abidjan	60.0
Sigma Reparaciones S.L., Madrid	100.0
Silex Gas Norway AS, Oslo	100.0
Sirius S.A., Luxembourg	94.8
SLC "Allianz Life Ukraine", Kiev	100.0
Società Agricola San Felice S.p.A., Milan	100.0
Société de Production D'électricité D'harcourt Moulaine SAS, Versailles	100.0
Société d'Energie Eolien Cambon SAS, Versailles	100.0
Société d'Exploitation du Parc Eolien d'Aussac Vadalle SAS, Paris	100.0
Société Européenne de Protection et de Services d'Assistance à Domicile S.A., Paris	56.0
Société Foncière Européenne B.V., Amsterdam	100.0
Société Nationale Foncière S.A.L., Beirut	66.0
SOFE One Co. Ltd., Bangkok	100.0
SOFE Two Co. Ltd., Bangkok	100.0
Sofiholding S.A., Brussels	100.0
South City Office Broodthaers SA, Brussels	100.0
SpaceCo S.A., Paris	100.0
Stam Fem Gångaren 11 AB, Stockholm	100.0
Starterslening.nl B.V., Amsterdam	60.0
StocksPLUS Management Inc., Dover, DE	100.0
Syncier Consulting GmbH, Vienna	100.0
Taone SAS, Paris la Défense	100.0
Téléservices et Sécurité S.à r.l., Châtillon	99.9
TFI Allianz Polska S.A., Warsaw	100.0
The American Insurance Company Corp., Cincinnati, OH	100.0
The MI Group Limited, Guildford	99.4
Three Pillars Business Solutions Limited, Guildford	100.0
Tihama Investments B.V., Amsterdam	100.0
toconnect GmbH, Lucerne	100.0
Top Immo A GmbH & Co. KG, Vienna	100.0
Top Immo Besitzgesellschaft B GmbH & Co. KG, Vienna	100.0
Top Versicherungsservice GmbH, Vienna	100.0

	% owned[1]
Top Vorsorge-Management GmbH, Vienna	75.0
Towarzystwo Ubezpieczen Euler Hermes S.A., Warsaw	100.0
Trafalgar Insurance Limited, Guildford	100.0
TruChoice Financial Group LLC, Minneapolis, MN	100.0
TU Allianz Zycie Polska S.A., Warsaw	100.0
TUiR Allianz Polska S.A., Warsaw	100.0
UK Logistics GP S.à r.l., Luxembourg	100.0
UK Logistics PropCo I S.à r.l., Luxembourg	100.0
UK Logistics PropCo II S.à r.l., Luxembourg	100.0
UK Logistics PropCo III S.à r.l., Luxembourg	100.0
UK Logistics PropCo IV S.à r.l., Luxembourg	100.0
UK Logistics PropCo V S.à r.l., Luxembourg	100.0
UK Logistics S.C.Sp., Luxembourg	100.0
UP 36 SA, Brussels	100.0
Vailog Hong Kong DC17 Limited, Hong Kong	100.0
Vailog Hong Kong DC19 Limited, Hong Kong	100.0
Valderrama S.A., Luxembourg	100.0
Vanilla Capital Markets S.A., Luxembourg	100.0
VertBois S.à r.l., Luxembourg	100.0
Vet Envoy Limited, Colwyn Bay	100.0
Vigny Depierre Conseils SAS, Archamps	100.0
Viveole SAS, Versailles	100.0
Volta, Paris	100.0 [3]
Vordere Zollamtsstraße 13 GmbH, Vienna	100.0
Weihong (Shanghai) Storage Services Co. Ltd., Shanghai	100.0
Weilong (Hubei) Storage Services Co. Ltd., Ezhou	100.0
Weilong (Jiaxing) Storage Services Co. Ltd., Jiaxing	100.0
Weiyi (Shenyang) Storage Services Co. Ltd., Shenyang	100.0
Windpark AO GmbH, Pottenbrunn	100.0
Windpark EDM GmbH, Pottenbrunn	100.0
Windpark EDM GmbH & Co. KG, Pottenbrunn	100.0
Windpark GHW GmbH, Pottenbrunn	100.0
Windpark Ladendorf GmbH, Vienna	100.0
Windpark Les Cent Jalois SAS, Versailles	100.0
Windpark LOI GmbH, Pottenbrunn	100.0
Windpark PDV GmbH, Pottenbrunn	100.0
Windpark PL GmbH, Pottenbrunn	100.0
Windpark Scharndorf GmbH, Pottenbrunn	100.0
Windpark Zistersdorf GmbH, Pottenbrunn	100.0
Wm. H McGee & Co. (Bermuda) Ltd., Hamilton	100.0
Wm. H McGee & Co. Inc., New York, NY	100.0
YAO NEWREP Investments S.A., Luxembourg	94.0
Yorktown Financial Companies Inc., Minneapolis, MN	100.0
ZAD Allianz Bulgaria, Sofia	87.4
ZAD Allianz Bulgaria Zhivot, Sofia	99.0
ZAD Energia, Sofia	51.0
Non-consolidated affiliates	
Allianz 071 S.r.l, Milan	51.0
Allianz 901 S.r.l, Milan	51.0
Allianz Financial Services S.A., Athens	100.0
Allianz Global Corporate & Specialty SE Escritório de Representação no Brasil Ltda., Rio de Janeiro	100.0
Allianz Infrastructure Holding II Pte. Ltd., Singapore	100.0
Allianz Insurance Services Ltd., Athens	100.0
Allianz Northern Ireland Limited, Belfast	100.0
Assurance France Aviation S.A., Paris	100.0
COGAR S.à r.l., Paris	100.0

	% owned[1]
Gesellschaft für Vorsorgeberatung AG, Wallisellen	100.0
Knightsbridge Allianz LP, Bartlesville, OK	99.5 [3]
Top Versicherungs-Vermittler Service GmbH, Vienna	100.0
Joint ventures	
114 Venture LP, Wilmington, DE	49.5 [7]
1515 Broadway Realty LP, Dover, DE	49.6 [7]
1800 M Street Venture LP, Wilmington, DE	42.8 [7]
30 HY WM REIT Owner LP, Wilmington, DE	49.0 [7]
53 State JV L.P., Wilmington, DE	49.0 [7]
A&A Centri Commerciali S.r.l., Milan	50.0
AA Ronsin Investment Holding Limited, Hong Kong	62.0 [7]
ACRE Acacia Investment Trust I, Sydney	50.0 [3]
ACRE Acacia Management I Pty Ltd., Sydney	50.0
Allee-Center Kft., Budapest	50.0
Altair MF TMK, Tokyo	49.9 [7]
AMLI-Allianz Investment LP, Wilmington, DE	75.0 [7]
AREAP Core I LP, Singapore	50.0
AS Gasinfrastruktur Beteiligung GmbH, Vienna	55.6 [7]
Austin West Campus Student Housing LP, Wilmington, DE	44.7 [7]
AZ/JH Co-Investment Venture (DC) LP, Wilmington, DE	80.0 [7]
AZ/JH Co-Investment Venture (IL) LP, Wilmington, DE	80.0 [7]
Bajaj Allianz Financial Distributors Limited, Pune	50.0
BCal Houston JV L.P., Wilmington, DE	40.0 [7]
CH A Logistics Wholesale Fund, Sydney	50.0 [3]
Chapter Master Limited Partnership, London	45.5 [7]
CHP-AZ Seeded Industrial L.P., Wilmington, DE	49.0 [7]
Columbia REIT – 221 Main Street LP, Wilmington, DE	45.0 [7]
Columbia REIT - 333 Market Street LP, Wilmington, DE	44.7 [7]
Columbia REIT-University Circle LP, Wilmington, DE	44.7 [7]
Companhia de Seguro de Créditos S.A., Lisbon	50.0
CPIC Fund Management Co. Ltd., Shanghai	49.0 [7]
CPPIC Euler Hermes Insurance Sales Co. Ltd., Shanghai	49.0 [7]
Daiwater Investment Limited, London	36.6 [7]
Dundrum Car Park GP Limited, Dublin	50.0
Dundrum Car Park Limited Partnership, Dublin	50.0
Dundrum Retail GP Designated Activity Company, Dublin	50.0
Dundrum Retail Limited Partnership, Dublin	50.0
Elton Investments S.à r.l., Luxembourg	32.5 [7]
Enhanzed Reinsurance Ltd., Hamilton	24.9 [7]
ESR India Logistics Fund Pte. Ltd., Singapore	50.0
Euromarkt Center d.o.o., Ljubljana	50.0
Fiumaranuova S.r.l., Genoa	50.0
GBTC I LP, Singapore	50.0
Helios SCC Sp. z o.o., Katowice	45.0 [7]
Hudson One Ferry JV L.P., Wilmington, DE	45.0 [7]
Israel Credit Insurance Company Ltd., Tel Aviv	50.0
Italian Shopping Centre Investment S.r.l., Milan	50.0
LBA IV-PPI Venture LLC, Dover, DE	45.0 [7]
LBA IV-PPII-Office Venture LLC, Dover, DE	45.0 [7]
LBA IV-PPII-Retail Venture LLC, Dover, DE	45.0 [7]
LPC Logistics Venture One LP, Wilmington, DE	31.7 [7]
NET4GAS Holdings s.r.o., Prague	50.0
NeuConnect Britain Ltd., London	26.2 [3,7]
NRF (Finland) AB, Västeras	50.0

	% owned[1]
NRP Nordic Logistics Fund AS, Oslo	49.5 [7]
Ophir-Rochor Commercial Pte. Ltd., Singapore	60.0 [7]
Orion MF TMK, Tokyo	49.9 [7]
Piaf Bidco B.V., Amsterdam	23.9 [7]
Podium Fund HY REIT Owner LP, Wilmington, DE	44.3 [7]
Porterbrook Holdings I Limited, London	30.0 [7]
Previndustria - Fiduciaria Previdenza Imprenditori S.p.A., Milan	50.0
Queenspoint S.L., Madrid	50.0
RMPA Holdings Limited, Colchester	56.0 [7]
SC Holding SAS, Paris	50.0
Scape Australia (Vulture) Trust, Sydney	35.8 [3,7]
Scape Australia Holding Trust, Sydney	35.8 [3,7]
Scape Investment Operating Company No. 3 Pty Ltd., Sydney	35.8 [7]
Scape Investment Trust No. 3, Sydney	35.8 [3,7]
SCI Docks V2, Paris la Défense	50.0
SCI Docks V3, Paris la Défense	50.0
SES Shopping Center AT1 GmbH, Salzburg	50.0
SES Shopping Center FP 1 GmbH, Salzburg	50.0
Sirius MF TMK, Tokyo	49.9 [7]
Solunion Compañía Internacional de Seguros y Reaseguros SA, Madrid	50.0
Spanish Gas Distribution Investments S.à r.l., Luxembourg	40.0 [7]
SPREF II Pte. Ltd., Singapore	50.0
Tempo Multiasistencia Gestão de Rede Ltda., Barueri	50.0
Terminal Venture LP, Wilmington, DE	30.9 [7]
The FIZZ Student Housing Fund S.C.S., Luxembourg	49.5 [7]
The State-Whitehall Company LP, Dover, DE	49.9 [7]
Tokio Marine Rogge Asset Management Ltd., London	50.0
TopTorony Ingatlanhasznosító Zrt., Budapest	50.0
Triskelion Property Holding Designated Activity Company, Dublin	50.0
Valley (III) Pte. Ltd., Singapore	41.5 [7]
VGP European Logistics 2 S.à r.l., Senningerberg	50.0
VGP European Logistics S.à r.l., Senningerberg	50.0
VISION (III) Pte Ltd., Singapore	30.0 [7]
Waterford Blue Lagoon LP, Wilmington, DE	49.0 [7]
Associates	
Allianz EFU Health Insurance Ltd., Karachi	49.0
Allianz Fóndika S.A. de C.V., Mexico City	26.8
Allianz France Investissement IV, Paris	73.3 [3,8]
Allianz Global Multi-Asset Credit, Senningerberg	6.7 [3,8]
Allianz Global Small Cap Equity, Senningerberg	29.7 [3]
Allianz Impact Investment Fund S.A. SICAV-RAIF, Senningerberg	16.7 [3,8]
Allianz Invest Vorsorgefonds, Vienna	28.1 [3]
Allianz Life Insurance Japan Ltd., Tokyo	40.0
Alpha Asia Macro Trends Fund III Private Limited, Singapore	27.7 [3]
Archstone Multifamily Partners AC JV LP, Wilmington, DE	40.0
Archstone Multifamily Partners AC LP, Wilmington, DE	28.6
Areim Fastigheter 2 AB, Stockholm	23.3
Areim Fastigheter 3 AB, Stockholm	31.6
Assurcard N.V., Haasrode	20.0
Autoelektro tehnicki pregledi d.o.o., Vojnić	49.0
AWP Insurance Brokerage (Beijing) Co. Ltd., Beijing	100.0 [8]

	% owned[1]
Bajaj Allianz General Insurance Company Ltd., Pune	26.0
Bajaj Allianz Life Insurance Company Ltd., Pune	26.0
Bazalgette Equity Ltd., London	34.3
Beacon Platform Incorporated, Wilmington, DE	26.9
Berkshire Hathaway Services India Private Limited, New Delhi	20.0
Berkshire India Private Limited, New Delhi	20.0
Best Regain Limited, Hong Kong	16.4 [8]
Blue Vista Student Housing Select Strategies Fund L.P., Dover, DE	24.9
Broker on-line de Productores de Seguros S.A., Buenos Aires	30.0
Brunei National Insurance Company Berhad Ltd., Bandar Seri Begawan	25.0
Carlyle China Realty L.P., George Town	50.0 [3,8]
Carlyle China Rome Logistics L.P., George Town	38.3 [3]
CBRE Dutch Office Fund, Schiphol	26.0 [3]
Chicago Parking Meters LLC, Wilmington, DE	49.9
CPIC Allianz Health Insurance Co. Ltd., Shanghai	22.9
Data Quest SAL, Beirut	36.0
Delgaz Grid S.A., Târgu Mures	30.0
Delong Limited, Hong Kong	16.4 [8]
Douglas Emmett Partnership X LP, Wilmington, DE	28.1
ERES APAC II (GP) S.à r.l., Luxembourg	30.7 [3]
European Outlet Mall Fund FCP-FIS, Luxembourg	25.9 [3]
Four Oaks Place LP, Wilmington, DE	49.0
France Investissement Relance 2020, Paris	74.4 [3,8]
Global Stream Limited, Hong Kong	16.4 [8]
Glory Basic Limited, Hong Kong	16.4 [8]
Helios Silesia Holding B.V., Amsterdam	45.0
IndInfravit Trust, Chennai	22.7
Jumble Succeed Limited, Hong Kong	16.4 [8]
Lennar Multifamily Venture LP, Wilmington, DE	11.3 [8]
Link (LRM) Limited, Hong Kong	16.4 [8]
Long Coast Limited, Hong Kong	16.4 [8]
Luxury Gain Limited, Hong Kong	16.4 [8]
Medgulf Takaful B.S.C.(c), Manama	25.0
MFM Holding Ltd., London	37.3
Milvik AB, Stockholm	34.8
Modern Diamond Limited, Hong Kong	16.4 [8]
MTech Capital Fund (EU) SCSp, Luxembourg	27.3
New Path S.A., Buenos Aires	40.0
New Try Limited, Hong Kong	16.4 [8]
Ocean Properties LLP, Singapore	20.0
OeKB EH Beteiligungs- und Management AG, Vienna	49.0
PIMCO Corporate Opportunities Fund III Lux Feeder SCSp, Luxembourg	32.2 [3]
PIMCO Corporate Opportunities Fund III Onshore Feeder L.P., Wilmington, DE	0.8 [3,8]
PIMCO ILS Fund SP I, George Town	19.4 [3,8]
PIMCO ILS Fund SP II, George Town	19.9 [3,8]
Praise Creator Limited, Hong Kong	16.4 [8]
Prime Space Limited, Hong Kong	16.4 [8]
Professional Agencies Reinsurance Limited, Hamilton	16.1 [8]
Quadgas Holdings Topco Limited, Saint Helier	13.0 [8]
Redwood Japan Logistics Fund II LP, Singapore	38.3 [3]
Residenze CYL S.p.A., Milan	33.3
Saint-Barth Assurances S.à r.l., Saint Barthelemy	33.0
SAS Alta Gramont, Paris	49.0
Scape Investment Operating Company No. 2 Pty Ltd., Sydney	50.0 [8]
Scape Investment Trust No. 2, Sydney	50.0 [3,8]
SCI Bercy Village, Paris	49.0
Sierra European Retail Real Estate Assets Holdings B.V., Amsterdam	25.0
Sino Phil Limited, Hong Kong	16.4 [8]
SNC Alta CRP Gennevilliers, Paris	49.0
SNC Alta CRP La Valette, Paris	49.0
SNC Société d'aménagement de la Gare de l'Est, Paris	49.0
Summer Blaze Limited, Hong Kong	16.4 [8]
Supreme Cosmo Limited, Hong Kong	16.4 [8]
Sure Rainbow Limited, Hong Kong	16.4 [8]
Tikehau Real Estate III SPPICAV, Paris	12.2 [8]
UK Outlet Mall Partnership LP, Edinburgh	19.5 [8]
Wildlife Works Carbon LLC, San Francisco, CA	9.2 [8]

1_Percentage includes equity participations held by dependent entities in full, even if the Allianz Group's share in the dependent entity is below 100 %.
2_Classified as affiliate according to IFRS 10.
3_Investment fund.
4_Releasing impact according to § 264 (3) HGB through the Allianz Group's consolidated financial statements.
5_Group share through indirect holder Roland Holding GmbH, Munich: 75.6 %.
6_Insolvent.
7_Classified as joint venture according to IFRS 11.
8_Classified as associate according to IAS 28.

The Allianz Group refrains from disclosure of participations which are not included in one of the above categories, as they are of minor importance for giving a true and fair view of the assets, liabilities, financial position, and profit or loss of the Allianz Group.

FURTHER INFORMATION

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RESPONSIBILITY STATEMENT

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

Munich, 16 February 2021

Allianz SE
The Board of Management

Oliver Bäte

Sergio Balbinot

Jacqueline Hunt

Dr. Barbara Karuth-Zelle

Dr. Klaus-Peter Röhler

Iván de la Sota

Giulio Terzariol

Dr. Günther Thallinger

Christopher Townsend

Renate Wagner

INDEPENDENT AUDITOR'S REPORT

To Allianz SE, Munich

Report on the audit of the consolidated financial statements and of the group management report

AUDIT OPINIONS

We have audited the consolidated financial statements of Allianz SE, Munich, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Allianz SE for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

BASIS FOR THE AUDIT OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

❶ Measurement of certain technical assets and liabilities as well as certain financial liabilities carried at fair value (level 3) in life and health insurance

❷ Measurement of certain technical provisions in property-casualty insurance

Our presentation of these key audit matters has been structured in each case as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

Hereinafter we present the key audit matters:

❶ Measurement of certain technical assets and liabilities as well as certain financial liabilities carried at fair value (Level 3) in life and health insurance

① In the consolidated financial statements of the Company, assets and liabilities of the Life and Health Insurance business segment amounting to € 16,953 million and € 596,074 million (1.6 % or 56.2 % of consolidated total assets) are reported under the "Deferred acquisition costs" and "Reserves for insurance and investment contracts" balance sheet items, respectively. Furthermore, financial liabilities from the life and health insurance segment amounting to € 13,606 million (1.3 % of consolidated total assets) are reported that are classified as Level 3 of the fair value hierarchy according to the requirements of IFRS 13.

These technical assets and liabilities are measured using complex actuarial methods and models based on a comprehensive process for arriving at assumptions about future developments relating to the insurance portfolios to be measured. The methods used and the actuarial assumptions determined in connection with interest rates, investment yields, mortality, invalidity, longevity, costs and future behavior of policyholders could materially affect the measurement of these technical assets and liabilities.

The financial liabilities concerned mainly include derivative financial instruments resulting from insurance contracts and are assigned to Level 3 of the fair value hierarchy as for the measurement in the underlying valuation models sufficient observable market data was not available and therefore significant unobservable inputs had to be used instead. These inputs may include data derived from approximations using, inter alia, historical data. In this context, the derivative financial instruments resulting from insurance contracts are subject to an increased valuation risk due to lower objectivity and the underlying assumptions and estimates of the executive directors.

Against this background and due to the material significance of the amounts for the assets, liabilities and financial performance of the Group and the complex process for determining the underlying assumptions and estimates of the executive directors, the measurement of these technical assets and liabilities as well as of the financial liabilities carried at fair value (Level 3) was of particular significance in the context of our audit.

② As part of our audit, we assessed the appropriateness of selected controls established by the Company for the purpose of selecting the valuation methods applied, determining assumptions and making estimates for the measurement of certain technical assets and liabilities as well as financial liabilities carried at fair value (Level 3). In doing so we evaluated, among others, the integrity of the underlying data and the process for determining the assumptions and estimates used in the valuation.

With the support of our internal valuation specialists, we have compared the respective valuation methods applied and the material assumptions with generally recognized methods and industry standards and examined to what extent these are appropriate for the valuation of technical assets and liabilities as well as financial liabilities carried at fair value (Level 3). A key point of our audit was the assessment of the liability adequacy test, the evaluation of the expected gross margins/profits, which are used, among others, as the basis for amortizing the deferred acquisition costs and the evaluation of the appropriateness of significant assumptions not observable on the market for the valuation of derivative financial instruments, such as mortality and lapse rates. Our audit also included an evaluation of the plausibility and integrity of the data and assumptions used in the valuation and of the Group's Actuarial department's reporting to the Group Reserve Committee.

Based on our audit procedures, we were able to satisfy ourselves that the methods and assumptions used by the executive directors are appropriate overall for measuring certain technical assets and liabilities as well as the financial liabilities carried at fair value (Level 3).

③ The Company's disclosures on the measurement of certain technical assets and liabilities as well as the measurement of certain financial liabilities carried at fair value (Level 3) in life and health insurance are included in sections 2 and 16 and sections 2 and 35, respectively, of the notes to the consolidated financial statements.

❷ Measurement of certain technical provisions in property-casualty insurance

① In the consolidated financial statements of the Company, technical provisions (so called "claims provisions") amounting to € 80,897 million (7.6 % of consolidated total assets) are reported under the "Reserves for loss and loss adjustment expenses" balance sheet item. Of this amount, € 68,171 million is attributable to the Property-Casualty Insurance business segment.

Reserves for loss and loss adjustment expenses in property-casualty insurance represent the Company's expectations regarding future payments for known and unknown claims including associated expenses. This also includes the expected effects of the ongoing COVID-19 pandemic on the recognition of the claims provisions of the affected lines of business. The Company uses various methods to estimate these obligations. Furthermore, the measurement of these provisions requires a significant degree of judgment by the executive directors of the Company regarding the assumptions made, such as inflation, loss developments and regulatory changes. In particular, the lines of products with low loss frequency, high individual losses or long claims settlement periods are usually subject to increased estimation uncertainties.

Due to the material significance of these provisions for the assets, liabilities and financial performance of the Group as well as the considerable scope for judgment on the part of the executive directors and the associated uncertainties in the estimations made, the measurement of the technical provisions in property-casualty insurance was of particular significance to our audit.

② As part of our audit, we evaluated the appropriateness of selected controls established by the Company for the purpose of selecting actuarial methods, determining assumptions and making estimates for the measurement of certain technical provisions in property-casualty insurance.

With the support of our property-casualty insurance valuation specialists, we have compared the respective actuarial methods applied and the material assumptions with generally recognized actuarial methods and industry standards and examined to what extent these are appropriate for the valuation. Our audit also included an evaluation of the plausibility and integrity of the data and assumptions used in the valuation and a reconstruction of the claims settlement processes. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the COVID-19 pandemic on the affected lines of business. Furthermore, we recalculated the amount of the provisions for selected lines of products, in particular lines of products with large reserves or increased estimation uncertainties. For these lines of products we compared the recalculated provisions with the provisions calculated by the Company and evaluated any differences. We also examined whether any adjustments to estimates in loss reserves at Group level were adequately documented and substantiated. Our audit also included an evaluation of the Group's Actuarial department's reporting to the Group Reserve Committee.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are appropriate overall for measuring the technical provisions in property-casualty insurance.

③ The Company's disclosures on the measurement of the provisions for claims outstanding in property-casualty insurance are included in section 2 of the notes to the consolidated financial statements.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section "Other Parts of the Group Management Report" of the group management report
- the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the group annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Assurance Report in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

REASONABLE ASSURANCE CONCLUSION

We have performed an assurance engagement in accordance with § 317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file Allianz SE_KA+KLB_ESEF-2021-02-22.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

BASIS FOR THE REASONABLE ASSURANCE CONCLUSION

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE ENGAGEMENT ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.
- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the supervisory board on 5 March 2020. We were engaged by the supervisory board on 11 May 2020. We have been the group auditor of the Allianz SE, Munich, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Richard Burger.

Munich, 22 February 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Clemens Koch
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT

Independent Practitioner's Report on a Reasonable Assurance Engagement on Non-financial Reporting

To Allianz SE, Munich

We have performed a reasonable assurance engagement on the combined separate non-financial report pursuant to §§ [Articles] 341a Abs. [paragraph] 1a and 341j Abs. 4 in conjunction with 289b Abs. 3 and 315b Abs. 3 HGB ["Handelsgesetzbuch": "German Commercial Code"] of Allianz SE, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2020 (hereinafter the "Non-financial Report").

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315c in conjunction with 289c to 289e HGB.

This responsibility of the Company's executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material misstatement whether due to fraud or error.

INDEPENDENCE AND QUALITY CONTROL OF THE AUDIT FIRM

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ["Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP"] as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1] – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PRACTITIONER´S RESPONSIBILITY

Our responsibility is to express a reasonable assurance conclusion on the information in the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement we did not perform an evaluation on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain reasonable assurance whether the Company's Non-financial Report for the period from 1 January to 31 December 2020 has been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence whether the Non-financial Report has been prepared in accordance with §§ 315c in conjunction with 289c to 289e HGB. The assurance procedures selected depend on the practitioner's judgment.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement.
- Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report.
- Evaluation of the internal control system regarding the preparation process of the Non-financial Report.
- Inspection of processes for collecting, controlling, analyzing and aggregating selected data at specific sites of the Company.
- Identification of the likely risks of material misstatement of the Non-financial Report.
- Analytical evaluation of selected disclosures in the Non-financial Report.
- Obtaining an understanding of the work of external experts providing data as well as evaluation of competence, capabilities and objectivity of these external experts.
- Evaluation of the presentation of the information in the Non-financial Report.

ASSURANCE CONCLUSION

In our opinion, the Non-financial Report for the period from 1 January to 31 December 2020 has been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB.

INTENDED USE OF THE ASSURANCE REPORT

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the reasonable assurance engagement.

The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Munich, 22 February 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Richard Burger	Hendrik Fink
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Further Allianz publications

ALLIANZ SUSTAINABLLITY REPORT 2020

The Allianz Group Sustainability Report "Collaborating for a Sustainable Future" covers our contribution to the environment, society and economy. It provides full details of our sustainability strategy, approach and progress in 2020 as well as an outlook for 2021.

Date of publication: 29 April 2021 **www.allianz.com/sustainability**

ALLIANZ PEOPLE FACT BOOK 2020

The People Fact Book is the official and most comprehensive report on our workforce facts and figures, highlighting major HR achievements over the past year and revealing the outlook for 2021.

Date of publication: 24 March 2021 **www.allianz.com/hrfactbook**

GUIDELINE ON ALTERNATIVE PERFORMANCE MEASURES

Further information on the definition of our Alternative Performance Measures and their components, as well as the basis of calculation adopted **www.allianz.com/results**

ALLIANZ AT A GLANCE

You can find on our website informative overviews of the past years:

Allianz share key indicators: **www.allianz.com/key-indicators-share**

Allianz Group key indicators: **www.allianz.com/key-indicators-group**

Financial calendar

Important dates for shareholders and analysts[1]

Annual General Meeting	5 May 2021
Financial Results 1Q	12 May 2021
Financial Results 2Q/Interim Report 6M	6 August 2021
Financial Results 3Q	10 November 2021
Financial Results 2021	18 February 2022
Annual Report 2021	4 March 2022
Annual General Meeting	4 May 2022

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

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Front page design: hw.design GmbH – Photography: Andreas Pohlmann – Typesetting: Produced in-house with SmartNotes
Annual Report on the internet: www.allianz.com/annualreport – Date of publication: 5 March 2021
This is a translation of the German Annual Report of Allianz Group. In case of any divergences, the German original is legally binding.