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Allianz Nederland Groep

Annual Report 2013

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Introduction

Customer Focus is the key differentiator

Allianz sees its mission as providing customers with the best possible service. Every year we help tens of thousands of people at times when they are in need of either physical or emotional support. Moments when they take crucial decisions about their professional or personal lives. Like when they purchase a home or arrange a solid pension or income protection. Customers must be able to rely on us at these times.

In a period when financial services find themselves under the microscope of public opinion, it is more important than ever to allow the customer to feel that their interests are actually central. A positive experience defines the way in which the customer values us. Whether we are issuing a policy or handling a claim: our service must be excellent. Our challenge is to do this today even better than we did yesterday. Not because others request this from us, but because it must be a matter of course that people know that their interests are in good hands with Allianz. We have not chosen Customer Focus as a central theme for no reason: we want to fashion our way of working, including our systems, even more to customer demands.

The integration of the Allianz companies in The Netherlands, Belgium and Luxembourg, which was announced in December 2012, offers us the opportunity to focus on where we want to be the best, so that we can continue to grow in those areas. Together we benefit from the best of three worlds, a wealth of knowledge and experience. In this way economies of scale exist where our customers and distribution partners also benefit. We can offer them the best service at competitive prices. In short we see many new opportunities and possibilities where Allianz Benelux can work to the customer's advantage. As is fitting for an insurer, we ensure that there is continuity in order to provide customers now and in the future with the financial support and security they need. For their pension, in the event of sickness or death and of course when they have suffered material damage or bodily injury.

By combining commercial insurance in the three countries, we now have the necessary size in order to be able to make considerable investments into processes, systems, products and people. We receive a lot of support from Allianz Group to help us to take advantage of opportunities. In addition we are afforded time to deepen our knowledge and to make well-considered IT decisions in order to be able to achieve the best results.

The new Allianz Benelux has taken shape. The supervisory boards of Allianz Nederland Groep and of the Life, P&C insurance and Asset Management companies have been actively involved in the integration process. We greatly appreciate their independent comments and input. The same applies of course to our works council. We are grateful for the input and valuable contribution which they have made in the past year.

Allianz Benelux will soon number 2300 men and women. This integrated company offers personal opportunities in addition to commercial ones. On a personal level many colleagues already enjoy the possibility to participate in special projects and to take up opportunities which may only appear once in their careers. In addition the international character of the work offers a unique dimension which in turn enriches our knowledge and experience. There is clearly great enthusiasm for our new company as was shown in our scores of our Employee Engagement Survey. We are extremely happy with this because without dedicated and professional staff we are not able to fulfil our promise to our customers.

We are confident about the future. We want to be there for our customers and let them experience how attractive it is to have or maintain a relationship with us, either via our intermediaries or other distribution channels. This is our ambition.

Sjoerd Laarberg
CEO Allianz Nederland Groep

Benelux integration

A strong insurance company for the Benelux

On 12 December 2012 Allianz announced the establishment of a new insurance group for Allianz in the Benelux. Allianz Belgium, Allianz Luxembourg and Allianz Nederland have been working since then on integrating their activities.

Goals of this integration

- Our central goal is be a key player in the Benelux market with P&C and life insurance products and asset management.
- By combining systems and processes in an efficient, effective and customer-focussed way, we can manage expenses and offer customers products with good value for money.
- We want to apply our combined market and insurance expertise in order to offer the best products and service and to utilize growth opportunities optimally.
- We develop promising products which we bring to the market via different distribution channels in the way the customers desire.
- We will invest sizeably in the coming years in the combined IT systems. An increasing number of processes will become digital and more efficient.
- We want to attract technical specialists and to simplify the legal structure. With this we can further strengthen our ability to assess risk and to use our capital efficiently as risk carrier.

Ambition

The customer is placed first in our strategy. In all changes which we implement in processes, systems and product offering, the needs of the customer are the starting point. We want to increase employee engagement because in this market we need people who are proud of our company and who want to go the extra mile for the customer. We aim to improve the operating result and to achieve profitable growth. Allianz is continuing with its careful financial policy in the Benelux. We are building a robust company with a broad capital base that our customers can rely on.

Implementation

The integration requires considerable effort from the employees of the three companies. Our most important aim is to achieve the integration with a minimum impact for the customer and a minimum amount of disruption of the processes. We want to combine the best of both worlds. The new company will be organized so that specialist knowledge is available for the whole Allianz Benelux. We share product, professional and operational knowledge in order to strengthen each other. During the first phase of the integration process in 2013, we were able to achieve numerous improvements, including a new pension proposition and more efficient claims handling processes.

Further improvement of our services and operations

Improvement in services to the customer is the starting point for the large scale redesign and innovation of our IT systems. We are going to match customer needs with the use of new media even more. In the Benelux integration emphasise is placed on the digitalization of our processes with the objective to increase the customer experience, to optimize the process flow and to bring cost levels in line with market conditions. One immediate benefit of the increased size of the new Benelux company is our increased buying power. This benefit comes on top of the synergies at a European level where for instance the purchasing of systems for loss adjusting or document management is already leading to considerable cost benefits.

New systems for P&C and life insurance

In the coming three to five years we will work on the complete redesign of our front and back office environments for P&C insurance. About 60% of the processes relating to P&C insurance are identical in The Netherlands, Belgium and in Luxembourg. In order to create a solid basis, we can utilize economies of scale optimally. Customer services will continue to be tuned to the specific needs in the different markets.

Group Life is a strategic segment for Allianz Benelux in which we want to achieve growth. Therefore an investment was made in a state-of-the art platform which is operational from 1 January 2014. We offer employees, employers and intermediaries a better service level with this system.

Profile

Allianz Benelux is part of Allianz Group, one of the largest financial institutions in the world. In Europe Allianz is market leader in insurance and developing and offering financial solutions. In the Benelux, Allianz, as an integrated financial services provider, offers worldwide knowledge of risk management and financial planning, translated into innovative risk and asset management products. Using the power of innovation within our group, we aim to serve customers where necessary through expert advice, service and products which meet their needs.

Allianz Benelux has an income of 3.5 billion euro and about 2300 employees of which 1150 in The Netherlands. Our size makes us flexible and effective in reacting to changes in the market. Our employees make the difference when serving the customer. They are given room to develop themselves and to play a meaningful role in achieving our strategy. In addition to customer focus, profitable growth is key. With tight expense controls, we offer customers the best quality and service at the sharpest price. Our guideline is to innovate continuously in their interests.

Commitment

For Allianz as a financial services provider, trust and high service levels are the primary goals. We listen to and learn from our customers and then make choices in the composition of our offering and the way in which we approach the market. The commitment and effort of our employees, our risk knowledge and the products and services relating to these risks constitute our strength. Our goal is to be the insurer with the most loyal customers.

Our key activities in The Netherlands

In The Netherlands Allianz has a leading position, particularly in motor insurance and commercial risks. It is characteristic to our approach that we combine our professional expertise in underwriting with entrepreneurship. We aim for an optimal cooperation with the intermediary. In addition we offer intermediaries advice where necessary on P&C and life insurance and income protection via our regional offices.

Allianz offers Dutch private customers the choice to arrange P&C insurance via an intermediary or online. We offer life insurance which is more sensitive to professional advice via a number of high quality independent advisors with whom we have built up a close relationship. Our bank savings products, which are developed by Allianz Nederland Asset Management, are also serviced by these advisors. This banking operation has been involved in group asset management since 1959. Total assets under management with Allianz Nederland amounted to 5.5 billion euro at the end of 2013 (2012: 5.6 billion euro). Total assets under management with Allianz Nederland Asset Management for policyholders amounted to 3.1 billion euro at the end of 2013 (2012: 3.0 billion euro).

Key figures

(€ mln)	2013	2012	2011	2010	2009
Income					
Gross premiums written					
- Property-Casualty	700	714	829	910	916
- Life	277	276	316	315	354
Total gross premiums written	**977**	**990**	**1,145**	**1,225**	**1,270**
Investment income	141	159	147	166	210
Other income	29	29	33	37	31
Income	**1,147**	**1,178**	**1,325**	**1,428**	**1,511**
Net premiums written	904	914	1,074	1,089	1,135
Operating result	107	92	108	111	91
Profit before taxes					
Property-Casualty	37	22	36	69	60
Life	65	80	52	43	60
Asset management	7	9	6	8	12
Other profit/loss	3	1	9	-	1
Total result before taxes	**112**	**112**	**103**	**120**	**133**
Total result after taxes	88	83	79	90	98
Return on equity	13%	12%	12%	14%	15%
Investments					
At the risk of the company	2,388	2,669	2,850	2,869	2,863
At the risk of the policyholders	3,068	2,976	2,755	3,202	3,057
Total investments	**5,456**	**5,645**	**5,605**	**6,071**	**5,920**
Technical provisions					
Gross	5,366	5,315	5,090	5,564	5,431
Net	5,202	5,151	4,964	5,410	5,244
Shareholders' equity					
Paid-up capital	60	60	60	60	60
Reserves	596	650	610	604	605
	656	**710**	**670**	**664**	**665**
Average number of staff (converted to full-time equivalent)	1,024	1,085	1,135	1,281	1,328

Board members in 2013

Board of Management Allianz Nederland Groep

- R.F. Franssen: (chairman) (per 25 March 2013)
- S.L. Laarberg: General Manager
- J.P. Vialaron: CFO (per 25 March 2013)
- C.J.A.M Schneijdenberg: COO

Supervisory Board Allianz Nederland Groep

R.J.W. Walvis (chairman)

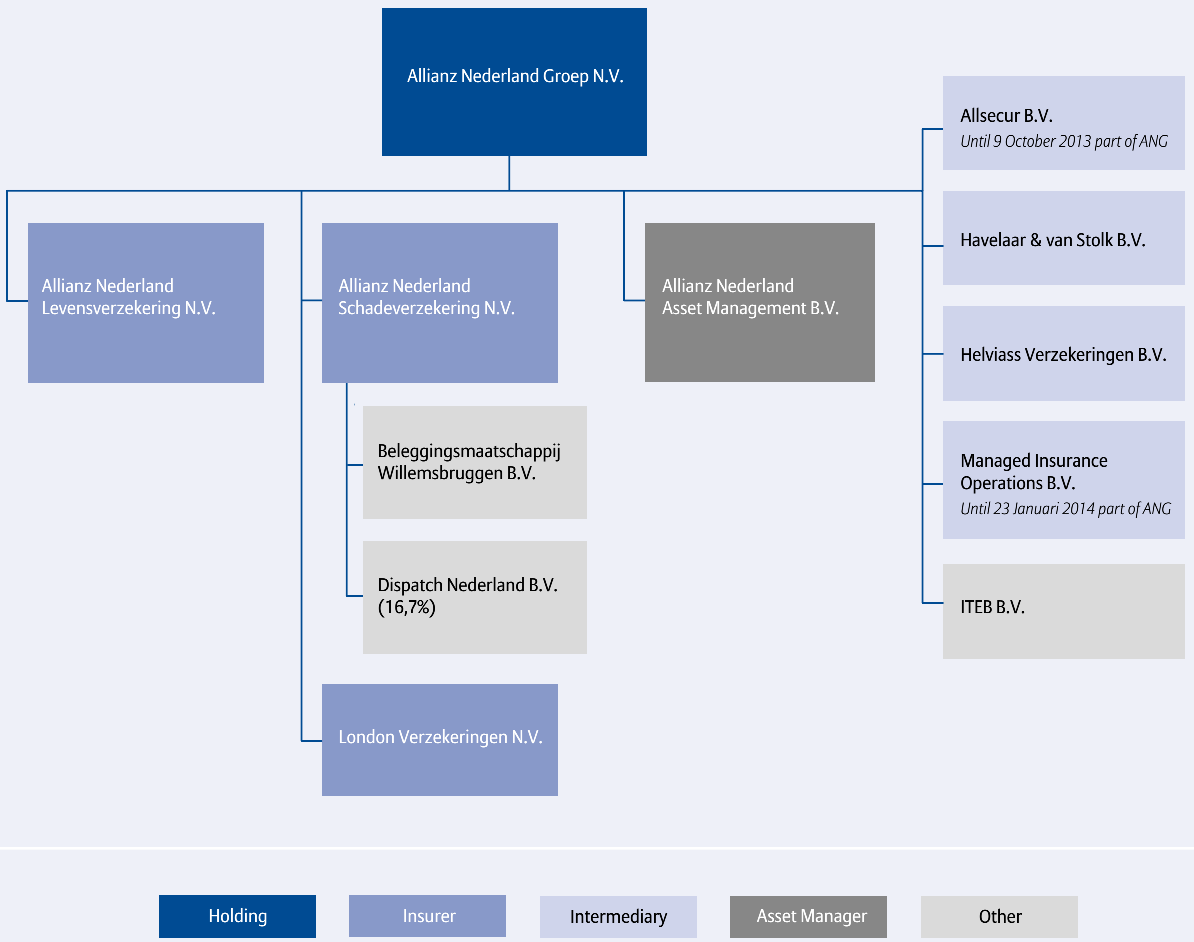
G.J. de Boer-Kruyt

F.W. Fröhlich

J. Weber (until 20 November 2013)

C.M.A. Coste-Lepoutre (per 20 November 2013)

Organizational chart of Allianz Nederland Groep N.V.



Report from group management

Allianz Nederland in 2013

Financial result

Income, expenses, result

Allianz Nederland can look back on a strong financial year. The total premium income in 2013 from P&C and life insurance amounted to € 977 million (2012: € 990 million) .

The P&C insurance company performed according to expectations, despite rate increases which we implemented gradually and the 11% increase in insurance tax. The premium income in P&C insurance reduced to € 700 million (2012: € 714 million).

In income protection, we suffered, together with market competitors, a loss due to the provision which was established in 2012 for the WGA coverage in disability policies.

The premium income in Life increased to € 277 million (2012: € 276 million). The SME sector also suffered from the economic crisis in 2013. For the life company, this was seen through fewer participants in pension contracts and less premium on these contracts. This is more than compensated by influx of new participants in pension contracts.

Asset management performed well. The overall performance of the investment funds was good and the range of funds earned an average of 4 stars from Morningstar. The growing portfolio with NHG mortgages and a good investment allocation have contributed to a positive investment result for Allianz Nederland.

Continuous attention to expense management remains. The reorganisation and centralisation of activities in Rotterdam is completed and accounts for more than 20% in structural expenses savings.

The net profit increased by 5% to € 88 million (2012: € 84 million). The operating result came to € 107 million (2012: € 92 million). The combined ratio improved when compared with 2012 and came to 99.8% (2012: 103.3%).

Risk profile

Allianz Nederland is exposed to a variety of risks through its insurance and asset management activities. These include financial market, credit, insurance, operational, business and strategic risks. The risk profile is relatively stable over time and is driven by our risk appetite and is steered by our risk management practices and limit framework.

Sovereign debt crisis

In 2013 the sovereign debt crisis continued to cause turmoil in financial markets. Although the situation had stabilized by the end of 2013, many of the root causes of the crisis remain unsolved and markets could become highly volatile again in the future. The continuing low interest rate environment is challenging in particular for life insurers with sizable blocks of long-term savings products. As unit-linked contracts comprise the largest part of our life book, our exposure to mismatch risk is relatively small.

Regulatory developments

Solvency II is expected to come into force in 2016. The final rules are still evolving. Due to the market value balance sheet approach, the Solvency II regime is expected to lead to higher volatility in regulatory capital requirements relative to Solvency I.

The board of management of Allianz Nederland

The management of Allianz Nederland feels comfortable with its overall risk profile and has confidence in the effectiveness of its risk management framework to meet the challenges of a rapidly changing environment as well as day-to-day business needs. Allianz Nederland is well capitalized. This was confirmed by Standard & Poor's "AA-" financial strength rating for our insurance subsidiaries: Allianz Nederland Schadeverzekering, Allianz Nederland Levensverzekering and London Verzekeringen.

Customer focus

Customer satisfaction

We carry out research about how satisfied our intermediaries and end-customers are with our products and service. With intermediaries we measure Net Promoter Score (NPS) annually through an external bureau. In 2013 we aimed the research at P&C insurance and achieved a top 3 position, with which we are satisfied.

The other research is a so-called bottom-up NPS survey which we carry out after every contact moment. We ask policyholders, employers and intermediaries how they value the contact. We started this research in 2012 in income protection and added motor in 2013. At the end of the year, the research was further expanded to include, property and casualty and pension. In 2014 other product lines will be added.

We obtain a high ranking for follow-up, availability and expertise. Areas where improvement is needed, mainly involve communication about progress in handling questions and claims. For this reason we are investing in new IT functionality which will provide more insight into the status of a claim. From the bottom-up results we obtain direct feedback from our customers. With this we can take immediate action in our daily business. We use the input from the bottom-up NPS research also for analysis and development of Customer Journeys. These provide us with insight into what the contact moments are and which opportunities can be utilized in order to exceed the customers' expectations with our excellent service.

Quality brand for Customer Focussed Insurance

Allianz Nederland Levensverzekering and London Verzekeringen both achieved a positive result from the audit for Quality brands for Customer Focussed Insurance (KKV). The certificate has been extended for another two years. In 2014 we will carry out a self assessment. In 2013 improvements related mainly to telephone availability and quicker response to incoming mail. These are two of the focal points of the KKV.

Customer Information Improvement Plan

We have more contact with our customers than ever. In this way our website has been updated has been updated and offers our policyholders more information than before. We publish the results of the customer satisfaction research, as is expected for holders of the quality brand (KKV).

We continue to inform the intermediary via our account management, via newsletters and at meetings.

We want to explain in a clear and accessible way what our products and services involve. Simple and comprehensible language. There was room for improvement in this area. We have instructed our employees about this with an internal campaign under the title 'Clear language which everyone can understand.' In the context of the Customer Information Improvement Plan (KIV), all policy conditions and all pre-contract information for disability insurance, mortgages and banking products were rewritten in 2012. These new documents were in use in 2013.

In 2013 all other personal lines products of the life and P&C insurance companies were rewritten using B1 language. An important step in this process was the presentation of the new texts to customer panels. Feedback from these sessions was then included in the final documents. These rewritten texts will be used from 2014. We have also used this project to update our policy conditions with a multi-disciplinary team. In 2014 we are going to rewrite our post-contractual information. First of all we are going to look at claims handling correspondence and premium collection for personal lines and life products.

Regional presence

For insurance products requiring professional advice we work closely with the intermediary.
Allianz Nederland serves its commercial customer through four regional offices: Rotterdam, Amersfoort, Zwolle and Eindhoven. In 2013 the office in Nieuwegein moved to Amersfoort. The office in Zwolle will be integrated with Amersfoort in 2014. From our regional offices we advise and support the intermediaries with whom we work. They have a single point of contact and for specific insurance matters they can make use of our specialists. Both for life and P&C insurance. This direct, customer-orientated approach remains highly valued by the intermediary. They reward our account management consistently with a top 3 position.

Staff

Organisation

The centralisation of the Nieuwegein office to Rotterdam was completed in 2013; the last part of the life activities in Nieuwegein is now also located in Rotterdam. The employees involved are integrated into our organization. The regional office in Nieuwegein has moved to Amersfoort. In the head office in Rotterdam the premises have been modernised so as to stimulate cooperation within the company.

Engagement

Four years ago Allianz Nederland started its participation in the Allianz Engagement Survey (AES), a worldwide survey of employee engagement that is used by the whole of Allianz Group. While participation was very low in 2010 (31%), 87% of employees participated in 2013. This shows that employees feel more involved in our company and the related follow-up of the results of the survey is experienced positively. With the AES employees can give feedback anonymously about their engagement and about how they feel equipped to carry out their work. Through this a more detailed picture is available of possible improvements and areas of attention.

There were three town hall meetings in 2013, where staff was informed about the progress of the integration. The results of the AES were also communicated and presentations were given about actions which have been carried out using the results of the survey.

Under the supervision of a workinggroup, departments followed up on the AES results. Every manager received a report showing the areas in their department where attention could be paid in order to improve employee engagement.

In addition to special themes per department, the central theme for all departments in 2014 is Customer focus. They will make a plan with their team to contribute to even better customer service which should result in higher customer satisfaction.

- Positive points from the AES:
  - "The people I work with, work together to finish the tasks".
  - "I feel part of a team".
  - "My company has created an environment where people with different backgrounds can succeed".
- Areas of improvement from the AES:
  - "The measures which our company has introduced to handle work-related stress".
  - "In our company we act quickly to remove obstacles which stand in the way of change".
  - "I am given enough opportunities to participate in social and environmental activities of the company".

Training

In order to maintain employability of staff in the long term, Allianz invests consciously in training and development. This corresponds with the Lifelong Learning policy of Allianz Group and is also part of the collective bargaining agreement. Allianz Nederland has a training plan; planning of training occupies an important part in the annual budget process. Training must match the development of managers and employees.

Works council

The relationship with the works council is excellent; the meetings are open and transparent. The council is well informed about the integration plans and acts as a full sparring partner for the board of management. In this context there has been constructive contact between the works councils in The Netherlands, Belgium and Allianz SE. In addition reorganizations, pensions, labour conditions, training and new regulations (for example, for whistleblowers) were discussed.

Governance

Code of Conduct for Insurers (Code Verzekeraars)

Compliance

The Code of Conduct, which the Association of Insurers compiled, has been in effect since 1 January 2011. The code applies to all insurers who are licensed under the terms of the Financial Services Act (Wft). In the code, the role of the management and supervisory boards are outlined together with the functions of risk management and audit within the insurance company. In addition, the code includes principles relating to remuneration.

In recent years, Allianz Nederland Groep N.V. has applied the principles of the code of conduct for insurers to its organization except where stated otherwise.

Supervisory board

Composition and qualifications

During the year of account, the members of the supervisory board of Allianz Nederland Groep N.V. were Mr R.J.W. Walvis, chairman, Mrs G.J. de Boer-Kruyt, Mr F.W. Fröhlich. The fourth member, Mr J. Weber, was replaced by Mrs C.-M.A. Coste-Lepoutre, whose appointment was approved by De Nederlandsche Bank on 20 November 2013. The approval also shows that De Nederlandsche Bank is satisfied that the supervisory board is comprised in such a way that it can perform its role as required. The supervisory board consists of four people. This satisfies the requirement in the articles of association which require that the board comprises at least three members.

In its current composition, 50% of the supervisory board members is female. The composition of the supervisory board is therefore equally divided between men and women.

As the other members offer individually and as a group a very wide range of experience and expertise due to previous management positions and as board member of various companies, the required level of knowledge and experience is more than satisfied in spite of the vacancy. The vacancy also has no influence on the requirements with respect to having a complimentary, diverse and collegial board.

One of the board members, Mrs C.-M.A. Coste-Lepoutre, works for Allianz SE. The other three members are not connected with (the subsidiaries of) Allianz Group, so that the independence of the supervisory board is sufficiently guaranteed. The members of the supervisory board are sufficiently available and receive a fitting remuneration for their duties, which is not dependent on the performance of Allianz Nederland Groep N.V.

Expertise and permanent education

The chairman of the supervisory board ensures that there is a permanent education programme in force for the members of the board with the aim of maintaining and expanding the level of expertise of the supervisory and management boards. The chairman has been advised about the content and planning of the programme by the company secretary and an external adviser. During the year of account, one session took place. The subject was 'intelligent insurer'. Every board member attended the session. After the session, the board members made a list of subjects about which they wished to receive more information in the next sessions. The contents of the programme will be further defined in the course of the year, in order to respond to current developments.

Self evaluation

Following the final meeting, the supervisory board started to review its performance during the year of account under external guidance, in accordance with the requirements of the code of conduct for insurers. The lessons to be learned will be discussed in 2014.

Task and working method

The regulation, which was implemented in 2011 by the supervisory board and which contains the principles of the code of conduct, did not change during the year of account. The supervisory board met five times during the year of account. Minutes are recorded of the supervisory board meetings and of its committees and these minutes record the attendees, decisions and the points considered when taking such decisions.

The role of the risk committee of the supervisory board is part of the audit committee, a committee that reports to the supervisory board advising it about how to perform its role with regard to risk management. The audit committee works under its own charter. During the year of account, the audit committee comprised Mr F.W. Fröhlich, Mr J. Weber (first meeting) and Mrs C.-M.A. Coste-Lepoutre (second meeting). There was one vacancy. All three members have a broad financial and/or audit background and in this way they satisfy the requirements with regard to competences and experience. The audit committee met twice during the year of account to discuss risk management. Subsequently, the results of the audit committee were discussed by the supervisory board.

In addition to the audit committee, the supervisory board has a compensation committee. This committee's most important task is to assess and agree the overall remuneration policy of Allianz Nederland Groep N.V. and agree on the remuneration of the individual members of the management board, with the exception of the chairman. In 2013 the compensation committee comprised Mr R. Walvis, Mrs C.-M.A. Coste-Lepoutre and Mr R.F. Franssen (chairman of the management board of Allianz Nederland Groep N.V.).

Oath or promise for the financial sector

Three members of the supervisory board made the promise for the financial sector in 2013. The signed statements have been placed on the www.allianz.nl website under the heading 'governance'. Mrs C.M.A. Coste-Lepoutre will take the oath or make the promise at the first meeting after her appointment is approved.

Management board

Composition and qualifications

As of 25 March 2013 the management board comprised Mr R.F. Franssen (Chairman), Mr J.P. Vialaron (Chief Financial Officer), Mr S.L. Laarberg (General Manager) and Mr C.J.A.M. Schneijdenberg (Chief Operating Officer).

The appointment of the new members of the management board was approved by De Nederlandsche Bank. The approval also shows that De Nederlandsche Bank is satisfied that the board members have extensive knowledge and experience with regard to their roles and in this way, the board is designed to fulfil its tasks as required. The requirements with regard to forming a complimentary, diverse and collegial board are met.

Expertise and permanent education

The chairman of the management board ensures that there is a permanent education programme in force for the members of the board. During the year of account several sessions were organized during which the board members were informed about themes, for example financial risks. Every member of the management board participated in one or more of these sessions.

Risk management

In the management board of Allianz Nederland Groep N.V. the task of preparing decisions with regard to risk management is carried out by the Chief Financial Officer. The officer has no commercial responsibility and operates independently of the commercial areas.

Task and working method

During the year of account, no change was made to the rules which were implemented in 2011 by the supervisory board and which includes the principle of the code of conduct for insurers.

Oath or promise for the financial sector

The members of the management board have all made the promise for the financial sector. The signed statements have been placed on the www.allianz.nl website under the heading 'governance'. The principles pertaining to the moral, ethical statement are included in the General Code of Conduct of Allianz Nederland Groep N.V., which is part of the employment contract of employees with Allianz Nederland Groep N.V.

Risk management

The risk governance framework that was introduced in 2011 and in which the functions and reporting lines of the various risk committees are set out, remained unchanged during the year of account. The various risk committees are organised at group level and have an advisory role. It is guaranteed that decision making about risks lies with the statutory management of each group company. Members of the management board are members of the risk committees. In this way, the supervisory board is quickly made aware of any (material) risks which Allianz Nederland Groep N.V. may envisage, as well as risks of subsidiaries, so that mitigating measures can be taken in time for these risks.

The supervisory board monitors the risk management of the management board. In the meetings of the supervisory board, various risks of Allianz Nederland Groep N.V. are discussed regularly. These risks have already been discussed in the audit committee. Different risk functions from the organization, as well as the external auditor are invited to report to the audit committee. The external auditor reports in the first quarter about the review of the annual report and accounts and presents the management letter at the end of the year. The supervisory board approved the proposed risk appetite and audit planning of the management board during the year of account. The annual audit planning of Allianz Nederland Groep N.V., the management letter, the audit results as well as the important strategic business cases which may influence the risk appetite, are discussed with the supervisory board.

Audit

The organization of the internal audit function satisfies the principles of the code of conduct for insurers. During the year of account, the internal audit function discussed the risk assessment, findings and audit plan on its own initiative in a tripartite meeting with De Nederlandsche Bank in the presence of the external accountant. Furthermore, they reported these items to the Board of Management and Audit Committee.

Remuneration policy

The Allianz Nederland Groep N.V. remuneration policy was revised in 2013. With the exception of a few details, Allianz Nederland Groep N.V. satisfies its responsibilities with regard to remuneration for its management and supervisory board members according to principles of controlled remuneration policy. A detailed overview of the remuneration policy is published on the website of Allianz Nederland Groep N.V.: www.allianz.nl/allianz/allianz/governance.

Whistleblowers' regulation

Allianz Nederland has a whistleblowers' regulation. Incidents can be reported to the Compliance Officer. In 2013 there were no incidents reported. Employees, who want to report a personal integrity issue, can also make use of the external confidential contact person.

Legal changes

On 9 October 2013 Allianz Nederland Groep N.V. transferred its shares in Allsecur B.V. to Allianz Benelux N.V., with offices in Brussels. On 15 January 2014 Allsecur B.V. was legally merged with Allianz Benelux N.V. where Allianz Benelux N.V. was the acquiring party and Allsecur B.V. was the entity which ceased to exist. As a consequence of the merger, the terms of employment of the staff of Allsecur B.V. were transferred to Allianz Benelux N.V. The activities of Allsecur in the Dutch market will be continued by Allianz Benelux N.V. from the offices in 's-Hertogenbosch under the trade name Allsecur. Our intermediary Managed Insurance Operations B.V. (MIO) ceased to exist on 23 January 2014 following a merger with Havelaar & van Stolk B.V. The latter company will continue with the activities of MIO, by using the trade name MIO Insurance.

Property-Casualty insurance

In 2013 we were confronted with two developments which had an impact on pricing and consequentially on the income of the P&C insurance company. The insurance tax was raised to 21%, which meant an increase for our customers of 11%. In addition we had to increase premiums for some of our customers because claims incurred were out of line with the premium income. The retail segment in general reacted to this price increase by reviewing their insurance portfolio, actually the effect for Allianz Nederland was limited. In the commercial segment the effect was more noticiable: some large customers decided to assume the risk themselves.

Allsecur improved its technical result following rating and underwriting measures. In October 2013, Allsecur was transferred to our sister company, Allianz Benelux.

The storms in October and December led to a large number of claims. In addition more fires occurred than in the previous year.

(€ mln)	2013	2012	%
Premium income	700	714	(2)
Operating result	37	17	123
Profit before tax	37	22	68

Our markets

Retail

Allsecur remains one of the most popular motor insurers in The Netherlands. In the Top 30 research into Customer Contact Centres, Allsecur was ranked second. The self service environment 'Mijn Allsecur' was designed. Customers were asked for feedback via telephone and NPS. This led to new insights and an interactive design where the claims reporting and policy change systems became more customer friendly. Allsecur has developed a number of successful social media campaigns. Allsecur has built its own community on social media platforms with relevant participants, with whom an increasing amount of information can be shared. In this way Allsecur gains loyalty and there is a growing number of promotors who support the brand. In addition this has a very positive effect on the search result in Google.

The broker channel will continue to play a role in the offering of personal lines insurance. Allianz has a significant interest in the expertise which is gained via its subsidiary, London Verzekeringen. In 2013 investments were made in the technical infrastructure in order to better match the internal processes of the intermediary.

We want to leave a clear mark on the sustainability of the motor insurance market. In The Netherlands we demonstrate this with our partnership with Vereniging Doet, Elektrisch Vervoer Centrum in Rotterdam and our participation in the Eco Mobiel event. We predict that the transition to electric or self-driving cars will be complete within ten years. As a large motor insurer, we want to play a role in this development.

A remarkable innovation is the launch of our motor insurance for electric vehicles. Allianz is the first insurer to enter the market with a tailor-made policy. We solve a number of questions for the drivers which are linked to owning an electric car. In this way the charging pole at home, the batteries and the specific roadside assistance of Allianz Global Assistance are included in the cover.

Commercial

The Netherlands has a large market for small and medium-sized enterprises (SME). For decades, these customers have been able to count on the support of the intermediary with whom Allianz maintains a longstanding relationship. Naturally the economic situation also affects our customers. At the same time, the insurance options for SME customers grew in the face of more competition where sustainability and quality of the risks on offer were under pressure. We believe that businesses are interested, especially at this time, in sustainable solutions for their risks and that tailor-made work is required for this. Tailor-made solutions which are not always possible via 'click and go' options but where the needs can be well identified through dialogue between the professional intermediary and Allianz employees. After years of premium inflation, particularly in road haulage, there was room to amend the premiums in certain segments in 2013. This occurred in close cooperation with the intermediary and where necessary with the end-customer.

Income protection has now become a fixed part of the commercial proposition and we offer this via our regional offices. We have taken the needs of the business into account in the range of covers which we offer. We offer solutions for partial or temporary disability, sick leave and, depending on the legal and regulatory situation, long-term disability. In the range we offer, the most important factor is that we want to be able to guarantee continuity and transparency to businesses. This is the reason why we no longer offer the WGA cover for disability.

In the large corporate segment we encounter competition from international insurers who try to buy market share. Allianz Nederland assesses the portfolio based on continuity. We refrain from accepting long-term contracts and steer towards good relationship management.

Affinity groups

Allianz is one of the largest motor insurers in Europe and the world. We offer international car manufacturers, like BMW and Mercedes, the possibility to offer motor insurance to their customers, via our new affinities portal.

Solvency

All insurance companies established in one of the European Union member states must comply with a minimum solvency margin. At the end of the year of account the available and required solvency positions were as follows:

(€ mln)	2013	2012
Required solvency	135	142
Available solvency	323	368
Solvency ratio Property-Casualty insurance	**240%**	**259%**

Results by class of business

(€ mln)	Total		Fire		Motor		Marine		Other Accident	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Gross premium	700	714	123	127	424	432	20	20	133	135
Premium earned	659	684	111	110	426	463	19	19	103	92
Payments	464	512	72	63	303	346	12	9	77	94
Company expenses	196	194	40	38	118	116	6	6	32	34
Technical result	**(1)**	**(22)**	**(1)**	**9**	**5**	**1**	**1**	**4**	**(6)**	**(36)**
Allocated investment income	29	31	3	3	20	20	1	1	5	7
Insurance result	**28**	**9**	**2**	**12**	**25**	**21**	**2**	**5**	**(1)**	**(29)**

Key figures										
Loss ratio	70%	75%	65%	57%	71%	75%	61%	48%	75%	102%
Expense ratio	30%	28%	36%	35%	28%	25%	31%	32%	31%	37%
Combined ratio	**100%**	**103%**	**101%**	**92%**	**99%**	**100%**	**92%**	**80%**	**106%**	**139%**

Life insurance

The premium income of Allianz Nederland Levensverzekering was under severe pressure in 2013 due to the economic crisis. More than we had anticipated, many of our SME customers had to reduce staff numbers. The pension contracts became smaller as a result, which has had a considerable impact on our financial results in Life.

(€ mln)	2013	2012	%
Premium income	277	276	0
Operating result	62	68	(9)
Profit before tax	**65**	**80**	**(19)**

Embedded value

The embedded value of a life insurance company provides information about the value of the existing insurance portfolio and the value of new business. The calculation is based on prudent assumptions according to the Market Consistent Embedded Value (MCEV) principles.

(€ mln)	2013	2012
Net asset value	269	298
Present value future profit	220	255
Total cost required capital	(6)	(6)
Costs of non-financial risk	(29)	(33)
Value of options and guarantees	(6)	(5)
Embedded Value	**448**	**509**

Solvency

At the end of the year of account the available and required solvency positions were as follows:

(€ mln)	2013	2012
Required solvency	116	121
Available solvency	222	248
Solvency ratio Life insurance	**191%**	**205%**

Life insurance premiums

(€ mln)	2013			2012		
	One-time	Periodical	Total	One-time	Periodical	Total
Insurance agreements where the company carries the investment risk						
Capital insurances	-	3	3	-	4	4
Annuities	41	-	41	23	-	23
Mortgages	2	27	29	2	29	31
Term assurance	-	18	18	-	21	21
Other	-	1	1	-	1	1
	43	49	92	25	55	80
Insurance agreements where the parties insured carry the investment risk						
Unit-linked insurances	27	158	185	27	169	196
Gross premium	**70**	**207**	**277**	**52**	**224**	**276**
Reinsurance premiums ceded			12			12
Net earned premium			**265**			**264**

New opportunities in the life market

Wealth accumulation for private customers is gaining interest. The number of funds is reducing as the number of pensioners increases. Under the new pensions agreement, consumers are allowed to accumulate less pension in their funds. In addition, pension payments are smaller because indexation is disappearing and the guaranteed pension amount is smaller. These developments contribute to a situation where private customers will increase their savings after retirement. Supplementary wealth accumulation is also needed to repay mortgages. Falling house prices and insufficient wealth accumulation in the existing policies have created a gap. Finally, people want to save in order to be able to pay for the increased cost of care when they get older.

Allianz Nederland champions a form of tax-friendly wealth accumulation which is not earmarked for pension, mortgage or care. We want to sit down with all relevant parties in the market to discuss how to amend the law so that private customers are granted more freedom with respect to the use of their capital.

New pension proposition

Our first response to this renewed interest in wealth accumulation is a form of insured wealth accumulation to use for a pension with an expense level which is comparable with that of an institution with pension premiums.

In 2013 we worked hard on a new pension proposition which will be introduced in 2014. Our international expertise, skill and network have been used in this. As one of the largest asset management companies in the world, Allianz can offer customers more security about expected yield, while the expenses remain highly competitive. We can offer very competitive tariffs , because we benefit from our large size with international reinsurers. For employers our defined contribution also offers the advantage that the annual valuation of the pension can be omitted. The pension expenses (employers' share of the premium) are predictable and stable. Allianz Nederland is going to actively inform employers and employees about the new possibilities. In addition there is a lot of information available on the new pension portal, where different calculations can also be performed.

Mortgages

Allianz is a niche player in the mortgage market in The Netherlands. The bank savings mortgage has lost ground now that interest-only mortgages have been replaced by linear and annuity mortgages. The NHG mortgages which are originated are profitable investments for Allianz Nederland. In 2013 the portfolio showed positive development.

Ban on commissions

The ban on commissions for complex advisory products became effective on 1 January 2013 and was expanded from 2014. We expect that consumers with limited budgets will not request adequate advice for cost reasons. In addition, we predict that the smaller advisory firms will consolidate, in order to gain expertise and ensure continuation. We expect that the number of unmanaged portfolios will increase as a result, with negative consequences for policyholders. Allianz considers it part of its duty of care to find a suitable solution.

Banking Products and Asset Management

2013 was a good year for the financial markets. Shares performed very well, in contrast with an underperforming bond market. Of the Euro countries, Spain and Italy benefited from the government measures; the bond markets had a good year in these countries. In the rest of Europe, we also see the first signs of renewed growth. Allianz Nederland Asset Management has chosen to invest safely in investment grade government bonds. In addition we have been increasing the investments in NHG mortgages for a number of years. We offer NHG mortgages to private customers via selective distribution. These mortgages offer a good yield against limited risk.

(€ mln)	2013	2012	%
Operating result	5	7	(32)
Profit before tax	**7**	**9**	**(22)**

At the end of the financial year the existing and required solvency margin for Allianz Nederland Asset Management were as follows:

(€ 1,000)	2013	2012
Testing capacity	19.3	39.2
Assets based on risk level	4.8	4.5
Solvency ratio (BIS - ratio)	**22%**	**46%**

Bis ratio Allianz Bank internal norm is 18%

The BIS ratio of the bank has halved due to a dividend payment to Allianz Nederland Groep.

Our markets

Asset management

Our funds performed well. Our flagship, Allianz Holland Selectiefonds, (with an investment value of 1,3 billion euro) continues to perform better than the benchmark in the short and long term. For this the fund won the VWD cash award and the fund continues to hold five Morningstars. The Dutch consumer does not appear to be completely convinced about the advantages of choosing to invest. The inflow in our investment funds is not noticeable. Saving is still seen as a safe alternative although the interest rate is currently very low. Allianz lowered its interest rate in 2013 which led to the loss of savings customers to competitors. Despite the fact that the consumer has not benefited enough from the rising share prices in the last two years, the tide appears to be turning.

Bank savings

With bank savings, Allianz Nederland loses its original advantage because it is more natural for consumers to use the products of a bank for this. About 70% of the bank savings market is now occupied by banks. Allianz Nederland loses ground in the savings market because competitors offer a higher interest rate. As an asset management company, Allianz offers a savings account as a temporary solution. The removal of the fiscal advantages for bank savings mortgages also plays a role in the disappointing success of the bank savings product. However the number of bank savings accounts in our portfolio did not diminish. Customers with a bank savings mortgage with Allianz continue to save in order to repay their mortgage. At the beginning of 2013, we ran a successful campaign for customers to transfer their accounts.

Compliance

With effect from 1st January 2013 Allianz has implemented the ban on commission for complex products. From that date, new accounts no longer include commission. For existing accounts, the deferential approach applies. Under the ban on commission for investment firms, the deferential approach applies to advisers who fall under the National Regime. The cooperation between Allianz and the advisers falls under the National Regime. Allianz greatly values that the adviser can continue to exercise the duty of care. Ongoing payment of commission contributes to this. Therefore Allianz will continue to pay the commissions on investment accounts to National Regime advisers.

Allianz Nederland Asset Management will apply for a UCITS permit because of the retail character of its investment funds. In addition the intention exists to integrate a number of investment funds and to simplify the range of investments. This will also affect the underlying administrative structure and associated investment funds so that these will become more efficient and less complex.

Outlook

Allianz Benelux has good prospects. In The Netherlands our financial position is strong, with continued good income and profitability and more than a million customers. We are able to invest and have the support of the board of management of Allianz Group in Munich for this, which is clearly confirmed by the decision to integrate in the Benelux. We have an excellent relationship with the intermediary. They indicate that they want to continue working with us after the change in our organisation.

In the near future, the Benelux integration will have a concrete impact on our organization and our market activities. We are building a lean and mean organisation which is well prepared to meet customer needs. In preparation of a merger with Allianz Belgium, Allianz Nederland Groep N.V. has transferred its subsidiaries Allianz Nederland Schadeverzekering N.V. and London Verzekeringen N.V. to Allianz Europe B.V.in April. The three country organizations can learn from each other and will utilize the synergies optimally. The merger of the legal entities will strengthen the balance sheet of Allianz Benelux N.V. and lead to financial synergies that we can subsequently invest in the business model transformation of Allianz Benelux. We are investing in a new P&C insurance platform for good reason – in order to be able to serve customers even better in future. We see selective opportunities to grow in segments like wealth accumulation for pensions or mortgages and for SME and personal lines in P&C insurance.

We already have many of the competences available which will be required in the coming years. We will continue to invest in our employees for this reason. We will present ourselves on the employment market as an attractive employer in order to ensure that we can attract and retain the right expertise. In the coming period, our most important ambition is also to further improve the customer experience. Five years ago, we started with direct writing under the Allsecur label. This investment has afforded us knowledge about the behaviour of customers who are looking for an insurance solution. We also have a better understanding of the factors on which customers base their decisions. We are going to apply this customer knowledge more broadly in order to secure and expand our position.

Financial Statements 2013 Allianz Nederland Groep

Consolidated balance sheet

ASSETS	Note	2013 € 1,000	2012 € 1,000
Cash and cash equivalents	3	45,562	43,679
Financial assets carried at fair value through income	4	499,515	469,531
Investments: available for sale	5	1,652,445	1,917,306
Investments: held to maturity	5	736,368	745,928
Investments: real estate held for investment	5	-	6,069
Loans and advances to banks and customers	7	840,064	680,947
Financial assets for unit-linked contracts	15	3,068,096	2,976,404
Amounts ceded to reinsurers from insurance provisions	8	164,045	164,080
Deferred acquisition costs	9	35,396	45,473
Other assets	10	300,135	209,240
Intangible assets	11	6,206	11,558
Total assets		7,347,832	7,270,215

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2013 € 1,000	2012 € 1,000
Financial liabilities carried at fair value through income	12	493,710	461,463
Liabilities to financial institutions	13	267,346	346,463
Liabilities to customers	14	177,791	208,013
Financial liabilities for unit-linked contracts	15	3,068,096	2,976,404
Insurance provisions	16	2,298,028	2,338,647
Deferred tax liabilities	32	26,608	30,122
Other provisions	17	18,257	34,990
Other liabilities	18	342,331	164,070
Total liabilities		6,692,167	6,560,172
Shareholders' equity	19	655,665	710,043
Total equity and liabilities		7,347,832	7,270,215

Before appropriation of result

Consolidated income statement

	Note	2013 € 1,000	2012 € 1,000
Premiums written		977,204	990,594
Ceded premiums written		(73,277)	(77,043)
Change in unearned premiums (net)		19,969	34,974
Premiums earned (net)	20	923,896	948,525
Interest, dividend and similar income	21	131,534	135,054
Other income from investments	22	13,167	24,110
Fee and commission income (net)	23	29,515	29,765
Other income	24	26,706	28,678
Total income		1,124,818	1,166,132
Claims and insurance benefits incurred (gross)		(941,873)	(960,928)
Claims and insurance benefits incurred (ceded)		38,632	36,346
Change in reserves (net)		177,264	160,798
Insurance benefits (net)	25	(725,977)	(763,784)
Interest and similar expenses	26	(2,283)	(2,944)
Impairments of investments	27	(6,215)	(4,678)
Movement in financial assets and liabilities carried at fair value through income (net)	28	(1,339)	(2,850)
Acquisition costs and administrative expenses	29	(239,464)	(233,989)
Restructuring charges	30	-	(3,700)
Other expenses	31	(37,384)	(41,890)
Total expenses		(1,012,662)	(1,053,835)
Income before taxes		112,156	112,297
Taxes	32	(24,432)	(28,775)
Net income [1]		87,724	83,522

1. There is no minority interest to which the result of period under review can be ascribed.

Statement of profit or loss and other comprehensive income

	2013 € 1,000	2012 € 1,000
Net income	87,724	83,522
Unrealized results charged to equity		
Revaluation available for sale investments	(68,323)	96,804
Changes in current / deferred tax assets and liabilities	17,073	(24,209)
Total unrealized results charged to equity	**(51,250)**	**72,595**
IAS 19-gains/losses through equity		
IAS 19-gains/losses through equity before taxes	18,731	(40,013)
Changes in current/deferred tax assets and liabilities	(4,683)	10,003
Total results IAS 19 - charged to equity	**14,048**	**(30,010)**
Total comprehensive income	**50,522**	**126,107**

Figures have been adjusted for comparison reasons.

Consolidated statement of changes in shareholders' equity

	Paid-in capital € 1,000	Share premium € 1,000	Revenue reserves € 1,000	Unrealized gains and losses € 1,000	Net income € 1,000	Shareholders equity € 1,000
Balance as of 31/12/2011	**59,813**	**76,667**	**390,237**	**63,953**	**79,266**	**669,936**
Unrealized investment gains and losses	-	-	-	72,595	-	72,595
Net income	-	-	-	-	83,248	83,248
Transfer profit previous years to reserves	-	-	79,266	-	(79,266)	-
Shareholders' dividend	-	-	(86,000)	-	-	(86,000)
Reclassification	-	-	-	-	-	-
Balance as of 31/12/2012 old	**59,813**	**76,667**	**383,503**	**136,548**	**83,248**	**739,779**
Correction pensions IAS 19-revised through P&L	-	-	-	-	274	274
Correction pensions IAS 19-revised through equity	-	-	(30,010)	-	-	(30,010)
Balance as of 31/12/2012 revised	**59,813**	**76,667**	**353,493**	**136,548**	**83,522**	**710,043**
Unrealized investment gains and losses	-	-	-	(51,250)	-	(51,250)
Net income	-	-	-	-	87,724	87,724
Transfer profit previous years to reserves	-	-	83,522	-	(83,522)	-
Shareholders' dividend	-	-	(104,900)	-	-	(104,900)
IAS 19-gains/losses through equity	-	-	14,048	-	-	14,048
Balance as of 31/12/2013	**59,813**	**76,667**	**346,163**	**85,298**	**87,724**	**655,665**

There is no minority interest to which shareholders' equity of period under review can be ascribed.

Consolidated cash flow statement

	2013 € 1,000	2012 € 1,000
Operating activities		
Net income	87,724	83,522
Change in provision for unearned premiums	(19,969)	(34,974)
Change in aggregate policy provision	(14,590)	(24,713)
Change in provision for loss and loss adjustment expenses	(6,025)	23,995
Change in deferred acquisition costs	10,077	24,963
Change in accounts receivable/payable on reinsurance business	(6,576)	(11,281)
Change in trading securities[1]	2,263	2,692
Change in liabilities to banks and customers	(51,554)	(13,627)
Change in other receivables and liabilities	92,827	437
Change in deferred tax assets/liabilities[2]	13,561	(3,253)
Non-cash investment income/expenses	9,004	8,289
Other non-cash income/expenses	34,080	16,788
Other	99	(1,889)
Net cash flow provided by operating activities	**150,921**	**70,949**
Investing activities		
Change in securities available-for-sale	187,532	299,025
Change in securities held-to-maturity	9,560	(30,615)
Change investments in real estate	5,966	-
Change investments in associated enterprises	-	374
Change in loans and advances to banks	(216,902)	(225,685)
Net cash flow provided by investing activities	(13,844)	43,099
Financing activities		
Change in investments held on account and at risk of life insurance policyholders	(91,692)	(221,048)
Change in insurance provision for life insurance where investment risk is carried by policyholders	91,692	221,048
Dividend payouts	(104,900)	(86,000)
IAS 19-gains/losses through equity	(30,294)	(34,328)
Net cash flow provided by financing activities	**(135,194)**	**(120,328)**
Change in cash and cash equivalents	1,883	(6,280)
Cash and cash equivalents at beginning of period	43,679	49,959
Cash and cash equivalents at end of period	**45,562**	**43,679**

1 Including trading liabilities.
2 Without change in deferred tax assets/liabilities from unrealized investment gains and losses.

Supplementary Information to the Consolidated Financial Statements

1 Consolidation principles

The consolidated financial statements have been prepared by management in conformity with International Financial Reporting Standards as adopted by the European Union (IFRS-EU). Furthermore, the consolidated financial statements have been prepared in accordance with Book 2, Chapter 9 of the Dutch Civil Code (BW), where these regulations precede and/ or complement IFRS-EU. All standards currently in force for the years under review have been adopted in the consolidated financial statements, except for IFRS 8 which standard is only applicable for listed companies.

The consolidated financial statements of Allianz Nederland Groep N.V. have been prepared in thousands of euro's (€).

Group relationships

Allianz Nederland Groep N.V. is legally registered at Coolsingel 139, Rotterdam. The issued shares in Allianz Nederland Groep N.V. are all held by Allianz Europe B.V. Allianz SE in Germany is the 100% shareholder in Allianz Europe B.V. The financial data of Allianz Nederland Groep N.V. have been included in the consolidated annual report and accounts of Allianz SE in Munich.

The consolidated financial statements include the annual financial statements of Allianz Nederland Groep N.V., domiciled in The Netherlands, and all subsidiaries and investment funds. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

Subsidiaries

Subsidiaries are those entities controlled by Allianz Nederland Groep. Control exists when Allianz Nederland Groep has the power, directly or indirectly, to govern the financial and operating policies of an entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Positive differences arising on first-time consolidation are capitalized as goodwill.

Investments in associated enterprises and joint ventures

Associated enterprises are enterprises in which the Allianz Nederland Groep holds directly or indirectly at least 20% but no more than 50% of the voting rights, or in which Allianz Nederland Groep exercises a significant influence in another way, without having control.

A joint venture is an entity over which Allianz Nederland Groep and one ore more other parties have joint control. Investments in associated enterprises and joint ventures are generally accounted for using the equity method. Income from investments in associated enterprises and joint ventures is included as a separate component of total income.

Transactions eliminated on consolidation

Intra-group balances and other unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Use of estimates and assumptions

The preparation of consolidated financial statements requires Allianz Nederland Groep to make estimates and assumptions that affect items reported in the consolidated balance sheet and income statement and under contingent liabilities. The estimates are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The actual results may differ from these estimates. The most significant accounting estimates are associated with the reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts, fair value and impairments of financial instruments, goodwill, deferred acquisition costs, deferred taxes and reserves for pensions and similar obligations.

Foreign currency translation

Allianz Nederland Groep's reporting and functional currency is the euro (€). Income and expenses are translated at the rate per transaction date. The assets and liabilities in foreign currency are translated at the closing rate on the balance sheet date. Currency gains and losses arising from foreign currency transactions are reported in other income or other expenses respectively.

2 Summary of significant accounting and valuation policies

Supplementary information on assets

Cash and cash equivalents

Cash and cash equivalents include balances with banks payable on demand, balances with central banks, cheques and cash on hand, treasury bills (to the extent that they are not included in trading assets), and bills of exchange which are eligible for refinancing at central banks, subject to a maximum term of six months from the date of acquisition. Cash funds are stated at their face value, with holdings in foreign notes and coins valued at year-end closing prices.

Financial assets carried at fair value through income

These financial assets are measured at fair value. Changes in fair value are recorded in the consolidated income statement as income from financial assets and liabilities carried at fair value through income (net).

Derivative financial instruments are recognized initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The fair value of interest rate swaps is the estimated amount that Allianz Nederland Groep would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counter parties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Investments

Investments include securities held-to-maturity and securities available-for-sale. Securities held-to-maturity are comprised of fixed income securities of which Allianz Nederland Groep has the positive intent and ability to hold to maturity. These securities are carried at amortized cost and the related premium or discount is amortized using the effective interest rate method over the life of the security. Amortization of premium or discount is included in interest income. Securities available-for-sale are securities that are not classified as held-to-maturity or financial assets carried at fair value through income. Securities available-for-sale are valued at fair value at the balance sheet date. Unrealized gains and losses, which are the difference between fair value and cost (amortized cost in the case of fixed income securities), are included as a separate component of shareholders' equity, net of deferred taxes. The realized result on securities is determined by applying the average cost method. Fixed income securities and equity investments are subject to regular impairment reviews.

Impairment of financial assets

Held-to-maturity and available-for-sale debt securities are impaired if there is objective evidence that the cost may not be recovered. If all amounts due according to the contractual terms of the security are not considered collectible, typically due to deterioration in the creditworthiness of the issuer, the security is considered to be impaired. An impairment is not recorded as a result of decline in fair value resulting from general market interest or exchange rate movements unless Allianz Nederland Groep intends to dispose of the security. If there is objective evidence that the cost may not be recovered, an available-for-sale equity security is considered to be impaired. Objective evidence that the cost may not be recovered, in addition to qualitative impairment criteria, includes a significant or prolonged decline in the fair value below cost. In a subsequent period,if the amount of the impairment previously recorded on a debt security decreases and the decrease can be objectively related to an event occurring after the impairment, such as an improvement in the debtor's credit rating, the impairment is reversed through other income from investments.

An available-for-sale equity security is considered impaired if the fair value is below the weighted-average cost by more than 20% or if the fair value is below the weighted-average cost for greater than nine months. This policy is applied individually by all subsidiaries. If an available-for-sale equity security is impaired based upon Allianz Nederland Groep's qualitative or quantitative impairment criteria, any further declines in the fair value at subsequent reporting dates are recognized as impairments. Therefore, at each reporting period, for an equity security that is determined to be impaired based upon Allianz Group's impairment criteria, an impairment is recognized for the difference between the fair value and the original cost basis, less any previously recognized impairments. Reversals of impairments of available-for-sale- equity securities are not recorded through the income statement.

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 estimated life, with a maximum of 50 years. At each reporting date or whenever there are any indications that the carrying amount may not be recoverable, real estate is tested for impairment by determining its fair value using discounted cash flow methods. Improvement costs are capitalized if they extend the useful life or increase the value of the asset; otherwise they are recognized as an expense as incurred.

Loans and advances to banks and customers

Investments lent under securities lending arrangements continue to be recognized in the Balance Sheet and are measured in accordance with the accounting policy for assets 'At fair value through income statement' or 'Available-for-sale' as appropriate. Received cash collateral is recognized under 'Liabilities to financial institutions'. The reinvested cash collateral is recognized under 'Loans and advances to banks'. Income and expenses arising from the securities borrowing and lending business are recognized on an accrual basis over the period of the transactions and are included in interest income or expense. Loans and receivables with fixed maturities, including mortgage loans, are recognised on the balance sheet when cash is advanced to borrowers. Measurement of these loans and receivables is based on amortised cost, using the effective interest rate method taking impairments into account where necessary. To the extent to which loans and receivables are not collectible, they are written off as impaired. Any subsequent recoveries are credited to the income statement.

Reinsurance

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance. Amounts recoverable under such contracts are recognized in the same period as the related claim. Accordingly, revenues and expenses related to reinsurance agreements are recognized consistent with the underlying risk of the business reinsured.

Deferred acquisition costs

Deferred acquisition costs related to Life business generally consist of commissions which are directly related to the acquisition of new insurance contracts. These acquisition costs are deferred, to the extent they are recoverable and are amortized based on policy revenues which differ per product. In the case of property-casualty insurance contracts, the amortization period is calculated for each insurance portfolio, based on the average term of the relevant policies. All deferred policy acquisition costs are reviewed regularly to determine if they are recoverable from future operations. Deferred policy acquisition costs which are not deemed to be recoverable are charged to income.

Other assets

Other assets include equipment, receivables and prepaid expenses.

Equipment is carried at cost, less accumulated depreciation and impairments. Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets, taking into account the residual value. The estimated useful life of equipment including information technology equipment is five years. Expenditures to restore the future economic benefit are capitalized if they extend the useful life as improvements. Costs for repairs and maintenance are expensed.

Receivables are recorded at face value, net of appropriate valuation allowances.

Real estate owned by Allianz Nederland and used for its own activities is carried at cost less accumulated depreciation and impairments. The capitalized cost of buildings is calculated on the basis of acquisition cost and depreciated over a maximum of 40 years in accordance with their expected useful lives. There is no amortization on the land. Expenditures to restore the future economic benefit are capitalized if they extend the useful lives as improvements. Costs for repairs and maintenance are expensed. An impairment loss is recognized when the recoverable amount of these assets is less than their carrying amount.

Intangible assets

Goodwill represents the difference between the acquisition cost and Allianz Nederland Groep's proportionate share of the net fair value of assets, liabilities and certain contingent liabilities. Goodwill is not subject to amortization. Allianz conducts an annual impairment test, in addition to whenever there is an indication that goodwill is not recoverable. The impairment test includes comparing the recoverable amount to the carrying amount, including the goodwill, for all cash generating units. A cash generating unit is not impaired if the carrying amount is greater than the recoverable amount. The impairment of a cash generating unit is equal to the difference between the carrying amount and the recoverable amount. Impairments of goodwill are not reversed.

Software purchased from third parties or developed internally is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates and is amortized over its useful life on a straight-line basis generally over five years.

Other intangible assets represent intangible assets with a definite useful life which are amortized over their useful lives and are subsequently recorded at cost less accumulated amortization and impairments.

Supplementary information on equity and liabilities

Liabilities to financial institutions and customers

Interest-bearing liabilities are accounted for at their nominal value. Where liabilities are subject to a discount, such discounts are reported as prepaid expenses and amortized over the life of the respective liabilities, using the effective yield method.

Insurance provisions

Classification of contracts

Contracts under which Allianz Nederland accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or another beneficiary, are classified as insurance contracts. Contracts under which the transfer of insurance risk to Allianz Nederland Groep from the policyholder is not significant, are classified as investment contracts. Allianz Nederland Groep issues contracts to policyholders that contain both insurance and an investment component. If the investment component cannot be measured separately, the whole contract is accounted for as an insurance contract. A contract that qualifies as insurance remains an insurance contract until all risks and obligations are extinguished or expired.

Unearned premiums provision

Gross premiums written is earned over the period to which the risk coverage is related and is calculated on a pro rata temporis basis. Outward reinsurance premium is incurred over the same period and in the same manner as when the gross premium written associated with the reinsured contracts is earned. The unearned premiums provision comprise that portion of net premiums written at the balance sheet date which are expected to be earned in subsequent financial years.

Outstanding claims provisions

Outstanding claims provisions represent the estimated ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and related internal and external claims handling expenses and an appropriate prudential margin. Outstanding claims are assessed by reviewing individual claims and making allowance for claims incurred but not yet reported (IBNR), the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes, past experience and trends. Provisions for outstanding claims are not discounted. Anticipated reinsurance recoveries and estimates of salvage and subrogation recoveries, are disclosed separately as assets. Salvage and subrogation are only accounted for if it is virtually certain that the value will be recovered.

Unexpired risk provision

Provision is made, should there be demonstrable commitment to a loss-making contract where Allianz Nederland has entered into multiple year contracts and has a limited ability to change the premium on the contract for future periods. The provision is then calculated with reference to classes of business which are managed together, after taking into account estimates of future claims, costs, premium earned and proportionate investment income where such contracts will continue subsequent to the balance sheet date.

Long duration insurance contracts provision

The long duration insurance contracts provision principally comprises the actuarially estimated value of Allianz Nederland's liabilities under non-linked contracts, including bonuses already declared and after deducting the actuarial value of future premiums. In particular a net premium valuation method has been adopted for all major classes of business. Although the management considers that the gross long duration insurance contracts provision and the related reinsurance recovery is fairly stated on the basis of the information currently available, the eventual liability may vary as a result of subsequent information and events. The provision, estimation technique and assumptions are periodically reviewed with any changes in estimates reflected in the income statement as they occur. Furthermore a provision for claims resulting from Wabeke has been included in this provision.

Liability adequacy test

Allianz Nederland Groep performs a loss adequacy test on its insurance liabilities to ensure that the carrying amount of its liabilities (less related deferred acquisition costs) is sufficient in the light of estimated future cash flows.

Allianz Nederland Groep performs this liability adequacy test on a portfolio basis for homogeneous product groups, based on the characteristics and policy conditions of the products. This test compares the carrying amount of liabilities with the present value of all contractual cash flows. The calculation of the future cash flows is based on realistic scenarios. The calculation of the present value of the expected cash flows is based on the interest rate structure of the Dutch government bonds per year end. This present value is increased with a risk surcharge for risk which cannot be covered in a market. If a shortfall is identifieds the related deferred acquisition cost and intangible assets are written down and, if necessary, an additional provision is established. The deficiency is recognized through income for the year.

Investment contracts

Investment contracts have been classified as financial liabilities at fair value through income. The revenue arising from these contracts (front-end fees, surrender penalties and annual management charges) is recorded in the revenue from investment management contract lines.

Unit-linked products

The insurance liabilities for unit-linked products where the policyholder bears the investment risk are accounted for at the fair value of the associated investments and presented as financial liabilities carried at fair value through income. Premiums are accounted for when the liability is recognized and exclude any taxes or duties based on premiums.

Deferred taxes

The calculation of deferred taxes is based on temporary differences between the carrying values of assets and liabilities in the balance sheet and their tax values and on differences arising from the application of uniform valuation policies for consolidation purposes as well as consolidation in the income statement. The tax rate used for the calculation of deferred taxes is the local rate per reporting date; changes to tax rates already adopted as at balance sheet date are taken into account. Deferred tax assets are recognized if sufficient future taxable income is available for realization. Deferred tax assets and liabilities are not discounted.

Other accrued liabilities

Other accrued liabilities are long-term obligations calculated on basis of estimation of future cash flows.

Employee benefits

Allianz Nederland uses the projected unit credit actuarial method to determine the present value of the defined benefit obligation of its defined benefit plans and the related service cost. For each individual defined benefit pension plan, Allianz Nederland recognizes a deficit or surplus in the balance sheet, adjusted for any effect of limiting a defined benefit asset to the asset ceiling. The deficit or surplus is the present value of the defined benefit obligation less the fair value of plan assets (if any). The principal assumptions used are included in Note 17.

Accrued taxes

The expected tax payable on the taxable profit, calculated in accordance with local tax laws and regulations.

Provisions for restructuring

A provision for restructuring is recognized when Allianz Nederland Groep has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Other liabilities

Other liabilities include funds held under reinsurance business ceded, accounts payable on direct insurance business, accounts payable on reinsurance business and miscellaneous liabilities. These are reported at the redemption value.

Shareholders' equity

Paid-up capital

Paid-in capital represents the mathematical value per share received from the issuance of shares.

Share premium

Share premium represents the premium, or additional paid-in capital, received from the issuance of shares.

Revenue reserves

Revenue reserves include the retained earnings of Allianz Nederland Groep.

Revaluation reserve

Revaluation reserve includes the unrealized gains and losses from securities available-for-sale.

Supplementary information on net income

Property-Casualty insurance

Premiums are accounted for on a due basis. Should the amount due not be known, estimates are used.

Life insurance

Premiums are accounted for on a due basis. Should the amount due not be known, estimates are used. For unit-linked business the due date for payment is taken as the date the related liability was established. Revenues for unit-linked insurance contracts include the amount that is invested for account of the policyholder.

Interest, dividend and other income from investments

Interest, dividend and other income from investments comprise interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognized as it accrues in the profit or loss, using the effective interest method. Dividend income is recognized in profit and loss account on the date that Allianz Nederland Groep's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Income from investments in associated enterprises

The income from investments in associated enterprises consists of the share of Allianz Nederland Groep in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between the group and the non-consolidated participating interests and mutually between non-consolidated participating interests themselves are not recognized as they can be deemed as not realized.
The results of participating interests acquired or sold during the financial year are stated in Allianz Nederland Groep's result from the date of acquisition or until the date of sale respectively.

Taxes

Taxes comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.
Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.
Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Investment contracts income

Amounts received from and paid to holders of investment contracts are accounted for as deposits received (or repaid) and are not included in premiums and claims in the profit and loss account. Revenues from such contracts consist of amounts assessed against policyholders account balances for policy administration and surrender charged and are recognized in the period in which services are provided.

Fee and commission income

Allianz Nederland receives fees from transactions in connection with assets and liabilities held by Allianz Nederland in its own name, but for the account of third parties. These are shown as 'Fee and commission income' in the income statement. Investment advisory fees are recognized as the services are performed. Such fees are primarily based on percentages of the market value of the assets under management.

Other supplementary information

Consolidated statement of cash flows

The consolidated statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of Allianz Nederland Groep during the financial year from the cash flows arising from operating activities, investing activities and financing activities. The cash flows from investing activities primarily comprise changes in investment securities (such as securities available-for-sale or held-to-maturity). Financing activities include all cash flows from transactions involving the issuing of own shares, participation certificates and subordinated liabilities. Cash flows from operating activities contain all other activities, which belong to the principal revenue-generating activities.

Leases

Property and equipment holdings are used by Allianz Nederland under operating leases, whereby the risks and benefits relating to ownership of the assets remain with the lessor, and are not recorded on Allianz Nederland's consolidated balance sheet. Payments made under operating leases to the lessor are charged to administrative expenses using the straight-line method over the period of the lease. When an operating lease is terminated before the lease period has expired, any penalty is recognized in full as an expense at the time when such termination takes place.

Equity remuneration plans

The equity remuneration plans are cash settled plans. Allianz Nederland accrues the fair value of the award as compensation expense over the vesting period. In Note 38 further information on the equity remunerations plans is provided.

Recently adopted accounting pronouncements (effective January 1, 2013 and early adoption)

Amendments to IAS 19 – Employee benefits- did have a significant impact on the Allianz Nederland Groep financial statements. The amendments eliminated the corridor approach and requires all actuarial gains and losses to be recognized in the other comprehensive income (OCI). While all remeasurements are recorded in the OCI, service and interest costs are recognized in the profit and loss account. The long-term return on plan assets is calculated using the same discount rate that is used to measure the defined benefit obligation (DBO). Disclosure requirements have increased under the amended IAS 19, e.g. regarding plan characteristics and cash flow variations.

The 2012 comparable figures have been adjusted for the effect of the IAS 19 amendments. Further details of these effects are explained in Note 41.

The other recently adopted accounting pronouncements effective January 1, 2013 such as IAS 1- presentation of financial statements- and IFRS 13 - fair value management- did not impact the Group's 2013 consolidated financial statements

Recently issued accounting pronouncements (effective on or after January 1, 2013 and not yet early adopted)

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2013, and have not been applied in preparing these consolidated financial statements. None of these will have an effect on the consolidated financial statements of Allianz Nederland Groep, except for

IFRS 10, Consolidated Financial Statements
Replaces the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation Special Purpose Entities. IFRS 10 changes the definition of control under IFRS so that the same criteria are applied to all entities to determine control.

IFRS 11, Joint Arrangements
Replaces IAS 31, Interests in Joint Ventures. IFRS 11 reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy of choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow the accounting much like that for the jointly controlled assets and jointly controlled operations under IAS 31.

IFRS 12, Disclosure of Interests in Other Entities
Sets out the disclosure requirements for entities reporting under IFRS 10 and IFRS 11, and replaces the disclosure requirements currently found in IAS 28, Investments in Associates.

The impact of these new standards on the Allianz Nederland Groep consolidated financial statements will be limited.

Supplementary Information to the Consolidated Balance Sheet - assets

3 Cash and cash equivalents

	2013 € 1,000	2012 € 1,000
Balances with banks payable on demand	44,044	41,993
Balances with central bank	1,515	1,683
Cash on hand	3	3
Total	**45,562**	**43,679**

The effective interest rate on deposits/call money at the statement of financial position date is 0% (2012: 1%). The deposits/call money matures within three months.

4 Financial assets carried at fair value through income

This item comprises mainly financial assets in investment funds. Group entities keep these investments separate from other investments and invest them separately, in accordance with the requests of the policyholders and third party investors. Investments are held on account for and at risk of life insurance policyholders and third party investors. Policyholders and third party investors are entitled to all the results recorded and to the total amount of the investment shown under this heading, but they also have to carry any losses.

	2013 € 1,000	2012 € 1,000
Financial assets in investment funds	493,710	461,463
Financial assets held for trading	5,805	8,068
Total	**499,515**	**469,531**

Financial assets held for trading

	Derivatives	Other trading	Total
	€ 1,000	€ 1,000	€ 1,000
Value stated as of 12/31/2011	**9,074**	**2,191**	**11,265**
Purchases	-	432	432
Reclassification	294	(294)	-
Sales	(1,731)	-	(1,731)
Revaluation	(2,713)	815	(1,898)
Value stated as of 12/31/2012	**4,924**	**3,144**	**8,068**
Purchases	-	578	578
Reclassification	-	-	-
Sales	-	-	-
Revaluation	(2,511)	(330)	(2,841)
Value stated as of 12/31/2013	**2,413**	**3,392**	**5,805**

The positive market values of derivative financial instruments are shown on a net basis, i.e. taking into account existing netting agreements. Further details regarding the derivatives position can be found in Note 34.

5 Investments

	2013 € 1,000	2012 € 1,000
Securities available-for-sale	1,652,445	1,917,306
Securities held-to-maturity	736,368	745,928
Real estate held for investment	-	6,069
Total	**2,388,813**	**2,669,303**

The total amount of securities held-to-maturity € 736,368 (2012: € 745,928) is related to mortgages. The securities held-to-maturity are 100% linked to obligations to policyholders included in long duration life insurance contracts.

Securities available-for-sale

	Equity securities	Investment Funds	Government bonds	Corporate bonds	Government loans	Corporate loans	Total
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Value stated as of 12/31/2011	**107,666**	**137,231**	**1,239,711**	**612,787**	**11,928**	**17,541**	**2,126,864**
Purchases	90,232	477,172	191,574	37,074	-	454	796,506
Sales	(171,548)	(486,084)	(316,233)	(110,367)	(11,299)	-	(1,095,531)
Impairment	(3,678)	-	-	-	-	-	(3,678)
Amortization	-	-	(3,767)	(1,615)	529	1,194	(3,659)
Revaluation	(1,687)	8,460	51,855	38,173	(694)	697	96,804
Value stated as of 12/31/2012	**20,985**	**136,779**	**1,163,140**	**576,052**	**464**	**19,886**	**1,917,306**
Purchases	2,642	72,769	65,304	21,299	-	454	162,468
Sales	(1,994)	(481)	(262,821)	(84,250)	(454)	-	(350,000)
Impairment	(409)	(5,806)	-	-	-	-	(6,215)
Amortization	-	-	(3,701)	(379)	-	1,291	(2,789)
Revaluation	3,270	(12,350)	(44,456)	(13,768)	(10)	(1,011)	(68,325)
Value stated as of 12/31/2013	**24,494**	**190,911**	**917,466**	**498,954**	**0**	**20,620**	**1,652,445**

Investment funds categories

	2013 € 1,000	2012 € 1,000
Equity securities	35,482	4,626
Bonds	155,429	109,350
Real estate	-	22,803
Total	**190,911**	**136,779**

	(Amortized) cost		Unrealized gains		Unrealized losses		Market values	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Equity securities	16,676	16,438	7,826	4,647	(8)	(100)	24,494	20,985
Investment funds	184,040	117,558	12,680	19,224	(5,809)	(3)	190,911	136,779
Government bonds	855,138	1,056,355	63,098	107,259	(770)	(474)	917,466	1,163,140
Corporate bonds	464,344	527,674	34,681	48,468	(71)	(90)	498,954	576,052
Government loans	-	454	-	10	-	-	-	464
Corporate loans	18,937	17,192	1,683	2,694	-	-	20,620	19,886
Total	**1,539,135**	**1,735,671**	**119,968**	**182,302**	**(6,658)**	**(667)**	**1,652,445**	**1,917,306**

	Proceeds from sales		Realized gains		Realized losses	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Equity securities	(2,332)	(177,542)	442	12,074	(103)	(6,080)
Investment funds	(480,853)	(489,621)	8,478	5,915	(8,574)	(2,378)
Government bonds	(271,465)	(329,122)	9,814	13,348	(334)	(475)
Corporate bonds	(87,060)	(112,027)	2,923	2,719	(113)	(1,059)
Government loans	(454)	(11,344)	-	46	-	-
Total	**(842,164)**	**(1,119,656)**	**21,657**	**34,102**	**(9,124)**	**(9,992)**

Contractual maturities

The amortized cost and estimated fair value of securities available for sale with fixed maturities as of December 31, 2013 by contractual maturity are as follows:

	Securities available-for-sale			
	Amortized cost		Market values	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Contractual term to maturity:				
- due in 1 year or less	191,254	63,378	193,601	64,217
- due after 1 year and in less than 5 years	520,512	846,236	555,186	905,347
- due after 5 years and in less than 10 years	489,602	491,349	535,579	551,589
- due after 10 years	137,047	200,711	152,674	238,389
Total	**1,338,415**	**1,601,674**	**1,437,040**	**1,759,542**

The actual maturities may deviate from the contractually defined maturities, because certain security issuers have the right to call or repay certain obligations ahead of schedule, with or without redemption or early repayment penalties. Investments that are not due at a single maturity buckets, but are shown within their final contractual maturity dates.

Securities lending

Certain entities within the Group participate in securities lending arrangements whereby specific securities are lent to other institutions on an open and term basis. On December 31, 2013 the volume of securities lent out by Allianz Nederland was € 266,861 (2012: € 327,768). The total fair value of collateral accepted Amounted € 266,293 (2012: € 332,435). The fair value of collateral accepted that can be sold or repledged amounted to 2013 € 260,620 (2012: € 318,405). See also Note 7 and Note 13.

Real estate held for investment

	2013 € 1,000	2012 € 1,000
Purchase price as of end of year	-	8,116
Depreciation as of end of year	-	(2,047)
Value stated as of 12/31	**-**	**6,069**
Value stated as of 1/1	**6,069**	**7,206**
Disposals	(5,966)	-
Impairment	-	(1,000)
Depreciation	(103)	(137)
Value stated as of 12/31	**0**	**6,069**

In the year 2013 real estate held for investment have been sold to a third party.

6 Investments in associated enterprises

The investment in Euro Nederland BV is liquidated in 2013. The settlement of this liquidation has been included in the 2012 figures. Consequently the value of the investment is nihil.

7 Loans and advances to banks and customers

	2013 € 1,000	2012 € 1,000
Reinvested cash collateral	260,620	318,405
Loans to private customers	515,889	295,966
Loans to Allianz SE	50,000	50,000
Loans to intermediaries	13,555	15,551
Other	-	1,025
Total	840,064	680,947

Reinvested cash collateral is cash collateral received from securities lending transactions that was reinvested again. The position received collateral is reported under Note 13 liabilities to financial institutions.

The loans to Allianz SE bare an interest of 4.01% and are repayable in 2020.

8 Amounts ceded to reinsurers from insurance provisions

	2013 € 1,000	2012 € 1,000
Long duration insurance contracts Life	**15,240**	**17,103**
Provisions for outstanding claims Property-Casualty	94,131	79,175
Provisions for incurred but not reported claims Property-Casualty	28,370	33,776
Unearned premiums Property-Casualty	26,304	34,026
Total Property-Casualty	**148,805**	**146,977**
Total	**164,045**	**164,080**

This note must be read in conjunction with Note 17 (Insurance provisions). The amounts ceded to reinsurers from insurance provisions stated under assets include rights of recourse against reinsurers. Allianz Nederland reinsures a portion of the risks it underwrites in an effort to control its exposure to losses and events and protect capital resources. Allianz Nederland monitors the financial condition of its external reinsurers on an ongoing basis and reviews its reinsurance arrangements periodically in order to evaluate the reinsurer's ability to fulfil its obligations. The evaluation criteria, which include the claims-paying and debt ratings, capital and surplus levels and marketplace reputation of its reinsurers, are such that Allianz Nederland considers any risks of collectability to which it is exposed as not significant.

9 Deferred acquisition costs

	Property-Casualty		Life		Total	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	**27,280**	**41,835**	**18,193**	**28,601**	**45,473**	**70,436**
Additions	160,308	150,224	321	101	160,629	150,325
Amortization	(163,068)	(164,779)	(7,638)	(10,509)	(170,706)	(175,288)
Value stated as of 12/31	**24,520**	**27,280**	**10,876**	**18,193**	**35,396**	**45,473**

10 Other assets

	2013 € 1,000	2012 € 1,000
Equipment and inventories	1,557	2,840
Accounts receivable on insurance business	144,000	112,740
Other receivables	154,578	93,660
Total	**300,135**	**209,240**

Further details regarding the cashpool can be found in Note 45. Notes to the statutory statement of financial position.

Equipment and inventories

Development of the tangible fixed assets:

	2013 € 1,000	2012 € 1,000
Purchase price as of end of year	20,823	20,991
Depreciation as of end of year	(19,266)	(18,151)
Value stated as of 12/31	**1,557**	**2,840**
Value stated as of 1/1	**2,840**	**3,018**
Additions	148	795
Disposals	(316)	(2)
Depreciation	(1,115)	(971)
Value stated as of 12/31	**1,557**	**2,840**

Accounts receivable on insurance business

Specification of receivables from insurance:

	2013 € 1,000	2012 € 1,000
Policyholders	23,142	18,505
Intermediaries	112,726	95,379
Reinsurers	24,966	16,196
Allowance for doubtful accounts	(16,834)	(17,340)
Value stated as of 12/31	**144,000**	**112,740**

Development of the provision allowance for doubtful accounts:

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	(17,340)	(10,587)
Additions	(3,856)	(7,910)
Release	4,362	1,157
Value stated as of 12/31	**(16,834)**	**(17,340)**

Other receivables

Specification of other receivables:

	2013 € 1,000	2012 € 1,000
Interest and rental receivables	31,565	35,797
Personnel loans 'Royal Aandelen Plan'	15,517	15,771
Receivables related to investments	8,425	4,548
Receivables related to mortgages	25,639	9,177
Tax receivables	1,319	2,120
Fees to be received	395	874
Prepaid pensions	31,294	-
Receivables from group companies	15,159	-
Prepaid expenses	4,589	3,408
Depot leaseplan	3,620	4,408
Other	17,056	17,557
Value stated as of 12/31	**154,578**	**93,660**

11 Intangible assets

Intangible assets comprise the following:

	2013 € 1,000	2012 € 1,000
Software	1,378	6,085
Other	4,828	5,473
Total	**6,206**	**11,558**

Software	2013 € 1,000	2012 € 1,000
Gross amount capitalized as of 12/31	30,682	30,781
Accumulated amortization as of 12/31	(29,304)	(24,696)
Value stated as of 12/31	**1,378**	**6,085**
Value stated as of 12/31 prior year	6,085	8,755
Additions	40	1,648
Disposals	(139)	-
Amortization	(4,608)	(4,318)
Value stated as of 12/31	**1,378**	**6,085**

The statement of financial position value amounting to € 1,378 (2012: € 6,085) includes € 1,339 (2012: € 2,467) for internally developed software and € 39 (2012: € 3,618) for software purchased from third parties. As of December 31, 2013 there were no purchase commitments related to software.

Other

Changes in Other are as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	5,473	5,859
Additions	-	241
Amortization	(645)	(627)
Value stated as of 12/31	**4,828**	**5,473**

The other intangible assets represent acquired intermediary insurance portfolios. The portfolios are amortized over 10 years, which is the expected useful life.

Supplementary Information to the Consolidated Balance Sheet - equity and liabilities

12 Liabilities carried at fair value through income

	2013 € 1,000	2012 € 1,000
Financial liabilities in investment funds	493,710	461,463
Derivatives (refer to Note 34)	-	-
Total	**493,710**	**461,463**

The negative market values of derivative financial instruments are shown on a net basis, i.e. taking into account existing netting agreements.

13 Liabilities to financial institutions

	2013 € 1,000	2012 € 1,000
Collateral received from securities lending	260,620	318,405
Collateral received from CDS	440	2,940
Liabilities to banks	6,286	25,118
Total	**267,346**	**346,463**

The collateral received from securities lending transactions is related to cash collateral we receive against securities lent. The received cash is reinvested again. This position is reported in Note 7 Loans and advances to banks.

Further details regarding our CDS position can be found in Note 34.

14 Liabilities to customers

	2013 € 1,000	2012 € 1,000
Saving deposits retail customers	129,971	160,133
Other term liabilities	47,820	47,880
Total	**177,791**	**208,013**

All liabilities are due within one year.

15 Financial liabilities for unit-linked contracts

Changes in financial liabilities for unit linked insurance contracts and unit linked investment contracts for the years ended December 31, 2013 were as follows:

	2013 € 1,000	2012 € 1,000
Balance as of 1/1	2,976,404	2,755,356
Premiums collected	137,186	145,524
Interest credited	251,375	384,205
Releases upon death, surrender and withdrawal	(290,891)	(325,290)
Policyholder charges	(7,430)	(10,699)
Transfers [1)]	1,452	27,308
Balance as of 12/31	3,068,096	2,976,404

1) These transfers mainly relate to policies transferred to non-linked insurance provision

16 Insurance provisions

This note must be read in conjunction with Note 8 (Amounts ceded to reinsurers from insurance provisions).

	2013 € 1,000	2012 € 1,000
Long duration insurance contracts Life	1,177,137	1,193,590
Unearned premiums Property-Casualty	160,270	187,961
Provisions for outstanding claims Property-Casualty	762,122	761,879
Provisions (gross) IBNR	198,499	195,217
Total Property-Casualty	1,120,891	1,145,057
Total	**2,298,028**	**2,338,647**

Movement table for long duration Life insurance contracts

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	1,193,590	(17,103)	1,176,487	1,218,338	(17,138)	1,201,200
Benefits paid	(129,377)	2,730	(126,647)	(131,460)	1,845	(129,615)
Premiums received	92,123	(1,559)	90,564	79,573	(1,508)	78,065
Technical interest	54,424	(642)	53,782	53,490	(659)	52,831
Acquisitions/divestments of subsidiaries	-	-	-	-	-	-
Technical result	(33,623)	1,334	(32,289)	(26,351)	357	(25,994)
Balance as of 12/31	**1,177,137**	**(15,240)**	**1,161,897**	**1,193,590**	**(17,103)**	**1,176,487**

Movement table for unearned Property-Casualty premiums

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**187,961**	**(34,026)**	**153,935**	**207,874**	**(18,965)**	**188,909**
Added during the year	700,163	(61,136)	639,027	714,096	(64,716)	649,380
Released to the income statement	(727,854)	68,858	(658,996)	(734,009)	49,655	(684,354)
Balance as of 12/31	**160,270**	**(26,304)**	**133,966**	**187,961**	**(34,026)**	**153,935**

Movement table for total provisions for outstanding Property-Casualty claims (including IBNR)

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**957,096**	**(112,951)**	**844,145**	**909,787**	**(89,637)**	**820,150**
Current year claims reported	421,994	(15,270)	406,724	437,066	(13,092)	423,974
Previous years claims reported	83,419	(32,084)	51,335	105,756	(26,043)	79,713
Plus: claims reported	**505,413**	**(47,354)**	**458,059**	**542,822**	**(39,135)**	**503,687**
Current year claims paid	(254,748)	4,192	(250,556)	(263,812)	3,801	(260,011)
Previous years claims paid	(250,423)	28,206	(222,217)	(255,619)	28,034	(227,585)
Less: claims paid	**(505,171)**	**32,398**	**(472,773)**	**(519,431)**	**31,835**	**(487,596)**
Movement IBNR	3,283	5,406	8,689	23,918	(16,014)	7,904
Balance as of 12/31	**960,621**	**(122,501)**	**838,120**	**957,096**	**(112,951)**	**844,145**

The provision for claims is made at the statement of financial position date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

In the provision for claims an amount of € 46 mln (2012 : € 46 mln) has been included for the long-term risk of asbestosis and other disease claims in the liability portfolio.

Outstanding claims development table for Property-Casualty insurance (net)

For (calendar) years ended 12/31	2006 € 1,000	2007 € 1,000	2008 € 1,000	2009 € 1,000	2010 € 1,000	2011 € 1,000	2012 € 1,000	2013 € 1,000
Provision for outstanding claims								
Net	893,608	886,354	877,676	880,945	861,186	820,151	844,145	838,120
Reinsured	86,214	125,774	134,290	140,522	108,219	89,637	112,951	122,501
Gross	979,822	1,012,128	1,011,966	1,021,467	969,405	909,787	957,096	960,621
Cumulative payments								
1 year later	227,073	276,180	279,491	279,940	280,602	255,619	247,034	
2 years later	345,973	397,139	410,263	412,259	406,389	400,956		
3 years later	436,738	489,836	505,281	503,218	519,406			
4 years later	504,176	566,505	574,281	589,791				
5 years later	566,241	621,429	640,078					
6 years later	609,847	674,383						
7 years later	650,531							
Estimate cumulative claims								
1 year later	913,623	967,030	1,002,409	963,825	927,581	953,423	959,797	
2 years later	887,887	971,981	955,948	930,913	933,840	956,873		
3 years later	909,126	956,337	938,244	928,967	957,406			
4 years later	891,436	942,110	927,367	943,351				
5 years later	880,802	922,975	936,307					
6 years later	859,791	931,917						
7 years later	867,895							
Cumulative surplus (deficit)								
Gross	70,696	40,147	9,557	57,642	41,824	(43,635)	(2,700)	
Reinsured	6,919	3,086	(737)	18,961	12,575	(19,454)	(7,624)	
Net	63,777	37,061	10,294	38,681	29,249	(24,181)	4,924	
Percentage	**7.1%**	**4.2%**	**1.2%**	**4.4%**	**3.4%**	**(2.9%)**	**0.6%**	

The cumulative surplus (deficit) represents the difference between the initial estimation of claims and the most recent estimation of claims as of December 31, 2013.

17 Other provisions

	2013 € 1,000	2012 € 1,000
Provisions for post-employment benefits	5,142	18,908
Provision restructuring plans	778	2,193
Miscellaneous accrued liabilities	12,337	13,889
Total	**18,257**	**34,990**

Allianz Nederland has two defined pension plans and two long-term service plans. The pension plans are financed through two pension funds. Contributions fixed in advance, based on salary, are paid to these institutions. The beneficiary's right to benefits exists against these pension funds. The pension funds involved are Stichting Pensioenfonds Allianz Nederland and Stichting Pensioenfonds Buizerdlaan.

The board of each pension fund is composed of 7 members 3 representatives each from both employers and employees and one representative from retirees. The board of the pension fund is required by law and by its articles of association to act in the interest of the fund and of all relevant stakeholders in the scheme, i.e. active employees, inactive employees, retirees, employers. The board of the pension fund is responsible for the investment policy with regard to the assets of the fund.

The net amount recognized for the Allianz Nederland defined benefit plans has developed as follows:

	2013 € 1,000	2012 € 1,000
Present value of defined benefit obligation	(417,147)	(425,616)
Pension fund assets	443,299	406,708
Funded status	**26,152**	**(18,908)**
Liability recognized in Note 17 Other provisions	(5,142)	(18,908)
Asset recognized in Note 10 Other receivables	31,294	-
Net position arising from defined benefit obligation	**26,152**	**(18,908)**

Movements in the present value of the defined benefit obligation were as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 12/31 prior year	**(425,616)**	**(333,612)**
Current service cost	(10,963)	(8,219)
Interest cost	(13,273)	(15,559)
Benefits paid	11,959	11,952
Past service cost - curtailments	2,213	19,669
Actuarial gain/ (loss) - due to change in demographic assumptions	(4,912)	(3,172)
Actuarial gain/ (loss) - due to change in discount rate	19,319	(93,914)
Actuarial gain/ (loss) - due to unexpected experience	4,126	(2,761)
Value stated as of 12/31	**(417,147)**	**(425,616)**

The curtailment relates to the plan change that was accounted for in last year's valuation. In 2013 the expected decrease in the social security offset has not been fully implemented. The curtailment effect accounted for in last year's valuation would have been larger if the actual plan change had been accounted for.

The actuarial result due to change in demographic assumptions is related to using adjusted mortality experience factors for both the participants and their partners, while in last year's valuation the factors were only applied to the participants themselves.

The rise in the discount rate from 3.25% to 3.50% resulted in a gain of Eur 19,3 mln due to change in discount rate.

As of December 31, 2013 the total post-retirement health benefits obligation amounted to € 5.1 mln (2012: € 5.5 mln).

Movements in the fair value of the plan assets were as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 12/31 prior year	**406,708**	**346,966**
Interest income on plan assets	13,259	16,053
Return on plan assets greater/ (less) than expected	198	37,455
Actual employer contributions	33,200	16,408
Actual participant contributions	2,500	2,400
Benefits paid by fund	(11,689)	(11,713)
Admin cost paid by fund	(877)	(861)
Value stated as of 12/31	**443,299**	**406,708**

The actual employer contributions are in 2013 significantly higher than in 2012. This is because the employer made additional payments of a total amount of Eur 22,300 to improve the financial position of both pension funds.

The fair value of the plan assets per asset class at the end of the reporting period are as follows:

	2013 € 1,000	2012 € 1,000
Level 1 (quoted market price):		
Cash and cash equivalents	1,818	(78)
Equity investments	121,738	88,790
Bonds corporate	30,509	39,605
Bonds government/ government agency	245,036	251,206
Real estate	14,205	12,409
Other assets	6,380	6,992
Level 2/3 (non-quoted market price)		
Debt instruments - mortgages	22,160	6,275
Real estate	1,453	1,509
	443,299	**406,708**
Debt instruments categorised by issuers' credit rating:		
AAA	66,053	193,999
AA	197,473	85,772
A	3,269	3,340
BBB and lower	15,155	13,975
not rated	15,755	-
	297,705	**297,086**

The fair values of level 1 equity, debt and real estate instruments are determined based on quoted market prices in active markets. Whereas the level 2/3 debt instruments and real estate are not based on quoted market prices in active markets.

The plan assets include shares of Allianz SE with an aggregate fair value of Eur 971 (31 December 2012: Eur 779).

The net periodic benefit costs (expenses minus income) include the following components:

	2013 € 1,000	2012 € 1,000
Current service cost	10,963	8,219
Interest (income)/expenses	14	(664)
Past service cost - curtailments	(2,213)	(20,559)
Administration cost	877	861
Participant contributions	(2,500)	(2,400)
Total	**7,141**	**(14,543)**

During the year ended December 31, 2013 net periodic benefit costs of pension plans (exclusive gains from curtailment) include costs related to post retirement health benefits of € 0.3 mln (2012: 1.3 mln).

Assumptions

For this year's valuation, the mortality table AG Prognosetafel 2012-2062 has been applied. Projected fluctuations depending on age and length of service have also been used, as well as internal retirement projections.

The most recent actuarial valuation of the defined benefit obligation were carried out at 31 December 2013 by Towers Watson. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used to determine the projected benefit obligation were as follows:

	2013 %	2012 %
Discount rate	3.50	3.25
Central agreed rate of compensation increase	1.75	1.75
Expected career increases	1.50	1.50
Cost of living adjustments active participants	0.50	0.50
Cost of living adjustments non-active participants	0.50	0.50
Expected future service years	11.90	12.10
Average duration of liabilities in years	18.90	18.80
Life expectancy of a man who is 65-year old	22.10	22.00
Life expectancy of a woman who is 65-year old	24.30	24.20

The discount rate of 3.25% per annum at the start and 3.50% per annum at the end of 2013 is based upon the yields available on high-quality corporate bonds with a term that matches that of the liabilities. IAS assumptions reflect the market yield at the statement of financial position date of high-quality fixed income investments corresponding to the average duration of the liabilities. The actual rate of pension increase in 2013 was 0.0% (2012: 0.0%).

It has been assumed that current and future pension payments will increase at an avarage rate of 0.50% per annum.

Sensitivity analysis

The sensitivity analyses below have been determined based on changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 50 basis point higher (lower), the defined benefit obligation would decrease by Eur 38.2 mln (increase by Eur 36.2 mln)

- If the bond yield is 25 basis point higher (lower), the defined benefit obligation would decrease by Eur 10.2 mln (increase by Eur 10.6 mln)

- If the expected indexation is 25 basis point higher (lower), the defined benefit obligation would increase by Eur 14.9 mln (decrease by Eur 15.3 mln)

- If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by Eur 13.1 mln

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Categories of pension fund assets

	2013 target	2013 actual	2012 actual
Equity securities	25.0%	27.5%	21.8%
Real estate	5.0%	3.5%	3.4%
Debt securities	67.5%	67.2%	71.6%
Other	2.5%	1.8%	3.2%
Total	**100.0%**	**100.0%**	**100.0%**

Provision restructuring plans

The provision for restructuring is related to the execution of the Allianz 2013 restructuring plan.

The development of the Provision restructuring plans are as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	2,193	2,010
Additions to existing provisions	-	3,849
Release of provisions via payments	(1,174)	(3,424)
Amounts released	(241)	(242)
Value stated as of 12/31	**778**	**2,193**

Miscellaneous accrued liabilities

	2013 € 1,000	2012 € 1,000
Staff related expenses	8,083	9,734
Other	4,254	4,155
Total	**12,337**	**13,889**

Since the development of the other accrued liabilities is uncertain, the other accrued liabilities are classified as long-term:

	2013 € 1,000	Staff related expenses € 1,000	Other € 1,000
Value stated as of 1/1	**13,889**	**9,734**	**4,155**
Additions to existing provisions	6,349	4,304	2,045
Release of provisions via payments	(7,238)	(5,735)	(1,503)
Acquisitions/divestments of subsidiaries	(620)	(190)	(430)
Amounts released	(43)	(30)	(13)
Value stated as of 12/31	**12,337**	**8,083**	**4,254**

18 Other liabilities

	2013 € 1,000	2012 € 1,000
Accounts payable on direct insurance business	85,082	77,989
Accounts payable on reinsurance business	13,204	11,010
Interest and rental liabilities	2,143	3,098
Tax liabilities	15,654	7,130
Amounts payable to group companies	108,870	23,452
Credit facility to group companies	69,023	-
Willemsbruggen B-certificates held by employees	15,696	15,918
Expenses to be paid	8,211	7,206
Staff-related expenses	1,505	1,865
Pension expenses	-	133
Debts from security transactions	34	96
Premiums to be invested	(13)	95
Fees to be paid	1,926	1,336
Brokerage to be paid	2,962	4,607
Amounts payable to pension funds	1,655	-
Other	16,379	10,135
Total	**342,331**	**164,070**

Accounts payable on direct business and accounts payable on reinsurance business are due within one year. Of the remaining liabilities stated under Other Liabilities € 228,349 (2012 : € 59,153) is due within one year and € 15,696 (2012 : € 15,918) is due after more than one year.

19 Shareholders' equity

The shareholders' equity comprises the following:

	2013 € 1,000	2012 € 1,000
Issued capital	59,813	59,813
Share premium	76,667	76,667
Revenue reserves	346,163	353,493
Profit for the year	87,724	83,522
Revaluation reserve	85,298	136,548
Total	**655,665**	**710,043**

Issued and paid up capital amounted to € 59.8 mln. The company has issued only one type of shares which has a par value of € 1,000. The issued shares are owned by Allianz Europe Ltd in Amsterdam. The development of capital and reserves is explained in the notes to the statutory statement of financial position. For the year ended December 31, 2013 the Management Board will propose to shareholders at the General Meeting the distribution of a dividend of € 48 mln (€ 803 per share).

Supplementary Information to the Consolidated Income Statement

20 Premiums earned (net)

	Property-Casualty		Life		Total	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Premiums written (gross):						
- from direct insurance	697,961	732,470	277,041	276,498	975,002	1,008,968
- from reinsurance assumed	2,202	(18,374)	-	-	2,202	(18,374)
Total	**700,163**	**714,096**	**277,041**	**276,498**	**977,204**	**990,594**
Reinsurance ceded	(61,136)	(64,716)	(12,141)	(12,327)	(73,277)	(77,043)
Premiums written (net)	**639,027**	**649,380**	**264,900**	**264,171**	**903,927**	**913,551**
Change in unearned premiums gross:						
- from direct insurance	27,566	(15,442)	-	-	27,566	(15,442)
- from reinsurance assumed	431	35,355	-	-	431	35,355
Total	27,997	19,913	-	-	**27,997**	**19,913**
Reinsurance ceded	(8,028)	15,061	-	-	(8,028)	15,061
Total change in unearned premiums (net)	19,969	34,974	-	-	**19,969**	**34,974**
Premiums earned (net)	**658,996**	**684,354**	**264,900**	**264,171**	**923,896**	**948,525**

21 Interest, dividend and similar income

	2013 € 1,000	2012 € 1,000
Income from:		
- securities held-to-maturity	45,303	46,200
- securities available-for-sale	58,895	64,827
- net interest margin from banking business	848	2,282
- lending and loans	21,253	19,719
- Income from rent from real estate held for investment	(379)	(391)
- other interest-bearing instruments	1,924	2,317
- Interest from Cashpool	32	100
- Received interest corporate taxes	3,658	-
Total	**131,534**	**135,054**

Income from securities available-for-sale include dividend income of € 11,478 (2012 : € 13,429).

22 Other income from investments

	2013 € 1,000	2012 € 1,000
Realized gains on securities available-for-sale	21,657	34,102
Realized gains on Real Estate held for investment	634	-
Realized losses on securities available-for-sale	(9,124)	(9,992)
Total	**13,167**	**24,110**

23 Fee and commission income (net)

	2013 € 1,000	2012 € 1,000
Fee and commission income	34,643	34,226
Fee and commission expenses	(5,128)	(4,461)
Fee and commission income (net)	**29,515**	**29,765**

24 Other income

Other income consists of the following items:

	2013 € 1,000	2012 € 1,000
Foreign currency gains	578	1,558
Income from service activities	25,997	27,081
Income from sale portfolio	125	-
Other	6	39
Total	**26,706**	**28,678**

The currency gains are mainly related to US-Dollar positions. The losses on these positions are reported in Other expenses (Note 31). Income from service activities is related to income from intermediary activities and claims services.

25 Insurance benefits (net)

Insurance benefits in Property-Casualty comprise the following:

	Gross		Reinsurance		Net	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Claims:						
- claims paid	505,171	519,431	(32,398)	(31,836)	472,773	487,595
- changes in provisions for loss and loss adjustment expenses	3,525	47,309	(9,551)	(23,314)	(6,026)	23,995
Total	508,696	566,740	(41,949)	(55,150)	466,747	511,590

Insurance benefits in Life comprise the following:

	Gross		Reinsurance		Net	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Benefits paid	436,702	441,497	(6,234)	(4,510)	430,468	436,987
Changes in provisions for life insurance	(13,873)	(24,678)	1,863	342	(12,010)	(24,336)
Other movements in relation to financial assets and liabilities for the risk of policyholders	(159,228)	(160,457)	-	-	(159,228)	(160,457)
Total	263,601	256,362	(4,371)	(4,168)	259,230	252,194

26 Interest and similar expenses

	2013 € 1,000	2012 € 1,000
Other interest expenses	2,283	2,774
Interest expenses Cashpool	-	170
Total	2,283	**2,944**

27 Impairments of investments

	2013 € 1,000	2012 € 1,000
Securities available-for-sale	6,215	3,678
Real Estate held for investment	-	1,000
Total	6,215	**4,678**

Further details can be found in Note 5 Investments.

28 Movement in financial assets and liabilities carried at fair value through income (net)

	2013 € 1,000	2012 € 1,000
Result on derivatives	(2,772)	(4,500)
Result on other trading assets	1,433	1,650
Gain/(loss) from financial assets carried at fair value through income	219,951	445,882
Gain/(loss) from liabilities carried at fair value through income	(219,951)	(445,882)
Total	(1,339)	**(2,850)**

The result on derivates includes a negative result of € 2,772 (2012: € 3,256 negative) due to positions held to protect Allianz Nederland Groep against bankruptcy of medium sized bank.

Income from financial assets and liabilities carried at fair value through income includes received dividends and realized results on securities.

29 Acquisition costs and administrative expenses

	2013 € 1,000	2012 € 1,000
Property-Casualty	197,994	194,258
Life	33,639	32,737
Asset Management	7,831	6,994
Total	**239,464**	**233,989**

	Property-Casualty		Life	
	2013 € 1,000	2012 € 1,000	2013 € 1,000	2012 € 1,000
Acquisition costs:				
- payments	169,313	158,945	6,896	7,246
- change in deferred acquisition costs	3,172	13,527	7,317	10,408
Subtotal	**172,485**	**172,472**	**14,213**	**17,654**
Administrative expenses	33,271	28,334	22,463	17,406
Underwriting costs (gross)	**205,756**	**200,806**	**36,676**	**35,060**
Less commissions and profit-sharing received on reinsurance business ceded	(9,417)	(7,693)	(4,103)	(3,447)
Underwriting costs (net)	**196,339**	**193,113**	**32,573**	**31,613**
Expenses for management of investments	1,655	1,145	1,066	1,124
Acquisition costs and administrative expenses	**197,994**	**194,258**	**33,639**	**32,737**

Acquisition costs and administrative expenses include the staff and operating costs of the insurance business allocated to the functional areas ‘Acquisition of insurance policies’, ‘Administration of insurance policies’ and ‘Asset Management’. Other personnel and operating costs in the insurance business are included in insurance benefits and in other expenses.

All personnel and operating costs in the asset management business are reported under Acquisition costs and administrative expenses.

An overview of personnel expenses is provided in Note 37.

30 Restructuring charges

As part of the restructuring plan Allianz 2012 whose execution was started already in 2009, Allianz announced in 2010 to centralize all main activities at its headoffice in Rotterdam. This reorganisation is a direct outcome of the implementation of the Target Operating Model and intends cost savings according to the Opertional Transformation Plan.

During the year ended December 31, 2013 Allianz Nederland Groep recognized restructuring charges of € 0 (2012: € 3,700). As of December 31, 2013 the provision for restructuring costs amounted € 778 (2012: € 2,193). Hereof € 682 (2012: € 1,856) is related to termination cost of personnel.

31 Other expenses

Other expenses are comprised of the following:

	2013 € 1,000	2012 € 1,000
Expenses for service activities	29,749	34,618
Foreign transactions currency losses	1,440	1,916
Increase fair value share based compensation plans	1,468	1,136
Change provision doubtful debts	2,571	3,364
Other	2,156	856
Total	**37,384**	**41,890**

The currency losses are mainly related to US-Dollar positions. The gains on these positions are reported in other income (Note 24).

32 Taxes

The Group's taxes are comprised of the following:

	2013 € 1,000	2012 € 1,000
Current taxes	(15,554)	(22,116)
Deferred taxes	(8,878)	(6,659)
Total	**(24,432)**	**(28,775)**

The company constitutes a single tax entity together with group companies mentioned in Note 48. The corporate tax is stated for each company according to the portion for which the company involved would be assessed if it were an independent tax payer, taking into account of any tax relief facilities available to the company.

Tax deferrals are recognized if a future reversal of the difference is expected. Deferred taxes on losses carried forward are recognized as an asset to the extent sufficient future taxable profits are available for realization. The recognized tax charge for 2013 is € 3,607 lower (2012 : € 701 higher) than the expected tax charge.

The following table shows the reconciliation of the expected tax charge and the tax charge effectively recognized:

	2013 € 1,000	2012 € 1,000
Anticipated tax rate in %	25.0%	25.0%
Expected income tax charge	28,039	28,074
Tax exempt (revenues)/cost	432	704
Effect of adjustments previous years	(4,041)	-
Other tax settlements	2	(3)
Current tax charge	**24,432**	**28,775**
Effective tax rate	**21.8%**	**25.6%**

Deferred tax assets and liabilities comprise the following statement of financial position items:

	2013 € 1,000	2012 € 1,000
Deferred tax assets		
Insurance provisions	22,780	24,724
Pensions and similar provisions	5,229	4,727
Deferred acquisition costs	10,104	12,204
Other assets	-	370
Total	**38,113**	**42,025**
Netting deferred tax assets/ liabilities within fiscal unity	(38,113)	(42,025)
Net deferred tax assets	-	-
Deferred tax liabilities		
Investments	(31,317)	(47,091)
Other liabilities	(33,404)	(25,056)
Total	**(64,721)**	**(72,147)**
Netting deferred tax assets/ liabilities within fiscal unity	38,113	42,025
Net deferred tax assets	**(26,608)**	**(30,122)**

Deferred tax recognized subtracted directly in equity amounted to € 17,073 (2012 : € -24,209) and relates to unrealized gains/losses on investments.

Additional Information to the Consolidated Financial Statements

33 Risk management

Introduction

A coherent and effective risk management system is of vital importance to a financial services company. Risk management entails the identification and assessment of risks together with the formulation and execution of mitigation measures. The ultimate aim of our risk management is to safeguard capital adequacy, thereby protecting the interests of our customers. At the same time it supports the creation of sustainable shareholder value by optimizing the risk-return trade-off, while ensuring that risks taken stay within our risk appetite. The risk management system of Allianz Nederland forms an integrated part of the risk management system of Allianz Group (Allianz SE).

Risk governance

Roles and responsibilities within the risk management system are organised as follows:

- The Board of Management is ultimately accountable for ensuring that the company is equipped with an effective risk management system. Whereas specific implementing measures and risk management activities can be delegated to specialized functions and/or committees, the Board of Management remains responsible for determining the risk appetite and, as a consequence, also for defining the risk-return strategy.
- The Risk Committee supervises the overall risk management processes, ensuring that all risks are addressed and managed in an integrated manner. The CEO's of the insurance entities and the banking entity are member of this board-level committee. In this role they serve as linking pin with the statutory entities. The Risk Committee promotes comprehensive risk awareness and has an advisory role towards Allianz Nederland Groep as well as the statutory entities. It meets on a quarterly basis. To further improve effectiveness, committee meetings have recently been split into a technical session where technical issues are pre-discussed in more detail with experts, and an executive session.
- The Chief Risk Officer (CRO) executes independent risk oversight and stands for the daily well-functioning of the risk management system. To this end, he plays an interfacing role between the various key players and is assisted by a dedicated risk function.
- The risk function is responsible for designing, implementing and maintaining the risk management system within Allianz Nederland, thereby taking into consideration Allianz Group requirements and local specifics. Using qualitative and quantitative methods, risks are systematically monitored and analysed.
- The Operational Risk Management Committee (ORMCo) is a subcommittee of the Risk Committee. It was set up to supervise the operational risk management activities. The ORMCo is chaired by the Chief Operating Officer who is the linking pin with the Risk Committee. The key domains of the insurance value chain are represented in this committee.
- As part of the audit scope, the Internal Audit department periodically reviews the proper functioning of the risk management system and assesses whether it complies with regulatory and internal standards.
- Allianz has adopted the "three lines of defence" model. In this model, the business represents the first-line of defence. Business managers are ultimately responsible for the profitability and risk profile of their business. The independent functions risk, legal and compliance comprise the second-line of defence. They are responsible for setting the framework within which the business can take risks. Internal Audit acts as the third-line of defence and ensures that the risk management system is adhered to.

Risk appetite

Risk appetite and risk tolerance are key considerations in our risk management approach. Allianz Group determines the overarching framework and boundaries for risk taking. Within this framework, the operating entity is responsible for further substantiation of the risk appetite within the local context. The risk appetite is approved by the Supervisory Board of Allianz Nederland Groep on a yearly basis in adherence with the "Code of Conduct for Insurers". The next elements together shape our risk appetite:

- We have a structured process in place to identify and assess important risks that are difficult to quantify by nature (e.g. strategic risks and emerging risks). By setting explicit risk tolerances, the risk appetite with respect to those identified "top risks" is defined.
- We define minimum capital ratios and target capital ratios. Furthermore, for our internal model we set the solvency probability (confidence level) over a given time horizon.
- To manage concentration risks, we additionally define quantitative limits for disproportionally large risks (e.g. counterparty exposure, natural catastrophy, financial risks).
- Minimum standards, guidelines and policies (e.g. minimum standards underwriting and minimum standards reputational risk) further define our risk tolerances for specific risk categories.

Capitalization

In the interest of our policyholders we are dedicated to be adequately capitalized at all times. We closely monitor our capital position and carry out stress tests on a quarterly basis. This allows us to anticipate pro-actively on changing market conditions. Allianz Nederland is well capitalized and meets its regulatory solvency targets as of December 31, 2013.

Regulatory capital position	Life		P&C	
	2013	2012	2013	2012
Available financial resources	222	248	323	368
Capital requirement	116	121	135	142
Capital ratio (available/required)	191%	205%	240%	259%

Solvency-II is expected to come into effect on January 1, 2016. For its P/C business Allianz Nederland intends to apply for an internal model.

Stress testing

We stress our regulatory capital position to assess whether these solvency requirements will also be met under predefined shock scenarios. These so-called stress tests act as early-warning indicators and provide valuable additional information on the potential vulnerability of our capital buffers. The table below shows the effect of a selection of shock scenarios on our regulatory capital position:

Regulatory capital ratio	Life		P&C	
	2013	2012	2013	2012
Base case	191%	205%	240%	260%
Equity -30%	183%	201%	237%	259%
Interest rates +100 bps	170%	184%	220%	233%
Interest rates -100 bps	210%	227%	261%	286%
Equity -15% and interest rates +100 bps	203%	180%	257%	232%

Interest rate shocks are calculated by multiplying the market value of the interest rate sensitive assets by their average duration and by the magnitude of the interest rate shocks. Risk mitigating effects of deferred taxes and hedge instruments are taken into consideration if applicable. Both in Life and P&C the sensitivity to interest rate risk is fully determined by the asset side of the balance sheet; P/C insurance liabilities are not discounted and insurance liabilities of our traditional life book are calculated using fixed discounted rates in the statutory accounts. Insight into the robustness of our solvency position is limited by the number of stress tests performed. Not all downside scenarios can be predicted and simulated.

Market risk

Market risk is the risk that the net position of our assets and liabilities is adversely affected by changes in equity prices, interest rates, credit spreads, foreign exchange rates or real estate prices.

Equity risk

In preceding years we significantly downsized our position in equity investments. We consolidated our marginal equity position in 2013.

Interest rate risk

Having interest sensitive assets and liabilities in our balance sheet, we are exposed to interest rate risk. The current low interest rate environment in particular is challenging for life insurers with sizable blocks of long-term interest rate guarantees. As unit-linked contracts form the largest part of our life book, our exposure to this type of risk is relatively small.

Traditional life segment - our traditional life book comprises primarily endowment-type policies with guaranteed maturity benefits and a smaller amount of immediate annuities with guaranteed payments. The ALM committee manages the interest rate risk with duration matching.

Unit-linked segment - Allianz Nederland offers its policyholders with a unit-linked contract a wide range of investment funds. The investment risk of the majority of these funds is borne by the policyholder. However, a few funds offer a minimum-return guarantee. Ultimo 2013 two guarantee funds of this type are open to new entrants and to switches from other investment funds:

- A 1,00% guarantee at contract maturity, which is offered as an investment in relation to employee benefit contracts.
- A 1.00% continuous guarantee fund which is offered as an investment in relation to unit-linked contracts.

Property & casualty - in our P/C business we are exposed to interest rate risk following a duration mismatch between our fixed-income assets and insurance liabilities. The sensitivity of our capital buffers to changes in the interest rate is monitored on a quarterly basis so that prompt measures can be taken to mitigate the interest rate risk.

Asset management - Allianz Nederland Asset Management (ANAM) faces interest rate risk as a consequence of holding a bond portfolio to cover the clients' deposits. The ALM committee meets every two weeks. Stress tests and daily value-at-risk reports provide the ALM committee with proper insight into the interest rate risk of the bond portfolio and allow the committee to act in a timely manner.

Mortgages
NHG mortgages originated in 2013 totalled EUR 242 mn. NHG mortgages are mortgage loans benefiting from a guarantee under the so-called National Mortgage Guarantee ("Nationale Hyptheek Garantie") scheme. Ultimo 2013 the NHG mortgage debt on the book of the insurance subsidiaries amounted to EUR 395 mn. The EUR 127 mn NHG mortgages on the book of our asset management subsidiary are funded by external parties within Allianz Group.

Currency risk
Currency risk relates to losses incurred due to fluctuations in foreign currency exchange rates. Allianz Nederland is exposed to this type of risk via its EUR 81 mn investment in emerging market debt per year-end 2013.

Real estate risk
Real estate risk is the risk of changes in the market value of real estate property. Due to the small size of the real estate portfolio this risk is not considered material.

Credit spread risk
Credit spread risk is the risk of declining market values of our fixed income assets due to any widening of credit spreads. Our liability cash flows are to a large degree predictable, limiting the risk that we are forced to sell bonds prior to maturity at a loss.

Credit risk

Credit risk relates to losses occurring in the event that a counterparty or debtor will be unable to fully meet its obligations towards Allianz Nederland. Ultimo 2013 our direct exposure to sovereign debt of the so-called PIIGS countries (Portugal, Ireland, Italy, Greece and Spain) is restricted to EUR 61 mln in Italian debt.

Investment credit risk
Allianz Nederland is exposed to counterparty credit risk on fixed-income securities and deposits with commercial banks.

- Ultimo 2013 Allianz Nederland has a EUR 315 million counterparty exposure to a medium-sized Dutch bank (2012: EUR 325 million). Ultimo 2013 a large chunk of this exposure is hedged with credit default swaps.
- As a consequence of the financial crisis, the value of these CDS contracts is subject to relatively large fluctuations. By settling the collateral on a weekly basis, the credit risk on the issuers of these credit derivatives is mitigated.
- For the purpose of daily cash flow management, cash and deposits are placed with commercial banks. Allianz Nederland has defined limits per bank and these limits are monitored on a daily basis.

The table below provides information on the fixed income investments as at year-end 2013. The information is ranked according to the S&P counterparty credit ratings.

Intermediary credit risk
Allianz Nederland maintains current accounts with its intermediaries. Furthermore, the company sometimes provides intermediaries with current account financing or loans. With regard to its life business Allianz Nederland is exposed to so-called chargeback risk. This risk emerges when intermediaries are not able to repay pre-paid commission in the event of early surrender, that is, before the time the commission would be fully earned. Allianz Nederland therefore is exposed to credit risk on its intermediary salesforce. Our exposure to this sort of credit risk is monitored closely using a detailed analysis which is discussed quarterly in the management board. Allianz Nederland has taken a number of active measures to mitigate this risk. One of these measures is to receive premiums directly from policyholders without any involvement of the intermediary. In addition extra collateral can be requested.

Reinsurance credit risk
Reinsurance credit risk is the risk of reinsurers not fulfilling their contractual obligations to the primary insurer. Allianz Group has

	AAA	AA+	AA	AA-	A+	A	A-	≤BBB	Total
Government	273	317	224	27	6	10	0	60	917
Corporate	106	45	10	76	35	117	35	75	499
Total	**378**	**362**	**235**	**104**	**41**	**127**	**35**	**134**	**1416**
% 2013	27%	26%	17%	7%	3%	9%	2%	9%	100%
% 2012	46%	19%	6%	8%	6%	5%	2%	9%	100%

established a dedicated Security Vetting Team responsible for collecting information on the creditworthiness of reinsurers. This Security Vetting Team establishes a list of reinsurers with which Allianz subsidiaries may reinsure their risks. In case a reinsurer is not on the list, special approval is needed by the Security Vetting Team of the Group prior to final placement. In this way Allianz Nederland benefits from the reinsurance expertise available within the Allianz Group. Furthermore, it ensures that counterparty risk on reinsurers is fully controlled on group level.

Underwriting risk

Underwriting risk consists of premium and reserve risk in the P&C segment and biometric and reserve risk in the Life segment.

Biometric and reserve risk (Life)

Actuarial risk emerges when actual rates of mortality, surrender and morbidity deviate from their expected rates leading to negative financial consequences for the insurer. This risk is managed using modelling techniques for pricing, underwriting discipline and the calculation of adequate reserves.

Within the actuarial discipline, a distinction is made between pricing and reserving. With regard to pricing, Allianz Group has defined minimum standards that include requirements on methodology, assumption setting, control process, validation and sign-off. Consequently, a consistent pricing process is ensured within the Group.

The adequacy of the statutory reserves is monitored annually by means of a liability adequacy test. The test is passed successfully if the actually held reserves (net of deferred acquisition costs and reinsurance reserves) equal or exceed the market value of the reserves, as represented by the sum of the best estimate and a market value margin for unhedgeable risks. For unit-linked contracts with guaranteed minimum benefits we calculate the intrinsic and time value of these guarantees as part of the market value of liabilities. Ultimo 2013 the statutory reserves of the life company were adequate. The mortality and morbidity risks are hedged by a number of reinsurance contracts which cover the loss in excess of a certain threshold.

Premium risk (P&C)

Premium risk relates to the possibility that premiums earned would not be sufficient to cover actual claims. This can be due to incorrect premium setting caused by inadequate data or unanticipated changes in trends. Premium risk is actively managed using quantitative models, product development guidelines and underwriting guidelines. Allianz Group has defined clear underwriting limits and restrictions. In addition, local limits are in place that take the local business environment into account. Reinsurance is our most important instrument to mitigate underwriting risk and to optimize our risk profile. Our internal risk capital model plays a major role in the reinsurance optimization process.

Natural disasters such as wind storms present a specific challenge. These types of risks are measured by combining portfolio specific information as input to a special simulation model for natural disaster scenarios. In 2013 Allianz Nederland reinsured a substantial part of its exposure to windstorms.

In 2003, on a combined initiative of the Dutch government and the insurance sector, the Dutch Terrorism Risk Reinsurance Company (NHT) was established. Allianz Nederland participates in this pool which shares terrorism claims up to a yearly maximum of 1 billion euro. To this extent, Allianz Nederland provides terrorism coverage under all of its policies – both Life and P&C - with inception dates from July 2003 onward.

Allianz Nederland complies with the Allianz Standard for P/C Underwriting as issued by Allianz Group. These underwriting standards focus on sustainable and profitable P&C business, secure consistent technical underwriting, align Group and local risk appetite and avoid undesired and/or excessive risks and accumulations.

Reserve risk (P&C)

We estimate and hold reserves for past claims that have not yet been settled. If the reserves were not sufficient to cover the claims to be settled in the future due to unexpected changes, we would experience losses. In our internal risk capital model, the volatility of past claims development defines our reserve risk. The claims provision is calculated either on a case-by-case basis or by approximation on the basis of experience. In addition, provisions are also held for losses that have occurred but not yet been reported (IBNR reserves), for future claims settlement expenses (CSE reserves) and for claims incurred but not enough reserved (IBNER reserves). The IBNER reserves are typically held for long-tail business where claims have a long settlement period (e.g. bodily injury). The adequacy of the claims provision is evaluated on a quarterly basis by the actuarial department and is subsequently reported to the Loss Reserve Committee. The CEO, CFO and CRO and the board member responsible for P&C are among the members of this committee. The main responsibilities of the committee are:

- To discuss the quarterly reserve overview as performed by the actuarial department (comparison of the booked reserves with actuarial best estimates per line of business).

- To review and discuss loss reserves, trends and related information.
- To determine the loss reserve provisions for claims and claims settlement expenses at the close of each quarter.

The Loss Reserve Committee determined the loss and claims settlement expense reserves to be sufficient per year end 2013 The adequacy of the loss reserve provisions is also closely monitored by means of independent reviews by Allianz Group every 2 to 3 years.

Coverage for asbestosis is excluded from new policies. For old policies where asbestosis has not yet been excluded, separate asbestoses IBNR reserves are held. Exposure, number of remaining contracts and asbestosis claims are closely monitored by the actuarial department. The current provision for asbestosis claims has been formed on the basis of prudent assumptions. With these measures the reserve risk has been limited.

With most lines of business, the settlement of losses takes only a short period of time. With liability and motor third party liability however, loss settlement may take more time. Hence, the loss provisions for these types of products may be subject to inflation and/or legislative changes. Inflation risk is monitored periodically through actuarial sufficiency tests of insurance liabilities. Regarding legislative amendments that impact outstanding losses, the claims handling department will estimate and modify the scale of losses on a case-by-case basis.

Liquidity risk

Liquidity risk is the risk that current or future payment obligations cannot be met. This risk arises from mismatches in the timing between incoming and outgoing cash flows. Allianz Nederland has a healthy capital position and is not financed with debt. Consequently it doesn't face any refinancing risk. Insurance companies by their very nature are less exposed to liquidity risk than retail banks, as policyholders cannot withdraw their funds overnight.

On a monthly basis the treasury department prepares a cash flow plan with a 12-month projection period. Aim is to ensure that sufficient liquid assets are held for both the short and the long term. Based on this cash flow planning, the amount of cash available for investments is determined. The next table depicts the liabilities of the Life and P/C segment at the reporting date analysed by the estimated timing of the cash flows net of reinsurance.

IFRS 7 hierarchy disclosure

IFRS 7 requires that transparency is given into the fair value hierarchy of all financial instruments which are valued at fair value. This fair value hierarchy consists of three levels and grades the trustworthiness of the underlying information which is used to determine this fair value.

- Level 1: Quoted market prices (unadjusted) in an active market for identical instruments.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instruments valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

P/C (EUR m)	Total	Within 1 year	1-3 years	3-5 years	Over 5 years
2013	838	317	205	129	187
2012	844	325	205	125	189
Life (EUR m)	**Total**	**Within 1 year**	**1-5 years**	**5-15 years**	**Over 15 years**
2013	4,787	349	1,550	2,074	814
2012	4,548	311	1,445	1,994	798

The table below depicts the financial instruments measured at fair value at the end of 2013, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	2013 € mln				2012 € mln			
IFRS hierarchy disclosure	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments Available for Sale	1,605	22	25	1,652	1,871	21	25	1,917
Derivative Assets Held for Risk Management	4	-	2	6	4	-	4	8
Financial Assets for unit-linked Contracts	2,874	194	-	3,068	2,755	222	-	2,977
Financial Assets designated at Fair Value through income	494	-	-	494	461	-	-	461
Total	**4,977**	**216**	**27**	**5,220**	**5,091**	**243**	**29**	**5,363**

95% of the available-for-sale investments have been granted the highest (Level-1) classification of the IFRS-7 fair value hierarchy, implying a high level of liquidity for these holdings. The following table shows the most important movements for the investments available for sale and the non-trading derivatives.

	Available for sale investments	Non-trading derivatives	Total
Opening value stated as of 1/1	25,246	4,087	29,333
Gains (losses) recognized in income statement	(672)	(2,772)	(3,444)
Gains (losses) recognized in other comprehensive income	(835)	-	(835)
Transfers into (out of) level 3	-	-	-
Purchases	1,553	-	1,553
Closing value stated as of 31/12	**25,292**	**1,315**	**26,607**

Available for sale investments mainly consists of private equity fund investments that are valued at net asset value as calculated by the fund asset manager.

The value of the non-trading derivatives is based on weekly mark-to-market valuations. Once agreed upon with the various counterparties, these valuations form the basis for the weekly collateral management.

On a monthly basis the treasury department prepares a cash flow plan with a 12-month projection period. Aim is to ensure that sufficient liquid assets are held for both the short and the long term. Based on this cash flow planning, the amount of cash available for investments is determined.

The next table depicts the liabilities of the Life and P/C segment at the reporting date analysed by the estimated timing of the cash flows net of reinsurance.

Operational risk

Operational risk includes the risks that arise from human error, process or system failure and from external events. It includes the improper handling of confidential information and the so-called compliance risk when regulatory and legal requirements are not met. The primary responsibility for the effective identification, management, and monitoring of operational risk lies with the line management. In 2011 an Operational Risk Management Committee (ORMCo) was set up to supervise the operational risk management activities. This sub-committee of the Risk Committee allows for more focus on the specific operational risks and a broader organisational representation. The ORMCo meets on a quarterly basis and reports to the Risk Committee. The operational risk management activities are based on three cornerstones:

1. A Risk and Control Self Assessment (RCSA) is carried out by all departments to identify and assess key operational risks and to assure that risk mitigation measures including key controls are in place and sufficiently robust.
2. The Allianz Group operational loss database is populated with all operational losses exceeding a certain threshold. Learning from historical operational losses is key in the identification of process or system weaknesses. Moreover, it facilitates sharing of information between operating entities.

3. An operational risk quantification is carried out. A detailed assessment of operational risk scenarios is supplemented with historical internal and external loss data. The results will serve as input for the P/C internal risk capital model

Reputational risk

Reputational risk is the risk of financial loss resulting from reputational damage. Given the potential business impact of reputational damage, reputational risk has become a standard agenda item at the Risk Committee meetings. This forces us to be alert to potential reputational risks. Allianz Group has issued guidelines for reputational risk management. These guidelines stipulate activities that are potentially reputation-sensitive.

Concentration of risks

Diversification is key to our business model. Diversification helps us to manage our risks effectively by limiting the economic impact of any single event. The degree to which the diversification effect can be realized depends not only on the correlation between risks, but also on the relative concentration level of those risks. Therefore, our aim is to maintain a balanced risk profile without any disproportionately large risks. Within the individual risk categories, we use supplementary approaches to manage those concentration risks.

In order to manage aggregated market and credit risk (financial risk hereafter) in line with our risk appetite, the following measures are in place:

- Top-down process for determining the asset allocation including leeways. In this way exposure to single market risk type is restricted.
- We have additionally defined financial value-at-risk (VaR) limits and equity and interest rate sensitivity limits. The latter of which address risks of single risk types in addition to the total boundary for risk taking given by the financial VaR limit.

To avoid disproportionally large losses that might accumulate and have the potential to produce substantial losses (e.g. credit events or natural catastrophy events), Allianz Group closely monitors those risks on a standalone basis (before diversification) within a global limit framework.

- Allianz Group has designed a system to manage counterparty concentrations relating to credit and equity exposures on a group-consistent basis. Within this limit framework (CrisP), limits for counterparty exposures are allocated to all operating entities. Limits allocated to an operating entity can be set lower by the local CRO. In this way, the limit allocation is such that the total exposure for the Allianz Group will stay within a predefined group limit, while also the risk appetite of the operating entity is acknowledged.
- Also for natural catastrophy risk Group-wide as well as operating entity level limits have been implemented. These limits are subject to annual review.

34 Derivative financial instruments

Derivatives derive their market values from one or more underlying assets or specified reference values. The use of derivatives by individual enterprises in the Group is in compliance with the relevant supervisory regulations and the Group's own internal guidelines. In addition to local management supervision, comprehensive financial and risk management systems are in force across the Group. Further information on the hedged risks and the Group's risk management systems is included in Note 33.

Insurance companies in the Allianz Group use derivatives to manage their investments efficiently on the basis of general investment targets. The most important aspect of these instruments is hedging against adverse market movements for selected securities or for parts of a portfolio. The settlement risk is virtually excluded in the case of exchange traded products, which are standardized products. By contrast, over-the-counter (OTC) products, which are individually traded contracts, carry a theoretical credit risk amounting to the positive market values. Allianz Group therefore closely monitors the credit rating of counterparties for OTC derivatives and diversifies the related risk over several counter parties. Pursuant to IAS 39, derivative financial instruments are reported under financial assets or liabilities held-for-trading. Gains or losses arising from valuation at fair value are included under trading income (Note 28).

Derivatives are used for hedging open positions. However, the conditions for hedge accounting are not met. The credit default swap was purchased to insure the credit risk of a counter party. To reduce the counter party risk of this CDS a collateral of € 440 (2012: € 2,940) was received.

Notional principal amounts and market values of open derivative positions as of 12/31*

	Maturity as of 12/31/2013			2013			2012		
	Up to 1 year	1-5 years	Over 5 years	Notional principal amounts	Positive market values	Negative market values	Notional principal amounts	Positive market values	Negative market values
Credit default swaps	125	1,190	-	105,000	1,315	-	135,000	4,087	-
Options SAR	-	-	1,098	-	1,098		-	837	-
Total	**125**	**1,190**	**1,098**	**105,000**	**2,413**	-	**135,000**	**4,924**	-

* Positive and negative market values are shown on a gross basis, i.e. not taking into account netting effects.

35 Fair value

The fair value of a financial instrument is defined as the amount for which a financial instrument could be exchanged between two willing parties in the ordinary course of business. If market prices are not available, the fair value is based on estimates using the present value of future cashflows method or another approciate valuation method. These methods are significantly influenced by the assumptions made, including the discount rate applied and the estimates of future cashflows. Specific financial instruments are discussed below.

Allianz Nederland uses the following methods and assumptions to determine fair values:

Cash and cash equivalents

The carrying amount corresponds to the fair value due to its short term nature.

Investments (including trading assets and liabilities)

The fair value of fixed-term securities is based on market prices, provided these are available. If fixed-term securities are not actively traded, the fair value is determined on the basis of valuations by independent data suppliers. The fair value of equities is based on their stock-market prices. The carrying amount and the fair value for fixed-term securities and equities do not include the fair value of derivative contracts used to hedge the related fixed-term securities and securities.

The fair value of derivatives is derived from the value of the underlying assets and other market parameters. Exchange-traded derivative financial instruments are valued using the fair value method and based on publicly quoted market prices. Valuation models established in financial markets (such as present value models or option pricing models) are used to value OTC-traded derivatives. In addition to interest rate curves and volatilities, these models also take into account market and counterparty risks. Fair value represents the capital required to settle in full all the future rights an obligations arising from the financial contract.

Financial assets and liabilities carried at fair value through income

The fair values of the assets were determined using the market value of the underlying investments. Fair values of separate account liabilities are equal to the fair value of the separate account assets.

36 Contingent liabilities, commitments and guarantees

Group companies are involved in legal proceedings, involving claims by and against them, which arise in the ordinary course of their business. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Management does not believe that the outcome of the proceedings will have a material effect on the financial position or results of operations of the Group, after consideration of any applicable provisions.

Allianz Nederland occupies leased premises and has entered into various operating leases covering the long term use of real estate, motor vehicles, data processing equipment and other office items.

As of the date of the statement of financial position an amount equal to € 42.6 mln (2012 : € 50.0 mln) related to rental, lease contracts and other long term agreements.

As of December 31, 2013 the future minimum lease payments under non-cancellable operating leases were as follows:

	€ 1,000
2014	4,550
2015	5,669
2016	5,307
2017	4,945
2018	4,579
Thereafter	4,956
Total	**30,006**

As of the end of the year, an amount equal to € 10,0 mln (2012 : € 24,7 mln), has been granted in respect of guarantees, of which € 6,3 mln (2012 : € 7,3 mln) relates to participation in the terrorism pool.

37 Employee information

At the end of 2013 Allianz Nederland employed a total of 1,040 (2012: 1,194) employees.

Personnel expenses

	2013 € 1,000	2012 € 1,000
Salaries and wages	63,366	62,278
Social security contributions and employee assistance	7,567	7,841
Expenses for pensions and other post-retirement benefits	7,956	(13,120)
Total	**78,889**	**56,999**

Salaries and wages increased from 62.3 mn to 63.4 mn, of this increase Eur 3.0 mn is due to incidental cost in 2012 and 2013. In the pensioncost 2013 a curtailment gain was included of Eur 2.2 mn (2012: € 20.6 mn)

Further details with regard to the pension expenses are provided in Note 17.

38 Share based compensation plans and management compensation

Share based compensation plans

Share Purchase plans for employees

Shares in Allianz SE are offered to qualified employees within predefined timeframes at favourable conditions. In order to be qualified, employees must have been employed in continuous service, or had a position as an apprentice, for a period of six months prior to share offer and notice of termination of employment must not have been served. Share purchase plans also include restrictions relating to the amount that the employee can invest in purchasing shares.

The shares are freely disposable after the expiration of the minimum holding period of one year. The number of shares sold to employees under these plans was 1,432 (2012 : 1,492). The difference between the exercise price and the market price of Allianz shares of € 22.50 (2012 : € 17.76) was reported as part of compensation expense.

Stock Appreciation Rights (SAR) plan

Following a two-year vesting period, the stock appreciation rights may be exercised at any time between the 2nd and the 7th anniversary of the effective date of the relevant plan, provided that:

- during their contractual term, the price of Allianz SE shares has outperformed the Dow Jones Europe STOXX Price Index (600) at least once for a period of five consecutive trading days; and
- the share price outperforms the reference price by at least 20% at the time when the rights are exercised.

Under the conditions of the SAR plan, group companies are obligated to pay in cash the difference between the stock market price of Allianz SE shares on the day the rights are exercised and the reference price as specified in the respective plan. The maximum difference is capped at 150% of the reference price. Upon exercise of the appreciation rights, payment is made in the relevant local currency by the company granting the stock appreciation rights. Stock appreciation rights not exercised by the last day of a plan will be exercised automatically where the necessary conditions have been met. Where these conditions have not been met or a plan participant ceases to be employed, the plan participant's appreciation rights are forfeited.

In 2013 Allianz SE did not award any stock appreciation rights on Allianz shares to members of the management board.

The SAR plan has been granted as follows:

Grant date	Vesting period years	Reference price €	SARs granted	SARs forfeited/ exercised	SARs remaining
May 06	2	132	10,315	10,315	-
March 07	2	160	10,144	3,689	6,455
March 08	2	117	16,771	3,296	13,475
March 09	2	52	7,739	4,948	2,791
March 10	2	87	17,922	2,187	15,735

As of December 31, 2013 the intrinsic value of outstanding SARs amounted to € 1,081 (2012 : € 722).

Allianz Nederland has entered into call options on Allianz SE stock to hedge its future obligations under the SAR plans. As of December 31, 2013 the total value of the Allianz call options was € 1,098 (2012 : € 837).

The total compensation expense related to the SAR plan is calculated as the amount by which the quoted Allianz SE share price exceeds the SAR reference price. The total compensation expense is remeasured at each reporting period based on changes in the Allianz SE share price and is accrued over the two-year vesting period.

In 2013 the total compensation expense related to the outstanding appreciation rights was € 685 (2012 : € 525).

Taking into account the expired portion of the vesting period, a provision of € 1,068 (2012 : € 724) was established on December 31, 2013 and reported under the heading Other accrued liabilities.

Restricted Stock Units (RSU) plan

De restricted stock units (RSU) granted to a plan participant obligate Allianz group to pay in cash the average market price of an Allianz SE share in the ten trading days preceding the vesting date or issue one Allianz SE share, or other equivalent equity instrument, for each restricted stock unit granted. The restricted stock units vest after five years. Allianz Group will exercize the restricted stock units on the first stock exchange day after their vesting date. On the exercise date Allianz Group can choose the settlement method for each restricted stock unit.

A summary of the number and the weighted-average grant date fair value of the nonvested restricted stock units are as follows:

	Number	Weighted average grant date fair value (€)
Nonvested as of 1/1	**32,437**	**69.49**
Granted	6,355	90.90
Forfeited/Exercised	(10,944)	72.22
Nonvested as of 12/31	**27,848**	**73.30**

The restricted stock units are accounted for as cash settled plans as Allianz Group intends to settle in cash. Therefore Allianz Group accrues the fair value of the restricted stock units as compensation expense over the 5 year vesting period. During the year ended December 31, 2013, Allianz Group recognized compensation expense related to the nonvested restricted stock units of € 1,293 (2012: € 1,213). Taking into account the expired portion of the vesting period, a provision of € 2,255 (2012: € 2,124) was established on December 31, 2013 and reported under the heading Other accrued liabilities.

Allianz France Group Stock Option plan

Allianz France Group has awarded stock purchase options on Allianz France shares to directors and managers. The primary objective of the stock option plan is to encourage the retention of key personnel of Allianz Nederland Groep and to link their compensation to the performance of Allianz France Group. Due to Allianz SE obtaining the full ownership of all outstanding Allianz France shares, and with that the ending of the quotation on the stock exchange, the Allianz France Group stock option plan was closed. The valuation of the remaining outstanding options (10.400) will now be dependent on the price of the Allianz SE shares.

Compensation management board	2013 € 1,000	2012 € 1,000
Short-term employee benefit	1,227	3,355
Expenses for pensions and other post-retirement benefits	95	374
Transition Payment	-	850
Severance	700	190
Stock-based compensation	120	428
Total remuneration	**2,142**	**5,197**

As of December 31, 2013 the management board had four (2012 : four) members.

The information on compensation concerns the members and former members of the management board. Compensation to former members of the board amounted in 2013 € 930 (2012: € 938).

Pensions and similar benefits

Allianz Nederland paid € 129 (2012: € 347) premiums to pension funds for active members of the management board.

As of December 31, 2013 the pension provisions and provisions for similar benefits for the then active members of the management board amounted to € 1,231 (2012: € 2,562).

Remuneration for the supervisory board

In fiscal year 2013, remuneration for the supervisory board amounted to € 121 (2012: € 115). This board has four (2012: four) members.

39 Related parties transactions

In the normal course of business, Allianz Nederland Groep enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Transactions with related parties have taken place on an at arm's length basis. The related party transactions are related to reinsurance transactions and to transactions with the pension funds.

	2013 € 1,000	2012 € 1,000
Reinsurance premiums	42,834	38,971
Reinsurance claims/ commissions	22,299	17,925
Reinsurance assets	48,193	50,605
Reinsurance liabilities	21,301	24,340
Pension fund related expenses	13,227	10,221
Pension fund related assets	445	942
Pension fund related liabilities	1,655	-
Loans and advances to banks	51,000	51,000

Transactions with key management personnel (management board and supervisory board) and post-employment benefit plans are transactions with related parties. These transactions are disclosed in Note 17 Other provisions and Note 38 Share based compensation plans and management compensation.

40 Auditor's fees

Auditor's fees can be specified as follows:

	2013	2013	2013	2012
	KPMG Accountants N.V. € 1,000	KPMG other € 1,000	Total KPMG € 1,000	Total KPMG € 1,000
Year end audit services	691	-	691	692
Other audit services	-	-	-	70
Tax advice	-	477	477	249
Other non-audit services	-	138	138	196
Total	691	**615**	1,306	1,207

41 Explanation of transition to IAS-19R

The most significant differences between the former IAS-19 and the revised IAS-19 are related to the actuarial gain/loss recognition, and to the intrest income from assets.

Actuarial gains/losses:

Untill 2012 Allianz applied the coridor approach, under the revised IAS 19 this approach is no longer permitted. Actuarial gains and losses are now immediately recognised in other comprehensive income when they occur, as part of remeasurements.

net interest:

Under the former IAS 19 interest income was linked to the expected rate of return on plan assets. Under the revised IAS 19 the net interest is calculated, which is the outcome of the net defined benefit liability muliplied by the liability discount rate.

ASSETS, LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2012 old € 1,000	Effect of transition to IAS-19R € 1,000	2012 revised € 1,000
Prepaid pensions	10	26,025	(26,025)	-
Provisions for post-employment benefits	17	(5,285)	(13,623)	(18,908)
Total pensions		**20,740**	**(39,648)**	**(18,908)**
Deferred tax liabilities	32	5,185	(9,912)	(4,727)
Shareholders' equity	19	739,779	(29,736)	710,043
Total		**744,964**	**(39,648)**	**705,316**

Transition table Shareholders' equity (note 19)

Issued capital	59,813	-	59,813
Share premium	76,667	-	76,667
Revenue reserves	383,503	(30,010)	353,493
Profit for the year	83,248	274	83,522
Revaluation reserve	136,548	-	136,548
Total	**739,779**	**(29,736)**	**710,043**

EFFECT PROFIT FOR THE YEAR	Note	2012 old € 1,000	Effect of transition to IAS-19R € 1,000	2012 revised € 1,000
Acquisition costs and administrative expenses	29	(234,310)	321	(233,989)
Other expenses	31	(41,934)	44	(41,890)
Total expenses		**(276,244)**	**365**	**(275,879)**
Taxes	32	(28,684)	(91)	(28,775)

The total effect profit for the year is € 274

Corporate Financial Statements

42 Statutory statement of financial position

ASSETS	Note		2013 € 1,000		2012 € 1,000
Financial assets					
Participations in group companies and subsidiaries	45		658,971		736,155
Current assets					
Receivables					
Receivables from group companies	45	23,358		27,744	
Receivable Cashpool	45	106,330		49,832	
Other receivables	45	12,011		6,872	
Other assets	45	33,706		2,588	
			175,405		87,036
Investments	45		4,489		3,981
Cash and cash equivalents	45		6		1,096
Total assets			**838,871**		**828,268**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note		2013 € 1,000		2012 € 1,000
Payables					
Payables to group companies		1,081		2,290	
Taxes payable		11,679		4,197	
Payables Cashpool		117,150		50,032	
Other payables and accrued liabilities	45	8,468		8,572	
			138,378		65,091
Provisions					
Deferred tax liability	45	27,675		19,960	
Other provisions	45	17,153		33,174	
			44,828		53,134
Shareholders' equity					
Paid in capital	45	59,813		59,813	
Share premium		76,667		76,667	
Revaluation reserves of subsidiaries	45	85,298		136,548	
Legal reserves	45	1,339		2,467	
Revenue reserves	45	344,824		351,026	
Profit for the year	44	87,724		83,522	
			655,665		710,043
Total liabilities			**838,871**		**828,268**

43 Statutory income statement

	2013 € 1,000	2012 € 1,000
Result of subsidiaries	108,984	111,298
Operating expenses	(514)	(238)
Interest income and similar revenue	4,001	907
Revaluation of investments held for trading	(35)	515
Interest cost and similar expenses	(280)	(185)
Result before taxes	112,156	112,297
Taxes	24,432	28,775
Result after taxes	**87,724**	**83,522**

44 Notes to the corporate financial statements

General

The corporate financial statements are part of the 2013 financial statements of Allianz Nederland Groep N.V. With reference to the corporate profit and loss account of Allianz Nederland Groep N.V., use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code (BW2).

Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its corporate financial statements, Allianz Nederland Groep N.V. makes use of the option provided in section 2:362 (8) of The Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the corporate financial statements of Allianz Nederland Groep N.V. are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union (hereinafter referred to as EU-IFRS). Please see the Notes to the Consolidated financial Statements for a description of these principles.

The share in the result of participating interests consists of the share of Allianz Nederland Groep N.V. in the result of these participating interests. Results on transactions, where the transfer of assets and liabilities between Allianz Nederland Groep N.V. and its participating interests and mutually between participating interests themselves, are not incorporated insofar as they can be deemed to be unrealized.

45 Notes to the statutory statement of financial position

The development of participations in group companies and subsidiaries is as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	**736,155**	**656,960**
Disposals	(1,400)	-
Revaluation result	(51,250)	72,595
Result after tax	81,488	83,200
Dividends received	(109,900)	(84,100)
Increase of capital	3,878	7,500
Value stated as of 12/31	**658,971**	**736,155**

Allsecur was sold at equity value Eur 1,400 per October 1st to Allainz Belgium S.A.

Receivables from group companies
The receivables from group companies are generally due in less than one year.

Receivable Cashpool
This is a treasury account with Allianz SE, which is used to invest temporary cash surplusses of the Allianz Nederland Groep and its subsidiaries. The portion held by the subsidiaries is reported under liabilities cashpool. The cashpool balance is payable on demand.

Other receivables
The other receivables are generally due in less than one year.

Other assets

	2013 € 1,000	2012 € 1,000
Prepaid expenses	2,326	2,477
Interest receivable	86	111
Pensions funded status (note 17)	31,294	-
Total	**33,706**	**2,588**

Investments
Development of the investments during the year is as follows:

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	3,981	2,191
Additions	578	432
Revaluation	(70)	1,358
Value stated as of 12/31	**4,489**	**3,981**

Cash and cash equivalents
Cash and cash equivalents include balances with banks payable on demand, checks and cash on hand.

Shareholders' equity

Paid in capital
Company capital amounted to € 113.4 mln, of which € 59.8 mln issued capital. The company has issued only one type of share which has a par value of € 1,000. The issued shares are owned by Allianz Europe Ltd in Amsterdam.

Revaluation reserves of subsidiaries

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	136,548	63,953
Revaluation result	(51,250)	72,595
Value stated as of 12/31	**85,298**	**136,548**

Legal reserve
The legal reserve relates to internally generated software capitalized per year-end.

Revenue reserves

	2013 € 1,000	2012 € 1,000
Value stated as of 1/1	351,026	386,109
Addition from profit	83,522	79,266
Dividend paid	(104,900)	(86,000)
Transferred to legal reserves	1,128	1,661
IAS 19-gains/losses through equity	14,048	(30,010)
Value stated as of 12/31	**344,824**	**351,026**

Deferred tax liabilities

Tax deferrals are recognized if a future reversal of the difference is expected.

Other provisions

Other provisions are comprised of the following:

	2013 € 1,000	2012 € 1,000
Provisions for post-employment benefits	5,142	18,908
Provision restructuring plans	778	1,952
Other staff related provisions	7,909	9,466
Other	3,324	2,848
Total	**17,153**	**33,174**

The other provisions are explained in the Note 17 to the Consolidated Statement of financial position.

Other payables and accrued liabilities

	2013 € 1,000	2012 € 1,000
Expenses to be paid	4,656	4,705
Payables to employees	1,591	1,926
Other	2,221	1,941
Total	**8,468**	**8,572**

Solvency
The available solvency margin expressed as a percentage of the required solvency margin for the group companies amounted to 218% at the end of 2013 (2012: 225%). Further information regarding the internal determined minimum required solvency level and the minimum required solvency level determined by Allianz SE is provided in the risk management paragraph (Note 33).

Liabilities not included in the statement of financial position
With regard to shares held by the company in the subsidiaries there is a conditional obligation to pay up in full to a total of € 69.4 mln (2012: € 69.4 mln).

With regard to group companies, guarantees have been given for an amount of € 1.2 mln (2012: € 1.9 mln).

46 Notes to the statutory income statement

Revaluation of investments held for trading
The revaluation of investments held for trading is explained in Note 4 to the Consolidated Statements of financial position.

Taxes
Taxes are explained in Note 32 to the Consolidated Statement of financial position.

Rotterdam, May 27th, 2014

Management board	**Supervisory board**
S.L. Laarberg (chairman)	R.J.W. Walvis (chairman)
K. Van den Eynde	G.J. de Boer-Kruyt
W. Neven	C.M.A. Coste-Lepoutre
C.J.A.M. Schneijdenberg	F.W. Fröhlich
J.P. Vialaron	
J. Weber	

Other information

47 Subsequent events

In preparation of a cross border legal merger, between Allianz Benelux NV (acquiring company) ,Allianz Nederland Schadeverzekering NV and London Verzekeringen NV, Allianz Nederland Groep NV sold on April 22 its subsidiaries Allianz Nederland Schadeverzekering NV and London Verzekeringen NV to Allianz Europe BV for an amount of € 502mn. This resulted in a profit of € 152mn. The € 502mn received was distributed again as an interim dividend on April 30 to Allianz Europe BV. The impact of this transaction and the dividend payment on the solvency position of Allianz Nederland Groep is limited.

48 Independent auditor's report

To: the General Meeting of Shareholders of Allianz Nederland Groep N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Allianz Nederland Groep N.V., Rotterdam. The financial statements include the consolidated financial statements and the corporate financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the statement of profit or loss and other comprehensive income, the consolidated statement of changes in shareholders'equity and the consolidated cash flow statement for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the statutory statement of financial position as at 31 December 2013, the statutory income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report from group management in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Allianz Nederland Groep N.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the corporate financial statements

In our opinion, the corporate financial statements give a true and fair view of the financial position of Allianz Nederland Groep N.V. as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report from group management, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the report from group management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Utrecht, 27 May 2014

KPMG Accountants N.V.
W. Teeuwissen RA

49 Consolidated subsidiaries

	% owned
Allianz Nederland Levensverzekering N.V., Utrecht[1]	100
Allianz Nederland Schadeverzekering N.V., Rotterdam[1]	100
Allianz Nederland Asset Management B.V., Utrecht[1]	100
Allianz Nederland Administratiekantoor B.V., Utrecht[1 2]	100
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	100
Havelaar & van Stolk B.V., Rotterdam[1 2]	100
Helviass Verzekeringen B.V., Rotterdam [1 2]	100
Iteb Schadeservices B.V., Rotterdam [1 2]	100
London Verzekeringen N.V., Rotterdam[1]	100
Managed Insurance Operations B.V., Rotterdam [1 2]	100

All consolidated subsidiaries are located in The Netherlands.

1 Subsidiary forms part of the fiscal unity of Allianz Nederland Groep.

2 General guarantees as referred to in section 403, book 2, of the Dutch Civil Code, have been given by Allianz Nederland Groep N.V. to these subsidiaries. In 2013 Allsecur B.V. was sold to Allianz Belgium S.A.

50 Appropriation of result

Proposed profit appropriation

In accordance with article 35 of the articles of association, the General Meeting of Shareholders can dispose of the profit.

The proposed profit appropriation over 2013 is as follows:

	2013 € 1,000
Dividend	48,000
Addition to the other reserves	39,724
Total profit to be appropriated	**87,724**

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Text

Bondt Communicatie, Breda

Design

Allianz Nederland, Corporate Communications
This annual report is available in digital format only on the website www.allianz.nl.

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