Allianz Nederland Groep N.V.

Annual Report 2014

Allianz

Contents

Introduction

Investing in the future

Two years after the decision to integrate Allianz's activities in the Netherlands, Belgium and Luxembourg, the new organization is finally here. We are pleased to report that we have done this at a rapid pace. Our shareholders view this integration as an investment in the future of our company, our customers, and our employees. Given the increased level of customer and employee satisfaction and the stable financial results, we can say with confidence that this change has been a success.

Unique integration

In commercial and organizational terms, the integration is complete; management and employees have settled into the new structure. Cooperation and cross-pollination have been achieved, and a solid connection has been established with our customers. The final element in the integration was a unique legal merger this year of the Dutch non-life operations within the Benelux organization. Allianz Nederland Schadeverzekering and London Verzekeringen have been merged into ALLIANZ BENELUX. This new organizational structure has enabled us to diversify risk in our balance sheet, with a positive effect on our capital position. The continuity in the company is further reinforced as a result. In terms of market share and turnover, Allianz Benelux occupies fourth place within the Allianz organization in Europe, with revenues of € 3.7 billion in 2014, and operating profits of € 231 million (based on Allianz SE valuation principles).

Economies of scale

The Benelux is one of the most affluent regions in Europe, and is characterized by a mature insurance market that is still experiencing modest growth. Overcapacity in the market leads to pressure on prices and fierce competition in the life and non-life product segments. By joining forces, we are able to achieve the necessary economies of scale, particularly in the areas of product development, expertise and ICT facilities. We make targeted investments in the modernization of our ICT landscape so that we will also be able to continue to respond decisively to customer needs and changes in the market in the future. We are in the process of developing a new Benelux-wide administration system for all non-life products. Although this process has not been completed yet, we are on schedule. We expect to be able to reap the initial benefits of this large-scale effort by late 2015. We will continue to make significant investments in ICT in the years to come, and are aware that we can improve our level of service even further. Digitization and automation are crucial in achieving this. We want to make it increasingly easier for customers and intermediaries to do business with us or enter into a dialogue with us.

Profitable growth

By working together in a Benelux context, we will also achieve cost advantages that are structural in nature. As a group, Allianz makes the very conscious choice for prudent growth; profitability is a priority. Once again this year, we made the decision to divest non-profitable components of our non-life portfolio in the Netherlands. Although this may result in reduced revenues, it has also generated structural improvements in the portfolio returns.

Since we do not have any traditional guaranteed products in our offering, the low interest rate had little effect on our life portfolio. We do invest a great deal of manpower and money in providing recovery advice to customers with unit-linked insurance. This project is on schedule, allowing us to meet the expectations of our customers, intermediaries and the regulatory authorities.

Economic recovery no real effect yet

Naturally, we take advantage of one another's knowledge and expertise so that we may continue to offer our customers and distribution partners the best possible insurance solutions and related services. It seems as though the economic tide is starting to turn. Signs of recovery are starting to appear even though we do not see an immediate reflection of this in our revenue figures. During the first six months of the year, the vehicle insurance market showed extremely poor results, primarily due to the reduction in the tax benefits for energy-saving cars in early 2014. The housing market displayed a slight upturn, and this was evident in the number of mortgages sold. The competitive premium we introduced for our life insurance policy did lead to increased revenue in this product category.

In spite of this, it should be said that there was relatively little movement in the market, particularly when it comes to pensions. The announced changes in legislation including the capping of the pension accrual rates at 100,000 euros have not helped to remove uncertainty among employers and employees. Nonetheless, we still see opportunities for the market and distribution channel in this area, provided we offer the right proposition. We have taken the first step in this direction by introducing a new, fully digital, more competitively priced pension proposition that has been well-received in the market. We will continue to invest in the pension proposition. A strategic reorientation has occurred in asset management, and we have decided to shift the focus away from savings, and moving it to investments.

Aligned with the new direction

For our employees, the organizational change is seen as a source of inspiration, if the mood gauged within the company is any indication. From the very start, we communicated that the Benelux integration was not a merger or reorganization, but a partnership of equals interested in investing. This message was well-received. We now offer employees national and international career opportunities, and these are taken up eagerly. Employees have the chance to broaden their view within the Benelux and in Europe, and this generates enthusiasm. The engagement in the new course the company has taken has also increased considerably. With a response rate of 92% for the annual Allianz Engagement Survey, we can really consider ourselves lucky. Our people indicate that they stand behind the strategy; the survey shows they are 15% more engaged than they were in 2013. We are extremely pleased with this score.

Allianz Nederland Groep is ready to seize the future with both hands. We will continue to be an insurer that implements solid pricing and risk management policies, focused on a strong solvency ratio, and choose our objectives for growth in line with this. Thanks to a clear strategy, a loyal customer base, and the financial strength of our parent company, we are assured of a stable future, for our customers and for Allianz Nederland Groep.

Sjoerd Laarberg
CEO Allianz Nederland Groep
Member of the Board Allianz Benelux N.V.

Profile

Allianz Benelux is part of Allianz Group, one of the largest financial institutions in the world. In Europe, Allianz is the market leader when it comes to underwriting risk and the development and offering of financial solutions. In the Benelux, Allianz operates as an integrated financial enterprise offering risk and asset management products. With our worldwide knowledge of risk management and financial planning, and the innovation strength within the group, we aim to win the loyalty of our customers through expert advice, service and products that meet their needs.

Allianz Benelux has revenues of 3.7 billion euros, and has approximately 2,500 employees, half of whom work in the Netherlands. Our size enables us to respond decisively and flexibly to changes in the market. Our employees are given the room to grow and develop, and play a meaningful role in helping us achieve our strategy. Customer focus and profitable growth are at the heart of this strategy. By investing and maintaining tight control over costs, we offer customers the best quality and service at the most competitive price. Our intention is to continue to innovate in the interest of our customers.

Promise

As a financial services provider, Allianz places a high priority on reliability and service. We listen to and learn from our customers, and incorporate this input in the choices we make in the composition of our offering and our market strategy. The engagement and dedication of our employees, our knowledge of risks and corresponding products and services all contribute to our strength. Our objective is to be the insurer with the most loyal customers.

Legal merger of non-life companies

On 30 June 2014, Allianz Benelux N.V. concluded a cross-border merger that was unique in the sector. On that date, our Dutch non-life companies Allianz Nederland Schadeverzekering N.V. and London Verzekeringen N.V. were merged into Allianz Benelux N.V., an insurance company with its headquarters in Brussels. What makes this insurer unique is that it sells both life and non-life products within a single legal entity.
The result is that Allianz Benelux is capable of diversifying the risks in life and non-life portfolios, making a lower buffer capital necessary. The merger enables us to conduct our business supported by stable, sustainable assets, and to fulfil our obligations to our customers.

The preparations leading up to the merger demanded a great deal of coordination with our shareholder, Dutch and Belgian regulatory authorities, the tax authorities in both countries, boards of management, supervisory boards and the Works Councils of both companies. Naturally, we also kept our customers well-informed on the progress.

Nothing will change in terms of the commercial activities targeting our customers in the Netherlands. We will continue to offer our non-life products via intermediaries, brokers or directly, as we have always done. The services to intermediaries and customers also remain unchanged. Policyholders will only see a different name on their policies and correspondence, that of Allianz Benelux. Our commercial organization notified the intermediaries about this change in a timely manner, and this did not lead to a loss of trust or cancellations.

The consequence of this legal merger is that the financial results of the non-life activities are only included in this annual report for the period January 1 - April 23. Further details regarding the merger can be found in Note 39.

Allianz Nederland Groep N.V.

In this annual report, Allianz Nederland Groep N.V. accounts for the activities of Allianz Nederland Levensverzekering, Allianz Nederland Asset Management and other entities. The focus in the life insurance activities lies on pension insurance, life insurance cover, mortgages and immediate annuities. Our account management team aims to create an optimal partnership with intermediaries, and we offer them support via our regional offices.

We offer life products that require a higher degree of support via a group of high-quality independent advisors with whom we have developed a close relationship. This also applies to our bank savings products and mortgages which are developed and offered by Allianz Nederland Asset Management. In addition, the asset manager’s commercial activities concentrate on offering a complete range of investment funds via investment accounts.

Total assets under management by Allianz Nederland Asset Management totalled € 6.6 billion at the end of 2014.

Board members

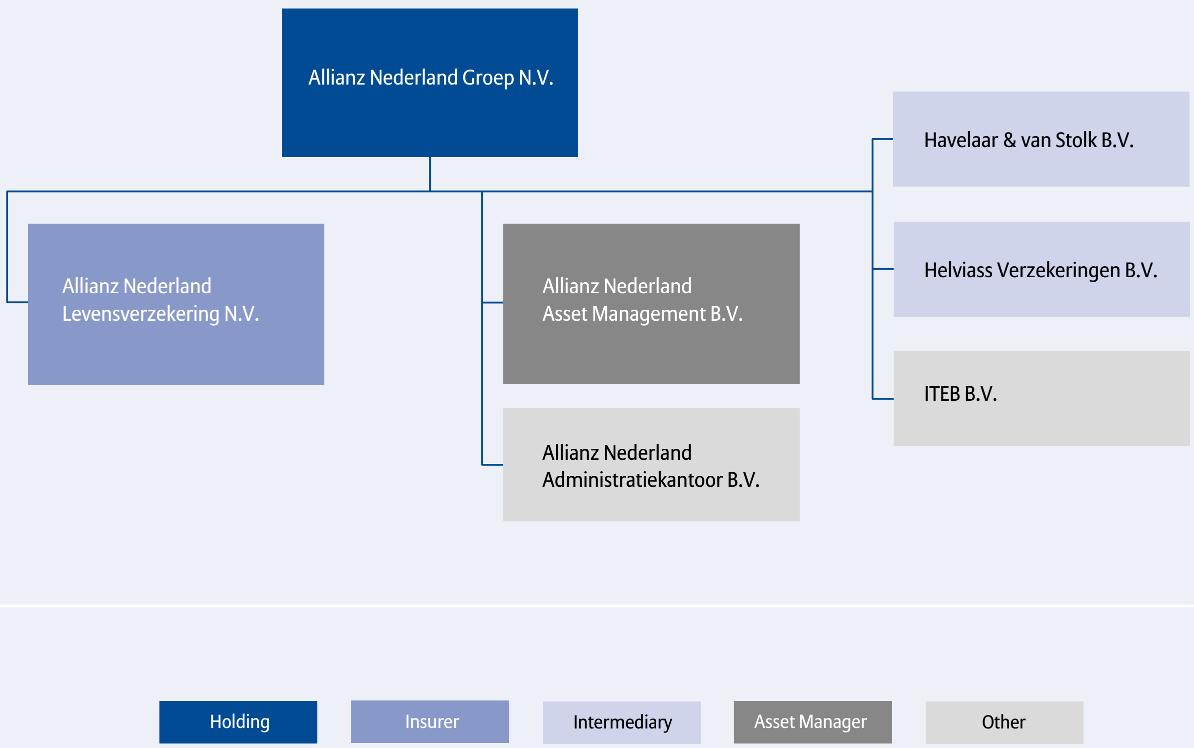
Board of Management Allianz Nederland Groep

- S.L. Laarberg: CEO Netherlands (chairman)
- J.P. Vialaron: CFO
- C.J.A.M. Schneijdenberg: COO
- K.L. Van den Eynde (per 13 March 2014)
- W. Neven (per 13 March 2014)
- J. Weber (per 13 March 2014)

Supervisory Board Allianz Nederland Groep

R.J.W. Walvis (chairman)
G.J. de Boer-Kruyt
F.W. Fröhlich
C.M.A. Coste-Lepoutre

Organizational chart of Allianz Nederland Groep N.V.



Key figures

(€ mln)	2014 [1]	2013 [2]	2012	2011	2010
Income					
Gross premiums written					
- Property-Casualty	319	700	714	829	910
- Life	251	277	276	316	315
Total gross premiums written	**570**	**977**	**990**	**1,145**	**1,225**
Investment income	243	141	159	147	166
Other income	17	29	29	33	37
Income	**830**	**1,147**	**1,178**	**1,325**	**1,428**
Net premiums written	524	904	914	1,074	1,089
Operating result	85	107	92	108	111
Profit before taxes					
Property-Casualty	25	37	22	36	69
Life	58	65	80	52	43
Asset management	8	7	9	6	8
Other profit/loss	125	3	1	9	-
Total result before taxes	**216**	**112**	**112**	**103**	**120**
Total result after taxes	193	88	83	79	90
Return on equity	39%	13%	12%	12%	14%
Investments					
At the risk of the company	1,467	2,388	2,669	2,850	2,869
At the risk of the policyholders	3,151	3,068	2,976	2,755	3,202
Total investments	**4,618**	**5,456**	**5,645**	**5,605**	**6,071**
Technical provisions					
Gross	4,265	5,366	5,315	5,090	5,564
Net	4,249	5,202	5,151	4,964	5,410
Shareholders' equity					
Paid-up capital	60	60	60	60	60
Reserves	267	596	650	610	604
	327	**656**	**710**	**670**	**664**
Average number of staff [3] (converted to full-time equivalent)	**927**	**1,024**	**1,085**	**1,135**	**1,281**

1 Property-Casulty for period January 1 - April 23 2014.
2 Allsecur transferred to Allianz Benelux SA October 2013.
3 Thereof 584 FTE's to be allocated to the branch office of Allianz Benelux N.V.

Report from group management

Financial results

Income, expenses, result

In terms of the commercial activities in the Life division, Allianz Nederland Groep can look back on a reasonably strong financial year.

The total premium income in Life for 2014 was €251 million (2013: €277 million), a decrease of 9% compared with 2013.

Asset management performed well, due primarily to increasing revenues from the high-yield mortgage portfolio and reasonably good investment results.

The operating result was € 85 million (2013: € 107 million). The net profit rose by 119% to €193 million (2013: €88 million).

(€ mln)	2014	2013
Life Insurance	44	48
Property-Casualty (2014: until 23-Apr)	19	30
Asset management	6	5
Sale P&C activities	124	-
Other	0	5
	193	88

Solvency

Allianz in the Netherlands is and will remain a creditworthy partner for intermediaries, investors and policyholders. At the end of 2014, the equity was €327 million. The solvency ratio on ANG group level was 215% (2013: 218%).

Financial result for Allianz Nederland Levensverzekering

(€ mln)	2014	2013	%
Premium income	251	277	(9)
Operating result	54	62	(13)
Profit before tax	58	65	(10)

The solvency ratio of Allianz Nederland Levensverzekering strengthened with 32 basispoints to 223% (2013: 191%)

Financial result for Allianz Nederland Asset Management

(€ mln)	2014	2013	%
Operating result	4	5	(20)
Profit before tax	8	7	13
Tier 1 ratio for Allianz Bank	37%	22%	

Tier 1 ratio internal norm is 19%

Customer focus

Customer satisfaction shows slight improvement

Customer satisfaction on the part of both intermediaries and our policyholders is one of the nonfinancial indicators that serves as a guide in how we manage our company.

Each year, we conduct a survey on how satisfied our customers are with our products and our service. We commission an external firm to perform an NPS survey ('top-down') among our intermediaries. In 2014, our research focused on pension products and how we support our intermediaries in these activities. We explicitly indicated that we would like to join forces by sharing knowledge about pension products, the developments in the market, and regulations and legislation. Along these lines, we also organized training sessions, seminars and a pension 'round tables' conference. Through these initiatives, we strengthened our ties with intermediaries, and improved our brand awareness with them. These initiatives resulted in a better NPS score than we achieved in 2013.

Our other research focused on the policyholders; this is referred to as a 'bottom-up' NPS survey that we conduct following every contact moment with them. In this survey, we ask policyholders, employers and intermediaries about their experience with this contact. In 2014, we asked individual policyholders as well as holders of collective pension contracts their opinion. The scores generated in these surveys were slightly higher than those found in the top-down surveys.

Customer Information Improvement Plan

Within the scope of the Customer Information Improvement Plan (KIV) project, in 2014 we modified the content of the documents that we use after a contract has been concluded. These include the update letters and a variety of other types of communication that we send to customers during the duration of a policy. In applying the criteria of the Netherlands Authority for the Financial Markets (AFM), the 'KNVB criteria' (cost-efficient, useful, safe and understandable), we have reviewed the product conditions for the immediate annuities and made changes to certain elements.

Continuous development of website

Our website underwent further changes this year. We have made sure the website is even easier to find by introducing more standard search terms that are familiar to the general public. The information available on our pension solutions for intermediaries, employers and employees has also been vastly improved.

More empathetic handling of complaints

Each year, we receive a limited number of complaints. We take these very seriously, and view them as an opportunity to further improve our contact with our customers, and our level of service. Our complaints procedure is published on our website, and we apply fixed response times. But we do more than this. This year we trained our complaints handlers to focus even more on customers' interests in responding to and processing complaints. An empathetic, understanding approach is the priority.

Employees

Spearheads of HR policies

We attach a great deal of importance to being a good employer. We have formulated several spearheads for our HR policy: strategic personnel planning, digitization and talent management. In order to offer good support to the organization, we digitize our HR processes where possible. We are also going to further facilitate the possibility for employees to work from home. This demands a shift in thinking on the part of managers and employees alike. An increased focus will have to be placed on output, and it will require more from the planning and organizational sides. Working from home also demands a cultural turnaround, one aspect to which we dedicate a particular amount of attention.

In 2014, we hired a talent manager who actively supervises the development of employees and competencies. This involves additional attention to how people can make a difference through their behaviour: genuinely engaged, driven, passionate and connected. For the managers in our organization, we are going to expend more effort on developing leadership styles and management through coaching.

The development of talent

Strategic personnel planning and talent development are closely intertwined with one another. We have seen how it is becoming increasingly difficult in our market to recruit good employees from outside the company for the more specialized positions. We have a strong preference for the right mix of current employees who continue to develop their skills, and new employees recruited from outside the company. This is why we offer our employees the opportunity to continue to develop their specific professional skills, and to thereby help shape their career within the organization. The integration with Belgium and Luxembourg also offers many of our staff new opportunities and possibilities. Together with the line managers, we are working on getting the right people into the right positions, based on their skills and experience, so that they can maximize their potential. Where necessary, and in consultation with the parties involved, we offer employees the opportunity to further expand their strengths and work on those areas which could benefit from improvement.

Management Development is also high on our list of priorities. We facilitate employees' participation in training programmes provided by Allianz Group, but also develop our own master classes, in line with the culture master classes held in 2014.

Within Allianz Benelux, five trainees have been recruited and hired. These trainees receive individual supervision, and we ensure that their strengths are done the most justice by placing them in specific divisions, or assign them to international projects.

Working conditions

The pension scheme has been adapted to the new statutory and tax regulations, as well as the collective labour agreement guidelines for the insurance sector. We have notified the employees of the changes during various information sessions, and also provided everyone with information in print form. 2015 will also be characterized by adjustments in the processes involving pension schemes. It remains a complex issue, one we will try the best we can to translate into clear and comprehensible information.

Employee participation

The works council had many points added to the agenda in 2014. The new pension scheme, the legal merger, and working from home were the most important of these topics. The discussion between the works council and management has been positive, yet also often critical; at such times, the works council always took a constructive attitude towards these discussions. In practice, all the topics appeared to be open for discussion, even though the works council would sometimes require a bit more time for deliberation.

Diversity policy

In Allianz's vision, diversity means a balanced composition of the work force in terms of age, gender and culture. Due in part to developments in other countries, the political pressure to introduce quotas for women in top positions is increasing. We believe that these types of compulsory measures are unnecessary if companies set the objective of choosing the most suitable person for the position. Allianz has this intention. In spite of this, this item has been placed on the agenda for the management and the supervisory board for 2015.

Corporate social responsibility

Allianz considers customer and employee satisfaction as the most important nonfinancial key indicator on the basis of which management is assessed. We explore this topic in further detail elsewhere in this report. As a subsidiary of Allianz Group, we also conform to the sustainable investment policy that has been established on an international level.

It goes without saying that we too want to make a contribution to a cleaner environment, reducing the raw materials shortage, and decreasing CO_2 emissions. Green are growing part of our strategy and are proving to be a business opportunity with a reputational impact. The target of the strategy is for Allianz to become the world's leading green insurer. A reputation as a green insurer and a profitable green portfolio is required in order to better position Allianz in the growing green market. The most important categories that affect our CO_2 footprint in the Netherlands are travel and vehicle fleet at 76% (2013: 70.7%) and energy in our offices at 13% (2013: 18.8%). At 8%, paper consumption is becoming increasingly negligible, due in part to the progressive digitization of our business processes. In 2014, our activities were responsible for CO_2 emissions of 1,770 t (2013: 1,702 t CO_2). Travel by car is clearly the primary cause of CO_2 emissions. We aim to reduce these emissions by using video conferencing more frequently, and by including sustainable means of transport in our vehicle fleet.

As a socially relevant company, we also want to give our employees the opportunity to make a contribution to society. One example is making it possible for them to do volunteer work. We have also made a financial contribution to the Daniël den Hoed Family House, the riding stable De Hazelaar (facilities for the disabled), and the Serious Request radio fundraising programme.

Governance

Code of Conduct for Insurers (Code Verzekeraars)

Compliance

The Code of Conduct, which the Association of Insurers compiled, 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. A detailed report on compliance with the governance principles has been placed on the www.allianz.nl website under the heading 'governance'.

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 and Mrs C.-M.A. Coste-Lepoutre. The approval of the appointment by De Nederlandsche Bank 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. In the year of account the supervisory board consisted 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.

As the 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. The supervisory board also meets 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 board of management. 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 education session took place. The subject was 'remuneration'. Every board member attended the session. A list of subjects for future sessions was drawn up in the final meeting of 2014.

Self evaluation

Following the first meeting of 2014, the supervisory board concluded the review of its performance by evaluating the process and discussing the results of the self evaluation held under external guidance, in the presence of the external governance professional.

Task and working method

The regulation of the supervisory board, which contains the principles of the code of conduct, did not change during the year of account. The supervisory board met four 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 which advises the supervisory board 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 and Mrs C.-M.A. Coste-Lepoutre. According to the audit committee charter three members are required, so there was one vacancy. Both 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. The audit committee discussed amongst others reports of Internal and external audit, risk and compliance, the development of the provisions as well as the risk appetite of the company. The audit committee verified the independence requirements and also met with the auditors without the Management being present. Subsequently, the minutes 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 to decide on the remuneration of the individual members of the board of management and the supervisory board, with the exception of the chairman. In 2014 the compensation committee comprised Mr R. Walvis and Mrs C.-M.A. Coste-Lepoutre. The compensation committee discussed amongst others trends in compensation, new compensation regulations in the financial sector, developments in pensions and the target setting and achievement structure of the company. Subsequently, the results of the audit committee were discussed by the supervisory board.

Oath or promise for the financial sector

All members of the supervisory board made the promise for the financial sector. The signed statements have been placed on the www.allianz.nl website under the heading 'governance'.

In the year of account, the supervisory board spent considerable time on supervision on a broad number of topcis, including the strategy of the company, the financial results, the corporate governance, the internal restructuring, the trends in the financial markets, the developments in clients interests and -satisfaction, and employee engagement.

Board of management

Composition and qualifications

In the year of account the board of management comprised Mr S.L. Laarberg (Chief Executive Officer Netherlands), Mr J.-P. Vialaron (Chief Financial Officer), Mr C.J.A.M. Schneijdenberg (Chief Operating Officer). Mrs K.L. Van den Eynde, Mr W. Neven and Mr J. Weber were appointed to the board as of March 13, 2014. Mr R.F. Franssen stepped down as member of the board of management to become regional CEO for the Benelux. The appointment of the new members of the board of management 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.

There is currently one woman in the board of management. The composition of the board of management is therefore not equally divided between men and women. If and when a vacancy may arise in future, the board of management will take into account the fact that the composition of the board of management is not equally divided between men and women.

Expertise and permanent education

Due to internal circumstances, the members of the board of management were unable to attend a combined permanent education session. The members of the board of management attended a training course for further insights into the various aspects of Solvency II. The permanent education programme will resume as planned in 2015.

Risk management

In the board of management 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 regulation for the board of management, which includes the principle of the code of conduct for insurers.

Oath or promise for the financial sector

The members of the board of management 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, has been under review after the restructuring of the company in July 2014. The various risk committees will be organised at Benelux level and will continue to have an advisory role. It is guaranteed that decision making about risks lies with the statutory management of each group company. Members of the board of management 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 board of management. In the meetings of the supervisory board, various risks of Allianz Nederland Groep N.V. are discussed regularly. The 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 audit 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 board of management 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. Further information regarding our risk management can be found in Note 39.

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 three party meeting with De Nederlandsche Bank in the presence of the external auditor.

Remuneration policy
The Allianz Nederland Groep N.V. remuneration policy was further revised in 2014. Allianz Nederland Groep N.V. satisfies its responsibilities with regard to remuneration for its management and supervisory board members according to the managed remuneration policy. A detailed overview of the remuneration policy is published on the www.allianz.nl website under the heading ‘governance’.

Integrity
Allianz Nederland Groep has its own code of conduct that is based in part on the model applied by Allianz Group and the Dutch Association of Insurers. New employees must sign this code in evidence of receipt. Employees who come to work for us will also undergo pre-employment screening and a dilemma training course prior to starting in their positions. Employees and management supervise compliance with the code of conduct.

Allianz will be introducing a new whistleblower scheme in 2015 that makes fully anonymous reports possible. Allianz has an ethics committee that monitors the company to ensure the reputable conduct of business. Reports and conduct of the organization, codes of conduct, fraud and the like are discussed within this committee. All directors and supervisors have taken an oath or made a solemn affirmation. Allianz Nederland will expand the oath or affirmation in 2015 to include other groups of employees.

Reliability and suitability assessment
At present, the DNB (Dutch Central Bank) only assessed directors and supervisors to determine their reliability and suitability. In 2015, employees in positions which could have a substantial impact on a company’s risks will also be assessed for their reliability and suitability. A programme was also set up in 2014 to ensure that employees continually satisfy professional standards.

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.

Historically Allianz Nederland has chosen to focus primarily on non-participating unit-linked business. As a consequence the vulnerability of the in-force book to the current low interest rate environment is relatively low. Furthermore the investment strategy is very conservative with virtually no equity exposure. The Board of Management is confident with the overall risk profile and the effectiveness of the 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.

Solvency II

The Solvency II regulatory framework will finally come into force on 1 January 2016. It takes into consideration the risk profile of each individual insurance company. Allianz Nederland started preparations years ago and is well prepared for the new regulatory regime. Due to the market value balance sheet approach, the Solvency II regime is expected to lead to high volatility in regulatory capital requirements relative to Solvency I.

Internal control framework

The effectiveness of the internal control system including system of governance are adequate. Most recent results of control testing, internal audits and third party reviews have showed no significant deficiencies and no material weaknesses.

Allianz Nederland Levensverzekering

Developments in the life market

The life market is and will remain a difficult market. The motivation among consumers to accumulate equity via a life insurance policy has all but disappeared. The success of bank savings as an alternative to investment insurance has made it difficult for insurance companies to achieve further growth in individual life products. The little room there is left to grow is at risk due to the pressure on premiums resulting from the overcapacity in the market. The collective pensions market is currently facing challenges as a result of the recent economic malaise that is now behind us, and the many debates and uncertainty concerning the legislative framework that took effect on 1 January 2015. There was very little movement on the part of employers as a result.Employers interested in providing cost-efficient pension schemes for their employees can do this via a premium pension institution. This has an effect on the demand for the collective pension schemes, and all the services that go along with these, that insurance companies offer.

Pension legislation and the associated tax regime are changing. The pension accrual rate in second pillar pension schemes has been reduced by 1.875% (Witteveen Framework). In addition, effective 1 January 2015, employees may no longer accrue pension over that part of their salary above 100,000 euro. The law does however permit employees to accrue voluntary pension from their net income. This savings amount has been declared exempt from wealth tax. Insurance companies may offer this supplementary pension scheme.

Several years ago, we stopped selling individual unit-linked investment policies. Allianz primarily targets the SME market with collective pensions, and the consumer market with immediate annuities, mortgages and life insurance policies.

New pension proposition

The changes in the pension market present opportunities as well as threats for us and our distribution channels. Not only this, they also raise questions in our customers. The shift from final and career average earnings schemes (defined benefits) to available premium schemes (defined contribution) is ongoing. The responsibility for the ultimate return is increasingly falling to participants in pension schemes. This is why good advice about pensions remains essential, also in the near future. For this reason, we have invested a great deal of energy in training the pension advisors we work with.

In order for pension insurers to keep their positions intact in this overcrowded market, it is necessary to offer a well-priced product that may be serviced efficiently. In 2014, we launched a new, more competitively priced pension proposition that is based on the available premium. As one of the largest asset management companies in the world, Allianz is able to offer its customers more certainty about the expected returns whilst still keeping costs extremely competitive. We can charge keen prices because we profit from our economies of scale in cooperation with international reinsurers.

We relieve intermediaries and customers of their burden by offering full digital support for our pension products via our pension portal. Employers, employees and intermediaries may all take advantage of the benefits this portal offers. The new pension product and the portal have met with enthusiastic responses in the market. We will also continue to invest in these areas.

Post-purchase contact

One of the aspects that contributes to the improvement of customer satisfaction is the attitude we take even after customers take out their pension policy. In the past, we would put the policy into effect and send customers the necessary documents by post, arrange access to the pension portal, and engage an intermediary. Starting in 2014, we have taken this one step farther by contacting a new customer about their pension product. Our research on customers' experiences showed that shortly after purchase, employers look for a confirmation of their choice for Allianz and want to know what they can expect from us. In order to better respond to this need, we created the 'Opstartcoach (getting-started coach)'. An 'Opstartcoach' pays a personal visit to new customers, providing employers with an explanation on how the portal works, and giving them the opportunity to ask any questions they might have. We help customers and their intermediary get started with the new pension contract. This is our way of giving new customers the attention they need, thus confirming that they have made the right choice.

Individual life policies more competitively priced

The pricing of our life insurance policies and immediate annuities has undergone additional improvements. The life insurance product is usually sold in combination with a mortgage. Given the period of time involved in the mortgage quotation procedure, we expect to see the first effects on sales in early 2015.

Recovery advice on schedule

In 2014, our attention was focused primarily on providing recovery advice to customers with a 'non-accruing' investment insurance policy. These types of policies yield lower returns than anticipated. This can lead to the insufficient accumulation of the capital required to pay off the mortgage, for example. Like all other life insurance companies, we also take an active approach in contacting this group of customers to discuss possible alternatives with them. The underlying idea here is for customers to be presented with and be able to make a conscious choice. This might be choosing a different product, such as bank savings, adapting the existing product, converting it to a paid-up policy, or surrendering it.

Allianz has 20,000 customers with one of these 'non-accruing' policies. In 2014, our objective was to have contacted 87.5% of this group to help them make a well-informed choice. We surpassed this objective, contacting 91.6% of these customers. A great deal of work went into this however; first, we wrote intermediaries with the request to contact the customers. Next, customers received a letter directly from Allianz, asking them to contact us, and this was followed by reminders to both intermediaries and customers to take action. The response to this appeared to be unsatisfactorily low. We then set up a team to contact customers by telephone. This generated the highest number of responses. In some cases, we even visited customers in person.

During the first quarter of 2015, we will contact the remaining customers falling into this category. We will then continue recovery advice for customers who have a policy linked to their mortgage (35,000), or those with an annuity insurance policy (25,000). Everything must be completed by the end of 2015.

Naturally, this project was designed in extensive consultation with the intermediaries. We offered them comprehensive support in drawing up offers and making calculations. We will continue to offer our distribution partners ample support and keep them informed about future developments. One positive side effect of this large-scale operation is that our employees working in the life division feel even more engaged with the end customers. This direct customer contact resulted in increased pleasure in their work. We have learned valuable lessons from this. We expect that customer satisfaction will also benefit from this approach.

Banking products and asset management

Developments in the financial markets

The share markets performed well during the year. Ultimately, the investment return for worldwide shares was approximately 15%. This was primarily due to American shares, stimulated by the economic recovery in the United States. European shares generated a considerably lower rate of return, and remained stalled at around 6 to 7%. The year 2014 was characterized by extremely low interest rates. Both the short-term rate, which the ECB lowered based on inflation expectations, as well as the long-term rates in all European countries dropped to historically low levels. In November 2014, the long-term interest fell to an unsurpassed record low, in Germany, the 10-year interest rate on government bonds decreased from 1.9% in early 2014, to 0.55% by the end of the year. Bonds performed well as a result. As a result of the substantial decline in the interest rate, the price gains for bonds rose an average of 13% in Europe.

Asset management company at a Benelux level

In the past, Allianz Nederland Asset Management (ANAM) managed the investments for the Dutch entities. In 2014, the integration of these activities with the investment activities in Belgium and Luxembourg was successfully completed. The new organization will continue under the name AIM Benelux. AIM Benelux is the manager of the registered capital valued at approximately €15 billion. The portfolios of ANAM and Allianz Nederland Levensverzekering consist primarily of fixed-income securities, particularly government bonds issued by the so-called core countries. The positive effect on the low interest rate this year was an increase in the value of the portfolios. Consequently, reinvestments also had to be made at these lower interest rates. For this reason, AIM Benelux is constantly looking for investments with better rates of return than government bonds, such as real estate, mortgages and infrastructure.

Focus on investments and mortgages

ANAM has adapted its strategy to offer investment funds for private individuals, and grant NHG (National Mortgage Guarantee Scheme) mortgage loans.

The investments in NHG mortgages have been increased for a few years now. ANAM has been granting NHG mortgages to private customers via selective distribution. These NHG mortgages yield an attractive rate of return at an acceptable risk. The programme has been up and running for a few years now, and has been successful because the mortgage rate in the Netherlands is higher compared with that in neighbouring countries.

Allianz was only able to acquire a limited market share since several major banks were less active in the mortgage market. As a result of the falling house prices and the rising unemployment rate, banks did not want to take as many risks in granting mortgages.

Up to 2014, Allianz had accumulated an NHG portfolio valued at €750 million, which was financed by the Dutch as well as the Belgian and Luxembourg entities. The Belgian and Luxembourg entities were therefore able to profit from the Dutch expertise.

The offering of investment funds was further rationalized in 2014. Smaller investment funds (< €10 million) were either liquidated or merged. By aiming to achieve additional economies of scale, we create added efficiency, resulting in a decrease in the total expense ratio. Ultimately, our customers profit from this. In total, ANAM manages eight investment funds, each of which boasts a good historic rate of return. Our government bonds in particular have been showing excellent performance for three years in a row. In early 2014, the fund won a VWD Cash Fund Award and a Lipper Fund Award.

Over the past year, ANAM has seen a net inflow in its investment funds. The extremely low interest rate on savings is the most important driver causing people to start looking for attractive ways to invest their money. ANAM offers bank savings in combination with a selection from its investment funds, whereby the accumulated capital may be used to supplement a pension, as a mortgage repayment, or as a nest egg.

Sustainable investments

The investment funds of ANAM and the investments of AIM Benelux conform to the sustainable investment strategy and the corresponding ESG (Environmental, Social and Governance) policy of the Allianz Group.

Allianz is committed to integrating sustainability in investment activities. Our strong focus on ESG issues supports our core business strategy, ensures we live up to our values, and demonstrates responsibility in our decision-making and interactions with stakeholders in society.

To underline our commitment to ESG integration, we are a signatory and supporter of a range of international standards on ESG issues. Our ultimate shareholder, Allianz SE, is included in the main international sustainability indices and ratings: CDP's Carbon Disclosure Leadership Index, Dow Jones Sustainability Index's Industry Group Leader, FTSE4Good, oekom research, Sustainalytics and Vigeo. Allianz SE also signed to the United Nations Principles for Responsible Investment (UN PRI). The UN PRI is a network of international investors representing more than 30 trillion U.S. Dollars of assets under management that is working to put the six Principles for Responsible Investment into practice. These Principles reflect the view that ESG issues can affect the performance of investment portfolios and therefore must be given appropriate consideration by investors if they are to fulfil their fiduciary duty. Consequently 100% of the total assets under management by Allianz are now covered by this commitment.

For further information on our sustainable investment policy, please visit the Allianz SE website: https://www.allianz.com/en/sustainability/topics/esg_approach.html.

Compliance

In 2014, we received the European UCITS (undertakings for collective investment in transferable securities) permit for our investment funds. The advantage of this permit for private investors is that the funds must comply with various transparency and reporting regulations.

Outlook

Looking back on 2014, our results are satisfactory. The increase in customer satisfaction and the degree to which our employees feel engaged with our strategy give us cause to be positive. The financial results are in line with the targets, and prove that the foundation is solid. We aim to continue this trend in the coming years, during which we will formulate feasible goals. Sound economic growth and a healthy insurance market are closely related. The economic prospects are better at any rate, and this makes us reasonably optimistic. Once the demand picks up, we will be able to profit from this on the basis of our solid position.

Ambition: loyalty leader

Our focus will lie on continued yet profitable growth. The important criteria for this are customer loyalty and satisfaction. We will continue to do everything we can in the years to come to retain our top position in the market in these areas. In Non-life, we scored above the market average as loyalty leader (expressed as NPS, Net Promoter Score), and we aim to hold onto this position. We have not yet achieved this position in the Life category; there is definitely work to be done in this regard. However, we see opportunities to take advantage of the Recovery Advice activities to show that Allianz understands and focuses on customer interests. Our employees clearly enjoy offering customers immediate and active support. We want to make good use of this zeal to further improve customer contact and our level of service.

We foresee limited prospects for growth in the Life market. We want to perpetuate our position by further expanding our pension offering, and to scale this product up from the small-business to the corporate market.

Naturally, we will also place the appropriate focus on the implementation of the new ICT facilities in the next three years. It is essential for us to be able to serve our customers in the manner and at the times they prefer, and the new ICT systems will help us do this.

We see good opportunities to reinforce our collective position thanks to the Benelux structure. We are part of a successful, financially strong concern that enjoys an excellent reputation worldwide. The exchange of knowledge and expertise within the group, and the inspiration our employees derive from this create the solid foundation we need to continue to make a high-quality difference in the market.

Financial Statements 2014 Allianz Nederland Groep

Consolidated balance sheet

ASSETS	Note	2014 € 1,000	2013 € 1,000
Cash and cash equivalents	3	26,421	45,562
Financial assets carried at fair value through income	4	538,434	499,515
Investments: available for sale	5	761,797	1,652,445
Investments: held to maturity	5	704,954	736,368
Loans and advances to banks	6	519,360	840,064
Financial assets for unit-linked contracts	14	3,151,190	3,068,096
Amounts ceded to reinsurers from insurance provisions	7	15,326	164,045
Deferred acquisition costs	8	6,165	35,396
Other assets	9	108,491	300,135
Intangible assets	10	7,987	6,206
Total assets		5,840,125	7,347,832

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2014 € 1,000	2013 € 1,000
Financial liabilities carried at fair value through income	11	536,378	493,710
Liabilities to financial institutions	12	77,904	267,346
Liabilities to customers	13	127,298	177,791
Financial liabilities for unit-linked contracts	14	3,151,190	3,068,096
Insurance provisions	15	1,196,488	2,298,028
Deferred tax liabilities	30	41,166	26,608
Other provisions	16	20,924	18,257
Other liabilities	17	362,075	342,331
Total liabilities		5,513,423	6,692,167
Shareholders' equity	18	326,702	655,665
Total equity and liabilities		5,840,125	7,347,832

Before appropriation of result

Consolidated income statement

	Note	2014 € 1,000	2013 € 1,000
Premiums written		570,663	977,204
Ceded premiums written		(46,357)	(73,277)
Change in unearned premiums (net)		(70,678)	19,969
Premiums earned (net)	19	453,628	923,896
Interest, dividend and similar income	20	95,503	131,534
Other income from investments	21	146,821	13,167
Fee and commission income (net)	22	29,812	29,515
Other income	23	17,179	26,706
Total income		742,943	1,124,818
Claims and insurance benefits incurred (gross)		(619,704)	(941,873)
Claims and insurance benefits incurred (ceded)		20,542	38,632
Change in reserves (net)		210,112	177,264
Insurance benefits (net)	24	(389,050)	(725,977)
Interest and similar expenses	25	(8,493)	(2,283)
Impairments of investments	5	(8,145)	(6,215)
Movement in financial assets and liabilities carried at fair value through income (net)	26	(2,883)	(1,339)
Acquisition costs and administrative expenses	27	(98,797)	(239,464)
Reorganization charges	28	(1,827)	-
Other expenses	29	(17,888)	(37,384)
Total expenses		(527,083)	(1,012,662)
Income before taxes		215,860	112,156
Taxes	30	(22,703)	(24,432)
Net income [1]		193,157	87,724

1. There is no minority interest to which the result of period under review can be ascribed.
2. Non-life insurance activities included until April 23rd 2014.

Statement of profit or loss and other comprehensive income

	2014 € 1,000	2013 € 1,000
Net income	193,157	87,724
Unrealized results charged to equity		
Revaluation available for sale investments	55,984	(68,323)
Changes in current / deferred tax assets and liabilities	(13,991)	17,073
Total unrealized results charged to equity	**41,993**	**(51,250)**
Results IAS 19 - revised charged to equity		
Correction pensions IAS-revised through equity before tax	(18,817)	18,731
Changes in current/deferred tax assets and liabilities	4,704	(4,683)
Total results IAS 19 - revised charged to equity	**(14,113)**	**14,048**
Total comprehensive income	221,037	50,522

Consolidated statement of changes in shareholders' equity

	Paid-in capital	Share premium	Revenue reserves	Unrealized gains and losses	Net income	Shareholders' equity
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 31/12/2012	**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**
Transfer due to divestment of subsidiaries	-	-	52,053	(52,053)	123,986	123,986
Net income exclusive result sale of participations	-	-	-	-	69,171	69,171
Unrealized investment gains and losses	-	-	-	41,993	-	41,993
Transfer profit previous years to reserves	-	-	87,724	-	(87,724)	-
Shareholders' dividend 2013	-	-	(48,000)	-	-	(48,000)
Interim dividend 2014	-	-	(502,000)	-	-	(502,000)
IAS 19-gains/losses through equity	-	-	(14,113)	-	-	(14,113)
Balance as of 31/12/2014	**59,813**	**76,667**	**(78,173)**	**75,238**	**193,157**	**326,702**

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

Consolidated cash flow statement

	2014 € 1,000	2013 € 1,000
Operating activities		
Net income	193,157	87,724
Change in provision for unearned premiums	70,774	(19,969)
Change in aggregate policy provision	19,265	(14,590)
Change in provision for loss and loss adjustment expenses	(16,029)	(6,025)
Change in deferred acquisition costs	29,231	10,077
Change in accounts receivable/payable on reinsurance business	10,873	(6,576)
Change in trading securities [1)]	3,749	2,263
Change in liabilities to banks and customers	(63,022)	(51,554)
Change in other receivables and liabilities	268	92,827
Change in deferred tax assets/liabilities [2)]	566	13,561
Non-cash investment income/expenses	8,523	9,004
Other non-cash income/expenses	(68,976)	34,080
Other	(4,188)	99
Net cash flow provided by operating activities	**184,191**	**150,921**
Investing activities		
Change in securities available-for-sale	117,921	187,532
Change in securities held-to-maturity	31,414	9,560
Change investments in Real Estate	-	5,966
Proceeds from sale of subsidiaries	378,014	-
Change in loans and advances to banks	(175,574)	(216,902)
Net cash flow provided by investing activities	**351,775**	**(13,844)**
Financing activities		
Change in investments held on account and at risk of life insurance policyholders	(83,094)	(91,692)
Change in insurance provision for life insurance where investment risk is carried by policyholders	83,094	91,692
Dividend payouts	(550,000)	(104,900)
IAS 19 difference between expensed in P&L and Premiums paid	(5,107)	(30,294)
Net cash flow provided by financing activities	**(555,107)**	**(135,194)**
Change in cash and cash equivalents	(19,141)	1,883
Cash and cash equivalents at beginning of period	45,562	43,679
Cash and cash equivalents at end of period	**26,421**	**45,562**

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.

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 36 further information on the equity remunerations plans is provided.

Recently adopted accounting pronouncements (effective January 1, 2014 and early adoption)

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

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

Recently issued accounting pronouncements (effective on or after January 1, 2014 and not yet early adopted)

IAS 40, Investment property
Clarifies the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner occupied property.

IFRS 8, Operating segments
Amended to require (i) disclosure of judgments made by management in aggregating segments, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported.

IAS 24, Related party transactions
Amended to (i) revise the definition of "related party" to include an entity that provides key management personnel services to the reporting entity or its parent, and (ii) clarify related disclosure measurements.

IAS 19, Defined benefit plans and employee contributions
Amended to clarify the application of IAS 19 to plans that require employees or third parties to contribute toward the cost of benefits. The impact of these new standards on the Allianz Nederland Groep consolidated financial statements will be limited.

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

	2014 € 1,000	2013 € 1,000
Balances with banks payable on demand	25,508	44,044
Balances with central bank	913	1,515
Cash on hand	-	3
Total	**26,421**	**45,562**

The effective interest rate on deposits/call money at the statement of financial position date is 0% (2013: 0%). 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.

	2014 € 1,000	2013 € 1,000
Financial assets in investment funds	536,378	493,710
Financial assets held for trading	2,056	5,805
Total	**538,434**	**499,515**

Financial assets held for trading

	Derivatives	Other trading	Total
	€ 1,000	€ 1,000	€ 1,000
Value stated as of 12/31/2012	4,924	3,144	8,068
Purchases	-	578	578
Revaluation	(2,511)	(330)	(2,841)
Value stated as of 12/31/2013	2,413	3,392	5,805
Sales	(950)	(1,714)	(2,664)
Revaluation	(1,277)	192	(1,085)
Value stated as of 12/31/2014	186	1,870	2,056

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 32.

5 Investments

	2014 € 1,000	2013 € 1,000
Securities available-for-sale	761,797	1,652,445
Securities held-to-maturity	704,954	736,368
Total	**1,466,751**	**2,388,813**

The total amount of securities held-to-maturity € 704,954 (2013: € 736,368) is related to mortgages. The securtities 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 12/31/2012	**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/redemptions	(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**	**-**	**20,620**	**1,652,445**
Purchases	6,639	450,088	149,460	17,273	18,788	30,454	672,702
Sales/redemptions	(22,176)	(475,579)	(187,495)	(105,373)	-	-	(790,623)
Divestments of subsidiaries	(2,457)	(157,032)	(401,309)	(259,391)	-	-	(820,189)
Impairment	(5)	(8,140)	-	-	-	-	(8,145)
Amortization	-	-	(1,873)	(122)	2	1,615	(378)
Revaluation	(6,495)	9,376	43,282	(274)	3,628	6,468	55,985
Value stated as of 12/31/2014	**-**	**9,624**	**519,531**	**151,067**	**22,418**	**59,157**	**761,797**

Further details regarding the divestment of subsidiaries can be found in Note 39.

Investment funds categories

	2014 € 1,000	2013 € 1,000
Equity securities	5,885	35,482
Bonds	3,739	155,429
Total	**9,624**	**190,911**

	(Amortized) cost		Unrealized gains		Unrealized losses		Market values	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Equity securities	(1,322)	16,676	1,322	7,826	-	(8)	-	24,494
Investment funds	(6,622)	184,040	16,247	12,680	(1)	(5,809)	9,624	190,911
Government bonds	413,919	855,138	105,612	63,098	-	(770)	519,531	917,466
Corporate bonds	116,731	464,344	34,337	34,681	(1)	(71)	151,067	498,954
Government loans	18,790	-	3,628	-	-	-	22,418	-
Corporate loans	51,006	18,937	8,151	1,683	-	-	59,157	20,620
Total	**592,502**	**1,539,135**	**169,297**	**119,968**	**(2)**	**(6,658)**	**761,797**	**1,652,445**

	Proceeds from sales		Realized gains		Realized losses	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Equity securities	(29,446)	(2,332)	7,462	442	(192)	(103)
Investment funds	(477,888)	(480,853)	4,844	8,478	(2,533)	(8,574)
Government bonds	(194,891)	(271,465)	7,258	9,814	(30)	(334)
Corporate bonds	(111,399)	(87,060)	6,035	2,923	(9)	(113)
Government loans	-	(454)	-	-	-	-
Total	**(813,624)**	**(842,164)**	**25,599**	**21,657**	**(2,764)**	**(9,124)**

Contractual maturities

The amortized cost and estimated fair value of securities available for sale with fixed maturities as of December 31, 2014 by contractual maturity are as follows:

	Securities available-for-sale			
	Amortized cost		Market values	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Contractual term to maturity:				
- due in year or less	60,857	191,254	62,399	193,601
- due after 1 year and in less than 5 years	209,060	520,512	227,869	555,186
- due after 5 years and in less than 10 years	316,083	489,602	369,307	535,579
- due after 10 years	67,359	137,047	92,598	152,674
Total	**653,359**	**1,338,415**	**752,173**	**1,437,040**

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, 2014 the volume of securities lent out by Allianz Nederland was € 71,909 (2013: € 266,861). The total fair value of collateral accepted Amounted € 71,981 (2013: € 266,293). The fair value of collateral accepted that can be sold or repledged amounted to 2014 € 71,404 (2013: € 260,620). See also Note 6 and Note 12

6 Loans and advances to banks and customers

	2014 € 1,000	2013 € 1,000
Reinvested cash collateral	71,404	260,620
Loans to private customers	442,956	515,889
Loans to Allianz SE	5,000	50,000
Loans to intermediaries	-	13,555
Total	519,360	840,064

Reinvested cash collateral is cash collateral received from securities lending transactions that was reinvested again. The position received collateral is reported under Note 12 liabilities to financial institutions.

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

Loans to private customers

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	**515,889**	**295,966**
Delivery	209,711	219,923
Repayments	(11,213)	-
Divestments of subsidiaries	(271,431)	-
Value stated as of 12/31	442,956	**515,889**

7 Amounts ceded to reinsurers from insurance provisions

	2014 € 1,000	2013 € 1,000
Long duration insurance contracts Life	**15,326**	**15,240**
Provisions for outstanding claims Property-Casualty	-	94,131
Provisions for incurred but not reported claims Property-Casualty	-	28,370
Unearned premiums Property-Casualty	-	26,304
Total Property-Casualty	**-**	**148,805**
Total	**15,326**	**164,045**

This note must be read in conjunction with Note 15 (Insurance provisions). The amounts ceded to reinsurers from insurance provisions stated under assets include rights of recourse against reinsurers. Allianz Nederland reinsurers 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.

8 Deferred acquisition costs

	Property-Casualty		Life		Total	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	**24,520**	**27,280**	**10,876**	**18,193**	**35,396**	**45,473**
Additions	59,387	160,308	152	321	59,539	160,629
Amortization	(47,005)	(163,068)	(4,863)	(7,638)	(51,868)	(170,706)
Divestments of subsidiaries	(36,902)	-		-	(36,902)	-
Value stated as of 12/31	**-**	**24,520**	**6,165**	**10,876**	**6,165**	**35,396**

Further details regarding the divestment of subsidiaries can be found in Note 39.

9 Other assets

	2014 € 1,000	2013 € 1,000
Equipment and inventories	464	1,557
Accounts receivable on insurance business	10,227	144,000
Other receivables	97,800	154,578
Total	**108,491**	**300,135**

Further details regarding the cashpool can be found in Note 43. Notes to the statutory statement of financial position.

Equipment and inventories

Development of the tangible fixed assets:

	2014 € 1,000	2013 € 1,000
Purchase price as of end of year	20,090	20,823
Depreciation as of end of year	(19,626)	(19,266)
Value stated as of 12/31	**464**	**1,557**
Value stated as of 1/1	**1,557**	**2,840**
Additions	95	148
Disposals	-	(316)
Divestment of subsidiaries	(828)	-
Depreciation	(360)	(1,115)
Value stated as of 12/31	**464**	**1,557**

Further details regarding the divestment of subsidiaries can be found in Note 39.

Accounts receivable on insurance business

Specification of receivables from insurance:

	2014 € 1,000	2013 € 1,000
Policyholders	3,834	23,142
Intermediaries	4,785	112,726
Reinsurers	3,918	24,966
Allowance for doubtful accounts	(2,310)	(16,834)
Value stated as of 12/31	**10,227**	**144,000**

Development of the provision allowance for doubtful accounts:

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	(16,834)	(17,340)
Additions	(2,888)	(3,856)
Release	4,012	4,362
Divestments of subsidiaries	13,400	-
Value stated as of 12/31	**(2,310)**	**(16,834)**

Other receivables

Specification of other receivables:

	2014 € 1,000	2013 € 1,000
Interest and rental receivables	13,884	31,565
Personnel loans 'Royal Aandelen Plan'	-	15,517
Receivables related to investments	7,919	8,425
Receivables related to mortgages	16,049	25,639
Tax receivables	-	1,319
Fees to be received	288	395
Prepaid pensions	16,372	31,294
Receivables from group companies	28,620	15,159
Prepaid expenses	2,622	4,589
Depot leaseplan	3,650	3,620
Other	8,396	17,056
Value stated as of 12/31	97,800	154,578

10 Intangible assets

Intangible assets comprise the following:

	2014 € 1,000	2013 € 1,000
Software	119	1,378
Other	7,868	4,828
Total	**7,987**	**6,206**

Software	2014 € 1,000	2013 € 1,000
Gross amount capitalized as of 12/31	29,423	30,682
Accumulated amortization as of 12/31	(29,304)	(29,304)
Value stated as of 12/31	**119**	**1,378**
Value stated as of 12/31 prior year	1,378	6,085
Additions	93	40
Disposals	-	(139)
Divestment of subsidiaries	(1,140)	-
Amortization	(212)	(4,608)
Value stated as of 12/31	**119**	**1,378**

The statement of financial position value amounting to € 119 (2013: € 1,378) includes € 119 (2013: € 1,339) for internally developed software and € 0 (2013: € 39) for software purchased from third parties. As of December 31, 2014 there were no purchase commitments related to software.

Further details regarding the divestment of subsidiaries can be found in Note 39.

Other

Changes in Other are as follows:

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	4,828	5,473
Additions	4,095	-
Amortization	(1,055)	(645)
Value stated as of 12/31	**7,868**	**4,828**

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

11 Liabilities carried at fair value through income

	2014 € 1,000	2013 € 1,000
Financial liabilities in investment funds	536,378	493,710
Total	**536,378**	**493,710**

12 Liabilities to financial institutions

	2014 € 1,000	2013 € 1,000
Collateral received from securities lending	71,404	260,620
Collateral received from CDS	-	440
Liabilities to banks	6,500	6,286
Total	**77,904**	**267,346**

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 6 Loans and advances to banks.

Further details regarding our CDS position can be found in Note 32.

13 Liabilities to customers

	2014 € 1,000	2013 € 1,000
Saving deposits retail customers	127,298	129,971
Other term liabilities	-	47,820
Total	**127,298**	**177,791**

All liabilities are due within one year.

14 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, 2014 were as follows:

	2014 € 1,000	2013 € 1,000
Balance as of 1/1	**3,068,096**	**2,976,404**
Premiums collected	124,651	137,186
Interest credited	295,833	251,375
Releases upon death, surrender and withdrawal	(288,084)	(290,891)
Policyholder charges	(6,327)	(7,430)
Reclassification to Long duration liabilities	(49,677)	-
Transfers [1]	6,698	1,452
Balance as of 12/31	**3,151,190**	**3,068,096**

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

15 Insurance provisions

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

	2014 € 1,000	2013 € 1,000
Long duration insurance contracts Life	**1,196,488**	**1,177,137**
Unearned premiums Property-Casualty	-	160,270
Provisions for outstanding claims Property-Casualty	-	762,122
Provisions (gross) IBNR	-	198,499
Total Property-Casualty	**-**	**1,120,891**
Total	**1,196,488**	**2,298,028**

Movement table for long duration Life insurance contracts

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	1,177,137	(15,240)	1,161,897	1,193,590	(17,103)	1,176,487
Benefits paid	(144,043)	(1,718)	(145,761)	(129,377)	2,730	(126,647)
Premiums received	81,000	1,314	82,314	92,123	(1,559)	90,564
Reclassification from Unit-linked liabilities	49,677	-	49,677	-	-	-
Technical interest	51,203	600	51,803	54,424	(642)	53,782
Technical result	(18,486)	(282)	(18,768)	(33,623)	1,334	(32,289)
Balance as of 12/31	**1,196,488**	**(15,326)**	**1,181,162**	**1,177,137**	**(15,240)**	**1,161,897**

Movement table for unearned Property-Casualty premiums

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**160,270**	**(26,304)**	**133,966**	**187,961**	**(34,026)**	**153,935**
Added during the year	319,293	(35,492)	283,801	700,163	(61,136)	639,027
Released to the income statement	(237,460)	24,433	(213,027)	(727,854)	68,858	(658,996)
Divestments of subsidiaries	(242,103)	37,363	(204,740)	-	-	-
Balance as of 12/31	**-**	**-**	**-**	**160,270**	**(26,304)**	**133,966**

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

	2014			2013		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000	€ 1,000
Balance as of 1/1	**960,621**	**(122,501)**	**838,120**	**957,096**	**(112,951)**	**844,145**
Current year claims reported	106,154	(528)	105,626	421,994	(15,270)	406,724
Previous years claims reported	39,859	(7,919)	31,940	83,419	(32,084)	51,335
Plus: claims reported	**146,013**	**(8,447)**	**137,566**	**505,413**	**(47,354)**	**458,059**
Current year claims paid	(48,019)	156	(47,863)	(254,748)	4,192	(250,556)
Previous years claims paid	(128,055)	16,452	(111,603)	(250,423)	28,206	(222,217)
Less: claims paid	**(176,074)**	**16,608**	**(159,466)**	**(505,171)**	**32,398**	**(472,773)**
Movement IBNR	5,523	348	5,871	3,283	5,406	8,689
Divestments of subsidiaries	(936,083)	113,992	(822,091)	-	-	-
Balance as of 12/31	**-**	**-**	**-**	**960,621**	**(122,501)**	**838,120**

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.

Further details regarding the divestment of subsidiaries can be found in Note 39.

16 Other provisions

	2014 € 1,000	2013 € 1,000
Provisions for post-employment benefits	4,511	5,142
Provision restructuring plans	5,729	778
Miscellaneous accrued liabilities	10,684	12,337
Total	**20,924**	**18,257**

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 the two pensionfunds exists in total of 11 members, 3 representatives from employer, 3 representatives from employees of each fund and 1 representative from retirees of each fund. 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:

	2014 € 1,000	2013 € 1,000
Present value of defined benefit obligation	(534,305)	(417,147)
Pension fund assets	546,166	443,299
Funded status	**11,861**	**26,152**
Liability recognized in Note 16 Other provisions	(4,511)	(5,142)
Asset recognized in Note 9 Other receivables	16,372	31,294
Net position arising from defined benefit obligation	**11,861**	**26,152**

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

	2014 € 1,000	2013 € 1,000
Value stated as of 12/31 prior year	**(417,147)**	**(425,616)**
Current service cost	(10,143)	(10,963)
Interest cost	(14,391)	(13,273)
Benefits paid	12,226	11,959
Past service cost - curtailments	1,042	2,213
Actuarial gain/ (loss) - due to change in demographic assumptions	(5,131)	(4,912)
Actuarial gain/ (loss) - due to change in discount rate	(130,624)	19,319
Actuarial gain/ (loss) - due to change pension increase assumptions	25,418	-
Actuarial gain/ (loss) - due to unexpected experience	4,445	4,126
Value stated as of 12/31	**(534,305)**	**(417,147)**

Due to changed fiscal legislation per January 1, 2015, the pension plan has changed. This plan change was accounted for in last year's valuation as a curtailment gain of € 1,0 mln.

The actuarial result due to change in demographic assumptions is caused by the assumption that participants will work until the age of 65 and exchange their temporary old age pension to a life-long old age pension instead of assuming that participants will only work until the age of 62. The decrease in the discount rate from 3.50% to 2.00% resulted in a loss of € 130.6 mln. The actuarial gain from change in pension increase assumptions is caused by a decrease of the expected general wage increase from 1.75% to 1.00%, and a decrease of the cost of living adjustments for both active and non-active participants from 0.50% to 0.20% As of December 31, 2014 the total post-retirement health benefits obligation amounted to € 4.5 mln (2013: € 5.1 mln).

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

	2014 € 1,000	2013 € 1,000
Value stated as of 12/31 prior year	**443,299**	**406,708**
Interest income on plan assets	15,516	13,259
Return on plan assets greater/ (less) than expected	87,074	198
Actual employer contributions	10,662	33,200
Actual participant contributions	2,538	2,500
Benefits paid by fund	(11,981)	(11,689)
Admin cost paid by fund	(942)	(877)
Value stated as of 12/31	**546,166**	**443,299**

The actual employer contributions 2013 include an additional contribution 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:

	2014 € 1,000	2013 € 1,000
Level 1 (quoted market price):		
Cash and cash equivalents	2,365	1,818
Equity investments	127,761	121,738
Bonds corporate	11,983	30,509
Bonds government/ government agency	348,900	245,036
Real estate	17,166	14,205
Other assets	12,305	6,380
Level 2/3 (non-quoted market price)		
Debt instruments - mortgages	15,741	15,755
Bonds corporate	8,522	6,405
Real estate	1,423	1,453
	546,166	**443,299**
Debt instruments categorised by issuers' credit rating:		
AAA	51,325	66,053
AA	295,058	197,473
A	3,880	3,269
BBB and lower	19,142	15,155
not rated	15,741	15,755
	385,146	**297,705**

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 1,024 (31 December 2013: Eur 971)

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

	2014 € 1,000	2013 € 1,000
Current service cost	10,143	10,963
Interest (income)/expenses	(1,125)	14
Past service cost - curtailments	(1,042)	(2,213)
Administration cost	942	877
Participant contributions	(2,538)	(2,500)
Total	**6,380**	**7,141**

During the year ended December 31, 2014 net periodic benefit costs of pension plans (exclusive gains from curtailment) include costs related to post retirement health benefits of € 0.3 mln (2013: 0.3 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 2014 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:

	2014 %	2013 %
Discount rate	2.00	3.50
Central agreed rate of compensation increase	1.00	1.75
Expected career increases	1.50	1.50
Cost of living adjustments active participants	0.20	0.50
Cost of living adjustments non-active participants	0.20	0.50
Expected future service years	13.37	11.90
Average duration of liabilities in years	21.23	18.90
Life expectancy of a man who is 65-year old	21.70	22.10
Life expectancy of a woman who is 65-year old	24.30	24.30

The discount rate of 3.50% per annum at the start and 2.00% per annum at the end of 2014 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 2014 was 0.0% (2013: 0.0%).

It has been assumed that current and future pension payments will increase at an avarage rate of 0.20% 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 50.1 mn (increase by Eur 58.1 mn)

- If the bond yield is 25 basis point higher (lower), the defined benefit obligation would decrease by Eur 15.0 mn (increase by Eur 15.6 mn)

- If the expected indexation is 25 basis point higher (lower), the defined benefit obligation would increase by Eur 21.5 mn (decrease by Eur 20.1 mn)

- If the life expectancy increases by one year for both men and women, the defined benefit obligation would increase by Eur 14.9 mn

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

	2014 target	2014 actual	2013 actual
Equity securities	25.0%	23.4%	27.5%
Real estate	5.0%	3.4%	3.5%
Debt securities	67.5%	70.5%	67.2%
Other	2.5%	2.7%	1.8%
Total	**100.0%**	**100.0%**	**100.0%**

Provision restructuring plans

In 2014 an amount of € 7,729 was added to the provision for restructuring related to the Benelux integration, hereof € 2,118 was for account of Allianz Nederland, and € 5,611 was for account of Allianz Benelux SA.

The development of the Provision restructuring plans are as follows:

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	778	2,193
Additions	7,729	-
Release of provisions via payments	(2,581)	(1,174)
Amounts released	(291)	(241)
Other changes	94	-
Value stated as of 12/31	**5,729**	**778**

Miscellaneous accrued liabilities

	2014 € 1,000	2013 € 1,000
Staff related expenses	8,184	8,083
Other	2,500	4,254
Total	**10,684**	**12,337**

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

	2014 € 1,000	Staff related expenses € 1,000	Other € 1,000
Value stated as of 1/1	**12,337**	**8,083**	**4,254**
Additions to existing provisions	3,189	2,352	837
Release of provisions via payments	(1,214)	(825)	(389)
Amounts released	(3,628)	(1,426)	(2,202)
Value stated as of 12/31	**10,684**	**8,184**	**2,500**

17 Other liabilities

	2014 € 1,000	2013 € 1,000
Accounts payable on direct insurance business	36,080	85,082
Accounts payable on reinsurance business	3,029	13,204
Interest and rental liabilities	1,294	2,143
Tax liabilities	27,663	15,654
Amounts payable to group companies	4,550	108,870
Credit facilities from group companies	267,875	69,023
Willemsbruggen B-certificates held by employees	-	15,696
Expenses to be paid	6,611	8,211
Staff-related expenses	1,519	1,505
Debts from security transactions	-	34
Premiums to be invested	3	(13)
Fees to be paid	748	1,926
Brokerage to be paid	1,673	2,962
Amounts payable to pension funds	1,055	1,655
Other	9,975	16,379
Total	**362,075**	**342,331**

Accounts payable on direct business and accounts payable on reinsurance business are due within one year. Of the remaining liabilities stated under Other Liabilities € 322,966 (2013 : € 228,349) is due within one year and € 0 (2013 : € 15,696) is due after more than one year.

Of the tax liabilities € 19,296 (2013: € 7,816) is attributable to corporate tax.

Credit facilities from group companies, are related to finance received by ANAM B.V. for the acquisition of mortgages to private individuals.

18 Shareholders' equity

The shareholders' equity comprises the following:

	2014 € 1,000	2013 € 1,000
Issued capital	59,813	59,813
Share premium	76,667	76,667
Revenue reserves	(78,173)	346,163
Profit for the year	193,157	87,724
Revaluation reserve	75,238	85,298
Total	**326,702**	**655,665**

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 B.V. 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, 2014 the Management Board will propose to shareholders at the General Meeting the distribution of a dividend of € 46.2 mln (€ 772 per share).

Supplementary Information to the Consolidated Income Statement

19 Premiums earned (net)

	Property-Casualty		Life		Total	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Premiums written (gross):						
- from direct insurance	318,991	697,961	251,370	277,041	570,361	975,002
- from reinsurance assumed	302	2,202	-	-	302	2,202
Total	**319,293**	**700,163**	**251,370**	**277,041**	**570,663**	**977,204**
Reinsurance ceded	(35,492)	(61,136)	(10,865)	(12,141)	(46,357)	(73,277)
Premiums written (net)	**283,801**	**639,027**	**240,505**	**264,900**	**524,306**	**903,927**
Change in unearned premiums gross:						
- from direct insurance	(82,501)	27,566	-	-	(82,501)	27,566
- from reinsurance assumed	857	431	-	-	857	431
Total	(81,644)	27,997	-	-	**(81,644)**	**27,997**
Reinsurance ceded	10,966	(8,028)	-	-	10,966	(8,028)
Total change in unearned premiums (net)	(70,678)	19,969	-		**(70,678)**	**19,969**
Premiums earned (net)	**213,123**	**658,996**	**240,505**	**264,900**	**453,628**	**923,896**

20 Interest, dividend and similar income

	2014 € 1,000	2013 € 1,000
Income from:		
- securities held-to-maturity	41,839	45,303
- securities available-for-sale	32,059	58,895
- net interest margin from banking business	317	848
- lending and loans	20,822	21,253
- Income from rent from real estate held for investment	-	(379)
- other interest-bearing instruments	467	1,924
- Interest from Cashpool	-	32
- Received interest corporate taxes	(1)	3,658
Total	**95,503**	**131,534**

Income from securities available-for-sale include dividend income of € 5,052 (2013 : € 11,478).

21 Other income from investments

	2014 € 1,000	2013 € 1,000
Realized gains on securities available-for-sale	25,599	21,657
Realized gains from disposal of consolidated affiliated enterprises	123,986	-
Realized gains on Real Estate held for investment	-	634
Realized losses on securities available-for-sale	(2,764)	(9,124)
Total	**146,821**	**13,167**

Realized gains from disposal of consolidated affiliated enterprises, is the result realized on the sale of the non-life insurance activities to Allianz Europe B.V.

Further details regarding the divestment of subsidiaries can be found in Note 39.

22 Fee and commission income (net)

	2014 € 1,000	2013 € 1,000
Fee and commission income	36,044	34,643
Fee and commission expenses	(6,232)	(5,128)
Fee and commission income (net)	**29,812**	**29,515**

23 Other income

Other income consists of the following items:

	2014 € 1,000	2013 € 1,000
Income from service activities	16,641	25,997
Income from sale portfolio	-	125
Foreign currency gains	537	578
Other	1	6
Total	**17,179**	**26,706**

The decrease in income from service activities is related to the transfer of Allsecur B.V. to Allianz Benelux S.A. in October 2013.

The currency gains are mainly related to US-Dollar positions. The losses on these positions are reported in Other expenses (Note 29). Income from service activities is related to income from intermediary activities and claims services.

24 Insurance benefits (net)

Insurance benefits in Property-Casualty comprise the following:

	Gross		Reinsurance		Net	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Claims:						
- claims paid	176,074	505,171	(16,607)	(32,398)	159,467	472,773
- changes in provisions for loss and loss adjustment expenses	(24,349)	3,525	8,417	(9,551)	(15,932)	(6,026)
Total	**151,725**	**508,696**	**(8,190)**	**(41,949)**	**143,535**	**466,747**

Insurance benefits in Life comprise the following:

	Gross		Reinsurance		Net	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Benefits paid	443,630	436,702	(3,935)	(6,234)	439,695	430,468
Changes in provisions for life insurance	(32,534)	(13,873)	(86)	1,863	(32,620)	(12,010)
Other movements in relation to financial assets and liabilities for the risk of policyholders	(161,560)	(159,228)	-	-	(161,560)	(159,228)
Total	**249,536**	**263,601**	**(4,021)**	**(4,371)**	**245,515**	**259,230**

25 Interest and similar expenses

	2014 € 1,000	2013 € 1,000
Interest expenses intercompany loans	7,483	476
Interest expenses Cashpool	73	-
Other interest expenses	937	1,807
Total	**8,493**	**2,283**

The interest expenses intercompany loans are related to the credit facilities from group companies

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

	2014 € 1,000	2013 € 1,000
Result on derivatives	(2,987)	(2,772)
Result on other trading assets	104	1,433
Gain/(loss) from financial assets carried at fair value through income	171,241	219,951
Gain/(loss) from liabilities carried at fair value through income	(171,241)	(219,951)
Total	**(2,883)**	**(1,339)**

The result on derivates includes a negative result of € 1,188 (2013: € 2,772 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 and realized results on securities.

27 Acquisition costs and administrative expenses

	2014 € 1,000	2013 € 1,000
Property-Casualty	60,366	197,994
Life	30,075	33,639
Asset Management	8,356	7,831
Total	**98,797**	**239,464**

	Property-Casualty		Life	
	2014 € 1,000	2013 € 1,000	2014 € 1,000	2013 € 1,000
Acquisition costs:				
- payments	62,550	169,313	4,435	6,896
- change in deferred acquisition costs	(11,569)	3,172	4,711	7,317
Subtotal	**50,981**	**172,485**	**9,146**	**14,213**
Administrative expenses	12,981	33,271	23,690	22,463
Underwriting costs (gross)	**63,962**	**205,756**	**32,836**	**36,676**
Less commissions and profit-sharing received on reinsurance business ceded	(3,977)	(9,417)	(3,635)	(4,103)
Underwriting costs (net)	**59,985**	**196,339**	**29,201**	**32,573**
Expenses for management of investments	381	1,655	874	1,066
Acquisition costs and administrative expenses	**60,366**	**197,994**	**30,075**	**33,639**

Acquisition costs and administrative expenses include the staff and operating costs of the insurance business allocated to the functional areas 'Acquisition of insurance policies', 'Administation 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 35.

28 Restructuring charges

The restructuring plan Allianz 2012 was closed, this resulted in a release of € 291. An addition of € 2,118 was made for a new restructuring plan, related to the Benelux integration.

	2014 € 1,000
Release from existing provision	(291)
New restructuring provision	2,118
Total	**1,827**

Further details with regard to the restructuring charges are provided in Note 16.

29 Other expenses

Other expenses are comprised of the following:

	2014 € 1,000	2013 € 1,000
Expenses for service activities	15,809	29,749
Foreign transactions currency losses	364	1,440
Increase fair value share based compensation plans	408	1,468
Change provision doubtful debts	153	2,571
Other	1,154	2,156
Total	**17,888**	**37,384**

The decrease in expenses for service activities is related to the transfer of Allsecur B.V. to Allianz Benelux S.A. in October 2013.

The currency losses are mainly related to US-Dollar positions. The gains on these positions are reported in other income (Note 23).

30 Taxes

The Group's taxes are comprised of the following:

	2014 € 1,000	2013 € 1,000
Current taxes	(5,514)	(15,554)
Deferred taxes	(17,189)	(8,878)
Total	**(22,703)**	**(24,432)**

The company constitutes a single tax entity together with group companies mentioned in Note 47. 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 2014 is € 31,262 lower (2013 : € 3,607 lower) than the expected tax charge.

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

	2014 € 1,000	2013 € 1,000
Anticipated tax rate in %	25.0%	25.0%
Expected income tax charge	53,965	28,039
Tax exempt (revenues)/cost	(31,309)	432
Effect of adjustments previous years	47	(4,041)
Other tax settlements	-	2
Current tax charge	**22,703**	**24,432**
Effective tax rate	**10.5%**	**21.8%**

The low tax rate is almost entirely due to the tax exempt gain of Eur 123,986 from the disposal of the non-life activities.

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

	2014 € 1,000	2013 € 1,000
Deferred tax assets		
Insurance provisions	1,492	22,780
Pensions and similar provisions	9,934	5,229
Deferred acquisition costs	7,788	10,104
Total	**19,214**	**38,113**
Netting deferred tax assets/ liabilities within fiscal unity	(19,214)	(38,113)
Net deferred tax assets	-	-
Deferred tax liabilities		
Investments	(29,030)	(31,317)
Other liabilities	(31,350)	(33,404)
Total	**(60,380)**	**(64,721)**
Netting deferred tax assets/ liabilities within fiscal unity	19,214	38,113
Net deferred tax assets	**(41,166)**	**(26,608)**

Deferred tax recognized subtracted directly in equity amounted to € -13,991 (2013 : € 17,073) and relates to unrealized gains/losses on investments.

Additional Information to the Consolidated Financial Statements

31 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).

Benelux integration
In 2014 the property & casualty operation (legal entities Allianz Nederland Schadeverzekering and London Verzekeringen) merged with Allianz Belgium into Allianz Benelux. As a result these legal entities ceased to be part of Allianz Nederland Groep from May 2014 onward. As a consequence, the risk management of these merging entities was transferred to Allianz Benelux.

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

- The Supervisory Board has a monitoring role. It provides support and advice to the Board of Management. As part of its supervisory tasks, the Supervisory Board pays special attention to the risk management system. The Supervisory Board has an Audit Committee where risk management is addressed in more detail.
- 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 defining the risk appetite and the risk-return strategy.
- 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, 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.
- The Risk Committee supervises the overall risk management processes, ensuring that all risks are addressed and managed in an integrated manner. The CEOs of the insurance entity Allianz Nederland Leven and the banking entity Allianz Nederland Asset Management are members 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.
- The technical Risk Committee is a preparatory committee of the Risk Committee. It advises the Risk Committee on the Top Risk Assessment, technical issues (e.g. parameters and assumptions), reinsurance and capital management.
- 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.
- The ALM committee of Allianz Nederland Leven is responsible for matching the insurance liabilities with matching assets for the traditional life book and the part of the unit-linked book that carries a minimum return guarantee.
- The ALM committee of Allianz Nederland Asset Management is responsible for matching the client deposits with matching assets. It meets every two weeks.
- 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 CRO has a hierarchical reporting line to the CFO of Allianz Nederland Groep.
- 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 (e.g. local regulation on governance). Using qualitative and quantitative methods, risks are systematically monitored, analysed and reported to the Risk Committee and the Board of Management.
- As part of the audit scope, the Internal Audit department periodically carries out audits in order to assess the effectiveness of the risk management system and its compliance with regulatory and internal standards.

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 ensure that our top risks are identified, assessed, managed, mitigated and monitored. By setting explicit risk tolerances, the risk appetite with respect to our identified "top risks" is defined.
- We define minimum capital ratios and target capital ratios taking into consideration future solvency needs, adverse shock scenarios and regulatory requirements. In anticipation of Solvency-II we additionally take into account Solvency-II capital requirements in our capital management.
- To manage concentration risks, we additionally define quantitative limits for disproportionally large risks (e.g. counterparty exposure and strategic asset allocation including leeways).
- Minimum standards, guidelines and policies 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 Leven is well capitalized and meets its target Solvency-1 capital ratio as of December 31, 2014.

Regulatory capital position	Life	
	2014	2013
Available financial resources	256	221
Capital requirement	115	116
Capital ratio (available/required)	223%	191%
Internal target ratio	175%	175%

Solvency-II is expected to come into effect on January 1, 2016. Preparatory Solvency-II reporting will already be mandatory in 2015. Allianz Nederland Leven will calculate the Solvency Capital Requirement (SCR) with the standard formula. Future profits of the in-force book will be recognised in the Solvency-II economic balance sheet. As a consequence capital adequacy is expected to increase under the new regime.

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	
	2014	2013
Base case	223%	191%
Equity -30%	222%	183%
Interest rates +100 bps	199%	170%
Interest rates -100 bps	246%	210%
Equity -15% and interest rates +100 bps	198%	203%

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 absorbing effects of deferred taxes (under the assumption that losses can be compensated by future profits) and hedge instruments are taken into consideration if applicable. The majority of the fixed income assets in the statutory accounts are marked to market, while the insurance liabilities of our traditional life book are calculated using fixed discounted rates. As a consequence the sensitivity to interest rate risk is fully determined by the asset side of the balance sheet.

In anticipation of Solvency-II, Allianz Nederland Leven carried out an Own Risk Assessment in 2014. The Own Risk Assessment is comparable with the Forward Looking Assessment of Own Risks (FLAOR), which is a key requirement under Solvency-II. A comprehensive assessment of all risks inherent to the business was performed in order to determine whether current and future capital will be sufficient to ensure ongoing solvency against these risks.

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 2014.

Interest rate risk

Historically, Allianz Nederland Leven has chosen to focus primarily on non-participating unit-linked business. As a consequence the vulnerability of the in-force book to the current low interest rate environment is relatively low.

Traditional life segment - our traditional life book comprises endowment-type policies with guaranteed maturity benefits and immediate annuities with guaranteed payments. The ALM committee manages the interest rate risk with duration matching, With duration matching it is not possible to create a perfect hedge. As a consequence some residual risk remains on our book.

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 2014 two funds carrying a 1,0% minimum return guarantee are open to new entrants and switches from other investment funds.

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 of Allianz Nederland Asset Management meets every two weeks. Stress tests and Value-at-Risk measures provide the ALM committee with insight into the sensitivity of the fixed income assets to interest rate movements, and allow the committee to act in a timely manner. These VaR limits define the maximum loss that we are willing to accept at a given confidence level for daily, weekly and monthly time horizons.

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 7 mn investment in emerging market debt per year-end 2014. Our exposure is within the boundaries as set for currency risk in our limit framework.

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 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.

Investment credit risk

Ultimo 2014 Allianz Nederland has a EUR 308 mn gross counterparty exposure to a medium-sized Dutch private bank (2013: EUR 315 million). The remaining CDS hedge (EUR 60 mn ultimo 2014) will expire in 2015. By settling the collateral on a weekly basis, the credit risk on the issuer of these credit derivative is mitigated.

NHG mortgages

Allianz Nederland has been originating so-called National Mortgage Guarantee (NHG) mortgages via Allianz Nederland Leven starting in 2011. As of 2013 Allianz Nederland Asset Management originates NHG mortgages as well. The NHG mortgages on the book of Allianz Nederland Asset Management are funded by external parties within Allianz Group.

The National Mortgage Guarantee is a guarantee provided by the Homeownership Guarantee Fund ("Waarborgfonds Eigen Woning"). The Homeownership Guarantee Fund is a private institution with fallback agreements with the government and municipalities. The guarantee covers the outstanding principal, accrued unpaid interest and disposal costs. The guarantee decreases on an annuity basis over a period of thirty years irrespective of the actual pay-off scheme of the mortgage.

- Until January 1, 2013 Allianz Nederland offered NHG mortgages where up to 50% of the mortgage loan was interest only, implying repayment of the principal at maturity. As a consequence Allianz Nederland could be exposed to some residual exposure which is not covered under the National Mortgage Guarantee.
- For houses purchased after January 1, 2013, the guarantee applies to 100% linear or annuity mortgages only, implying no guarantee mismatch for mortgages originated in 2013.
- For houses purchased after January 1, 2014 a 10% loss sharing for the originator has been introduced.

Allianz Nederland is exposed to prepayment risk as reinvestment possibilities could be less favorable than at the date of mortgage origination. A charge for prepayment risk is included in the mortgage rate.

Bond portfolio ranked according to counterparty credit rating

	AAA	AA+	AA	AA-	A+	A	A-	≤BBB	Total
Government	173	328	294	16	10	9	5	99	934
Corporate	75	45	8	27	82	107	20	37	401
Total	**248**	**373**	**302**	**43**	**92**	**116**	**25**	**136**	**1.335**
2014	19%	28%	23%	3%	7%	9%	2%	10%	100%
2013	27%	26%	17%	7%	3%	9%	2%	9%	100%

NHG mortgages originated in 2014 totalled EUR 184 mn. Ultimo 2014 the NHG mortgage debt amounted to 146 mn on the book of Allianz Nederland Leven and 297 mn on the book of Allianz Nederland Asset Management.

The table above provides information on the fixed income investments as at year-end 2014. The information is ranked according to the S&P counterparty credit ratings.

Reinsurance credit risk

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

Actuarial risk

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 2014 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.

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.

Projection of liability cash flows of the life segment

Life (EUR m)	Total	Within 1 year	1-5 years	5-15 years	Over 15 years
2014	4,536	407	1,638	1,885	606
2013	4,787	349	1,550	2,074	814

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 table on the previous page depicts the liabilities of the Life 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.

The table below depicts the financial instruments measured at fair value at the end of 2014, by the level in the fair value hierarchy into which the fair value measurement is categorised.

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 € 1,000	Non-trading derivatives € 1,000	Total € 1,000
Opening value stated as of 1/1	3,737	1,315	5,052
Gains (losses) recognized in income statement	(91)	(1,188)	(1,279)
Gains (losses) recognized in other comprehensive income	108	-	108
Transfers into (out of) level 3	-	-	-
Purchases	5	-	5
Sales	(3,323)	-	(3,323)
Closing value stated as of 31/12	**436**	**127**	**563**

	2014 € mln				2013 € mln			
IFRS hierarchy disclosure	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial investments Available for Sale	697	60	1	758	1,605	22	25	1,652
Derivative Assets Held for Risk Management	-	-	-	-	4	-	2	6
Financial Assets for unit-linked Contracts	2,961	190	-	3,151	2,874	194	-	3,068
Total	**3,658**	**250**	**1**	**3,909**	**4,483**	**216**	**27**	**4,726**

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 the next cornerstones:

- A Risk and Control Self Assessment (RCSA) is carried out by all departments to identify and assess low-frequency and high impact operational risks and to assure that risk mitigation measures including key controls are in place and sufficiently robust. The Risk and Control Self Assessment is a key element of our internal control system.
- Learning from operational losses is key in the identification of process or system weaknesses. Therefore Allianz Nederland has a process in place to capture and evaluate loss date and so-called "near misses" in a structured manner.

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. We have a structured process in place to analyse and follow-up on operational events. Furthermore we pro-actively define risk tolerances with regard to sensitive areas. Reputational risk assessment forms an integral part of our top risk assessment process.

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 in line with our risk appetite, the following measures are in place:

- Bottom-up process for determining the asset allocation including leeways. In this way exposure to single market risk type is restricted.
- 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.

32 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 31.

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 26).

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 € 0 (2013: € 440) was received.

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

	Maturity as of 12/31/2014			2014			2013		
	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	127	-	-	60,000	127	-	105,000	1,315	-
Options SAR	-	-	59	-	59	-	-	1,098	-
Total	**127**	**-**	**59**	**60,000**	**186**	**-**	**105,000**	**2,413**	**-**

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

33 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.

34 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 € 16,0 mln (2013 : € 42,6 mln) related to rental, lease contracts and other long term agreements.

As of December 31, 2014 the future minimum lease payments under non-cancellable operating leases were as follows:

	€ 1,000
2015	1,517
2016	1,103
2017	738
2018	369
Thereafter	-
Total	**3,727**

As of the end of the year, an amount equal to € 2,0 (2013 : € 10,0 mln), has been granted in respect of guarantees, of which € 0 (2013 : € 6,3 mln) relates to participation in the terrorism pool.

35 Employee information

At the end of 2014 Allianz Nederland employed a total of 1,028 (2013: 1,040) employees.

Personnel expenses

	2014 € 1,000	2013 € 1,000
Salaries and wages	59,631	63,366
Social security contributions and employee assistance	7,706	7,567
Expenses for pensions and other post-retirement benefits	7,892	7,956
Total	**75,229**	**78,889**
Personel expenses charged to non consolidated group companies Personel expenses consolidated group companies	(31,118)	-
Personel expenses consolidated group companies	**44,111**	**78,889**

Salaries and wages decreased from 63.4 mn to 59.6 mn, of this decrease 2.4 mn is caused by change in consolidated entities. In the pensioncost 2014 a curtailment gain was included of Eur 1.0 mn (2013: € 2.2 mn gain) Further details with regard to the pension expenses are provided in Note 16.

The personel expenses charged to non consolidated group companies are expenses of personel employed by Allianz Nederland Groep related to services for the branch Allianz Benelux between April 23rd to December 31st.

36 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 1,387 (2013 : 1,432). The difference between the exercise price and the market price of Allianz shares of € 26,72 (2013 : € 22,5) 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 2014 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
March 07	2	160	10,144	10,144	-
March 08	2	117	16,771	13,703	3,068
March 09	2	52	7,739	7,739	-
March 10	2	87	17,922	17,922	-

As of December 31, 2014 the intrinsic value of outstanding SARs amounted to € 62 (2013 : € 1,081).

Allianz Nederland has entered into call options on Allianz SE stock to hedge its future obligations under the SAR plans. As of December 31, 2014 the total value of the Allianz call options was € 59 (2013 : € 1,098).

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 2014 the total compensation expense related to the outstanding appreciation rights was € -88 (2013 : € 685).

Taking into account the expired portion of the vesting period, a provision of € 59 (2013 : € 1,068) was established on December 31, 2014 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	**27.848**	**73,30**
Granted	3.152	98,62
Forfeited/Exercised	(16.515)	70,69
Nonvested as of 12/31	**14.485**	**81,79**

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, 2014, Allianz Group recognized compensation expense related to the nonvested restricted stock units of € 747 (2013: € 1,293). Taking into account the expired portion of the vesting period, a provision of € 1,420 (2013: € 2,255) was established on December 31, 2014 and reported under the heading Other accrued liabilities.

Allianz France Group Stock Option plan

Allianz France Group stock option plan expired in 2014.

Compensation management board	2014 € 1,000	2013 € 1,000
Short-term employee benefit	865	1,047
Expenses for pensions and other post-retirement benefits	115	180
Transition Payment	-	95
Severance	-	700
Stock-based compensation	106	120
Total remuneration	**1,086**	**2,142**

As of December 31, 2014 the management board had six (2013 : four) members.

The information on compensation concerns the members of the management board who were active at the end of the year. Compensation to former members of the board amounted in 2014 € 0 (2013: € 930).

Pensions and similar benefits

Allianz Nederland paid € 173 (2013: € 129) premiums to pension funds for active members of the management board.

As of December 31, 2014 the pension provisions and provisions for similar benefits for the then active members of the management board amounted to € 1,202 (2013: € 1,231).

Remuneration for the supervisory board

In fiscal year 2014, remuneration for the supervisory board amounted to € 140 (2013: € 121). This board has four (2013: four) members.

37 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, personel expenses and to transactions with the pension funds.

	2014 € 1,000	2013 € 1,000
Reinsurance premiums	16,377	42,834
Reinsurance claims/commissions	8,151	22,299
Reinsurance assets	-	48,193
Reinsurance liabilities	-	21,301
Realized gains from disposal of affiliated enterprises	123,986	-
Pension fund related expenses	11,380	13,227
Pension fund related assets	241	445
Pension fund related liabilities	1,055	1,655
Loans and advances to banks	5,000	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 16 Other provisions and Note 36 Share based compensation plans and management compensation.

38 Auditor's fees

Auditor's fees can be specified as follows:

	2014	2014	2014	2013
	KPMG Accountants N.V. € 1,000	KPMG other € 1,000	Total KPMG € 1,000	Total KPMG € 1,000
Year end audit services	431	-	431	691
Other audit services	24	-	24	-
Tax advice	-	363	363	477
Other non-audit services	-	-	-	138
Total	455	363	818	1,306

39 Explanation of sale Allianz Nederland Schadeverzekering NV and London Verzekeringen NV

Allianz Nederland Groep NV sold on April 23 its subsidiaries Allianz Nederland Schadeverzekering NV and London Verzekeringen NV to Allianz Europe BV for an amount of € 502.000. This resulted in a profit of € 123,986.

At June 30, Allianz Nederland Schadeverzekering NV and London Verzekeringen NV merged into Allianz Benelux S.A.

The effect of the sale per April 23 on the consolidated balance sheet of Allianz Nederland Groep NV is as follows:

ASSETS	Note	2014 € 1,000
Cash and cash equivalents	3	39,276
Investments: available for sale	5	820,189
Loans and advances to banks	6	496,280
Amounts ceded to reinsurers from insurance provisions	7	151,355
Deferred acquisition costs	8	36,902
Other assets	9	311,216
Intangible assets	10	1,140
Total assets		**1,856,358**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	2014 € 1,000
Liabilities to financial institutions	12	176,912
Insurance provisions	15	1,178,186
Deferred tax liabilities	30	11,917
Other liabilities	17	111,329
Total liabilities		**1,478,344**
Shareholders' equity	18	378,014
Total equity and liabilities		**1,856,358**

Corporate Financial Statements

40 Statutory statement of financial position

ASSETS	Note		2014 € 1,000		2013 € 1,000
Financial assets					
Participations in group companies and subsidiaries	43		341,383		658,971
Current assets					
Receivables					
Receivables from group companies	43	19,664		23,358	
Receivable Cashpool	43	33,310		106,330	
Other receivables	43	13,903		12,011	
Other assets		17,936		33,706	
			84,813		175,405
Investments	43		1,929		4,489
Cash and cash equivalents	43		328		6
Total assets			428,453		838,871

LIABILITIES AND SHAREHOLDERS' EQUITY	Note		2014 € 1,000		2013 € 1,000
Payables					
Payables to group companies		-		1,081	
Taxes payable		23,448		11,679	
Payables Cashpool		25,680		117,150	
Other payables and accrued liabilities	43	11,579		8,468	
			60,707		138,378
Provisions					
Deferred tax liability	43	21,336		27,675	
Other provisions	43	19,708		17,153	
			41,044		44,828
Shareholders' equity					
Paid in capital	43	59,813		59,813	
Share premium		76,667		76,667	
Revaluation reserves of subsidiaries	43	75,238		85,298	
Legal reserves	43	119		1,339	
Revenue reserves	43	(78,292)		344,824	
Profit for the year	43	193,157		87,724	
			326,702		655,665
Total liabilities			428,453		838,871

41 Statutory income statement

	2014 € 1,000	2013 € 1,000
Result of subsidiaries	92,688	108,984
Result sale participations	123,986	-
Operating expenses	(546)	(514)
Interest income and similar revenue	175	4,001
Revaluation of investments held for trading	(304)	(35)
Interest cost and similar expenses	(139)	(280)
Result before taxes	215,860	112,156
Taxes	22,703	24,432
Result after taxes	**193,157**	**87,724**

42 Notes to the corporate financial statements

General

The corporate financial statements are part of the 2014 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 excemption 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 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 th 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 op 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.

43 Notes to the statutory statement of financial position

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

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	**658,971**	**736,155**
Disposals	(378,014)	(1,400)
Revaluation result	41,993	(51,250)
Result after tax	69,383	81,488
Dividends received	(50,950)	(109,900)
Increase of capital	-	3,878
Value stated as of 12/31	**341,383**	**658,971**

Allianz Nederland Schadeverzekering N.V. and London Verzekeringen N.V. were sold at Eur 502 mn per April 23rd to Allianz Europe B.V.

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

	2014 € 1,000	2013 € 1,000
Prepaid expenses	1,564	2,326
Interest receivable	-	86
Pensions funded status (note 16)	16,372	31,294
Total	**17,936**	**33,706**

Investments

Development of the investments during the year is as follows:

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	4,489	3,981
Additions	-	578
Sales	(2,663)	-
Revaluation	103	(70)
Value stated as of 12/31	1,929	4,489

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 B.V. in Amsterdam.

Revaluation reserves of subsidiaries

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	85,298	136,548
Reclassification	(52,053)	-
Revaluation result	41,993	(51,250)
Value stated as of 12/31	**75,238**	**85,298**

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

Revenue reserves

	2014 € 1,000	2013 € 1,000
Value stated as of 1/1	344,824	351,026
Addition from profit	87,724	83,522
Dividend final	(48,000)	(104,900)
Dividend interim	(502,000)	-
Transferred to legal reserves	1,220	1,128
Reclassification	52,053	-
Correction pensions IAS 19-revised through equity	(14,113)	14,048
Value stated as of 12/31	(78,292)	344,824

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:

	2014 € 1,000	2013 € 1,000
Provisions for post-employment benefits	4,511	5,142
Provision restructuring plans	5,729	778
Other staff related provisions	7,989	7,909
Other	1,479	3,324
Total	19,708	17,153

The other provisions are explained in the Note 16 to the Consolidated Statement of financial position.

Other payables and accrued liabilities

	2014 € 1,000	2013 € 1,000
Expenses to be paid	5,757	4,656
Payables to employees	1,572	1,591
Other	4,250	2,221
Total	11,579	8,468

Solvency
The available solvency margin expressed as a percentage of the required solvency margin for the group companies amounted to 215% at the end of 2014 (2013: 218%). 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 31).

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 € 20,4 mln (2013: € 69.4 mln).

With regard to group companies, guarantees have been given for an amount of € 1.2 mln (2013: € 1.2 mln).

44 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 30 to the Consolidated Statement of financial position.

Rotterdam, 27 March, 2015

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

45 Subsequent events

Between the balance sheet date and the date when the annual report was authorized for issue (27 March, 2015) by the Supervisory Board no events have ocurred that should be mentioned in this paragraph.

46 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 2014 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 2014, 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 2014, 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

In our opinion, the financial statements give a true and fair view of the financial position of Allianz Nederland Groep N.V. as at 31 December 2014 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.

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 March 2015

KPMG Accountants N.V.
W. Teeuwissen RA

47 Consolidated subsidiaries

		% owned
Allianz Nederland Levensverzekering N.V., Utrecht		100
Allianz Nederland Schadeverzekering N.V., Rotterdam [1]	(until April 23, 2014)	100
Allianz Nederland Asset Management B.V., Utrecht[1]		100
Allianz Nederland Administratiekantoor B.V., Utrecht[1 2]		100
Beleggingsmaatschappij Willemsbruggen B.V., Rotterdam	(until April 23, 2014)	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., Roterdam [1]	(until April 23, 2014)	100

All consolidated subsidiaries are located in The Netherlands.

1 Subsidiary forms part of the fiscal unity of Allianz Europe.

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.

48 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 2014 is as follows:

	2014 € 1,000
Dividend final	46,200
Dividend interim	502,000
Deducted from other reserves	(355,043)
Total profit to be appropriated	**193,157**

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