



## ALLIANZ SE

*(incorporated as a European Company (Societas Europaea – SE) in Munich, Germany)*

### **USD 600,000,000 Subordinated Fixed to Floating Rate Notes with scheduled maturity in 2049**

Issue Price 100 per cent.

Allianz SE (the "**Issuer**"), issued on 27 January 2017 (the "**Issue Date**") USD 600,000,000 subordinated fixed to floating rate notes with a scheduled maturity in 2049 in a denomination of USD 200,000 per Note (the "**Notes**") as Series 75 Tranche 1 under the € 25,000,000,000 Debt Issuance Programme of Allianz SE, Allianz Finance II B.V. and Allianz Finance III B.V. guaranteed by Allianz SE (the "**Programme**").

The Notes are governed by the laws of the Federal Republic of Germany ("**Germany**").

The Notes will bear interest from and including the Issue Date to but excluding 30 January 2029 (the "**First Call Date**") at a rate of 5.10 per cent. per annum, scheduled to be paid semi-annually in arrear on 30 January and 30 July in each year, commencing on 30 July 2017 (long first coupon). Thereafter, unless previously redeemed, the Notes will bear interest at a rate of 3.697 per cent. per annum above the 3-months U.S. dollar LIBOR being the London inter-bank offered rate for three-month U.S. dollar deposits, scheduled to be paid quarterly in arrear on 30 January, 30 April, 30 July and 30 October in each year (each a "**Floating Interest Payment Date**"), commencing on 30 April 2029.

Under certain circumstances described in § 3.2 of the Terms and Conditions of the Notes (the "**Terms and Conditions**"), interest payments on the Notes may be deferred at the option of the Issuer or will be required to be deferred.

The Notes are scheduled to be redeemed at the Redemption Amount (as defined in the Terms and Conditions) on the Floating Interest Rate Payment Date falling on or nearest to 30 January 2049, provided that on such date the Conditions to Redemption and Repurchase (as defined in the Terms and Conditions) are fulfilled. If this is not the case, the Notes will be redeemed only in the circumstances described in the definition of the term Final Maturity Date (as defined in the Terms and Conditions) on the Final Maturity Date. Under certain circumstances described in § 4 of the Terms and Conditions, the Notes may be subject to early redemption.

This prospectus in respect of the Notes (the "**Prospectus**") constitutes a prospectus within the meaning of Article 5.3 of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003 (as amended, inter alia, by Directive 2010/73/EU) (the "**Prospectus Directive**"). This Prospectus will be published in electronic form together with all documents incorporated by reference on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

This Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") of the Grand Duchy of Luxembourg in its capacity as competent supervisory authority under the Luxembourg act relating to prospectuses for securities (loi relative aux prospectus pour valeurs mobilières) dated 10 July 2005 which implements the Prospectus Directive into Luxembourg law, as amended (the "**Luxembourg Prospectus Law**"). By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial opportuneness of the transaction and the quality or solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Prospectus Law. The Issuer may request the CSSF to provide competent supervisory authorities in host Member States within the European Economic Area with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Luxembourg Prospectus Law.

Application has been made to the Luxembourg Stock Exchange for the Notes to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market "Bourse de Luxembourg", appearing on the list of regulated markets issued by the European Commission. The Luxembourg Stock Exchange's regulated market is a Regulated Market for the purposes of the Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The Notes were initially represented by a temporary global note in bearer form (the "**Temporary Global Note**") and are now represented by a permanent global note (the "**Permanent Global Note**"). The Global Notes are deposited with a depository common to Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking société anonyme ("**Clearstream, Luxembourg**").

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference" below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States, and trading in the Notes has not been approved by the U.S. Commodity Futures Trading Commission under the U.S. Commodity Exchange Act, as amended. The Notes will be issued in bearer form and are subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")).

The Notes are being offered and sold outside the United States to non-U.S. persons and may not be legally or beneficially owned at any time by any U.S. person (as defined in the US Internal Revenue Code of 1986, as amended and regulations thereunder).

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any Notes.

This Prospectus may only be used for the purpose for which it has been published.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus. This Prospectus identifies in general terms certain information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in any Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on the specific terms of the Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult its financial adviser on the suitability of the Notes prior to deciding to make an investment.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to "EUR", "euro" and "€" are to the currency introduced at the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, and references to "US\$", "USD" and "U.S. dollars" are to the currency of the United States of America.

**Cautionary note regarding forward-looking statements**

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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## RISK FACTORS

The following is a description of the material risk factors in relation to Allianz SE as Issuer and in relation to the Notes. The realisation of any of the risks described below may affect the ability of Allianz SE to fulfil its obligations as Issuer and/or may adversely affect the market price of Notes and can lead to losses for the holders of the Notes (the "**Noteholders**"). As a result, investors are exposed to the risk of losing their investment in whole or in part. Additional risks not included in the risk factors below, e.g., because they are now immaterial or not currently known to Allianz SE or Allianz Group, may result in material risks in the future. Investors should be aware that the Issuer as the ultimate parent of the Allianz Group may face the same risks as the Allianz Group.

Words and expressions defined in the Terms and Conditions shall have the same meanings in this section.

### **Risk factors relating to Allianz SE/Allianz Group**

#### **Risks arising from the financial markets**

***The market expectations as to prospects and the profitability of Allianz SE have been and may continue to be volatile.***

The market expectations as to prospects and the profitability of Allianz SE have been volatile in the past and may continue to be affected in particular in the wake of the ongoing expansive monetary policy, with the resulting historically low interest rates and risk premia as well as challenges of implementing long term structural reforms in key Eurozone countries. Persisting geopolitical risks including the conflicts in the Middle East and political uncertainty may add to this volatility, as may the occurrence of natural catastrophes. Factors other than the Allianz Group's financial results that may affect the market expectations as to Allianz SE's prospects and profitability include but are not limited to: market expectations of the performance and capital adequacy of financial institutions generally; investor perception of and the actual performance of other financial institutions; investor perception of the success and impact of the Allianz Group's strategy; a downgrade or rumored downgrade of the Allianz Group companies' credit ratings; potential litigation or regulatory action involving the Allianz Group or any of the industries the Allianz Group has exposure to through the Allianz Group's insurance, asset management and corporate and other activities; announcements concerning the bankruptcy or other similar reorganization proceedings involving, or any investigations into the accounting practices of, any insurance or reinsurance companies, banks or asset management companies outside the Allianz Group; and general market volatility and liquidity conditions.

***The Allianz Group's financial condition, liquidity needs, access to capital and cost of capital may be significantly affected by adverse developments in the capital and credit markets.***

The availability of liquidity and credit capacity for certain issuers may be constrained, in particular if the capital and credit markets experience extreme volatility and disruption. The ability of the Allianz Group to meet its financing needs depends on the availability of funds in the international capital markets. The financing of the Allianz Group's activities includes, among other means, funding through commercial paper facilities and medium- and long-term debt issuances. A break-

down of such markets such as in the last global financial crisis could have a materially adverse impact on the availability and cost of funding as well as on the refinancing structure of the Allianz Group. The availability of financing will depend on a variety of factors such as market conditions, the general availability of credit, the volume of trading activities, the overall availability of credit to the financial services industry, the credit ratings and credit capacity of the Allianz Group companies as well as the possibility that customers or lenders could develop a negative perception of the Allianz Group's long- or short-term financial prospects if the Allianz Group companies incur large investment losses or if the level of the Allianz Group's business activity decreases due to a market downturn. Similarly, the Allianz Group's access to funds may be impaired if regulatory authorities or rating agencies take negative actions against the Allianz Group companies. The Allianz Group's internal sources of liquidity may prove to be insufficient, in which case the Allianz Group may not be able to successfully obtain additional financing on favourable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Allianz Group's access to capital required to operate its business, most significantly the insurance operations. Such market conditions may limit the Allianz Group's ability to replace, in a timely manner, maturing liabilities; satisfy regulatory capital requirements; generate fee income and market-related revenue to meet liquidity needs; and access the capital necessary to grow its business. As such, the Allianz Group may be forced to delay raising capital, issue shorter tenor securities than preferred, or bear an unattractive cost of capital, any of which could decrease the Allianz Group's profitability and significantly reduce the Allianz Group's financial flexibility. The Allianz Group's results of operations, financial condition and regulatory capital position could be materially adversely affected by disruptions in the financial markets.

***As in the last global financial crisis the Allianz Group may be adversely affected by the development of the global economy in general and global financial markets in particular. The Allianz Group's management cannot assess how the global economy and the global capital markets will develop in the future.***

The Allianz Group's financial results are, amongst others, subject to market risk. Risk can arise, among others, from adverse changes in interest rates, credit spreads, foreign exchange rates, equity and real estate prices and other relevant parameters such as market volatility. For example, the last crisis in the North American mortgage market and the subsequent crisis in the global financial markets led to a re-evaluation of risks. Similarly, the Euro zone sovereign debt crisis and concerns over the viability of the European Union have further increased uncertainties in the financial markets which was demonstrated by an increased probability of default for many asset classes, including sovereign debt, resulting in a multitude of credit rating downgrades and widening credit spreads. At the same time, liquidity in the markets for certain assets fell substantially in the mentioned examples making it difficult to sell those assets at reasonable prices.

While the risks to the global economy are still substantial, the market continues to be concerned about a potential increase in inflation, sudden changes in monetary policy, rising unemployment, limited availability and higher cost of credit, renewed pressure on real estate and mortgage

markets, sovereign indebtedness in many developed countries, particularly the Eurozone and the United States, as well as geopolitical and other risks. As a consequence, volatility may increase and the prospects for the global economy and global capital markets remain challenging. There is the risk that global economic growth remains subdued or even turns into a recession.

Within the eurozone adverse scenarios being driven by the uncertainty surrounding the European sovereign debt crisis might lead to a Euro crisis. The sovereign debt-related difficulties in several eurozone countries continue together with the risk of contagion to other more stable countries, particularly France and Germany. To address the high levels of public debt, many countries are curbing their government spending, thereby negatively affecting their respective gross domestic products. Rising populism and the effect of forthcoming major elections in the Eurozone is contributing to political uncertainty which could lead to heightened volatility in financial markets. This situation has also raised a number of questions regarding the stability and overall standing of the eurozone, raising questions regarding the potential reintroduction of national currencies in one or more eurozone countries or, in particularly dire circumstances, the abandonment of the Euro. An exit of one or more member states of the eurozone may have unpredictable impacts on the financial system as well as the general economic development, which in turn may lead to a decreased level of business activity, the depreciation of assets and thus to losses in all areas of operation of Allianz Group. Also a lacking consistent European approach to address the current refugee crisis on a sustainable basis as well as a looming banking crisis in Italy indicated by weak asset quality and the need to raise new capital with potential negative effects on markets is contributing to this uncertainty.

One specific risk scenario to consider is the future development after the Brexit referendum. Financial markets, especially on the equity side, have significantly recovered since the "leave" vote. Nevertheless, market movements will be highly dependent on the negotiations between Britain and the EU whose outcome is still very uncertain. As negotiations may take two years or more, markets might be confronted with a prolonged period of uncertainty, which can lead to sporadically occurring adverse market developments depending on the status of negotiations. There are several unfavorable outcomes that might trigger or accelerate adverse market movements. For example, the outcome of negotiations may negatively affect the economy in Britain or that of its European trade partners and may severely impact the rules for the financial industry in London potentially accompanied by a new Scottish independent referendum. Conversely, the final result may be seen as an incentive for other European countries to follow the British example, in which case there might be spill-over effects to other countries.

The occurrence of such adverse scenarios or another adverse event might result in higher levels of financial market volatility, especially in the equity and foreign exchange markets, lower interest rates due to monetary policy response, increased challenges in the banking sector, including bank run scenarios, where large number of customers withdraw their deposits, as well as bond impairments and increased bond spreads due to a flight to quality and other difficult to predict spill-over effects. Since the Allianz Group has a significant part of its business and investment exposures in countries that might be affected by a contagion of a sovereign debt crisis, especially

in Italy and Spain, the occurrence of any such adverse scenarios would most likely have unforeseeable adverse impacts on the Allianz Group's business and financial position.

Factors such as consumer spending, investments, government spending, the volatility and strength of the capital markets, inflation and others affect the business and economic environment and, ultimately, the profitability of the Allianz Group. In an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower levels of investments and consumer spending, the demand for the Allianz Group's financial and insurance products could be adversely affected. In addition, the Allianz Group may experience an elevated incidence of claims and lapses or surrenders of policies. The Allianz Group's policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. Also, a spike in inflation without a corresponding increase in interest rates may negatively affect the Allianz Group's Property-Casualty business. Moreover, the Allianz Group companies are a significant writer of unit-linked and other investment-oriented products, for which sales could decrease due to customer concerns regarding their exposure to the financial markets. Adverse changes in the economy could affect the Allianz Group's earnings negatively and could have a material adverse effect on the Allianz Group's business and its financial condition, including shareholders' equity.

The financial results of the Allianz Group may again come under pressure. The Allianz Group's management cannot assess how the global economy and the global financial markets will develop in the future.

***Interest rate volatility and persisting low interest rates may adversely affect the Allianz Group's results of operations and economic capitalization.***

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term rates, and the prospect of enduring negative rates) may adversely affect the Allianz Group's insurance, asset management, corporate and other results.

Over the past several years and in particular during the global financial and European sovereign debt crisis as well as driven by ongoing quantitative easing by the ECB to address the weak economic development, movements in both short- and long-term interest rates have affected the level and timing of recognition of gains and losses on securities held in the Allianz Group's various investment portfolios. An increase in interest rates could substantially decrease the value of the Allianz Group's fixed-income portfolio, and any unexpected change in interest rates could materially adversely affect the Allianz Group's bond and interest rate derivative positions.

Assets and liabilities from a Group perspective are not necessarily matched in terms of interest rate sensitivities and therefore any big unexpected change in interest rates could materially adversely affect the Allianz Group's bond and interest rate derivative positions and the fair value of liabilities. A change in prevailing interest rates may accordingly have a negative impact on the capitalization of the Allianz Group.

Results of the Allianz Group's asset management business may also be affected by movements in interest rates, as management fees are generally based on the value of assets under management, which fluctuate with changes in the level of interest rates.



Changes in interest rates will impact the Allianz Group's Life/Health business to the extent they result in changes to current interest income, impact the value of the Allianz Group's fixed-income portfolio and the fair value of the liabilities and affect the levels of new product sales or surrenders of business in force. Reductions in the effective investment income below the rates prevailing at the issue date of the policy, or below the long-term guarantees in countries such as Germany and Switzerland, would reduce the profit margins or lead to losses on the Life/Health insurance business written by the Allianz Group's Life/Health subsidiaries to the extent the maturity composition of the assets does not match the maturity composition of the insurance obligations they are backing. In particular, if low interest rates persist, the effective investment income will be negatively impacted over a longer period. Similarly, reductions in the effective investment income of the fixed income trust assets backing the Allianz Group's pension reserves may lead to deficits of the internal pension plans, and these deficits would have to be covered by the Allianz Group. Interest rate volatility risk could substantially impact the economic capitalization in a low interest rate environment, as long term guarantees in Life/Health business increase in value.

***The Allianz Group is exposed to significant market risks that could impair the value of the Allianz Group's portfolio and adversely impact the Allianz Group's financial position and results of operations.***

The Allianz Group holds a significant equity portfolio, which represented approximately 7.6% of the Allianz Group's financial assets as of 31 December 2016 (as of 31 December 2015: 7.1%), excluding financial assets and liabilities carried at fair value through income. Volatility in equity markets affects the market value and liquidity of these holdings. The Allianz Group also has real estate holdings in its investment portfolio, the value of which is likewise exposed to changes in real estate market prices and volatility. Most of the Allianz Group's financial assets and liabilities are recorded at fair value, including trading assets and liabilities, financial assets and liabilities designated at fair value through income, and securities available-for-sale. Changes in the value of securities held for trading purposes and financial assets designated at fair value through income are recorded through the Allianz Group's consolidated income statement. Changes in the market value of securities available-for-sale are recorded directly in the Allianz Group's consolidated shareholders' equity. Available-for-sale equity and fixed income securities, as well as securities classified as held-to-maturity, are reviewed regularly for impairment, with write-downs to fair value charged to income if there is objective evidence that the cost may not be recovered. The Allianz Group holds interests in a number of financial institutions as part of its portfolios, which are particularly exposed to uncertain market conditions affecting the financial services sector generally.

In prior years the Allianz Group has incurred significant impairments on the value of the securities and other financial assets that it holds and there is the risk that the Allianz Group will recognize significant impairments in the future, which may have an adverse effect on the Allianz Group's earnings and on the Allianz Group's business and its financial condition.

***The Allianz Group has significant counterparty risk exposure, which could adversely affect the Allianz Group.***

The Allianz Group companies are subject to a variety of counterparty risks, arising from its fixed income investments, cash positions, derivatives, structured transactions, receivables from Allianz agents and other debtors as well as reinsurance recoverables. The Allianz Group's credit insurance activities also expose the Allianz Group to counterparty risk.

Credit Risks: Third parties that owe the Allianz Group companies money, securities or other assets may not pay or perform under their obligations. These parties include the issuers whose securities the Allianz Group companies hold, borrowers under loans made, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. As a result, defaults by one or more of these parties on their obligations to the Allianz Group companies due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons, or even rumors about potential defaults by one or more of these parties or regarding the financial services industry generally, could lead to losses or defaults by the Allianz Group companies or by other institutions. In addition, with respect to secured transactions, the Allianz Group companies' credit risk may be exacerbated when the collateral held by them cannot be realized or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure. The Allianz Group companies also have exposure to a number of financial institutions in the form of unsecured debt instruments, derivative transactions and equity investments. Losses on or impairments to the carrying value of these assets may materially and adversely affect the Allianz Group's business or results of operations.

Credit Risks - Reinsurance: The Allianz Group transfers exposure to certain risks in the Property-Casualty and Life/Health insurance businesses to others through reinsurance arrangements. Under these arrangements, other insurers assume a portion of the Allianz Group's losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Any decrease in the amount of the Allianz Group's reinsurance will increase its risk of loss. When the Allianz Group companies obtain reinsurance, they are still liable for those transferred risks if the reinsurer cannot meet its obligations. Accordingly, the Allianz Group bears credit risk with respect to these reinsurers. Therefore, the inability or unwillingness of one or more of the Allianz Group's reinsurance partners to meet their financial obligations, or the insolvency of the Allianz Group's reinsurance partners, could materially affect the Allianz Group's results of operations. Although the Allianz Group conducts periodic reviews of the financial statements and reputations of its reinsurance partners, including, and as appropriate, requiring letters of credit, deposits or other financial measures to further minimize its exposure to credit risk, reinsurers may become financially unsound by the time they are called upon to pay amounts due.

Credit Risk – Credit Insurance: Credit risk arises from potential claim payments on limits granted by Euler Hermes S.A. and its subsidiaries (Euler Hermes) to its policyholders. Euler Hermes S.A. is an indirect subsidiary of Allianz SE. Euler Hermes protects its policyholders (partially) from credit

risk associated with short-term trade credits advanced to clients of the policyholder. If the creditworthiness of the client of the policyholder deteriorates (up to default) such that the client is unable to meet its payment obligations, then Euler Hermes indemnifies the loss to the policyholder.

***Changes in value relative to the Euro of non-Euro zone currencies in which the Allianz Group generates revenues and incurs expenses could adversely affect the Allianz Group's reported earnings and cash flow.***

The Allianz Group prepares its consolidated financial statements in Euro. However, a significant portion of the revenues and expenses from the Allianz Group companies outside the Euro zone, including in the United States, Switzerland and the United Kingdom, originates in currencies other than the Euro. In the fiscal year 2016 approximately 33.8% (fiscal year 2015: 34.8%) of the Allianz Group's gross premiums written in the Property-Casualty segment and 32.5% (fiscal year 2015: 31.8%) of the statutory premiums in the Life/Health segment originated in currencies other than the Euro. Furthermore, as of 31 December 2016, 55.0% (as of 31 December 2015: 56.0%) of the third-party assets under management in the Asset Management segment were managed by asset management companies located in the United States.

As a result, although the Allianz Group's non-Euro zone subsidiaries generally record their revenues and expenses in the same currency, changes in the exchange rates used to translate foreign currencies into Euro may adversely affect the Allianz Group's results of operations.

#### **Risks arising from the nature of the Allianz Group's business**

***Loss reserves for the Allianz Group's Property-Casualty insurance and reinsurance policies are based on estimates as to claims liabilities. Adverse developments relating to claims could lead to further reserve additions and materially adversely impact the Allianz Group's results of operations.***

In accordance with industry practice and accounting and regulatory requirements, the Allianz Group establishes reserves for losses and loss adjustment expenses related to its Property-Casualty insurance and reinsurance businesses, including Property-Casualty business in run-off.

Reserves are based on estimates of future payments that will be made in respect of claims, including expenses relating to such claims. Such estimates are made both on a case-by-case basis as well as in respect of losses that have been incurred but not reported ("IBNR") to the Allianz Group. These reserves represent the estimated ultimate cost necessary to bring all pending reported and IBNR claims to final settlement.

Reserves are subject to change due to a number of variables that affect the ultimate cost of claims, such as exchange rates, changes in the legal environment and results of litigation as well as effects closely related to (super-imposed-) inflation that may adversely affect costs of repairs and medical costs. The Allianz Group's reserves for asbestos and environmental and other latent claims are particularly subject to such variables.

Established loss reserves estimates are periodically adjusted in the ordinary course of settlement, using the most current information available to management, and any adjustments resulting from changes in reserve estimates are reflected in current results of operations.

To the extent that the Allianz Group's actual claims experience is less favorable than the underlying assumptions used in setting the prices for products and establishing reserves, the Allianz Group may be required to increase its reserves, which may materially adversely affect its results of operations.

On a quarterly basis, Allianz Group monitors reserve levels, movements and trends. This monitoring is conducted on the basis of quarterly data submitted by the subsidiaries as well as through frequent dialogue with local actuaries. However, ultimate losses may materially exceed the established reserves and have a material adverse effect on the Allianz Group's result of operations.

***Actuarial experience and other factors could differ from that assumed in the calculation of Life/Health actuarial reserves and pension liabilities.***

The assumptions the Allianz Group makes in assessing its Life/Health insurance reserves may differ from what the Allianz Group may experience in the future. The Allianz Group derives its Life/Health insurance reserves using "best estimate" actuarial practices and assumptions. These assumptions include the assessment of the long-term development of interest rates, investment returns, the allocation of investments between equity, fixed-income and other categories, policyholder bonus rates (some of which are guaranteed), mortality and morbidity rates, policyholder lapses and future expense levels. The Allianz Group monitors its actual experience of these assumptions, and to the extent that it considers that this experience will continue in the longer term it refines its long-term assumptions. Similarly, estimates of the Allianz Group's own pension obligations necessarily depend on assumptions concerning future actuarial, demographic, macroeconomic and financial markets developments. Changes in any such assumptions may lead to changes in the estimates of Life/Health insurance reserves or pension obligations.

The Allianz Group companies have a significant portfolio of contracts with guaranteed investment returns, including endowment and annuity products for the German market as well as certain guaranteed contracts in other markets. The amounts payable by the Allianz Group companies at maturity of an endowment policy in Germany and in certain other markets include a "guaranteed benefit", an amount that, in practice, is equal to a legally mandated minimum rate of return on actuarial reserves. If interest rates further decline or remain at historically low levels for a long period, the Allianz Group could be required to provide additional funds to the Allianz Group's Life/Health subsidiaries to support their obligations in respect of products with higher guaranteed returns or their pension obligations, or increase reserves in respect of such products, which could in turn have a material adverse effect on the Allianz Group's results of operations.

In the United States, in particular in the variable and fixed-indexed annuity products, and to a lesser extent in Europe and Asia, the Allianz Group has a portfolio of contracts where policyholder crediting is contractually tied to equity market performance. The hedging arrangements (if any) may not cover the returns due to policyholders, which could in turn have a material adverse effect on the Allianz Group's results of operations.

***If the Allianz Group's asset management business underperforms, it may experience a decline in assets under management, related fee income and a reduction of performance fees.***

While the assets under management in the Allianz Group's Asset Management segment include a significant amount of funds related to the Allianz Group's insurance operations, third-party assets under management ("AUM") represent the majority.

Results of the Allianz Group's asset management activities are driven by variations in management and performance fees. Background for such variations may be AUM-movements which are induced by valuation changes resulting from market movements. In addition, AUM may fluctuate due to net flows which can be attributed to the relative performance of Allianz Group's investment activities compared to competitors and benchmarks. Moreover, the result of Allianz Group's asset management business can potentially be impacted by adverse credit or operational loss events, if any.

***Intense competition in the German market as well as in other markets could materially adversely affect the Allianz Group's revenues and profitability.***

The markets in which the Allianz Group operates are generally quite competitive. This basically applies to all of the Allianz Group's primary business areas, i.e. insurance, asset management and banking businesses.

In particular, the Allianz Group's more mature insurance markets (e.g. Germany, France, Italy and the United States) are highly competitive. In recent years, the Allianz Group has also experienced increasing competition in emerging markets, as large insurance companies and other financial services providers have also entered these markets to participate in their high growth potential. In addition, local institutions have become more experienced and have established strategic relationships, alliances or mergers also with the Allianz Group's competitors. Downturns in the economies of these markets might even increase the competitive pressure, potentially resulting in lower margins or business volumes for the Allianz Group.

If the Allianz Group fails to offer attractive products and services suitable to customers' needs, revenues could be materially adversely affected and the Allianz Group may lose market shares in important areas of the Allianz Group's business, which might also have a material adverse impact on the Allianz Group. In addition, ongoing pricing pressure in certain highly competitive markets may negatively impact the Allianz Group's profitability.

#### **Risks arising from the environment and the geopolitical situation**

***The Allianz Group's financial results may be materially adversely affected by the occurrence of natural catastrophes and man-made disasters (including acts of terrorism).***

Allianz Group's Property-Casualty insurance covers to a large extent losses from major unpredictable events like natural catastrophes (e.g. hurricanes, earthquakes, floods) and man-made events (e.g. fires, industrial explosions) but also acts of terror. The likelihood of such events can change due to natural climate cycles, changes in the portfolios, but also through a changing market or geopolitical environment. Consequently, the geopolitical tensions in the Middle East with the subsequent immigration wave, terror acts such as in Paris or Nice or growing tensions

between Russia and the United States as well as other countries may increase the risk of terror losses significantly in some regions. Also increasing urbanization and increasing concentration of industrial facilities in natural catastrophe prone regions has increased losses over the past years, a trend that is expected to continue. In addition, increasing digitalization introduces new risks in regards to Cybercrime, i.e. manipulation of software or loss of sensitive data. However, the incidence and severity of all these catastrophes in any given period are inherently unpredictable. All risk models are subject to uncertainty arising from both scientific and management assumptions as well as underlying data.

The Allianz Group monitors its overall exposure to catastrophes and other unpredictable events in each geographic region and each of the Allianz Group's subsidiaries within the Allianz Group's limit framework. In addition, local entities have implemented their own underwriting limits related to insurance coverage for losses from catastrophic events. However, a series of unlikely catastrophes in a year may result in unusually high levels of losses with a material adverse effect on the Allianz Group's financial position or results of operations.

Furthermore, the occurrence of extreme large scale natural catastrophes, pandemics and man-made disasters (e.g. terror events) can have a negative impact on local or even global economy in general, and capital markets in particular, and thus also on the Allianz Group's financial position and results of operations.

***Increased geopolitical risks following the terrorist attack of 11 September 2001, and any future terrorist attacks, could have a continuing negative impact on the Allianz Group's businesses.***

After 11 September 2001, several terror insurance pools have been set up and reinsurers generally either put terrorism exclusions into their policies or drastically increased the price for such coverage. Although the Allianz Group companies have attempted to minimize terrorist coverage in policies they write, this has not been possible in all cases, including as a result of legislative developments such as the Terrorism Risk Insurance Program Reauthorization Act in the United States.

Furthermore, geopolitical risks have increased, in particular in the Middle East and the growing tension between Russia and the United States as well as other western countries. In case of an escalation to global scale it may also lead to an impact on global financial markets and thereby affect Allianz's portfolio negatively even without direct exposure to the originating region.

The Allianz Group monitors its overall exposure to terror and man-made catastrophes in each geographic region and each of the Allianz Group's subsidiaries within the Allianz Group's limit framework. However, a series of unlikely terror and man-made catastrophes in a year may result in unusually high levels of losses with a material adverse effect on the Allianz Group's financial position or results of operations.

## Risks arising from legal and regulatory conditions

### ***Solvency II introduces a new regulatory framework for insurance companies with increased regulatory requirements (including own funds and governance).***

Effective from 1 January 2016, the EU member states implemented wide-ranging amendments to the existing regulatory framework applicable to insurance and re-insurance companies. The new framework (commonly referred to as "**Solvency II**") introduced new regulatory requirements as to own funds, the calculation of technical provisions, valuation of assets and liabilities, governance, regulatory reporting and disclosure. Solvency II is based on Directive 2009/138/EC (as amended). The (partial) internal model<sup>1</sup> that has been developed and implemented by the Allianz Group to assess its solvency capital requirements under the Solvency II regime was initially approved by the supervisory authorities in November 2015. However, the model is under continuous review, and changes and amendments to the model may adversely affect our solvency ratios.

Directive 2009/138/EC, together with accompanying legal acts such as Commission Delegated Regulation 2015/35 and national legislation implementing these changes, create a stricter and more comprehensive regulatory framework (compared to the previous supervisory and solvency regime) for insurance and re-insurance companies within the EU. In any case, the Solvency II regime leads to higher volatility in solvency ratios compared to Solvency I due to the market value balance sheet approach. In particular, our solvency ratios may be negatively impacted by adverse capital market conditions. Also, the complexity of the calculations required to determine our solvency ratios implies that, for any given moment, solvency ratios can only be determined with some delay and that it is not possible to predict future development of solvency ratios with any precision.

There is a risk that under Solvency II, instruments issued by the Issuer or Allianz Group will not or will cease to be (fully or partly) eligible as own funds and that total own funds will not be sufficient to comply with the increased capital requirements under Solvency II. In such cases, the Issuer might have to replace existing instruments and/or issue additional instruments or otherwise raise capital eligible as own funds. There is a risk that refinancing existing debt or raising additional capital would be expensive, difficult or impossible on adequate terms, which could have a material adverse effect on the Issuer and/or Allianz Group, including its business and financial condition.

In the event of a failure by the Issuer or Allianz Group to meet regulatory capital requirements, regulators have broad authority to take various regulatory actions including limiting or prohibiting the writing of new business, and prohibiting payment of dividends or coupon payments. A breach of regulatory capital requirements or a reduction of solvency ratios may result in the Issuer injecting new capital into its subsidiaries which could in turn adversely affect the Issuer's liquidity and financial position. Regulatory restrictions can reduce the Issuer's ability to move capital within Allianz Group which in turn can adversely affect the liquidity and financial position of the

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<sup>1</sup> From a formalistic perspective, the German Supervisory Authority deems Allianz Group's model to be 'partial' because it does not cover all of Allianz Group's operations: some of Allianz Group's smaller operations report under the standard model and others under the deduction and aggregation method.

Issuer and Allianz Group. Under the Solvency II regime, the powers of intervention of the supervisory authority with respect to reinsurers like Allianz SE are extended and, in particular, allow for a restriction on all payments (in particular, payments under the Notes) at an earlier stage of a potential crisis.

***Changes in existing, or new, government laws and regulations, or enforcement initiatives in respect thereof, in the countries in which the Allianz Group companies operate may materially impact the Allianz Group and could adversely affect the Allianz Group's business.***

The Allianz Group's insurance, asset management and banking businesses as well as the financial steering activities of Allianz SE and sub-holding companies are subject to detailed, comprehensive laws and regulations as well as supervision in all the countries in which the Allianz Group companies do business. Regulatory authorities have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, "know your customer" rules, privacy, record keeping, and marketing and selling practices. Insurance, banking and other financial services laws, regulations and policies currently governing Allianz SE and its subsidiaries may change at any time in ways which have an adverse effect on the Allianz Group's business.

Changes in existing laws and regulations, or in their interpretation by the authorities, may affect Allianz Group's tax burden, its capital requirements, the way in which the Allianz Group companies conduct their business and the products they may offer. Furthermore, in reaction to the crisis in the global financial markets, many countries' governments and regulators have introduced various rescue schemes for the financial sector. The impact of certain of these schemes may negatively affect the value of the securities of companies participating in these programs and thus have an adverse effect on the Allianz Group companies as a holder of certain of these securities in their investment portfolios.

In the same context, governments, regulatory authorities and others have made and continue to make proposals to reform the regulatory framework for the financial services industry to enhance its resilience against future crises. Proposals include, among others, requests for more stringent regulatory capital and liquidity standards, regulation of specific types of business perceived as particularly dangerous, and expansion of the resolution powers of regulators. It is possible that the future regulatory framework for the financial industry may change. This is also due to the fact that the Allianz Group has been designated as a "Global Systemically Important Insurer" by the Financial Stability Board and will be subject to the respective policy measures which may apply to such groups. In addition, it is unclear how the Common Framework for the Supervision of Internationally Active Insurance Groups ("**Comframe**") which is currently being developed by the International Association of Insurance Supervisors ("**IAIS**") will be implemented. Effects of the regulatory changes on the Allianz Group may range from additional administrative cost to implement and comply with new rules to increased cost of capital and a materially adverse effect on the Allianz Group's business, results of operation and prospects. The future capital requirements applicable for Global Systemically Important Insurers ("G-SIIs") are still not finalized, resulting in some uncertainty in terms of the ultimate capital requirements for Allianz Group.



Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational complexity and costs.

Furthermore, changes to tax laws may affect the attractiveness of certain of the Allianz Group's products that currently receive favourable tax treatment. Governments in jurisdictions in which the Allianz Group does business may consider changes to tax laws that could adversely affect such existing tax advantages, and if enacted, could result in a significant reduction in the sale of such products.

***The Allianz Group's business may be negatively affected by adverse publicity, regulatory actions or litigation with respect to the Allianz Group, other well-known companies and the financial services industry generally.***

Adverse publicity and damage to the Allianz Group's reputation might arise from financial reporting irregularities or compliance irregularities, data protection irregularities, involving Allianz Group or other large and well-known companies, increasing regulatory and law enforcement scrutiny of "know your customer", anti-money laundering and anti-terrorist-financing procedures and their effectiveness, and regulatory investigations of the asset management, banking and insurance industries. Any of the above could also lead to increased regulatory supervision, affect the Allianz Group's ability to attract and retain customers, impair access to the capital markets or have other adverse effects on the Allianz Group in ways that are not predictable.

#### **Other risks**

***Many of the Allianz Group's businesses are dependent on the financial strength and credit ratings assigned to the Allianz Group companies and their businesses by various rating agencies. Therefore, a downgrade in their ratings may materially adversely affect relationships with customers and intermediaries, negatively impact sales of their products and increase their cost of borrowing.***

Claims paying ability and financial strength ratings are each a factor in establishing the competitive position of insurers. Allianz SE's financial strength rating has a significant impact on the individual ratings of key subsidiaries. If a rating of certain subsidiaries falls below a certain threshold, the respective operating business may be significantly impacted. A ratings downgrade, or the potential for such a downgrade, of the Allianz Group or any of its insurance subsidiaries could, among other things, adversely affect relationships with agents, brokers and other distributors of the Allianz Group's products and services, thereby negatively impacting new sales, adversely affect the Allianz Group's ability to compete in the respective markets and increase the cost of borrowing. In particular, in those countries where primary distribution of the Allianz Group's products is done through independent agents, future ratings downgrades could adversely impact sales of the life insurance and annuity products. Any future ratings downgrades could also materially adversely affect the cost of raising capital and could, in addition, give rise to additional financial obligations or accelerate existing financial obligations which are dependent on maintaining specified rating levels.

Rating agencies can be expected to continue to monitor the Allianz Group's financial strength and claims paying ability. Future ratings downgrades may occur at any time, whether due to changes

in the Allianz Group's performance, its regulatory capital position, changes in the rating agencies' industry views or ratings methodologies, or a combination of these and other factors.

***Market and other factors could adversely affect goodwill, deferred policy acquisition costs and deferred tax assets; the Allianz Group's deferred tax assets are also potentially impacted by changes in tax legislation.***

Business and market conditions may impact the amount of goodwill the Allianz Group carries in its consolidated financial statements. As of 31 December 2016, the Allianz Group has recorded goodwill in an aggregate amount of EUR 12,372 million, of which EUR 7,702 million related to its asset management business, and EUR 4,670 million related to its insurance business.

As the value of certain parts of the Allianz Group's businesses, including in particular the Allianz Group's asset management business, are significantly impacted by such factors as the state of financial markets and ongoing operating performance, significant declines in financial markets or operating performance could also result in impairment of other goodwill carried by the Allianz Group companies and result in significant write-downs, which could be material. No impairments were recorded for goodwill in fiscal year 2016.

The assumptions the Allianz Group made with respect to recoverability of deferred policy acquisition costs ("**DAC**") are also affected by such factors as operating performance and market conditions. DAC is incurred in connection with the production of new and renewal insurance business and is deferred and amortized generally in proportion to profits or to premium income expected to be generated over the life of the underlying policies, depending on the classification of the product. If the assumptions on which expected profits are based prove to be incorrect, it may be necessary to accelerate amortization of DAC, even to the extent of writing down DAC, which could materially adversely affect results of operations. No material write-downs were recorded for DAC in fiscal year 2016.

As of 31 December 2016, the Allianz Group reported deferred tax assets of EUR 1,003 million. The deferred tax assets before netting with deferred tax liabilities amounted to EUR 20,048 million. EUR 1,445 million thereof resulted from tax losses which are carried forward to future periods. The calculation of the respective tax assets and liabilities is based on current tax laws and IFRS and depends on applicable valuation parameters as well as on the performance of Allianz SE and of certain business units in particular.

Changes in German or other tax legislation or regulations or an operating performance below currently anticipated levels or any circumstances which result in an expiration of tax losses may lead to an impairment or revaluation of deferred tax assets, in which case the Allianz Group could be obligated to write-down certain tax assets. Tax assets may also need to be written down if certain assumptions of profitability prove to be incorrect, as losses incurred for longer than expected could make the usability of tax assets more unlikely. Any such development may have a material adverse impact on the Allianz Group's net income.

***Allianz SE has the contingent obligation to indemnify, under certain circumstances, the Federal Association of German Banks ("Bundesverband deutscher Banken e.V.") in connection with possible support measures for German banks of the Allianz Group.***

In accordance with the statutes of the Joint Fund for Securing Customer Deposits ("Einlagensicherungsfonds"), Allianz SE has undertaken to indemnify the "Bundesverband deutscher Banken e.V.", the deposit protection association of privately-held German banks, for any losses it may incur by reason of supporting measures taken in favor of the Oldenburgische Landesbank Aktiengesellschaft ("Oldenburgische Landesbank").

***Allianz may have increased obligations under the German policy holder protection scheme for life insurers (Protektor)***

Allianz is a member of the German policy holder protection scheme for life insurers ("Protektor"). In case of an adverse development of the situation of German life insurance companies outside Allianz Group, Allianz Group may be required, in line with German regulation and the contract between Allianz Group entities and Protektor, to make substantial contributions to Protektor that are considerably higher than at the current moment.

***The benefits that the Allianz Group may realize from acquisitions could be materially different from its expectations.***

A variety of factors that are partially or entirely beyond the Allianz Group's control could cause actual business results of the acquired undertakings being materially different from what was initially expected, and any synergies due to the acquisition, therefore, could, as a result, be materially smaller or realized at a later stage than initially expected.

***Operational risks may disrupt the Allianz Group's business.***

The Allianz Group is exposed to operational risks resulting from inadequate or failed internal processes, from personnel and systems, or from external events, such as interruption of business operations due to a break-down of electricity or a flood, damage caused by employee fraud or the losses caused by court cases. For example, the Allianz Group relies on complex IT-systems and could suffer financial losses, a disruption of its businesses, liabilities to clients, regulatory interventions or reputational damages in case of events such as operational errors, software and hardware errors, power blackouts, damage, computer viruses, terrorist or other acts of sabotage as well as other internal or external threats. Operational risks also include legal and compliance risks.

## **Risk factors relating to the Notes**

### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine whether or not the Notes represent a suitable investment in light of that investor's own circumstances. The Notes are only suitable for sophisticated investors that:

- (1) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Notes and the impact the Notes will have on their overall investment portfolio;
- (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (4) understand thoroughly the terms of the Notes and are familiar with the behaviour of any relevant indices, rates and financial markets; and
- (5) are able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect their investment and their ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally purchase complex financial instruments as part of a wider portfolio strategy rather than as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to their overall portfolios, and only after performing an intensive analysis of all involved risks. A potential investor should not invest in the Notes - which are complex financial instruments - unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

**Risks resulting from the Notes being structured to meet the criteria to qualify as regulatory capital (own funds) and as capital for rating agency purposes**

The Notes were issued to increase the Issuer's and Allianz Group's regulatory capital under Solvency II and are intended to qualify as capital for rating agency purposes. The Terms and Conditions of the Notes are structured accordingly, implying various risks for investors. In particular, there is the risk that the Issuer may be obliged to defer redemption of the Notes beyond the Scheduled Maturity Date (as defined below), or to defer payment of interest beyond the Interest Payment Date, whenever the Issuer or the Allianz Group does not meet regulatory capital requirements. Moreover, due to the subordination of the Notes there is a higher risk for investors to lose all or part of their investments.

**Maturity and postponement**

***Long-term securities***

The Notes are scheduled to be redeemed at par on the Floating Interest Rate Payment Date falling on or nearest to 30 January 2049 (the "**Scheduled Maturity Date**"), provided that on such date the Conditions to Redemption are fulfilled. Before that date, the Issuer has, under certain conditions, the right to redeem or repurchase the Notes, but is under no obligation to do so. Under the Terms and Conditions, the Noteholders have no right at any time to call the Notes for redemption.

***Redemption of the Notes may be delayed beyond the Scheduled Maturity Date for an indefinite period of time***

In any event, redemption as well as repurchase of the Notes are subject to the approval of the Competent Supervisory Authority and other Conditions to Redemption (as defined in the Terms and Conditions) being fulfilled. Where such conditions are not met, redemption may be delayed beyond the Scheduled Maturity date for an indefinite period of time. This may be the case, for example, if a Solvency Capital Event (as defined in the Terms and Conditions) occurs. Therefore, Noteholders may receive the amounts due upon redemption at a much later point in time than initially expected.

If the Notes are not redeemed on the Scheduled Maturity Date due to the reasons set out above, Noteholders will – subject to any compulsory or optional deferral – continue to receive interest, but will not receive any additional compensation for the postponement of the redemption.

***Redemption of the Notes may occur much earlier than expected***

At the Issuer's option and subject to the Conditions to Redemption, the Notes may be redeemed prior to the First Call Date at the Redemption Amount (as defined in the Terms and Conditions), if, as a result of a future change of the laws applicable in the Issuer's country of domicile for tax purposes, (i) the Issuer will be obligated to pay Additional Amounts (as defined in the Terms and Conditions), or (ii) interest payable by the Issuer in respect of the Notes is no longer fully deductible by the Issuer for its income tax purposes. The Notes may also be redeemed, subject to the Conditions to Redemption, at the Redemption Amount if (i) the Notes may no longer be recorded as liabilities on the consolidated balance sheet of the Issuer, (ii) the Notes fail to or cease to qualify as regulatory capital as intended upon issuance of the Notes, including as own funds for the capital adequacy for Internationally Active Insurance Groups ("IAIGs") and G-SIIs, or (iii) if the capital treatment assigned to the Notes worsens in the reasonable opinion of the Issuer, after a change in, or clarification to, the rating methodology (or the interpretation thereof) of Moody's Investors Services or Standard & Poor's Rating Services, a division of The McGraw Hill Companies, or any of their respective successors.

The Notes may also be redeemed at the option of the Issuer and subject to the Conditions to Redemption at their Redemption Amount on the First Call Date or on any Floating Interest Payment Date thereafter.

If the Notes are redeemed prior to the Scheduled Maturity Date, a Noteholder is exposed to the risk that due to the early redemption his investment will have a lower than expected yield and to the risks connected with any reinvestment of the cash proceeds received as a result of the early redemption. Noteholders will receive the Redemption Amount upon any early redemption. The Redemption Amount may be lower than the then prevailing market price of the Notes.

***Market expectations on the timing of the redemption***

Certain market expectations may exist among investors in the Notes with regard to the timing of the redemption. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

***Noteholders may have to return amounts redeemed otherwise than pursuant to the Terms and Conditions of the Notes***

If the Notes are redeemed otherwise than pursuant to § 4 and in accordance with § 2 of the Terms and Conditions, Noteholders may have to return amounts redeemed otherwise.

**Subordination**

The obligations under the Notes constitute unsecured obligations of the Issuer ranking pari passu among themselves. The obligations of the Issuer under the Notes rank subordinated to the Issuer's Senior Ranking Debt (as defined in the Terms and Conditions).

The terms of the Notes provide that the obligations of the Issuer under the Notes rank subordinated to all of the Issuer's (i) unsubordinated obligations, (ii) obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*), (iii) subordinated obligations ranking at least pari passu with the Issuer's obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code and (iv) subordinated obligations required to be preferred by mandatory provisions of law. In the event of liquidation, dissolution, insolvency, composition or other proceedings for the avoidance of insolvency of, or against the Issuer, the claims of the Noteholders under the Notes will be satisfied only after the claims of all holders of the Issuer's Senior Ranking Debt (as defined in the Terms and Conditions). In any such event, Noteholders will not receive any amounts payable in respect of the Notes until the claims of all holders of the Issuer's Senior Ranking Debt have first been satisfied in full.

The Noteholders must accept that, in the circumstances described above, (i) the Issuer will make payments in respect of the Notes only in accordance with the subordination described above, and (ii) the rights of the Noteholders under the Notes will be subject to the provisions of the insolvency laws applicable to the Issuer from time to time.

**Interest deferral**

Noteholders should be aware that, in certain cases, interest on the Notes will not be due and payable (*fällig*) on the scheduled Interest Payment Date (as defined in the Terms and Conditions), and that the payment of the resulting Arrears of Interest (as defined in the Terms and Conditions) is subject to certain further conditions, and that Arrears of Interest will not bear interest.

***Compulsory deferral of interest payments***

In case a Compulsory Deferral Event (as described in the Terms and Conditions) has occurred and is continuing on the relevant Interest Payment Date, interest which accrued during the period ending on but excluding such Interest Payment Date will not be due and payable (*fällig*) on that Interest Payment Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose. Interest deferred will constitute Arrears of Interest, with no certainty for Noteholders as to when these Arrears of Interest will be paid. Noteholders will not receive any additional interest or compensation for the compulsory deferral of interest payments. In particular, the resulting Arrears of Interest will not bear interest.

#### *Optional deferral of interest payments*

In case no Compulsory Deferral Event has occurred, the Issuer may elect in its discretion to defer the payment of accrued interest by giving not less than 10 and not more than 15 Business Days' prior notice to the Noteholders if during the six months before the relevant Interest Payment Date no Dividend Payment Event (as defined in the Terms and Conditions) has occurred. Such interest will not be due and payable (fällig) on that Interest Payment Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose. Interest deferred will constitute Arrears of Interest, with no certainty for Noteholders as to when these Arrears of Interest will be paid. Noteholders will not receive any additional interest or compensation for the optional deferral of interest payments. In particular, the resulting Arrears of Interest will not bear interest.

#### *Restrictions on payment of Arrears of Interest*

The Issuer will only be entitled to pay Arrears of Interest at any time if the Conditions to Settlement, as further described in the Terms and Conditions, are fulfilled with respect to such payment. These restrictions also apply in the case of a mandatory settlement of Arrears of Interest, as further described in the Terms and Conditions.

#### *Market Expectations on interest payments*

Certain market expectations may exist among investors in the Notes with regard to payment of interest. Should the Issuer's actions diverge from these expectations, or should the Issuer be prevented from meeting these expectations, this may adversely affect the market value of the Notes and/or their liquidity.

**In any case, there is a significant risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent.**

Investors are subject to the risk of the Issuer's partial or total failure to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. This may lead to the partial or total loss of the investor's investment in the Notes. This risk is aggravated by the fact that the Notes are unsecured and subordinated (see above, "**Subordination**").

#### **No express Events of Default**

The Noteholders should be aware that the Terms and Conditions do not contain any express events of default provision that would allow Noteholders to accelerate the Notes in case of the occurrence of an event of default.

#### **No limitation on issuing further debt and guarantees**

There is no restriction on the amount of debt or guarantees which the Issuer may issue ranking equal with or senior to the obligations under or in connection with the Notes. Such issuance of further debt and/or guarantees may reduce the amount recoverable by the Noteholders upon insolvency or winding-up of the Issuer. Furthermore, the issue of further debt and/or guarantees, whether equal, senior or junior ranking, may increase the likelihood that payments of the principal amount or interest under the Notes will be mandatorily deferred or may, in the case of interest payments, be deferred at the option of the Issuer.

**Liquidity risk**

There is currently no secondary market for the Notes. Application has been made for the Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. However, a liquid secondary market for the Notes may not develop or, if it does develop, it may not continue until the redemption of the Notes. In an illiquid market, an investor may not be able to sell his Notes at any time at fair market prices. The possibility to sell the Notes might additionally be restricted by country specific reasons.

**Fixed to Floating Rate Notes*****Fixed interest risks***

The Notes bear interest at a fixed rate from and including the Issue Date to but excluding the First Call Date.

During that time, Noteholders are exposed to the risk that the price of such Notes may fall because of changes in the market yield. While the nominal interest rate (i.e. the coupon) of the Notes is fixed until, but excluding, the First Call Date, the market yield typically changes on a daily basis. As the market yield changes, the price of the Notes changes in the opposite direction. If the market yield increases, the price of the Notes typically falls. If the market yield falls, the price of the Note typically increases. Noteholders should be aware that movements of the market yield can adversely affect the price of the Notes and can lead to losses for the Noteholders.

Noteholders should also be aware that the market yield has two components, namely the risk free rate and the credit spread. The credit spread is reflective of the yield that investors require in addition to the yield on a risk free investment of equal tenor as a compensation for the risks inherent in the Notes. The credit spread changes over time and can decrease as well as increase for a large number of different reasons. The market yield of the Notes can change due to changes of the credit spread, the risk free rate, or both.

***Floating interest risk***

If the Notes are not called on the First Call Date, the Notes will bear interest at a floating rate from the First Call Date (including) until the Final Maturity Date (excluding).

The floating rate applicable to the Notes from (and including) the First Call Date is based on two components, namely the 3-months LIBOR and the Margin (as defined in the Terms and Conditions). The floating rate (i.e. the coupon) is payable quarterly, and will be adapted immediately prior to any Floating Interest Period to the then prevailing 3-months LIBOR rate plus the Margin. The Margin was fixed at issuance of the transaction.

Noteholders should be aware that the floating rate interest income is subject to changes to the 3-months LIBOR and therefore cannot be anticipated. Hence, Noteholders are not able to determine a definite yield of the Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments in "simple" fixed rate instruments (i.e. instruments with a coupon that is fixed until maturity).



Since the Margin was fixed at issuance of the transaction, Noteholders are subject to the risk that the Margin does not reflect the spread that investors require in addition to the 3-month LIBOR as a compensation for the risks inherent in the Notes ("**market spread**"). The market spread typically changes continuously. As the market spread changes, the price of the Note changes in the opposite direction. A decrease of the market spread has a positive impact on the price of the Note, an increase of the market spread has a negative impact on the price of the Note. However, after the First Call Date the price of the Notes is subject to changes in the market spread, changes in the 3-months LIBOR or both. Noteholders should be aware that movements of the market spread can adversely affect the price of the Notes and can lead to losses for the Noteholders.

#### **Reinvestment risk**

In addition, Noteholders are exposed to reinvestment risk with respect to proceeds from coupon payments or early redemptions by the issuer. If the market yield (or market spread respectively) declines, and if Noteholders want to invest such proceeds in comparable transactions, Noteholders will only be able to reinvest such proceeds in comparable transactions at the then prevailing lower market yields (or market spread respectively).

#### **Ratings of the Notes, if any, may be subject to change at all times**

A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Rating agencies may also change their methodologies for rating securities with features similar to the Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes. In any case, the ratings of the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

#### **Currency risk in relation to Notes**

The Notes are denominated in U.S. dollars. If such currency represents a foreign currency to a Noteholder, such Noteholder is particularly exposed to the risk of changes in currency exchange rates which may affect the yield of such Notes measured in the Noteholder's currency. Changes in currency exchange rates result from various factors such as macroeconomic factors, speculative transactions and interventions by central banks and governments.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable currency exchange rate. As a result, Noteholders may receive less interest or principal than expected, or no interest or principal.

#### **Risks in connection with the application of the German Act on Issues of Debt Securities**

The Terms and Conditions may be amended by the Issuer with consent of the Noteholders by way of a majority resolution in a Noteholders Meeting or by a vote not requiring a physical meeting (*Abstimmung ohne Versammlung*) as described in Sections 5 et seq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*, "**SchVG**"), whereby the Issuer may subsequently amend the Terms and Conditions with the consent of the majority of Noteholders as described in § 13 of the Terms and Conditions, which amendment will

be binding on all Noteholders of the relevant Series of Notes, even on those who voted against the change.

Therefore, a Noteholder is subject to the risk of being outvoted by a majority resolution of the Noteholders. As such majority resolution is binding on all Noteholders of a particular Series of Notes, certain rights of such Noteholder against the Issuer under the Terms and Conditions may be amended or reduced or even cancelled, which may have significant negative effects on the value of the Notes and the return from the Notes.

The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative. If a joint representative is appointed a Noteholder may be deprived of its individual right to pursue and enforce a part or all of its rights under the Terms and Conditions against the Issuer, such right passing to the Noteholders' joint representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders.

**The market value of the Notes could decrease if the creditworthiness of the Allianz Group worsens**

If the likelihood decreases that the Issuer will be in a position to fully perform all obligations under the Notes when they fall due, for example, because of the materialisation of any of the risks regarding the Allianz Group or the Issuer, the market value of the Notes will fall. In addition, even if the likelihood that the Issuer will be in position to fully perform all obligations under the Notes when they fall due actually has not decreased, market participants could nevertheless have a different perception. Furthermore, the market participants' assessment of the creditworthiness of corporate debtors in general or debtors operating in the same business as the Allianz Group could adversely change. If any of these risks materialises, third parties would only be willing to purchase Notes for a lower price than before the materialisation of mentioned risk. Under these circumstances, the market value of the Notes will decrease.

**Market volatility and other factors**

The trading market for debt securities may be volatile and may be adversely impacted by many events. The market for debt securities is influenced by economic and market conditions in Germany and, to varying degrees, by market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. Events in Germany, Europe or elsewhere may cause market volatility and such volatility may adversely affect the price of Notes. Noteholders also bear the risk that economic and market conditions will have any other adverse effect on the trading pattern and the market value of the Notes. There is the risk that the price for the Notes will be more volatile than the price for debt securities generally and that, as a consequence, general market volatility will have a greater impact on the volatility of the price of the Notes.

**Legal investment considerations may restrict certain investors to acquire the Notes**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the

appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### **Transaction costs**

Transaction costs reduce the yield a Noteholder will realize on the investment in the Notes. When Notes are purchased, several types of incidental costs (including transaction fees and commissions) are incurred and will have to be paid by the buyer in addition to the then prevailing market price. Similarly, when a Noteholder sells any Notes, such incidental costs will reduce the actual price the Noteholder will receive for each Note sold. These incidental costs may significantly reduce the potential profit of an investment in the Notes, or may lead to, or increase, a loss from such an investment. For instance, credit institutions as a rule charge their clients commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic managers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Noteholders must further take into account that upon sales or purchases of Notes prior to an interest payment date (depending on their type and features), respectively, no accrued interest might be paid or charged, as the case may be.

#### **Margin lending**

Margin lending, where it is permitted, can materially increase the risk to a Noteholder of incurring losses. If a loan is used to finance the acquisition of the Notes and the Notes subsequently go into default, or if the trading price diminishes significantly, the Noteholder not only has to face a potential loss on its investment, but it will also still have to repay the loan and pay interest thereon. This may significantly increase the risk of a loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the profits of a transaction. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, or to repay the loan on demand, even if they face losses on such investment.

#### **European Initiative on Financial Transaction Tax**

The European Commission and certain EU Member States (including Germany) currently intend to introduce a common financial transaction tax ("FTT"). On 14 February 2013, the Commission published a proposal for a Council Directive that focuses on levying a FTT of 0.1% (0.01% for derivatives) on secondary market transactions in securities involving at least one financial intermediary. According to latest public statements made by representatives of certain of the participating EU Member States, the FTT may be levied for the first time in 2018.

However, the FTT proposal is still subject to negotiation between the participating EU Member States and full details are not available. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States and when it will take effect with regard to dealings in the Notes. The proposal may be altered prior to any implementation and other EU Member States may decide to participate. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

#### **Tax impact of the investment**

An effective yield on the Notes may be diminished by the tax impact on an investment in the Notes. Payments of interest on the Notes, or profits realised by the Noteholder upon the sale or repayment of the Notes, may be subject to taxation in its home jurisdiction or in other jurisdictions in which it is required to pay taxes. The typically applicable tax treatment of Noteholders in Germany and Luxembourg is broadly described under "TAXATION", starting on page 111; however, the tax treatment of an individual Noteholder may differ from the typically applicable situation described for Noteholders.

**All investors are advised to contact their own tax advisors for advice on the tax impact of an investment in the Notes. Examples of taxation risks that investors should consider together with their advisors include among others the risk of double taxation (in Germany and their home jurisdiction or another country, if applicable).**

#### **Change in tax law**

Investors should be aware that tax regulations and their application by the relevant taxation authorities are subject to change, possibly with retrospective effect, and that this could negatively affect the value of the Notes or the after tax return for any Noteholder. Any such change may cause the tax treatment of the Notes to change from the tax position at the time of purchase and may render the statements in this Prospectus concerning the relevant tax law and practice to be inaccurate or insufficient to cover the material tax considerations in respect of the Notes. It is not possible to predict the precise tax treatment which will apply at any given time and changes. In addition, a change in tax law may give the Issuer the right to redeem the Notes at par, and thus possibly at a price lower than the market price of the Notes immediately prior to the redemption.

## **RESPONSIBILITY STATEMENT**

Allianz SE in its capacity as Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect its import.

## TERMS AND CONDITIONS OF THE NOTES

Bedingungen der Schuldverschreibungen ("Anleihebedingungen")	Terms and Conditions of the Notes (the "Terms and Conditions")
<p><b>§ 1    Währung,            Stückelung,            Form,            Globalurkunde</b></p>	<p><b>§ 1    Currency, Denomination, Form, Global Note</b></p>
<p>(a)    <i>Währung; Stückelung.</i> Die Allianz SE (die "<b>Emittentin</b>") begibt nachrangige Schuldverschreibungen in US Dollar (USD) (die "<b>Festgelegte Währung</b>") im Gesamtnennbetrag von USD 600.000.000, eingeteilt in Schuldverschreibungen (die "<b>Schuldverschreibungen</b>") und jeweils eine "<b>Schuldverschreibung</b>") im festgelegten Nennbetrag von je USD 200.000 (der "<b>Festgelegte Nennbetrag</b>").</p>	<p>(a)    <i>Currency;                      Denomination.</i> The subordinated notes are issued by Allianz SE (the "<b>Issuer</b>") in US Dollars (USD) (the "<b>Specified Currency</b>"), in the aggregate principal amount of USD 600,000,000, divided into notes (the "<b>Notes</b>" and each a "<b>Note</b>") in the specified denomination of USD 200,000 (the "<b>Specified Denomination</b>") each.</p>
<p>(b)    <i>Form.</i> Die Schuldverschreibungen lauten auf den Inhaber.</p>	<p>(b)    <i>Form.</i> The Notes are issued in bearer form.</p>
<p>(c)    <i>Globalurkunde.</i> Die Schuldverschreibungen sind zunächst in einer vorläufigen Inhaber-Globalurkunde (die "<b>Vorläufige Globalurkunde</b>") ohne Zinsscheine verbriefte, die bei einer gemeinsamen Verwahrstelle für Clearstream Banking, société anonyme, Luxemburg ("<b>Clearstream, Luxembourg</b>") und Euroclear Bank SA/NV ("<b>Euroclear</b>") (zusammen das "<b>Clearingsystem</b>") hinterlegt ist.</p>	<p>(c)    <i>Global Note.</i> The Notes are initially represented by a temporary global Note (the "<b>Temporary Global Note</b>") without interest coupons, which will be deposited with a depositary common to Clearstream Banking, société anonyme, Luxembourg ("<b>Clearstream, Luxembourg</b>") and Euroclear Bank SA/NV ("<b>Euroclear</b>") (together the "<b>Clearing System</b>").</p>
<p>Die Vorläufige Globalurkunde wird insgesamt oder teilweise und unentgeltlich an oder nach dem Tag, der 40 Tage nach dem Tag der Begebung der Schuldverschreibungen, frühestens jedoch 40 Tage nach dem Tag des Beginns des Angebots liegt, gegen Nachweis über das Nichtbestehen wirtschaftlichen U.S.-Eigentums im Sinne des U.S.-Rechts (<i>non-U.S. beneficial ownership</i>) in der in der Vorläufigen Globalurkunde vorgesehenen Form, gegen eine dauerhafte Globalurkunde (die "<b>Dauer-</b></p>	<p>The Temporary Global Note will be exchangeable, in whole or in part and free of charge, on or after the day that is 40 days after the later of the commencement of the offering and the date of issue of the Notes for a permanent global Note (the "<b>Permanent Global Note</b>") (the Temporary Global Note and the Permanent Global Note, each a "<b>Global Note</b>") without interest coupons upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. The right of the</p>

**Globalurkunde")** (die Vorläufige Globalurkunde und die Dauer-Globalurkunde jeweils auch eine **"Globalurkunde")** ohne Zinsscheine eingetauscht. Ein Recht der Anleihegläubiger (wie nachstehend definiert) auf Ausgabe und Lieferung von Einzelurkunden oder Zinsscheinen besteht nicht.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde werden solange von dem Clearingsystem oder im Auftrag des Clearingsystems verwahrt, bis sämtliche Verpflichtungen der Emittentin aus den Schuldverschreibungen erfüllt sind.

Die Vorläufige Globalurkunde und die Dauer-Globalurkunde tragen jeweils die eigenhändigen Unterschriften von zwei Vertretungsberechtigten der Emittentin sowie die eigenhändige Unterschrift eines Kontrollbeauftragten des Fiscal Agent.

- (d) *Anleihegläubiger*. Den Inhabern von Schuldverschreibungen (**"Anleihegläubiger"**) stehen Miteigentumsanteile oder vergleichbare andere Rechte an der Globalurkunde zu, die gemäß anwendbarem Recht und den Bestimmungen und Regeln des Clearingsystems übertragen werden können.

## § 2 Status

- (a) *Status der Schuldverschreibungen*. Die Schuldverschreibungen begründen nicht besicherte Verbindlichkeiten der Emittentin, die untereinander gleichrangig sind.

Die Verbindlichkeiten der Emittentin aus den Schuldverschreibungen sind nachrangig gegenüber den Vorrangigen Verbindlichkeiten der Emittentin.

Im Fall der Liquidation, der Auflösung

Noteholders (as defined below) to require the issue and delivery of definitive notes or interest coupons is excluded.

Each of the Temporary Global Note and the Permanent Global Note will be held in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied.

The Temporary Global Note and the Permanent Global Note shall each bear the manual signatures of two duly authorised officers of the Issuer as well as the manual signature of an authentication officer of the Fiscal Agent.

- (d) *Noteholders*. The holders of Notes (**"Noteholders"**) are entitled to co-ownership participations or other comparable rights in the Global Note, which are transferable in accordance with applicable laws and the rules and regulations of the Clearing System.

## § 2 Status

- (a) *Status of the Notes*. The obligations under the Notes constitute unsecured obligations of the Issuer ranking *pari passu* among themselves.

The obligations of the Issuer under the Notes rank subordinated to the Issuer's Senior Ranking Debt.

In the event of the liquidation, dissolution,

oder der Insolvenz der Emittentin oder eines Vergleichs oder eines anderen der Abwendung der Insolvenz dienenden Verfahrens gegen die Emittentin werden die Ansprüche der Anleihegläubiger aus den Schuldverschreibungen erst nach den Ansprüchen der Inhaber aller Vorrangigen Verbindlichkeiten der Emittentin bedient. In einem solchen Fall werden die Anleihegläubiger keine Zahlungen auf die Schuldverschreibungen erhalten, bis alle Ansprüche aus den Vorrangigen Verbindlichkeiten der Emittentin vollständig bedient sind.

Für die Verbindlichkeiten der Emittentin aus diesen Schuldverschreibungen ist den Anleihegläubigern keine Sicherheit durch die Emittentin oder durch Dritte gestellt; eine solche Sicherheit wird auch zu keinem Zeitpunkt gestellt werden.

Kein Anleihegläubiger ist berechtigt, Forderungen aus den Schuldverschreibungen gegen etwaige Forderungen der Emittentin gegen ihn aufzurechnen. Die Emittentin ist nicht berechtigt, Forderungen gegenüber einem Anleihegläubiger mit den Verpflichtungen aus den Schuldverschreibungen aufzurechnen.

**"Vorrangige Verbindlichkeiten der Emittentin"** bezeichnet:

- (i) alle nicht nachrangigen Verbindlichkeiten der Emittentin; und
- (ii) alle gesetzlich nachrangigen Verbindlichkeiten der Emittentin gemäß § 39 Absatz 1 Insolvenzordnung; und
- (iii) alle nachrangigen Verbindlichkeiten der Emittentin, soweit diese mit gesetzlich nachrangigen Verbindlichkeiten der Emittentin gemäß § 39 Absatz 1

insolvency, composition or other proceedings for the avoidance of insolvency of, or against, the Issuer, the claims of the Noteholders under the Notes will be satisfied after (but only after) the claims of all holders of the Issuer's Senior Ranking Debt. In any such event, Noteholders will not receive any amounts payable in respect of the Notes until the claims of all Issuer's Senior Ranking Debt have first been satisfied in full.

No security of whatever kind securing the obligations of the Issuer under the Notes is, or shall at any time be, provided by the Issuer or any other person to the Noteholders.

No Noteholder may set off any claims arising under the Notes against any claims that the Issuer may have against it. The Issuer may not set off any claims it may have against any Noteholder against any of its obligations under the Notes.

**"Issuer's Senior Ranking Debt"** means all of the Issuer's:

- (i) unsubordinated obligations; and
- (ii) obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code (*Insolvenzordnung*); and
- (iii) subordinated obligations ranking at least *pari passu* with the Issuer's obligations subordinated by operation of law pursuant to § 39(1) of the German Insolvency Code



Insolvenzordnung zumindest gleichrangig sind; und

- (iv) alle nachrangigen Verbindlichkeiten der Emittentin, die aufgrund zwingender gesetzlicher Bestimmungen vorrangig sind.

(b) *Zahlungsbedingungen, Zahlungsverbot.* Bereits vor Einleitung eines Insolvenz- oder Liquidationsverfahrens steht

- (i) jede Zahlung von Zinsen auf die Schuldverschreibungen unter dem Vorbehalt der Erfüllung der Bedingungen gemäß § 3.2 und § 3.3; und
- (ii) jede Rückzahlung und jeder Rückkauf der Schuldverschreibungen unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen gemäß § 4(e).

Diese Zahlungsbedingungen begründen ein Zahlungsverbot dahingehend, dass Zahlungen auf die Schuldverschreibungen von der Emittentin nur nach Maßgabe der vorgenannten Bedingungen geleistet werden dürfen. Verbotswidrige Zahlungen sind der Emittentin ohne Rücksicht auf entgegenstehende Vereinbarungen zurück zu gewähren.

### § 3 Zinsen

#### § 3.1 Verzinsung

- (a) *Festzins.*
  - (i) In dem Zeitraum ab dem 27. Januar 2017 (der "Zinslaufbeginn") (einschließlich) bis zum 30. Januar 2029 (der "Erste Kündigungstag") (ausschließlich) wird jede Schuldverschreibung bezogen auf

(*Insolvenzordnung*); and

- (iv) subordinated obligations required to be preferred by mandatory provisions of law.

(b) *Payment Conditions, Payment Prohibition.* Prior to the commencement of any insolvency or liquidation proceedings

- (i) any payment of interest on the Notes will be subject to the conditions set forth in § 3.2 and § 3.3 being fulfilled; and
- (ii) any redemption and any repurchase of the Notes will be subject to the Conditions to Redemption set forth in § 4(e) being fulfilled.

These payment conditions constitute a prohibition to pay in that any payments on the Notes may only be made by the Issuer if it is made in accordance with the aforementioned conditions. Any payment made in breach of this prohibition must be returned to the Issuer irrespective of any agreement to the contrary.

### § 3 Interest

#### § 3.1 Interest Rate

- (a) *Fixed Rate Interest.*
  - (i) In the period from and including 27 January 2017 (the "Interest Commencement Date") to but excluding 30 January 2029 (the "First Call Date") each Note bears interest on its Specified

ihren Festgelegten Nennbetrag mit jährlich 5,10 % verzinst.

Bis zum Ersten Kündigungstag (einschließlich) sind die Zinsen halbjährlich nachträglich am 30. Januar und 30. Juli eines jeden Jahres (jeweils ein "**Festzins-Zinszahlungstag**"), beginnend am 30. Juli 2017 (lange erste Zinsperiode) zur Zahlung vorgesehen und werden gemäß § 3.2 und § 3.3 fällig.

Die erste Zinszahlung beläuft sich auf USD 5.185,00 je Festgelegtem Nennbetrag (der "**Bruchteilszinsbetrag**").

- (ii) Die Zinsen für einen beliebigen Zeitraum bis zum Ersten Kündigungstag (ausschließlich) (ausgenommen ist die erste Zinsperiode ab dem Zinslaufbeginn (einschließlich) bis zum 30. Juli 2017 (ausschließlich), für den der Bruchteilszinsbetrag festgelegt ist) werden auf der Grundlage des Festzins-Zinstagequotienten berechnet.

**"Festzins-Zinstagequotient"**

bezeichnet im Hinblick auf die Berechnung eines Betrages von Zinsen auf die Schuldverschreibungen für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (der "**Zinsberechnungszeitraum**") die Anzahl von Tagen im Zinsberechnungszeitraum dividiert durch 360, wobei die Anzahl der Tage auf der Grundlage eines Jahres von 360 Tagen mit zwölf Monaten

Denomination at a rate of 5.10 per cent. per annum.

Until and including the First Call Date, interest is scheduled to be paid semi-annually in arrear on 30 January and 30 July of each year (each a "**Fixed Interest Payment Date**"), commencing on 30 July 2017 (long first coupon) and will be due and payable (*fällig*) in accordance with the conditions set forth in § 3.2 and § 3.3.

The first payment of interest will amount to USD 5,185.00 per Specified Denomination (the "**Broken Interest Amount**").

- (ii) Interest for any period of time to but excluding the First Call Date (other than the period from and including the Interest Commencement Date to but excluding 30 July 2017 for which the Broken Interest Amount has been fixed) will be calculated on the basis of the Fixed Day Count Fraction.

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount of interest on the Notes for any period of time (from and including the first day of such period to but excluding the last day of such period) (the "**Calculation Period**") the number of days in the Calculation Period divided by 360, the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation

zu je 30 Tagen zu ermitteln ist (es sei denn, (i) der letzte Tag des Zinsberechnungszeitraums fällt auf den 31. Tag eines Monats, während der erste Tag des Zinsberechnungszeitraumes weder auf den 30. noch auf den 31. Tag eines Monats fällt, wobei in diesem Fall der diesen Tag enthaltende Monat nicht als ein auf 30 Tage gekürzter Monat zu behandeln ist, oder (ii) der letzte Tag des Zinsberechnungszeitraumes fällt auf den letzten Tag des Monats Februar, wobei in diesem Fall der Monat Februar nicht als ein auf 30 Tage verlängerter Monat zu behandeln ist).

**"Festzins-Zinsperiode"** bezeichnet jeden Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Festzins-Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Festzins-Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Festzins-Zinszahlungstag (ausschließlich).

(b) *Variabler Zins.*

(i) *Variable Zinszahlungstage.*

(A) Jede Schuldverschreibung wird bezogen auf ihren festgelegten Nennbetrag für die jeweilige Variable Zinsperiode (wie nachstehend definiert) mit einem jährlichen Satz, der dem Variablen Zinssatz (wie nachstehend definiert) entspricht, verzinst. Während einer jeden solchen Variablen Zinsperiode sind die Zinsen nachträglich an jedem Variablen Zinszahlungstag zur

Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-day month).

**"Fixed Interest Period"** means each period from and including the Interest Commencement Date to but excluding the first Fixed Interest Payment Date and thereafter from and including each Fixed Interest Payment Date to but excluding the next following Fixed Interest Payment Date.

(b) *Floating Rate Interest.*

(i) *Floating Interest Payment Dates.*

(A) Each Note bears interest on its Specified Denomination at the rate per annum equal to the Floating Rate of Interest for the relevant Floating Interest Period (as defined below). During each such Floating Interest Period interest is scheduled to be paid in arrear on each Floating Interest Payment Date and will be due and payable (*fällig*) in accordance with the conditions set forth

Zahlung vorgesehen und werden gemäß § 3.2 und § 3.3 fällig. Der zur Zahlung vorgesehene Variable Zinsbetrag wird gemäß § 3.1(d) berechnet.

(B) **"Variabler Zinszahlungstag"** bezeichnet, vorbehaltlich der Variablen Geschäftstagekonvention, den 30. Januar, 30. April, 30. Juli und 30. August eines jeden Jahres. Der erste Variable Zinszahlungstag ist, vorbehaltlich der Variablen Geschäftstagekonvention, der 30. April 2029.

(C) **"Variable Geschäftstagekonvention"** hat die folgende Bedeutung: Fällt ein Variabler Zinszahlungstag auf einen Tag, der kein Geschäftstag (wie nachstehend definiert) ist, so wird der Variable Zinszahlungstag auf den nächstfolgenden Geschäftstag verschoben, es sei denn, jener würde dadurch in den nächsten Kalendermonat fallen; in diesem Fall wird der Variable Zinszahlungstag auf den unmittelbar vorausgehenden Geschäftstag vorgezogen.

(ii) *Variabler Zinssatz.* Der **"Variable Zinssatz"** für jede Variable Zinsperiode (wie nachstehend definiert) ist der Zinssatz per annum, der dem Variablen Referenzsatz (wie nachstehend definiert) zuzüglich der Marge

in § 3.2 and § 3.3. The Floating Interest Amount scheduled to be paid shall be determined in accordance with § 3.1(d).

(B) **"Floating Interest Payment Date"** means, subject to the Floating Business Day Convention, 30 January, 30 April, 30 July and 30 October in each year. The first Floating Interest Payment Date will be 30 April 2029, subject to the Floating Business Day Convention.

(C) **"Floating Business Day Convention"** has the following meaning: If any Floating Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), the Floating Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event the Floating Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(ii) *Floating Rate of Interest.* The **"Floating Rate of Interest"** for each Floating Interest Period (as defined below) will be a rate per annum equal to the Floating Reference Rate (as defined below) plus the Margin.

entspricht.

- (c) *Definitionen.* In diesen Anleihebedingungen gilt Folgendes:

**"Bildschirmseite"** bezeichnet die Reuters Bildschirmseite LIBOR01 oder eine andere Bildschirmseite von Reuters oder von einem anderen Informationsanbieter als Nachfolger, welche die Reuters Bildschirmseite LIBOR01 ersetzt.

**"Geschäftstag"** bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken und Devisenmärkte in London, New York und Frankfurt und das Clearingsystem für Geschäfte geöffnet sind bzw. Zahlungen abwickeln.

**"Londoner Geschäftstag"** bezeichnet einen Tag (außer einem Samstag oder Sonntag), an dem Geschäftsbanken in London für Geschäfte (einschließlich Devisen- und Sortengeschäfte) geöffnet sind.

**"Marge"** bezeichnet 3,697% per annum.

**"Referenzbanken"** bezeichnet die Londoner Hauptniederlassungen von vier von der Berechnungsstelle ausgewählten großen Banken im Londoner Interbankenmarkt.

**"Repräsentativer Betrag"** bezeichnet einen Betrag, der zu der jeweiligen Zeit in dem jeweiligen Markt für eine einzelne Transaktion repräsentativ ist.

Der **"Variable Referenzsatz"** für jede Variable Zinsperiode wird von der Berechnungsstelle am jeweiligen Zinsfestsetzungstag bestimmt und entspricht dem Angebotssatz (ausgedrückt als Prozentsatz *per annum*) für Einlagen in US Dollar für einen Zeitraum von 3 Monaten, der an dem

- (c) *Definitions.* In these Terms and Conditions:

**"Screen Page"** means the Reuters screen page LIBOR01 or such other screen page of Reuters or such other information service which is the successor to Reuters screen page LIBOR01.

**"Business Day"** means a day which is a day (other than a Saturday or a Sunday) on which commercial banks and the Clearing System are generally open for business and foreign exchange markets settle payments in London, New York and Frankfurt.

**"London Business Day"** means a day which is a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency) in London.

**"Margin"** means 3.697 per cent. per annum.

**"Reference Banks"** means the principal London office of four major banks in the London inter-bank market, in each case selected by the Calculation Agent.

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time.

The **"Floating Reference Rate"** for each Floating Interest Period will be determined by the Calculation Agent on the relevant Interest Determination Date and will be the rate (expressed as a percentage rate per annum) for deposits in US Dollar for the period of 3 months which appears on the Screen Page as of

betreffenden Zinsfestsetzungstag um 11.00 Uhr (Londoner Ortszeit) auf der Bildschirmseite angezeigt wird.

Sollte die Bildschirmseite nicht zur Verfügung stehen oder wird zu dem betreffenden Zeitpunkt kein Angebotssatz angezeigt, wird die Berechnungsstelle von den Referenzbanken (wie vorstehend definiert) deren jeweilige Angebotssätze (jeweils als Prozentsatz *per annum* ausgedrückt) für Einlagen in US Dollar für die betreffende Variable Zinsperiode und über einen Repräsentativen Betrag gegenüber führenden Banken im Londoner Interbankenmarkt um ca. 11.00 Uhr (Londoner Ortszeit) an dem betreffenden Zinsfestsetzungstag einholen. Falls zwei oder mehr Referenzbanken der Berechnungsstelle solche Angebotssätze nennen, ist der Variable Referenzsatz für die betreffende Variable Zinsperiode das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) dieser Angebotssätze, wobei alle Feststellungen durch die Berechnungsstelle erfolgen.

Falls an dem betreffenden Zinsfestsetzungstag nur eine oder keine der Referenzbanken der Berechnungsstelle die im vorstehenden Absatz beschriebenen Angebotssätze nennt, ist der Variable Referenzsatz für die betreffende Variable Zinsperiode der Satz *per annum*, den die Berechnungsstelle als das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste hunderttausendstel Prozent, wobei 0,000005 aufgerundet wird) der Sätze ermittelt, die von der Berechnungsstelle nach Treu und Glauben ausgewählte Großbanken im Londoner

11.00 a.m. (London time) on the relevant Interest Determination Date.

If the Screen Page is not available or if no such quotation appears as at such time, the Calculation Agent shall request each of the Reference Banks (as defined above) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate *per annum*) for deposits in US Dollar for the relevant Floating Interest Period and in a Representative Amount to prime banks in the London interbank market at approximately 11:00 a.m. (London time) on the relevant Interest Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Reference Rate for such Floating Interest Period shall be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of such offered quotations, all as determined by the Calculation Agent.

If on the relevant Interest Determination Date only one or none of the selected Reference Banks provides the Calculation Agent with such offered quotations as provided in the preceding paragraph, the Floating Reference Rate for the relevant Floating Interest Period shall be the rate *per annum* which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point, with 0.000005 being rounded upwards) of the rates, as communicated, at approximately 11:00 a.m. (London time) to (and at the request of) the

Interbankenmarkt der Berechnungsstelle auf ihre Anfrage als den jeweiligen Satz nennen, zu dem sie um ca. 11.00 Uhr (Londoner Ortszeit) an dem betreffenden Zinsfestsetzungstag Darlehen in US Dollar für die betreffende Variable Zinsperiode und über einen Repräsentativen Betrag gegenüber führenden europäischen Banken anbieten.

Falls der Variable Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, und falls zum betreffenden Zeitpunkt die International Swaps and Derivatives Association, Inc. oder eine Nachfolgeorganisation ("ISDA") eine Auffangregelung zur Bestimmung des variablen Referenzsatzes veröffentlicht hat, wird die Berechnungsstelle den Variablen Referenzsatz auf Basis dieser Auffangregelung berechnen. Falls die ISDA zum betreffenden Zeitpunkt keine solche Auffangregelung veröffentlicht hat, gilt folgendes: Falls der Variable Referenzsatz nicht gemäß den vorstehenden Bestimmungen ermittelt werden kann, ist der Variable Referenzsatz der Angebotssatz oder das arithmetische Mittel (falls erforderlich, auf- oder abgerundet auf das nächste tausendstel Prozent, wobei 0,0005 aufgerundet wird) der Angebotssätze auf der Bildschirmseite an dem letzten Tag vor dem Zinsfestsetzungstag, an dem diese Angebotssätze angezeigt wurden.

**"Variable Zinsperiode"** bezeichnet jeden Zeitraum ab dem Ersten Kündigungstag (einschließlich) bis zum ersten Variablen Zinszahlungstag (ausschließlich) und nachfolgend ab jedem Variablen Zinszahlungstag (einschließlich) bis zu dem jeweils nächstfolgenden Variablen Zinszahlungstag (ausschließlich).

**"Zinsfestsetzungstag"** bezeichnet den

Calculation Agent by major banks in the London interbank market, selected by the Calculation Agent acting in good faith, at which such banks offer, on the relevant Interest Determination Date, loans in US Dollar for the relevant Floating Interest Period and in a Representative Amount to leading European banks.

If the Floating Reference Rate cannot be determined in accordance with the foregoing provisions, and if the International Swaps and Derivatives Association, Inc. or a successor organisation ("ISDA") has published a fallback provision for the determination of the Floating Reference Rate at the relevant time, the Calculation Agent will determine the Floating Reference Rate on the basis of such fallback provision. If ISDA has not published such a fallback provision at the relevant time, the following shall apply: If the Floating Reference Rate cannot be determined in accordance with the foregoing provisions, the Floating Reference Rate shall be the offered quotation or the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the offered quotations on the Screen Page on the last day preceding the Interest Determination Date on which such quotations were offered.

**"Floating Interest Period"** means each period from and including the First Call Date to but excluding the first Floating Interest Payment Date and thereafter from and including each Floating Interest Payment Date to but excluding the following Floating Interest Payment Date.

**"Interest Determination Date"** means the

zweiten Londoner Geschäftstag vor Beginn der jeweiligen Variablen Zinsperiode.

**"Zinsperiode"** bezeichnet jede Festzins-Zinsperiode und jede Variable Zinsperiode.

**"Zinszahlungstag"** bezeichnet jeden Festzins-Zinszahlungstag und jeden Variablen Zinszahlungstag.

- (d) *Berechnungen und Feststellungen durch die Berechnungsstelle.*

Die Berechnungsstelle wird zu oder baldmöglichst nach jedem Zinsfestsetzungstag den auf die Schuldverschreibungen zur Zahlung vorgesehenen variablen Zinsbetrag bezogen auf jeden Festgelegten Nennbetrag (der **"Variable Zinsbetrag"**) für die entsprechende Variable Zinsperiode berechnen. Der Variable Zinsbetrag wird ermittelt, indem der Variable Zinssatz und der Variable Zinstagequotient (wie nachstehend definiert) auf jeden Festgelegten Nennbetrag angewendet werden, wobei der resultierende Betrag auf den nächsten US Dollar 0,01 auf- oder abgerundet wird, wobei US Dollar 0,005 aufgerundet werden.

**"Variabler Zinstagequotient"** bezeichnet im Hinblick auf die Berechnung des Variablen Zinsbetrages auf die Schuldverschreibungen für einen beliebigen Zeitraum (ab dem ersten Tag dieses Zeitraums (einschließlich) bis zum letzten Tag dieses Zeitraums (ausschließlich)) (unabhängig davon, ob es sich dabei um eine Variable Zinsperiode handelt, der **"Variable Zinsberechnungszeitraum"**) die tatsächliche Anzahl der Tage im Variablen Zinsberechnungszeitraum dividiert durch

second London Business Day prior to the commencement of the relevant Floating Interest Period.

**"Interest Period"** means each Fixed Interest Period and each Floating Interest Period.

**"Interest Payment Date"** means each Fixed Interest Payment Date and each Floating Interest Payment Date.

- (d) *Determinations and calculations by the Calculation Agent.*

The Calculation Agent will, on or as soon as practicable after each Interest Determination Date, calculate the amount of floating interest (the **"Floating Interest Amount"**) scheduled to be paid on the Notes in respect of each Specified Denomination for the relevant Floating Interest Period. Each Floating Interest Amount shall be calculated by applying the Floating Rate of Interest and the Floating Day Count Fraction (as defined below) to each Specified Denomination and rounding the resulting figure to the nearest US Dollar 0.01, US Dollar 0.005 being rounded upwards.

**"Floating Day Count Fraction"** means, in respect of the calculation of the Floating Interest Amount on the Notes for any period of time (from and including the first day of such period to but excluding the last day of such period) (whether or not constituting a Floating Interest Period, the **"Floating Calculation Period"**) the actual number of days in the Floating Calculation Period divided by 360 (actual/360).



360 (Actual/360).

- (e) *Bekanntmachung durch die Berechnungsstelle.* Die Berechnungsstelle wird veranlassen, dass der Variable Zinssatz, der Variable Zinsbetrag für die jeweilige Variable Zinsperiode, die jeweilige Variable Zinsperiode und der relevante Variable Zinszahlungstag der Emittentin und den Anleihegläubigern durch Bekanntmachung gemäß § 10 und jeder Börse, an der die betreffenden Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind und deren Regeln eine Mitteilung an die Börse verlangen, unverzüglich, aber keinesfalls später als zu Beginn der jeweiligen Variablen Zinsperiode bekannt gemacht werden. Im Fall einer Verlängerung oder Verkürzung der Variablen Zinsperiode können der mitgeteilte Variable Zinsbetrag und Variable Zinszahlungstag ohne Vorankündigung nachträglich angepasst (oder andere geeignete Anpassungsregelungen getroffen) werden. Jede solche Anpassung wird umgehend allen maßgeblichen Börsen, an denen die Schuldverschreibungen zu diesem Zeitpunkt auf Veranlassung der Emittentin notiert sind, sowie den Anleihegläubigern gemäß § 10 bekannt gemacht.
- (f) *Verbindlichkeit der Festsetzungen.* Alle Bescheinigungen, Mitteilungen, Gutachten, Festsetzungen, Berechnungen, Quotierungen und Entscheidungen, die von der Berechnungsstelle für die Zwecke dieses § 3.1 gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht ein offensichtlicher Irrtum vorliegt) für die Emittentin, den Fiscal Agent, die Zahlstellen und die Anleihegläubiger bindend.
- (e) *Publication by the Calculation Agent.* The Calculation Agent will cause the Floating Rate of Interest, each Floating Interest Amount for each Floating Interest Period, each Floating Interest Period and the relevant Floating Interest Payment Date to be notified to the Issuer and to the Noteholders by notice in accordance with § 10 and, if required by the rules of any stock exchange on which the Notes are from time to time listed at the initiative of the Issuer, to such stock exchange, without undue delay, but in no event later than the first day of the relevant Floating Interest Period. Each Floating Interest Amount and Floating Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any relevant stock exchange on which the Notes are then listed at the initiative of the Issuer and to the Noteholders in accordance with § 10.
- (f) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this § 3.1 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Fiscal Agent, the Paying Agents and the Noteholders.

### **§ 3.2 Fälligkeit von Zinszahlungen, wahlweise und zwingende Aussetzung von Zinszahlungen**

(a) Zinsen, die während einer Zinsperiode auflaufen, werden an dem Zinszahlungstag für diese Zinsperiode wie folgt fällig:

(i) Wenn in den letzten 6 Monaten vor dem betreffenden Zinszahlungstag ein Dividendenereignis (wie nachstehend definiert) eingetreten ist, werden diese Zinsen an diesem Zinszahlungstag fällig, sofern kein Pflichtaussetzungsereignis in Bezug auf diesen Zinszahlungstag eingetreten ist.

(ii) Wenn in den letzten 6 Monaten vor dem betreffenden Zinszahlungstag kein Dividendenereignis (wie nachstehend definiert) eingetreten ist, werden diese Zinsen an diesem Zinszahlungstag fällig, sofern kein Pflichtaussetzungsereignis in Bezug auf diesen Zinszahlungstag eingetreten ist, und sofern sich die Emittentin nicht dazu entscheidet, durch eine Bekanntmachung an die Anleihegläubiger gemäß § 10 innerhalb einer Frist von nicht weniger als 10 und nicht mehr als 15 Geschäftstagen vor dem betreffenden Zinszahlungstag, die betreffende Zinszahlung vollständig oder teilweise auszusetzen.

Wenn sich die Emittentin zur vollständigen oder teilweisen Aussetzung aufgelaufener Zinsen entschieden hat, dann ist sie nicht verpflichtet, an dem betreffenden Zinszahlungstag aufgelaufene Zinsen zu zahlen bzw. ist sie nur

### **§ 3.2 Due date for interest payments, optional and compulsory deferral of interest payments**

(a) Interest which accrues during an Interest Period will be due and payable (*fällig*) on the Interest Payment Date for such Interest Period as follows:

(i) If during the six months before the relevant Interest Payment Date a Dividend Payment Event (as defined below) has occurred, the interest will be due and payable (*fällig*) on such Interest Payment Date, provided that no Compulsory Deferral Event has occurred with respect to such Interest Payment Date.

(ii) If during the six months before the relevant Interest Payment Date no Dividend Payment Event (as defined below) has occurred, the interest will be due and payable (*fällig*) on such Interest Payment Date, provided that no Compulsory Deferral Event has occurred with respect to such Interest Payment Date, and that the Issuer does not elect to defer the relevant payment of interest in whole or in part by giving not less than 10 and not more than 15 Business Days' notice to the Noteholders prior to the relevant Interest Payment Date in accordance with § 10.

If the Issuer elects to defer accrued interest in whole or in part, then it will not have any obligation to pay accrued interest on such Interest Payment Date or will only be obliged to pay such part of the accrued interest it elects not to

verpflichtet, den Teil der aufgelaufenen Zinsen zu leisten, für dessen Aussetzung sie sich nicht entschieden hat. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (iii) Wenn in Bezug auf den betreffenden Zinszahlungstag ein Pflichtaussetzungsereignis eingetreten ist, werden Zinsen an diesem Zinszahlungstag nicht fällig. Die Emittentin wird die Anleihegläubiger gemäß § 10 über den Eintritt eines Pflichtaussetzungsereignisses baldmöglichst nach seiner Feststellung, spätestens am vierten Geschäftstag nach dem betreffenden Zinszahlungstag informieren. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

- (b) Nach Maßgabe des § 3.2(a) nicht fällig gewordene aufgelaufene Zinsen für eine Zinsperiode sind Zinsrückstände (die "**Zinsrückstände**").

Zinsrückstände werden nicht verzinst.

- (c) In diesen Anleihebedingungen gilt Folgendes:

**"Anwendbare Aufsichtsrechtliche Vorschriften"** bezeichnet die Vorschriften des Versicherungsaufsichtsrechts (einschließlich der Solvency II Richtlinie) und darauf bezogene Regelungen und

defer, respectively. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

- (iii) If a Compulsory Deferral Event has occurred with respect to the relevant Interest Payment Date, interest will not be due and payable (*fällig*) on that Interest Payment Date. The Issuer will give notice to the Noteholders of the occurrence of the Compulsory Deferral Event in accordance with § 10 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Interest Payment Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

- (b) Accrued interest in respect of an Interest Period not due and payable in accordance with § 3.2(a) will constitute arrears of interest ("**Arrears of Interest**").

Arrears of Interest will not bear interest.

- (c) For the purposes of these Terms and Conditions:

**"Applicable Supervisory Regulations"** means the provisions of insurance supervisory laws (including the Solvency II Directive) and any rules and regulations thereunder (including the administrative

Verordnungen (einschließlich der Verwaltungspraxis der Zuständigen Aufsichtsbehörde und einschlägiger Gerichtsentscheidungen), die hinsichtlich der Solvabilität der Emittentin anwendbar sind. Dies erfasst auch die Regelungen und Verordnungen hinsichtlich der Gruppensolvabilität sowie der Kapitaladäquanz von international aktiven Versicherungsgruppen (IAIG) und von global systemrelevanten Versicherern (G-SII).

**"Anwendbare Insolvenzzrechtliche Vorschriften"** bezeichnet die Vorschriften des maßgeblichen Insolvenzrechts und darauf bezogene Regelungen und Verordnungen (einschließlich der Gerichtspraxis und einschlägiger Gerichtsentscheidungen), die jeweils in Bezug auf die Emittentin anwendbar sind.

Ein **"Insolvenzereignis"** ist eingetreten, wenn bezüglich der Emittentin ein Eröffnungsgrund im Sinne des § 16 ff. InsO oder nach Maßgabe sonstiger Anwendbarer Insolvenzzrechtlicher Vorschriften vorliegt.

**"Dividendenereignis"** bezeichnet jedes der folgenden Ereignisse:

- (i) auf der Hauptversammlung der Emittentin wird eine Dividende, sonstige Ausschüttung oder Zahlung auf eine beliebige Gattung von Aktien der Emittentin wirksam beschlossen; oder
- (ii) die Emittentin leistet eine Abschlagszahlung auf den Bilanzgewinn.

Ein **"Pflichtaussetzungseignis"** ist in Bezug auf einen Tag, an dem Zahlungen

practice of the Competent Supervisory Authority and any applicable decision of a court) for solvency of the Issuer. These include the rules and regulations with respect to the group solvency and capital adequacy of internationally active insurance groups (IAIG) and global systemically important insurers (G-SII).

**"Applicable Insolvency Regulations"** means the provisions of the relevant insolvency laws and any rules and regulations thereunder (including court case law and any applicable court decisions) applicable to the Issuer from time to time.

An **"Insolvency Event"** will have occurred if a reason for the opening of insolvency proceedings in respect of the Issuer within the meaning of § 16 et seqq. of the German Insolvency Code (*Insolvenzordnung*) or in accordance with any other Applicable Insolvency Regulations exists.

**"Dividend Payment Event"** means any of the following events:

- (i) the ordinary general meeting of shareholders (*ordentliche Hauptversammlung*) of the Issuer validly resolves on any dividend, other distribution or payment in respect of any class of shares of the Issuer; or
- (ii) any payment on account of the balance sheet profit is made by the Issuer.

A **"Compulsory Deferral Event"** will have occurred with respect to the date on

von Zinsen und/oder Zinsrückständen auf die Schuldverschreibungen gemäß diesen Anleihebedingungen vorgesehen sind, eingetreten, wenn

- (i) ein Insolvenzereignis entweder eingetreten ist und an diesem Tag fortbesteht oder die Zahlung ein Insolvenzereignis auslösen oder dessen Eintritt beschleunigen würde; oder
- (ii) an dem betreffenden Tag eine Anordnung der Zuständigen Aufsichtsbehörde in Kraft ist, die der Emittentin untersagt, Zahlungen auf die Schuldverschreibungen zu leisten, oder ein anderes gesetzliches oder behördliches Zahlungsverbot besteht; oder
- (iii) an oder vor diesem Tag ein Solvenzkapitalereignis entweder eingetreten ist und an dem betreffenden Tag fortbesteht oder durch die Zahlung von Zinsen und/oder Zinsrückständen auf die Schuldverschreibungen durch die Emittentin an dem betreffenden Tag eintreten würde, es sei denn,
  - (A) die Zuständige Aufsichtsbehörde hat an oder vor diesem Tag ausnahmsweise ihre vorherige Zustimmung zu der Zahlung der betreffenden Zinsen und/oder Zinsrückstände auf die Schuldverschreibungen trotz Solvenzkapitalereignis erteilt und ihre Zustimmung bis zu diesem Tag nicht widerrufen;
  - (B) die Zahlung der betreffenden Zinsen und/oder Zinsrückstände auf die

which any payment of interest and/or Arrears of Interest on the Notes is scheduled to be paid under these Terms and Conditions if

- (i) either an Insolvency Event has occurred and is continuing on such date or such payment would cause or accelerate the occurrence of an Insolvency Event; or
- (ii) there is in effect on such date an order of the Competent Supervisory Authority prohibiting the Issuer from making payments under the Notes, or there is in effect on such date any other payment prohibition, whether by statute or by order of any authority; or
- (iii) a Solvency Capital Event either has occurred on or prior to such date and is continuing on such date or would be caused by the payment by the Issuer of interest and/or Arrears of Interest on the Notes on the relevant date, unless
  - (A) on or prior to such date the Competent Supervisory Authority has exceptionally given, and not withdrawn by such date, its prior consent to the payment of the relevant interest and/or Arrears of Interest despite the Solvency Capital Event;
  - (B) the payment of such interest and/or Arrears of Interest on the Notes does not lead to a

Schuldverschreibungen führt nicht zu einer weiteren Schwächung der Solvabilität der Emittentin oder der Gruppe der Emittentin; und

- (C) die geltenden Mindestkapitalanforderungen (MCR) der Emittentin bzw. das Minimum der konsolidierten Solvenzkapitalanforderung für die Gruppe der Emittentin gemäß der Solvency II Richtlinie sind auch nach der Zahlung der betreffenden Zinsen und/oder Zinsrückstände auf die Schuldverschreibungen erfüllt.

**"Solvency II Richtlinie"** bezeichnet die Richtlinie 2009/138/EG des Europäischen Parlaments und der Kommission vom 25. November 2009 in der jeweils geltenden Fassung, die dazu erlassenen weiteren Rechtsakte der Europäischen Union, einschließlich der Delegierten Verordnung (EU) 2015/35 der Kommission vom 10. Oktober 2014, und die darauf bezogenen deutschen Umsetzungsgesetze, in der jeweils gültigen Fassung.

Ein **"Solvenzkapitalereignis"** ist eingetreten, falls auf Solo-Ebene und/oder auf Gruppen-Ebene die Eigenmittel der Emittentin nicht ausreichen, um die geltenden Solvenzkapitalanforderungen (SCR) oder die geltenden Mindestkapitalanforderungen (MCR) der Emittentin bzw. das Minimum der konsolidierten Solvenzkapitalanforderung für die Gruppe der Emittentin gemäß der Solvency II Richtlinie zu erfüllen.

**"Zuständige Aufsichtsbehörde"** ist die

further weakening of the solvency position of the Issuer or the Issuer's group; and

- (C) the applicable minimum capital requirement (MCR) of the Issuer or the minimum consolidated solvency capital requirement for the Issuer's group in accordance with the Solvency II Directive are fulfilled also after payment of such interest and/or Arrears of Interest on the Notes.

**"Solvency II Directive"** means Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 as amended from time to time, the further legislative acts of the European Union enacted in relation thereto including Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, and the German legislation implementing the same, in each case as amended from time to time.

A **"Solvency Capital Event"** will have occurred if on an unconsolidated basis and/or on a consolidated basis the own funds (*Eigenmittel*) of the Issuer are not sufficient to cover the applicable solvency capital requirement (SCR) or the applicable minimum capital requirement (MCR) of the Issuer or the minimum consolidated solvency capital requirement for the Issuer's group in accordance with the Solvency II Directive.

**"Competent Supervisory Authority"**

Bundesanstalt für  
Finanzdienstleistungsaufsicht bzw. jede  
Behörde, die ihr Funktionsnachfolger  
wird.

means the Federal Financial Supervisory  
Authority (*Bundesanstalt für  
Finanzdienstleistungsaufsicht*) or any  
authority which becomes its successor in  
such capacity.

### § 3.3 Nachzahlung von Zinsrückständen.

- (a) *Freiwillige Nachzahlung von Zinsrückständen.* Die Emittentin ist berechtigt, ausstehende Zinsrückstände jederzeit (insgesamt oder teilweise) nachzuzahlen, wenn die Nachzahlungsvoraussetzungen (wie nachstehend definiert) in Bezug auf diese Zahlung erfüllt sind.

Wenn sich die Emittentin dazu entscheidet, ausstehende Zinsrückstände (insgesamt oder teilweise) nachzuzahlen, wird sie die Anleihegläubiger durch Bekanntmachung gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr als 15 Geschäftstagen hierüber in Kenntnis setzen, wobei eine solche Bekanntmachung (i) den Betrag an Zinsrückständen, der gezahlt werden soll, und (ii) den für diese Zahlung festgelegten Tag (der "**Freiwillige Nachzahlungstag**") enthalten muss.

Wenn an dem Freiwilligen Nachzahlungstag die Nachzahlungsvoraussetzungen (wie nachstehend definiert) in Bezug auf die betreffende Zahlung erfüllt sind, wird der in der Bekanntmachung angegebene Betrag an Zinsrückständen am angegebenen Freiwilligen Nachzahlungstag fällig und ist die Emittentin verpflichtet, diesen Betrag an Zinsrückständen am Freiwilligen Nachzahlungstag zu zahlen.

Die "**Nachzahlungsvoraussetzungen**" sind an einem Tag in Bezug auf eine Zahlung

### § 3.3 Payment of Arrears of Interest.

- (a) *Optional payment of Arrears of Interest.* The Issuer will be entitled to pay outstanding Arrears of Interest (in whole or in part) at any time if the Conditions to Settlement (as defined below) are fulfilled with respect to such payment.

If the Issuer elects to pay outstanding Arrears of Interest (in whole or in part), it will give not less than 10 and not more than 15 Business Days' notice to the Noteholders in accordance with § 10 which notice will specify (i) the amount of Arrears of Interest to be paid and (ii) the date fixed for such payment (the "**Optional Settlement Date**").

If, on the Optional Settlement Date, the Conditions to Settlement (as defined below) are fulfilled with respect to the relevant payment, the amount of Arrears of Interest specified in such notice will become due and payable (*fällig*), and the Issuer will be obliged to pay such amount of Arrears of Interest on the Optional Settlement Date.

The "**Conditions to Settlement**" are fulfilled on a day with respect to any

von Zinsrückständen erfüllt, wenn an diesem Tag kein Pflichtaussetzungsereignis eingetreten ist und fortbesteht.

- (b) *Pflicht zur Nachzahlung von Zinsrückständen.* Die Emittentin ist verpflichtet, Zinsrückstände am nächsten Pflichtnachzahlungstag (wie nachstehend definiert) nachzuzahlen.

**"Pflichtnachzahlungstag"** bezeichnet den früheren der folgenden Tage:

- (i) für Zinsrückstände, die vor dem Eintritt eines Dividendenereignisses entstanden sind, den nächsten Zinszahlungstag, der auf den Tag folgt, an dem dieses Dividendenereignis eingetreten ist, und in Bezug auf den die Nachzahlungsvoraussetzungen erfüllt sind;
  - (ii) den Tag, an dem die Schuldverschreibungen gemäß § 4 zur Rückzahlung fällig werden;
  - (iii) den Tag, an dem eine Verfügung zur Auflösung, Abwicklung oder Liquidation der Emittentin ergeht (sofern dies nicht für die Zwecke oder als Folge eines Zusammenschlusses, einer Umstrukturierung oder Sanierung geschieht, bei dem bzw. bei der die Emittentin noch zahlungsfähig ist und bei dem bzw. bei der die fortführende Gesellschaft im Wesentlichen alle Vermögenswerte und Verpflichtungen der Emittentin übernimmt).
- (c) Falls an einem Freiwilligen Nachzahlungstag oder einem Pflichtnachzahlungstag die Nachzahlungsvoraussetzungen nicht erfüllt sind, werden Zinsrückstände, deren

payment of Arrears of Interest if on such day no Compulsory Deferral Event has occurred and is continuing.

- (b) *Compulsory payment of Arrears of Interest.* The Issuer must pay Arrears of Interest on the next Compulsory Settlement Date (as defined below).

**"Compulsory Settlement Date"** means the earlier of:

- (i) in respect of any Arrears of Interest that existed prior to the occurrence of a Dividend Payment Event the next Interest Payment Date following the date on which such Dividend Payment Event occurred, and in respect of which the Conditions to Settlement are fulfilled;
  - (ii) the date on which the Notes fall due for redemption in accordance with § 4; and
  - (iii) the date on which an order is made for the winding up, dissolution or liquidation of the Issuer (other than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent, where the continuing entity assumes substantially all of the assets and obligations of the Issuer).
- (c) If on an Optional Settlement Date or a Compulsory Settlement Date the Conditions to Settlement are not fulfilled, Arrears of Interest scheduled to be paid on such date will not become due and



Zahlung an diesem Tag vorgesehen war, an dem betreffenden Freiwilligen Nachzahlungstag bzw. Pflichtnachzahlungstag nicht fällig, sondern bleiben ausstehend und werden weiter als Zinsrückstände behandelt. Die Emittentin wird die Anleihegläubiger gemäß § 10 über die Nichterfüllung der Nachzahlungsvoraussetzungen baldmöglichst nach ihrer Feststellung, spätestens am vierten Geschäftstag nach dem betreffenden Freiwilligen Nachzahlungstag bzw. Pflichtnachzahlungstag informieren. Eine Nichtzahlung aus diesem Grunde begründet keinen Verzug der Emittentin und keine anderweitige Verletzung ihrer Verpflichtungen aufgrund dieser Schuldverschreibungen oder für sonstige Zwecke.

#### **§ 3.4 Ende des Zinslaufs**

Der Zinslauf der Schuldverschreibungen endet mit Ablauf des Tages, der dem Tag unmittelbar vorangeht, an dem sie zur Rückzahlung fällig werden. Sollte die Emittentin die Schuldverschreibungen bei Fälligkeit nicht einlösen, endet die Verzinsung des ausstehenden Nennbetrages der Schuldverschreibungen nicht am Fälligkeitstag, sondern erst mit Ablauf des Tages, der dem Tag der tatsächlichen Rückzahlung der Schuldverschreibungen vorangeht. Der jeweils geltende Zinssatz wird gemäß § 3.1 bestimmt. Weitergehende Ansprüche der Anleihegläubiger bleiben unberührt.

#### **§ 4 Rückzahlung**

- (a) *Rückzahlung bei Endfälligkeit.* Soweit nicht bereits zuvor zurückgezahlt oder zurückgekauft, werden die Schuldverschreibungen am Endfälligkeitstag zum Rückzahlungsbetrag

payable (*fällig*) on the relevant Optional Settlement Date or Compulsory Settlement Date, as the case may be, but will remain outstanding and will continue to be treated as Arrears of Interest. The Issuer will give notice to the Noteholders regarding the non-fulfilment of the Conditions to Settlement in accordance with § 10 as soon as possible after its determination but in no event later than on the fourth Business Day following the relevant Optional Settlement Date or Compulsory Settlement Date. Any such failure to pay will not constitute a default of the Issuer or any other breach of its obligations under the Notes or for any other purpose.

#### **§ 3.4 End of interest accrual**

The Notes will cease to bear interest from the end of the day immediately preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding principal amount of the Notes beyond the due date until the end of the day preceding the day of the actual redemption of the Notes. The applicable rate of interest will be determined in accordance with § 3.1. This does not affect any additional rights that might be available to the Noteholders.

#### **§ 4 Redemption**

- (a) *Redemption at Maturity.* To the extent not previously redeemed or repurchased, the Notes will be redeemed at their Redemption Amount on the Final

zurückgezahlt.

**"Endfälligkeitstag"** ist,

- (i) wenn an dem Vorgesehenen Endfälligkeitstag die Rückzahlungsbedingungen gemäß § 4(e) erfüllt sind, der Vorgesehene Endfälligkeitstag;
- (ii) andernfalls der erste Zinszahlungstag nach dem Vorgesehenen Endfälligkeitstag, an dem die Rückzahlungsbedingungen erfüllt sind.

**"Vorgesehener Endfälligkeitstag"** ist der 30. Januar 2049.

- (b) *Vorzeitige Rückzahlung nach Wahl der Emittentin.* Die Emittentin ist berechtigt, durch Kündigungserklärung gemäß § 4(f) und vorbehaltlich der Erfüllung der Rückzahlungsbedingungen gemäß § 4(e), die Schuldverschreibungen (insgesamt und nicht nur teilweise) erstmals mit Wirkung zum Ersten Kündigungstag und danach mit Wirkung zu jedem Variablen Zinszahlungstag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Bekanntmachung festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.
- (c) *Vorzeitige Rückzahlung nach Eintritt eines Gross up-Ereignisses.*
  - (i) Wenn ein Gross-up-Ereignis (wie nachstehend definiert) eintritt, ist die Emittentin vorbehaltlich der Erfüllung der

Maturity Date.

**"Final Maturity Date"** means,

- (i) if on the Scheduled Maturity Date the Conditions to Redemption pursuant to § 4(e) are fulfilled, the Scheduled Maturity Date;
- (ii) otherwise the first Interest Payment Date following the Scheduled Maturity Date on which the Conditions to Redemption are fulfilled.

**"Scheduled Maturity Date"** means 30 January 2049.

- (b) *Early redemption at the option of the Issuer.* The Issuer may, upon giving a notice of redemption in accordance with § 4(f) and subject to the Conditions to Redemption pursuant to § 4(e) being fulfilled, call the Notes for early redemption (in whole but not in part) for the first time with effect as of the First Call Date and on each Floating Interest Payment Date thereafter. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the Redemption Amount (as defined below) on the redemption date specified in the notice.
- (c) *Early redemption following a Gross up Event.*
  - (i) If a Gross up Event (as defined below) occurs, the Issuer may, subject to the Conditions to Redemption pursuant to § 4(e)

Rückzahlungsbedingungen gemäß § 4(e) berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(f) mit Wirkung zu dem in der Kündigungserklärung für die Rückzahlung festgelegten Tag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem in der Bekanntmachung festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.

Eine solche Kündigungserklärung darf nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Emittentin erstmals verpflichtet wäre, Zusätzliche Beträge (wie in § 6 definiert) zu zahlen, falls eine Zahlung auf die Schuldverschreibungen dann fällig sein würde.

- (ii) Ein "**Gross-up-Ereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin dem Fiscal Agent eine Kopie davon gibt), aus dem hervorgeht, dass die Emittentin aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen

being fulfilled, on giving a notice of redemption in accordance with § 4(f), call the Notes for early redemption (in whole but not in part) at any time with effect as of the date fixed for redemption in the notice. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the Redemption Amount (as defined below) on the redemption date specified in the notice.

No such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be for the first time obliged to pay any Additional Amounts (as defined in § 6) if a payment in respect of the Notes were then due.

- (ii) A "**Gross up Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Fiscal Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country

Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde) verpflichtet ist oder verpflichtet sein wird, Zusätzliche Beträge gemäß § 6 auf die Schuldverschreibungen zu zahlen, und die Emittentin diese Verpflichtung nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

(d) *Vorzeitige Rückzahlung nach Eintritt eines Steuerereignisses, eines Aufsichtsrechtlichen Ereignisses, eines Rechnungslegungsereignisses oder eines Ratingagenturereignisses.*

(i) Wenn ein Steuerereignis, ein Aufsichtsrechtliches Ereignis, ein Rechnungslegungsereignis oder ein Ratingagenturereignis (jeweils wie nachstehend definiert) eintritt, ist die Emittentin vorbehaltlich der Erfüllung der

having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority), which change or amendment becomes effective on or after the date of issue of the Notes, the Issuer has or will become obliged to pay Additional Amounts pursuant to § 6 on the Notes, and that obligation cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

(d) *Early redemption following a Tax Event, a Regulatory Event, an Accounting Event or a Rating Agency Event.*

(i) If a Tax Event, Regulatory Event, Accounting Event or Rating Agency Event (each as defined below) occurs, the Issuer may, subject to the Conditions to Redemption pursuant to § 4(e) being fulfilled, on giving a notice of redemption in

Rückzahlungsbedingungen gemäß § 4(e) berechtigt, die Schuldverschreibungen jederzeit (insgesamt und nicht nur teilweise) durch Kündigungserklärung gemäß § 4(f) mit Wirkung zu dem in der Kündigungserklärung für die Rückzahlung festgelegten Tag zur vorzeitigen Rückzahlung zu kündigen. Wenn die Emittentin ihr Kündigungsrecht gemäß Satz 1 ausübt und die Rückzahlungsbedingungen an dem für die Rückzahlung festgelegten Tag erfüllt sind, ist die Emittentin verpflichtet, die Schuldverschreibungen an dem festgelegten Rückzahlungstag zum Rückzahlungsbetrag (wie nachstehend definiert) zurückzuzahlen.

Im Falle eines Steuerereignisses darf eine solche Kündigungserklärung nicht früher als 90 Tage vor dem Tag erfolgen, an dem die Abzugsfähigkeit der Zinsen entfallen würde.

- (ii) Ein "**Steuerereignis**" tritt ein, wenn der Emittentin ein Gutachten einer anerkannten Anwaltskanzlei vorliegt (und die Emittentin dem Fiscal Agent eine Kopie davon gibt), aus dem hervorgeht, dass aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen in Kraft tretenden Änderung oder Klarstellung der Gesetze, Verordnungen oder sonstigen Vorschriften des Staats, in dem die Emittentin steuerlich ansässig ist, einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von

accordance with § 4(f), call the Notes for early redemption (in whole but not in part) at any time with effect as of the date fixed for redemption in the notice. If the Issuer exercises its call right in accordance with sentence 1 and the Conditions to Redemption are fulfilled on the specified redemption date, the Issuer shall redeem the Notes at the Redemption Amount (as defined below) on the redemption date specified in the notice.

In the case of a Tax Event, no such notice of redemption may be given earlier than 90 days prior to the date, on which the deductibility of interest would fall away.

- (ii) A "**Tax Event**" will occur if an opinion of a recognised law firm has been delivered to the Issuer (and the Issuer has provided the Fiscal Agent with a copy thereof) stating that, as a result of any change in, or amendment or clarification to, the laws, regulations or other rules of the Issuer's country of domicile for tax purposes, any of its political subdivisions or any authority or any other agency of or in such country having power to tax (including in case any such change, amendment or clarification has retroactive effect), or as a result of any change

Steuern berechtigten Behörde oder sonstigen Stelle (einschließlich des Falles, dass die betreffende Änderung oder Klarstellung rückwirkend Anwendung findet), oder aufgrund einer Änderung oder Klarstellung der Auslegung oder Anwendung, oder aufgrund einer erstmaligen Auslegung oder Anwendung dieser Gesetze, Verordnungen oder sonstigen Vorschriften durch eine gesetzgebende Körperschaft, ein Gericht oder eine Behörde (einschließlich des Erlasses von Gesetzen sowie der Bekanntmachung von Entscheidungen eines Gerichts oder einer Behörde), Zinsen, die von der Emittentin auf die Schuldverschreibungen zu zahlen sind, von der Emittentin nicht mehr für die Zwecke der Ertragsteuer in dem Staat, in dem die Emittentin steuerlich ansässig ist, voll abzugsfähig sind, bzw. nicht mehr voll abzugsfähig sein werden, und die Emittentin dieses Risiko nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für zumutbar und angemessen hält.

Ein **"Aufsichtsrechtliches Ereignis"** tritt ein, wenn die Zuständige Aufsichtsbehörde schriftlich gegenüber der Emittentin feststellt, dass nach den Anwendbaren Aufsichtsrechtlichen Vorschriften die Schuldverschreibungen (insgesamt oder teilweise) nicht die Anforderungen für die Einbeziehung in die Berechnung der Eigenmittel als Tier 2 Kapital für Zwecke der Ermittlung der Solo-Solvabilität der

in, or amendment or clarification to, the interpretation or application, or as a result of any interpretation or application made for the first time, of any such laws, regulations or other rules by any legislative body, court or authority (including the enactment of any legislation and the publication of any decision of any court or authority)), which change, amendment or clarification becomes effective on or after the date of issue of the Notes, interest payable by the Issuer in respect of the Notes is no longer, or will no longer be, fully deductible by the Issuer for income tax purposes in the Issuer's country of domicile for tax purposes, and that risk cannot be avoided by the Issuer taking such measures it (acting in good faith) deems reasonable and appropriate.

A **"Regulatory Event"** will occur if the Competent Supervisory Authority states in writing to the Issuer that under the Applicable Supervisory Regulations the Notes (in whole or in part) would not be eligible to qualify for inclusion in the determination of own funds as Tier 2 Capital for single solvency purposes of the Issuer or for group solvency purposes of the Issuer's group (including the capital

Emittentin oder der Gruppen-Solvabilität der Gruppe der Emittentin (einschließlich der Kapitaladäquanz von international aktiven Versicherungsgruppen (IAIG) und von global systemrelevanten Versicherern (G-SII)) erfüllen oder sie derartige Anforderungen nicht länger erfüllen, nachdem sie diese Anforderungen zunächst erfüllt hatten, es sei denn, dies beruht in den genannten Fällen allein auf der Überschreitung der Anrechnungsobergrenzen für die Einbeziehung solcher Wertpapiere in das Tier 2 Kapital der Emittentin oder der Gruppe der Emittentin aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften.

Ein **"Rechnungslegungs-Ereignis"** tritt ein, wenn die Emittentin nach eigener begründeter Auffassung aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen eingetretenen Änderung der Anwendbaren Rechnungslegungsvorschriften die Schuldverschreibungen in dem nach Maßgabe der Anwendbaren Rechnungslegungsvorschriften aufgestellten Konzernjahresabschluss der Emittentin nicht oder nicht mehr als Verbindlichkeiten in der Bilanz ausweisen kann und die Emittentin dies nicht abwenden kann, indem sie Maßnahmen ergreift, die sie nach Treu und Glauben für angemessen hält. Dabei gilt Folgendes:

**"Anwendbare Rechnungslegungsvorschriften"**

adequacy of internationally active insurance groups (IAIG) and global systemically important insurers (G-SII)), or that they no longer fulfil such requirements provided that the Notes did fulfil such requirements, except in each case where this is merely the result of exceeding any applicable limits on the inclusion of the Notes in the Tier 2 Capital of the Issuer or the Issuer's group pursuant to the Applicable Supervisory Regulations.

An **"Accounting Event"** will occur if the Issuer in its own reasonable opinion as a result of any change in or amendment to the Applicable Accounting Standards, which change or amendment becomes effective on or after the date of issue of the Notes, must not or must no longer record the obligations under the Notes as liabilities on the balance sheet in the Issuer's annual consolidated accounts prepared in accordance with the Applicable Accounting Standards and this cannot be avoided by the Issuer taking such measures it (acting in good faith) deems appropriate. Where:

**"Applicable Accounting Standards"** means the

bezeichnet die International Financial Reporting Standards (IFRS) wie sie zu den jeweiligen Stichtagen und für die jeweiligen Rechnungslegungsperioden anwendbar sind, oder andere, von der Emittentin anzuwendende, allgemein anerkannte Rechnungslegungsgrundsätze, die diese in Zukunft ersetzen.

Ein **"Ratingagenturereignis"** tritt ein, wenn sich aufgrund einer an oder nach dem Tag der Begebung der Schuldverschreibungen eingetretenen Änderung oder Klarstellung der Rating-Methodologie (oder deren Auslegung) die Behandlung der Schuldverschreibungen für die Bemessung der Kapitalisierung der Emittentin oder der Gruppe der Emittentin durch Moody's Investors Service, Inc. oder S&P Global Ratings (oder eine jeweilige Nachfolgerin), nach begründeter Auffassung der Emittentin im Vergleich zu der Behandlung der Schuldverschreibungen für die Bemessung der Kapitalisierung der Emittentin oder der Gruppe der Emittentin an dem oder um den Tag der Begebung der Schuldverschreibungen verschlechtert.

**"Tier 2 Kapital"** bezeichnet Tier 2 Eigenmittel und ergänzende Eigenmittel (*additional capital*) (wie in den Anwendbaren Aufsichtsrechtlichen Vorschriften definiert).

International Financial Reporting Standards (IFRS) as applicable at the relevant dates and for the relevant periods, or other accounting principles generally accepted and applied by the Issuer which subsequently supersede them.

A **"Rating Agency Event"** will occur if, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of Moody's Investors Service, Inc. or S&P Global Ratings or any respective successor, which change or clarification becomes effective on or after the date of issue of the Notes, the capital treatment of the Notes for the Issuer or the Issuer's group worsens in the reasonable opinion of the Issuer, as compared to the capital treatment of the Notes for the Issuer or the Issuer's group assigned at or around the date of issue of the Notes.

**"Tier 2 Capital"** means tier 2 own funds and additional capital (as stipulated in the Applicable Supervisory Regulations).



(e) *Rückzahlungsbedingungen.* Die "**Rückzahlungsbedingungen**" sind an einem Tag in Bezug auf eine vorgesehene Rückzahlung oder einen geplanten Rückkauf der Schuldverschreibungen erfüllt, wenn

(i) kein Insolvenzereignis eingetreten ist und an diesem Tag fortbesteht, und wenn die Zahlung des Rückzahlungsbetrages bzw. der Rückkauf nicht zu einem Insolvenzereignis führen oder dessen Eintritt beschleunigen würde; und

(ii) kein Solvenzkapitalereignis eingetreten ist und fortbesteht oder durch die Rückzahlung der Schuldverschreibungen durch die Emittentin bzw. durch den Rückkauf eintreten würde, es sei denn,

(A) die Zuständige Aufsichtsbehörde hat ausnahmsweise ihre vorherige Zustimmung zu der Rückzahlung der Schuldverschreibungen und der Zahlung des Rückzahlungsbetrages bzw. zu dem Rückkauf der Schuldverschreibungen trotz Solvenzkapitalereignis erteilt und ihre Zustimmung bis zu diesem Tag nicht widerrufen; und

(B) das Kapital ist durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden; und

(C) die geltenden Mindestkapitalanforderungen (MCR) der Emittentin bzw.

(e) *Conditions to Redemption.* The "**Conditions to Redemption**" are fulfilled on any day with respect to a scheduled redemption or a planned repurchase of the Notes, if

(i) no Insolvency Event has occurred and is continuing on such date, and if the payment of the Redemption Amount or the purchase would not result in, or accelerate, the occurrence of an Insolvency Event; and

(ii) no Solvency Capital Event has occurred and is continuing or would be caused by the redemption by the Issuer or the repurchase of the Notes, unless

(A) the Competent Supervisory Authority has exceptionally given, and not withdrawn by such date, its prior consent to the redemption of the Notes and the payment of the Redemption Amount or to the repurchase of the Notes despite the Solvency Capital Event;

(B) the capital has been replaced by other at least equivalent own funds (*Eigenmittel*); and

(C) the applicable minimum capital requirement (MCR) of the Issuer or the minimum

<p>das Minimum der konsolidierten Solvenzkapitalanforderung für die Gruppe der Emittentin gemäß der Solvency II Richtlinie sind auch nach der Zahlung des Rückzahlungsbetrages bzw. des Rückkaufbetrages erfüllt.</p>	<p>consolidated solvency capital requirement for the Issuer's group in accordance with the Solvency II Directive are fulfilled also after payment of the Redemption Amount or the repurchase amount.</p>
<p>(iii) die Zuständige Aufsichtsbehörde ihre Zustimmung zur Rückzahlung bzw. zu dem Rückkauf erteilt und bis zu diesem Tag nicht widerrufen hat; und</p>	<p>(iii) the Competent Supervisory Authority has given, and not withdrawn by such day, its prior consent to the redemption of the Notes or to the repurchase of the Notes; and</p>
<p>(iv) im Falle einer Rückzahlung oder eines Rückkaufs der Schuldverschreibungen oder einer Schuldnerersetzung nach § 9 vor dem 30. Juli 2022 das Kapital durch die Einzahlung anderer, zumindest gleichwertiger Eigenmittel ersetzt worden ist, solange und soweit dies für die Anerkennung als Tier 2 Kapital erforderlich ist.</p>	<p>(iv) in the event of a redemption or repurchase of the Notes or a substitution pursuant to § 9 prior to 30 July 2022 the capital has been replaced by other at least equivalent own funds (<i>Eigenmittel</i>), to the extent and as long as this is required for a recognition as Tier 2 Capital.</p>
<p>(f) <i>Kündigung, Bekanntmachung der vorzeitigen Rückzahlung.</i> Die Emittentin kann die Kündigung der Schuldverschreibungen zur vorzeitigen Rückzahlung gemäß § 4(b), § 4(c) oder § 4(d) durch Veröffentlichung einer Bekanntmachung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 15 und nicht mehr als 60 Tagen vor dem Rückzahlungstag erklären.</p>	<p>(f) <i>Call, notice of early redemption.</i> The Issuer may call the Notes for early redemption pursuant to § 4(b), § 4(c) or § 4(d) by publishing a notice to the Noteholders in accordance with § 10 subject to observing a notice period of not less than 15 nor more than 60 days prior to the specified redemption date.</p>
<p>Diese Bekanntmachung hat den Rückzahlungstag festzulegen sowie die Tatsachen anzugeben, die das Kündigungsrecht der Emittentin begründen.</p>	<p>This notice must state the specified redemption date and the facts which establish the right of the Issuer to redeem the Notes.</p>
<p>Die Rückzahlung gemäß § 4(b), § 4(c) oder § 4(d) steht auch nach einer</p>	<p>Even if such notice of redemption is given pursuant to § 4(b), § 4(c) or § 4(d), the</p>

Kündigungserklärung unter dem Vorbehalt der Erfüllung der Rückzahlungsbedingungen an dem in der Kündigungserklärung gemäß diesem § 4(f) für die Rückzahlung festgelegten Tag.

- (g) *Rückzahlungsbetrag.* Der "**Rückzahlungsbetrag**" ist ein Betrag je Schuldverschreibung in Höhe des Festgelegten Nennbetrages zuzüglich der bis zum Tag der Rückzahlung (ausschließlich) in Bezug auf diese Schuldverschreibung aufgelaufenen, aber noch nicht bezahlten Zinsen sowie, zur Klarstellung, sämtlicher gemäß § 3.3(b) fälligen Zinsrückstände in Bezug auf diese Schuldverschreibung.
- (h) *Keine Rückzahlung nach Wahl des Anleihegläubigers.* Die Anleihegläubiger sind zu keinem Zeitpunkt berechtigt, von der Emittentin eine Rückzahlung der Schuldverschreibungen zu verlangen.
- (i) *Rückkauf.*
  - (i) Die Emittentin und jede Tochtergesellschaft der Emittentin können jederzeit, vorbehaltlich zwingender gesetzlicher Regelungen und (außer unter den nachstehend in § 4(i)(ii) aufgeführten Umständen) vorbehaltlich der Erfüllung der Rückzahlungsbedingungen am Tag des Rückkaufs, Schuldverschreibungen auf dem freien Markt oder anderweitig sowie zu jedem beliebigen Preis erwerben. Derartig erworbene Schuldverschreibungen können eingezogen, gehalten oder wieder veräußert werden.
  - (ii) Die Rückzahlungsbedingungen müssen im Falle von Rückkäufen nicht erfüllt sein, soweit

redemption is subject to the Conditions to Redemption being fulfilled on the date fixed for redemption in the notice pursuant to this § 4(f).

- (g) *Redemption Amount.* The "**Redemption Amount**" means an amount per Note equal to the Specified Denomination plus any interest accrued on such Note to but excluding the date of redemption but yet unpaid and, for the avoidance of doubt, any Arrears of Interest due on such Note pursuant to § 3.3(b).
- (h) *No redemption at the option of a Noteholder.* The Noteholders shall not be entitled to put the Notes for redemption at any time.
- (i) *Purchase.*
  - (i) The Issuer and any subsidiary of the Issuer may at any time, subject to mandatory provisions of law and (except in the circumstances set out in § 4(i)(ii) below) to the Conditions to Redemption being fulfilled on the relevant purchase date, purchase Notes in the open market or otherwise and at any price. Such acquired Notes may be cancelled, held or resold.
  - (ii) The Conditions to Redemption do not have to be fulfilled for purchases made by affiliates of the

verbundene Unternehmen der Emittentin die Schuldverschreibungen für fremde Rechnung oder für Organismen für gemeinsame Anlagen in Wertpapieren (OGAW) erwerben, es sei denn, die Anteile an diesen OGAW werden mehrheitlich von der Emittentin oder einer ihrer verbundenen Unternehmen gehalten.

- (iii) Für einen Erwerb von Schuldverschreibungen im Rahmen eines Umtauschs gegen andere Wertpapiere gelten § 4(i)(i) und (ii) entsprechend.

## § 5 Zahlungen

- (a) *Zahlungen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt an das Clearingsystem oder an dessen Order zur Gutschrift auf den Konten der jeweiligen Kontoinhaber des Clearingsystems. Die Zahlung von Zinsen auf Schuldverschreibungen, die durch eine Vorläufige Globalurkunde verbrieft sind, erfolgt nach ordnungsgemäßigem Nachweis gemäß § 1(c).
- (b) *Zahlungsweise.* Auf die Schuldverschreibungen zu leistende Zahlungen werden in der Festgelegten Währung geleistet. Den Anleihegläubigern werden keine Kosten oder Gebühren in Bezug auf diese Zahlungen auferlegt. Sämtliche Zahlungen stehen unter dem Vorbehalt geltender steuerlicher und sonstiger gesetzlicher Vorschriften, Richtlinien und Verordnungen oder Verträge denen sich die Emittentin, der Fiscal Agent oder eine Zahlstelle unterworfen haben. Vorbehaltlich § 6 ist die Emittentin nicht verpflichtet, zusätzliche Beträge als Ausgleich für irgendwelche Steuern oder

Issuer for the account of a third party or Undertakings for Collective Investment in Transferable Securities (UCITS), unless the majority of the shares in the relevant UCITS are held by the Issuer or one of its affiliates.

- (iii) § 4(i)(i) and (ii) shall apply *mutatis mutandis* to an acquisition of the Notes by way of exchange for other securities.

## § 5 Payments

- (a) *Payments.* Payment of principal and interest on the Notes shall be made to, or to the order of, the Clearing System for credit to the relevant account holders of the Clearing System. Payment of interest on Notes represented by a Temporary Global Note shall be made, upon due certification as provided in § 1(c).
- (b) *Manner of payment.* Payments of amounts due in respect of the Notes shall be made in the Specified Currency. No commission or expenses shall be charged to the Noteholders in respect of such payments. All payments will be subject to all applicable fiscal and other laws, directives and regulations or agreements to which the Issuer, the Fiscal Agent or any Paying Agent agree to be subject. Without prejudice to the provisions of § 6, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for any taxes or duties of whatever nature imposed or levied by

Abgaben gleich welcher Art, die aufgrund solcher steuerlichen oder sonstigen gesetzlichen Vorschriften, Richtlinien oder Verordnungen oder Verträge auferlegt oder erhoben werden, an die Anleihegläubiger zu zahlen.

- (c) Die Emittentin wird durch Leistung der Zahlung an das Clearingsystem oder an dessen Order von ihrer Zahlungspflicht befreit.
- (d) *Zahltag.* Fällt der Fälligkeitstag einer Zahlung in Bezug auf eine Schuldverschreibung auf einen Tag, der kein Geschäftstag ist, dann hat der Anleihegläubiger keinen Anspruch auf Zahlung vor dem nächstfolgenden Geschäftstag. Der Anleihegläubiger ist nicht berechtigt, weitere Zinsen oder sonstige Zahlungen aufgrund dieser Verspätung zu verlangen.
- (e) Bezugnahmen in diesen Anleihebedingungen auf Kapital und Zinsen schließen, soweit anwendbar, sämtliche gemäß § 6 zahlbaren Zusätzlichen Beträge (wie dort definiert) ein.

## § 6 Besteuerung

Sämtliche auf die Schuldverschreibungen zu zahlenden Beträge von Kapital und Zinsen werden ohne Einbehalt oder Abzug von Steuern, Abgaben, Festsetzungen oder behördlicher Gebühren jedweder Art geleistet ("**Steuern**"), die von dem Staat, in dem die Emittentin steuerlich ansässig ist, oder einer seiner Gebietskörperschaften oder einer seiner zur Erhebung von Steuern berechtigten Behörden oder sonstigen Stellen auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, sofern nicht die Emittentin kraft Gesetzes oder einer sonstigen Rechtsvorschrift zu einem solchen Einbehalt oder Abzug verpflichtet ist. Sofern die Emittentin zu einem

solcher fiscal and other laws, regulations, directives or agreements.

- (c) The Issuer shall be discharged by payment to, or to the order of, the Clearing System.
- (d) *Payment business day.* If the due date for payment of any amount in respect of any Note is not a Business Day then the Noteholder shall not be entitled to payment until the next day that is a Business Day, and shall not be entitled to further interest or other payment in respect of such delay.
- (e) References in these Terms and Conditions to principal and interest on the Notes include, to the extent applicable, all Additional Amounts payable pursuant to § 6 (as therein defined).

## § 6 Taxation

All amounts to be paid in respect of principal and interest on the Notes will be paid free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by the Issuer's country of domicile for tax purposes or any of its political subdivisions or any authority or any other agency of or in the such country having power to tax, unless the Issuer is compelled by law to make such withholding or deduction. If the Issuer is required to make such withholding or deduction, the Issuer will pay such additional amounts (the "**Additional Amounts**") to the Noteholders as

solchen Einbehalt oder Abzug verpflichtet ist, wird die Emittentin zusätzliche Beträge (die "**Zusätzlichen Beträge**") an die Anleihegläubiger zahlen, so dass die Anleihegläubiger die Beträge erhalten, die sie ohne den betreffenden Einbehalt oder Abzug erhalten hätten. Solche Zusätzlichen Beträge sind jedoch nicht zahlbar wegen solcher Steuern in Bezug auf Schuldverschreibungen,

- (a) die wegen einer Verbindung des betreffenden Anleihegläubigers zu dem Staat, in dem die Emittentin steuerlich ansässig ist, die nicht nur aus der bloßen Inhaberschaft der Schuldverschreibungen besteht, einzubehalten oder abzuziehen sind; oder
- (b) deren Einbehalt oder Abzug ein Anleihegläubiger durch Vorlage eines Formulars oder einer Urkunde und/oder durch Abgabe einer Nichtansässigkeitserklärung oder Inanspruchnahme einer vergleichbaren Ausnahme oder Geltendmachung eines Erstattungsanspruches hätte vermeiden können aber nicht vermieden hat; oder
- (c) die aufgrund (i) einer Richtlinie oder Verordnung der Europäischen Union betreffend die Besteuerung von Zinserträgen oder (ii) einer zwischenstaatlichen Vereinbarung, eines zwischenstaatlichen Abkommens oder einer zwischenstaatlichen Verständigung über deren Besteuerung, an der der Staat, in dem die Emittentin steuerlich ansässig ist oder die Europäische Union beteiligt ist, oder (iii) einer gesetzlichen Vorschrift, die diese Richtlinie, Verordnung, Vereinbarung, Verständigung oder dieses Abkommen umsetzt oder befolgt, abzuziehen oder einzubehalten sind.

Die Emittentin ist keinesfalls verpflichtet, zusätzliche Beträge in Bezug auf einen Einbehalt

the Noteholders would have received if no such withholding or deduction had been required, except that no such Additional Amounts will be payable for any such Taxes in respect of any Note:

- (a) which are to be withheld or deducted by reason of the relevant Noteholder having some connection with the Issuer's country of domicile for tax purposes other than the mere holding of that Note; or
- (b) the withholding or deduction of which a Noteholder would be able to avoid by presenting any form or certificate and/or making a declaration of non-residence or similar claim for exemption or refund but fails to do so; or
- (c) which are to be withheld or deducted pursuant to (i) any European Union Directive or Regulation concerning the taxation of interest income, or (ii) any international treaty, agreement or understanding relating to such taxation and to which the Issuer's country of domicile for tax purposes or the European Union is a party, or (iii) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty, agreement or understanding.

In any event, the Issuer will have no obligation to pay additional amounts deducted or withheld by

oder Abzug von Beträgen zu zahlen, die gemäß Sections 1471 bis 1474 des U.S. Internal Revenue Code (in der jeweils geltenden Fassung oder gemäß Nachfolgebestimmungen), gemäß zwischenstaatlicher Abkommen, gemäß den in einer anderen Rechtsordnung in Zusammenhang mit diesen Bestimmungen erlassenen Durchführungsvorschriften oder gemäß mit dem Internal Revenue Service geschlossenen Verträgen von der Emittentin, der jeweiligen Zahlstelle oder einem anderen Beteiligten abgezogen oder einbehalten wurden ("**FATCA-Steuerabzug**") oder Anleger in Bezug auf einen FATCA-Steuerabzug schadlos zu halten.

#### **§ 7 Vorlegung, Verjährung**

- (a) *Vorlegungsfrist.* Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für fällige Schuldverschreibungen wird auf zehn Jahre verkürzt.
- (b) *Verjährungsfrist.* Die Verjährungsfrist für innerhalb der Vorlegungsfrist zur Zahlung vorgelegte Schuldverschreibungen beträgt zwei Jahre von dem Ende der betreffenden Vorlegungsfrist an.

#### **§ 8 Fiscal Agent, Zahlstellen und Berechnungsstelle**

- (a) *Bestellung; bezeichnete Geschäftsstelle.* Der Fiscal Agent und die Zahlstelle sind nachstehend mit der benannten anfänglichen Geschäftsstelle aufgeführt:

##### **Fiscal Agent und Zahlstelle:**

Deutsche Bank Aktiengesellschaft  
Taunusanlage 12  
D-60325 Frankfurt am Main

Der Fiscal Agent handelt auch als Berechnungsstelle (die "**Berechnungsstelle**").

the Issuer, the relevant Paying Agent or any other party ("**FATCA Withholding**") in relation to any withholding or deduction of any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service or indemnify any investor in relation to any FATCA Withholding.

#### **§ 7 Presentation, Prescription**

- (a) *Presentation.* The period for presentation of Notes due, as established in § 801 paragraph 1 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), is reduced to ten years.
- (b) *Prescription.* The period for prescription for Notes presented for payment during the presentation period shall be two years beginning at the end of the relevant presentation period.

#### **§ 8 Fiscal Agent, Paying Agents and Calculation Agent**

- (a) *Appointment, specified office.* The Fiscal Agent and the Paying Agent and their initial specified offices are as follows:

##### **Fiscal Agent and Paying Agent:**

Deutsche Bank Aktiengesellschaft  
Taunusanlage 12  
D-60325 Frankfurt am Main  
Germany

The Fiscal Agent shall also act as calculation agent (the "**Calculation Agent**").

- (b) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit zusätzliche Zahlstellen (gemeinsam mit der vorgenannten Zahlstelle, die "**Zahlstellen**" und jede eine "**Zahlstelle**") zu benennen.

Die Emittentin behält sich ferner das Recht vor, die Ernennung des Fiscal Agent, der Zahlstellen und der Berechnungsstelle jederzeit anders zu regeln oder zu beenden.

Die Emittentin wird sicherstellen, dass jederzeit (i) ein Fiscal Agent und eine Berechnungsstelle, (ii) eine Zahlstelle mit einer Geschäftsstelle in einer Stadt auf dem europäischen Festland und (iii) so lange die Schuldverschreibungen auf Veranlassung der Emittentin an einer Börse notiert werden, eine Zahlstelle mit einer benannten Geschäftsstelle an dem von der betreffenden Börse vorgeschriebenen Ort bestimmt ist. Der Fiscal Agent, etwaige Zahlstellen und die Berechnungsstelle behalten sich das Recht vor, jederzeit anstelle ihrer jeweils benannten Geschäftsstelle eine andere Geschäftsstelle in derselben Stadt zu bestimmen. Bekanntmachungen hinsichtlich aller Veränderungen im Hinblick auf den Fiscal Agent, etwaige Zahlstellen und die Berechnungsstelle erfolgen unverzüglich durch die Emittentin gemäß § 10.

- (c) *Erfüllungsgehilfen der Emittentin.* Der Fiscal Agent, die Zahlstelle(n) und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und übernehmen keinerlei Verpflichtungen gegenüber dem Anleihegläubiger; es wird kein Auftrags- oder Treuhandverhältnis zwischen ihnen und dem Anleihegläubiger begründet.

- (b) *Variation or termination of appointment.* The Issuer reserves the right at any time to appoint additional paying agents (together with the Paying Agent specified above, the "**Paying Agents**" and each a "**Paying Agent**").

The Issuer further reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Paying Agent and the Calculation Agent.

The Issuer will at all times maintain (i) a Fiscal Agent and a Calculation Agent (ii) a Paying Agent with a specified office in a continental European city and (iii) so long as the Notes are listed on a stock exchange at the initiative of the Issuer, a Paying Agent with a specified office in such city as may be required by the rules of the relevant stock exchange. The Fiscal Agent, any Paying Agent and the Calculation Agent reserve the right at any time to change their respective specified offices to some other specified office in the same city. Notice of all changes in the identities or specified offices of the Fiscal Agent, any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Noteholders in accordance with § 10.

- (c) *Agents of the Issuer.* The Fiscal Agent, the Paying Agent(s) and the Calculation Agent act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for the Noteholder.



## § 9 Schuldnerersetzung

- (a) *Ersetzung.* Die Emittentin ist jederzeit berechtigt, ohne Zustimmung der Anleihegläubiger eine andere Gesellschaft (soweit es sich bei dieser Gesellschaft nicht um ein Versicherungsunternehmen handelt), die direkt oder indirekt von der Emittentin kontrolliert wird, als neue Emittentin für alle sich aus oder im Zusammenhang mit den Schuldverschreibungen ergebenden Verpflichtungen mit schuldbefreiender Wirkung für die Emittentin an die Stelle der Emittentin zu setzen (die "**Neue Emittentin**"), sofern
- (i) die Neue Emittentin sämtliche Verpflichtungen der Emittentin aus oder im Zusammenhang mit den Schuldverschreibungen übernimmt und, sofern eine Zustellung an die Neue Emittentin außerhalb der Bundesrepublik Deutschland erfolgen müsste, einen Zustellungsbevollmächtigten in der Bundesrepublik Deutschland bestellt;
  - (ii) die Emittentin und die Neue Emittentin sämtliche für die Schuldnerersetzung und die Erfüllung der Verpflichtungen aus oder im Zusammenhang mit den Schuldverschreibungen erforderlichen Genehmigungen erhalten haben;
  - (iii) die Neue Emittentin in der Lage ist, sämtliche zur Erfüllung der aufgrund der Schuldverschreibungen bestehenden Zahlungsverpflichtungen erforderlichen Beträge in der Festgelegten Währung an das

## § 9 Substitution

- (a) *Substitution.* The Issuer may at any time, without the consent of the Noteholders, substitute for the Issuer any other company (other than an insurance undertaking) which is directly or indirectly controlled by the Issuer, as new issuer (the "**New Issuer**") in respect of all obligations arising under or in connection with the Notes with the effect of releasing the Issuer of all such obligations, if:
- (i) the New Issuer assumes any and all obligations of the Issuer arising under or in connection with the Notes and, if service of process vis-à-vis the New Issuer would have to be effected outside the Federal Republic of Germany, appoints a process agent within the Federal Republic of Germany;
  - (ii) the Issuer and the New Issuer have obtained all authorisations and approvals necessary for the substitution and the fulfilment of the obligations arising under or in connection with the Notes;
  - (iii) the New Issuer is in the position to pay to the Clearing System or the Fiscal Agent in the Specified Currency and without deducting or withholding any taxes or other duties of whatever nature imposed, levied or deducted by the country (or countries) in which the New

Clearingsystem oder den Fiscal Agent zu zahlen, und zwar ohne Abzug oder Einbehalt von Steuern oder sonstigen Abgaben jedweder Art, die von dem Land (oder den Ländern), in dem (in denen) die Neue Emittentin ihren Sitz oder Steuersitz hat, auferlegt, erhoben oder eingezogen werden;

- (iv) die Emittentin unwiderruflich die Verpflichtungen der Neuen Emittentin aus den Schuldverschreibungen zu Bedingungen garantiert, die sicherstellen, dass vorbehaltlich der Regelungen dieses § 9 jeder Anleihegläubiger wirtschaftlich mindestens so gestellt wird, wie er ohne die Ersetzung stehen würde;
- (v) die Zuständige Aufsichtsbehörde der Ersetzung zugestimmt hat; und
- (vi) die Rückzahlungsbedingungen, die für die Ersetzung entsprechende Anwendung finden, zum Zeitpunkt der Ersetzung erfüllt sind.

- (b) *Bezugnahmen.* Im Fall einer Schuldnerersetzung gemäß § 9(a) gilt jede Bezugnahme in diesen Anleihebedingungen auf die Emittentin als eine solche auf die Neue Emittentin.

Klarstellend sei erwähnt, dass dies nur gilt, soweit sich nicht aus Sinn und Zweck der jeweiligen Bedingung ergibt, dass die Bezugnahme entweder weiterhin nur auf die Allianz SE erfolgen soll (also insbesondere im Hinblick auf die Solo-Solvabilität der Emittentin bzw. der Gruppen-Solvabilität der Gruppe der Emittentin, das Insolvenzereignis, das Dividendenereignis, das Rechnungslegungsergebnis, das Ratingagenturereignis

Issuer has its domicile or tax residence all amounts required for the performance of the payment obligations arising from or in connection with the Notes;

- (iv) the Issuer irrevocably guarantees such obligations of the New Issuer under the Notes on terms which ensure that without prejudice to the provisions of this § 9 each Noteholder will be put in an economic position that is at least as favourable as that which would have existed if the substitution had not taken place;
- (v) the Competent Supervisory Authority has given its prior consent thereto; and
- (vi) the Conditions to Redemption, which shall apply mutatis mutandis to the substitution, are fulfilled at the time of the substitution.

- (b) *References.* In the event of a substitution pursuant to § 9(a), any reference in these Terms and Conditions to the Issuer shall be a reference to the New Issuer.

For the avoidance of doubt this shall apply only to the extent that the meaning and purpose of the relevant condition requires that the relevant reference shall continue to be a reference only to Allianz SE (i.e. in particular for single solvency purposes of the Issuer or for group solvency purposes of the Issuer's group, the Insolvency Event, the Dividend Payment Event, the Accounting Event, the Rating Agency Event and § 4(i)), or that the reference

und § 4(i)), oder dass die Bezugnahme auf die Neue Emittentin und gleichzeitig auch auf die Allianz SE, im Hinblick auf deren Verpflichtungen aus der Garantie gemäß § 9(a)(iv), erfolgen soll (Gross-up-Ereignis, Steuerereignis und Besteuerung).

- (c) *Bekanntmachung und Wirksamwerden der Ersetzung.* Die Ersetzung der Emittentin ist gemäß § 10 bekanntzumachen. Mit der Bekanntmachung der Ersetzung wird die Ersetzung wirksam und die Emittentin und im Fall einer wiederholten Anwendung dieses § 9 jede frühere Neue Emittentin von ihren sämtlichen Verpflichtungen aus den Schuldverschreibungen frei. Im Fall einer solchen Schuldnerersetzung wird (werden) die Wertpapierbörse(n) informiert, an der (denen) die Schuldverschreibungen dann auf Veranlassung der Emittentin notiert sind.

## § 10 Bekanntmachungen

- (a) *Veröffentlichungen.* Alle Bekanntmachungen, die die Schuldverschreibungen betreffen, werden im Bundesanzeiger (soweit erforderlich) und (solange die Schuldverschreibungen am geregelten Markt der Luxemburger Wertpapierbörse notiert sind) auf der Internet-Seite der Luxemburger Börse (derzeit [www.bourse.lu](http://www.bourse.lu)) veröffentlicht. Jede Mitteilung gilt am Tag der ersten Veröffentlichung als wirksam erfolgt.
- (b) *Mitteilungen an das Clearingsystem.* Solange Schuldverschreibungen am geregelten Markt der Luxemburger Börse notiert sind, findet § 10(a) Anwendung. Soweit die Regeln der Luxemburger Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach § 10(a) durch eine Mitteilung an das Clearingsystem zur

shall be to the New Issuer and Allianz SE, in relation to Allianz SE's obligations under the guarantee pursuant to § 9(a)(iv), at the same time (Gross up Event, Tax Event and Taxation).

- (c) *Notice and effectiveness of substitution.* Notice of any substitution of the Issuer shall be given by notice in accordance with § 10. Upon such publication, the substitution shall become effective, and the Issuer and in the event of a repeated application of this § 9, any previous New Issuer shall be discharged from any and all obligations under the Notes. In the case of such substitution, the stock exchange(s), if any, on which the Notes are then listed at the initiative of the Issuer will be notified.

## § 10 Notices

- (a) *Publications.* All notices regarding the Notes will be published in the Federal Gazette (to the extent required) and (so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange) on the website of the Luxembourg Stock Exchange (currently [www.bourse.lu](http://www.bourse.lu)). Any notice will become effective for all purposes on the date of the first such publication.
- (b) *Notification to Clearing System.* So long as any Notes are listed on the regulated market of the Luxembourg Stock Exchange, § 10(a) shall apply. If the Rules of the Luxembourg Stock Exchange so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as

Weiterleitung an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am fünften Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

set forth in § 10(a) above; any such notice shall be deemed to have been validly given on the fifth day after the day on which the said notice was given to the Clearing System.

## § 11 Begebung weiterer Schuldverschreibungen

Die Emittentin behält sich das Recht vor, ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (gegebenenfalls mit Ausnahme des Tages der Begebung, des Verzinsungsbeginns und/oder des Ausgabepreises) wie die vorliegenden Schuldverschreibungen zu begeben, so dass sie mit diesen eine einheitliche Serie bilden. Der Begriff "Schuldverschreibungen" umfasst im Fall einer solchen weiteren Begebung auch solche zusätzlich begebenen Schuldverschreibungen.

## § 11 Further Issues

The Issuer reserves the right from time to time, without the consent of the Noteholders, to issue additional notes with identical terms and conditions as the Notes in all respects (or in all respects except for the issue date, the interest commencement date and/or the issue price) so as to be consolidated and form a single series with such Notes. The term "Notes" shall, in the event of such further issue, also comprise such further notes.

## § 12 Anwendbares Recht und Gerichtsstand

- (a) *Geltendes Recht.* Form und Inhalt der Schuldverschreibungen sowie alle sich daraus ergebenden Rechte und Pflichten bestimmen sich ausschließlich nach dem Recht der Bundesrepublik Deutschland.
- (b) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz – *SchVG*) in seiner jeweiligen gültigen Fassung (das "**SchVG**"), ist nicht-ausschließlicher Gerichtsstand für alle sich aus den in diesen Anleihebedingungen geregelten Rechtsverhältnissen ergebenden Rechtsstreitigkeiten mit der Emittentin Frankfurt am Main.
- (c) *Gerichtliche Geltendmachung.* Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin

## § 12 Applicable Law and Jurisdiction

- (a) *Applicable law.* The form and content of the Notes as well as all the rights and duties arising therefrom are governed exclusively by the laws of the Federal Republic of Germany.
- (b) *Jurisdiction.* Subject to any exclusive court of venue for specific legal proceedings in connection with the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*) (*Schuldverschreibungsgesetz – SchVG*), as amended from time to time (the "**SchVG**"), non-exclusive court of venue for all litigation with the Issuer arising from the legal relations established in these Terms and Conditions is Frankfurt am Main.
- (c) *Enforcement.* Any Noteholder may in any proceedings against the Issuer protect and enforce in its own name its rights arising

im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen geltend machen unter Vorlage der folgenden Dokumente: (a) einer Bescheinigung seiner Depotbank, die (i) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet, (ii) den Gesamtnennbetrag der Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Depot dieses Anleihegläubigers gutgeschrieben sind, und (iii) bestätigt, dass die Depotbank dem Clearingsystem und dem Fiscal Agent eine schriftliche Mitteilung zugeleitet hat, die die Angaben gemäß (i) und (ii) enthält und Bestätigungsvermerke des Clearingsystems sowie des jeweiligen Clearingsystem-Kontoinhabers trägt, sowie (b) einer von einem Vertretungsberechtigten des Clearingsystems oder des Fiscal Agent bestätigten Ablichtung der Globalurkunde.

under its Notes by submitting the following documents: (a) a certificate issued by its depositary bank (i) stating the full name and address of the Noteholder, (ii) specifying an aggregate principal amount of Notes credited on the date of such certificate to such Noteholder's securities account maintained with such depositary bank and (iii) confirming that the depositary bank has given a written notice to the Clearing System as well as to the Fiscal Agent containing the information pursuant to (i) and (ii) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder as well as (b) a copy of the Global Note certified by a duly authorised officer of the Clearing System or the Fiscal Agent as being a true copy.

### **§ 13 Änderung der Anleihebedingungen; Gemeinsamer Vertreter**

- (a) *Änderung der Anleihebedingungen.* Regelungen in den Anleihebedingungen, die für die Qualifikation der Schuldverschreibungen als aufsichtsrechtliche Eigenmittel, insbesondere Tier 2 Kapital der Emittentin oder der Gruppe der Emittentin erforderlich sind, können nicht geändert werden. Die Emittentin wird keiner solchen Änderung zustimmen. Im Übrigen kann die Emittentin, vorbehaltlich der Zustimmung der Zuständigen Aufsichtsbehörde (sofern diese im betreffenden Zeitpunkt aufgrund der Anwendbaren Aufsichtsrechtlichen Vorschriften erforderlich ist), die Anleihebedingungen mit Zustimmung aufgrund Mehrheitsbeschlusses der

### **§ 13 Amendments to the Terms and Conditions; Joint Representative**

- (a) *Amendment of the Terms and Conditions.* Provisions in the Terms and Conditions which are required for the qualification of the Notes as regulatory own funds (*Eigenmittel*), in particular as Tier 2 Capital of the Issuer or the Issuer's group, may not be amended. The Issuer will not agree to any such amendment. Subject to the consent of the Competent Supervisory Authority (if under the Applicable Supervisory Regulations such consent is required at the time), the Issuer may amend the Terms and Conditions with the consent of a majority resolution of the Noteholders pursuant to §§ 5 et seq. of the SchVG. There will be no amendment of the Terms and Conditions

Anleihegläubiger nach Maßgabe der §§ 5 ff. SchVG ändern. Eine Änderung der Anleihebedingungen ohne Zustimmung der Emittentin scheidet aus.

Die Anleihegläubiger können insbesondere einer Änderung wesentlicher Inhalte der Anleihebedingungen, einschließlich der in § 5 Absatz 3 SchVG vorgesehenen Maßnahmen mit Ausnahme der Ersetzung der Emittentin, die in § 9 abschließend geregelt ist, mit den in dem nachstehenden § 13(b) genannten Mehrheiten zustimmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger verbindlich.

Beschlüsse, die zu einem Verstoß gegen § 2(b) führen, sind unwirksam.

- (b) *Mehrheitserfordernisse.* Vorbehaltlich des nachstehenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit, beschließen die Anleihegläubiger mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen, insbesondere in den Fällen des § 5 Absatz 3 Nummer 1 bis 9 SchVG, geändert wird, bedürfen zu ihrer Wirksamkeit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**"). Das Stimmrecht ruht, solange die Schuldverschreibungen der Emittentin oder einem mit ihr verbundenen Unternehmen (§ 271 Absatz 2 HGB) zustehen oder für Rechnung der Emittentin oder eines mit ihr verbundenen Unternehmens gehalten werden.

without the Issuer's consent.

In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under § 5(3) of the SchVG, but excluding a substitution of the Issuer, which is exclusively subject to the provisions in § 9, by resolutions passed by such majority of the votes of the Noteholders as stated under § 13(b) below. A duly passed majority resolution will be binding upon all Noteholders.

Resolutions of the Noteholders which result in a violation against § 2(b) are invalid.

- (b) *Majority requirements.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of § 5(3) numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75 per cent. of the voting rights participating in the vote (a "**Qualified Majority**"). The voting right is suspended as long as any Notes are attributable to the Issuer or any of its affiliates (within the meaning of § 271(2) of the German Commercial Code (*Handelsgesetzbuch*) or are being held for the account of the Issuer or any of its affiliates.

(c) *Beschlüsse.* Beschlüsse der Anleihegläubiger werden entweder in einer Gläubigerversammlung nach § 13(c)(i) oder im Wege der Abstimmung ohne Versammlung nach § 13(c)(ii) getroffen, die von der Emittentin oder einem gemeinsamen Vertreter einberufen wird. Anleihegläubiger, deren Schuldverschreibungen zusammen 5 % des jeweils ausstehenden Gesamtnennbetrags der Schuldverschreibungen erreichen, können gemäß § 9 Absatz 1 S. 2 SchVG schriftlich die Einberufung einer Anleihegläubigerversammlung oder Abstimmung ohne Versammlung mit einer gemäß § 9 Absatz 1 S. 2 SchVG zulässigen Begründung verlangen.

(i) Beschlüsse der Anleihegläubiger im Rahmen einer Gläubigerversammlung werden nach §§ 9 ff. SchVG getroffen. Die Einberufung der Gläubigerversammlung regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Einberufung der Gläubigerversammlung werden in der Tagesordnung die Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

(ii) Beschlüsse der Anleihegläubiger im Wege der Abstimmung ohne Versammlung werden nach § 18 SchVG getroffen. Die Aufforderung zur Stimmabgabe durch den Abstimmungsleiter regelt die weiteren Einzelheiten der Beschlussfassung und der Abstimmung. Mit der Aufforderung zur Stimmabgabe werden die

(c) *Resolutions.* Resolutions of the Noteholders will be made either in a Noteholders' meeting in accordance with § 13(c)(i) or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with § 13(c)(ii), in either case convened by the Issuer or a joint representative, if any. Pursuant to § 9(1) sentence 2 of the SchVG, Noteholders holding Notes in the total amount of 5 per cent. of the outstanding principal amount of the Notes may in writing request to convene a Noteholders' meeting or vote without a meeting for any of the reasons permitted pursuant to § 9(1) sentence 2 of the SchVG.

(i) Resolutions of the Noteholders in a Noteholders' meeting will be made in accordance with § 9 et seq. of the SchVG. The convening notice of a Noteholders' meeting will provide the further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions will be notified to Noteholders in the agenda of the meeting.

(ii) Resolutions of the Noteholders by means of a voting not requiring a physical meeting (*Abstimmung ohne Versammlung*) will be made in accordance § 18 of the SchVG. The request for voting as submitted by the chairman (*Abstimmungsleiter*) will provide the further details relating to the resolutions and the voting procedure. The subject

Beschlussgegenstände sowie die Vorschläge zur Beschlussfassung den Anleihegläubigern bekannt gegeben.

- (d) *Zweite Gläubigerversammlung.* Wird die Beschlussfähigkeit bei der Abstimmung ohne Versammlung nach § 13(c)(ii) nicht festgestellt, kann der Abstimmungsleiter eine Gläubigerversammlung einberufen, welche als zweite Gläubigerversammlung im Sinne des § 15(3) Satz 3 SchVG gilt.
- (e) *Anmeldung.* Die Stimmrechtsausübung ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss bis zum dritten Tag vor der Gläubigerversammlung im Falle einer Gläubigerversammlung (wie in § 13(c)(i) oder § 13(d) beschrieben) bzw. vor dem Beginn des Abstimmungszeitraums im Falle einer Abstimmung ohne Versammlung (wie in § 13(c)(ii) beschrieben) unter der in der Aufforderung zur Stimmabgabe angegebenen Anschrift zugehen. Zusammen mit der Anmeldung müssen Anleihegläubiger den Nachweis ihrer Berechtigung zur Teilnahme an der Abstimmung durch eine besondere Bescheinigung ihrer jeweiligen Depotbank in Textform und die Vorlage eines Sperrvermerks der Depotbank erbringen, aus dem hervorgeht, dass die relevanten Schuldverschreibungen für den Zeitraum vom Tag der Absendung der Anmeldung (einschließlich) bis zu dem angegebenen Ende der Versammlung (einschließlich) bzw. dem Ende des Abstimmungszeitraums (einschließlich) nicht übertragen werden können.
- (f) *Gemeinsamer Vertreter.* Die Anleihegläubiger können durch Mehrheitsbeschluss die Bestellung und

matter of the vote as well as the proposed resolutions will be notified to Noteholders together with the request for voting.

- (d) *Second noteholders' meeting.* If it is ascertained that no quorum exists for the vote without meeting pursuant to § 13(c)(ii), the chairman (*Abstimmungsleiter*) may convene a meeting, which shall be deemed to be a second meeting within the meaning of § 15(3) sentence 3 of the SchVG.
- (e) *Registration.* The exercise of voting rights is subject to the registration of the Noteholders. The registration must be received at the address stated in the request for voting no later than the third day prior to the meeting in the case of a Noteholders' meeting (as described in § 13(c)(i) or § 13(d)) or the beginning of the voting period in the case of voting not requiring a physical meeting (as described in § 13(c)(ii)), as the case may be. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of their respective depositary bank hereof in text form and by submission of a blocking instruction by the depositary bank stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting or day the voting period ends, as the case may be.
- (f) *Joint representative.* The Noteholders may by majority resolution provide for the appointment or dismissal of a joint



Abberufung eines gemeinsamen Vertreters, die Aufgaben und Befugnisse des gemeinsamen Vertreters, die Übertragung von Rechten der Anleihegläubiger auf den gemeinsamen Vertreter und eine Beschränkung der Haftung des gemeinsamen Vertreters bestimmen. Die Bestellung eines gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn er ermächtigt wird, wesentlichen Änderungen der Anleihebedingungen gemäß § 13(a) zuzustimmen.

Der gemeinsame Vertreter hat die Aufgaben und Befugnisse, welche ihm durch Gesetz oder von den Anleihegläubigern durch Mehrheitsbeschluss eingeräumt wurden. Er hat die Weisungen der Anleihegläubiger zu befolgen. Soweit er zur Geltendmachung von Rechten der Anleihegläubiger ermächtigt ist, sind die einzelnen Anleihegläubiger zur selbständigen Geltendmachung dieser Rechte nicht befugt, es sei denn der Mehrheitsbeschluss sieht dies ausdrücklich vor. Über seine Tätigkeit hat der gemeinsame Vertreter den Anleihegläubigern zu berichten. Für die Abberufung und die sonstigen Rechte und Pflichten des gemeinsamen Vertreters gelten die Vorschriften des SchVG.

Die Haftung des gemeinsamen Vertreters ist auf das Zehnfache seiner jährlichen Vergütung beschränkt, es sei denn, dem gemeinsamen Vertreter fällt Vorsatz oder grobe Fahrlässigkeit zur Last.

- (g) *Bekanntmachungen.* Bekanntmachungen betreffend diesen § 13 erfolgen gemäß den §§ 5ff. SchVG sowie nach § 10.

representative, the duties and responsibilities and the powers of such joint representative, the transfer of the rights of the Noteholders to the joint representative and a limitation of liability of the joint representative. Appointment of a joint representative may only be passed by a Qualified Majority if such joint representative is to be authorised to consent to a material change in the substance of the Terms and Conditions in accordance with § 13(a) hereof.

The joint representative shall have the duties and powers provided by law or granted by majority resolutions of the Noteholders. The joint representative shall comply with the instructions of the Noteholders. To the extent that the joint representative has been authorised to assert certain rights of the Noteholders, the Noteholders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The joint representative shall provide reports to the Noteholders on its activities. The regulations of the SchVG apply with regard to the recall and the other rights and obligations of the joint representative.

Unless the joint representative is liable for wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*), the joint representative's liability shall be limited to ten times the amount of its annual remuneration.

- (g) *Notices.* Any notices concerning this § 13 will be made in accordance with § 5 et seq. of the SchVG and § 10.

**§ 14 Sprache**

Diese Anleihebedingungen sind in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigelegt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

**§ 14 Language**

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

## **USE OF PROCEEDS**

The net proceeds of the issuance of Notes are used for general corporate purposes of Allianz Group.

## DESCRIPTION OF ALLIANZ SE AND ALLIANZ GROUP

### Allianz Group

Allianz SE together with its subsidiaries form the Allianz Group. Allianz SE is the ultimate parent of the Allianz Group.

### Name, Registered Seat (*Sitz*) and Purpose (*Unternehmensgegenstand*) of the Allianz SE

Allianz SE is a European Company (Societas Europaea, SE) operating under the laws of Germany and registered under its legal name "Allianz SE" in the commercial register at the local court (*Amtsgericht*) in Munich under the entry number HRB 164232 and conducts its business in Germany, amongst others, under the commercial name "Allianz". The registered seat (*Sitz*) of Allianz SE is Munich, Germany and the business address of Allianz SE is at Königinstraße 28, 80802 Munich, Germany, telephone number (+49)(89) 3800-0.

Pursuant to Section 1 para. 2 of its Statutes, the purpose of Allianz SE is to direct an international group of companies that are active in the areas of insurance, banking, asset management and other financial, consulting, and similar services and to hold ownership interests in insurance companies, banks, industrial companies, investment companies and other enterprises. As a reinsurer, Allianz SE primarily assumes insurance business from its group companies and from other companies in which Allianz SE holds direct or indirect interests.

Pursuant to Section 1 para. 3 of its Statutes, Allianz SE is authorized to transact any business and to take any measures which seem appropriate to serve its purpose. It may form and acquire companies and acquire interest in companies as well as manage companies, or it may confine itself to managing its interests. Within the framework of its purpose, Allianz SE is authorized to raise loans and to issue bonds.

### Fiscal Year

The fiscal year of Allianz SE is the calendar year.

### Term and Dissolution

Allianz SE has been founded for an unlimited term and may be dissolved upon a resolution of the General Meeting requiring a majority of at least three quarters of the share capital represented during the resolution. The assets of Allianz SE remaining after servicing all liabilities are distributed among the shareholders pro rata to their shareholding in Allianz SE pursuant to the provisions of the German Stock Corporation Act (*Aktiengesetz*).

### Statutory auditors

Allianz SE appointed KPMG AG Wirtschaftsprüfungsgesellschaft ("**KPMG**"), Ganghoferstr. 29, 80339 Munich, Germany, as auditor for the fiscal years (*Geschäftsjahr*) ending 31 December 2015, 2016 and 2017. KPMG is a member of the German Chamber of Auditors (*Wirtschaftsprüferkammer*).

The statutory financial statements of Allianz SE for the fiscal years ended 31 December 2015 and 2016 were prepared in accordance with German commercial law and supplementary provisions of the articles of incorporation. The statutory financial statements were audited by KPMG in accordance with § 317 of the German Commercial Code (*Handelsgesetzbuch*) and German generally accepted

auditing standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* ("IDW", Institute of Public Auditors in Germany). KPMG has issued an unqualified audit opinion for both years.

The consolidated financial statements of Allianz SE for the fiscal years ended 31 December 2015 and 2016 were prepared in accordance with IFRS as adopted by the European Union, and the additional requirements of § 315a (1) of the German Commercial Code and supplementary provisions of the articles of incorporation. The consolidated financial statements for the fiscal years 2015 and 2016 were audited by KPMG in accordance with § 317 of the German Commercial Code and German generally accepted standards for the audit of financial statements promulgated by the IDW. KPMG has issued an unqualified audit report for both years.

### **History and Development of Allianz SE**

The company was founded as a property insurer on 5 February 1890 in Berlin under the name Allianz Versicherungs-Aktien-Gesellschaft.

In 1985, the company transferred its operational insurance business to today's Allianz Versicherungs-AG and changed its name to "Allianz Aktiengesellschaft Holding". Since 1985, it operates as a holding company with reinsurance activities. The name was again changed, by resolution of the General Meeting of 7 October 1996, to "Allianz Aktiengesellschaft" (Allianz AG).

On 3 February 2006, the extraordinary General Meetings of holders of RIUNIONE ADRIATICA DI SICURTÀ S.p.A ("RAS") ordinary shares and holders of RAS savings shares and on 8 February 2006, the extraordinary General Meeting of Allianz AG agreed to the cross-border merger between Allianz AG and RAS. Upon registration of the merger with the commercial register of Allianz AG on 13 October 2006, Allianz adopted the legal form of a European Company (Societas Europaea, SE) and has been operating since then under the corporate name "Allianz SE".

### **Investments**

Allianz Group's invested assets consist primarily of the portfolios of its various business operations. In addition to the regular portfolio managing process the following significant transactions have been made since 31 December 2016:

#### ***Allianz agrees to acquire non-controlling interests in Irish subsidiary***

Allianz aims to increase its stake in Allianz Irish Life Holdings plc ("AILH") from currently 66.5 % to 100 %. The total consideration for AILH non-controlling interests is approximately € 160 mn in total or € 20.68 per share. The acquisition is subject to AILH shareholder as well as regulatory approval and will be financed with existing funds.

#### ***Allianz Group to sell part of life insurance portfolio in Taiwan to Taiwan Life Insurance***

On 10 May 2016, Allianz Group announced that Allianz Taiwan Life Insurance Co. Ltd. has reached an agreement with Taiwan Life Insurance Co. Ltd., headquartered in Taipei, Taiwan, to sell a traditional life insurance portfolio of Allianz Taiwan Life to Taiwan Life Insurance.

The deal includes an Allianz Taiwan Life portfolio comprising approximately 80,000 policies with IFRS policy reserve liabilities of 1.2 billion euros (42.3 billion Taiwan new dollars) as of 31 December

2015. The transaction may ultimately not be completed as not all required regulatory approvals may be obtained.

### Regulatory capital adequacy

The capital requirements, as well as the definition and calculation of eligible capital, are governed by the Solvency II rules that came into force on 1 January 2016. The Allianz Group's and Allianz SE's own funds as well as the capital requirements are since then based on the market value balance sheet approach as the major economic principle of the Solvency II rules. Due to the market value balance sheet approach, the Solvency II regime will lead to higher volatility in solvency ratios compared to Solvency I.

Despite the approval of our partial internal model in November 2015, some uncertainty about the future capitalization requirements of Allianz remains since the future capital requirements applicable for Global Systemically Important Insurers (so-called G-SIIs) are still not finalized. Finally, the potential for a multiplicity of different regulatory regimes, capital standards and reporting requirements will increase operational complexity and costs.

Since Solvency II only came into effect on 1 January 2016, the Solvency II solvency capital ratios for Allianz Group and Allianz SE for 31 December 2015– as shown below – have been calculated on a preliminary basis:

#### ***Allianz Group: Solvency II regulatory capitalization<sup>1</sup>***

EUR bn	31 December 2016	1 January 2016	31 December 2015
Own funds	75.3	71.0	72.7
Capital requirement	34.6	36.2	36.4
Capitalization ratio	218%	196% <sup>2</sup>	200%

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<sup>1</sup> Risk capital figures are group diversified at 99.5% confidence level. Allianz Life US included based on third country equivalence with 150% of RBC CAL since September 30, 2015.

<sup>2</sup> Changed regulatory tax treatment of German life sector reduced year-end SII capitalization ratio from 200% to 196% on January 1, 2016.

**Allianz SE: Solvency II regulatory capitalization**

	31 December 2016	1 January 2016	31 December 2015
EUR bn			
Own funds	81.3	76.8	78.0
Capital requirement	20.9	20.5	20.8
Capitalization ratio	389%	374%	375%

As of 31 December 2016, Group Solvency II capitalization increased to 218% compared to 200% at the end of 2015 mainly due to capital market developments, partly offset by risk management actions and business operating Solvency II earnings. On a pro-forma basis, the recognition of negative interest rates on solvency capital calculations would have had a negative impact on the Solvency ratio of around 3 percentage points as of 31 December 2016.



## Capitalization and Financial Indebtedness as of 31 December 2016

	As of 31 December 2016 (amounts in EUR million)
<b>Total debt:</b> <sup>(1)</sup>	
<b>Subordinated liabilities</b>	
<b>Allianz SE</b> <sup>(2)</sup>	
Subordinated bonds .....	13,485
<b>Total Allianz SE</b> <sup>(2)</sup>	13,485
<b>All other subsidiaries</b>	
Subordinated liabilities .....	-
Hybrid equity .....	45
<b>Total all other subsidiaries</b>	45
<b>Subtotal</b>	13,530
<b>Certificated liabilities</b>	
<b>Allianz SE</b> <sup>(3)</sup>	
Senior bonds .....	6,574
Money market securities .....	1,041
<b>Total Allianz SE</b> <sup>(3)</sup>	7,615
<b>All other subsidiaries</b>	
Certificated liabilities .....	-
<b>Total all other subsidiaries</b>	-
<b>Subtotal</b>	7,615
<b>Total debt</b>	21,145
<b>Equity:</b>	
<b>Shareholders' equity</b>	
Issued capital .....	1,170
Additional paid-in capital .....	27,758
Retained earnings <sup>(4)</sup> .....	27,336
Foreign currency translation adjustments .....	(754)
Unrealized gains and losses (net) <sup>(5)</sup> .....	11,830
<b>Subtotal</b>	67,341
<b>Non-controlling interests</b>	3,052
<b>Total equity</b>	70,392
<b>Total debt and equity</b>	91,537

<sup>(1)</sup> Total debt excludes liabilities to banks and customers as well as financial liabilities carried at fair value through income.

<sup>(2)</sup> Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.

As of 31 December 2016

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*(amounts in EUR million)*

<sup>(3)</sup> Includes senior bonds issued by Allianz Finance II B.V. guaranteed by Allianz SE and money market securities issued by Allianz Finance Corporation, a wholly owned subsidiary of Allianz SE, which are fully and unconditionally guaranteed by Allianz SE.

<sup>(4)</sup> As of 31 December 2016, includes EUR (157) mn related to treasury shares.

<sup>(5)</sup> As of 31 December 2016, includes EUR 297 mn related to cash flow hedges.

## Ratings<sup>(1)</sup>

### Rating of the Issuer

As of the date of this prospectus, Allianz SE had the following ratings:

	Standard & Poor's <sup>(2)</sup>	Moody's <sup>(3)</sup>	A.M. Best <sup>(4)</sup>
Insurer financial strength .....	AA	Aa3	A+
Outlook .....	Stable	Stable	Stable
Counterparty credit .....	AA	Not rated	aa- <sup>(5)</sup>
Outlook .....	Stable		Positive
Senior unsecured debt.....	AA	Aa3	aa-
Outlook .....	Stable	Stable	Positive

<sup>(1)</sup> Includes ratings for securities issued by Allianz Finance II B.V. and Allianz Finance III B.V.

<sup>(2)</sup> Standard & Poor's rating scale for Insurer Financial Strength Ratings consists of the following categories. "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC" (in descending order). In addition, a "R" rating is assigned to issuers being under regulatory supervision. Ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Standard & Poor's defines the issued ratings as follows:

"An insurer rated 'AA' has very strong financial security characteristics, differing only slightly from those rated higher."

"An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree."

"An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong."

"An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong."

"A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong."

<sup>(3)</sup> Moody's uses nine rating symbols ("Aaa", "Aa", "A", "Baa", "Ba", "B", "Caa", "Ca" and "C"). The symbols range from "Aaa", used to designate least credit risk, to "C", denoting greatest credit risk. In addition Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Moody's defines the issued ratings as follows:

"Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies. They are rated lower than Aaa companies because long-term risks appear somewhat larger."

"Obligations rated Aa are judged to be of high quality and are subject to very low credit risk."

"Obligations rated A are considered upper-medium grade and are subject to low credit risk."

"Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations."

<sup>(4)</sup> The rating scale of A.M. Best Financial Strength Rating ranges from "A++", "A+", "A", "A-" to "C-". In addition the scale provides for the ratings "D" (Poor), "E" (Under Regulatory Supervision), "F" (In Liquidation) and "S" (Suspended).

A.M. Best defines the issued ratings as follows:

A+: "Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations."

aa: "Assigned to issues where, in our opinion, the issuer has a very strong ability to meet the terms of the obligation."

a: "Assigned to issues where, in our opinion, the issuer has a strong ability to meet the terms of the obligation."

"Ratings from "aa" to "ccc" may be enhanced with "+" (plus) or "-" (minus) to indicate whether credit quality is near the top or bottom of a category."

<sup>(5)</sup> Issuer credit rating.

### ***Rating of the Notes***

As of the date of this prospectus the Notes are rated "A2(hyb)" from Moody's and "A+" from Standard & Poor's.

Moody's defines "A2(hyb)" as follows:

- Obligations rated "A" are considered upper-medium grade and are subject to low credit risk. Moody's uses nine rating symbols ("Aaa", "Aa", "A", "Baa", "Ba", "B", "Caa", "Ca" and "C"). The symbols range from "Aaa", used to designate least credit risk, to "C", denoting greatest credit risk. In addition Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from "Aa" through "Caa". The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. The hybrid indicator (hyb) is appended to all long-term ratings of hybrid securities issued by banks, insurers, finance companies, and securities firms. By their terms, hybrid securities allow for the omission of scheduled dividends, interest, or principal payments, which can potentially result in impairment if such an omission occurs. Hybrid securities may also be subject to contractually allowable write-downs of principal that could result in impairment. Together with the hybrid indicator, the long-term obligation rating assigned to a hybrid security is an expression of the relative credit risk associated with that security.

S&P defines "A+" as follows:

- An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong. Standard & Poor's rating scale for issue credit rating consists of the following categories: "AAA", "AA", "A", "BBB", "BB", "B", "CCC", "CC", "C", "D" (in descending order). The ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Where an issue of Notes is rated a security rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. Any negative change in the credit rating of the Issuer could adversely affect the trading price of the Notes. Investors should consider each rating individually and obtain additional and more detailed understanding of the significance of the respective credit rating information provided by the respective rating agency.

Credit ratings of the Notes will be issued by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Moody's Investors Service Limited ("**Moody's**"), each of which is established in the European Union and are registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies and are included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

### **Business Operations and Steering**

Allianz offers a comprehensive range of insurance and asset management products and services and has more than 86 million insured customers. Allianz Group's business activities are first organized by product and type of service based on how these are strategically managed: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into property-casualty and life/health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into regional reportable segments. Corporate and other activities are divided into three different reportable segments in order to differentiate between the respective products, risks, and capital allocation.

## Worldwide Presence and Business Divisions<sup>1</sup>

**INSURANCE WESTERN AND SOUTHERN EUROPE,  
INSURANCE MIDDLE EAST, AFRICA, INDIA**

*Europe*

● ■ ○	Italy
● ■	Greece
● ■	Turkey
● ■ ○	France
● ■	Belgium
● ■ ○	The Netherlands
● ■	Luxembourg

### Middle East and North Africa

● ■	Egypt
● ■	Lebanon
● ■	Saudi Arabia

### Africa

•	Benin
• ■	Burkina Faso
• ■	Cameroon
•	Central Africa
•	Congo Brazzaville
•	Ghana
• ■	Ivory Coast
• ■	Kenya
• ■	Madagascar
•	Mali
•	Morocco
• ■	Senegal
•	Togo
• ■	India

## INSURANCE IBERIA AND LATIN AMERICA

*Iberia*

●	■	Spain
●	■	Portugal

*Latin America*

●	Argentina
●	Brazil
● ■	Colombia
● ■	Mexico

**INSURANCE GERMAN SPEAKING COUNTRIES,  
INSURANCE CENTRAL AND EASTERN EUROPE**

*German speaking Countries*

● ■ ○	Germany <sup>2</sup>
● ■	Austria
● ■	Switzerland

## Central and Eastern Europe

●	■	○	Bulgaria
●	■		Croatia
●	■		Czech Republic
●	■		Hungary
●	■		Poland
●	■		Romania
●	■		Slovakia

**US LIVE INSURANCE**

■ United States

## GLOBAL INSURANCE LINES AND ANGLO MARKETS

•		United Kingdom
•	■	Australia
•		Ireland
•		Allianz Global Corporate & Speciality
•		Credit Insurance
•	■	Reinsurance
•	■	Russia
•		Ukraine

**ALLIANZ WORLDWIDE PARTNERS**

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● ■ Allianz Worldwide Partners

**INSURANCE ASIA PACIFIC**

•		Brunei <sup>3</sup>
•	■	China
•		Hong Kong <sup>3</sup>
•	■	Indonesia
•		Japan <sup>3</sup>
•		Laos
•	■	Malaysia
	■	Pakistan
	■	Philippines
•		Singapore <sup>3</sup>
•	■	Sri Lanka
	■	Taiwan
•	■	Thailand

## ASSET MANAGEMENT

### North and Latin America

<input type="checkbox"/>	*	United States
<input type="checkbox"/>	*	Canada
<input type="checkbox"/>	*	Brazil

*Europe*

<input type="checkbox"/>	*	Germany
<input type="checkbox"/>	*	France
<input type="checkbox"/>	*	Italy
<input type="checkbox"/>	*	Ireland
<input type="checkbox"/>	*	Luxembourg
<input type="checkbox"/>	*	Spain
<input type="checkbox"/>	*	Switzerland
<input type="checkbox"/>	*	Belgium
<input type="checkbox"/>	*	The Netherlands
<input type="checkbox"/>	*	United Kingdom
<input type="checkbox"/>	*	Sweden

## Asia-Pacific

<input type="checkbox"/>	*	Japan
<input type="checkbox"/>	*	Hong Kong
<input type="checkbox"/>	*	Taiwan
<input type="checkbox"/>	*	Singapore
<input type="checkbox"/>	*	South Korea <sup>a</sup>
<input type="checkbox"/>	*	China
<input type="checkbox"/>	*	Australia

- Property-Casualty
- Life/Health
- Banking
- Retail Asset Management
- \* Institutional Asset Management

<sup>1</sup> This overview is based on Allianz Group's organizational structure in place as of 31 December 2016.

<sup>2</sup> Property-Casualty business belongs to Allianz Global Corporate & Specialty.

<sup>3</sup> Oldenburgische Landesbank AG in Germany is classified as "held for sale".

<sup>4</sup> Classified as "held for sale".

## Business Operations

Allianz SE and its subsidiaries (the "**Allianz Group**") offer property-casualty insurance, life/health insurance and asset management products and services in over 70 countries, with the largest of its operations located in Europe. The Allianz Group insures 86.3 million customers. Allianz SE, as the parent company of the Allianz Group, has its headquarters in Munich, Germany.

The Allianz Group structure reflects both business segments and geographical regions. Business activities are first organized by product and type of service, based on how these are strategically managed: insurance activities, asset management activities, and corporate and other activities. Due to differences in the nature of products, risks, and capital allocation, insurance activities are further divided into property-casualty and life/health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into regional reportable segments. Corporate and other activities are divided into three different reportable segments in order to differentiate between the respective products, risks, and capital allocation. In 2016, the Allianz Group had 16 reportable segments.

### ALLIANZ GROUP STRUCTURE – BUSINESS SEGMENTS AND REPORTABLE SEGMENTS

Property-Casualty	Life/Health	Asset Management	Corporate and other
– German Speaking Countries and Central & Eastern Europe	– German Speaking Countries and Central & Eastern Europe	– Asset Management	– Holding & Treasury – Banking
– Western & Southern Europe, Middle East, Africa, India	– Western & Southern Europe, Middle East, Africa, India		– Alternative Investments
– Iberia & Latin America	– Iberia & Latin America		
– Global Insurance Lines & Anglo Markets	– Global Insurance Lines & Anglo Markets		
– Asia Pacific	– Asia Pacific		
– Allianz Worldwide Partners	-USA		

## Insurance Operations

Allianz Group offers a wide range of property-casualty and life/health insurance products to both retail and corporate customers. For the Property-Casualty business segment, these include motor, accident, property, general liability, travel insurance and assistance services; the Life/Health

business segment offers savings and investment-oriented products in addition to life and health insurance. Allianz Group is the leading property-casualty insurer worldwide and rank among the top five in the life/health insurance business. Allianz Group's key markets (in terms of premiums) are Germany, France, Italy, and the United States.

Most of Allianz Group's insurance markets are served by local Allianz companies. However, some business lines – such as Allianz Global Corporate & Specialty ("**AGCS**"), Allianz Worldwide Partners ("**AWP**") and Credit Insurance – are run globally.

#### SELECTED PRODUCT RANGE INSURANCE

Property-Casualty		Life/Health	
Retail Clients	Corporate Clients	Retail Clients	Corporate Clients
– Motor (liability/own damage)	– Property – Liability	– Endowment	– Group life products
– Liability	– Motor fleets	– Annuity	– Group health and disability products
– Property	– Directors' and Officers' liability	– Term	– Pension products for employees
– Accident	– Credit	– Disability	
– Travel and assistance	– Marine, aviation and transport	– Investment-oriented products	
		– Private health insurance	

### **Asset Management**

Allianz Group's two major investment management businesses, PIMCO and AllianzGI, operate under Allianz Asset Management ("**AAM**"). Allianz Group is one of the largest asset managers in the world that actively manage assets. Core markets include the United States, Germany, France, Italy, the United Kingdom and the Asia-Pacific region.

### **Corporate and Other**

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

### **Holding & Treasury Operations**

Holding & Treasury manages and supports the Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources, technology, and other functions.



***Banking operations***

Allianz Group's banking operations, which place a primary focus on retail clients, support its insurance business and complement the products Allianz offers in Germany, Italy, France, the Netherlands, and Bulgaria.

***Alternative Investments Operations***

Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy, and infrastructure sectors, mainly on behalf of Allianz Group's insurance operations.

## Reconciliation of reportable segments to Allianz Group figures

	€ mn							
	Total revenues <sup>1</sup>		Premiums earned (net)		Operating profit (loss)		Net income (loss)	
twelve months ended 31 December	2016	2015	2016	2015	2016	2015	2016	2015
German Speaking Countries and Central & Eastern Europe	14,465	14,061	12,111	11,741	1,573	1,683	1,394	1,147
Western & Southern Europe, Middle East, Africa, India	12,170	11,855	11,031	10,915	1,642	1,798	1,105	1,283
Iberia & Latin America	4,552	4,566	3,381	3,741	102	74	(38)	37
Global Insurance Lines & Anglo Markets	22,113	21,931	15,725	15,994	1,846	1,846	1,560	1,512
Asia Pacific	745	774	490	501	58	74	41	55
Allianz Worldwide Partners	4,185	3,975	3,850	3,538	150	128	97	89
Consolidation	(6,695)	(5,565)	—	—	—	—	(2)	1
<b>Total Property-Casualty</b>	<b>51,535</b>	<b>51,597</b>	<b>46,588</b>	<b>46,430</b>	<b>5,370</b>	<b>5,603</b>	<b>4,158</b>	<b>4,124</b>
German Speaking Countries and Central & Eastern Europe	24,922	24,058	14,593	15,115	1,660	1,707	1,134	1,133
Western & Southern Europe, Middle East, Africa, India	20,808	23,591	4,713	4,587	1,145	1,062	869	935
Iberia & Latin America	1,997	2,037	526	653	264	231	188	157
USA	11,856	10,475	1,144	1,193	960	841	685	594
Global Insurance Lines & Anglo Markets	587	634	390	494	30	47	25	36
Asia Pacific	5,390	6,774	2,402	2,172	84 <sup>2</sup>	(83)	(326)	(224)
Consolidation	(924)	(666)	—	—	6	(10)	6	(10)
<b>Total Life/Health</b>	<b>64,636</b>	<b>66,903</b>	<b>23,769</b>	<b>24,215</b>	<b>4,148</b>	<b>3,796</b>	<b>2,581</b>	<b>2,621</b>
<b>Asset Management</b>	<b>6,022</b>	<b>6,479</b>	<b>—</b>	<b>—</b>	<b>2,205</b>	<b>2,297</b>	<b>1,411</b>	<b>1,449</b>
Holding & Treasury	—	—	—	—	(981)	(1,076)	(1,029)	(1,110)
Banking	549	575	—	—	74	94	9	70

Alternative Investments	—	—	—	—	39	37	21	36
Consolidation	2	2	—	—	0	0	5	—
<b>Total Corporate and Other</b>	<b>551</b>	<b>577</b>	<b>—</b>	<b>—</b>	<b>(867)</b>	<b>(945)</b>	<b>(994)</b>	<b>(1,003)</b>
<b>Consolidation</b>	<b>(328)</b>	<b>(365)</b>	<b>—</b>	<b>—</b>	<b>(23)</b>	<b>(16)</b>	<b>95</b>	<b>(204)</b>
<b>Group</b>	<b>122,416</b>	<b>125,190</b>	<b>70,357</b>	<b>70,645</b>	<b>10,833</b>	<b>10,735</b>	<b>7,250</b>	<b>6,987</b>

<sup>1</sup>Total revenues comprise statutory gross premium written in Property-Casualty and Life/Health operating revenues in Asset Management and total revenues in Corporate and Other (Banking)

<sup>2</sup> From the classification if the Korean life business as “held for sale” in the second quarter of 2016 until its disposal in the fourth quarter of 2016, the total result was considered as non-operating.

## Selected Consolidated Financial Information

The selected consolidated financial data for the years ended 2016 and 2015 set forth below are derived from Allianz Group's consolidated financial statements. The consolidated financial statements 2016 and 2015 were audited by KPMG.

The information below should be read in conjunction with Allianz Group's consolidated financial statements and the other financial information which is incorporated by reference in this Prospectus.

	Twelve months ended 31 December 2016 <i>(amounts in € million)</i>	Twelve months ended 31 December 2015 <i>(amounts in € million)</i>
<b>Income Statement<sup>(1)</sup></b>		
Total revenues <sup>(2)</sup> .....	122,416	125,190
Operating profit <sup>(2)</sup> .....	10,833	10,735
Net income .....	7,250	6,987
	As of 31 December 2016 <i>(amounts in € million)</i>	As of 31 December 2015 <i>(amounts in € million)</i>
<b>Balance Sheet<sup>(1)</sup></b>		
Total assets .....	883,809	848,942
Shareholders' equity .....	67,341	63,144
Non-controlling interests .....	3,052	2,955
Total equity .....	70,392	66,099
Total liabilities .....	813,417	782,843
	Twelve months ended 31 December 2016 <i>(amounts in € million)</i>	Twelve months ended 31 December 2015 <i>(amounts in € million)</i>
<b>Additional KPIs</b>		
Group: Return on Equity (RoE) <sup>(2)(3)</sup>	12.0% <sup>(3)</sup>	12.5% <sup>(3)</sup>
Property-Casualty segment: Combined Ratio (CR) <sup>(2)</sup>	94.3%	94.6%
Asset Management segment: Cost-income Ratio (CIR) <sup>(2)</sup>	63.4%	64.5%

<sup>(1)</sup> All figures as shown in or derived from the audited Allianz Group's Annual Report of 2016.

<sup>(2)</sup> The Allianz Group uses, inter alia, Total Revenues, Operating Profit, Return on Equity, Combined Ratio and Cost Income Ratio as key financial indicators. For further details please refer to item "Alternative Performance Measures" on page 101 in this document.

<sup>(3)</sup> Excluding non-controlling interests. Excluding unrealized gains/losses net of shadow accounting.

## Key figures 4th quarter and fiscal year 2016

The key figures of the 4th quarter are neither audited nor reviewed.

		4Q 2016	4Q 2015	Δ	12M 2016	12M 2015	Δ
<b>Total revenues</b>	€ bn	<b>30.0</b>	<b>29.7</b>	<b>0.9%</b>	<b>122.4</b>	<b>125.2</b>	<b>-2.2%</b>
- Property-Casualty	€ bn	11.2	10.9	2.4%	51.5	51.6	-0.1%
- Life/Health	€ bn	17.1	17.0	0.5%	64.6	66.9	-3.4%
- Asset Management	€ bn	1.7	1.7	-3.8%	6.0	6.5	-7.1%
- Corporate and Other	€ bn	0.2	0.2	-5.6%	0.6	0.6	-4.4%
- Consolidation	€ bn	-0.1	-0.1	-2.5%	-0.3	-0.4	-10.0%
<b>Operating profit / loss<sup>1</sup></b>	€ mn	<b>2,826</b>	<b>2,586</b>	<b>9.3%</b>	<b>10,833</b>	<b>10,735</b>	<b>0.9%</b>
- Property-Casualty	€ mn	1,421	1,221	16.4%	5,370	5,603	-4.2%
- Life/Health <sup>1</sup>	€ mn	1,083	1,101	-1.7%	4,148	3,796	9.3%
- Asset Management	€ mn	640	637	0.5%	2,205	2,297	-4.0%
- Corporate and Other	€ mn	-302	-368	-18.1%	-867	-945	-8.2%
- Consolidation	€ mn	-16	-5	215.4%	-23	-16	39.7%
<b>Net income</b>	€ mn	<b>1,826</b>	<b>1,499</b>	<b>21.8%</b>	<b>7,250</b>	<b>6,987</b>	<b>3.8%</b>
- attributable to non-controlling interests	€ mn	82	81	1.1%	367	371	-1.0%
- attributable to shareholders	€ mn	1,744	1,418	23.0%	6,883	6,616	4.0%
<b>Additional KPIs</b>							
- Group	Return on equity <sup>2,3,4</sup> %				12.0%	12.5%	-0.5% -p
- Property-Casualty	Combined ratio <sup>4</sup> %	94.0%	96.2%	-2.3% -p	94.3%	94.6%	-0.3% -p
- Asset Management	Cost-income ratio <sup>4</sup> %	61.4%	63.0%	-1.7% -p	63.4%	64.5%	-1.1% -p
					<b>12/31/16</b>	<b>12/31/15</b>	
<b>Shareholders' equity<sup>2</sup></b>	€ bn	<b>-</b>	<b>-</b>	<b>-</b>	<b>67.3</b>	<b>63.1</b>	<b>6.6%</b>
<b>Solvency II capitalization ratio<sup>6</sup></b>	%	<b>-</b>	<b>-</b>	<b>-</b>	<b>218%</b>	<b>200%</b>	<b>18% -p</b>

**Please note:** The figures are presented in millions of Euros, unless otherwise stated. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

<sup>1</sup> From the classification of our Korean life business as “held for sale” in 2Q 2016 until its disposal in 4Q 2016, the total result was considered as non-operating.

<sup>2</sup> Excluding non-controlling interests.

<sup>3</sup> Excluding unrealized gains/losses on bonds net of shadow accounting.

<sup>4</sup> Risk capital figures are group diversified at 99.5% confidence level. Allianz Life US included based on third country equivalence with 150% of RBC CAL since September 30, 2015. Changed regulatory tax treatment of German life sector reduced year-end SII capitalization ratio from 200% to 196% on January 1, 2016.

## **Recent Developments since 31 December 2016**

Since 31 December 2016 there have been the following recent developments with regard to Allianz Group:

### **Changes in subordinated bonds**

In January 2017, Allianz Finance II B.V. called for redemption a € 1.4 billion 4.375 % subordinated bond. The bond has been redeemed on 17 February 2017 in accordance with the terms and conditions of the bond.

Furthermore, Allianz SE issued in January 2017 a subordinated bond in the amount of € 1.0 billion with a scheduled maturity in July 2047, but with ordinary call rights of Allianz beginning in July 2027. The coupon of 3.099 % is fixed until July 2027.

Also in January 2017, Allianz SE issued a subordinated bond in the amount of USD 0.6 billion with a scheduled maturity in January 2049, but with ordinary call rights of Allianz beginning in January 2029. The coupon of 5.1 % is fixed until January 2029.

### **Share buy-back program and capital management**

On 16 February 2017, Allianz SE has decided to launch a share buy-back program with a volume of up to € 3 billion and to simplify capital management to make it more flexible. The buy-back program started on 17 February 2017 and is envisaged to last no longer than 12 months. Allianz SE will cancel all repurchased shares.

### **Significant Changes**

There have been no significant changes with regard to the financial position or the trading position of Allianz Group since 31 December 2016.

### **Trend Information**

There has been no material adverse change in the prospects of Allianz SE since 31 December 2016.

### **Outlook for 2017<sup>1</sup>**

#### ***Economic outlook***

Following a slight acceleration in the final quarter of 2016, the world economy currently finds itself in fairly good shape and has made a positive start into the year 2017. In the industrialized countries, growth prospects are quite favorable overall. In the United States, despite the fact that there is still not much clarity about the specifics of economic policy under the new U.S. administration, a change in the policy mix is on the horizon: Monetary policy will provide somewhat less stimulus for the economic development, whereas fiscal policy will do more as the new U.S. administration is expected to deliver on the promise to cut taxes and launch investment initiatives. In the course of 2017, these measures are expected to buoy economic growth, despite some dampening effects such as higher inflation. All in all, the U.S. economy is likely to expand by

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<sup>1</sup> The Information presented in the sections Economic outlook, Insurance industry outlook and Asset management industry outlook is based on Allianz Group's own estimates.

2.2 % this year. In the Eurozone, the economic recovery is likely to continue. Allianz Group expects real gross domestic product to increase by 1.8 % (2016: 1.7 %). While the upward movement in oil prices and rising inflation will weigh on private consumption, household spending will be supported by rising employment. The group of emerging market economies is set for a moderate acceleration of growth, mainly driven by a gradual stabilization in the group's heavyweights, Russia and Brazil, and by a recovery in commodity-exporting countries. Overall, global output is likely to expand by about 2.8 % in 2017, compared with 2.4 % in 2016. Industrialized countries are expected to register gross domestic product growth of 1.9 %, while in emerging markets growth could increase to 4.1 % from the 3.6 % seen in 2016.

The uncertain global economic and political environment (e.g. rise of populism, high emerging market indebtedness, risk of E.U. disintegration) is likely to result in higher financial-market volatility this year. As far as monetary policy is concerned, assuming that the labor market remains tight and inflation rates continue to move up, the Federal Reserve is likely to continue to hike interest rates this year. By contrast, Allianz Group does not see any major change in the European Central Bank's expansionary monetary policy stance.

Modestly rising yields on 10-year U.S. government bonds and higher inflation rates in the Eurozone will exert some upward pressure on European benchmark bond yields in 2017. However, with short-term rates at zero, there are limited prospects of markedly higher yields on longer-term bonds.

### ***Insurance industry outlook***

In 2017, things are likely to start moving in the right direction for the insurance industry: The global economy is set to shift up a gear, inflation will return – which will set the scene for monetary normalization – and last but not least, interest rates are expected to rise. That said, the overall momentum will probably be too weak to finally escape the low-growth, low-yield environment; so, for the time being, Allianz Group expects premium growth to remain modest and investment income to remain under pressure. Moreover, political risks could easily derail the economy and knock markets from their path to normalization.

While the macroeconomic environment, despite all the uncertainties, offers some glimpses of hope, the challenges on the microeconomic front remain formidable: As technological progress and the digitization of our life gather speed, established business models get under enormous pressure. The industry has to adapt quickly to defend its franchise against new competitors. In combination with the new regulatory regime (Solvency II), which brings more clarity on capital positions, this restructuring process could act as a possible catalyst for more industry consolidation.

To sum up: In 2017, Allianz Group expects the industry's top line to continue to grow modestly – though some lines of business such as trade-dependent marine and rate-sensitive savings might struggle – while the bottom line remains under pressure from weak investment income and the need to build new, digital business models.

In the property-casualty sector, growth in advanced markets should remain rather stable: The ongoing recovery supports demand, but pricing is still a concern. For advanced markets, political instability could prove to be the biggest challenge in 2017, as growing protectionism and the looming Brexit drive structural changes in the industry. The outlook for emerging markets is much brighter: Asia is expected to roar ahead, Latin America will stabilize, and Eastern Europe will continue its recovery. Overall, Allianz Group expects global premium revenue growth to range between 4.0 % and 5.0 % in 2017 (in nominal terms, adjusted for foreign currency translation effects). Given the still challenging pricing outlook and weak investment income, overall profitability might not improve but stay more or less flat.

In the life sector the overall picture is quite similar. Specifically, Allianz Group expects advanced markets to maintain their (modest) growth as demand benefits from rising employment and new product offers. Emerging markets, on the other hand, will show stronger performance. Asia might shift down a little after the extraordinary growth spurt seen in 2016; on a general note, however, rising incomes, urbanization, and social security reforms should remain strong engines for growing insurance demand. All in all, Allianz Group expects global premium revenue to increase by 4.0 % to 5.0 % in 2017 (in nominal terms, adjusted for foreign currency translation effects). To safeguard profitability, insurers will continue to review both their product mixes and their investment portfolios. As a result, overall profitability should not deteriorate any further.

### ***Asset management industry outlook***

After a sometimes rocky but ultimately benign year for global equities in 2016, 2017 brings the prospect of increased volatility. This is due in particular to geopolitical uncertainty, as the new administration comes to power in the United States and elections are held across Europe.

Global economic and political divergence creates uncertainty and volatility thus involving risks, but it also provides opportunities. For instance, strong economic trends, such as job and wage growth, as well as a pick-up in inflation should allow the Federal Reserve to continue with gradual rate increases, driving treasury yields higher. Bonds are particularly interesting for the growing number of retirees in developed countries who are looking for a stable stream of income; also, liability-driven investors may look to further de-risk into bonds as yields become more attractive.

2017 is expected to be another challenging and disruptive year for the asset management industry. Markets are volatile and there is some political uncertainty. In addition, industry profitability remains under pressure from both continuous flows into passive products and rising distribution costs. However, digital channels are expected to continue gaining prominence. Measures aimed at strengthening regulatory oversight and reporting could also affect profitability in the asset management sector. In order to continue growing, it is vital for asset managers to keep sufficient business volumes, ensure efficient operations, and maintain strong investment performance.

### ***Outlook for the Allianz Group***

The outlook provided for Allianz Group assumes a continued global economic growth with a modest rise in interest rates, no major disruptions of capital markets as well as no disruptive fiscal



or regulatory interference and a level of claims from natural catastrophes at expected average levels.

Allianz Group expects a rather flat revenue development in 2017, with Property- Casualty and Asset Management revenues advancing, while Life/ Health revenues are likely to be under pressure due to Allianz Group's selective focus on profitable growth.

#### ***Property-Casualty insurance***

Allianz Group expects its revenues to increase by approximately 2 % in 2017 (2016: (0.1) %), supported by favorable volume effects and – to a lesser extent – price effects. This growth is supported by the acquisition of the commercial portfolio of Aegon in mid-2016, strengthening Allianz Group's position in the attractive Benelux property-casualty market.

Most of the premium growth in 2017 is expected to come from Allianz Group's European core markets, including the United Kingdom, Germany, and Spain. Top-line development will further be supported by positive trends at Allianz Worldwide Partners, where Allianz Group's B2B2C business activities are bundled. Allianz Group believes the overall slow rise in prices it witnessed in a number of markets in 2016 will continue in 2017. However, as in previous years, Allianz Group will keep its focus on achieving strong underwriting results by adhering to its strict underwriting discipline and will accept a lower top line if target margins cannot be achieved.

As the low-interest-rate environment is likely to persist, investment income will remain under pressure due to the rather short duration of investments in the Property-Casualty business segment. Allianz Group will continue to take measures to adapt its investment strategy to ongoing market conditions.

#### ***Life/Health insurance***

Allianz Group will remain focused on shifting its new business mix towards capital-efficient, unit-linked, and protection products – thereby addressing customer needs in light of the prolonged low yield environment – while maintaining strong shareholder returns, and building on its strong track record of product innovation. Furthermore, Allianz Group will continue to actively manage both its new and in-force business through continuous repricing, expense management, asset/liability management, and crediting strategies in order to mitigate the impacts of difficult market conditions, particularly the low interest rates.

It must be noted, however, that market volatility, along with the level of net harvesting, can significantly affect the Life/Health business segment results.

#### ***Asset Management***

Allianz Group sees a challenging environment for the asset management industry again in 2017. That said, Allianz Group expects the positive trend in PIMCO's third-party AuM net inflows observed over the last two quarters of 2016 to continue into 2017, supported by net inflows from AllianzGI in 2017. Market returns are expected to contribute moderately to a positive development of total AuM. While performance fees are expected to decrease slightly, an increase

in management and loading fees should lead to a slight increase in operating revenues, which should more than offset a moderate increase of operating expenses.

### **Legal Proceedings**

Allianz Group companies are involved in legal, regulatory, and arbitration proceedings in Germany and a number of foreign jurisdictions, including the United States. Such proceedings arise in the ordinary course of businesses, including, amongst others, their activities as insurance, banking and asset management companies, employers, investors and taxpayers. It is not feasible to predict or determine the ultimate outcome of the pending or threatened proceedings. Allianz SE does not believe that the outcome of these proceedings, including those discussed below, will have a material adverse effect on the financial position and the results of operations of the Allianz Group, after consideration of any applicable provision. Apart from the proceedings discussed below, Allianz SE is not aware of any threatened or pending legal, regulatory or arbitration proceedings nor were there any such proceedings, during a period covering the twelve months preceding the date of this prospectus, which may have, or have had in the recent past, significant effects on its and/or Allianz Group's financial position or profitability.

Material governmental, legal, regulatory or arbitration proceedings in which Allianz Group companies have been involved during the past twelve months are in particular the following:

On 24 May 2002, pursuant to a statutory squeeze-out procedure, the general meeting of Dresdner Bank AG resolved to transfer shares from its minority shareholders to Allianz as principal shareholder in return for payment of a cash settlement amounting to € 51.50 per share. Allianz established the amount of the cash settlement on the basis of an expert opinion, and its adequacy was confirmed by a court appointed auditor. Some of the former minority shareholders applied for a court review of the appropriate amount of the cash settlement in a mediation procedure ("**Spruchverfahren**"). In September 2013, the district court ("**Landgericht**") of Frankfurt dismissed the minority shareholders' claims in their entirety. This decision has been appealed to the higher regional court ("**Oberlandesgericht**") of Frankfurt. In the event that a final decision were to determine a higher amount as an appropriate cash settlement, this would affect all of the approximately 16 mn shares that were transferred to Allianz.

In September 2015 and in January 2017, two separate putative class action complaint were filed against Allianz Life Insurance Company of North America ("**Allianz Life**") making allegations similar to those made in prior class actions regarding the sale of Allianz Life's annuity products, including allegations of breach of contract and violation of California unfair competition law. The ultimate outcome of the cases cannot yet be determined.

Pacific Investment Management Company LLC ("**PIMCO**") and Allianz Asset Management of America, L.P. (AAM US), have been named as defendants in litigation in California brought by William H. Gross, a former employee of PIMCO, in October 2015. Mr. Gross's complaint against PIMCO alleges that, even though Gross resigned, he is entitled to additional profit sharing payments from PIMCO of at least USD 200mn. In March 2017 the parties reached a settlement of the lawsuit.

### **Cautionary Note Regarding Forward-Looking Statements**

The statements contained herein may include prospects, statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such forward-looking statements.

Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the -Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

### **Organizational Structure**

#### ***Description of the Allianz Group***

Allianz SE is the parent company of the Allianz Group which is a global financial service provider and comprises the parent company and more than 900 fully consolidated entities as of 31 December 2016. For a description of the Allianz Group's scope of consolidation as of 31 December 2016, see Note 4 to the Consolidated Financial Statements 2016.

In its capacity as holding company and reinsurer, Allianz SE has various dependencies with other group companies with respect to operational matters, liquidity and capital management, and reinsurance.

#### ***List of participations of the Allianz Group as of 31 December 2016 according to § 313 (2) HGB***

The information on participations of the Allianz Group has been incorporated in this Prospectus by reference to the respective section of the Annual Report 2016. Please refer to section "Documents Incorporated by Reference" on page 119 of this Prospectus.

### **Management and Supervisory Bodies of Allianz SE**

#### ***General***

Allianz SE is a Germany-based stock corporation in the form of a European Company (Societas Europaea or SE) and as such is subject to specific provisions regarding the SE (such as the Council Regulation (EC) 2157/2001 ("**SE-Regulation**") and the German Act on the SE-Implementation (*SE-Ausführungsgesetz*)). However, to a large extent Allianz SE is treated as a German stock corporation and therefore governed by the general provisions of German corporate law (in particular the German Stock Corporation Act (*Aktiengesetz*)). The corporate bodies of Allianz SE

are the Board of Management (*Vorstand*), the Supervisory Board (*Aufsichtsrat*) and the General Meeting (*Hauptversammlung*). The Board of Management and the Supervisory Board are separate and no individual may serve simultaneously as a member of both boards.

The Board of Management is responsible for managing the day-to-day business of Allianz SE in accordance with the European SE-Regulation, the German Stock Corporation Act, the Statutes (*Satzung*) of Allianz SE as well as its internal rules of procedure (*Geschäftsordnung*).

The Supervisory Board oversees the management and has comprehensive monitoring functions. It is also responsible for appointing and removing the members of the Board of Management. The Supervisory Board is not permitted to make management decisions, but as established by law, the Statutes or determined by the Supervisory Board or the General Meeting, certain types of transactions may require the Supervisory Board's prior consent.

### **Applicable Corporate Governance Rules**

Principal sources of enacted corporate governance standards for a European Company with its registered seat in Germany are the SE-Regulation, the German Act on the SE-Implementation, the German Act on Employee Participation in a SE (SE-Beteiligungsgesetz) and the German Stock Corporation Act as well as the German Corporate Governance Code (Deutscher Corporate Governance Kodex, "**Code**"). The Code summarizes the fundamental guidelines for best-practice corporate governance in Germany and in addition to restating various corporate governance-related mandatory provisions of German law, the Code contains "recommendations", which reflect widely recognized standards of corporate governance. Although the Code does not have the force of law, it has a legal basis through the declaration of conformity required by § 161 of the German Stock Corporation Act, which requires that the Board of Management and the Supervisory Board annually issue a declaration of conformity with the Code.

On 15 December 2016, the Board of Management and the Supervisory Board of Allianz SE issued the following declaration of conformity:

" Since the last Declaration of Conformity as of December 10, 2015, Allianz SE has complied with all recommendations of the German Corporate Governance Code in the version of May 5, 2015 and will comply with them in the future."

### **Board of Management**

The Board of Management (*Vorstand*) of Allianz SE currently consists of nine members, and is multinationally staffed, in keeping with Allianz Group's international orientation. The areas of responsibility of the members of the Board of Management and their principal board memberships outside the Allianz Group are listed below.

Name	Area of Responsibility	Principal Outside Board Memberships
Oliver Bäte	Chairman of the Board of Management of Allianz SE (CEO)	None
Sergio Balbinot	Insurance Western &	Member of the board of directors ( <i>Consiglio di</i>

Name	Area of Responsibility	Principal Outside Board Memberships
	Southern Europe, Middle East, Africa, India, Asia Pacific)	<i>Amministrazione</i> ) of Unicredit S.p.A.
Jacqueline Hunt	Asset Management, US Life Insurance	None
Dr. Helga Jung	Insurance Iberia & Latin America, Legal & Compliance, Mergers & Acquisitions	Member of the supervisory board of Deutsche Telekom AG
Dr. Christof Mascher	Operations (COO)	Member of the supervisory body of Volkswagen Autoversicherung AG
Dr. Axel Theis <sup>1,2</sup>	Global Insurance Lines & Anglo Markets, Russia, ESG	Member of the supervisory body of ProCurand GmbH & KGaA
Dr. Dieter Wemmer (until 31 December 2017) <sup>3</sup>	Finance, Controlling, Risk (CFO)	Member of the administrative board ( <i>Verwaltungsrat</i> ) of UBS Group AG
Dr. Werner Zedelius (until 31 December 2017) <sup>4</sup>	Insurance German Speaking Countries and Central & Eastern Europe	Vice-President of the supervisory body of FC Bayern München AG
Dr. Günther Thallinger	Investments	None

The members of the Board of Management may be contacted at the business address of Allianz SE.

### ***Supervisory Board***

In accordance with the Statutes of Allianz SE, the Supervisory Board (Aufsichtsrat) of Allianz SE consists of twelve members, six of whom are shareholder representatives and six of whom are employee representatives.

In order to exercise its functions efficiently, the Supervisory Board has established a Standing Committee, an Audit Committee, a Personnel Committee, a Risk Committee and a Nomination Committee. The committees prepare the discussion and adoption of resolutions in the plenary session. Furthermore, in appropriate cases, authority to take decisions has been delegated to committees themselves.

The Audit Committee of the Supervisory Board comprises five members elected by the Supervisory Board (three members upon proposal of the shareholders representatives and two upon proposal of the employee representatives). The current members of the Audit Committee are Dr. Wulf H. Bernotat (Chairman), Jean-Jacques Cette, Martina Grundler, Dr. Helmut Perlet and Jim Hagemann Snabe.

<sup>1</sup> Dr. Axel Theis will change the Area of Responsibility as of 1 January 2018 and this Area of Responsibility will be taken over by Niran Peiris as of 1 January 2018.

<sup>2</sup> Dr. Axel Theis will replace Dr. Werner Zedelius as of 1 January 2018.

<sup>3</sup> He will be replaced by Giulio Terzariol as of 1 January 2018.

<sup>4</sup> He will be replaced by Dr. Axel Theis as of 1 January 2018.

The Audit Committee examines the Allianz SE and the Group's annual financial statements, prepares the decisions of the Supervisory Board about these statements and discusses the external auditor's report with the auditors. It further examines the half-yearly and quarterly financial statements and discusses with the external auditor the details of the auditor's review of these financial statements. Furthermore, the Audit Committee prepares the decision of the Supervisory Board about the appointment of the external auditors, sets priorities for the audit, determines the compensation of the external auditors and ascertains the independence of the external auditors. In addition, the Audit Committee supervises and monitors (i) the accounting process, (ii) the effectiveness of the internal control system, (iii) the external audit and (iv) additional services provided by the external auditor, and deals with compliance topics.

The current members of the Supervisory Board of Allianz SE, their principal occupations and their principal board memberships outside the Allianz Group, respectively, are as follows:

<b>Name</b>	<b>Principal Occupation</b>	<b>Principal Outside Board Memberships</b>
Dr. Helmut Perlet, Chairman <sup>(1)</sup>	Former member of the Board of Management of Allianz SE	Member of the Supervisory Boards of GEA Group AG (Chairman) and Commerzbank AG
Dante Barban <sup>(2)</sup>	Employee, Allianz S.p.A., General secretary of the trade union FNA	None
Dr. Wulf H. Bernotat <sup>(1)</sup>	Former chairman of the Board of Management of E.ON AG	Member of the Supervisory Boards of Deutsche Telekom AG, Bertelsmann Management SE, Bertelsmann SE & Co. KGaA and Vonovia SE (Chairman)
Christine Bosse <sup>(1)</sup>	Former Group CEO of the Executive Management of Tryg A/S	Member of the Supervisory Boards of P/F BankNordik (Chairwoman) and TDC A/S
Gabriele Burkhardt-Berg <sup>(2)</sup>	Chairwoman of the Group Works Council, Allianz SE	None
Jean-Jacques Cette <sup>(2)</sup>	Chairman of the Group Works Council, Allianz France S.A.	None
Dr. Friedrich Eichiner <sup>(1)</sup>	Member of the Board of Management of BMW AG	Member of the Supervisory Boards of FESTO AG, FESTO Management AG
Martina Grundler <sup>(2)</sup>	National Representative Insurances, ver.di, Berlin	None
Prof. Dr. Renate Köcher <sup>(1)</sup>	Head of Institut für Demoskopie, Allensbach	Member of the Supervisory Boards of BMW AG, Infineon Technologies AG, Robert Bosch GmbH and Nestlé Deutschland AG
Jürgen Lawrenz <sup>(2)</sup>	Employee, Allianz Managed Operations & Services SE	None
Jim Hagemann Snabe <sup>(1)</sup>	Chairman of World Economic Forum USA	Member of the Supervisory Boards of SAP SE, Siemens AG, Bang & Olufsen A/S (Deputy Chairman) and A.P. Møller - Mærsk A/S
Rolf Zimmermann <sup>(2)</sup>	Chairman of the (European)	None

Name	Principal Occupation	Principal Outside Board Memberships
	SE Works Council, Allianz SE	

<sup>(1)</sup> Shareholder Representative

<sup>(2)</sup> Employee Representative

The members of the Supervisory Board may be contacted at the business address of Allianz SE.

### ***Conflicts of Interest***

Allianz SE has not been notified or otherwise been informed by any of the member of the Board of Management or any member of the Supervisory Board about any potential conflicts of interest between any duties to Allianz SE of the members of the Board of Management and of the Supervisory Board and their private interests and/or other duties.

### **Major Shareholders**

Under the German Securities Trading Act (*Wertpapierhandelsgesetz*), holders of voting securities of a listed German company are required to notify the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*, or *BaFin*) and the company of the level of their holding whenever it reaches, exceeds or falls below specified thresholds. These thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% of a company's voting rights. The provisions of the German Securities Trading Act provide several criteria for attribution of voting rights.

BlackRock, Inc., Wilmington, USA, notified Allianz SE that on 16 February 2017, the share of voting rights directly or indirectly held by BlackRock amounted to 6.04 % of the voting rights. BlackRock is therefore the major shareholder of Allianz SE.

### **Material Contracts**

For material contracts creating contingent liabilities, please refer to Note 39 of the Consolidated Financial Statements 2016 under "OTHER COMMITMENTS AND CONTINGENCIES" (see page 132 of the Annual Report 2016 of the Allianz Group).

### **Share Capital of Allianz SE**

#### ***Share Capital***

As of the date of this Prospectus, the share capital of Allianz SE is EUR 1,169,920,000 divided into 457,000,000 registered no-par value shares (*Stückaktien*) with restricted transferability. Each share is entitled to one vote.

### ***Form and Certification of the Shares / Consent to Transfer***

All shares of Allianz SE are issued as registered shares with restricted transferability with no-par value (*Stückaktien*). The shares may only be transferred with the consent of Allianz SE. Allianz SE will only withhold its consent to a duly applied request if it deems this to be necessary in the



interest of Allianz SE on exceptional grounds. Allianz SE will inform the applicant about the reasons leading to such refusal. ADEUS Aktienregister-Service-GmbH keeps the share register of Allianz SE. Registration of a shareholder in the share register is a prerequisite for the exercise of participation and voting rights during the general meeting.

Allianz SE may combine individual shares into share certificates that represent multiple shares (global shares or global certificates). Shareholders have no right to receive individual share certificates unless receipt thereof is necessary pursuant to the rules applicable to a stock exchange on which the shares are listed.

### **Alternative Performance Measures**

The Allianz Group uses, throughout its financial publications, alternative performance measures (APMs) in addition to the figures which are prepared in accordance with the International Financial Reporting Standards (IFRS). We believe that these measures provide useful information to investors and enhance the understanding of our results. These financial measures are designed to measure performance, growth, profit generation and capital efficiency.

The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS.

This Prospectus contains references to the following major alternative performance measures:

- Total revenues
- Operating profit
- Return on equity
- Combined ratio
- Cost-income ratio

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited.

In accordance with the guidelines of the European Securities and Markets Authority (ESMA), the following information is given in regards to the above mentioned alternative performance measures:

- Definition of the APM, its use and limitations on the usefulness.
- Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the financial statements.

### **Definitions, use and limitations**

#### ***Total revenues***

Definition and usefulness

Total revenues are defined as the amount of money that Allianz earns for providing its products and services. It is the "top line" figure from which costs and expenses are subtracted to determine operating profit and net income. According to our business segments, total revenues in Allianz Group comprise gross premiums written in Property-Casualty, statutory premiums in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

Total revenues -Allianz Group =           Gross premiums written Property-Casualty  
  + Statutory premiums Life/Health  
  + Operating revenues Asset Management  
  + Total revenues Corporate and Other (Banking)

We consider total revenues as a key performance indicator and believe that it is useful and meaningful to our external audience because it is an important financial measure for the performance and growth of -Allianz Group during a specific time period.

#### Limitations on the usefulness

Total revenues do not provide any information as to the profitability of Allianz Group. Therefore, total revenues should always be viewed in conjunction with other performance indicators such as operating profit or net income.

Furthermore, total revenues are subject to fluctuations which do not derive from the performance of Allianz Group. These fluctuations result from effects of price changes, foreign currency translation as well as acquisitions, disposals and transfers. Accordingly, in addition to presenting nominal total revenue growth, we also present internal growth, which excludes some of these effects.

### ***Operating Profit (OP)***

#### Definition and usefulness

The Allianz Group uses operating profit to evaluate the performance of its reportable segments as well as of the -Allianz Group as a whole. Operating profit highlights the portion of income before income taxes that is attributable to the ongoing core operations of the Allianz Group.

The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

Operating profit is used as one of the decision metrics by Allianz Group's management.

To better understand the ongoing operations of the business, the Allianz Group generally excludes the following non-operating effects:

- acquisition-related expenses and the amortization of intangible assets, as these relate to business combinations,

- interest expenses from external debt, as these relate to the capital structure of the Allianz Group,
- income from financial assets and liabilities carried at fair value through income (net), as this does not reflect the Allianz Group's long-term performance,
- realized capital gains and losses (net) or impairments of investments (net), as the timing of sales that would result in such realized gains or losses is largely at the discretion of the Allianz Group and impairments are largely dependent on market cycles or issuer-specific events over which the Allianz Group has little or no control and which can vary, sometimes materially, over time,
- certain one-off effects from pension revaluation,
- Profit (loss) of substantial subsidiaries held-for-sale, but not yet sold.

The following exceptions apply to this general rule:

- In all reportable segments, income from financial assets and liabilities carried at fair value through income (net) is treated as operating profit if the income relates to operating business.
- For life/health insurance business and property-casualty insurance products with premium refunds, all items listed above are included in operating profit if the profit sources are shared with policyholders. This is also applicable to tax benefits, which are shared with policyholders. IFRS requires that the consolidated income statements present all tax benefits in the income taxes line item, even when they belong to policyholders. In the segment reporting, tax benefits are reclassified and shown within operating profit in order to adequately reflect the policyholder participation in tax benefits.

Operating profit should be viewed as complementary to, and not as a substitute for, income before income taxes or net income as determined in accordance with IFRS.

#### Limitations on the usefulness

Operating profit is subject to fluctuations which do not derive from the performance of Allianz Group such as changes in foreign currency rates or acquisitions, disposals and transfers between reportable segments.

### ***Return on Equity (RoE)***

#### Definition and usefulness

For Allianz Group, return on equity represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds net of shadow accounting at the beginning of the period and at the end of the period.

$$\text{RoE}_{\text{AZ Group}} = \frac{\text{Net income attributable to shareholders}}{(\text{Shareholders' equity}^{1,2} \text{ begin of period} + \text{Shareholders' equity}^{1,2} \text{ end of period})/2}$$

1 Shareholders' equity excluding non-controlling interests

2 Shareholders' equity excluding unrealized gains/losses on bonds net of shadow accounting

### **Combined Ratio (CR)**

#### Definition and usefulness

Allianz Group uses the combined ratio as a measure of underwriting profitability in the Property-Casualty segment. The combined ratio represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

$$\text{CR}_{\text{PC Segment}} = \frac{\text{Acq. and admin. expenses (net)}^1 + \text{Claims and ins. benefits inc. (net)}^1}{\text{Premiums earned (net)}^1}$$

1 In insurance terminology the term "net" means after consideration of reinsurance ceded.

The combined ratio is typically expressed as a percentage. A ratio of below 100 % indicates that the underwriting result is profitable, whereas a ratio of above 100 % indicates an underwriting loss.

The combined ratio can be further broken down into the loss ratio and the expense ratio. The loss ratio represents claims and insurance benefits incurred (net) divided by premiums earned (net), and thus expresses the percentage of net earned premiums used to settle claims.

$$\text{Loss ratio}_{\text{PC Segment}} = \frac{\text{Claims and ins. benefits inc. (net)}}{\text{Premiums earned (net)}}$$

The expense ratio represents acquisition and administrative expenses (net) divided by premiums earned (net). It expresses the percentage of net earned premiums used to cover underwriting expenses for the acquisition of new or renewal business and for administrative expenses.

$$\text{Expense ratio}_{\text{PC Segment}} = \frac{\text{Acq. and admin. expenses (net)}}{\text{Premiums earned (net)}}$$

#### Limitations on the usefulness

The combined ratio is used to measure underwriting profitability, but it does not capture the profitability of the investment result or the non-operating result. Even in case of a combined ratio of above 100 %, the operating profit and/or the net income can still be positive due to a positive investment income and/or a positive non-operating result.

Moreover, the usefulness of the combined ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the underwriting result.

#### **Cost-income Ratio (CIR)**

##### Definition and usefulness

The Allianz Group uses the cost-income ratio as a key performance indicator in the Asset Management segment. The CIR sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{\text{AM Segment}} = \frac{\text{Operating expenses}^1}{\text{Operating revenues}^2}$$

1 Operating expenses consist of administrative expenses (net), excluding acquisition-related expenses and one-off effects from pension revaluation and of restructuring charges.

2 Operating revenues are the sum of net fee and commission income, net interest income, income from financial assets and liabilities carried at fair value through income (net) and other income.

The term "net" means that the relevant expenses have already been deducted.

Allianz Group uses CIR in order to measure the efficiency of its activities in the Asset Management segment. Changes in the ratio indicate a change in efficiency.

#### Limitations on the usefulness

The CIR in a given period of time can be influenced by special items, one-offs or foreign exchange effects on the revenue and/or expense side which lead to a change in CIR without a long-term change of efficiency.

Moreover, the usefulness of the cost-income ratio is inherently limited by the fact that it is a ratio and thus it does not provide information on the absolute amount of the operating revenues and expenses.

#### **Reconciliations**

### ***Total revenues***

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

Composition of total revenues

€ mn

	2016	2015
Property-Casualty		
<b>Gross premiums written</b>	<b>51,535</b>	<b>51,597</b>
Life/Health		
<b>Statutory premiums</b>	<b>64,636</b>	<b>66,903</b>
Asset Management		
<b>Operating revenues</b>	<b>6,022</b>	<b>6,479</b>
consisting of:		
Net fee and commission income	6,019	6,488
Net interest income <sup>1</sup>	(5)	(5)
Income from financial assets and liabilities carried at fair value through income (net)	6	(8)
Other income	3	4
Corporate and Other		
<b>thereof: Total revenues (Banking)</b>	<b>551</b>	<b>577</b>
consisting of:		
Interest and similar income	474	546
Income from financial assets and liabilities carried at fair value through income (net) <sup>2</sup>	14	16
Fee and commission income	540	565
Interest expenses, excluding interest expenses from external debt	(172)	(212)

Composition of total revenues

€ mn

	2016	2015
Fee and commission expenses	(308)	(340)
Consolidation effects within Corporate and Other	2	2
<b>Consolidation</b>	<b>(328)</b>	<b>(365)</b>
<b>Allianz Group total revenues</b>	<b>122,416</b>	<b>125,190</b>

1 Represents interest and similar income less interest expenses.

2 Includes trading income.

**Operating profit (OP)**

Business Segment Information - Reconciliation of Operating Profit (Loss) to Net Income (Loss)						
€ mn						
	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2016						
<b>Operating profit (loss)</b>	<b>5,370</b>	<b>4,148</b>	<b>2,205</b>	<b>(867)</b>	<b>(23)</b>	<b>10,833</b>
<b>Non-operating investment result</b>						
Non-operating income from financial assets and liabilities carried at fair value through income (net) <sup>1</sup>	(53)	26	–	40	(1)	11
Non-operating realized gains/losses (net) <sup>1</sup>	814	81	–	500	108	1,503
Non-operating impairments of investments (net) <sup>1</sup>	(236)	(227)	–	(217)	–	(681)
<b>Subtotal</b>	<b>524</b>	<b>(121)</b>	<b>–</b>	<b>322</b>	<b>107</b>	<b>833</b>
Interest expenses from external debt	–	–	–	(858)	–	(858)
Acquisition-related expenses	–	–	2	–	–	2
One-off effects from pension revaluation	–	–	–	–	–	–
Non-operating amortization of intangible assets	(60)	(52)	(12)	(11)	–	(135)
Reclassifications	–	(268)	–	–	(115)	(383)
<b>Non-operating items</b>	<b>465</b>	<b>(441)</b>	<b>(10)</b>	<b>(547)</b>	<b>(8)</b>	<b>(541)</b>
<b>Income before income taxes</b>	<b>5,835</b>	<b>3,707</b>	<b>2,194</b>	<b>(1,414)</b>	<b>(31)</b>	<b>10,292</b>
Income taxes	(1,677)	(1,127)	(784)	420	126	(3,042)
<b>Net income (loss)</b>	<b>4,158</b>	<b>2,581</b>	<b>1,411</b>	<b>(994)</b>	<b>95</b>	<b>7,250</b>

Business Segment Information - Reconciliation of Operating Profit (Loss) to Net Income (Loss)						
€ mn						
	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
<b>Net income (loss) attributable to:</b>						
Non-controlling interests	155	137	66	12	(3)	367
Shareholders	4,003	2,443	1,344	(1,006)	99	6,883

Business Segment Information - Reconciliation of Operating Profit (Loss) to Net Income (Loss)						
€ mn						
	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2015						
<b>Operating profit (loss)</b>	<b>5,603</b>	<b>3,796</b>	<b>2,297</b>	<b>(945)</b>	<b>(16)</b>	<b>10,735</b>
<b>Non-operating investment result</b>						
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(99)	(51)	–	(58)	(10)	(219)
Non-operating realized gains/losses (net)	746	298	–	337	(170)	1,211
Non-operating impairments of investments (net)	(223)	(18)	–	(27)	–	(268)
<b>Subtotal</b>	<b>424</b>	<b>228</b>	<b>–</b>	<b>252</b>	<b>(181)</b>	<b>724</b>
Income from fully consolidated private equity investments (net)	–	–	–	(52)	(8)	(60)
Interest expenses from external debt	–	–	–	(849)	–	(849)
Acquisition-related expenses	–	–	11	1	–	12
One-off effects from pension revaluation	(181)	(13)	(31)	224	–	–
Non-operating amortization of intangible assets	(63)	(222)	(11)	(8)	–	(304)
Reclassifications	–	–	–	–	(62)	(62)
<b>Non-operating items</b>	<b>181</b>	<b>(6)</b>	<b>(31)</b>	<b>(432)</b>	<b>(250)</b>	<b>(539)</b>
<b>Income (loss) before income taxes</b>	<b>5,784</b>	<b>3,790</b>	<b>2,266</b>	<b>(1,377)</b>	<b>(267)</b>	<b>10,196</b>
Income taxes	(1,660)	(1,169)	(817)	374	63	(3,209)
<b>Net income (loss)</b>	<b>4,124</b>	<b>2,621</b>	<b>1,449</b>	<b>(1,003)</b>	<b>(204)</b>	<b>6,987</b>
<b>Net income (loss) attributable to:</b>						
Non-controlling interests	143	143	71	14	(1)	371
Shareholders	3,981	2,478	1,378	(1,017)	(203)	6,616

<sup>1</sup> In Investment terminology the term "net" is used when the relevant expenses have already been deducted.

<sup>2</sup> From the classification of the Korean life business as "held for sale" in the second quarter of 2016 until its disposal in the fourth quarter of 2016, the total result was considered as non-operating. Furthermore tax reclassifications are included in this line.





### Return on Equity (ROE)

Return on equity represents net income attributable to shareholders divided by the average shareholders' equity excluding unrealized gains/losses on bonds net of shadow accounting at the beginning of the period and at the end of the period.

$$\text{ROE}_{\text{AZ Group}} = \frac{\text{Net income attributable to shareholders}}{(\text{Shareholders' equity}^{1,2} \text{ begin of period} + \text{Shareholders' equity}^{1,2} \text{ end of period})/2}$$

1 Shareholders' equity excluding non-controlling interests

2 Shareholders' equity excluding unrealized gains/losses on bonds net of shadow accounting

Reconciliation of return on equity for Allianz Group			
€ mn			
	2016		2015
Net income attributable to shareholders	6,883		6,616
Shareholders' equity bop	63,144		60,747
Shareholders' equity eop	67,341		63,144
Unrealised gains/losses on bonds (net of Shadow DAC) bop	7,554		10,656
Unrealised gains/losses on bonds (net of Shadow DAC) eop	8,695		7,554
<b>Return on equity (excluding unrealized gains/losses on bonds net of shadow accounting) in %</b>	<b>12.0</b>		<b>12.5</b>
annualized in %			

### Combined Ratio (CR)

The combined ratio represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

$$\text{CR}_{\text{PC Segment}} = \frac{\text{Acq. and admin. expenses (net)} + \text{Claims and ins. benefits inc.}}{\text{Premiums earned (net)}}$$

Reconciliation of combined ratio			
€ mn			
twelve months ended 31 December		2016	2015
Claims and insurance benefits incurred (net)		(30,576)	(30,721)
Acquisition and administrative expenses (net), excluding one-off effects from pension revaluation		(13,352)	(13,208)
Premiums earned (net)		46,588	46,430
<b>Combined ratio in %</b>		<b>94.3</b>	<b>94.6</b>
Loss ratio in %		65.6	66.2
Expense ratio in %		28.7	28.4

### ***Cost-income Ratio (CIR)***

The cost-income ratio sets operating expenses in relation to operating revenues in a given period.

$$\text{CIR}_{\text{AM Segment}} = \frac{\text{Operating expenses}}{\text{Operating revenues}}$$

Reconciliation of cost-income ratio			
€ mn			
twelve months ended 31 December		2016	2015
Operating expenses		(3,818)	(4,182)
Operating revenues		6,022	6,479
<b>Cost-income ratio in %</b>		<b>63.4</b>	<b>64.5</b>

## **TAXATION**

The following comments are of a general nature and included herein solely for information purposes. They are based on the relevant laws currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect. These comments cannot replace legal or tax advice. No representation with respect to the consequences to any particular prospective Noteholder is made hereby.

**Prospective Noteholders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and disposing of the Notes, including the application and effect of any federal, state or local taxes in each country in which they are resident or citizens and in all relevant jurisdictions.**

### **U.S. Foreign Account Tax Compliance Act Withholding ("FATCA")**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Germany) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would in any case not apply prior to 1 January 2019 (intended date). However, if additional notes (as described under "Terms and Conditions of the Notes — Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, the Issuer will not pay any additional amounts as a result of the withholding.

### **Federal Republic of Germany**

The following general overview does not consider all aspects of income taxation in the Federal Republic of Germany ("**Germany**") that may be relevant to a Noteholder in the light of its particular circumstances and income tax situation. This general overview is based on German tax laws and regulations, all as currently in effect, save for the proposed FTT, and all subject to change at any time, possibly with retroactive effect. Prospective Noteholders should consult their own tax advisers as to the particular tax consequences to them of subscribing, purchasing, holding and

disposing of the Notes, including the application and effect of state, local, foreign and other tax laws and the possible effects of changes in the tax laws of Germany.

#### **German tax residents holding Notes as private assets**

##### *Taxation of income from the Notes*

If the Notes are held as private assets (*Privatvermögen*) by an individual investor whose residence or habitual abode is in Germany, payments of interest under the Notes are taxed as investment income (*Einkünfte aus Kapitalvermögen*) at a 25% flat tax (*Abgeltungsteuer*) (plus a 5.5% solidarity surcharge thereon and, if applicable to the individual investor, church tax (*Kirchensteuer*)).

The same applies to capital gains from the sale or redemption of the Notes. The capital gain is generally determined as the difference between the proceeds from the sale or redemption of the Notes and the acquisition costs. Expenses directly and factually related (*unmittelbar sachlicher Zusammenhang*) to the sale or redemption are taken into account in computing the taxable gain. Otherwise the deduction of related expenses for tax purposes is not permitted.

Where the Notes are acquired and/or sold in a currency other than Euro, the acquisition costs will be converted into Euro at the time of acquisition, the sales proceeds will be converted in Euro at the time of sale, and only the difference will then be computed in Euro.

The flat tax is generally collected by way of withholding (see succeeding paragraph – Withholding tax) and the tax withheld shall generally satisfy the individual investor's tax liability with respect to the Notes. If, however, no or not sufficient tax was withheld (e.g., in case there is no Domestic Paying Agent as defined in the subsequent paragraph – Withholding tax), the investor will have to include the income received from its investment in the Notes in its income tax return and the flat tax will then be collected by way of tax assessment. The investor may also opt for inclusion of investment income in its income tax return if the aggregated amount of tax withheld on investment income during the year exceeded the investor's aggregated flat tax liability on investment income (e.g., because of an available loss carry forward or a foreign tax credit). If the investor's total income tax liability on all taxable income including the investment income determined by generally applicable individual progressive tax rates is lower than 25% the investor may opt to be taxed at individual progressive tax rates with respect to its investment income.

Capital losses from the Notes held as private assets are generally tax-recognised irrespective of the holding period of the Notes. The losses may, however, not be used to offset other income like employment or business income but may only be offset against investment income subject to certain limitations. Losses not utilised in one year may be carried forward into subsequent years but may not be carried back into preceding years. According to the view of German tax authorities losses suffered upon a bad debt loss (*Forderungsausfall*) and a waiver of a receivable (*Forderungsverzicht*) shall, in general, not be deductible for tax purposes. Lower fiscal courts in Germany have recently confirmed the view of the German tax authorities in a non-final decision with respect to a bad debt loss and in a final decision with respect to a (voluntary) waiver of a receivable. Furthermore, capital losses might not be recognised by the German tax authorities if the Notes are sold at a market price, which is lower than the transaction costs or if the level of

transaction costs is restricted because of a mutual agreement that the transaction costs are calculated by subtracting a certain amount from the sales price. This view has however been challenged in 2014 by a final judgement of a German lower fiscal court.

Individual investors are entitled to a saver's lump sum tax allowance (*Sparer-Pauschbetrag*) for investment income of 801 Euro per year (1,602 Euro for jointly assessed investors). The saver's lump sum tax allowance is considered for purposes of the withholding tax (see subsequent paragraph – Withholding tax) if the investor has filed a withholding tax exemption request (*Freistellungsauftrag*) with the respective Domestic Paying Agent (as defined below). The deduction of related expenses for tax purposes is not possible.

#### *Withholding tax*

If the Notes are kept or administered in a domestic securities deposit account by a German credit or financial services institution (*Kredit- oder Finanzdienstleistungsinstitut*) (or by a German branch of a foreign credit or financial services institution), or by a German securities trading firm (*Wertpapierhandelsunternehmen*) or by a German securities trading bank (*Wertpapierhandelsbank*) (each a "**Domestic Paying Agent**") which pays or credits the interest, a 25% withholding tax, plus a 5.5% solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375%, is levied on the interest payments.

Capital gains are also subject to the 25% withholding tax, plus a 5.5% solidarity surcharge thereon, if the Notes are kept or administered by a Domestic Paying Agent effecting the sale or redemption since their acquisition. If the Notes were sold or redeemed after being transferred to a securities deposit account with a Domestic Paying Agent, 25% withholding tax (plus solidarity surcharge thereon) would be levied on 30% of the proceeds from the sale or the redemption, as the case may be, unless the investor or the previous depository bank was able and allowed to prove evidence of the investor's actual acquisition costs to the Domestic Paying Agent.

The applicable withholding tax rate applied to interest payments or capital gains is in excess of the aforementioned rates if church tax applies and is collected for the individual investor by way of withholding which is provided for as a standard procedure unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*).

#### **German resident investors holding the Notes as business assets**

##### *Taxation of income from the Notes*

If the Notes are held as business assets (*Betriebsvermögen*) by an individual or corporate investor who is tax resident in Germany (i.e., a corporation with its statutory seat or place of management in Germany), interest income and capital gains from the Notes are subject to personal income tax (at individual progressive rates) or corporate income tax at a rate of 15% (plus a 5.5% solidarity surcharge thereon and church tax, if applicable) and, in general, trade tax. The effective trade tax rate depends on the applicable trade tax factor (*Gewerbesteuer-Hebesatz*) of the relevant municipality where the business is located. In case of individual investors the trade tax may, however, be partially or fully creditable against the investor's personal income tax liability depending on the applicable trade tax factor and the investor's particular circumstances.

Generally, losses from the disposal or redemption of the Notes will be tax-recognised and may be offset by income subject to certain limitations.

#### *Withholding tax*

If the Notes are kept or administered by a Domestic Paying Agent which pays or credits the interest, a 25% withholding tax, plus a 5.5% solidarity surcharge thereon, resulting in a total withholding tax charge of 26.375%, is levied on the interest payments. The applicable withholding tax rate is in excess of the aforementioned rate if church tax applies and is collected for the individual investor by way of withholding which is provided for as a standard procedure unless the Noteholder has filed a blocking notice with the German Federal Central Tax Office.

No withholding is generally required on capital gains from the disposal or redemption of the Notes which is derived by German resident corporate investors and, upon application, by individual investors holding the Notes as business assets, subject to certain requirements. Any losses incurred from the disposal or redemption of the Notes will not be taken into account for withholding tax purposes. The withholding tax does not satisfy the investor's personal or corporate income tax liability with respect to the Notes. The income from the Notes will have to be included in the investor's personal or corporate income tax return. Any German withholding tax (including surcharges) is generally fully creditable against the investor's personal or corporate income tax liability or refundable, as the case may be.

#### **Non-German resident investors**

Income derived from the Notes by Noteholders who are not tax resident in Germany is in general exempt from German income taxation, and no withholding tax shall be withheld, unless (i) the Notes are held as business assets of a German permanent establishment of the investor or by a permanent German representative of the investor, (ii) the income derived from the Notes does otherwise constitute German source income (such as income from the letting and leasing of certain property located in Germany) or (iii) the income is paid by a Domestic Paying Agent against presentation of the Notes or interest coupons (so-called over-the-counter transaction, *Tafelgeschäfte*). If the income derived from the Notes is subject to German taxation according to (i) through (iii) above, the income is subject to withholding tax similar to that described above under the paragraphs Withholding tax. Under certain circumstances, foreign investors may benefit from tax reductions or tax exemptions under applicable double tax treaties (*Doppelbesteuerungsabkommen*) entered into with Germany.

#### **Inheritance tax / gift tax**

The transfer of Notes to another person by way of gift or inheritance is subject to German gift or inheritance tax, respectively, if inter alia

- (i) the testator, the donor, the heir, the donee or any other acquirer had his residence, habitual abode or, in case of a corporation, association (*Personenvereinigung*) or estate (*Vermögensmasse*), had its seat or place of management in Germany at the time of the transfer of property,

- (ii) except as provided under (i), the testator's or donor's Notes belong to a business asset attributable to a permanent establishment or a permanent representative in Germany.

Special regulations apply to certain German expatriates.

Prospective investors are urged to consult with their tax advisor to determine the particular inheritance or gift tax consequences in light of their particular circumstances.

#### **Other taxes**

The purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany (despite the European initiative on FTT). However, under certain circumstances entrepreneurs may choose liability to value added tax with regard to the sale of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

#### **The proposed financial transactions tax**

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

According to recent press releases, certain EU Member States intend to decide on the implementation of the FTT and to present draft legislation early in 2017 (Estonia stated that it will not participate). According to latest public statements made by representatives of certain EU Member States, the FTT may be levied for the first time in 2018.

The FTT proposal remains subject to negotiation between the participating EU Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States and when it will take effect with regard to dealings in the Notes. Prospective Noteholders are advised to seek their own professional advice in relation to the FTT.

#### **Luxembourg**

The statements herein regarding taxation in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Prospectus and are subject to any changes in law. The following overview does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. Each prospective holder or beneficial owner of the Notes should consult its tax advisor as to the Luxembourg tax consequences of the ownership and disposition of the Notes.



***Withholding tax***

There is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident Noteholder. There is also no Luxembourg withholding tax, upon repayment of the principal or upon redemption or exchange of the Notes.

According to the law of 23 December 2005, as amended, interest on Notes paid by a Luxembourg paying agent to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. The withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Interest on Notes paid by a Luxembourg paying agent to a resident Noteholder who is not an individual is not subject to withholding tax.

Responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

Further, pursuant to the law of 23 December 2005, as amended, Luxembourg resident individuals who are the beneficial owners of interest payments and other similar income made by a paying agent established outside Luxembourg in a Member State of the European Union or of the European Economic Area may also opt for a final 20% levy. In such case, the 20% levy is charged on the same amounts as for the payments made by Luxembourg resident paying agents. The option for the 20% levy must cover all interest payments made by the paying agent to the Luxembourg resident beneficial owner during the entire civil year.

When used in the preceding paragraphs "*interest*", "*paying agent*" and "*residual entity*" have to be interpreted pursuant to the Luxembourg law of 23 December 2005, as amended. "*Interest*" will include accrued (since 1 July 2005) or capitalised interest at the sale, repurchase or redemption of the Notes.

## GENERAL INFORMATION

1. **Documents available for inspection:** For so long as Notes are outstanding, copies of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of each Paying Agent. In addition, this Prospectus (together with any Supplement, if any) will be available in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)):
  - (i) the Articles of Association (Satzung) of Allianz SE;
  - (ii) this Prospectus; and
  - (iii) the documents specified in the section "Documents Incorporated by Reference" below.
2. **Authorisations:** The issue of Notes under the Programme by Allianz SE has been authorised by a resolution of the Board of Management of Allianz SE passed on 8 December 2016.
3. **Legend on Global Notes:** Each Global Note bears the following legend:

"This note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold in the United States of America (including the states and the District of Columbia) or its territories or possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available.

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986, as amended."
4. **Clearing system:** Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear system.
5. The Notes have the following securities codes:

ISIN:	XS1556937891
Common Code:	155693789
6. **Expenses of the issue:** The total expenses related to the admission to trading of the Notes are expected to amount to approximately EUR 25,000.
7. **Luxembourg listing and admission to trading:** Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market. The admission to trading of the Notes is expected on 30 March 2017.
8. **Notices to Noteholders:** All notices regarding the Notes will be published in the Federal Gazette (to the extent required) and (so long as the Notes are listed on the Luxembourg

Stock Exchange) on the website of the Luxembourg Stock Exchange on [www.bourse.lu](http://www.bourse.lu). The Issuer will be entitled to deliver all notices concerning the Notes to the Clearing Systems for communication by the Clearing Systems to the Holders.

9. **Yield:** For the subscribers, the yield of the Notes was 5.10 per cent. per annum, calculated on the basis of (i) the issue price, (ii) semi-annual interest payments and (iii) the assumption that the Notes will be called on the First Call Date. Such yield was calculated in accordance with the ICMA (International Capital Markets Association) Method. Notwithstanding the above mentioned assumption, there is no assurance as to whether or not the Notes will be actually called on the First Call Date. Therefore, the yield realized by subscribers may be significantly lower.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the specified pages of the following documents which have been previously published or are published simultaneously with this Prospectus and which have been approved by the CSSF or filed with it and these specified pages shall be deemed to be incorporated in by reference, and form part of, this Prospectus:

### Cross reference list

Information Incorporated by Reference	Reference
Base Prospectus, dated 2 May 2016 (" <b>Base Prospectus</b> ")	
General Description of the Programme	Pages 34-35

Information Incorporated by Reference	Reference
2 <sup>nd</sup> Supplement, dated 12 August 2016	
General Description of the Programme	Pages 16-19

Information Incorporated by Reference	Reference
<b>Allianz Group</b>	
<b><i>Annual Report 2016</i></b>	
Business Operations	Pages 36-37
Consolidated Balance Sheets	Page 78
Consolidated Income Statements	Page 79
Consolidated Statements of Comprehensive Income	Page 80
Consolidated Statements of Changes in Equity	Page 81
Consolidated Statements of Cash Flows	Pages 82-83
Notes to the Consolidated Financial Statements	Pages 84-145
Notes to the Consolidated Balance Sheets	Pages 101-116
Notes to the Consolidated Income Statements	Pages 117-121
Other Information	Pages 122-138
List of participations of the Allianz	Pages 139-144

Group as of 31 December 2016 according to § 313(2) HGB	
Auditor's Report <sup>1</sup>	Page 146

Information Incorporated by Reference	Reference
<b>Allianz Group</b>	
<b><i>Annual Report 2015</i></b>	
Business Operations and Markets	Pages 53-57
Consolidated Balance Sheets	Page 135
Consolidated Income Statements	Page 136
Consolidated Statements of Comprehensive Income	Page 137
Consolidated Statements of Changes in Equity	Page 138
Consolidated Statements of Cash Flows	Pages 139-140
Notes to the Consolidated Financial Statements	Pages 141-241
Notes to the Consolidated Balance Sheets	Pages 172-198
Notes to the Consolidated Income Statements	Pages 199-206
Other Information	Pages 207-233
List of participations of the Allianz Group as of 31 December 2015 according to § 313(2) HGB	Pages 234-240
Auditor's Report <sup>2</sup>	Page 242

<sup>1</sup> The referenced auditors' reports, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete consolidated financial statements, comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, together with the group management report for the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, respectively. The group management report is not included in this prospectus. The referenced auditor's reports and consolidated financial statements are both translations of the respective German-language documents.

<sup>2</sup> The referenced auditors' reports, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete consolidated financial statements, comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, together with the group management report for the financial year from 1 January to 31 December 2015 and from 1 January to 31 December 2014, respectively. The group management report is not included in this prospectus. The referenced auditor's reports and consolidated financial statements are both translations of the respective German-language documents.

<b>Allianz SE</b>	
<b><i>Annual Report 2016</i></b>	
Balance Sheet	Pages 50-51
Income Statement	Page 52
Notes to the Financial Statements of Allianz SE	Pages 53-74
List of participations Allianz SE, Munich as of 31 December 2016 according to § 285 No. 11 HGB in conjunction with § 286(3) No. 1 HGB	Pages 71-74
Auditor's Report <sup>1</sup>	Page 76

<b>Allianz SE</b>	
<b><i>Annual Report 2015</i></b>	
Balance Sheet	Pages 72-73
Income Statement	Page 74
Notes to the Financial Statements of Allianz SE	Pages 75-105
List of participations Allianz SE, Munich as of 31 December 2015 according to § 285 No. 11 HGB in conjunction with § 286(3) No. 1 HGB	Pages 101-105
Auditor's Report <sup>2</sup>	Page 107

All of these pages shall be deemed to be incorporated in by reference, and to form part of, this Prospectus.

The non-incorporated parts of such documents, i.e. the pages not listed in the table above, are either not relevant for the investor or covered elsewhere in this Prospectus pursuant to Art 28.4 of the Commission Regulation (EC) 809/2004. Copies of the documents which are incorporated

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<sup>1</sup> The referenced auditor's reports, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete financial statements, comprising the balance sheet, income statement and notes to the financial statements, together with the management report for the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, respectively. The management report is not included in this prospectus. The referenced auditor's reports and financial statements are both translations of the respective German-language documents.

<sup>2</sup> The referenced auditor's reports, prepared in accordance with § 322 HGB German Commercial Code, refer to the complete financial statements, comprising the balance sheet, income statement and notes to the financial statements, together with the management report for the financial year from 1 January to 31 December 2015 and from 1 January to 31 December 2014, respectively. The management report is not included in this prospectus. The referenced auditor's reports and financial statements are both translations of the respective German-language documents.

herein by reference will be available free of charge from the specified office of the Fiscal Agent and Paying Agent set out at the end of this Prospectus.

This Prospectus and the documents incorporated by reference are also available for viewing at <https://www.bourse.lu>. The 2015 and 2016 Allianz Group Annual Reports and the 2015 and 2016 Allianz SE Annual Reports are available on the Issuer's website and those reports only and no other information or documents of such site are incorporated by reference herein: [https://www.allianz.com/en/investor\\_relations/results\\_reports/annual-reports.html/](https://www.allianz.com/en/investor_relations/results_reports/annual-reports.html/).

**Allianz Group Annual Report 2016:**

[https://www.allianz.com/v\\_1489492602000/media/investor\\_relations/de/ergebnisse/2016\\_gj/gb-2016-geschaeftsbericht-allianz-gruppe.pdf](https://www.allianz.com/v_1489492602000/media/investor_relations/de/ergebnisse/2016_gj/gb-2016-geschaeftsbericht-allianz-gruppe.pdf)

**Allianz SE Annual Report 2016:**

[https://www.allianz.com/v\\_1489492605000/media/investor\\_relations/de/ergebnisse/2016\\_gj/gb-se-2016-geschaeftsbericht-allianz-se.pdf](https://www.allianz.com/v_1489492605000/media/investor_relations/de/ergebnisse/2016_gj/gb-se-2016-geschaeftsbericht-allianz-se.pdf)

**Allianz Group Annual Report 2015:**

[https://www.allianz.com/v\\_1458046946000/media/investor\\_relations/en/results\\_reports/annual\\_report/ar2015/ar2015\\_group.pdf](https://www.allianz.com/v_1458046946000/media/investor_relations/en/results_reports/annual_report/ar2015/ar2015_group.pdf)

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Registered Offices of the Issuer

**Allianz SE**

Königinstrasse 28  
D-80802 Munich  
Federal Republic of Germany

Fiscal Agent and Paying Agent

**Deutsche Bank Aktiengesellschaft**

Taunusanlage 12  
D-60325 Frankfurt am Main  
Federal Republic of Germany

Auditors to Allianz SE

**KPMG AG**

Wirtschaftsprüfungsgesellschaft  
Ganghoferstrasse 29  
D-80339 Munich  
Federal Republic of Germany