

3Q

Allianz Group
**Interim Report Third Quarter
and First Nine Months of 2013**

Allianz 

Allianz at a glance

QUARTERLY AND FIRST NINE MONTHS RESULTS

01

		three months ended 30 September			nine months ended 30 September			More details on page
		2013	2012	Change from previous year	2013	2012	Change from previous year	
Income statement								
Total revenues ¹	€MN	25,144	25,207	(0.2)%	83,968	80,456	4.4%	7
Operating profit ^{2,3,4}	€MN	2,519	2,538	(0.7)%	7,683	7,121	7.9%	7
Net income ²	€MN	1,531	1,453	5.4%	5,007	4,242	18.0%	9
thereof: attributable to shareholders ²	€MN	1,445	1,359	6.3%	4,740	3,988	18.9%	9
Business segments⁵								
Property-Casualty								
Gross premiums written	€MN	10,651	11,392	(6.5)%	36,602	36,915	(0.8)%	14
Operating profit ⁴	€MN	1,236	1,162	6.4%	3,734	3,395	10.0%	16
Combined ratio	%	94.8	96.2	(1.4)%-p	95.0	96.5	(1.5)%-p	16
Life/Health								
Statutory premiums	€MN	12,697	11,912	6.6%	41,659	38,472	8.3%	25
Operating profit ⁴	€MN	769	815	(5.6)%	2,293	2,458	(6.7)%	26
Margin on reserves	BPS	66	73	(7)	66	75	(9)	24
Asset Management								
Operating revenues	€MN	1,703	1,845	(7.7)%	5,429	4,781	13.6%	32
Operating profit ⁴	€MN	754	848	(11.1)%	2,458	2,036	20.7%	33
Cost-income ratio	%	55.7	54.0	1.7%-p	54.7	57.4	(2.7)%-p	33
Corporate and Other								
Total revenues	€MN	132	142	(7.0)%	412	438	(5.9)%	–
Operating result ⁴	€MN	(230)	(261)	11.9%	(743)	(715)	(3.9)%	35
Balance sheet^{2,6}								
Total assets	€MN	704,619	694,447	1.5%	704,619	694,447	1.5%	40
Shareholders' equity	€MN	48,770	50,388	(3.2)%	48,770	50,388	(3.2)%	39
Non-controlling interests	€MN	2,680	2,575	4.1%	2,680	2,575	4.1%	39
Share information								
Basic earnings per share ²	€	3.19	3.00	6.3%	10.46	8.81	18.7%	120
Diluted earnings per share ²	€	3.14	2.98	5.4%	10.33	8.77	17.8%	120
Share price as of 30 September ⁶	€	116.20	104.80	10.9%	116.20	104.80	10.9%	1
Market capitalization ⁶	€MN	52,981	47,784	10.9%	52,981	47,784	10.9%	–
Other data								
Standard & Poor's rating ⁷		AA Stable Outlook	AA Negative Outlook	–	AA Stable Outlook	AA Negative Outlook	–	–
Conglomerate solvency ratio ^{6,8}	%	177	197	(20.0)%-p	177	197	(20.0)%-p	39
Total assets under management ⁶	€BN	1,811	1,852	(2.2)%	1,811	1,852	(2.2)%	31
thereof: Third-party assets under management ⁶	€BN	1,404	1,438	(2.4)%	1,404	1,438	(2.4)%	31

1 – 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).

2 – All prior period figures herein and throughout the entire Interim Report Third Quarter and First Nine Months of 2013 have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

3 – As of the first quarter of 2013, all restructuring charges are presented within operating profit. All prior period figures herein and throughout the entire Interim Report Third Quarter and First Nine Months of 2013 have been adjusted to conform to the current accounting presentation.

4 – The Allianz Group uses operating profit as a key financial indicator to assess the performance of its business segments and the Group as a whole.

5 – The Allianz Group operates and manages its activities through four business segments: Property-Casualty, Life/Health, Asset Management and Corporate and Other. For further information, please refer to note 4 to the condensed consolidated interim financial statements.

6 – 2012 figures as of 31 December 2012.

7 – Insurer financial strength rating; outlook changed on 20 March 2013 and was affirmed on 12 July 2013.

8 – Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 September 2013 would be 168% (31 December 2012: 188%). The conglomerate solvency ratio decreased by approximately 16 percentage points as of 1 January 2013 due to amendments to IAS 19.

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

All references to chapters, pages, notes to the condensed consolidated interim financial statements, internet pages, etc. within this report are also linked.

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Allianz Share

DEVELOPMENT OF THE ALLIANZ SHARE PRICE VERSUS EURO STOXX 50 AND STOXX EUROPE 600 INSURANCE

02

indexed to the Allianz share price in €



■ Allianz ■ STOXX Europe 600 Insurance ■ EURO STOXX 50

Source: Thomson Reuters Datastream

Allianz Share price:

9M 2013 High: €121.80 31 December 2012: €104.80
9M 2013 Low: €101.75 30 September 2013: €116.20

BASIC SHARE INFORMATION

03

Security codes	WKN 840 400
	ISIN DE 000 840 400 5
Bloomberg	ALV GR
Reuters	O#ALVG.DEU

Multi-channel reporting



Download as PDF

www.allianz.com/interim-report

www.allianz.com/zwischenbericht



iPad¹



¹ — You can also scan the QR code to go directly to the specific Allianz App you wish to download from the Apple App Store.

Services for Allianz Investors

Decide for yourself how you want to be kept up to date. With our corporate website allianz.com, two iPad apps, an iPhone app and the mobile website m.allianz.com, our IR information is easily accessible wherever you are and whatever device you are working on.

ALLIANZ INVESTOR RELATIONS WEBSITE

On the IR website, you can find all the latest press releases, presentations, and quarterly and annual comparisons at a glance. You can also find audio and video recordings of press and analysts' conferences, as well as video interviews with our Board of Management members.

www.allianz.com/results



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Important dates for shareholders and analysts
see financial calendar (back cover)

INTERIM GROUP MANAGEMENT REPORT

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Executive Summary

THIRD QUARTER 2013

- Revenues remained stable at €25.1 BN.
- Operating profit at €2,519 MN, down by 0.7%.
- Net income rose by 5.4% to €1,531 MN.
- Solvency ratio strong at 177%.¹

Allianz Group overview

Allianz SE and its subsidiaries (the Allianz Group) have operations in over 70 countries. The Group's results are reported by business segment: Property-Casualty insurance, Life/Health insurance, Asset Management and Corporate and Other activities.

Earnings summary

Total revenues were stable at €25.1 BN. Life/Health recorded revenue growth, while revenues in our Property-Casualty and Asset Management business segments decreased. On an internal basis² revenues grew by 1.0%.

Operating profit remained strong at €2,519 MN. Lower operating profit in Life/Health and Asset Management was essentially offset by a higher operating result in Property-Casualty.

Net income increased 5.4% to €1,531 MN reflecting an improved non-operating result and a slightly decreased effective tax rate.

Our **solvency ratio** decreased by 20 percentage points to 177%¹ compared to year-end 2012. Excluding the negative impact of a change in the accounting for pensions, our solvency ratio would have decreased by 4 percentage points over the year-end figure.

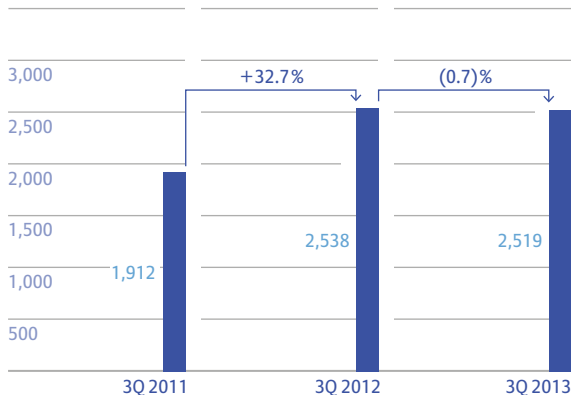
Operating profit

(0.7)%

OPERATING PROFIT ALLIANZ GROUP

A 01

€ MN



Key figures

KEY FIGURES ALLIANZ GROUP

A 02

€ MN

three months ended 30 September	2013	2012	2011
Total revenues	25,144	25,207	24,070
Operating profit ^{3,4}	2,519	2,538	1,912
Net income ³	1,531	1,453	275
Solvency ratio ^{1,5}	177%	197%	179%

1 – Solvency according to the E.U. Financial Conglomerates Directive. Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request; Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 September 2013 would be 168% (31 December 2012: 188%, 31 December 2011: 170%). The conglomerate solvency ratio decreased by approximately 16 percentage points as of 1 January 2013 due to amendments to IAS 19.

2 – Internal total revenue growth excludes the effects of foreign currency translation as well as acquisitions and disposals. Please refer to page 49 for a reconciliation of nominal total revenue growth to internal total revenue growth for each of our business segments and the Allianz Group as a whole.

3 – Previous period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

4 – As of the first quarter of 2013, all restructuring charges are presented within operating profit and all previous periods have been adjusted to conform to the current accounting presentation.

5 – 2012 and 2011 solvency figures as of 31 December 2012 and 2011, respectively.

Earnings summary

ECONOMIC AND INDUSTRY ENVIRONMENT IN THE THIRD QUARTER OF 2013

During the third quarter of 2013, fixed income and currency markets remained volatile. This was mainly fueled by discussions in the United States about a reduction of quantitative easing, uncertainty with regards to the succession of the Federal Reserve chairman and – towards the end of the quarter – the debt ceiling debate, including a government shutdown. In mid-September, the Federal Reserve took the decision not to taper asset purchases immediately as long as financial conditions in the United States are not strong enough to wind down the measures. Although closing at a higher level than in the second quarter of 2013, yields on U.S. and German government bonds retreated somewhat from their peaks reached during the quarter. The fiscal gridlock in the United States was temporarily defused in mid-October with a last-minute solution that averted a potential disaster for the financial markets.

Supported by more benign economic conditions, the Eurozone emerged from recession. Spreads on government bonds from the Eurozone periphery continued to narrow. Emerging markets, which were adversely impacted during the liquidity squeeze as a result of the potential Federal Reserve tapering, rebounded slightly in the third quarter. Equity markets saw a sharp rally globally, with U.S. and German equity markets hitting new all-time highs in September.

The levels of key yields at the end of the third quarter were still remarkably low in historical terms and the low interest rate environment continued to present its challenges. Currencies in selective emerging markets recovered somewhat in September following sharp declines in the early phase of the quarter, while the depreciation of the U.S. Dollar and Australian Dollar against the Euro continued throughout the third quarter.

Contrasting with the relatively benign third quarter of 2012, and after a tumultuous second quarter of 2013, the third quarter saw continued impact from natural catastrophes, where Europe in particular was struck by severe thunderstorms.

MANAGEMENT'S ASSESSMENT OF THIRD QUARTER 2013 RESULTS

We recorded stable *total revenues* of €25,144 MN. A continued strong unit-linked premium growth in our Life/Health business substantially compensated for the drop in gross premiums written related to the U.S. crop business in Property-Casualty and the decrease in performance fees in Asset Management. On an internal basis, revenues increased by 1.0%.

Our *operating profit* remained strong at €2,519 MN. Property-Casualty contributed positively, benefiting from a resilient underwriting result. Asset Management was impacted by decreased performance fees, which reached an exceptionally high level in the third quarter of 2012. Our Life/Health operating profit was adversely impacted by market volatility on our investment result. The loss in our Corporate and Other business segment was reduced, mainly driven by Holding & Treasury.

Net income increased 5.4% to €1,531 MN, driven by an improved non-operating result and a slightly lower effective tax rate.

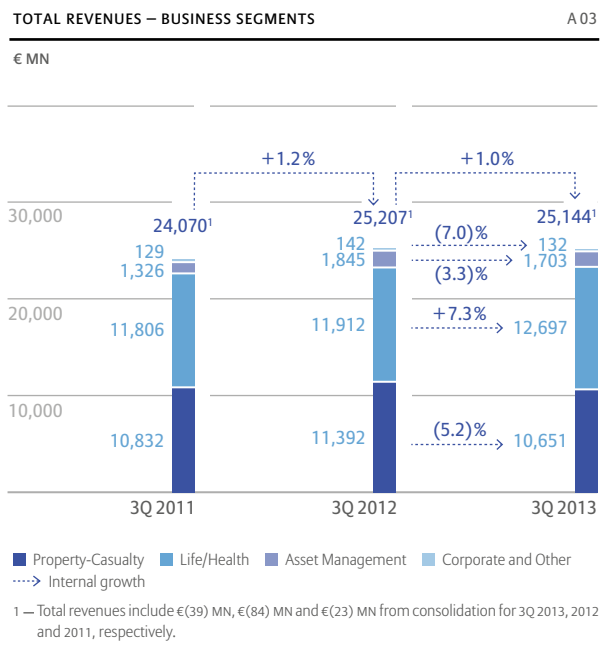
Shareholders' equity amounted to €48,770 MN as of 30 September 2013, a decrease of €1,618 MN compared to 31 December 2012 (as restated). This was mainly driven by lower unrealized gains on debt securities. The conglomerate solvency ratio was down 20 percentage points to 177%, mainly due to the retrospective application of the amendments to IAS 19.¹ Excluding this impact, our solvency ratio would have decreased by 4 percentage points over the year-end figure.

¹ – In contrast to the reported IFRS figures, the conglomerate solvency figures have not been restated for the previous reporting year(s). For further details on the amendments to IAS 19, please refer to note 2 to the condensed consolidated interim financial statements.

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Total revenues¹

2013 TO 2012 THIRD QUARTER COMPARISON



Property-Casualty gross premiums written were down by 6.5% to €10.7 BN. On an internal basis, gross premiums written decreased by 5.2%, reflecting the expected reduction in our U.S. crop business. Excluding this, our internal growth was 3.0%. We experienced positive development mainly at AGCS, in Central and Eastern Europe, Latin America and Turkey.

Life/Health statutory premiums increased to €12.7 BN, up by 7.3% on an internal basis. The growth in premiums in Germany and Italy more than offset the drop in premiums in South Korea and Belgium/Luxembourg.

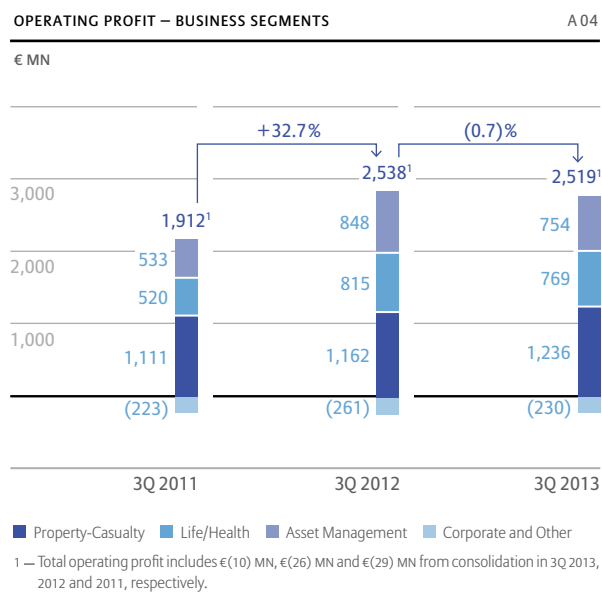
Asset Management operating revenues decreased 7.7% to €1,703 MN. This was mainly because of the exceptionally high level of performance fees in the third quarter of 2012 and unfavorable foreign currency effects. Our net fee and commission income excluding performance fees rose by €118 MN. This was due to higher margins, despite the unfavorable currency effects. Volatile capital markets contributed to third-party net outflows of €27 BN in the third quarter of 2013.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

We generated total revenues of €83,968 MN, an increase of 4.4% compared to the first nine months of 2012. On an internal basis, revenues grew by 4.7%. We recorded remarkable growth of unit-linked premiums in our Life/Health business and higher operating revenues due to improved margins and higher average assets under management in Asset Management. This positive development was partly offset as gross premiums written in our Property-Casualty business segment declined due to the reduction in our U.S. crop business.

Operating profit

2013 TO 2012 THIRD QUARTER COMPARISON



¹ – Total revenues comprise statutory gross premiums written in Property-Casualty and in Life/Health, operating revenues in Asset Management and total revenues in Corporate and Other (Banking).

Our *Property-Casualty* business recorded an operating profit of €1,236 MN, a growth of 6.4%. The underwriting result increased by €150 MN to €501 MN largely driven by the improvement in our underlying claims development and a more favorable run-off. The combined ratio improved from 96.2% to 94.8% due to a better accident year loss ratio excluding natural catastrophes, primarily in the United States and Italy. Reflective of the low interest rate environment, our investment income decreased by €76 MN to €719 MN.

Our *Life/Health* operating profit was solid at €769 MN. Compared to the third quarter of 2012, however, it decreased by €46 MN. This was primarily due to a less favorable investment result, largely driven by the net of hedging and foreign currency related losses, mainly in Germany.

Asset Management recorded an operating profit of €754 MN, a drop of €94 MN, or 11.1% (internal growth: (6.5)%). This was mainly due to exceptionally high performance fees in the third quarter of 2012. As a result, our cost-income ratio increased by 1.7 percentage points to 55.7%.

Our *Corporate and Other* operating result improved by €31 MN to a loss of €230 MN. Although all three reportable segments within Corporate & Other contributed to this improvement, Holding & Treasury was the main driver.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Operating profit increased by €562 MN to €7,683 MN supported by strong growth in our Asset Management and Property-Casualty business. Our Life/Health business remained strong, but was impacted by the continued market volatility and low interest rate levels.

Non-operating result

2013 TO 2012 THIRD QUARTER COMPARISON

Our *non-operating result* improved by €94 MN to €(242) MN, mainly due to lower *amortization of intangible assets* and lower *acquisition-related expenses*. Our *non-operating investment result* declined by €41 MN to a loss of €2 MN, largely as a result of higher impairments, which were partly offset by higher realizations.

Non-operating income from financial assets and liabilities carried at fair value through income (net) improved by €12 MN due to various offsetting effects from derivatives and hedging related activities.

Non-operating realized gains and losses (net) went up by €27 MN to €134 MN mainly due to higher realizations on debt securities, which were partly offset by lower realizations on equities.

Non-operating impairments of investments (net) increased by €80 MN to €(136) MN. This development was largely driven by higher impairments on real estate investments, mainly coming from our Property-Casualty business segment and partly compensated by lower impairments on debt securities.

Non-operating interest expenses from external debt declined by €27 MN to €206 MN. Due to the lower interest rate environment, bonds issued since the third quarter of 2012 have a lower yield than those subsequently matured or redeemed.

Non-operating acquisition-related expenses improved by €41 MN to €(1) MN, primarily due to lower PIMCO B-unit expenses.

Non-operating amortization of intangible assets were down by €62 MN to €29 MN mainly due to goodwill impairments in the third quarter of 2012.

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2013 TO 2012 FIRST NINE MONTHS COMPARISON

Our *non-operating result* improved from a loss of €575 MN to a loss of €229 MN. This was mainly driven by our non-operating investment result – which benefited from higher realizations on debt securities and lower impairments on equity investments in the first nine months of 2013 compared to the first nine months of 2012 – as well as by lower non-operating interest expenses from external debt due to lower yields.

Income taxes

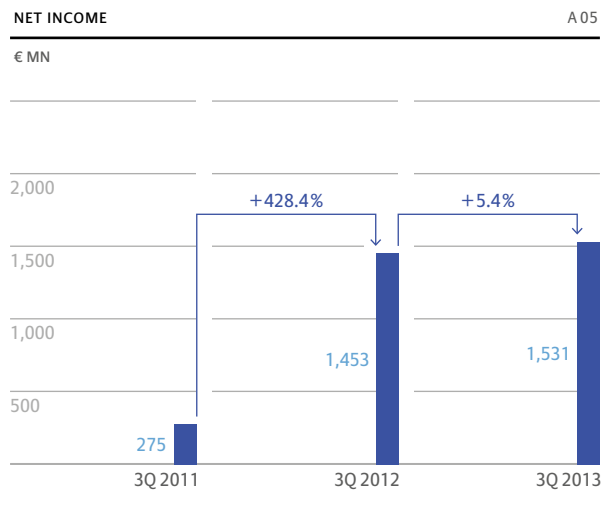
2013 TO 2012 THIRD QUARTER COMPARISON

Income tax expenses decreased by €3 MN to €746 MN despite higher income before income taxes in 2013. The effective tax rate improved by 1.2 percentage points to 32.8% (3Q 2012: 34.0%) which was primarily driven by a lower tax charge from prior year taxes in 2013 compared to 2012.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Income taxes went up by €143 MN to €2,447 MN in the first nine months of 2013 primarily from higher income before income taxes. The effective tax rate improved by 2.4 percentage points to 32.8% (9M 2012: 35.2%) due to a lower tax charge from prior year taxes as well as lower non-deductible impairments in 2013 compared to 2012.

Net income



2013 TO 2012 THIRD QUARTER COMPARISON

Our *net income* rose by €78 MN to €1,531 MN resulting from an improved non-operating result and a lower effective tax rate. *Net income attributable to shareholders* and *non-controlling interests* amounted to €1,445 MN (3Q 2012: €1,359 MN) and €86 MN (3Q 2012: €94 MN), respectively. Our largest non-controlling interests in net income are Euler Hermes and PIMCO.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Driven by our strong operational performance, an improved non-operating investment result, as well as a lower effective tax rate, our *net income* increased by €765 MN to €5,007 MN. *Net income attributable to shareholders* and *non-controlling interests* amounted to €4,740 MN (9M 2012: €3,988 MN) and €267 MN (9M 2012: €254 MN), respectively.

TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT TO NET INCOME

A 06

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Total revenues¹	25,144	25,207	83,968	80,456
Premiums earned (net)	16,637	16,394	49,600	48,636
Operating investment result				
Interest and similar income	5,129	5,214	15,708	15,834
Operating income from financial assets and liabilities carried at fair value through income (net)	(562)	(127)	(1,490)	(473)
Operating realized gains/losses (net)	556	628	2,168	2,445
Interest expenses, excluding interest expenses from external debt	(94)	(122)	(306)	(362)
Operating impairments of investments (net)	(26)	(45)	(207)	(325)
Investment expenses	(228)	(230)	(653)	(643)
Subtotal	4,775	5,318	15,220	16,476
Fee and commission income	2,584	2,629	8,017	7,059
Other income	42	49	144	158
Claims and insurance benefits incurred (net)	(11,874)	(12,031)	(35,484)	(35,711)
Change in reserves for insurance and investment contracts (net) ²	(3,247)	(3,514)	(10,417)	(10,872)
Loan loss provisions	(18)	(13)	(47)	(101)
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(5,580)	(5,532)	(16,830)	(16,211)
Fee and commission expenses	(788)	(729)	(2,354)	(2,099)
Restructuring charges	16	(13)	(84)	(160)
Other expenses	(28)	(25)	(82)	(69)
Reclassification of tax benefits	–	5	–	15
Operating profit	2,519	2,538	7,683	7,121
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	(12)	3	244
Non-operating realized gains/losses (net)	134	107	859	593
Non-operating impairments of investments (net)	(136)	(56)	(271)	(386)
Subtotal	(2)	39	591	451
Income from fully consolidated private equity investments (net)	(4)	(4)	(12)	(57)
Interest expenses from external debt	(206)	(233)	(680)	(743)
Acquisition-related expenses	(1)	(42)	(42)	(64)
Amortization of intangible assets	(29)	(91)	(86)	(147)
Reclassification of tax benefits	–	(5)	–	(15)
Non-operating items	(242)	(336)	(229)	(575)
Income before income taxes	2,277	2,202	7,454	6,546
Income taxes	(746)	(749)	(2,447)	(2,304)
Net income	1,531	1,453	5,007	4,242
Net income attributable to:				
Non-controlling interests	86	94	267	254
Shareholders	1,445	1,359	4,740	3,988
Basic earnings per share in €	3.19	3.00	10.46	8.81
Diluted earnings per share in €	3.14	2.98	10.33	8.77

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

2 – For the three months ended 30 September 2013 expenses for premium refunds (net) in Property-Casualty of €(48) MN (3Q 2012: €(52) MN) are included. For the nine months ended 30 September 2013, expenses for premium refunds (net) in Property-Casualty of €(148) MN (9M 2012: €(103) MN) are included.

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Risk management

Risk management is an integral part of our business and supports our value-based management. For further information please refer to the Risk Report in our Annual Report 2012. The Allianz Group's management feels comfortable with the Group's overall risk profile and has confidence in the effectiveness of its risk management framework to meet the challenges of a rapidly changing environment as well as day-to-day business needs. The risk exposure profile described in the latest Risk Report remains largely unchanged. However, the Allianz Group continues to be exposed to two external forces that adversely affect our risk profile and would not normally be associated with our core operating activities: the market impact of the European sovereign debt crisis and the fiscal gridlock in the United States as well as regulatory developments – especially the European solvency directive, Solvency II.

THE EUROPEAN SOVEREIGN DEBT CRISIS AND FISCAL GRIDLOCK IN THE UNITED STATES

The Eurozone has emerged from recession and financial conditions continued to improve further during the third quarter of 2013 – developments which are reflected in the declining risk premiums for certain Eurozone sovereigns. Policymakers have made progress towards the creation of a European banking union, which should improve the sector's resilience over the medium-term and reduce the existing negative feedback loop with sovereigns. Despite these positive signs, the fragile Eurozone recovery remains exposed to a number of risks, including ongoing fragmentation of financial markets, weak economic fundamentals and political uncertainty in some countries. This could lead to sustained low interest rates as a matter of policy and episodes of market volatility.

An additional complication with global implications emerged in October, driven by developments in the United States. Bipartisan conflict created the possibility that the U.S. debt ceiling would not be raised in time to meet payment obligations, prompting a temporary closure of non-essential U.S. government services and the specter of a U.S. default in a worst case scenario. Although a last-minute agreement was ultimately reached, a longer term solution to the underlying issues remains open. This could also lead to a scenario that is characterized by sustained low interest rates and periodic episodes of increased market volatility.

The global low interest rate environment and market volatility will continue to negatively impact Allianz's risk profile through our business development, asset values and the value of our liabilities.

Our robust action plan to deal with these developments has bolstered our financial and operational resilience to strong shock scenarios and continuous scenario analysis and monitoring remain a priority to ensure the effectiveness of our contingency measures.

REGULATORY DEVELOPMENTS

In July, the Financial Stability Board designated Allianz as one of nine G-SII firms (Global Systemically Important Insurers). Although details of future regulatory requirements – especially Solvency II and those applying to G-SIIs – are becoming clearer, the final rules are still evolving. As well as leading to delays in the introduction of the Solvency II framework, the lack of final rules for both regulations creates uncertainties for our business and for Allianz Group's ultimate capital requirements.

In addition, due to the market value balance sheet approach, the Solvency II regime is expected to lead to higher volatility in regulatory capital requirements compared to Solvency I, specifically with regard to long-term asset accumulation and savings products in the life insurance segment. Therefore, it is likely that product design, investment strategies and hedging programs will need to be adapted throughout the industry to mitigate this volatility.

Events after the balance sheet date

For information on the events after the balance sheet date, please refer to note 41 to the condensed consolidated interim financial statements.

Other information

BUSINESS OPERATIONS AND GROUP STRUCTURE

The Allianz Group's business operations and structure are described in the Business Operations and Markets chapter in our Annual Report 2012.

STRATEGY

The Allianz Group's strategy is described in the Our Strategy chapter in our Annual Report 2012. There have been no material changes to our Group strategy since.

PRODUCTS, SERVICES AND SALES CHANNELS

For an overview of the products and services offered by the Allianz Group, as well as sales channels, please refer to the Business Operations and Markets chapter in our Annual Report 2012. Information on our brand can also be found in the Our Progress in Sustainable Development chapter in our Annual Report 2012.

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Property-Casualty Insurance Operations

THIRD QUARTER 2013

- Gross premiums written at €10.7 BN.
- Operating profit up 6.4% to €1,236 MN, benefiting from a strong underwriting result.
- Combined ratio at 94.8%.

Business segment overview

Our Property-Casualty business offers a wide range of products and services for both private and corporate clients. Our offerings cover many insurance classes such as accident/disability, property, general liability and motor. We conduct business worldwide in more than 50 countries. We are also a global leader in travel insurance, assistance services and credit insurance. We distribute our products via a broad network of agents, brokers, banks and other strategic partners, as well as through direct channels.

Earnings summary

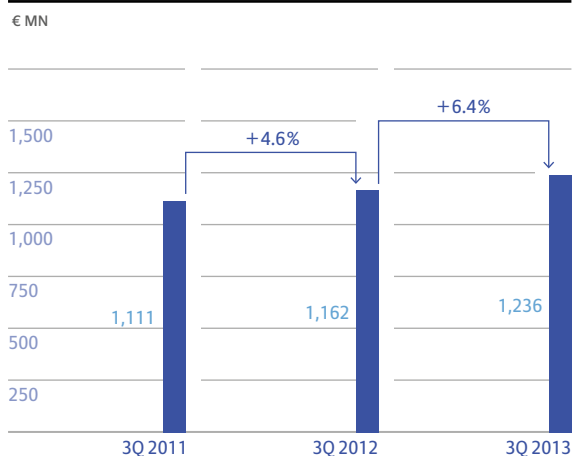
Gross premiums written amounted to €10.7 BN, down 6.5%. On an internal basis¹, gross premiums written decreased by 5.2%, reflecting the expected reduction in our U.S. crop business. Excluding this reduction, our internal growth was 3.0%. We experienced positive development mainly at AGCS, in Central and Eastern Europe, Latin America and Turkey.

Our **operating profit** went up by €74 MN, or 6.4%, to €1,236 MN. The underwriting result increased by €150 MN to €501 MN, largely driven by the improvement in our loss ratio. Our investment income decreased by €76 MN to €719 MN.

The **combined ratio** improved by 1.4 percentage points to 94.8% due to a better underlying accident year loss ratio, primarily in the United States and Italy.

Operating profit +6.4%

OPERATING PROFIT PROPERTY-CASUALTY A 07



Key figures

KEY FIGURES PROPERTY-CASUALTY A 08

€ MN	2013	2012	2011
three months ended 30 September			
Gross premiums written	10,651	11,392	10,832
Operating profit ^{2,3}	1,236	1,162	1,111
Loss ratio in %	67.2	69.2	70.5
Expense ratio in %	27.6	27.0	26.9
Combined ratio ² in %	94.8	96.2	97.4

1 – Gross premiums written adjusted for foreign currency translation and (de-)consolidation effects.

2 – Prior period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

3 – As of the first quarter of 2013, all restructuring charges are presented within operating profit and all prior periods have been adjusted to conform to the current accounting presentation.

Gross premiums written¹

2013 TO 2012 THIRD QUARTER COMPARISON

On a nominal basis, we recorded *gross premiums written* of €10,651 MN, down 6.5%. Unfavorable foreign currency translation effects accounted for €436 MN, largely due to the depreciation of the Australian Dollar, the Brazilian Real, the U.S. Dollar, and the British Pound against the Euro.² Consolidation/deconsolidation effects amounted to €289 MN. This mainly stemmed from our acquisitions of Yapı Kredi Sigorta in Turkey and the activities of Gan Eurocourtage in France. Including these acquisitions, we experienced outstanding growth in Turkey and France.

Adjusted for foreign currency translation and (de)consolidation effects, our gross premiums written decreased by 5.2%. The positive price effect of 0.7% was more than offset by the negative volume effect of 5.9%, mainly driven by the changed structure in our crop business in the United States. Excluding the reduction in our U.S. crop business, our internal growth amounted to 3.0%. We experienced solid growth at AGCS, in Central and Eastern Europe, Latin America and Turkey.

Analyzing internal premium growth in terms of price and volume, we use four clusters based on 3Q 2013 internal growth over 3Q 2012:

Cluster 1:

Overall growth – both price and volume effects are positive.

Cluster 2:

Overall growth – either price or volume effects are positive.

Cluster 3:

Overall decline – either price or volume effects are positive.

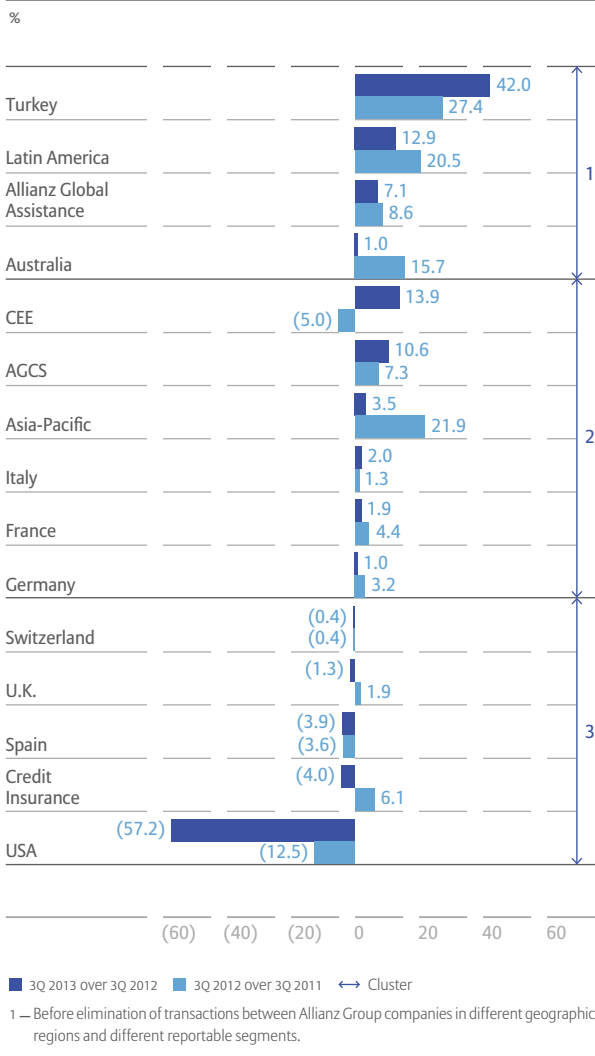
Cluster 4:

Overall decline – both price and volume effects are negative.

Cluster 4 is not shown in this quarter as none of our operating entities represented here recorded both negative price and volume effects.

GROSS PREMIUMS WRITTEN BY OPERATING ENTITY – INTERNAL GROWTH RATES¹

A 09



CLUSTER 1

In *Turkey* gross premiums amounted to €244 MN. Our internal growth of 42.0% primarily stemmed from our motor business through tied agents.

In *Latin America* we recorded gross premiums of €542 MN, up 12.9% on an internal basis. This rise was due to a strong contribution from our motor business in Brazil, with positive impacts from both price and volume.

¹ – We comment on the development of our gross premiums written on an internal basis, meaning adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.

² – Based on the quarterly average exchange rates in 2013 compared to 2012.

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In *Allianz Global Assistance* gross premiums increased to €497 MN. Our internal growth of 7.1% was because of higher volumes mainly in our U.S., French, German, UK, and Brazilian business, as well as price increases primarily in our Australian and U.S. subsidiaries.

In *Australia* gross premiums grew to €750 MN. The increase of 1.0% on an internal basis benefited from new customers in our motor lines and slightly higher tariffs in our retail property and motor business.

CLUSTER 2

In *Central and Eastern Europe* gross premiums stood at €618 MN, up 13.9% on an internal basis. The growth was largely attributable to higher volumes in our personal accident and health business in Russia, which outweighed negative price effects.

At *AGCS* gross premiums grew to €1,239 MN. Our internal growth of 10.6% was supported by volume growth in our Allianz Risk Transfer (ART) business. Price decreases in our aviation and liability business could only partly compensate for price rises in our marine lines.

In *Asia-Pacific* we recorded gross premiums of €161 MN. On an internal basis, we grew by 3.5% with our Malaysian motor business being the main driver. The overall price effect was slightly negative.

In *Italy* gross premiums rose to €853 MN. The increase of 2.0% on an internal basis benefited from volume increases in our motor business, particularly in our direct channels, which more than offset price declines.

In *France* gross premiums totaled €963 MN. The internal growth of 1.9% was due to tariff increases across all lines of business and more than compensated for volume losses.

In *Germany* gross premiums amounted to €1,885 MN – a growth of 1.0% on an internal basis. This was driven by price increases in almost all lines of business, and was partly offset by negative volume effects.

CLUSTER 3

In *Switzerland* gross premiums stood at €261 MN, down 0.4% on an internal basis. We experienced a slight volume increase mainly in our motor business. However, this was more than offset by a negative price effect.

In the *United Kingdom* we generated gross premiums of €542 MN. The decline of 1.3% on an internal basis was attributable to volume losses in our legal protection business and motor lines, which could not be compensated for by tariff increases in our motor business.

In *Spain* gross premiums went down to €416 MN. The difficult market conditions led to a negative internal growth of 3.9%. Despite the challenging market environment, we were able to generate volume increases in our motor lines. Tariffs declined, in particular in our motor and commercial lines.

In our *Credit Insurance* business, gross premiums decreased to €472 MN, down 4.0% on an internal basis. The positive price effect in European markets could not offset the overall declining volumes.

In the *United States* gross premiums decreased to €653 MN. On an internal basis, gross premiums dropped by 57.2%, largely due to the expected reduction in our crop business and, to a lesser extent, declines in our commercial lines which were impacted by our strict underwriting discipline. The overall price effect was positive.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

On an internal basis, *gross premiums written* decreased by 1.1%. This was comprised of a positive price effect of 0.9% and a negative volume effect of 2.0%. Excluding the decline due to the reduction in our U.S. crop business, our internal growth amounted to 2.5%. On a nominal basis, gross premiums fell by 0.8% to €36,602 MN.

Operating profit

OPERATING PROFIT		A 10		
€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Underwriting result	501	351	1,398	918
Operating investment income	719	795	2,266	2,495
Other result ¹	16	16	70	(18)
Operating profit	1,236	1,162	3,734	3,395

¹ — Consists of fee and commission income/expenses, other income/expenses and restructuring charges.

We analyze the operating profit in the Property-Casualty business segment in terms of underwriting result, operating investment income and other result¹.

2013 TO 2012 THIRD QUARTER COMPARISON

Operating profit increased by €74 MN to €1,236 MN driven by a resilient underwriting result.

Our *underwriting result* grew by €150 MN to €501 MN benefiting from an improvement in our underlying claims development (accident year loss ratio excluding natural catastrophes) and a more favorable run-off. This more than offset the higher burden from natural catastrophes and the increase in our expenses.

The *combined ratio* improved by 1.4 percentage points to 94.8%.

UNDERWRITING RESULT

A 11

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Premiums earned (net)	10,768	10,804	31,459	31,151
Accident year claims	(7,703)	(7,642)	(22,246)	(22,128)
Previous year claims (run-off)	470	160	1,216	645
Claims and insurance benefits incurred (net)	(7,233)	(7,482)	(21,030)	(21,483)
Acquisition and administrative expenses (net)	(2,976)	(2,915)	(8,861)	(8,589)
Change in reserves for insurance and investment contracts (net) (without expenses for premium refunds) ¹	(58)	(56)	(170)	(161)
Underwriting result	501	351	1,398	918

¹ — Consists of the underwriting-related part (aggregate policy reserves and other insurance reserves) of "change in reserves for insurance and investment contracts (net)". For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Our *accident year loss ratio* was 71.5%, up 0.8 percentage points compared to the third quarter of 2012. This was driven by higher natural catastrophe losses, which more than offset the benefits of lower underlying losses. Due to a rather active third quarter in 2013 compared to the relatively benign third quarter of 2012, our net losses from natural catastrophes increased by €381 MN to €464 MN. The impact from natural catastrophes grew by 3.5 percentage points to 4.3%, and was mostly driven by the Andreas and Ernst/Franz storms in Germany, as well as torrential rain in Ireland.

Excluding natural catastrophes, our accident year loss ratio was 67.2%, a 2.7 percentage point improvement compared to the third quarter of 2012. Favorable developments were recorded across the portfolio, supported by continued positive price momentum and reductions in claims frequency/severity.

¹ — Consists of fee and commission income/expenses, other income/expenses and restructuring charges.

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

USA: 1.2 percentage points. This was driven by price and loss-related initiatives in our commercial lines. We also benefited from the absence of natural catastrophes and weather-related losses that had an adverse effect in the third quarter of 2012.

Italy: 0.5 percentage points. This was mainly due to our motor business, supported by stable average premiums and a lower impact from claims in motor third party liability. As a result of profitability measures we previously introduced, our general liability business also contributed positively.

Switzerland: 0.4 percentage points. This was because of lower losses from natural catastrophes in our motor and property business, as well as by the improvement in the underlying loss ratio.

AGCS: 0.3 percentage points. This primarily resulted from fewer large losses, mainly in our property and energy business.

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

Germany: 2.0 percentage points. The negative impact was entirely due to a higher burden from natural catastrophes. In the third quarter of 2013, we were affected by the Andreas and Ernst/Franz storms, while in the third quarter of 2012 we recorded a lower level of claims from the thunderstorm Mina/Nadine.

Reinsurance: 1.1 percentage points. This increase resulted from higher losses in our natural catastrophe lines in Europe, mainly driven by the storms in Germany.

Central and Eastern Europe: 0.2 percentage points. This was due to an increase in the loss ratio in our motor business and a number of large and weather-related claims in Russia.

France: 0.1 percentage points. This was mainly because of a higher burden from large losses in the third quarter of 2013 compared to the third quarter of 2012.

Our **run-off result** grew by €310 MN to €470 MN, which led to an increase of 2.8 percentage points in the run-off ratio. This was partly because of a more favorable previous year claims development, but primarily due to the absence of the additional reserve strengthening in the United States in the third quarter of 2012.

In the third quarter of 2013, total expenses stood at €2,976 MN, compared to €2,915 MN in the third quarter of 2012. Our **expense ratio** increased by 0.6 percentage points to 27.6%. Similar to previous quarters, this increase reflects the effects of structural changes in our portfolio in the United States (reduced crop business), the negative impact from regulatory changes at our business in Brazil (policy collection fee), and the acquisition of the Gan Eurocourtage business in France.

OPERATING INVESTMENT INCOME¹ A 12

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Interest and similar income (net of interest expenses)	876	911	2,673	2,804
Operating income from financial assets and liabilities carried at fair value through income (net)	(34)	(20)	(61)	(25)
Operating realized gains/losses (net)	14	32	44	46
Operating impairments of investments (net)	(1)	(1)	(9)	(15)
Investment expenses	(88)	(75)	(233)	(212)
Expenses for premium refunds (net) ²	(48)	(52)	(148)	(103)
Operating investment income	719	795	2,266	2,495

1 – The operating investment income for our Property-Casualty business segment consists of the operating investment result – as shown in note 4 to the condensed consolidated interim financial statements – and expenses for premium refunds (net) (policyholder participation) as shown in note 29 to the condensed consolidated interim financial statements.

2 – Refers to policyholder participation, mainly from UBR (accident insurance with premium refunds) business, and consists of the investment-related part of “change in reserves for insurance and investment contracts (net)”. For further information, please refer to note 29 to the condensed consolidated interim financial statements.

Operating investment income amounted to €719 MN, down by €76 MN, mainly due to lower interest and similar income (net of interest expenses).

Interest and similar income (net of interest expenses) dropped by €35 MN, driven by lower income on debt securities, mainly due to lower yields. The total average asset base¹ fell by 0.3% from €102.8 BN in the third quarter of 2012 to €102.5 BN in the third quarter of 2013.

Operating realized gains/losses (net) decreased by €18 MN to €14 MN as the third quarter of 2012 benefited from gains related to portfolio adjustments.

Operating income from financial assets and liabilities carried at fair value through income (net) amounted to a loss of €34 MN. The fall of €14 MN was mainly attributable to an unfavorable foreign currency result, including related hedging transactions.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Operating profit increased by €339 MN – or 10.0% – to €3,734 MN. The main driver was our strong underwriting result, as well as lower restructuring charges. Our investment result decreased by €229 MN to €2,266 MN, primarily affected by the low yield environment and an unfavorable foreign currency result, including related hedging transactions.

Our *combined ratio* improved by 1.5 percentage points to 95.0%. This was supported by a favorable development in our accident year loss ratio of 0.3 percentage points and a 1.8 percentage point positive movement in our run-off ratio – despite an increase in net losses from natural catastrophes of €785 MN to €1,083 MN and higher expenses compared to the first nine months of 2012.

OTHER RESULT A 13

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
	Fee and commission income	318	277	915
Other income	10	10	29	27
Fee and commission expenses	(295)	(259)	(843)	(799)
Other expenses	(7)	(6)	(18)	(16)
Restructuring charges	(10)	(6)	(13)	(88)
Other result	16	16	70	(18)

¹ – Including the French health business, excluding fair value option and trading.

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PROPERTY-CASUALTY BUSINESS SEGMENT INFORMATION

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€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Gross premiums written¹	10,651	11,392	36,602	36,915
Ceded premiums written	(859)	(1,372)	(3,290)	(3,996)
Change in unearned premiums	976	784	(1,853)	(1,768)
Premiums earned (net)	10,768	10,804	31,459	31,151
Interest and similar income	885	922	2,704	2,837
Operating income from financial assets and liabilities carried at fair value through income (net)	(34)	(20)	(61)	(25)
Operating realized gains/losses (net)	14	32	44	46
Fee and commission income	318	277	915	858
Other income	10	10	29	27
Operating revenues	11,961	12,025	35,090	34,894
Claims and insurance benefits incurred (net)	(7,233)	(7,482)	(21,030)	(21,483)
Change in reserves for insurance and investment contracts (net)	(106)	(108)	(318)	(264)
Interest expenses	(9)	(11)	(31)	(33)
Operating impairments of investments (net)	(1)	(1)	(9)	(15)
Investment expenses	(88)	(75)	(233)	(212)
Acquisition and administrative expenses (net)	(2,976)	(2,915)	(8,861)	(8,589)
Fee and commission expenses	(295)	(259)	(843)	(799)
Restructuring charges	(10)	(6)	(13)	(88)
Other expenses	(7)	(6)	(18)	(16)
Operating expenses	(10,725)	(10,863)	(31,356)	(31,499)
Operating profit	1,236	1,162	3,734	3,395
Loss ratio ² in %	67.2	69.2	66.8	68.9
Expense ratio ³ in %	27.6	27.0	28.2	27.6
Combined ratio⁴ in %	94.8	96.2	95.0	96.5

1 – For the Property-Casualty business segment, total revenues are measured based upon gross premiums written.

2 – Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

3 – Represents acquisition and administrative expenses (net) divided by premiums earned (net).

4 – Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

Property-Casualty insurance operations by reportable segments – third quarter

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
			internal ¹					
three months ended 30 September	2013	2012	2013	2012	2013	2012	2013	2012
Germany	1,885	1,891	1,885	1,867	1,913	1,864	24	214
Switzerland	261	269	268	269	348	359	50	24
Austria	210	199	210	199	209	201	16	10
German Speaking Countries²	2,361	2,361	2,368	2,337	2,470	2,422	85	251
Italy	853	836	853	836	997	976	350	260
France ³	963	787	802	787	968	793	83	104
Netherlands	144	147	144	146	162	158	14	9
Turkey ⁴	244	131	186	131	241	107	37	15
Belgium ⁵	110	100	77	77	109	98	8	9
Greece	27	24	27	24	23	22	7	8
Africa	18	17	18	17	14	13	2	2
Western & Southern Europe⁶	2,359	2,042	2,107	2,018	2,514	2,167	503	411
Latin America	542	566	639	566	419	414	30	23
Spain	416	433	416	433	458	454	57	70
Portugal	64	68	64	68	68	69	7	9
Iberia & Latin America	1,022	1,067	1,119	1,067	945	937	94	102
United States	653	1,615	691	1,615	608	924	37	(247)
USA⁷	653	1,615	691	1,615	608	924	37	(247)
Allianz Global Corporate & Specialty	1,239	1,145	1,266	1,145	767	843	164	132
Reinsurance PC	703	716	703	716	718	764	1	138
Australia	750	892	901	892	541	583	104	91
United Kingdom	542	593	585	593	533	559	50	57
Credit Insurance	472	485	462	481	351	344	81	118
Ireland	97	109	97	109	90	100	14	15
Global Insurance Lines & Anglo Markets⁸	3,803	3,940	4,014	3,936	3,000	3,193	407	546
Russia	221	159	240	159	154	141	(1)	1
Poland	103	105	106	105	87	91	5	(4)
Hungary	65	72	68	72	58	59	10	14
Slovakia	76	82	76	82	68	70	16	15
Czech Republic	67	66	70	66	60	57	24	9
Romania	43	42	42	42	39	37	2	–
Bulgaria	17	19	17	19	14	17	4	7
Croatia	24	20	24	20	20	19	4	2
Ukraine	4	3	4	3	2	2	–	–
Central and Eastern Europe⁹	618	567	646	567	502	493	61	45
Asia-Pacific	161	170	176	170	96	81	16	16
Middle East and North Africa	16	15	17	15	11	13	2	2
Growth Markets	795	752	839	752	609	587	79	63
Allianz Global Assistance	497	468	501	468	505	482	32	29
Allianz Worldwide Care	88	77	88	77	110	92	8	7
Allianz Worldwide Partners¹⁰	600	545	604	568	622	574	29	36
Consolidation and Other ¹¹	(942)	(930)	(946)	(904)	–	–	2	–
Total	10,651	11,392	10,796	11,389	10,768	10,804	1,236	1,162

1 – This reflects gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).

2 – Includes "Münchener und Magdeburger Agrarversicherung AG" with gross premiums written of €5 MN, premiums earned (net) of €(0.3) MN and operating loss of €5 MN for 3Q 2013 and gross premiums written of €2 MN, premiums earned (net) of €(2) MN and operating profit of €3 MN for 3Q 2012.

3 – Effective as of 1 October 2012, Allianz France acquired the property-casualty brokerage portfolio-related activities (excluding transport) of Gan Eurocourtage.

4 – On 12 July 2013, Allianz Group acquired Yapı Kredi Bank's 93.94% shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta.

5 – Effective as of 1 August 2012, Allianz Belgium acquired the assets and assumed the liabilities related to the insurance activities of Mensura.

6 – Contains €2 MN and €4 MN operating profit for 3Q 2013 and 3Q 2012, respectively, from a management holding located in Luxembourg.

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%	Combined ratio		Loss ratio		Expense ratio	
	2013	2012	2013	2012	2013	2012
three months ended 30 September						
Germany	105.2	97.0	78.4	69.4	26.8	27.6
Switzerland	88.1	97.2	63.8	73.2	24.3	24.0
Austria	95.6	100.9	71.8	75.8	23.8	25.1
German Speaking Countries²	102.2	97.2	75.9	70.3	26.3	26.9
Italy	71.5	81.2	48.3	57.6	23.2	23.6
France ³	99.5	95.4	69.7	68.0	29.8	27.4
Netherlands	97.2	101.0	66.2	76.2	31.0	24.8
Turkey ⁴	90.5	93.0	67.6	66.5	22.9	26.5
Belgium ⁵	97.5	99.5	69.3	67.5	28.2	32.0
Greece	77.4	69.5	47.6	36.9	29.8	32.6
Africa	105.3	105.9	62.0	57.0	43.3	48.9
Western & Southern Europe⁶	87.1	89.3	60.5	63.5	26.6	25.8
Latin America	97.9	100.3	66.7	67.8	31.2	32.5
Spain	91.5	88.3	70.7	67.4	20.8	20.9
Portugal	95.6	92.9	71.8	68.9	23.8	24.0
Iberia & Latin America	94.7	93.9	69.1	67.8	25.6	26.1
United States	103.5	132.4	73.7	110.6	29.8	21.8
USA⁷	103.5	132.4	73.7	110.6	29.8	21.8
Allianz Global Corporate & Specialty	88.1	93.6	62.9	66.8	25.2	26.8
Reinsurance PC	104.1	85.8	75.5	60.0	28.6	25.8
Australia	91.0	95.5	66.6	69.4	24.4	26.1
United Kingdom	95.5	95.6	64.5	66.6	31.0	29.0
Credit Insurance	81.8	77.0	52.8	46.7	29.0	30.3
Ireland	92.5	95.2	61.9	66.0	30.6	29.2
Global Insurance Lines & Anglo Markets⁸	93.4	90.9	65.8	63.5	27.6	27.4
Russia	106.0	101.2	66.6	57.0	39.4	44.2
Poland	99.4	108.6	65.4	74.7	34.0	33.9
Hungary	94.4	89.4	57.7	62.2	36.7	27.2
Slovakia	82.4	84.3	50.6	51.4	31.8	32.9
Czech Republic	62.5	88.9	37.8	64.0	24.7	24.9
Romania	103.1	106.1	74.6	78.3	28.5	27.8
Bulgaria	75.1	61.6	51.4	37.6	23.7	24.0
Croatia	89.7	95.2	52.7	60.6	37.0	34.6
Ukraine	100.0	109.8	44.2	46.1	55.8	63.7
Central and Eastern Europe⁹	93.6	96.2	59.3	61.9	34.3	34.3
Asia-Pacific	92.2	89.4	61.4	58.4	30.8	31.0
Middle East and North Africa	95.3	98.5	59.7	62.8	35.6	35.7
Growth Markets	93.4	95.2	59.6	61.5	33.8	33.7
Allianz Global Assistance	95.6	95.0	60.5	60.2	35.1	34.8
Allianz Worldwide Care	93.1	93.8	73.9	74.2	19.2	19.6
Allianz Worldwide Partners¹⁰	96.9	94.8	63.5	62.4	33.4	32.4
Consolidation and Other ¹¹	–	–	–	–	–	–
Total	94.8	96.2	67.2	69.2	27.6	27.0

7 – The reserve strengthening for asbestos risks in 2012 at Fireman's Fund Insurance Company of €71 MN had no impact on the financial results of the Allianz Group and Fireman's Fund's combined ratio under IFRS.

8 – Contains €7 MN and €5 MN operating loss for 3Q 2013 and 2012, respectively, from AGF UK.

9 – Contains income and expense items from a management holding and consolidations between countries in this region.

10 – The business division Allianz Worldwide Partners includes the legal entities of Allianz Global Assistance and Allianz Worldwide Care as well as the reinsurance business of Allianz Global

Automotive and income and expenses of a management holding. The set-up of this division will be further enhanced during the following quarters. The reinsurance business of Allianz Global Automotive contributes with gross premiums written of €15 MN, premiums earned (net) of €7 MN and an operating loss of €10 MN for 3Q 2013.

11 – Represents elimination of transactions between Allianz Group companies in different geographic regions.

Property-Casualty insurance operations by reportable segments – first nine months

PROPERTY-CASUALTY INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

€ MN

	Gross premiums written				Premiums earned (net)		Operating profit (loss)	
	2013	2012	internal ¹		2013	2012	2013	2012
			2013	2012				
nine months ended 30 September								
Germany ²	7,554	7,474	7,554	7,437	5,624	5,518	290	531
Switzerland	1,364	1,389	1,391	1,389	1,065	1,091	139	134
Austria	776	751	776	751	610	590	44	45
German Speaking Countries³	9,726	9,645	9,753	9,608	7,319	7,218	478	720
Italy	2,865	2,821	2,865	2,821	2,956	2,905	878	625
France ⁴	3,322	2,661	2,705	2,661	2,853	2,375	306	291
Netherlands	568	566	568	562	494	501	39	24
Turkey ⁵	680	427	636	427	517	296	67	22
Belgium ⁶	362	288	271	262	319	246	33	30
Greece	83	83	83	83	64	68	15	20
Africa	72	70	72	70	41	37	6	5
Western & Southern Europe⁷	7,952	6,916	7,200	6,886	7,244	6,428	1,353	1,029
Latin America	1,739	1,730	1,940	1,729	1,303	1,182	103	88
Spain	1,516	1,517	1,516	1,517	1,357	1,365	171	198
Portugal	247	254	247	254	200	198	17	28
Iberia & Latin America	3,502	3,501	3,703	3,500	2,860	2,745	291	314
United States	1,625	3,076	1,683	3,076	1,532	2,055	140	(289)
USA⁸	1,625	3,076	1,683	3,076	1,532	2,055	140	(289)
Allianz Global Corporate & Specialty	4,042	4,249	4,088	4,249	2,205	2,441	342	324
Reinsurance PC ²	2,818	2,898	2,778	2,898	2,176	2,346	111	252
Australia	2,202	2,304	2,400	2,304	1,700	1,648	302	262
United Kingdom	1,713	1,767	1,798	1,767	1,573	1,616	151	154
Credit Insurance	1,610	1,576	1,576	1,549	1,072	1,004	285	336
Ireland	321	341	321	341	277	297	35	38
Global Insurance Lines & Anglo Markets⁹	12,706	13,135	12,961	13,108	9,003	9,352	1,219	1,360
Russia	621	519	651	519	442	458	(7)	(2)
Poland	322	319	321	319	257	269	9	7
Hungary	210	246	214	246	171	175	18	19
Slovakia	253	267	253	267	199	204	42	49
Czech Republic	210	213	215	213	171	169	36	24
Romania	136	135	135	135	112	109	4	2
Bulgaria	54	61	54	61	45	48	13	11
Croatia	76	71	76	71	58	57	10	8
Ukraine	13	10	13	10	5	5	1	2
Central and Eastern Europe¹⁰	1,892	1,839	1,932	1,839	1,460	1,494	120	116
Asia-Pacific	515	470	534	470	280	238	54	45
Middle East and North Africa	54	53	58	53	35	37	6	4
Growth Markets	2,461	2,362	2,524	2,362	1,775	1,769	180	165
Allianz Global Assistance	1,506	1,373	1,511	1,373	1,398	1,319	68	78
Allianz Worldwide Care	384	308	384	308	309	265	25	18
Allianz Worldwide Partners¹¹	1,960	1,681	1,965	1,718	1,726	1,584	71	96
Consolidation and Other ¹²	(3,330)	(3,401)	(3,291)	(3,370)	–	–	2	–
Total	36,602	36,915	36,498	36,888	31,459	31,151	3,734	3,395

1 – This reflects gross premiums written on an internal basis (adjusted for foreign currency translation and (de-)consolidation effects).

2 – The combined ratio at Germany and Reinsurance PC was impacted by a one-off effect related to the commutation of internal reinsurance resulting in a 1.2 percentage point improvement in the combined ratio for Germany and an increase of 3.0 percentage points in Reinsurance PC. This had no impact at Group level.

3 – Includes "Münchener und Magdeburger Agrarversicherung AG" with gross premiums written of €32 MN, premiums earned (net) of €20 MN and operating profit of €5 MN for 9M 2013 and

gross premiums written of €31 MN, premiums earned (net) of €19 MN and operating profit of €10 MN for 9M 2012.

4 – Effective as of 1 October 2012, Allianz France acquired the property-casualty brokerage portfolio-related activities (excluding transport) of Gan Eurocourtage.

5 – On 12 July 2013, Allianz Group acquired Yapı Kredi Bank's 93.94% shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta.

6 – Effective as of 1 August 2012, Allianz Belgium acquired the assets and assumed the liabilities related to the insurance activities of Mensura.

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%	Combined ratio		Loss ratio		Expense ratio	
	2013	2012	2013	2012	2013	2012
nine months ended 30 September						
Germany ²	102.5	98.2	76.6	70.6	25.9	27.6
Switzerland	91.6	93.6	68.8	70.9	22.8	22.7
Austria	97.0	98.4	70.9	72.2	26.1	26.2
German Speaking Countries³	100.4	97.4	75.0	70.7	25.4	26.7
Italy	77.7	87.2	53.7	63.1	24.0	24.1
France ⁴	97.5	97.4	69.0	70.9	28.5	26.5
Netherlands	97.9	100.8	67.8	73.7	30.1	27.1
Turkey ⁵	92.7	99.4	68.6	71.9	24.1	27.5
Belgium ⁶	96.5	98.2	68.3	65.1	28.2	33.1
Greece	80.7	75.1	47.9	41.6	32.8	33.5
Africa	98.0	98.9	56.7	55.2	41.3	43.7
Western & Southern Europe⁷	88.9	93.0	62.3	67.1	26.6	25.9
Latin America	98.1	99.4	65.8	68.0	32.3	31.4
Spain	91.5	89.7	70.6	69.0	20.9	20.7
Portugal	96.4	92.1	72.8	69.0	23.6	23.1
Iberia & Latin America	94.8	94.0	68.5	68.5	26.3	25.5
United States	101.9	122.6	68.5	94.5	33.4	28.1
USA⁸	101.9	122.6	68.5	94.5	33.4	28.1
Allianz Global Corporate & Specialty Reinsurance PC ²	94.4	96.2	67.1	69.1	27.3	27.1
Australia	92.6	96.5	67.1	70.3	25.5	26.2
United Kingdom	95.7	96.1	64.6	65.4	31.1	30.7
Credit Insurance	81.4	77.7	52.6	50.2	28.8	27.5
Ireland	94.3	96.4	62.7	67.1	31.6	29.3
Global Insurance Lines & Anglo Markets⁹	93.8	93.6	64.5	65.9	29.3	27.7
Russia	107.6	102.7	66.9	60.4	40.7	42.3
Poland	101.2	101.8	66.7	68.7	34.5	33.1
Hungary	101.6	101.5	63.0	60.0	38.6	41.5
Slovakia	85.4	83.0	54.6	52.0	30.8	31.0
Czech Republic	81.2	90.6	54.0	64.1	27.2	26.5
Romania	103.0	105.0	73.2	78.4	29.8	26.6
Bulgaria	75.1	80.0	46.6	51.1	28.5	28.9
Croatia	90.7	92.9	53.1	56.4	37.6	36.5
Ukraine	111.0	77.5	55.2	27.0	55.8	50.5
Central and Eastern Europe¹⁰	98.0	97.5	62.6	61.8	35.4	35.7
Asia-Pacific	89.5	89.8	58.7	59.2	30.8	30.6
Middle East and North Africa	95.5	104.1	61.3	69.9	34.2	34.2
Growth Markets	96.6	96.6	61.9	61.7	34.7	34.9
Allianz Global Assistance	96.9	95.8	61.7	60.2	35.2	35.6
Allianz Worldwide Care	92.4	94.0	73.9	75.2	18.5	18.8
Allianz Worldwide Partners¹¹	97.4	95.5	64.3	62.7	33.1	32.8
Consolidation and Other ¹²	–	–	–	–	–	–
Total	95.0	96.5	66.8	68.9	28.2	27.6

7 – Contains €9 MN and €12 MN operating profit for 9M 2013 and 2012, respectively, from a management holding located in Luxembourg.

8 – The reserve strengthening for asbestos risks in 2012 at Fireman's Fund Insurance Company of €71 MN had no impact on the financial results of the Allianz Group and Fireman's Fund's combined ratio under IFRS.

9 – Contains €7 MN and €6 MN operating loss for 9M 2013 and 2012, respectively, from AGF UK.

10 – Contains income and expense items from a management holding and consolidations between countries in this region.

11 – The business division Allianz Worldwide Partners includes the legal entities of Allianz Global Assistance and Allianz Worldwide Care as well as the reinsurance business of Allianz Global Automotive and income and expenses of a management holding. The set-up of this division will be further enhanced during the following quarters. The reinsurance business of Allianz Global Automotive contributes with gross premiums written of €70 MN, premiums earned (net) of €19 MN and an operating loss of €19 MN for 9M 2013.

12 – Represents elimination of transactions between Allianz Group companies in different geographic regions.

Life/Health Insurance Operations

THIRD QUARTER 2013

- Statutory premium growth continued, up by 7.3%¹ to €12.7 BN.
- Operating profit solid at €769 MN, but impacted by a lower investment result.

Business segment overview

Allianz offers a broad range of life, health, savings and investment-oriented products, including individual and group life insurance contracts. Via our distribution channels – mainly tied agents, brokers and bank partnerships – we offer life and health products to both private and corporate clients. As one of the worldwide market leaders in life business we serve customers in more than 45 countries.

Earnings summary

We recorded **statutory premiums** of €12.7 BN – an increase of 7.3% on an internal basis¹. The growth in premiums in Germany and Italy more than offset the drop in premiums in South Korea and Belgium/Luxembourg.

Our **operating profit** was solid at €769 MN. Compared to the third quarter of 2012, however, it decreased by €46 MN mainly due to a less favorable investment result, largely driven by the net of hedging and foreign currency related losses, mainly in Germany.

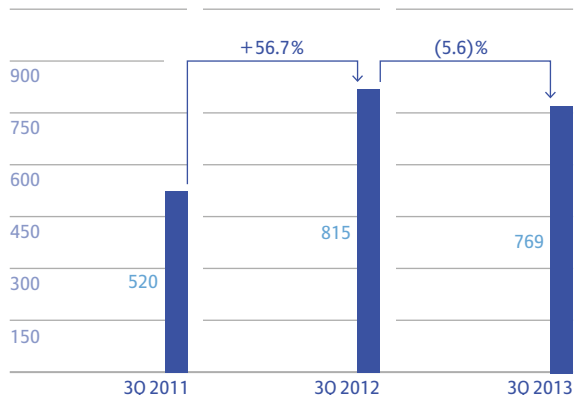
Our **margin on reserves**² decreased from 73 to 66 basis points, driven by direct and indirect effects of continued market volatility.

Operating profit (5.6)%

OPERATING PROFIT LIFE/HEALTH

A 17

€ MN



Key figures

KEY FIGURES LIFE/HEALTH

A 18

€ MN

three months ended 30 September	2013	2012	2011
Statutory premiums	12,697	11,912	11,806
Operating profit ^{3,4}	769	815	520
Margin on reserves (BPS)	66	73	50

1 – Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

2 – Represents operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 – Prior period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

4 – As of the first quarter of 2013, all restructuring charges are presented within operating profit and all prior periods have been adjusted to conform to the current accounting presentation.

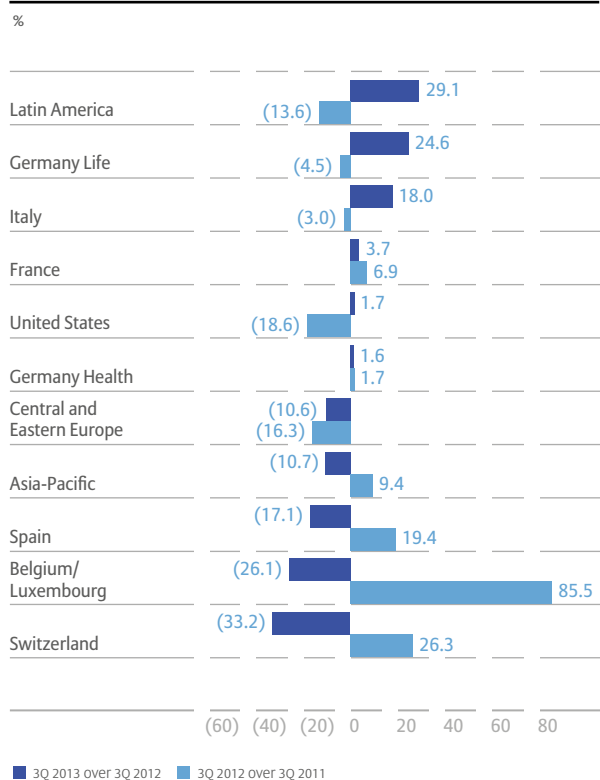
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Statutory premiums¹

2013 TO 2012 THIRD QUARTER COMPARISON

In the following section, we comment on the development of our statutory gross premiums written on an internal basis, i.e. adjusted for foreign currency translation and (de-)consolidation effects in order to provide more comparable information.

STATUTORY PREMIUMS – INTERNAL GROWTH RATES IN SELECTED MARKETS¹ A19



1 – Before elimination of transactions between Allianz Group companies in different geographic regions, countries and different reportable segments.

In *Latin America*, statutory premiums increased 29.1% to €67 MN. This growth was driven by Mexico, where we recorded increased premiums from a large annuity contract and higher sales of investment-oriented products with single premiums. A premium decrease in Colombia as a result of product changes marginally offset this positive development.

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

In our *German* life business, premiums increased 24.6% to €4,125 MN. This growth was largely driven by a strong increase in single premium business with savings products as well as traditional endowment and annuity products. Our business with regular premiums remained broadly stable. Premiums in our German health business increased 1.6% to €832 MN driven by price increases in full health care coverage and strong new business in supplementary coverage.

In *Italy*, premiums increased 18.0% to €1,579 MN. Sustained by a favorable market environment, the remarkable growth was driven by our financial advisors and bancassurance channel, with a continued focus on unit-linked products in order to reduce our risk capital consumption.

In *France*, we recorded a premium increase of 3.7% to €1,947 MN. This was mainly driven by individual health, employee benefit products and the strong performance of the partnerships business in individual life. France experienced a shift of its individual life business towards unit-linked products.

In the *United States*, statutory premiums were up by 1.7% to €1,672 MN. This was primarily due to recovery of our variable annuity business where product changes in 2012 resulted in a considerable sales drop in the third quarter of 2012. Although fixed-indexed annuity sales were flat, we gained positive momentum in September partially as a result of strengthened commission levels and product promotions.

In *Central and Eastern Europe*, the decrease in statutory premiums of 10.6% to €191 MN was primarily driven by Poland as a result of the termination of a partnership in the bancassurance channel. In the Czech Republic a more restrictive single premium product approach further contributed to a decrease in premiums.

In *Asia-Pacific*, we recorded statutory premiums of €1,166 MN, a decrease of 10.7%. This was predominantly driven by the reduction in our single premium investment-oriented business in South Korea, where we stopped selling one of our major products in September 2012. In Taiwan, unit-linked business growth slowed down following a strong first half of 2013. This overall decrease was partly compensated for by the favorable unit-linked sales in Indonesia as a result of a special bancassurance sales campaign.

In *Spain*, statutory premiums decreased 17.1% to €194 MN. This mainly resulted from our bancassurance channel, which recorded a large one-off pension contract in the third quarter of 2012. Increased sales of investment-oriented products, particularly in the agent channel, partly offset the decrease.

In *Belgium/Luxembourg*, statutory premiums decreased 26.1% to €359 MN. This was mainly due to lower sales of investment-oriented products distributed via the bancassurance channel.

In *Switzerland*, premiums totaled €184 MN. The decline of 33.2% was largely a result of lower single premiums in our group life business, where we have maintained a more selective growth focus. Moreover, the third quarter of 2012 was favorably impacted by a large one-off contract. While regular premiums in group life remained relatively stable, single premiums of traditional savings and unit-linked products slightly decreased in our individual life business.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Statutory premiums were up 8.3% on the first nine months of 2012 and amounted to €41,659 MN. On an internal basis, premiums increased by 8.7%. This growth was largely driven by our unit-linked business and, to a lower extent, supported by an increase in traditional business.

Significantly higher premiums from our investment-oriented business in Italy, Germany and Taiwan more than offset the drop in sales due to product changes in the United States, curtailed sales in South Korea and regulatory restrictions in Poland.

Operating profit

2013 TO 2012 THIRD QUARTER COMPARISON

Operating profit performance was solid at €769 MN. The decrease of €46 MN largely related to a lower investment result.

Interest and similar income (net of interest expenses) decreased by €33 MN to €4,112 MN. Slightly lower income from debt securities, mainly as a result of foreign currency translation effects in the United States, was only partly compensated for by higher income from dividends.

Operating income from financial assets and liabilities carried at fair value through income (net) decreased by €417 MN to a loss of €537 MN. This was mainly due to losses from the net of foreign currency translation effects and financial derivatives in Germany. These derivatives are used to manage duration and other interest rate related exposures as well as to protect against equity and foreign currency fluctuations.

Operating realized gains and losses (net) decreased by €55 MN to €541 MN. This was due to slightly lower realizations on debt securities as well as on equities compared to the third quarter of 2012.

Operating impairments of investments (net) improved by €43 MN to €25 MN as the previous year's quarter was burdened by higher impairments on equities.

Claims and insurance benefits incurred (net) increased by €93 MN to €4,643 MN. This was mainly because of higher maturities in France, although partly offset by lower claims for maturities in Italy.

Changes in reserves for insurance and investment contracts (net) decreased by €283 MN to €3,139 MN. This was largely driven by a lower allocation of premiums to policy reserves due to the negative revaluation impact of decreased investment income in Germany.

Acquisition and administrative expenses (net) remained broadly stable at €1,322 MN.

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Overall, the decrease in our operating profit was largely driven by the lower investment margin (i.e. investment income net of hedged item movements and policyholder participation) in Germany as a result of hedging and foreign currency related losses. In the United States, lower fair value results related to annuity and guaranteed benefit features and lower realized gains increased this negative impact. However, due to these investment margin effects, the latter recorded lower amortization of deferred acquisition costs, which compensated for the adverse investment margin impact.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Operating profit decreased by €165 MN to €2,293 MN, mainly as a result of a lower investment result. This decrease largely relates to the negative effects of the operating income from financial assets and liabilities carried at fair value through income in the second and third quarter of 2013. The overall decrease was also impacted by lower net realized gains, although it was partly offset by lower operating impairments.

LIFE/HEALTH BUSINESS SEGMENT INFORMATION

A 20

€ MN

	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Statutory premiums¹	12,697	11,912	41,659	38,472
Ceded premiums written	(143)	(195)	(451)	(528)
Change in unearned premiums	(54)	(69)	(218)	(187)
Statutory premiums (net)	12,500	11,648	40,990	37,757
Deposits from insurance and investment contracts	(6,631)	(6,005)	(22,849)	(20,219)
Premiums earned (net)	5,869	5,643	18,141	17,538
Interest and similar income	4,128	4,166	12,573	12,651
Operating income from financial assets and liabilities carried at fair value through income (net)	(537)	(120)	(1,467)	(487)
Operating realized gains/losses (net)	541	596	2,158	2,396
Fee and commission income	166	135	474	393
Other income	31	31	111	110
Operating revenues	10,198	10,451	31,990	32,601
Claims and insurance benefits incurred (net)	(4,643)	(4,550)	(14,459)	(14,229)
Changes in reserves for insurance and investment contracts (net)	(3,139)	(3,422)	(10,068)	(10,653)
Interest expenses	(16)	(21)	(56)	(62)
Operating impairments of investments (net)	(25)	(68)	(219)	(334)
Investment expenses	(198)	(189)	(581)	(542)
Acquisition and administrative expenses (net)	(1,322)	(1,301)	(4,048)	(4,075)
Fee and commission expenses	(61)	(57)	(191)	(175)
Restructuring charges	–	(6)	(2)	(10)
Other expenses	(25)	(22)	(73)	(63)
Operating expenses	(9,429)	(9,636)	(29,697)	(30,143)
Operating profit	769	815	2,293	2,458
Margin on reserves² in basis points	66	73	66	75

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 – Represents operating profit divided by the average of (a) the current quarter-end and previous quarter-end net reserves and (b) the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

Life/Health insurance operations by reportable segments – third quarter

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

A 21

€ MN

	Statutory premiums ¹				Premiums earned (net)		Operating profit (loss)		Margin on reserves ² (bps)	
	2013	2012	internal ³		2013	2012	2013	2012	2013	2012
			2013	2012						
three months ended 30 September	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Germany Life	4,125	3,311	4,125	3,311	2,640	2,425	175	217	39	52
Germany Health	832	819	832	819	829	816	59	76	94	128
Switzerland	184	283	189	283	77	118	19	20	58	59
Austria	84	82	84	82	60	53	7	3	60	23
German Speaking Countries	5,225	4,495	5,230	4,495	3,606	3,412	260	316	47	61
Italy	1,579	1,338	1,579	1,338	82	109	35	82	30	75
France	1,947	1,877	1,947	1,877	916	778	117	95	63	53
Belgium/Luxembourg	359	486	359	486	89	89	14	17	54	73
Netherlands	64	66	64	66	33	35	9	16	86	159
Turkey ⁴	168	29	45	29	29	9	11	1	320	49
Greece	20	20	20	20	12	13	2	1	196	137
Africa	12	12	12	12	4	5	1	1	63	125
Western & Southern Europe	4,149	3,828	4,026	3,828	1,165	1,038	189	213	54	66
Latin America	67	55	71	55	26	29	2	3	84	186
Spain	194	234	194	234	95	133	32	16	199	107
Portugal	71	40	71	40	21	20	7	6	468	463
Iberia & Latin America	332	329	336	329	142	182	41	25	206	138
United States	1,672	1,740	1,770	1,740	218	218	183	143	104	83
USA	1,672	1,740	1,770	1,740	218	218	183	143	104	83
Reinsurance LH	132	138	132	138	109	114	22	41	452	720
Global Insurance Lines & Anglo Markets	132	138	132	138	109	114	22	41	452	720
South Korea	312	554	324	554	114	158	10	10	44	41
Taiwan	346	399	367	399	47	17	–	2	–	16
Indonesia	181	162	214	162	71	102	12	13	395	391
Malaysia	95	81	105	81	45	55	3	5	120	197
Japan	–	–	–	–	2	1	1	2	20	28
Other	232	209	244	209	180	149	19	16	202	177
Asia-Pacific	1,166	1,405	1,254	1,405	459	482	45	48	79	83
Poland	30	48	31	48	10	31	4	5	297	295
Slovakia	59	59	59	59	53	52	8	10	266	327
Hungary	25	24	26	24	12	12	3	3	370	309
Czech Republic	30	39	31	39	18	16	3	5	217	391
Russia	21	23	22	23	21	23	–	–	–	–
Croatia	13	13	13	13	13	13	1	1	71	125
Bulgaria	9	7	9	7	8	6	1	2	399	512
Romania	4	5	4	5	4	3	–	–	–	–
Central and Eastern Europe⁵	191	218	195	218	138	159	20	25	241	301
Middle East and North Africa	40	48	47	48	32	38	3	3	302	341
Global Life	3	1	3	1	–	–	–	–	– ⁶	– ⁶
Growth Markets	1,400	1,672	1,499	1,672	629	679	68	76	104	115
Consolidation ⁷	(213)	(290)	(213)	(290)	–	–	6	1	– ⁶	– ⁶
Total	12,697	11,912	12,780	11,912	5,869	5,643	769	815	66	73

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 – Represents operating profit (loss) divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 – Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

4 – On 12 July 2013, Allianz acquired Yapı Kredi Bank's 93.94% shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta, including its life and pension insurance subsidiary Yapı Kredi Emeklilik.

5 – Contains income and expense items from a management holding and consolidations between countries in this region.

6 – Presentation not meaningful.

7 – Represents elimination of transactions between Allianz Group companies in different geographic regions.

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Life/Health insurance operations by reportable segments – first nine months

LIFE/HEALTH INSURANCE OPERATIONS BY REPORTABLE SEGMENTS

A 22

€ MN

	Statutory premiums ¹				Premiums earned (net)		Operating profit (loss)		Margin on reserves ² (bps)	
			internal ³							
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
nine months ended 30 September										
Germany Life	12,265	10,593	12,265	10,593	8,298	7,763	681	775	51	62
Germany Health	2,495	2,454	2,495	2,454	2,492	2,452	143	159	77	91
Switzerland	1,353	1,648	1,380	1,648	395	550	60	60	60	62
Austria	285	307	285	307	209	215	27	22	83	73
German Speaking Countries	16,398	15,002	16,425	15,002	11,394	10,980	911	1,016	55	66
Italy	6,294	4,521	6,294	4,521	322	380	190	218	54	67
France	6,354	5,833	6,354	5,833	2,589	2,276	355	304	63	59
Belgium/Luxembourg	1,586	1,406	1,586	1,406	283	300	51	62	67	90
Netherlands	203	209	203	209	102	102	31	40	99	133
Turkey ⁴	244	79	126	79	48	27	10	4	94	117
Greece	68	71	68	71	40	43	1	2	27	98
Africa	42	41	42	41	18	17	3	3	148	157
Western & Southern Europe	14,791	12,160	14,673	12,160	3,402	3,145	641	633	62	67
Latin America	256	179	255	179	118	89	5	8	93	175
Spain	899	754	899	754	340	398	99	76	204	171
Portugal	171	124	171	124	62	63	17	–	426	–
Iberia & Latin America	1,326	1,057	1,325	1,057	520	550	121	84	208	159
United States	5,022	5,739	5,154	5,739	646	616	384	436	74	87
USA	5,022	5,739	5,154	5,739	646	616	384	436	74	87
Reinsurance LH	398	378	398	378	340	329	14	49	86	286
Global Insurance Lines & Anglo Markets	398	378	398	378	340	329	14	49	86	286
South Korea	991	1,519	989	1,519	368	443	17	64	24	92
Taiwan	1,352	902	1,392	902	114	92	–	6	–	16
Indonesia	528	586	587	586	191	227	50	39	554	435
Malaysia	271	236	282	236	153	155	13	13	160	178
Japan	–	1	–	1	5	4	6	(2)	38	(11)
Other	670	553	672	553	504	437	61	48	232	181
Asia-Pacific	3,812	3,797	3,922	3,797	1,335	1,358	147	168	86	101
Poland	78	357	77	357	28	89	12	13	281	302
Slovakia	179	182	179	182	151	147	25	26	281	295
Hungary	134	122	136	122	37	37	7	3	269	120
Czech Republic	104	142	106	142	57	49	13	16	299	403
Russia	57	67	59	67	57	65	(1)	(2)	(54)	(219)
Croatia	45	40	46	40	45	39	3	2	127	113
Bulgaria	25	21	25	21	22	18	3	5	310	490
Romania	17	17	17	17	11	10	1	1	248	324
Central and Eastern Europe⁵	639	948	645	948	407	455	62	63	245	263
Middle East and North Africa	120	128	136	128	96	105	11	10	288	312
Global Life	5	3	5	3	1	–	–	–	– ⁶	– ⁶
Growth Markets	4,576	4,876	4,708	4,876	1,839	1,918	220	241	110	125
Consolidation ⁷	(852)	(740)	(852)	(740)	–	–	2	(1)	– ⁶	– ⁶
Total	41,659	38,472	41,831	38,472	18,141	17,538	2,293	2,458	66	75

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 – Represents operating profit (loss) divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 – Statutory premiums adjusted for foreign currency translation and (de-)consolidation effects.

4 – On 12 July 2013, Allianz acquired Yapı Kredi Bank's 93.94% shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta, including its life and pension insurance subsidiary Yapı Kredi Emeklilik.

5 – Contains income and expense items from a management holding and consolidations between countries in this region.

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7 – Represents elimination of transactions between Allianz Group companies in different geographic regions.

Asset Management

THIRD QUARTER 2013

- Solid operating profit of €754 MN.
- Cost-income ratio at 55.7%.
- Third-party net inflows of €23 BN in the first nine months of 2013 despite net outflows of €27 BN in the third quarter.
- Total assets under management at €1,811 BN.

Business segment overview

Allianz offers Asset Management products and services for third-party investors and the Allianz Group's insurance operations. We serve a wide range of retail and institutional clients worldwide with investment and distribution capacities in all major markets. Based on total assets under management, we are one of the largest asset managers in the world that manages third-party assets with active investment strategies. We are particularly strong in the United States and growing in Europe and the Asia-Pacific region.

Earnings summary

Our **operating revenues** decreased by €142 MN, or 7.7% to €1,703 MN. This was mainly due to the exceptionally high performance fees in the third quarter of 2012 and unfavorable foreign currency effects. Driven by higher margins, our net fee and commission income excluding performance fees rose by €118 MN despite the unfavorable currency effects. Volatile capital markets contributed to third-party net outflows of €27 BN in the third quarter of 2013.

We recorded an **operating profit** of €754 MN, a decline of €94 MN, or 11.1%, (internal growth¹: (6.5)%) mainly due to lower performance fees.

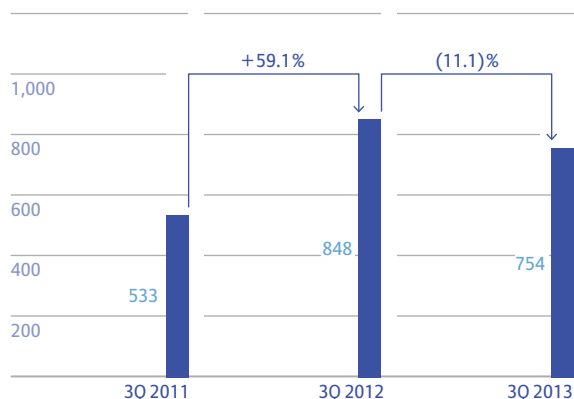
Our **cost-income ratio** increased by 1.7 percentage points to 55.7%, largely due to the exceptionally high performance fees in the third quarter of 2012 compared to 2013.

Operating profit (11.1)%

OPERATING PROFIT ASSET MANAGEMENT

A 23

€ MN



Key figures

KEY FIGURES ASSET MANAGEMENT

A 24

€ MN

three months ended 30 September	2013	2012	2011
Operating revenues	1,703	1,845	1,326
Operating profit ^{2,3}	754	848	533
Cost-income ratio ^{2,3} in %	55.7	54.0	59.8
Total assets under management as of 30 September in € BN	1,811	1,827	1,592
thereof:			
Third-party assets under management as of 30 September in € BN	1,404	1,419	1,222

1 — Operating profit adjusted for foreign currency translation and (de-)consolidation effects.

2 — Prior period figures have been restated to reflect the retrospective application of the amended standard IAS 19 — Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

3 — As of the first quarter of 2013, all restructuring charges are presented within operating profit and all prior periods have been reclassified to conform to the current accounting presentation.

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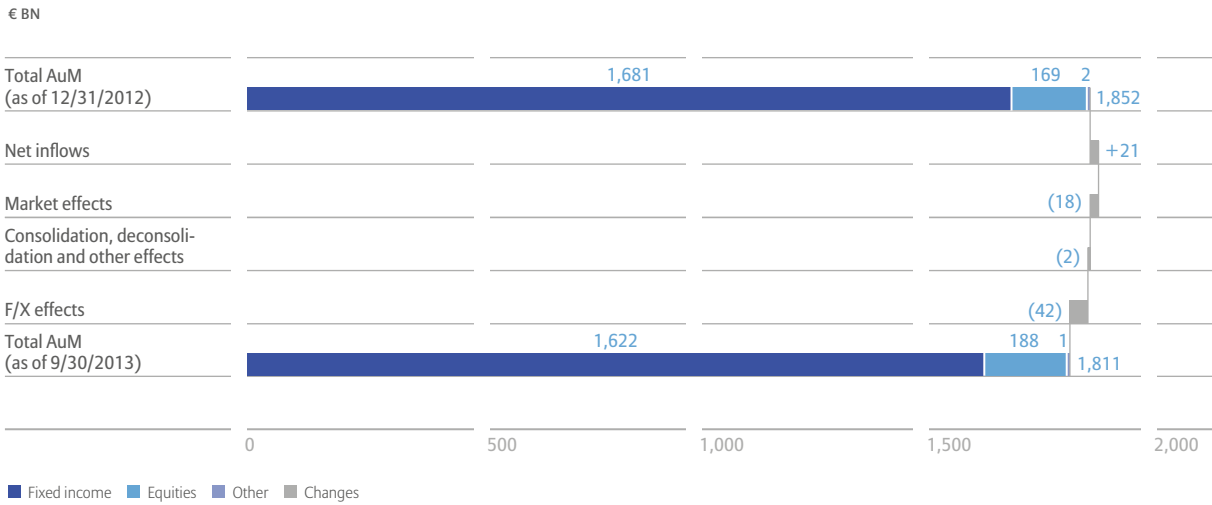
Assets under management

As of 30 September 2013, total assets under management amounted to €1,811 BN. Of this, €1,404 BN related to our

third-party assets under management and €407 BN to Allianz group assets. We show the development of total assets under management based on asset classes as they are relevant for the business segment's development.

DEVELOPMENT OF TOTAL ASSETS UNDER MANAGEMENT

A 25



In the first nine months of 2013, we achieved net inflows of total assets under management of €21 BN. While our Allianz group assets were reduced by €2 BN, we recorded third-party net inflows of €23 BN. Prevailing market volatility in the third quarter of 2013, driven by ongoing expectations of rising interest rates, led to an industry-wide continuation of fixed income outflows not only in the United States, but also globally. This development particularly affected PIMCO, with net outflows of €29 BN in traditional fixed income products, whereas AllianzGI saw net inflows of €1 BN.

The development of total assets under management was mainly driven by unfavorable foreign currency translation effects of €42 BN due to the strong depreciation of the U.S. Dollar against the Euro.¹

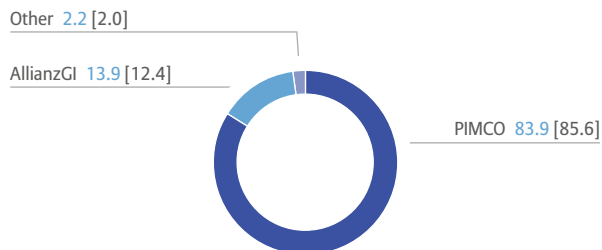
Negative effects on fixed income markets, mostly due to the rising interest rate environment, accounted for a decline of €18 BN in our total assets under management. Of this decline, €35 BN were related to fixed income assets, which were only partly offset by the strong positive market return of €17 BN on equities.

In the following section, we focus on the development of third-party assets under management.

THIRD-PARTY ASSETS UNDER MANAGEMENT BY BUSINESS UNIT

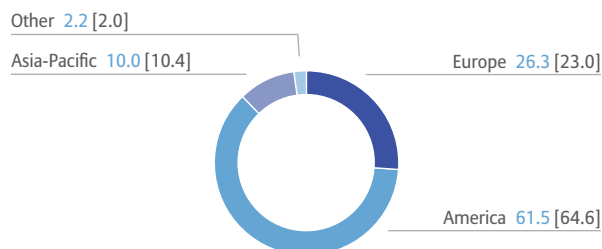
A 26

as of 30 September 2013 [31 December 2012] in %



¹ – Based on the closing rate on the respective balance sheet date.

as of 30 September 2013 [31 December 2012] in %



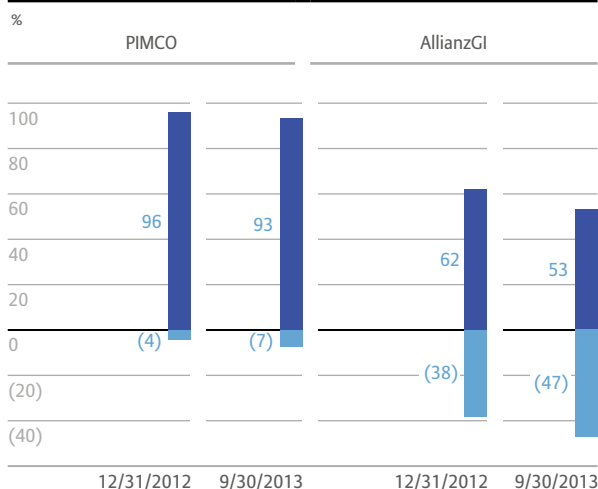
1 – Based on the location of the asset management company.
 2 – “America” consists of the United States, Canada and Brazil (approximately €850 BN, €11 BN and €3 BN third party assets under management as of 30 September 2013, respectively).
 3 – “Other” consists of third-party assets managed by other Allianz Group companies (approximately €30 BN as of 30 September 2013 and €28 BN as of 31 December 2012, respectively).

Based on the regional split of third-party assets under management, Europe increased its share by 3.3 percentage points. This was driven by strong organic growth and a reallocation of some third-party assets under management from the United States to Europe. The United States’ share of third-party assets under management decreased by 3.1 percentage points due to the reallocation of assets, the depreciation of the U.S. Dollar against the Euro¹ as well as slight net outflows.

As of 30 September 2013, the allocation of our third-party assets under management increased by one percentage point in favor of equities, driven by the impact of market return. This resulted in 88% attributable to fixed income and 12% to equities.

The split of third-party assets under management between our retail and institutional clients² shifted slightly – up one percentage point for retail clients (37%) and one percentage point down for institutional clients (63%).

1 – Based on the closing rate on the respective balance sheet date.
 2 – Client group classification is driven by investment vehicle types.



■ Outperforming third-party assets under management
 ■ Underperforming third-party assets under management
 1 – The investment performance is based on Allianz Asset Management account-based, asset-weighted three-year investment performance of third-party assets versus the primary target including all accounts managed by portfolio managers of Allianz Asset Management. For some retail funds, the net of fee performance is compared to the median performance of the corresponding Morningstar peer group (first and second quartile mean outperformance). For all other retail funds and for all institutional accounts, the gross of fee performance (revaluated based on closing prices) is compared to the respective benchmark based on different metrics.

The overall investment performance of our Asset Management business was excellent, with 88% of our assets outperforming their respective benchmarks (31 December 2012: 92%). PIMCO assets recorded an outstanding performance of 93% versus their respective benchmarks, while 53% of our AllianzGI assets outperformed their respective benchmarks.

Operating revenues

2013 TO 2012 THIRD QUARTER COMPARISON

Operating revenues decreased by €142 MN, or 7.7%. This was driven by a decline in performance fees and negative foreign currency translation effects, which were partly offset by higher margins. On an internal basis³ our operating revenues decreased by 3.3%.

Net fee and commission income went down by €124 MN, or 6.8% to €1,697 MN. The lower level of performance fees more than offset the €144 MN increase in our management fees,

3 – Operating revenues adjusted for foreign currency translation and (de-)consolidation effects.

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mainly resulting from higher margins. Our *performance fees* fell by €242 MN to €42 MN compared to the third quarter of 2012, when carried interest from maturing private funds led to exceptionally high performance fees.

Our *income from financial assets and liabilities carried at fair value through income (net)* was down by €9 MN due to reduced levels of seed money in the third quarter of 2013.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Our *operating revenues* rose by €648 MN, or 13.6%, (internal growth¹: 16.5%), benefiting from an increase in management fees driven by higher margins, as well as higher average assets under management.

Operating profit

2013 TO 2012 THIRD QUARTER COMPARISON

Our increased management fees did not fully offset the lower level of performance fees, resulting in an *operating profit* of €754 MN – a decline of €94 MN, or 11.1% (internal growth¹: (6.5)%). Excluding the effect of lower performance

fees and the negative impact of foreign currency translation effects, our operating profit increased by approximately €114 MN.

Due to lower personnel expenses in line with our revenue decline, our *administrative expenses* decreased by €47 MN to €949 MN.

Our *cost-income ratio* increased by 1.7 percentage points to 55.7%. In the third quarter of 2012 our cost-income ratio largely benefited from the exceptionally high performance fees. Excluding performance fees, the cost-income ratio improved by 2.1 percentage points due to our continued focus on leveraging revenue growth and cost control.

2013 TO 2012 FIRST NINE MONTHS COMPARISON

Mainly driven by higher operating revenues, our *operating profit* increased by €422 MN, or 20.7%, to €2,458 MN (internal growth¹: 23.6%).

Our *cost-income ratio* improved by 2.7 percentage points to 54.7%. In 2012, the cost-income ratio was burdened by €62 MN restructuring charges, compared to €5 MN in 2013.

ASSET MANAGEMENT BUSINESS SEGMENT INFORMATION

A 29

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Management and loading fees	2,005	1,871	6,077	5,221
Performance fees	42	284	396	383
Other	12	27	51	95
Fee and commission income	2,059	2,182	6,524	5,699
Commissions	(337)	(327)	(1,062)	(919)
Other	(25)	(34)	(59)	(50)
Fee and commission expenses	(362)	(361)	(1,121)	(969)
Net fee and commission income	1,697	1,821	5,403	4,730
Net interest income ¹	2	10	10	22
Income from financial assets and liabilities carried at fair value through income (net)	1	10	8	17
Other income	3	4	8	12
Operating revenues	1,703	1,845	5,429	4,781
Administrative expenses (net), excluding acquisition-related expenses	(949)	(996)	(2,966)	(2,683)
Restructuring charges	–	(1)	(5)	(62)
Operating expenses	(949)	(997)	(2,971)	(2,745)
Operating profit	754	848	2,458	2,036
Cost-income ratio² in %	55.7	54.0	54.7	57.4

1 – Represents interest and similar income less interest expenses.

2 – Represents operating expenses divided by operating revenue.

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

Corporate and Other

THIRD QUARTER 2013

Operating loss decreased by €31 MN to €230 MN, mainly driven by Holding & Treasury.

Business segment overview

Corporate and Other encompasses the reportable segments Holding & Treasury, Banking and Alternative Investments. Holding & Treasury includes the management of and support for Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources and technology functions. Our banking products offered in Germany, Italy, France, the Netherlands and Bulgaria complement our insurance product portfolio. We also provide global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group.

Earnings summary

Our **operating result** improved by €31 MN to a loss of €230 MN. Although all three reportable segments within Corporate & Other contributed to this improvement, Holding & Treasury was the main driver.

Key figures

KEY FIGURES CORPORATE AND OTHER ¹				A 30
€ MN	2013	2012	2011	
three months ended 30 September				
Operating revenues	386	396	412	
Operating expenses ^{2,3}	(616)	(657)	(635)	
Operating result ^{2,3}	(230)	(261)	(223)	

KEY FIGURES CORPORATE AND OTHER – IN DETAIL				A 31
€ MN	2013	2012	2011	
three months ended 30 September				
HOLDING & TREASURY				
Operating revenues	82	71	98	
Operating expenses ^{2,3}	(321)	(335)	(323)	
Operating result ^{2,3}	(239)	(264)	(225)	
BANKING				
Operating revenues	257	293	278	
Operating expenses ^{2,3,4}	(253)	(293)	(287)	
Operating result ^{2,3}	4	0	(9)	
ALTERNATIVE INVESTMENTS				
Operating revenues	47	34	39	
Operating expenses ^{2,3}	(42)	(31)	(29)	
Operating result ^{2,3}	5	3	10	

1 – Consolidation included. For further information about our Corporate and Other business segment, please refer to note 4 to the condensed consolidated interim financial statements.

2 – Prior period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

3 – As of the first quarter of 2013, all restructuring charges are presented within operating profit and all prior periods have been adjusted to conform to the current accounting presentation.

4 – Include loan loss provisions.

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Earnings summaries by reportable segments

HOLDING & TREASURY

2013 to 2012 third quarter comparison

Our *operating loss* decreased by €25 MN to €239 MN due to various substantially offsetting effects.

Our *operating income from financial assets and liabilities carried at fair value through income* recovered from a loss of €7 MN to a gain of €13 MN, mainly due to foreign currency effects.

Holding & Treasury's *net interest result* increased by €10 MN to a loss of €37 MN. Our *interest and similar income* decreased by €12 MN to €46 MN, driven by lower interest yields and less income from associates. This decrease was more than offset by €22 MN lower *interest expenses, excluding interest expenses from external debt*, which amounted to €83 MN, as yields and internal borrowing diminished.

Our *net fee and commission result* worsened from €(35) MN to €(45) MN due to new IT projects.

Administrative expenses (net), excluding acquisition-related expenses, grew by €24 MN to €178 MN, mainly due to higher pension costs as a result of lower discount rates.

Investment expenses were down by €8 MN to €18 MN.

During the third quarter of 2013 we reduced a *restructuring provision* related to our global delivery centers project by €26 MN.

2013 to 2012 first nine months comparison

Our *operating loss* improved by €11 MN to €683 MN. An increased net interest result and higher operational income from financial assets and liabilities carried at fair value through income almost offset higher administrative expenses due to higher personnel expenses and a decrease in our net fee and commission result. The operating result benefited from income from the above-mentioned reduction of a restructuring provision. A resumption of interest payments on our silent participation in Commerzbank in the first quarter as well as lower interest expenses for internal debt due to lower yields and volume also contributed to this positive development.

BANKING

2013 to 2012 third quarter comparison

The *operating result* improved to €4 MN. Lower administrative expenses more than offset a slight decrease in the net interest, fee and commission result and higher loan loss provisions.

Administration expenses decreased by €20 MN to €109 MN as a result of the closure of the Allianz Bank's business operations.

Our *net interest, fee and commission result* decreased from €138 MN to €129 MN. Our *net interest result* was down by €5 MN to €84 MN, mainly because of the low interest yield environment. Our *net fee and commission income* contracted by €4 MN to €45 MN. The effects of the closure of the Allianz Bank's business operations could only be partly compensated for by higher fee and commission income in Italy due to new business.

Our *loan loss provisions* increased from €13 MN to €18 MN. This increase was mainly related to our ship financing business.

2013 to 2012 first nine months comparison

Our *operating loss* worsened by €44 MN to €80 MN. The nine-month development of our Banking segment was mainly driven by €90 MN higher restructuring charges related to the closure of the Allianz Bank's business operations, which were only partly offset by lower loan loss provisions. In this context, it is worth mentioning again that our restructuring charges have been presented within operating profit since the beginning of 2013. Excluding these charges, the operating profit in Banking would have recovered from a loss of €36 MN in the first nine months of 2012 to a profit of €10 MN.

ALTERNATIVE INVESTMENTS

2013 to 2012 third quarter comparison

Our *operating result* increased by €2 MN to €5 MN.

2013 to 2012 first nine months comparison

Our *operating result* improved by €5 MN to €20 MN, driven by higher net fee and commission income.

Outlook

- Clearer global economic picture.
- European economy emerging from recession.
- Allianz Group operating profit outlook slightly above upper end of target range.

Economic outlook¹

As 2013 draws to a close, the global economic picture is getting somewhat clearer. The improvement in the global purchasing managers' index for the manufacturing sector in the course of the third quarter raises hopes that the pickup in economic activity will continue or even intensify well into next year. Particularly encouraging is the fact that the more upbeat mood is now broadly spread across all regions. Overall global output is expected to grow moderately by 2.3% this year. Given the expected acceleration in the industrialized world, we see global output increasing by slightly more than 3.0% in 2014. Fears that the economic development in the emerging markets would deteriorate substantially now look unfounded. Although they have lost steam since last year and will not return to their pre-crisis growth rates. However, with an expected increase in real GDP of between 4.5% and 5.0% both this year and next, growth in these countries will still be considerably higher than in the industrialized world. After one and a half years, the Eurozone economy finally emerged from recession in the second quarter of 2013. Real GDP grew by 0.3% in a quarter-on-quarter comparison. The economy is also starting to get back on its feet in crisis-ridden member states, narrowing the "north-south divide". Both sentiment indices and hard economic indicators such as industrial production data suggest the economic recovery in the Eurozone is set to continue well into 2014, albeit at a moderate pace. For 2014 as a whole, we envisage real GDP growth of 1.5%, following a contraction of 0.3% this year. Supported by brighter economic conditions in the single currency zone, the German economy could expand by about 0.6% in 2013 and by 2.0% next year. Against the background of modest growth perspectives worldwide and taking into account the dire unemployment situation in many industrialized countries – which dampens wage pressure – inflation is likely to remain subdued on a global level both this year and next.

Like 2013, next year will be a challenging one – for financial markets in particular. We expect to see a gradual exit from the crisis mode in monetary policy, led by the U.S. central bank reining in its asset purchases. Nevertheless, given its concerns about money market rates, banking liquidity and loan growth, the European Central Bank might even slightly ease its monetary stance – despite the slow recovery in the Eurozone – before it eventually starts its exit from the very expansionary policy stance in late 2014. Although monetary policy would still remain highly accommodative, first steps towards an exit could well be accompanied by pronounced swings in equity, bonds or currency markets – as we witnessed this summer following the rumblings about an imminent Federal Reserve exit from quantitative easing. In mid-September, the Federal Reserve decided that economic conditions did not yet allow for the reining in of asset purchases to begin. Since then, yields on German and U.S. government bonds have retreated somewhat from their peaks of 2.0% and 3.0%, respectively, prior to the Federal Reserve decision. Spreads on government bonds from the Eurozone periphery have continued to narrow. Although recurring political turmoil in several debt-ridden countries has shown that the debt crisis in the Eurozone is not yet over, we expect it to continue to gradually abate. With short-term rates close to zero, there are limited prospects of markedly higher yields on longer-term bonds. We expect yields on 10-year German and U.S. government bonds to climb merely to 2.5% and slightly above 3.0%, respectively by the end of 2014. With growth in the United States set to outpace that in the Eurozone and the expectation that the Federal Reserve will exit from its expansionary monetary policy earlier than the European Central Bank, the U.S. Dollar is likely to appreciate against the Euro.

¹ – The information presented in the sections Economic outlook, Insurance industry outlook and Asset management industry outlook is based on our own estimates.

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For now at least, the biggest single risk to the global economic outlook – fiscal gridlock in the United States – has been defused. A last-minute solution was found that averted potential disaster. Failure to reach agreement would have dealt a nasty blow to the U.S. economy, possibly triggering a recession and dragging the world economy down with it. However, with the eventual deal offering only a temporary solution, political haggling over spending cuts and entitlement programs in the coming months might continue to cast a shadow and keep nerves frayed. Further risks emanate from a possible renewed escalation of the Eurozone sovereign debt crisis, an overreaction of the financial markets to central banks' exit plans and ongoing tensions in several countries in North Africa and the Middle East. Rising geopolitical tensions could exert a considerable drag on the global economy, not least if these spark a sharp rise in crude oil prices.

Insurance industry outlook

Despite a difficult backdrop – the recent slowdown in emerging markets, U.S. budgetary woes and the far-from-resolved Eurozone sovereign debt crisis – we expect economic growth to accelerate in the remainder of 2013 and particularly in 2014. This is good news for insurance markets. However, the rebound in industrialized countries will remain modest. In Western Europe, after two consecutive years of falling premiums, we expect to see a stabilization in 2013 followed by a moderate upturn in 2014. The U.S. market should also continue its slow upswing. On the other hand, although the economic signals from emerging markets remain mixed, overall they point to a somewhat more spritely growth momentum. As a consequence, top-line growth in emerging markets will continue to be significantly above the levels seen in advanced markets – however, the expansion might be moderate by their standards. Against this background, we forecast that insurance profits will stay under pressure as the effects of a lower investment yield environment as well as volatile financial markets take their toll. However, in the longer term there is the potential for growth and improved earnings should interest rates and yields increase.

In the *property-casualty* sector, relatively stable premium growth should continue both in the remainder of 2013 and in 2014. However, while growth in the prior year was mainly driven by rising premium rates, for the rest of 2013 and 2014 the main motor will be the expected uptick in economic

activity, which bolsters demand for insurance coverage. In the emerging markets, rising household incomes and heightened risk awareness will continue to drive stronger premium growth for the foreseeable future, with emerging Asia and Latin America being the most vibrant markets. Globally, we expect nominal premium revenue to climb in the 3.0–5.0% range per annum in 2013 and 2014.

Life sector premium levels, particularly in Europe, have suffered from unfavorable market conditions in recent years. In 2013, we expect premium growth to recover across the board. However, not until 2014 will all markets start to advance. Western Europe will remain the weakest region in terms of growth, with some markets still shrinking. Resumed growth will go hand in hand with a changing business mix, which is set to evolve towards more attractive unit-linked and protection business if interest rates stay at their low levels – as anticipated. On the other hand, growth in emerging markets – which is driven by higher incomes and the rising demand for social protection – is likely to stay at an elevated level. Again emerging Asia and Latin America are the growth champions. All in all, we expect that global nominal premium revenue will rise in the 4.0–6.0% range per annum in 2013 and 2014.

Asset management industry outlook

The outlook for the *asset management* industry for 2013 and beyond remains uncertain. Although there are signs of a slow recovery in the global economy and of a gradually receding European sovereign debt crisis – helped by massive liquidity support from major central banks – financial markets in developed countries are still plagued by uncertainty and capital markets are expected to stay vulnerable to potential setbacks in the near future.

The sharp rise in yields on U.S. Treasuries this summer was a timely reminder of the high uncertainty surrounding the unwinding of quantitative easing. Therefore, net inflows are expected to stay volatile as investors are likely to remain cautious, shifting their funds between high- and low-risk assets as sentiment ebbs and flows.

The upside potential for market-driven growth in the asset management industry will be limited in both the fixed income and equity areas for as long as GDP growth rates in major developed countries continue to lag behind long-term trends.

Besides the uncertainty in the investment climate, the wave of regulatory change – particularly in the consumer protection and transparency fields – will put further pressure on the industry and may even trigger changes in business models and the way funds are sold. Furthermore, complying with increased regulatory oversight and reporting requirements risks pushing up operational costs, amplifying the need for strict cost control. Fierce competition between money managers is only going to increase. Given this batch of challenges, we expect the industry's profitability to remain under pressure.

In such an environment, money managers' ability to grow is dependent on achieving above benchmark investment results, offering diverse and comprehensive investment products and upping the scale and efficiency of their operations.

Outlook for the Allianz Group

We are confident about staying on course towards profitable growth during the remainder of 2013. Following our strong operating performance, we expect the 2013 full year operating profit to be slightly above €9.7 BN, the upper end of our previously stated target range.

As we witnessed in the first nine months, unfavorable developments in the business environment can have adverse impacts on aspects of our performance. In addition, we have already experienced a windstorm in October hitting parts of Europe, and implementing certain of our business and operational strategies – e.g. review of the product strategy in Korea and IT investments, like our data center consolidation project – may negatively impact operating profit in the near term. It would therefore be inappropriate to simply annualize the current nine months' operating profit and net income to arrive at an expected result for the full year.

In addition, natural catastrophes and factors stated in our cautionary note regarding forward-looking statements may severely affect the results of our operations.

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.

No duty to update

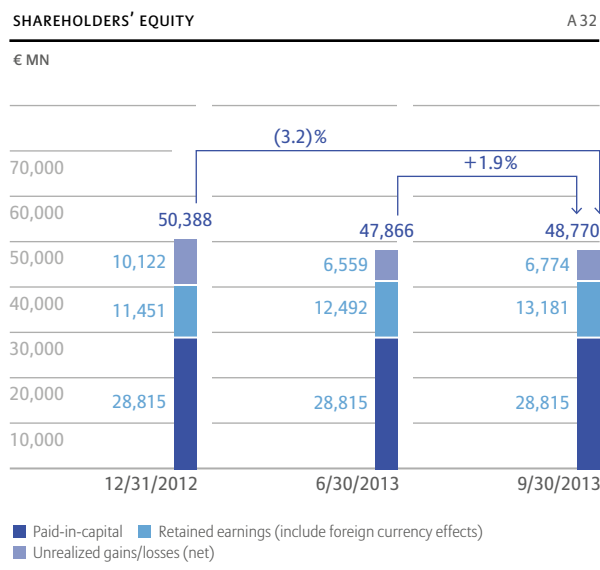
The company assumes no obligation to update any information or forward-looking statement contained herein, save for any information required to be disclosed by law.

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Balance Sheet Review

- Shareholders’ equity decreased by €1.6 BN to €48.8 BN.¹
- Solvency ratio still strong at 177%.²

Shareholders’ equity^{1,3}



As of 30 September 2013, *shareholders’ equity* amounted to €48,770 MN, a decrease of €1,618 MN compared to 31 December 2012 (as restated).¹ The €4,740 MN net income attributable to shareholders in the first nine months of 2013 was more than offset by a €3,348 MN decrease in unrealized gains – predominantly on debt securities – due to a rise in interest rates and, to a much lesser extent, realizations as well as the payout of dividends in May 2013 of €2,039 MN. An

1 – As of 1 January 2013, our shareholders’ equity decreased by €3.2 BN due to the amendments to IAS 19. Previous period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

2 – Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 September 2013 would be 168% (30 June 2013: 168%; 31 December 2012 (pro forma restated): 171%, 31 December 2012 (as published): 188%).

3 – This does not include non-controlling interests of €2,680 MN, €2,558 MN and €2,575 MN as of 30 September 2013, 30 June 2013 and 31 December 2012, respectively. For further information, please refer to note 20 to the condensed consolidated interim financial statements. Retained earnings include foreign currency translation effects of €(2,903) MN, €(2,304) MN and €(2,073) MN as of 30 September 2013, 30 June 2013 and 31 December 2012, respectively.

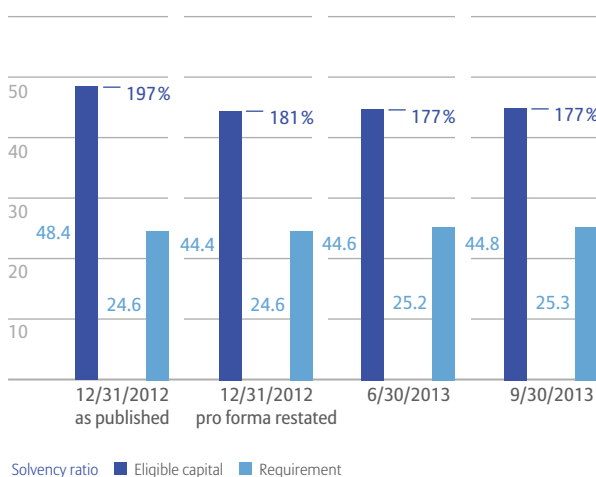
additional €830 MN drop in equity from negative foreign currency translation adjustments was mainly attributable to the appreciation of the Euro against the U.S. Dollar, Australian Dollar and Turkish Lira.

Regulatory capital adequacy

The Allianz Group is a financial conglomerate within the scope of the E.U. Financial Conglomerates Directive and the related German law in force since 2005. The law requires that financial conglomerates calculate the capital available to meet their solvency requirements on a consolidated basis, which we refer to as “eligible capital”.

CONGLOMERATE SOLVENCY¹ A 33

€ BN



1 – Off-balance sheet reserves are accepted by the authorities as eligible capital only upon request. Allianz SE has not submitted an application so far. Excluding off-balance sheet reserves, the solvency ratio as of 30 September 2013 would be 168% (30 June 2013: 168%; 31 December 2012 (pro forma restated): 171%, 31 December 2012 (as published): 188%).

Compared to 30 June 2013 our *conglomerate solvency ratio* remained strong at 177%. However, compared to 31 December 2012 (as published), the ratio dropped from 197% to 177%. The Group's eligible capital for solvency purposes decreased by €3.6 BN to €44.8 BN, including off-balance sheet reserves of €2.3 BN (31 December 2012: €2.2 BN). Of this, €4.0 BN was related to amendments to IAS 19, effective from 1 January 2013. The redemption of a subordinated bond led to a further decline of €1.5 BN. These effects could only be partially compensated for by our net income of €2.8 BN net of €1.9 BN assumed dividends (reflecting our target payout ratio of 40%) in the first nine months of 2013. The required funds went up by €0.7 BN to €25.3 BN, due to higher aggregate policy reserves in Life/Health and growth in our Asset Management business. As of 30 September 2013, our eligible capital exceeded the minimum legally stipulated level by €19.5 BN.

Total assets and total liabilities¹

In the following sections, we show the asset allocation for our insurance portfolio and analyze important developments in the balance sheets of our segments.

As of 30 September 2013, total assets amounted to €704.6 BN and total liabilities were €653.2 BN. Compared to year-end 2012, total assets and total liabilities increased by €10.2 BN and €11.7 BN, respectively.

This section mainly focuses on our financial investments in debt instruments, equities, real estate and cash and other as well as our insurance reserves and external financing, since these reflect the major developments in our balance sheet.

MARKET ENVIRONMENT OF DIFFERENT ASSET CLASSES

The *government bond yield* convergence observed in the preceding quarter continued but slowed somewhat in the third quarter of 2013. 10-year German and U.S. government bond yields increased by 5 BPS and 14 BPS in the third quarter, respectively, whereas Spanish and Italian government bond yields declined over the same period by 42 BPS and 11 BPS, respectively.

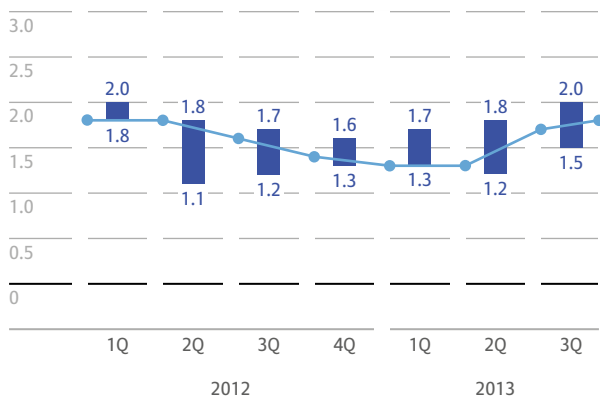
Major *equity markets* showed an upward trend in the third quarter and the first nine months of 2013. Representative German and U.S. stock indices recorded all-times highs during the third quarter.

Compared to year-end 2012, *credit spreads* for A-rated debtors in the Eurozone and the United States widened slightly but narrowed again since the end of the second quarter.

INTEREST RATE DEVELOPMENTS IN 2012 AND THE FIRST NINE MONTHS OF 2013

A 34

10-year German government bond
%



■ High/low ■ Yield at end of period

10-year U.S. government bond
%



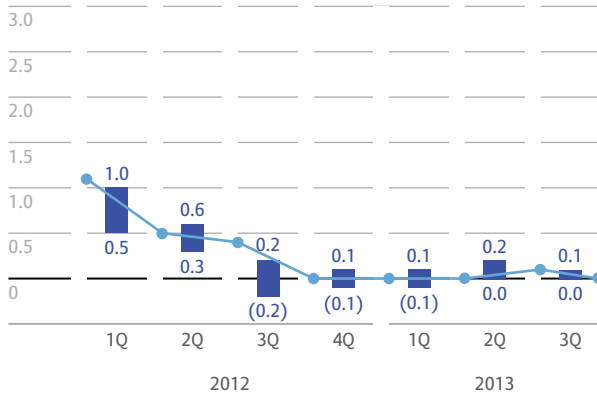
¹ – Prior period figures have been restated to reflect the retrospective application of the amended standard IAS 19 – Employee Benefits, effective as of 1 January 2013. For further information, please refer to note 2 to the condensed consolidated interim financial statements.

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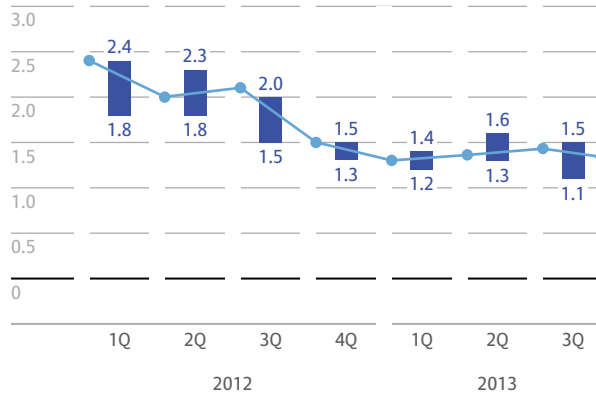
CREDIT SPREAD DEVELOPMENTS IN 2012 AND THE FIRST NINE MONTHS OF 2013

A 35

Spread Europe "A"
%



Spread u.s. "A"
%



■ High/low ■ Spread at end of period

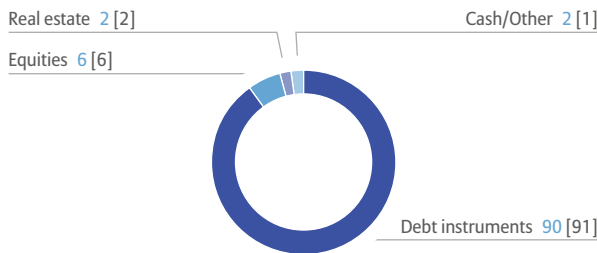
STRUCTURE OF INVESTMENTS – PORTFOLIO OVERVIEW

The Allianz Group’s investment portfolio is mainly determined by our core business of insurance. The following portfolio overview covers the insurance segments and the non-banking assets of the Corporate and Other segment.

ASSET ALLOCATION

A 36

Investment portfolio as of 30 September 2013: €506.7 BN
[as of 31 December 2012: €507.5 BN] in %



Our gross exposure to *equities* increased from €29.6 BN to €32.1 BN, but still accounted for 6% of our investment portfolio. Realizations were more than offset by positive market developments in the first nine months of 2013. Our equity gearing – a ratio of our equity holdings allocated to the shareholder after policyholder participation and hedges to shareholders’ equity plus off-balance sheet reserves less goodwill – increased one percentage point to 24%.

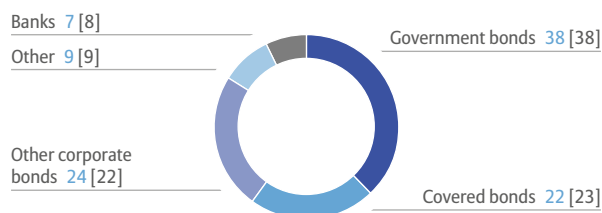
Compared to 31 December 2012, our exposure to *real estate* held for investment increased by €0.5 BN to €10.2 BN due to new investments.

Debt instruments represent the vast majority (90%) of our investment portfolio, amounting to €456.1 BN as of 30 September 2013. Compared to year-end, our debt instruments decreased by €4.7 BN, primarily driven by declines in the fair values of bonds as a result of rising interest rates. About 95% of our portfolio of debt instruments¹ was invested in investment-grade bonds and loans.

Compared to 31 December 2012, our investment portfolio decreased by €0.8 BN to €506.7 BN. Declines in the fair values of bonds as a result of interest rate rises were almost offset by reinvestments and market-driven increases in equity values.

¹ – Excluding self-originated private retail mortgage loans. For 2%, no ratings were available.

Total fixed income portfolio as of 30 September 2013: €456.1 BN
[as of 31 December 2012: €460.8 BN] in %



The allocation of our fixed income portfolio remained stable, with a slight increase in corporate bonds driven by additional investments in 2013.

Our *government bond exposure* was largely unchanged at €173.3 BN (31 December 2012: €174.2 BN) – representing 38% of our fixed income portfolio. Declines in fair values, driven by market effects, were roughly offset by reinvested interest payments. Our sovereign exposure in Italy and Spain equaled 6.2% and 0.5% of our fixed income portfolio, respectively. The corresponding unrealized gains (gross) amounted to €1,250 MN in Italy and €109 MN in Spain. Our government bond exposure in Portugal remained limited and we reduced substantially all our remaining exposure in Greece and Ireland until the end of the first quarter.

Our *covered bonds* decreased by €4.3 BN to €102.2 BN and accounted for 22% of our fixed income portfolio. Of this, 49% was allocated to German Pfandbriefe, backed by either public sector loans or mortgage loans. Another 16% and 9% of the covered bonds portfolio were allocated to France and Spain, respectively. Covered bonds provide a cushion against real estate price deterioration and payment defaults through minimum required security buffers and over-collateralization.

We reduced our exposure to subordinated securities in banks from €6.7 BN to €4.8 BN in both Tier 1 and Tier 2 shares.

Asset-backed securities (ABS) were €17.8 BN (31 December 2012: €19.5 BN), which represents 4% of our fixed income portfolio. The €1.7 BN decrease was mainly due to sales of mortgage-backed securities (MBS) issued by U.S. agencies held within our U.S. Life/Health segment. These MBS are backed by the U.S. government, and represent 15% of our ABS securities. In total, 75% of our ABS was related to MBS and 98% of the total ABS portfolio received investment grade ratings, with 87% rated “AA” or better (31 December 2012: 88%).

INVESTMENT RESULT

NET INVESTMENT INCOME

A 38

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Interest and similar income (net) ¹	5,035	5,092	15,402	15,472
Income from financial assets and liabilities carried at fair value through income (net)	(562)	(139)	(1,487)	(229)
Realized gains/losses (net)	690	735	3,027	3,038
Impairments of investments (net)	(162)	(101)	(478)	(711)
Investment expenses	(228)	(230)	(653)	(643)
Net investment income	4,773	5,357	15,811	16,927

¹ – Net of interest expenses (excluding interest expenses from external debt).

2013 to 2012 third quarter comparison

Our *net investment income* decreased from €5,357 MN to €4,773 MN. This was mainly due to a €423 MN deterioration in our income from financial assets and liabilities carried at fair value through income (net) and to a lesser extent due to higher impairments and lower interest and similar income.

Income from financial assets and liabilities carried at fair value through income (net) worsened by €423 MN to a loss of €562 MN. This was mainly due to losses from the net of foreign currency translation effects and financial derivatives that are used to protect against equity and foreign currency fluctuations as well as to manage duration and other interest rate-related exposures, mainly within our German Life/Health business. In the third quarter of 2013, the appreciation of the Euro against selective emerging markets currencies was the main driver.

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Impairments (net) remained at a low level, but increased by €61 MN to €162 MN. The major drivers of the increase were related to equity investments.

Realized gains and losses (net) were down by €45 MN to €690 MN. Lower realized gains on equities were only partly offset by increased realized gains on debt securities.

Our *interest and similar income (net)*¹ decreased by only 1.1% to €5,035 MN as higher income from equities and real estate partially offset lower income from debt instruments, which overall held up well in a low-yield environment. The net interest result also benefited from reduced interest expenses.

Investment expenses (net) remained stable at €228 MN.

2013 to 2012 first nine months comparison

Our *net investment income* was down by €1,116 MN to €15,811 MN. This was substantially driven by the decline in our net income from financial assets and liabilities carried at fair value through income.

Our *income from financial assets and liabilities carried at fair value through income (net)* dropped from €(229) MN to €(1,487) MN. This was mainly due to foreign currency impacts, in particular within our German Life/Health business. In addition, €180 MN of the decrease relates to income from The Hartford warrants recorded in the first quarter of 2012, which were sold in April 2012.

Impairments (net) fell from €711 MN to €478 MN as the previous year had a high burden of impairments of financial sector assets.

*Interest and similar income (net)*¹, *realized gains and losses (net)* and *investment expenses (net)* were roughly stable.

ASSETS AND LIABILITIES OF THE PROPERTY-CASUALTY BUSINESS SEGMENT

Property-Casualty assets

The business segment's asset base decreased by €2.5 BN to €102.8 BN. A slight increase in equities was more than offset by a reduction in loans and advances to banks and customers and debt securities.

COMPOSITION OF ASSET BASE – FAIR VALUES¹

A 39

€ BN	as of 30 September 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	0.4	0.3
Debt securities	0.1	0.2
Other ²	–	–
Subtotal	0.5	0.5
Investments³		
Equities	4.6	3.9
Debt securities	68.3	69.8
Cash and cash pool assets ⁴	5.3	5.1
Other	7.6	7.7
Subtotal	85.8	86.5
Loans and advances to banks and customers	16.5	18.3
Property-Casualty asset base	102.8	105.3

1 – Loans and advances to banks and customers, held-to-maturity investments and real estate held for investment are stated at amortized cost. Investments in associates and joint ventures are stated at either amortized cost or equity, depending on – among other factors – our ownership percentage.

2 – This comprises assets of €0.1 BN and €0.1 BN and liabilities of €(0.1) BN and €(0.1) BN as of 30 September 2013 and 31 December 2012, respectively.

3 – These do not include affiliates of €9.1 BN and €8.8 BN as of 30 September 2013 and 31 December 2012, respectively.

4 – Including cash and cash equivalents, as stated in our business segment balance sheet of €3.6 BN and €2.7 BN and receivables from cash pooling amounting to €3.2 BN and €2.8 BN, net of liabilities from securities lending and derivatives of €(0.4) BN and €(0.2) BN, as well as liabilities from cash pooling of €(1.1) BN and €(0.2) BN as of 30 September 2013 and 31 December 2012, respectively.

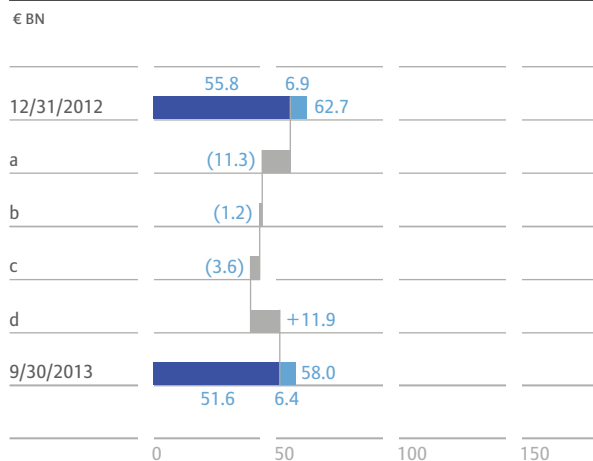
As of 30 September 2013, ABS of €3.5 BN represented 3.4% of the business segment's asset base.

1 – Net of interest expenses (excluding interest expenses from external debt).

Property-Casualty liabilities

DEVELOPMENT OF RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES¹

A 40



- a Loss and loss adjustment expenses paid in current year relating to previous years
b Loss and loss adjustment expenses incurred in previous years
c Foreign currency translation adjustments and other changes, changes in the consolidated subsidiaries of the Allianz Group and reclassifications
d Reserves for loss and loss adjustment expenses in current year

■ Reserves net ■ Reserves ceded ■ Changes

1 — After group consolidation. For further information about changes in the reserves for loss and loss adjustment expenses for the Property-Casualty business segment, please refer to note 15 to the condensed consolidated interim financial statements.

Compared to 31 December 2012, the business segment's gross reserves for loss and loss adjustment expenses decreased by €4.7 BN to €58.0 BN as of 30 September 2013. On a net basis, our reserves totaled €51.6 BN, down by €4.2 BN compared to year-end. A reclassification effect due to changes in our presentation contributed €2.9 BN to the decrease. Effective from 1 January 2013, the Allianz Group changed its presentation of discounted loss reserves in the consolidated balance sheet from the line item "Reserves for loss and loss adjustment expenses" to the line item "Reserves for insurance and investment contracts".¹ Foreign currency translation effects amounted to €(0.8) BN. Excluding both effects, the net reserves declined by €0.5 BN.

1 — For further information on the changes in presentation, please refer to note 2 to the condensed consolidated interim financial statements.

ASSETS AND LIABILITIES OF THE LIFE/HEALTH BUSINESS SEGMENT

Life/Health assets

The asset base of our Life/Health business segment increased 1.7% to €480.1 BN. A decrease in loans and advances to banks and customers was more than offset by increased financial assets for unit-linked contracts and equities as well as higher cash and cash pool assets.

COMPOSITION OF ASSET BASE – FAIR VALUES

A 41

€ BN

	as of 30 September 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	2.2	2.1
Debt securities	2.3	2.3
Other ¹	(3.9)	(3.5)
Subtotal	0.6	0.9
Investments²		
Equities	26.2	24.1
Debt securities	266.1	266.4
Cash and cash pool assets ³	7.6	5.7
Other	9.4	9.9
Subtotal	309.3	306.1
Loans and advances to banks and customers	91.5	94.1
Financial assets for unit-linked contracts⁴	78.7	71.2
Life/Health asset base	480.1	472.3

1 — This comprises assets of €1.5 BN and €1.7 BN and liabilities (including the market value liability option) of €(5.4) BN and €(5.2) BN as of 30 September 2013 and 31 December 2012, respectively.

2 — These do not include affiliates of €0.8 BN and €0.7 BN as of 30 September 2013 and 31 December 2012, respectively.

3 — Including cash and cash equivalents, as stated in our business segment balance sheet, of €7.1 BN and €5.6 BN and receivables from cash pooling amounting to €2.3 BN and €2.6 BN, net of liabilities from securities lending and derivatives of €(1.7) BN and €(1.5) BN, as well as liabilities from cash pooling of €(0.1) BN and €(1.0) BN as of 30 September 2013 and 31 December 2012, respectively.

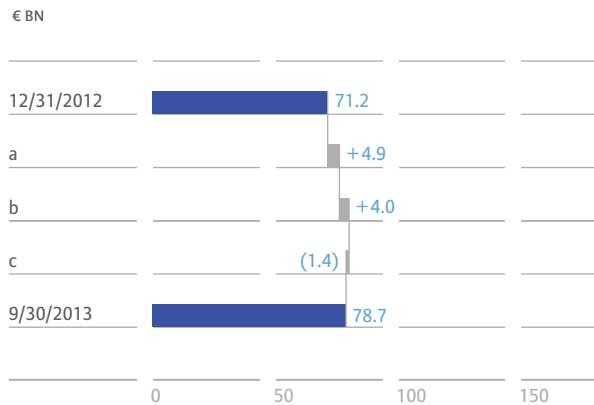
4 — Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

As of 30 September 2013, ABS investments within our Life/Health asset base amounted to €13.8 BN, representing 2.9% of its asset base.

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FINANCIAL ASSETS FOR UNIT-LINKED CONTRACTS¹

A 42



- a Change in unit-linked insurance contracts
- b Change in unit-linked investment contracts
- c Foreign currency translation adjustments
- Financial assets for unit-linked contracts ■ Changes

¹ – Financial assets for unit-linked contracts represent assets owned by, and managed on behalf of, policyholders of the Allianz Group, with all appreciation and depreciation in these assets accruing to the benefit of policyholders. As a result, the value of financial assets for unit-linked contracts in our balance sheet corresponds to the value of financial liabilities for unit-linked contracts. The International Financial Reporting Standards (IFRS) require the classification of any contract written by an insurance company either as an insurance contract or as an investment contract, depending on whether an insurance component is included. This requirement also applies to unit-linked products. In contrast to unit-linked investment contracts, unit-linked insurance contracts include coverage for significant mortality or morbidity risk.

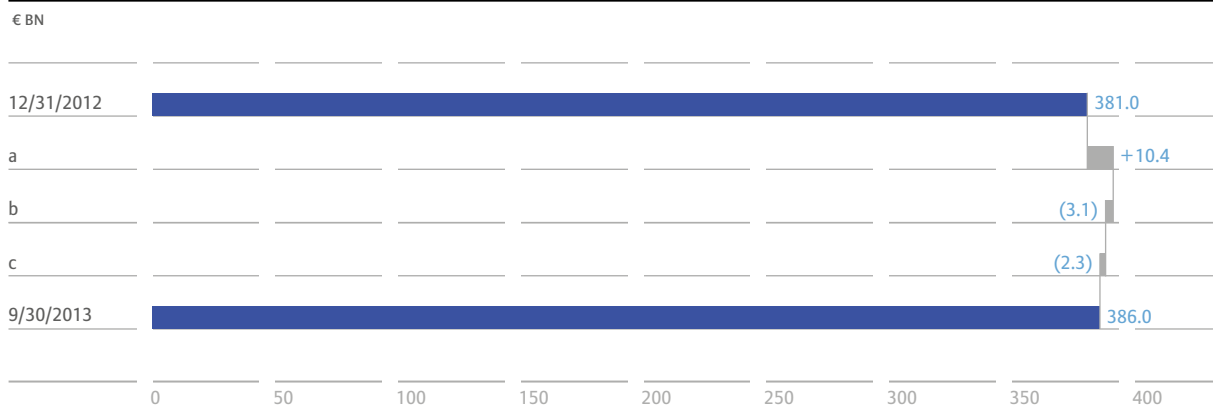
Financial assets for unit-linked contracts increased by €7.5 BN – or 10.5% – to €78.7 BN. Unit-linked insurance contracts increased by €4.9 BN to €53.8 BN due to good fund performance (€3.5 BN) and premium inflows exceeding outflows by €2.7 BN. Unit-linked investment contracts increased by €4.0 BN to €24.9 BN, with premium inflows significantly exceeding outflows (net €2.3 BN). The main drivers of currency effects were the weaker U.S. Dollar (€(0.6) BN) and Asian currencies (€(0.7) BN).¹

Life/Health liabilities

Life/Health reserves for insurance and investment contracts increased by €5.0 BN – or 1.3% – in the first nine months of 2013. The €10.4 BN growth in aggregate policy reserves was mainly driven by our operations in Germany (€7.0 BN), the United States (€0.8 BN before currency effects), Luxembourg (€0.6 BN), Switzerland (€0.5 BN before currency effects) and Belgium (€0.4 BN). Reserves for premium refund decreased by €3.1 BN due to lower unrealized gains to be shared with policyholders. The currency impact was driven by the weaker U.S. Dollar (€(1,4) BN), Asian currencies (€(0.6) BN) and the Swiss Franc (€(0.2) BN).¹

DEVELOPMENT OF RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

A 43



- a Change in aggregate policy reserves
- b Change in reserves for premium refunds
- c Foreign currency translation adjustments
- Reserves ■ Changes

¹ – Based on the closing rate of the respective balance sheet dates.

ASSETS AND LIABILITIES OF THE ASSET MANAGEMENT BUSINESS SEGMENT

Asset Management assets

Our Asset Management business segment's results are derived primarily from third-party asset management. In this section, we refer only to the segment's own assets.¹

The main components of the Asset Management business segment's asset base were cash and cash pool assets and debt securities. The segment's asset base increased by €0.6 BN to €4.4 BN compared to year-end. This increase was driven by higher cash and cash pool assets.

Asset Management liabilities

Liabilities in our Asset Management business segment remained unchanged at €4.4 BN.

ASSETS AND LIABILITIES OF THE CORPORATE AND OTHER BUSINESS SEGMENT

Corporate and Other assets

As of 30 September 2013, our Corporate and Other business segment's asset base amounted to €40.6 BN, a decrease of €1.4 BN compared to 31 December 2012. This decline was driven by a decrease in cash and cash pool assets and to a lesser extent by lower equities, partly offset by higher loans and advances to banks and customers.

COMPOSITION OF ASSET BASE – FAIR VALUES

A 44

€ BN	as of 30 September 2013	as of 31 December 2012
Financial assets and liabilities carried at fair value through income		
Equities	–	–
Debt securities	–	–
Other ¹	(0.3)	(0.2)
Subtotal	(0.3)	(0.2)
Investments²		
Equities	1.4	1.7
Debt securities	23.8	23.8
Cash and cash pool assets ³	(2.5)	(0.4)
Other	0.3	0.2
Subtotal	23.0	25.3
Loans and advances to banks and customers	17.9	16.9
Corporate and Other asset base	40.6	42.0

1 – This comprises assets of €0.2 BN and €0.2 BN and liabilities of €(0.5) BN and €(0.4) BN as of 30 September 2013 and 31 December 2012, respectively.

2 – These do not include affiliates of €75.3 BN and €74.3 BN as of 30 September 2013 and 31 December 2012, respectively.

3 – Including cash and cash equivalents, as stated in our business segment balance sheet, of €2.7 BN and €4.2 BN and receivables from cash pooling amounting to €0.5 BN and €0.2 BN, net of liabilities from securities lending and derivatives of €(0.1) BN and €(0.1) BN, as well as liabilities from cash pooling of €(5.6) BN and €(4.7) BN as of 30 September 2013 and 31 December 2012, respectively.

1.2% of the Corporate and Other business segment's asset base was comprised of ABS, which amounted to €0.5 BN.

Corporate and Other liabilities

Participation certificates and subordinated liabilities decreased by €1.5 BN to €10.0 BN as Allianz SE called for redemption and repaid a subordinated bond with a nominal amount of U.S. Dollar 2.0 BN and a coupon of 8.375% in the second quarter. Certificated liabilities were down by €0.9 BN to €13.8 BN. Other liabilities increased from €21.8 BN to €22.8 BN.²

1 – For further information on the development of these third-party assets, please refer to the Asset Management chapter.

2 – For further information on Allianz SE debt as of 30 September 2013, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

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ALLIANZ SE BONDS¹ OUTSTANDING AS OF 30 SEPTEMBER 2013 AND INTEREST EXPENSES FOR THE FIRST NINE MONTHS OF 2013

A 45

1. SENIOR BONDS ²		5.625% bond issued by Allianz SE	
4.0% bond issued by Allianz Finance II B.V., Amsterdam		Volume	€1.5 BN
Volume	€1.5 BN	Year of issue	2012
Year of issue	2006	Maturity date	10/17/2042
Maturity date	11/23/2016	ISIN	DE 000 A1RE1Q3
ISIN	XS 027 588 026 7	Interest expenses	€64.4 MN
Interest expenses	€46.4 MN	5.5% bond issued by Allianz SE	
1.375% bond issued by Allianz Finance II B.V., Amsterdam		Volume	€1.5 BN
Volume	€0.5 BN	Year of issue	2004
Year of issue	2013	Maturity date	PERPETUAL BOND
Maturity date	3/13/2018	ISIN	XS 018 716 232 5
ISIN	DE000A1HG1J8	Interest expenses	€63.2 MN
Interest expenses	€4.0 MN	4.375% bond issued by Allianz Finance II B.V., Amsterdam	
4.75% bond issued by Allianz Finance II B.V., Amsterdam		Volume	€1.4 BN
Volume	€1.5 BN	Year of issue	2005
Year of issue	2009	Maturity date	PERPETUAL BOND
Maturity date	7/22/2019	ISIN	XS 021 163 783 9
ISIN	DE 000 A1A KHB 8	Interest expenses	€47.4 MN
Interest expenses	€55.1 MN	5.375% bond issued by Allianz Finance II B.V., Amsterdam	
3.5% bond issued by Allianz Finance II B.V., Amsterdam		Volume	€0.8 BN
Volume	€1.5 BN	Year of issue	2006
Year of issue	2012	Maturity date	PERPETUAL BOND
Maturity date	2/14/2022	ISIN	DE 000 A0G NPZ 3
ISIN	DE 000 A1G ORU 9	Interest expenses	€32.2 MN
Interest expenses	€40.4 MN	5.5% bond issued by Allianz SE	
3.0% bond issued by Allianz Finance II B.V., Amsterdam		Volume	USD 1.0 BN
Volume	€0.75 BN	Year of issue	2012
Year of issue	2013	Maturity date	PERPETUAL BOND
Maturity date	3/13/2028	ISIN	XS 085 787 2500
ISIN	DE000A1HG1K6	Interest expenses	€32.2 MN
Interest expenses	€13.1 MN	Total interest expenses for subordinated bonds	€376.1 MN
4.5% bond issued by Allianz Finance II B.V., Amsterdam		3. ISSUES REDEEMED IN 2013	
Volume	GBP 0.75 BN	8.375% bond issued by Allianz SE	
Year of issue	2013	Volume	USD 2.0 BN
Maturity date	3/13/2043	Year of issue	2008
ISIN	DE000A1HG1L4	Maturity date	PERPETUAL BOND
Interest expenses	€22.6 MN	ISIN	US 018 805 200 7
Total interest expenses for senior bonds	€181.6 MN	Interest expenses	€62.6 MN
2. SUBORDINATED BONDS³		4. ISSUES MATURED IN 2013	
6.5% bond issued by Allianz Finance II B.V., Amsterdam		5.0% bond issued by Allianz Finance II B.V., Amsterdam	
Volume	€1.0 BN	Volume	€1.5 BN
Year of issue	2002	Year of issue	2008
Maturity date	1/13/2025	Maturity date	3/6/2013
ISIN	XS 015 952 750 5	ISIN	DE 000 A0T R7K 7
Interest expenses	€49.6 MN	Interest expenses	€13.5 MN
5.75% bond issued by Allianz Finance II B.V., Amsterdam		Sum of interest expenses¹	€633.8 MN
Volume	€2.0 BN	Interest expenses from external debt not presented in the table	€46.5 MN
Year of issue	2011	Total interest expenses from external debt	€680.3 MN
Maturity date	7/8/2041		
ISIN	DE 000 A1GNAH1		
Interest expenses	€87.1 MN		

1 – For further information on Allianz SE debt (issued or guaranteed) as of 30 September 2013, please refer to notes 18 and 19 to the condensed consolidated interim financial statements.

2 – Senior bonds provide for early termination rights in case of non-payment of amounts due under the bond (interest and principal) as well as in case of insolvency.

3 – The terms of the subordinated bonds do not explicitly provide for early termination rights in favor of the bondholder. Interest payments are subject to certain conditions which are linked, inter alia, to our net income, and may have to be deferred. Nevertheless, the terms of the relevant bonds provide for alternative settlement mechanisms which allow us to avoid an interest deferral using cash raised from the issuance of specific newly issued instruments.

Reconciliations

The previous analysis is based on our condensed consolidated interim financial statements and should be read in conjunction with them. In addition to our stated figures according to the International Financial Reporting Standards (IFRS), the Allianz Group uses operating profit and internal growth to enhance the understanding of our results. These additional measures should be viewed as complementary to, and not as a substitute for, our figures determined according to IFRS.

For further information, please refer to note 4 to the condensed consolidated interim financial statements.

Composition of 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

A 46

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Property-Casualty				
Gross premiums written	10,651	11,392	36,602	36,915
Life/Health				
Statutory premiums	12,697	11,912	41,659	38,472
Asset Management				
Operating revenues	1,703	1,845	5,429	4,781
consisting of:				
Net fee and commission income	1,697	1,821	5,403	4,730
Net interest income	2	10	10	22
Income from financial assets and liabilities carried at fair value through income (net)	1	10	8	17
Other income	3	4	8	12
Corporate and Other				
Total revenues (Banking)	132	142	412	438
consisting of:				
Interest and similar income	152	180	463	553
Income from financial assets and liabilities carried at fair value through income (net)	2	6	7	13
Fee and commission income	103	107	348	326
Interest expenses, excluding interest expenses from external debt	(68)	(91)	(213)	(269)
Fee and commission expenses	(58)	(58)	(192)	(183)
Consolidation effects (Banking within Corporate and Other)	1	(2)	(1)	(2)
Consolidation	(39)	(84)	(134)	(150)
Allianz Group total revenues	25,144	25,207	83,968	80,456

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Composition of total revenue growth

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

RECONCILIATION OF NOMINAL TOTAL REVENUE GROWTH TO INTERNAL TOTAL REVENUE GROWTH

A 47

	three months ended 30 September 2013				nine months ended 30 September 2013			
	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth	Internal growth	Changes in scope of consolidation	Foreign currency translation	Nominal growth
Property-Casualty	(5.2)	2.5	(3.8)	(6.5)	(1.1)	2.2	(1.9)	(0.8)
Life/Health	7.3	1.1	(1.8)	6.6	8.7	0.3	(0.7)	8.3
Asset Management	(3.3)	–	(4.4)	(7.7)	16.5	(0.1)	(2.8)	13.6
Corporate and Other	(7.0)	–	–	(7.0)	(5.9)	–	–	(5.9)
Allianz Group	1.0	1.7	(2.9)	(0.2)	4.7	1.2	(1.5)	4.4

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Pages 51–122

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Condensed Consolidated Interim Financial Statements

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CONSOLIDATED BALANCE SHEETS

CONSOLIDATED BALANCE SHEETS

8 01

€ MN

	Note	as of 30 September 2013	as of 31 December 2012
ASSETS			
Cash and cash equivalents		13,069	12,437
Financial assets carried at fair value through income	5	6,921	7,283
Investments	6	402,633	401,628
Loans and advances to banks and customers	7	118,053	119,369
Financial assets for unit-linked contracts		78,674	71,197
Reinsurance assets	8	13,324	13,254
Deferred acquisition costs	9	22,000	19,452
Deferred tax assets		2,194	1,526
Other assets	10	34,105	35,196
Non-current assets classified as held for sale	11	354	15
Intangible assets	12	13,292	13,090
Total assets		704,619	694,447
LIABILITIES AND EQUITY			
Financial liabilities carried at fair value through income	13	5,592	5,397
Liabilities to banks and customers	14	22,157	22,425
Unearned premiums		20,024	17,939
Reserves for loss and loss adjustment expenses	15	67,850	72,540
Reserves for insurance and investment contracts	16	399,265	390,985
Financial liabilities for unit-linked contracts		78,674	71,197
Deferred tax liabilities		3,616	4,035
Other liabilities	17	37,678	37,392
Certificated liabilities	18	8,232	7,960
Participation certificates and subordinated liabilities	19	10,081	11,614
Total liabilities		653,169	641,484
Shareholders' equity		48,770	50,388
Non-controlling interests		2,680	2,575
Total equity	20	51,450	52,963
Total liabilities and equity		704,619	694,447

CONSOLIDATED INCOME STATEMENTS

CONSOLIDATED INCOME STATEMENTS

8 02

€ MN

	Note	three months ended 30 September		nine months ended 30 September	
		2013	2012	2013	2012
Gross premiums written		16,693	17,231	55,346	55,057
Ceded premiums written		(978)	(1,552)	(3,675)	(4,466)
Change in unearned premiums		922	715	(2,071)	(1,955)
Premiums earned (net)	21	16,637	16,394	49,600	48,636
Interest and similar income	22	5,129	5,214	15,708	15,834
Income from financial assets and liabilities carried at fair value through income (net)	23	(562)	(139)	(1,487)	(229)
Realized gains/losses (net)	24	690	735	3,027	3,038
Fee and commission income	25	2,584	2,629	8,017	7,059
Other income	26	42	49	144	158
Income from fully consolidated private equity investments	27	181	197	543	590
Total income		24,701	25,079	75,552	75,086
Claims and insurance benefits incurred (gross)		(12,268)	(12,751)	(37,327)	(37,642)
Claims and insurance benefits incurred (ceded)		394	720	1,843	1,931
Claims and insurance benefits incurred (net)	28	(11,874)	(12,031)	(35,484)	(35,711)
Change in reserves for insurance and investment contracts (net)	29	(3,247)	(3,514)	(10,417)	(10,872)
Interest expenses	30	(300)	(355)	(986)	(1,105)
Loan loss provisions	31	(18)	(13)	(47)	(101)
Impairments of investments (net)	32	(162)	(101)	(478)	(711)
Investment expenses	33	(228)	(230)	(653)	(643)
Acquisition and administrative expenses (net)	34	(5,581)	(5,574)	(16,872)	(16,275)
Fee and commission expenses	35	(788)	(729)	(2,354)	(2,099)
Amortization of intangible assets		(29)	(91)	(86)	(147)
Restructuring charges		16	(13)	(84)	(160)
Other expenses	36	(28)	(25)	(82)	(69)
Expenses from fully consolidated private equity investments	27	(185)	(201)	(555)	(647)
Total expenses		(22,424)	(22,877)	(68,098)	(68,540)
Income before income taxes		2,277	2,202	7,454	6,546
Income taxes	37	(746)	(749)	(2,447)	(2,304)
Net income		1,531	1,453	5,007	4,242
Net income attributable to:					
Non-controlling interests		86	94	267	254
Shareholders		1,445	1,359	4,740	3,988
Basic earnings per share (€)	39	3.19	3.00	10.46	8.81
Diluted earnings per share (€)	39	3.14	2.98	10.33	8.77

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

8 03

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Net income	1,531	1,453	5,007	4,242
Other comprehensive income				
Items that may be reclassified to profit and loss in future periods				
Foreign currency translation adjustments				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(644)	(127)	(880)	313
Subtotal	(644)	(127)	(880)	313
Available-for-sale investments				
Reclassifications to net income	(138)	(129)	(695)	(271)
Changes arising during the period	346	2,808	(2,631)	5,077
Subtotal	208	2,679	(3,326)	4,806
Cash flow hedges				
Reclassifications to net income	11	–	10	(1)
Changes arising during the period	2	39	(60)	67
Subtotal	13	39	(50)	66
Share of other comprehensive income of associates				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(27)	7	(42)	12
Subtotal	(27)	7	(42)	12
Miscellaneous				
Reclassifications to net income	–	–	–	–
Changes arising during the period	(9)	33	79	124
Subtotal	(9)	33	79	124
Items that may never be reclassified to profit and loss				
Actuarial gains and losses on defined benefit plans (see note 2)	(111)	(981)	(135)	(1,216)
Total other comprehensive income	(570)	1,650	(4,354)	4,105
Total comprehensive income	961	3,103	653	8,347
Total comprehensive income attributable to:				
Non-controlling interests	58	144	226	422
Shareholders	903	2,959	427	7,925

For further details concerning income taxes relating to components of the other comprehensive income, please see note 37 – Income taxes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

8 04

€ MN

	Paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealized gains and losses (net)	Shareholders' equity	Non-controlling interests	Total equity
Balance as of 1 January 2012, as previously reported	28,763	13,522	(1,996)	4,626	44,915	2,338	47,253
Adjustments (see note 2)	–	(1,457)	(1)	–	(1,458)	(48)	(1,506)
Balance as of 1 January 2012, as reported	28,763	12,065	(1,997)	4,626	43,457	2,290	45,747
Total comprehensive income ¹	–	2,873	300	4,752	7,925	422	8,347
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	13	–	–	13	–	13
Transactions between equity holders	–	(62)	9	3	(50)	(120)	(170)
Dividends paid	–	(2,037)	–	–	(2,037)	(155)	(2,192)
Balance as of 30 September 2012	28,763	12,852	(1,688)	9,381	49,308	2,437	51,745
Balance as of 1 January 2013, as previously reported	28,815	16,689	(2,073)	10,122	53,553	2,665	56,218
Adjustments (see note 2)	–	(3,165)	–	–	(3,165)	(90)	(3,255)
Balance as of 1 January 2013, as reported	28,815	13,524	(2,073)	10,122	50,388	2,575	52,963
Total comprehensive income ¹	–	4,606	(830)	(3,349)	427	226	653
Paid-in capital	–	–	–	–	–	–	–
Treasury shares	–	4	–	–	4	–	4
Transactions between equity holders	–	(11)	–	1	(10)	120	110
Dividends paid	–	(2,039)	–	–	(2,039)	(241)	(2,280)
Balance as of 30 September 2013	28,815	16,084	(2,903)	6,774	48,770	2,680	51,450

1 – Total comprehensive income in shareholders' equity for the nine months ended 30 September 2013 comprises net income attributable to shareholders of €4,740 MN (2012: €3,988 MN).

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

8 05

€ MN	2013	2012
nine months ended 30 September		
SUMMARY		
Net cash flow provided by operating activities	20,051	17,004
Net cash flow used in investing activities	(15,288)	(13,035)
Net cash flow used in financing activities	(3,978)	(2,471)
Effect of exchange rate changes on cash and cash equivalents	(153)	70
Change in cash and cash equivalents	632	1,568
Cash and cash equivalents at beginning of period	12,437	10,492
Cash and cash equivalents at end of period	13,069	12,060
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	5,007	4,242
Adjustments to reconcile net income to net cash flow provided by operating activities		
Share of earnings from investments in associates and joint ventures	(110)	(95)
Realized gains/losses (net) and impairments of investments (net) of:		
Available-for-sale and held-to-maturity investments, investments in associates and joint ventures, real estate held for investment, loans and advances to banks and customers	(2,549)	(2,327)
Other investments, mainly financial assets held for trading and designated at fair value through income	1,016	396
Depreciation and amortization	807	802
Loan loss provisions	47	101
Interest credited to policyholder accounts	3,471	3,042
Net change in:		
Financial assets and liabilities held for trading	(199)	(1,646)
Reverse repurchase agreements and collateral paid for securities borrowing transactions	491	84
Repurchase agreements and collateral received from securities lending transactions	303	686
Reinsurance assets	(700)	(652)
Deferred acquisition costs	(553)	(311)
Unearned premiums	2,402	2,383
Reserves for loss and loss adjustment expenses	(243)	2,008
Reserves for insurance and investment contracts	7,737	8,490
Deferred tax assets/liabilities	296	(65)
Other (net)	2,828	(134)
Subtotal	15,044	12,762
Net cash flow provided by operating activities	20,051	17,004

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

8 05

€ MN	2013	2012
nine months ended 30 September		
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from the sale, maturity or repayment of:		
Financial assets designated at fair value through income	1,159	1,723
Available-for-sale investments	86,896	94,675
Held-to-maturity investments	424	510
Investments in associates and joint ventures	231	214
Non-current assets classified as held for sale	26	196
Real estate held for investment	259	135
Loans and advances to banks and customers (purchased loans)	7,324	8,348
Property and equipment	126	157
Subtotal	96,445	105,958
Payments for the purchase or origination of:		
Financial assets designated at fair value through income	(658)	(805)
Available-for-sale investments	(101,630)	(109,200)
Held-to-maturity investments	(176)	(842)
Investments in associates and joint ventures	(630)	(268)
Non-current assets classified as held for sale	–	(225)
Real estate held for investment	(813)	(400)
Loans and advances to banks and customers (purchased loans)	(5,682)	(4,683)
Property and equipment	(1,065)	(1,038)
Subtotal	(110,654)	(117,461)
Business combinations:		
Proceeds from sale of subsidiaries, net of cash disposed	75	–
Acquisitions of subsidiaries, net of cash acquired	(380)	22
Change in other loans and advances to banks and customers (originated loans)	(1,136)	(1,597)
Other (net)	362	43
Net cash flow used in investing activities	(15,288)	(13,035)
CASH FLOW FROM FINANCING ACTIVITIES		
Net change in liabilities to banks and customers	(411)	70
Proceeds from the issuance of certificated liabilities, participation certificates and subordinated liabilities	4,316	6,200
Repayments of certificated liabilities, participation certificates and subordinated liabilities	(5,568)	(6,262)
Cash inflow from capital increases	–	–
Transactions between equity holders	3	(170)
Dividends paid to shareholders	(2,280)	(2,192)
Net cash from sale or purchase of treasury shares	8	13
Other (net)	(46)	(130)
Net cash flow used in financing activities	(3,978)	(2,471)
SUPPLEMENTARY INFORMATION TO THE CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS		
Income taxes paid	(2,346)	(1,357)
Dividends received	1,083	923
Interest received	14,533	14,821
Interest paid	(1,045)	(1,182)

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Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

1 – Basis of presentation

The condensed consolidated interim financial statements of the Allianz Group – comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes – are presented in accordance with the requirements of IAS 34, Interim Financial Reporting, and have been prepared in conformity with International Financial Reporting Standards (IFRS), as adopted under European Union (E.U.) regulations in accordance with § 315a of the German Commercial Code (HGB). IFRS comprise the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and the interpretations developed by the IFRS Interpretations Committee (formerly called the IFRIC) or the former Standing Interpretations Committee (SIC).

Within these condensed consolidated interim financial statements, the Allianz Group has applied all IFRS issued by the IASB that are endorsed by the E.U. and are compulsory as of 1 January 2013. See note 2 for further details.

For existing and unchanged IFRS, the accounting policies for recognition, measurement, consolidation and presentation applied in the preparation of the condensed consolidated interim financial statements are generally consistent with the accounting policies that have been applied in the preparation of the consolidated financial statements for the year ended 31 December 2012. See note 2 for further details. These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements included in the Allianz Group Annual Report 2012.

IFRS do not provide specific guidance concerning all aspects of the recognition and measurement of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Therefore, as envisioned in IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, to those aspects where specific guidance is not provided by IFRS 4, Insurance Contracts, the provisions embodied under accounting principles generally accepted in the United States of America (US GAAP) as at first-time adoption of IFRS 4 on 1 January 2005, have been applied.

The condensed consolidated interim financial statements are presented in millions of Euros (€), unless otherwise stated.

These condensed consolidated interim financial statements of the Allianz Group were authorized for issue by the Board of Management on 7 November 2013.

2 – Recently adopted accounting pronouncements and changes in the presentation of the condensed consolidated interim financial statements

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS effective 1 January 2013

Amendments to IAS 19 – Employee Benefits

The amendments eliminate the corridor approach and require all actuarial gains and losses to be recognized immediately in other comprehensive income (OCI). While all remeasurements need to be recognized in OCI, service and interest costs have to be recognized in the profit and loss account. The long-term return on plan assets has to be calculated using the same interest rate used to discount the defined benefit obligation (DBO).

The amendments to IAS 19 are applied retrospectively.

The following table presents the impacts of the adoption of the amendments to IAS 19 on the consolidated balance sheet.

CHANGE OF CONSOLIDATED BALANCE SHEET RELATING TO AMENDMENTS TO IAS 19 – EMPLOYEE BENEFITS			
B 06			
€ MN			
as of 31 December 2012	As previously reported	Amendments to IAS 19	As reported
Deferred tax assets	1,270	256	1,526
Other assets	35,626	(430)	35,196
Total assets	694,621	(174)	694,447
Reserves for insurance and investment contracts	390,987	(2)	390,985
Deferred tax liabilities	5,169	(1,134)	4,035
Other liabilities	33,175	4,217	37,392
Total liabilities	638,403	3,081	641,484
Shareholders' equity	53,553	(3,165)	50,388
Non-controlling interests	2,665	(90)	2,575
Total equity	56,218	(3,255)	52,963
Total liabilities and equity	694,621	(174)	694,447

The impact of the adoption of the amendments to IAS 19 on the consolidated income statement for the three and the nine months ended 30 September 2012 led to a €20 MN and €55 MN decrease in acquisition and administrative expenses (net) and a €5 MN and €16 MN increase in income taxes. This resulted in a 3 cent and an 8 cent increase in earnings per share for the three and the nine months ended 30 September 2012. For the year ended 31 December 2012, the adoption led to an increase in income before income taxes of €88 MN and an increase in income taxes of €21 MN. This resulted in an increase in the earnings per share of 14 cents.

The impact on the total other comprehensive income was €(984) MN and €(1,217) MN for the three and the nine months ended 30 September 2012 and €(1,816) MN for the year ended 31 December 2012.

The impact on the condensed consolidated statements of cash flows is immaterial.

Further adopted accounting pronouncements

In addition to the amendments to IAS 19 Employee Benefits, the following new standard, amendments and revisions to existing standards became effective for the Allianz Group's consolidated financial statements as of 1 January 2013:

- IAS 1, Presentation of Financial Statements – Amendment to Presentation of Items of Other Comprehensive Income,
- IFRS 7, Financial Instruments: Disclosures – Amendments to Offsetting Financial Assets and Financial Liabilities,
- IFRS 13, Fair Value Measurement,
- Annual Improvements to IFRS 2009-2011.

The Allianz Group adopted the new standard, the revisions and amendments as of 1 January 2013, with no material impact on its financial results or financial position.

CHANGES IN THE PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Change in presentation of discounted loss reserves in the business segment Property-Casualty

Effective 1 January 2013, the Allianz Group prospectively changed its presentation of discounted loss reserves in the consolidated balance sheet from the line item "Reserves for loss and loss adjustment expenses" to the line item "Reserves for insurance and investment contracts". In the consolidated income statement, the unwinding of the discounted loss reserves is now presented in "Change in reserves for insurance and investment contracts (net)".

The Allianz Group believes this change in presentation results in information that is more relevant to the economic decision-making needs of users of financial statements as it better reflects the nature of the reserves in the financial statements. In addition, the key performance indicator "combined ratio" reflects the net underwriting result.

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The following tables present the impacts of the change in presentation of discounted loss reserves.

CHANGE OF CONSOLIDATED BALANCE SHEET RELATING TO CHANGE IN PRESENTATION OF DISCOUNTED LOSS RESERVES B 07

€ MN	Before change in presentation	Change in presentation	As reported
as of 30 September 2013			
Reserves for loss and loss adjustment expenses	71,065	(3,215)	67,850
Reserves for insurance and investment contracts	396,050	3,215	399,265
Total liabilities	653,169	–	653,169

CHANGE OF CONSOLIDATED INCOME STATEMENTS RELATING TO CHANGE IN PRESENTATION OF DISCOUNTED LOSS RESERVES B 08

€ MN	three months ended 30 September 2013			nine months ended 30 September 2013		
	Before change in presentation	Change in presentation	As reported	Before change in presentation	Change in presentation	As reported
Claims and insurance benefits incurred (net)	(11,897)	23	(11,874)	(35,554)	70	(35,484)
Change in reserves for insurance and investment contracts (net)	(3,224)	(23)	(3,247)	(10,347)	(70)	(10,417)
Net income	1,531	–	1,531	5,007	–	5,007
Loss ratio in %	67.4	(0.2)	67.2	67.0	(0.2)	66.8
Combined ratio in %	95.0	(0.2)	94.8	95.2	(0.2)	95.0

Change in presentation of condensed consolidated statements of cash flows

The Allianz Group has changed the presentation of policyholders' account deposits and withdrawals in its condensed consolidated statements of cash flows from cash flow from financing activities to cash flow from operating activities. The change in presentation has been applied retrospectively.

The Allianz Group believes this change in presentation results in information that is more relevant to the economic decision-making needs of users of financial statements as those cash flows relate to the insurance activities of Allianz Group. The change in presentation results in a consistent presentation of all cash flows from insurance activities as cash flows from operating activities.

The following table presents the impact of the change in presentation of policyholders' account deposits and with-

drawals on the condensed consolidated statements of cash flows.

CHANGE OF CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS RELATING TO CHANGE IN PRESENTATION OF POLICYHOLDERS' ACCOUNT DEPOSITS AND WITHDRAWALS B 09

€ MN	As previously reported	Change in presentation	As reported
nine months ended 30 September 2012			
Net cash flow provided by operating activities	15,907	1,097	17,004
Net cash flow used in financing activities	(1,374)	(1,097)	(2,471)
Cash and cash equivalents at end of period	12,060	–	12,060

OTHER RECLASSIFICATIONS

Certain prior-period amounts have been reclassified to conform to the current period presentation.

3 – Consolidation

SIGNIFICANT ACQUISITIONS

Yapı Kredi Sigorta A.Ş. and Yapı Kredi Emeklilik A.Ş.

On 12 July 2013, Allianz acquired Yapı Kredi Bank's 93.94% shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta, including its life and pension insurance subsidiary Yapı Kredi Emeklilik. Yapı Kredi Bank ultimately retains a 20% stake in Yapı Kredi Emeklilik to support the long-term strategic partnership with Allianz. This transaction is consistent with Allianz's strategy to access growth through strategic relationships in high-growth insurance markets. The consideration paid, net of proceeds received from the sale of the Yapı Kredi Emeklilik stake to Yapı Kredi Bank, amounted to €639 MN (TRY 1,603 MN), while the total gross consideration paid in cash to Yapı Kredi Bank amounted to €714 MN (TRY 1,791 MN). Through the year 2013, acquisition-related expenses in the amount of approximately €5 MN were included in administrative expenses until the authorization of the condensed consolidated interim financial statements.

The following two tables summarize the consideration transferred, the recognized amounts of assets acquired and liabilities assumed as well as the determination of goodwill:

YAPI KREDI SIGORTA A.Ş. AND YAPI KREDI EMEKLILIK A.Ş. – CONSIDERATION TRANSFERRED AND IDENTIFIABLE ASSETS AND LIABILITIES

B 10

€ MN	Fair value
Consideration transferred	
Cash paid for 93.94% Yapı Kredi Sigorta shares	714
Cash received for sale of 19.93% Yapı Kredi Emeklilik stake	(75)
Total consideration transferred	639
Identifiable assets acquired and liabilities assumed	
Cash and cash equivalents (excluding 19.93% Yapı Kredi Emeklilik sale)	334
Investments	247
Loans and advances to banks and customers	7
Financial assets for unit-linked contracts	1,612
Reinsurance assets	133
Deferred acquisition costs (PVFP)	214
Other assets	197
Intangible assets	232
Unearned premiums	(264)
Reserves for loss and loss adjustment expenses	(174)
Reserves for insurance and investment contracts	(193)
Financial liabilities for unit-linked contracts	(1,612)
Deferred tax liabilities	(82)
Other liabilities	(127)
Total net identifiable assets	524

YAPI KREDI SIGORTA A.Ş. AND YAPI KREDI EMEKLILIK A.Ş. – DETERMINATION OF GOODWILL

B 11

€ MN	Fair value
Goodwill recognition	
Total consideration transferred	639
Total net identifiable assets	524
Non-controlling interests ¹	(107)
Goodwill	222

¹ – Based on their proportionate interest in the recognized amounts of the assets and liabilities of the acquiree.

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Goodwill from the transaction amounted to €222 MN and primarily reflects anticipated growth opportunities in the Turkish insurance market. The impact of Yapı Kredi Sigorta and Yapı Kredi Emeklilik on the Allianz Group's total revenues and net income for the three months ended 30 September 2013 was €213 MN and €13 MN, respectively. The gross premiums written, total revenues and net income of the combined entity (Allianz Group including Yapı Kredi Sigorta and Yapı Kredi Emeklilik) for the nine months ended 30 September 2013 would have been €55,728 MN, €84,770 MN and €5,032 MN, respectively, if the acquisition date was 1 January 2013.

As a result of the purchase of shares representing 93.94% of the share capital of Yapı Kredi Sigorta on 12 July 2013, after confirmation by the Turkish Capital Market Board, Allianz SE made a mandatory tender offer of TRY 18.8114 per share for the remaining shares of Yapı Kredi Sigorta. On 14 October 2013, Allianz SE started the purchases. As of today, Allianz SE has purchased shares in the amount of €35 MN. The value of the remaining shares that could be acquired during the mandatory tender offer is approx. €8 MN.

HSBC Taiwan Life branch

On 21 June 2013, the Allianz Group acquired the assets and assumed the liabilities of the Taiwan branch of HSBC Life (International) Limited as part of the regional cooperation with HSBC and integrated it into Allianz Taiwan. The total consideration paid in cash amounted to €14 MN.

The following table summarizes the consideration transferred and amounts recognized for major classes of identifiable assets acquired and liabilities assumed:

HSBC TAIWAN LIFE BRANCH – CONSIDERATION TRANSFERRED AND IDENTIFIABLE ASSETS AND LIABILITIES		B 12
€ MN		Fair value
Consideration transferred		
Cash consideration transferred		14
Purchase price adjustment		(14)
Total consideration transferred		–
Identifiable assets acquired and liabilities assumed		
Cash and cash equivalents		6
Investments		69
Loans and advances to banks and customers		3
Financial assets for unit-linked contracts		35
Deferred acquisition costs		15
Reserves for insurance and investment contracts		(90)
Financial liabilities for unit-linked contracts		(35)
Deferred tax liabilities		(2)
Other liabilities		(1)
Total net identifiable assets		–

The impact of the acquisition of the HSBC Taiwan Life branch on the total revenues and net income of the Allianz Group since the acquisition date as well as if the acquisition date had been 1 January 2013, was not material.

4 – Segment reporting

IDENTIFICATION OF REPORTABLE SEGMENTS

The business activities of the Allianz Group are first organized by product and type of service: insurance activities, asset management activities and corporate and other activities. Due to differences in the nature of products, risks and capital allocation, insurance activities are further divided into the Property-Casualty and Life/Health categories. In accordance with the responsibilities of the Board of Management, each of the insurance categories is grouped into the following reportable segments:

- German Speaking Countries,
- Western & Southern Europe,
- Iberia & Latin America,
- USA,
- Global Insurance Lines & Anglo Markets,
- Growth Markets,
- Allianz Worldwide Partners (Property-Casualty only).

Asset management activities represent a separate reportable segment. Due to differences in the nature of products, risks and capital allocation, corporate and other activities are divided into three reportable segments: Holding & Treasury, Banking and Alternative Investments. In total, the Allianz Group has identified 17 reportable segments in accordance with IFRS 8, Operating Segments.

The types of products and services from which reportable segments derive revenue are described below.

Property-Casualty

In the Property-Casualty category, reportable segments offer a wide variety of insurance products to both private and corporate customers, including motor liability and own damage, accident, general liability, fire and property, legal expense, credit and travel insurance.

Life/Health

In the Life/Health category, reportable segments offer a comprehensive range of life and health insurance products on both an individual and a group basis, including annuities, endowment and term insurance, unit-linked and investment-oriented products as well as full private health and supplemental health and long-term care insurance.

Asset Management

The reportable segment Asset Management operates as a global provider of institutional and retail asset management products and services to third-party investors and provides investment management services to the Allianz Group's insurance operations. The products for retail and institutional customers include equity and fixed income funds as well as alternative products. The United States and Germany as well as France, Italy and the Asia-Pacific region represent the primary asset management markets.

Corporate and Other

The reportable segment Holding & Treasury includes the management and support of the Allianz Group's businesses through its strategy, risk, corporate finance, treasury, financial reporting, controlling, communication, legal, human resources and technology functions. The reportable segment Banking consists of the banking activities in Germany, France, Italy, the Netherlands and Bulgaria. The banks offer a wide range of products for corporate and retail clients, with a primary focus on the latter. The reportable segment Alternative Investments provides global alternative investment management services in the private equity, real estate, renewable energy and infrastructure sectors, mainly on behalf of the Allianz Group's insurance operations. The reportable segment Alternative Investments also includes a fully consolidated private equity investment. The income and expenses of this investment are included in the non-operating result.

Prices for transactions between reportable segments are set on an arm's length basis in a manner similar to transactions with third parties. Transactions between reportable segments are eliminated in Consolidation. For the reportable segment Asset Management, interest revenues are reported net of interest expenses.

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REPORTABLE SEGMENTS MEASURE OF PROFIT OR LOSS

The Allianz Group uses operating profit to evaluate the performance of its reportable segments and the Allianz Group as a whole. Operating profit highlights the portion of income before income taxes attributable to the ongoing core operations of the Allianz Group. The Allianz Group considers the presentation of operating profit to be useful and meaningful to investors because it enhances the understanding of the Allianz Group's underlying operating performance and the comparability of its operating performance over time.

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

- 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 fully consolidated private equity investments (net), as this represents income from industrial holdings, which is outside the Allianz Group's normal scope of operating business,
- 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 and do vary, sometimes materially, through time.

Against this general rule, the following exceptions apply:

- 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 though these belong to policyholders. In the segment reporting, the 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.

Effective 1 January 2013, all restructuring charges are presented within operating profit. This change does not impact recognition and measurement of the restructuring charges, shareholders' equity and net income.

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

BUSINESS SEGMENT INFORMATION – CONSOLIDATED BALANCE SHEETS

€ MN	Property-Casualty		Life/Health	
	as of	as of	as of	as of
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
ASSETS				
Cash and cash equivalents	3,593	2,707	7,107	5,574
Financial assets carried at fair value through income	563	624	6,021	6,150
Investments	89,657	90,168	302,554	301,111
Loans and advances to banks and customers	16,455	18,331	91,450	94,080
Financial assets for unit-linked contracts	–	–	78,674	71,197
Reinsurance assets	8,621	8,432	4,727	4,858
Deferred acquisition costs	4,422	4,323	17,420	14,990
Deferred tax assets	1,123	1,096	260	245
Other assets	20,859	21,633	16,235	16,753
Non-current assets classified as held for sale	90	–	263	12
Intangible assets	2,541	2,336	2,671	2,207
Total assets	147,924	149,650	527,382	517,177

€ MN	Property-Casualty		Life/Health	
	as of	as of	as of	as of
	30 September 2013	31 December 2012	30 September 2013	31 December 2012
LIABILITIES AND EQUITY				
Financial liabilities carried at fair value through income	79	100	5,448	5,255
Liabilities to banks and customers	1,419	1,146	2,217	1,972
Unearned premiums	17,222	15,328	2,810	2,618
Reserves for loss and loss adjustment expenses	58,044	62,711	9,813	9,854
Reserves for insurance and investment contracts	13,401	10,174	386,050	380,993
Financial liabilities for unit-linked contracts	–	–	78,674	71,197
Deferred tax liabilities	2,177	2,562	2,561	3,276
Other liabilities	15,200	16,887	13,988	14,107
Certificated liabilities	12	25	12	–
Participation certificates and subordinated liabilities	–	–	95	95
Total liabilities	107,554	108,933	501,668	489,367

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B 13

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012
2,043	1,514	2,751	4,209	(2,425)	(1,567)	13,069	12,437
571	699	183	170	(417)	(360)	6,921	7,283
1,164	1,116	100,705	100,082	(91,447)	(90,849)	402,633	401,628
465	395	17,947	16,896	(8,264)	(10,333)	118,053	119,369
–	–	–	–	–	–	78,674	71,197
–	–	–	–	(24)	(36)	13,324	13,254
158	139	–	–	–	–	22,000	19,452
183	257	2,024	2,217	(1,396)	(2,289)	2,194	1,526
2,431	2,316	5,394	5,570	(10,814)	(11,076)	34,105	35,196
–	–	1	3	–	–	354	15
7,308	7,407	772	1,140	–	–	13,292	13,090
14,323	13,843	129,777	130,287	(114,787)	(116,510)	704,619	694,447

Asset Management		Corporate and Other		Consolidation		Group	
as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012	as of 30 September 2013	as of 31 December 2012
–	–	481	403	(416)	(361)	5,592	5,397
1,391	1,398	21,894	22,791	(4,764)	(4,882)	22,157	22,425
–	–	–	–	(8)	(7)	20,024	17,939
–	–	–	–	(7)	(25)	67,850	72,540
–	–	–	–	(186)	(182)	399,265	390,985
–	–	–	–	–	–	78,674	71,197
121	174	152	312	(1,395)	(2,289)	3,616	4,035
2,923	2,780	22,757	21,753	(17,190)	(18,135)	37,678	37,392
–	–	13,810	14,675	(5,602)	(6,740)	8,232	7,960
14	14	10,036	11,569	(64)	(64)	10,081	11,614
4,449	4,366	69,130	71,503	(29,632)	(32,685)	653,169	641,484
				Total equity		51,450	52,963
				Total liabilities and equity		704,619	694,447

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS)

€ MN	Property-Casualty		Life/Health	
	2013	2012	2013	2012
three months ended 30 September				
Total revenues¹	10,651	11,392	12,697	11,912
Premiums earned (net)	10,768	10,804	5,869	5,643
Operating investment result				
Interest and similar income	885	922	4,128	4,166
Operating income from financial assets and liabilities carried at fair value through income (net)	(34)	(20)	(537)	(120)
Operating realized gains/losses (net)	14	32	541	596
Interest expenses, excluding interest expenses from external debt	(9)	(11)	(16)	(21)
Operating impairments of investments (net)	(1)	(1)	(25)	(68)
Investment expenses	(88)	(75)	(198)	(189)
Subtotal	767	847	3,893	4,364
Fee and commission income	318	277	166	135
Other income	10	10	31	31
Claims and insurance benefits incurred (net)	(7,233)	(7,482)	(4,643)	(4,550)
Change in reserves for insurance and investment contracts (net) ²	(106)	(108)	(3,139)	(3,422)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(2,976)	(2,915)	(1,322)	(1,301)
Fee and commission expenses	(295)	(259)	(61)	(57)
Restructuring charges	(10)	(6)	–	(6)
Other expenses	(7)	(6)	(25)	(22)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	1,236	1,162	769	815
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(7)	7	7	2
Non-operating realized gains/losses (net)	78	45	28	(26)
Non-operating impairments of investments (net)	(130)	(14)	(4)	(4)
Subtotal	(59)	38	31	(28)
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(16)	(7)	(5)	–
Reclassification of tax benefits	–	–	–	–
Non-operating items	(75)	31	26	(28)
Income (loss) before income taxes	1,161	1,193	795	787
Income taxes	(365)	(371)	(233)	(248)
Net income (loss)	796	822	562	539
Net income (loss) attributable to:				
Non-controlling interests	35	50	24	26
Shareholders	761	772	538	513

1 – 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).

2 – For the three months ended 30 September 2013, includes expenses for premium refunds (net) in Property-Casualty of €(48) MN (2012: €(52) MN).

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B 14

Asset Management		Corporate and Other		Consolidation		Group	
2013	2012	2013	2012	2013	2012	2013	2012
1,703	1,845	132	142	(39)	(84)	25,144	25,207
–	–	–	–	–	(53)	16,637	16,394
9	13	202	241	(95)	(128)	5,129	5,214
1	10	15	(3)	(7)	6	(562)	(127)
–	–	–	–	1	–	556	628
(7)	(3)	(152)	(196)	90	109	(94)	(122)
–	–	–	–	–	24	(26)	(45)
–	–	(20)	(26)	78	60	(228)	(230)
3	20	45	16	67	71	4,775	5,318
2,059	2,182	170	153	(129)	(118)	2,584	2,629
3	4	(1)	5	(1)	(1)	42	49
–	–	–	–	2	1	(11,874)	(12,031)
–	–	–	–	(2)	16	(3,247)	(3,514)
–	–	(18)	(13)	–	–	(18)	(13)
(949)	(996)	(326)	(313)	(7)	(7)	(5,580)	(5,532)
(362)	(361)	(126)	(108)	56	56	(788)	(729)
–	(1)	26	–	–	–	16	(13)
–	–	–	(1)	4	4	(28)	(25)
–	–	–	–	–	5	–	5
754	848	(230)	(261)	(10)	(26)	2,519	2,538
–	–	(7)	(24)	7	3	–	(12)
1	–	26	88	1	–	134	107
–	–	(2)	(38)	–	–	(136)	(56)
1	–	17	26	8	3	(2)	39
–	–	(5)	(10)	1	6	(4)	(4)
–	–	(206)	(233)	–	–	(206)	(233)
–	(40)	(1)	(2)	–	–	(1)	(42)
(6)	(11)	(1)	(97)	(1)	24	(29)	(91)
–	–	–	–	–	(5)	–	(5)
(5)	(51)	(196)	(316)	8	28	(242)	(336)
749	797	(426)	(577)	(2)	2	2,277	2,202
(267)	(275)	119	140	–	5	(746)	(749)
482	522	(307)	(437)	(2)	7	1,531	1,453
23	15	4	3	–	–	86	94
459	507	(311)	(440)	(2)	7	1,445	1,359

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

BUSINESS SEGMENT INFORMATION – TOTAL REVENUES AND RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET INCOME (LOSS) (CONTINUED)

€ MN	Property-Casualty		Life/Health	
	2013	2012	2013	2012
nine months ended 30 September				
Total revenues¹	36,602	36,915	41,659	38,472
Premiums earned (net)	31,459	31,151	18,141	17,538
Operating investment result				
Interest and similar income	2,704	2,837	12,573	12,651
Operating income from financial assets and liabilities carried at fair value through income (net)	(61)	(25)	(1,467)	(487)
Operating realized gains/losses (net)	44	46	2,158	2,396
Interest expenses, excluding interest expenses from external debt	(31)	(33)	(56)	(62)
Operating impairments of investments (net)	(9)	(15)	(219)	(334)
Investment expenses	(233)	(212)	(581)	(542)
Subtotal	2,414	2,598	12,408	13,622
Fee and commission income	915	858	474	393
Other income	29	27	111	110
Claims and insurance benefits incurred (net)	(21,030)	(21,483)	(14,459)	(14,229)
Change in reserves for insurance and investment contracts (net) ²	(318)	(264)	(10,068)	(10,653)
Loan loss provisions	–	–	–	–
Acquisition and administrative expenses (net), excluding acquisition-related expenses	(8,861)	(8,589)	(4,048)	(4,075)
Fee and commission expenses	(843)	(799)	(191)	(175)
Restructuring charges	(13)	(88)	(2)	(10)
Other expenses	(18)	(16)	(73)	(63)
Reclassification of tax benefits	–	–	–	–
Operating profit (loss)	3,734	3,395	2,293	2,458
Non-operating investment result				
Non-operating income from financial assets and liabilities carried at fair value through income (net)	7	(55)	15	19
Non-operating realized gains/losses (net)	463	411	86	(13)
Non-operating impairments of investments (net)	(181)	(180)	(14)	(31)
Subtotal	289	176	87	(25)
Income from fully consolidated private equity investments (net)	–	–	–	–
Interest expenses from external debt	–	–	–	–
Acquisition-related expenses	–	–	–	–
Amortization of intangible assets	(24)	(23)	(10)	(2)
Reclassification of tax benefits	–	–	–	–
Non-operating items	265	153	77	(27)
Income (loss) before income taxes	3,999	3,548	2,370	2,431
Income taxes	(1,185)	(1,073)	(706)	(760)
Net income (loss)	2,814	2,475	1,664	1,671
Net income (loss) attributable to:				
Non-controlling interests	123	139	67	69
Shareholders	2,691	2,336	1,597	1,602

1 – 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).

2 – For the nine months ended 30 September 2013, includes expenses for premium refunds (net) in Property-Casualty of €(148) MN (2012: €(103) MN).

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Asset Management		Corporate and Other		Consolidation		Group	
2013	2012	2013	2012	2013	2012	2013	2012
5,429	4,781	412	438	(134)	(150)	83,968	80,456
–	–	–	–	–	(53)	49,600	48,636
30	37	691	750	(290)	(441)	15,708	15,834
8	17	34	17	(4)	5	(1,490)	(473)
–	–	–	–	(34)	3	2,168	2,445
(20)	(15)	(473)	(587)	274	335	(306)	(362)
–	–	–	–	21	24	(207)	(325)
–	–	(59)	(74)	220	185	(653)	(643)
18	39	193	106	187	111	15,220	16,476
6,524	5,699	513	476	(409)	(367)	8,017	7,059
8	12	–	6	(4)	3	144	158
–	–	–	–	5	1	(35,484)	(35,711)
–	–	–	–	(31)	45	(10,417)	(10,872)
–	–	(47)	(101)	–	–	(47)	(101)
(2,966)	(2,683)	(967)	(885)	12	21	(16,830)	(16,211)
(1,121)	(969)	(369)	(315)	170	159	(2,354)	(2,099)
(5)	(62)	(64)	–	–	–	(84)	(160)
–	–	(2)	(2)	11	12	(82)	(69)
–	–	–	–	–	15	–	15
2,458	2,036	(743)	(715)	(59)	(53)	7,683	7,121
–	–	–	–	–	–	–	–
–	–	(24)	285	5	(5)	3	244
1	–	314	195	(5)	–	859	593
–	(1)	(76)	(174)	–	–	(271)	(386)
1	(1)	214	306	–	(5)	591	451
–	–	(19)	(23)	7	(34)	(12)	(57)
–	–	(680)	(743)	–	–	(680)	(743)
(41)	(59)	(1)	(5)	–	–	(42)	(64)
(19)	(34)	(54)	(112)	21	24	(86)	(147)
–	–	–	–	–	(15)	–	(15)
(59)	(94)	(540)	(577)	28	(30)	(229)	(575)
2,399	1,942	(1,283)	(1,292)	(31)	(83)	7,454	6,546
(861)	(696)	302	213	3	12	(2,447)	(2,304)
1,538	1,246	(981)	(1,079)	(28)	(71)	5,007	4,242
–	–	–	–	–	–	–	–
71	36	6	10	–	–	267	254
1,467	1,210	(987)	(1,089)	(28)	(71)	4,740	3,988

REPORTABLE SEGMENTS – PROPERTY-CASUALTY

REPORTABLE SEGMENTS – PROPERTY-CASUALTY

€ MN

	German Speaking Countries		Western & Southern Europe		Iberia & Latin America	
	2013	2012	2013	2012	2013	2012
three months ended 30 September						
Gross premiums written	2,361	2,361	2,359	2,042	1,022	1,067
Ceded premiums written	(411)	(427)	(160)	(152)	(165)	(153)
Change in unearned premiums	520	488	315	277	88	23
Premiums earned (net)	2,470	2,422	2,514	2,167	945	937
Interest and similar income	276	295	220	199	47	51
Operating income from financial assets and liabilities carried at fair value through income (net)	(23)	2	–	2	2	1
Operating realized gains/losses (net)	14	32	–	–	–	–
Fee and commission income	51	34	6	5	–	–
Other income	6	8	2	2	–	–
Operating revenues	2,794	2,793	2,742	2,375	994	989
Claims and insurance benefits incurred (net)	(1,876)	(1,702)	(1,522)	(1,375)	(653)	(635)
Change in reserves for insurance and investment contracts (net)	(95)	(97)	(11)	–	(1)	–
Interest expenses	(3)	(17)	(3)	(3)	(1)	(4)
Operating impairments of investments (net)	(1)	(1)	–	–	–	–
Investment expenses	(29)	(24)	(24)	(19)	(3)	(4)
Acquisition and administrative expenses (net)	(649)	(653)	(668)	(560)	(242)	(245)
Fee and commission expenses	(48)	(36)	(9)	(4)	–	–
Restructuring charges	(3)	(7)	(1)	(3)	–	1
Other expenses	(5)	(5)	(1)	–	–	–
Operating expenses	(2,709)	(2,542)	(2,239)	(1,964)	(900)	(887)
Operating profit (loss)	85	251	503	411	94	102
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(4)	(5)	2	15	–	–
Non-operating realized gains/losses (net)	34	21	35	(6)	(1)	(46)
Non-operating impairments of investments (net)	(5)	(6)	(117)	(7)	(1)	–
Amortization of intangible assets	(1)	(1)	(12)	(1)	–	(1)
Non-operating items	24	9	(92)	1	(2)	(47)
Income (loss) before income taxes	109	260	411	412	92	55
Income taxes	(30)	(114)	(150)	(148)	(32)	(18)
Net income (loss)	79	146	261	264	60	37
Net income (loss) attributable to:						
Non-controlling interests	(2)	1	6	5	1	2
Shareholders	81	145	255	259	59	35
Loss ratio ¹ in %	75.9	70.3	60.5	63.5	69.1	67.8
Expense ratio ² in %	26.3	26.9	26.6	25.8	25.6	26.1
Combined ratio³ in %	102.2	97.2	87.1	89.3	94.7	93.9

1 – Represents claims and insurance benefits incurred (net) divided by premiums earned (net)
2 – Represents acquisition and administrative expenses (net) divided by premiums earned (net).

3 – Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

4 – Presentation not meaningful.

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USA		Global Insurance Lines & Anglo Markets		Growth Markets		Allianz Worldwide Partners		Consolidation and Other		Property-Casualty	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
653	1,615	3,803	3,940	795	752	600	545	(942)	(930)	10,651	11,392
(32)	(636)	(866)	(744)	(155)	(182)	(13)	(8)	943	930	(859)	(1,372)
(13)	(55)	63	(3)	(31)	17	35	37	(1)	–	976	784
608	924	3,000	3,193	609	587	622	574	–	–	10,768	10,804
59	53	238	290	40	43	7	9	(2)	(18)	885	922
1	(1)	(15)	(20)	1	(4)	–	–	–	–	(34)	(20)
–	–	–	–	–	–	–	–	–	–	14	32
–	–	143	139	19	15	123	108	(24)	(24)	318	277
–	–	1	1	–	(1)	–	–	1	–	10	10
668	976	3,367	3,603	669	640	752	691	(25)	(42)	11,961	12,025
(448)	(1,022)	(1,976)	(2,029)	(363)	(361)	(395)	(358)	–	–	(7,233)	(7,482)
(1)	(1)	3	(10)	(1)	–	–	–	–	–	(106)	(108)
–	–	(4)	(5)	(1)	(1)	–	1	3	18	(9)	(11)
–	–	–	–	–	–	–	–	–	–	(1)	(1)
(1)	(1)	(27)	(24)	(3)	(2)	(1)	(1)	–	–	(88)	(75)
(181)	(201)	(827)	(874)	(206)	(198)	(208)	(186)	5	2	(2,976)	(2,915)
–	–	(121)	(118)	(16)	(14)	(120)	(109)	19	22	(295)	(259)
–	2	(7)	4	–	(1)	1	(2)	–	–	(10)	(6)
–	–	(1)	(1)	–	–	–	–	–	–	(7)	(6)
(631)	(1,223)	(2,960)	(3,057)	(590)	(577)	(723)	(655)	27	42	(10,725)	(10,863)
37	(247)	407	546	79	63	29	36	2	–	1,236	1,162
1	–	(6)	(4)	–	–	–	1	–	–	(7)	7
(1)	8	11	69	1	–	(1)	(1)	–	–	78	45
–	–	(6)	(1)	(1)	–	–	–	–	–	(130)	(14)
–	–	(2)	(3)	(2)	(2)	–	–	1	1	(16)	(7)
–	8	(3)	61	(2)	(2)	(1)	–	1	1	(75)	31
37	(239)	404	607	77	61	28	36	3	1	1,161	1,193
(7)	88	(122)	(159)	(15)	(9)	(9)	(11)	–	–	(365)	(371)
30	(151)	282	448	62	52	19	25	3	1	796	822
–	–	–	–	–	–	–	–	–	–	–	–
–	–	22	33	7	8	1	1	–	–	35	50
30	(151)	260	415	55	44	18	24	3	1	761	772
73.7	110.6	65.8	63.5	59.6	61.5	63.5	62.4	– ⁴	– ⁴	67.2	69.2
29.8	21.8	27.6	27.4	33.8	33.7	33.4	32.4	– ⁴	– ⁴	27.6	27.0
103.5	132.4	93.4	90.9	93.4	95.2	96.9	94.8	– ⁴	– ⁴	94.8	96.2

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

REPORTABLE SEGMENTS – PROPERTY-CASUALTY (CONTINUED)

€ MN

	German Speaking Countries		Western & Southern Europe		Iberia & Latin America	
	2013	2012	2013	2012	2013	2012
nine months ended 30 September						
Gross premiums written	9,726	9,645	7,952	6,916	3,502	3,501
Ceded premiums written	(1,563)	(1,582)	(538)	(495)	(550)	(590)
Change in unearned premiums	(844)	(845)	(170)	7	(92)	(166)
Premiums earned (net)	7,319	7,218	7,244	6,428	2,860	2,745
Interest and similar income	855	896	661	650	153	160
Operating income from financial assets and liabilities carried at fair value through income (net)	(42)	5	10	1	5	15
Operating realized gains/losses (net)	44	46	–	–	–	–
Fee and commission income	110	109	18	15	–	1
Other income	19	22	5	4	–	–
Operating revenues	8,305	8,296	7,938	7,098	3,018	2,921
Claims and insurance benefits incurred (net)	(5,486)	(5,104)	(4,515)	(4,311)	(1,960)	(1,882)
Change in reserves for insurance and investment contracts (net)	(266)	(226)	(32)	–	(3)	–
Interest expenses	(16)	(57)	(8)	(7)	(2)	(6)
Operating impairments of investments (net)	(9)	(15)	–	–	–	–
Investment expenses	(70)	(67)	(72)	(56)	(10)	(11)
Acquisition and administrative expenses (net)	(1,860)	(1,925)	(1,926)	(1,665)	(752)	(699)
Fee and commission expenses	(103)	(109)	(28)	(20)	–	–
Restructuring charges	(4)	(60)	(1)	(8)	–	(9)
Other expenses	(13)	(13)	(3)	(2)	–	–
Operating expenses	(7,827)	(7,576)	(6,585)	(6,069)	(2,727)	(2,607)
Operating profit (loss)	478	720	1,353	1,029	291	314
Non-operating income from financial assets and liabilities carried at fair value through income (net)	5	(27)	1	(20)	2	–
Non-operating realized gains/losses (net)	86	170	207	76	15	(54)
Non-operating impairments of investments (net)	(16)	(85)	(137)	(74)	(13)	(15)
Amortization of intangible assets	(2)	(2)	(16)	(4)	(1)	(2)
Non-operating items	73	56	55	(22)	3	(71)
Income (loss) before income taxes	551	776	1,408	1,007	294	243
Income taxes	(158)	(251)	(463)	(406)	(95)	(77)
Net income (loss)	393	525	945	601	199	166
Net income (loss) attributable to:						
Non-controlling interests	(1)	3	14	12	4	6
Shareholders	394	522	931	589	195	160
Loss ratio ¹ in %	75.0	70.7	62.3	67.1	68.5	68.5
Expense ratio ² in %	25.4	26.7	26.6	25.9	26.3	25.5
Combined ratio³ in %	100.4	97.4	88.9	93.0	94.8	94.0

1 – Represents claims and insurance benefits incurred (net) divided by premiums earned (net)

2 – Represents acquisition and administrative expenses (net) divided by premiums earned (net).

3 – Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

4 – Presentation not meaningful.

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USA		Global Insurance Lines & Anglo Markets		Growth Markets		Allianz Worldwide Partners		Consolidation and Other		Property-Casualty	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1,625	3,076	12,706	13,135	2,461	2,362	1,960	1,681	(3,330)	(3,401)	36,602	36,915
(95)	(924)	(3,272)	(3,208)	(535)	(564)	(65)	(34)	3,328	3,401	(3,290)	(3,996)
2	(97)	(431)	(575)	(151)	(29)	(169)	(63)	2	–	(1,853)	(1,768)
1,532	2,055	9,003	9,352	1,775	1,769	1,726	1,584	–	–	31,459	31,151
178	177	725	858	121	124	22	26	(11)	(54)	2,704	2,837
–	–	(34)	(41)	–	(5)	–	–	–	–	(61)	(25)
–	–	–	–	–	–	–	–	–	–	44	46
–	–	438	424	57	45	356	323	(64)	(59)	915	858
–	–	1	1	2	–	1	–	1	–	29	27
1,710	2,232	10,133	10,594	1,955	1,933	2,105	1,933	(74)	(113)	35,090	34,894
(1,049)	(1,941)	(5,813)	(6,161)	(1,098)	(1,091)	(1,109)	(993)	–	–	(21,030)	(21,483)
(6)	(1)	(9)	(39)	(2)	2	–	–	–	–	(318)	(264)
–	–	(13)	(15)	(2)	(2)	(1)	–	11	54	(31)	(33)
–	–	–	–	–	–	–	–	–	–	(9)	(15)
(3)	(2)	(70)	(68)	(7)	(7)	(1)	(1)	–	–	(233)	(212)
(512)	(578)	(2,636)	(2,594)	(616)	(618)	(572)	(520)	13	10	(8,861)	(8,589)
–	–	(363)	(352)	(49)	(46)	(352)	(321)	52	49	(843)	(799)
–	1	(9)	(4)	–	(6)	1	(2)	–	–	(13)	(88)
–	–	(1)	(1)	(1)	–	–	–	–	–	(18)	(16)
(1,570)	(2,521)	(8,914)	(9,234)	(1,775)	(1,768)	(2,034)	(1,837)	76	113	(31,356)	(31,499)
140	(289)	1,219	1,360	180	165	71	96	2	–	3,734	3,395
1	(13)	(2)	3	–	1	–	1	–	–	7	(55)
5	48	139	167	8	4	3	–	–	–	463	411
–	2	(13)	(7)	(2)	(1)	–	–	–	–	(181)	(180)
–	–	(2)	(10)	(6)	(10)	–	–	3	5	(24)	(23)
6	37	122	153	–	(6)	3	1	3	5	265	153
146	(252)	1,341	1,513	180	159	74	97	5	5	3,999	3,548
(28)	98	(373)	(374)	(45)	(34)	(23)	(29)	–	–	(1,185)	(1,073)
118	(154)	968	1,139	135	125	51	68	5	5	2,814	2,475
–	–	83	96	21	21	2	1	–	–	123	139
118	(154)	885	1,043	114	104	49	67	5	5	2,691	2,336
68.5	94.5	64.5	65.9	61.9	61.7	64.3	62.7	– ⁴	– ⁴	66.8	68.9
33.4	28.1	29.3	27.7	34.7	34.9	33.1	32.8	– ⁴	– ⁴	28.2	27.6
101.9	122.6	93.8	93.6	96.6	96.6	97.4	95.5	– ⁴	– ⁴	95.0	96.5

REPORTABLE SEGMENTS – LIFE/HEALTH

REPORTABLE SEGMENTS – LIFE/HEALTH

€ MN

	German Speaking Countries		Western & Southern Europe	
	2013	2012	2013	2012
three months ended 30 September				
Statutory premiums¹	5,225	4,495	4,149	3,828
Ceded premiums written	(39)	(36)	(193)	(301)
Change in unearned premiums	(46)	(57)	(1)	18
Statutory premiums (net)	5,140	4,402	3,955	3,545
Deposits from insurance and investment contracts	(1,534)	(990)	(2,790)	(2,507)
Premiums earned (net)	3,606	3,412	1,165	1,038
Interest and similar income	2,204	2,185	939	943
Operating income from financial assets and liabilities carried at fair value through income (net)	(372)	36	32	27
Operating realized gains/losses (net)	366	423	151	97
Fee and commission income	12	12	114	87
Other income	26	27	5	4
Operating revenues	5,842	6,095	2,406	2,196
Claims and insurance benefits incurred (net)	(3,050)	(3,043)	(949)	(888)
Changes in reserves for insurance and investment contracts (net)	(1,916)	(2,191)	(720)	(588)
Interest expenses	(24)	(25)	(1)	(8)
Operating impairments of investments (net)	(25)	(44)	(10)	(19)
Investment expenses	(132)	(131)	(50)	(40)
Acquisition and administrative expenses (net)	(408)	(316)	(432)	(393)
Fee and commission expenses	(6)	(5)	(51)	(43)
Restructuring charges	–	(5)	–	(1)
Other expenses	(21)	(19)	(4)	(3)
Operating expenses	(5,582)	(5,779)	(2,217)	(1,983)
Operating profit	260	316	189	213
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(2)	(5)
Non-operating realized gains/losses (net)	–	–	(1)	(27)
Non-operating impairments of investments (net)	–	–	(4)	(3)
Amortization of intangible assets	–	–	(3)	–
Non-operating items	–	–	(10)	(35)
Income before income taxes	260	316	179	178
Income taxes	(90)	(111)	(46)	(54)
Net income	170	205	133	124
Net income attributable to:				
Non-controlling interests	–	–	8	12
Shareholders	170	205	125	112
Margin on reserves² in basis points	47	61	54	66

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 – Represents operating profit divided by the average of the current quarter-end and previous quarter-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 – Presentation not meaningful.

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Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
332	329	1,672	1,740	132	138	1,400	1,672	(213)	(290)	12,697	11,912
(4)	(2)	(27)	(32)	(27)	(24)	(66)	(90)	213	290	(143)	(195)
11	(1)	(1)	4	4	–	(21)	(33)	–	–	(54)	(69)
339	326	1,644	1,712	109	114	1,313	1,549	–	–	12,500	11,648
(197)	(144)	(1,426)	(1,494)	–	–	(684)	(870)	–	–	(6,631)	(6,005)
142	182	218	218	109	114	629	679	–	–	5,869	5,643
92	93	683	718	18	24	207	218	(15)	(15)	4,128	4,166
7	8	(217)	(206)	5	16	2	(1)	6	–	(537)	(120)
4	(16)	17	84	–	–	3	8	–	–	541	596
1	2	21	17	(1)	–	19	18	–	(1)	166	135
–	–	–	–	–	–	–	–	–	–	31	31
246	269	722	831	131	154	860	922	(9)	(16)	10,198	10,451
(124)	(124)	(19)	(23)	(77)	(71)	(424)	(401)	–	–	(4,643)	(4,550)
(32)	(66)	(320)	(353)	(14)	(23)	(137)	(201)	–	–	(3,139)	(3,422)
(1)	–	(3)	(2)	–	–	(2)	(2)	15	16	(16)	(21)
–	–	10	(1)	–	–	–	(4)	–	–	(25)	(68)
(1)	(2)	(8)	(9)	–	–	(7)	(7)	–	–	(198)	(189)
(46)	(51)	(195)	(291)	(18)	(19)	(222)	(231)	(1)	–	(1,322)	(1,301)
(1)	(1)	(4)	(9)	–	–	–	–	1	1	(61)	(57)
–	–	–	–	–	–	–	–	–	–	–	(6)
–	–	–	–	–	–	–	–	–	–	(25)	(22)
(205)	(244)	(539)	(688)	(109)	(113)	(792)	(846)	15	17	(9,429)	(9,636)
41	25	183	143	22	41	68	76	6	1	769	815
–	–	9	7	–	–	–	–	–	–	7	2
–	–	27	1	–	–	2	–	–	–	28	(26)
–	–	–	(1)	–	–	–	–	–	–	(4)	(4)
–	–	–	–	–	–	(2)	–	–	–	(5)	–
–	–	36	7	–	–	–	–	–	–	26	(28)
41	25	219	150	22	41	68	76	6	1	795	787
(12)	(7)	(65)	(48)	(4)	(7)	(16)	(21)	–	–	(233)	(248)
29	18	154	102	18	34	52	55	6	1	562	539
7	6	–	–	–	–	9	8	–	–	24	26
22	12	154	102	18	34	43	47	6	1	538	513
206	138	104	83	452	720	104	115	– ³	– ³	66	73

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

REPORTABLE SEGMENTS – LIFE/HEALTH (CONTINUED)

€ MN

	German Speaking Countries		Western & Southern Europe	
	2013	2012	2013	2012
nine months ended 30 September				
Statutory premiums¹	16,398	15,002	14,791	12,160
Ceded premiums written	(127)	(121)	(810)	(774)
Change in unearned premiums	(117)	(133)	(2)	36
Statutory premiums (net)	16,154	14,748	13,979	11,422
Deposits from insurance and investment contracts	(4,760)	(3,768)	(10,577)	(8,277)
Premiums earned (net)	11,394	10,980	3,402	3,145
Interest and similar income	6,729	6,581	2,883	3,031
Operating income from financial assets and liabilities carried at fair value through income (net)	(903)	117	133	22
Operating realized gains/losses (net)	1,599	1,861	415	352
Fee and commission income	38	34	317	252
Other income	86	100	25	10
Operating revenues	18,943	19,673	7,175	6,812
Claims and insurance benefits incurred (net)	(9,243)	(9,609)	(2,996)	(2,767)
Changes in reserves for insurance and investment contracts (net)	(6,910)	(7,133)	(1,866)	(1,753)
Interest expenses	(75)	(76)	(15)	(20)
Operating impairments of investments (net)	(165)	(175)	(62)	(157)
Investment expenses	(382)	(365)	(149)	(126)
Acquisition and administrative expenses (net)	(1,174)	(1,220)	(1,280)	(1,219)
Fee and commission expenses	(18)	(17)	(156)	(127)
Restructuring charges	(1)	(6)	(1)	(3)
Other expenses	(64)	(56)	(9)	(7)
Operating expenses	(18,032)	(18,657)	(6,534)	(6,179)
Operating profit	911	1,016	641	633
Non-operating income from financial assets and liabilities carried at fair value through income (net)	–	–	(3)	3
Non-operating realized gains/losses (net)	–	–	38	(19)
Non-operating impairments of investments (net)	–	–	(11)	(30)
Amortization of intangible assets	(1)	(2)	(3)	–
Non-operating items	(1)	(2)	21	(46)
Income before income taxes	910	1,014	662	587
Income taxes	(334)	(351)	(162)	(176)
Net income	576	663	500	411
Net income attributable to:				
Non-controlling interests	–	–	21	29
Shareholders	576	663	479	382
Margin on reserves² in basis points	55	66	62	67

1 – Statutory premiums are gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.

2 – Represents operating profit divided by the average of the current quarter-end and previous year-end net reserves, where net reserves equal reserves for loss and loss adjustment expenses, reserves for insurance and investment contracts and financial liabilities for unit-linked contracts less reinsurance assets.

3 – Presentation not meaningful.

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Iberia & Latin America		USA		Global Insurance Lines & Anglo Markets		Growth Markets		Consolidation		Life/Health	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
1,326	1,057	5,022	5,739	398	378	4,576	4,876	(852)	(740)	41,659	38,472
(17)	(28)	(86)	(93)	(58)	(49)	(205)	(203)	852	740	(451)	(528)
(14)	(2)	(5)	4	–	–	(80)	(92)	–	–	(218)	(187)
1,295	1,027	4,931	5,650	340	329	4,291	4,581	–	–	40,990	37,757
(775)	(477)	(4,285)	(5,034)	–	–	(2,452)	(2,663)	–	–	(22,849)	(20,219)
520	550	646	616	340	329	1,839	1,918	–	–	18,141	17,538
275	277	2,052	2,123	59	60	624	626	(49)	(47)	12,573	12,651
9	13	(645)	(629)	(49)	(5)	(12)	(4)	–	(1)	(1,467)	(487)
10	(35)	98	156	–	–	36	62	–	–	2,158	2,396
3	5	58	48	(1)	–	61	55	(2)	(1)	474	393
–	–	–	–	–	–	–	–	–	–	111	110
817	810	2,209	2,314	349	384	2,548	2,657	(51)	(49)	31,990	32,601
(461)	(425)	(63)	(70)	(259)	(238)	(1,437)	(1,120)	–	–	(14,459)	(14,229)
(81)	(143)	(983)	(1,033)	(9)	(32)	(219)	(559)	–	–	(10,068)	(10,653)
(2)	(2)	(6)	(5)	(1)	(1)	(6)	(6)	49	48	(56)	(62)
(1)	–	10	7	–	–	(1)	(9)	–	–	(219)	(334)
(4)	(5)	(25)	(26)	–	–	(21)	(20)	–	–	(581)	(542)
(146)	(149)	(741)	(720)	(66)	(64)	(643)	(702)	2	(1)	(4,048)	(4,075)
(1)	(1)	(17)	(31)	–	–	(1)	–	2	1	(191)	(175)
–	(1)	–	–	–	–	–	–	–	–	(2)	(10)
–	–	–	–	–	–	–	–	–	–	(73)	(63)
(696)	(726)	(1,825)	(1,878)	(335)	(335)	(2,328)	(2,416)	53	48	(29,697)	(30,143)
121	84	384	436	14	49	220	241	2	(1)	2,293	2,458
–	–	18	16	–	–	–	–	–	–	15	19
–	–	28	6	–	–	20	–	–	–	86	(13)
–	–	–	(1)	–	–	(3)	–	–	–	(14)	(31)
–	–	–	–	–	–	(6)	–	–	–	(10)	(2)
–	–	46	21	–	–	11	–	–	–	77	(27)
121	84	430	457	14	49	231	241	2	(1)	2,370	2,431
(36)	(23)	(118)	(147)	(5)	(10)	(51)	(53)	–	–	(706)	(760)
85	61	312	310	9	39	180	188	2	(1)	1,664	1,671
18	13	–	–	–	–	28	27	–	–	67	69
67	48	312	310	9	39	152	161	2	(1)	1,597	1,602
208	159	74	87	86	286	110	125	–³	–³	66	75

REPORTABLE SEGMENTS – ASSET MANAGEMENT

REPORTABLE SEGMENTS – ASSET MANAGEMENT		B 20
€ MN		
three months ended 30 September	2013	2012
Net fee and commission income ¹	1,697	1,821
Net interest income ²	2	10
Income from financial assets and liabilities carried at fair value through income (net)	1	10
Other income	3	4
Operating revenues	1,703	1,845
Administrative expenses (net), excluding acquisition-related expenses	(949)	(996)
Restructuring charges	–	(1)
Operating expenses	(949)	(997)
Operating profit	754	848
Realized gains/losses (net)	1	–
Impairments of investments (net)	–	–
Acquisition-related expenses	–	(40)
Amortization of intangible assets	(6)	(11)
Non-operating items	(5)	(51)
Income before income taxes	749	797
Income taxes	(267)	(275)
Net income	482	522
Net income attributable to:		
Non-controlling interests	23	15
Shareholders	459	507
Cost-income ratio³ in %	55.7	54.0

1 – Represents fee and commission income less fee and commission expenses.

2 – Represents interest and similar income less interest expenses.

3 – Represents operating expenses divided by operating revenues.

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REPORTABLE SEGMENTS – ASSET MANAGEMENT (CONTINUED)

REPORTABLE SEGMENTS – ASSET MANAGEMENT (CONTINUED)		B 21
€ MN		
nine months ended 30 September	2013	2012
Net fee and commission income ¹	5,403	4,730
Net interest income ²	10	22
Income from financial assets and liabilities carried at fair value through income (net)	8	17
Other income	8	12
Operating revenues	5,429	4,781
Administrative expenses (net), excluding acquisition-related expenses	(2,966)	(2,683)
Restructuring charges	(5)	(62)
Operating expenses	(2,971)	(2,745)
Operating profit	2,458	2,036
Realized gains/losses (net)	1	–
Impairments of investments (net)	–	(1)
Acquisition-related expenses	(41)	(59)
Amortization of intangible assets	(19)	(34)
Non-operating items	(59)	(94)
Income before income taxes	2,399	1,942
Income taxes	(861)	(696)
Net income	1,538	1,246
Net income attributable to:		
Non-controlling interests	71	36
Shareholders	1,467	1,210
Cost-income ratio³ in %	54.7	57.4

1 – Represents fee and commission income less fee and commission expenses.

2 – Represents interest and similar income less interest expenses.

3 – Represents operating expenses divided by operating revenues.

REPORTABLE SEGMENTS – CORPORATE AND OTHER

REPORTABLE SEGMENTS – CORPORATE AND OTHER

€ MN

	Holding & Treasury	
	2013	2012
three months ended 30 September		
Interest and similar income	46	58
Operating income from financial assets and liabilities carried at fair value through income (net)	13	(7)
Fee and commission income	23	15
Other income	–	5
Operating revenues	82	71
Interest expenses, excluding interest expenses from external debt	(83)	(105)
Loan loss provisions	–	–
Investment expenses	(18)	(26)
Administrative expenses (net), excluding acquisition-related expenses	(178)	(154)
Fee and commission expenses	(68)	(50)
Restructuring charges	26	–
Other expenses	–	–
Operating expenses	(321)	(335)
Operating profit (loss)	(239)	(264)
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(7)	(24)
Realized gains/losses (net)	15	90
Impairments of investments (net)	(2)	(37)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(206)	(233)
Acquisition-related expenses	(1)	(2)
Amortization of intangible assets	(1)	(8)
Non-operating items	(202)	(214)
Income (loss) before income taxes	(441)	(478)
Income taxes	124	137
Net income (loss)	(317)	(341)
Net (income) loss attributable to:		
Non-controlling interests	–	1
Shareholders	(317)	(342)
Cost-income ratio¹ for the reportable segment Banking in %		

¹ – Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through

income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

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Banking		Alternative Investments		Consolidation		Corporate and Other	
2013	2012	2013	2012	2013	2012	2013	2012
152	180	4	3	-	-	202	241
2	6	-	(1)	-	(1)	15	(3)
103	107	45	32	(1)	(1)	170	153
-	-	(2)	-	1	-	(1)	5
257	293	47	34	-	(2)	386	396
(68)	(91)	(1)	-	-	-	(152)	(196)
(18)	(13)	-	-	-	-	(18)	(13)
-	(1)	(1)	-	(1)	1	(20)	(26)
(109)	(129)	(40)	(31)	1	1	(326)	(313)
(58)	(58)	-	-	-	-	(126)	(108)
-	-	-	-	-	-	26	-
-	(1)	-	-	-	-	-	(1)
(253)	(293)	(42)	(31)	-	2	(616)	(657)
4	-	5	3	-	-	(230)	(261)
-	-	-	-	-	-	(7)	(24)
11	(2)	-	-	-	-	26	88
-	(2)	-	1	-	-	(2)	(38)
-	-	(5)	(10)	-	-	(5)	(10)
-	-	-	-	-	-	(206)	(233)
-	-	-	-	-	-	(1)	(2)
-	-	-	(89)	-	-	(1)	(97)
11	(4)	(5)	(98)	-	-	(196)	(316)
15	(4)	-	(95)	-	-	(426)	(577)
(4)	3	(1)	-	-	-	119	140
11	(1)	(1)	(95)	-	-	(307)	(437)
2	2	2	-	-	-	4	3
9	(3)	(3)	(95)	-	-	(311)	(440)
83.2	91.0						

REPORTABLE SEGMENTS – CORPORATE AND OTHER (CONTINUED)

REPORTABLE SEGMENTS – CORPORATE AND OTHER (CONTINUED)

€ MN	Holding & Treasury	
	2013	2012
nine months ended 30 September		
Interest and similar income	220	185
Operating income from financial assets and liabilities carried at fair value through income (net)	27	7
Fee and commission income	43	46
Other income	–	5
Operating revenues	290	243
Interest expenses, excluding interest expenses from external debt	(258)	(317)
Loan loss provisions	–	–
Investment expenses	(56)	(73)
Administrative expenses (net), excluding acquisition-related expenses	(508)	(414)
Fee and commission expenses	(177)	(133)
Restructuring charges	26	–
Other expenses	–	–
Operating expenses	(973)	(937)
Operating profit (loss)	(683)	(694)
Non-operating income from financial assets and liabilities carried at fair value through income (net)	(24)	284
Realized gains/losses (net)	268	183
Impairments of investments (net)	(75)	(173)
Income from fully consolidated private equity investments (net)	–	–
Interest expenses from external debt	(680)	(743)
Acquisition-related expenses	(1)	(5)
Amortization of intangible assets	(8)	(23)
Non-operating items	(520)	(477)
Income (loss) before income taxes	(1,203)	(1,171)
Income taxes	291	211
Net loss	(912)	(960)
Net loss attributable to:		
Non-controlling interests	–	1
Shareholders	(912)	(961)
Cost-income ratio¹ for the reportable segment Banking in %		

¹ – Represents investment expenses, administrative expenses (net), excluding acquisition-related expenses, restructuring charges and other expenses divided by interest and similar income, operating income from financial assets and liabilities carried at fair value through

income (net), fee and commission income, other income, interest expenses, excluding interest expenses from external debt and fee and commission expenses.

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Banking		Alternative Investments		Consolidation		Corporate and Other	
2013	2012	2013	2012	2013	2012	2013	2012
463	553	8	13	–	(1)	691	750
7	13	–	(2)	–	(1)	34	17
348	326	125	110	(3)	(6)	513	476
–	–	–	2	–	(1)	–	6
818	892	133	123	(3)	(9)	1,238	1,249
(213)	(269)	(2)	(2)	–	1	(473)	(587)
(47)	(101)	–	–	–	–	(47)	(101)
–	(1)	(3)	(2)	–	2	(59)	(74)
(354)	(372)	(108)	(104)	3	5	(967)	(885)
(192)	(183)	–	–	–	1	(369)	(315)
(90)	–	–	–	–	–	(64)	–
(2)	(2)	–	–	–	–	(2)	(2)
(898)	(928)	(113)	(108)	3	9	(1,981)	(1,964)
(80)	(36)	20	15	–	–	(743)	(715)
–	–	–	1	–	–	(24)	285
19	12	–	–	27	–	314	195
(1)	(2)	–	1	–	–	(76)	(174)
–	–	(19)	(23)	–	–	(19)	(23)
–	–	–	–	–	–	(680)	(743)
–	–	–	–	–	–	(1)	(5)
–	–	(46)	(89)	–	–	(54)	(112)
18	10	(65)	(110)	27	–	(540)	(577)
(62)	(26)	(45)	(95)	27	–	(1,283)	(1,292)
20	6	(4)	(4)	(5)	–	302	213
(42)	(20)	(49)	(99)	22	–	(981)	(1,079)
5	5	1	4	–	–	6	10
(47)	(25)	(50)	(103)	22	–	(987)	(1,089)
108.0	85.2						

NOTES TO THE CONSOLIDATED BALANCE SHEETS

5 – Financial assets carried at fair value through income

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME		B 24
€ MN	as of 30 September 2013	as of 31 December 2012
Financial assets held for trading		
Debt securities	335	328
Equity securities	127	153
Derivative financial instruments	1,732	1,865
Subtotal	2,194	2,346
Financial assets designated at fair value through income		
Debt securities	2,061	2,349
Equity securities	2,666	2,588
Subtotal	4,727	4,937
Total	6,921	7,283

6 – Investments

INVESTMENTS		B 25
€ MN	as of 30 September 2013	as of 31 December 2012
Available-for-sale investments	384,007	383,254
Held-to-maturity investments	4,080	4,321
Funds held by others under reinsurance contracts assumed	891	1,188
Investments in associates and joint ventures	3,476	3,219
Real estate held for investment	10,179	9,646
Total	402,633	401,628

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AVAILABLE-FOR-SALE INVESTMENTS

AVAILABLE-FOR-SALE INVESTMENTS

B 26

€ MN	as of 30 September 2013				as of 31 December 2012			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Debt securities								
Government and agency mortgage-backed securities (residential and commercial)	2,748	138	(8)	2,878	4,026	291	(2)	4,315
Corporate mortgage-backed securities (residential and commercial)	10,888	760	(89)	11,559	10,778	1,202	(107)	11,873
Other asset-backed securities	2,786	209	(27)	2,968	2,532	276	(27)	2,781
Government and government agency bonds								
Germany	14,382	1,065	(27)	15,420	13,066	1,521	(5)	14,582
Italy	26,885	1,420	(173)	28,132	29,762	1,483	(206)	31,039
France	31,300	2,594	(223)	33,671	31,384	4,431	(34)	35,781
United States	8,937	348	(149)	9,136	8,489	851	(10)	9,330
Spain	2,321	155	(46)	2,430	2,582	32	(136)	2,478
Belgium	8,440	809	(4)	9,245	8,537	1,372	(1)	9,908
Greece	1	1	–	2	7	4	–	11
Portugal	224	–	(8)	216	251	1	(11)	241
Ireland	27	1	–	28	76	3	–	79
Hungary	749	50	–	799	662	42	–	704
All other countries	59,211	3,253	(758)	61,706	51,213	5,329	(52)	56,490
Subtotal	152,477	9,696	(1,388)	160,785	146,029	15,069	(455)	160,643
Corporate bonds ¹	166,435	9,576	(1,537)	174,474	161,150	14,142	(954)	174,338
Other	2,339	270	(9)	2,600	2,574	266	(23)	2,817
Subtotal	337,673	20,649	(3,058)	355,264	327,089	31,246	(1,568)	356,767
Equity securities ²	20,013	8,889	(159)	28,743	17,950	8,632	(95)	26,487
Total	357,686	29,538	(3,217)	384,007	345,039	39,878	(1,663)	383,254

1 – Includes bonds issued by Spanish banks with a fair value of €405 MN (2012: €508 MN), thereof subordinated bonds with a fair value of €104 MN (2012: €107 MN).

2 – Includes shares invested in Spanish banks with a fair value of €364 MN (2012: €279 MN).

7 – Loans and advances to banks and customers

LOANS AND ADVANCES TO BANKS AND CUSTOMERS

B 27

€ MN	as of 30 September 2013			as of 31 December 2012		
	Banks	Customers	Total	Banks	Customers	Total
Short-term investments and certificates of deposit	3,309	–	3,309	4,207	–	4,207
Reverse repurchase agreements	331	–	331	789	–	789
Collateral paid for securities borrowing transactions and derivatives	333	–	333	365	–	365
Loans	62,019	51,384	113,403	64,049	49,633	113,682
Other	827	16	843	436	42	478
Subtotal	66,819	51,400	118,219	69,846	49,675	119,521
Loan loss allowance	–	(166)	(166)	–	(152)	(152)
Total	66,819	51,234	118,053	69,846	49,523	119,369

LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF CUSTOMER

LOANS AND ADVANCES TO CUSTOMERS BY TYPE OF CUSTOMER			B 28
€ MN	as of 30 September 2013	as of 31 December 2012	
Corporate customers	19,211	18,126	
Private customers	24,444	24,024	
Public customers	7,745	7,525	
Total	51,400	49,675	

8 – Reinsurance assets

REINSURANCE ASSETS			B 29
€ MN	as of 30 September 2013	as of 31 December 2012	
Unearned premiums	1,866	1,546	
Reserves for loss and loss adjustment expenses	6,865	7,318	
Aggregate policy reserves	4,484	4,295	
Other insurance reserves	109	95	
Total	13,324	13,254	

9 – Deferred acquisition costs

DEFERRED ACQUISITION COSTS			B 30
€ MN	as of 30 September 2013	as of 31 December 2012	
Deferred acquisition costs			
Property-Casualty	4,422	4,323	
Life/Health	15,542	13,521	
Asset Management	158	139	
Subtotal	20,122	17,983	
Present value of future profits	1,079	945	
Deferred sales inducements	799	524	
Total	22,000	19,452	

10 – Other assets

OTHER ASSETS			B 31
€ MN	as of 30 September 2013	as of 31 December 2012	
Receivables			
Policyholders	5,341	6,005	
Agents	4,582	4,497	
Reinsurers	1,797	2,421	
Other	4,686	4,054	
Less allowance for doubtful accounts	(712)	(730)	
Subtotal	15,694	16,247	
Tax receivables			
Income taxes	1,357	1,363	
Other taxes	1,250	1,278	
Subtotal	2,607	2,641	
Accrued dividends, interest and rent	7,167	7,780	
Prepaid expenses			
Interest and rent	12	17	
Other prepaid expenses	304	300	
Subtotal	316	317	
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	90	129	
Property and equipment			
Real estate held for own use	2,651	2,885	
Software	1,710	1,590	
Equipment	1,106	967	
Fixed assets of Alternative Investments	1,317	1,225	
Subtotal	6,784	6,667	
Other assets	1,447	1,415	
Total	34,105	35,196	

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11 – Non-current assets classified as held for sale

NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			B 32
€ MN	as of 30 September 2013	as of 31 December 2012	
Non-current assets classified as held for sale			
Real estate held for investment	117	15	
Investments in associates and joint ventures	237	–	
Total	354	15	

As of 31 December 2012, the non-current assets classified as held for sale comprised only real estate held for investment which was sold as expected during the first quarter of 2013.

As of 30 September 2013, the non-current assets classified as held for sale of €354 MN consist of real estate held for investment and investments in associates and joint ventures.

Real estate held for investment comprises of an office building allocated to the reportable segment German Speaking Countries (Life/Health). The sale of the investment is expected to be completed during the year ending 31 December 2013. No impairment was recognized for the three and the nine months ended 30 September 2013.

During the third quarter of 2013, the Allianz Group decided to dispose of the investments in the associates Scandferries Holding GmbH and Scandferries Chartering A/S as well as in another associate. On 4 November 2013, an agreement was signed with the existing co-shareholder to acquire Allianz Capital Partner's stakes in Scandferries Holding GmbH and Scandferries Chartering A/S. This sale is contingent on the approval of regulatory authorities. The disposals of the associates had an impact on the reportable segments German Speaking Countries (Life/Health and Property-Casualty), Holding & Treasury and Western & Southern Europe (Property-Casualty). Upon remeasurement at fair value less cost to sell of the other associate, an impairment loss of €31 MN was recognized for the three and the nine months ended 30 September 2013. The fair value is based on the agreed transaction price. As of 30 September 2013, cumulative losses recognized in other comprehensive income relating to the disposal of the associates were not material.

12 – Intangible assets

INTANGIBLE ASSETS			B 33
€ MN	as of 30 September 2013	as of 31 December 2012	
Intangible assets with indefinite useful lives			
Goodwill	11,691	11,679	
Brand names ¹	297	302	
Subtotal	11,988	11,981	
Intangible assets with finite useful lives			
Distribution agreements ²	1,032	826	
Customer relationships ³	164	183	
Other ⁴	108	100	
Subtotal	1,304	1,109	
Total	13,292	13,090	

1 – Includes primarily the brand name of Selecta AG, Muntelier.

2 – Includes primarily the long-term distribution agreements with Commerzbank AG of €381 MN (2012: €410 MN), Banco Popular S.A. of €374 MN (2012: €386 MN), Yapı Kredi Bank of €166 MN (2012: €– MN) and HSBC Asia and Turkey of €85 MN (2012: €– MN).

3 – Includes primarily customer relationships from the acquisition of Selecta of €127 MN (2012: €152 MN) and Yapı Kredi of €12 MN (2012: €– MN). The renewal rights of €23 MN (2012: €31 MN), which were acquired in the context of a business combination, were reclassified from the line item "Other" to the line item "Customer relationships".

4 – Includes primarily acquired business portfolios of €62 MN (2012: €42 MN) and heritable building rights of €17 MN (2012: €15 MN). The other distribution rights of €18 MN (2012: €20 MN) and the bancassurance agreements of €8 MN (2012: €10 MN) were reclassified from the line item "Other" into the line item "Distribution agreements".

GOODWILL

GOODWILL		B 34
€ MN		2013
Cost as of 1 January		12,573
Accumulated impairments as of 1 January		(894)
Carrying amount as of 1 January		11,679
Additions		228
Disposals		–
Foreign currency translation adjustments		(170)
Impairments		(46)
Carrying amount as of 30 September		11,691
Accumulated impairments as of 30 September		940
Cost as of 30 September		12,631

In the first quarter of 2013, the goodwill of a fully consolidated private equity investment was impaired by €46 MN in the reportable segment Alternative Investments.

Additions are mainly related to goodwill arising from the acquisition of 93.94% of Yapı Kredi Sigorta A.Ş., Istanbul.

13 – Financial liabilities carried at fair value through income

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME B 35

€ MN	as of 30 September 2013	as of 31 December 2012
Financial liabilities held for trading		
Derivative financial instruments	5,589	5,395
Other trading liabilities	3	2
Subtotal	5,592	5,397
Financial liabilities designated at fair value through income	–	–
Total	5,592	5,397

14 – Liabilities to banks and customers

LIABILITIES TO BANKS AND CUSTOMERS

B 36

€ MN	as of 30 September 2013			as of 31 December 2012		
	Banks	Customers	Total	Banks	Customers	Total
Payable on demand	366	4,286	4,652	135	4,724	4,859
Savings deposits	–	2,827	2,827	–	2,897	2,897
Term deposits and certificates of deposit	1,022	1,976	2,998	986	1,651	2,637
Repurchase agreements	1,295	2	1,297	743	656	1,399
Collateral received from securities lending transactions and derivatives	2,172	–	2,172	1,793	–	1,793
Other	4,712	3,499	8,211	5,420	3,420	8,840
Total	9,567	12,590	22,157	9,077	13,348	22,425

15 – Reserves for loss and loss adjustment expenses

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

B 37

€ MN	as of 30 September 2013	as of 31 December 2012
Property-Casualty	58,044	62,711
Life/Health	9,813	9,854
Consolidation	(7)	(25)
Total	67,850	72,540

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CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES IN THE BUSINESS SEGMENT PROPERTY-CASUALTY

CHANGE IN THE RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES IN THE BUSINESS SEGMENT PROPERTY-CASUALTY

B 38

€ MN	2013			2012		
	Gross	Ceded	Net	Gross	Ceded	Net
As of 1 January	62,711	(6,905)	55,806	59,493	(6,658)	52,835
Loss and loss adjustment expenses incurred						
Current year	24,043	(1,797)	22,246	23,693	(1,565)	22,128
Prior years	(1,485)	269	(1,216)	(654)	9	(645)
Subtotal	22,558	(1,528)	21,030	23,039	(1,556)	21,483
Loss and loss adjustment expenses paid						
Current year	(10,648)	321	(10,327)	(9,898)	389	(9,509)
Prior years	(12,570)	1,252	(11,318)	(11,464)	1,042	(10,422)
Subtotal	(23,218)	1,573	(21,645)	(21,362)	1,431	(19,931)
Foreign currency translation adjustments and other changes	(937)	172	(765)	454	(89)	365
Changes in the consolidated subsidiaries of the Allianz Group ¹	145	(70)	75	992	(30)	962
Reclassifications ²	(3,215)	292	(2,923)	–	–	–
As of 30 September	58,044	(6,466)	51,578	62,616	(6,902)	55,714

1 – On 12 July 2013, the Allianz Group acquired Yapı Kredi Bank's shareholding in the Turkish property-casualty insurance company Yapı Kredi Sigorta with net reserves for loss and loss adjustment expenses of €95 MN. The remaining change in the net reserves for loss and loss adjustment expenses of €(20) MN resulted from a minor deconsolidation in the first quarter of 2013.

2 – Effective 1 January 2013, the Allianz Group changed its presentation of discounted loss reserves in the consolidated balance sheet from the line item "Reserves for loss and loss adjustment expenses" to the line item "Reserves for insurance and investment contracts". For further information please see note 2.

16 – Reserves for insurance and investment contracts

RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS

B 39

€ MN	as of 30 September 2013	as of 31 December 2012
Aggregate policy reserves	361,580	350,244
Reserves for premium refunds	36,962	40,031
Other insurance reserves	723	710
Total	399,265	390,985

17 – Other liabilities

OTHER LIABILITIES		B 40
€ MN		
	as of 30 September 2013	as of 31 December 2012
Payables		
Policyholders	3,800	4,710
Reinsurance	1,136	1,845
Agents	1,660	1,529
Subtotal	6,596	8,084
Payables for social security	396	458
Tax payables		
Income taxes	2,544	2,680
Other taxes	1,285	1,143
Subtotal	3,829	3,823
Accrued interest and rent	609	671
Unearned income		
Interest and rent	15	5
Other	279	288
Subtotal	294	293
Provisions		
Pensions and similar obligations	8,294	8,069
Employee related	2,409	2,100
Share-based compensation plans	613	558
Restructuring plans	240	304
Loan commitments	43	67
Contingent losses from non-insurance business	141	166
Other provisions	1,507	1,632
Subtotal	13,247	12,896
Deposits retained for reinsurance ceded	1,869	1,834
Derivative financial instruments used for hedging that meet the criteria for hedge accounting and firm commitments	193	462
Financial liabilities for puttable equity instruments	2,836	2,601
Other liabilities	7,809	6,270
Total	37,678	37,392

RESTRUCTURING PLANS

With regard to the closure of Allianz Bank on 30 June 2013, restructuring charges of €90 MN were recorded in the first nine months of 2013. This includes restructuring provisions of €81 MN, which were partly utilized as of 30 September 2013.

In the fourth quarter of 2012, Allianz Managed Operations & Services (AMOS) launched a restructuring program, mainly in Germany, regarding the global Allianz data center consolidation. In July 2013, AMOS announced that a higher number of the affected employees in Germany than originally expected will be assumed by a service provider, which led to a reduction of the original restructuring provision of €26 MN.

The use of the provisions as well as the transfers to other provisions of other restructuring programs resulted in an overall reduction of restructuring provisions. There were no other significant changes in the estimates for restructuring provisions as described in the Allianz Group Annual Report 2012.

18 – Certificated liabilities

CERTIFICATED LIABILITIES		B 41
€ MN		
	as of 30 September 2013	as of 31 December 2012
Allianz SE ¹		
Senior bonds ²	6,575	5,942
Money market securities	1,066	1,180
Subtotal	7,641	7,122
Banking subsidiaries		
Senior bonds	591	813
Subtotal	591	813
All other subsidiaries		
Certificated liabilities	–	25
Subtotal	–	25
Total	8,232	7,960

1 – 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.

2 – Change due to the issuance of senior bonds in the amount of €2.1 BN in the first quarter of 2013 and the repayment of a €1.5 BN bond in the first quarter of 2013.

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19 – Participation certificates and subordinated liabilities

PARTICIPATION CERTIFICATES AND SUBORDINATED LIABILITIES B 42

€ MN	as of 30 September 2013	as of 31 December 2012
Allianz SE ¹		
Subordinated bonds ²	9,373	10,896
Subtotal	9,373	10,896
Banking subsidiaries		
Subordinated bonds	264	274
Subtotal	264	274
All other subsidiaries		
Subordinated bonds	399	399
Hybrid equity	45	45
Subtotal	444	444
Total	10,081	11,614

1 – Includes subordinated bonds issued by Allianz Finance II B.V. and guaranteed by Allianz SE.
2 – Change due to redemption of a USD2.0BN bond in the second quarter of 2013.

20 – Equity

EQUITY B 43

€ MN	as of 30 September 2013	as of 31 December 2012
Shareholders' equity		
Issued capital	1,167	1,167
Capital reserves	27,648	27,648
Retained earnings ¹	16,084	13,524
Foreign currency translation adjustments	(2,903)	(2,073)
Unrealized gains and losses (net) ²	6,774	10,122
Subtotal	48,770	50,388
Non-controlling interests	2,680	2,575
Total	51,450	52,963

1 – As of 30 September 2013, includes €(214) MN (2012: €(218) MN) related to treasury shares.
2 – As of 30 September 2013, includes €207 MN (2012: €256 MN) related to cash flow hedges.

NOTES TO THE CONSOLIDATED INCOME STATEMENTS

21 – Premiums earned (net)

PREMIUMS EARNED (NET)					B 44
€ MN	Property-Casualty	Life/Health	Consolidation	Group	
three months ended 30 September					
2013					
Premiums written					
Direct	9,829	5,794	–	15,623	
Assumed	822	265	(17)	1,070	
Subtotal	10,651	6,059	(17)	16,693	
Ceded	(859)	(136)	17	(978)	
Net	9,792	5,923	–	15,715	
Change in unearned premiums					
Direct	1,175	(54)	–	1,121	
Assumed	(62)	(1)	(1)	(64)	
Subtotal	1,113	(55)	(1)	1,057	
Ceded	(137)	1	1	(135)	
Net	976	(54)	–	922	
Premiums earned					
Direct	11,004	5,740	–	16,744	
Assumed	760	264	(18)	1,006	
Subtotal	11,764	6,004	(18)	17,750	
Ceded	(996)	(135)	18	(1,113)	
Net	10,768	5,869	–	16,637	
2012					
Premiums written					
Direct	10,326	5,734	(53)	16,007	
Assumed	1,066	170	(12)	1,224	
Subtotal	11,392	5,904	(65)	17,231	
Ceded	(1,372)	(192)	12	(1,552)	
Net	10,020	5,712	(53)	15,679	
Change in unearned premiums					
Direct	996	(69)	–	927	
Assumed	(23)	(2)	–	(25)	
Subtotal	973	(71)	–	902	
Ceded	(189)	2	–	(187)	
Net	784	(69)	–	715	
Premiums earned					
Direct	11,322	5,665	(53)	16,934	
Assumed	1,043	168	(12)	1,199	
Subtotal	12,365	5,833	(65)	18,133	
Ceded	(1,561)	(190)	12	(1,739)	
Net	10,804	5,643	(53)	16,394	

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21 – Premiums earned (net) (continued)

PREMIUMS EARNED (NET) (CONTINUED)

B 45

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2013				
Premiums written				
Direct	34,394	18,215	–	52,609
Assumed	2,208	571	(42)	2,737
Subtotal	36,602	18,786	(42)	55,346
Ceded	(3,290)	(427)	42	(3,675)
Net	33,312	18,359	–	51,671
Change in unearned premiums				
Direct	(1,831)	(219)	–	(2,050)
Assumed	(305)	–	(2)	(307)
Subtotal	(2,136)	(219)	(2)	(2,357)
Ceded	283	1	2	286
Net	(1,853)	(218)	–	(2,071)
Premiums earned				
Direct	32,563	17,996	–	50,559
Assumed	1,903	571	(44)	2,430
Subtotal	34,466	18,567	(44)	52,989
Ceded	(3,007)	(426)	44	(3,389)
Net	31,459	18,141	–	49,600
2012				
Premiums written				
Direct	34,177	17,775	(53)	51,899
Assumed	2,738	453	(33)	3,158
Subtotal	36,915	18,228	(86)	55,057
Ceded	(3,996)	(503)	33	(4,466)
Net	32,919	17,725	(53)	50,591
Change in unearned premiums				
Direct	(1,852)	(187)	–	(2,039)
Assumed	(373)	(1)	2	(372)
Subtotal	(2,225)	(188)	2	(2,411)
Ceded	457	1	(2)	456
Net	(1,768)	(187)	–	(1,955)
Premiums earned				
Direct	32,325	17,588	(53)	49,860
Assumed	2,365	452	(31)	2,786
Subtotal	34,690	18,040	(84)	52,646
Ceded	(3,539)	(502)	31	(4,010)
Net	31,151	17,538	(53)	48,636

22 – Interest and similar income

INTEREST AND SIMILAR INCOME

B 46

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Interest from held-to-maturity investments	44	51	137	153
Dividends from available-for-sale investments	259	250	1,082	923
Interest from available-for-sale investments	3,263	3,289	9,878	9,944
Share of earnings from investments in associates and joint ventures	65	50	110	95
Rent from real estate held for investment	197	180	590	548
Interest from loans to banks and customers	1,263	1,349	3,807	4,060
Other interest	38	45	104	111
Total	5,129	5,214	15,708	15,834

23 – Income from financial assets and liabilities carried at fair value through income (net)

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

B 47

€ MN	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2013						
Income (expenses) from financial assets and liabilities held for trading (net)	11	125	1	51	–	188
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	3	144	27	1	–	175
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	(79)	(25)	–	–	(105)
Foreign currency gains and losses (net)	(54)	(720)	(2)	(44)	–	(820)
Total	(41)	(530)	1	8	–	(562)
2012						
Income (expenses) from financial assets and liabilities held for trading (net)	4	(176)	2	(34)	9	(195)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	5	215	34	1	–	255
Income (expenses) from financial liabilities for puttable equity instruments (net)	(1)	(127)	(25)	–	–	(153)
Foreign currency gains and losses (net)	(21)	(30)	(1)	6	–	(46)
Total	(13)	(118)	10	(27)	9	(139)

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23 – Income from financial assets and liabilities carried at fair value through income (net) (continued)

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET) (CONTINUED)

B 48

€ MN

nine months ended 30 September	Property-Casualty	Life/Health	Asset Management	Corporate and Other	Consolidation	Group
2013						
Income (expenses) from financial assets and liabilities held for trading (net)	(3)	(686)	1	(4)	2	(690)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	10	248	45	1	(1)	303
Income (expenses) from financial liabilities for puttable equity instruments (net)	(3)	(140)	(37)	–	–	(180)
Foreign currency gains and losses (net)	(58)	(874)	(1)	13	–	(920)
Total	(54)	(1,452)	8	10	1	(1,487)
2012						
Income (expenses) from financial assets and liabilities held for trading (net)	(92)	(862)	(2)	322	1	(633)
Income (expenses) from financial assets and liabilities designated at fair value through income (net)	33	371	65	(1)	(1)	467
Income (expenses) from financial liabilities for puttable equity instruments (net)	(14)	(209)	(45)	–	–	(268)
Foreign currency gains and losses (net)	(7)	232	(1)	(19)	–	205
Total	(80)	(468)	17	302	–	(229)

The following additional information for income from financial assets and liabilities carried at fair value through income (net) relates to the nine months ended September 2013:

INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (NET)

Business segment Life/Health

For the nine months ended 30 September 2013, income and expenses from financial assets and liabilities held for trading (net) in the business segment Life/Health includes expenses of €705 MN (2012: €899 MN) from derivative financial instruments. Included in this are expenses of €10 MN (2012: €138 MN) from financial derivative positions of German entities, of which expenses of €208 MN (2012: income of €359 MN) relate to duration management, income of €9 MN (2012: expenses of €321 MN) relates to protection against equity fluctuations and income of €196 MN (2012: expenses of €170 MN) relates to protection against foreign exchange rate fluctuations. Also included are expenses related to fixed-indexed annuity products and guaranteed benefits under unit-linked contracts of €652 MN (2012: €645 MN) from U.S. entities.

Business segment Corporate and Other

For the nine months ended 30 September 2013, income and expenses from financial assets and liabilities held for trading (net) in the business segment Corporate and Other includes income of €57 MN (2012: €391 MN) from derivative financial instruments. This includes income of €16 MN (2012: €16 MN) from financial derivative instruments to protect investments and liabilities against foreign exchange rate fluctuations. In 2013, hedging of strategic equity investments not designated for hedge accounting produced no income (2012: income of €5 MN). Financial derivatives related to The Hartford investment produced no income (2012: income of €180 MN) as The Hartford Warrants were sold by the Allianz Group in April 2012. Expenses of €64 MN (2012: €78 MN) from the hedges of share-based compensation plans (restricted stock units) are also included.

INCOME (EXPENSES) FROM FINANCIAL ASSETS AND LIABILITIES DESIGNATED AT FAIR VALUE THROUGH INCOME (NET)

For the nine months ended 30 September 2013, income and expenses from financial assets and liabilities designated at fair value through income (net) in the business segment Life/Health includes income from equity investments of €159 MN (2012: €229 MN) and income of €89 MN (2012: €142 MN) from debt investments.

FOREIGN CURRENCY GAINS AND LOSSES (NET)

Foreign currency gains and losses are reported within income from financial assets and liabilities carried at fair value through income (net). These foreign currency gains and losses arise subsequent to initial recognition on all assets and liabilities denominated in a foreign currency that are monetary items. This excludes exchange differences arising on financial assets and liabilities measured at fair value through profit or loss, which do not have to be disclosed separately. The Allianz Group uses freestanding derivatives, included in the line item income (expenses) from financial assets and liabilities held for trading (net), to hedge against foreign currency fluctuations. For these derivatives, income in the amount of €230 MN (2012: expenses of €146 MN) was recognized for the nine months ended 30 September 2013.

24 – Realized gains/losses (net)

REALIZED GAINS/LOSSES (NET)

B 49

€ MN

	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
REALIZED GAINS				
Available-for-sale investments				
Equity securities	358	462	1,502	1,850
Debt securities	457	677	1,590	1,632
Subtotal	815	1,139	3,092	3,482
Investments in associates and joint ventures ¹	–	12	39	14
Real estate held for investment	22	8	100	69
Loans and advances to banks and customers	107	76	293	682
Non-current assets classified as held for sale	–	–	12	8
Subtotal	944	1,235	3,536	4,255
REALIZED LOSSES				
Available-for-sale investments				
Equity securities	(70)	(41)	(160)	(169)
Debt securities	(183)	(451)	(337)	(1,038)
Subtotal	(253)	(492)	(497)	(1,207)
Investments in associates and joint ventures ²	(2)	(5)	(5)	(5)
Real estate held for investment	1	–	(2)	(1)
Loans and advances to banks and customers	–	(3)	(2)	(4)
Non-current assets classified as held for sale	–	–	(3)	–
Subtotal	(254)	(500)	(509)	(1,217)
Total	690	735	3,027	3,038

1 – For the three and the nine months ended 30 September 2013, includes realized gains from the disposal of subsidiaries of €– MN (2012: €12 MN) and €38 MN (2012: €12 MN), respectively.

2 – For the three and the nine months ended 30 September 2013, includes realized losses from the disposal of subsidiaries of €– MN (2012: €5 MN) and €– MN (2012: €5 MN), respectively.

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25 – Fee and commission income

FEE AND COMMISSION INCOME

B 50

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
PROPERTY-CASUALTY				
Fees from credit and assistance business	191	178	570	541
Service agreements	127	99	345	317
Subtotal	318	277	915	858
LIFE/HEALTH				
Service agreements	17	18	56	55
Investment advisory	149	117	418	338
Subtotal	166	135	474	393
ASSET MANAGEMENT				
Management fees	1,827	1,683	5,525	4,768
Loading and exit fees	178	188	552	453
Performance fees	42	284	396	383
Other	12	27	51	95
Subtotal	2,059	2,182	6,524	5,699
CORPORATE AND OTHER				
Service agreements	24	16	49	48
Investment advisory and banking activities	146	137	464	428
Subtotal	170	153	513	476
CONSOLIDATION				
	(129)	(118)	(409)	(367)
Total	2,584	2,629	8,017	7,059

26 – Other income

OTHER INCOME

B 51

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Income from real estate held for own use				
Realized gains from disposals of real estate held for own use	3	–	20	14
Other income from real estate held for own use	–	8	–	8
Subtotal	3	8	20	22
Income from alternative investments				
Other	39	37	120	125
Total	42	49	144	158

27 – Income and expenses from fully consolidated private equity investments

INCOME AND EXPENSES FROM FULLY CONSOLIDATED PRIVATE EQUITY INVESTMENTS

B 52

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Income				
Sales and service revenues	181	197	543	590
Other operating revenues	–	–	–	–
Interest income	–	–	–	–
Subtotal	181	197	543	590
Expenses				
Cost of goods sold	(54)	(62)	(163)	(188)
Commissions	–	–	–	–
General and administrative expenses	(125)	(135)	(375)	(393)
Other operating expenses	–	–	–	–
Interest expenses	(7)	(10)	(24)	(32)
Subtotal¹	(186)	(207)	(562)	(613)
Total¹	(5)	(10)	(19)	(23)

¹ – The presented subtotal for expenses and total income and expenses from fully consolidated private equity investments for the three and the nine months ended 30 September 2013 differs from the amounts presented in the “Consolidated Income Statements” and in “Total revenues and reconciliation of Operating profit (loss) to Net income (loss)”. This difference is due to a consolidation effect of €1 MN (2012: €6 MN) and €7 MN (2012: €(34) MN) for the three and the nine months ended 30 September 2013, respectively. This consolidation effect

results from the deferred policyholder participation, recognized on the result from fully consolidated private equity investments within operating profit in the business segment Life/Health, that was reclassified into expenses from fully consolidated private equity investments in non-operating profit to ensure a consistent presentation of the Allianz Group’s operating profit.

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28 – Claims and insurance benefits incurred (net)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET)

B 53

€ MN three months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Claims and insurance benefits paid	(7,594)	(4,636)	9	(12,221)
Change in reserves for loss and loss adjustment expenses	57	(98)	(6)	(47)
Subtotal	(7,537)	(4,734)	3	(12,268)
Ceded				
Claims and insurance benefits paid	438	93	(8)	523
Change in reserves for loss and loss adjustment expenses	(134)	(2)	7	(129)
Subtotal	304	91	(1)	394
Net				
Claims and insurance benefits paid	(7,156)	(4,543)	1	(11,698)
Change in reserves for loss and loss adjustment expenses	(77)	(100)	1	(176)
Total	(7,233)	(4,643)	2	(11,874)
2012				
Gross				
Claims and insurance benefits paid	(6,978)	(4,608)	–	(11,586)
Change in reserves for loss and loss adjustment expenses	(1,120)	(47)	2	(1,165)
Subtotal	(8,098)	(4,655)	2	(12,751)
Ceded				
Claims and insurance benefits paid	391	104	1	496
Change in reserves for loss and loss adjustment expenses	225	1	(2)	224
Subtotal	616	105	(1)	720
Net				
Claims and insurance benefits paid	(6,587)	(4,504)	1	(11,090)
Change in reserves for loss and loss adjustment expenses	(895)	(46)	–	(941)
Total	(7,482)	(4,550)	1	(12,031)

28 – Claims and insurance benefits incurred (net) (continued)

CLAIMS AND INSURANCE BENEFITS INCURRED (NET) (CONTINUED)

B 54

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Claims and insurance benefits paid	(23,218)	(14,634)	23	(37,829)
Change in reserves for loss and loss adjustment expenses	660	(152)	(6)	502
Subtotal	(22,558)	(14,786)	17	(37,327)
Ceded				
Claims and insurance benefits paid	1,573	345	(19)	1,899
Change in reserves for loss and loss adjustment expenses	(45)	(18)	7	(56)
Subtotal	1,528	327	(12)	1,843
Net				
Claims and insurance benefits paid	(21,645)	(14,289)	4	(35,930)
Change in reserves for loss and loss adjustment expenses	615	(170)	1	446
Total	(21,030)	(14,459)	5	(35,484)
2012				
Gross				
Claims and insurance benefits paid	(21,362)	(14,297)	16	(35,643)
Change in reserves for loss and loss adjustment expenses	(1,677)	(326)	4	(1,999)
Subtotal	(23,039)	(14,623)	20	(37,642)
Ceded				
Claims and insurance benefits paid	1,431	341	(15)	1,757
Change in reserves for loss and loss adjustment expenses	125	53	(4)	174
Subtotal	1,556	394	(19)	1,931
Net				
Claims and insurance benefits paid	(19,931)	(13,956)	1	(33,886)
Change in reserves for loss and loss adjustment expenses	(1,552)	(273)	–	(1,825)
Total	(21,483)	(14,229)	1	(35,711)

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29 – Change in reserves for insurance and investment contracts (net)

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET)

B 55

€ MN three months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Aggregate policy reserves	(59)	(2,064)	(2)	(2,125)
Other insurance reserves	–	(36)	–	(36)
Expenses for premium refunds	(47)	(1,093)	(1)	(1,141)
Subtotal	(106)	(3,193)	(3)	(3,302)
Ceded				
Aggregate policy reserves	1	53	1	55
Other insurance reserves	–	2	–	2
Expenses for premium refunds	(1)	(1)	–	(2)
Subtotal	–	54	1	55
Net				
Aggregate policy reserves	(58)	(2,011)	(1)	(2,070)
Other insurance reserves	–	(34)	–	(34)
Expenses for premium refunds	(48)	(1,094)	(1)	(1,143)
Total	(106)	(3,139)	(2)	(3,247)
2012				
Gross				
Aggregate policy reserves	(56)	(2,084)	51	(2,089)
Other insurance reserves	–	(59)	–	(59)
Expenses for premium refunds	(52)	(1,359)	(35)	(1,446)
Subtotal	(108)	(3,502)	16	(3,594)
Ceded				
Aggregate policy reserves	–	68	–	68
Other insurance reserves	–	3	–	3
Expenses for premium refunds	–	9	–	9
Subtotal	–	80	–	80
Net				
Aggregate policy reserves	(56)	(2,016)	51	(2,021)
Other insurance reserves	–	(56)	–	(56)
Expenses for premium refunds	(52)	(1,350)	(35)	(1,437)
Total	(108)	(3,422)	16	(3,514)

29 – Change in reserves for insurance and investment contracts (net) (continued)

CHANGE IN RESERVES FOR INSURANCE AND INVESTMENT CONTRACTS (NET) (CONTINUED)

B 56

€ MN nine months ended 30 September	Property-Casualty	Life/Health	Consolidation	Group
2013				
Gross				
Aggregate policy reserves	(170)	(5,895)	(3)	(6,068)
Other insurance reserves	(2)	(87)	–	(89)
Expenses for premium refunds	(147)	(4,189)	(28)	(4,364)
Subtotal	(319)	(10,171)	(31)	(10,521)
Ceded				
Aggregate policy reserves	3	94	–	97
Other insurance reserves	(1)	6	–	5
Expenses for premium refunds	(1)	3	–	2
Subtotal	1	103	–	104
Net				
Aggregate policy reserves	(167)	(5,801)	(3)	(5,971)
Other insurance reserves	(3)	(81)	–	(84)
Expenses for premium refunds	(148)	(4,186)	(28)	(4,362)
Total	(318)	(10,068)	(31)	(10,417)
2012				
Gross				
Aggregate policy reserves	(161)	(5,961)	51	(6,071)
Other insurance reserves	–	(120)	–	(120)
Expenses for premium refunds	(103)	(4,702)	(6)	(4,811)
Subtotal	(264)	(10,783)	45	(11,002)
Ceded				
Aggregate policy reserves	–	118	–	118
Other insurance reserves	–	6	–	6
Expenses for premium refunds	–	6	–	6
Subtotal	–	130	–	130
Net				
Aggregate policy reserves	(161)	(5,843)	51	(5,953)
Other insurance reserves	–	(114)	–	(114)
Expenses for premium refunds	(103)	(4,696)	(6)	(4,805)
Total	(264)	(10,653)	45	(10,872)

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30 – Interest expenses

INTEREST EXPENSES

B 57

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Liabilities to banks and customers	(62)	(82)	(196)	(260)
Deposits retained on reinsurance ceded	(8)	(13)	(31)	(37)
Certificated liabilities	(68)	(89)	(204)	(259)
Participation certificates and subordinated liabilities	(142)	(144)	(486)	(481)
Other	(20)	(27)	(69)	(68)
Total	(300)	(355)	(986)	(1,105)

31 – Loan loss provisions

LOAN LOSS PROVISIONS

B 58

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Additions to allowances including direct impairments	(36)	(38)	(116)	(159)
Amounts released	15	22	54	43
Recoveries on loans previously impaired	3	3	15	15
Total	(18)	(13)	(47)	(101)

32 – Impairments of investments (net)

IMPAIRMENTS OF INVESTMENTS (NET)

B 59

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
IMPAIRMENTS				
Available-for-sale investments				
Equity securities	(45)	(65)	(304)	(684)
Debt securities	(11)	(34)	(36)	(47)
Subtotal	(56)	(99)	(340)	(731)
Investments in associates and joint ventures ¹	(81)	(22)	(81)	(23)
Real estate held for investment	(16)	(6)	(38)	(8)
Loans and advances to banks and customers	(5)	(4)	(17)	(7)
Non-current assets classified as held for sale	(31)	–	(31)	–
Subtotal	(189)	(131)	(507)	(769)
REVERSALS OF IMPAIRMENTS				
Available-for-sale investments				
Debt securities	9	1	11	16
Real estate held for investment	17	29	17	29
Loans and advances to banks and customers	1	–	1	13
Subtotal	27	30	29	58
Total	(162)	(101)	(478)	(711)

1 – For the three and the nine months ended 30 September 2013, includes an impairment of an associated Italian real estate company in the amount of €(81) MN. The fair value is classified

as level 3 in the fair value hierarchy and based on a third-party valuation using a discounted cash flow approach.

33 – Investment expenses

INVESTMENT EXPENSES

B 60

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Investment management expenses	(130)	(150)	(387)	(401)
Depreciation of real estate held for investment	(56)	(50)	(157)	(141)
Other expenses from real estate held for investment	(42)	(30)	(109)	(101)
Total	(228)	(230)	(653)	(643)

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34 – Acquisition and administrative expenses (net)

ACQUISITION AND ADMINISTRATIVE EXPENSES (NET)

B 61

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
PROPERTY-CASUALTY				
Acquisition costs				
Incurred	(2,307)	(2,283)	(7,380)	(7,085)
Commissions and profit received on reinsurance business ceded	132	151	352	368
Deferrals of acquisition costs	1,334	1,290	4,477	4,345
Amortization of deferred acquisition costs	(1,470)	(1,445)	(4,240)	(4,172)
Subtotal	(2,311)	(2,287)	(6,791)	(6,544)
Administrative expenses	(665)	(628)	(2,070)	(2,045)
Subtotal	(2,976)	(2,915)	(8,861)	(8,589)
LIFE/HEALTH				
Acquisition costs				
Incurred	(1,041)	(1,056)	(3,297)	(3,289)
Commissions and profit received on reinsurance business ceded	17	27	46	81
Deferrals of acquisition costs	633	638	2,101	2,078
Amortization of deferred acquisition costs	(556)	(579)	(1,832)	(1,928)
Subtotal	(947)	(970)	(2,982)	(3,058)
Administrative expenses	(375)	(331)	(1,066)	(1,017)
Subtotal	(1,322)	(1,301)	(4,048)	(4,075)
ASSET MANAGEMENT				
Personnel expenses	(601)	(705)	(1,961)	(1,795)
Non-personnel expenses	(348)	(331)	(1,046)	(947)
Subtotal	(949)	(1,036)	(3,007)	(2,742)
CORPORATE AND OTHER				
Administrative expenses	(327)	(315)	(968)	(890)
Subtotal	(327)	(315)	(968)	(890)
CONSOLIDATION				
Total	(7)	(7)	12	21
Total	(5,581)	(5,574)	(16,872)	(16,275)

35 – Fee and commission expenses

FEE AND COMMISSION EXPENSES

B 62

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
PROPERTY-CASUALTY				
Fees from credit and assistance business	(188)	(177)	(560)	(527)
Service agreements	(105)	(82)	(280)	(272)
Investment advisory	(2)	–	(3)	–
Subtotal	(295)	(259)	(843)	(799)
LIFE/HEALTH				
Service agreements	(7)	(12)	(34)	(37)
Investment advisory	(54)	(45)	(157)	(138)
Subtotal	(61)	(57)	(191)	(175)
ASSET MANAGEMENT				
Commissions	(337)	(327)	(1,062)	(919)
Other	(25)	(34)	(59)	(50)
Subtotal	(362)	(361)	(1,121)	(969)
CORPORATE AND OTHER				
Service agreements	(68)	(50)	(177)	(132)
Investment advisory and banking activities	(58)	(58)	(192)	(183)
Subtotal	(126)	(108)	(369)	(315)
CONSOLIDATION				
Total	56	56	170	159
Total	(788)	(729)	(2,354)	(2,099)

36 – Other expenses

OTHER EXPENSES

B 63

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Realized losses from disposals of real estate held for own use	–	(1)	(1)	(2)
Expenses from alternative investments	(22)	(23)	(66)	(65)
Other	(6)	(1)	(15)	(2)
Total	(28)	(25)	(82)	(69)

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37 – Income taxes

INCOME TAXES

B 64

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Current income taxes	(650)	(893)	(2,118)	(2,465)
Deferred income taxes	(96)	144	(329)	161
Total	(746)	(749)	(2,447)	(2,304)

For the three and the nine months ended 30 September 2013 and 2012, the income taxes relating to components of other comprehensive income consist of the following:

INCOME TAXES RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME

B 65

€ MN	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Items that may be reclassified to profit and loss in future periods				
Foreign currency translation adjustments	(32)	(1)	(9)	(3)
Available-for-sale investments	5	(1,115)	1,437	(2,012)
Cash flow hedges	14	(14)	21	(25)
Share of other comprehensive income of associates	2	–	6	(1)
Miscellaneous	(48)	17	84	34
Items that may never be reclassified to profit and loss				
Actuarial gains (losses) on defined benefit plans	32	417	33	518
Total	(27)	(696)	1,572	(1,489)

OTHER INFORMATION

38 – Fair value measurement

The Allianz Group carries certain financial instruments at fair value and discloses the fair value of most other assets and liabilities. The fair value of an asset or liability is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The degree of judgment used in measuring the fair value of financial instruments closely correlates with the level of non-market observable inputs. The Allianz Group maximizes the use of observable inputs and minimizes the use of non-market observable inputs when measuring fair value. Observability of input parameters is influenced by various factors such as the type of the financial instrument, whether a market is established for the particular instrument, specific transaction characteristics, liquidity as well as general market conditions.

If the fair value cannot be measured reliably, amortized cost is used as a proxy for determining fair values. As of 30 September 2013, fair values could not be reliably measured for equity investments with carrying amounts totaling €200 MN (31 December 2012: €223 MN). These investments are primarily investments in privately held corporations and partnerships.

FAIR VALUE HIERARCHY

Assets and liabilities measured or disclosed at fair value in the consolidated financial statements are measured and classified in accordance with the fair value hierarchy in IFRS 13, which consists of three levels based on the observability of inputs within the corresponding valuation techniques used.

In general, the subsidiaries assume responsibility for assessing fair values of assets and liabilities. This is consistent with the decentralized organizational structure and reflects market insights of local managers. Estimates and assumptions are particularly significant when determining the fair value of financial instruments for which at least one significant input is not based on observable market data (classified within level 3 of the fair value hierarchy).

The availability of market information is determined by the relative trading levels of identical or similar instruments in the market, with emphasis placed on information that represents actual market activity or binding quotations from brokers or dealers. If no sufficient market information is available, management's best estimate of a particular input is used to determine the value.

Active markets – Quoted market price – Fair value level 1:

The fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations on the last exchange trading day prior to or at the balance sheet date, if the latter is a trading day.

No active markets – Valuation techniques – Fair value level 2:

If the market for a financial instrument is not active, the fair value is determined by using valuation techniques. The valuation techniques used are mainly based on market observable inputs. Such market inputs include references to formerly quoted prices for identical instruments from an active market, quoted prices for identical instruments from an inactive market, quoted prices for similar instruments from active markets and quoted prices for similar instruments from inactive markets. Market observable inputs also include interest rate yield curves, volatilities and foreign currency exchange rates.

No active markets – Valuation techniques – Fair value level 3:

Where observable market inputs are not available, the fair value is based on valuation techniques using non-market observable inputs. Valuation techniques include the discounted cash flow method, comparison to similar instruments for which observable market prices exist and other valuation models. Appropriate adjustments are made for credit risks. In particular, when observable market inputs are not available, the use of estimates and assumptions may have a high impact on the valuation outcome.

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FAIR VALUE MEASUREMENT ON A RECURRING BASIS

The following financial assets and liabilities are carried at fair value on a recurring basis:

- Financial assets and liabilities held for trading,
- Financial assets and liabilities designated at fair value through income,
- Available-for-sale investments,

- Financial assets and liabilities for unit-linked contracts,
- Derivative financial instruments and firm commitments included in other assets and other liabilities and
- Financial liabilities for puttable equity instruments.

The following tables present the fair value hierarchy for financial instruments carried at fair value in the consolidated balance sheets as of 30 September 2013 and 31 December 2012.

FAIR VALUE HIERARCHY AS OF 30 SEPTEMBER 2013 (ITEMS CARRIED AT FAIR VALUE)

B 66

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total fair value
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	96	239	–	335
Equity securities	32	95	–	127
Derivative financial instruments	179	1,413	140	1,732
Subtotal	307	1,747	140	2,194
Financial assets designated at fair value through income				
Debt securities	1,620	416	25	2,061
Equity securities	2,398	–	268	2,666
Subtotal	4,018	416	293	4,727
Subtotal	4,325	2,163	433	6,921
Available-for-sale investments				
Equity securities	22,309	1,383	5,051	28,743
Government and agency mortgage-backed securities (residential and commercial)	35	2,843	–	2,878
Corporate mortgage-backed securities (residential and commercial)	65	11,462	32	11,559
Other asset-backed securities	237	2,518	213	2,968
Government and government agency bonds	139,468	21,240	77	160,785
Corporate bonds	41,243	130,220	3,011	174,474
Other debt securities	1,221	885	494	2,600
Subtotal	204,578	170,551	8,878	384,007
Financial assets for unit-linked contracts	75,806	2,686	182	78,674
Derivative financial instruments and firm commitments included in other assets	–	90	–	90
Total	284,709	175,490	9,493	469,692
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	32	1,223	4,334	5,589
Other trading liabilities	–	3	–	3
Subtotal	32	1,226	4,334	5,592
Financial liabilities for unit-linked contracts	75,806	2,686	182	78,674
Derivative financial instruments and firm commitments included in other liabilities	–	193	–	193
Financial liabilities for puttable equity instruments	2,722	16	98	2,836
Total	78,560	4,121	4,614	87,295

FAIR VALUE HIERARCHY AS OF 31 DECEMBER 2012 (ITEMS CARRIED AT FAIR VALUE)

B 67

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total fair value
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Debt securities	102	226	–	328
Equity securities	69	84	–	153
Derivative financial instruments	36	1,670	159	1,865
Subtotal	207	1,980	159	2,346
Financial assets designated at fair value through income				
Debt securities	1,945	404	–	2,349
Equity securities	2,355	–	233	2,588
Subtotal	4,300	404	233	4,937
Subtotal	4,507	2,384	392	7,283
Available-for-sale investments				
Equity securities	19,933	1,291	5,263	26,487
Government and agency mortgage-backed securities (residential and commercial)	37	4,278	–	4,315
Corporate mortgage-backed securities (residential and commercial)	26	11,817	30	11,873
Other asset-backed securities	80	2,465	236	2,781
Government and government agency bonds	138,690	21,915	38	160,643
Corporate bonds	33,512	137,705	3,121	174,338
Other debt securities	1,390	960	467	2,817
Subtotal	193,668	180,431	9,155	383,254
Financial assets for unit-linked contracts	68,508	2,504	185	71,197
Derivative financial instruments and firm commitments included in other assets	–	129	–	129
Total	266,683	185,448	9,732	461,863
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	58	756	4,581	5,395
Other trading liabilities	–	2	–	2
Subtotal	58	758	4,581	5,397
Financial liabilities for unit-linked contracts	68,508	2,504	185	71,197
Derivative financial instruments and firm commitments included in other liabilities	–	462	–	462
Financial liabilities for puttable equity instruments	2,495	26	80	2,601
Total	71,061	3,750	4,846	79,657

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Valuation methodologies of financial instruments carried at fair value

The Allianz Group uses valuation techniques consistent with one or more of the three widely used classes of valuation techniques listed in IFRS 13 to measure fair value:

- Market approach: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Cost approach: Amount that would be currently required to replace the service capacity of an asset (replacement cost).
- Income approach: Conversion of future amounts such as cash flows or income to a single current (i.e. discounted) amount.

There is no one-to-one connection between valuation technique and hierarchy level. The hierarchy level is defined via the existence of significant observable inputs for these valuation techniques.

Financial assets and liabilities carried at fair value through income

Financial assets held for trading – Debt and equity securities

The fair value is mainly determined using the market approach. In some cases, the fair value is determined based on the income approach using interest rates and yield curves observable at commonly quoted intervals.

Financial assets held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined based on the income approach using deterministic or stochastic discounted cash flow models. Primary inputs to the valuation include volatilities, interest rates, yield curves, credit spreads, dividend estimates and foreign exchange rates observable at commonly quoted intervals.

For level 3, derivatives are mainly priced by third-party vendors. Controls are in place to monitor the valuations of these derivatives. Valuations are mainly derived based on the income approach.

Financial assets designated at fair value through income – Debt securities

The fair value is determined using the market approach.

Financial assets designated at fair value through income – Equity securities

For level 2, the fair value is determined using the market approach. For level 3, equity securities mainly represent private equity funds. The fair value is in most cases derived from the net asset value based on the valuation of the underlying private equity companies as provided by third-party vendors. The fair value of the underlying companies is mainly determined using multiple approaches.

Available-for-sale investments

Available-for-sale investments – Equity securities

For level 2, the fair value is mainly determined using the market approach and net asset value techniques for funds. For certain private equity investments, the funds are priced based on transaction prices using the cost approach. As there are only few holders of these funds, the market is not liquid and transactions are only known to participants. For level 3, the fair value is mainly determined using net asset values. The net asset values are based on the fair value measurement of the underlying investments and are mainly provided by fund managers. For certain level 3 equity securities, the invested capital is considered to be a reasonable proxy for the fair value.

Available-for-sale investments – Debt securities

Debt securities include:

- Government and agency mortgage-backed securities (residential and commercial),
- Corporate mortgage-backed securities (residential and commercial),
- Other asset-backed securities,
- Government and government agency bonds,
- Corporate bonds and
- Other debt securities.

The valuation techniques for these debt securities are similar. For level 2 and level 3, the fair value is determined using the market and the income approach. Primary inputs to the market approach are quoted prices for identical or comparable assets in active markets where the comparability between security and benchmark defines the fair value level. The income approach in most cases means a discounted cash flow method where either the cash flow or the discount curve is adjusted to reflect credit risk and liquidity risk. Depending on the observability of these risk parameters in the market, the security is classified in level 2 or level 3.

Financial assets for unit-linked contracts

For level 2, the fair value is determined using the market or the income approach. For the income approach, primary observable inputs include yield curves observable at commonly quoted intervals. For level 3, the fair value is mainly determined based on the net asset value provided by third-party vendors.

Financial liabilities for unit-linked contracts are valued based on their corresponding assets.

Derivative financial instruments and firm commitments included in other assets

The fair value of the derivatives is mainly determined based on the income approach using present value techniques. Primary inputs include yield curves observable at commonly quoted intervals. The derivatives are mainly used for hedging purposes. Certain derivatives are priced by Bloomberg functions, such as Black-Scholes Option Pricing or the swap manager tool.

Financial liabilities held for trading – Derivative financial instruments

For level 2, the fair value is mainly determined using the market approach or the income approach. Valuation techniques applied for the income approach mainly include discounted cash flow models as well as the Black-Scholes model. Main observable input parameters include volatilities, yield curves observable at commonly quoted intervals and credit spreads observable in the market. For level 3, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. A significant proportion of derivative liabilities represent derivatives embedded in certain life and annuity contracts. Significant non-market observable input parameters include mortality rates and surrender rates.

Financial liabilities held for trading – Other trading liabilities

The fair value is mainly determined based on the income approach using present value techniques. Primary inputs comprise swap curves, share prices and dividend estimates.

Derivative financial instruments and firm commitments included in other liabilities

For level 2, the fair value is mainly determined using the market and the income approach. Primary inputs include market prices of identical or comparable instruments as well as interest rates and credit spreads observable at commonly quoted intervals.

Financial liabilities for puttable equity instruments

Financial liabilities for puttable equity instruments are generally required to be recorded at the redemption amount with changes recognized in income. For level 2, the fair value is mainly determined based on the income approach using present value techniques.

Significant transfers of financial instruments carried at fair value

In general, financial assets and liabilities are transferred from level 1 to level 2 when liquidity, trade frequency and activity are no longer indicative of an active market. Conversely, the same policy applies for transfers from level 2 to level 1.

Certain available-for-sale government and government agency bonds in the amount of €0.1 BN as well as corporate bonds in the amount of €2 BN were transferred from level 1 to level 2 during the nine months ended 30 September 2013.

Additionally, available-for-sale government and government agency bonds in the amount of €0.5 BN as well as certain corporate bonds in the amount of €3.2 BN were transferred from level 2 to level 1 during the nine months ended 30 September 2013.

There were no significant transfers into or out of level 3 during the nine months ended 30 September 2013.

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Significant level 3 portfolios – Narrative description and sensitivity analysis

Available-for-sale investments – Equity securities

Equity securities within available-for-sale investments classified as level 3 mainly comprise private equity fund investments as well as alternative investments of the Allianz Group and are in most cases delivered as net asset values by the fund managers (€4.0 BN). The net asset values are calculated using material non-public information about the respective private equity companies. The Allianz Group has only limited insight into the specific inputs used by the fund managers and hence a narrative sensitivity analysis is not applicable. The fund asset manager generally prices the underlying single portfolio companies in line with the International Private Equity and Venture Capital Valuation (IPEV) guidelines using discounted cash flow (income approach) or multiple approaches (market approach). For certain investments, the invested capital is considered to be a reasonable proxy for the fair value. In these cases, sensitivity analyses are also not applicable.

Available-for-sale investments – Corporate bonds

Corporate bonds within available-for-sale investments classified as level 3 are mainly priced based on the market

approach using matrix pricing (€2.7 BN). The primary non-market observable input used in the matrix pricing model is a yield taken from a benchmark security. A significant yield increase of the benchmark securities in isolation could result in a decreased fair value, while a significant yield decrease could result in an increased fair value. A 10% stress of the main non-market observable inputs only has an immaterial impact on fair value.

Financial liabilities held for trading

Financial liabilities held for trading mainly include embedded derivative financial instruments relating to annuity products that are priced internally using discounted cash flow models (€4.2 BN). A significant decrease (increase) in surrender rates, mortality rates or the utilization of annuitization benefits could result in a higher (lower) fair value. For products with a high death benefit, surrender rates may show an opposite effect. However, a 10% stress of the main non-market observable inputs only has an immaterial impact on fair value.

Quantification of significant non-market observable inputs

The following table shows the quantitative description of valuation technique(s) and input(s) used for the level 3 portfolios described above.

QUANTITATIVE DESCRIPTION OF VALUATION TECHNIQUE(S) AND NON-MARKET OBSERVABLE INPUT(S) USED

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€ MN				
Description	Fair value as of 30 September 2013	Valuation technique(s)	Non-market observable input(s)	Range
Available-for-sale investments				
Equity securities	4,022	Net asset value	n/a	n/a
Corporate bonds	2,711	Matrix pricing	Credit spread	36 BPS – 604 BPS
Financial liabilities held for trading				
Derivative financial instruments	4,210			
Fixed indexed annuities	3,856	Present value of insurance cash flow	Annuitizations	0% – 25%
			Surrenders	0% – 25%
			Mortality	0% – 100%
			Withdrawal benefit election	0% – 50%
Variable annuities	354	Deterministic discounted cash flow	Surrenders	0.5% – 35%
			Mortality	0% – 100%

Reconciliation of level 3 financial instruments

The following tables show a reconciliation of the financial instruments carried at fair value and classified as level 3.

RECONCILIATION OF LEVEL 3 FINANCIAL ASSETS

€ MN

	Carrying value (fair value) as of 1 January 2013	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL ASSETS				
Financial assets carried at fair value through income				
Financial assets held for trading				
Derivative financial instruments	159	15	–	(463)
Subtotal	159	15	–	(463)
Financial assets designated at fair value through income				
Debt securities				
Equity securities	233	17	80	(84)
Subtotal	233	18	80	(84)
Available-for-sale investments				
Equity securities				
Corporate mortgage-backed securities (residential and commercial)	30	2	1	(3)
Other asset-backed securities	236	11	(3)	(35)
Government and government agency bonds	38	52	–	(8)
Corporate bonds	3,121	251	–	(106)
Other debt securities	467	34	–	(8)
Subtotal	9,155	1,073	(83)	(724)
Financial assets for unit-linked contracts	185	2	14	(17)
Total financial assets at fair value	9,732	1,108	11	(1,288)

RECONCILIATION OF LEVEL 3 FINANCIAL LIABILITIES

€ MN

	Carrying value (fair value) as of 1 January 2013	Additions through purchases and issues	Net transfers into (out of) level 3	Disposals through sales and settlements
FINANCIAL LIABILITIES				
Financial liabilities held for trading				
Derivative financial instruments	4,581	691	–	(544)
Financial liabilities for unit-linked contracts	185	2	14	(17)
Financial liabilities for puttable equity instruments	80	–	–	–
Total financial liabilities at fair value	4,846	693	14	(561)

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Net gains (losses) recognized in consolidated income statement	Net gains (losses) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 September 2013	Net gains (losses) in profit and loss attributable to a change in unrealized gains or losses for financial assets held at the reporting date
430	-	-	(1)	-	140	38
430	-	-	(1)	-	140	38
-	-	-	-	24	25	-
21	-	-	-	1	268	-
21	-	-	-	25	293	-
(56)	(104)	(74)	(61)	5	5,051	-
2	1	-	(1)	-	32	-
4	5	(1)	(4)	-	213	-
(1)	(3)	-	(1)	-	77	-
(2)	(175)	-	(78)	-	3,011	-
-	10	(8)	-	(1)	494	-
(53)	(266)	(83)	(145)	4	8,878	-
(1)	-	(1)	-	-	182	-
397	(266)	(84)	(146)	29	9,493	38

B 70

Net losses (gains) recognized in consolidated income statement	Net losses (gains) recognized in other comprehensive income	Impairments	Foreign currency translation adjustments	Changes in the consolidated subsidiaries of the Allianz Group	Carrying value (fair value) as of 30 September 2013	Net losses (gains) in profit and loss attributable to a change in unrealized gains or losses for financial liabilities held at the reporting date
(278)	(2)	-	(114)	-	4,334	270
(1)	-	(1)	-	-	182	-
-	12	-	-	6	98	-
(279)	10	(1)	(114)	6	4,614	270

FAIR VALUE MEASUREMENT ON A NON-RECURRING BASIS

Certain financial assets are measured at fair value on a non-recurring basis when events or changes in circumstances indicate that the carrying amount may not be recoverable.

If financial assets are measured at fair value on a non-recurring basis at the time of impairment, corresponding disclosures can be found in note 32 – Impairments of investments (net). If fair value less cost to sell is used as the measurement basis under IFRS 5, corresponding disclosures can be found in note 11 – Non-current assets classified as held for sale.

FAIR VALUE INFORMATION ABOUT FINANCIAL ASSETS AND LIABILITIES NOT CARRIED AT FAIR VALUE

FAIR VALUE HIERARCHY AS OF 30 SEPTEMBER 2013 (ITEMS NOT CARRIED AT FAIR VALUE)

B 71

€ MN	Level 1 – Quoted prices in active markets	Level 2 – Market observable inputs	Level 3 – Non-market observable inputs	Total fair value
FINANCIAL ASSETS				
Held-to-maturity investments	2,188	2,407	2	4,597
Investments in associates and joint ventures	591	501	2,816	3,908
Real estate held for investment	–	–	14,796	14,796
Loans and advances to banks and customers	5,688	88,697	37,546	131,931
Real estate held for own use	–	–	3,930	3,930
Total assets	8,467	91,605	59,090	159,162
FINANCIAL LIABILITIES				
Liabilities to banks and customers	5,732	2,181	14,742	22,655
Certificated liabilities	7,207	918	718	8,843
Participation certificates and subordinated liabilities	6,546	3,916	287	10,749
Total liabilities	19,485	7,015	15,747	42,247

Held-to-maturity investments

For level 2, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. For level 3, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

Investments in associates and joint ventures

For level 2, fair values are mainly derived based on the market approach using multiple approaches. For level 3, fair values are mainly based on an income approach using a discounted cash flow method or net asset values as provided by third-party vendors.

Real estate

Fair values are mainly determined based on the income approach. In some cases, a market approach is applied using market prices of identical or comparable assets in markets which are not active. The fair values are either calculated internally and validated by external experts or derived from expert appraisals with internal controls in place to monitor these valuations.

Loans and advances to banks and customers

For loans and advances to banks and customers, quoted market prices are rarely available. Level 1 consists mainly of highly liquid advances, e.g. short-term investments. The fair value for these assets in level 2 and level 3 is mainly derived based on the income approach using deterministic discounted cash flow models.

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Liabilities to banks and customers

Level 1 consists mainly of highly liquid liabilities, e. g. payables on demand. The fair value for liabilities in level 2 and level 3 is mainly derived based on the income approach using future cash flows discounted with risk-specific interest rates. Main non-market observable inputs include credit spreads. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate of the fair value.

Certificated liabilities, participation certificates and subordinated liabilities

The fair value is determined using quoted market prices, if available. For level 2, the fair value is mainly determined based on the income approach using deterministic discounted cash flow models. For level 3, fair values are mainly derived based on the income approach using deterministic cash flows with credit spreads as primary non-market observable inputs. In some cases, the carrying amount (amortized cost) is considered to be a reasonable estimate for the fair value.

RECLASSIFICATION OF FINANCIAL ASSETS

On 31 January 2009, certain USD-denominated CDOs were reclassified from financial assets held for trading to loans and advances to banks and customers in accordance with IAS 39.

As of 31 December 2012, the carrying amount and fair value of the CDOs was €370 MN and €366 MN, respectively. As of 30 September 2013, the carrying amount and fair value of the CDOs was €180 MN and €169 MN, respectively. For the nine months ended 30 September 2013, the net profit related to the CDOs was €45 MN, which was primarily due to realized gains recognized in the third quarter as a result of the liquidation of two CDO tranches.

39 – Earnings per share

BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period.

BASIC EARNINGS PER SHARE				B 72
€ MN				
	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Net income attributable to shareholders used to calculate basic earnings per share	1,445	1,359	4,740	3,988
Weighted average number of common shares outstanding	453,216,918	452,603,462	453,196,597	452,559,292
Basic earnings per share (€)	3.19	3.00	10.46	8.81

DILUTED EARNINGS PER SHARE

Diluted earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period, both adjusted for the effects of potentially dilutive common shares. Potentially dilutive common shares arise from various share-based compensation plans of the Allianz Group.

DILUTED EARNINGS PER SHARE				B 73
€ MN				
	three months ended 30 September		nine months ended 30 September	
	2013	2012	2013	2012
Net income attributable to shareholders	1,445	1,359	4,740	3,988
Effect of potentially dilutive common shares	(20)	(11)	(54)	(18)
Net income attributable to shareholders used to calculate diluted earnings per share	1,425	1,348	4,686	3,970
Weighted average number of common shares outstanding	453,216,918	452,603,462	453,196,597	452,559,292
Potentially dilutive common shares resulting from assumed conversion of:				
Share-based compensation plans	385,584	136,764	450,966	371,962
Weighted average number of common shares outstanding after assumed conversion	453,602,502	452,740,226	453,647,563	452,931,254
Diluted earnings per share (€)	3.14	2.98	10.33	8.77

For the nine months ended 30 September 2013, the weighted average number of common shares excludes 2,753,403 (2012: 2,740,708) treasury shares.

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40 – Other information

NUMBER OF EMPLOYEES

NUMBER OF EMPLOYEES	B 74	
	as of 30 September 2013	as of 31 December 2012
Germany	40,630	40,882
Other countries ¹	106,784	103,212
Total	147,414	144,094

¹ – The increase is mainly due to the acquisition of Yapı Kredi Sigorta and Yapı Kredi Emeklilik.

CONTINGENT LIABILITIES AND COMMITMENTS

As of 30 September 2013, there were no significant changes in contingent liabilities compared to the consolidated financial statements for the year ended 31 December 2012.

As of 30 September 2013, commitments outstanding to invest in private equity funds and similar financial instruments amounted to €2,845 MN (31 December 2012: €2,507 MN) and commitments outstanding to invest in real estate and infrastructure amounted to €1,334 MN (31 December 2012: €962 MN). Other commitments – mainly referring to sponsoring – increased from €241 MN as of 31 December 2012 to €451 MN as of 30 September 2013. All other commitments showed no significant changes.

41 – Subsequent events

ALLIANZ ISSUED A €1.5 BN UNDATED SUBORDINATED BOND

In October 2013, Allianz SE issued a subordinated bond in the amount of €1.5 BN with no scheduled maturity, but with ordinary call rights of Allianz after 10 years. The coupon of 4.75% p.a. is fixed until 2023.

Munich, 7 November 2013

Allianz SE
The Board of Management

The image shows ten handwritten signatures in blue ink, arranged in two columns. The signatures are:

- Top row: Pieter van der Vliet, Oliver Biele
- Second row: M. Gamm, [Signature]
- Third row: [Signature], M. Hüning
- Fourth row: [Signature], J. Rely
- Fifth row: [Signature], [Signature]
- Sixth row: M. Zimmer

REVIEW REPORT

To Allianz SE, Munich

We have reviewed the condensed consolidated interim financial statements of Allianz SE, Munich - comprising the consolidated balance sheets, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, condensed consolidated statements of cash flows and selected explanatory notes - together with the interim group management report of Allianz SE, Munich, for the period from 1 January to 30 September 2013 that are part of the quarterly financial report according to § 37x Abs.3 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed consolidated interim financial statements in accordance with those International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the E.U., and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U., or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 7 November 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft



Dr. Frank Ellenbürger
Wirtschaftsprüfer
(Independent Auditor)



Dr. Frank Pfaffenzeller
Wirtschaftsprüfer
(Independent Auditor)

Glossary

The accounting terms explained here are intended to help the reader understand this Interim Report. Most of these terms concern the balance sheet or the income statement. Terminology relating to particular segments has not been included.

A

ACQUISITION COST

The amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition.

AFFILIATED ENTERPRISES

The parent company of the Group and all consolidated subsidiaries. Subsidiaries are enterprises where the parent company can exercise a significant influence over their corporate strategy in accordance with the control concept. This is possible, for example, where the parent company holds, directly or indirectly, a majority of the voting rights, has the power to appoint or remove a majority of the members of the Board of Management or equivalent governing body, or where there are contractual rights of control.

AGGREGATE POLICY RESERVES

Policies in force – especially in life, health, and personal accident insurance – give rise to potential liabilities for which funds have to be set aside. The amount required is calculated actuarially.

ASSETS UNDER MANAGEMENT

The total of all investments, valued at current market value, which the Group has under management with responsibility for maintaining and improving their performance. In addition to the Group's own investments, they include investments held under management for third parties.

ASSOCIATED ENTERPRISES

All enterprises, other than affiliated enterprises or joint ventures, in which the Group has an interest of between 20% and 50%, regardless of whether a significant influence is actually exercised or not.

AT AMORTIZED COST

Under this accounting principle the difference between the acquisition cost and redemption value (of an investment) is added to or subtracted from the original cost figure over the period from acquisition to maturity and credited or charged to income over the same period.

AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are securities which are neither held to maturity nor have been acquired for sale in the near term; available-for-sale investments are carried at fair value in the balance sheet.

B

BUSINESS COMBINATION

A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method.

C

CASH FLOW STATEMENT

Statement showing movements of cash and cash equivalents during an accounting period, classified by three types of activity, operating activities, investing activities, financing activities.

CERTIFICATED LIABILITIES

Certificated liabilities comprise debentures and other liabilities for which transferable certificates have been issued.

COLLATERALIZED DEBT OBLIGATION (CDO)

A way of packaging credit risk. Several classes of securities (known as tranches) are created from a portfolio of bonds and there are rules for determining how the cost of defaults are allocated to classes.

COMBINED RATIO

Represents the total of acquisition and administrative expenses (net) and claims and insurance benefits incurred (net) divided by premiums earned (net).

CONTINGENT LIABILITIES

Financial obligations not shown as liabilities on the balance sheet because the probability of a liability actually being incurred is low. Example: guarantee obligations.

CORRIDOR APPROACH

With defined benefit plans, differences come about between the actuarial gains and losses which, when the corridor approach is applied, are not immediately recognized as income or expenses as they occur. Only when the cumulative actuarial gains or losses fall outside the corridor is recognition made from the following year onwards. The corridor is 10% of the present value of the pension rights accrued or of the market value of the pension fund assets, if this is higher.

COST-INCOME RATIO

Represents operating expenses divided by operating revenues.

CREDIT RISK

The risk that one party to a contract will fail to discharge its obligations and thereby cause the other party to incur financial loss.

D

DEFERRED ACQUISITION COSTS

Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies. They include commissions paid, underwriting expenses and policy issuance costs.

DEFERRED TAX ASSETS/ LIABILITIES

The calculation of deferred tax is based on tax loss carry forwards, tax credit carry forwards and temporary differences between the carrying amounts of assets or liabilities in the published balance sheet and their tax base, and on differences arising from applying uniform valuation policies for consolidation purposes. The tax rates used for the calculation are the local rates applicable in the countries of the enterprises included in the consolidation; changes to tax rates already adopted on the balance sheet date are taken into account.

DEFINED BENEFIT PLANS

For defined benefit plans, the participant is granted a defined benefit by the employer or via an external entity. In contrast to defined contribution arrangements, the future cost to the employer of a defined benefit plan is not known with certainty in advance. To determine the expense over the period, accounting regulations require that actuarial calculations are carried out according to a fixed set of rules.

DERIVATIVE FINANCIAL INSTRUMENTS

Financial contracts, the values of which move in relationship to the price of an underlying asset. Derivative financial instruments can be classified in relation to their underlying assets (e.g. interest rates, share prices, foreign currency exchange rates or prices of goods). Important examples of derivative financial instruments are options, futures, forwards and swaps.

E

EARNINGS PER SHARE (BASIC/ DILUTED)

Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding. For calculating diluted earnings per share the number of shares and the net income for the year attributable to shareholders are adjusted by the dilutive effects of any rights to subscribe for shares which have been or can still be exercised. Subscription rights arise in connection with participation certificates and share-based compensation plans.

EXPENSE RATIO

Represents acquisition and administrative expenses (net) divided by premiums earned (net).

F

FAIR VALUE

The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

FAIR VALUE OPTIONS

Options valued at market value.

FINANCIAL ASSETS CARRIED AT FAIR VALUE THROUGH INCOME

Financial assets carried at fair value through income include financial assets held for trading and financial assets designated at fair value through income.

FINANCIAL LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME

Financial liabilities carried at fair value through income include financial liabilities held for trading and financial liabilities designated at fair value through income.

FUNDS HELD BY/FOR OTHERS UNDER REINSURANCE CONTRACTS

Funds held by others are funds to which the reinsurer is entitled but which the ceding insurer retains as collateral for future obligations of the reinsurer. The ceding insurer shows these amounts as "funds held under reinsurance business ceded."

G

GOODWILL

Difference between the cost of acquisition and the fair value of the net assets acquired.

GROSS/NET

In insurance terminology the terms gross and net mean before and after deduction of reinsurance, respectively. In the investment terminology the term "net" is used where the relevant expenses (e.g. depreciations and losses on the disposal of assets) have already been deducted.

H

HEDGING

The use of special financial contracts, especially derivative financial instruments, to reduce losses which may arise as a result of unfavorable movements in rates or prices.

HELD FOR SALE

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.

HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments comprise debt securities held with the intent and ability that they will be held to maturity. They are valued at amortized cost.

I

IAS

International Accounting Standards.

IFRS

International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).

IFRS FRAMEWORK

The framework for International Financial Reporting Standards (IFRS) which sets out the concepts that underlie the preparation and presentation of financial statements for external users.

INCOME FROM FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE THROUGH INCOME (NET)

Income from financial assets and liabilities carried at fair value through income (net) includes all realized and unrealized gains and losses including interest and dividend income from financial assets and financial liabilities carried at fair value through income, the income (net) from financial liabilities for puttable equity instruments and the foreign currency gains and losses (net).

ISSUED CAPITAL AND CAPITAL RESERVES

This heading comprises the capital stock, the premium received on the issue of shares and amounts allocated when option rights are exercised.

J**JOINT VENTURE**

An enterprise which is managed jointly by an enterprise in the Group and one or more enterprises not included in the consolidation. The extent of joint management control is more than the significant influence exercised over associated enterprises and less than the control exercised over affiliated enterprises.

L**LOSS RATIO**

Represents claims and insurance benefits incurred (net) divided by premiums earned (net).

M**MARKET VALUE**

The amount obtainable from the sale of an investment in an active market.

N**NON-CONTROLLING INTERESTS**

Those parts of the equity of affiliated enterprises which are not owned by companies in the Group.

NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

That part of net income for the year which is not attributable to the shareholders of the Allianz Group but to other third parties who hold shares in affiliated enterprises.

P**PARTICIPATING CERTIFICATES**

Amount payable on redemption of participating certificates issued. The participating certificates of Allianz SE carry distribution rights based on the dividends paid, and subscription rights when the capital stock is increased; but they carry no voting rights, no rights to participate in any proceeds of liquidation, and no rights to be converted into shares.

PENSIONS AND SIMILAR OBLIGATIONS

Reserves for current and future post-employment benefits formed for the defined benefit plans of active and former employees. These also include reserves for health care benefits and processing payments.

PREMIUMS WRITTEN/EARNED

Premiums written represent all premium revenues in the year under review. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products where the policyholder carries the investment risk (e.g. variable annuities), only that part of the premiums used to cover the risk insured and costs involved is treated as premium income.

R**REINSURANCE**

Where an insurer transfers part of the risk which he has assumed to another insurer.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

A repurchase (repo) transaction involves the sale of securities by the Group to a counterparty, subject to the simultaneous agreement to repurchase these securities at a certain later date, at an agreed price. The securities concerned are retained in the Group's balance sheet for the entire lifetime of the transaction, and are valued in accordance with the accounting principles for financial assets carried at fair value through income or investment securities, respectively. The proceeds of the sale are reported in liabilities to banks or to customers, as appropriate. A reverse repo transaction involves the purchase of securities with the simultaneous obligation to sell these securities at a future date, at an agreed price. Such transactions are reported in loans and advances to banks, or loans and advances to customers, respectively. Interest income from reverse repos and interest expenses from repos are accrued evenly over the lifetime of the transactions and reported under interest and similar income or interest expenses.

RESERVES FOR LOSS AND LOSS ADJUSTMENT EXPENSES

Reserves for the cost of insurance claims incurred by the end of the year under review but not yet settled.

RESERVE FOR PREMIUM REFUNDS

That part of the operating surplus which will be distributed to policyholders in the future. This refund of premiums is made on the basis of statutory, contractual, or company by-law obligations, or voluntary undertaking.

RETAINED EARNINGS

In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group enterprises and amounts transferred from consolidated net income.

S**SEGMENT REPORTING**

Financial information based on the consolidated financial statements, reported by business segments (Property-Casualty, Life/Health, Asset Management and Corporate and Other) as well as by reportable segments.

SUBORDINATED LIABILITIES

Liabilities which, in the event of liquidation or bankruptcy, are not settled until after all other liabilities.

U**UNEARNED PREMIUMS**

Premiums written attributable to income of future years. The amount is calculated separately for each policy and for every day that the premium still has to cover.

UNRECOGNIZED GAINS/LOSSES

Amount of actuarial gains or losses, in connection with defined benefit pension plans, which are not yet recognized as income or expenses (see also "corridor approach").

US GAAP

Generally Accepted Accounting Principles in the United States of America.

V**VARIABLE ANNUITIES**

The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments.

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Financial calendar

Important dates for shareholders and analysts¹

Financial Results 2013	27 February 2014
Annual Report 2013	14 March 2014
Annual General Meeting	7 May 2014
Interim Report 1Q	14 May 2014
Interim Report 2Q	8 August 2014
Interim Report 3Q	7 November 2014

¹ – The German Securities Trading Act (“Wertpapierhandelsgesetz”) obliges issuers to announce immediately any information which may have a substantial price impact, irrespective of the communicated schedules. Therefore we cannot exclude that we have to announce key figures related to quarterly and fiscal year results ahead of the dates mentioned above. As we can never rule out changes of dates, we recommend checking them on the internet at www.allianz.com/financialcalendar.